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SOCIAL ENTREPRENEURSHIP – THE CASE OF GREENPOP

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Abstract

The primary goal of this thesis is to explore the phenomenon of social entrepreneurship by studying its potential and impacts. This research aims to: (1) describe the evolution of social entrepreneurship to date and (2) analyze the potential and impacts of social enterprise to the society and sustainable development.

A tree-planting social enterprise located in South Africa, Greenpop, is used as the case company. The study is qualitative. The thesis was carried out during the winter of 2014. The implementation of the thesis consisted of the following stages: (1) theoretical framework construction and collecting secondary data, (2) primary data collection through a semi-structured interview, and (3) data analysis. The interview was conducted with Misha Teasdale, the CEO of Greenpop. It was recorded and transcribed.

The outcomes of the thesis depict social entrepreneurship as a business model that supports a more sustainable economy and allows new entrepreneurial possibilities. In addition, the results of the research argue that a social enterprise has highly positive impacts on the community in several different ways. Besides social and environmental impacts, social enterprises help encourage ethical values and improve the overall enterprise level as well as public services delivery. Therefore, it is concluded that social enterprises deserve more support from governments and recognition from society.

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Appendix 1. Interview questions with Greenpop in South Africa

1 INTRODUCTION

In a modern capitalist system, there are two main types of corporate bodies that can be separated completely. There are profit-maximizing businesses, whose purpose is to create shareholder value, while on the other end of the scale, non-profit organizations exist to fulfill social objectives. Although the global open market model has brought wealth and prosperity to many countries, not only do many people still live in poverty, but also the gap between rich and poor has been widened drastically, especially in developing countries. In the same way, environmental sustainability is generally overlooked by many corporations and firms in those rapidly growing economies.

The profit-maximising businesses tend to overlook social factors such as their possible social consequences or unethical business practices. On the other hand, the many billions of dollars that people around the world donated to different non-profit organizations such as charities, non-government organizations (NGOs), and foundations every year demonstrate that people want to give money in a way that benefits other human beings. However, a large number of donors are gradually changing their views about giving and doing charity activities. They find that offering financial support not only might create dependence and laziness among the disadvantaged, but also have a certain chance of getting the donated sums leached by possible corruption. Among other approaches to relieve poverty and environmental degradation, the concept of social entrepreneurship has started to attract academic attention in recent years by combining the social value of charity with financial self-sustainability of traditional for-profit businesses.

Even though examples of social entrepreneurship can be recorded from centuries ago and there have been a large number of social enterprises emerging around the world, the term Social Entrepreneurship itself is still rather ill-defined and might be interpreted differently in various regions. Originally, social entrepreneurship evolved as a part of the entrepreneurship literature. Yet, while traditional entrepreneurship focuses on maximizing profits, social entrepreneurship are created to further a social purpose in a financially sustainable way. In spite of

sharing the same characteristics, conceptual differences are observable in definitions of social entrepreneurship (process or behaviour), social entrepreneurs (founder of initiative), and social enterprise (tangible outcome, a legal form) (Urban 2008). Related concepts and terms will be discussed further in the later part of the thesis.

The aim of the thesis is to discuss the phenomenon of social entrepreneurship by studying social entrepreneurship, social economy concepts as well as social trends and measurable effects through a qualitative interview and statistic. Based on these results, the thesis will then discuss the potential of social entrepreneurship as well as its impact on sustainable development.

The thesis will attempt to answer the following research questions:

1. How has social entrepreneurship been evolving?
2. What is the potential and impact of social enterprises on society and sustainable development?

The thesis structure is split into several parts which are illustrated in Figure 1.

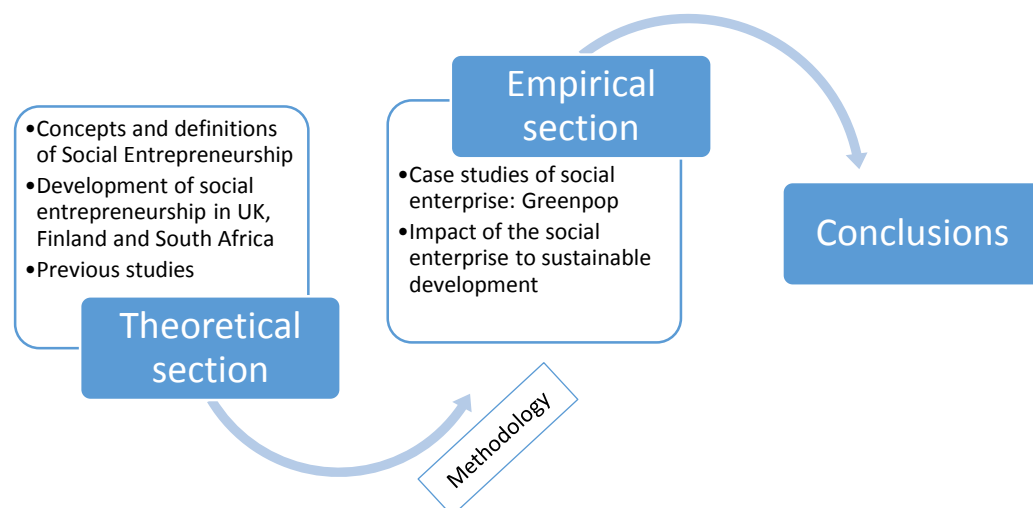


Figure 1. Thesis structure.

The theoretical section, which is located in Chapters 2 and 3, aims to create a framework with the help of background knowledge and comprehensive source

material. The theoretical framework is the basis that can be used to draw a clear picture of the expansion of social entrepreneurship to date and its role in different economies. The theoretical section also examines definitions related to social entrepreneurship and concepts, as well as public awareness of the phenomenon and finally, the current situation of social development in Finland and South Africa.

After that, the methodology section features the research methods and how representative the research data is. From there, the findings of the research will be presented and discussed in the empirical section. A review and analysis of a real social enterprise in South Africa called Greenpop have been made. In this section, the evaluation of the case study is carried out based on the projects of the social enterprise as well as its potential and impact on sustainable development. Eventually, the author combines the data collected from theoretical and empirical chapters to create a reflection regarding social entrepreneurship in the conclusion section.

2 SOCIAL ENTREPRENEURSHIP

This chapter introduces the history and development of social entrepreneurship. The definitions of social enterprise and social economy are discussed as are related terms and concepts. The nature of social enterprise and its impact on the community are also mentioned.

2.1 History of social entrepreneurship and social economy

2.1.1 Origin

Although the terms social entrepreneur and social entrepreneurship are relatively new, such people and organizations can be found throughout history, and some have even been active for centuries. The United Kingdom was the birthplace of social enterprises and to date has been the country where social enterprises most developed. According to MacDonald & Howarth's research (2008), the first social entrepreneurship example can be documented during the plague (Black Death) epidemic in 1665. In this period, wealthy families fled out of London leaving many poor people unemployed. In such a situation, Thomas Firmin used his own investments to establish a factory, supplying materials for the operation and providing employment for 1,700 people. At the time of establishment, Firmin openly stated that instead of pursuing the optimization of profit, the profit is transferred to charitable funds (CSIP, British Council & CIEM 2012).

Over one century later, the foundations of social economy can be also recorded in *Economics for the Common Good* by Mark A. Lutz (1998). In the beginning of nineteenth century, as the industrial and mechanical revolution had increased the availability of mass-produced goods, the ideas that supported conventional economics which fulfil human's endless desire for increased wealth were well-developed. However, a Swiss economist called Jean Sismondi, also known as the "grandfather" of social economy, was the first person to show that economics could be done differently (Lutz 1998, 51). He saw that the emerging conventional economics would cultivate the unequal division of wealth and eventually lead to a poor living standard for many people. Sismondi therefore favored economics that measured its prosperity based on what was happening to the people, rather than monetary accumulation (Lutz 1998, 51). Hence, the idea of social economics was born.

The idea has been carried forward through time by many economists and humanists in the following eras. Gradually, the models of micro-finance,

cooperatives, social housing etc. had been founded and spread out over most of Europe and North America. These private organizations typically pursue goals other than profit in which their main purpose is not to generate financial gains for their owners and stakeholders but to provide goods and services either to their members or to the community at large. The label that is generally used to refer to these organizations as a whole is the 'social economy' – a term that stresses the special attention that these organizations pay to the social consequences of their activities and their participative governance structure (European Commission 2013, 7).

2.1.2 The development of social entrepreneurship

In the last 30 years, social entrepreneurship has experienced a significant growth transcending countries' borders and has become a social phenomenon on a global scale. What follows are a few of the main factors responsible for this development.

First of all, after World War II, the economies around the world saw countless ups and downs. During economic recessions, in order to compensate the deficits, the governments cut down not only jobs and public services, but also the funds that support charities. Naturally, the companies and organizations sought a more sustainable way to operate. In such a situation, the social ventures appeared as the solution to unemployment as they were contributing social services and providing financial generation.

Secondly, after the war, the connectedness of the world's economies and cultures was picked up again. Countries started to loosen their trade barriers, allowing globalization to happen. This trend has enabled many social enterprises around the world to access a wider range of resources and knowledge. Moreover, it brings the social entrepreneurship concept across countries' borders (CSIP, British Council & CIEM 2012).

Furthermore, humanity and environmental values have been strongly promoted. While continuing social issues such as poverty and inequality obviously play the main role in the expansion of social entrepreneurship, environmental depletion is also a greatly important factor. For a long time, with the economy built on human-centered systems, we tend to preserve only those things known to be beneficial to man and ignore ecological sustainability. Only in recent decades, when the negative effects on the environment and humans become increasingly visible, people tend to care more about others and the living environment. Thus, the number of social enterprises starts to grow noticeably.

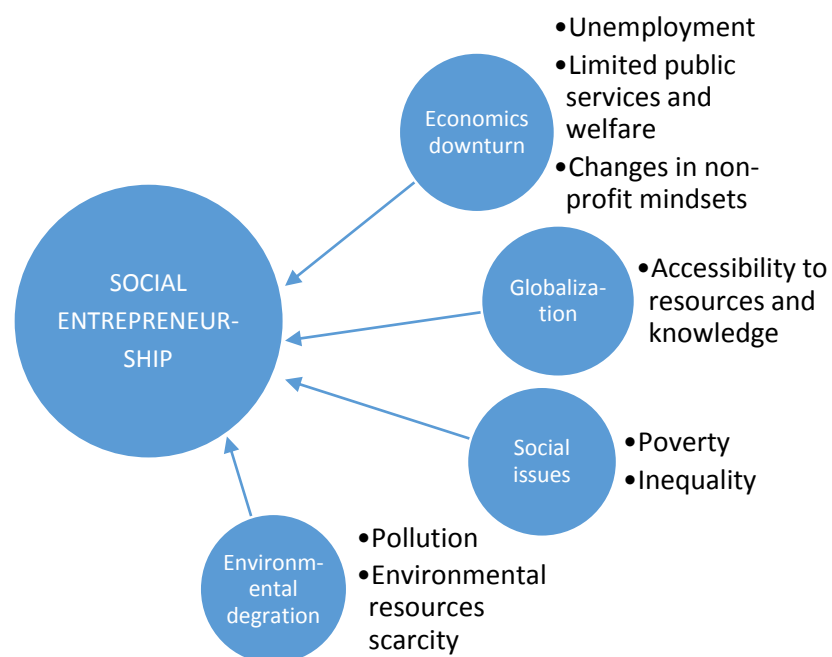


Figure 2. The motivations for the development of social entrepreneurship.

The term “social entrepreneurship” was first mentioned in 1972 by Joseph Banks in *The Sociology of Social Movements*, where he used it to describe the need of managerial skills to address social problems and business challenges (Banks 1972). After that, the social entrepreneurship practices were more and more widely known in the 1980s and 1990s, promoted by Bill Drayton the founder of Ashoka: Innovators for the Public, and with the publication of *The Rise of the Social Entrepreneur* by Charles Leadbeater.

In 2006, the social entrepreneurship movement marked a flourishing point on a global scale with Prof. Muhammad Yunus from Bangladesh, the founder of Grameen Bank, who initiated the concept of microcredit for supporting social enterprises in many developing countries around the world. He received a Nobel Peace Prize for his efforts. Yunus was also the first person who thoroughly defined and engaged the term ‘Social Business’ while his microfinance business Grameen Bank is often hailed as the mother of social business. Many countries have officially acknowledged social entrepreneurship and created regulatory frameworks as well as policies to encourage social enterprise development in their respective countries.

2.2 Social Economy

2.2.1 Social economy concept

Not long after the Swiss economist Jean Sismondi initiated the idea of social economics, the term “social economy” was mentioned in Anglo-Saxon and Francophone academic literature in French as *economie sociale* in 1830. It was first used to describe bottom-up solidarity economic relations: mutual aid, informal exchange, community self-help etc. (Moulaert & Ailenei, 2005). The idea of a separate sector consisting of enterprises and organizations that did not belong to the traditional private or public sectors, began to spread in the mid-1970s (Defourny, Hulgård & Pestoff 2014).

Social economy is often referred as a third sector located between the private and public sectors – which is also known as the “civil society”. It covers a wide range of initiatives and organizational forms from the voluntary sector, community organizations, to social enterprises (HM Treasury 2005). According to the European Commission, the term ‘social economy’ is used to define a specific part of the economy: a set of organizations (grouped into four major categories: cooperative, mutual, associations, and foundations) that primarily pursue social

purposes and are characterized by participative governance systems (European Commission 2013, 12).

By using innovative solutions to achieve social objectives based on care and maintenance rather than consumption, a social economy has a special role in modern society: “without a stable civil society, incorporating norms of trust and social decency, markets cannot flourish and democracy can be undermined” (Giddens 2000, 165). A social economy develops to act as an alternative to the mainstream economy to satisfy the needs (social, economic or environmental) which have been ignored (or not yet fulfilled) by the private or public sectors. Third sector organizations have greatly contributed to economies with the ability to:

- use business success to address social or environmental challenges
- respond to new market needs, addressing the need of a more ethical consumerism
- respond to the urgency of improving public services
- create quality sustainable employment opportunities, especially among disadvantaged groups of people.
- support sustainable development and social innovation (INTERREG IVC , 2009).

However, in this ever-changing world, where traditional public policies cannot always keep up with new economic and social challenges, the third sector might not always be fully supported. For example, in many developing countries, some legal forms of third sectors like social enterprise are new concepts, and there will not be specific policies to help with development of such organizations any time soon. To face those challenges and take over some areas from public authorities, it surely takes time and a great deal of effort from social economy actors (Defourny, Hulgård & Pestoff 2014).

2.2.2 The main actors of social economy

There are four major types of organizations in the social economy as stated in the European Commission's definition.

Cooperative enterprises

Cooperatives, as economic enterprises and self-help organizations, play an important part in improving the socio-economic conditions and balancing wealth distribution in both industrialized and developing countries (United Nations 2009). Over the years, cooperative enterprises lend hands to countless people who on their own could achieve little or nothing, to light their way out of poverty and powerlessness.

The International Cooperative Alliance (ICA) defines a cooperative as:

“An autonomous association of persons united voluntarily to meet their common economic, social and cultural needs and aspirations, through a jointly owned and democratically controlled enterprise” (ICA 2014).

Being member-owned businesses, cooperatives are known to be an effective model to overcome economic and social issues. Basically, cooperatives give disadvantaged groups of people the means or capital to help themselves access basic goods and services (European Commission 2013, 22).

Mutual organizations

A mutual, mutual organization, or mutual society is an association that offers insurance services against property, personal and social risks on a voluntary basis. It is run by its members. (Archambault 2009.) In many developing countries, a mutual organization can be a voluntary group that gathers and pools money to fund marriages, funerals, or a business start-up for one of its members. In developed countries, it can be a business on the same market with other corporations, where it is simply formed as an insurance company. In this case, a

mutual can be established to cover a wide range of risks, including health (costs of treatment, medicines and hospitalization), death (material support for the family of the deceased), funerals, or even bad harvests (European Commission 2013, 24).

Associations

According to the European Commission, an association is a group of people who join together for a particular purpose and give rise to a lasting organization (European Commission 2013, 24). This is the oldest form of social economy organization, which has existed since the birth of democracy and played a huge role in constituting American democracy by giving birth to a welfare system. These associations cover the full range of human activity, from economic cooperation to emotional support, from professional development to philanthropy, and from religion to recreation (Bonikowski & McPherson 2006). Moreover, they can be formal, with rules, by-laws, membership requirements or just informal sets of people without particular structures (European Commission 2013, 24).

Foundations and other organizations

Foundations are legal entities created to achieve specific goals for the benefit of a group of people or of the community at large through the use of either donating funds and supporting to other organizations or providing the source of funding itself. Like an association, this form of social economy organization has a wide diversity of structures and purposes. These foundations may support social, environmental, religious or any general interest activities depending on the founder's charitable purpose. At the same time, there have been many wealthy individuals or corporations that engage in the foundation model not only to support social causes but also to polish their public images. As things keep evolving, those corporations that are connected with foundations may transform themselves into a strategic philanthropic investor (European Commission 2013, 26). To an extent, if an association takes control of a foundation for example, it will form a voluntary association, which is a mix of organizational forms. This also applies to other social economy actors, which means there can be a large number of possibilities for types of social economy organizations.

2.3 Social enterprise

Despite being widely known and accepted nowadays, social enterprises remain challenging to define considering the different sorts of fields and disciplines they cover. This following section discusses the definitions of the terms from different views and how they are used and understood in the thesis. Definitions passed by governments or official international organizations will be used.

2.3.1 Characteristics of social enterprises

Social enterprises have their roots as social economy organizations, and may take the form of cooperatives, mutual organizations, associations, social businesses, or charity organizations (Ridley-Duff & Bull 2011). However, social enterprises earn the majority of their income through **trading** instead of focusing on grants, donations and other philanthropic activities. At the same time, it is created when a social entrepreneur or a group of people share a particular **social goal**. Judging from that, a social enterprise may borrow certain attributes from each sector as seen in Figure 3.

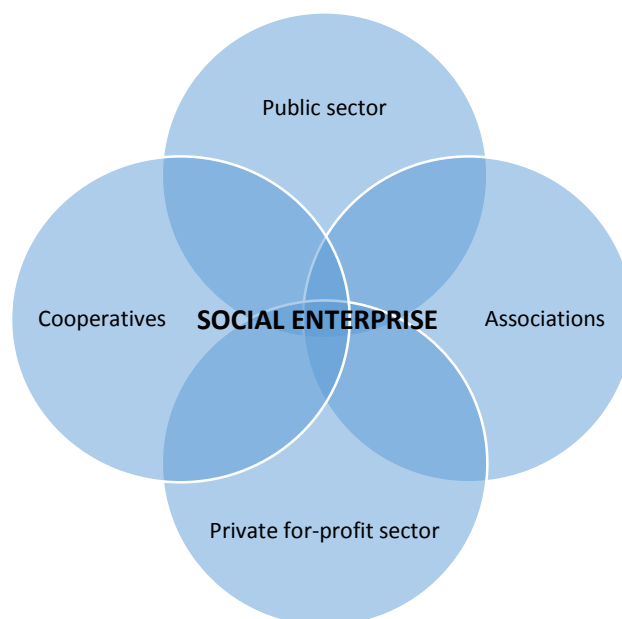


Figure 3. Social enterprise at the crossroads of public policies, for-profit companies and the third sector (Defourny, Hulgård & Pestoff 2014).

Social enterprises tend to have four common features:

- The major objective of action is a social goal which has a positive impact on the community and environment. The enterprise must be environmentally conscious and follow ethical values.
- It adopts organizational structures and a managerial mindset of a traditional business enterprise with products, services, customers, markets, expenses and revenues to ensure its financial self-sustainability (Yunus, Moingeon & Lehmann-Ortega 2007).
- Any profit must be primarily reinvested to enhance the achievement or to further the enterprise's social missions (CEDAG 2011).
- It is based on the participation of stakeholders, including those that are directly involved in the activities of the enterprise such as workers, users or volunteers. The social ownership of the enterprise belongs to the stakeholder group (European Commission 2013, 32).

2.3.2 Social enterprise definition

Up until now, there have been no ultimately coherent definitions for terms such as social economy, social enterprise and social entrepreneurship since they may carry different meanings depending on the country and language. The term itself is a broad concept. However, it is sometimes narrowed down in order to serve specific purposes, which often causes confusions. For that reason, among the following variations of social enterprise definitions, based on a social enterprise's characteristics, the most open concept will be chosen. It is noteworthy that there has yet to be an official definition for social enterprise in South Africa.

The United Kingdom is not only responsible for the birth of social entrepreneurship but also where the social enterprises are most populated. The United Kingdom Department of Trade and Industry's definition is as follows:

“A social enterprise is a business with primarily social objectives whose surpluses are principally reinvested for that purpose in the business or in the community, rather than being driven by the need to maximize profit

for shareholders and owners” (IFF 2005).

On the other hand, according to European Commission, the term ‘Social Enterprise’ is defined as:

“An operator in the social economy whose main objective is to have a social impact rather than make profit for their owners or shareholders. It operates by providing goods and services for the market in an entrepreneurial and innovative fashion and uses its profits primarily to achieve social objectives” (European Commission 2013, 31).

These two definitions are rather close to the basic characteristics of social enterprise pointing out its social mission and redistribution tendency. However, the definition by the European Union is noticeably more comprehensive with its clear description about the entrepreneurial side of a social enterprise.

On multi-continental range, the Organization for Economic Cooperation and Development (OECD) also have their own take about the definition of social enterprise:

“Social enterprises are organizations which are operating under several different legal forms applying entrepreneurship spirit to pursue both social and economic goals at the same time. Social enterprises often provide social services and employment for disadvantaged group in both urban and rural areas. In addition, social enterprises also provide community services in education, culture and environment sectors.” (OECD).

In Finland, the term Social Enterprise is often mixed with the term Social Integration Enterprise. According to FEBEA (The European Federation of Ethical and Alternative Banks) the **Social Integration Enterprises** are:

“...the social and professional integration of disadvantaged people who due to their exclusion and their relegation to a marginal role in society have fallen victim to increasing social and professional handicaps. The social integration enterprises initiate training and education programs designed on the basis of existing potential and develop this individual potential within the enterprise” (FEBEA 2010, 14).

In Finland, a law was passed in 2004 in which one of the requirements for social integration enterprise was to have least 30% of the personnel be either persons with disabilities or a mix of long-term unemployed persons (1351/2003 The Act on Social Firms 2003). With these two definitions, although the social enterprise term still carries some basic characteristics, it is very much limited to social aim and disadvantaged individuals. Hence, compared to the definition by the European Commission, the concept of social enterprise is wider without those limitations.

By discussing all four definitions, it can be concluded that the definition made by the European Commission is the most appropriate of all and it is therefore used as the framework of this study.

2.3.3 Social business and social enterprise

When delving into the area of social entrepreneurship, one would frequently come across two terms: ‘Social Enterprise’ and ‘Social Business’. In many countries they are often mixed together without having their meanings clearly differentiated. Granting that the two resemble each other in various ways, in fact they can be characterized quite separately.

While the term ‘Social enterprise’ has been commonly used since 1970s, the term “**Social business**” is its descendant which was first defined by Bangladeshi Nobel Peace Prize laureate Prof. Muhammad Yunus in 2007. He wrote:

“Social business is a non-loss & non-dividend company designed to address a social objective within the highly regulated marketplace of today. It is distinct from a non-profit because the business should seek to generate a modest profit but this will be used to expand the company’s reach, improve the product or service or in other ways to subsidize the social mission” (Yunus, Moingeon & Lehmann-Ortega 2007).

Yunus (2007) also point out seven principles for the framework of a social business:

1. The business objective will be to overcome poverty, or one or more problems (such as education, health, technology access, and environment) which threaten people and society; not profit maximization.
2. Financial and economic sustainability.
3. Investors get back their investment amount only. No dividend is given beyond investment money.
4. When an investment amount is paid back, the company profit stays with the company for expansion and improvement.
5. Environmentally conscious.
6. Workforce gets market wage with better working conditions.
7. ...do it with joy.

Judging from point number 3 and 4, a social business may also seek to generate a return for its shareholders other than just reinvesting its profits to further the social goals. Hence a social business can be considered as a possible form of social enterprise that locates slightly nearer to for-profit business dimension as shown in the figure below.

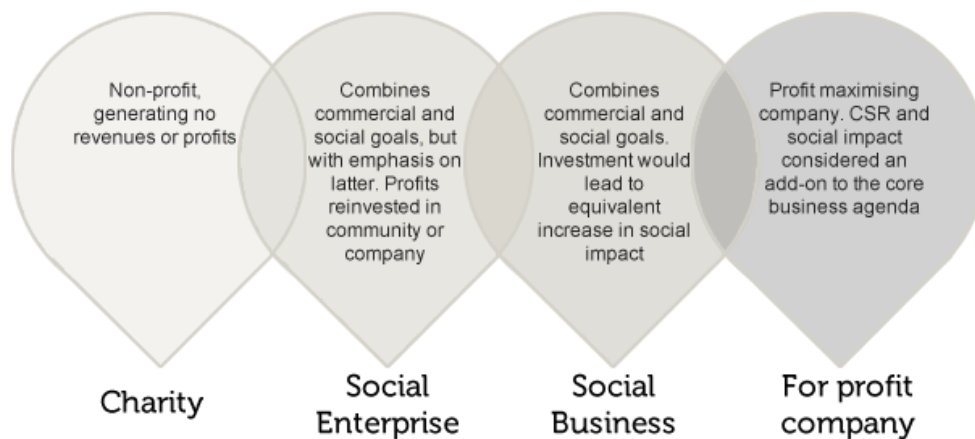


Figure 4. Social business and social enterprise (Clearlyso 2014).

2.3.4 Overall concept

With the concept of social entrepreneurship, we are introduced to a new dimension for modern capitalism: a business model that does not aim to maximize profits but rather to serve humanity's most pressing needs while being self-

sustainable to ensure it survives to do so. Based on the stated definitions, the social enterprise, social business and social integration enterprise concepts can be considered as subsets acting as legal forms of the big term Social Entrepreneurship, which lies between private and public sectors in a market economy.

Despite the slight difference between social enterprise and social business as deciphered above, in many regions in the world, especially in developing countries, the two terms are not clearly distinguished. South Africa is not an exception, which makes it extremely difficult to analyze the data having the two terms separated. For this reason, the author chooses to use the term social enterprise as the representative of all social entrepreneurship actors in the thesis.

2.4 Social aim and measurement

2.4.1 Social aim

Since the main goal of social enterprises is to achieve social aims, there can be different types of social enterprises depending on orientation. It is usually characterized based on the **Triple bottom line** approach: People (Social), Profit (Economic) and Planet (Environmental), shown in Figure 5.

This model helps enterprises to define their main objectives and keep track on their dynamics and performance in terms of sustainable development. Generally, Planet and Social are always together and ranked above the Profit in a social enterprise due to its social-friendly nature. However, some of them may focus more on the environmental dimension as with tree-planting companies or renewable energy organizations, in which they act mainly for the environment and bring benefits to the society along the way. Others would emphasize the social dimension such as educational or food safety organizations, in which they can follow their major social mission and be environmentally aware as an optional code of ethics.

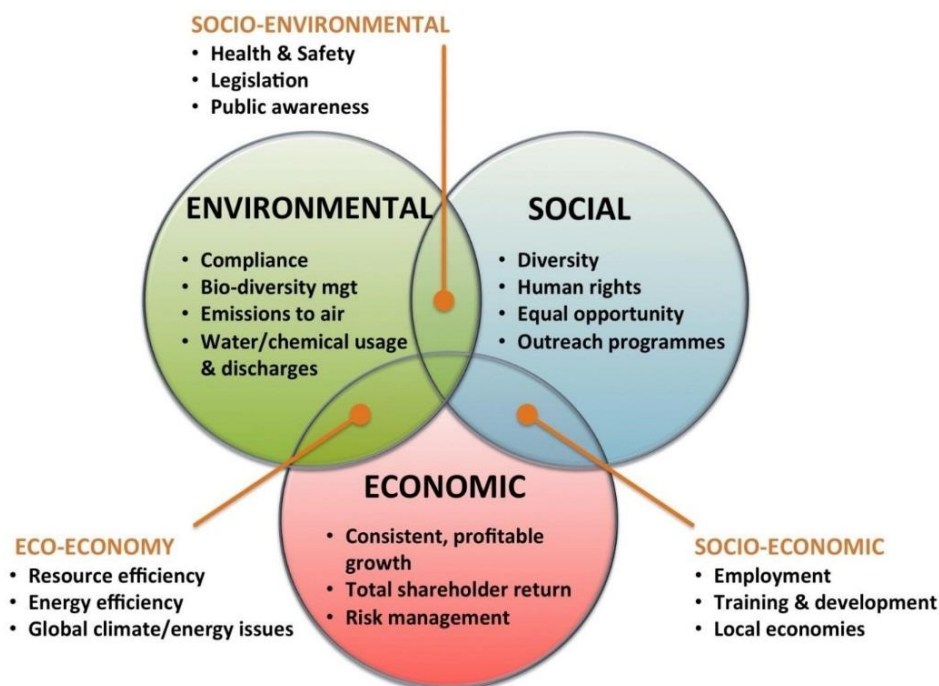


Figure 5. Triple bottom line model (Cambium 2014).

2.4.2 Social return on investment

As a social enterprise is recognized as a 'hybrid' model between the two types of traditional businesses and non-profits, while the financial self-sustainability side of can easily be measured by the return on investment formula (ROI), it is much more challenging to measure the social impact performance of an enterprise. In order to measure those social, environmental and economic values created by the work of a social enterprise, there have been several methods introduced in recent years, with the most widely-known and used one being Social return on Investment (SROI).

Developed by SROI Network in 2006, SROI is a framework for understanding, measuring and managing the outcomes of an organization's activities. SROI can encompass all types of outcomes – social, economic and environmental – but it is also based on involving stakeholders in choosing which outcomes are relevant. There are two types of SROI: evaluative and forecast. Evaluative SROIs are conducted based on outcomes that have already taken place. Forecast SROIs

predict how much social value will be created if the activities meet their intended outcomes. (SROI Network 2012.)

Basically, SROI places a monetary value on outcomes, so that they can be added up and compared to the investment made. This results in a ratio of total benefits to total investments (SROI Network 2012). For example, a social enterprise may have a ratio of \$3 of social value created for every \$1 spent on activities.

Carrying out an SROI analysis involves six stages:

1. Establishing scope and identifying key stakeholders: making it clear about what the SROI analysis will cover, who will be in the process and how.
2. Mapping outcomes: developing an impact map through engaging with the stakeholders which shows the relationship between outputs, inputs and outcomes.
3. Evidencing outcomes and giving them a value: finding data that is suitable for the outcomes and then give them a monetary value.
4. Establishing impact: eliminating the aspects of change that are the result of other factors or would have happened anyway.
5. Calculating the SROI: adding up the benefits, subtracting the negatives and comparing the results.
6. Reporting, using and embedding: verifying the report, sharing the result with stakeholders, analyzing feedback and embedding good outcome processes (SROI Network 2012).

2.5 The impact of social enterprises

Typically, a social enterprise is born to make a certain positive impact on the community. However, the influence of social enterprises can reach further than just satisfying social needs. According to the Third Sector Office (2006), there are four main contributions of social enterprises to society, displayed in Figure 6.

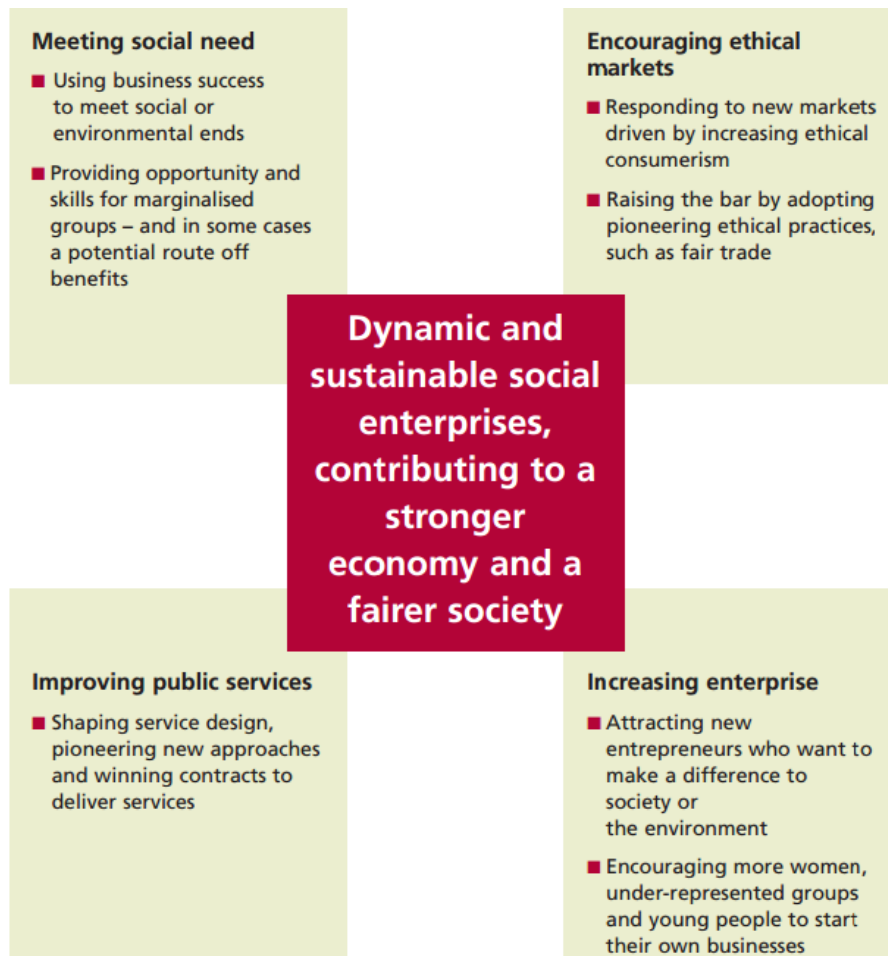


Figure 6. The contribution of social enterprise (Cabinet Office 2006).

Meeting social and environmental needs

As social enterprises are built based on social and environmental aims, the sensible outcomes produced by social enterprises must be social impact and social change, which sustain social benefits. Depending on the orientation and nature of each social enterprise, they can have their primary aim on the environment, people and environment, or solely on people. In addition, a social enterprise may also benefit the surrounding neighborhood by providing jobs or getting local people get involved in its social/environmental projects. This contributes to the overall sustainable development.

Encouraging ethical markets

Social enterprises often show a high level of social and environmental responsibility in their operation (Cabinet Office 2006). This helps creating ethical working environments for the employees and shaping the attitudes of their customers in a positive way. Furthermore, social enterprises meet and encourage the recently-popularized 'ethical consumerism'. Ethical Consumerism is defined as, "personal consumption where choice has been informed by a particular ethical issue – be it human rights, social justice, the environment or animal welfare" (Williams, Taylor & Howard 2005, 7). For example, a consumer may choose not to purchase a product that is not environmental-friendly or child labor free. In this way, social enterprises support the ethical values in markets.

Improving public services

By combining the services of the public sector and the dynamics of the private sector, third sector organizations like social enterprises can be seen as ideal tools to improve the delivery of public services. Due to the entrepreneurial nature which focuses on customer service, social enterprises tend to be closer to the users and thus are more likely to build their trust and widen the user base. Moreover, social enterprises have the ability to empower employees to work in different ways and motivate them to use their full skills, therefore encouraging innovations and new approaches to delivering public services (Bland 2010, 50).

Increasing enterprise

Social enterprises pave ways for those who pursue social changes to join or create a business, especially young people (Cabinet Office 2006). Besides, people are driven to making changes and put forth extra effort in engaging and generally be passionate about what they do. Most social enterprises promote equality, which gives women and other under-represented groups more opportunities be social entrepreneurs and voice their ideas to the mass. In several countries, women are more likely to start up and run a social enterprise than men, in contrary to being less than half as likely to start up and run a conventional business (Cabinet Office

2006). In short, social enterprises play a big role in raising the overall levels of enterprise, building a sustainable economy and improving social/environmental development.

3 SOCIAL ENTREPRENEURSHIP IN DIFFERENT COUNTRIES

This chapter discusses the prevalence and development of social entrepreneurship in different regions. In order to provide an in-depth insight about the matter, the emphasis will be on three countries with three different social entrepreneurship phases: the United Kingdom – the birthplace of social entrepreneurship; Finland – a developed country but new to social entrepreneurship; and South Africa – a developing economy with a limited awareness about social entrepreneurship.

3.1 Social entrepreneurship on a global scale

In 2006, Mair and Martí raised a handful of intriguing questions regarding social entrepreneurship. One of the questions was: “How does social entrepreneurship differ in developed and developing countries?” (Mair & Martí 2006, 15). As the social entrepreneurship concept has only been acknowledged in many developing countries in a few recent years, it is definitely not a simple task to collect official data about the global development of social entrepreneurship and answer that question.

However, The Global Entrepreneurship Monitor (GEM) conducted a research on Social Entrepreneurship Activity by interviewing 150,000 adults in 49 countries during 2009 (GEM 2009). As a result, they managed to record the popularity of social entrepreneurship in each country and region as illustrated in Figure 7.

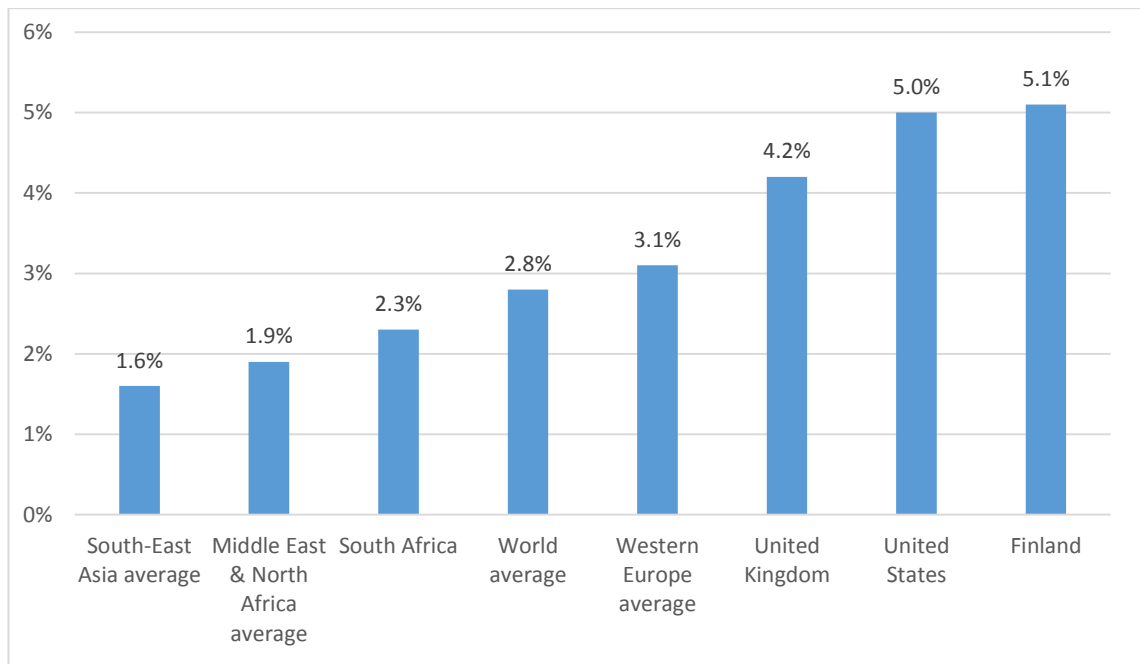


Figure 7. Social Entrepreneurship prevalence rates as percentage of the working population (GEM 2009).

According to Figure 7, the prevalence of social entrepreneurship in developed regions (Europe, United States) are far above emerging ones (Asia, Africa). It reflects that even though developing countries have a greater amount of social and environmental issues, individuals in such countries are likely to face higher opportunity cost. By having lower living standards, people tend to focus on making a living instead of contributing to the community. On the other hand, individuals in wealthier economies, having their basic needs fulfilled, may have greater capabilities (resources, skills and time) to direct their concerns into opposing social problems. This therefore helps boost the number of social enterprises in those countries.

3.2 The United Kingdom

As discussed in chapter 2.1, the United Kingdom (UK) was the nation that pioneered the idea of social entrepreneurship and is one of the most developed countries in the social enterprise movement around the world. Having a long history of social entrepreneurship, many models of social enterprises have been researched and experimented deeply in British countries. The Cabinet Office of

UK (2013) had carried out a report regarding the number of social enterprises among Small and Medium-sized Enterprises (SMEs) in the UK. The report was based on the Small Business Survey in 2012, which was commissioned by UK's Department for Business, Innovation and Skills (BIS). The report characterizes a social enterprise through five criteria:

- The enterprise must consider itself to be a social enterprise (as above)
- It should not pay more than 50 per cent of profit or surplus to owners or shareholders
- It should not generate more than 75 per cent of income from grants and donations
- It should not generate less than 25 per cent of income from trading
- It should agree that it is 'a business with primarily social/environmental objectives, whose surpluses are principally reinvested for that purpose in the business or community rather than mainly being paid to shareholders and owners' (Cabinet Office 2013).

According to the report, there were approximately 283,500 enterprises that met all five criteria, which is 5.9% of all SMEs. However, the majority of them were enterprises with no employees. After excluding those without employees, the estimated number of social enterprise in the UK in 2012 was around 70,000. Although the survey did not cover large enterprises (those with more than 250 employees), there would be over 400 additional social enterprises if the proportion of large enterprises that are social enterprises was the same as for all SMEs (Cabinet Office 2013).

The UK also proved the leading position in social entrepreneurship development by announcing the official definition of social enterprise for the first time in 2002. The definition was followed by the government strategy for social enterprises by the Department of Trade and Industry. Moreover, in 2005, a new legal framework called Community Interest Company was created for social enterprises, in which the social enterprises receive specific supports from the government (CSIP, British Council & CIEM 2012).

By strongly promoting the expansion of social entrepreneurship, social enterprises in UK have greatly developed in the last 20 years. The UK also plays a big role in

inspiring the social enterprise models in many other countries including Finland and South Africa. With the government providing annual research and evaluation for the social enterprises development, social entrepreneurship in the UK is predicted to advance even more extensively in the future.

3.3 Finland

Located in the northern part of Europe, Finland has always been seen as one of the most developed nations in the continent. Yet, the social entrepreneurship concept is still very poorly known at the Finnish national level. Although Finland has a higher social entrepreneurship prevalence rate than the United Kingdom in accordance with Figure 7, this is primarily because the population of Finland is considerably lower. Even though social entrepreneurship has existed already for decades, many of the entrepreneurs in Finland who work toward social betterment are not even aware if they belong to this group or not. According to Jonathan Bland, CEO of Social Business International, there are approximately 12,000 businesses in Finland that consider themselves as socially and ecologically orientated and that re-invest their profits to serve those goals. He believes that an officially clear definition of a social enterprise is definitely necessary, as these businesses may have opportunities to receive structural funds or other benefits from the government and the European Union (Bland 2010, 98).

In order to track down these social enterprises, the Association of Finnish Work has recently invented the Finnish Social Enterprise Mark, a symbol given to certified social entrepreneurs. The enterprises applying for the mark are evaluated mainly based on the three following criteria:

- The primary objective and aim of a social enterprise is to promote social well-being. A social enterprise acts responsibly.
- Limited distribution of profits. A social enterprise uses most of its profits for the benefit of society either by developing its own operations or by giving a share of its profits to charity according to its business idea.
- Transparency and openness of business operations. In order to assure transparency, the company applying for the mark must write down its social goals

and limited distribution of profits in the company's articles of association or rules (Association of Finnish Work 2014).

Since the Finnish Social Enterprise Mark idea is relatively new, only a few dozen social enterprises hold this mark at the moment. Towards the end of 2014, the association aims to certify more businesses in an attempt to bring the total number close to one hundred (Association of Finnish Work 2014).

Social enterprises in Finland have not yet had any particular funding sources. However, the increasing number of social enterprises as well as the Finnish Social Enterprise Mark can be seen as promising signs for the speedy expansion of the social entrepreneurship model in the near future. Judging from the innovation driven and wealthy nature of the Finnish economy, the social entrepreneurship may even partially take over other forms of entrepreneurial activities.

3.4 South Africa

Located at the southern tip of the African continent, South Africa is a member of the five biggest developing economies in the world (BRICS), with a lot of potential. According to Figure 7, while the social entrepreneurship prevalence rate of South Africa is slightly higher than the African and South-East Asian average, it is still lower than the world average. Facing massive inequalities in gender, education; pandemics, high poverty and unemployment rates; Social Entrepreneurship is an ideal model for the social development of the country. However, in South Africa, Social Entrepreneurship remains an under-researched sector which the government appears hesitant to openly engage with; it seems to be viewing it as a risky idea (Urban 2008).

The turning point was in 2009 when the International Labour Organization (ILO) came and ran a project in South Africa. The project tried to improve the profile of social enterprise through planned activities including research, resource development, policy discussions, and a national conference. The process was pushed further with the arrivals of international organizations such as Ashoka and

the Schwab Foundation for Social Entrepreneurship and the emergence of local support organizations such as African Social Entrepreneurs Network (ASEN), Heart and UnLtd South Africa (Fox & Wessels 2010).

Up until now, the whole Social Entrepreneurship scene in South Africa has evolved extensively. According to Jaco Slabbert, the marketing manager of ASEN, the network has close to 4,000 entrepreneurs as members which partially represent the population of social entrepreneurs in South Africa (Slabbert 2014). Moreover, there are a number of meetings and conferences between social enterprises on the national scale throughout the year, proving the development of social entrepreneurship throughout South Africa.

Overall, Social entrepreneurship in South Africa has grown significantly in recent years with an increasing number of helping hands. Still, for stable development, the social entrepreneurs need ongoing support, especially from the government. Despite all the unsatisfied social issues, social entrepreneurship in South Africa suffers from low public awareness and a lack of backing from government. If the social enterprises concept continues to struggle to be institutionalized, the social entrepreneurship movement scale in South Africa would remain microscopic for a long time.

4 METHODOLOGY

4.1 Research method

There are two main types of research methods: qualitative research and quantitative research. The major difference between these two researches is characterized by their aims and data collection methods. On the one hand, quantitative research focuses on measuring phenomena with statistical and numerical data using methods such as surveys and questionnaires. On the other hand, qualitative research aims to explore and understand the phenomena with textual data obtaining via methods such as in-depth interviews and observation.

While the advantage of quantitative research is that it enables the researchers to compare the outcomes and quantify the variations, it is not as flexible as qualitative research. Using qualitative methods allows the researchers to ask more complex questions and tailor them depending on the research participants. This way, participants tend to respond in greater detail and react more positively to open questions (Mack & Woodson 2005, 3–4).

Based on that, qualitative research is very suitable for the thesis since the empirical section will focus on studying intensively one social enterprise as a case study. By analyzing its development and impact, combined with the data from the theoretical section, the research questions will be answered with great validity and insight.

4.2 Data collection

For the qualitative research method, there are several data collection tools such as focus groups, interviews, online communities etc. However, in this research, the primary data was collected through personal semi-structured interviews so that the author could explore the theme without being limited to a set of pre-determined questions & answers. Unlike a structured interview, which includes a fixed set of questions that cannot be modified, a semi-structured interview is open, allowing two-way communication. In this type of interview, the participants are also able to discuss and bring up new issues that may not have been considered beforehand.

One online interview was conducted in December 10th 2014 with a duration of approximately thirty minutes. The selected interviewee is the key personnel as well as employer of the featured business who possesses great knowledge and insights on social entrepreneurship in his respective country. The goal of the interview was to increase the understanding about the development and influence of the social enterprise in the case study.

The company that the interviewee represents is Greenpop – a tree-planting social enterprise located in Cape Town, South Africa. The interviewee was Misha

Teasdale, Chief Executive Officer of Greenpop. The questions that were used in the interview can be found in Appendix 1.

4.3 Data analysis

In order to evaluate the potential of the case study social enterprise – Greenpop, an analysis has been carried out. The primary data collected from the semi-structured interview regarding the development of the social enterprise will be analyzed using a SWOT analysis. This analysis method is usually used for analyzing products, companies, industries or markets.

SWOT is the abbreviation for Strengths, Weaknesses, Opportunities and Threats. It is a highly useful tool for understanding the strengths and weaknesses of the entity, and for uncovering the potential opportunities and avoiding the threats. Based on the result of the analysis, the user can tailor the appropriate developing strategies for his/her business or research project. Being a basic and straightforward method, a SWOT analysis is capable of providing the readers with a clear picture about the potential of Greenpop as a fast growing social enterprise in the social entrepreneurship scene of South Africa.

5 CASE GREENPOP – A TREE-PLANTING SOCIAL ENTERPRISE IN SOUTH AFRICA

The aim of this chapter is to introduce Greenpop and its functionality as a social enterprise based on the collected primary data. The potential and growing process of the business will be analyzed and evaluated.

5.1 Company introduction

Greenpop is a privately owned tree-planting social enterprise with the main office located in Cape Town, South Africa. It was started in 2010 by Misha Teasdale, a South African who traveled 360,000 kilometers by plane through 12 countries during a project of his job. After the trip, Misha realized that he had left a huge amount of carbon footprint and that he wanted to do something about it. Instead of donating to some environmental foundations by merely swiping his credit card, Misha calculated the number of trees he has to plant to offset his carbon footprint and started a campaign aiming to plant 1,000 trees in one month and get as many people involved as possible. Impressed by the success of the campaign and a great demand for trees, Misha founded Greenpop along with two of his friends, Lauren O'Donnell and Jeremy Hewitt, with the mission to the green under-greened areas and combat deforestation in Southern Africa. Misha took the role as the Chief Executive Officer (CEO) of Greenpop, although he would prefer calling himself a Tree-E-O as a wordplay, while Lauren is the General Director and Jeremy plays his part as the Chief of Finance.

By 2014, from just three people, Greenpop has become a highly eco-ethical social enterprise with more than 20 staff; it has planted 48,000 trees in 344 locations ranging from all over South Africa to Zambia. Their main services include tree planting projects, green events, education, social media as well as volunteerism with the social goal of trying to make eco-consciousness as accessible as possible. They also plant trees on behalf of companies, groups, travelers and individuals who want to invest in a greener future and improve the lives of communities in areas affected by lack of resources.

Misha: “Our primary motivation is to establish a movement instead of a company, where people get involved and have fun planting trees. We use the word ‘treevolution’ in our slogan which actually stands from ‘revolution’.”

Concerning tangible achievements, for four years, Greenpop has won a handful of awards regarding entrepreneurship performance including:

- Best Business Plan for Social Enterprises in South Africa - the International Labour Organisation (ILO) and Western Cape Provincial Government.
- Greenest Enterprise - Western Cape Government Entrepreneur of the year awards.
- Winner - LeadSA competition run by Cape Talk in association with the Dischem Foundation.
- Winner - Enterprise Elevator 2012.
- Winner in 2 categories - Mavericks SA Young Entrepreneur Awards 2014.

5.2 Social entrepreneurship context

As discussed in Chapter 3, social entrepreneurship in South Africa has shown signs of growth in recent years. This section portrays the importance and potential of social entrepreneurship in South Africa through the lens of Misha. Being the CEO of a small yet prominent social enterprise in Cape Town, Misha is fully aware about the significance of social entrepreneurship to the development of the society.

Misha: “Social entrepreneurship in South Africa is a paradigm that is very relevant to the development state. It’s important to widen the enterprising landscape in order to encourage the social development and macro economies which will eventually assist fighting unemployment. Also it helps with developing the cultural fabric of this country because by activating individuals to become pioneers in their own space, I feel it will help a lot with balancing the social inequalities. Social business is an opportunity to stimulate innovation on a broad level, all sort of innovation, it’s important for stepping out of the poverty trap that a lot of Southern African region people are experiencing.”

Regarding the developing progress of social entrepreneurship in the nation, Misha shows great confidence about the matter even though the concept is still rather fresh.

Misha: “There are fair amount of social enterprises that are starting up in South Africa in the last five years. I’m very positive that there are quite a lot of individuals operating in the states and looking at their area, trying to create business with a social core. It is the early days for the concept of it, but I think it’s been taken out quite heavily”

In addition, he strongly believes in the potential of social entrepreneurship in his home country.

“I definitely think there is a future for social entrepreneurship here. There are a lot of companies that are encouraging it by creating competitions, funds to stimulate it, accelerate it, and to create mentoring and necessary guidance in order to develop the industry. I feel like the youth within South Africa are in a crossroad in terms of having a lack of opportunity. That lack of opportunity can lead many ways. But the youth are feeling inspired and ready to do something and they don’t have the job opportunities, they don’t have an option to start their own projects. And because there are so many social gaps available, the social gaps will lead to social innovation and eventually lead to social business.”

5.3 Stakeholders

Stakeholders have always been a crucial and decisive factor for the success of a company. When asked about the primary stakeholders of Greenpop, Misha shares:

“I’d say they are all relevant in certain terms. The beneficiaries are the primary stakeholder at certain term because they are receiving the social benefits in a certain part. But the social benefits extend also to the change of mind-set that happens to the affluent people, those who have got the money but want to have an understanding, life experience, chasing meaning. Stakeholders are the biodiversity of the world. Stakeholders are the audience that consume our information through social media and the clients that purchase the trees. It’s quite a broad section of people.”

Base on that, Greenpop’s main stakeholder network can be divided into two groups: the beneficiaries and the benefactors. The beneficiaries can be the people who have benefited from the trees planted or the educational workshops by

Greenpop. On the other hand, the benefactors are the ones who are interested in Greenpop's projects/products and are willing to contribute to the community as well as the environment. They can be the trees purchasers, social media supporters, projects attendees, client companies, pledgees, sponsors and partners. According to Greenpop's websites, regarding their relationships with other companies to date, they have had 10 clients, 38 pledgees, 27 sponsors and over 60 partners depending on each project (Greenpop 2014). However, the majority of Greenpop's stakeholder network is still on a local level considering Greenpop is a relatively small business slowly branching out their area of influence through different projects.

It is also noteworthy that Greenpop is particularly well-known in South Africa, especially Cape Town, and they sell out almost all events/festivals they hold. Additionally, by actively interacting with followers on social media platforms, Greenpop attracts over 17,100 Facebook followers and 6,600 Twitter followers to date, which makes a relatively sizable subscriber base among local social enterprises. This supports Misha's previous statement on how Greenpop treats the audience that consume their information through social media as one of the primary stakeholders.

5.4 Projects

Greenpop offers a wide range of products and services for each group of customers. For individuals, people can order trees or buy trees as gifts, choosing from a tree catalogue including indigenous trees and fruit trees. When the purchase is made, they will receive a Tree Certificate with the GPS coordinates of where their trees are growing. For companies and corporations, they can choose to pledge trees on a monthly basis according to their sales, the amount of items they sell etc. In addition, the companies can get a team from their work to plant trees with Greenpop in Corporate Plant Days. If the company belongs to the tourism industry, Greenpop also offers Trees for Travel partnership in which the company may add a tree to the bill for their services such as flights, hotel bookings, holidays, safaris etc.

However, while those products and services help Greenpop with sustaining the stable business operation, it is the tree-planting and educational projects that make them stand out and appeal to the local masses. The following sub-sections describe the three major projects by Greenpop.

5.4.1 School Trees

In South Africa, there is a massive gap between the city center areas and the under-developed areas called townships which tend to be located in cities' outskirts. While Cape Town or Johannesburg can be easily mistaken for European cities with a developed infrastructure and racial diversity; the surrounding townships, which consists of only 'Black Africans', lacks the proper services such as sewage, electricity, roads, and clean water; here, people have extremely difficult lives. Due to the lack of resources, these township communities are also awfully under-greened, which further adds up to existing social problems.

In accordance to the Kuo & Sullivan Report (2001), the citizens who live in 'greener' surroundings report lower levels of fear, fewer incivilities, and less aggressive and violent behavior. Taking this as motivation, School Trees is a project which aims to green the grey areas by planting trees at schools and educating children about the importance of trees along with other environmental lessons. School Tree is the most active project of Greenpop, which takes place four to five times per month on average. Usually, a School Planting Day hosts 20–40 students, teachers, Greenpop staff and attending planters from other companies planting together. It starts with an outdoor lesson on the value of trees and a brief planting demonstration. After that, everyone breaks up into small teams to plant trees around the site with assistance from the Greenpop staff. Towards the end of the planting day, students and teachers are made to promise to take responsibility for their trees and water them regularly. To date, the School Trees Project of Greenpop has covered over 300 schools in Western Cape, South Africa.

At the same time, Greenpop especially puts emphasis on the tree survival rate with a monitoring program. For every six months, each school is visited by the

Greenpop staff to evaluate the progress of tree growth and check if the school has acted in accordance with their commitment to the trees. Thanks to this program, Greenpop's overall tree survival rate reaches 80%–90%.

School Trees are open for Corporate Plant Day – a program where companies and corporations can send their staff to plant trees with Greenpop at under-greened schools. The point of the program is not only to enhance the team-building among the co-workers in the company, but also to promote the company's Corporate Social Responsibility (CSR).

5.4.2 Reforestation festival at Platbos

Located 150 kilometers to the East from Cape Town, Platbos is an ancient forest in which large areas were desecrated for timber, cultivation and grazing in the past. As a result, these fields today are a mass of alien vegetation, which poses a serious fire threat to the remaining indigenous forest.

First started in 2011, Platbos Reforest Fest is an annual project by Greenpop that aims to rehabilitate the forest to its former ancient abundance and promote biodiversity as well as eco-tourism. Another other goal is to encourage people to reconnect with nature and create bonds with each other, thus increasing their feelings and awareness toward the environment and communities. The festival lasts one or two weekends in May and the attendees are allowed to camp in the forests during the festival. The main activity of the event is to get everyone equipped and planting as many trees as they can in teams during the day. Besides, there are live music acts in the evening for attendees to dance off their stiff muscles along with various activities such as forest walks, educational workshops about ecology, forest yoga, storytelling etc. The festival ticket costs approximately 35 euro (25 euro for children) for each weekend and it covers all the main activities plus catered vegetarian meals. During the festival, the wastes are well managed and categorized, leaving no recorded damage to the forest since its inception.

Misha: “The most exciting thing about these events to me is the community that comes together to celebrate. The event has grown stronger, year by year in terms of numbers and trees planted. This wouldn’t be possible without the amazing community of like-minded people coming together to make social and environmental change happen. The Platbos Reforest Fest is a highlight in the Greenpop calendar”

Since 2011, Platbos Reforest Fest alone has contributed to 18,328 trees being planted, which is nearly 40% of Greenpop’s total trees planted. Though the years, the festival has witnessed a drastic evolution from a small camping event to a large-scale tree-planting/music festival. In 2014, in order to serve a wider range of attendees, the festival was split into two weekends: Family Fest (family orientated) and Friend Fest (young people orientated). The Friend Fest quickly sold out weeks before the event, and the total number of attendees for both weekends was approximately 600, an evident escalation from 100 volunteers in 2011.

Naturally, the number of trees planted during the festivals also multiplies each year, clearly shown in Figure 8.

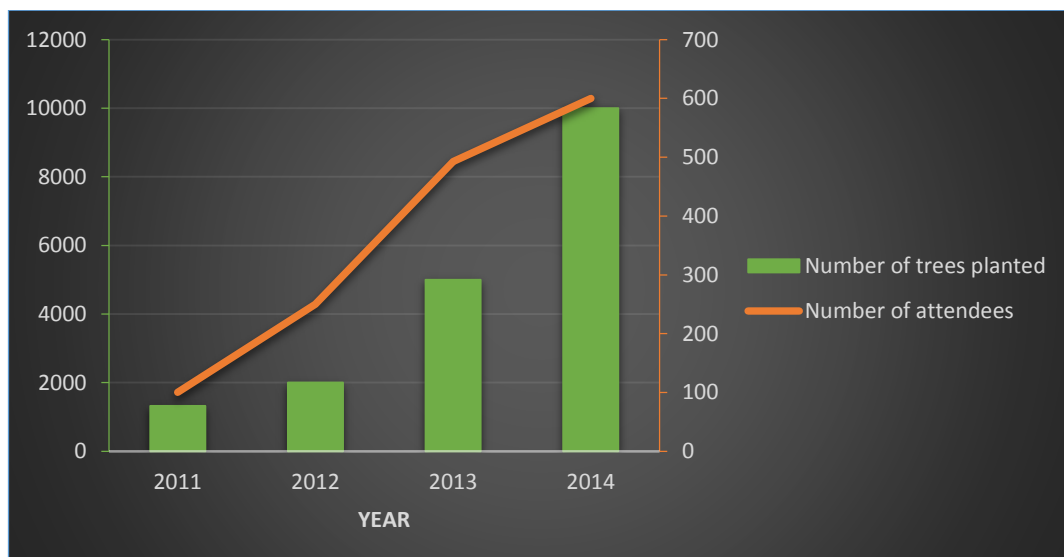


Figure 8. The evolution of Platbos Reforest Fest – Greenpop.

However, while the number of attendees keeps increasing, the forest area cannot expand itself. The exceeding number of campers may pose potential threats to the

forest and the campers themselves in many ways. Judging from the current growth rate of attendee numbers, Platbos will see the maximum number of people it can safely accommodate in the next few years.

Misha: “We’re eager to see where else in South Africa we can find partners to help rebuild ecosystems through collaboration, awareness, and fun.”

Foreseeing the situation, Greenpop had quickly made a move by bringing the Reforest Fest to the Eastern Cape area at in a yellowwood forest called Hogsback. The forest is home to one of the endangered tree species called Cape Parrot. While the Hogsback Reforest Fest aims to fight forest degradation and expand the parrot’s habitat, the main activities are identical to Platbos Reforest Fest. Attended by 250 people across South Africa, the event was once again a great success for Greenpop, having the tickets sold out not long after the opening of ticket sales, planting 2,400 indigenous trees to the ground. Hogsback is not only an extension version of Platbos, but also an extremely important progress for Greenpop to extend its area of influence to a whole new state, which is Eastern Cape.

5.4.3 Trees for Zambia

According to the United Nations’ Programme “Reducing Emissions from Deforestation and forest Degradation (UN-REDD) in Zambia”, forests in Zambia cover 60 percent of the territory with 45.8 million hectares of land. However, Zambia also has one of the highest deforestation rates in the world with approximately 300,000 hectares of forest lost per year (UN-REDD 2012). This can be seen as a consequence of bad land management, old-fashioned farming methods, and tree cutting for charcoal. Deforestation can be highly eradivative for the communities in many ways: loss of biodiversity; drought and flooding; decline in agricultural yields; lack of valuable forest resources and food. It is currently one of the most challenging issues in Zambia since electricity is not available for many people and the majority of them have to rely on wood and charcoal as a primary source of power.

First started in 2012, Trees for Zambia, also known as the Festival of Action, is a tree-planting and educational annual project by Greenpop aiming to battle deforestation in Livingstone, Zambia. The festival lasts three weeks from June to July with different agendas every week. The main activities of the festival include tree-planting, conservation education at schools, promoting conservation farming methods and fire prevention, promoting alternative energy resources, and awareness campaigns. After 3 consecutive successful years, the project has planted 11,176 trees, held 24 sustainability workshops for farmers and local people, made more than 50 handmade solar cookers and 10 handmade rocket stoves as demonstrations for alternative energy resources; gone to 48 schools to educate children about the environment; made 74 Tree Tuesday radio shows spreading awareness on living green; and was participated in by hundreds of volunteers all around the world as well as local volunteers (Greenpop 2014). Besides, during one of the weekends, a music festival called Earth Fest is held as a celebration party after hard days of planting trees and sharing knowledge. Earth Fest attracts various well-known live acts and artists from different countries.

Even though the number of trees planted of Trees for Zambia may not be comparable to Platbos Reforestation Fest, it has a great impact on the local people and deforestation in Zambia and thus proves the tremendous dedication of Greenpop to social and environmental development. The festival is also Greenpop's furthest reached project from Cape Town to date. This plays a crucial role in spreading the business' reputation and area of influence.

5.5 Funding

For every enterprise, how to keep bringing up new project ideas is one big question. Yet, how to get the funding to support all those ideas is a much bigger question especially for start-ups and small social enterprises. Greenpop is not an exception. When asked about how Greenpop made it through the financial difficulties when it first started, Misha shares:

“We encouraged people to purchase trees, tickets to events; and those revenue help us to reinvest and make more things happen. We lived very

simply. We reinvested every dime we made and for about 2 years we didn't pay ourselves salary. We did all the works ourselves and we worked 14–16 hours a day. We didn't take a loan, we didn't get any capital; we just did it ourselves the best way we could."

Moreover, being a social enterprise in South Africa where social entrepreneurship is not yet well-developed, Greenpop do not get much financial aid from outside, especially the government.

Misha: "We have noted no support from the South African government given the money we spent on tax as a business. We have one or few rewards and trophies on the wall, but they don't give us anything inarticulate; getting pieces of papers on the wall doesn't mean we can have an extra amount of support. I know that South African government has spoken endlessly about the fact that they really want to push social enterprises to generate as much energy around giving people the tools; but none of those things have been experienced by us. I think the bureaucracy around local and international government is very much a hindering component to this."

Fortunately, as Greenpop kept reinvesting to improve the projects and the business as a whole, they started to attract a number of sponsors and partners especially for big events like Platbos and Trees for Zambia. Besides monetary sponsorship, Greenpop receives plenty of support from sponsors and partners in many forms such as transportation, food & drink, trees, seeds, compost bags, or even extra planters. Notable long-term partnership and sponsorship of Greenpop include Reliance (compost and compost bags), Bos Ice Tea (drinks) and Mercedes Benz (transportation). Therefore, there are less expenses for Greenpop to pay, which helps them to focus on improving the personnel and expanding the business size. However, according to Misha, the balance between projects and the stability of the business have yet to be achieved.

Misha: "We still reinvest the majority of our profits and I don't think we will stop doing that for another two years at least. Just until we feel like everything is on track in terms of tools and equipment we need in order to make our organization seamless."

5.6 Evaluation

In order to evaluate the potential of Greenpop as a social enterprise, the following paragraphs feature a SWOT analysis of Greenpop using the data and numbers discussed above.

Strengths

Through the great achievements in four years of activity, it is safe to say that Greenpop is gaining momentum towards success. With a great social media team and consecutively successful projects, the business has a large follower base with favorable brand equity and reputation. Having 23,700 followers on all social media platforms plus being rated 4.8/5 by 85 public reviewers on Facebook prove the point (Facebook 2014).

Misha: “Among the local social enterprises at the moment, I think we are quite prominent, at least on the media front”

Even though 48,008 trees is not a very remarkable number compared to the 120,000–150,000 square kilometers of forest lost around the world every year (WWF 2014), Greenpop has used tree planting as a means to create an eco-conscious movement where people actually get involved in hands-on activities and have fun doing it, thereby changing their mindset positively. Furthermore, Greenpop’s projects are rapidly growing in terms of scale and geographical reach, having Trees for Zambia further to the north and Reforest Fest further to the east of Southern Africa.

Weaknesses

The influence of Greenpop is still on local level and the sources of funds to support the projects and the business are not yet stable. Through the years, Greenpop has only had a few long-term partners and still has to find new sponsors and grants from time to time to fund the projects. Moreover, the social enterprises have rather low profitability compared to other conventional businesses, as the returns on investment are mainly measured in social benefit instead of monetary

forms. Consequently, the remuneration for Greenpop's employees is relatively modest, which can be a challenge for the expansion of the business.

Misha: "I think our major difficulties at the moment are understanding which way to scale; knowing what part of Greenpop is necessary to invest money into in order to grow sustainably; managing the risks and make control regarding efficient revenue to pay the staff. I also feel we have lack of balance in the last 5 years, so definitely I would like to focus and put more balance on the things that we are doing."

Opportunities

Deforestation and carbon emission are among the biggest problems in the world at the moment. The environmental sectors including tree planting have never been this relevant to the community. Residing in Africa, the continent that is suffering more than four million hectares of forest lost every year - twice the world's average deforestation rate (UNEP 2008, xi), Greenpop has great chance to branch out the projects and activities to the north to meet the needs of the communities. Besides the trees, the educational programs and workshops of Greenpop are also needed, especially the developing countries and under-developed ones in Africa where social issues are overflowing. Additionally, Greenpop's projects are rather unique at the moment in the area and the business do not have real direct competitors. Their indirect competitors can be the green charities and foundations that fund other environmental projects, but at the same time they can also be the potential partners of Greenpop. Furthermore, being a small and young social enterprise, the business has the opportunities to choose its developing path in terms of innovation and sustainability. Regarding the vision in five years for Greenpop, Misha shares his ambition:

"I want more adventure. My one vision is that I'd like to start a project where we are able to empower people on the ground to create their own tree planting events or ongoing projects. But first we try to be as good as we can at improving the current projects."

Threats

The major threat for Greenpop and other social enterprises in South Africa is definitely the lack of support from government and poor social awareness. Besides, the threat of a substitute is relatively high as Cape Town is a vibrant city full of events and activities. With the same ticket price for Reforest Fest or Trees for Zambia, people may choose to go hiking, surfing, watch big concerts, or dancing in the clubs instead of travelling a certain distance to plant trees and enjoy camping for a few days. Last but not least, as most of Greenpop's projects include outdoor events and activities, the occasionally unpredictable weather in Southern Africa can be an unavoidable threat at times.

6 THE IMPACT OF GREENPOP ON SUSTAINABLE DEVELOPMENT

This chapter discusses the impact of Greenpop on the community from several perspectives in order to understand the full influence and potential of the business as a social enterprise. To verify the impact made, a few comments from the beneficiaries are also mentioned.

6.1 Social and environmental impact

Statistically, since 2010, Greenpop has planted 48,008 trees in 344 locations, having 142,325 people benefitting and 3,778 volunteers signed up, according to Greenpop's website. Still, for Misha, what Greenpop considers a success transcends those mathematical numbers.

Misha: "I think a lot of emphasis is on the relevancy of beautifying the area to decrease the social ill and increase the overall awareness in sense of community. So where we are planting trees, we are also essentially pulling hook. It's not only the value of the trees, it's more than just an organism, it's the belief system that come with it. So the sustainable development is large

attach to that. You make the community proud, you encourage the community to spend time outdoors, hopefully a change of mind-set. If you can change their mind-set, you can make people change the way they do things.”

To support his point, behind the number of trees planted and other statistics, each project of Greenpop has its peculiar impact to the society and environments.

School Trees

With the School Trees project, Greenpop not only shows the teachers and students the importance of trees, but also reconnects the learners with nature by getting them to plant the trees themselves. Moreover, the trees help adorn the schools' appearance and presence; create shady spaces on the yard for children to play; and provide fruits for the surrounding neighborhoods. The children also get to see the tree growing progressively each time they go to school. Therefore, the project helps to increase overall school attendance and encourage children to be more caring for the community and environment in the most practical way possible. Most importantly, School Trees instills school pride in the teachers and students. Hence, it strongly enhances the delivery of school services.

Reforest Festivals

The huge number of trees planted in the rural reforestation projects such as Platbos and Hogsback, Greenpop helps battle environmental degradation and assist rural communities adapting to climate change. The project generates economic value for the local communities such as fruit for consuming or selling, protecting and fertilizing crops, job opportunities, and boosting local property values. More importantly, the project instills a tree planting culture in the event attendees and spreads the awareness of being eco-conscious to large groups of people. With the music performances and other entertainment activities during the festival, Reforest events create a feel-good vibe around the act of planting trees and protecting the environment, making going green an enjoyable experience instead of an obligation.

Trees for Zambia

Similarly, Trees for Zambia builds awareness around the deforestation issue in the area and develops an eco-friendly culture within communities through conservation education for schools. Besides planting indigenous trees for reforestation, the project encourages gardening for food and vegetables by planting fruit trees at different sites, which provides additional income for the farmers. The project also presents solutions that can start being implemented by local people by promoting alternative energy sources to cut down the dependence on charcoal; promoting conservation farming methods which prevent erosion and soil degradation, and thereby allow more cost-efficient farms. Furthermore, there are local radio shows such as an awareness campaign before and during the event about importance of trees, which enhance the knowledge and understanding of local people about sustainability. Being a long-running festival with many workshops and activities, Trees for Zambia creates great opportunities for everyone, local or international, to get involved, learn and share about protecting the environment while having fun doing so. Thus, it builds bonds between people. In short, the project not only gives the participants great experience and knowledge, but also significantly improves the lives of local citizens.

6.2 Encouraging ethical markets

Greenpop is committed to veganism and responsible consumption as a company. Apart from animal rights as motivation, they believe that the meat industry has a severely negative effect on the environment and cutting down meat consumption is necessary. According to UNEP, animal agriculture's share of total global Greenhouse Gas emissions fluctuates from 10 to 25 per cent, which is equivalent to the pollution caused by deforestation (UNEP 2012). For that reason, not only meat eating is limited at Greenpop's workplace, there is a vegetarian office meal every Friday so that everyone can sit around and enjoy vegetarian food together. Moreover, at every Greenpop's festival and event, attendees are usually served vegetarian food to support ethical consumption. On the other hand, the business also encourages recyclable products and waste categorizing to hearten the

environmentally-responsible way of living. Besides, most Greenpop's products are recyclable or support recycling processes. Greenpop partners with recycling companies for better waste management during projects.

6.3 Enhancing overall enterprise level

On a business to business level, Greenpop helps increase the enterprise value of client companies, sponsors, pledgees and partners in various ways.

For client companies that send teams to the Corporate Plant Day of School Trees project, the program is a fantastic opportunity for the staff to get involved in a fun team-building session planting trees and learning about environmental sustainability. It is also a great way to polish the image of the company, showing the staff and other companies how they are giving back and going green. The company gets to invest in a good cause which supports sustainable development for the schools and the children.

Similarly, the client companies that pledge trees, sponsor trees or participate in Trees for Travel can use their involvement with Greenpop as a CSR tool in any way. At the same time, they get to compensate their carbon footprints with the number of trees they help plant. This is especially valuable for companies with high staff travel miles such as airlines or tour operators, which usually leave considerable carbon footprints during their work.

On the other hand, the companies that provide sponsorship or partnership for Greenpop in big projects like Reforest Fest and Trees for Zambia are usually rewarded with media exposure such as having their logos on Greenpop's website, transportations, event banners, and event videos. They also get mentioned on Greenpop's social media outlets and press releases before and after the events, introducing their brands to a wider follower base.

6.4 Feedback from the beneficiaries

In order to measure the impact of a business to the communities, the subjective opinions from the beneficiaries are always necessary. Since the first day, Greenpop has received a large amount of feedback regarding their projects and performances. The following are comments from the viewpoints of a few representative benefactors and beneficiaries who were involved with Greenpop's projects.

Michael Baillie – Greenpeace Head of Digital who planted trees at Platbos Reforestation Fest 2014 shared:

"It's no secret that our planet is under a lot of stress, and good news about the environment can be pretty scarce at times. Greenpop's Reforest Fest is a fun, hands-on antidote to all that: a feel-good opportunity for us to reconnect with nature, give back, and recharge our commitment to the planet. I loved every second." (Greenpeace Africa 2014)

Melissa Krige – the co-owner of the Platbos Forest Reserve itself also gave compliments to the project:

"We greatly value the annual GreenPop Reforest Fests at Platbos, not only because of the huge contribution they bring to our Reforestation Project at Platbos, but because through them so many more people, from all walks of life, young and old, can come to learn about Platbos and to experience its unique and wonderful character." (Cape Whale Coast 2014).

During Trees for Zambia 2013, Sister Perpetua - the head of the Kwenuha Women's Centre in Zambia, who attended the workshops, shared her experience:

"At first I didn't really understand the full benefits of planting more trees, but Greenpop explained it to me and it is really going to help with soil erosion and growing vegetables at the farm... the women will really benefit from solar cookers. They will use them at home and when they know how it works they can spread the message to their friends and neighbors. Women are one of the biggest consumers of charcoal, they buy a lot, but the solar cooker offers another way. Also the trees at the centre will be able to give some shade; we

have a lot of woman that use the centre for different purposes and they will benefit from these trees." (Greenpop 2013).

Mr Victor Chiiba from the Zambian Ministry of Forestry also had a say about the project:

"The initiative to bring together a number of stakeholders to fight deforestation needs support by all. As a department, we encourage such an initiative as it is aimed at helping government from the non-state actor point of view. Surely, the trees we have now should not be taken for granted. Many voices and innovations from stakeholders such as Greenpop need greater support. Forestry Department alone cannot manage to fight deforestation. Efforts such as the Trees for Zambia project are an added voice that the province shall continue encouraging." (Greenpop 2013).

On the hand, regarding Corporation Plant Day, Shamiema Harris from Public Relations Office of SMIT Amandla Marine shares:

"I would like to recommend Greenpop for delivering a professional yet fun service to SMIT Amandla Marine. Each and every member of the SMIT Team who volunteered had a memorable experience and the feedback was only positive." (Greenpop 2014).

7 DISCUSSION AND CONCLUSIONS

This chapter aims to create a short overview of the research by combining the findings from the theoretical and empirical sections. At the same time, the author points out how the research could be improved and the recommendations for other studies with a similar topic.

7.1 Findings

The thesis aimed to provide a clear picture about social entrepreneurship as a phenomenon that supports a more sustainable economy. Social entrepreneurship has also risen up as a new business model that allows countless entrepreneurial possibilities. For people with ideas who want to fight social ills, social entrepreneurship is a great opportunity for them to become an entrepreneur to sustain their ideas and make changes. For the business that wishes to be more accessible to the community, being a social enterprise gives them transparency and a social aim to follow. By creating social values, a business tends to earn approval from the community, which is crucial for the success of any company in the long run.

The first research question: “How has social entrepreneurship been evolving?” was answered. The study offers a brief portrayal of social entrepreneurship’s history and development, supported by the case study in its current situation. Given that it has been over two hundred years since the first example of social entrepreneurship and roughly fifty years since the term was first mentioned, the concept has gone through many changes. Opportunely, its recognition has taken off extensively through many countries in recent decades thanks to globalization and increased awareness of social issues. In 2006, the idea was further perceived and renovated when Prof. Muhammad Yunus, who introduced the term ‘social business’, was awarded a Nobel Prize for his efforts. By combining the theoretical findings from Chapter 3 and the case study research, it is clear that while social entrepreneurship is no longer an unfamiliar term in many developed countries nowadays, it remains a relatively new concept especially in emerging nations. Greenpop in South Africa is not an exception. The reason is either inadequate support from the government or the community’s low living standards, in which people tend to focus on earning their living instead of giving back to others.

The second question: “What is the potential and impact of social enterprises on society and sustainable development?” was also deciphered. The research has generated a thorough discussion about the development and impact of Greenpop as a social enterprise. As studied in the theoretical section, characteristics of a

social enterprise include a social goal, the ability to fund itself like a traditional business, reinvestment in social missions and the participation of stakeholders. According to the findings from the case study, Greenpop bears all four characteristics, proving it a legit social enterprise. With tree-planting and eco-consciousness education as its social aim, all projects and activities of the business are dedicated to the betterment of the community and environment. By applying the theory about ‘impact of social enterprises’ studied in Chapter 2.5 to the Greenpop case study, the impact of the business is described in various aspects. In the research, Greenpop’s projects have been proven to make a profoundly positive impact on the local communities and environments. Unlike typical philanthropic foundations that induce one-sided social impact using donation sums, Greenpop’s projects allow both beneficiaries and benefactors to get involved in hands-on activities to contribute to the society. This way, Greenpop effectively instills an eco-conscious culture in both the affluent and the disadvantaged. With the innovative yet sustainable approach of Greenpop to its project, along with the sincerity to the greener planet at its core, Misha Teasdale and the team surely have a bright future ahead but with no less hindrance.

7.2 Limitations of the research

The original idea of the thesis was to research three different case studies from three different countries: Finland, South Africa and Vietnam. By comparing the three social entrepreneurship scenes, one from a developed country and two from developing countries, the value of the research would have been strengthened considerably. However, due to the time limit of the research, only data from the South African case study was used.

The empirical sections of the thesis were executed during a winter holiday, when most companies were caught up with their year-end hectic works. For this reason, the number of companies that the author could implement the qualitative research with was limited. Certain interactions with several companies were made, but the data collected was inadequate. A face-to-face semi-structured interview with CEO of ENO Programme, a tree-planting association in Finland, was actually

conducted. However, even though the association has certain characteristics of a social enterprise, the CEO claimed that ENO Programme is totally voluntary-based, which unfortunately made it non-applicable for the thesis.

The obstacles that the author confronted during the data collection also point out one of the limitations of the qualitative research method. While qualitative research tends to provide data in greater details, it requires more arrangements to implement comparing to quantitative research. Therefore, it is much more challenging to collect data with qualitative research in a short period of time.

7.3 Recommendations for future research

Social entrepreneurship is such a broad topic to cover. During the research, the author has encountered various aspects of this study that is still highly under researched. Among those aspects, it is impossible to ignore that many documents and studies about social entrepreneurship in developing countries are lacking. Based on this, a research which especially focuses on the importance of social entrepreneurship in developing countries can be extremely important to the development of social entrepreneurship. On the other hand, studies about social enterprises in each specific developing country would definitely be appreciated.

7.4 Conclusions

Indeed, the lack of support from the government and limited social awareness can be great hindering components to the development of social entrepreneurship. As in the case study, had the South African government been as supportive to the social cause as British or Finnish government, Greenpop would have been in a much more favorable position and contributed much greater social values. Even though the business is still in its early days and facing countless challenges, the continuing success of Greenpop over the years has demonstrated that social enterprises do have their position in the developing economies like South Africa. In this era when social issues are still haunting the societies yet there are more

people willing to make changes, social entrepreneurship certainly deserves more recognition as a new paradigm for its impact on sustainable development.

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Interviews

Teasdale, M. Chief Executive Officer. Greenpop. Recorded interview 10.12.2014.

Interview questions with Greenpop

1. From your point of view, what is the role of social entrepreneurship in South Africa?
2. Being one of the prominent social enterprises in Cape Town, what do you think about the potential of social entrepreneurship in South Africa?
3. How did you overcome the lack of capital, personnel and force when Greenpop was first founded?
4. How do you reinvest the profits?
5. At the moment, who are your primary stakeholders?
6. Do you feel supported by the community and government?
7. What do you think about the performance of the Greenpop's main projects at the moment?
8. What are the major difficulties that Greenpop is facing right now?
9. To what extent do you think Greenpop have contributed to the sustainable development of society and environment?
10. What is your vision for Greenpop in the next 5 years and what can be improved?