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Social Entrepreneurship – a Guideline to Financing

A study of social venture financing in Norway

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Abstract

In Norway, as well as the rest of the world, the field of social entrepreneurship is receiving an increased interest as social and economic differences defy the conventional solutions of the public welfare. While social entrepreneurship and social venture literature see an ascending trend on publications on the subject, strategies and tools for *financing* the social venture is still a young subfield. Thus, the question arise how social entrepreneurs can fund their social venture to ensure that the business can stay financially viable over time. This study explores funding options for social ventures in Norway, depending on their social business model and the ventures life cycle phase. I aim to create a guideline that can help new entrepreneurs to choose the most relevant funding options for their social venture by answering the following research question: *What type of funding are most relevant depending on social business model and the stage of the entrepreneurship process?*

Drawing on the literature of social business models, the life cycle and funding options in Norway, a questionnaire was distributed to social ventures in Norway. The social ventures were categorized by using a framework by Saebi et.al (2019), while I identified three different life cycles of social ventures based on literature. When responding to the questionnaire, the social ventures described which funding options they had used in the different phases of the social venture life cycle.

Based on my sample, I could identify differences and similarities across the four social business models, the three phases and their choice of funding. I was able to determine which type of funding was most used, both according to frequency and percentages. This enabled me to rank the funding options. I found that private and public support were most used. However, the variation in choice of funding between the social business models and life cycle phases indicated a possible need for a guideline. The data was used to create a proposal for a funding guideline.

To the best of my knowledge, this is the first study in Norway to propose a tool to help social ventures in Norway. My findings can provide recommendations when starting and funding a social venture, and thus has theoretical and practical implications.

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1. Introduction

Social entrepreneurship is becoming an emerging field of interest for both academics and practitioners. Some might ask what the problem is, but as our society meets an increase in demand for social services, we are facing massive social and economic problems that defy conventional solutions. Social entrepreneurship facilitates the correction of social and environmental wrongs outside of government and the business sector. In other words, it can be seen as a source of solution to certain illnesses of our modern society (Bacq & Janssen, 2011). In some countries, high exposure of social entrepreneurs relates to how the private market fails to deliver social services to society. In more equal countries, social entrepreneurs are rather contributing to improve/innovate or complement the public services that are under pressure (DAMVAD, 2012), which is the case for Norway.

However, when establishing a social venture to create the social value intended, the social entrepreneur can face several obstacles. Perhaps lacking a business model or financing plan, it can be challenging to scale the social venture and becoming and staying financially viable over time. I found a few textbooks for social entrepreneurs discussing financing possibilities and guiding the entrepreneurs on how to determine the level of financial recourses needed (Volkmann, Tokarski, & Ernst, 2012; Guo & Bielefeld, 2014). However, I did not find studies or books using a perspective where both social business model and the phase of a venture's life cycle is included when discussing the funding. My aim is not only to contribute to a better understanding of how a social entrepreneur can fund their social venture by considering their business model and life cycle at the moment, but also to make decision-making regarding funding easier.

1.1 Research Question

Many studies aim to define the concept of social entrepreneurship, but there is little information to be found concerning what financial models fit your social business best. I want to contribute to the social entrepreneurship-field and increase the knowledge about financial opportunities for social ventures. My intention is to build a guideline that can help new entrepreneurs to choose the funding options that enables their business to become and/or stay financially viable over time. I have chosen to group entrepreneurship companies according to theory, and for each group evaluate what funding options are viable and also

through a questionnaire document which funding options have been used in the different life cycles of an entrepreneurship. In addition, I will also evaluate a potential social entrepreneurship business case with this guideline. By adopting an exploratory research design, I wish to answer the following research question:

What type of funding are most relevant depending on social entrepreneurship types and the stage of the entrepreneurship process?

To answer this question, I will start with a theoretical base describing the field of social entrepreneurship and earlier research findings in chapter 2. Chapter 3 presents my methodological approach and an evaluation of the approach. In chapter 4, I will present a thorough analysis and discuss the findings that ultimately will lead to the creation of a guideline in chapter 5. Chapter 6 will then be a description of my business idea, where I also implement and discuss the framework in light of the business idea. Lastly, chapter 7 will be the concluding chapter, where implications of my findings and future research opportunities will be discussed.

2. Theory

In this chapter, I will review literature on social entrepreneurship and life cycles. I will discuss different ways of defining and dimensionizing the concepts. Next, I will review the different funding types available in Norway.

2.1 Social Entrepreneurship

Social entrepreneurship has become increasingly popular over the last decade. A bibliometric study from 2011, analysing social enterprise and social entrepreneurship literature, confirmed an ascendant trend on publications on the subject. The increase was remarkable within the last five years of the analysis, indicating how social entrepreneurship is becoming an emerging field of interest for both academics and practitioners (Granados, Hlupic, Coakes, & Mohamed, 2011). In the US, the high exposure of social entrepreneurship relates to how the private market fails to deliver social services to the society – especially citizens that are socially and economically disabled. However, the Scandinavian approach to social entrepreneurship is characterized more by the fact that the public sector welfare

programs are challenged and under pressure, meaning that the social entrepreneur can contribute to improve/innovate or complement the public services. (DAMVAD, 2012)

Despite the increased attention, the term “social entrepreneurship” is suffering from the intangible challenges of clarification, definition and differentiation. In other words, there is still no universal definition.

2.1.1 Definitions

Despite the increasing interest in the field of social entrepreneurship, the actual definition of what social entrepreneurs do and what defines them is less clear (Roger & Osberg, 2007). Bacq and Janssen (2011) argue that the lack of a unifying paradigm has led to the proliferation of definitions. This is also emphasized by Choi and Majumdar (2014), who further argues that this is the reason why the concept still is considered to be in its “infancy” with minimal progress in theory development. However, my aim here is not to derive one specific definition of a social entrepreneur, but merely review some definitions from relevant literature to be able to understand it fully and highlight the definition I want to adopt.

One of the most commonly used definitions was provided by Dees (1998, revised 2001), referred in Volkmann et al. (2012, p. 44):

Social entrepreneurs play the role of change agents in the social sector by:

- *Adopting a mission to create and sustain social value (not just private value),*
- *Recognizing and relentlessly pursuing new opportunities to serve that mission,*
- *Engaging in a process of continuous innovation, adapting, and learning,*
- *Acting boldly without being limited by resources currently in hand, and*
- *Exhibiting a heightened sense of accountability to the constituencies served and for the outcomes created*

But social entrepreneurship can also be seen as a source of solution to certain illnesses of our modern societies (Bacq & Janssen, 2011). Many of the social entrepreneurship definitions agree that a central focus on social or environmental outcomes has primacy over profit maximization or other strategic considerations (Volkmann, Tokarski, & Ernst, 2012). But Davies (1997), referred in Rey-Martí et al. (2016), argues that social entrepreneurs may

pursue goals or missions that are social, commercial or both. The most striking element of social entrepreneurship is its ability to combine elements from private business and volunteer sector, although this combination may also represent the biggest obstacle to defining social entrepreneurship because these terms are difficult to delimit (Certo & Miller, 2008).

Social Entrepreneurship can also be seen as a combination of two concepts. Some scholars argue that to understand and define the concept as a whole, the individual components of the concept have to be understood (Peredo & McLean, 2006; Roger & Osberg, 2007; Dees, 1998). In other words, they emphasize first analysing the “social” component, then analysing the “entrepreneurship” component. Burakaye and Christiansen (2016) did an extensive study of these two components, and derives their own social entrepreneurship definition:

Social entrepreneurship is seizing opportunities to create social values where others see problems, addressing them directly in a new and innovative way and being able to sustain the operations required, either through direct income, funding and/or pro-bono and voluntary contributions. (p. 13)

Further, Granados et al. (2011) defines their working definition as:

Social Entrepreneurship is the activity developed by individuals or groups of people to create, sustain, distribute and/or disseminate social or environmental value in innovative ways through enterprise operations, which could either be a social enterprise, non-profit, private or public institution. (pp.1-2)

Lastly, Volkmann et al. (2012) purposes a similar, but more sharpened wording: “*a social entrepreneurship is defined as market-oriented initiatives pursuing social aim in an innovative way*”.

It seems as one factor is common across the majority of proposed definitions in literature, namely that the primary mission of the social entrepreneur is to create social value by providing solutions to social problems. I found that the working definition proposed by Granados (2011) numerates this in a describing way, and it has been this definition that have guided my selection of social ventures.

2.1.2 Previous Research

Saebi et al. (2019) concludes that three major gaps exist within the social entrepreneurship research. First of all, the key construct (i.e. the nature of social entrepreneurship) is still an unclear contested concept, which hinders knowledge growth and threatens the legitimacy of the field. Second, the research lacks large-scale empirical data, which makes it difficult to evaluate true effects of social entrepreneurship. Thirdly, research often engages with one level of analysis at a time, while social entrepreneurship essentially is a multi-level concept.

Strategies and tools for financing social ventures is also a young subfield of social entrepreneurship. However, it is a vital topic because of the need for more and better resources to bring scale to the pursuit of social mission (Kickul & Lyons, 2015). Many textbooks discuss the subject, both what types of funding are available and tips on how to determine the level of financial resources needed. Volkmann et al. (2012) explains a variety of financing possibilities for social entrepreneurs, how revenues can be used and so on. Kickul and Lyons (2012) also provides directions in defining the specific capital needs of a social venture with the goal of achieving financial sustainability while balancing social and economic considerations. In addition, Guo and Bielefeld (2014) examines funding types for profit and non-profit social entrepreneurs, and provides guidance on how to perform a capability-resource-analysis that, among other things, can help to determine the level of financial resources needed. However, none of these authors look into which funding types would suit the different types of social entrepreneurs the best. Their books are a great guideline to see what possibilities are available for new social entrepreneurs but will not be able to guide them further.

When it comes to investment decision process, one size does not fit all. Dohrmann, Raith & Siebold (2015) finds that the design of a social enterprise's business model becomes crucial in terms of financing strategies. This is in line with what I want to research in this thesis. Conclusively, my thesis will provide new insight on the topic of funding social ventures in Norway. I will analyse what funding types that are most used in Norway and look for patterns that will result in a guideline for social entrepreneurs.

2.1.3 Social Entrepreneurship Categorization Framework

As Granados et al. (2011) states in their definition of social entrepreneurship, the activity pursued by a social entrepreneurship is to create and sustain social value. Although a definition of the concept describes some typical features for social entrepreneurs, it does not capture how the social mission and profit-generating mechanisms differ. A business model, however, describes how value is created, delivered and captured (Teece, 2010). In this thesis, highlighting the social business model is crucial to examine which funding types that are the most relevant. In the following, I will present a categorization framework by Saebi et al. (2019), suitable for categorizing the social business models. Based upon 395 peer-reviewed articles on social entrepreneurship, I find this framework appropriate in describing different ways of social value creation and hence, I will use it for my mapping of social ventures in Norway.

Research by Saebi et. al (2019) shows that two dimensions are common in the literature to differentiate social entrepreneurs. The first dimension is whether the social value is created *for* the beneficiaries or *with* the beneficiaries, meaning that the beneficiary either is the recipient of a good or a service or is included into the value-creation process. The second dimension is the level of integration between social and commercial activities. Some social entrepreneurs cross-subsidize the social mission with their economic activity, while others produce social value through their economic activity. Based on this insight, Saebi et.al (2019) introduces a framework for dimensionalizing social entrepreneurs. The framework is illustrated by a 2x2 matrix which include four key segments; the two-sided value model, one-sided value model, market-oriented work model and the social-oriented work model. This is rendered in figure 1.

		Social Mission	
		For beneficiaries (Beneficiaries are sole recipient)	With beneficiaries (Beneficiaries are part of value creation process)
Economic Mission	Differentiated (Commercial revenue cross-subsidized social mission)	Two-sided value model	Market-oriented work model
	Integrated (beneficiaries are paying customers)	One-sided value model	Social-oriented work model

Figure 1: A typology of Social Entrepreneurship (Saebi, Foss, & Linder, 2019)

The first type of social entrepreneurship is the two-sided value model, which is characterized by a sufficiently large base of beneficiaries paying for the product or service. The social mission is this way subsidized with the funds from these transactions. The business models within the two-sided value model can differ. Some companies produce a product equivalent to the one they sell, and donate it for free, whilst others match the revenue in donation to people in need. On the other hand, in the market-oriented work model, the beneficiaries are employed in the social business to create the product or service sold to regular-paying customers – but the social mission is also cross-subsidized by value created. The type of company can vary, but the beneficiaries are contributing to creating the social value.

In the one-sided value model, the economic activity itself produces social value. The goal is to provide a product or service with a minimized cost of production and delivery, because the beneficiaries are the paying customers. The social-oriented work model is quite similar to the one-sided value model, where beneficiaries are the paying customers, but they can also gain employment in the social business.

2.2 The Social Venture Life Cycle

Within the traditional profit-seeking sector, businesses are generally recognized as traveling through a life cycle. A successful business that moves through the various phases, will experience different needs, challenges and financing options at each juncture (Jacokes & Pryce, 2010). This is in line with Martin (2015), who finds that social entrepreneurs increasingly access different types of financing over the lifecycle of their work. One important purpose of understanding the stages of venture development is thus, to provide guidance of the most appropriate form of capital to seek. As this is essential for my research question, the following will be a discussion of the subject. By combining elements from different scholars and my own understanding, I will derive a working model for a social venture life cycle.

Many have compared the “lifecycle” of a social enterprise to that of a small business and suggest that there are significant similarities in their development (Burkett, 2010). Phelps et al. (2007) have researched small and growing businesses, and points to the heterogenous nature of these businesses and the consequent difficulty of applying a generalizable model of

stages. Likewise, Hanks et al. (1993), referred in Phelps et al. (2007), found that there is a reasonably consistent pattern of organization growth as the organization move from start-up through the phases of expansion to maturity, but the number and nature of the stages varies extensively. It is not clear how many stages there are in an organization's life cycle and what it is that constitutes a stage, but after reviewing 40 years of life cycle literature, Phelps (2007) found that most scholars use taxonomies that emphasizes three to five stages.

I will present some selected life cycle models from literature in the following table. Although these models are somewhat differently formulated, it seems to be an overall consensus amongst the scholars.

<i>Literature</i>	<i>Life Cycle Model</i>
<p>Changes Over the Life Cycles of Social Enterprise Animals (<i>Lecy & Searing, 2016, p. 121</i>)</p>	<p>A five-stage model of life cycle transitions:</p> <ol style="list-style-type: none"> 1. Nascent and emerging organizations The enterprise is being organized but has not yet been formally incorporated. 2. Newly formed organizations (new-born) The organization has been formally incorporated but has less than 100k dollars in revenues and no full-time employees. 3. Professionalizing organizations (adolescent) The organization has hired its first full-time employees and has begun the process of formalizing management and governance process. Revenues range between 100k and 1 million dollars. 4. Scaling organizations (young adults) The organization has achieved a stable program model, has multiple staff, and has some formal organizational process in place. It begins the process of scaling the operation. 5. Mature organizations The organization has become large, has a professional staff, a strong governance structure and a stable revenue base.
<p>The Life Cycle of Social Enterprise Financing (<i>Jacokes & Pryce, 2010, pp. 68-69</i>)</p>	<p>A social enterprise will move through four distinct stages of development:</p> <ol style="list-style-type: none"> 1. Start-up or Seed Stage This is the birth or infancy of the social enterprise. The social entrepreneur has a good idea for a product or service – but it needs to be developed. With no proven track record, it can be difficult to obtain start-up capital from anyone unless someone is willing to take a risk. 2. Survival or Establishment Stage

	<p>The social enterprise is up and running, but as the enterprise receive feedback from customers, the product or process will still be under refinement. A key challenge for the enterprise is that it may not yet generate a profit.</p> <p>3. Growth or Expansion Stage The enterprise is established and has begun to realize some efficiencies in its operations. Capital is still needed to fuel the business, and it may be able to begin to access sources of debt and establish a credit history.</p> <p>4. Mature Stage The enterprise has evolved into a successful business with a solid foothold in the market. The enterprise has achieved stabilized operations through at least one growth phase and achieved a regular pattern of profitability.</p>
<p>Organizational Life Cycle: A Five-Stage Empirical Scale (Lester, Parnell, & Carraher, 2003, pp. 342-343)</p>	<p>1. Stage One: Existence Known as the entrepreneurial or birth stage</p> <p>2. Stage Two: Survival The venture seeks to grow in this phase. Some grow large and prosper well enough to enter stage three, while some fail to generate enough revenue to survive.</p> <p>3. Stage Three: Success Commonly called maturity. Because the venture has passed the survival test, they may have grown to a point that they may seek to protect what they have gained rather than targeting new territory.</p> <p>4. Stage Four: Renewal The renewing organization displays a desire to return to a leaner time.</p> <p>5. Stage Five: Decline Although firms may exit the life cycle at any stage, the decline stage can trigger the demise.</p>

Table 1: Life Cycle Literature

All have somewhat the same understanding of what is the first phase of a social venture, namely the birth phase or start-up. As Jacokes and Pryce (2010) states, in this phase an idea is generated based on the entrepreneur's individual motivation and the social need to be addressed. Both Jacokes and Pryce (2010) and Lester et al. (2003) addresses the second phase as a survival phase where the venture either has to get established or it will not survive. This could also mean that the product or service is still under development and refinement (Jacokes & Pryce, 2010). Considering the latter, one could argue that this is in line with the idea of Minimum Viable Product (MVP). MVP is a pared down version of a product or service with enough features to satisfy early customers and provide feedback for future development that can still be released. The MVP-idea can be a good fit for social

ventures, because it involves minimal costs, while at the same time listening to the final beneficiaries and their needs (Fuad, 2017).

All three models recognize the mature stage where the venture has achieved stabilized operations. However, both Lecy and Searing (2016) and Jacokes and Pryce (2010) have the maturity stage as the final phase of their life cycle model, while Lester et al. (2003) recognizes the decline of a venture as a separate and identifiable phase in their five-stage model. However, not all scholars include a decline-phase, which Lester et.al (2003) argue could be explained by the resemblance this phase has with the start-up phase.

I find that the most common life cycle features are a *start-up phase* where the idea is generated, an *establishment-phase* where the MVP is created and the venture has its first encounter with market, and lastly a *maturity phase* where the business is operational and stabilized. As mentioned, the goal of my thesis is to help new social entrepreneurs to choose a funding option that enables them to make their social venture financially viable over time. I therefore argue that these three phases are constitutive, while phases describing decline and an exit of the life cycle is not relevant here.

The following table presents the three-life cycle-phases I derived in this chapter.

Idea phase	MVP phase	Operational Phase
This is the start-up for the social venture. This phase includes the generating of an idea, planning, patent research, outlining the market etc.	In this phase of establishment, the social venture has its first encounter with the market. The product or service is offered to beneficiaries, perhaps with a limited scope or functionality. But the beneficiaries are able to give feedback for future development. This way, the social venture is getting established in the market, while still developing.	In the operational phase, the social venture has achieved stabilized operation and is performing as planned. The social venture has also started to regularly generate revenue.

Table 2: A Working Model of Social Venture Life Cycles

2.3 Financing Social Ventures

Social enterprises can face challenges in accessing repayable finance as they can appear less attractive to lenders and investors because they have to balance their social mission with commercial objectives (Lyon & Owen, 2019). Conceptual clarity is a key issue for capitalising the field, as a lack of understanding can be a major barrier to entities accessing financial services from mainstream institutions (Burkett, 2010). Thus, many social entrepreneurs typically have to rely on a mix of government grants, social investors and voluntary contributions. This lack of access to appropriate capital can become one of the main constraints to the growth of the social enterprise sector (Castellas, Ormiston, & Findlay, 2018; Lumpkin, Moss, Gras, Shoko, & Amezcua, 2013).

2.3.1 Funding Types for Social Ventures in Norway

I have tried to categorize the different types of funding available for social entrepreneurs in Norway. As the focus in this thesis is social ventures in Norway, I have primarily focused on private equity, Innovation Norway, banks, crowdfunding, grants and philanthropic people and businesses designed to help social entrepreneurs.

Public Support

Innovation Norway is the Norwegian Government's most important instrument for innovation and development. It was established to help raise the level of competence of entrepreneurs and established companies through different instruments of funding, counselling, networking and profiling to create jobs in the future (Innovasjon Norge, 2018). In 2018 Innovation Norway provided a total of 4.260 grants and 891 loans. The total value of the grants was 2.867.000.000 NOK and the loans totalled to 4.030.000.000 NOK. (Innovasjon Norge, 2020 a). The instruments are not developed specifically for social entrepreneurs, but a lot of applicants and customers are still social entrepreneurs. (Innovasjon Norge, 2019). Innovation Norway offers different financing opportunities for the different phases of a business life cycle. The instruments Innovation Norway offer and what they represent are displayed in the table below:

Financial Instrument	Description
Innovation Loan (Innovasjon Norge, 2020 b)	This is a low interest loan provided for companies across the country. It does not prioritize any specific type of company and is limited to a maximum of 50 percent of the capital need.
Start-up Loan (Innovasjon Norge, 2020 c)	Loan to finance the development and preparations for growth in the company. The loan is limited to 2,4 million NOK and requires 25 percent equity. It will be interest free for two years and is exempted from repayment for four years.
Grants for Market Clarification (Innovasjon Norge, 2020 d)	Financing of innovative projects that has potential for value creation and growth. The grant is dedicated to finance external and internal costs connected to market clarification to gain more user insight. The total amount of the grant is limited to 150.000 NOK.
Grants for Commercialization (Innovasjon Norge, 2020 e)	Commercialising grants to establish a sustainable business model and launch the solution into the market. This grant is offered after a market clarification has been conducted. It is awarded to finance own work and external work up to 75 percent of the total cost at a maximum value of 750.000 NOK

Table 3: Funding Options Offered by Innovation Norway

The Norwegian labour and welfare service, NAV, has since 2011 managed a grant provided from the Norwegian government with the sole purpose of promoting social entrepreneurship. The main focus is directed towards helping social entrepreneurs with a primary focus on reducing the wealth gap with innovative solutions. If a business fulfils the requirements and an application is accepted, a grant of up to 150.000 NOK can be awarded once (NAV, 2018). In addition, NAV provides “unemployment benefits” for 12 months in the planning and early stages of an entrepreneurship. There are some specific terms; The establishment must be new, it needs to be operated and run in Norway and it needs to be approved by NAV (Altinn, 2019).

Another government support is SkatteFUNN, which is administrated by the research council of Norway in cooperation with the tax administration in Norway. It provides tax benefits (deduction of costs) for small and medium sized businesses of 20 percent of the project costs

and larger businesses can get 18 percent. To be eligible, a project needs to be goal oriented, a new commodity or service, or an improvement of a commodity or service with an Research & Development-aspect generating new knowledge (SkatteFUNN, 2019).

Private Equity

This form of funding is common for any new business venture. When starting a business, the first investor is usually the entrepreneur them self. An entrepreneur would normally spend a great amount of time to elaborate an idea before branching out and creating a business. This time is spent mapping the business plan, saving money and figuring out how much capital is needed and how to obtain it. Even though this process is considered “free”, it is not. “Time is money” is an important saying and a lot of time, efforts and knowledge will be spent here.

In this case, equity is money on hand. It is the money that the company possesses to be distributed and used as the company needs. There are different ways of acquiring equity, but the two most common is personal saved capital or a venture capitalist. A venture capitalist is a person that seeks high return on their investments, usually in the early phases of a start-up. This form of investment could be a loan or an equity stake in the company (Eckbo, 2008). These types of investments can be offered from companies and individual people. In Norway in 1999 there were 3 billion NOK invested in non-stock-market companies (Fossen, Myhrvold, & Reitan, 1999). When saving as an entrepreneur, you need to ensure that you have enough to cover uncertain costs that may occur during a development face. If you involve a venture capitalist, there are different possibilities. One possibility is when a venture capitalist provides an amount for a stake in your company. This company or person would then enter the ownership side of the business. This would be highly valuable for entrepreneurs to benefit from the capitalist’s resources and expertise. They usually want a return on their investment. Another possibility is a 0 percent upside venture capitalist, who provides an amount, and only want the initial investment in return with no excess when the entrepreneur has a stable operation. This form of venture capitalist is uncommon but can be found in private people looking to do something good for the society. A good example from Norway is Trond Mohn, who willingly provides capital for social ventures deemed socially valuable.

Private Support

Private support revolves around the same aspects for funding as public support such as grants, loans, expertise etc., but it stems from private companies or foundations. There are several examples of these types of funding in Norway. One of the biggest contributors to social entrepreneurship is FERD, which invest in 1-2 social entrepreneurs each year and has a substantial portfolio of beneficiaries. They offer their expertise, assistance with capital and a broad network (FERD, 2020). Alongside FERD, there are several other foundations where a social entrepreneur can seek assistance. The Country Council for Norway's Children and Youth Organizations (LNU) provides support to new projects and activities for organizations working with children. They have a wide range of support options for organizations involved in aspects ranging from diversity and inclusion, culture, information or activity for children and young (Landsrådet for Noregs barne- og ungdomsorganisasjonar, 2020). These represent only two of many options that a social entrepreneur could seek.

In Norway, another valuable resource is Legathåndboken. This is a website that summarises available grants and foundations, and provides information regarding deadlines for applications, application procedure and contact information. They have created own categories allocated to discovering different social grants and foundations for social entrepreneurs and venture (Universitetsforlaget, n.d). The use of private donors varies heavily with social entrepreneurship. Some social ventures do not need grants or donations to become financially viable, while for some, it might be crucial for the venture to survive.

Crowdfunding

This sort of funding is quite new in today's market, and has been made popular, efficient and easily accessed due to the digitalization of society. The original idea stems from Kickstarter, where people could ask the general public for funds to start their business, whether it is a home-movie or the next big business. Since their launch in April 2009, 18 million people have backed different projects, 5 billion USD have been pledged and 181,821 projects have been successfully funded (Kickstarter, 2020). There are different approaches to crowdfunding. Some companies may rely solely on the good nature of people to help with their business idea, whilst other offers rewards for different levels of donations to be handed out at the point where a goal is reached. In Norway, DNB have recently launched their own version for crowdfunding called Startskudd, which facilitates public funding based on donations and rewards to help new developers in Norway (DNB, 2020).

External Funding

External funding is to get a loan in a bank, where the social venture, just like private people, has to pay interests and repayments for the lifespan of the loan. As discussed earlier, social venture might face challenges in accessing repayable finance. A major barrier for accessing financial services from mainstream institutions like a bank is that there is a risk of them not getting a return on their investment.

Normally the loans have a shorter lifespan than for example a mortgage and will yield a higher interest. This form of financing is plentiful and is all about choosing the right one for you, with the best terms. When looking at the different options available in Norway, a bank will typically look at the venture's solvency, financial situation, gearing, equity and more, and give loans and interest based on this. It will vary for each applicant.

3. Methodology

This chapter will address my thesis' purpose and its methodical approach to answering the research question; *What type of funding are most relevant depending on social entrepreneurship types and the stage of the entrepreneurship process?* I will explain my method of obtaining, organizing and interpreting data by reviewing the main steps of my research. Lastly, an evaluation of the validity, generalizability and reliability of the research method is done to secure quality and credibility.

3.1 Choice of Methodology

The choice of methodology will largely be determined by the research question, the availability of resources and data and how these are collected and analysed (Saunders, Lewis, & Thornhill, 2016). My thesis required a broad understanding of the concept social entrepreneurship, its respective business models and financing opportunities and challenges. As I have widely discussed earlier, the field of research within social entrepreneurship is at an early stage where many aspects are unexplored.

Giving the nature of my thesis' topic and the adjunctive resources, I will adopt an explorative design. According to Saunders, Lewis and Thornhill (2016), this design is useful if you need to clarify your understanding of an issue or phenomenon. The focus is thus to

gain insights. The complexity of my research question indicates the need for interpretation, discussion and reflection – and I will do that to a great extent. Nevertheless, I wanted to answer the question *what type of funding is most relevant* by gaining insight into what financing type that was mostly used in Norway, look for patterns and draw conclusions. Conclusively, I chose to conduct an *exploratory, quantitative research*¹ using a survey strategy. A questionnaire is used to collect data from social ventures in Norway and is directly tied to the research question. Thus, the questionnaire is considered my primary source. Additionally, I use secondary sources consisting of textbooks and research documents throughout the literature review. Hopefully, my thesis findings can help to clarify existing concepts and establish research priorities, and thereby contribute to a greater understanding of social entrepreneurship in Norway and its types of funding opportunities.

3.2 The Thesis' Approach

In the following, I will explain the multiple steps that my study consisted of, including research strategy, data collection and data analysis

3.2.1 Literature Review

The aim of my literature review was information seeking and critical appraisal to get a clearer picture of the social entrepreneurship-field. I needed to identify relevant theory and research of social business models and their funding options, but also to identify gaps in the existing research. I needed to discuss the definitions of social entrepreneurship and further, I used a combination of elements from different scholars and my own understanding to derive a working model of a social venture's life cycle. This is presented in chapter 2.

I mainly used Oria throughout my literature review. Oria is a database provided by NHH's library, where you are able to obtain information from many different sources after inserting key-search-words. Some relevant key-search-words were *social entrepreneurship*, *social ventures*, *financing social ventures*, amongst other, either inserted alone or as a combination. I was above all looking for sources from professional journals, textbooks, research papers

¹ Quantitative data collection means generating or using metric/numerical data, which is analysed through the use of statistics and diagrams. In contrast, qualitative data collection means generating or using non-numerical data, which is analysed through the use of conceptualisation (Saunders, Lewis, & Thornhill, 2016).

and similar. Because of the emerging interest in the field the latest years (Granados, Hlupic, Coakes, & Mohamed, 2011), I often got a large amount of search results. When finding literature that covered the most relevant topic, whether it regarded deriving a definition or explaining the financing aspects of a social venture, I would then continue my search in the sources referred to by that research paper or journal. For instance, if a research paper referred to another source with relevant topics or discussions, I would continue my literature review by finding that source. Throughout the literature review, I emphasized finding literature written and published by acknowledged scholars and or journals.

3.2.2 Finding and Categorizing Types of Social Ventures in Norway

The purpose of this step was to find different social entrepreneurs in Norway and map the type of social business model they belong to. This was in order to include them in my survey sample. The mapping was based on collecting secondary data, both by searching for relevant keywords in search engines and by visiting the websites of the most prominent social investors and government support agencies, such as FERD, Innovation Norway and NAV. As discussed by Burakeye and Christiansen (2016), the fact that the social entrepreneur is included in the social investors portfolio, can influence the mapping of types of social business models in Norway. However, by finding the social entrepreneurs directly through the social investor's and/or government support agency's portfolio, the extent of the search was more limited, and I could focus my time on categorizing the ventures.

During the literature review, I found that the framework presented by Saebi et al. (2019) for differentiating types of social entrepreneurship, was eligible for categorizing the social entrepreneurs in Norway. Therefore, I categorized the social entrepreneur according to the four social business models described in the model in chapter 2.1.3. I derived their business model by researching the company's websites. I found it most relevant to read the company's own description, their vision, their goal, and most importantly, their description could also highlight who was the beneficiaries of their product or service. The categorization of social business models in Norway gave me a list of 29 social ventures to whom I sent the questionnaire. Nine of these ventures responded to the questionnaire. Figure 2 shows the 29 social ventures and displays which social business model I categorized them as.

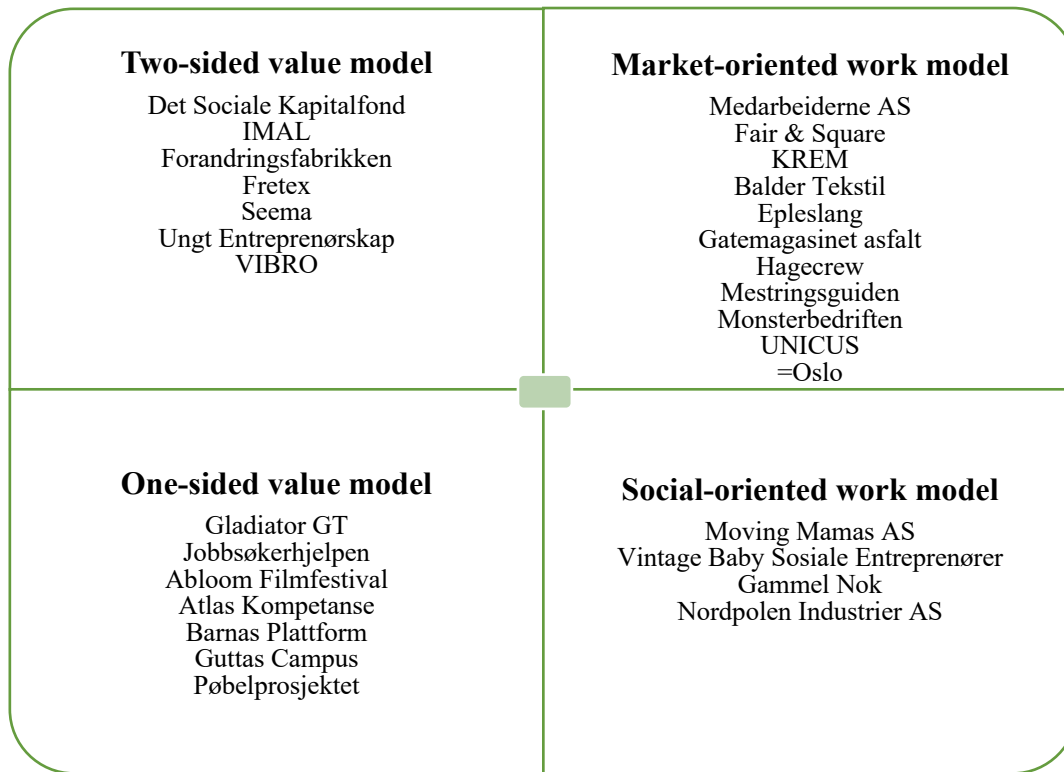


Figure 2: Social Venture Sample

To exemplify, Jobbsøkerhjelpen and Ungt Entreprenørskap offer teaching programs and guidance for young people, either they are searching for jobs or an entrepreneurship through school. Since children and youth are targeted on the consumption side, they both can be characterized within the one-sided value model. Another example is Medarbeiderne AS, a social enterprise that offers pick-up of recyclable products and material from households and businesses and offers employment for former addicts. I therefore identify the employees as the beneficiaries, as they are creating the service sold to regular paying customers. This was also supported by Medarbeiderne AS vision “*We don’t hire people to provide a service, we provide a service to hire people*”. I thus categorized Medarbeiderne AS within the market-oriented work model. This type of analysis was done for each of the 29 social ventures and is presented in Appendix 1.

3.2.3 Data Collection

I created a structured questionnaire consisting mainly of closed questions, which means that the questions had two or more alternative answers from which the respondent is instructed to choose (Saunders, Lewis, & Thornhill, 2016). I emphasized to phrase short and precise questions, but also a clear and meaningful list of response options. The predetermined

responses made it less time consuming for the respondents to give an answer, but also made it easier for me to compare the data. Only two questions were open questions where the respondent had to give their own answer. The first one was mandatory, where they had to write their company name. This was important, because I had to be able to distinguish the different responses from each venture. The last one was an open-ended question in the final section where the respondents could give additional information that they saw relevant.

I created and distributed the questionnaire using Google Forms. I started out by introducing myself, why I was conducting the research and giving some general information about the questionnaire. I also included contact information, e-mail and phone number, to ensure that the respondents could contact me if they had questions or if something was unclear. Next, I explained and defined the terms used in the questionnaire. This was consequential to making sure the respondent understood the context and could give meaningful responses. After the mandatory question regarding the company name, the questionnaire continued by asking what phase the venture had been through or currently was in. The predetermined responses were multiple choices of the three phases and an additional answer “all of the above”. Further, I asked what sort of funding the company had used in each of the specific phases and to what extent they had used that/those types of funding. The predetermined responses were given in increments of 10 percentage points. The aim was both to get easily comparable answers and for it to be easy for the respondents to answer. Then, the questionnaire ended with an open-ended question, as mentioned earlier. Appendix 2 presents the questionnaire as a whole.

3.2.4 Data Analysis

In the next step, I analysed the data collected from the questionnaire. I now had data describing which social ventures used what type of funding and how much, in each phase of their venture’s life cycle. This data allowed me to analyse it from three perspectives. Firstly, what were the distribution of the funding types in each of the three phases; idea phase, MVP phase and operational phase. Next, I analysed the distribution of the funding types for each social business model. Lastly, I looked for patterns, similarities and differences between the models and the phases of the social ventures. The analysis and findings are described in chapter 4.

I organized the data collected in a table in an Excel spreadsheet. The spreadsheet was a working document where I added data gradually as I received answers to my questionnaire. The idea was to categorize the data individually before I started the analysis. This table is displayed in Appendix 3 and includes the names of the ventures, funding types in the three phases and percentage use.

Since my objective was to create a guideline, I wanted to have a ranking system. Hence, I looked at the ratio of the funding for each social venture, and one ventures' response equalled 100 percent. I did this both when looking at the phases and the social business models. The predetermined answers in the questionnaire had a range of ten answers between 0 and 100 percent with intervals of 10 percent. This meant that some respondents would have given an answer that totally would equal over 100 percent, meaning I had to use my judgement to make it equal 100 percent. This was only done if the answer was above 100 percent, if it equalled less than 100 percent it was left as is. To exemplify, if one social venture stated that it had used 30-40 percent private equity, 30-40 percent private support and 30-40 percent public support, it could at the highest, amount to a total of 120 percent ($40 + 40 + 40$), or at the lowest amount to a total of 90 percent ($30 + 30 + 30$). But I needed it to be 100 percent, and in this case, I would use judgement to use either high, low or median percentage to make it equal 100 percent. This could potentially be a weakness in my data collection and have an effect on the results. But as mentioned earlier in this chapter, I chose to make a clear and meaningful list of response options that would make it easy to answer the questionnaire. In addition to analysing the percentage distribution of funding, I also looked at the frequency of use. I analysed how many different types of funding a social venture had used and how frequently they were used in a specific phase or in a specific social business model. I also analysed how the funding had evolved throughout the phases of the venture.

Conclusively, I looked at similarities and differences between the models and the phases as a whole. Here, I created the ranking system that allowed me to view the data in two separate ways. First, how frequently a funding option had been used by the respondents. Secondly, what percentage out of the total did the different funding options yield. I ranked the funding options from 1 to 5 for each phase (except for the operational phase, which had a ranking from 1 to 6 because of the availability of one more funding type). For example, if private support was the most used type of funding in the idea phase, it would be ranked as 1, and if

crowdfunding has the highest percentage usage, it would also be ranked as 1. This ranking was done for the three phases and the four social models. All data analysed is presented in chapter 4 and is visually presented in pie-charts and tables.

3.2.5 Creating the Guideline

The aim of this step was to generate a proposal for a guideline. The idea behind it is to assist social entrepreneurs to choose the correct funding of their social venture through the three phases. First of all, the guideline is based on the framework by Saebi et.al. (2019) used to categorize the social business models, and therefore has the same division of four social business models; One-sided value model, Two-sided value model, Market-oriented work model and Social-oriented work model. The first step of the guideline will be to figure out which model the social venture fits in, in other words, the same procedure I did when categorizing the social ventures in Norway. But the guideline will also consider the phase of which the social venture is operating in at the moment. By including the three phases, described in the literature review, the guideline will present funding options for four different models and three different phases. The following figure is an outline of how the guideline will look.

One-sided value model			Two-sided value model		
Idea phase	MVP phase	Operational phase	Idea phase	MVP phase	Operational phase
Social-oriented work model			Market-oriented work model		
Idea phase	MVP phase	Operational phase	Idea phase	MVP phase	Operational phase

Figure 3: Outline of the Guideline

As explained earlier, I created a ranking system revolving around percentage of use and frequency of use. This ranking system is the foundation for the guideline; thus, the guideline will be finalized during the conclusive part of analysing the data.

3.3 Evaluation of the Research Method

3.3.1 Validity

Validity relates to relevance, meaning that the collected data must represent the topic being studied. It is also a question about whether the research question is valid for the desired outcome and that the choice of methodology is appropriate.

The distinction of which type of data variables that are collected is important, as it relates to the ease of obtaining accurate data and influence the way the questions are worded (Saunders, Lewis, & Thornhill, 2016). To ensure *content* and *construct validity*, I asked questions concerning the social ventures' actual behaviour regarding financing, focusing on what type of funding they had used and to what extent. None of the questions were irrelevant to the main construct. However, I did no pilot testing of my questionnaire besides sending it to my supervisor. I recognize that this is a threat to content validity, because a pilot test would have been a chance to refine the questionnaire and to assess the questions' validity and the likely reliability of the data collected (Saunders, Lewis, & Thornhill, 2016).

External validity, or generalisability, is related to how well research findings can be generalized by other relevant contexts (Saunders, Lewis, & Thornhill, 2016). In other words; the extension of research findings to "the population at large". Recognizing that my study includes a specific topic in a specific location, generalizability of my research findings may not be an expected characteristic. Nevertheless, I argue that my findings can be generalizable for social entrepreneurs and social ventures in Norway. This is because the funding schemes, legal form and culture for social entrepreneurship is similar when limited to one country alone. Furthermore, I took great care when selecting social ventures to make sure that the sample represented the population. I analysed and included only social ventures that would enable me to answer my research question, hence, my sample of social ventures was chosen by *purposive sampling*. I made sure I had variation within the sample, meaning that I had enough ventures in each business model. This helped to ensure external validity. As mentioned, the questionnaire was sent out to a total of 29 social ventures in Norway. Of the 29 ventures, nine answered the questionnaire.

3.3.2 Reliability

For a questionnaire to be valid, it must also be reliable. Reliability refers to the consistency of the research and replicability of the processes, implying that a repeated research under identical conditions, should reveal the same information (Saunders, Lewis, & Thornhill, 2016; Trochim, Donnelly, & Arora, 2016). Threats to the reliability can occur for instance as mistakes and/or a biased researcher. To ensure reliability, I have explained my choice of methodology and activities in detail, including the collecting and analysing of data. This is in line with Saunders et al. (2016) suggestions on how to respond to the issues of reliability.

I want to highlight that the topic of social entrepreneurship is still developing and changing. A similar research conducted in Norway could possibly come to a different conclusion regarding what type of financing that fits the life cycle-phases and the social business models best. Threats to reliability can also arise as errors and/or bias by both the researchers and the respondents. I recognize that conducting this research alone can be seen as a threat to *internal reliability*. However, I have tried to ensure consistency and stability in the way I analysed and interpreted the data by taking notes throughout the research project. I tried to ensure *external reliability* by being attentive to how the questionnaire was distributed. An internet questionnaire made it possible for the respondents to answer at their convenience, and since it also was voluntary to answer, respondent bias/error was minimized. However, this kind of external reliability cannot be fully eliminated, and I want to point out that this questionnaire was sent out in late February 2020. By the time I was sending out a reminder to respondents about the questionnaire, Covid-19 had evolved into a pandemic and had probably influenced many of the respondents.

4. Analysis and Findings

In this chapter, I will present analysis and findings of the data collected from the questionnaire. First, I will analyse it in light of the three phases of a social venture; the idea phase, minimal viable product phase and operational phase. Secondly, I will review the same data focusing on the four social business models generated by Saebi et al. (2019).

Conclusively, I will attempt to rank the funding options in order to get a foundation for the guideline.

Below is a figure displaying the 9 respondents to the questionnaire, placed in their corresponding social business model. Information about these social ventures can be found in Appendix 1.

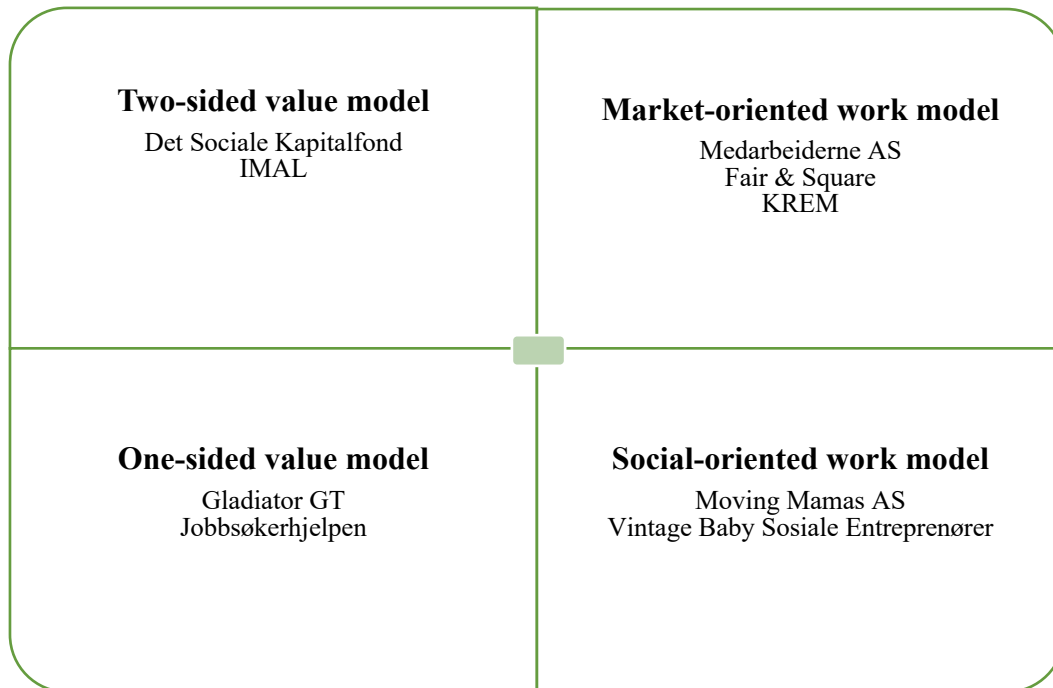


Figure 4: Questionnaire Respondents

4.1 Funding in the Three Phases of a Social Venture

4.1.1 Idea Phase

In this part, I look at how the social ventures have funded their idea phase. The findings are presented in table 4, showing frequency and percentage of use of the funding options. In addition, figure 5 displays the percentage use out of the total for each funding option.

Financing/funding	One-sided value model		Two-sided value model		Market-oriented work model		Social-oriented work model	
	Use	Percentage	Use	Percentage	Use	Percentage	Use	Percentage
Private equity	2	35 %	0	0	1	100 %	2	50 %
Public support	2	60 %	2	90 %	1	30 %	2	80 %
Private support	1	75 %	1	50 %	1	70 %	1	50 %
External funding	1	30 %	0	0	0	0	0	0
Crowdfunding	0	0	0	0	0	0	0	0
Total	4	200 %	2	140,00 %	3	200 %	3	180 %

Table 4: Answers from the Idea Phase for all the Social Business Models

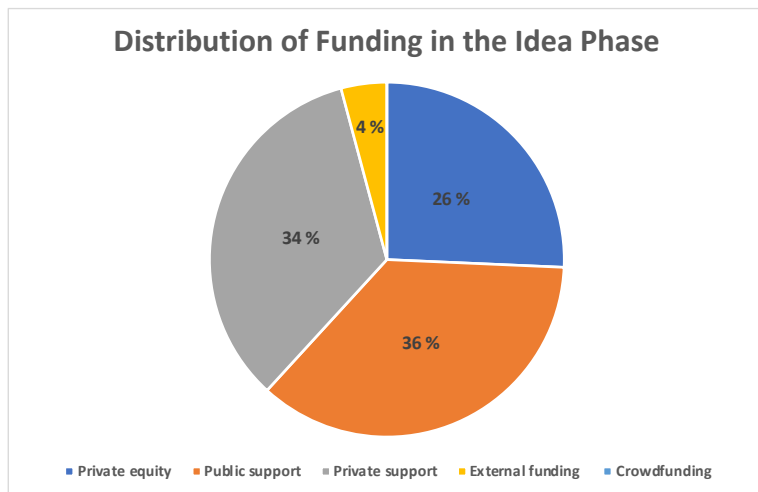


Figure 5: Distribution of Funding in the Idea Phase for all Social Business Models

The analysis shows that three types of funding are clearly most used based on percentages, namely public support (36%), private support (34%) and private equity (26%). External funding was in total used only 4 percent. Crowdfunding was not used at all in the idea phase. It is likely that external funding and crowdfunding is less used this early in the venture's life cycle because the idea phase revolves around the start-up for a social venture; visualizing a product, a service and a market, research, legal aspects etc. It could indicate that in order to establish crowdfunding and external funding as a viable source of funding, the venture should be more mature and be able to show the potential of their product or service.

Looking at the frequency of use, public support retains its "position" as the most used, with 7 out of the 9 respondents using this type of funding. Even though private support has a higher percentage use than private equity, it has a lower frequency of use by 1. Private equity thus is second most used when looking at the frequency. Due to the lack of external funding and crowdfunding, it is possible that the social ventures are limited to using their own capital in the idea phase.

4.1.2 Minimal Viable Product Phase

In this next part, I look at how the social ventures have funded their MVP-phase. The findings are presented in table 5 showing frequency of use and percentage use. In addition, figure 6 displays the percentage use out of the total for each funding option.

Financing/funding	One-sided value model		Two-sided value model		Market-oriented work model		Social-oriented work model	
	Use	Percentage	Use	Percentage	Use	Percentage	Use	Percentage
Private equity	1	20 %	0	0	1	10 %	2	40 %
Public support	2	55 %	2	70 %	2	80 %	2	100 %
Private support	1	75 %	1	50 %	1	60 %	1	45 %
External funding	1	50 %	0	0	1	50 %	1	10 %
Crowdfunding	0	0	0	0	1	100 %	1	5 %
Total	4	200 %	2	120,00 %	5	300 %	5	200 %

Table 5: Answers from the MVP Phase for all Social Business Models

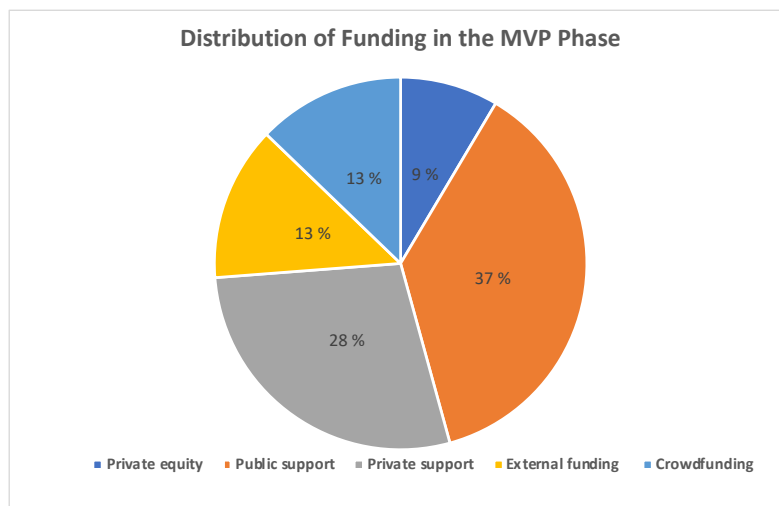


Figure 6: Distribution of Funding in the MVP Phase for all Social Business Models

In this phase, the social ventures have overall used more funding options than in the idea phase. The analysis shows that public support (37%) and private support (28%) still are the most used funding types, but there is also an increase in both external funding (13%) and crowdfunding (13%). Private equity has been considerably reduced from 26 percent in the idea phase to 9 percent, due to KREM reducing their private equity percentage from 100 percent to 10 percent. Looking at table 5, it is clear that the increase in crowdfunding mostly stems from one venture (Fair & Square) using crowdfunding as their only type of funding. Also, when looking at frequency, the most used funding type is still public support, used by 8 out of 9 respondents. Private support and private equity now share second place, where both have a frequency of use of 4. Even though private equity has a higher frequency of use than external funding and crowdfunding, the percentage use of the latter is greater. It is an important remark in the MVP phase that the only sizable increase in percentage and frequency of use comes from external funding and crowdfunding. A possible answer to this is that the ventures achieved enough to obtain financial support from an external source.

4.1.3 Operational Phase

Lastly, I looked at the funding for the social ventures in the operational phase. In this phase, a new type of funding is introduced, namely company revenue. The findings are presented in Table 6 showing frequency of use and percentage use. In addition, figure 7 displays the percentage use out of the total for each funding option.

Financing/funding	One-sided value model		Two-sided value model		Market-oriented work model		Social-oriented work model	
	Use	Percentage	Use	Percentage	Use	Percentage	Use	Percentage
Private equity	1	30 %	0	0	0	0	1	10 %
Public support	2	55 %	2	70 %	1	30 %	1	60 %
Private support	1	75 %	1	50 %	2	170 %	2	50 %
External funding	1	40 %	0	0	0	0	1	10 %
Crowdfunding	0	0	0	0	0	0	0	0
Company revenue	0	0	0	0	1	100 %	1	70 %
Total	4	200 %	2	120 %	3	300 %	5	200 %

Table 6: Answers from the Operational Phase for all Social Business Models

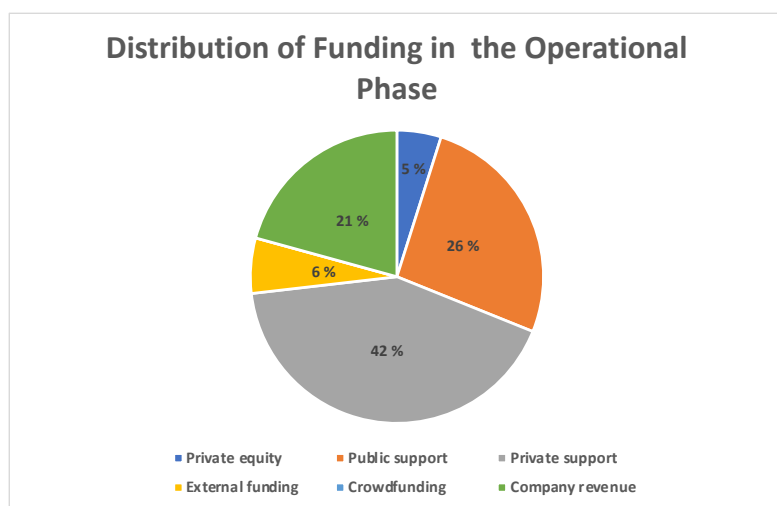


Figure 7: Distribution of Funding in the Operational Phase for all Social Business Models

For the first time, private support (42%) is the most used type of funding. The second most used is public support (26%) and then company revenue (21%). Public support has been used the most in the two previous phases but is now decreasing. This could indicate that companies are becoming sustainable and creating revenue of their own and, thus, are no longer in need of the same support as previously. Equal to the idea phase, crowdfunding is not used in the operational phase. This is in line with the nature of crowdfunding, which is to realise the business, not to provide support to run them. Additionally, there is a reduction in the use of both private equity and external funding.

Looking at the frequency of use, private support and public support share the same amount of usage, where each is used by 6 out of 9 respondents. Following, private equity, external funding and company revenue are all used two times.

4.1.4 Summary of the Funding in the Three Phases

Below are two tables that illustrates the change in both frequency of use and percentage use across the three phases for the social ventures.

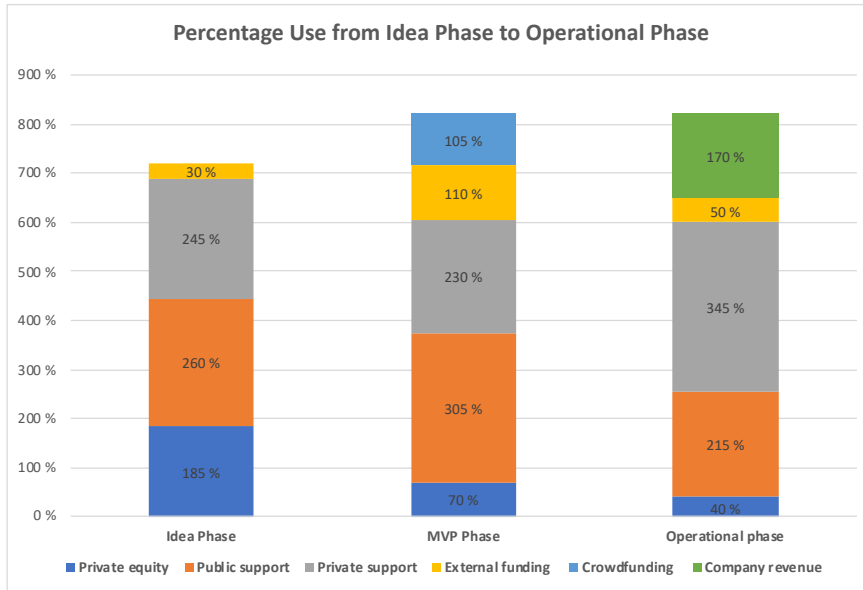


Figure 8: Distribution of Funding in Percent from Idea Phase to Operational Phase

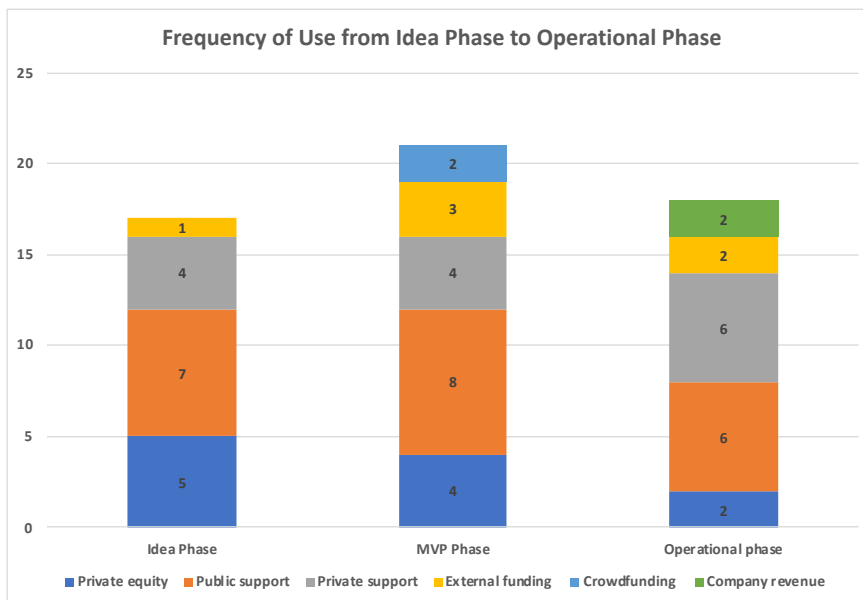


Figure 9: Distribution of Funding in Frequency of use from Idea Phase to Operational Phase

In general, the analysis shows that private support and public support are the two most frequently used types of funding through the three phases. As figure 8 and 9 shows, these funding options composes a great share in each phase. Private equity seems to be an important option in the idea phase but decreases over time. It could imply that it is wise for a social entrepreneur to accumulate an amount of private equity in order to enter the idea phase. In addition, I found that crowdfunding is only used in the MVP phase. One could speculate that this is because the concept of crowdfunding is not yet a custom in Norway or that the support from private investors and public support agencies are more easily obtained. Lastly, company revenue seems to be an important way of funding the social venture in the operational phase but does not exceed private and public support in frequency or percentage.

4.2 Funding Throughout the Four Social Business Models

In this part, I will analyse the funding of each social business model in light of the three phases. For each social business model and phase, the findings will be presented in a table showing the frequency of use and percentage use, and a pie-chart displaying the percentage use out of the total.

4.2.1 One-Sided Value Model

I will now review the one-sided value model and analyse how the funding changes throughout the three phases. The two social ventures that responded to the questionnaire were Gladiator GT and Jobbsøkerhjelpen.

Idea Phase

Funding option	One-sided value model	
	Frequency use	Percentage use
Private equity	2	35 %
Public support	2	60 %
Private support	1	75 %
External funding	1	30 %
Crowdfunding	0	0
Total	4	200 %

Table 7: Idea Phase - One-Sided Value Model

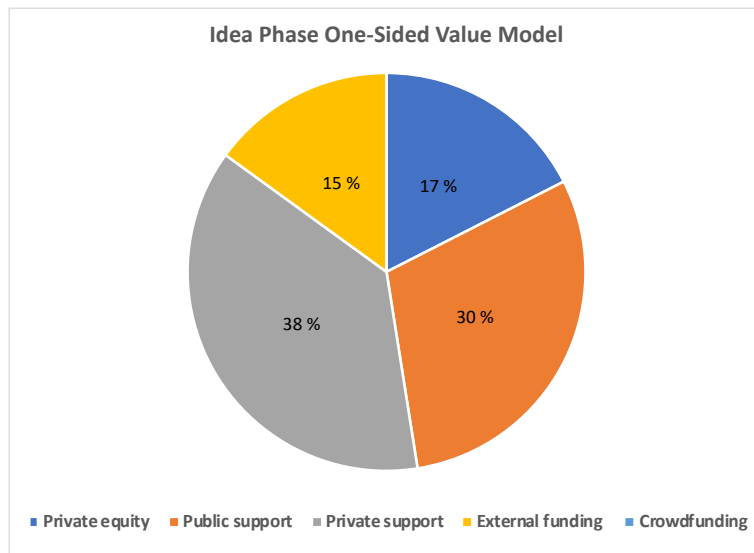


Figure 10: Distribution of Funding in the Idea Phase for One-Sided Value Model

The ventures within the one-sided value model has used four out of five possible funding types in the idea phase. Both ventures have used private equity (38 %) and public support (30 %), and these are clearly the two most used funding types. Private support (17 %) and external funding (15%) is only used once each. Crowdfunding is not used at all in the idea phase.

MVP Phase

Funding option	One-sided value model	
	Frequency use	Percentage use
Private equity	1	20 %
Public support	2	55 %
Private support	1	75 %
External funding	1	50 %
Crowdfunding	0	0
Total	4	200 %

Table 8: MVP Phase – One-Sided Value Model

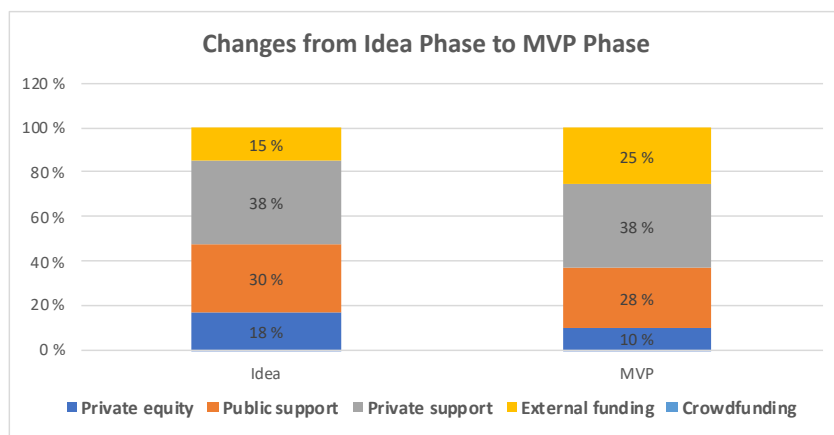


Figure 11: Changes in Funding for One-Sided Value Model from Idea to MVP Phase

Moving on to the MVP-phase, an important thing to note is that the same four types of funding has been used as in the previous phase, see figure 11. Private and public support are nearly unaltered, and still the most used types of funding. Crowdfunding is still not being used.

There are some minor changes that is worth noticing. First, one of the companies is no longer using private equity. Second, external funding has switched places with private equity when looking at percentage use. This change was a result of one of the social ventures reducing their equity stake and becoming an ideal foundation funded externally.²

Operational Phase

Funding option	One-sided value model	
	Frequency use	Percentage use
Private equity	1	30 %
Public support	2	55 %
Private support	1	75 %
External funding	1	40 %
Crowdfunding	0	0
Company revenue	0	0
Total	4	200 %

Table 9: Operational Phase - One-Sided Value Model

² This was explained by the social venture when responding to the questionnaire.

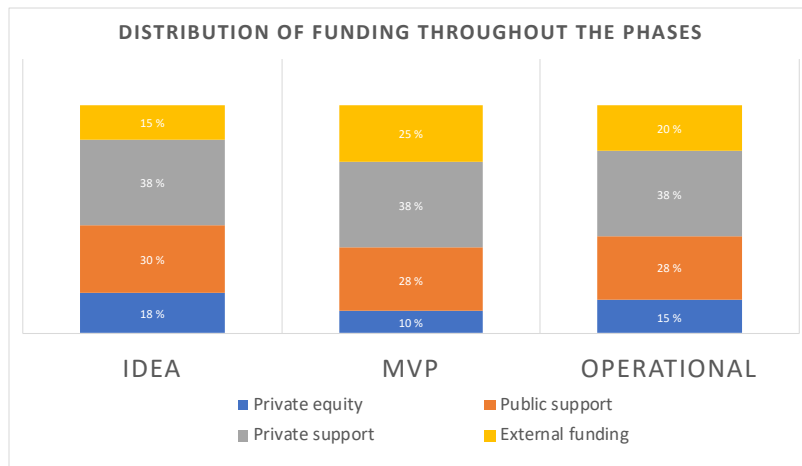


Figure 12: Changes in Funding Throughout the Three Phases for One-Sided Value Model

In the final phase, you can see little change in the funding from the previous phase. The distribution between the funding types are largely the same.

What we have seen when analysing the one-sided value model, is that private and public support are the main sources of funding for this social business model. External funding started out as the least used funding in the idea phase but increased in importance when moving into the MVP phase, and later stayed the third most used funding type for the one-sided value model. Inversely, private equity started out as the third most used funding type, but for the MVP and operational phase it ends up being the fourth most used. It seems as crowdfunding is not used for this type of social business model at all.

4.2.2 Two-Sided Value Model

In this part, I review the two-sided value model and analyse how the funding changes throughout the three phases. Two social ventures responded to the questionnaire; Det Sociale Kapitalfond and IMAL. IMAL responded inconclusively, not providing an answer that summarized to 100 percent. Nevertheless, I chose to keep them in the analysis in order to have more than one response in the two-sided value model. This will have an affect both on the frequency use but mostly on the percentage use because the two companies will not yield 200 percent.

Idea Phase

Funding option	Two-sided value model	
	Frequency use	Percentage use
Private equity	0	0
Public support	2	90 %
Private support	1	50 %
External funding	0	0
Crowdfunding	0	0
Total	2	140,00 %

Table 10: Idea Phase - Two-Sided Value Model

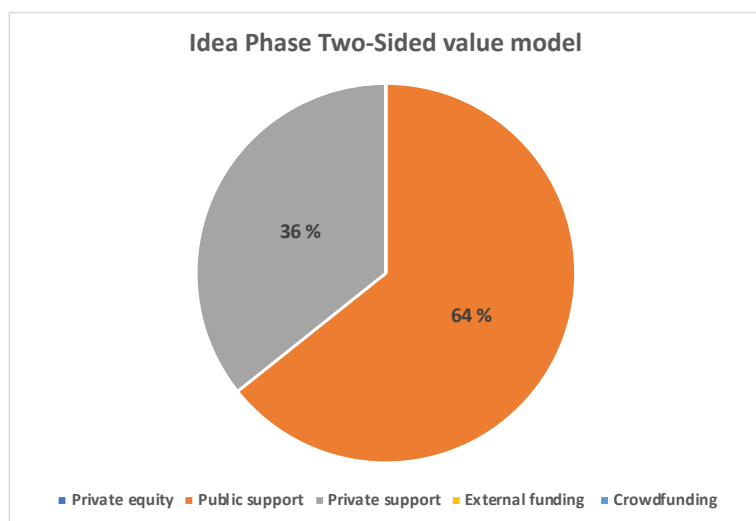


Figure 13: Distribution of Funding in the Idea Phase for Two-Sided Value Model

The ventures in the two-sided value model has used two different types of funding in their idea phase. Both social ventures were funded by public support (64 %), which definitely is the most used type of funding. In addition, Det Sociale Kapitalfond used private support.

MVP Phase

	Two-sided value model	
Funding option	Frequency use	Percentage use
Private equity	0	0
Public support	2	70 %
Private support	1	50 %
External funding	0	0
Crowdfunding	0	0
Total	2	120,00 %

Table 11: MVP Phase - Two-Sided Value Model

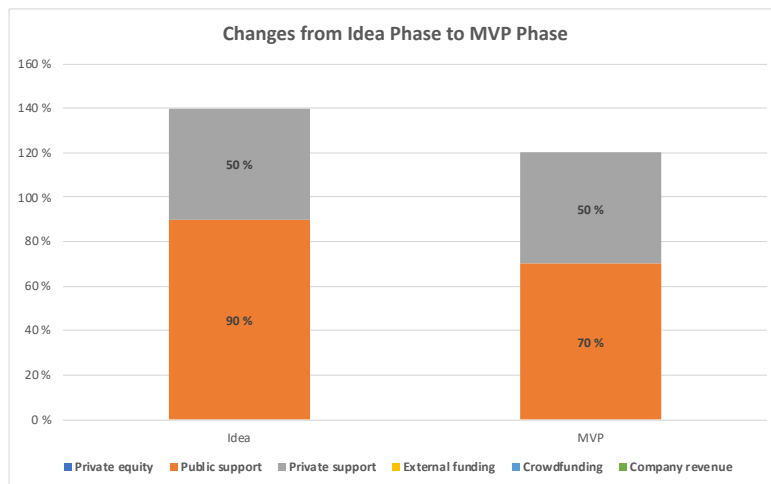


Figure 14: Changes in Funding for Two-Sided Value Model from Idea to MVP Phase

Moving on to the MVP phase, we can see that there are no changes in the frequency of use of public and private support, but public support is reduced by 20 percentage points. Det Sociale Kapitalfond reports the same funding as in the idea phase, whilst IMAL reported a reduction in their public support.

Operational Phase

Funding option	Two-sided value model	
	Frequency use	Percentage use
Private equity	0	0
Public support	2	70 %
Private support	1	50 %
External funding	0	0
Crowdfunding	0	0
Company revenue	0	0
Total	2	120 %

Table 12: Operational Phase - Two-Sided Value Model

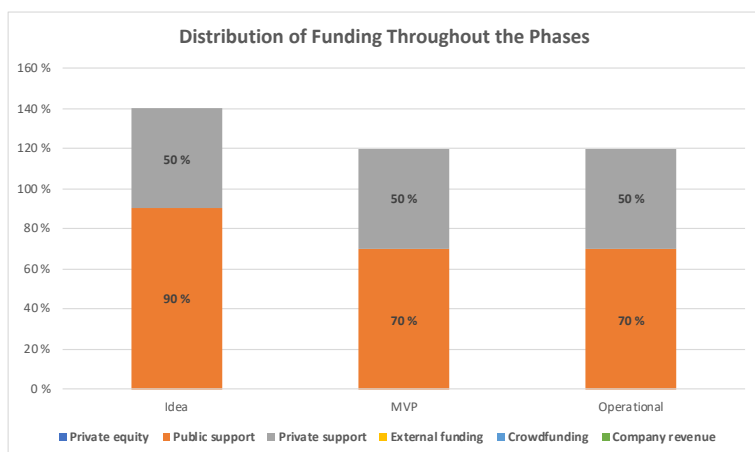


Figure 15: Changes in Funding Throughout the Three Phases for Two-Sided Value Model

As we can see in the table and figure above, there are no changes between the MVP phase and the operational phase. Both companies reported using the same type of funding and the same percentages.

Conclusively, only 2 out of 5 (6) funding options has been used throughout the three phases by the social ventures in the two-sided value model. The distribution of the funding only changes moving from idea phase to MVP phase. It is important to note that these numbers should equal 200 percent, as there are two responses. But since IMAL answered inconclusively, it is possible that I could have seen a different result if the analysis was repeated with proper responses.

4.2.3 Social-Oriented Work Model

I will now review the social-oriented value model and analyse how the funding changes throughout the three phases. Two social ventures responded to the questionnaire; Moving Mamas AS and Vintage Baby Sosiale Entreprenører. Vintage Baby Sosiale Entreprenører reported only 80 percent funding in the idea phase which later increased to 100 percent in the two following phases.

Idea Phase

Funding option	Social-oriented work model	
	Frequency use	Percentage use
Private equity	2	50 %
Public support	2	80 %
Private support	1	50 %
External funding	0	0
Crowdfunding	0	0
Total	3	180 %

Table 13: Idea Phase - Social-Oriented Work Model

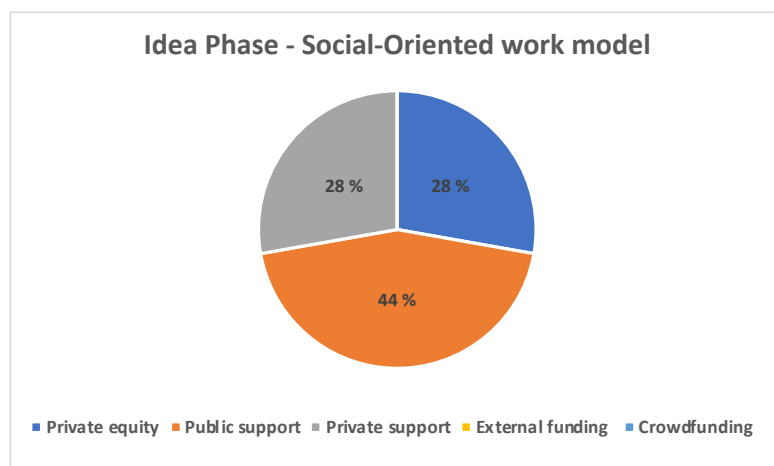


Figure 16: Distribution of Funding in the Idea Phase for Social-Oriented Work Model

The social ventures within the social-oriented work model has used 3 different funding types in the idea phase. The most used type of funding is public support (44%). Private equity (28%) and private support (28%) are used the same amount. However, private equity is used by both ventures, while private support is only used by one.

MVP Phase

	Social-oriented work model	
Funding option	Frequency use	Percentage use
Private equity	2	40 %
Public support	2	100 %
Private support	1	45 %
External funding	1	10 %
Crowdfunding	1	5 %
Total	5	200 %

Table 14: MVP Phase - Social-Oriented Work Model

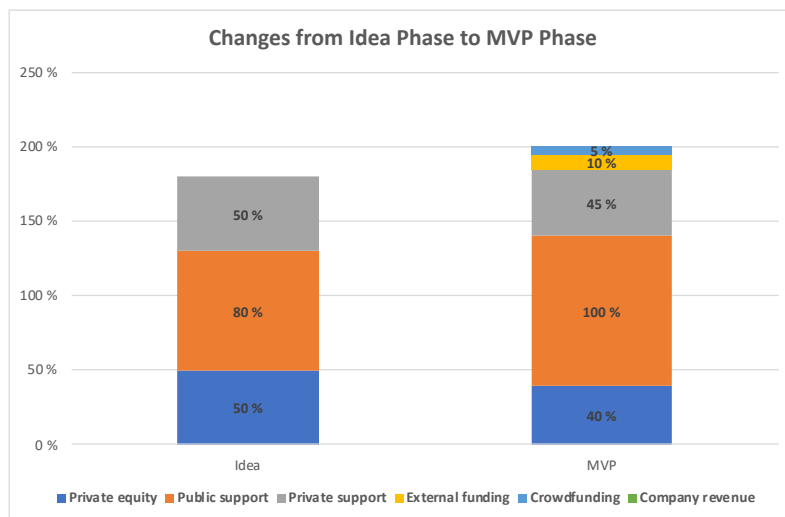


Figure 17: Changes in Funding for Social-Oriented Work Model from Idea to MVP Phase

Moving on to the MVP phase, we see that two more funding options are being used. Private equity, public support and private support still have the same frequency as in the idea phase. The two new funding options, crowdfunding and external funding, are each used once.

If we look at figure 17, we can see that two of the funding options, private equity and private support, have been reduced by 10 percentage points and 5 percentage points. This change makes the percentage use no longer equal between the two funding options. Public support has been increased by 20 percentage points. The two new funding options, external funding and crowdfunding, are 10 percent and 5 percent. Moving from the idea phase to the MVP phase, there also occurs an increase in the total percentages from 180 percent to 200 percent

because of the incomplete answer in the idea phase.

Operational Phase

Social-oriented work model		
Funding option	Frequency use	Percentage use
Private equity	1	10 %
Public support	1	60 %
Private support	2	50 %
External funding	1	10 %
Crowdfunding	0	0
Company revenue	1	70 %
Total	5	200 %

Table 15: Operational Phase - Social-Oriented Work Model

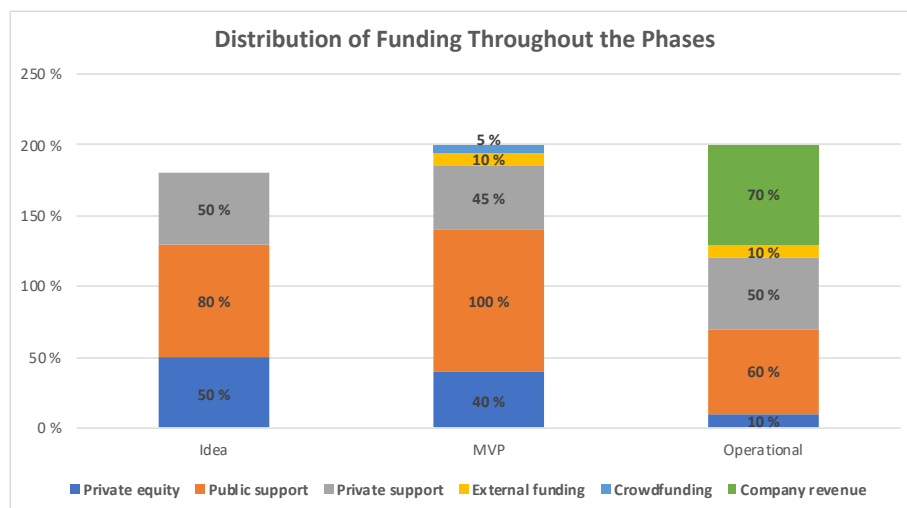


Figure 18: Changes in Funding Throughout the Three Phases for Social-Oriented Work Model

In the operational phase, we see that the social ventures within the social-oriented work model can be funded by company revenue (70%). This creates a big change from the MVP phase, where for example private equity and public support has been reduced by 30 and 40 percentage points, respectively. Private support and external funding are close to the same level as in the previous phase. Crowdfunding is no longer being used as a funding option.

When analysing the changes throughout the phases, one important observation is how stable the usage of private support is. It stays within a 5 percentage points change from the idea

phase moving to the operational phase. This is contrary to public support where we see both an increase and decrease in the percentage usage. So far, social-oriented work model is the only business model that reports usage of company revenue as a funding option.

4.2.4 Market-Oriented Work Model

Finally, I will review the market-oriented work model and analyse how the funding changes throughout the three phases. Three social ventures responded to the questionnaire; Medarbejderne AS, Fair & Square and KREM. It is noteworthy that Fair & Square reported no use of funding in the idea phase.

Idea Phase

Funding option	Market-oriented work model	
	Frequency use	Percentage use
Private equity	1	100 %
Public support	1	30 %
Private support	1	70 %
External funding	0	0
Crowdfunding	0	0
Total	3	200 %

Table 16: Idea Phase - Market-Oriented Work Model

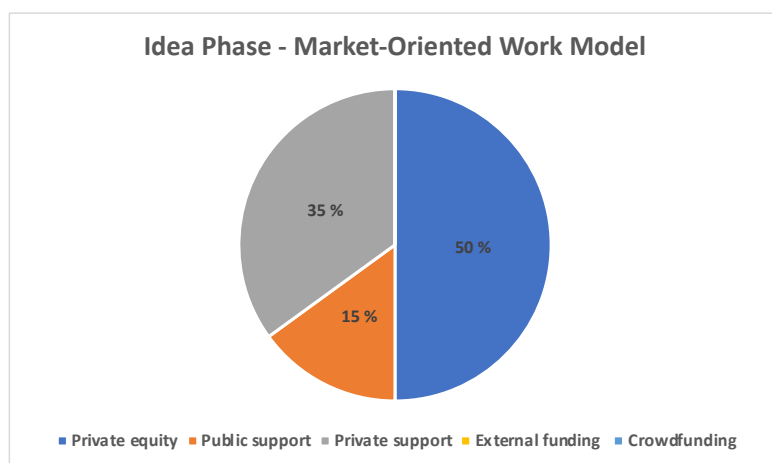


Figure 19: Distribution of Funding in the Idea Phase for Market-Oriented Work Model

Three funding options have been used by KREM and Medarbejderne AS. KREM stated in the questionnaire that the founder had taken up a loan with leverage in her house in order to start the venture. This is the reason for the private equity being 100 percent. Because it is a personal loan, not a corporate loan, the funding used is private equity and not external funding. Medarbejderne AS reported the use of two funding options, private support and public support. This made private equity the most used type of funding in the idea phase with 50 percent, and private support and public support following with 35 percent and 15 percent.

MVP phase

Funding option	Market-oriented work model	
	Frequency use	Percentage use
Private equity	1	10 %
Public support	2	80 %
Private support	1	60 %
External funding	1	50 %
Crowdfunding	1	100 %
Total	5	300 %

Table 17: MVP Phase - Market-Oriented Work Model

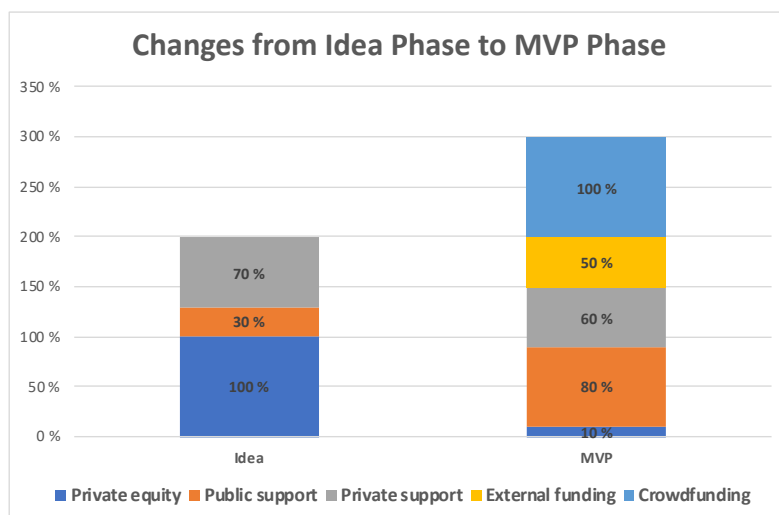


Figure 20: Changes in Funding for Market-Oriented Work Model from Idea to MVP Phase

In the MVP phase, we can see a considerable change from the idea phase because all the five different funding options are now being used. One of the new funding types is crowdfunding, where Fair & Square reports a usage of 100 percent. There has also been a

significant reduction in private equity. KREM mentioned in the questionnaire that the business received exposure when growing, and therefore could reduce the private equity share. In addition, it is important to note that the total percentage now equals 300 percent because of Fair & Square's reported use. There are also a lot of changes in the percentage use of the funding options. The largest change is the introduction of crowdfunding. We also see the reduction of private equity, and an increase in both external funding and public support. Some of these changes come from KREM's exposure, which shifted the use of funding from private equity to elsewhere.

Operational Phase

Funding option	Market-oriented work model	
	Frequency use	Percentage use
Private equity	0	0
Public support	1	30 %
Private support	2	170 %
External funding	0	0
Crowdfunding	0	0
Company revenue	1	100 %
Total	3	300 %

Table 18: Operational Phase - Market-Oriented Work Model

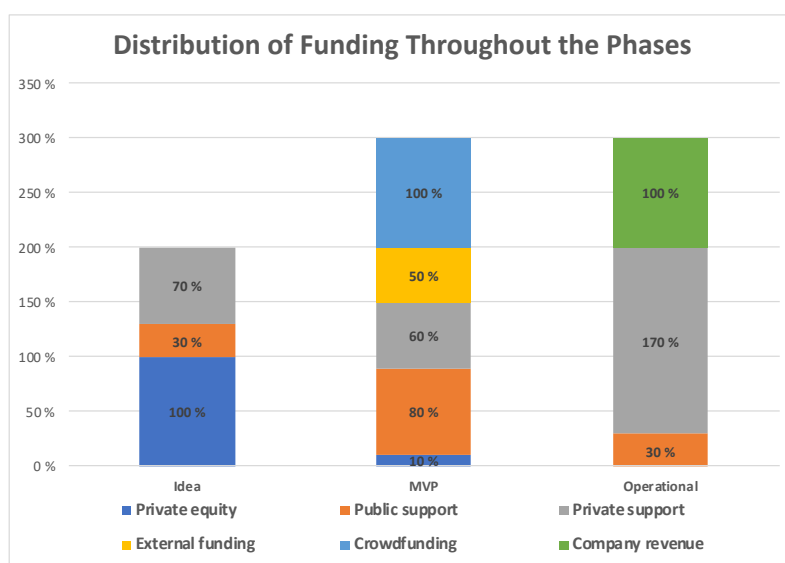


Figure 21: Changes in Funding Throughout the Three Phases for Market-Oriented Work Model

In the final phase, less funding types are used than in the previous phase. Now, company revenue, private support and public support are the only funding types used. Private support is now definitely the most used funding types, both when looking at frequency and percentage of use. Similar to the social-oriented work models, market-oriented work models start to use company revenue as funding in the operational phase, and this funding is now the second most used. However, company revenue is 100 percent used by only Fair & Square, meaning that the two remaining companies only use public and private support in the operational phase.

When looking at the market-oriented work model as a whole, it is interesting that none of the companies maintain the same type of funding throughout the phases. KREM is one example as described earlier. Medarbejderne AS also made several changes along the phases, starting with a split between private support and public support, ending up using only private support in the operational phase. It seems as there is no coherent link between the three phases.

4.3 Ranking the Data

The aim of this part is to rank the different funding options based on the previous analysis. I will look at the ranking for the three phases and the ranking for each of the four social business models in each phase. The ranking of the funding options will be presented in two tables. The first table ranks that specific phase as a whole, independent of social business models. The second table presents each social business model in that specific phase. Each table will feature one ranking based on frequency of use, and one ranking based on the highest percentage of use. The rankings will create a foundation for comparison, and a system that later will be used in the funding guideline.

Idea Phase

Idea phase		
	Most frequent use	Highest percentage use
Funding	Rank	Rank
Private equity	2	3
Public support	1	1
Private support	3	2
External funding	4	4
Crowdfunding	5	5

Table 19: Ranking Idea Phase for all Social Business Models

Funding	One-sided value model		Two-sided value model		Market-oriented work model		Social-oriented work model	
	Frequency use	Percentage use	Frequency use	Percentage use	Frequency use	Percentage use	Frequency use	Percentage use
Private equity	1	3	-	-	1	1	1	2
Public support	1	2	1	1	1	3	1	1
Private support	2	1	2	2	1	2	2	2
External funding	2	4	-	-	-	-	-	-
Crowdfunding	-	-	-	-	-	-	-	-

Table 20: Ranking Idea Phase for Individual Social Business Models

Looking at the ranking of the idea phase as a whole in table 19, I find that ranking based on frequency and percentage of use is somewhat the same. Public support is the most relevant funding type for the idea phase. This is also true for all the four social business models, if I look at frequency of use. It is important to note that private equity shares the rank as the most used funding type in all social business models except the two-sided value model. In general, private support seems to be ranked second in all the social business models. External funding is only used by the one-sided value model in the idea phase. As mentioned earlier, crowdfunding is not used at all, and is ranked the lowest.

MVP Phase

Funding	MVP Phase	
	Most frequent use	Highest percentage use
	Rank	Rank
Private equity	2	5
Public support	1	1
Private support	2	2
External funding	4	3
Crowdfunding	5	4

Table 21: Ranking MVP Phase for all Social Business Models

Funding	One-sided value model		Two-sided value model		Market-oriented work model		Social-oriented work model	
	Frequency use	Percentage use	Frequency use	Percentage use	Frequency use	Percentage use	Frequency use	Percentage use
Private equity	2	4	-	-	2	5	1	3
Public support	1	2	1	1	1	2	1	1
Private support	2	1	2	2	2	3	2	2
External funding	2	3	-	-	2	4	2	4
Crowdfunding	-	-	-	-	2	1	2	5

Table 22: Ranking MVP Phase for Individual Social Business Models

Looking at the ranking of the MVP phase as a whole in table 21, I find the ranking based on frequency of use differs from the ranking based on percentage of use. However, rank 1 and 2 is similar between the two, and I also find this ranking to be coherent with rank 1 and 2 in the idea phase. Public support is ranked as number one and private support is ranked number

two. In general, this applies for all the four social business models. The Marked-oriented and Social-oriented work models are the only two that use all five different funding types in this phase. The difference in how many funding types is used in the different social business models, contribute to creating the difference I see in the total ranking.

Operational phase

Operational phase		
	Most frequent use	Highest percentage use
Funding	Rank	Rank
Private equity	3	5
Public support	1	2
Private support	1	1
External funding	3	4
Crowdfunding	6	6
Company revenue	3	3

Table 23: Ranking Operational Phase for all Social Business Models

Funding	One-sided value model		Two-sided value model		Market-oriented work model		Social-oriented work model	
	Frequency use	Percentage use	Frequency use	Percentage use	Frequency use	Percentage use	Frequency use	Percentage use
Private equity	2	4	-	-	-	-	2	4
Public support	1	2	1	1	2	3	2	2
Private support	2	1	2	2	1	1	1	3
External funding	2	3	-	-	-	-	2	4
Crowdfunding	-	-	-	-	-	-	-	-
Company revenue	-	-	-	-	2	2	2	1

Table 24: Ranking Operational Phase for Individual Social Business Models

Looking at the ranking of the operational phase as a whole in table 23, I again find that rank 1 and 2 is somewhat the same when looking at frequency and percentage of use. The earlier phases had ranked public support as the most used funding type, whereas private support is ranked as number one in the operational phase. However, looking at each social business model, this is not applicable for the two-sided value model, where private support still is ranked as number two. An important note is that the two-sided value model has used the same funding types, and therefore achieves the same ranking throughout all three phases. Crowdfunding is now out of the picture again, while company revenue is introduced as an option. Only Market-oriented work model and Social-oriented work model responded that they use company revenue to fund their social venture, but we see that is ranked high in these two social business models.

5. Creating the Guideline

The aim of this chapter is to present a proposal for a guideline. Combining the ranking system I just presented, the four social business models and the three life-cycle phases, I have derived an example for a guideline for social entrepreneurs and social ventures to assist in choosing the most relevant funding for their social venture. An outline of the guideline was presented in chapter 3.2.5. For the benefit of the reader, Table 25 repeats how to use the guideline, and in chapter 6 it will be demonstrated through a case. Furthermore, I will go through the guideline for each of the four social business models.

Step one	Figure out what type of social business model your social venture is categorized as.
Step two	Determining which of the three phases your social venture is currently in.
Step three	Reading the guideline, in order to see what funding types is best suited for your social venture in its current state.

Table 25: Guideline Step-by-step

5.1 One-Sided Value Model

This chapter shows the guideline for social ventures within the one-sided value model. Because of the low amount of responses to the questionnaire from ventures within this model, the ranking system based on percentage of use is the most interesting to discuss. It yielded the following guideline.

One-sided value model		
Idea phase	MVP phase	Operational phase
1) Private support	1) Private support	1) Private support
2) Public support	2) Public support	2) Public support
3) Private equity	3) External funding	3) External funding
4) External funding	4) Private equity	4) Private equity
5) Crowdfunding	5) Crowdfunding	5) Crowdfunding
		5) Company revenue

Figure 22: Guideline for the One-Sided Value Model

A social venture within the one-sided value model should mainly aim to fund their company through private and public support. It seems as there is little to no change in the need of

different funding through the phases, except that external funding can become more relevant later in the life cycle. It is important to note that neither of the two ventures used crowdfunding or company revenue in the operational phase and they therefore share the lowest ranking. It is unclear as to whether one or the other should have a higher rank in the guideline.

5.2 Two-Sided Value Model

This chapter shows the guideline for social ventures within the two-sided value model. The funding used by the respondents within the social business model was to a great extent the same for all phases. The two types of funding and the ranking of these was the same when comparing frequency and percentage of use. This yielded the following guideline.

Two-sided value model		
Idea phase	MVP phase	Operational phase
1) Public support	1) Public support	1) Public support
2) Private support	2) Private support	2) Private support
3) Private equity	3) Private equity	3) Private equity
3) External funding	3) External funding	3) External funding
3) Crowdfunding	3) Crowdfunding	3) Crowdfunding
		3) Company revenue

Figure 23: Guideline for the Two-Sided Value Model

It is clear that social ventures within the two-sided value model should aim to fund their company firstly by public support, next by private support. These two types of funding were the only ones that were used by the social ventures responding to the questionnaire, and hence, the last three options (i.e. private equity, external funding and crowdfunding) is equally ranked as number three. This research gives no answer as to which of these is more relevant.

5.4 Market-Oriented Work Model

This chapter shows the guideline for social ventures within the market-oriented work model. As discussed earlier, the ranking was different based on frequency or percentage of use. One social venture responded that crowdfunding was the only funding type they used in the MVP phase, and only company revenue in the operational phase. This made crowdfunding rank higher when looking at percentage of use, than when looking at frequency of use, see table

21. But public support, which had the second highest percentage use, had the highest frequency of use. Given this information, I chose to place public support above crowdfunding in the MVP phase of the guideline. This yielded the following guideline.

Market-oriented work model		
Idea phase	MVP phase	Operational phase
1) Private equity	1) Public support	1) Private support
2) Private support	2) Crowdfunding	2) Company revenue
3) Public support	3) Private support	3) Public support
4) External funding	4) External funding	4) Private equity
4) crowdfunding	5) Private equity	4) External funding
		4) Crowdfunding

Figure 24: Guideline for the Market-Oriented Work Model

It is clear that a social venture within the market-oriented work model should aim to change their most used funding type throughout the life cycle of the venture. None of the funding types ranked as one or two are the same through the phases. One constant seems to be external funding, which is ranked low in every phase.

5.5 Social-Oriented Work Model

This chapter show the guideline for social ventures within the social-oriented work model. Each of the respondents within this business model had used a unique set of funding options. In the first two phases, the three main choices of funding are somewhat consistent. However, in the operational phase, one company responded that 70 percent of their funding came from company revenue, which outranked all the other funding options when looking at percentage of use. Nevertheless, public support, which has the second highest percentage use, is ranked the same as company revenue according to frequency of use. Therefore, I use the ranking based on percentage of use. This yielded the following guideline.

Social-oriented work model		
Idea phase	MVP phase	Operational phase
1) Public support	1) Public support	1) Company revenue
2) Private equity	2) Private support	2) Public support
2) Private support	3) Private equity	3) Private support
3) External funding	4) External funding	4) Private equity
3) Crowdfunding	5) Crowdfunding	4) External funding
		5) Crowdfunding

Figure 25: Guideline for the Social-Oriented Work Model

A social venture within the social-oriented work model should aim to fund their idea phase by public support, private support and private equity. Private equity seems to decline in relevance as time passes while public support and private support stay as relevant funding options through all phases, only surpassed by company revenue in the operational phase. Crowdfunding and external funding is ranked low through the three phases for the social-oriented work model.

5.6 Complete Guideline

Here is a display of the complete guideline.

One-sided value model			Two-sided value model		
Idea phase	MVP phase	Operational phase	Idea phase	MVP phase	Operational phase
1) Private support	1) Private support	1) Private support	1) Public support	1) Public support	1) Public support
2) Public support	2) Public support	2) Public support	2) Private support	2) Private support	2) Private support
3) Private equity	3) External funding	3) External funding	3) Private equity	3) Private equity	3) Private equity
4) External funding	4) Private equity	4) Private equity	3) External funding	3) External funding	3) External funding
5) Crowdfunding	5) Crowdfunding	5) Crowdfunding	3) Crowdfunding	3) Crowdfunding	3) Crowdfunding
		5) Company revenue			3) Company revenue
Social-oriented work model			Market-oriented work model		
Idea phase	MVP phase	Operational phase	Idea phase	MVP phase	Operational phase
1) Public support	1) Public support	1) Company revenue	1) Private equity	1) Public support	1) Private support
2) Private equity	2) Private support	2) Public support	2) Private support	2) Crowdfunding	2) Company revenue
2) Private support	3) Private equity	3) Private support	3) Public support	3) Private support	3) Public support
3) External funding	4) External funding	4) Private equity	4) External funding	4) External funding	4) Private equity
3) Crowdfunding	5) Crowdfunding	4) External funding	4) crowdfunding	5) Private equity	4) External funding
		5) Crowdfunding			4) Crowdfunding

Figure 26: Complete Guideline Including all Four Social Business Models

6. Guideline in Practice

In the following chapter, I will present a business case where I implement and use the proposed guideline for funding a social venture. This is to illustrate how I imagine the guideline will work in practice and relate it to how it will be a tool for future and current social entrepreneurs in their search for how to best fund their venture. First, I will give a short introduction of the business case, which is my own idea for a social venture. Secondly, I will use and discuss the guideline in light of the business idea.

6.1 Social Venture Objective

A recent focus in Norway has been the loneliness amongst the elderly. Loneliness is actually more common amongst the elderly, compared to the younger population. As many as three out of ten people above the age of 80 reports that they are lonely (Det Kongelige Helse- og Omsorgsdepartementet, 2015). At the same time, the students, another important group in Norway, are at large dependent on supplementary income combined with their student loans (Statistisk Sentralbyrå, 2018).

The idea behind the social venture is to combine the two groups of people. The student gets employed as a sort of assistant for an elderly person, where the job is to do the grocery shopping, cooking dinner and interacting with the elderly person. Hence, the social mission of this venture is two-fold. The main objective is to create social value while targeting both the loneliness of the elderly and the need Norwegian students have for a part-time job. The student is offered a rewarding, but steady and flexible part-time job, while the elderly is offered frequent visits, good conversation and a home-cooked meal.

6.2 Implementing the Guideline

In this following part, I will go through the steps of the guideline, presented in Table 25 in Chapter 5. The table is repeated below.

Step one	Figure out what type of social business model your social venture is categorized as.
Step two	Determining which of the three phases your social venture is currently in.

Step three

Reading the guideline, in order to see what funding types is best suited for your social venture in its current state.

6.2.1 What Social Business Model is Best Suited?

When considering what social business model the social venture is characterized as, the first thing to note is whether the social value is created *for* the beneficiaries or *with* the beneficiaries. This business idea has two groups of people as the beneficiaries; the student and the elderly. It is also important to describe the level of integration between social and commercial activities. This social venture will provide a service where the beneficiary is the recipient of said service (i.e. the elderly), but they are also employed (i.e. the student), thus, the economic activity itself produces value. Based on this information, I characterized this social venture within *the social-oriented work model*. One could argue that the social business model fits within both the market-oriented work model and the one-sided value model, but I argue that because the social venture provides both a service and employment, the social-oriented work model is best describing the value creation.

6.2.2 What Phase is the Social Venture in?

Step two is to consider what phase of the life cycle the social venture is in. This social venture is obviously still in *the idea phase*; developing a business model, categorizing the market, checking legal aspects etc.

6.2.3 What Funding is Best Suited?

The last step is to look at the guideline and figure out what type of funding might be best suited for the social venture in its current phase. As mentioned, I have concluded that this is a social venture within the social-oriented work model, still in the idea phase. Therefore, I extract the part of the guideline that presents the funding suited for the correct social business model and phase. This was presented in Chapter 5.

Idea phase
1) Public support
2) Private equity
2) Private support
3) External funding
3) Crowdfunding

Figure 27: Guideline for Idea Phase for the Social-Oriented Work Model

Figure 27 displays the ranking of the funding options for the idea phase for the social-oriented work model. The guideline proposes that public support is the best funding option to seek, followed by private equity and private support.

7. Implications and Conclusion

The aim of my thesis has been to analyse what funding type is the most relevant to social ventures in Norway, depending on the type of social business model and what life cycle phase the social venture is in. I have derived a proposal for a guideline that assists in choosing the most relevant funding types. I found that public and private support are the two most used funding types in Norway, regardless of social business model and life cycle phase. Although these two types of funding were used more than the others, the variation between the social business models and life cycle phases suggest that a guideline for assisting social ventures in their choice of funding might be necessary. In this chapter, I will discuss the implications of my findings and of the proposed guideline, while also discussing the limitations of my thesis and potential future research.

7.1 Implications

The guideline presented in this thesis can be of great value for social entrepreneurs and social ventures when choosing how to finance their social business. I have created a tool for comparing funding types in the different life cycles of the four social business models. If developed further, the guideline has obvious practical and theoretical implications.

Research have pointed out the difficulty of applying a generalizable model of life cycle stages to small and growing businesses. Building on business life cycle literature, I have

tried to address this difficulty by deriving a three phase life cycle for social ventures. This is a contribution to the understanding of the subject.

Strategies and tools for financing social ventures is a young subfield within the research of social entrepreneurship, but the need for more and better resources to bring scale to the social ventures is vital. In general, many scholars and textbooks on the subject examines the option of financing but lack the integration of a social business model component and the life cycle component in their discussions. By looking at a combination of both social business models, their life cycle and the funding options in Norway, and proposing a guideline where all three aspects are combined, I contribute to understanding and developing tools for financing social ventures. As far as I can see, this has not been done before, and will develop the understanding of the subject. Although the guideline is based on findings from Norway, it might be suitable for studying funding options in other countries or areas.

Among my findings, the importance of private and public support through the life cycles of a social venture is clear. I believe that here lies an opportunity for these investors and agencies to better understand the different needs of the different social business model, and thus, improve their support procedures and instruments.

7.2 Limitations and Future Research

While I do believe that my findings can contribute to existing literature on the topics of social ventures and how to fund them, there are some limitations related to my research and how I collected the data, and the need for further research is present.

I included 29 social ventures in my sample. This was naturally limited by the fact that I was accomplishing this thesis alone with a time constraint. Of the 29 social ventures, only 9 gave a response. I had no guarantee of how many answers I would end up with, but the results of my analysis are largely affected by the few respondents. I cannot write about limitations without mentioning the pandemic, Covid-19, that evolved during this period of work.

Although I cannot know for sure if it affected the social ventures' I sent the questionnaire to, it is likely that they were influenced by the pandemic and its ripple effect on society. A larger sample would have strengthened generalizability of my thesis, and potentially given a different or more evident result. For future research, it would be relevant and interesting to

replicate my research by including a larger sample of social ventures in Norway. This would further develop my guideline and make it more reliable to use.

In hindsight, I realise that I could have constructed the questionnaire differently. I could have included more variables, like the amounts of equity, loans, income, debt etc that the ventures have. By including these variables, the analysis could have helped me to scale the importance of the funding options. I also realise that I should have asked the respondents for exact percentages for each funding type, not the intervals of 10 percentage points. I made the predetermined answers this way to make it less time consuming for the respondents to give an answer, but the intervals forced me to make assumptions regarding the exact level of funding within the intervals. An opportunity for future research is to broaden the questionnaire, perhaps with a multi-method study including interviews, where all of these aspects can be addressed.

In general, my guideline is based on generic features in the social ventures business models and life cycle. As discussed, these are two key aspects of a social venture. However, there are probably many other features that can affect relevant funding, such as type of product or service, clients and target groups, geographical and sociocultural conditions etc. Including these factors in the research would contribute to a more holistic and complex perspective on social entrepreneurship and social ventures.

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9. Appendix

Appendix 1: Mapping Social Entrepreneurs in Norway

Company name	Description	Type of Social Business Model
Det Sociale Kapitalfond	This is an investment fund established in 2017, which invest capital and skills in companies and organizations which help to solve social problems. The aim is to help the social businesses grow, and they do this in two ways: first, a new company is established to help with a social problem, and secondly the potential financial return is then reinvested in new social ventures. They have an extensive portfolio of social ventures, where some in addition to the investment, also holds a loan.	Two-sided value model: The beneficiaries of this company receive the social value from the profits that the investment fund creates. The profits from the fund is being utilized to fund future social enterprises. Sources (Det Sociale Kapitalfond, n.d a) (Det Sociale Kapitalfond, n.d b)
Medarbeiderne AS	Medarbeiderne AS's motto is " <i>We don't hire people to provide a service, we provide a service to hire people</i> ". The business objective is cleaning, moving and collecting waste material. Medarbeiderne AS currently employs 35 people, who all are former addicts. Their vision is to show the world that former addicts can become valuable workers if they are given responsibility, proper setting and a community. Today the company has 3.076 subscriptions for their service.	Market-oriented work model: The beneficiaries are the people employed in the business. Sources: (Medarbeiderne AS, n.d)
Moving Mamas	Moving Mamas is a social venture that creates their social value through development of people and opportunities, and customer value through redesigning products and services within sowing and cafeteria work. The vision is " <i>Opportunity, income and work – for all women</i> ". They offer their services through a web-shop or in person, and through this, they have created a big network for collaborating. Their values are equality, respect and openness.	Social-oriented work model: The beneficiaries of this company are the women who work there. The company does not aim for profits with the products they sell, the focus is on providing job opportunities. Sources: (Moving Mamas AS, 2020)
IMAL	IMAL started out as an idea in 2008 and was launched in 2015 with support from Innovation Norway. Today, IMAL	Two-sided value model:

	<p>produces a digital teaching aid to help students with difficulty reading. The company also provides courses for teachers, assistants and school executives. The method is currently being utilized by over 500 schools in Norway. Their vision is that all pupils should succeed in the classroom “community” from day one of school.</p>	<p>The profits are used to further the business and therefore provide a better service.</p> <p>Sources: (IMAL, 2019) (IMAL, 2020)</p>
Gladiator GT	<p>Gladiator GT have created and sell a product called Aball1. This product is created to make learning more enjoyable and promote activity. The vision is to “<i>Make everyone inactive – active</i>”. The product is sold to schools and organizations, where children are the beneficiaries of the social mission. Together with the learning aspect, the company creates social companionship through their arranged activities involving the product. This social venture is a part of FERD’s portfolio.</p>	<p>One-sided value model:</p> <p>Government, public schools and other organizations are customers. Gladiator GT offers Aball1 at affordable prices to make learning fun and to activate the children who use the product.</p> <p>Sources: (Gladiator GT, n.d a) (Gladiator GT, n.d b)</p>
Fair & Square	<p>Fair & Square was established to try to change the textile industry. They want to show the world that clothes can be produced in a just manner. Their production is located in Fenhuang, China, where the employees have fair working conditions that can be compared with Norwegian requirements. To exemplify, the workers have the same workweek as in Norway (37,5 hours per week). To compare, a normal week in the clothing industry in China is 60-96 hours per week. No profits are withdrawn from the company and everything is used to get one step closer to a complete ethical production in every step of the production.</p>	<p>Market-oriented work model:</p> <p>The company want to create better workplaces for their employees. The beneficiaries are the people working within the company.</p> <p>Sources: (Fair & Square, u.d.)</p>
Jobbsøkerhjelpen	<p>Jobbsøkerhjelpen was established in 2017. Their goal is that all young people should have access to professional guidance when applying for jobs, no matter their background or life situation. The vision is “<i>all young who wish to work should be able to get a job</i>”. They</p>	<p>One-sided value model:</p> <p>Jobbsøkerhjelpen is an ideal foundation that does not aim for profits and offer their products at the lowest possible price available. They want to help</p>

	visualize them self as a supplement to other services and provide free courses and guidance for the young.	people who do not have the same assets as other. Sources: (Jobbsøkerhjelpen, n.d a) (Jobbsøkerhjelpen, n.d b)
KREM – kreativt og mangfoldig arbeidsliv	KREM is a social innovator, bridgebuilder and development partner for counties in Norway. They create solutions to social exclusion that are viable, cost-effective and scalable, and do this in partnership with users of public services, researchers, social services, municipalities and employers. Their values are based on “ <i>actions in a mutual and equal partnership</i> ”. KREM has in addition been essential in the establishment of <i>Senter for sosialt entreprenørskap and innovasjon</i> .	Market-oriented work model: This company functions as a bridgebuilder and connects people in need of a workforce with people in need of jobs. The beneficiaries in this scenario is both the businesses and the jobseekers. The biggest social gain is for the jobseekers. Sources: (KREM, n.d)
Vintage Baby Sosiale Entreprenører	In 2014, an inclusion idea was born, and in 2015 Café Vintage opened. The company provides different services besides their café, such as catering to parties and companies, sewing and repairs and cafeteria work and cleaning. Their aim is that anyone who has had an internship with them will find a stable job afterwards and have developed a more articulate language. They want to show that social responsibilities can be profitable and competitive without having to make sacrifices. Today Vintage Baby Sosiale Entreprenører is a project coordinator for Erasmus+ project E-women to better include young women who are refugees in Europe.	Social-oriented work model: The beneficiaries of this company are primarily immigrant women who has had a hard time finding job. The social mission is accomplished through providing job opportunities. Sources: (Vintage Baby Sosiale Entreprenører, u.d.)
Abloom Filmfestival	Abloom is an ideal and voluntary organization founded in 2012 in Oslo. They contribute to better living conditions, increased life quality and social inclusion for children, young and adults with disabilities in Norway. Their main event is the annual film festival in November, but they also provide several other events throughout the year. Through their extensive network of contributors, they are able to arrange these events.	One-sided value model: The beneficiaries are the children, young and adults with disabilities. The social mission is achieved though providing increased life quality and social inclusion of children. Sources: (Abloom, n.d a)

		(Abloom, n.d b)
Atlas Kompetanse	Atlas Kompetanse is an ideal company who works to prevent exclusion amongst children and young. They offer supplementary measures to the municipality's child protecting services and refugee services. They are a team with expertise concerning families with minority backgrounds. Alongside working directly with families, the venture also provides lectures in association with schools and homes east in Norway.	One-sided value model: This venture provides a service where the beneficiaries are considered "customers". They assist children and young and work closely with the municipality. This ensures a low-cost option for the beneficiaries. Sources: (Atlas Kompetanse, n.d)
Balder Tekstil	Balder tekstil was established in 1986 as a workshop in Holmenkollen Dagsenter and gave people with disabilities job offer in the textile industry. In 1996, it became a public place of work and is today owned 100 percent by Oslo municipality. Their goal is that the work they provide will contribute to each individual's development and ability to use their resources in a meaningful way. Their vision is " <i>Mastering makes a master!</i> ".	Market-oriented work model: The beneficiaries from this venture are the employees which have disabilities. Balder Tekstil offers them employment in the sewing industry and is 100 percent owned by Oslo municipality. Sources: (Balder Tekstil, n.d a) (Balder Tekstil, n.d b)
Barnas Plattform	Barnas Plattform was established in 2008 to contribute to the development of self-esteem and confidence in children. Today, they offer a range of different courses and lectures for families, schools, day-cares and more. In 2017, they became a part of FERD's portfolio of social entrepreneurs.	One-sided value model: The social mission is supported through their work with children to ensure that they have a good self-esteem and confidence. They offer courses and lectures to parents, day-care's and teachers. Sources: (Barnas Plattform, n.d)
Epleslang	Epleslang has three important values. They want to: <i>take social responsibility, be environmental and offer top quality for everyone who enjoys their apple juice.</i> They wish to include everyone and offer jobs to motivate people with disabilities. The employees are involved in the apple picking process. In 2013, they were awarded the reward for social entrepreneur of the year.	Market-oriented work model: The social mission is two-fold for this venture. They are heavily invested in recycling, where the apples used in the juice comes from gardens, where the apples usually are thrown away. They also encourage and employ motivated people with disabilities

		to help with the picking of apples. Sources: (Epleslang, 2020 a) (Epleslang, 2020 b)
Forandringsfabrikken	For more than 10 years, Forandringsfabrikken has gathered knowledge from children about help services and school, and how it is perceived by them. Forandringsfabrikken is constantly conducting research across the country amongst children and young. This research is then used to provide better services for the children and young in Norway.	Two-sided value model: Their social mission is to help children in need. This is done via knowledge and educating people who work within this field. The social mission is supported through the existence of this venture, and the profits from books & lectures are used to further grow their venture. Sources: (Forandringsfabrikken, n.d a) (Forandringsfabrikken, n.d b)
Fretex	Fretex is a chain of stores in Norway, where they sell second-hand items. This could be clothes or furniture. They rely on donations to have an inventory. 10 percent of the proceeds from their sales go to The Salvation Army. The first store was opened in Bergen in 1971 and have later spread throughout Norway. In 2018, Fretex had 40 separate second-hand stores, one online store and one outlet store in Norway.	Two-sided value model: The beneficiaries from this venture are The Salvation Army, where 10 percent of the profits from the sales of the goods go to. They also support a social mission with their venture by being environmental and selling second-hand clothes and objects. Sources: (Fretex, n.d a) (Fretex, n.d b)
Gammel Nok	Gammel Nok is a temp agency which facilitate jobs for people above the age of 50. In addition, they offer career guidance. Gammel Nok is a part of FERD's social entrepreneurs' portfolio and is based in Asker. The services they provide range from practical help in the garden to hospital nurses.	Social-oriented work model: The beneficiaries are both the people who use the service and the employees of the service. The core of the venture is to facilitate personnel above the age of 50. Some of the service are revolved around elderly care, assistance etc, and therefore the beneficiaries are both consumers and employees.

		Sources: (Gammel Nok, n.d)
Gatemagasinet Asphalt	Asfalt is a street magazine sold by people with former drug experiences and that have a difficult life situation. The magazine was founded in 2009 and is publishing a new number every other month. The company do not receive any form of public support and has a goal that the business should be run properly without this. Their goal is to give fellow humans the possibility to acquire an income in a dignified way, increasing their self-esteem and life quality and make them feel a part of something greater.	Market-oriented work model: The beneficiaries from this social venture is the people who are employed. They have the opportunity to purchase a magazine and resell it for profit. The people employed are former addicts. Sources: (Gatemagasinet Asphalt, n.d)
Guttas Campus	Guttas Campus is an intensive two-week learning camp with a follow up at the mentor-hub the following year and a half. It is voluntary and free to participate. 50 boys from Oslo, and 36 from the West-Norway will be offered this opportunity in 2020. The aim behind Guttas Campus is to increase the motivation for learning, good work habits, social growth and learning, and a general wellbeing.	One-sided value model: The aim for this social venture is not to seek profit. They offer a two-week intensive learning camp for boys in the 9 th grade. The beneficiaries are the “customers”, if you can call them that because it is free. Sources: (Guttas Campus, 2020)
Hagecrew	The company started with Camilo Heredia, who started growing things in her backyard at Grønmland. It later got the attention of GatekunstAkademiet, who developed it further as a concept for summer employment for students. In 2018, the company expanded to several more areas of the city of Oslo, and have so far employed 260 young adults, and set more than 1500 children in activity. They also sell merchandise to help finance their venture.	Market-oriented work model: The beneficiaries are the people employed with Hagecrew. They aim to include a younger staff to activate and motivate them. They also provide a greater social service in regard to the environmental perspective. Sources: (Hagecrew, 2020)
Mestringsguiden	Mestringsguiden has a vision to help people with a refugee background to become independent again. Their social purpose is to ensure that their beneficiaries are masters of their own	Market-oriented work model: The beneficiaries are immigrants in Norway. They are being helped to find independence and

	lives within the framework, restrictions and possibilities that the Norwegian community facilitates.	steady jobs in Norway through Mestringsguiden. Sources: (Mestringsguiden AS, 2020)
Monsterbedriften	Monsterbedriften is a contractor business that hires people whom because of different problems are unable to enter the traditional job-market. They perform building and demolishing work. Their values are respect, caring, structure, responsibility and honesty. Monsterbedriften was FERD's 2014 social entrepreneur of the year and is today a part of their portfolio.	Market-oriented work model: The beneficiaries are the employees of Monsterbedriften. Monsterbedriften aims to hire people who because of different reason have problems entering the traditional job-market. Sources: (Monsterbedriften, 2020)
Nordpolen Industrier AS	Nordpolen Industrier AS performs many different assignments for private people or businesses. They offer services with packaging and assembling, folding and sorting. They also produce and sell their own products, handmade, locally and sustainable. They are a big supporter of "inkluderingsdugnaden" (i.e. the inclusion effort) with a social mission to get more people jobs.	Social-oriented work model: There are two sets of beneficiaries from this venture. First, Nordpolen Industrier AS is inclusive and hire people who need some extra help. They also produce and sell products to further achieve their social mission. Sources: (Nordpolen Industrier AS, 2020 a) (Nordpolen Industrier AS, 2020 b)
Pøbelprosjektet	Pøbelprosjektet is directly involved with and provides different courses through NAV. These courses are designed around the working life's norms and rules, and includes a variety of practical exercises. Pøbelprosjektet's values revolve around treating every person equally, giving the participants new opportunities, dignity, pride and life competence. Since 2011, Pøbelprosjektet has been a part of FERD's social entrepreneur portfolio.	One-sided value model: The beneficiaries from this venture is the young adult who participate in the courses they provide. Pøbelprosjektet offers these courses for free to help them achieve their full potential. Furthermore, they also provide a network of employers where the participants are able to search jobs in the future. Sources: (Pøbelprosjektet, n.d)

Seema	Seema is a centre for diversity leadership. Seema develops leader's diversity competence and maturity and provides the tools to identify and use the potential. Seema works on three levels; day courses, certification and talent- and mentor programs.	Two-sided value model: The beneficiaries from this social venture are women who get leadership training and mentoring. The reason for it being a two-sided value model is that the social mission is supported from the revenue the venture makes on consulting services. Sources: (Seema, 2020)
Unicus	Unicus defines itself as a "different" consulting agency that offer high quality IT-services within testing and data science. The reason for the definition "different" is that all their consultants have Asperger. Unicus' vision is a more including world that builds on individuals' strengths. By drawing on the benefits of Asperger's, Unicus are able to create unique results for their clients and increasing the life quality of its employees.	Market-oriented work model: The beneficiaries from this social venture are people with the diagnosis Asperger. Unicus employs people with this diagnosis to work as consultants, because of their unique skillset to software testing. Sources: (UNICUS, 2020)
Ungt Entreprenørskap	Ungt Entreprenørskap is an ideal, nationwide organization which works together with the education system, businesses and others to develop children's and younger people's creativity, joy and belief in themselves. Ungt Entreprenørskap has 12 separate county organizations. Their communal vision is to inspire young to think new and create values. The core values are future, interaction and eagerness. It was established in 1997 and now have close ties to sister organizations in 38 countries in Europe.	Two-sided value model: The beneficiaries from Ungt Entreprenørskap are the young adults and children who benefit from the programs, classes, lectures and more. Because the beneficiaries do not purchase the service themselves, the venture falls under the two-sided value model. Sources: (Ungt Entreprenørskap, 2020)
Vibro	Vibro works to uncover social problems with young people. This is done by developing and executing value creational projects tied to social problems. Their vision is to create the biggest platform for social entrepreneurship based on the core values of being challenging, professional,	Two-sided value model: Vibro aims to uncover social problems tied to young people. They want to offer guidance and support to these individual whilst breaking down barriers along the

	<p>value creation and colourful. Vibro's current goal is to have created opportunities for 1000 people within 5 years.</p>	<p>way. The beneficiaries are supported through the service they provide.</p> <p>Sources: (Vibro, 2020)</p>
=Oslo	<p>=Oslo was established in 2005 and is an independent, non-profit street magazine sold by disadvantaged people living on the street. The sellers buy the magazine for 50 NOK and resells it for 100 NOK. Any profit from the sale is used to offer activities, material and projects, and thus benefits the sellers. =Oslo received government support until 2008, when a tax reduction made it possible for them to sustain on their own.</p>	<p>Market-oriented work model:</p> <p>The beneficiaries from =Oslo are the employees. This social venture hires people who are for some reason not able to participate in the normal job life to sell their magazine in the city of Oslo, Norway.</p> <p>Sources: (Erlik, n.d)</p>

Appendix 2: Questionnaire

Hei!

For english please see below.

Mitt navn er Jørgen Øyasæter og jeg studerer ved Norges Handelshøyskole. Jeg går nå mitt siste år og skriver masteroppgave som omhandler sosialt entreprenørskap. Jeg ønsker å utforske hvilke typer finansieringsmuligheter som foreligger ved oppstart og drift av et sosialt entreprenørskap. Videre vil informasjonen brukes for å prøve å kartlegge hvilken type finansiering som er mest optimal for de ulike typene sosialt entreprenørskap.

I denne sammenheng hadde jeg satt veldig stor pris på om det var mulig å få svar på en kort spørreundersøkelse angående hvilken finansiering som ble benyttet i oppstarten av deres selskap og hvilken type finansiering som benyttes i dag. For undersøkelsen deler jeg entreprenørskap inn i tre ulike faser. Planlegging/idemyldring (Idea phase), prototype/bedriften er i gang (Minimal Viable Product phase) og operasjonell bedrift (Operations phase).

Undersøkelsen kan besvares på norsk og engelsk og vil kun bli benyttet i masteroppgaven. Hvis ønskelig kan også selskapsnavnet anonymiseres.

Skulle det være noen videre spørsmål angående undersøkelsen er det bare å ta kontakt v/informasjonen nedenfor. Nederst i dokument er det også en beskrivelse for de ulike begrepene brukt i spørreskjemaet.

Jeg skjønner at slik situasjonen er i dag har bedrifter veldig mye å gjøre, spesielt mindre og mellomstore bedrifter med tanke på Covid-19. Undersøkelsen vil ikke ta lang tid, er en side, og jeg ville satt stor pris på om dere kunne tatt dere tid til å svare på denne undersøkelsen. Håper å høre fra dere!

Med vennlig hilsen,

Jørgen Øyasæter.

Jorgen.oyasater@gmail.com

(+47) 928 77 541

Hi!

My name is Jørgen Øyasæter and is a student at the Norges Handelshøyskole. I am currently on my final year and is writing my master thesis on social entrepreneurship. I am researching the different types of financing opportunities that are available at the start and operation of a social entrepreneurship. Further, the information will be used to map what type of financing is the most optimal for the different types of social entrepreneurship.

In this context I would highly appreciate it if it would be possible to answer a short questionnaire about the financing used in the start of your company and the financing currently used. For the questionnaire I have divided entrepreneurship into three different phases. Planning/ideas (Idea phase), prototype/first time in the market (Minimal viable product phase) and operational business (Operational phase).

The questionnaire can be answered in Norwegian and English and the content will only be used in the master thesis. If wanted the company name can be made anonymized.

Should there be any further questions in regard to the questionnaire please contact me at the information below. At the end of the questionnaire there is a description of the different terms used in the questionnaire.

I understand that today's situation is very strange in regard to the Covid-19 virus, especially for smaller and middle-sized businesses. The questionnaire should be no longer than one page and I would really appreciate it if you could take the time to answer the questionnaire. Hope to hear back from you.

Regards,

Jørgen Øyasæter

Jorgen.oyasater@gmail.com

(+47) 928 77 541

Description of terms used in the questionnaire:

Idea phase: The idea phase is described as the start up for the entrepreneurship. With this, planning, patent research, outlining the market etc.

Minimal viable product (MVP) phase: The minimal viable product phase is described as the first encounter with the market. It would be the first time the product or service is offered to the recipients. This could also be as a test or as an initial launch. In this phase the product often has a more limited scope or functionality.

Operational phase: The operational phase is when the business is operational and is performing as planned.

Private equity: Personnel equity is when the owners fund the entrepreneurship. This could occur in different ways. The entrepreneur could use their own savings to fund the business, a company could purchase an ownership share in the business, or a private person could enter on the ownership side.

Public support: With public support, I mainly consider government support or grants. For example, support through NAV, Innovasjon Norge or the Norwegian government etc.

External funding: External resources refers to loans, bonds etc. This form of investment does not give the investor an ownership share but may require a return on investment in the form of interest. This form of funding could be both public and private.

Private support: Private support refers to the donations either from individual donors or company donors. A person/company gives money as a donation but does not want an ownership share in return.

Crowdfunding: Crowdfunding is when a donation campaign is provided to the general public and they are offered the chance to help get a business on their feet.

Question 1: Name of your company

Question 2: In what phase of development is or have your company been in?

- Idea phase
- Minimal viable product phase
- Operational phase
- All of the above

Question 3: What form of funding did you rely on in the idea phase, if there are several used, what were the distribution between these?

- Private equity
- Public support
- External funding
- Private support
- Crowdfunding
- All of the above

Question 4: If possible, what percentage distribution of the answers above?

- Private equity: (0-10%) (10-20%) (20-30%) (30-40%) (40-50%) (50-60%) (60-70%) (70-80%) (80-90%) (90-100%)
- Public support: (0-10%) (10-20%) (20-30%) (30-40%) (40-50%) (50-60%) (60-70%) (70-80%) (80-90%) (90-100%)
- External funding: (0-10%) (10-20%) (20-30%) (30-40%) (40-50%) (50-60%) (60-70%) (70-80%) (80-90%) (90-100%)
- Private support: (0-10%) (10-20%) (20-30%) (30-40%) (40-50%) (50-60%) (60-70%) (70-80%) (80-90%) (90-100%)
- Crowdfunding: (0-10%) (10-20%) (20-30%) (30-40%) (40-50%) (50-60%) (60-70%) (70-80%) (80-90%) (90-100%)

Question 5: What form of funding did you rely on in the Minimal viable product (MVP) Phase, if there are several used, what were the distribution between these?

- Private equity
- Public support
- External funding
- Private support
- Crowdfunding
- All of the above

Question 6: If possible, what percentage distribution of the answers above?

- Private equity: (0-10%) (10-20%) (20-30%) (30-40%) (40-50%) (50-60%) (60-70%) (70-80%) (80-90%) (90-100%)

- Public support: (0-10%) (10-20%) (20-30%) (30-40%) (40-50%) (50-60%) (60-70%) (70-80%) (80-90%) (90-100%)
- External funding: (0-10%) (10-20%) (20-30%) (30-40%) (40-50%) (50-60%) (60-70%) (70-80%) (80-90%) (90-100%)
- Private support: (0-10%) (10-20%) (20-30%) (30-40%) (40-50%) (50-60%) (60-70%) (70-80%) (80-90%) (90-100%)
- Crowdfunding: (0-10%) (10-20%) (20-30%) (30-40%) (40-50%) (50-60%) (60-70%) (70-80%) (80-90%) (90-100%)

Question 7: What form of funding did you rely on in the Operational Phase, if there are several used, what were the distribution between these?

- Private equity
- Public support
- External funding
- Private support
- Crowdfunding
- Company created revenue
- All of the above

Question 8: If possible, what percentage distribution of the answers above?

- Private equity: (0-10%) (10-20%) (20-30%) (30-40%) (40-50%) (50-60%) (60-70%) (70-80%) (80-90%) (90-100%)
- Public support: (0-10%) (10-20%) (20-30%) (30-40%) (40-50%) (50-60%) (60-70%) (70-80%) (80-90%) (90-100%)
- External funding: (0-10%) (10-20%) (20-30%) (30-40%) (40-50%) (50-60%) (60-70%) (70-80%) (80-90%) (90-100%)
- Private support: (0-10%) (10-20%) (20-30%) (30-40%) (40-50%) (50-60%) (60-70%) (70-80%) (80-90%) (90-100%)
- Crowdfunding: (0-10%) (10-20%) (20-30%) (30-40%) (40-50%) (50-60%) (60-70%) (70-80%) (80-90%) (90-100%)
- Company created revenue: (0-10%) (10-20%) (20-30%) (30-40%) (40-50%) (50-60%) (60-70%) (70-80%) (80-90%) (90-100%)

Question 9: If there are any additional comments you wish to provide in regard to your company's choice of financing during the three stages, rational or irrational. Please comment below.

Appendix 3: Data from the questionnaire

Social venture	Phase	Funding type	Percentage
Det Sociale Kapitalfond	Idea phase	Private support	40-50%
Det Sociale Kapitalfond	Idea phase	Public support	40-50%
Det Sociale Kapitalfond	Minimal viable product phase	Private support	40-50%
Det Sociale Kapitalfond	Minimal viable product phase	Public support	40-50%
Det Sociale Kapitalfond	Operational phase	Private support	40-50%
Det Sociale Kapitalfond	Operational phase	Public support	40-50%
IMAL	Idea phase	Public support	30-40%
IMAL	Minimal viable product phase	Public support	10-20%
IMAL	Operational phase	Public support	10-20%
Medarbejderne AS	Idea phase	Public support	30-40%
Medarbejderne AS	Idea phase	Private support	60-70%
Medarbejderne AS	Minimal viable product phase	Public support	40-50%
Medarbejderne AS	Minimal viable product phase	Private support	50-60%
Medarbejderne AS	Operational phase	Private support	90-100%
Fair & Square	Minimal viable product phase	Crowdfunding	90-100%
Fair & Square	Operational phase	Company revenue	90-100%
KREM	Idea phase	Private equity	80-90%
KREM	Minimal viable product phase	Private equity	0-10%
KREM	Minimal viable product phase	Public support	40-50%
KREM	Minimal viable product phase	External funding	50-60%
KREM	Operational phase	Public support	20-30%
KREM	Operational phase	Private support	70-80%
Gladiator GT	Idea phase	Private equity	30-40%
Gladiator GT	Idea phase	Public support	40-50%
Gladiator GT	Idea phase	External funding	30-40%
Gladiator GT	Minimal viable product phase	Private equity	20-30%
Gladiator GT	Minimal viable product phase	Public support	20-30%
Gladiator GT	Minimal viable product phase	External funding	40-50%
Gladiator GT	Operational phase	Private equity	20-30%
Gladiator GT	Operational phase	Public support	20-30%
Gladiator GT	Operational phase	External funding	30-40%
Jobbsøkerhjelpen	Idea phase	Private equity	0-10%
Jobbsøkerhjelpen	Idea phase	Public support	20-30%
Jobbsøkerhjelpen	Idea phase	Private support	70-80%
Jobbsøkerhjelpen	Minimal viable product phase	Public support	20-30%
Jobbsøkerhjelpen	Minimal viable product phase	Private support	70-80%
Jobbsøkerhjelpen	Operational phase	Public support	20-30%
Jobbsøkerhjelpen	Operational phase	Private support	70-80%
Moving Mamas As	Idea phase	Private equity	20-30%
Moving Mamas As	Idea phase	Public support	20-30%
Moving Mamas As	Idea phase	Private support	40-50%
Moving Mamas As	Minimal viable product phase	Private equity	20-30%
Moving Mamas As	Minimal viable product phase	Public support	30-40%
Moving Mamas As	Minimal viable product phase	Private support	30-40%
Moving Mamas As	Operational phase	Public support	50-60%
Moving Mamas As	Operational phase	Private support	30-40%
Vintage Baby Sosiale Entreprenører	Idea phase	Private equity	20-30%
Vintage Baby Sosiale Entreprenører	Idea phase	Public support	40-50%
Vintage Baby Sosiale Entreprenører	Minimal viable product phase	Private equity	20-30%
Vintage Baby Sosiale Entreprenører	Minimal viable product phase	Public support	60-70%
Vintage Baby Sosiale Entreprenører	Minimal viable product phase	Private support	0-10%
Vintage Baby Sosiale Entreprenører	Minimal viable product phase	External funding	0-10%
Vintage Baby Sosiale Entreprenører	Minimal viable product phase	Crowdfunding	0-10%
Vintage Baby Sosiale Entreprenører	Operational phase	Private equity	0-10%
Vintage Baby Sosiale Entreprenører	Operational phase	Private support	10-20%
Vintage Baby Sosiale Entreprenører	Operational phase	External funding	10-20%
Vintage Baby Sosiale Entreprenører	Operational phase	Company revenue	60-70%