

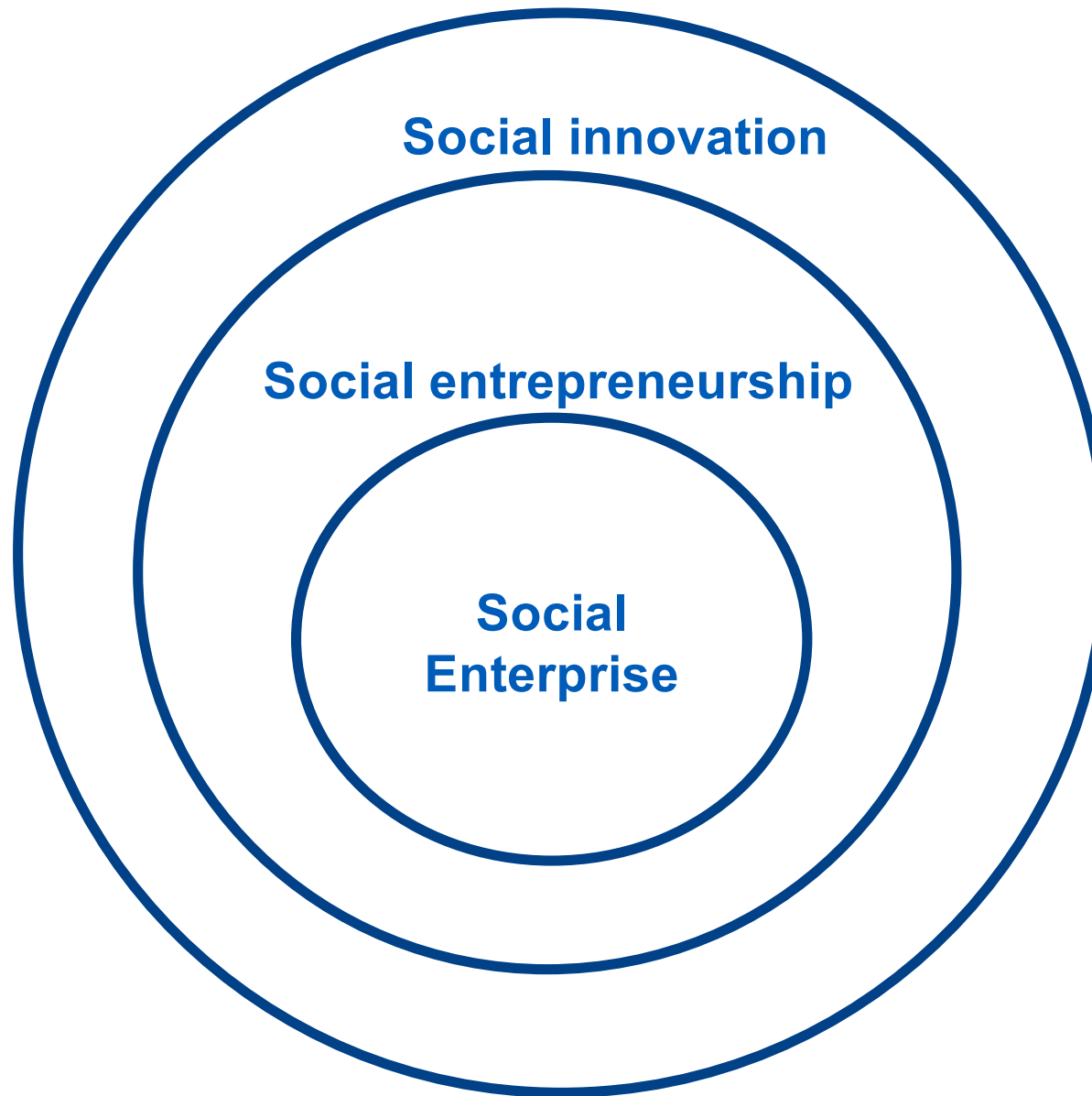
ISIRC 2018, Heidelberg, 3-5 September
"Bridging Social and Business Innovation"

Preconditions for Social Entrepreneurship and Social Innovations in Rural Areas

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Entrepreneurship**

RELATIONSHIP OF CONSTRUCTS (Nicholls, 2018)



Ideas, models, discourses, frames, inspirations, focused on structural change

Organizations, projects, social movements that enact social innovations

Social businesses profit-with-purpose

ENTREPRENEURSHIP

“is concerned with the discovery and exploitation of profitable opportunities” (Shane and Venkataraman 2000)

Innovation
Action
Passion



The Entrepreneur – shift in image

Homo Economicus

**Homo
reciprocans**



- Individual actor
- Driven by profit maximization
- Egoists-exclusively motivated by self-interest.



- Cooperative actors
- Motivated by improving their environment
- Altruists - balance between self-interest and what's best for society

Broadening the Entrepreneurial perspective

Individual phenomenon

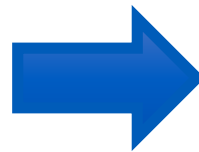
- Extraordinary activity
- The entrepreneur as a special class of people

- **Collective phenomenon**

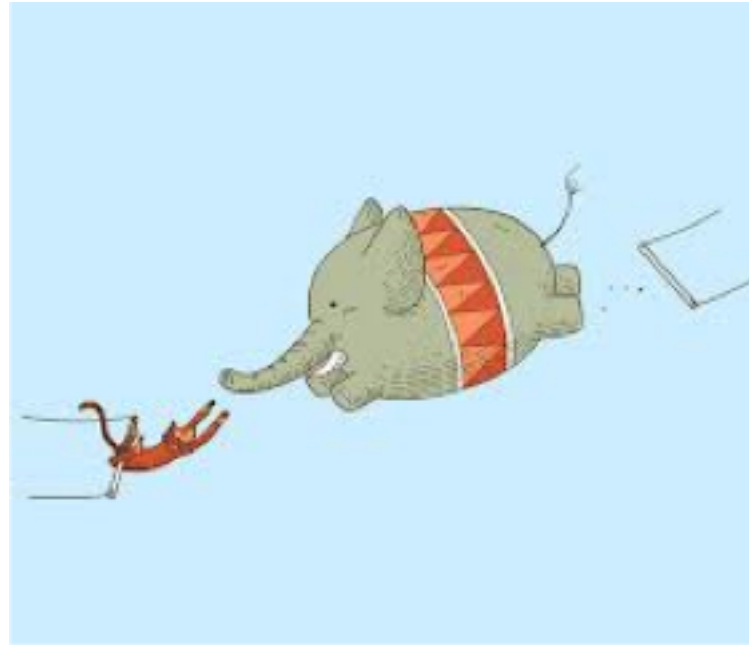
- Economic, social and humanistic function embodied in all human activity
- Individual and collective co-creation of value



Mittunive
(Source: bokliv.se)



(Source: graamenfoundation.org)



III: Chow Hon Lam

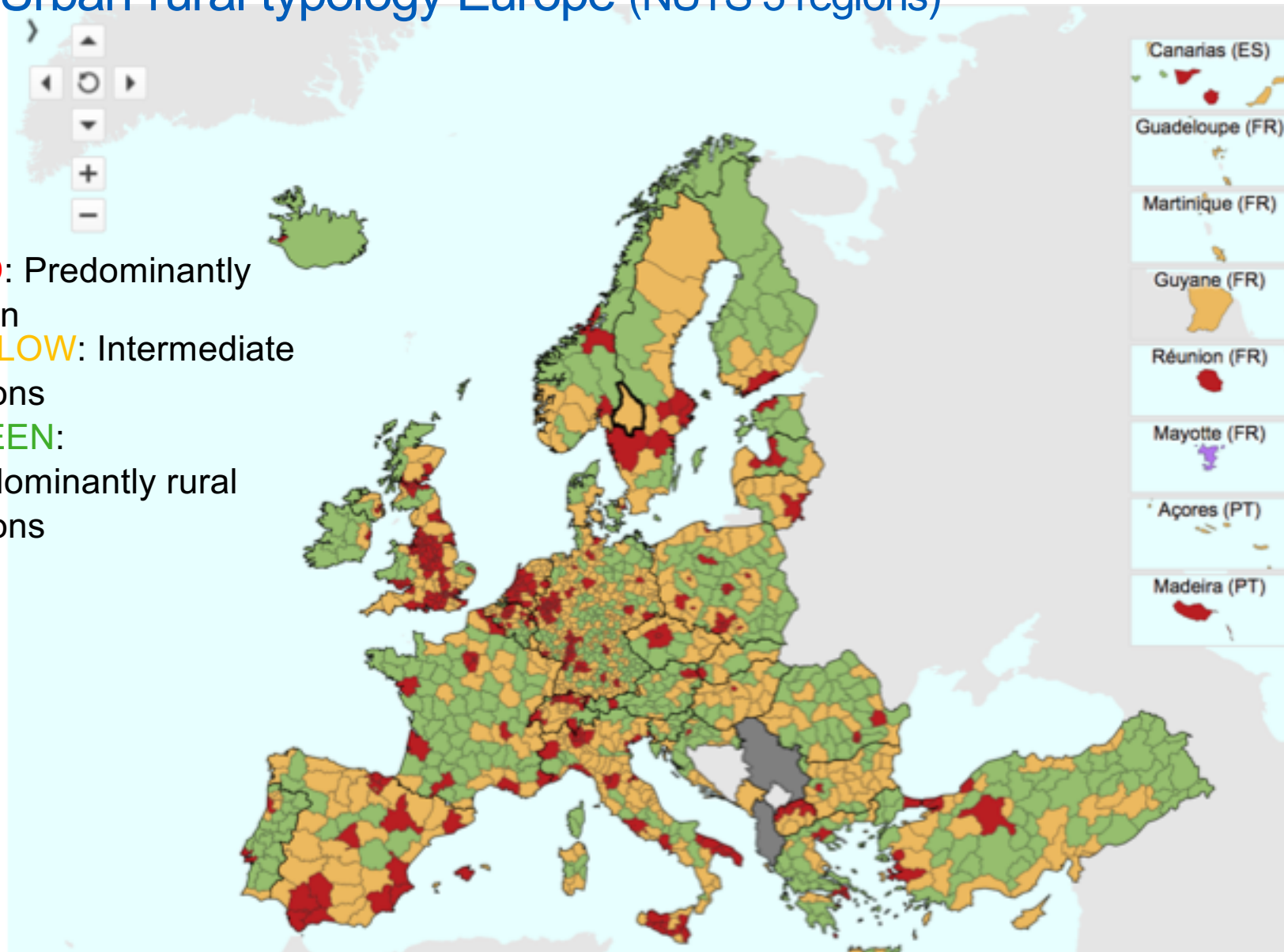
Social entrepreneurs = Solve social problems by using entrepreneurship motivation and questioning of the prevailing order (Bjerke 2013). The ventures are occupied with social problems rather than conventional business opportunities (Austin et al., 2006).

Social entrepreneurship is all about mobilizing local resources to create networks, organizations or institutions, which aims to create new positive values for the society. (Zahra et al. 2009)

Prerequisites for SE - CONTEXT MATTERS

Urban-rural typology Europe (NUTS 3 regions)

RED: Predominantly urban
YELLOW: Intermediate regions
GREEN: Predominantly rural regions



(Source: Eurostat, 2018)

Social entrepreneurship and social innovation become solutions to the changing society!

Social entrepreneurship and welfare transformative processes involving business and citizens initiatives is now seen as a solution (Lundegaard-Andersen et al., 2016; e.g. Swedish Government Strategy for Social Entrepreneurs, 2018)

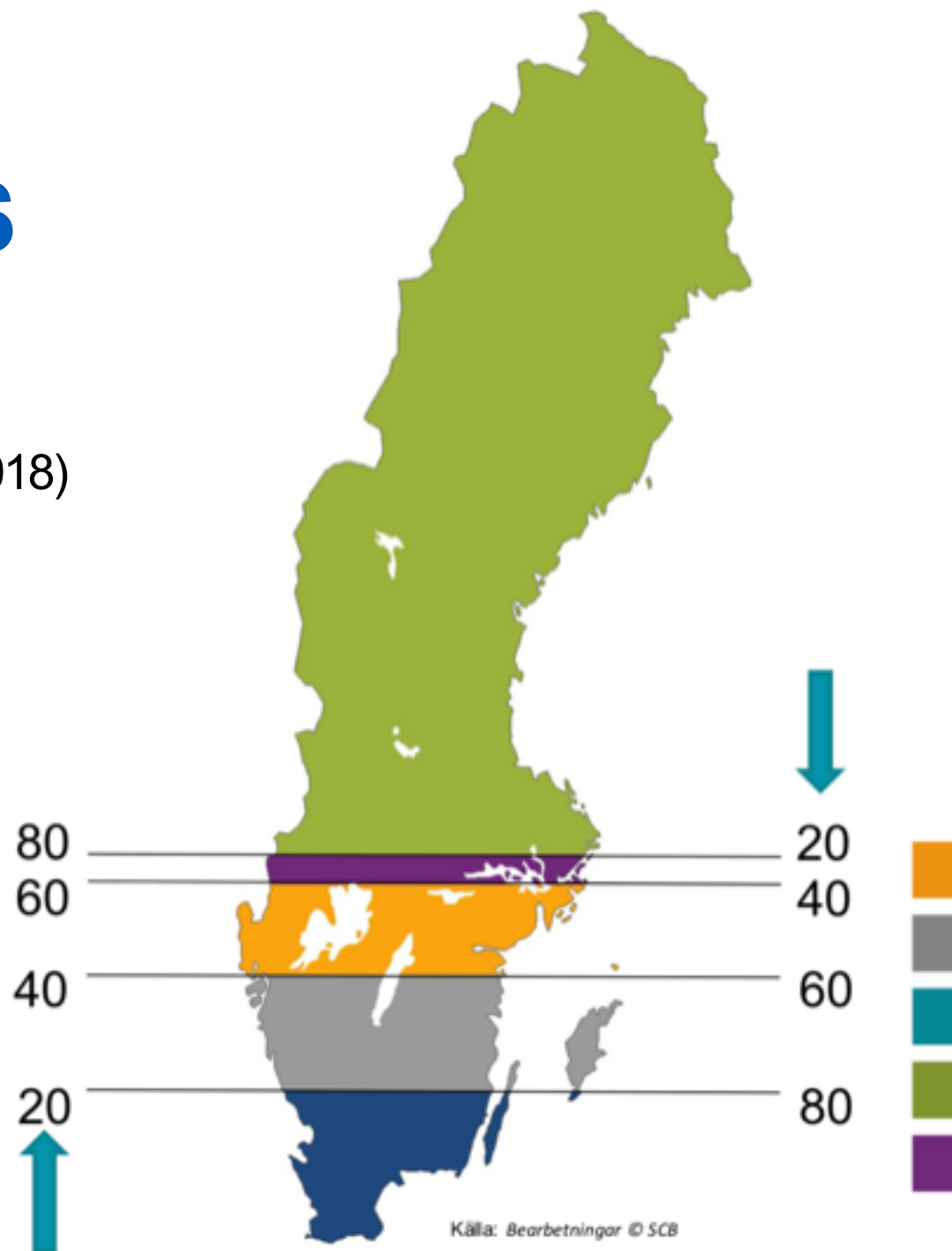
Traditions of solidarity and public funded solutions to social functions and the welfare structure model in Sweden is thereby challenged by upcoming problem solving models developed by social entrepreneurship initiatives.

The Example of Sweden



WHERE DO THE SWEDES LIVE?

(Source: S. Svanström, SCB, 2018)



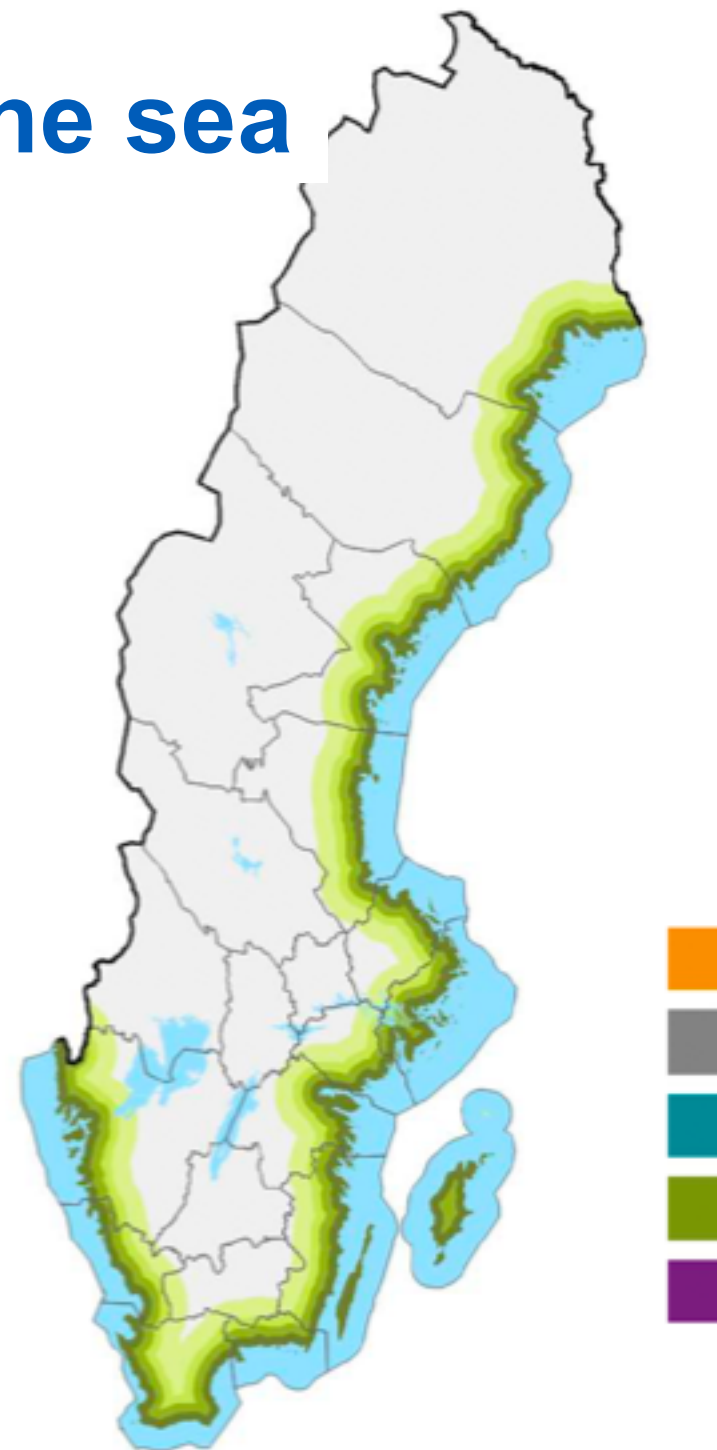
Swedes lives close to the sea

SCB

Statistics Sweden

Statistiska centralbyrån

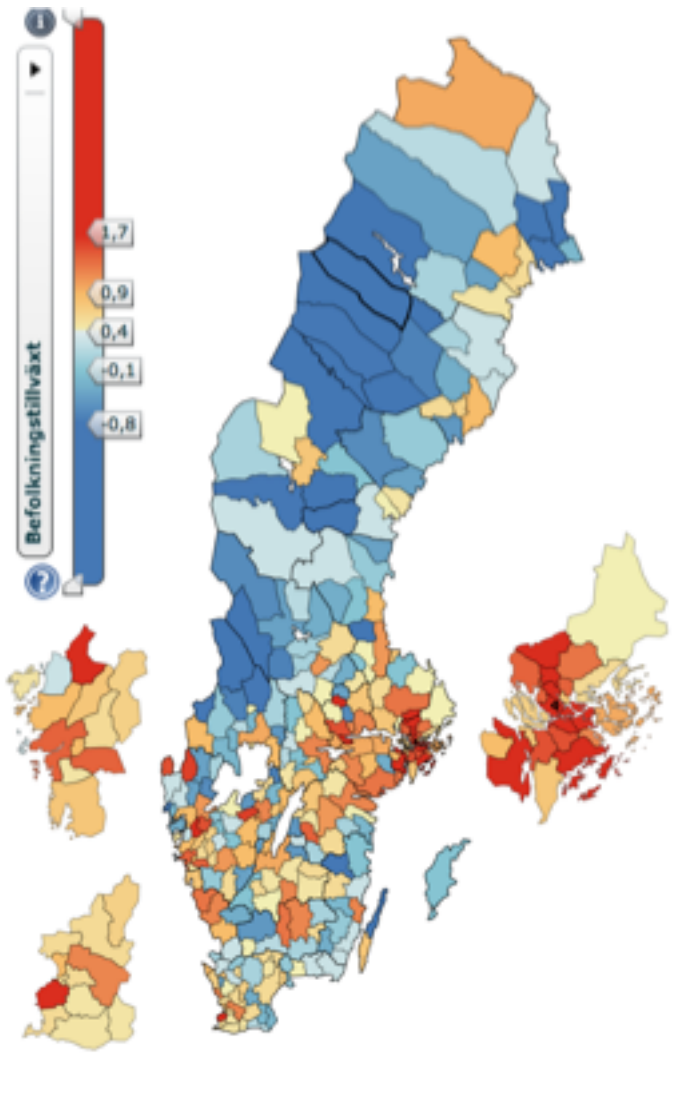
Distance to coast	Number of residents	Proportion of population
10 km	4 625 000	49 %
20 km	5 435 000	58 %
30 km	5 904 000	63 %
50 km	6 660 000	71 %



(Source: S. Svanström, SCB, 2018)

RURAL AREAS

- Urbanization and strong market economy
- Loss of jobs
- Depopulation in rural areas
- Tax base decreases in most rural municipalities
- Social services disappears
- Rural societies are drained



Population growth
in Sweden 2012-2013

(Source: SCB, 2014,
www.scb.se/Kartor/Statistikatlas)

EQUAL ECONOMIC PREREQUISITES AT REGIONAL LEVEL IN SWEDEN?

REGIONAL WELFARE POLICY 1980	REGIONAL DEVELOPMENT POLICY 2019
Comprehensive, resource-intensive	Less extensive, less resources
Was established during economic expansion	Established in the public sector reassessment and reduction
Taxes	Co-financing, project, EU
Consumer-oriented	Investment oriented
Clear results	Uncertain results
(Basically) monopoly	Exposed to competition
Rights for all throughout the country	Uneven development in different parts of the country
Strong equalization system (county council, tax alleviation)	Less national equalization, emphasizes the development of their own power

SWEDISH POLICY DESIGN

REGIONAL WELFARE POLICY 1980	REGIONAL DEVELOPMENT POLICY 2019
Policy area cherished	Policy area is questioned by some politicians
Left-right politicized	Consensus oriented
Politician role: Profiled	Politician role: Cooperation
Welfare politicians	Development politicians
Welfare bureaucrats	Development bureaucrats
Participation mainly through representative democracy	Participation through consultation and networking

Traditions of solidarity and public funded solutions to social functions and the welfare structure model in Sweden is thereby challenged by new problem solving models developed by social entrepreneurship initiatives.

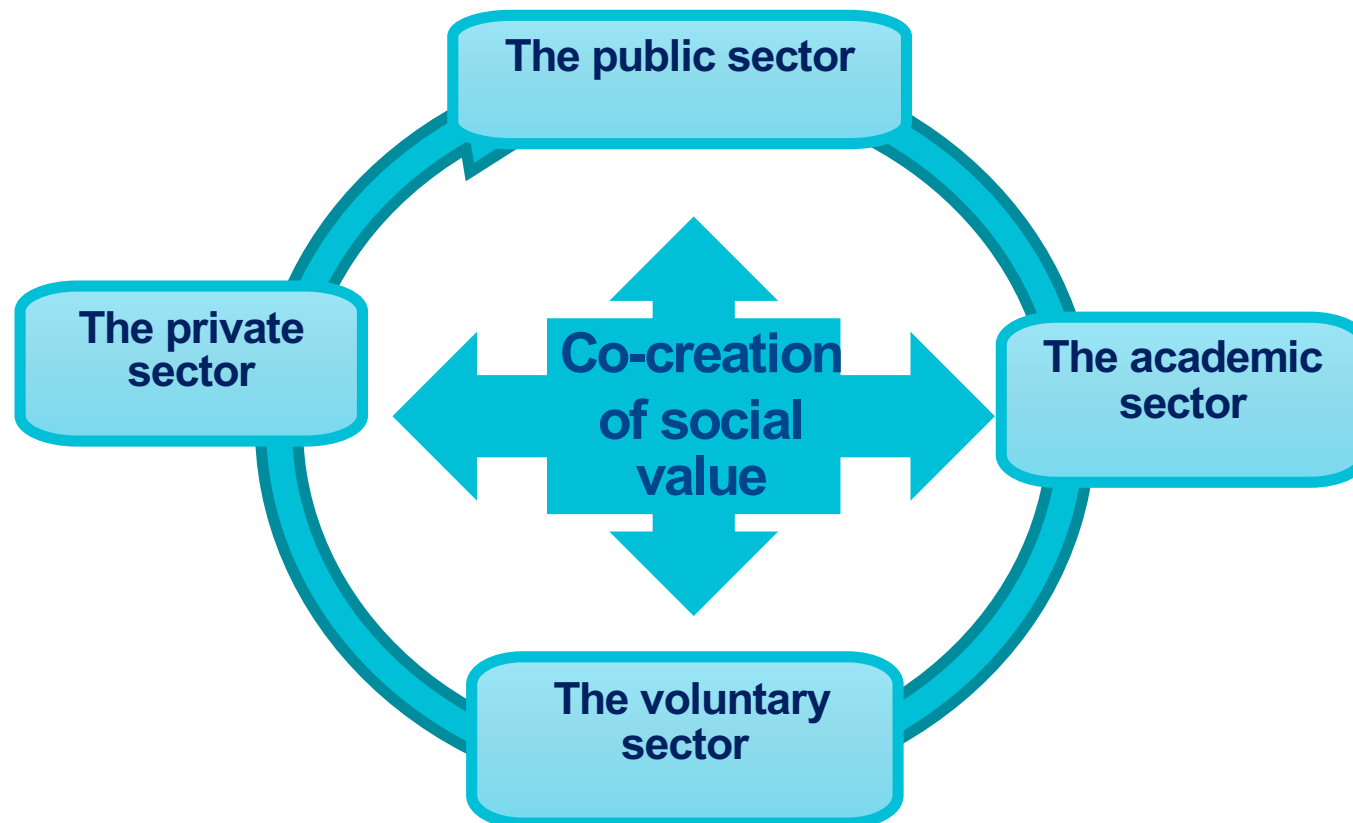
THE 'SCOTTISH' MODEL

Social Enterprise Eco-system



Soruce: B. Brodie
brent.brodie@gov.scot, 2018

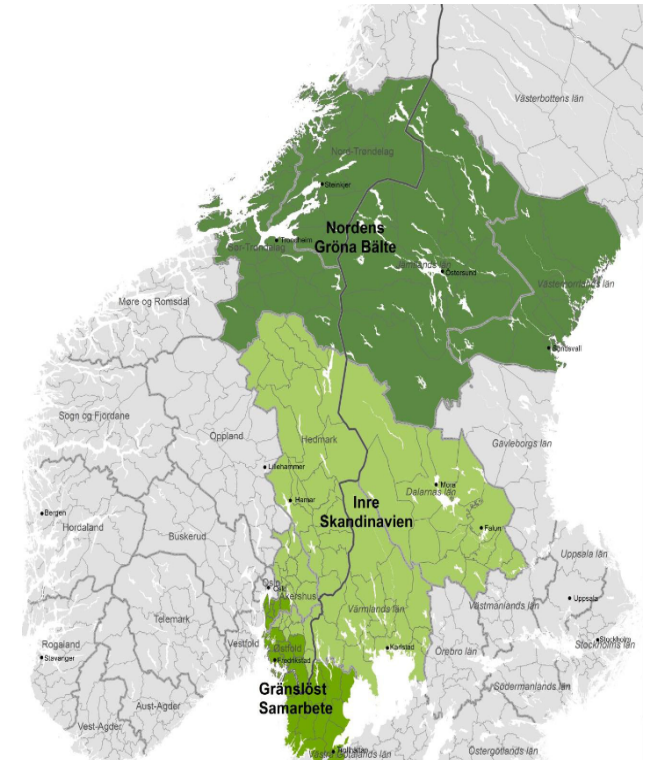
Lack understanding of what the factors are that endorse or inhibit partnerships and inclusion of social enterprises in the entrepreneurial ecosystem



Regional Development and Social Entrepreneurship in Norway-Sweden

www.miun.se/resens

1/1 2016 – 31/12 2018
Interreg Sweden-Norway
programme 2014-2020.



PARTICIPANTS in RESENS

Study: Politicians
Growth/Business support
department
Business advisors/incubators

Participants:
6 advisors
8 municipalities/regions

Study: Advisors/incubators

2 Universities

Survey 6000 entrepreneurs

The private
sector:
“Economic
activity”

Co-creation
of social
value

The academic
sector:
“Theories”

55 Organisations
/businesses

The voluntary
sector:
“Societal glue”

Networking activities
Meetings
Consulting

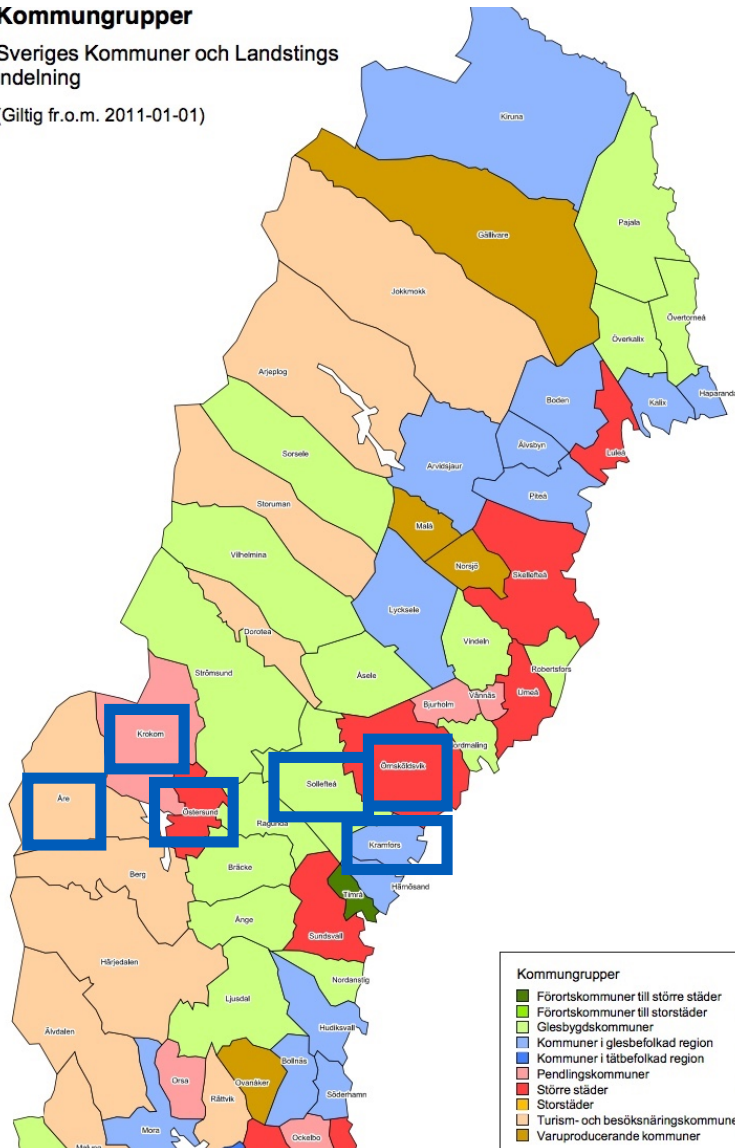
Studies:

30 entrepreneurs - interviews
60 entrepreneurs-survey

Kommungrupper

Sveriges Kommuner och Landstings
indelning

(Giltig fr.o.m. 2011-01-01)



(Source: SCB, 2017)

Exploration of prerequisites for citizen driven social entrepreneurship and public- private collaboration in six municipalities in rural Sweden

Two regions - Six municipalities

Åre (3), Krokoms (5), Östersund (7)
Sollefteå (6), Kramfors (4), Örnsköldsvik (5)

- Interviews - 30 social entrepreneurs 2016/ 2017
- Snowball sampling
- Six municipalities:
- Respondents: head of venture/business, owner, founder, CEO etc.



RQ1: Is it possible to categorize social entrepreneurship in different themes based on what is performed?

Main focus	No.
Local village development	14
Newly arrived	4
School	2
Social or Health care	5
Work Integration	5
Total	30

RQ2: What role in the ecosystem do social entrepreneurship play? Driving force?

Main focus	Role and social value
Local village development	Living countryside, Recreational activities, Businesses, Jobs, Population development
Newly arrived	Promote self esteem, Internships, Inclusion, Population growth, Reduced costs for society
School	Village saver, Biggest employer, Networking creator
Social or Health care	Prohibit exclusion, Local health and elderly care, Better quality of life
Work Integration	Creation of jobs for people far from employment, Promote self esteem

RQ3: What obstacles and opportunities do the entrepreneurs face in their daily lives?



Mittuniversitetet

Main focus	Obstacles and opportunities
Local village development	<p>Increased social capital.</p> <p>Dependence on voluntary work and cooperation.</p> <p>Not recognised and confirmed as a valuable creator of social good.</p> <p>Financial constrains.</p> <p>General attitude of centralisation in society.</p> <p>Lack public involvement.</p>
Newly arrived	<p>Attitudes in the local community.</p> <p>Major challenge is also financing.</p> <p>Lack public-private-citizen collaboration.</p>
School	<p>Similar to the Local village development group.</p> <p>Some funding from the municipality but not enough.</p> <p>Rural localization.</p>
Social or Health care	<p>Challenges of financing the business, dependent on few individuals' private economy.</p> <p>Lack of public agreements.</p>
Work Integration	<p>Received support and advise.</p> <p>Legitim status as WISE.</p> <p>No flexibilty in the support system.</p>

RQ4: Which legal forms do social entrepreneurs use?

Main focus	Local village development	Newly arrived	Schools	Social- or Health care	Work Integration	Total
Legal form	(14)	(4)	(2)	(5)	(5)	(30)
Econ.ass	3		1	2	4	10
Volunt.ass	6	1	1	1	1	10
Ltd	5	2	1	1		9
LBG				2		2
Priv.firm	3					3
Citiz. coop			1	1		2
Trad.comp	1					1
Village community	1					1
Facebook		1				1
Total	19	4	4	7	5	39

IGNORANT FINANCIERS

Social entrepreneur within elderly care : “Very difficult to get loans.

When we wanted to build and renovate, and apply for loans, we got a NO everywhere. We had ourselves 1.5 million (SEK) in equity and run the organization as a cooperative, an economic association. According to many public officials and banks this is something strange, they do not know what it is, a little "blue-eyed" and they are skeptical. If we had been a limited company and also had some well-known people in the board, we might have had other loan terms. I wish that venture capital really was venture capital. There is no such capital today.”

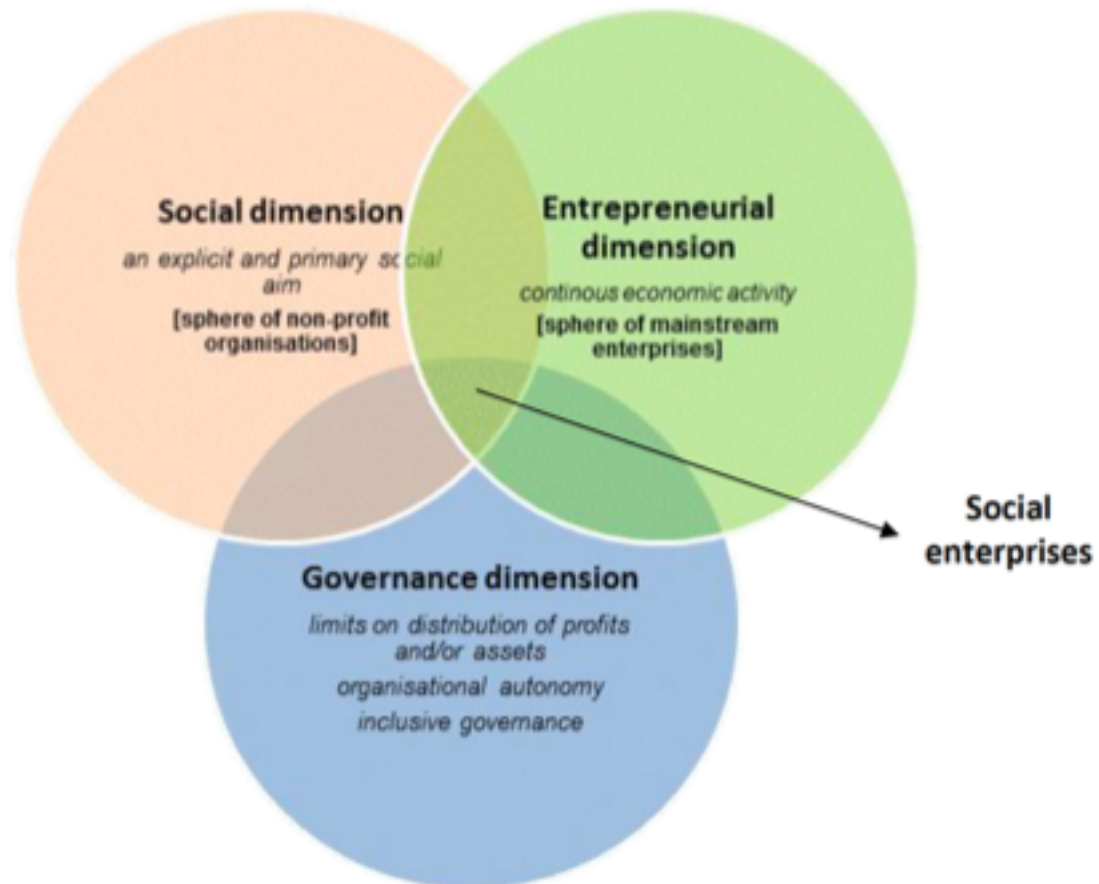
SE in rural areas in Sweden?

- Local proximity matters to mobilize human and social capital.
- The municipality is an important part.
- The economy is a problem for almost everyone
- Important to be recognised and confirmed as a valuable creator of social good.
- Dependent on voluntary work.
- Rural location is a challenge.
- Lack of public agreements.
- Need for unbiased advice about appropriate legal forms for their organization to better optimize the social initiative .

PUBLIC – PRIVATE COLLABORATION

- The municipality is an important part - but do not collaborate.
- Freedom and flexibility is important- positive to cooperation and co-funding with the municipality, without being ruled.
- Dependent on proactive and interested municipality leadership and governance.
- "One way in" to the municipality bureaucracy –need of active help and action.
- The municipality conducts similar activities which create competitive situations.
- Bottom-up initiatives more difficult than top-down initiatives.
- Important to measure the social value to the public sector.

THE THREE DIMENSIONS OF A SOCIAL ENTERPRISE (European Commission, 2015:vi)

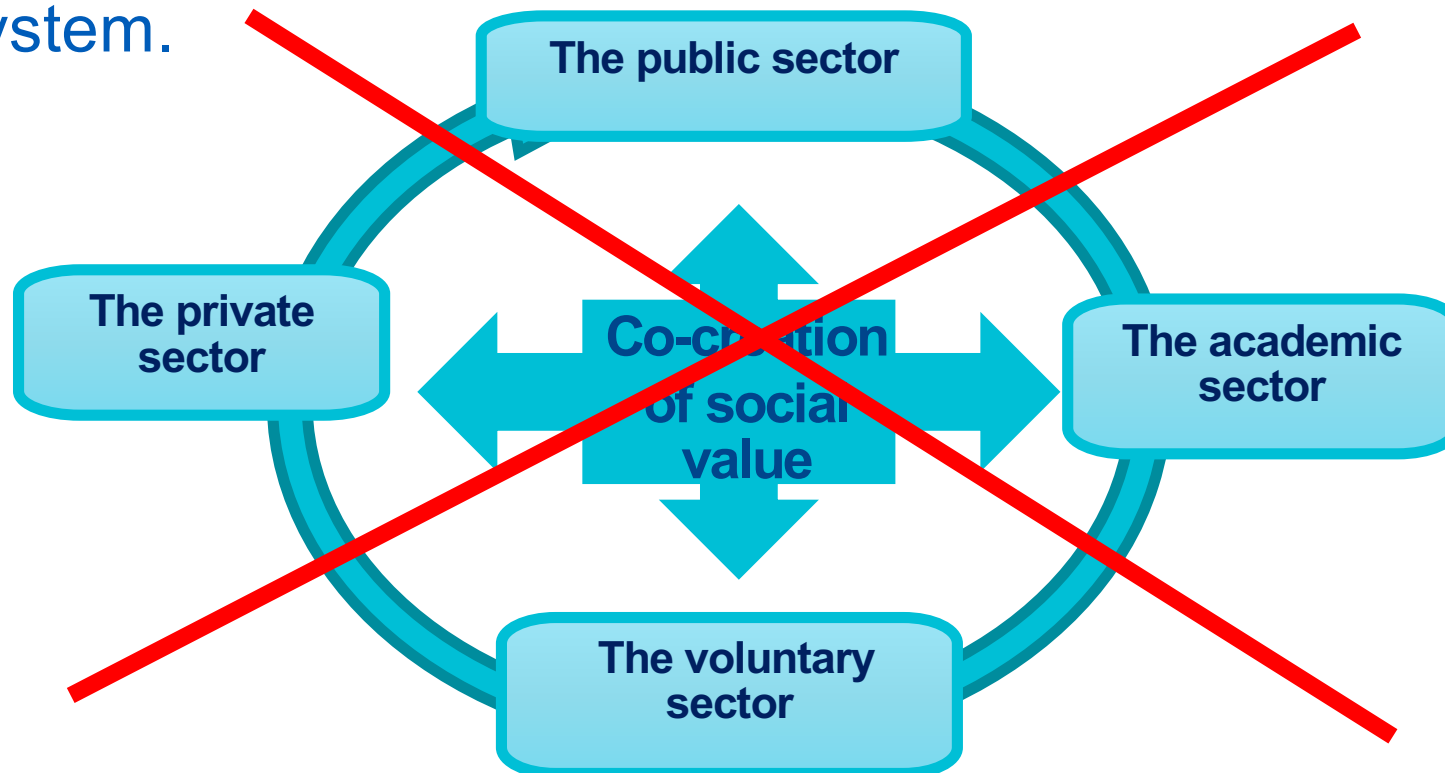


The expectations on the outcome differs

“For us, it is most important to measure the effect we have had on our participants, if they have been moving on to work or education”



Social entrepreneurship is not yet fully recognise as a resource for co-creation of social value in society and therefore the social entrepreneurs and social innovators are not yet fully included in the regional entrepreneurial ecosystem.



Conclusions

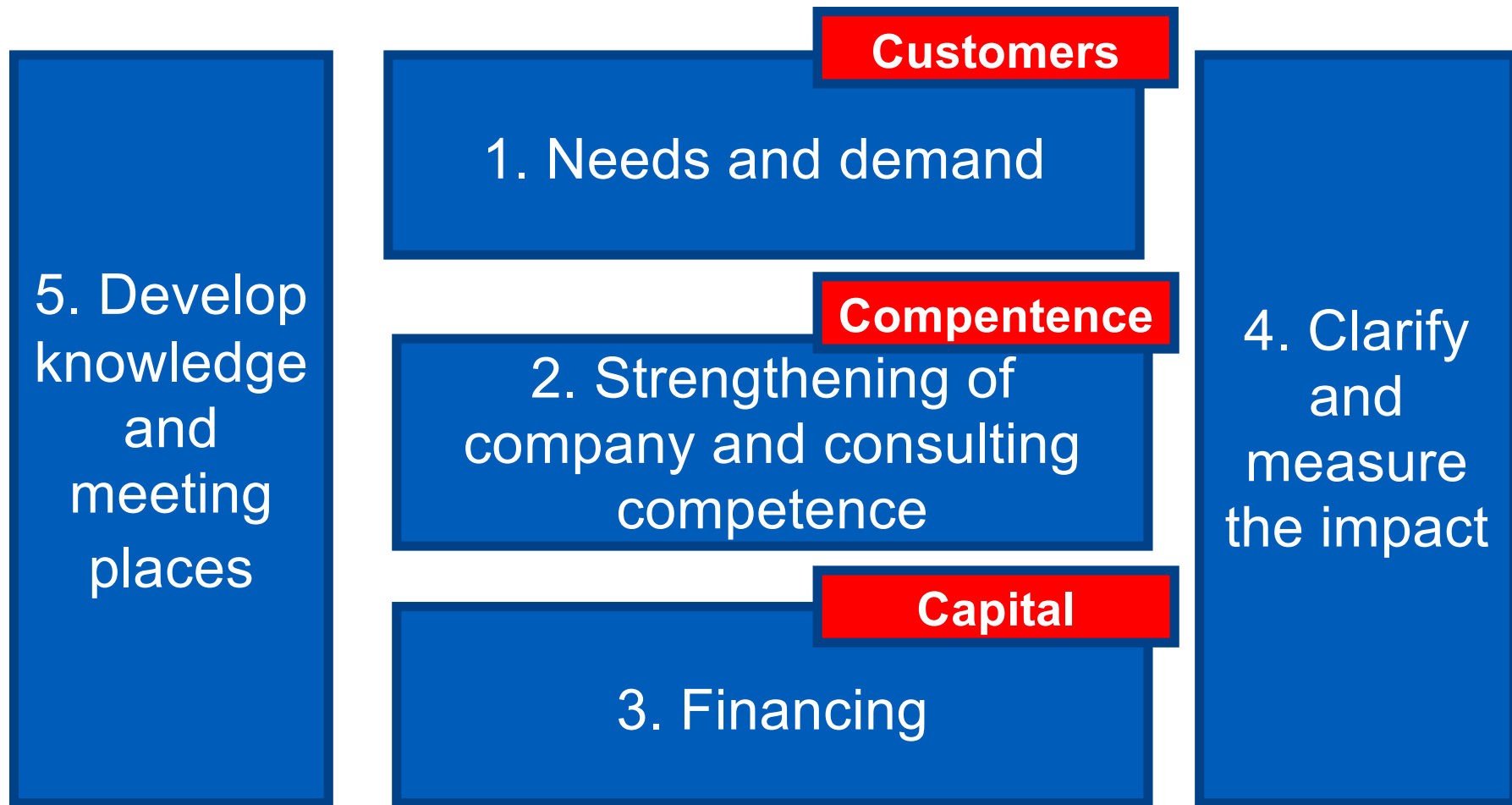
The times are changing but the entrepreneurial ecosystem is still not adapted to social entrepreneurship and social innovation in Swedish context (especially rural).

The public sector can either act as facilitator or counterpart for social entrepreneurship, the latter is more common in our study.

BETTER CONDITIONS FOR SOCIAL ENTREPRENEURSHIP IS NEEDED- What to do?

- Better coordination of stakeholders.
- Look at social entrepreneurship and social innovation as important actors both in the welfare and regional development.
- Policymaking both general but also specific to different contextual settings.
- Enhance the knowledge through structural explorative research and comparative studies.
- Think of social entrepreneurship as part of the regional entrepreneurship ecosystem.
- Rethink local organisation structure for development and growth to include social initiatives.
- Develop business models that embrace both economic and social values.
- Better customized regulations.
- Develop hybrid funding and capitalization models.
- Continue to develop models and tools for measuring social value (individuals, organisations, local/region/nation level)
- Etc.

The Swedish Government Strategy for Social Entrepreneurs (<https://www.regeringen.se/> 2018)





Thank you!

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www.miun.se/resens