Managing Challenges in Social Enterprises: The Case of Sweden

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Abstract

Aim: There is a growing body of literature that recognizes the importance of Social Enterprises (SE) to improve the welfare of society. Few empirical studies have attempted to investigate what are the challenges SEs face and how they manage them. A number of researchers have reported that SEs often have a negative connotation. The aim of this study is to investigate challenges social enterprises face in Sweden.

Method: The study adopted a Qualitative approach. Primary data is gathered by interviewing 10 managers of social enterprise from 5 different SEs in Sweden. The interview was made in three different locations, Gävle, Uppsala and Tierp. De-coding the qualitative research data through content analysis, an interpretive analysis was used classifying the data concerning responses by highlighting important messages.

Findings and Conclusion: SEs face diverse challenges: Funding, Public Image, Sales, Network and Cooperation, Governance/Structure, Leadership and Management. One of the more significant finding to emerge from this study is that, the foundations-access to finance is one of the critical challenges on which the fate of each SE depends. Most of the times, societies do not acknowledge the role of social enterprises and the values they bring to the society. From this, SEs cannot attract support of any kind. SEs lack the understanding and significance of marketing. Making people understanding SEs’s role, would provide them with a positive public image and thereafter support.
Suggestions for future research: The study has a small sample size and results cannot be generalizable. A natural progression of this work is to analyse: Challenges on SEs with focus on Society, The impact of Society on SEs, Public identity of SEs and importance of Society.

Contribution of the thesis: Dependency on fundraising, grants and donations are heavily connected with widespread lack of understanding the impact of SEs on society. SEs managers should apply different marketing tactics to communicate their role in welfare of the community.

Key Words: Managerial Challenges, Governance Structure, Funding, Network, Public Image, Leadership, Organization.
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Finally, I express deepest appreciation to my sister, Mariana, for boosting me morally while writing thesis.

Eugeniu Cozonac

“Trust in the LORD with all your heart, and lean not on your own understanding; in all your ways acknowledge Him, and He shall direct your paths.” Proverbs 3:5-6

First and foremost, I would like to thank The Almighty God for giving me the opportunity to write this thesis; because of Him I was able to complete this thesis without being sick or face any hindrances. I am grateful and thank Him for the gift of life, wellness and life’s opportunities. I like to extend my deep gratitude to my families for their support and encouragement specially my brother Samson, who has been there for me financially throughout the academic year and this thesis writing. I am also using this opportunities to express my gratitude to everyone who directly or indirectly, have lent their helping hand and support.

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Senait Asfaw Tilahun
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1. Introduction

This chapter contains the introduction of the subject of the study. Further the research objective and research questions are stated together with disposition. Accordingly this chapter is presented in the following sequence: Background of the study, research purpose, questions and disposition of the study.

1.1 Background

In the last years, researchers have shown an increased interest in Social Enterprises (SE) concept, which has been highlighted and widely discussed by the academic study of SE (Dees 1998). A considerable amount of literature has been published on Social Enterprises. These studies as pointed out by most economists and other academics point out that Social Enterprises improve the welfare of the society.

Even though Social Enterprises are gaining an increased popularity, a number of researchers mean that Social Enterprise term is still blurry defined in literature, lacking a common definition by attributing different chore characteristics. Examining the theory of SE, it can be noted that there is no universally accepted definition of Social Enterprise (SE), thus as far as Social Enterprises definition is concerned, we found it critical and imperative to define as much detailed as possible by providing different definitions of different scholars academia in next chapter, literature review.

Social Enterprises (SE) is creating something new to the economy that can pass in different organizational context and grounded on value creation to the society and function by its rule and regulation Santos (2012). Even though Social Enterprises (SE) are becoming increasingly important, referring to the studies reviewed so far on SE, researchers have not treated challenges social enterprise face in much detail (Borzaga & Solari 2001). SE concept suffers from the fact that a little coverage is investigated on the pitfalls and threats that social enterprise face (Shane & Venkataraman, 2000; Galera & Borzaga, 2009).

Examining the theory on social entrepreneurship, it can be noted that dominant theories are sequentially investigated by not contrasting each other, but rather complementing each other. Given their lack of resources, SE has to develop practical and innovative solutions to create value to gain sustainable advantage, “creating something from nothing” (Santos, 2012:31). They heavily rely on donations, grants from the public, government and other organizations.

Criteria for selecting ‘Management of Social Enterprise: Internal and External Challenges’ regards mainly how a SE survives and develops. There are a number of challenges facing
Social Enterprises (SEs), yet a few empirical studies have attempted to investigate what are the challenges SEs face and how they manage them, thus more broaden insight and further knowledge exploration is required investigating SEs challenges. This study therefore critically examines the ‘Management of social enterprises: how they manage the main and internal challenges’ (Santos, 2012; Shane & Venkataraman, 2000; Galera & Borzaga, 2009).

The main starting point of this study is to investigate how social enterprises function in Sweden by investigating the challenges they face. The existing literature available categorizes challenges that SEs faces as Governance and Structure, Funding, Managerial, and Network and Cooperation. Each category was written in details to be able to dig deeper in this subject.

1.2. Research Purpose and Research Questions
The purpose of this research therefore is to identify challenges that social enterprises face. According to Borzaga & Solari (2001), as the number of social enterprises grows, its managers face tough difficulties and challenges. The main challenges discussed by authors, are: challenges reshaping a supportive legislative and regulatory environment, financing challenges, challenges developing network and cooperation, challenges establishing adequate governance structure.

We observed that this ‘area’ is still at its developing stage. Much of the research up to now has been descriptive in nature and little studies being analytical. Because there is lack of research on this specific area, we decided to bring new insights to academia literature by investigating this area through this study.

This study by nature is mainly an exploratory study due to scarcity of literature in this field. The study aims to identify challenges faced by Swedish Social Enterprise (SE) focusing on managers’ challenges both internal and external, and investigate how these challenges are managed.

From existing literature it can be observed that there are ‘geographical differences’ between American and European SE, not being alike (Bacq, & Janssen 2011). For the purpose of analysis we focus on European perspective to avoid miss leadings and confusions in analyzing the data. The country used for this investigation research is Sweden. Our research focuses on social enterprises found in Sweden. Thus the aim of this study is to investigate management challenges of SEs. The following research questions are addressed:
1. What challenges do Social Enterprises face?

2. How do Social Enterprises manage these challenges?

1.3. Disposition

This research study has the following chapters. The first chapter is introduction. In this chapter; we present the background of the study, research purpose and identified research questions. The second part is a literature review, in this part we present the theoretical background of the study based on theories and the conceptual framework. Chapter three is methodology; in this part we present methods of data collection and data analysis procedure. In chapter four we introduce empirical findings that we collect through interviews. Chapter five is analysis; in this part the data collected is examined in particular in relation to previous research. The last chapter includes conclusion, limitation and suggestions for future researches.
2. Literature Review

This chapter contains the literature review which consists of theoretical background and conceptual framework. The theoretical background illustrates the existing scholarship on the subject and what different literature argues.

2.1 Theoretical Background

The body of literature review on Social Entrepreneurship is vast, yet when reporting as a whole it is fragmented. Shane & Venkataraman (2000) are critical, they point out that there is a lack of conceptual framework for entrepreneurship developed in field of social science lacks the empirical phenomena, but rather it is used with empirical phenomena from other entrepreneurship fields, respectively entrepreneurship today it is simply associated with (e.g. new firms or small businesses). In the same line of thought, entrepreneurship became a broad ‘label’ under which a “hodgepodge of research is housed” (Shane & Venkataraman 2000:217). Entrepreneurship in literature lacks strong theoretical framework, which usually is attributed with fuzzy definitions and unclear boundaries.

Most studies in the field of ‘Social Enterprises’ have poorly defined this business practice, focusing on a hybrid nature form definition (Shane & Venkataraman 2000; Borzaga & Solari 2001; Shane, 2000; Venkataraman, 1997; Galera & Borzaga, 2009). It can therefore be assumed Social Entrepreneurship is still a ’blurring concept’ (Galera & Borzaga, 2009). By focusing only on individuals alone, the researchers in entrepreneurship field have provided incomplete definition that does not comprehend the scrutiny of other scholars (Shane & Venkataraman, 2000; Shane, 2000; Venkataraman, 1997). Although difference of ‘entrepreneurship’ definition still exists, Shane & Venkataraman (2000) and Bacq, & Janssen (2011) contradict the researchers who ‘simply’ define what entrepreneurs are and what they are doing. Shane & Venkataraman (2000:218), suggest that entrepreneurship involves “the presence of lucrative opportunities and the presence of enterprising individuals.’’

2.2 Definition of Entrepreneurship

In defining entrepreneurship, Shane & Venkataraman (2000) argue that most of the times researchers neglect ‘opportunities’, therefore scholar examination demonstrated that the entrepreneurship field involves the study of sources of opportunities; “the process of discovery, evaluation, and exploitation of opportunities; and the set of individuals who discover, evaluate,
and exploit them” (Shane & Venkataraman 2000:218). In the same way, according to Shane, (2000:4), entrepreneurship is defined as “activity that involves the discovery, evaluation and exploitation of opportunities to introduce new goods and services, ways of organizing, markets, processes, and raw materials through organizing efforts that previously have not existed.” In other words entrepreneurship involves simultaneous advantage seeking and opportunity seeking to develop innovations, owing to make an impact and change societies at large. Figure 1 indicates a visual explanation of the entrepreneurial process defined by Shane, (2000). As figure 1 indicates, the entrepreneurial course of action refers to determine the opportunity; the decision to apply and exploit it; exploring the resources; organizing and assembling the resources; build up a strategy for the new business enterprise. The process however is affected by individual and institution.

**Figure 1: A model of the entrepreneurial process**

Source: Adopted from Shane (2000), page 11.

**2.3 Neo Classical Thought on Entrepreneurship**

Mahadea, 2013, a neo classical thought on entrepreneurship, suggests that entrepreneur is viewed as a ‘manager of uncertainty,’ who takes and accepts risks. The same way, Mahadea, 2013 attempts to define difference between entrepreneurship and manager, the manager is not
necessarily an entrepreneurship but a manager becomes an entrepreneur when his or her performance implies judgement that carries liability to risks or errors.

In entrepreneurship field three different schools have been recognised; economic school, managerial school and psychological school (Mahadea, 2013; Shane, 2000; Venkataraman, 1997). Mahadea (2013), present a summary of the main contributors to entrepreneurship theories divided in three different schools (see table 1).

Table 1: Main Contributions to the role and attributes of the entrepreneur

<table>
<thead>
<tr>
<th>Field</th>
<th>Writers</th>
<th>Key role or attribute of entrepreneur</th>
</tr>
</thead>
<tbody>
<tr>
<td>Economic school</td>
<td>Say JB</td>
<td>• Organiser of production</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• Must possess the art of superintendence and administration</td>
</tr>
<tr>
<td></td>
<td>Marshall A</td>
<td>• Organiser of factors of production</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• Needs to be a natural leader of men</td>
</tr>
<tr>
<td></td>
<td>Knight FM</td>
<td>• Risk taker</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• Decides what to do and how to do it under conditions of uncertainty</td>
</tr>
<tr>
<td></td>
<td>Schumpeter A</td>
<td>• Innovator and catalyst for change and development</td>
</tr>
<tr>
<td></td>
<td>Kirzner I</td>
<td>• Alertness to spot and seize new profit opportunities</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• Needs to have superior insights.</td>
</tr>
<tr>
<td></td>
<td>Casson M</td>
<td>• Specialist in taking judgemental decisions regarding the coordination of scarce resources</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• Needs to have vision and imagination</td>
</tr>
<tr>
<td>Managerial School</td>
<td>Baron R and Shane S</td>
<td>• Exploiter of opportunities</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• Individual opportunity nexus</td>
</tr>
<tr>
<td></td>
<td>Drucker P</td>
<td>• Innovator and change agent</td>
</tr>
<tr>
<td>Psychological school</td>
<td>McClelland D</td>
<td>• Need achievement (N-Ach)</td>
</tr>
</tbody>
</table>

2.4 Social Enterprises

Many contributors in developing SE are recognised; respectively Ashoka and his organisation together, were the founder of social entrepreneur concept in 1980 (Austin, Stevenson, & Wei-Skillern, 2006; Bacq, & Janssen, 2011). A considerable amount of literature has been published on Social Entrepreneurship, yet reporting to many professionals, this sector is in its infancy stage.

Zahra et al., (2009), Santos, (2012) and (Bielefeld, 2009) mean that Social Enterprises are structured to provide improvements in human and environmental well-being, versus philanthropic or public provision techniques.

American and European conceptions of social enterprises are not alike. The different schools primarily distinguish them based on following notions “enterprise concept, the organizational form and profit distribution” (Bacq, & Janssen 2011:165).

Numerous studies have attempted to define social enterprise but many research findings have been inconsistent and contradictory (Bacq, & Janssen 2011). Social enterprise, as a sub theme of entrepreneurship, correspondingly Bacq, & Janssen (2011:156) believe that the “research in the field of social entrepreneurship could replicate the theoretical evolution of its parent field, entrepreneurship.” In this context, entrepreneurship for a long time has been widely discussed and investigated by scholars, it can be said that entrepreneurship was first while social was just connected to entrepreneurship, slightly changing the meaning. Entrepreneurship can be applied for different kind of businesses, but when discussing social entrepreneurship it is strictly limited to what social is defined.

There are three interchangeably notions used by academia to express the same idea, Bacq, & Janssen, (2011) by reviewing the previous literature, clarify the difference between similar but at the same time different in meaning concepts in the field. ‘Social entrepreneurship’ is seen as a process, ‘social entrepreneur’ is seen as an individual and ‘social enterprise’ is seen as organization (Bacq, & Janssen, 2011:154).

Zahra et al. (2009:522) provides an understanding of SE; “social entrepreneurship encompasses the activities and processes undertaken to discover, define, and exploit opportunities in order to enhance social wealth by creating new ventures or managing existing organizations in an
innovative manner”. Social entrepreneurship exploit opportunities and innovative solutions to social problems by developing social enterprises.

2.5 Social Enterprises’ Challenges

One criticism of much of the literature on social enterprises and traditional non-profit organizations is that they share a problem in defining and recognizing external and internal identity due to hybrid and poorly nature (SE blurry defined) of social enterprise form (Mahadea, 2013; Shane, 2000; Venkataraman, 1997; Bacq, & Janssen, 2011; Bielefeld, 2009). Therefore it can be argued that in literature there is a lack of federating paradigm of entrepreneurship (Bacq, & Janssen 2011). As the number of social enterprises grows, managers or founders who run the enterprise face challenges during inception stage and thereafter (Borzaga & Solari, 2001). The following challenges are discussed by authors.

Challenges in shaping a supportive legislative and regulatory environment

According to Zietlow, (2001), recently, nonprofit or social enterprises are pushed or forced to become ‘businesslike’ and are confronting competition from for profit organizations. They are pushed to develop a business model that makes them sell service or products and to perform better than competitor by acting more skillfully.

In a way of any manager of social enterprise, stands tax issue, legal issue and cultural issues either at the inception period or later. Tax issues can be those, which are linked to business income. Connected to this it is indeterminate whether social entrepreneur can make a profit and if they make a profit what will the funder, donor and government think about it and could that make them lose tax exempt status (Zietlow, 2001).

Performance measurements and accountabilities: Because of the growing competition, social enterprises face competition from other growing numbers of organization, that all competing for limited donor, funding from government and foundation. As a result performance measurement and accountability are crucial for social enterprises that are nonprofit to have. According to Kaplan (2001), the success of social enterprises should be evaluated by how efficiently and effectively they fulfill the requirements and needs of the communities. The accountability of social enterprise is on how well they satisfy the demand of the society, not how well they get fund and donation. Performance measurement is the main aspect to find out this (Kaplan 2001).
Challenges in getting finance: Most social enterprises start up by collecting funds. Funding is according to Kingston & Bolton, (2004) described as a main challenge or trial for social enterprises, because of the changes in funding policy. This leads to the failure of many social enterprises to ensure initial capital. The support social enterprise gets from regional and central government is mostly what helps them minimize the financial challenge they face. Government plays a significant role in the progress of social entrepreneurship (Haugh and Kitson 2007).

Many social enterprises get their finance from different sources, for instance Haugh & Kitson, (2007) identify three key sources of obtaining finance. The first is voluntary income; this income can be obtained through fundraising, donations and from selling goods that are donated. The second is investment income; this can be gained from the share of dividends and interest from savings (money they get from funding, donations or families and that they saved in a bank). The third is earned income, this can be gained from contract, fee and trading. Haugh & Kitson, (2007) mention that it is difficult for the growth and development of social enterprises if they cannot gain funding from voluntary income, because it is not easy to get loans from a bank, as the banks are not familiar with the enterprise in inception stage.

Challenges in developing networks and cooperation: The network plays a vital role for social enterprises as it is likely to be locally situated and small and need to get attention from government, funding organization and volunteers for the conception and operation of its purpose. For instance, having a volunteer in the inception stage can minimize the startup cost, and operation cost can be minimized by hiring employee providing lower wages (Haugh, 2005). For social enterprise to be survived, it is crucial to involve in the community.

Thompson et al., (2000) claim that it is critical for social enterprises to have an aptitude to develop a network and contact with the community and government, as it introduces them to many who can work as a volunteer, recruit skill employee and get a partner. Since social entrepreneurship frequently needs, creating trustworthiness across communities and the proficiency of the founder to increase support within those communities, networking is a crucial skill for the manager of the social enterprise (Prabhu, 1999). Developing networks and cooperation with different or similar organizations that operate in the same geographic area or elsewhere is vital for the leader of social enterprises, as it helps them getting important information, receiving suitable employees, gain mutual learning, share work experience and
work together for mutual causes (Prabhu, 1999). He also argues the importance of having family and close friends network for social enterprises managers, as they can offer emotional support at the time of great pressure and opposing situations.

Challenges in establishing adequate governance structure: The demand for effective governance of social enterprises is getting increased attention. The development and progress of suitable governance structures that outfit the local, is the main challenge for social enterprises. This is a significant step in meeting the confined demands of main stakeholders with a governance process that allows managers to do this while staying open, flexible and accountability (Mason, Kirkbride & Bryde, 2007). To pass this, unevenness of information must be trimmed between managers and stakeholders to reach a balance between efficiency and social influence.

The developed or followed governance system requires being flexible to guarantee that performers can legitimate their actions as well as stakeholders can be signified in decision making. Spear (2005), identifies that most cooperatives that are successful in the United Kingdom (UK) may have reached to this success at the cost of destroying their guiding values. The guiding values of social enterprise are to create value to the society, meeting social objects or aims, instead of creating profit for oneself. However, while they are constructing a governance structure they faced to be more entrepreneurial and directed to be business liked enterprise. Therefore, the main aim of the governance of social enterprises should be to protect ‘‘their guiding values’’ from destroying and try to attain in the long term the suitable balance between rival requests upon resources.

Establishing governance structure is a challenge for social enterprise in the inception stage. A conflict or difference of interest mostly arises between the board members and the aim of the social enterprise.

According to Travaglini, Bandini & Mancinone (2010), there are three kinds of governance models in social enterprise. These are:

Self-selecting trustee based: In this governance model the only member of the board is the trustee (director). They are the one who manage the work of the organization as a representative of the broader group of stakeholders. The board takes action based on the mission of the organization and in this model the accountability of the external stakeholder is low.
Hybrid structure: In this governance model both members or stakeholders and trustee collaborate. Because of this tension or conflict may arise during the selection of board configuration and the way to accomplish the mission.

Democratic member-based structure: In this governance structure members or stakeholders are the ones that choose the board by a democratic manner and manage it by involved directly. The stakeholder structure, governance of social enterprise is a method to raise democratic involvement and encourage a higher participation of various groups of workers, volunteers, recipients, funders, consider all participate or involve in the effectiveness and competence of the enterprise. Accordingly, a local governance structure development of social enterprises in which that participants, public bodies, and communities could all play a part is a more challenging and difficult to deal with. The reason that makes it difficult and challenging is, in the law there is no definite description about, the involvement of the above described bodies in social enterprise (Travaglini et al. 2010).

2.6. Management of social enterprises
There are three different management challenges defined by Borzaga & Solari (2001), such as: at the gate (challenging the external role of managers), at home (challenging the internal role of managers) and from within (Challenging leadership and management styles).

2.6.1. At the Gate: challenging the external role of managers
Social enterprises managers have to struggle with the uncertainty and unsuitable situations of external environment, starting from the commencement stage (Borzaga & Solari, 2001). According to the authors, as the public sector had happened to play a role in welfare of the community as a result the emerging of social enterprises has been considered as corroded to this. Therefore, management of social enterprise should give emphasis on the external environment and can influence the government and the communities. A manager of social enterprises needs to create a vision that can bring value to the community and attract supporters. They as well need to show confidence in their work and it is expected to show more involvement and commitment to their mission (Gupta, MacMillan & Surie, 2004). The managers of such organizations should convince the politicians, community that they can achieve goals and create value to the society, assure that their work will bring special or unexpected outcomes it is environmentally friendly (Gupta et al., 2004).
2.6.2. At Home: challenging the internal role of managers

According to Borzaga & Solari (2001), challenges that manager of social enterprise faces internally can be categorized as governance structures and human resource management. Hill and Stewart (2000), find out that, social enterprises do not have expertise in human resource development, general resources that other conventional businesses has and using advantage of it. As a result of having limited resources, social enterprise managers face challenges in making human resource operations. The kind of relationship that has to be between the social enterprise and the employee is challenging for a manager to deal with (Borzaga & Solari, 2001).

Manager of social entrepreneurship faces challenges in building solid management team, which can be representative to the organization or guarantee stability and growth of the organization for long term, without touching mission, aim and culture of the social enterprise (Heinecke, Kloibhofer, Krzeminska, 2014). A manager of social enterprise needs to recruit and retain the right person successfully and they often fail (Heinecke et al., 2014). Having professional human resource management is significant for social enterprise managers to recruit skilled and qualified person who can understand and pledge to the organization’s mission. It is also challenging for manager to attract skilled employees with unsatisfactory salary. According to Heinecke et al. (2014), it is also crucial for social enterprise to retain employment, as it is difficult and hard to replace with a new employee who is not familiar with the culture and mission of the organization.

It is recognized that many social enterprises could not exist without volunteers. Volunteers are willing to offer their time, money and other resources to the organization. Therefore, a manager should have an ability to attract volunteers and need to develop networks to reach volunteers (Thompson, 2008). Manager faces challenges in balancing conflicting and different demands of the employees, volunteers, and stakeholders and work to guarantee effectiveness and efficiency along with motivation. It is vital for manager of such organization to balance responsibilities, for instance, fundraising, raising awareness, spread ideas about the organization and developing training and education (Heinecke et al. 2014). As a manager of social enterprise have many responsibilities and involve in managing different aspects of the organization, they have difficulties in performing what they are good at and enjoy.

2.6.3. From Within: Challenging leadership and management styles

``Although the majority of studies on leadership advocate a more open and direct relationship with followers, in reality the impact of authority and hierarchy within organizations is still
greater than presumed” (Borzaga, & Solari, 2001). According to Morris & Pavett (1992), Management style varies from one culture to other and is determined culturally. Using effective management style plays a crucial role in making an enterprise successful.

They mean that, management and social enterprise values and norms have some contradictions; “Hierarchy though is not completely consistent with social enterprises values and norms. How can a manager lead without a hierarchy?” (Borzaga, & Solari, 2001:367).

Dulewicz & Higgs (2005), categorize leadership style behavior as the following:

*Goal- oriented*: leader establishes way or direction and act in a way that they are the one who play an important role in leading employee to accomplish the aim of the organization by having the required performance. This does not mean authoritarian approach, but it is highly leader-centric.

*Involving*: In this leadership style the involvement of the leader is less(less leader centric). Leaders focus on giving direction. Though, they allow others to involve in direction setting and in deciding how to achieve the goal that is set.

*Engaging*: leaders focus in assisting or helping others in reaching direction and ways of accomplishing the target goals. In this what the leader concern or emphasize about is developing the ability of other to accomplish than setting direction of the organization.

According to Heinecke et al. (2014), most social enterprises have similar leadership style. These leadership styles can be categorize as “ethical leadership, transformational leadership and empowering leadership”. Ethical leadership is leaders that are trustworthy. They are “ethical role model” and apply standards for followers to have behavior that are ethical. These kinds of leaders listen to what employees say and try to meet their interest as well. Transformational leaders have an ability to motivate and inspire followers and supporters with their vision and activate them to test themselves and the way they think. Empowering leader encourages employees to take independent action, self- development and perform to achieve the goal. This makes the followers or employee to release their potential, creativity and commitment (Heinecke et al, 2014).

### 2.7. Conceptual Framework

*Conceptual framework is a diagrammatical interpretation of the theoretical discussions which provides an outline or plan towards research data collection.*
In literature review we have defined the dichotomy between social enterprises and mainstream business (commercial entrepreneurship), also what makes social enterprises distinctive from other types of enterprises such as commercial or charity. As a main part for this research, in literature review we identified the challenges the Social Enterprise face such as challenges reshaping a supportive legislative and regulatory environment, challenges financing, challenges developing network and cooperation, challenges establishing adequate governance structure. Therefore, an adequate development for theoretical framework for our study will be developed.

A conceptual framework according to Miles & Huberman (1994: 18) informs, “either graphically or in narrative form, the main things to be studied-the key factors, constructs or variables-and the presumed relationships among them.” To connect, our conceptual framework (see fig. 2) is a summary of background literature review serving as a guide for our research.

![Figure 2: Challenges faced by SEs](source: Own Construction)

Our conceptual framework presents the main challenges that hinder Social Enterprises to develop. Declining philanthropy and operational challenges constitute SEs barriers. As it is illustrated, SEs face different challenges, such as: Legislative and Regulatory Environment, Network and Cooperation, Governance and Managerial Challenges (Borzaga, & Solari, 2001).
Thereafter, it is showed that challenges are to be managed somehow. A number of literature argue that entrepreneurs to survive need to innovate; here we assume that once challenges and threats put at risk social enterprises, new opportunities arise or have to be identified (Shane & Venkataraman, 2000). Assembling resources helps discovering new opportunities. Opportunity is the centre of entrepreneurship (Hunter, 2011). And then this framework portrays the summary of literature review. The diagram is used as a guide in conducting our current research and, it supports us with directions to construct the questionnaire interviews.
3. Research Methodology

In this chapter the authors explain the methods used to collect the data, how the study was conducted, how it was written and how the questionnaire was developed in conjunction with theory.

3.1. Methods and Research Design

The study seeks to investigate challenges faced by SE in Sweden and how they manage those challenges. The scholar literature refers to a body of techniques used for methodology to investigate and collect data. In this study interviews were used to supplement and extend the knowledge of settled research questions. With this purpose the interviews were conducted with 6 different SEs top managers or CEO. A semi structured interview structure was used to this research as an interview guide.

Data for this study were retrospectively collected from implementing a Qualitative type of research. For our research we selected CEO or managers of SE that best matches the learning of the case. The intrinsic type of case study was used in our study to “gain insight into the particularities of a situation,” such as how particular challenges are faced by SE (Bryman, & Bell, 2011:60). The chosen Social Enterprises research design is based on a single geographical location (Sweden). Semi structured interviewing helped us in generating detailed examination and provide an in depth elucidation of the SEC case in Sweden. The “inductive approach to the relationship between theory and research’’ was used for our qualitative case study (Bryman, & Bell, 2011:60). Inductive analysis method approach is used however to identify patterns.

3.2. Methodological Approach

Qualitative methods include open-ended interviews, participant observation, on-site observation and document review (Greene, 1994). Since our study includes open-ended interviews based on a qualitative approach, the interpretivism approach genre is implemented to make data available for audience. Interpretive approach is based on interviewing and observation and analysis of existing texts (Greene 1994).

3.3. Data Collection and Data Collection Process

To answer the research questions of this study we had to carry out our research by reading existing literatures, journals, articles etc. The empirical analysis is based on responses from a sample of interviewees from SEs. In depth interviews with key respondents were conducted
from Swedish Social Enterprises, which is referred as a primary data for this study (Bryman, & Bell, 2011). Most of our respondents were CEOs or key managers of enterprise. Arguably, our collected data was done by interviews which make it a qualitative research.

The interviews were conducted in English, with two exceptions; the interview with Sandaga was made in Romanian language, and the interview with Krietslop was answered in Swedish language.

3.4. Types of Questions

The designed interview is semi structured since it consists of general and specific questions (Yin, 2014). The interview questions were developed in accordance of research questions which was deducted from literature review. The interview questions are divided into three parts (see appendix A).

First segment of our interview is an introduction, with general questions that would give us a brief review of enterprise background. These questions include i.e., what are the number of your enterprise Employees?

Second segment therefore aims to find out the challenges faced by SE. These questions include i.e., what are the major challenges you face when doing business in this country? What are issues in your mind that affect or stagnate the enterprise growth? Through this segment we aimed to identify the major challenges faced by SE in Sweden, and also providing the knowledge of their enterprise experience which will answer our first research question.

Starting from third segment, specific SE area challenges are being asked; only management challenges interview questions. They have being divided into three major areas such as: at the gate, at home and from within.

Here, investigation aims to answer our second research question; specifically how challenges are managed by the enterprises.

3.5. The Interviews

The first interview was held at Rapatac Gävle office located at the Teknik Parken in Gävle, Sweden, and the audio file we recorded has duration of 59 min, and was recorded on 18th of November 2014. The founder of the organization is called Moussa N’diaye (CEO and founder of Rapatac); another interviewer from Rapatac was one of the managers of Rapatac, the name of the respondent is Mathilda Gavlén.

In order to increase the validity of the data, different other companies were interviewed (see figure 3). Other interviews were held with top management of five social enterprises such as:
Adventure Gävle with Pelle Larsson and Leena Bergander, Sandaga with Elena Al Damanhouri, Ting & Kaka with Turid Apelgardh, Shyamali Chauraborty and Alexander, Companion Gävleborg with Per Lungren. Each of the interviews recordings took approximately 50 to 90 minutes. Two interviews however, were done by e-mail post; Sven Eriksson working at Kretslopp sent the answers of the interview (in Swedish) by post and Mathilda Gavlén working at Rapatac answered by e-mail. Collecting the internet data from e-mail message is one example of avoiding transcription (Gibbs, 2008).

All of our respondents are activate in Social Enterprises. Per Lungren is one exception since he is not employed in a SE, but he trains entrepreneurs that would like to start a social enterprise. In this meaning, we found Per Lungren experience to be of great help in investigating the challenges of SEs.

According to Berry (1999) individual and group depth types of interviews are recognized, our study includes both. We had one group interview at Ting & Kaka with Turid Apelgardh and Shyamali Chauraborty. Their answers were still individual; they were saying their own opinion and argued their answers. Regarding ethical issues, in all the interviews was asked if participants and their company wanted to be anonymous whereas all of them refused.

One of the most critical limitations while collecting the interview data that could broaden the horizon of this study is the language issues. Together with our supervisor Maria Fregidou Malama, we have contacted several companies around Sweden but many times we were refused to interview due to lack of Swedish language knowledge. Therefore it would be advisable for similar further research to consider the importance of Swedish language when investigating Swedish companies.

The moderate number of collected interviews is also a consequence of language problem, therefore to make higher credibility to this research investigation is advisable to collect more interviews and from many different areas of Sweden. Because of language issue, two of interviews were answered by email in Swedish language, whereas we had to translate it to English.

Figure 3 illustrates the companies being interviewed. First column indicates the number of the companies; column two indicates the name of the company; column three indicates the name of the interviewer (there are two blank spaces because the interview was answered in a written form); column four indicates the position in the company of the interviewer; column five indicates the year that company was founded; column six indicates the location of the company;
column seven indicates the number of employees in the company; column eight indicates legal status and column 9 indicates the contacts of participants.
Figure 3: Interviewer Participation Details

<table>
<thead>
<tr>
<th>Nr.</th>
<th>SE Name</th>
<th>Interviewer</th>
<th>Position</th>
<th>Year Founded</th>
<th>Interview Duration</th>
<th>Locatio n</th>
<th>Nr. Of Employees</th>
<th>SE Legal Status</th>
<th>Contacts</th>
</tr>
</thead>
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<tr>
<td>1.</td>
<td>Rapatac</td>
<td>Moussa N’diaye</td>
<td>CEO</td>
<td>2001</td>
<td>00:59:48</td>
<td>Gävle</td>
<td>20</td>
<td>Foundation (Stiftelse)</td>
<td><a href="mailto:moussa@rapatac.se">moussa@rapatac.se</a> 0702466641</td>
</tr>
<tr>
<td>2.</td>
<td>Rapatac</td>
<td>Mathilda Gavlén</td>
<td>Manager</td>
<td>2001</td>
<td>Written form</td>
<td>Gävle</td>
<td>20</td>
<td>Foundation (Stiftelse)</td>
<td><a href="mailto:mathilda@rapatac.se">mathilda@rapatac.se</a> 0702934230</td>
</tr>
<tr>
<td>3.</td>
<td>Adventure Gävle E.F.</td>
<td>Pelle Larsson</td>
<td>Co-founder</td>
<td>Jan 2014</td>
<td>01:15:06</td>
<td>Gävle</td>
<td>3</td>
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</tr>
<tr>
<td>4.</td>
<td>Adventure Gävle E.F.</td>
<td>Leena Bergander</td>
<td>Co-founder</td>
<td>Jan 2014</td>
<td>00:41:59</td>
<td>Gävle</td>
<td>3</td>
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<td><a href="mailto:leena@spela-roll.se">leena@spela-roll.se</a> 0703506492</td>
</tr>
<tr>
<td>5.</td>
<td>Sandaga</td>
<td>Elena Al Damanhouri</td>
<td>Co-founder</td>
<td>Dec 2012</td>
<td>00:44:04</td>
<td>Gävle</td>
<td>10</td>
<td>Ett kooperativ Cooperation</td>
<td><a href="mailto:elena@sandaga.se">elena@sandaga.se</a> 0736107470</td>
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<tr>
<td>6.</td>
<td>Ting &amp; Kaka</td>
<td>Turid Apelgardh</td>
<td>Co-founder</td>
<td>2001</td>
<td>01:28:46</td>
<td>Uppsala</td>
<td>35</td>
<td>Economic Association (Ekonomisk förening)</td>
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</tr>
<tr>
<td>7.</td>
<td>Ting &amp; Kaka</td>
<td>Shyamali Chauraborty</td>
<td>Co-founder</td>
<td>2001</td>
<td>01:28:46</td>
<td>Uppsala</td>
<td>35</td>
<td>Economic Association (Ekonomisk förening)</td>
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</tr>
<tr>
<td>8.</td>
<td>Ting &amp; Kaka</td>
<td>Alexander Nyberg</td>
<td>Photographer &amp; Web Designer</td>
<td>2013</td>
<td>01:24:12</td>
<td>Tierp</td>
<td>2</td>
<td>Economic Association (Ekonomisk förening)</td>
<td><a href="mailto:alexander.n@tingochkaka.se">alexander.n@tingochkaka.se</a> 0703860840</td>
</tr>
<tr>
<td>9.</td>
<td>Companion Gävleborg</td>
<td>Per Lungren</td>
<td>Adviser</td>
<td>1993</td>
<td>01:04:05</td>
<td>Gävle</td>
<td>25</td>
<td>Economic Association (Ekonomisk förening)</td>
<td><a href="mailto:per.lundgren@companion.se">per.lundgren@companion.se</a> 0703205468</td>
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<tr>
<td>10.</td>
<td>Kretslopp</td>
<td>Sven Eriksson</td>
<td>Chairman</td>
<td>2011</td>
<td>Written form</td>
<td>Tierp</td>
<td>15</td>
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</tr>
</tbody>
</table>

**Total: 10**

Source: Own Construction
3.6. **Data Analysis Procedures**

Transcribing the interviews is first step in analyzing the interview data (Miles, 1979; Gibbs 2008). By transcribing we made a complete copy of interviews we gathered. According to Gibbs (2008) there are two important types of metadata when processing it, one is the brief notes made during interview and second is detailed data collected that is achieved such as biographical information about respondents. Because no system (software) for de-coding the qualitative research data through content analysis, an interpretive analysis was used classifying the data concerning responses by highlighting important messages. Data obtained from interviews is displayed reduction in empirical findings.

Qualitative approach is used for primary data collection. In chapter 4 (empirical finding), the information we had gathered trough interview is presented accordingly. The presentation includes the name of the companies, name of managers and their occupations. In addition, the introduction to the companies, their challenges and how they manage the challenges are presented, as well in figure 3, interview participation in details are presented.

The data analysis for this study is presented. The responses from the respondents are analyzed compared to the secondary data that is collected through different articles which are presented in chapter two.

3.7. **Data Reliability and Validity**

According to Yin (2014:49), the role of reliability is to “minimize the errors and biases in a study.” Reliability indicates the ‘repeatability’ of the measures, which deals with quality of the data collected (Yin, 2014).

When qualitative researchers discuss research validity, usually it is referred to qualitative research being “plausible, credible, trustworthy, and, therefore defensible (Johnson 1997:282). Consistency and quality of data collection was considered in our study. For credibility of data collection the conversations interviews were recorded. For proper scrutiny, after interview we sent back to interviewees our report to assure no misunderstanding and conflict arise.
4. Empirical Findings

Here we present the findings of our research based on challenges that Swedish SEs face and how they manage those challenges. We present each company separately, starting with an introduction about company like the services they offer, number of employees, legal status, the year being founded and their vision, afterwards we provide data about their challenges and how they are dealt.

4.1. Rapatac

The Rapatac SE is involved in different activities. The main aim of the organization’s concept is to provide for a secure and meaningful growth for children and youth by offering support with schoolwork, supplying stimulating leisure pursuits, and helping them develop the ability to take responsibility for their actions.

The SE was founded in 2001. The legal status of Rapatac is foundation (´stiftelse´ in Swedish). Around 20 employees work in Rapatac and there are also volunteers activating in Rapatac. Rapatac in Senegalese language means ‘people’. Moussa N’diaye is the founder of Rapatac and he was the person we interviewed. Another person we interviewed in Rapatac is Mathilda. Mathilda is a manager responsible for BBk -basketball department of Rapatac. Moussa defines entrepreneurship as ´creating jobs by helping people.´ According to Mousssa, the formula for social enterprises are like this, entrepreneurship (money) plus social (heart like helping people).

The reason for starting Rapatac was because a gap in education system, that was unfavorable for foreign/immigrant kids. He means that the kids without parents are not performing as good as local kids, since they don’t understand the importance of school education for their future.

Challenges for Rapatac

Moussa N’diaye pointed out that a lot of effort was needed to make Rapatac live. ´Fighting tough to make this SE live´ Rapatac had to fight to make authorities understand the value, importance, contribution of Rapatac in and for society. Not only was tough to make leaders understand, but also to change the leaders of the municipality perception about Rapatac. Tough part of the history of Rapatac was to make society understand the role of Rapatac in society. Thus it was very tough to make the municipality or leaders of Gavle part of Rapatac. ´Moussa´ means that good things are not good for everybody.
To start is very difficult; people are scared to new things. Peoples are scared and when they are scared they want to shoot down Rapatac. Rapatac is getting criticized behind its back.

One of the most critical challenges was to attract funding. Economic problems were strongly connected with the survival of Rapatac, thus Rapatac appealed for private companies for funding, connecting with people. Growing itself is a challenge, because to grow Rapatac needs investment.

Moussa mentioned that entrepreneurs need to have the ‘social codes’ when deciding to run a social enterprise.

Mathilda says that big challenge in her area (as administrative and staff responsible) is to make staff following the rules of Rapatac.

**Managing the above challenges**

Our respondents mean that now people understand better the role of Rapatac in society. It’s easier since the positive image is built already. With regard to positive image and identity created, influential people say that Rapatac needs more people like Moussa nowadays in Gavle.

With respect to image creation, it takes time to understand, that’s specific for Swedish culture. Lot of critics also was faced during history of Rapatac, but when understanding the role in society people stop criticizing.

Advertising has not done how it should be done due to low budget, yet a book will be published about Rapatac to promote the enterprise and better understand the importance of Rapatac in society. After the book being published there are plans for Rapatac to expand in other regions of Sweden.

According to the respondents, when employing people the most important criteria to select, is the ‘heart’. Heart is defined as believes, ready to sacrifice for Rapatac. Employees when getting in they love Rapatac, they ‘breathe Rapatac’. Employees choose Rapatac because Rapatac is the best, because in Rapatac life makes sense. Being in Rapatac employees make some other people smile. The salaries offered are same comparing to other businesses.

With respect to how employees are being motivated Moussa said that ‘people have to be challenged to be motivated.’ Everyone has some tasks, in end regarding the result people are
appraised, ‘good is you bad is you’, (meaning that the final result successful or failure of a task depends on a person in charge).

4.2. Sandaga

Sandaga started as a labor union project from European Union for foreign women to help them integrate in society (education, work) in December 2012. Initially this project was gained by Rapatac (Moussa N’diaye), and afterwards was handled to people that work today in Sandaga. Sandaga is part of Rapatac whereas today Moussa is a mentor for Sandaga. Sandaga sells different types of services such: Cleaning services, catering or tailoring. In Sandaga work eight permanent employees and two other members are inactive. Sandaga was founded in December 2012. Elena said that employees and customers can influence or participate in decision making. There are five board members of directors who make all the critical decisions in Sandaga. The salaries offered by Sandaga are not lower than other companies. When employing the skills are not so much important, or background studies but the will to learn and integrate.

Challenges for Sandaga

As far as challenges are concerned, the main challenge for Sandaga was to compete with traditional businesses. With respect to starting phase Sandaga faced challenges due to the lack of knowledge and experience of Entrepreneurial knowledge, such as management and leadership skills. Unsatisfied customers sometimes are a challenge, but usually Sandaga tries its best to satisfy them sometimes offering services for free to avoid conflicts.

In the same way, some other barriers in Sandaga are high taxes, and also that the government or local authorities do not help in any way.

Managing the above challenges:

For Sandaga is of high priority to have satisfied customers, because satisfied customers recommend Sandaga services to other people. There is no need to know everything about how to run a company or specific services, people inside company help each other. The working environment itself is a stimulus for its employees.

4.3. Adventure Gavle

The enterprise was founded in January 2014 and has three employees so far. Legal status of Adventure Gavle is Economic Association (Ekonomisk Förening EF).
The idea to start Adventure Gavle was coming to Leena Berhander at the time when she was working with people who are on sick leave for a long period of time. She knows a lot of people who do not have a job, and these people are not feeling good. So she started thinking about how to help these people and came up with an idea to coach and assist these unemployed people to create their own job.

**Challenges for Adventure Gavle**

According to Leena and Pelle getting funding in inception period could make things easier and play a significant role in the growth of the enterprise. Shortage of money as we do not get funding from the government and donations, this became a problem that affects our enterprise negatively. In addition, increase understanding of society specially unemployed people and other companies about our enterprise could have made it easier for us to start the enterprise. Other companies see us as a competitor. As Adventure Gavle enterprise gets funding, only from employment agency, companies think Adventure Gavle enterprise compete in unequal terms.

Adventure Gavle pays taxes for the services they sell like dog day care center. But does not pay tax for the fund, it gets. The problem for social enterprise is that it is new in Sweden there are not many social enterprises found in Sweden like in other European countries. Because of this the government, the politician and community do not have much knowledge about it.

For example, citing Leena, ‘‘I am a chairman for social enterprises in Gavle and the members even did not know what social enterprise is. Because of this it is difficult to sell the service and the municipality does not buy the service from us even. Governments, politicians, societies and other companies are barriers for the growth of social enterprise.’’

Challenges of Adventure Gavle are:

- To make the society, municipality and government understand about the purpose of the enterprise.
- In past enterprises which work with unemployment people earn money in the name of unemployed people and did not help those in need because of this societies do not have good perception for such enterprises. So to change the mind of the public from its bad or negative perception about the enterprise is challenging.
- Get funds
- To find out what people are good at and assist them, as their work is to create jobs for people who have been out of work for many years is very difficult.
- Making people understand that they are worthy as they have been told they are not.

Managing the above challenges

What makes Adventure Gavle enterprise different from others is by employing unemployed people and help them understand what they are good at by developing their self-esteem and assist and coach them to create their own of interest job. They need to work hard in creating awareness to the society, municipality and government about their aim. Adventure Gavle enterprise develops network with politicians and lobbying them to understand Adventure Gavle enterprise role in society, Adventure Gavle is also working with the municipality to make them understand the importance of their enterprise and make them buy the services they provide. In addition, Adventure Gavle enterprise has network and cooperation with other organizations. Adventure Gavle enterprise tells about their goals by preparing meetings with the politicians, municipality and society. They go to universities and high school to introduce themselves and create awareness. The enterprise gets synergy if people know about them and they also get support like funding and a donation which makes the enterprise grow and develop faster. They also try to sell services to the municipality and society to stand by its own foot.

The stakeholders of Adventure Gavle are three. The three of them make the final decisions, but the employees participate also in the decision making process as well. The customers do not involve in the decision making process, but they are welcome to give their suggestions about Adventure Gavle enterprise work.

They get funding from municipality but it does not participate in decision making. They follow the work and see if the enterprise uses the fund for the right purpose. Adventure Gavle enterprise do not have any volunteers nowadays.

4.4. Ting & Kaka

Another social enterprise is ‘Ting and Kaka’ which in Swedish means ‘thing and cake’. Three persons were interviewed from this enterprise; Tund Apelgårdh and Shyamali Chauraborty in Uppsala, who are the co-founders of Ting & Kaka.

Another interview was in Tierp, Alexander Nyberg who is an employee as a photographer and Web Designer. The enterprise was founded in 2001 in Uppsala; nowadays it has branches in different regions of Sweden such as Uppsala and Tierp with a central office in Uppsala. Ting
& Kaka activate 35 employees with 20 different nationalities. Different professions are activating in Ting & Kaka, such as: teachers, journalists, nurses, sewing and design, photographer and web designer. Legal status of Ting & Kaka is ‘Ekonomisk Föreningen (EF) ’ which in Swedish means economic association. Citing Tund Apelgårdh, ‘‘the Vision of Ting & Kaka is to create a society that each and every one feels responsible and worthy.’’ Also Ting and Kaka have a stress free working environment. If for example someone is feeling stressed he/she does not continue working but takes a ‘fika’ break and discuss the problems with other coworkers to find solutions. Tund Apelgårdh work with different kind of disability and psychological sick peoples that are unemployed to help them find out their skill and feel part of society having ‘responsibility’. The idea to start Ting & Kaka enterprise was due to Tund Apelgårdh experience, working with the municipality, with people having different kind of disability and old people. This is because in the beginning of 1990’s there were changes in country administration about old and disable peoples that in opinion of Ting & Kaka, according to Alexander Nyberg, municipality did not really ‘help fully, and that was when they start thinking to open this enterprise.

Ting & Kaka offer right stress free working environment also provision and support people in recovery from i.e. drug and alcohol addiction. People affected by addictions, require time to recover in order to find their right work. But generally disabled and disadvantage people (beside alcohol and drug addiction) are of many other different forms as mental health, learning and working disability.

Challenges for Ting & Kaka

Tund Apelgårdh, means “Having started up capital or funding could make it easier to start Ting & Kaka enterprise.”

As they want to do it in their way they could not get money or funding from the government. Swedish society has its own structure and they start an enterprise with their own structure, so it was difficult for the government to understand that they are doing something good with their own structure.

Apelgårdh means that they get better help or donations from private people and business than government and they like to work more on this because it gives them more freedom. If they get funding from the government they have to work on their terms and it is not easy to explain.
It is not much change since 2001 concerning getting funding from the government because it is difficult for them to understand their structure of doing, they need something specific and the enterprise cannot give that in the way they want. The problem is the municipality or the government does not understand Ting and Kaka and they do not have time to understand it either. This is because social enterprise is new not in the nature of Sweden.

The difficulty as a manager is to make the outsider understand about the enterprise. It is all the government, politicians, municipality and society that do not understand and are not curious about the enterprise.

They got criticism about their enterprise, but that is because they do not understand or know what they are doing. Most people need time to understand about the enterprise. But now it is getting a positive image as people are getting to understand and know them.

They have a movement that makes changes, a lot is happening now and people are becoming interested and curious about their enterprise recently. Now days government makes them give a speech about their enterprise to the society. Society thinks that SEs has lots of money, because of people who do not work. There is a misconception of people understanding the role of Ting & Kaka in society.

**Managing the above challenges**

They have a good network with others and they have one of quality shops in Uppsala and they are getting a lot of high quality clothes as a donation.

What makes ting and Kaka different from other enterprises is that they do not have structures that say do this or that as the structure rather they ask for their dream and they help them catch their dreams. There are five boards’ members in the board and only a few of the decisions are made by the board members. Employees also participate in the decision making. The funder or the municipality does not participate in the decision making, but they want to see the result that is measurable. Ting & Kaka hire people who participate in the enterprise and do not recruit from outside.
4.5. **Companion Gävleborg**

Companion is a support organization by offering education for SEs entrepreneurs to start their own business. Companion supports social entrepreneurs by delivering them right business development learning programs and training support for those in startup phase. Per means that social entrepreneurs are helped to pilot new business and voluntary organizations by implementing innovative solutions with the aim in reducing inequalities.

Companion was founded in 1993, and Per Lundgren the respondent in our study, is one of advisors that works in Companion from 2002. According to Swedish law Companion’s legal status is Economic Association. In Companion activate permanently four advisors are employed.

**Challenges for Companion Gävleborg**

The interviewer, (Per) said that most of SEs in Sweden are focused on helping disabled disadvantaged or long unemployed people. As Per said, disabled people are not preferred to be employed by other traditional companies because they are not efficient as a healthy person. Those Unemployment Agency accord the social funds to support themselves, and as Companion experience there are people that start SEs to help unemployed disabled people to integrate back in society. Per argued the necessity and importance of helping those people. Being unemployed and also healthy disabled affects negatively those in meaning of loss of their professional identity; people risk falling in deep depression by suffering a large emotional penalty, loose their self-esteem, self-confidence and being demotivated. Social Enterprise are usually criticized by others, because disabled people working in SE get governmental social funds for ‘doing nothing.’ The outside society does not acknowledge the role of SEs values delivered, that could in fact make SEs preferred if society had a better understanding of it.

Lack of skills and knowledge is a big barrier in operating the company. Many of social enterprise founders lack education as entrepreneurship knowledge is developing a social system organization. Managing and make the business running is also challenging for them. Operation issues imply other different challenges. Social leadership is one issue. Knowledge, like if they work in the board is a tough challenge. Another issue is making their enterprise a democratic organization. To develop business to fit in the market, to make good deals with other traditional companies is another challenge. Developing networks to find customers, to make good deals and make good contract, is part of chain challenges to operate the business. SEs usually sells
their services to public sector and less to private companies, and it is a tough challenge to make contracts with private companies.

Usually when SE start they are few people, later they grow they have to build a structure like board of directors. This also is challenging due to lack of knowledge. Per said that being an owner is not an easy task, thus most of SEs for start are not effective at developing inside business policy.

Another challenge there is finding funding and investments into SEs. Economical support is a critical issue. According to Per there are two ways that SEs in Sweden can benefit of funds when starting. One way is gaining European Social Funds (ESF). Second way is the local community that fund SEs projects by offering grants. Different ways, other than the mentioned above is taking bank loans but this does not happen often.

Social Enterprises are not competitive and preferred on the market, since many people are suffering of some disabilities. Another challenge is when selling their services. Thus SEs are not able to compete on the same level with traditional business for many different aspects, like time efficiency or quality. There are many reasons behind, SEs don’t have enough solid economic base in order to buy the resources like tools in delivering/Offering their services or products.

SEs is a new business concept in Sweden, and around 3000 people are employed in such companies all around Sweden. To many people in society SE is something new, and they do not know much about and is difficult when they have to react to those types of businesses. Because SEs is new and unknown term for many, people don’t know what are their aim, purpose and role in society.

**Managing the above challenges**

Many disabled unemployed people work together for social change to make their ideas to move from being a concept to reality. Employing disabled people is not an easy task, but many SEs succeed. SEs strive to provide work opportunities for disabled and disadvantaged people by learning them employability skills. SEs help by supporting people into employment and self-employment.

Also as suggested by Per, would be very good that government makes better effort to make those people to integrate. One critical help from Companion is by supporting for free SEs
entrepreneurs to start and develop, also by helping business people, to develop their leadership and managing skills. Companion deliver free learning programs and training support for those social entrepreneurs in startup phase to develop their business, and regarding funds municipality in Sweden support SEs. Since starting phase is most challenging one, the municipality can help also by funding those enterprises. Additionally SE seek to implement innovative and creative ideas to find solutions to those problems in a sustainable way.

4.6. Kretslopp

Kretslopp SE is located in Tierp, and the participant in our interview was Sven Eriksson. Kretsloppsservice is a social enterprise that works with different kind of activities such as helping mentally sick people that are unemployed by helping them to find out their skill and feel part of society having responsibility’, recycling service and second hand shop. (They sale used goods donated by local residents). In 2013 they started the “fix-Malte” i.e. they help older people in the municipality with gardening and snow shoveling. Sven Erikson is operational and human resource manager and board members of Kretslopp are Sven Erikson (chairman). The enterprise was founded in October 2011. Legal status of the enterprise is an economic association (EF). The aim of Krestloppsservice is to operate and develop the now taken over municipal activity cycle shop and to help and bring people in a social common form and helping and assisting people to support themselves. They sell internships to the municipality and the employment office. The method of this is that each individual is given meaningful tasks, where the individual may work based on their own personal capability with support for development. They focus primarily on people linked to the open psychiatry in Individual and family care (IFO).

Tierps Recycling Services has contracted with the IFO on individually arranged internships for people with mental illness, current 30 seats. Separate collection of garbage is an important part of the work and the company has won praise from Tierps recycling center for that work. Kretslopp SE has 15 permanent employees. Kretslopp also work for environmental issues, avoiding social exclusion and work of human well-being for the benefit of economic surplus.

**Challenges for Kretsloppsservice**

The startup process was very challenging, according to Sven. They faced a threat to close the enterprise from the municipality; one could assume that the next stage would be to close the enterprise. It took the enterprise 9 months of hard time before it started functioning and get
acceptance from the municipality. It was found that there was a potential of development later on. The biggest problem of Kretslopp is to get funding from the government for different people, whom they help and who have mental problem. We also accept people who cannot get subsidies from the concern one.

**Managing the above challenges**

They sell their service to the municipality and have second hand shopping. The best thing about being in Recycling Service is workmates. They help each other and that’s a good friendship that exists in the workplace, this is what differences the enterprise from another.

### 4.7. Summary of Empirical Findings

From our findings from six different Social Enterprises in Sweden, we could see there were challenges such as cultural differences, as example non-Swedish entrepreneurs that even though living in Sweden for long time, faced difficulties when launching and running enterprise. As mentioned in the literature review, the term of SEs is not well understood by society.

Figure (3), clusters our findings, indicating the name of investigated enterprises and indicate major challenges categories, like Funding, Public Image, Sales, Network and Cooperation, Governance/Structure, Leadership and Management. As it can be observed all of the five enterprises indicate public image challenge (marked in green). Four SEs indicate funding challenge, three SEs indicate sales challenge, one indicates Network and Cooperation challenge, and one indicates Leadership and Management Challenge. Checking the total challenges, it can be observed that ‘public image’ has been most indicated (5 enterprises indicate this challenge), the second ranked challenge is ‘funding’ (4 enterprises indicate funding challenge), and next significant challenge is ‘sales’ (3 enterprises indicate sales challenge), the other three challenges seems to be less significant. Table (2), however presents the challenges SEs face and how do they manage it.
Table 2: Empirical findings.

<table>
<thead>
<tr>
<th>Companies</th>
<th>Challenges they face</th>
<th>How they manage the challenges</th>
</tr>
</thead>
</table>
| Rapatac       | - Making authorities understand the value, significance and contribution of the enterprise of the society.  
                - To change the perception of the municipality about Rapatac.  
                - To get funding and growing.  
                - Criticism from the society. | - By building positive image.  
                - The book will publish to create awareness and promote the enterprise. |
| Sandaga       | - To compete with traditional business.  
                - Luck of entrepreneurial knowledge and experience at starting phase.  
                - High tax and lack of support from government. | - Give priority to satisfy customer.  
                - By helping each other inside the enterprise. |
| Adventure Gavle | - To make the municipality and society understand the purpose of the enterprise.  
                - To create positive perception about the enterprise.  
                - To attract funding.  
                - To make unemployment people understand they are worthy. | - By creating networks with politicians, authorities and societies to understand them the role of their enterprise for the society.  
                - By preparing speeches to university and high school students to introduce the enterprise.  
                - By developing unemployed people self-esteem and assist them.  
                - By selling service to the municipality. |
| Ting and Kaka | - Capital and funding specially in starting phase.  
                - To change the structure of the enterprise.  
                - To understand the outsider about the enterprise.  
                - The criticism they get about their enterprise. | - By creating a good network with outsiders.  
                - Opening a second hand shop.  
                - Create movement that makes change.  
                - The government gives them an opportunity to make a speech to the society about their enterprise. |
| Companion     | - Helping disabled and long term unemployed people.  
                - The outsiders do not acknowledge the role of social enterprise.  
                - Criticism.  
                - Luck of skill and knowledge.  
                - Making and managing the business run.  
                - To make a deal with other traditional companies.  
                - To develop networks.  
                - Finding funding and investment.  
                - SE is new business concept in Sweden. | - Many disabled and long term unemployed to work together for social change.  
                - The government makes more effort to make thus people to integrate.  
                - By developing leadership and managerial skill.  
                - Developing free learning and training support for SEs.  
                - Implement innovative and creative ideas to find solutions. |
| Kretslopps    | - Startup process.  
                - Treats from the municipality to close the enterprise at the startup phase.  
                - To get funding. | - Sell their service to the municipality.  
                - Open second hand shop. |

Source: own construction
Figure 4: Challenges faced by SE in Sweden, Tabular Illustration

<table>
<thead>
<tr>
<th>Challenges</th>
<th>Rapatac</th>
<th>Adventure Gävle</th>
<th>Sandaga</th>
<th>Ting &amp; Kaka</th>
<th>Kretslopp</th>
<th>Total:</th>
</tr>
</thead>
<tbody>
<tr>
<td>Funding</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td>4 0</td>
</tr>
<tr>
<td>Public Image</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td>5 0</td>
</tr>
<tr>
<td>Sales</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td>3 1</td>
</tr>
<tr>
<td>Network and Cooperation</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td>1 3</td>
</tr>
<tr>
<td>Governance/Structure</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td>0 3</td>
</tr>
<tr>
<td>Leadership and Management</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td>1 5</td>
</tr>
</tbody>
</table>

The illustration is based on the information we gathered through the interviews. For example when we see Rapatac it has a public image which is high but the governance structure of Rapatac is low and it goes like this for others as well.

✓ – present but low
✓ - present and high
Blank space - not present

Source: Own Construction
5. Analysis

This chapter includes the presentation of empirical findings compared with existing theories. Our analysis is based on the main challenges SEs face that we are pointed out in the literature review that is challenging the external role of managers, financial challenge, challenging the internal role of managers and challenging in developing network and cooperation.

5.1. Social Enterprise Concept in Sweden

Even though the concept of Social Enterprises has been rising all over European countries, still the term is poorly understood in some of the companies and the society as our study shows.

What we have observed, is that Social enterprises in Sweden are defined only for the ones that seek the social purposes and not necessarily environmental purposes. There can be explanations regarding this, possibly there is no need of Social Enterprises for environmental purposes because Swedish state covers the issues and take its responsibility. According to the interviewees the Social Enterprise in Sweden does not have a clear and definite status in the law, which clearly states its scope and funding and also its objectives.

To most people social enterprise will mean an organization having a charitable aspect (i.e. church). Other interviewers say that SE is a quite new concept for Sweden. Many enterprises, claiming that they understand what objectives are for SEs, usually don’t perceive the right concept of social enterprise, thus SEs are poorly understood by many organizations. For example Leena (see table 4) says that many people don’t understand the true meaning of SE, by limiting its concept just to some other similar aspects such as CSR, Fair-trade companies, which is not necessarily defined as a SE.

5.2. Public Image

We were also keen to deepen our understanding if SEs are well defined, by asking interviewed participants if people understand the role of SEs. As mentioned in the literature, the dominant emerging logic focused on Borzaga & Solari (2001) study, has shown that Social Enterprises are poorly defined. Both external and internal identity of a SE, because of the hybrid nature and being poor defined, makes it hard to bring SEs into focus. Having provided a feasible definition of Social Enterprise, our study shows that, social enterprises are not well understood by the majority of society and corporations, organizations being many times misunderstood or confused with Traditional Non Profit Organizations, Public Sector organizations, (NGOs) or
other terms such as CSR fair-trade companies, etc. (Borzaga & Solari 2001). In summary, it can be observed that a ‘communication gap’ between SEs and public exists which includes a lack of understanding of the terminology. Negative connotation of SEs is usually because people do not know their stories; SEs can enhance their public image if they get better at telling their stories they can succeed growing, developing and differentiating themselves from completion. Achieving a strong public image make SEs to become more attractive to founders.

5.3. Challenging the External Role of Managers

The awareness that the government, politician and community has for SE is low. All interviewees agreed that to creating awareness of the government, community, society and politician about SE is challenging. As the concept is new in Sweden, unlike in other European countries, it takes a lot of energy and time to convince what SE means and does for the society. Authorities and even the society do not understand that SE creates value to the society than abusing and using people. According to Gupta, MacMillan & Surie, (2004) manager of social enterprise have to make politician, community and society understand the goal of their enterprise, the value they create to the society and thus help them to attract supporter and funder. Otherwise it is difficult for SEs to be successful in the long run. Therefore, as we understand it for social enterprise to be successful, the managers need to play a significant and persistent role creating awareness regarding the value, contribution and significance of their enterprise for the government, politician and society. We mean it is necessary for manager of social enterprise to change the perception of the society.

According to Borzaga & Solari (2001), In Europe SE has been observed as destroying the traditional public sector functions such looking for the good health, happiness, comfort etc. of the society, as well SE face challenge from organizations and labor union because they perceive SE as an enterprise which obtain activities and jobs away from the public sector and they are against their development. According to our study findings, for profit organizations believe that SE sells their service at low price since they get funding from the government. So we believe that it is significant for SEs also to work closely with for profit organization and make them see what they are doing. And explain to them that the funding they get is only used for helping unemployed people in the organization, and sell the service with the right price.
5.4. Financial Challenge

Kingston & Bolton, (2004) mention that getting fund is a crucial challenge for social enterprise. Getting finance at the inception period is the challenge for social enterprises in Sweden, according to the managers that are interviewed as well. All of them do not get funding from the government, the funds some of the enterprise get are only for the unemployed in the enterprise which the enterprise help and assist to create their own job. The reason according all of the social enterprises are the government and society do not know and understand well what social enterprise is. If they do not understand well they do not give funding and donations. Haugh and Kitson (2007), mention that governance plays an important role in the advancement of social enterprise as most of the funds come from the government. However, our study also shows that the government, politician and society are obstacles for the development of social enterprise as they do not allow or facilitate the working environment. Because of difficulties in gaining funding the interviewees mean they have started to make their enterprise ‘business like’ by selling services to the community to stand by their own feet. According to Haugh & Kitson, (2007) this is one of the three ways of obtaining finance. Creating awareness to the society can help the social enterprises to get donations. According to Haugh & Kitson, (2007), it is very challenging for social enterprises to survive if they do not get funding and donation, which our study also indicates.

5.5. Challenging the Internal Role of Managers

Governance structure

Ethical justification breaks the law how enterprises should function and can create conflicts. A certain structure was given by municipality but apparently it was not applied since in the opinion of founders it cannot function. Later, an agreement was signed between Ting and Kaka in adopting the structure. Here it can be observed those ethical viewpoints are being more powerful than the law.

Our cases show that SEs use governance model which is a democratic member based structure. Except for some decision such as recruiting employee which is made by the board members most of the decision making processes involve all the employees and volunteers. According to Travaglini, Bandini & Mancinone (2010), this kind of governance structure inspires employees and volunteers in doing their work more efficiently and effectively and makes them feel belongings.
According to Borzaga & Solari (2001) SEs face problems related to mold faceted identities. Similarly, the findings of this study indicate that this problem as a critical issue.

It is encouraging to compare findings found by Borzaga & Solari (2001) who argue that hierarchy is consistent with social enterprise values and norms, yet how an organization can operate without hierarchy. When interviewing, participant said that all employees can participate in decision making or some proposal yet the final decisions are made by permanent board of directors. We observed that ethical management and leadership is critical for Social Enterprises. An egalitarian form of governance was observed, where network between employees and managers is considered. Social enterprises require solid background education to form an Ethical leadership, decision making and organization, as we see it.

**Human resource management**

We also agree with Hill and Stewart (2000), that social enterprise does not have adequate expertise in human resource management. Ting and Kaka do not hire employees from outside and Adventure Gavle only takes employee that the government tells them to have and were as Rapatac hire just by looking at the heart. This shows the absence of expertise in human resource management. Enterprises that have expertise in human resource can recruit skilled and qualified employees that are able to play a significant role in the progress of the enterprise. Heinecke et al. (2014), mention the vital of having expertise in human resource management for social enterprises. We argue that in case of interviewed SEs, they can create good relationship with government offices and municipality to get support regarding human resource management issues, because it may be costly for each SE to have employee with high expertise.

**5.6. Challenges in Developing Network and Cooperation**

Creating network and cooperation is crucial for all of the enterprises we interviewed. They all have a network with the government and other organizations. Thompson et al., (2000) also mention that a social enterprise that has a network with the government and other companies can be similar or different in operation, can get funding, donations, loan from a bank, skill employees and volunteer easily. Even if the managers we interviewed have a network and cooperation, it did not play a significant role in gaining funding from the government and donations from the society. As we understand it, the managers can use existing networking as basis and strengthen and expand their networking in the future. This helps not only to improve access to finance but also to attract support in the forms of management expertise, technological
tools, and service expansion. The managers of the interviewed SEs can use also the improved networking to increase the awareness of society and government on the concept and values of the SEs.

A tabular illustration of challenges faced by the interviewed Social Enterprises is presented in Table 3. The findings are in agreement with Borzaga & Solari (2001) findings showing challenges SEs face. Table 3 summarizes the analysis of challenges of SEs involved in this study.

Table 3: Challenges of SE involved in the study

<table>
<thead>
<tr>
<th>SE Challenges</th>
<th>Analytic description</th>
</tr>
</thead>
<tbody>
<tr>
<td>1 Financial</td>
<td>Most of the SEs have less access to finance and this is mainly due to the less awareness of government and society on the concept of SEs and their values for society.</td>
</tr>
<tr>
<td>2 Public Image</td>
<td>Widespread lack of understanding SEs impact on society, makes people criticize the enterprises. By not perceiving right the role of SEs, they usually get a negative connotation.</td>
</tr>
<tr>
<td>3 Governance structure</td>
<td>There is gap between the structures of SEs and existing structural procedures set by government for SEs. SEs need structures that best fit their characteristics and enable them to give good services and increase their acceptance and image by public.</td>
</tr>
<tr>
<td>4 Human resource management</td>
<td>Human resource related constraints can be reduced by increasing cooperation with volunteers, government and municipalities.</td>
</tr>
<tr>
<td>5 Developing network and cooperation</td>
<td>SEs that have high level of challenges in developing networking and cooperation have also more challenges in terms of access to finance and getting human resources support. This indicates that improving the networking and cooperation with other agents and public sectors could enable to minimize other challenges of SEs such as awareness creation and access to finance.</td>
</tr>
</tbody>
</table>

Source: Own Construction
6. Conclusion

This chapter offers the answers to the questions raised in the research. This chapter also illustrates theoretical, managerial and societal implications. Suggestions for future research are also presented in this chapter.

6.1. Answering the Research Questions

An initial objective of the study was to identify the challenges that SEs face and how do they manage them. Returning to the research questions posed at the beginning of this study, it is now possible to point out the major challenges. The major challenges social enterprises faces are: Developing positive public image, Funding, Sales, Network and Cooperation, Governance/Structure, and Leadership and Management. Our research readily demonstrates that the most persistent and most critical challenges are developing positive public image and funding.

The role of SEs is of growing importance of delivering public services. SEs have to struggle with the uncertainty and unsuitable situations of external environment. Therefore, management of social enterprise should give emphasis on the external environment and to influence the government and the communities. Another point to highlight is the support that Social Enterprises need. Foundations-access to finance is one of the critical challenges on which the fate of each SE depends (at least the start-up phase). SEs heavily depends on donations, and managers of social enterprises need to create a vision that can bring value to the community and attract supporters. The managers of such organizations should convince the politicians and the community that they can achieve goals that create value to the society, assure that their work will bring special or unexpected outcomes and show that their work is environmentally friendly.

Our study reveals that SE is set to achieve a social goal and is sustainable, transparent, and has a positive measurable impact on society. Their role in society is not well acknowledged and they are misunderstood. The reason of being misunderstood is by not using marketing, due to limited economic resources. Based on our research we believe that SEs lack the understanding and significance of marketing.

They as well need to show confidence in their work and has expected to show more involvement and commitment to their mission. Since most SEs in Sweden are on their starting up phase all around Sweden, entrepreneurship skills such as leadership, believe, patience, dedication,
charisma and confidence characteristics are of high importance to cement and develop a solid start up background of social enterprise.

6.2. Managerial and Societal Implications

The evidence presented in the study shows that approximately half of those surveyed did not comment on importance of marketing/advertising/social media in their organization success. If society would understand the role and mission of SEs, instead of criticizing people it will support SEs. People would prefer buying their services if SEs role and objectives are well understood. By understanding their role, people will support by buying their services resulting in growing sales. Growing sales therefore help SEs in expanding and scaling all around Sweden. SEs are contributing to the economy by creating jobs, in this connection informed support from the state and lately from municipality have to be considered. State, therefore should promote Social Enterprises, investment and impact on society. Also, wider society has to impact on SEs functioning. Our advice to local business representatives is to consider the importance of SEs in society and help them by buying their services. By buying their services, they help SEs to survive financially and contribute to their development. We recommend:

- Social Enterprises to put emphasis on marketing/advertising/ use social media to communicate the impact of their work.
- The state to develop programs to promote SEs to scale up their business.
- Traditional businesses to buy goods and services from SEs so they can become financially sustainable.

6.3. Theoretical Implications

The present study makes several noteworthy contributions to academic literature. The study has confirmed the findings of Borzaga & Solari (2001) that social enterprises are still blurry, and not well understood by people and other forms of businesses. The study emphasizes the importance of informing people the role and social mission of SEs, which after being well understood can be considered as a competitive success with other form of enterprises.

Marketing can be regarded as fundamental for the flourishing and success of SEs. Correlation between a successful SEs and marketing, presents aspects which need deeper research.

A praiseworthy contribution of this study is to increase awareness of SE impact on society.
6.4. Limitations

The study findings cannot be generalized, since there were five SEs investigated in two different city districts (Gävle and Uppsala) and Tierp municipality part of Uppsala district. With a small sample size, caution must be applied, as the findings might not be transferable to other SEs in Sweden. The results might not be applicable for countries different than Sweden. Another possible limitation is the locations the interviews were collected. The interviews were collected only from 3 different locations: Gävle, Uppsala and Tierp. To make the results generalizable to Sweden it would be recommended to consider different locations of Sweden.

Although the study has successfully demonstrated that people do not acknowledge the aim and vision of SEs, it has certain limitations in terms of participants interviewed when reporting the results, participants in our pilot study were only people working in SEs, and people outside of SEs were not asked what they think about SEs. Another limitation that has to be considered, in our study is that we focused mainly on the opinion of the SEs’s leaders and less on the view of the employees, we believe that it can be an idea to interview employees which might help getting a deeper understanding of SE challenges as being discussed from different perspective.

6.5. Suggestions for Future Work

After a critical reflection on this study we present suggestions for future work. There is abundant room for further progress in determining what makes SEs ‘devalued,’ since the strength of a SE lies on business lessons applied to answer social need. Another pilot study would be preferable to investigate what people outside of SEs think about the role and impact of SEs to society. It would be interesting to interview different people views, outside from SEs; staff from municipality, other traditional businesses, and why not to compare their understanding of role of SEs played in society. Understanding diverse views can provide a better insight on how to support SEs. Beside managers, it would be interesting to interview other representatives working in SEs like employees, to deepen our shared understanding of issues and barriers inside the organizations such as how their motivation is maintained working as a volunteer, how social codes are respected and valued, organization, leadership and management. More research is required to determine:

- Challenges on SEs with focus on Society.
- The impact of Society on SEs.
- Public identity and importance of Society.
Appendix A

## Interview Questions

<table>
<thead>
<tr>
<th>Main subjects/Researcher questions</th>
<th>Interviewer questions</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>1. Background of Enterprise</strong></td>
<td>Can you tell us about yourself, and your area of responsibility?</td>
</tr>
<tr>
<td></td>
<td>How did you get the idea starting the enterprise?</td>
</tr>
<tr>
<td></td>
<td>Can you tell more about your industry experience (SE)?</td>
</tr>
<tr>
<td></td>
<td>When was your enterprise founded?</td>
</tr>
<tr>
<td></td>
<td>How many employees work in your enterprise?</td>
</tr>
<tr>
<td><strong>2. General questions</strong></td>
<td>What could have made it easier for you to start your business?</td>
</tr>
<tr>
<td><strong>introducing to challenges SE face.</strong></td>
<td>What are some issues that affect negatively the enterprise growth?</td>
</tr>
<tr>
<td></td>
<td>What has been the hardest you have ever had to do as a manager? How did you approach that?</td>
</tr>
<tr>
<td></td>
<td>Tell me about 2 problems you have encountered in your work, and how you handled them?</td>
</tr>
<tr>
<td></td>
<td>Could you describe 2 situations in which your work was criticized? How did you handle that?</td>
</tr>
<tr>
<td></td>
<td>What are the main barriers of your company (SE)?</td>
</tr>
<tr>
<td></td>
<td>Does your enterprise have to pay taxes? Do you have support from authorities? How?</td>
</tr>
</tbody>
</table>

**3. Management Challenges**
<table>
<thead>
<tr>
<th>Section</th>
<th>Question</th>
</tr>
</thead>
<tbody>
<tr>
<td>3.1 Challenging the external role of managers</td>
<td>Does your enterprise have a positive perception in Society? How does your enterprise manage this?</td>
</tr>
<tr>
<td>Identity creation process</td>
<td>What makes your enterprise different from others?</td>
</tr>
<tr>
<td></td>
<td>How you communicate to society your social enterprise’s goal and identity?</td>
</tr>
<tr>
<td></td>
<td>What are the challenges in communicating your social mission and identity creation process?</td>
</tr>
<tr>
<td>3.2 Challenging the internal role of managers</td>
<td>Who are the stakeholders of your company?</td>
</tr>
<tr>
<td>Governance Structure and human resource management</td>
<td>Do the stakeholders of your company participate in decision making process?</td>
</tr>
<tr>
<td></td>
<td>What is the role of volunteers and representatives of local community in company Governance?</td>
</tr>
<tr>
<td></td>
<td>Does your enterprise have conflicts in decision making with its stakeholders? How do you handle this?</td>
</tr>
<tr>
<td></td>
<td>As a manager, what do you look for when you are selecting/employee people for your enterprise?</td>
</tr>
<tr>
<td></td>
<td>How do you recruit people?</td>
</tr>
<tr>
<td></td>
<td>How can social entrepreneurs attract talent?</td>
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<td></td>
<td>Do you have issues when looking to employ high skilled people?</td>
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<td></td>
<td>Are the salaries offered by your enterprise highly different from other businesses? (higher, lower)</td>
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<td></td>
<td>Why employees choose to work in your enterprise?</td>
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<tr>
<td></td>
<td>Do your employees know what social enterprise is?</td>
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<td></td>
<td>How do you attract volunteer worker?</td>
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<td></td>
<td>Do employees participate in decision making process? How?</td>
</tr>
<tr>
<td></td>
<td>What is your approach to motivate people? How do you motivate employees?</td>
</tr>
<tr>
<td>3.3 Challenging leadership and management style</td>
<td>What is the structure of your enterprise (artisans, hierarchy, network)?</td>
</tr>
<tr>
<td>Organization, Leadership style</td>
<td>How do you do as a leader when making decisions? Give us a specific situation.</td>
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<td></td>
<td>How do you get your employees (or others) to follow you?</td>
</tr>
<tr>
<td></td>
<td>How do you use power or authority to get what you want done?</td>
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<tr>
<td></td>
<td>How do you motivate people funding your enterprise?</td>
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<tr>
<td>DEBRIEFING</td>
<td>Are there any more things you would like to say before we end the interview?</td>
</tr>
<tr>
<td></td>
<td>May I contact you, if further questions should arise?</td>
</tr>
<tr>
<td></td>
<td>Can you recommend us other Social Enterprise managers or owners?</td>
</tr>
<tr>
<td></td>
<td>Thank you for your cooperation.</td>
</tr>
</tbody>
</table>
References


