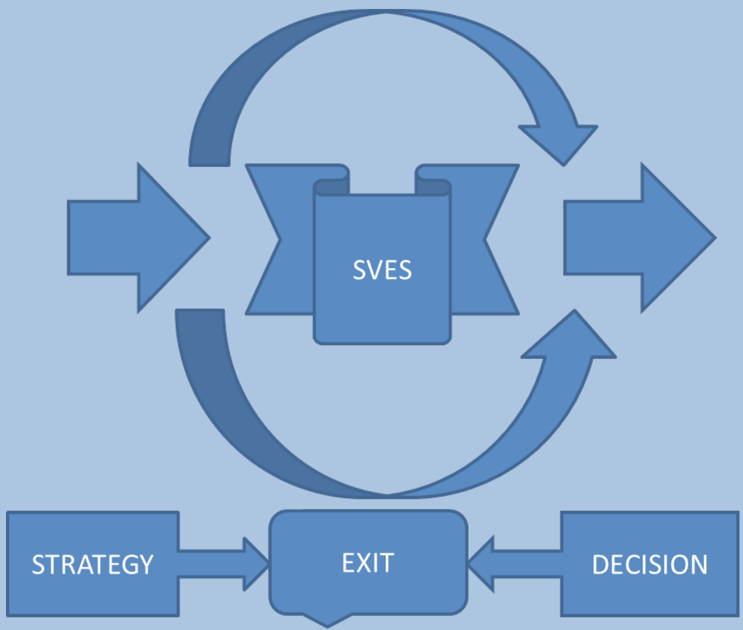
Exit Strategies for Social Venture Entrepreneurs

Alexander Tetteh Kwasi Nuer



Exit Strategies for Social Venture Entrepreneurs

Alexander Tetteh Kwasi Nuer

Thesis Committee

Promotors

Prof. Dr G. van Dijk

Professor of Theory and Practice of Cooperatives

Wageningen University

Prof. Dr J.C.M. Van Trijp

Professor of Marketing and Consumer Behaviour

Wageningen University

Co-promotor

Dr J.P. Jongerden

Assistant professor, Rural Sociology Group

Wageningen University

Other members

Prof. Dr A. Fowler, Erasmus University Rotterdam

Prof. Dr C.E. van 't Klooster, Wageningen University

Prof. Dr J.D. van der Ploeg, Wageningen University

Dr H. Kievit, Nyenrode Business University, Breukelen

This research was conducted under the auspices of Wageningen School of Social Sciences (WASS)

Exit Strategies for Social Venture Entrepreneurs

Alexander Tetteh Kwasi Nuer

Thesis

submitted in fulfilment of the requirement for the degree of doctor
at Wageningen University
by the authority of the Rector Magnificus
Prof. Dr A.P.J. Mol,
in the presence of the
Thesis Committee appointed by the Academic Board
to be defended in public
on Tuesday 10 November 2015
at 1.30 p.m. in the Aula.

Alexander T.K. Nuer

Exit Strategies for Social Venture Entrepreneurs

227 Pages

PhD thesis, Wageningen University, Wageningen, NL (2015)
With references and summaries in Dutch and English

ISBN: 978-94-6257-568-4

Table of Contents

Chapter One:

Introduction

Background of Study

During the last decade, institutional structures for business development have been shifting from the public to the private and informal sectors of the world's economy (Kievit, 2011; Van Dijk, 2011; Mair & Marti, 2009; Dees, 1998). The task of development cooperation, whereby development aid and joint initiatives are co-created among states and governments, has also shifted towards private and non-state actors such as foundations, donors and non-governmental organizations (NGOs) (Van Dijk, 2011; Kievit, 2011; Light, 2009; Mair & Marti, 2009). It is under this shift that various private sector initiatives, such as venture philanthropy, corporate social responsibility investments (CSR), mission-related investments (MRI), and Social Venture Entrepreneurship (SVE), have emerged (Van Dijk, 2011; Zahra, et al., 2009; Mair & Marti, 2009; Dees, 1998). The focus of this thesis lies on Social Venture Entrepreneurship (Van Dijk, 2011; Kievit, 2011), and how Social Venture Entrepreneurs (SVEs) engage in exit from performing the task of initiating bridges within agribusiness supply chains in the developing world through investment portfolios.

Context of the Study

This study was initiated as a result of the invitation from a Social Venture Investor, to look at possible exit routes that are sustainable for Social Venture Entrepreneurs and Investors. In the context of this study, the SVE is the principal investor in a social venture established among the Maasai tribe in the north of Tanzania, and was at the point of considering exit from the social venture. Since there was no defined exit route for the SVE at the time this study was initiated, research was initiated into the phenomenon of exit from the point of view of Social Venture Entrepreneurship. The business models used by SVEs connote engagement and investment in business ventures that have social impact and a certain degree of financial return for the entrepreneur-investor (Van Dijk, 2011; Mair and Marti, 2009; Zahra et al, 2009; Emerson, 2001). Scholars within Social Venture Entrepreneurship as a field of study, notably among them, Van Dijk (2011) and Kievit (2008 2011), assert that traditional business investment models may not be sustainable for SVEs. They suggest that donor-driven interventions that aim to stimulate investments in informal economies do not always lead to entrepreneurial development. This they argue based on the form of dependency that is created by donors and beneficiary communities. Neither do such initiatives create the desired weaning of beneficiary communities from the donors, governments and philanthropists. Donor-driven initiatives, they assert, end up compounding issues as well as creating challenges for local and beneficiary communities (Van Dijk, 2011; Kievit, 2011; Kievit and Van

Dijk, 2009; Kievit et al, 2008. For example, Van Dijk (2011) and Kievit (2011; 2009) argue that helping developing economies should not be done through philanthropy.

Philanthropy is attributed to include interventions such as giving money or free goods and services to disadvantaged people and communities who cannot develop any form of self-help. A better way to improve the living conditions in informal economies, they state, is by giving people the opportunity to develop their economies based on new business models that combine social and economic tools that factor in local institutional conditions such as cultural beliefs, inheritance, governance structure, property rights and ownership, market orientation, management decision making, and contracts,. The new field of enquiry related to this approach was named Social Venture Entrepreneurship. Social Venture Entrepreneurship combines traditional entrepreneurship and investment (impact investment) approaches to study why, when, where and with whose involvement businesses can effectively and efficiently thrive within an informal economic environment. Social venture economics studies economic developments where insufficient purchasing power prohibits market economies to develop on their own (Van Dijk, 2011; Kievit, 2011; Kievit and Van Dijk, 2009; Emerson, 2001).

Problem Definition and Justification of Study

Some studies have been conducted on how Social Venture Entrepreneurs (SVEs) could invest in disadvantaged communities and weaker environments and contribute to solving the poverty gaps the world over (Cardon and DeTienne, 2012; Khan and Khan 2012; Van Dijk, 2011; Kievit, 2011; Mair and Marti, 2009; Zahra et al, 2009; Emerson 2001; Dees, 1998). These studies suggest possible strategies and modules through which SVEs could not only initiate businesses but also focus on possible propositions and scenarios under which SVEs can exit from social ventures they initiated (Alter et al, 2001; Austin, 2000; Kievit, Van Dijk & Spruyt, 2008; Kievit et al, 2008; Abbema and Sibanda, 2009; Mair and Marti, 2009; MaRS, 2010; Khan and Khan, 2012; Cardon and DeTienne, 2012).

Thus far, no research has been conducted with regard to the institutional prerequisites for the exit of SVEs. In this thesis, the institutional conditions that play a role during the exit decision paths identified in scientific and grey literature have been studied more explicitly.

There is no single way to ‘exit’ from business ventures established by any form of entrepreneur or investor (Zahra et al, 2009; Boeker and Karichachil, 2002). In the context of the Social Venture Entrepreneurship literature (Van Dijk, 2011; Kievit, 2011;

Kievit and Van Dijk, 2009), SVEs exit when social impact has been achieved and a decent return on investments has been realized so that the initial investment may be re-invested in other ventures.

Studies regarding exit strategies have either been restricted to a project-management point of view in which a community simply 'inherited' projects from donors – community leaders and beneficiary groups become the new owners without any financial transfer (Austin and Wei-Skillern, 2006; Kievit et al, 2008; van Abbema and Sibanda, 2009; MaRS, 2010, Khan and Khan, 2012) – or have prescribed exit decisions based on corporate business and finance exit methods and models such as Initial Public Offer (IPO), Mergers and Acquisition (M&A), Management Buy-out (MBO) and Outright Sale of these established social ventures (Cardon and DeTienne, 2012; Mair and Marti, 2009; Zahra et al, 2009; Van Abbema and Sibanda, 2009; 2010).

In the context of Social Venture Entrepreneurship, the question of exit comes to the fore since SVEs mostly establish their social ventures within the informal sectors of an economy. The question arises as to whether they must exit from their social ventures by using a project-related or business and finance approach. The challenge of using more established business or project-related forms of exit becomes paramount within the context of Social Venture Entrepreneurship.

Studies regarding exit for Social Venture Entrepreneurs should consider and integrate both the two components of SVEs ('impact first' and 'return on equity, or financial stability'), and the degree of institutional capacity-building in the region where these social ventures are established as prerequisites. Chapter two builds on this argument. The thesis focusses on how a Dutch SVE and a Maasai community jointly initiated, ran and intended to exit from a social venture they established among the Maasai in Northern Tanzania. The Maasai tribe is an important test case due to the intriguing 'embeddedness' of informality and formal institutional structures within their communities. This is vividly revealed when it comes to the way businesses in general are run and how ownership is transferred to new owners in the local environment. Chapters three, four and part of chapter five will elaborate on this.

Research Objective

The objective of this thesis is to investigate and develop an approach to 'exit' for Social Venture Entrepreneurs investing in social ventures in developing countries. We also seek to define institutional conditions necessary for 'exit' and options currently available for

SVEs. This thesis presents options for exit that can be interesting for SVEs to consider in chapters five and seven.

Research Question

What is a sustainable exit strategy for Social Venture Entrepreneurs, reconciling the dual mission of impact investment and financial returns from their social ventures in developing countries?

Sub-Questions

1. What is a feasible entry for the local community and or local investors to take over ownership of the social venture on the exit of the Social Venture Entrepreneurs?

2. What does ownership mean to the various parties involved in a social venture, and what is meant by the transfer of ownership?

3. Which 'exit' strategies exist within the field of social entrepreneurship in the broader sense and Social Venture Entrepreneurship in the context of this study?

4. When, under what conditions, and in what way do founders of social ventures step out of the business ventures they establish?

Social Venture Entrepreneurship

Social Venture Entrepreneurship can be defined as an 'act of taking on the challenge of solving societal problems in an entrepreneurial way' (Van Dijk, 2011; Kievit and Van Dijk, 2009). Social Venture Entrepreneurs (SVEs) invest in single supply chains, with two objectives in mind, namely, sustainable impact and financial return on investment (financial profitability). Return on investment is not the primary goal but it is seen as a condition for continuity and venture sustainability (Van Dijk, 2011, Kievit, 2011; Kievit and Van Dijk, 2009; Zahra et al, 2009, Mair and Marti, 2009, Emerson, 2001; Dees, 1998).

Social ventures have 'impact first' and then return on investment as a means to scale up a business as their primary motives (Kistruck and Beamish, 2010, Peredo and Chrisman, 2006, Dees, 1998). Impact connotes social or ecological rather than financial motives

(Emerson, 2001). Return, on the other hand, is inspired by economic and financial traits (Zahra et al, 2009; Mair and Marti, 2009). Entrepreneurial exit, sometimes connoting founder departure, has become more important, especially in the past decade, in the arena of entrepreneurship and management studies (Cardon and DeTienne, 2012, DeTienne, 2009). This is as a result of the less successful exit models used by practitioners. DeTienne (2009) suggests that entrepreneurial 'exit' is necessary to scale up and complete a business' formative lifecycle. This assertion is further supported by Van Dijk (2011), Mair and Marti (2009) and Zahra et al (2009).

Research method

We consider the exit routes available to SVEs with reference to the business logic and project/community logic that SVEs subscribe to in their business model. We followed a reflexive and interpretative research approach. The research focus was on when and under what condition SVEs can exit sustainably. The research question was divided into four sub-questions. A field questionnaire was developed within the framework of the sub-questions, and an exploration field study was conducted. Informal interviews were conducted and secondary data such as annual reports, consultancy and technical studies, conceptual, business and marketing plans, scholarly works received from the SVE was analyzed through the use of thematic content and member category analysis. The analysis followed the normative and qualitative case study protocol in the Netherlands. This was followed by field visits to Arusha and the five main communities where processing units of the social venture are located. These communities are Terrat, Naberera, Orkesumet, Same and Longido. It became clear from the explorative field research that, though exit is a must for SVEs, the term was almost a new concept to the managers and communities the SVE works with. Other themes that emerged from the study were based on ownership (transfer of ownership in particular) and the role of informal local institutions in sustaining the established social venture. It became apparent that there was no tangible exit route from the social venture, which served as the case study for this research. During the informal interviews, it became clear that exit was never thoroughly discussed between and among the SVE, its managers and the communities. Therefore, new concepts of exit emerged based on understanding and interpretations of each category of respondents. Institutional concepts emerged as another area of interest. Informal institutions based on leadership, cultural practice, local governance and the role of individuals that connect institutional frameworks were frequently mentioned in the interviews and focus group discussions Software issues such as infrastructural development, communication, capacity building, etc. were prevalent during the explorative field study. These were mostly evident from answers analyzed from focus group discussions, informal interviews and researcher's field observations.

Findings from the explorative field study were contrasted with literature in the field of social ventures, management and Bottom of Pyramid (BoPs). Conclusions were drawn based on analyzed data and research questions were reformulated for the second field study. Two main questions were developed for the second field study: 1) what does the concept of exit mean? and 2) what is ownership? Respondents were divided into three main categories throughout the field studies. There were 1) the Dutch foundation and its directors in the Netherlands (the SVE), 2) management and staff of the social venture in Northern Tanzania (Arusha), and 3) the five local communities where milk processing units (engitengs) of the social venture were located.

Case Selection

There are other SVEs that could have been studied for this thesis. Planet Finance (with Grameen Ghana) and SWOFT (Microfinance in Rwanda) are two other contenders. The Dutch SVE was, however, the only SVE nearing exit at the commencement of this study in 2010. The case study of the Dutch SVE was unique in view of the fact that the target group and communities were the Maasai, who have exceptional informal business and cultural environments. The focus of this study has been on contrasting formal ways in which businesses and investments thrive with how people living informal environments, such as the Maasai, perceive how businesses should be considered from a dual perspective, that is impact and profit, when they are established within informal economies. This thesis sought to answer the question: *what is the sustainable exit strategy for Social Venture Entrepreneurs, reconciling the dual objective embedded in the mission to create impact as well as a certain amount of return (profit)?* Results from this study have shown that the realization of a sustainable exit will only be realized in concert with all stakeholders (partners) who are connected to the mission under which a social venture is established (chapters three, five and seven).

Literature reviewed for this study, such as Van Dijk (2011), Kievit (2011; 2008), Mair and Marti (2009), Cardon and DeTienne (2012), has brought out two forms of exit strategies: a traditional business form of exit strategies and project-based exit strategies. It was hypothesized that there is no single exit route for SVEs. That is, there is no exit route that will work for all SVEs. It was further hypothesized that any exit route based on the SVE business model should involve impact and financial return as its core tenets. Impact motives based on project exit mode and financial return based on business and investment exit mode must become cardinal points for scholars and practitioners to consider.

The field of Social Venture Entrepreneurship is rather complex. In this thesis, the fields of informality and governance are examined from non-western perspectives. In the market and business worlds in particular, the concepts of ownership and business are mainly considered from a western point of view, i.e. from market and formal legal perspectives. The informal and non-market environment is barely discussed in current, westernized studies. The exit strategy of SVEs should embed the social and community element of the social venture they establish. When SVEs only consider exit from a western perspective, one refers to issues of ownership and transfer of business. Cooperative business models, for example, consider ownership to be embedded with members and communities. Since SVEs intend and will prefer a community form of ownership, including informal contributions of communities is vital if they are to realize their mission of impact and return. If business models such as the SVE business model are to thrive and become sustainable within informal environments such as the Maasai communities discussed in this thesis, it is vital to consider key constructs such as exit from a dual perspective based on perceptions and knowledge from both formal and informal worlds. Chapter three explicitly presents the area of Northern Tanzania where the venture studied for this thesis is situated.

Outline of the Thesis

Chapter one introduces the subject matter of 'exit' strategies for Social Venture Entrepreneurs, and further discusses the structure conceptual framework and outline of the thesis. Chapter two reviews the available literature on the subject of 'exit', social ventures and the theories that underpin ownership, as well as institutions within the context of Base of the Pyramid (BoP) and informal subsistence markets in developing countries where many social ventures are established. Chapter two further presents a detailed literature study on the subject of Social Venture Entrepreneurship.

Chapter three focuses on and highlights institutional isolation versus institutional integration of subsistence markets into national institutions, and their respective impacts on business ventures in these communities. Based on an in-depth case study of the five main Maasai communities in Northern Tanzania, our study highlights the importance for outside organizations to establish social (*business*) ventures to understand not only the communities' relative isolation, but also their connections to the outside world. Our study further shows that significant institutional variations exist across seemingly similar communities, suggesting the need for a micro-level understanding of the institutional dynamics of each community. Finally, our study finds evidence of adaptation of community institutions in reaction to the presence of an outside organization, highlighting the importance of understanding the consequences of starting social ventures in subsistence markets. The research question answered in chapter three is:

What is the possible entry path into the venture for the local community and or local investors to own the sponsored supply chain in order to enable a sustainable 'exit' to Social Venture Entrepreneurs?

Chapter four explores the definitions and forms of ownership envisioned by local stakeholders and the extent to which these are in line with the SVE's way of thinking. Using qualitative case study analysis, perceptions of legal and psychological ownership are compared between local stakeholders and management of social venture in Northern Tanzania. Specifically, we consider the context of one of the Dutch SVE's initiatives, a dairy-processing social venture they initiated and established among five local Maasai communities in Northern Tanzania. Results from this chapter revealed that the definition of ownership connotes different perceptions, forms and criteria among local stakeholders. Psychological ownership dominated our findings among local stakeholders. An opposite result was revealed by fund managers and the SVE, whereby a legal form of ownership dominated responses analyzed from this category of respondents. The results suggest that investors should organize the definition of ownership for their social ventures around perspectives common to their stakeholders. This chapter answers the vital research questions of:

(1) What does ownership mean to the various parties involved in an SVE?

(2) What is meant by the transfer of ownership?

Chapter five explores the subject of 'exit' in more detail. The focus of this chapter is on how Social Venture Entrepreneurs fulfil most or all of their aspirations for investments around the concepts of People, Planet and Profit (PPP) within the context of 'exit' strategies they subscribe to.

Results from this study revealed that 'exit' mean 'transfer of ownership', but that the SVE and its local stakeholders have different and contrasting interpretations of these two concepts. Different forms and interpretations of 'exit' that emerged from interviews and focus group discussions are highlighted in this chapter. Results in this chapter are consistent with those in chapter four of this thesis. This study contributes to the subject by looking at practices of exiting that are of great importance within the study of Social Venture Entrepreneurship as a broader field. Since not many studies have been conducted into SVEs and their exit strategies, this study serves as a stepping stone and foundation that future research can be built upon. The chapter concludes that scholars and practitioners need to commit time and energy to further studies in order to harmonize founder and stakeholders expectations before social ventures are established. This becomes a starting point for scholars and practitioners alike to explore the possibilities of harmonizing 'exit' decision paths that could help strengthen the domain of Social Venture Entrepreneurship as a field of study. This chapter answers the question:

Which exit strategies exist within the field of social entrepreneurship in the broader sense and Social Venture Entrepreneurship in the context of this study?

Chapters four and five serve as the main contribution of this thesis to the study of Social Venture Entrepreneurship. They may serve as a foundation for further scholarly work to be carried out in the foreseeable future.

Chapter six uses scenario-based conjoint analyses to test under what conditions Social Venture Entrepreneurs are likely to depart ('exit') from social ventures they establish.

'Exit' is contextually integral to the Social Venture Entrepreneurship business model. 'Exit' can be stimulated by impact realization and or financial motives. This study discusses 'exit' decision paths that social venture founders could employ during their departure (Arend, 2013; Miller et al, 2012; DeTienne and Cardon, 2012; Miller et al, 2012; Zahra et al, 2009 Boeker and Karichachil, 2002). This chapter also focuses on whether or not founders of social ventures would step out of established social ventures.

Results from this chapter reveal that entrepreneurial and managerial experience and entrepreneurial age play a significant role in 'exit' decision-making. However, no significant finding was made regarding the influence of the independent variables of impact, financial sustainability and organizational capability on founder 'exit'. The results further confirm conclusions from the explorative and qualitative case study that suggests SVEs will prefer not to leave the social ventures they establish. What 'exit', therefore, means to founders is what this study seeks to unravel. The crucial question to be answered is;

When, under what conditions and in what way do founders of social ventures step out of the business ventures they establish?

Chapter seven highlights important results and discussion points to conclude this thesis. In this chapter, the main findings of the field study are reconciled with previous scientific studies conducted in the field of social entrepreneurship. Recommendations and suggestions for further studies, policy decision-making and societal relevance generated from the study are further highlighted.

Chapter Two:

Conceptual and Theoretical Review of Exit Strategies

Exit Strategies for Social Venture Entrepreneurs in sub-Sahara Africa: A Literature Review

Abstract

This chapter, a theoretical review on exit strategies for Social Venture Entrepreneurs, considers the concept of 'exit' within the context of Social Venture Entrepreneurship. Exit is important for the Social Venture Entrepreneurship business model, because SVEs do not intend to stay in social ventures they establish indefinitely. The SVE business model has a dual motive of social impact and a certain amount of financial return.

This chapter, factoring in the two motives, argues that Social Venture Entrepreneurs who follow traditional business and entrepreneurship exit strategies are likely to lose sight of the very mission under which they established their social ventures. A conclusion drawn from literature is that a 'hybrid' of business management and entrepreneurship as well as project-based exit criteria is likely to be a best fit exit approach for SVEs who especially invest in BoP. This chapter further narrows the concept of BoP to cover sub-Sahara Africa as a point of reference, when the subject matter of exit is discussed

Key words: *Social Venture Entrepreneurship, Exit Strategies, Developing economies, sub-Sahara Africa*

Introduction

Social Venture Entrepreneurs (SVEs) are becoming important actors in the development of weak supply chains (Van Dijk, 2011; Kievit, 2011; Kievit and Van Dijk, 2009). SVEs' objective is to be temporarily present in business chains they ignite and to withdraw within a particular period of time. Since SVEs' exit strategy is largely driven by continuation considerations, a plan is needed that enables them to leave their business venture while at the same time ensuring that the mission of the established business is kept and realized. This chapter will outline the basic issues such investors are confronted with and which should be addressed before they exit. SVEs identify and invest in weak supply chains mainly at Bottom of the Pyramid (BoPs), and mostly at BoPs in developing economies. By BoPs, business transactions are handled at the grassroots level where people live below USD $2.5 a day. Local institutions and market forces determine how businesses are conducted in an informal way (Prahalad & Hart, 1999). By 'weak supply chains', these investors refer to business networks and chains which have precarious and vulnerable market conditions (Van Dijk, 2011). Examples of identified weaknesses are inadequate availability of financial means due to challenges related to collateral, weak infrastructure, and a lack of human and institutional resources, legal and governance structures and technological knowhow. The lack, or inadequacy of these business conditions are sometimes described as 'wicked problems' (Van Dijk, 2011; Kievit, 2011). SVEs claim they are important in helping to solve these 'wicked problems' in the informal sectors of the developing world, and within institutional and development cooperation contexts (Kievit, 2011). This is key to the operational definition of SVEs. SVEs identify government and market failure within informal markets as one of their main motivations to invest in these sectors of the informal economy (Van Dijk, 2011; Kievit, 2011; Kievit and Van Dijk, 2009; Kievit et al, 2008; Zahra et al, 2009; Mair and Marti, 2009; Light, 2009; Dees, 1998).

Social Venture Entrepreneurship can be defined as an 'act of taking on the challenge of solving social problems in an entrepreneurial way' (Van Dijk, 2011; Kievit, 2011; Mair and Marti, 2009). Social Venture Entrepreneurs (SVEs) invest, amongst other things, in single supply chains with two objectives in mind; namely sustainable impact and return on investment. Return on investment is not the primary goal but is seen as a condition to be able to continue investing in sustainable impact for the target group or other purposes of sustainability, such as establishment of a non-existent agribusiness supply chain to market finished products, provision of pipe-borne water for communities at a minimal fee, and value addition processing to perishable products such as milk and fruits (Van Dijk, 2011, Kievit, 2011; Kievit and Van Dijk, 2009; Zahra et al, 2009, Mair and Marti, 2009, Emerson, 2001; Dees, 1998).

The entry criteria for Social Venture Investments (SVIs) are relatively well-defined, and do not greatly differ from any other investment decisions, despite for the following. As Social Venture Entrepreneurs are geared towards improving the living conditions of targeted groups as their primary goal, exit should be based upon financial structures that will be sustainable after exit, as well as on good governance by which impact is assured in the long run. For the sake of clarity, we use the term 'social ventures' to connote Social Venture Investments initiated or set up by SVEs.

The mention of exit leads to much debate that ought to be discussed within the mission of SVEs. SVEs propose to exit from supported business chains (social ventures) whilst expecting a return on initial investment, but most importantly, leaving behind a business chain that is self-sustaining, locally-owned and which meets a need within the communities where such businesses are established (Van Dijk, 2011; Zahra et al, 2009; Mair and Marti, 2009). The aim of this paper is to investigate and develop an approach to exit for Social Venture Entrepreneurs. This chapter builds on the limited literature on the subject of management and (social) entrepreneurship, and uses the Social Venture Entrepreneurship business model as a starting point. We further focus on SVEs investing in agri-business supply chains in developing countries, and more specifically Sub-Sahara Africa, as a starting point for this scientific enquiry.

We aim to define institutional conditions to 'Exit' and options available for SVEs from available literature in the field of Social Venture Entrepreneurship. The main reason why it is necessary to study exit for SVEs in particular is that, unlike for traditional entrepreneurship and investments business models, issues of exit are important to SVEs because they do not intend to stay within their investments indefinitely. They invest in the chain within a specific timeline (Van Dijk, 2011; Zahra et al, 2009; Mair and Marti, 2009).

Apart from the works of Boeker and Karichachil (2002), who studied exit in the form on founder departure, and DeTienne and Cardon (2013), who focused on entrepreneurial exit, exit is rarely and barely discussed in management and entrepreneurship scholarly works.

In the context of project-based non-governmental studies, exit follows project and donor-driven strategies (Khan and Khan, 2012; Dijk, 2011, Van Abbema and Sibanda, 2009; Artto 2008; Artto and Wickstrom, 2005; Rogers and Macias, 2004; Alter et al, 2001). Scholars in these fields view exit as a form of graduation that NGOs and donors, especially, use to depart from their interventions and investments. Graduation therefore connotes the completion of a project for new owners, or beneficiary communities to own the delivered intervention. Practitioners of project-based exit models mostly position transfer of ownership to local entrepreneurs and partners (including local communities) as a preferred group (Khan and Khan, 2012; Rogers and Macias, 2004; Alter et al, 2001).

To meet the objective of this study, the following question is answered; *what is a sustainable exit strategy for Social Venture Entrepreneurs, reconciling the dual mission of impact investment and financial returns, in sub-Sahara Africa*.

A contribution of this chapter is to highlight possible exit decision paths (exit strategies), as well as to introduce stakeholder participation and stakeholder roles as likely inclusion in exit literature in order to help realize a sustainable exit decision path for SVEs. We will further attempt to bridge a knowledge gap that has existed in the SVE business model, by looking at stakeholder roles in decision-making at BoPs and in informal sectors where community linkages play important roles in ensuring that order prevails within these communities. Limited knowledge on how informal sectors and community lineages inform the success or otherwise of business ventures are almost unstudied (Rivera-Santos et al, 2013).

This chapter concludes that there is no single set of exit criteria in exiting from SVE ignited chains or social ventures established by Social Venture Entrepreneurs. The chapter argues the need to include local stakeholders' take on and expectations in decision-making right from the design stage of a social venture, throughout the timeline allocated for such an investment. Stakeholder involvement in decision-making regarding subjects such as exit would likely lead to a self-sustainable 'exit continuation' of social ventures SVEs establish.

In short, this chapter introduces the problem of exit and justifies its further study for SVEs, specifically. Secondly, the chapter highlights the main issues and challenges related to exit as identified within the context of SVE as a field of academic and practical enquiry. The chapter concludes with a synergy on possible exit criteria that could be a best fit for SVEs doing business in developing economies, and more specifically, sub-Sahara Africa.

Social Venture Entrepreneurship and Exit Strategies

In this section, the general concept of 'exit strategy' will be defined from literature. The chapter will further present two key exit criteria that were identified as likely to fit into the operational definition of Social Venture Entrepreneurship regarding the subject of exit. Areas will then be brought to the fore that have been underrepresented in literature to date and therefore ought to be covered to make the concept of exit for SVEs fit to lead to sustainable outcomes as well as long-term impact when using the SVE business model. Exit criteria will then be proposed that are likely to be of interest to SVEs and practitioners specifically investing in sub-Sahara Africa.

Exit Strategy, a Conceptual Definition

An exit strategy can traditionally be described as 'the mechanism by which an activity or set of activities could be completed by a primary initiator(s) (Van Dijk, 2011)'. The term has its roots in both military and business philosophy and became popular during USA advancement in the cold war era. In military policy, the term exit was developed by military strategists on Vietnam (Middleton, 1999; Powell, 1992, 1994). In the last few years, the term has gained popularity among business circles (Middleton, 1994). In the last five years, the term 'exit' has become very relevant in the study of social entrepreneurship as a new field of academic and practical enquiry (Cardon and DeTienne, 2012; Khan and Khan, 2012; Van Dijk, 2011; Abbema and Sibanda, 2009; Zahra et al, 2009; Mair and Marti, 2009, 2006; Gardner et al, 2005; Boeker and Karichachil, 2002; Middleton, 1999).

In business parlance, an exit strategy is defined as a process to abandon a product, a division or an entire industry (Investopedia, 2011)[1]. Other scholars, notably among them Alter et al (2001), define exit to mean 'expert advice in developing one or more strategies at the commencement of a business venture for sustainable exit'. For the purpose of this thesis, the definition of 'exit' for SVEs is contextualized to mean 'a plan designed to enable Social Venture Entrepreneurs to depart from a social venture they establish for new owners to take over, whilst keeping and realising the mission of its set up at the same time'.

Scholars of management and entrepreneurship prescribe different forms of exit strategies for different types of social ventures (Zahra et al, 2009; Mair and Marti, 2009, 2006). Traditionally, a business exit strategy and exit criteria cover sale of a venture by an investor, floating of shares in public, also known as Initial Public Offer (IPO), merging or acquisition of an existing business venture by a new owner or by another firm (M&A/Internal Succession), takeover of the firm by management, popularly termed as Management Buy-Out (MBO). Scholars such as DeTienne and Sarason (2009) and Rogers and Macias (2004) suggest that an exit strategy or exit criteria could be in the form of partially or completely withdrawing from or abandoning a general product,

[1] Reference of Business Encyclopaedia, cited 8th February, 2011 (Investopedia, 2011)

business, service or project. In this thesis, we use the latter definition of exit by DeTienne and Sarason (2009) and Rogers and Macias (2004).

In the next section, conceptual models based on the traditional business and project-based exit criteria or exit strategies will be presented by reflecting on the work of Berenson (1963). This will be contrasted with the social venture model developed by MaRS, a Canadian social entrepreneurship platform that draws its core qualities from *Project Development* and the *Financial Return Mode of Exit* (MaRS, 2009). This section will conclude by stating why a *hybrid* of the project-development and the traditional exit model, factoring in suggestions proposed by Berenson (1963), could be a best fit for SVEs investing in sub-Sahara Africa.

Conceptual Model on Exit Strategies

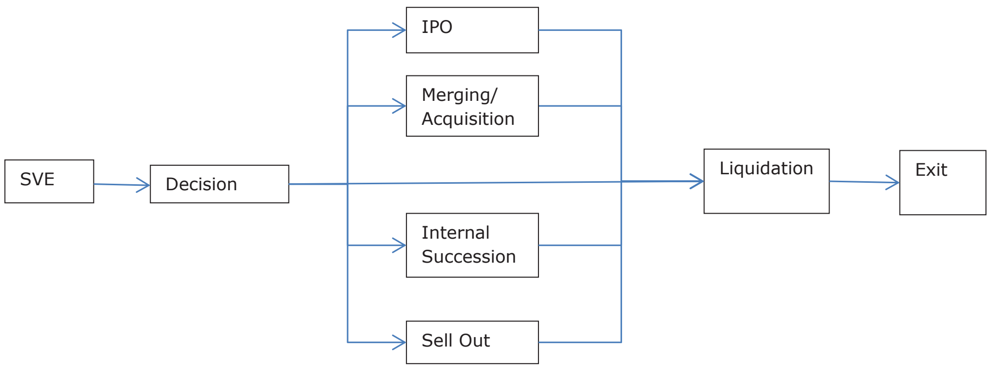


Figure 2.1. The Traditional Exit Decision Model Source: Author modification based on Boeker and Karichachil (2001) and Cardon and DeTienne (2012).

In the traditional exit decision model, an investor or entrepreneur who comes to the decision point of exit will consider opting for IPO, Merging and Acquisition, Internally Succeed Equity (Management Buyout) or selling the venture. Equity is liquidated and then the entrepreneur/investor opts out of the established business venture. In an extreme case, an entrepreneur/investor of a business can file for bankruptcy or completely abandon the business (Cardon and DeTienne, 2012; Van Dijk, 2011; Kievit, 2011, 2009; Boeker and Karichachil, 2001).

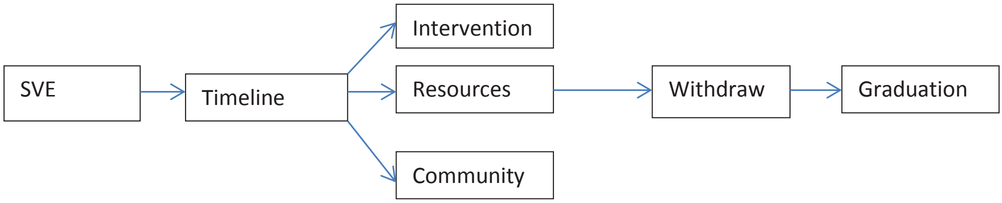


Figure 2.2. The Project-Development Model of Exit Source: Authors, Based on Rogers and Macias (2004) and Khan and Khan (2012)

Rogers and Macias (2004) define 'exit' from a development paradigm perspective as 'the withdrawal of all externally provided resources from the entire program area'. Rogers and Macias (2004) argue that exit could be synonymous with 'graduation'. Graduation, in the context of development intervention is referred to as 'the withdrawal of resources from selected communities, program sites and program activities' (Rogers and Macias, 2004). The authors narrow their definition of an exit strategy to connote 'a plan describing how the program intends to withdraw its resources while assuring that the achievement of development goals is not jeopardized and that progress towards these goals continues' (Rogers and Macias, 2004). The continuation of development goals, it is argued, will help the mission of SVEs to be realized, even after they have transferred their equity in the venture to new owners. Graduation, Rogers and Macias (2004) argue, could be used as the starting point to exit from an intervention or project. Khan and Khan (2012) found that graduation as a form of exit decision path is not only important to maintain the mission of SVEs, but is a best fit for NGO and donor-related investments and interventions at the grassroots level of both formal and informal economies. This argument is valid within the study of social venture as well. SVEs do not only invest in informal and precarious market conditions, they relate part of their mission to conform to impact and not-for–profit motives. Since SVEs intensions to exit from their established businesses connote a 'progress towards continuous goals' (Van Dijk, 2011), exit criteria suggested by Rogers and Macias (2004), as well as Khan and Khan (2012) could fit into the mission of an SVE exit strategy. This definition of exit is further important to ensure that the primary motive of creating impact by SVEs is maintained in the long term. Khan and Khan's (2012) and Rogers and Macias' (2004) definition and criteria, however, present only the impact component of the mission of Social Venture Entrepreneurs. Artto (2008) and Artto and Wickstrom (2005) argue that businesses do not only have financial and investment portfolios; they also have a social component that follows project-management and project-based approaches. The financial element of the SVE mission is lost in the project-based exit criteria if the financial return element of exit is not highlighted in the business model in practice. At the same time, the social impact element becomes invisible if it is not made explicit in the financial exit criteria for such investments.

Critical to the project-based exit criteria is the following checklist of prerequisites suggested by Rogers and Macias (2004), which could be of interest to Social Venture Entrepreneurs.

- Identification of approaches to be used for the established social businesses

- Specific criteria for graduation (of communities as possible future owners) and an exit (of an SVE from the communities they had invested in)Measurable benchmarks for assessing progress toward meeting the exit criteria

- A time line, recognizing flexibility may be required

- Identification of action steps to reach the stated benchmarks and parties responsible for taking these steps (Self-Supportiveness of the established business)Mechanisms for periodic assessment of progress toward exit and for possible modification of the exit plan

These prerequisites can be important for Social Venture Entrepreneurship as a field of enquiry.

The above prerequisites seem to suggest that following them could lead to sustainable exit for program teams working on and implementing initiatives the world over. Though this checklist alone would not suffice, it could be incorporated into any impact-related strategy that Social Venture Entrepreneurs may wish to consider when planning the exit from social ventures they establish. This is so because the SVE business model places impact motives before financial return. This argument is supported by the assertion of Artto (2008) and Artto and Wickstrom (2005) who argue that business ventures themselves start from a 'project' phase before they break even and go on to make a profit.

SVEs ignite and invest with a dual mission of impact and return on investment. Exiting from an established social venture whilst only looking at realization of impact will defeat the core competence and business model used by SVEs. Rogers and Macias' (2004) exit strategy proposition only fits more into one side of a SVEs exit criteria, i.e. the impact (philanthropic) component of SVEs' mission for investment. The financial return side is therefore not adequately presented from the project-based exit model perspective. It is under such a limitation on the SVE business model that another exit criterion will be presented. MaRS Social Entrepreneurship Incubator, a Canadian social venture platform that seeks to work with social entrepreneurs to create impact as well as derive financial return (profit) from social ventures they ignite or invest in, proposed the following exit model in the next paragraph.

The MaRS Social Business Model of Exit

The MaRS Social Entrepreneurship Incubator prescribes a two-component criterion of exit. They prescribe their exit criteria based on the core mission of social businesses by covering the financial returns and social/environmental impact generated by the venture they establish. Capital from business initiatives is mostly generated from Social Venture Funds or 'Angels' (Kievit, 2011; MaRS, 2009). The purpose of these funds is to reach a 'blend of strong social/environment and financial returns'. The following criteria, which combine impact and financial-related motives of SVEs, are provided to ensure a sustainable exit.

- Definition of financial objectives
- Definition of social business model
- Making initial investment
- Monitoring (and Evaluation)
- Action and decision to
    - Continue
    - Revise
    - Terminate
- Consequences
- Local community take over
- SVE Exit (Continuation of mission by new owner)

As criteria, SVEs define their financial objective for establishing their social venture. The social 'business' mission, in terms of the business model that defines the venture is further defined, the social venture entrepreneur and investors make initial investment, this helps them to establish a monitoring and evaluation mechanism to track progress as well a manage their investment portfolio. The monitoring and evaluation mechanism enables the SVE to decide to continue, revise or terminate the business model in use. Such a decision further leads the SVE to provide the necessary step that enables community takeover of the assets and liability of the established social venture. Local or community takeover is the final step that in principle enables the social venture entrepreneur to exit from the established venture.

According to the MaRS exit criteria model, a definition of a financial objective within an SVE initiative or business plan enables the business as a legal entity to clearly work on its internal rate of return (IRR). The business is able to work within a framework of residual claims to ensure that finances derived for such a venture are well used for the intended purpose. The MaRS business model fits into any business model that firms use to guide their businesses. Furthermore, the MaRS social business model, as explained in the previous paragraph seeks to provide a guide for the entrepreneur, investor, and or staff of such a firm. A business model therefore serves as a guide or blue print that stimulates investors and financiers to implement their business ideas as well as to invest within a particular business presented to them. The MaRS group identified *monitoring and evaluation* as an important criteria in meeting a successful option for exiting from a socially-related business. A monitoring criteria, according to literature (Van Dijk, 2011; MaRS, 2009), leads an investor to evaluate which things go wrong and which things are done correctly in a sponsored business environment. Such an activity enables the main implementer to take necessary actions and steps to review work done, within a certain period of time.

The MaRS social business model further suggests a number of factors of which the following key considerations will need to be taken into account before a social entrepreneur can consider exit. The three main factors they suggest are;

- The type of investment
- The industry of the social enterprise(s)
- Timing (for proposed exit)

MaRS social business suggest that the three factors mentioned above are important elements that take precedence when determining what type of exit decision is needed. MaRS categorizes their business model under a two-tier social business label. These two tiers are classified as *social enterprises* and *social purpose business*. For social enterprises, exit does not necessary connote deriving 'profit', but fulfilling a certain 'good' to society. In the case of a social-purpose business, the fulfilment of a certain 'good' to society calls for some form of profit. Exit options presented for the two-tier group of MaRS' social venture businesses are listed below;

- Debt-financing
- Merge with a for-profit or non-profit organization
- Transfer programs to another non-profit organization
- Sell social enterprise to a for-profit organization
- Close (sometimes abandon) the social enterprise

In the context of Social Venture Entrepreneurship, an exit decision that subscribes to any of the abovementioned strategies is likely to defeat the mission for establishing the social venture. Van Dijk (2011) argues that Social Venture Entrepreneurs' decision to exit must be based on a set of criteria that are likely to have been realized, or near realization. Notable among these criteria is the realization of recognizable social impact within target communities where such social ventures have been established. Secondly, SVEs do consider the viability and economic profitability of the established venture before they subscribe to a type of exit decision. To complement this consideration, Van Dijk (2011) further suggests that People, Profit and Planet are primary criteria under which the decision to exit from social ventures such entrepreneurs establish are considered. For the contextualization of People, Van Dijk (2011) identified local stakeholders and partners to be important decision-makers when an exit decision path is designed. Furthermore, residual claims, as well as the ability for the social venture to continue with the primary motive without the Social Venture Entrepreneur, are important milestones under which exit decisions are considered by SVEs (Van Dijk, 2011).

The exit criteria suggested by MaRS and Rogers and Macias (2004) reveal a gap in both theory and practice-oriented exit decision when it comes to the field of Social Venture Entrepreneurship. This is because neither of the two approaches mentioned earlier wholly meet the dual mission of impact and profit of Social Venture Entrepreneurs. Specifically for Social Venture Entrepreneurship as a field of enquiry, embracing any of the abovementioned approaches will lead to the realization of a limited and a negatively skewed exit. Exit under Social Venture Entrepreneurship requires that the social venture established is able to continue with the mission of the Social Venture Entrepreneur even after they have transferred ownership to new owners. A merger of these exit decision models, that is, the project and MaRS exit models, with the traditional business exit models is perhaps the best approach that can inspire scholars and experts in the field of Social Venture Entrepreneurship to design a hybrid exit decision model that is likely to become a best fit for SVEs. Based on this observation, the following exit model is suggested for SVEs.

Exit Decision Model for Social Venture Entrepreneurs

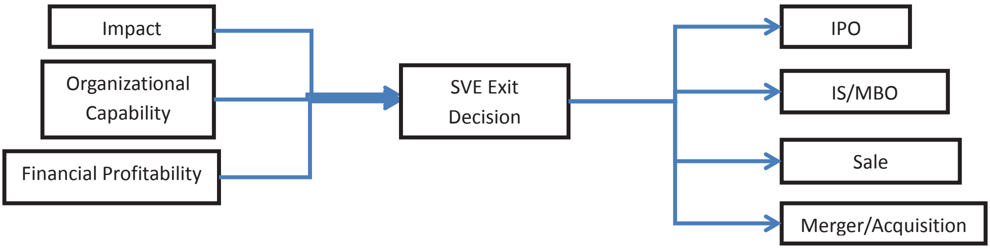


Figure 2.3. Exit Decision Model for Social Venture Entrepreneurs Sources: Authors Modification based on Van Dijk, 2011

In principle, SVEs establish social ventures with the aim to ignite a viable business supply or value chain that will ensure that viable social venture businesses and markets are created within disadvantaged and imperfect market conditions. 'Impact first' is the priority of such entrepreneurs. Financial return, the other side of the SVEs' primary mission, is subscribed in order to liquidate equity and initial investment capital that will be channelled towards igniting another social venture supply chain elsewhere (Van Dijk, 2011; Kievit, 2011). SVEs, as a type of social entrepreneur and investor, subscribe to the belief system that venture creation and supply chain enactment is necessary to bridge the gap that exists between traditional business ventures, established with the sole aim of making profit, and project/philanthropy initiatives that lead to the realization of social impact (Cardon and DeTienne, 2012; Zahra et al, 2009; Mair and Marti, 2009; Dees, 2004, 1998).

Due to the abovementioned criteria, the decision to exit from an established social venture implies that the Social Venture Entrepreneur is likely to consider important roles played by local stakeholders in establishing the social venture. It becomes imperative that opinions and suggestions from local stakeholders are solicited in determining an appropriate exit approach that could help realize the dual mission of impact and financial profitability of the established social venture (Van Dijk, 2011). This, therefore, includes the decision to exit from the established social venture.

SVE and the role of Stakeholders in Decision Making

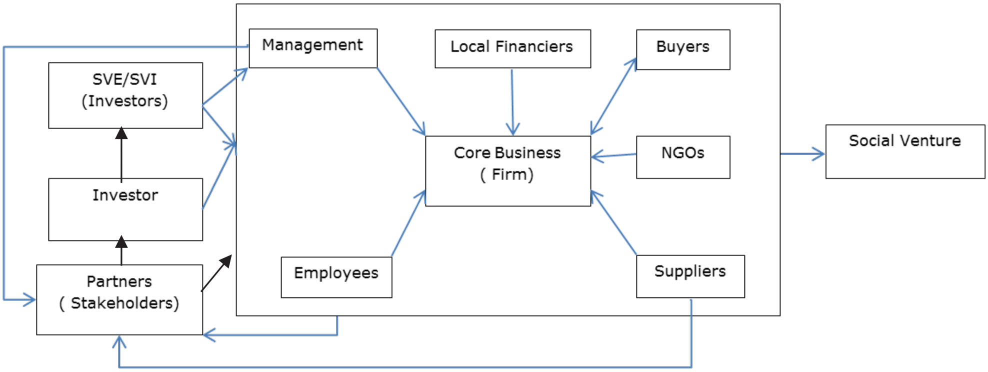


Figure 2.4. SVE and the Role of Stakeholders in Decision-Making Source: Modified from Douma and Schreuder, 2009 and Van Dijk, 2011.

Due to the impact related-mission of founders of social ventures, suppliers and employees of a firm may be invited as special stakeholders (Van Dijk, 2011). A feeling of ownership of the established venture then becomes a cardinal point that these stakeholders ascribe to. A feeling of ownership of an established social venture is likely to serve as a form of motivation that binds the Social Venture Entrepreneur or Investor and their stakeholders together (Van Dijk, 2011; Zahra et al, 2009; Townsend et al, 2009, Pierce et al, 2001). Not many studies have critically considered the role of the stakeholders and partners that SVEs work with. For example, earlier scholars focused on entrepreneurial processes, and on the role of the social entrepreneur in deciding which form of exit strategy to select (Cardon and DeTienne, 2012; Khan and Khan 2012; Van Dijk, 2011; Boeker and Karichachil, 2002). What exit means to the partners and stakeholders involved in a given supply chain or social venture has barely been studied or considered by scholars to date. It is prudent to argue that, since the Social Venture Entrepreneurship business model argues for inclusive decision-making during conceptualization and entry stages of establishing social ventures, the same should be the case when it comes to the decision to exit.

Van Dijk (2011) argues that stakeholder roles are important when exit decisions are made by the Social Venture Entrepreneur. He did not, however, discuss specific roles such stakeholders are likely to play in the entire decision making process regarding an established social venture. This thesis argues that stakeholder roles are important in the entire decision-making process regarding an established social venture, as engaging them is vital to ensure that local ownership and trust relationships are built between SVEs and their partners. It is further argued that stakeholder roles in exit decision-making are necessary to ensure that both the social impact and financial return missions of the Social Venture Entrepreneur are realized by these partners.

Stakeholder participation in decision-making, it is further argued, is important even after ownership of the social venture has been transferred to new owners. This argument is based on the assumption that traditional exit strategies such as IPO, Mergers and Acquisitions, Management Buyouts/Internal Succession or Outright Sale of the social venture are likely to negatively affect the impact criteria of SVEs' mission to invest in informal and disadvantaged communities. On the other hand, impact-related exit criteria that ignore return on investment (profit, in the context of Social Venture Entrepreneurship) are in itself disastrous for the sustainability of the SVE business model. This is mainly because the Social Venture Entrepreneurship business model argues that financial return is a requirement that helps the Social Venture Entrepreneur to reinvest in potential social ventures elsewhere. The arguments presented in this thesis, therefore, pave the way for a third form of SVE exit decision model that will complement both the traditional business and impact-related exits strategy (criteria) models described earlier. Important constructs and features that are likely to serve as the basis for a unified exit decision model are highlighted in the next part of this thesis.

Exit Decision Path for Social Venture Entrepreneurs: A Conceptual View

Berenson (1963) identified five key deliverables that must be considered when investors propose to exit from a business venture. These are:

- Financial Security
- Financial Opportunity
- Marketing Strategy
- Social Responsibility
- Organised Intervention

Berenson (1963) argues that all businesses need financial security to thrive. Where there is a shortfall in financial flows, a business is likely to be bedevilled with competition, expansion, or may be likely to collapse. Shareholders and or stakeholders of a business at the brink of collapse are likely to look for ways to inject the necessary funds into such a business. A point of action might be a decision to liquidate business assets, external borrowing, cost cutting in staff, and management remuneration, among others. The presence of competition, the need for expansion or financial flow is likely to compel a company to choose a certain set of exit criteria based on a model that would be agreed upon by owners of the said business. As an example, a business may opt for an IPO or merge with another firm based on a set of considerations. This could be after an amount of re-organisation and reforms have been carried, successfully or less successfully. The arrival of a willing investor could create a financial opportunity for the business to continue to be in operation. As a protocol, a business or firm could develop certain market strategies such as discount sales, rebranding of products and services, among others, on how to reach out to its shareholders and clients, whilst at the same time reforming its business model and business plan under the new arrangement in place. A traditional business may choose to then find a way to maintain its social licence to operate under the new leadership, as well as maintain trust relationships within the communities in which they have built their businesses. This is likely to be the case scenario of a socially-oriented or socially-related business.

A purely profit-oriented firm is likely to offload its shares, or transfer its ownership stake to a new owner without greatly concerning itself about social issues outside its business environment. The reason for this could be that, in the most economic sense, and where there are functioning and viable institutions within the business chains, there may not be the need to consider a social responsibility and community intervention activities when an entrepreneur or investor decide to exit from a business they have established. SVEs, on the other hand, see societies in which they invest as stakeholders, shareholders and staketakers in sustaining their businesses (Van Dijk, 2011). A vacuum is created when an SVE does not involve its stakeholders and staketakers when they decide on how to exit from social venture businesses they establish. Van Dijk (2011) argues that stakeholders are likely to feel left out in the decision-making process involving the social venture. This feeling of exclusion is likely to affect continuity of the mission of the SVE, especially when ownership of the venture is transferred to new buyers.

In the United States of America, for example, social entrepreneurs seem to rely on traditional business exit models when they decide to exit from businesses they have initiated (Light, 2009; Neck et al, 2009; Mair and Marti, 2009; Zahra et al, 2009). A recurring example that seems to have taken prominence from practitioners' literature is Ben and Jerry's ice cream which was formally taken over by Unilever. Ben and Jerry was set up as a social business to create jobs and make community impact in a less-favoured business environment in the United States of America. The scale up of the business, however, saw Unilever, a multinational company, buying the business and therefore integrating it into its business model which is one based purely on making profit. Furthermore, social venture businesses such as Aveda, Ethos Water, Stonyfield Farms, and Timbuk2 have all changed hands from their original social entrepreneurs to formalized business institutions or competitors. Social entrepreneurs who exited from the abovementioned businesses had based the decision to exit on criteria that cover the traditional exit modes such as M&A, IPO, and MBO. The availability of well-developed institutions and market conditions has made such social venture businesses thrive without much challenges. Though these ventures have been successful in terms of generating profit, they have been less successful in achieving their primary social mission. However, this approach to exit does not strictly ensure that the new leadership, investors and or managers of the acquired social venture businesses would continue to subscribe to the original social mission and vision of the enterprise or firm of the venture's *founders*. The abovementioned exit approaches, due to their limitation to realize SVEs' mission, have led to the call for scholars and practitioners within the field of Social Venture Entrepreneurship to critically look for ways to induce more SVE-friendly forms of exit, as well as to look for exit strategies that will complement the options mentioned earlier. Two exit criteria that could be of interest to SVEs and that are modelled on their mission to create impact and generate return whilst they invest under precarious environmental conditions will be discussed more in-depth in the ensuing chapters of this thesis.

The SVE business model, which means that impact is primary and financial results are a condition for impact, covers the tenets and vision under which SVEs build their businesses. Under the SVE business model, initial investments are derived from SVEs who we will classify as 'angels', philanthropies with a form of profit motive, and or wealthy families (founders) who are motivated to 'do good' in societies far or near geographical spaces they reside or do business in. These groups of individuals or organizations choose to give some of their wealth back to society. They furthermore have a mission to contribute to correcting a certain 'wicked problem' within a certain community space (Kievit, 2011). It is important to reiterate here that financial gain is not primarily the reason why they invest in these areas.

In the case of the SVEs' dual motive presented above, it is subsumed that an SVE is likely to continue with its investment in a social venture business when it is satisfied with the outcome of the monitoring done on the viability of the social venture. However, such a founder can revise key strategies and or managerial structures earlier put in place in the business if they are not satisfied with the outcome of initial investments, after some time. Such revisions may result in partially or completely terminating the business supply chain ignited. This could then lead to a local community, other entrepreneurs or institution taking over the investment and continuing to pursue the core vision of the original initiator (Van Dijk, 2011).

True SVEs' core objective is to only be temporarily present in the social venture or ignited chain. Exit is largely driven by continuation considerations; this is a key starting point for this work. It was noted that the SVE-related initiative studied at the time of this thesis have not fully enforced financial exits in their practice within the developing and informal economies (Van Abbema and Sibanda, 2009). Such initiatives are mostly implemented by non-governmental organisations (NGOs), which may not necessarily be specialized in business finance and investment philosophy. SVEs, though, partner with NGOs in realizing their social visions of impact investment and philanthropy. The business model of Social Venture Entrepreneurship both as a concept and in practice requires financial returns. This is, to recoup invested capital that helped to set up the social venture business.

Both formal and informal business environments have nurtured two kinds of social venture investment outcomes from the MaRS and Ben and Jerry cases presented above. Based on the above-mentioned cases we argue for a type of exit criteria, that could be a best fit for Social Venture Entrepreneurs, and more specifically, those who work within developing economies where informality is most prevalent. The decision of SVEs to exit is categorized as a key dependent variable in this thesis, the two key drivers (profit) and self-supportiveness (philanthropy) of the chain as the key criterion variables, and the key antecedents (leading to profit and self-supportiveness) are identified as key independent variables. We will propose a merged 'hybrid' exit option or options for SVEs' investments, based on the project management exit criteria and the MaRS social business model.

Chapter Three:

Institutional Isolation and Integration

Maasai or Tanzanian? Institutional Isolation versus Integration of Subsistence Markets and their Impact on Business Ventures[2]

[2] Submitted by and accepted: Nuer ATK, Rivera-Santos M, and Rufin C. Accepted for Academy of Management 2014 Annual Conference, Philadelphia, USA. August, 2014. Academy of Management Perspectives, 2014. doi: 10.5465/AMBPP.2014.15881

Abstract

This paper examines the institutional isolation versus the institutional integration of subsistence markets into national institutions and their respective impact on business ventures in these communities. Based on an in-depth case study of five Maasai communities in Northern Tanzania, this study highlights the importance of outside organizations establishing business ventures understanding not only the relative isolation of the communities but also the connections that link these communities to the outside world. The study further shows that significant institutional variation exists across seemingly similar communities, suggesting the need for a micro-level understanding of the institutional dynamics of each community. Finally, this study finds evidence of adaptation of community institutions in response to the presence of an outside organization, underscoring the importance of the consequences of initiating business ventures in subsistence markets.

Keywords: subsistance markets; non-profit; informal institutions; formal institutions; Maasai; Tanzania

Introduction

Since Prahalad's original call for multinationals to expand their activities to the Base of the economic Pyramid (BoP) as a way to create new market opportunities and simultaneously fight poverty (Prahalad & Hart, 1999), a growing body of literature has emerged that explores the specificities of businesses at the BoP (Kolk, Rivera-Santos, & Rufín, Forthcoming). Among the main research questions in this field, scholars have investigated the economic and institutional specificities of subsistence or BoP markets and their impact on business models (Akula, 2008; Simanis & Hart, 2008; Webb, Kistruck, Ireland, & Ketchen, 2010), reflecting on broader calls for a more thorough understanding of the role of institutions in emerging economies (De Soto, 2000; Khanna & Palepu, 1997; Teegen, Doh, & Vachani, 2004). Overall, this line of research suggests that outside organizations, such as multinationals, need to radically adapt their approach to reflect the co-existence of different sets of institutions in subsistence markets, leading some scholars to call for the co-creation of BoP business models with the community (Simanis & Hart, 2008). Recent studies further suggest that one of the important dimensions of this adaptation is the need to embed governance mechanisms in local and typically informal institutions, as subsistence markets function in relative isolation from mainstream market institutions (Rivera-Santos, Rufín, & Kolk, 2012).

We are only beginning to understand, however, how and to what extent outside organizations need to adapt their approach. In spite of their relative isolation, subsistence markets do not operate in a complete vacuum; they are connected, albeit sometimes loosely, to national institutions through a variety of channels (Lesorogol, 2008; Rivera-Santos et al., 2012). Furthermore, even though developing countries are characterized by relatively weak national institutions and institutional voids (Khanna & Palepu, 1997), formal institutions still exist and have important implications for businesses that are active both in the country in general and in the subsistence markets of the country specifically. Starting an official business organization, for instance, requires embedding the business within formal and national institutions, simply to make it a legal business. Similarly, in spite of their relative isolation, people living in subsistence markets have connections to the broader national environment through such channels as education, travel, military service, and commerce (Lesorogol, 2008). In other words, while the existing literature has emphasized the differences between subsistence market institutions and formal national institutions, scholars have paid less attention to the similarities and possible links between them. There is, therefore, the need for a better understanding of the grey area between the complete isolation of a subsistence market and the complete integration of a market in national institutions, as well as of the nature of the links that connect them.

Developing a more nuanced understanding of the links between subsistence markets and formal institutions is important because it has major implications for the claim that outside organizations need to radically adapt their approach when they enter a subsistence market (Simanis & Hart, 2008). Beyond the specific case of subsistence markets and BoP initiatives, disentangling the complex interaction between institutional isolation and integration also informs one of the central issues in international business as a field of academic enquiry: the challenge of adaptation to a different institutional environment which international business and social-venturing-related scholars have mostly looked at from a national perspective (Peng, Wang, & Jiang, 2008).

Aiming to fill this gap, this chapter focuses on the following research question: *How does the institutional relationship between a subsistence market and the national environment impact the business approach of an external organization?* With reasoning grounded in institutional theory, the goal of this paper is to explore the implications of the relative isolation of a subsistence market from national institutions, as well as the links and connections that constitute its relative integration into the national context. Through an in-depth case study of Maasai communities in Northern Tanzania, the analysis in this paper shows the complexity of bridging the institutional divide when institutional isolation and integration are taken into account. More specifically, the case study shows the variation in the extent to which Maasai versus national institutions prevail across the five communities studied, in spite of their geographical proximity and their belonging to the same tribal sub-group ("oloshon"), as well as the role of specific individuals in this variation. The case study further shows the implications of this variation for the challenges faced by the outside organization, a non-profit trying to set up milk factories in the communities. The data suggest that some of the most acute challenges to the initiative emerged not due to a lack of adaptation to the local institutions, but rather due to a lack of recognition of the partial integration of some of the communities into the national environment. Furthermore, the case also highlights the adaptation of local institutions through contact with outside organizations.

This research contributes to three main fields of the literature. First, it contributes to the literature on subsistence markets and BoP by highlighting the importance of understanding the nuances between full institutional isolation and full institutional integration in subsistence markets. This is built on focusing on the relative isolation of subsistence markets (Akula, 2008; Rivera-Santos et al., 2012; Simanis & Hart, 2008; Webb et al., 2010), by highlighting the parallel relative integration, such as the informality of how businesses are organized and governed, of these markets and by exploring the links and connections that constitute this integration. Second, it contributes to the literature on informality (De Soto, 2000; Godfrey, 2011; Minard, 2009) by showing the intricate relationship that may exist between informal and formal institutions, especially with regard to power structures, property rights and contracts. Third, the thesis contributes to the literature on cross-sector partnerships in subsistence markets (Dahan, Doh, Oetzel, & Yaziji, 2010; Kolk & Lenfant, 2012; Rufín & Rivera-Santos, 2013; Webb et al., 2010) by exploring the implications of the relative institutional isolation and integration of a community on the governance structure of a partnership between a non-profit organization and the community. Finally, the data highlight the understudied adaptation that occurs in local institutions as a result of the presence of outside organizations (Rufín & Rivera-Santos, 2013).

The paper is structured as follows. After the literature review, in which the focus is on the relationship between formal and informal institutions in subsistence markets, there is an introduction to an in-depth case study of a Dutch non-profit organization that uses the social venture business model, setting up milk factories among five Maasai communities in the Arusha area of Northern Tanzania. This case study focuses on the specificities of the institutional environments in the five villages, the characteristics of the non-profit organization (SVE), the process of setting up the milk factories, and the specific challenges and solutions that emerged in the different villages. It is concluded with a discussion of the findings and implications of the study for understanding the way in which external organizations can bridge the institutional divide in subsistence markets.

The Isolation of Subsistence Markets and its Implications for Business Ventures

Subsistence markets are defined as markets in which consumers barely have sufficient resources for day-to-day living (Viswanathan, Sridharan, & Ritchie, 2010). As defined in the literature, subsistence markets include people who either live under the poverty line of approximately USD 2 per day in purchasing power parity terms, or under the extreme poverty line of approximately USD$1 per day (Kolk et al., Forthcoming), and represent between 2.7 and 4 billion people (Hammond, Kramer, Katz, Tran, & Walker, 2007; Karnani, 2007a; Prahalad, 2005). In this paper, we use the terms ‘subsistence markets’ and ‘BoP markets’ interchangeably because they refer to the same consumers, even though the conceptual approaches of the BoP literature (Prahalad, 2005) and of the subsistence market(place) literature (Viswanathan, 2007) diverge significantly. We further use the term community based organization (CBO) and non-governmental organization (NGO) interchangeably due to the community focus of this chapter.

While subsistence market and BoP scholars have emphasized material deprivation in their definitions of poverty, development economists argue that poverty is a complex phenomenon encompassing five interrelated dimensions (World Bank, 2000): material deprivation, lack of education, ill health, vulnerability, and voicelessness and exclusion.

In turn, the complexity of the phenomenon is accompanied by, embedded in, and, to a certain extent, caused by specific institutional and business ecosystem characteristics that have been highlighted in the literature (World Bank, 2000).

The institutional environment in subsistence markets is characterized by a unique combination of national formal institutions and community-based informal institutions (Mair & Marti, 2009; Webb et al., 2010). Formal institutions encompass norms that are legally valid, meaning that they are backed by and embedded in an established national set of institutional rules, and enforceable through the national judicial system (North, 1990). Community-based institutions, on the other hand, are typically not recognized as valid or enforceable by the formal institutional framework, even though governments may acknowledge some community-based informal institutions in specific situations, as in the case of indigenous governance (Sullivan, 2006). While they may not be recognized by national formal institutions, community-based institutions lead to a set of rules that are typically embedded in age-group, religious or other intra-group ties (De Soto, 2000; Rivera-Santos & Rufín, 2010), which are recognized as valid by members of the community and are enforceable through community-based enforcement mechanisms. The actual governance and enforcement mechanisms vary from community to community, with some communities, referred to as acephalous communities, emphasizing social capital and social networks, while others, referred to as hierarchical communities, emphasize the centralized power of a chief or a religious leader (Rufín & Rivera-Santos, 2013).

Contrasting with mainstream markets, subsistence markets exhibit weak formal national institutions and strong informal community-based institutions. On the one hand, subsistence communities are characterized by acute institutional voids which are defined as gaps in the formal institutional fabric that usually supports economic activities (De Soto, 2000; Khanna & Palepu, 1997; Mair, Martí, & Ventresca, 2012). Such voids include weak mechanisms to enforce formal laws or regulations, limited protection of property rights, and limited legal protection against breaches of contract; they lead to what Hamman calls 'areas of limited statehood' (Hamman, 2013). On the other hand, the literature suggests that community-based institutions are particularly strong in subsistence markets, and serve as a substitute to formal institutions in supporting economic activity (De Soto, 2000), even though the extent to which these institutions can protect economic transactions is typically limited (Khanna & Palepu, 1997). In fact, they are often seen as one of the mechanisms which keep people from rising above poverty (De Soto, 2000; Mair et al., 2012). Embedding the governance of economic transactions in broader social relationships (Rivera-Santos & Rufín, 2010), community-based institutions tend to be highly localized with few connections to the environment outside the community (Arnould & Mohr, 2005). Within the community, however, economic transactions are protected, to a certain extent, where property rights are recognized, and contracts are enforced (De Soto, 2000). An acephalous community emphasizing social capital as its main enforcement mechanism, for instance, will punish individuals breaching contracts or agreements through exclusion from the community. Similarly, a hierarchical community emphasizing a centralized power figure as its main enforcement mechanism, will punish individuals breaching contracts or agreements through a decision of the chief or religious leader (Cheater, 2003; Rufín & Rivera-Santos, 2013).

The relative institutional isolation of subsistence communities has, in turn, important implications for both the local economic ecosystem and outside organizations, such as multinationals that wish to enter the community. Locally, subsistence markets are characterized by small and mostly informal firms and micro-entrepreneurial ventures which may not have the resources to compete in an open market, but which may be powerful all the same because they are embedded in the local power structure, as is the case of powerful intermediaries or loan sharks (Anupindi & Sivakumar, 2006; Collins, Morduch, Rutherford, & Ruthven, 2009; De Soto, 2000; Rivera-Santos & Rufín, 2010; Viswanathan, Rosa, & Ruth, 2010). Acute institutional voids, poor infrastructure, and gaps in the business ecosystem (Mair & Marti, 2009; Mair et al., 2012; Minard, 2009), however, prevent these firms from growing.

Outside organizations wishing to enter the community to establish business activities also have to deal with the institutional isolation and poorly developed business ecosystems characteristic of subsistence markets, leading some scholars to argue that BoP ventures may involve too many difficulties to be worth pursuing (Karamchandani, Kubzansky, & Lalwani, 2011; Karnani, 2007b). The pressure of costs due to the very low purchasing power of people living within these informal communities has important implications for the type of products and services (Ireland, 2008), the type of innovations (Anderson & Billou, 2007), and more generally, the type of business models (Akula, 2008; Anderson & Markides, 2007) that may be successful in subsistence markets. As a result, some scholars have called for the pursuit of radical adaptation and even of co-creation of business models with the community (Simanis & Hart, 2008). Yet pressure of costs is only one of the determinants of the adaptation of business models. The gaps in the ecosystem and the relative isolation of local institutions stimulate outside organizations to bridge the institutional divide between the community and the national context, often by partnering local non-profit organizations or community representatives (Branzei & Valente, 2007; Hamman, 2013; Kolk & Lenfant, 2012; London & Anupindi, 2012) to fill some of the institutional voids by using local and community-based institutions to govern their transactions within the community (Rivera-Santos et al., 2012).

The subsistence market and BoP literature emphasize the institutional and economic isolation of poor communities, leading to a focus on the necessary adaptation strategy, the business model, and the governance structure by outside organizations that wish to develop economic activities in the communities. The scholarly focus on the differences between local community-based institutions and national formal institutions, however, means that the connections between local and national institutions remain understudied. However, studies in anthropology and sociology have highlighted the importance of the connections between relatively isolated communities and the national context when disentangling the complex interactions between community-based institutions and national institutions (Lesorogol, 2008). The complex relationships between institutional isolation and integration will be explored with an in-depth case study of a non-profit organization setting up milk factories in five Maasai communities in Northern Tanzania.

Methodology

For this in-depth case study, data was collected from five Maasai communities in Northern Tanzania (Terrat, Naberera, Orkesumet, Same and Longido) where the Dutch SVE set up milk factories. The SVE is a Dutch non-profit organization established in 2005 which uses a social venture business model to engage in community economic development. Figure 3.1 shows the different communities on a map of the area.

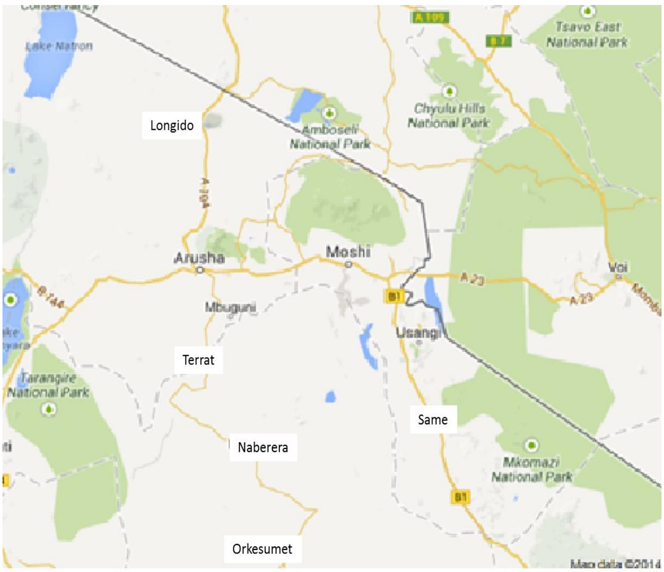


Figure 3.1. Map of the Area, and Location of the Five Communities Source: Google Maps

There is a number of reasons why the Maasai communities provide an ideal setting for studying the institutional isolation and integration of subsistence communities. First, Tanzanian and Kenyan Maasai communities are characterized by deep poverty, sometimes pushing members to the brink of starvation (Osano, 2011), which is mostly the result of pressures caused by the expansion of agricultural areas on their pastoralist lifestyle (Coast, 2002; Homewood et al., 2006; Homewood, Kristjanson, & Trench, 2009). Second, the traditional institutions of this semi-nomadic ethnic group are not only very strong, but also significantly different from Tanzania's (and Kenya's) national institutions (Spear & Waller, 1993). Maasai institutions are organized around sub-groups, called *oloshon*, which are at the heart of Maasai identity (Grandin, 1991). Each community is stratified by age sets which include all the members of the community around the same age and create very strong trust and reciprocity bonds within each age set (Spencer, 1993). The power is concentrated among elders who are members of the oldest age set of the community (Saitoti & Beckwith, 1986). Most interesting for our study is the fact that property rights are mostly communal, reflecting the typical pastoralism of Maasai communities, and contracts are based on verbal agreements (Spear & Waller, 1993). Violations are punished by the age-set leaders, or by the elders at the community level, who can, in extreme cases, curse individuals and ban them from interacting with the rest of the community (Saitoti & Beckwith, 1986; Spencer, 2010). Third, national and formal institutions have encroached upon traditional institutions, especially with respect to the problems of land rights and privatization, first in the 1960s under British administration and, then under Tanzanian (and Kenyan) administration in the 1980s (Homewood et al., 2009). Overall, the Maasai live in subsistence markets exhibiting characteristics of both isolation with a very distinct traditional institutional system, and integration with important interactions with national institutions over several decades.

Two research visits to the five communities and to the city of Arusha were carried out in October 2011 (in the dry season) and June 2012 (in the rainy season). In addition, directors and management of the Dutch non-profit and SVE were interviewed in the Netherlands between October 2010 and December 2013. The qualitative study protocol for the data collection was based on Malterud (2001) and Twumasi (2001) because their methods are specifically designed for qualitative data collection in rural communities in the developing world.

The data collection consisted of open-ended and semi-structured interviews; discussions with focus groups of community members, suppliers, and staff of the factories and the community-based organization; participant observation; and secondary data from the non-profit organization, the communities, the government institutions, and internet searches. Follow-up phone interviews and emails with respondents were conducted when clarifications were needed. Table 3.1 summarizes the methods of data collection used.

Table 3.1. Summary of Methods

Method	*Relevance to Research Question*
Semi-Structured Informal (Face-to-Face) Interviews	This helped present divergent views on the research question Interviews brought out different perspectives from the respondents, because respondents were able to express themselves and give meaning to their response.
Focus Group Discussions	Issues, challenges and SWOT as perceived by different respondents brought out key areas to be considered in property rights, decision-making, among others. Participants were asked to present what they proposed to be the solution to questions in a discursive form.
Participant Observation	The researchers observed the entire supply chain initiated by social venture and the *processing unit*. Since the lead researcher participated in activities that took place during field visits to Arusha and the communities, he was able to take note of the processes that relate to decision-making, governance, and management of the project. A comparison of what emerged from the interviews, FGDs, and Interviews were observed to check the validity of responses generated from the interviews. Such an approach enabled the researcher to study and informally ask questions and seek clarification on issues that emerged whilst staying with the management and people from the communities visited.
Purposive Sampling Interviews	Divergent views of community respondents and 'educated Maasai' respondents in the communities, Arusha and Moshi presented divergent local positions on the supply chain and business in the field.
Document Analysis	Analyzing documents provided the opportunity to cross check the primary vision of the SVE and practicalities observed in the field. These documents included: - SVE documents; - SVE conceptual framework; - Papers; - Reports; - Personal field notes.

Respondents were identified through desk research and from suggestions made by local staff of the Dutch non-profit group (the SVE), the milk factory management organization (the social Venture), a local community-based organization present in the five communities known as the NGO, staff of the milk factories, and various community members. The respondents were either contacted by local informants or directly by the lead author, both before and during the field visits. The goal of the research was discussed with the respondents prior to the interviews and focus group discussions, and they all accepted to participate in the study on this basis. No remuneration or gifts were involved.

The main participants of this study were community members, including traditional leaders; local government wardens from the communities; management and staff of the factory units, or *engitengs*; management and staff of the community-based organization (the NGO); management and staff of the milk factory management organization (the social venture); district coordinating heads or their representatives; individual Maasai who are revered or influential within the communities; and suppliers of milk, mostly females. Approximately fifty percent of the participants were present during the two field visits, the second of which allowed for the validation of earlier responses in the first visit. With respect to the Dutch non-profit organization (SVE), respondents included all the directors, interviews and discussions were held in The Netherlands. Table 3.2 summarizes the characteristics of the respondents.

Table 3.2. Respondent Profiles

Community	***Respondent Category***	***Female***	***Male***	***Total***	***Remarks***
Terrat	Staff and Management	3	3	6	*Male staff respondents are made up of: (1) Staff of the NGO who are attached to the five* engitengs*, and (2) Non-staff, including members of the Board set up by the social venture to advice on day-to-day management of the* engitengs.
	Community Representatives	2	3	5	
Naberera	Staff and Management	6	5	11	
	Community Representatives	3	2	5	
Orkesumet	Staff and Management	4	3	7	
	Community Representatives	2	1	3	
Same Village	Staff and Management	3	1	4	
	Community Representatives	5	2	7	
Longido	Staff and Management	3	5	8	
	Community Representatives	-	-	-	

The interviews, which included both open-ended and semi-structured interviews, lasted approximately fifty minutes each, and were organized around themes and questions that were pre-tested with four Tanzanian PhD students studying in The Netherlands at the time of this research (Malterud, 2001; Silverman, 2006). A total of 30 interviews were conducted. Of the thirty (30) interviews, three (3) were not recorded: one (1) with a manager of the local CBO and two (2) with community elders. The other interviews were fully recorded with consent of the respondents. In addition to the recordings, extensive notes and photographs were taken. The open-ended interviews started with traditional greetings in meetings with community members, but formal protocols, such as requesting permission to record responses that were deemed confidential, were observed in other meetings. This was followed by the presentation of the research purpose. Themes covered in these interviews included: ownership; conflict resolution; the setting up of the milk factories; challenges and issues related to the milk factories; 'exit' strategies and sustainability of the factories; and personal information about the respondents. The semi-structured interviews were reserved for traditional leaders, elected local government wardens, management and directors of the various organizations, and were used to collect more precise data about their experiences. They covered the same themes as were covered in open-ended interviews. The majority of the interviews were conducted in English, although some were conducted in the Maa language by two research assistants fluent in both English and Maa.

The focus group discussions brought together representatives of the various organizations, community members and traditional leaders of each community, and lasted for approximately 50 minutes. All focus group discussions were recorded, with the consent of the participants, and these recordings were complemented by extensive notes and photographs. A total of ten (10) focus group discussions were conducted, five (5) during the visit in the dry season, and five (5) during the visit in the rainy season. After traditional greetings, the lead author initiated discussions concerning the different themes, allowing for a flexible flow of the discussion between the lead author and the focus group participants. The focus group discussions were conducted in the Maa language and supported by two research assistants fluent in both English and Maa.

The collected data were transcribed and coded by means of the ATLAS.ti software. Following the software's procedures, quotations from accessible documents, interviews and discussions were linked to the themes prior to the software-based analysis. Data generated by the software were then linked back to categories of respondents. This approach allowed us to map categories of respondents with their perceived experiences. The section below presents the results of this analysis.

Results

This section presents the results of the case study. First, the institutional environment of the five communities are described, emphasizing not only their social governance systems and structures, but also the economic governance of the community through the system of property rights and contracts (Haggard, MacIntyre, & Tiede, 2008) introduced. The non-profit and local community organizations will then be introduced, and a description will be given of how the milk factories, or *engitengs*, are set up, as well as the challenges faced by the project in each community.

The Institutional Environment in the Five Maasai Communities

In spite of the fact that the five communities are geographically close and belong to the same *oloshon*, or Maasai sub-group, they are different in many ways. Terrat, the community nearest to the area's main city, Arusha, serves as a trading center for many communities and villages and is where the Maasai community radio station is located. Orkesumet is the largest of the five communities and a district capital, making it a nodal town in the area, which is mostly peri-urban in nature. Naberera is a midpoint community located between Terrat and Orkesumet, and it is the center of a network of villages located between the two larger communities. Same is the smallest of the five communities, with limited infrastructure, i.e., roads, electricity and access to water and it is located 7 km (4.34 Miles) from the main road and a larger township by the same name. It is characterized by a complex tribal composition and the Maasai only constitute a minority. Finally, Longido, a fast-growing community, is located close to the Kenyan border, and serves as a connecting town between Maasai on both sides of the border. Its closeness to the border makes this community a trading post in the area. In short, these five communities, while similar at first sight, exhibit significant differences in terms of connections to the non-Maasai world, thereby providing the required variation to analyze the institutional patterns (Eisenhardt & Graebner, 2007).

Governing the Community: Power in the five Communities

Reflecting on the situation of many Maasai communities both in Tanzania and in Kenya, the power structure in these five communities can be traced to two systems: the traditional Maasai power structure and Tanzanian national institutions.

Traditionally, Maasai communities are organized around tightly-knit age sets, reinforced by elaborate rites of passage from one age group to another (Spear & Waller, 1993). Communities and large sub-groups are led by the elder age set, who oversee general welfare, conflict resolution, and governance among clans and villages. While prominent figures do exist among the elders, the power of those who are wealthy stems from belonging to a certain age set and decision-making typically involves all the elders of a given community. Women in these communities do not hold power and their main role is to take care of the household, to organize daily activities for children within their compounds, called the *boma*, and to perform a range of activities around the community. Reflecting their position in society, the Maa language classifies women in the same word group as children.

An entirely isolated Maasai community would be based only on this power structure, but the reality of Maasai communities involves both isolation and integration aspects, as reflected in the five communities studied. In all five villages, the elders are responsible for local issues and settlement of disputes among families, while elected 'government wardens' link up with traditional elders to pursue local and community development. In addition to the elders and the wardens, however, some individuals have attained a higher status and prominence through a variety of ways, making it possible for them to influence decision-making. In Terrat, for instance, an educated cattle-wealthy elder who was an Ashoka fellow and became the executive director of a local community-based organization (CBO), the NGO, holds particular sway within the elder group. In Naberera, the two most influential individuals derive their influence from different sources: a primary school teacher in the community and became a director of the NGO, while a retired Lutheran minister, is considered an elder, even though he derives his status from his religious position. In Orkesumet, much of the power is concentrated in the local Member of Parliament, who derives his influence from his connection to the Tanzanian political system. In contrast, Same and Longido are ruled principally by the elders as a group, although the warden has some influence as well, especially in Longido, due to its larger size.

A more fine-grained analysis of the power structure and of the legitimation of power, therefore, suggests a complex picture in the five communities studied. In spite of the importance of Maasai institutions, the elected wardens remain influential, especially in larger communities which are better connected to the non-Maasai world. In some cases, individuals also become influential, although the source of their power varies, from wealth in terms of cattle, education, religious prominence, or political connections which lead to different types of connections to the non-Maasai world. In other words, the institutional isolation versus integration of these communities follows different trajectories which have important implications for decision-making and for outside organizations coming to invest in the community, as will be discussed below.

Governing Transactions: Property Rights and Contracts in the five Communities

Property rights and contracts are to be considered two of the most important elements of the rule of law in economic development (Haggard et al., 2008). In the present case study, the traditional Maasai system is significantly at odds with the Tanzanian institutional framework.

Traditionally, the land was seen by the Maasai 'as a communal territory containing resources rather than as a resource which could be appropriated by individuals' (Campbell, 1993: 258). Reflecting on the pastoral focus of most Maasai communities (Spear & Waller, 1993), herders expect to be able to move their cattle around, albeit following very specific informal rules of where cattle can be taken. Historically, this has created conflicts between Maasai communities and surrounding agriculturalist communities (Galaty, 1993). More recently, it has also created tensions with the government, since much of the Maasai territory is located within national game reserves under government rule through legal statutes and fiduciary rights. Cattle, in contrast, can be owned within Maasai communities, although individual ownership is uncommon. Most cattle are owned communally by families and the management of the cattle is entrusted to the heads of these families.

Regarding contracts, Maasai communities, like many subsistence market communities (De Soto, 2000), rely on verbal agreements which are based on trust and peer pressure either by members of older age sets or by members of the contractors' age set (Spencer, 1993). In the case of an infraction or breach of an informal contract, the family head or the elders constitute the mechanism for informal conflict resolution (Spear & Waller, 1993). In extreme cases, the elders can curse the offender, resulting in members of the community rejecting the offender, effectively banning the offender from the community (Saitoti & Beckwith, 1986; Spencer, 2010).

A fully isolated Maasai community would only reflect this system of property rights and informal contract, but the reality of Maasai communities is more complex. Regarding property rights, land ownership in Tanzania was reformed significantly in the 1960s and 1980s under British and Tanzanian administrations, respectively, resulting in the attachment of formal property rights to land (Lesorogol, 2008; Spear & Waller, 1993). In the five communities studied, these reforms resulted in most of the land being legally owned as a whole by the community and managed by the elders, alongside a small number of individually owned pieces of land. Because some portions of Maasai territory are situated in game reserves, conflicts with the government emerged, leading to the creation of a community-based organization, the NGO, representing the interests of all Maasai communities in the Manyara area (IOPA, 2014). Of the five communities, only

Orkesumet and Longido exhibited significant levels of individual ownership, which sets them apart from the other communities. In contrast to land ownership, cattle ownership is divided between individual and family-based ownership in the five communities. The amount of individually and family-owned cattle determines the wealth of the person or family.

In terms of contracts, formal as well as informal contracts can be found throughout the five communities. Activities taking place in the communities in the peri-urban centers tend to rely more on formal contracts, whereas activities taking place in communities on the outskirts of those centers tend to rely on traditional and informal contracts and agreements. Contracts in Orkesumet and Longido tend to be more formal than in the other three communities, perhaps reflecting the district capital status of the former and the growth of the latter. Interestingly, Naberera has a police post, which would intuitively suggest that it has more formal resolutions than the data actually show.

Mirroring the findings made regarding power structures, the data suggest that a complex relationship exists between formal and informal property rights and contracts, which can be linked to the size, peri-urban nature, and administrative role of the given community. Property rights are particularly complex, given the integration of traditional structures of communal ownership in the national setting through the establishment of legally but communally owned land and property.

Governing Maasai Communities: a Complex Picture

Overall, the data collected suggest that power structures, property rights, and contracts reflect a complex co-existence between Maasai and national institutions within the five communities. There are significant differences across these five communities, in spite of their geographical proximity and of their belonging to the same Maasai *oloshon* ethnic stock. Terrat, Naberera, and Orkesumet are characterized by the presence of influential individuals who derive their influence from different sources, whereas in Same and Longido communal elder-based decision-making seems to prevail. Interestingly, the three former communities are located along the same geographical area, while the other two are located in different districts. In terms of property rights and contracts, Orkesumet and Longido rely more heavily on formal national institutions compared to the other three communities, perhaps due to their size and to their status as district capitals. In other words, each community exhibits a different pattern of 'Maasai-ness' versus 'Tanzanian-ness' in its institutions. In the next sub-section, attention will be turned to the establishment of the milk factories, called *engitengs*, which are spearheaded by the Dutch non-profit organization (the SVE), showing the links between the establishment process and the challenges that emerged, and the complex institutional environments described above.

The Milk Factory Project in the five Maasai Communities

The Dutch SVE was established as a foundation in 2005 by a Dutch family that owns estate in the area in which the five communities are located. Their goal is to help businesses, markets and entrepreneurial development within local communities, mostly through the establishment of businesses, such as milk factories, charcoal factories, or slaughterhouses, with the goal of transferring the business to the communities once they are in operation. After launching similar initiatives in India and Indonesia, the SVE decided to venture into sub-Saharan Africa. The goal of the project in the five communities is to establish supply and market chains for milk suppliers, mostly women in the Maasai communities, as well as establishing a factory, or *engiteng*, to process the milk into cheese, yoghurt, and ghee. Through this project, the ultimate goal of the non-profit organization is to help Maasai women, who are also considered to own the milk in Maasai institutions (Spear & Waller, 1993). Following the same approach they had used in other countries (Pieper, 2009), the social venture investor looked for local partners, such as social entrepreneurs, advocates, lobbyists, or organizations based in the communities to help launch the initiative.

To establish the first *engiteng* in the area, the Dutch SVE partnered with local Maasai community-based organization (NGO) that forms part of the Tanzanian legal framework as a social-related advocacy organization. The NGO works within certain Maasai communities to help with advocacy, lobbying and provision of resources. As such, livelihood enhancement and community development have been an important focus of the organization (IOPA, 2014). This NGO was originally established by an elder from Terrat, and the prominent school teacher from Naberera, and supported by elders from various Maasai communities.

The Dutch non-profit group contacted the NGO in 2007, because of the CEOs participation in the Ashoka program, which is a USA-based organization that recognizes the contribution of individuals, and companies that support social and community base initiatives. In the partnership between the SVE and NGO, the community elders represented the NGO in negotiating the launch and the governance structure of the initiative with the SVE. The partnership was structured as a joint venture named the social venture, with 70% of the shares belonging to the Dutch non-profit group and 30% belonging to the NGO. The agreement included the final aim to transfer 70% of the shares owned by the SVE to the communities, milk suppliers, and staff of the milk factories. The joint venture is governed by a four-member board that includes two representatives elected by the general assembly of elders and influential community members, and two representatives of the SVE.

The first *engiteng* was established in Terrat in July 2007. Women living in the area bring milk to the *engiteng*, where the milk is processed under the supervision of local female managers who belong to the community and were trained in the Netherlands. The processed dairy products are bought by the social venture and sold around the city of Arusha to tourists, expatriates, and non-residents. Daily activities are carried out entirely by local residents with support from both the NGO and the social venture. Local elders are active in advising the managers and connecting them to milk suppliers. The relationship between managers, the NGO, the social venture, and the SVE is governed by formal contracts. In contrast, the purchasing of milk from the suppliers is governed by informal and social contracts. Over time, the women who supply the milk are expected to form cooperatives or associations to ultimately allow for formal contracts to govern this relationship, which is one of the goals of the SVE.

A second *engiteng* was established in Orkesumet in November 2007, followed by a third in Longido in April 2008, a fourth in Same in June 2008, and a fifth in Naberera in August 2009. The approach as described above for the *engiteng* in Terrat was also used in the additional *engitengs*, with the exception of a factory unit in Naberera which is a different processing unit. Interviews and focus groups conducted highlight the social venture's perceived ownership structure in the responses below.

'*Other people say the factory belongs to the community, and other people know and think the factory belongs to the NGO. The NGO can claim ownership through its leader (the CEO). He is the opinion leader and represents the women of Maasai and he is a man of Maasai*'. [Community Representative]

'*The owners, that is, the community, women and the NGO and all of them come together, or are cooperating and if there is a problem, they go to the NGO and try to talk about this factory. And the NGO provides no restrictions and there is collaboration*'. [Staff and Management]

Emerging Challenges in the five Communities

Both operational and management challenges have emerged while the project to establish and scale up the social venture was being implemented. While some of the challenges were common to all five communities, some were specific to a given community.

Operational problems include the quality of milk, the storage of end-products, and the transportation to and from the milk factories, which reflect problems characteristic of BoP initiatives (Branzei & Valente, 2007). The milk suppliers were all trained by the SVE to handle milk, but the focus on small batches by a large number of suppliers led to unexpected variations in the quality of the milk. One of the reasons for this appeared to be the fact that, in spite of the training, women preferred to rely on the traditional forms of preserving milk, which led to the milk not meeting the required standard. The traditional forms of milk preservation comprise the use local Maasai herbs and charcoal as preservatives for milk , the milk is then stored in local pots and containers. This problem was compounded by the distance that had to be covered by the women in order to bring the milk to the factories. Regarding the storage of end-products, problems emerged mostly during the rainy season, when the preservation of milk products is particularly challenging. This is because the agronomic conditions at the period lead to high perishability as well as high production of milk by dairy cows. This problem was further compounded by the distance between some of the factories, especially in Same and Orkesumet, and the markets around Arusha where the end products were sold. Finally, the transportation to and from the factories became problematic due to logistical issues, since the social venture was charged with organizing the vehicles but did not always deliver due to certain logistical and infrastructural challenges the company encountered at times. A summary of challenges is presented as follows;

‘*The main problem now is water and they should get us bore holes. Another is electricity and generator. Transport is needed, because sometimes we hire taxi to sell the milk in town. If we can get some money we can run the factory for three years. Buildings for the staff should be provided so that they cannot be far from the factory. We need a small laboratory to test the milk…*’ [Focus Group Discussion-2012]

A focus group discussion in Terrat concluded with the following statement:

‘*We don't have enough milk to work with during the dry season. Secondly, there is challenge of communication. Again another challenge is a technical problem. The next one is transportation. Another challenge is the migration from the Maasai camp for cattle with the intention of getting more milk during the dry season*’ [Focus Group Discussion-Terrat 2011].

Beyond these operational issues, management and decision-making problems also emerged. The data suggest that the NGO, the local partners, and the *engiteng* staff did not fully understand the social venture model proposed by the SVE. The general manager of the social venture stated that he understood the goals of the project because he was, at the time, following an MBA in social entrepreneurship, but that he also realized that most of the staff and community members did not understand the model. In turn, this lack of understanding of the model seems to have led to tensions and conflicts at different levels of the project. For instance, tensions arose between the NGO, the community-based organization representing the communities, and the Dutch non-profit group (the SVE) over decision-making and over the organizational structure of the factories. Similarly, tensions emerged between part of management of the NGO and the social venture, the joint venture founded to run the project, over decision-making, governance, and management processes. On the other hand, conflicts also emerged between the milk suppliers and the social venture over the price paid for milk.

'*…We train our clients on the kind of milk they should bring. Some of them understood and others did not. This is related to the quality. Another challenge is that of pricing, that is, 500 Tanzanian Shilling which some suppliers found to be inadequate. Another one is that aluminium containers are supplied to the suppliers but this is not enough and, therefore, milk sent in calabash might not be wholesome. The strategy adopted by suppliers is that, one brings an aluminium container to the factory, returns it to another person who will be waiting at the outskirt of the community to pour the milk from the calabash and then send it to the factory. This becomes a revolving process until they have delivered the entire milk to the factory gate. Suppliers again live far from the factories and, therefore, reaching the factory gate before 8 AM is a challenge. There is a need for a vehicle to help solve that…'* [Staff and Management]

While problems occurred across the communities, the extent to which they were an issue and the way they evolved varied from community to community. Community members from Orkesumet, in particular, were very active in bringing up issues, such as the price of milk or their perceived exclusion from decision-making. In this case, the Member of Parliament who was influential in this community took the lead in organizing the community members against the factory and the Dutch non-profit group. Similarly, the NGO, representing the interests of the community, further encouraged members of the community to express their discontent, leading, at times, to the refusal of members of the community to sell milk to the *engiteng*. While Orkesumet seems to have been the leader in expressing discontent, the other communities followed in different ways. For instance, the feeling of exclusion in the decision-making process was strongest in Orkesumet and Longido.

'*The whole issue of participation was reduced, that competition between the upper class and lower class were there so the communities actually were left behind. We started fighting each other and forgot the main objective, and the rest were watching us; they needed to give part of the resources, such as the milk, cattle away. We took the whole battle, time, effort and money, so participation became vague, compassion to a large extent was eroded, and because of that* *local politics came in, and even things which were not true were classified as true, so we were chaotic about events*' [Interview with CEO-NGO 2012].

'*The factory belongs to the community and the people who are living in it. The idea is that the NGO represents the community, and now something is not clear. It should be once more be made clear what we are having now and where are we heading to*' [Focus Group Discusion-Terrat-2012].

'*The price of the milk is very low at the moments*' [Focus Group-Orkesumet-2011].

'*The main challenge is unavailability of milk and we don't have any means of transport to collect the milk from the factory. Another challenge is that the price is too low, so we think the price should be increased*' [Focus Group Discussion- Same-2012].

'*The suppliers are coming from faraway places and they would like to have bicycles to get to the communities because some of them don't have bicycles and some of the foot paths are not cleared…*' [Focus group Discussion- Longido-2012]

Overall, the problems that emerged reflect two typical areas of difficulty in the adaptation of a business model to subsistence markets. First, the SVE seems to have underestimated the necessary adaptations of the physical infrastructure and the decision-making processes, as they relied on the CBO (the NGO) to organize most of the daily activities. Second, the SVE seems to have underestimated the time necessary for the Maasai to change their approach not only to the handling and processing of milk, but also to decision-making processes. In both cases, it seems that the most significant operational issues resulted from a lack of adaptation of the SVE business model.

However, the expression of discontent did not originally stem from the most isolated communities, such as Same, but came instead from communities with a strong connection to the national institutions. In Orkesumet, for instance, the Member of Parliament, fully embedded in national institutions, was instrumental in organizing the community members against the social venture. The same applies to community members from Longido, where the connection to the outside world is strong due to the geographical proximity to an international border, ongoing economic growth through commerce, and its status as a new district capital. The data collected thus seem to suggest that many of the problems were due to a lack of recognition of the partial integration of some communities to national institutions. The role of the NGO, the community-based organization, is particularly interesting in this respect. Embedded in traditional institutions, but legitimized by national institutions, the NGO was involved in the movement towards conflict spearheaded by Orkesumet and Longido, suggesting that traditional institutions used their own mechanisms to strengthen a movement seemingly started by a connection to national institutions.

A discussion below among local leaders on who owns the production units reflect such challenges regarding isolation and integration of the business venture in the communities covered in this study.

Staff and Members*: the social venture, the social venture, (aside: You should speak so that we can finish early), the social venture, the community owns the business.*

Traditional Elder*: It might be true that the social venture is the owner because they established the factory, but the community is also the owner because they benefit from the factory.*

Unit Manager*: the social venture provides money to buy milk. The community owns the milk but if the community is not here then the factory is not worth it.*

Board Member*: the social venture and community own the factory. The land is provided by the community free of charge. [Focus group discussion at Naberera-2011]*

The above discussion revealed that staff and members of the communities have different opinions and therefore there is no real consensus as to who owns the production units. The above discussion further reveals the state of isolation and limited integration of the communities in the business venture.

Five Maasai Communities between Isolation and Integration

A member categorization analysis of the introduction of milk factories in five Maasai communities in Northern Tanzania by the Dutch SVE in partnership with a local community-based organization suggests that the relationship between local and national institutions on the one hand, and between institutions and model adaptation on the other hand, is more complex than the literature suggests (cf. the following chapters of this thesis).

First, the data collected highlight the importance of local Maasai institutions in understanding the adaptation of the model and the challenges that emerge (Dahan et al., 2010; Rivera-Santos et al., 2012; Sánchez, Ricart, & Rodríguez, 2007; Simanis & Hart, 2008). In addition, however, the data also highlight the importance of the partial integration of the communities into the national environment. In this case study, connections such as commercial entities or the status at the district capital emerged from individuals, such as the Member of Parliament, the Ashoka fellow, the school teacher, and from the wider community, too. The analysis suggests that the lack of recognition of these connections on the part of the SVE may have led to some of the more acute challenges, suggesting that outside organizations need to consider both isolation and integration as they develop business ventures in subsistence markets.

Second, this study shows evidence of important variations in local institutions across seemingly similar communities. Such variations emerged from the location, size, and status of the communities, as well as from the possible presence of influential community members with specific perceptions and objectives. In turn, these variations seem to have led to different challenges to the setting-up of the milk factories, and to different dynamics with respect to how these challenges emerged.

Third, the study highlights the adaptation of community institutions in response to the presence of an outside organization. In this case study, the adaptation took the form of the use of traditional institutions to strengthen a movement started by individuals and organizations that were connected to national institutions. This finding underscores studies that highlight the impact of local institutions on their interaction with the outside world (Lesorogol, 2008; Rufín & Rivera-Santos, 2013).

Discussion and Conclusion

This study aims to explore the impact of the relationship between local institutions and national institutions on business ventures, and social ventures in particular, in subsistence markets. The case study highlights the importance of recognizing both the relative isolation and the relative integration of these markets; the importance of acknowledging institutional differences that may exist across similar communities; and the importance of realizing that the process of adaptation affects not only the outside organization but also the local institutions.

This research contributes to three main fields of study. First, it contributes to the literature on subsistence markets and BoP by highlighting the importance of not only the relative isolation of subsistence markets but also their relative integration into national institutions. This study also underscores previous work emphasizing the need for outside organizations to adapt their business models to local institutions (Akula, 2008; Rivera-Santos et al., 2012; Simanis & Hart, 2008; Webb et al., 2010), but also brings to the fore the parallel integration into national institutions. This additional complexity has important implications for the debate on the scalability of BoP and

SVE ventures (Akula, 2008; Garrette & Karnani, 2010; Pragnya, 2007), as it suggests that the degree of local adaptation has been underestimated due to a lack of recognition of the community's possible integration into national institutions. Finally, the data highlight the understudied adaptation that occurs in local institutions as a result of the presence of outside organizations. The implications for local communities of business ventures originating from outside these communities is an understudied but crucial area for future research, as such initiatives may have unexpected negative effects on the community (Rufín & Rivera-Santos, 2013).

More broadly, the challenge of adaptation to a different institutional environment is one of the central questions – if not *the* central question – of international business social venture entrepreneurship as a field of academic enquiry. In spite of the important insights from the literature (Ghemawat, 2007; Henisz, 2000; Peng et al., 2008), the rigorous analysis of the institutional environment needs to be developed more fully as a means to map out institutional differences across space and time to make and examine adaptation decisions. In this respect, the study of subsistence markets, with their complex co-existence of formal and informal and local and national institutions, may help shed light on the complex organizational adaptations that outside organizations, such as SVEs, multinationals or non-profit organizations need to make in order to set up successful business ventures across institutional divides.

Second, this study contributes to the literature on informality (De Soto, 2000; Godfrey, 2011; Minard, 2009), by showing the intricate relationship that may exist between informal and formal institutions, especially as regards power structures, property rights and contracts. In particular, this study provides the example of an organization which explicitly aims at changing informal contract systems among Maasai women into formal ones. More broadly, the setting of this study reflects the results of decades of government policies aimed at promoting formal property rights and contracts. While informality and its links to formality have been studied by economists, sociologists, and management scholars (Godfrey, 2011), we still do not fully understand the dynamics and complexities of the boundary between the formal and the informal governance systems; future research on this boundary is likely to lead to important insights.

Third, a contribution is made to the literature on cross-sector partnerships in subsistence markets (Dahan et al., 2010; Kolk & Lenfant, 2012; Rufín & Rivera-Santos, 2013; Webb et al., 2010) by exploring the implications of the relative institutional isolation and integration of a community on the governance structure of a partnership between a non-profit group and the community. While much of the literature focuses on partnerships between firms and non-profit groups, or among firms, non-profits groups, and the government, partnerships with communities have not been studied in detail. In spite of the focus of many development initiatives on community-based organizations (Dill, 2009; Israel, Schulz, Parker, & Becker, 1998; Moctezuma, 2001), the cross-sector partnership literature has not fully recognized CBOs as possible partners. Exploring the role of CBOs in subsistence markets is likely to become an important subject of study in future research on cross-sector partnerships.

Finally, the study has important implications for managers and members of social ventures and non-profit groups as it helps identify not only additional sources of challenges in the ventures they have in subsistence markets, but also their possible undesired impacts on local institutions. The difficulties associated with ventures in subsistence markets are such that many companies decide to abandon these initiatives (Karamchandani et al., 2011). The study suggests that at least some of the challenges emerge from a lack of recognition and thorough analysis of the environment rather than from inherent difficulties in entering these markets.

Like any academic endeavor, this study has its limitations. While the qualitative approach of this research allows for a fine-grained understanding of phenomena, it also has implications for generalizability. In particular, the history of the relationship between the Maasai and the national governments of both Tanzania and Kenya is likely to impact on the current institutional environments of Maasai communities. Furthermore, the mostly rural and peri-urban nature of the Maasai communities may impact on the relative isolation and relative integration in ways different from urban centers. Finally, the ethnic nature of the Maasai, combining a very strong sense of identity, a language with little connection to surrounding languages, and a social structure that sets the Maasai apart from the other communities in the rift valley (Spear & Waller, 1993) may lead to them being more isolated than other groups, which may be more similar to their surrounding communities. As a consequence, it is believed that this study is a first step in a broader exploration of the link between isolation and integration in subsistence markets, which should include distinctions between rural and urban settings, between monarchical communities and acephalous communities, and between tribal and non-tribal communities. Furthermore, as is the case with many qualitative studies in remote areas, the author collaborated with speakers of the local language during the interviews. While the necessary precautions were taken to ensure that the translations were correct, a bilingual researcher may have been able to gather more insights. These trade-offs are common in studies at the Base of the Pyramid and in subsistence markets.

We are only beginning to understand the complexities of business in subsistence markets. Various challenges and failures (Karamchandani et al., 2011) suggest that the approach used in this study may be too simple and that efforts are to be made to fully acknowledge the institutional complexities involved. It is hoped that this study will encourage other researchers to explore this fascinating frontier of research in international business and social issues.

Chapter Four:

Transfer of Ownership for Social Venture Entrepreneurs

Transfer of Ownership for Social Venture Entrepreneurs:

A Case Study in Northern Tanzania

Abstract

Social Venture Entrepreneurs (SVEs) invest in supply chains with the aim to ignite businesses, but with a vision on how to transfer ownership to third parties. The present study explores the definitions and forms of ownership envisioned by local stakeholders and the extent to which these are in line with the SVEs' way of thinking. Using qualitative case study analysis, perceptions of legal and psychological ownership are compared between local stakeholders and social venture management in the specific context of a particular SVE initiative among local Maasai communities in Tanzania.

It is concluded that different groups of stakeholders have different definitions of ownership forms, transfer and criteria. Social Venture Entrepreneurs will need to organise their definition of ownership around a perspective shared by its stakeholders, in order to realise the mission for which such businesses were initiated within regions that these businesses operate in.

Key words: Social Venture Entrepreneurship, Ownership, Definitions, Stakeholder

Introduction

Increasingly, Social Venture Entrepreneurship (SVE) is emerging as a business model aimed at targeted communities in the developing world (Van Dijk, 2011; Kievit, 2011). Social Venture Entrepreneurs (SVEs) invest their resources in socially-related ventures. Although SVEs can take several forms, what they have in common is their goal, which is aimed at helping a particular sector ignite a viable supply chain and then invest in the established firms (Van Dijk, 2011;Kievit, 2011; Mair and Marti, 2009; Zahra et al, 2009) . In this respect, SVEs see themselves as change agents, deploying their business experience for a social cause. Typically, their business ambition is to establish a livelihood-enhancing initiative for local communities they invest in, and once this is achieved, to transfer ownership to the local community to ensure business continuity.

Transfer of ownership is no trivial issue. This is because, next to a legal component, business ownership also comprises a psychological component. By 'ownership' we refer to 'equity'. Transfer of ownership, therefore, means transfer of equity with residual claims. Legally, transfer of ownership involves impact investment. This mainly relates to residual claims and involves transfer of shares, management, repayment of loans and realisation of economic sustainability within the community and established firm (van Abbema and Sibanda, 2009; Douma, 2006 ; van Dijk, 2011; Hansmann, 1996a, Hansmann, 1996b ; Douma and Schreuder, 1991, and Peiper, 2009). However, the psychological component of ownership is likely equally important as it involves *forms of feelings of ownership* that both SVEs and local community stakeholders attach to the established business (Townsend et al, 2009, Pierce et al, 2001). By 'local stakeholders' we mean all partners who are connected to the established business. This includes, among others, suppliers of raw materials, traditional and local government authorities, and management of the established business. Typically, SVEs set up their businesses with an a priori vision of how to transfer ownership and the measures used to realize this transfer. However, a crucial question often ignored in the social-venture-related literature is whether this vision is shared by stakeholders and local communities. Knowing the answer to this question is crucial to determine whether, in terms of psychological ownership, local communities are ready to take over and ensure continuity of the business at the point where the SVE exits from the established business.

Social Venture Entrepreneurs, by definition, aim at temporary presence in the newly established social venture business. This is usually reflected in the business plan of Social Venture Entrepreneurship, which can be described in five steps (Van Dijk, 2011). Step one focuses on the means of establishing an investment. SVEs contact communities, and design and draw up marketing and production plans. Step two details investments in physical assets such as buildings, provision of feed for raw materials and fertilizers.

Market access for local producers, supply contracts and procurement of inputs for local production is clarified with local stakeholders at this stage. Step three involves ensuring that the established business becomes sustainable. In the specific case of SVEs, this implies a focus on profitability, though mainly as a means rather than as an ultimate goal of the business. In the specific context of SVEs, People (stakeholders) and Planet (ecology) serve as important motivations for the design and implementation of the new business. Because SVEs, by their very nature, aim at temporary presence in the business, step four is where SVEs start to prepare for 'exit'; i.e. the *transfer of ownership*. Transfer of ownership involves legal as well as psychological issues. In this paper, we build on management and entrepreneurship literature to reflect on psychological ownership and the local community's commitment to the transfer to facilitate step five, which involves the actual transfer of ownership of the newly established business, with guaranteed continuity in accordance with the laws of the country where such an investment has been made. Importantly for the SVE business model, proper transfer of ownership is a means with which to realize the important step of 'exit'. The five steps discussed above are essential to realize the SVE's mission and the rationale for investing in the country in question.

This paper seeks to show that understanding legal and psychological ownership is essential to an SVE that has come to a point of making an 'exit' decision. In the SVE business model, profit is seen as a means and not a goal. Psychological ownership, similarly, becomes a means that facilitates transfer of ownership with a mission. Defined as the extent to which a group of people feels something (in this context the transferred business) belongs to them, psychological ownership plays an important role in the transfer of equity within the social venture business model (DeTienne and Cardon, 2012).

Although central to the SVE business model, 'exit' of Social Venture Entrepreneurs from a social venture enterprise has received only limited attention in literature published to date. This study is among the first to analyze in-depth the process of ownership perception of local stakeholder communities, and the extent to which this is in line with the strategic inclination of an SVE ready to 'exit' from its established business. The paper explores the issue from secondary sources (literature and formal documents) as well as primary data collected through interviews and focus group discussions with fund managers, directors and management, local staff and management at production units, community leaders and authorities, and representatives of suppliers of raw materials. Data are collected in the context of a Dutch SVE that invests in dairy production within five Maasai communities in Northern Tanzania.

The paper makes several contributions to the literature on Social Venture Entrepreneurship (also called mission-connected investments). It explores local community perceptions of ownership and transfer of ownership with all stakeholders linked to the established business. Furthermore, it explores the legal dimensions of ownership transfer in the context of psychological ownership perceptions, arguing that the latter is crucial to the SVE's business motive. It derives insights from a real-life case study on one of the main investors in the field of Social Venture Entrepreneurship in sub-Saharan Africa. Specifically, the study represents a qualitative case study which seeks to investigate how ownership forms and criteria are defined by various stakeholders within communities that SVEs invest in. It aims to answer the important research questions of 1) *what does 'ownership' mean to the various parties involved in an SVE*?, and 2) *what is meant by 'the transfer of ownership'?* In terms of its structure, the paper starts with a theoretical review of the literature on legal and psychological approaches to ownership. It then introduces the empirical research in terms of the method of data collection, followed by results, discussion and implications of the study. It ends with recommendations for further research in this important area.

Theoretical Framework

SVEs work from an investor-owned firm (IOF) principle but they do so with a dual objective regarding return on investment. They not only focus on financial revenue but, more importantly, also on impact on the local community. This dual business imperative implies that they must conform to two sets of criteria before they can exit from the business they initiated. They must ensure legal criteria for transfer of ownership and they must ensure that the business' mission statement is safeguarded in the transfer of ownership. Typically, this implies that ownership is handed over to third parties in such a manner that the local community can continue to benefit from the business in line with the SVE's initial business intention. Inherent in the SVE business model is SVEs' temporary presence in the newly ignited supply chain. The balance between the dual objectives of impact and revenue shifts over time. At the initial stages of the business development, social impact, rather than financial return, is leading in the SVE business principle. "Impact first, not finance first" is a core concept in the model they use (van Abbema and Sibanda, 2009; van Dijk, 2011, Kievit, 2011, Kievit and van Dijk, 2009; Peiper, 2009). Over time, however, the SVE starts to prepare for the transfer of ownership. The shift from impact to return on investment serves as the final lap that enables the SVE to exit from the social venture. In traditional IOFs, the final decision regarding new management and issues related to transfer of ownership is taken by the investor. However, central to the SVE model is their temporary presence in the supply chain. This means that the decisions regarding transfer of ownership are shared between the SVEs themselves and their local stakeholders.

The Concept of Ownership

Once a venture has established itself as a viable business, SVEs are confronted with the transfer of ownership. This is central to the SVE business model. The preferred mode of transfer is to enable third parties to continue the business with a focus on impact rather than merely on profit. In other words, established businesses are 'mission-connected' investments (van Dijk, 2011). SVEs are clearly different from philanthropy in that financial return plays an important role in the SVE business model. Philanthropy does not necessarily place financial returns as an important requirement in their business model.

Social Venture Entrepreneurs see themselves confronted with the challenge to transfer the ownership of their business *to the local community*. Therefore, rather than selling the business in a single transaction, they are faced with a situation of gradual transfer of ownership (van Dijk, 2011). For SVEs, transfer of ownership involves continuity of the mission of social impact on the one other hand, and financial return on investment on the other.

Under the SVE concept, when a new owner takes over the business, all the functions espoused by the SVE will have to be carried out by the new owner (Mair and Marti, 2006; Zahra et al., 2009). The ownership question that states that the venture is seen as already partly belonging to the community, leads SVEs to identify which of the stakeholders or partners within their network can take over the business. In line with the SVE business model, the new owner should have a natural talent for entrepreneurship and should have acquired the knowledge and experience necessary to manage the business (Mair and Marti, 2006; Zahra et al., 2009). Three possibilities exist for locating take-over entrepreneurs: SVEs locate individual entrepreneurs, existing or new foundations, and groups, such as cooperatives, to be probable parties to take over the initiated (social venture) firm (Van Dijk, 2011; Kistruck & Beamish, 2010; Peredo & Chrisman, 2006). The decision of 'who' to transfer the business to lies more with the SVE as a legal person (entrepreneur-investor).

In concert with traditional ownership forms, the aim of the entrepreneur-investor is to reach a sustainable realization of their vision for investing in an identified business. Traditional forms of ownership aim at value creation and legitimization of the firm. In the context of SVEs, ownership is extended to mean new owners taking over the management, employees, clients, suppliers, the entire business community, and the mission for which the business was set up. This includes a series of contracts settled within and outside the business, residual claims, impact, and economic sustainability of the established business. Responsibility for continuation of the established business by the new owner, and the right to decide when the contract is not specific, and how to continue to run the initiated business is core to the SVE ownership principle. The transfer of the above rights is contextualised to mean the transfer of ownership of the business. 'Exit' of the business, thus, equals the transfer of these rights, which may include the due diligence for vendors, buyers, employees, assets and liabilities acquired by the investor (Van Dijk, 2011).

In management literature, and broadly from real life situations, the entrepreneur-investor decides on the value of the assets, shares and equity, including all types of relations built by the entrepreneur (DeTienne and Cardon, 2012; Miller et al, 2012; DeTienne, 2010; Zahra et al, 2009 Boeker & Karichachil, 2002). The financial issue in such a scenario is *equity*. Taking over the general reserves of the business, share value, exposure to risks, etc., is core to the transfer of ownership. The transfer of residual claims (assets), votes, and responsibility for continuation, i.e. management, is a main concern of the business owner (Hansmann, 1996).

The summary of an SVE ownership model, factoring in impact expectation and mission of relevant investors, is presented in figure 4.1.

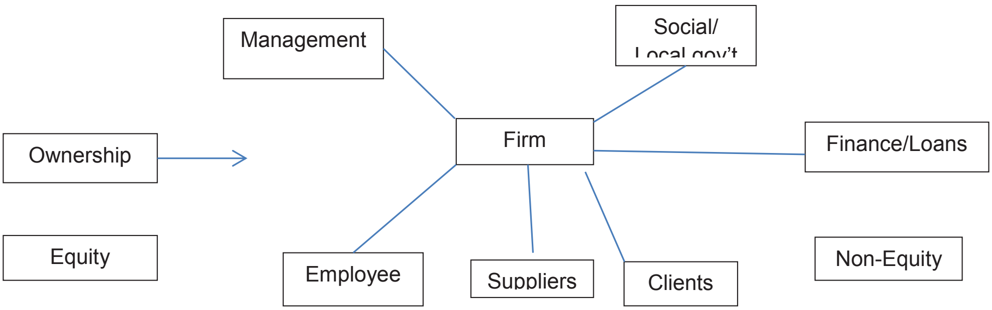


Figure 4.1. SVE Ownership Model of the Firm. Source: modified from Douma and Schreuder (1991)

The firm is seen as the nexus of contract when it comes to the management, governance, supply as well as delivery of goods and services to either the firm or clients (Van Dijk, 2011). The ownership of the firm is therefore embedded in contracts signed by or on behalf of the firm. In entrepreneurship and management literature, clients, suppliers, employees, management, local and social governments, as well as loans and equity associated with the firm are all enshrined in contracts signed with various stakeholders. Similarly in Social Venture Entrepreneurship literature, the Social Venture, in this context the firm, is the nexus of contract. However, the social venture entrepreneur becomes the custodian of all contracts signed or agreed upon on behalf of the social venture as a firm. Ownership of the social venture, its assets and liability are therefore enshrined in the equity holding of the social venture entrepreneur (Van Dijk, 2011). Figure 4.1., highlights the SVE ownership model as argued by Van Dijk (2011). The SVE ownership model has its foundation under the epistemology of Douma and Schreuder (1991) who suggest that contracts are embedded within the investor, that is, when it comes to investor-owned firms. The social venture entrepreneur therefore becomes the custodian of contracts who decides on the day to day activities of the social venture. The day to day decision making is based on impact expectation and mission of the SVE and relevant investors of the social venture as a firm.

Traditional versus Psychological Ownership of SVE Firms

In investor-owned firms, the decision to transfer ownership lies, first and foremost, with the investor. The investor appoints the management that runs the business. In non-investor-owned firms the owner does not only ensure the success of businesses, but is also responsible for long-term business sustainability (Hansmann (1996). In a study of ownership of enterprises, Hansmann (1996) identified employee-owned firms, farmer-owned producer firms, consumer-owned utilities, supply-cooperative-owned services, mutual-owned-firms and occupants-owned condominiums as key ownership forms that run through the enterprise domain. He concluded that shared ownership condominiums and cooperatives are important in ensuring the success of many businesses that have non-for profit tendencies.

SVEs subscribe to a preferred ownership form and scenario whereby local stakeholders and partners, such as local communities, local entrepreneurs, employees-management of the initiated business, and suppliers of raw materials, can take over the assets and liabilities of the established business. This is a core tenet of the business model.

'Exit' from a business, in view of the notion of Social Venture Entrepreneurship, should focus on the contract enshrined in the law establishing the business. Under the SVE business model, the law covers all agreements made with the established business. The presence of the community, producers and suppliers alongside the business model, means that the law is limited to the contract arranged; there are both equity and non-equity holdings for the business in the sense that SVEs seek impact and return (profit) as principal to their mission. According to their model, impact investment (non-equity) and corporate investment (equity) cannot exist independently of each other (Rivera-Santos et al, 2012). This is the bone of contention that underlies the mission for which they invest in a local community. The business, according to the SVE model, must have financiers with both an equity and non-equity form of investment in mind (e.g. Zahra et al, 2009; Douma & Schreuder, 1991).

A (hybrid) structure of ownership that is partly owner-controlled, and partly community-controlled, it is anticipated, is core in sustaining the SVE model in practice, where it not only sustains the vision and mission for the said investment in a local community. This is the wish of SVEs when they decide to invest in identified communities (Van Dijk, 2011). The social (community) environment is, in this context, represented by leaders or representatives of the community. In situations where contracts do not exist or are not specific due to inadequate formal or the presence of highly informal institutions, the decision on the form and structure of ownership of assets, Social Venture Entrepreneurship suggests, lies with both the owner and management of the firm. If a contract is not specific, then the owners will need to decide which forms and criteria are suitable under the circumstances (e.g. Van Dijk, 2011; Zahra et al, 2009; Hansmann, 1996). The decision to cede control of the established business engenders a feeling that contradicts the legal framework of Social Venture Entrepreneurs. Psychological ownership becomes core to the SVE ownership debate due to the mission attached to such investments.

Ceding control of decision-making and governance by entrepreneurs, to its management and related stakeholders may be a good option to ensure continuity of the businesses they set up (Quigley & Hambrick, 2012; Townsend et al, 2001). In the same way, communities, suppliers of raw materials and employees of SVE-related businesses may feel the need to be actively involved in the decision-making processes of the businesses established 'for them' by SVEs. This is the case when local and new shareholders have stakes and stocks in the established business. SVEs, on their part, may adopt an attitude of superiority in decision-making in the firm they set up during the process of offloading their shares (in the form of equity), and likely even after their exit. SVEs may have this attitude because they might consider the businesses they initiate to be their 'babies' (Kolk et al, 2013; DeTienne, 2010; Townsend et al, 2009; Pierce et al, 2001). This kind of attachment is caused by SVEs' control over the capital and expertise in setting up the business. Related to this, local partners, such as community stakeholders, shareholders and stake-takers, may have the feeling that they own the business by virtue of location, use, and also for the fact that they were the intended 'beneficiaries' under which the business, with or without contract, was established in the community in question.

Psychological Ownership and Transfer of SVE Businesses

Psychological ownership is a situation where there is a feeling that an entity, that is an object, belongs to a person (DeTienne, 2010; Townsend et al 2009; and (Pierce, et al., 2001)). In entrepreneurship literature, this is referred to as a state of mind in which an individual may feel as though they possess a particular object which has become an extension of themselves or their identity (DeTienne, 2010; and Townsend et al, 2001). Interestingly, unlike legal ownership, where ownership is created through legal means according to the laws of the land where the business is situated, psychological ownership does not have such a formalized document in place. Notwithstanding, psychological ownership plays an important role in business continuity in the area of impact creation. This can especially be the case in areas where SVEs invest and establish their businesses. The feeling that a business venture belongs to a group of people, from a psychological perspective, is a motivation enough that stimulates the people involved in the running of the business venture.

Psychological ownership has become an important element that SVEs and local partners, located along business chains, may have to include in their business models. SVEs will have to re-define ownership to suit and cover the shared and parochial interest of all partners. What is meant by ownership and what meanings are attributed to this phenomenon is an area that is seldom discussed or defined in SVE business models, which leads to strong attachments to businesses by both SVEs and local partners. This form of attachment goes beyond retention in equity of established businesses (Van Dijk, 2011; DeTienne, 2010; Emerson, 2003). A feeling of attachment to an established business may be caused by inheritance of the object (an example being established businesses), location of the established business, investor-ownership, community-ownership, and use of the factories by supplier-producers. The type of business establishment where a project-management approach is used to graduate the established business venture from a donor-driven one to a community-owned asset company is likely to draw on sentiments of psychological ownership (Arend, 2013; Miller et al, 2012; DeTienne and Cardon, 2012; Miller et al, 2012; Zahra et al, 2009 Boeker and Karichachil, 2002). A sense of belongingness for individual-owned, cooperative-owned, employee-owned, and supplier-owned forms of businesses, whereby suppliers may own a number of shares in the established business, are likely to be embedded in psychological ownership. Townsend et al (2009) noted that there could be positive values such as effective and efficient as well as coordinated governance mechanisms created in shared ownership. However, research in many management studies has not covered much discussion on the negative effects of this phenomenon (Arend, 2013; Miller et al, 2012; DeTienne & Cardon, 2012; Miller et al, 2012; Rufin & Rivera-Santos, 2012; Zahra, et al., 2009; Boeker and Karichachil, 2002). Management scholars, such as DeTienne (2010) and Townsend et al (2001), have recommended further studies on the challenges of following the psychological aspect of ownership. In the case of SVEs, further study is very necessary and thematic due to the duality of purpose embedded in the mission with which they set out to invest in commodity business chains.

This paper argues that ownership forms, as defined and crafted in traditional business models, may not necessarily be realized in practice by SVEs (Zahra et al, 2009), especially in so-called '*precarious business environments*'. Local culture and belief systems in communities where SVEs operate are likely to influence ownership forms. The conditions in these environments are such that institutions that drive socially-related businesses may be handicapped or may not be fully formed. The fact that traditional forms of ownership may not be realized in practice by SVEs is due to the fact that SVEs seek to transfer their stake of shares to the community or certain local entrepreneur(s) located within the said community. This is how they plan to 'exit' from the business they initiate. The feelings of the communities SVEs invest in, local entrepreneurs, potential new owners, and SVEs themselves need to be geared towards the realization of the original mission for establishing the business. This area becomes paramount for further studies. Definitions and forms of ownership subscribed to by all partners and stakeholders need to be harmonized to ensure the economic and social sustainability of these businesses.

One important issue to address is the characteristics of new owners who assume ownership of a mission-connected business, that is, to take responsibility for sustainability of People, Planet and Profit (PPP). Are local partners of such businesses able to appoint management and supervision of the management on behalf of the owners?

Methodology

The context of the research, method of data collection, and analysis are presented in this section of the paper.

Research Context

Our research context involves a Dutch SVE. This is a Dutch foundation that uses SVE models to invest in developing countries. The foundation invests in agribusiness commodity chains in communities that have virtually no or weak supply chains to set up social venture businesses. The concept of "impact first" is important to the business model used by the SVE. The foundation sets up its social ventures in partnership with local partners such as local governments, entrepreneurs, non-governmental organisations (NGOs), communities, and local and traditional leaders who provide local expertise and support in order to realise the mission of the foundation. The SVE states that establishing social ventures in precarious conditions triggers local community development which, therefore, creates entrepreneurial and business development in the rural sectors of a country's economy. The desire to bridge rural-urban development with environmental management is important to the Dutch foundation's vision. The foundation has invested in agriculture-related social businesses in countries such as India, Kenya, Indonesia and Tanzania. This study focuses on one of such investments in Northern Tanzania. In their business model, the foundation's objective is to establish social ventures in rural communities. However, they do not desire to stay in the established business indefinitely. They give themselves a timeline within which they work towards the transfer of their equity and, therefore, the ownership of the business to new owners who would likely continue their mission.

The SVE established a dairy social venture initiative, referred to as the social venture in this thesis, in partnership with a local NGO [the authors have to omit the actual names of the Dutch SVE and local NGO due to legal concerns raised at the time this thesis was to be presented] in the Maasai part of Northern Tanzania. The aim of this venture was to economically empower the Maasai communities and, more specifically, women milk suppliers who were seen as marginalized in local economic development.

The local NGO is a Maasai-related organization that was established to lobby and advocate the welfare and social wellbeing of the Maasai tribe; a semi-nomadic group that had faced many challenges on account of central government policy, which restricted their movements. The SVE identified the local NGO, whose executive director had been awarded an Ashoka fellowship for his social and entrepreneurial related activities among the Maasai in the north of Tanzania, through its internal network that is based in The Netherlands and Tanzania. A joint partnership to set up a two-tier social venture was born out of an agreed collaboration between the SVE, on one hand, and the NGO and its local government and community leaders in 2005, on the other.

To achieve their mission of empowerment, the SVE, through the social venture, invested in diary production units, traditionally called *engitengs*, in five Maasai communities. SVEs, as represented by the SVE, interpret ownership in terms of distribution of equity. Hence, in their contracts and future expectations they stated clear cut percentages of the shares to be owned by different partners such as the NGO. Whether or not this was explicitly made known in the understanding of the NGO and its local partners remained an issue that is interesting to this study (cf. Rivera-Santos & Rufin, 2011).

In view of the limited number of SVEs investing in sub-Saharan Africa in agribusiness supply chains, the SVE was identified as the main organization that could be studied. The SVE had proposed 'learning' as part of their business plan as it was the first time they were to test the social venture model in an African context. The 'learning' process made the SVE eager to participate in the study under which this thesis was conducted.

The choice of the social venture, a social venture business, was based on the fact that it was perhaps a pioneer and one of the main SVE businesses located in sub-Saharan Africa at the time of this study. At the start of the study, the SVE had already followed the first three steps of the SVE model. These are the investment, provision of infrastructure and sustainability of the business by means of governance (Van Dijk, 2011). The SVE was at the point of looking at options available to transfer the ownership of its established business (the social venture and the *engitengs*) in order to 'exit'. Figure 4.2 explains the ownership structure the SVE had anticipated at the time of establishing the social venture.

Transfer of Ownership Models

When making the initial investment, one should already have a preferred Transfer of Ownership model in mind in order to structure the venture correctly and involve the right parties. Structuring goes beyond legal form and financing but also involves governance and organization. Given the entrepreneurial nature of the ventures and the dynamic environment the actual exit can be different than initially envisioned.

Various transfer of ownership models are possible and one can also think of hybrid forms. The main models are listed below:

- Cooperative (e.g. Farmer owned)
- Employee owned company facilitated via a 'employee stock ownership plan'
- Divestment to local entrepreneur(s)
- Communal ownership via a trust or other body
- Investment fund providing equity like a 'Social Enterprise Development Fund'

Figure 4.2. Anticipated Ownership Forms Proposed by the SVE

The SVE had a clear vision on current and future ownership structures when they initiated the social venture and its subsidiary production units. Specifically, ownership was to be distribution among suppliers, employees and communities. Supplier groups and employees were to start with a minimum share of 5% and were, in the long term, not to exceed 30%. Employees were to be given shares based on an incentive plan. For example, unit managers at the *engitengs* were to receive 1.5%, production managers 1.1% and production workers and bookkeepers 0.4%. Employee shares were not to exceed 30% of the established firm.

The SVE and the NGO respectively owned 70% and 30% of the social venture. The social venture, in turn, had 85% ownership in all five *engitengs*. The remaining 15% shares of the *engitengs* were divided among the NGO, employees and suppliers. The social venture was expected to cede its shares to local stakeholders, given that a certain criterion, specifically the capacity to own and continue with the mission of the social venture, was met. The SVE had aimed that the said criterion would mutually benefit all stakeholders and meet the objective (mission) of the established business. The SVE, however, did not mention *how* communities were to own their shares (equity) of the established business.

The SVE and NGO did not settle on a particular ownership form or approach to transfer their equity. As seen in the text box of figure 4.2, The SVE had anticipated a hybrid form of ownership that could comprise forms such as cooperative ownership, employee ownership, supplier ownership, communal ownership through a trust.

Under transfer of ownership, the SVE had stated the following;

'*The Transfer of Ownership strategy is intertwined with the financing (discussion) of the ventures. In the first stage the ventures are financed by the SVE in the form of equity, debt and grants. Later on other forms of financing would be introduced. As the social businesses developed, other means of financing can become available and can play a role in the Transfer of Ownership strategy. This can be in a direct manner (e.g. someone acquires the shares) or more indirect (e.g. the disciplining role of bank financing can be a first step in transfer of ownership and later on finance part of the 'exit').*' [The SVE, 2012]

As can be concluded from the above statement, the SVE did not adopt a strait-jacket approach to the form in or means through which to transfer ownership of the established business. The role of *a financer* to drive the business is, however, vividly preferred. A procedural form of transfer seems to be preferred to an instant transfer of all assets and liability of the established business.

The present study explores the extent to which the SVE's vision on present and future ownership is shared by the various parties involved, both in the formal legal sense and in terms of (informal) psychological ownership.

Method of Data Collection

This study followed a qualitative case study approach proposed by Yin (2004;. Case studies bring out in-depth analysis of phenomena. In this case, the phenomenon that requires in-depth analysis is what is meant by 'ownership' and how an SVE is to transfer ownership to new owners (Silverman, 2009; Yin, 2004; and Twumasi and Manu, 2003). The lead author conducted a series of interviews and focus group discussions with stakeholders involved in the social venture.

This study, thus, concentrated on the forms of ownership as anticipated by local stakeholders, and what meanings they ascribe to the concept of ownership. The study was interested to know the kind of stakeholders that are connected to the established business and what they envisaged to be the form or meaning of terms such as 'impact', 'ownership' and 'economic sustainability' in the ownership literature. The aim was to compare definitions in the literature with how these terms are defined by local Maasai stakeholders, based on their cultural background. It was anticipated that conducting this study would bring to the fore whether or not the SVE and its local stakeholders share the same definitions and understanding of the concept and transfer of ownership. If not, the results generated were expected to bridge any form of gap that might exist in the literature of the transfer of ownership of the business to a new owner. The results generated from the field study are compared with documents analyzed concerning the SVE concept of ownership.

Data Collection

Prior to the field visit, desk research was conducted to provide a background study on the Maasai tribe, and in particular, the Maasai people's cultural and business environment. The Maasai, a pastoralist and semi-nomadic people, and especially their women, were the primary 'stakeholders-beneficiaries' of the established business. Formal documents were then analyzed and research questions were developed. Further studies were done to understand the philosophy and work culture of the Social Venture investor and its stakeholder partners in Northern Tanzania.

A pre-test of the questions was conducted in the Netherlands with three Tanzanian PhD and MSc students from Tanzania. This helped shape the questions before the field research was conducted.

Face-to-face interviews were held with the SVE fund managers regarding the question of meanings given to ownership and forms and transfer of ownership according to their business model. Semi-structured interviews, using open-ended questionnaires, were conducted among fund managers, managers and directors of the social venture between December 2010 and January 2013.Interviews were conducted in discussion form and in an informal way among all the directors and management staff of the established firm in Arusha Tanzania (cf. Silverman, 2009). Focus group discussions were held with representatives of communities, staff and management of the social venture, the NGO, and local government representatives from each of the five Maasai communities in the north of Tanzania between October 2011 and July, 2012.

Participants

The study population was divided into three groups: respondents on behalf of the SVE, classified as fund managers and based in The Netherlands; and directors and management staff, both Tanzanian and Dutch experts, employed by the SVE and stationed in Arusha, Tanzania. The final group are the local staff and management of the factories (traditionally called *engitengs* in the Maasai language), local/traditional authorities, community representatives and representatives of milk suppliers.

Four (N = 4) individual interviews were conducted at the SVE's head office in the Netherlands. In Arusha, Tanzania, two individual interviews (N = 2) were conducted between 2011 (dry season) and 2012 (rainy season) among directors and management of the social venture. Two sets of focus group discussions were conducted between 2011 (dry season) and 2012 (rainy season) among local stakeholder respondents in the five communities (N = 10) where the engitengs are situated.

Below we give a demographic overview of the study participants that were interviewed at the SVE's office in the Netherlands. Three rounds of interviews and one discussion were held with representatives of the foundation in The Netherlands. Whilst one female representative was present during all rounds, different male participants changed after 2011. The total number of respondents (i.e. representatives of the foundation) were (N = 4).

Directors and management staff of the social venture interviewed were three female and four male respondents (N = 7) during the dry season of 2011. In 2012, three female and four male respondents (N = 7) were interviewed. All interviews were semi-structured. Two female and all four male respondents were interviewed during the two field visits. In 2012, the question was asked as to what had changed in the stakeholders' understanding of the form, definition and transfer of ownership of the social venture and the *engitengs*.

The composition of local staff, management, traditional authorities, community representatives, and representatives of milk suppliers was seven (7) participants in each of the five (5) communities (N = 5 x 7 = 35) in the dry season of 2011. During the rainy season of 2012, the total number was (N = 41), that is, 8 participants in Terrat, 6 in Naberera, 11 in Orkesumet, 4 in Same and 12 in Longido.

Four (4) participants from the dry season were present in the focus group discussions during the rainy season. These included the unit managers of the factories and local staff representatives, three of whom were females. Their presence ensured the continuation of discussions during the second field visit in 2012. Nine (9) participants had a dual function in 2011, and two (2) participants had a dual function in 2012. For example, some community representatives were both local authorities and staff of the *engitengs*.

Procedure

The procedure for the interviews and focus group discussions are presented below. The semi-structured interviews comprised questions that cover the background of the respondents, their functions related to the social venture, respondents were also asked questions related to ownership and exit strategies put in place for the social venture. An extension of the questionnaire in 2012 had respondents made to suggest and rank what kind of preferred ownership and exit mode for the social venture. The concept of ownership and exit were discussed with management, directors and traditional leaders. This enabled the lead researcher identify meanings and key words that were used during the focus group discussions. Due to the open-ended nature of questions used, respondents were allowed to bring out the meaning they give to the two main concepts of ownership and exit during the focus group discussions and the semi-structured interviews (refer to the results section of this chapter).

Semi-structured Interviews: Each interview session lasted an average of 50 minutes. Questions were discussed, notes were taken and the interview was audio-taped, with respondents' consent. No photographs were taken due to the sensitivity of the answers asked and the need for anonymity of respondents. Interviews were held in English since all respondents could communicate well in that language.

Focus Group Discussion: Each focus group session held during the two field visits lasted approximately 50 minutes. Notes were taken and responses were audio taped with the consent of the respondents. Group photographs were taken of willing participants after each session. Questions were translated from English to the local Maasai language; answers were translated from the Maasai language to English, all by an interpreter. Key questions were repeated in different forms, the aim of which was to validate responses earlier provided by respondents.

Document Analysis: Reports, business plans and concept papers of the SVE and its local partner NGO were analysed. Only ownership-related sections of these documents have been analysed for this thesis chapter.

Coding, Data Extraction and Analysis

Answers obtained from the interviews and discussions were transcribed with the help of several management staff and research assistants in Arusha and the Netherlands. These were then coded under sub-themes of ownership form, definitions and transfer with the help of the ATLAS.ti software. From the ATLAS.ti software, the answers were further analyzed via Microsoft excel and SPSS.

Results

The forms and definitions of ownership extracted from the data generated are presented. Ownership forms as proposed by the SVE are contrasted with responses given by directors and management of the social venture and local stakeholders. Representatives of the suppliers were present only during the rainy season of 2012.

Ownership Forms and Definitions Presented by Fund Managers of the SV investor

Ownership forms and transfer of ownership as understood by fund managers of the SVE corresponded to the model of ownership as presented in figure 4.1. Coded responses from this group were therefore excluded from the data. The coded data are, however, extended to cover other forms and definitions of ownership embedded within the local context and as presented in the next part of this paper.

Forms of Ownership Identified by Respondents

Data extracted from the focus group discussions with local stakeholders are reported in figure 4.3. This data was subsequently compared with information extracted from interviews with directors and management of the social venture.

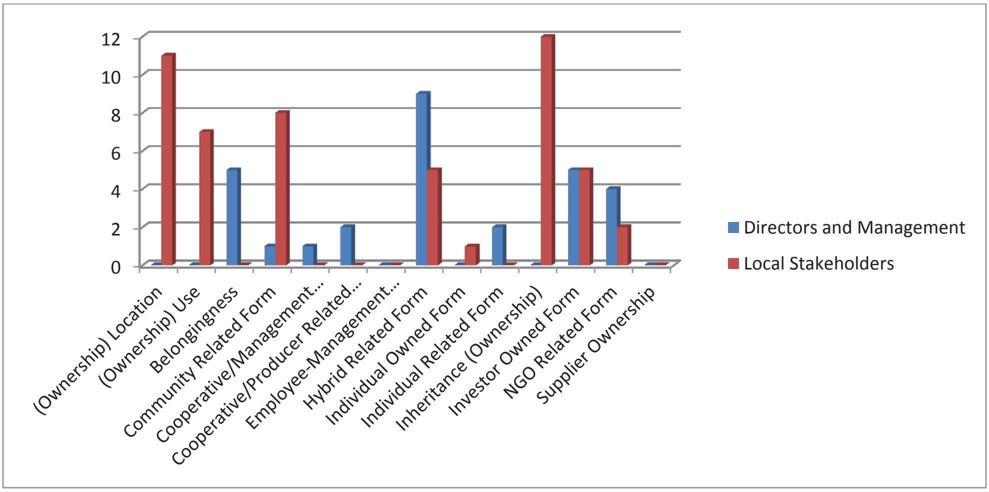


Figure 4.3. Ownership Forms Identified based on Interviews and Focus Group Discussions

Figure 4.3 revealed that directors and management identified a hybrid form of ownership, NGO-related ownership, individual ownership, cooperative ownership, management and producer ownership forms, and community-related ownership forms as the main ownership types they envisaged for the social business initiated. Local stakeholders, on the other hand, ranked inheritance of the business, location of established business, community-related use of the business facility, a hybrid ownership form, NGO and individual forms of ownership in the in that order.

During the focus group discussions, ownership was understood by local stakeholders to mean the location of the established social venture business. Suppliers and some staff had the impression that, since they use the processing units to add value to the milk, it meant that they were the owners of the established business. Belongingness connoted ownership in the sense that the communities and women in particular, were the reasons the factories were established. Inheritance of the factories was mentioned by community leaders and representatives to connote ownership. The communities had given out the land to site the factories; women were the reason to set up the factories, and, thus, were expected to inherit the business when the investor left. Employee and management ownership forms were understood in the context of staff being promised shares in the established business. Supplier and cooperative (producer) forms of ownership were another alternative respondents identified. Suppliers, especially, proposed that their activities should be formalized in order to own shares in the established business. In Maasai culture, a 'noble person' who facilitates the setting up of a business, such as the dairy chain under discussion, could be considered as the owner of said business. Again, such an individual could be seen as owning the business in trust and on behalf of the community. NGO ownership was identified as critical and important. In the social venture case study, the NGO was seen as an owner that had brought the processing units to the five communities. The NGO was thus the main owner holding the business in trust for the community. A hybrid form of ownership identified by respondents relates to an ownership form where different stakeholders each own a part of the established business.

Category of Ownership Extracted from Field Data

The above forms of ownership identified by respondents were then contextualized into categories of legal and psychological ownership. This categorization is found in figure 4.4.

Legal Ownership	**Psychological Ownership**
• Cooperative (Management-Related form)	• Ownership by Location of *Engitengs*
• Cooperative (Producer-Related Form)	• Ownership based on use of *Engitengs*
• Employee-Management Related	• Belongingness of *Engitengs*
• Hybrid Ownership Form	• Inheritance of Business after Investor (the SVE) departure
• Individual-Owned	• NGO ownership
• Investor-Owned	• Community related ownership form
• Supplier-Owned	

Figure 4.4. Ownership Categories Identified by Respondents

We further analyzed what meanings are given to ownership by the mentioned respondents during the focus group discussions and informal interviews in figure 4.5.

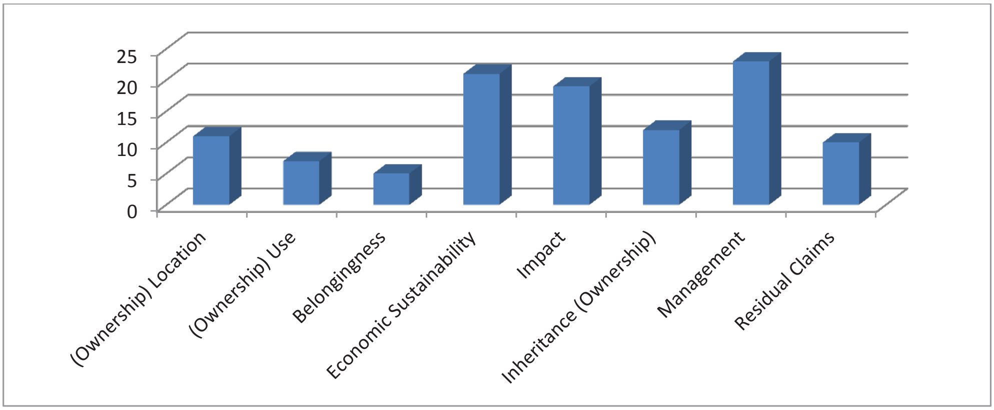


Figure 4.5. Meanings of Ownership extracted from Interviews and Focus Group Discussions

Definitions of Ownership (Extracted by the use of ATLAS.ti from Analyzed Field Data)

In relation to definitions of ownership, all categories of respondents ranked Management, Residual Claims, Economic Sustainability, and Impact in that order. A form of ownership, whereby local stakeholders felt that the *engitengs* belonged to them was also revealed. The above data seem to suggest that both legal and psychological definitions of ownership are present among interviewees in Arusha as well as in the five communities in which the *engitengs* are situated (refer to figure 4.1.). For example, while residual claims, management, economic sustainability and impact are embedded in transfer of equity, the location of the *engitengs*, use of the *engitengs*, belongingness and inheritance fall within the category of 'feeling', which is embedded within psychological ownership.

The following quotes from this category of respondents summarize their responses. Quotations summarising responses from this category of respondents is presented as follows;

Management and Directors of the social venture specifically mentioned the following;

'*The ownership structure is not clear when it comes to the* engitengs *… That of the social venture is clear that is, 70% for the SVE and 30% for the NGO. It stated 85% shares for the social venture and 15% for the community [i.e., the* engitengs*]. The breakdown is 5% for the community and 10% for the local staff. This division does not make it clear, even in terms of profitability*'.

Respondents of this category mentioned that there is a contestation of *who the rightful owner is*, and *what forms of ownership* are expressed by local government officials, the NGO, and the SVE. The equity and economic value, based on return on investment, a key component of residual claim, respondents mentioned, was not clear to all stakeholders. Data generated in relation to residual claims, from this category of respondents, are presented below.

'*There is the government and NGO issue here. The other issue is the NGO and the social investors …. They have not paid for the facilities. There is, therefore, the need to redefine the ownership structure to the community leaders, government and related stakeholders … People are not in position for ownership. As an example, the District Commissioner is not ready to allow the factories to be relocated…*'

Respondents from the same category stated the following regarding economic sustainability.

'*Our agreement was on how to economically empower the Maasai. We therefore developed the first* engiteng *paper and program in 2006. Please refer to the paper [i.e., concept paper setting up the dairy business in the Terrat village and the other four villages] … There is the need to raise the awareness with everyone. That is the community, company, partners and other stakeholders.*'

Another form of ownership identified from responses of directors and management of the social venture was based on a feeling of 'belongingness'. A quotation to this effect is presented below:

'*… There is also the notion that the companies belong to the NGO, the social venture and individuals. In practice, it is not very clear … The factories are for the benefit of the communities and not the property of the community …*'

Regarding the way forward in ensuring that the ownership forms mentioned are realized, directors and management, in short, suggested the following;

'*We must build relationships with partners, solidify the vision and direction of the business, minimise frictions, and exhibit strong leadership towards the original vision…*'

Quotes extracted from interviews among directors and management of the social venture has revealed a certain 'feeling' of ownership that ought to be examined in relation to the SVE in this context. This is aside the stated the legal forms.

Ownership Forms and Definitions as Presented by Local Stakeholders

Responses from local stakeholders in the five communities are presented below. By 'local stakeholders' we mean staff and management at the factory (*engiteng*) units, local and traditional authorities, community representatives, and representatives of suppliers of milk to the *engitengs*.

Local management and staff of the *engitengs*, in discussing the meanings of ownership forms, noted the following;

'*The community supplies … The factory processes and sells it to get money … Investors from Holland give the money to purchase the milk … people supply milk to the community … The factory cannot be in operation without the NGO because, it plays a very key role. The statement is not true because, we cannot run the factory if the NGO is not there. As we said before even the NGO is leaving a social reputation within the community*.'

Local leaders, traditional authorities, and community representatives noted the following in their contribution:

'*Yes, investors from where you come from 'Holland' own the factories … We did some analysis and we understood we have the social venture and* engitengs *falling under the NGO , and the social venture is the one to distribute the money and pay salaries…*'

Discussions and Implications

Figures 4.1, 4.2 and 4.3 above show the hybrid form of investor-owned and NGO-related forms of ownership as the ownership form preferred by most respondents. The community was not seen as a real owner by directors and management of the firms. The NGO partner was seen as the real shareholder and stakeholder on behalf of the communities where the *engitengs* are situated. Respondents from the focus group discussion mentioned a 'hybrid' ownership form whereby ownership is divided between the government (represented by the local government administration in Tanzania), the local NGO, staff of the factories, and the SVE via the social venture.

Ownership forms and definitions proposed by the SVE in its original project document, which, it was found in the interviews, fund managers also subscribe to, did not include the forms and definitions of ownership as were mentioned by most local partners interviewed. This could mean that different definitions and different understandings of what ownership forms entail are prevalent among different stakeholders and partners.

A feeling of ownership, based on psychological ownership (DeTienne,2010, Townsend et al, 2001; Pierce et al, 2001), has emerged as the preferred ownership form from the perspectives of local stakeholders, and to a very large extent, directors and management of the social venture. The feeling that the social venture belongs to respondents, that is, from a psychological perspective, is a motivation in the running of the social venture.

A clarification of definitions and understanding of what the Dutch foundation, as an SVE, stands for, should be core to directors, management, staff and concerned stakeholders, such as local leaders, suppliers, and the communities in which they invest (cf. Van Dijk, 2011; Zahra et al, 2009; Hansmann, 1996). This should include the proposed ownership forms mentioned by the stakeholders covered in this study. The aspect of 'belongingness' and 'location' as perceived by respondents that they 'own' the social venture is evident enough. Zahra et al's (2009) proposition that different types of social ventures call for different approaches to ensure that the social venture thrives is, therefore, validated in this study. The results of this study also underline the need to embed psychological ownership into the legal ownership of social venture business models (Van Dijk, 2011; Townsend et al 2009; Mair & Marti, 2006; and Pierce, et al., 2001). This is because psychological ownership connects not only founders to their social ventures, communities and beneficiaries of these social ventures as well develop a form of feeling towards the established venture. How Social Venture Entrepreneurs construct ownership, this study noted, is an area that scholars and practitioners of this business model might need to factor into the SVE model (Van Dijk, 2011; Zahra et al, 2009, Mair &Marti, 2006, Hansmann, 1996).

It could be deduced from the forms of ownership presented by the various stakeholders that different definitions and perceptions of ownership have been communicated from two perspectives. This has been based on cultural and local contexts of what is meant by the word 'ownership'. As an example, both a purely psychological feeling and a project-related (NGO kind) ownership form were presented by respondents in Arusha, Tanzania. A feeling of ownership, based on the use of the social venture factories by suppliers, the location of the businesses in the five communities, and inheritance of the established business in future (should the SVE leave) is prevalent among the local stakeholders, whether stationed in the head office in Arusha or in the five communities covered in this study (Zahra et al, 2009).

This diversity of the definitions and forms of ownership discussed in the interviews and focus group discussions suggest there is no consensus on what ownership means and which form of ownership is (to be) applied in the venture. Different definitions and forms of ownership have emerged from the data analysed from documents and responses obtained from the social venture in this case study. Psychological ownership has a strong presence in definitions and forms of ownership subscribed to by directors and management of the social venture, and local stakeholders, compared to the definitions and forms subscribed to by the SVE. Integrating a form of psychological ownership into the business model, alongside legal forms of ownership, could increase the model's sustainability (Van Dijk, 2011; Zahra et al, 2009; Mair & Marti, 2006). It is anticipated that such an approach could lead to a sustainable SVE ownership form that will benefit all stakeholders engaged in running the social business initiated in the Maasai communities in question.

Conclusion and Recommendations

The ownership criteria presented in this chapter show that the SVE has a plan for transferring the established business to an appropriate new owner. The definitions and forms of ownership presented from the perspectives of various stakeholders and current shareholders, i.e. directors and management staff of the social venture and local stakeholders, seem to be interpreted differently. This suggests that the SVE criteria of ownership may need to be adjusted to include both legal and psychological forms of ownership. Psychological ownership is important for consideration because not all local partners subscribe to legal forms of ownership. In the context of this study, data analyzed have categorized ownership into two main groups, i.e. legal and psychological forms of ownership. It is necessary that SVEs should integrate both traditional (legal) and psychological (feelings) ownership in their business model if they wish to realize their mission for investing in local communities such as the Maasai communities covered in this study. SVEs should perhaps engage local partners in a participatory way from the onset in a discussion on the most appropriate way to integrate the forms of ownership into the social venture business to be established. A classification and definition of ownership could then be contextualized to meet the definition local communities ascribed to it. The question on how to make the ownership options proposed *economically sustainable,* for example through a hybrid ownership form, requires further discussion and research. The meaning of ownership should be concretized with further studies within different domains where such investments are made by Social Venture Entrepreneurs.

The impact and financial return SVEs envisage for their initiated and established businesses can be boosted by re-modelling their business models on traditional (legal) and psychological forms of ownership. Based on the results from this paper, we suggest that local stakeholders may identify more with the initiated businesses if psychological ownership forms are introduced to the SVE business models from the onset. This may increase not only the legitimacy of the social venture, but the responsibility, stewardship, protection, and other altruistic behaviours toward the established business. That is, at least, from the perspective of local stakeholders who have a feeling that the business established by the SVE 'belongs' to them as well. This way, SVEs are more likely to realize their mission for investing in local communities.

From the results generated in this study, introducing a 'hybrid' ownership form, where different stakeholders have *a feeling* that they play an important role in and '*own*' the established business, by shared consensus, in the long run, benefit both the SVE as *an investor* in the community, and the local stakeholder as *a beneficiary* of said investment. This again, could help realise the mission of the SVE in relation to impact and return on investment.

The ability to appoint management and supervision of the management, on behalf of the owners, requires further research in the field of Social Venture Entrepreneurship.

This study, a single qualitative case study, may lack external validity and the ability to make generalizations within the wider context of social entrepreneurship. Contextually, there are many social venture businesses that have sprung up in the last few years. We recommend further studies on ownership, both legal and psychological, to further deepen our understanding of this phenomenon.

At the time of our study, few social venture businesses had reached scale-up stages in developing countries in general, and sub-Saharan Africa in particular. We recommend further studies to support, suspend or reject our results. However, it is anticipated that our study will serve as an opener for scholars and practitioners alike to explore further the phenomenon of transfer of ownership by Social Venture Entrepreneurs both in sub-Saharan Africa in general and, in particular, regions where (formal) legal forms of ownership may not have been fully developed at the societal levels.

Chapter Five:

'Exit' Strategies for Social Venture Entrepreneurs: A Case Study[3]

[3] To be submitted as: Nuer, A.T.K., Rivera-Santos, M., Dijk, G. van. (2015). 'Exit' Strategies for Social Venture Entrepreneurs: A Case in Northern Tanzania

Abstract

Social Venture Entrepreneurship, as a field of study, seeks to study how founders and investors of social ventures create impact, create a return on their investments, and exit from the businesses they have established. Social Venture Entrepreneurs are classified as founders or entrepreneurs who consider People, Planet and Profit as the target of their investments in Base of the Pyramid communities. Impact on the part of People and Planet serves as an important criterion for their business model. Profit itself is not an end of the motive of an SVE; rather, it is a means through which to achieve the core objective of its mission in said communities and businesses established.

Social Venture Entrepreneurs, after fulfilling most or all of their aspirations regarding People, Planet and Profit, do not want to stay in business ventures they establish indefinitely. In their business model, 'exit' is important in order to hand over the established venture to new owners. Since there are limited data and cases on the subject matter of 'exit', this study examines a Dutch Social Venture Entrepreneur that invests in the dairy sector among the Maasai tribe in five communities in Northern Tanzania.

This study has sought to answer the question of which 'exit' strategies exist within the field of social entrepreneurship in a broader sense, and Social Venture Entrepreneurship in the context of this study. Results from this study revealed that 'exit' means 'transfer of ownership', but from different and contrasting points of view as understood by the SVE and its local stakeholders and partners. Different forms and interpretations of 'exit' have emerged and, therefore, scholars and practitioners should harmonize founders' and stakeholders' expectations before such social ventures are established. This study contributes to the theory by examining definitions of 'exit' and 'exit' decisions that could be of utmost importance to social entrepreneurship as a broader field. Furthermore, this study is a starting point for scholars and practitioners alike from which to explore the possibility of harmonizing 'exit' paths that could help strengthen the domain of this field.

Key words: Social Venture Entrepreneurs, 'Exit' Strategies, Stakeholders, Social Ventures

Introduction

‘Exit’ decision-making and strategy criteria have become important and relevant to such an extent that Social Venture Entrepreneurs (SVEs) and scholars require further studies in the area. This is because SVEs intend to solve a ‘wicked problem’ such as the non-existence of infrastructure, or a non-existent or weak supply chain of an identified commodity they have core competence and or expertise in (Van Dijk, 2011; Kievit, 2011). SVEs, thus, consider People, Planet and Profit (PPP) when they choose to invest in communities that they presume require their core competences. With regard to ‘People’, Social Venture Entrepreneurs focus on empowering identified individuals and or groups who are engaged in an economic activity. This may include farmers, producers, cooperatives, local entrepreneurs, marginalised women, youths, etc. With regard to ‘Planet’, SVEs look for the most sustainable and efficient way to address the problems and challenges they identify in these communities. Building economic and social sustainability in their business chain, for long-term benefit to the communities they invest in, and relying on environmentally friendly resources is core to these kinds of investors. Finally, ‘Profit’ is core in the model to recoup invested capital with marginal profit. ‘Profit’ itself is not an end of the motive of an SVE; rather, it is a means through which to achieve the core objectives of its mission in said community and in the businesses established. Social Venture Entrepreneurs, after fulfilling most or all of their aspirations regarding People, Planet and Profit, do not want to stay in the business ventures they establish indefinitely. In their business model, ‘exit’ is important in order to hand over the established venture to new owners.

In the entrepreneurial and investment literature, ‘exit’ is mainly based on profit or cost cutting motives. The problem we seek to address in this paper is that a Social Venture Entrepreneur as an investor cannot be entrepreneurial on their own. That is, Social Venture Entrepreneurs do not mainly exit based on profit or cost cutting motives. Entrepreneurs, by their core definition, need competitors to stay in business as well as to become innovative. In the case of SVEs, this cannot be so in both theory and practice. This is because there may not be an entrepreneur who will consider investing their capital in a business venture that is not viable, and that may contain high risk through which invested capital can be lost. SVEs, however, invest in such precarious conditions. The aim for their investment is ‘impact first’, but with a return motive in the end. ‘Exit’ is thus possible when an identified ‘wicked problem’ is solved and return is realized, i.e. when equity can be liquidated.

‘Exit’ criteria in traditional business involves, for example, selling an established business, offloading the shares in the form of Initial Public Offer (IPO) (Kroll et al, 2007; Wang and Sim, 2001; Jain and Kini, 1994; Richardson, 1993), and selling of shares in the form of equity to other shareholders through Outright Sales to another business or Management Buyout (DeTienne and Cardon, 2012; Zahra et al, 2009; Boeker and Karichachil, 2002; Wright et al, 2001; Fox and Marcus, 1992).

For Social Venture Entrepreneurs, the motive for their investment in identified business ventures is to contribute to creating sustainable businesses in communities they invest in. SVEs ensure that the established business can continue to create enough value when they convert their equity to loans. According to their model, new owners of the established business should be able to pay back the loans, and make the business sustainable by ensuring continuity of the mission it was initiated for (Van Dijk 2011; Emerson, 2001). A new owner of an SVE-initiated business should be able to add value to its core competencies even long after the original Social Venture Entrepreneur has exited. This is a long-term vision of SVEs. This differentiates SVEs from traditional business 'exit' models and ownership criteria. Since SVEs' 'exit' motive is critical to the success of their business model, it has become important to more closely study which 'exit' strategies exist within the field of social entrepreneurship in a broader sense, and Social Venture Entrepreneurship in the context of this study.

In reality, a new owner is not bound to subscribe to the mission of the original founders of a business venture they have acquired. In principle, a new owner may completely or partially overhaul of the business they have acquired. In the context of the SVE model, local stakeholders serve as key strategic partners in that, 'exit' motives are expected to be driven by these stakeholders as well as the SVE. In principle, both the SVE and its local partners work hand in hand to ensure that the 'exit' criteria are realized. Other challenges faced by Social Venture Entrepreneurs lie in what 'exit' strategy, form and criteria are best suited to their venture, factoring in their mission, wishes and expectations. There is, however, limited knowledge and almost no study has considered 'exit' from the perspectives of the mission and motive of Social Venture Entrepreneurs, who are broadly classified as founders of such social ventures (Zahra et al, 2009; Mair and Marti, 2009; Emerson,2001).

We opine that understanding the core concept and definitions of 'exit' from an SVE's point of view and that of its stakeholders is likely to be a starting point that will enable us to answer the question: what is the 'exit' strategy for SVEs in social ventures they establish, and what criteria could be termed appropriate 'exit' for them? In view of the limited studies on the subject of 'exit', we focus on a case study of a Dutch SVE that invests in an agribusiness dairy supply chain among the Maasai tribe in the north of Tanzania. This paper aims to contribute to the study and concept of Social Venture Entrepreneurship as a management and social business discipline by building on the theoretical framework of 'exit' started by such pioneer scholars and practitioners as

DeTienne and Cardon (2012) and Boeker and Karichachil (2002). We hope to make a theoretical contribution to the concept of Social Venture Entrepreneurship in respect of the kind of 'exit' strategy that could be available to SVEs to consider in their business model. In particular, we pay attention to the institutional prerequisites that are required to make 'exit' conditions possible.

This section is organised as follows. First, the concept of 'exit' strategies and how the social venture business model fits, or does not fit, into business and entrepreneurial 'exit' criteria known in the literature is explored from normative, management, entrepreneurship and investment schools of thought. The method of data collection, based on a single normative qualitative case study of a well-known Dutch SVE that invests in a dairy business chain among the Maasai tribe in Northern Tanzania, is then presented. The results, discussion and conclusions reached are presented and recommendations for further research are made.

Theoretical Review

'Exit' Strategies: A Normative View

'Exit' strategies can be termed the mechanism by which an activity or set of activities could be completed by a primary initiator based on certain principles. Though based on both military and business schools of thoughts, 'exit' strategy, as a term, became popular during advancements made by the USA during the cold war era and the Vietnam War (Middleton, 1999, Powell, 1992, 1994). In recent times, the term has gained popularity within business circles (Gardner et al, 2005, Middleton, 1999).

In this study, we define 'exit strategy' to mean 'expert advice in developing one or more strategies at the commencement of a business venture for a sustainable 'exit'' (Alter et al, 2001). In this paper, the term is contextualized as 'a plan to get out of a venture for another 'entity' to own and take over the venture for continuation (Van Dijk, 2011)'. An 'entity' is operationalized to comprise an individual, a group, an institution, an organisation, a firm, a community or a combination of the above-mentioned stakeholders that have legal backing of relevant authorities and within a communal context.

Berenson (1963) identified five key deliverables that must be considered when exiting from a business venture. These are: *Financial Security, Financial Opportunity, Marketing Strategy, Social Responsibility and Organized Intervention*. Financial security entails the availability and need to continuously have capital to be able to run a business with or without external support. Achieving financial security can be a means by which an entrepreneur may decide to offload his or her shares in an established business. An entrepreneur may do so with the belief that such a business can continue to be run to meet its set vision and objectives. With financial opportunity, the entrepreneur seeks to locate available funding sources that could be explored to fund operations of an established business. Financial opportunity may entail the existence of a ready market, availability of willing clients or consumers, and secured contracts that could ensure the inflow of capital to run such a business and to meet market demand.

Marketing strategy is a set of mechanisms used to ensure that products and services generated from the established business reach the targeted consumers in the most efficient, effective and legally-accepted form possible, and with minimal cost and loss. Marketing strategy entails a process of exchanging finished products or services for profit in the most acceptable way for a given society in accordance with the appropriate regulations.

Social responsibility is built along ethical, socially-accepted and environmentally-friendly processes of ensuring an established business is sustainable in the most socio-economic sense. Organized intervention involves how the established business is arranged in terms of governance and management with the aim of fulfilling the expectation of the investor, management, employees, related stakeholder and shareholders of such a business. Though seemingly an old business model, business entrepreneurs, investors and shareholders worldwide, seem to rely on the first three mentioned 'exit' criteria proposed by Berenson (1963) to this day.

Most business' 'exit' criteria involve the sale of a business or part of it. A product or service provided by an investor could be 'sold' to willing investors who have interest in said business. A business may be merged with another firm based on shareholders' or owners' agreement within the laws of the country concerned. Management takeover of a business, its assets and liabilities, or part of it are related 'exit' forms identified in the management, business and entrepreneurship literature. Another business 'exit' strategy could be completely or partially withdrawing from or abandoning a business. These are the 'exit' strategies that are applied by traditional business owners, be they corporate entities or individuals.

SVEs base their 'exit' strategies on their business models embedded within their mission, visions and objectives. An SVE that follows the abovementioned traditional 'exit' strategies, thus, stands the chance of failing to realize the mission for establishing their business. We will attempt to summarize the 'exit' options which SVEs explore in transferring ownership of their businesses. A suggestion as to why such strategies may not be a best fit will be further highlighted.

'Exit' Strategies: Business and Entrepreneurial Views

'Exit' ensures the completion of the exchange of equity by founders, and this could mean going public to offload equity (IPO) or Outright Sale of the established venture. Mergers and acquisitions (M&A) with other ventures and offloading of equity to management through Management Buyout (MBO) is another 'exit' path that founders of businesses are likely to opt for. A founder is also likely to stay somewhat longer than planned or continue with the venture even when the mission for the venture has been realised. Venture age, founder experience, and the organizational form of the established venture play an important role in the choice of a particular 'exit' decision path taken by a founder.

Public Offering

Through this option, also known as Initial Public Offer (IPO), the investor offloads his or her invested capital by liquidating the equity in the form of shares which are sold on a stock market (Wang and Sim, 2001). The advantage of going public is that a founder or investor could exchange equity from the sold shares through a diversity of interested investors via the stock market (Wang and Sim, 2001). IPO is synonymous with and the favourite 'exit' plan for many investors, such as venture capitalists and investees (Wang and Sim, 2001). Investors and entrepreneurs opt for IPO in order to obtain the capital necessary to ensure sustained growth, increased shareholder liquidity, sustained financial inflow, and enhanced venture image and ability to scale up (Wang and Sim, 2001; Richardson, 1993). IPO has been criticized as being 'energy sapping', and depending on the type of venture, venture size and type of shares available for exchange, it can be costly in financial terms (Wang and Sim, 2001; Barry, 1994). Leverage for selecting IPO is covered by intermediate funding schemes within the stock market that serve as buffers during the exchange process (Wang and Sim, 2001). Entrepreneur and investor characteristics in relation to the nature of industry or business venture, ownership structure (e.g. family ownership), investee potential, and amount of venture financing play an important role when founders and investors opt for IPOs (Kroll et al, 2007). This is explained by the fact that the post-IPO performance of ventures can derail the primary objective and mission for its establishment (Kroll et al, 2007; Jain and Kini, 1994). The presence of a buyer to take over the social venture by private terms, however lucrative the offer could be, is likely to influence the founder's decision to 'exit' by IPO (Zahra et al, 2009).

In the context of Social Venture Entrepreneurship, the financial capability of local communities is likely to affect the decision whether or not to opt for IPO. Furthermore, the financial motive is likely to affect the decision to opt for a buyer outside the community where the venture is situated. When a community does not have enough capability to raise the needed resources in exchange for equity to be floated, founders are likely to opt for IPO to target greater public ownership. A decision to 'exit' through IPO is likely based on the mission to ensure growth and scale up the venture among targeted communities (Kroll et al, 2007; Jain and Kini, 1994).

Mergers and Acquisition (M&A)

Through a set of agreements and joint corporate decisions, investors and entrepreneurs could merge two or more businesses to form one venture. A merger arises as an 'exit' strategy when parties involved in the transaction attest to the fact that an opportunity exists for the ventures to be merged (Capron and Mitchell, 2010). A complete Management Buyout or a considerable involvement in the decision-making processes in the new company by a founder is sometimes observed after the 'exit'. In the case of a complete management buyout, the founder is likely to stay on in an advisory capacity for a stipulated period to ensure continuity of the mission and scale-up of the venture. A noted advantage for ventures that opt for mergers is the presence of new and varied resources that draw on the strength and expertise of both merged ventures. A challenge with mergers includes prolonged time and cost for readjustment to new management and organisational styles. Founders do not always receive the expected value placed on mergers and acquisitions in the long term (Capron and Mitchell, 2010).

Managerial self-interest, over-commitment, blocking of strategy and strategy shortcuts have been identified as important reasons why investors opt for acquisition (Capron and Mitchell, 2010). Founders are likely to entice would-be investors or potential owners to believe that the benefits to accrue from taking over a venture far exceed its actual value. A venture may be worth more or less than its estimated value (Capron and Mitchell, 2010).

Management Buyout (MBO)

Economic and behavioural considerations have been identified as important reasons why founders subscribe to Management Buyout (Fox and Marcus, 1992). Sustained growth, research and development (R&D), and innovation have been associated with founders' decision to adopt an MBO approach (Wright et al, 2001). A founder is likely to cede equity to management if he or she is satisfied with said management's performance. A founder may ‘exit’ by opting for Management Buyout with the assurance and belief that management knows much about the venture. There is the belief that the management of a social venture may be equipped and prepared to maintain the mission of the established venture. Management buyout brings to the fore a form of continuity of the core vision of the established firm (Wright et al, 2000). An asymmetrical information bias on the part of management is noted as an important element that gives competitive advantage over founders in the legal processes of management acquiring the venture through MBO (Wright et al, 2000). For example, a venture could be undervalued to favour management when such an ‘exit’ path is taken. It is, however, argued that management that subscribes to a conventional managerial style does not take advantage of acquiring a venture when an offer is made to them (Wright et al, 2000).

A crucial set of criteria and conditions under which a founder of a social venture is likely to ‘exit’ through MBO are based on the fact that management is likely to continue with the mission for the established venture. The desire to build local management capacity that can continue to create impact within the community in question is likely to stimulate founders’ decision to ‘exit’ through MBO. MBO, as suggested in the literature (Wright et al, 2000), is subject to how capable and willing management would be to keep the venture intact for reasons of continuity.

Outright Sale

Outright Sale is an easier way for entrepreneurs and investors to ‘exit’ from an established business. Equity negotiation may be made with interested parties of old or new management. A venture is likely to be sold by outright purchase when there is a willing buyer. Outright Sale becomes possible when a founder either becomes disinterested in the mission, encounters difficult experiences or does not have enough strength, such as financial or managerial capability, to invest in the venture any more (DeTienne and Cardon, 2012; Zahra et al, 2009; Boeker and Karichachil, 2002). Threats such as competitions, and dissatisfaction, on the part of a founder, management or shareholders, are similarly likely to stimulate the founder’s decision to opt for outright sale (Arend, 2013; Miller et al, 2012; Zahra et al, 2009). Dissatisfaction with the realization of a mission for a venture, coupled with financial motives, is also likely to influence founders’ decision to sell a venture (Arend, 2013; Miller et al, 2012; Zahra et al, 2009, Miller, 1983). Founders and shareholders, by mutual consent, may be involved in the negotiation process to look for willing buyers. Whoever the buyer, founders are able to derive dividends from the buyer and, therefore, all players benefit from the venture’s sell out. A new owner is likely to opt for innovation and a new business model for the venture.

An advantage of this type of ‘exit’ strategy is that initial investors are able to derive some form of dividend from the buyer and, therefore, may in a way benefit from the sale of the company. A disadvantage is that a new owner may choose to reform the business. This is so because the new owner may not be bound by any contracts or agreements previously made with former owners of the business.

Postponement/Continuation

A founder may choose to either postpone or continue to invest in a venture when the mission for its establishment has been realized. A founder is likely to continue investing to or postpone the ‘exit’ decision when part of the mission for the establishment of the venture has not been realized (Arend, 2013; Miller et al, 2012; Zahra et al, 2009, Miller, 1983). The inherent problem with the option to stay is that, in the scenario where the social venture is not performing well, there is a social desirability for the founders to say they will not ‘exit’. In a scenario where the venture becomes profitable, and has created impact with a good organizational capacity, founders are tempted to stay on as a way to ‘keep their baby’ (business venture) from external influence.

The question of when a particular type of ‘exit’ path is to be taken by founders of social ventures is dependent on many factors that are tied to the mission for setting up the venture (Arend, 2013; Miller et al, 2012; Van Dijk, 2011, Zahra et al, 2009). We will highlight the context in which founders of social ventures, within specific scenarios, are likely to choose between possible ‘exit’ paths.

Just as it is important for stakeholders to be involved in the decision-making processes of the established venture to ensure continuity, they also have a role to play in deciding to ‘exit’. A look will be taken of the roles played by stakeholders in founders’ decision to ‘exit’ in the course of this study.

‘Exit’ Strategies: A Project-Based View

Rogers and Macias (2004) define ‘exit’ from a project-development paradigm perspective as ‘the withdrawal of all externally provided resources from the entire program area’. The authors suggest that ‘exit’ could be synonymous with ‘graduation’. Graduation, in the context of development intervention, is referred to as ‘the withdrawal of resources from selected communities, program sites and program activities’ (Rogers and Macias, 2004) . The term is based on intervention (philanthropy) and impact philosophy, as ‘a plan describing how the program intends to withdraw its resources while assuring that the achievement of development goals is not jeopardized and that progress towards these goals continues’ (Van Dijk, 2011; Rogers and Macias, 2004). Graduation could be used as the starting point to ‘exit’ from an intervention or project (Rogers & Macías, 2004). The intentions of SVEs to ‘exit’ from their established businesses connote a ‘progress towards continuous goals’ (Van Dijk, 2011). The proposed ‘exit’ criteria defined by Rogers and Macias (2004) fit into the mission of an SVE ‘exit’-continuation criterion. Critical to the suggested criteria are the following prerequisites or checklist, based on Rogers and Macias (2004) thoughts that could be of interest to Social Venture Entrepreneurs.

- Identification of approaches to be used as exit for the established social businesses

- Specific criteria for graduation (of communities as possible future owners) and ‘exit’ criteria based on a joint action plan co-designed with community stakeholders

- Measurable benchmarks for assessing progress toward meeting the ‘exit’ criteria

- A time line, recognizing flexibility of the joint action plan that ensures successful exit.

- Identification of action steps to reach the stated benchmarks and parties responsible for taking these steps monitored and evaluated throughout the joint process (self-supportiveness of the established business)

- Mechanisms for periodic assessment of progress toward ‘exit’ and for possible modification of the ‘exit’ plan

Following these milestones could likely lead to a sustainable ‘exit’ for program teams working on and implementing such initiatives. This is, however, not so in the case of Social Venture Entrepreneurship.

The work of SVEs is to ignite and invest in sponsored supply chains with a dual mission. Exiting solely from ‘a project development’ point of view will defeat the core competence and business of such an entity. Rogers and Macias’ (2004) proposition is aligned more towards the philanthropic, than the finance component of SVEs’ core vision. Their criteria could be incorporated into any impact-related strategy that Social Venture Entrepreneurs may wish to consider when planning to ‘exit’ from their established businesses. The financial return component of the ‘exit’, however, is not adequately catered for by the project-based view on ‘exit’.

'Exit' Strategies: A Social Venture Entrepreneurship View

For SVEs, an 'exit' strategy is largely driven by continuation considerations (Van Dijk, 2011; Zahra el al, 2009; Mair and Marti, 2009; Emerson, 2001). SVEs are likely not to fare well should they adopt any of the abovementioned business 'exit' strategies, forms or criteria. Theoretically, we explore a set of 'exit' strategies, forms and criteria that could enhance the decision-making processes of an SVE both in theory and practice. We argue that SVEs do not have to stay on as an entrepreneur, investor, stakeholder or partner in business chains they have established for too long or too short a period of time.

Since Social Venture Entrepreneurs do not only have a financial 'exit' mode but also subscribe to impact as part of the 'exit' (DeTienne and Cardon, 2012; Van Dijk, 2011; Zahra et al, 2009; Mair and Marti, 2009; Boeker and Karichachil, 2002; Emerson, 2001), the decision by a founder of a social venture to follow a business and entrepreneurial mode of 'exit' will not help to meet their core objective and mission. 'Exit' forms and criteria used by SVEs need to factor in mechanisms whereby their 'exit' strategies could simultaneously cover financial returns and impact

Since SVEs work with local partners who are mainly NGOs and local community groups to invest and establish their businesses, it behoves these partners to think about and act on proposed 'exit' procedures enshrined in the SVE business model (Van Dijk, 2011; Abbema and Sibanda, 2009). A form of integration of impact and financial return is vital if such a vision is to be realized. Alter et al (2001) proposed a three-stage process for founders and stakeholders of funded businesses. These include the determination of strategies to assess different kinds of funding throughout an organisation's lifecycle. The aim is to ensure longevity, provision of finances for the business, and determination of specific milestones in relation to capacity-building, timelines and funding.

It is necessary for SVEs to make explicit what key plans and steps they intend to take to realize their proposed 'exit' from businesses they establish. SVEs see their established business as a mission-based investment, and therefore expect the established businesses to be owned by local stakeholders, with preference given to producers of raw materials, local entrepreneurs, investors, and communities, as a whole or in part.

Methodology

Research Context

This study is set in the context of a Dutch Social Venture Entrepreneur that has invested in a dairy processing business called, termed the social venture in Northern Tanzania. The investment comprises five milk processing units (MPUs), locally called *engitengs* in Maasai, and located in five Maasai communities. The SVE has a mission to empower local women, especially, and the advancement of local communities toward financial independence. When this study was initiated, the SVE was at the point of defining what forms and options of ‘exit’ are available for it to consider. The SVE had interpreted ‘exit’ in business and entrepreneurial terms, but based on a quasi-project development motive. Midway during the investment, they had an interest to know if their local partners indeed shared the same definitions and preference of ‘exit’ as the SV investor itself subscribed to, and as they had anticipated.

Since there were limited numbers of SVEs investing in sub-Saharan Africa, we located the Dutch foundation as the main SVE that could be studied at the time of writing this paper. The SVE had classified the social venture as a ‘learning curve’ since it was their first investment in sub-Saharan Africa. Sub-Sahara Africa was perhaps a new terrain for this kind of investment model to be practised at the time of writing this thesis.

The social venture, in the context of this study, is one of the few social businesses that had met the first three steps of the SVE model. These steps are: 1) the social venture and the *engitengs* have been established, 2) infrastructure, such as water, electricity and machines, has been provided, 3) creation of business sustainability elements by means of governance was on course at the time of this study. Step four of the SVE business model is based on transfer of ownership, which is tied to step five; ‘exit’ for local stakeholders or new owners taking over the established business. It was, thus, thematic for the lead researcher to study options available in order to transfer the *engitengs* and the social venture to future new owners in a procedural way. The SVE had proposed to set up a social enterprise development fund (SEDF) that would cover the financial means of ‘exit’. In terms of finances, the SV investor wanted a gradual ‘exit’ from the established business.

The SEDF was expected to function as an intermediary vehicle which would reach out to non-traditional investors, such as communities, that are interested in impact investments. The fund was to act as a local resource mobilization strategy through partnerships with local corporate organizations such as banks, private foundations, multinational corporations and multilateral donors with limited resources.

The SEDF was to be governed by a board of directors (BOD) and managed by a fund manager who had expertise in banking. The BOD was responsible for decision-making concerning social enterprises prepared by the entrepreneur with support from the fund manager. Members of the BODs of different mother companies were to ensure the sound financial and operational management of businesses they worked for. The SVE was responsible for providing the financial and other support that the SEDF and individual established businesses may require.

The SVE, and by extension the social venture, has the following as its guiding principles; Social return comes first, but (in the long term) the foundation aims to realize a particular financial return on its investment in the venture. The SVE's concept paper entitled 'Transfer of Ownership and 'Exit' Strategies for the SVE Ventures. Concept Paper 02/2011', states the following reasons for this;

- Investment return is a direct outcome of running viable and sustainable businesses.
- The Foundation does not believe in giving away an established business. An approach of that sort will damage the venture in itself.
- Capital preservation for the SVE with a negative return will diminish invested capital.
- The SVE's investment horizon ranges from 3 to 25 years for individual investments and it depends on the specific characteristics of the venture
- The SVE will make long-term capital commitments, when needed, to realize the social objectives of established businesses.
- The SVE will transfer ownership as soon as the venture can operate independently.
- The SVE believes in the replication/expansion of social ventures which are successful in order to take full advantage of the experience gained during the learning process in establishing the social venture. Ownership structures should facilitate/enable this.
- The SVE wants to sustain the social character of its ventures after 'exit'. This is an explicit part of the 'exit' strategy and can be ensured in various ways.

Based on the above, the lead researcher followed a qualitative study approach to study the perspectives of directors and management of the social venture and local stakeholders of the *engitengs* on the subject of 'exit'. The aim was to ascertain if these groups of stakeholders, who could be future shareholders, shared a common understanding of 'exit' as described by the SVE.

Method of Data Collection

As a qualitative study, this study followed a case study approach as recommended by Yin (1994, 2004). Twumasi (2004) followed similar qualitative study process within community health research conducted in Zambia and Ghana. A case study helps to delve deeper into phenomena and brings out the definitions of themes during data analysis (Yin, 2004; Silverman, 2009).

Since this study was interested in the definitions of 'exit' by local respondents, generated results are compared with 'exit' forms proposed by the SVE and forms discussed in the literature.

Data Collection

Desktop research was conducted regarding the background of the Maasai cultural and business environments. Secondly, the SVE was studied in relation to its work ethics and philosophy by the use of semi-structured interviews and discussions in formal and informal settings between 2010 and 2013. *Semi-structured face-to-face interviews* were held with directors and management of the social venture between 2011 and 2013, using open-ended questionnaires.

Focus group discussions and *face-to-face interviews* were held with local stakeholders, who comprised local and traditional authorities of all five communities that run the five *engitengs* under the social venture, that is, Terrat, Naberera, Orkesumet, Same and Longido. Local management and staff of the five *engitengs*, representatives of milk suppliers and community representatives constituted local stakeholders that participated in the group discussions. Respondents were asked what meanings and understanding they had of 'exit' within the context of the social venture and the *engitengs*.

Participants

In 2012, the fund management of the SVE in The Netherlands comprised the first set of respondents (N = 4). Three male and one female respondent represented the SV investor during the research period. The second group of respondents consisted of directors and management of the social venture and its local NGO partner, (N = 12). Two sessions of interviews were held with directors and management of the social venture and the NGO between 2011 and 2012. In 2011, this group comprised three (3) female and seven (7) male. Three (3) female and eight (8) male respondents were interviewed in 2012. Some interviewees were interviewed twice during the field visits.

Focus group discussions with local stakeholders were held in 2011 and 2012. Local stakeholders, such as community leaders, local staff, suppliers and local government representatives, served as a third group of respondents; (N = 35) in 2011 and (N = 44) in 2012. The composition of the groups of respondents is as follows; seven (7) participants in each of the five communities in 2011. In 2012, the number of respondents comprised the following; 8 participants in Terrat, 6 in Naberera, 11 in Orkesumet, 4 in Same and 12 in Longido. The question of *what has changed in your understanding of 'exit'?* was both added to interviews and discussions in 2012.

Four (4) participants were present at the discussions during the two field visits. The unit managers and local staff of the *engitengs* were present during the two field visits. This ensured continuity of the discussions. In 2011, nine (9) participants, and in 2012, two (2) participants had dual functions at the discussions. For example, some community representatives were both local authorities and staff of the *engitengs*.

Procedure

The following procedures were used to collect the data.

Semi-Structured Interviews: Open-ended interview questionnaires were used to interview the fund management in The Netherlands and directors and management of the social venture and the NGO in Arusha, Tanzania. The average duration of the interviews was 50 minutes. Notes were taken during interviews and responses were recorded with participants' consent. Two interviews were not recorded as respondents felt uncomfortable with the idea of being recorded. No pictures were taken due to anonymity and sensitivity of the answers given. Interviews conducted were in English as all interviewees could communicate in that language. Questions asked respondents centred on what 'what is exit', 'what exit strategies and criteria are in place for the SVE', and mechanisms put in place by the SVE and its stakeholders to ensure that the exit is realized based on what has been prescribed for the social venture.

Focus Group Discussions: Focus group discussions were held with local stakeholders in all five communities in 2011 and 2012. Discussions focused on the question '*what is* *'exit', and what form of 'exit' do you anticipate or recommend to the SVE within the context of the social venture*?' Key questions on 'exit' were repeated in different forms to confirm answers given by respondents. Since local stakeholders were the preferred owners of the social venture and the *engitengs* for the SV investor, the lead author chose to ascertain if both the SVE and its local partners had a shared vision and preference as per the forms of 'exit' they anticipated for the established business.

Each discussion lasted approximately 50 minutes. Notes were taken and responses were audio-taped. Group pictures were taken after each discussion, with the consent of the respondents. Discussions were translated from English to Maasai and vice versa, with the help of an interpreter. Supplier representatives were only present when data was collected during the rainy season of 2012 during. In 2011, no supplier, except those who were either local staff or community leaders, took part in the discussions. The 2011 discussions were held during the dry season, when milk suppliers migrated with their families and herd of cattle to places where they could have access to water and pasture.

Document Analysis: Concept papers, business plans and academic reports on the SVE, the local NGO and the social venture were reviewed and analyzed. Only documents related to 'exit' have been analyzed in this paper.

Coding, Data Extraction and Analysis

ATLAS.ti software was used to analyze data generated from this study. Data collected was analyzed based on thematic content, conversation and member category sub-areas. Representations of the results were summarized in Microsoft Excel. Quotations in relation to 'exit' as included in the results of this study were directly extracted from the ATLAS.ti software. Forms of exit mentioned and preferred by respondents were coded. This was then ranked by the software in the forms of co-occurrence (refer to Figure 5.2).

Results

Results generated from the analyzed data revealed that 'exit' is – at the superficial level – seen to be synonymous with 'transfer of ownership' in the understanding of all parties involved. However, further analysis of what 'exit' 'means' revealed more complex definitions within the context of a particular stakeholder's understanding. Primary and secondary data analyzed from the perspective of the SVE defined 'exit' to entail transfer of equity and assets. Data analyzed from the perspectives of directors, management and staff of the social venture and the NGO, however, showed a mixture of definitions.

For example, whilst some directors and members of management saw ‘exit’ as ‘handing over’ a project initiative, others defined ‘exit’ to mean the transfer of equity as related to traditional business models. Respondents in communities, referred to as ‘local stakeholders’ in this study, had varied perceptions of the definition of ‘exit’. These types of respondents understood ‘exit’ to mean ‘handing over property or inheritance to the next of kin’. The meaning of ‘exit’ was, therefore, contextualized in the case of this particular social venture to mean handing the social venture over to the communities without necessarily considering equity transfer or acquisition.

A common definition identified among these respondents was that the social venture was seen as a project established with the intention of being handed over to the communities in which it had been established. ‘Exit’ was, therefore, interpreted within and between respondents’ understanding of the local parlance. As an example, most respondents had perceived exit to connote inheritance of a property left behind by a parent or and elder within their locality.

The next part of this paper shows how different understandings of ‘exit’ bring varied perceptions within the context of the word. Furthermore, our results show that different respondents discussed different concepts of ‘exit’. ‘Exit’ forms identified and preferred by respondents, and secondary data received from the SVE, are shown in figures 5.1, 5.2 and 5.3. Meanings given to ‘exit’, forms of ’exit’ preferred and perceptions about the current ‘exit’ strategy mentioned by respondents in relation to the social venture are further highlighted.

Definitions of ‘Exit’

‘Exit’ emerged from data analyzed to essentially mean ‘transfer of ownership’ to all respondents, though different attachments to and forms, interpretations and understandings of the concept were identified by different respondents. From local stakeholders’ point of view, the meaning of ‘exit’ centers around ‘leaving’ the social venture business for new owners, in this context the communities, to takeover. Due to the difficulty in defining business and entrepreneurial ‘exit’ in the Maasai language, the lead author had to rely on related words and phrases to contextualize the research question regarding ‘exit’. In local Maasai parlance, ‘exit’ connotes ‘to leave something behind’, ‘to go away’, ‘to die’ or ‘death’. From the data analyzed, it emerged that ‘exit’, as understood from a Maasai background, is synonymous with a father or an elder leaving an inheritance to family members. Traditionally, an elder or father who becomes inactive or weak due to old age or ill health is likely to hand over family property or business, such as cattle and land, to the next of kin. The death of such a person will automatically lead to the distribution or re-distribution of properties to sons (and, to some extent, daughters).

The following emerged from a conversation with one of the board chairmen of the social venture:

'*If the father dies, the factory will not die because there is a mother, and there is another thing that can make it sustainable. If you are a grown-up in the family and if you know you can get direction from your father and that we can now go back to the NGO and know the ways we can survive. Now the* engiteng *is growing from the NGO and it shows we can survive…*' [Comment from a board chairman at the e*ngiteng* in Terrat]

Further, the SVE leaving (exiting) the business venture connotes that the Social Venture Entrepreneur will have to train local staff and build local capacity, as well as provide a high breed of cattle before they transfer their equity. Another definition of 'exit' also connotes death of the founder, after which the social venture will be handed over to the communities and beneficiaries. A focus group discussion analyzed is summarized in the statements below.

'*... If you say you want to leave, and you let the community know you are going, then you need to prepare them to know. And if the community is trained for about 5 years, and the 5 years will help them a lot…because, they don't really know if it [the factory] belongs to them, then later on when they know, they have to plan for the factory…if the NGO wants to go.'* [Comment by a community leader during focus group discussion in Orkesumet, 2012]

'…In this sense, if the investors will like to go, there are so many things to do; that is, to improve purchasing, now they should improve the cattle, they should help with those type of cattle that can produce a lot of milk…for the factory…' [Comment by a management committee member during focus group discussion at Longido, 2012]

'*…If the social venture dies, and we know beforehand, then we can have some strategies in place. If this is not there, then it will be difficult to run the factory. The company cannot continue if the factory is not there... If the social venture is not there then we cannot work. The social venture should have a strategy in place and it should be explained to us. This is not there now.*' [Comment by a community leader during focus group discussion in Orkesumet, 2011]

The SVE defines its 'exit' strategies from the social venture as follows;

'*By establishing a SEDF or joining an existing financial institution which can function as a SEDF in Kenya or Tanzania, the SVE can start exiting from the established social venture. This can be done by ceding part ownership in the social businesses towards a SEDF. Since the SVE will not be the only participant in the SEDF, it will help the SVE to slowly 'exit' the social businesses as sole financer, while minimizing financial risks for the social businesses…*'. [the SVE, 2009] .

This definition of exit by the SV investor highlights the importance of financial return envisioned by the SVE. This is, however, different from a philanthropic and project-based exit definition other respondents gave..

Forms of 'Exit'

Forms of 'exit' identified from the analysed data are presented in this section. Documents analyzed from the SVE proposed the following 'exit' forms for the social venture and the milk processing units.

'When making the initial investment, one should already have a preferred Transfer of Ownership model in mind in order to structure the venture directly and involve the right parties. Structuring goes beyond legal form and financing, but also involves governance and organization. Given the entrepreneurial nature of the ventures and the dynamic environment the actual exit can be different that initially envisioned.

Various transfer of ownership models are possible and one can also think of hybrid forms. The main models are listed below.

- Cooperative (e.g. Farmer owned)
- Employee owned company facilitated via a 'employee stock ownership plan,
- Divestment to local entrepreneur(s)
- Communal Ownership via a trust or other body
- Investment fund providing equity like a 'Social Enterprise Development Fund'

[What to detail per model- when suitable and when not considerations]

Figure 5.1. Forms of 'Exit' Identified from the SVE

The SVE had proposed cooperative, employee-owned, divestiture, communal ownership and an investment fund creation as possible 'exit' forms under which they were likely to transfer ownership of the business venture. These proposed forms of 'exit' were then contrasted with the forms of 'exit' extracted from the data from respondents. The following 'exit' strategies were identified from the interviews, focus group discussions and documents analyzed. These are aggregated with the use of ATLAS.ti software in figure 5.2.

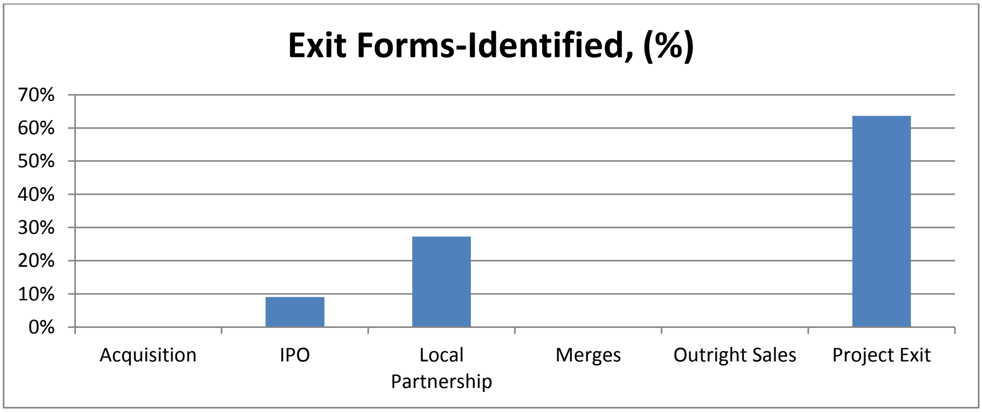


Figure 5.2. Forms of ‘Exit’ identified by Respondents (% of total respondents, 2011-2013)

Figure 5.2 shows that the project-based form of ‘exit’ ranked highest by respondents (70%). This was followed by local partnership (26%) and IPO (9%). Acquisition, mergers and outright sales in the context of the social venture and the *engitengs* were not mentioned by respondents. The three highest-ranked ‘exit’ forms, i.e. project-based ‘exit’, local partnership and IPO, were further analyzed based on respondents’ preferences. Figure 5.3 shows preferred ‘exit’ strategies by the three main categories of respondents.

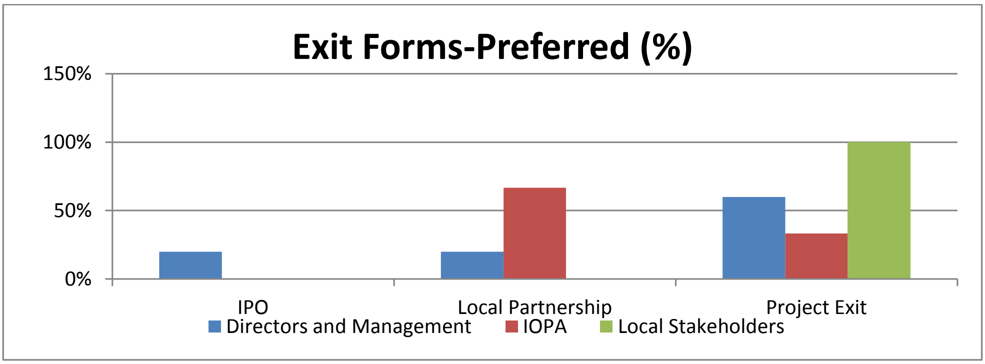


Figure 5.3. Forms of ‘Exit’ Preferred by Respondents (% of respondents, 2011-2013)

‘Exit’ forms identified (figure 5.2) and preferred (figure 5.3) show that the project form of ‘exit’ dominates the list of ‘exit’ forms in terms of identification and preference. That is, 100% of local stakeholder, 60% of directors and management and 33% of the NGO respondents had touched on the project-based ‘exit’ criteria or form. 67% of the NGO respondents preferred a local partnership form of ‘exit’. 20% of directors and management support such a preference as well. Local stakeholders did not mention local partnership as an ‘exit’ form during informal interviews and focus group discussions. IPO was only mentioned by 20% of directors and management as a preferred ‘exit’ strategy.

Interpretations of and Conditions for ‘Exit’

Since the definitions and forms of ‘exit’ were not explicitly justified or explained by respondents in the interviews and discussions that were the basis of figures 5.2 and 5.3, a conversation analysis was conducted to extract quotations from the available data. The aim was to understand why respondents identified certain forms of exit over others. The following responses fall within justifications and explanations given by respondents.

Directors, management and staff of the social venture and the NGO, and local stakeholders revealed that there was no ‘exit’ strategy in place at the time the social venture and the *engitengs* were established. Data extracted from these respondents again revealed that the offloading of shares by the SVE could be a good strategy. These respondents, however, mentioned inadequacy and unavailability of information for such an ‘exit’ strategy to translate it into a working strategy with which to meet the primary objectives for setting up the social venture. Respondents, therefore, suggested the SVE would have to develop an ownership structure that incorporates local and individual ownership perspectives. The quote below summarized this form of interpretation.

‘… *Share offloading could be good but people do not know. People are not informed and they do not know the shareholding structure.[Knowing] this could be healthy and lead to a sense of ownership. The NGO should have a bigger share to sustain it, local individuals should be considered…individuals are not good and could create a problem…The SVE should do something that if they go, they should be proud of what they have done… The* engitengs *should not die…*’ [Comment by a director of the Social Venture]

Furthermore, ‘exit’ was interpreted as project-based and, to a larger extent, as an NGO-donor-related transfer of the social venture to the communities and targeted population within operational areas of the social venture. The respondents used the word ‘project’ in most of the discussions and informal interviews conducted among directors, staff, management of the NGO and the *engitengs*. A similar term was prevalent among community respondents and staff of the *engitengs*. ‘Exit’ for the social venture was, therefore, interpreted to mean that the SVE would leave behind the social venture to the communities and beneficiaries. The project-based interpretation of ‘exit’ is captured in the quotations below.

…The leaders are not against the project but now, they don't have a big say. The business must teach the people who have no idea of an 'exit' strategy because it will take a lot of time to send the idea to the people. The question of ownership is not in the minds of the people... [Comment by a manager of the social venture during informal interview, 2012]

'…*The community in future may be able to run the factory. Now the main power lies with the board of directors of the social venture. The board of directors is not on paper… 'Exit' should have conditions set by the SVE. Running the factories is expensive; maintenance and production are expensive*…' [Comment by a director of the social venture, 2011]

Perception of Identified 'Exit' Forms and Strategies

Respondents justified their answers by stating that the SVE's aim and objective were not vividly expressed to all stakeholders when the social venture was initiated. Respondents revealed that multiple roles had been given to the SVE in setting up and running the social venture, and, therefore, different perceptions of the venture had arisen among them. Local stakeholders, for instance, mentioned that for the SVE and the NGO, sustainability of the social venture is questionable and, as such, neutrality of decisions for the social venture in general, and in the context of 'exit', should involve internal and external stakeholders. An anonymous respondent categorically mentioned that the local communities are not just clients of the SVE; rather, they are important stakeholders and, therefore, decision-making on 'exit' should emanate from both the SVE and the NGO, and community stakeholders.

Almost all responses from the five communities and a number of directors, management and staff also revealed the perception that women should play a larger part in deciding what form of 'exit' was to be taken by the SVE. A perceived 'exit' decision that seemed to have emerged from the entire discussions centers around local partnership and the project-based form of 'exit'. A call to re-visit the concept and mission of the social venture was highlighted in the statement below;

'…*We should redesign the 'exit' of the social business .... I see the sustainability to be something natural to both internal and external stakeholders. And all the intended people are all stakeholders. There is a lot of ignorance when it comes to development and it is based on the belief and faith we do have about development. When the institution is there, for me, then l am not a client but a stakeholder, and if we are actively involved it will be a uniform client-oriented 'exit'. We should all believe and have faith in the business…'* [Comment by a director of the social venture during informal interview, 2012]

Respondents mentioned that the social venture was established within a precarious and informal environment. It was also revealed that ignorance of local stakeholders regarding what type of venture the social venture has been categorized into has played a part in what they perceived as the most important 'exit' strategy to be followed by the SVE. A call for the clarification of the type of business venture the social venture is was echoed by almost all respondents interviewed. A member of the directors of the social venture was of the opinion that the different perceptions that stakeholders hold had to be harmonised, as quoted below.

'*…It will also bring different opinions because people are asking when the 'exit' was since from the beginning they never heard of it. I think through the participation community, like trying to pay people so that they can use resources effectively. There should be a long time for preparation and when the project 'exit', those people who are not Tanzanians should also 'exit'…*' [Interview with a management member of the social venture, 2012]

The above quotation presents an interesting revelation that shows that the SVE had not made explicit what 'exit' form or criteria they had planned to its management and local stakeholders. Based on the above responses, further enquiries were made regarding actions and steps that respondents would wish the SVE and the NGO to take in order to ensure that they exited per their mission for establishing the social venture. We have categorized data analyzed regarding the social and financial steps suggested in the next paragraphs.

Social capacity-building activities for communities, suppliers and all stakeholders emerged as an important step proposed for the SVE and the NGO to engage in. Training of potential local manpower to manage the social venture was further suggested based on the high level of illiteracy that prevails within the Maasai communities. Identification and recruitment of local entrepreneurs and eminent people from the communities to serve in decision-making and governance portfolios were suggested as a further step that social entrepreneurs should adopt. Personalities such as local entrepreneurs and eminent people from the communities, it was suggested, could become future investors when the time for 'exit' by the SVE drew nearer. Another step to be considered was a suggestion to involve women, the primary intended beneficiaries of the NGO, to become board members and active decision-makers. Finally, the respondents suggested the establishment of an association to work in concert with the social venture and the NGO. The quotes below support steps suggested by respondents.

'*…the things to be considered; they must identify the number of people who are ready to work; they must allow local investors to invest…*' [Comment during focus group discussion in Terrat, 2012]

From the financial perspective, respondents mentioned that the social venture would have to help set up local markets for end products manufactured at the factory. A timeline of approximately five years was further suggested by local respondents as ideal for the SVE to consider staying on before they exited from the established social venture. The identification of local investors as important owners emerged again as an important step that ought to be taken by the SVE in order to ensure that ownership of the social venture was transferred to local persons who would keep to the mission for establishing the social venture. Minority shareholding occasioned by the Initial Public Offer (IPO) emerged as another form of 'exit' suggested to the SVE. Equity transfer of the NGO, mostly, emerged from the directors and management of the social venture who seemed to be well-informed on the future prospects of the social venture established (this was mentioned by three out of the social venture's four directors). In this context, respondents again suggested a timeline of between five and fifteen years over which to fully transfer ownership of the social venture. According to the respondents, such a period would create the enabling environment for them to understand the whole concept of social venture investments. A director of the social venture expressed such a feeling in the statement below.

'*…Ask yourself, do we really want people to enter our company? You actually get shocked but at the moment the company starts making money you look at the profits. At 5 years, it is better to start with minority shareholdings and gradually it will increase…*' [Comment by a director of the social venture, 2012]

The general manager of the social venture revealed similar sentiments and opinions in the statement presented below.

'*…usually the company or organisation starts by setting a time frame, but usually it takes 5 years before people will realise what they are doing. Who decides when to 'exit' and at what time to 'exit'?...*' [Interview with general manager of the social venture, 2012]

The executive director of the social venture, who also served as a director of the NGO and a respected Maasai community leader, mentioned the following as the most preferred 'exit' steps for the SVE.

'*… build the local attention and resources to those basics, enable communities to understand the notion of change… it requires time, about ten to fifteen years. It requires a whole generation, even the government doesn't get it, and it is not only the local people who don't understand the concept… consistencies need to be there…*' [Interview with executive director of the NGO, 2012]

We have presented perceptions, forms of and suggestions for 'exit' as generated from our field studies among respondents in Tanzania, as well as secondary data obtained from the SVE in the Netherlands. By critically examining analyzed data available to us, we could deduce that different definitions and perceptions have been communicated by two groups of respondents contextualized in this study. We see a purely business and finance paradigm perspective on 'exit' from the SVE and some of its social venture directors. A project and social impact perspective framed along an NGO and local partnership-related form of 'exit' has also been advocated by local stakeholders and some directors of the social venture and members of management. A mixture of the social and financial return form of 'exit' has been identified as preferred by a number of respondents of this study. We assume, therefore, that there has been a lack of clarity regarding the forms and definitions of 'exit' worked out for the social venture by the SVE and its stakeholders. We will discuss and draw lines of implications for our results in the next section of this paper.

Discussion and Implication

'Exit' has emerged to almost be a new topic from the perspectives of both directors and management of the social venture and the SVE's NGO partner. Local stakeholders have defined what they presumed to be the meaning of 'exit' from their context. 'Exit' forms presented seem to be at variance with those expressed by the SVE in their official documents. Respondents mentioned project-related exit, local partnership and IPO as 'exit' forms and paths that they would prefer the social venture to opt for. These are the 'exit' forms they expected the SVE to consider in the event of leaving the social venture business they have established. A mixed form of 'exit' embedded within project criteria was proposed for the SVE. The results analyzed show a misunderstanding and miscommunication of what the SVE had discussed with its partners on the subject of 'exit'. There is, thus, the need for further clarification to reach a definition of 'exit' all stakeholders can agree upon in the context of the established social venture business. In reference to documents analyzed, it could be deduced that the SVE had envisioned no clear 'exit' form at the time the social venture and the milk processing units were established. It might be that the SVE and the NGO had misunderstood each other on what form of 'exit' they would take when the social venture became self-sustaining.

Local stakeholders, our results show, were oblivious as to what form of 'exit' the social venture had in place, nor had it been made explicit as to what form of business ownership the SVE had proposed when the time to 'exit' drew near. This goes against the proposition of Alter et al (2001), who argued that 'exit' should be considered and planned at the commencement of such initiatives. Berenson's (1963) suggestion that five key deliverables must be considered when exiting from a business venture was not fully practised in the context of the SVE. In working out its financial security, financial opportunity, marketing strategy, social responsibility and organized intervention, the SVE did not engage local stakeholders, directors or management of the social venture and the milk processing units.

On the definitions of ‘exit’, the results showed that it meant ‘the transfer of ownership’ of the established business in the stakeholders’ understanding of ownership within the local Maasai context. The SVE, on the other hand, viewed their ‘exit’ in relation to an established business with a social enterprise development fund (SEDF) to ensure financial flow of resources to sustain the business venture. Data analyzed revealed that there was no common definition of ‘exit’ agreed upon by directors and management of the social venture and the NGO as well as local stakeholders. Whilst the SVE had focused on ‘exit’ to mean the availability of a financier, an SEDF, to continue to run the established business, directors and management of the social venture and the NGO, and local stakeholders had looked at ‘exit’ from a perspective whereby communities, producers and targeted population (in this context, women) were expected to be trained and their capacity built to continue to run the established businesses. A form of project graduation (Rogers and Macias, 2004) seemed to be a preferred form of the anticipated ‘exit’ by local stakeholders of the social venture.

Social Venture Entrepreneurship as a type of social entrepreneurship business model seems to follow an approach of project-based ‘exit’ criteria more than a business or entrepreneurship form of ‘exit’ (DeTienne and Cardon, 2012; Van Dijk, 2011; Zahra et al, 2009; et al, 2009, Mair and Marti 2009; 2006; Boeker and Karichachil, 2002). SVEs’ intentions to ‘exit’ from their established businesses connote a ‘progress towards continuous goals’ (Van Dijk, 2011). The proposed ‘exit’ criteria defined by Rogers and Macias (2004) fit into the mission of an SVE ‘exit’ criteria, i.e. generating impact and return on investment. Business or entrepreneurial ‘exit’ processes and forms such as Management Buyout, Initial Public offer, Outright Sales, Mergers and Acquisitions seemed to have been less or not explicitly communicated in the business proposal used by the SVE.

Whilst ‘exit’ forms mentioned by directors and management of the SVE had been explicitly covered in the SVE documents analyzed, our study found that this was not the case for approaches mentioned during data collection and interviews among directors, management and staff of the social venture. Based on our findings, we confirm arguments made by Zahra et al (2009) and Mair and Marti (2009; 2006) that different business models and geographical contexts necessitate different models to be considered by scholars in the field of social entrepreneurship. It is necessary to consider the modification of existing social venture business models to fit into the motivation of social entrepreneurs and their local stakeholders, to build and scale up their social ventures to achieve social change.

Furthermore, it can be deduced from our case study that the SVE found itself in a complex situation in setting up the social venture in a community that builds its business relations and model around informal markets and local definitions of project transfer of initiatives (Rogers and Macias, 2004). This has led to the creation of different definitions and perceptions when the subject of 'exit' was brought to the attention of the social venture's stakeholders. Different definitions and perceptions of 'exit' subscribed to by the SVE and its stakeholders present different forms of 'exit' that could be considered by the SVE as a way to secure trust whilst they plan their 'exit' from the social venture. The complexities of 'exit' decisions and forms identified from our case study show that none of the processes documented in the business protocol of the SVE has been adequately shared with their local stakeholders.

The SVE had proposed a scenario whereby the ownership of the business would be ceded in a gradual process to staff, management, producers of milk (suppliers, who are mainly women) and the community at large. Our results show that the SVE did not mention *how* such a process would be carried out. 'Exit' strategies for the SVE in the context of the social venture had, thus, been left to the interpretation of different respondents and stakeholders. Berenson's (1963) proposition of 'exit' criteria to be based on financial, market, social and organizational elements seems to have been negatively skewed towards financial elements of 'exit' on the part of the SVE, and, towards social and project-based 'exit' processes by local stakeholders and management of the social venture. As an extension to the study of the scaling up of social ventures, scholars and practitioners of SVEs in general, will likely need to further investigate if definitions and meanings given to exit from the social venture's case study exist in similar case studies around the world. Further studies could help to show how different framings and synergies on 'exit' forms and strategies presented in this thesis could be of the utmost interest to the wider study of 'exit' for social entrepreneurship in the long term.

The SVE had proposed a learning-by-doing approach at the time the social venture was established. The SVE will need to consider local stakeholders' participation as part of its decision-making in formulating its 'exit' strategy. A common definition of 'exit' and agreed upon strategies and departure processes as espoused by DeTienne and Cardon (2012), Van Dijk, (2011), Zahra et al (2009), Mair and Marti (2009; 2006) and Boeker and Karichachil (2002) are decision paths that are likely to enhance the mission for establishing the social venture as an SVE business. However, local definitions of 'exit', as well as a common understanding of 'exit' strategies and forms agreed upon and jointly implemented by the SVE, are likely to ensure that the SVE could transfer its ownership in terms of equity and mission from the social venture with minimal shocks. This study has, however, revealed that local stakeholder participation, necessary to cement social partnerships that are likely to ensure a sustainable ‘exit’, was likely overlooked by the SVE. The concept of ‘exit’ had, thus, been downplayed and this has affected the process of finding a new owner for the social venture who will continue to subscribe to the SVE’s mission after taking-over the social venture’s equity.

Conclusion and Recommendation for Future Research

This study has revealed that, since the topic of ‘exit’ has not been fully studied for the field of Social Venture Entrepreneurship, it needs to be further explored, both in the literature and in practice by scholars and practitioners alike. Business and entrepreneurial ‘exit’ forms have been implemented by practitioners of Social Venture Entrepreneurship business models in a number of western countries. Scholars such as DeTienne and Cardon (2012) and Mair and Marti (2009, 2006) have highlighted important considerations that could enhance the fulfilment of the mission of social entrepreneurs in general. Zahra et al (2009) have highlighted the need to consider differences and typologies of social venture business models in order to ensure that SVEs’ expected mission is realized. DeTienne and Cardon (2012), Van Dijk (2011), Mair and Marti (2009, 2006), Zahra et al (2009) and Boeker and Karichachil (2002) have all suggested the need for further research into the phenomenon of scalability of the concept of (social) entrepreneurship in relation to processes surrounding ‘exit’ decisions and founder departure. Results generated from our case study, within the context of western and developing economies joining hands to do business show that local partners and stakeholders subscribe to different definitions of ‘exit’. The results, in comparing with our case study SVE, a Social Venture Entrepreneur with business and entrepreneurial ‘exit’ forms and definitions in mind, and local stakeholders, who subscribe to more socially-related definitions, present a contrast that is interesting for scholars and practitioners alike to consider.

A preferred form of ‘exit’ suggested by local stakeholders seemed to be based on a project form of ‘exit’. In the context of this study, ‘exit’ does not only connote a gradual transfer of ownership of an established business to new owners by means of equity, but also a social and communal framing that touches on training and capacity-building for target beneficiaries. For example, women, as main beneficiaries, are expected to take over part of the established social venture. Local communities where these businesses are situated, and their representatives, see ‘exit’ as a form of local partnership that is shared by the SVE and themselves. Decision-making on what form of ‘exit’ to opt for, and its criteria, must, therefore, be discussed and agreed upon by all concerned stakeholders. This, we found from our case study, was not fully the case with the SVE's venture we studied.

The financial 'exit' mode, which is core to the SVE model, was barely mentioned by local stakeholders. The question as to how to financially sustain and run SVE-established businesses did not seem to concern local stakeholders. The SVE, on the other hand, had not adequately discussed the topic of 'exit' with its management, local stakeholders and partners at the start of the venture. This had led to different interpretations and definitions of 'exit' as presented in our case study. We may, therefore, conclude that SVEs' 'exit' processes, criteria and strategies may need to take into account local stakeholder participation and its expected impact, as well as their business and entrepreneurial modes to ensure a sustainable business 'exit'.

Based on the above results and discussion, this study presents the following recommendations for practitioners and for future research. Since the concept of Social Venture Entrepreneurship is almost new in the context of developing countries, SVEs will need to further investigate and test the concept of exit within the field of Social Venture Entrepreneurship from different country-specific contexts. Results generated could then be benchmarked and merged with our SVE case study. 'Exit' preferences arrived at by all concerned stakeholders in the five communities could then be mapped out in a plan of action towards a realization of SVEs' mission.

The use of a business solution to solve a social challenge in a developing country is very laudable. However, issues of communication and interpretation of important constructs such as 'exit' are important areas that scholars and practitioners need to consider for further studies. Such studies could confirm our findings or could lead to different findings.

Finally, SVEs would need to develop knowledge and a sharing platform to enhance the sustainability of their model, not only in the western world, but in developing countries where they have been investing in the last decade or so. This study has contributed to the subject of 'exit' in the context of social ventures established in developing countries. Our contribution further highlights the challenges faced in replicating social entrepreneurship business models across different cultures. The universality of such a model will need further refining and testing to improve on existing models that mainly consider financial and social impact from the lenses of the social entrepreneur rather than from the perspective of the targeted stakeholders that subscribe to such a business initiative.

Limitation of Study

This study has its limitation as an academic enquiry. The focus on a case study limits the generalizability of our results and conclusions. In particular, the focus on a Dutch SVE investing among the Maasai in Northern Tanzania may not likely bring out broader results and synergies. Generalizability will have been realized if more regions and varied social venture business models have been covered. However, the limited number of available case studies at the time this study was initiated serves as a foundation and starting point for further research on how social ventures are scaled up, as well as how Social Venture Entrepreneurs successfully 'exit' from the businesses they establish with the aim to solve challenges faced by disadvantaged communities.

Chapter Six:

Exit Decision for Social Venture Entrepreneurs:

A Conjoint Based Study[4]

[4] Proposed Authors: Nuer, A.T.K., Trijp, J.C.M. van, and Dijk, G. van (2014). Exit Decision for Social Venturing Entrepreneurs: A Conjoint-Based Study (Yet to be submitted). The authors acknowledge the contributions of Fanou Landry, Raja Singaram and Ivo van der Lans

Abstract

In this chapter, we seek to study four options of exit decisions and strategies for Social Venture Entrepreneurs. Due to the small number of practising Social Venture Investors and Entrepreneurs currently using the Social Venture Entrepreneurship model, data was collected from a heterogeneous group of founders and managers of social ventures across the Netherlands, Sub-Saharan Africa, United States and Asia. The study relies on a conjoint experiment on exit scenarios in which respondents were to decide on exit decisions they regarded as preferred or most probable under various conditions. Results from the descriptive analysis show that the founders are highly unlikely to exit. In the event of exit, Mergers and Acquisition (M&A) and Management Buy-out (MBO) /Internal Succession (IS) are the most preferred and probable exit routes that these founders are likely to take. Results from the conjoint analysis indicate that social impact is the most important factor of the founder of social ventures decision to exit. This study contributes to the broadening of our understanding on which exit decision models and strategies are likely to hold and become sustainable for practising Social Venture Entrepreneurs.

Key words: Exit Decision, Social Venture Investment/Entrepreneurship, Conjoint Analysis.

Introduction

Social Venture Entrepreneurship (SVE) is different from other social entrepreneurship business models. What distinguishes the SVE model from others is that Social Venture Entrepreneurs (SVEs) invest in challenging and informal sectors of the economy. Impact is the prime goal and venture profitability is an essential condition in the social venture business model. Entrepreneurs and investors who first set up these social ventures are referred to as 'founders' in this paper.

Impact, in the context of this paper, includes several factors. First, individuals and communities of the target group, for whom the venture is established, become transaction partners. Secondly, communities benefit through employment, education, service provision and acquisition of new amenities such as energy and water provision, infrastructure and new opportunities. Thirdly, the social venture invites new businesses, new entrepreneurial opportunities, creation of market relationships, accessibility to and affordability of needed resources and purchasing power (Van Dijk, 2011; Zahra et al, 2009; Emerson, 2003).

Financial returns connote the facts that the social venture is able to settle its financial obligations (e.g. pay interest on all loans and redeem its investment capital from the cash flow), the venture allows reservation and developing its own equity, and that sound fiscal policies for the venture are established (Van Dijk, 2011; Kistruck and Beamish, 2010; Peredo and Chrisman, 2006).

Organizational capability means that the venture is able to take its own independent position to stakeholders to deliver market value including profit and to create the impact for which the venture initially was developed (Van Dijk, 2011, Zahra et al., 2009). In other words, the organizational capacity has been realized when the social venture mission is continued after founder departure from the established venture. Thus, within the context of social ventures, founder exit is possible when impact, profitability and organizational capacity have been achieved (Van Dijk, 2011, Zahra et al., 2009).

Exit is part of the SVE business model. The question for the Social Venture Entrepreneur or Investor is when, under what conditions, and in what way the founders of social ventures step out of the business ventures they initiated. Exit can be stimulated by impact realization or financial motives. Although exit has barely been studied for the field of Social Venture Entrepreneurship, it has become a challenge to practitioners to develop adequate exit strategies (Van Dijk, 2011). In this study, we consider exit decision paths that founders of social ventures could employ during their departure (Arend, 2013; Miller et al, 2012; DeTienne and Cardon, 2012; Miller et al., 2012; Zahra et al, 2009;

Boeker and Karichachil, 2002). We conduct this study among founders and managers of social ventures with the aim to find answers to the challenges stated above. We set up exit scenarios and conditions, and ask respondents to determine which exit modes and paths are perceived to be appropriate under each scenario presented.

SVE Founder Exit Decisions

Founders of social ventures accept long-term responsibility for the ventures they build or help to establish (Van Dijk, 2011). Key for this type of entrepreneurship, it is explicit from the beginning that the aim is independence and that the founder therefore sees exit as a goal. Founder exit decision is important for social ventures to develop business continuity, as well as to realize and complete their mission. Exit is even considered the core mission for establishing the social venture (Van Dijk, 2011). Exit from ventures connotes transfer of equity to new owners. Exit strategies for founders, therefore, are subject to the laws of the land where such ventures are established.

The motivation to exit in the context of social venture founders is likely to be tied to a combination of two or three important independent variables, i.e. impact, financial (venture) profitability and organizational capability (DeTienne and Cardon, 2012, Miller et al, 2012, Boeker and Karichachil, 2002).

The question of when a particular type of exit decision path is to be taken by founders of social ventures is dependent on many factors that are tied to the specific venture's mission (Arend, 2013; Miller et al, 2012; Van Dijk, 2011; Monsen, 2009; Zahra et al, 2009). We will highlight the context under which founders of social ventures, within specific scenarios as created in this paper, are likely to select one of the possible exit decisions.

Impact, organizational capability and financial (venture) profitability are fundamental for social venture founders to decide whether or not they will exit from ventures they establish. Inherently, a high degree of impact, organizational capability and venture profitability determine which exit route a founder will take in the event of the decision to exit. A founder can potentially stay on even if all three criteria that could stimulate the decision to exit have been realized in the established venture. Exit decision paths do not come to play when a founder decides to stay with the venture under such a scenario.

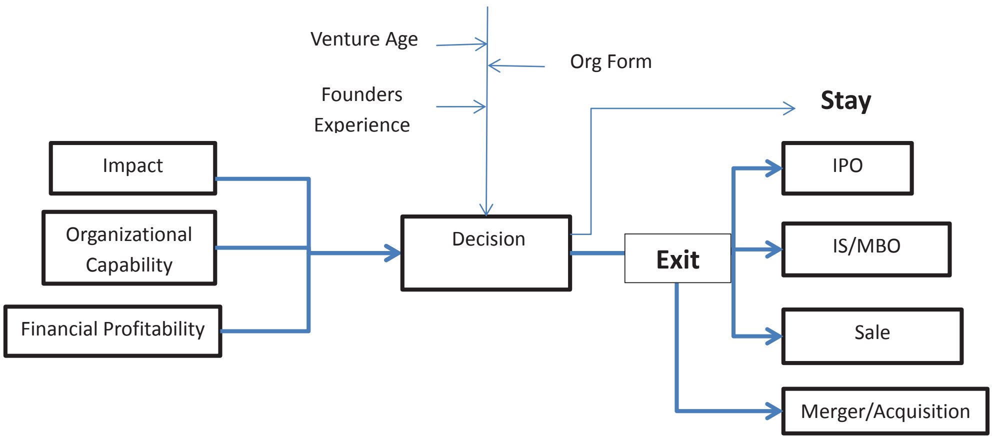


Figure 6.1. Exit Decision model Source: author's modification based on Van Dijk, (2011).

In this study, we aim to examine whether different levels of the fundamental criteria of impact, organizational capability, and financial influence founders' choice to exit their venture. Specifically, we address the following two research questions:

1. What is the relative importance of social impact, organizational capability and financial profitability when choosing to exit from the venture?

2. What is the most preferred composition of social impact, organizational capability, and financial profitability maximizing the founders' decision to exit?

The selected path of exit is influenced by levels of achievement of the targets with regard to impact, profitability and organizational capability. Founders' impact motive is likely to influence the decision to opt and go for Initial Public Offer (IPO), Mergers and Acquisition (M&A), Management Buyout (MBO) or Internal Succession and Outright Sales (DeTienne and Cardon, 2012; Zahra et al, 2009; Boeker and Karichachil, 2002). However, their financial profitability motive is likely to influence a founder to opt for Outright Sale or Mergers and Acquisition (M&A) (Zahra et al, 2009; Knoll et al, 2007). The decision to opt for IPO or M&A is likely to be based on either impact or profit motives (Van Dijk, 2011; Emerson, 2003). The absence or existence of management capability to continue with the mission and to govern a venture is likely to influence founder decision to exit through MBO (Arend, 2013; Miller et al, 2012; Zahra et al, 2009).

Public Offering

An investor offloads his or her invested capital by liquidating his or her equity in the form of shares placed in a stock market when the Initial Public Offer (IPO) as an exit strategy is followed (Wang and Sim, 2001). Wang and Sim (2001) suggest that venture capitalists and investees favor IPO because founders and investors could exchange their equity from solid shares through a diversity of interested investors via the stock market. This serves as an advantage for investors, investees and founders of ventures. However, Wang and Sim (2001) and Barry (1994) argue that IPO as an exit strategy could be 'energy-sapping' and financially costly. It may take a lot of effort by founders, investors and entrepreneurs, and depending on the size and type of shares to be exchanged can drain the effort of investors and founders.

Kroll et al (2007) and Jain & Kini (1994) argue that the mission and vision of entrepreneurs and investors are likely to be derailed when IPO is chosen as a preferred form of exit from the ventures they establish. The argument is based on the fact that new owners are likely to change or modify the structure of management, as well as the mission and vision for establishing the venture.

In the context of social venture entrepreneurship, the mission and vision of the social venture is likely to be derailed by new owners who do not necessarily share the ideals of the founder of the social venture (Zahra et al, 2009). A founder's experience is however likely to influence the decision to opt for IPO as an exit strategy or not. Entrepreneurial and investor characteristics in relation to the nature of the industry of the business venture, ownership structure (e.g. family ownership), investee potential, and amount of venture financing play a crucial role when founders and investors opt for IPO. IPO is further argued to ensure that that there is wider public ownership of the listed venture.

Interestingly, Wang and Sim (2001) and Richardson (1993) suggest that investors and entrepreneurs opt for IPO in order to enhance the image of the venture. Investors at the same time increase shareholder liquidity and sustain financial inflow, whilst they ensure a sustained growth of the venture at the same time. A founder's inability to raise needed and required capital is likely to opt for IPO, this is more so when the community where the social venture is located does not have the required financial capability to raise funds to buy out the shares being offered by the founder whilst he or she plans to exit.

Mergers and Acquisitions (M&A)

Investors and entrepreneurs could merge businesses to form one venture with sufficient critical mass. As an exit strategy, mergers are practised if parties involved in the transaction see better opportunities for their ventures to acquire an independent position in the market (Capron and Mitchell, 2010). A noted advantage of M&A is the presence of improved competencies that draw strength and expertise from both of the merged ventures. The challenge with mergers includes costs of establishing new management and organizations. Founders do not always receive expected results from their M&A-strategy (Capron and Mitchell, 2010).

Managerial self-interest, over-commitment, and strategic shortcuts have been identified as important reasons for investors to opt for acquisition (Capron and Mitchell, 2010). Founders are likely to entice would-be investors or potential owners into believing that the benefits to be accrued from taking over a venture far exceed its actual value (Capron and Mitchell, 2010). We moderate that Organizational capability is conditional for a founder to opt for Management Buy Out (MBO).

Internal Succession/Management Buyout (IS/MBO)

Profit and founder experience have been identified as important reasons for founders to enable a Management Buyout (Fox and Marcus, 1992). Sustained growth, R&D and innovation have been associated with the founder decision to look to management to take over the founder's equity in the venture (Wright et al, 2001). A founder is likely to cede equity to management if management's performance activities are appreciated. In such cases, there is the belief that the management's knowhow and contribution is crucial for the venture's future. For social ventures, there is also the need for confidence that the management is equipped for and prepared to maintain the venture's mission. Continuity of high-performance of the established firm is key and primarily ascribed to the management (Wright et al, 2000). Asymmetrical information bias on the part of management is noted as an important element that gives them advantage in the legal processes of management acquiring the venture through MBO (Wright et al, 2000). A venture is likely to be undervalued to favour management (Wright et al, 2000). This is especially when managerial interest becomes paramount in the purchase of the business venture from its owners. It is, however, also argued that management does not take advantage of acquiring such ventures when the opportunity arises (Wright et al, 2000).

The desire to build local management capacity that can continue to create impact within the community in question stimulates the founder to exit through MBO. In social venturing, there may often be no monetary exchange involved, rather the owner transfers the shares to the persons who are locally (geographically) involved. These new owners have mostly already worked in the business. Internal Succession is, therefore, a good alternative term for Management Buyout.

Outright Sale

This is the easier way for entrepreneurs and investors to exit from an established business. Equity negotiation may be made for interested parties of old or new management. A venture is likely to be sold when a willing buyer presents himself. Such a route is pursued if a founder either becomes disinterested or is unable to invest in the venture for the next phase (DeTienne and Cardon, 2012; Zahra et al, 2009; Boeker and Karichachil, 2002). Dissatisfaction on the part of a founder will similarly stimulate the founder to opt for Outright Sale (Arend, 2013; Miller et al, 2012; Monsen et al, 2009; Zahra et al, 2009). If the mission of the venture established is ensured by its successful market activities, the founder also has an incentive to sell the venture (Arend, 2013; Miller et al, 2012; Zahra et al, 2009, Miller, 1983).

Postponement/Continuation

A founder may stay on in a venture even when the mission for its establishment has been realized (Monsen et al, 2009; Boeker and Karichachil, 2002). The inherent problem with the decision to stay on is that, in the scenarios where the social venture is not performing well; there is a social pressure for the founders to say they will not exit. In a scenario where the venture has become profitable, as well as when it has realized impact and acquired organizational capacity, a founder is tempted to stay on as a way to enjoy their 'baby' safe from external influence (Avey et al, 2009).

A founder is likely to postpone his or her exit, or continue with the venture even when the mission for the venture has been realized. Venture age, founder experience, and organizational form of the established venture play important roles in the choice of a particular exit decision path taken over by the other, or the decision to stay within a venture.

Psychological Ownership, Founder Reputation and Exit Intentions of SVEs

Psychological ownership is defined as a state of mind in which a particular object has become an extension of someone's identity (DeTienne and Cardon, 2012; DeTienne 2010; Avey et al, 2009; Boeker and Karichachil, 2002; Townsend et al, 2001; Pierce, Kostova et al, 2001). Reputation is defined as all aspects of stakeholders' perception of an organization (Louisot and Reyner, 2009). Founders' reputation influences the choice of exit strategy they are likely to opt for, in the event that they would like to exit from their social venture.

Psychological ownership is important to ensure that SVEs; mission of impact, organizational capability and financial profitability is realized. Self-sustainability of a business is based on a combination of legal and psychological ownership. Unlike legal ownership, psychological ownership is a less studied phenomenon in the literature regarding entrepreneurship and management (Cardon and DeTienne, 2012; DeTienne, 2010; Boeker and Karichachil, 2002; Townsend et al, 2001; Pierce, Kostova et al, 2001). Together with psychological ownership, the location, mission and founder's intentions for establishing the social venture, as well as commitment of local stakeholders to the mission of the SVE, are likely to contribute to a founder decision to exit (Arend, 2013; Miller et al, 2012; DeTienne and Cardon, 2012; Miller et al, 2012; Van Dijk, 2011; Zahra et al, 2009; Boeker and Karichachil, 2002).

Method

We rely on conjoint analysis to analyze responses, choices and decisions that founders make in the event of deciding whether or not to exit from established social ventures. Conjoint analysis reduces self-reported bias and reduces sensitive and introspective responses. In addition, inferences and decisions (choices of exit) of respondents are observed. Conjoint analysis was the suitable method for this study because it allows for a two-way comparison of variables. The variables are the choices made by the founders to exit or not, and by what exit path they will take to transfer ownership of their social venture (Monsen et al., 2010). Monsen et al. (2010) argue that conjoint analysis allows for hypothetical inferences to be drawn from probable and possible decisions that founders are likely to take. This study follows the approach of Monsen, et al. (2010).

Monsen et al. (2010; 2007) relied on economic theory to postulate that the greater the profit sharing incentive for employees, the greater the likelihood that employees will participate in a new corporate venture. He used conjoint-based field experiments to examine a series of decision-making scenarios with employees of corporate organizations. The aim was to test the combination of factors that affect an employee's decision to participate in a new corporate venture. Monsen et al. (2010) however argue that scenarios created by the use of conjoint studies can bring out real world issues. This study seeks to shed light on preferences and choices with regard to exit by including both experts on and founders of social ventures.

We postulate that the founders' decision to exit fall within both economic and social-related theories. Therefore the more a founder feels attached to his or her social venture, the higher is the likelihood that such a founder will not leave the social venture business he or she has established. Boeker and Karichachil (2002) argue that rapid growth of the firm and size of the venture increase leadership complexity. These factors stimulate founder decision to exit the firm they establish. Boeker and Karichachil (2002) also found that characteristics of individuals and founder tenure are not random in decision making processes. In our research, we test if findings from Boeker and Karichachil (2002) also hold for the founders of social ventures. A limitation of the choice of conjoint analysis is that the scenarios are hypothetical. The study therefore does not become a 'real life' situation, which affects external validity (Monsen et al., 2010; Monsen, et al., 2007).

For each individual founder/manager, the following model was estimated using the 8 different scenarios/profiles. The conjoint model is

$$E_j = b_0 + b_1 SI_j + b_2 OC_j + b_3 FP_j + e_j$$

where j is the respondent's exit opportunity, is the utility that each respondent attaches to exit opportunity j (as indicated by the exit level), SI_j is a dichotomous variable indicating taking the value 0if Low Social Impact' in the exit opportunity j and 1 if High Social impact, OC_j is a dichotomous variable indicating Low or High Organizational Capability in the exit opportunity j, FP_j is a dichotomous variable indicating presence Low or High Financial Profitability' in the exit opportunity j, b_0 is the coefficient indicating the utility which the individual derives from the base scenario, i.e. low SI, low OC, and low FP.

The null hypothesis of the conjoint model is that the parameter estimate for instance on the social impact attribute is not statistically significantly different from zero. In other words, the hypothesis tested is regarding a change in the level of the attribute (e.g., a change in SI from low to high) is statistically significant. If the null hypothesis is rejected for a given attribute, then the parameter estimate on that attribute is statistically significant, indicating that it has played a role in founder-social entrepreneur exit decision. In other words, the hypothesis tested through the conjoint model is whether the founder-social entrepreneur's ratings on the decision to exit are significantly different for achieving low and high social impact. We estimated the model using regression analysis method and an ordinary least squares estimator. For each individual respondent, the regression coefficient on SI can be interpreted as the increase in utility, for that individual, from the shift from low social impact to high social impact. We can test hypotheses and interpret the coefficients of OC and FP in a similar way as SI.

Furthermore, we estimate a repeated measures ANOVA model to control for individual differences in exit strategies preferences and answer the question which of social impact, organizational capability, and financial profitability attributes is most important in choosing an exit. We use the same attributes from the conjoint experiment as repeated variables in our model, i.e. SI, OC, and FP, and we test for main and interaction effects. In the repeated measures model, referred also as within-subjects effects model, we examine whether each of the influential factors has a statistically significant effect on the decision to exit. We test for example the null hypothesis (H0) that the means are equal i.e. the mean of the decision to exit is the same for the two levels of SI, and we report the corresponding to this test F-statistic.

Data Collection

Procedure

A questionnaire was developed using three possible influential factors that are likely to encourage potential founder to make decision to exit from his or her social venture. The possible influential factors were as follow: social impact, financial profitability and organizational capability. Eight combinations of these three influential factors as shown in Table 6.1 were presented to respondents who have had experience in managing social ventures. The respondents were asked to make a decision by ranking the factors that a likely to influence them to exit from their social ventures.

Low social impact means respondents have not realized social impact

High social impact means respondents have realized social impact

Low financial profitability means respondents' business is not profitable

High financial profitability means respondents' business is profitable

Low organizational capabilities means respondents have not built capacity to hand over the business

High organizational capabilities means respondents have built capacity to hand over the business

Table 6.1: Influential Factors on Founder Exit Decision

Influential factors	***Social Impact*** [a]	***Financial Profitability*** [b]	***Organizational Capabilities*** [c]
A	*Low*	*Low*	*Low*
B	*Low*	*High*	*High*
C	*Low*	*Low*	*High*
D	*Low*	*High*	*Low*
E	*High*	*Low*	*High*
F	*High*	*High*	*High*
G	*High*	*High*	*Low*
H	*High*	*High*	*Low*

Prior to administering the questionnaires, experts' opinions were sought. A draft questionnaire was pre-tested by 12 PhD and MSc students who are either experts or are conversant with conjoint studies and studies related to social ventures. A final pre-test of the final version of the questionnaire was administered among 7 respondents to solicit their opinion on the efficacy of the questionnaire. The feedback and responses were then integrated before the first author launched the study online by means of Qualtrics survey software.

Respondents

A total of 245 founders, managers and experts of social ventures were reached at the first instance of the main questionnaire dissemination. The term 'founders' here is used to refer to Social Venture Entrepreneurs and Social Venture Investors who set up social ventures. Of these 245 respondents, 42 representing 17% accepted to fully participate in the study. The respondents, based on nationalities are from Netherlands (27), Ghana (6), Kenya (2), Tanzania (2), Malawi (1), Zambia (1), South Africa (1), Cambodia (1) and USA (1).

Measures

The following variables were used as the data analysis:

Decision to exit

The dependent variable of our study is the decision to exit by founders of social ventures. We framed our question on the likelihood, based on a set of scenarios, that will influence their decision to exit from their social ventures on a 7 point scale that range from Highly Unlikely to exit (Score=1) to Highly Likely to exit (Score=7) to exit. The decision to exit was to place the social venture under a particular hypothetical state that lead the founder to have the chance to leave the social venture and pass on ownership (exit). We then asked respondents what would be their preferred mode of transferring ownership under the particular hypothetical situation. This condition reflects the study approach of Boeker and Karichachil (2002) who looked at conditions that are likely to influence founder departure from firms. Finally we asked respondents to consider what would be the probable mode of transferring ownership under the particular hypothetical situation. (See Appendix 3 for the text of instructions used).

Attributes of exit decision

Our conjoint experiment consists of scenario profiles that are made up of three attributes (See Appendix 3 for summaries presented to participants). The first attribute describes the attainment of social mission of the social venture. The second attribute describes the capability of the social venture to run without the founder of the social venture. The third and final attribute describes the financial motive for establishing the social venture by the founder. In principle, the realization of social impact is the primary motive and goal that is tied to the mission of social venture entrepreneurs establishing social ventures. Social Impact stands for the realization of the social mission of the founder and has the levels high (You have realized social impact) and low (Imagine that the scale and impact of the social venture continues to perform below your expectations for some time now. Building stakeholder relationships is presently work-in-progress). The levels of organizational capability are high (For the venture to operate smoothly, your venture is well staffed at all levels) and low (For the venture to operate smoothly, more people are needed to fill some roles for the venture). The levels for financial profitability are high (there is a sound business model in place for the venture, cash flows are taken care of and revenue mechanisms are tried and tested) and low (The business model has seen its ups and downs. Your revenues come only after hard work and cash flows need to be managed better).

Results

Results are grouped based on descriptive and empirical analysis. The analysis provided 263 observations. 82 respondents participated in the entire study; however only 33 completed the entire questionnaire (i.e. 40% rate of completion). This means there was limited degree of freedom for the analysis. Data was analysed by means of descriptive statistics and simple regression at the beginning.

Sample Characteristics

The total number of valid respondents was 42 out of a low missing value of 1. 33 males (78.6%) and 9 females (21.4%) completed the study. About 97% of respondents have a form of university education. 64% of respondents were of Dutch origin whilst 31% were of African origin. The remaining 5% cut were equally shared between the USA and Cambodia.

65% of respondents had prior managerial experience before engaging in social venture establishment. 40.5% had family business entrepreneurial experiences. The following were the distribution of organization forms identified from analysed data; Non Profit (22.0%), For Profit (26.8%), Hybrid (29.3%) and non-registered social ventures (22.0%).

On the decision to exit, our analysis shows that majority of respondents (83.3%) are unlikely to exit from their social ventures. Interestingly, 40.5% of respondent opted for Merger or acquisition of their social venture with another organization as their preferred exit route (i.e. most ideal case in each scenario). This was followed by Management buy-out/ internal succession (28.6%) and Sale of the social venture (11.9%). 19.0% of respondents will prefer not to exit from the social venture.

Our results further shows that 47.6% of respondents will opt for merger or acquisition with another organization as the probable mode of exit (i.e. most likely to happen given the situation) from the social venture. 19.0% will go for management buy-out/internal succession and 9.8% will sell their social venture. 22.4% will decide not to leave the social venture in the probable mode.

Descriptive statistics

The results from respondents' selected decision in each potential influential scenario to their likely exit decision are presented in table 6.2 and figure 6.2. Eighty three 83.3% of respondents (that is respondents who ranked their answers from '1= highly unlikely to leave' to 4 of a 7 point scale) intend to stay back and not to exit the social enterprise, no matter what the values of social impact, financial profitability and organizational capability values could be in each scenario. Each scenario was grouped into 'Most Preferred= Most Ideal Choice in each situation' and 'Probable Mode=Most likely to happen given the situation' to their likely exit decision.

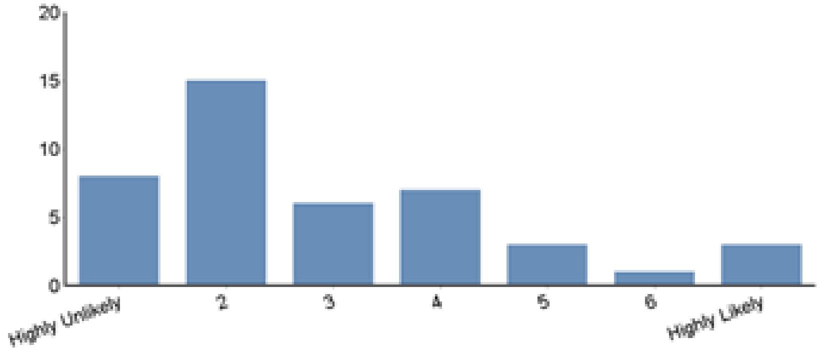
Table 6.2: Ranking of Independent Variables

Attributes	**Value**		**Remarks**
	Low	***High***	We created only two main scenarios to estimate our model, e.g. influence of high or low impact on exit decision, as well as choice of exit decision based on each scenario.
Social Impact	1	2	
Organizational Capability	1	2	
Financial Profitability	1	2	

18.60% of respondents gave the highest ranking of 1 (Highly Unlikely to leave), 34.88% of respondents gave a rank of 2, 13.95% of respondents opted for the rank of 3, 16.28% went for a rank of 4, 6.98% opted for ranking of 5, 2.33% of respondents went for a rank of 6 and 6.98% of respondents opted for a rank of 7 (Highly Likely to leave). The results suggest that majority of respondents who opted for the rankings of 1 to 4 (mid-ranking) are 83%.

Summarized explanations given on why participants would choose to exit or not include the following; the need to ensure that continuity of the social venture is guaranteed, the motivation to continue to work on the mission if the social goals are not met, founders desire to take responsibilities and daring to make a choice, as well as the involvement of the communities, than founders effort in running the social venture. Other explanations given by respondents included founders reputation if the social mission has not been realized, the need to continue to stay if the potential to succeed in the social venture is there, if sound business case has not been established for the social venture, the undesirability to 'quit' from managing the social venture, and the need to diversify the social venture to cover other areas, even if the mission has been realized or not. The explanation shows that the founders have a strong attachment and feelings toward their social ventures. Our result found in the present paper confirms the results found by DeTienne et al (2008), Boeker and Karichachil, (2002), Townsend et al, (2001) and

If you would have to conclude that your social venture enterprise finds itself in this particular hypothetical state, what is the chance that you would leave the organization and pass on ownership (exit)?



#	Answer	Bar	Response	%
1	Highly Unlikely		8	18.60%
2	2		15	34.88%
3	3		6	13.95%
4	4		7	16.28%
5	5		3	6.98%
6	6		1	2.33%
7	Highly Likely		3	6.98%
	Total		43	100.00%

Min Value	Max Value	Average Value	Variance	Standard Deviation	Total Responses	Total Respondents
1	7	2.93	2.92	1.71	43	43

Figure 6.2. Participants' response Rate on Exit Decision to Stay or Leave

Pierce, Kostova et al, (2001). The intrinsic and extrinsic motivation on founder decision to exit was similar to Louisot and Reyner (2009). Table 6.3 presents detail frequencies on response rate on each of the 8 scenarios.

Table 6.3: Participant Response Rate on Exit Decision for Different Scenarios

Likely to exit Scenario	Number of potential founders likely to leave in each scenario	*Social Impact* [a]	*Financial Profitability* [b]	*Organizational Capabilities* [c]
A	8 out 42	*Low*	*Low*	*Low*
B	5 out 42	*Low*	*High*	*High*
C	7 out 42	*Low*	*Low*	*High*
D	6 out 42	*Low*	*High*	*Low*
E	3 out 42	*High*	*Low*	*High*
F	1 out 42	*High*	*High*	*High*
G	4 out 42	*High*	*High*	*Low*
H	2 out 42	*High*	*High*	*Low*

Preferred exit strategy

The results of the preferred exit route as indicated by the respondents are presented in table 6.4. It is evident from the table that the most preferred exit route (i.e. 40.5%) was Mergers and Acquisitions (M&A), 28.6% of respondents would prefer Management Buy-out/Internal Succession (MBO), 19.0% of respondents will prefer not to leave under any condition. Sale of the social venture recorded 11.9% as a preferred exit strategy.

Table 6.4. Preferred Exit Route (Most ideal choice in each situation)

Preferred exit strategy	Frequency	Percent
Sale of the venture	5	11.9
Management buy-out / internal succession	12	28.6
M&A	17	40.5
Not to leave	8	19.0
Total	42	100.0

The frequency shows the number of occurrence of each attribute. This is calculated in percentages for both the preferred and probable mode.

Probable Mode

Table 6.5 shows the result for the exit route options which respondents would likely opt for. 48.8% of respondents would likely opt for Mergers and Acquisition as their exit route, 22% would decide not to leave, 19.5% will probably go for Management buy-out/ internal succession and 9.8% will probably sell the social venture.

Table 6.5. Probable Mode (Most likely to happen given the situation)

Probable Mode	Frequency	Percent
Sale of the venture	4	9.5
Management buy-out / internal succession	8	19.0
Merger or acquisition with another organization	20	47.6
Not to leave	9	21.4
Total	41	97.6
System	1	2.4
Total	42	100,0

Conjoint Analysis

The hypothesis tested with the conjoint analysis is whether the founders-entrepreneurs rank their exit decisions on the basis of the levels of the 3 attributes presented in each card. The result of the conjoint analysis on the main effects of our data is presented in table 6.6. The examination of the part-worth utilities, reveals that low social impact is preferred to high social impact, high organizational capabilities is preferred to low organizational capabilities, and low financial profitability is preferred to high financial profitability on the likelihood of founder to exit the venture. To answer our first research question, the most important attribute on the decision to exit is social impact (60%), followed by financial profitability (36%), and organizational capabilities (4%). This indicates that the achievement of social impact is the most influential factor on the founder's decision to exit the venture. Answering our second research question, the combination of different SI, OC, and FP levels that maximizes the founders utility to exit is constituted by Low SI and High OC and Low FP (1.429-0.048+0.857=2.238, card C).

Tests of Within-Subjects Effect

In table 6.7, we provide the descriptive statistics of the mean and standard deviations of each of the 8 conditions. Scenario F (You have realized social impact and your business

Table 6.6. Conjoint Analysis on Main Effects

Attribute	Level	Part-worth utility	Attribute utility range	Attribute importance
Social impact	High social impact	0.714	1.429 – 0.714 = 0.715	$\frac{0.715}{1.190} * 100\% = 60\%$
	Low social impact	1.429		
Organizational capabilities	High organizational capabilities	-0.048	-0.095 – (-0.048) = 0.047	$\frac{0.047}{1.190} * 100\% = 4\%$
	Low organizational capabilities	-0.095		
Financial Profitability	High financial profitability	0.429	0.857 – 0.429 = 0.428	$\frac{0.428}{1.190} * 100\% = 36\%$
	Low financial profitability	0.857		
(Constant)		1.464		

is profitable and you have built capacity to hand over the business) has the highest mean. In table 6.8, we look at the significance of F-ratio values. We can say that these values are significant when probability is less than 5%. We test whether the main effects of how much important is the impact is for the SI, how important the FP is, and how important the OC is for the exit strategy. We also test whether interaction effects between the three variables exist. The results regarding the three main effects, that is, Social Impact, Financial Profitability and Organizational Capability, revealed no significant effect. Thus, for instance in SI, if we ignore all other variables, ratings were not different for high and low impact. Table 6.8 summarizes the levels of interaction realized from analyzed data. We can similarly interpret our results for the other two main effects of FP and OC, as they proved being not significant. However, we find that the interaction effect between the FP and the SI was significant ($F(1,22) = 5.51$, $p=.028$). This result tells us that the profile of rating across different levels of SI was different for high and low financial performance.

Discussion and Implication

In this paper, we study exit decision paths that founders of social ventures could follow during their departure (Arend, 2013; Miller et al, 2012; DeTienne and Cardon, 2012; Miller et al, 2012; Zahra et al, 2009 Boeker and Karichachil, 2002). Data were collected among founders and managers of social ventures with the aim to analyze the decision to exit from social ventures (Monsen et al, 2009; DeTienne et al, 2007). Exit scenarios and conditions were set up and respondents were asked to indicate which exit modes they would select under each scenario presented.

Table 6.7. Tests of Within-Subjects Contrasts

Social Impact	Financial Profitability	Organizational Capabilities	Mean	Std. Dev
You have not realized social impact	Your business is not profitable	You have not built capacity to hand over the business	2.52	1.563
You have not realized social impact	Your business is profitable	You have built capacity to hand over the business	2.30	1.820
You have not realized social impact	Your business is not profitable	You have built capacity to hand over the business	3.00	1.883
You have not realized social impact	Your business is profitable	You have not built capacity to hand over the business	2.52	1.806
You have realized social impact	Your business is not profitable	You have built capacity to hand over the business	3.13	2.399
You have realized social impact	Your business is profitable	You have built capacity to hand over the business	3.48	2.447
You have realized social impact	Your business is not profitable	You have not built capacity to hand over the business	2.96	1.965
You have realized social impact	Your business is profitable	You have not built capacity to hand over the business	3.13	2.399

Table 6.8. Tests of Within-Subjects Contrasts

Source		OC		Sig.	Partial Eta Squared
SI	Linear			.108	.113
FP		Linear		.842	.002
OC			Linear	.260	.057
SI * FP	Linear	Linear		.028	.201
SI * OC	Linear		Linear	.644	.010
FP * OC		Linear	Linear	.369	.037
SI * FP * OC	Linear	Linear	Linear	.137	.098

Firstly, we found that it is highly unlikely that the founders of social ventures, even if all conditions have been met, will opt to exit from social ventures. Our results from the descriptive analysis show that eighty-three percent (83.3%) of respondents would not leave the social venture no matter the influential situations. Whilst there are no direct reasons given for these responses, we assume the main reason is that founders and managers of social ventures are emotionally bound to their venture. The results of the conjoint analysis show that the achievement of social impact is the factor with the highest relative importance (60%) followed by financial profitability (36%). The relative importance of organizational capability is limited under 5%. This finding is in line with the work of Van Dijk, (2011) that states that exit is conditional not only to realizing the founders' mission of creating social impact but also achieving a sustainable financial return. Additionally, we can conclude answering our research objective that founders of social ventures give more weight to the achievement of social impact rather to financial performance or organizational capability when the choose to exit.

The most preferred combination that maximises respondents' utility to exit is constituted by low SI and FP levels, and high level of OC. However, the results of the within-subject main effects analysis show that different levels of social impact, financial profitability, and organizational capability do not have a significant effect on the decision to exit. That means that the founder's ratings were not different for high-low SI, high-low OC, or high-low FP. Therefore, we can conclude that different levels of achievement of social impact, or financial profitability, or organizational capability do not influence the decision to exit.

Secondly, we found a significant positive interaction between achievement of social impact and financial profitability on the decision to exit. This result shows that the profile of ratings across decision to exit of different levels of SI was different for high and low levels of financial profitability.

Some explanation for the low levels of willingness to exit may be attributed to the influence of psychological ownership on the decision to exit from their social venture. The majority of respondents indicated a strong attachment and feeling for their social venture no matter what the influential situations are, will prefer not to exit from their venture. Other respondents indicated that it would be more prudent to stay on and make a social venture viable in its unproductive period rather than to sell it. As example, the following statement from a respondent clarifies founders' attachment to their social venture:

'*Though I am confidence in my dream, I am not very confident in their commitment to this dream. However, I would stay for as long as I can, because I don't like quitting. I probably will turn it into a traditional business and make money from it myself with few people just to show the quitters the potential in the business*' [Respondents Reason for not exiting from his social venture]

Limitation of the study

The heterogeneity of the data collected is a limitation for this study. Whilst Monsen et al. (2009) and DeTienne et al. (2007) followed homogenous groups to collect their data; this was not possible in the present study. There existed only a limited number of Social Venture Entrepreneurs who use the SVE business model at the time of this study. We were therefore forced to rely on both Social Venture Entrepreneurs and experts with experience in the Netherlands, United States, Cambodia and six sub-Saharan African countries, namely Tanzania, South Africa, Ghana, Kenya, Rwanda and Zambia (Sub-Saharan). Further, validity of the design of this study is limited due to low rate of Social Venture Entrepreneurs who actually are about to exit. Finally there was no replication of this study by respondents due to the busy schedule of our respondents. Furthermore, the volume of respondents may have been accountable for the result found in this study. Further empirical investigation on the basis of practitioners of social venturing is necessary.

Conclusion

In this paper, we studied conditions under which founders of social ventures are likely to exit. Results show that it is highly unlikely for founders to exit from their social ventures at all. Interestingly, results from this study indicate that whilst the literature and theory on Social Venture Entrepreneurship suggest that exit is part of the SVE concept in order to reach their mission, our results shows that in practice, founders of social ventures have little inclination to exit. . Social impact is the most important factor of the founders' likelihood to leave the organization and pass on ownership. This finding is in line with the literature as their primary objective is to fulfil their social goals under the conditions of financial sustainability, and not to maximize the financial gains. However, different levels of social impact achievement, financial profitability, and organizational capability do not influence the choice to exit. Future research should focus on how founders of social ventures perceive and measure social impact.

Appendix 1:

Ranking of Scenarios on Likely Exit Decision (chapter 6)

Scenario	*Social Impact*	*Financial Profitability*	*Organizational Capabilities*	*Ranking*
A	You have not realized social impact.	Your business is not profitable.	You have not built capacity to hand over the business.	8
B	You have not realized social impact.	Your business is profitable.	You have built capacity to hand over the business.	5
C	You have not realized social impact.	Your business is not profitable.	You have built capacity to hand over the business.	7
D	You have not realized social impact.	Your business is profitable.	You have not built capacity to hand over the business.	6
E	You have realized social impact.	Your business is not profitable.	You have built capacity to hand over the business.	3
F	You have realized social impact.	Your business is profitable.	You have built capacity to hand over the business.	1
G	You have realized social impact.	Your business is not profitable.	You have not built capacity to hand over the business.	4
H	You have realized social impact.	Your business is profitable.	You have not built capacity to hand over the business.	2

< Highest Ranking=1> and <Lowest Ranking = 8>

Appendix 2:

Coding of Scenarios on Likelihood of Exit (Chapter 6)

Scenario	*SI*	*FP*	*OC*
A	1	1	1
B	1	2	2
C	1	1	2
D	1	2	1
E	2	1	2
F	2	2	2
G	2	1	1
H	2	2	1

<SI=Social Impact>, < FP=Financial Profitability> and < OC=Organizational Capability>

Appendix 3:

Sample Questionnaire on Conjoint Study

Instructions

Imagine that you are running a social venture that you have founded for some time now. Imagine also that you encounter the following scenarios and, for the purpose of this exercise, please focus only on information provided in the scenario. Disregard any present personal situations or environmental factors that might guide you to make the decision. We are interested in how **likely** or **unlikely** you would consider to leave the current business. Each scenario allows you to express your opinion on a 7 point scale that range from **highly unlikely** (score=1) to **highly likely** (score=7), or any number in between.

Example

Highly Unlikely	1	2	3	4	5	6	7	Highly Likely

Section A:

Imagine that the scale and impact of the social venture continues to perform below your expectations for some time now. Building stakeholder relationships is presently work-in-progress. The business model has seen its ups and downs. Your revenues come but only after hard work and cash flows need to be managed better. For the venture to operate smoothly, more people are needed to fill some roles for the venture.

If you would have to conclude that your social venture enterprise finds itself in this particular hypothetical state, what is the chance that you would leave the organization and pass on ownership (exit)?

Please circle your response on the scale below.

Highly Unlikely to leave	1	2	3	4	5	6	7	Highly Likely to leave

If you would decide to leave the organization and pass on ownership (exit), what would be your ***preferred*** mode of transferring ownership in this particular hypothetical situation?

1. Sale of the venture

2. Management buy-out/Internal Succession

3. Merger or acquisition with another organization

4. Initial Public Offer (IPO)

5. Would decide not to leave

If you would decide to leave the organization and pass on ownership (exit), what would be the most ***probable mode*** of transferring ownership in this particular hypothetical situation?

1. Sale of the venture

2. Management buy-out/Internal Succession

3. Merger or acquisition with another organization

4. Initial Public Offer (IPO)

5. Would decide not to leave

Part III:

In this part we would like you to express your opinion on a number of statements and the extent to which you agree or disagree with them. You can use the answering scales ranging from **strongly disagree** (score=1) to **strongly agree** (score=6) with the statement or any score in between to express your personal opinion.

- I feel I need to protect my ideas from being used by others within the social venture I have established.

Strongly Disagree	1	2	3	4	5	6	Strongly Agree

- I feel that people I work with in my social venture should not invade my workplace.

Strongly Disagree	1	2	3	4	5	6	Strongly Agree

- I am confident in my ability to contribute to the success of my social venture.

Strongly Disagree	1	2	3	4	5	6	Strongly Agree

- I am confident I can 'bring about the difference' in the social venture I have established.

Strongly Disagree	1	2	3	4	5	6	Strongly Agree

- I would challenge anyone in my social venture if I realised that something is done wrong.

Strongly Disagree	1	2	3	4	5	6	Strongly Agree

- I will not hesitate to tell the management of my social venture if I saw that something was done wrong.

Strongly Disagree	1	2	3	4	5	6	Strongly Agree

- I feel I am attached to the social venture that I have established.

Strongly Disagree	1	2	3	4	5	6	Strongly Agree

- I am totally comfortable being in the social venture I have established.

Strongly Disagree	1	2	3	4	5	6	Strongly Agree

- I feel the success of the social venture I have established is highly due to my own efforts.

Strongly Disagree	1	2	3	4	5	6	Strongly Agree

- I feel being the founder of the social venture I have established.

Strongly Disagree	1	2	3	4	5	6	Strongly Agree

- I am afraid that the reputation I leave behind, after I have transferred ownership of the social venture, will affect my relationship with my stakeholders

Strongly Disagree	1	2	3	4	5	6	Strongly Agree

- I am afraid that the reputation I leave behind, after I have transferred ownership of the social venture, will affect my relationship with my shareholders.

Strongly Disagree	1	2	3	4	5	6	Strongly Agree

Please explain further below, how your choices above is likely to influence the decisions to exit from your social venture.

We appreciate your participation!

Chapter Seven:

General Discussion

Definitions and interpretations of 'exit' and 'ownership' vary greatly among stakeholders of social ventures. These differences in interpretation are not a problem as such; rather, the problem lies in the fact that these differences have not been accounted for in the SVE business model. The institutions of the local community play an important role in enabling SVEs to change ownership. This holds true for both formal and informal institutions. The SVE business model should pay more attention to the role of informal local institutions in particular.

This study sought to answer the research question:

What is a sustainable exit strategy for Social Venture Entrepreneurs in developing countries, reconciling the dual mission of impact investment and financial returns?

The research question was subdivided as follows;

- What is a feasible entry for the local community or local investors to take over ownership of the social venture on the exit of Social Venture Entrepreneurs?

- What does ownership mean to the various parties involved in a social venture, and what is meant by the transfer of ownership?

- What exit strategies exist within the field of social entrepreneurship in a broader sense, and Social Venture Entrepreneurship in the context of this study?

- When, under what conditions, and in what way do founders of social ventures step out of the business ventures they establish?

A sustainable exit strategy for Social Venture Entrepreneurs is an issue that concerns all stakeholders of SVEs. The first empirical data (case study) from the field made it clear that ownership as interpreted by local stakeholders of SVEs is key to ensure that SVEs can exit with local support. Ownership and exit strategies generated from analyzed data for this study show that ownership and exit mean different things to different parties, a fact that has not been incorporated in corporate finance literature. From this literature, it seems that ownership of enterprise and exit decisions falls only within the domain of the entrepreneur-investor and shareholder behavior (Hansmann, 1996; Van Dijk, 2011)

There is no single way to exit from social ventures. Local uniqueness must be factored into the decision on whether or not to exit and the decision on how to exit. We therefore applied a qualitative case study and a so-called reflexive and interpretative research approach. Transfer of ownership and rights is important to the local stakeholders involved. It is therefore necessary to understand local stakeholders' culture and involve them in the decision-making process. As the central African proverb has it: All you do before me, without me, you do against me.

We conclude that SVEs need to engage their stakeholders in decision making when it comes to exit. We argue that stakeholders' role in decision making has stronger potential, not only to sustain the business venture when the founder exits; stakeholders' roles in decision making can help to keep the mission of the social venture even after the founder has transferred ownership of the venture.

Based on literature (Cardon and DeTienne, 2012; Van Dijk, 2011; Kievit, 2011; Zahra et al, 2009) and our empirical results, we have coined the following definition of exit:

A plan designed to enable Social Venture Entrepreneurs to depart from a social venture and preparing new owners to take over, whilst simultaneously maintaining the mission it was set up for.

The content of any SVE exit strategy must integrate the overall mission in such a way that the general interests of the targeted stakeholders can be maintained due to the involvement of these beneficiaries themselves. This is evident in the SVE business model which seeks to integrate stakeholder interest into the SVEs' desire to invest in a particular venture.

This definition is based on **sub-question 1:** *What is a feasible entry for the local community and or local investors to take over ownership of the social venture on the exit of Social Venture Entrepreneurs?*

Social Venture Entrepreneurs aim to contribute to the solution of 'wicked problems' in society through entrepreneurial or business-oriented methods (Kievit, 2011; Kievit and Van Dijk, 2009). SVEs do not intend to stay in such social ventures indefinitely. They realize that social ventures need time to mature and to hand over ownership. SVEs therefore give themselves a timeline over which they can transfer ownership i.e. exit (Van Dijk, 2011; Zahra et al, 2009). Local communities and local partners play important roles, as the first sign of success is that they have established transaction relationships with the enterprise. In agreement with local communities and local partners (referred to as local stakeholders), SVEs then follow laid-down procedures and are helped by local partners and stakeholders to establish these social ventures. We could observe that local stakeholders then play their role as agents for community entry by helping to mobilize suppliers of raw materials, by providing land and ensuring that local (regional) legal frameworks are followed by SVEs. However, these stakeholders are often not committed nor have the necessary up-to-date knowledge when SVEs decide to exit. This lack of up-to-date information results from not being present for day-to-day deliberations at a management level. Many local stakeholders feel estranged as a result.

Also, the definition of ownership is not based on common understanding among these stakeholders. In other words, there is no sharing of definitions with regard to ownership of the enterprise. As a result, speculation of being excluded arises when these stakeholders are not informed on the Dutch SVE's decision to exit from social ventures they 'helped' them to establish. As an example from our case study, the founder SVE sought to position ownership via the social venture on the basis of both social commitment and financial profitability. Local stakeholders such as the NGO, management and staff of the *engitengs*, as well as local leaders and representatives from all five communities interpreted ownership as being based on inheritance (chapters 3 and 4). Whereas the SVE's focus was on financial commitment to and willingness to buy in/buy out equity in the social venture, this was definitely not in the minds of any of the local stakeholders. The social venture was expected to simply be transferred to these stakeholders when the SVE departs (chapter 3). Local stakeholders felt that they already owned the social venture and all five *engitengs* based on the fact that they were the primary motive for these to be established. The mere fact that these milk processing units were located within their communities, they felt, implied that the social venture 'belonged to them'. The definitions and understanding of ownership as referred to in this study vary. We were able to distinguish only in general terms, and we based this conclusion on a single case study; on the belongingness of the social venture to local stakeholders without their financial commitments, further research is necessary. Such further study on ownership and exit strategies with regard to social ventures can bring more insight into the significance of ownership as part of the strategy of Social Venture Investors. Exit decisions must encompass involvement of all stakeholders (chapters 2, 3 and 4). A misunderstanding of ownership as interpreted by local stakeholders and Social Venture Entrepreneurs or Investors affects the sustainability of a social venture.

To answer the research question on what ownership means to the various parties involved in a social venture, and what is meant by the transfer of ownership, we found that ownership has multiple meanings. The meanings of ownership, we noted, hovers between inheritance, belongingness and transfer of equity. Transfer of ownership, we noted, involves the handing over of the social venture with or without financial commitments to new owners.

We suggest psychological ownership be introduced into the SVE business model. A feeling of psychological ownership can lead to a more explicit commitment from stakeholders. By including psychological ownership into the SVE business model, it can be made part of the exit process. In the first place, the Social Venture Investors must take those psychological processes into account (Avery, 2009; DeTienne et al, 2012; and Pierce et al, 2001). The psychological process is an important element, because it can boost the local stakeholders' confidence in their participation in decision-making process of the venture.

Stakeholder Theory is not only relevant for SVEs' exit strategies, but also for their entry decisions. The mission of Social Venture Entrepreneurship is based on social impact motives and on traditional motives of profit. As SVEs establish their ventures in precarious conditions and environments, it is clear that the local stakeholders must deliver both the attitudes or motives, and the abilities to accept ownership in due course. Social Venture Entrepreneurship is based on a sustainable exit strategy which, when local communities and investors share their definition of exit with the SVEs, is likely to enhance and strengthen their business model and the social venture to be established. In fact, this is a prerequisite embedded in the mission of SVEs, which has to be part of both entry and exit strategies (chapters 3, 5 and 5).

Sub-question 2: *What does ownership mean to the various parties involved in a social venture, and what is meant by the transfer of ownership?*

Respondents' answers to questions in relation to ownership have explicitly brought out a common understanding of the word. Ownership means the acquisition of an item or an entity. In the context of our case study, ownership means the takeover of the social venture and the five milk processing units (*engitengs*). Local stakeholders interpret ownership as continuing the social venture established by the SVE *without* any financial consequence. The SVE, on the other hand, interprets transfer of ownership to mean taking over the social venture based on impact goals and social commitment, as well as paying back loans and payment for the shares.

Transfer of ownership therefore brings out two main interpretations of definitions. To the SVE, transfer of ownership is the existence of new an investor (including a local fund) that is able to financially takeover the social venture's assets and liabilities (chapters 4 and 5). Local stakeholders, on the other hand, perceived transfer of ownership to mean 'inheriting' the social venture as a property from a parent (the SVE) without there being any financial implications (chapters 3, 4 and 5).

It is concluded that ownership must be discussed explicitly to develop a definition of the term that both the Social Venture Entrepreneurs and Investors and local stakeholders subscribe to from the beginning of, until the (successful) exit from the venture. Discussing ownership with these partners will help to ensure a sustainable exit.

Sub-question 3: *What exit strategies exist within the field of social entrepreneurship in a broader sense, and Social Venture Entrepreneurship in the context of this study?*

We did not find examples of exit strategies in the literature on social entrepreneurship. Exit is only discussed by scholars who studied entrepreneurial exit (Arend, 2013; Cardon and DeTienne, 2012) and founder departure (Boeker and Karichachil, 2002). These scholars focused on entrepreneurial processes that are likely to stimulate founders to exit or departure from social ventures they establish.

Social Venture Entrepreneurship, as a field of enquiry, had not provided any study of exit at the time this thesis was initiated. We were therefore forced to base our study on management and entrepreneurship literature (Van Dijk, 2011). Regarding the empirical field data collected and desk study conducted, this thesis noted many presentations in blogs related to social entrepreneurship, as well as e-platforms such as MaRS Social Enterprise Incubator (discussed in chapters 2 and 5).

Four main exit strategies are dominant in management and entrepreneurship literature; Initial Public Offer (IPO), Mergers and Acquisition (M&A), Management Buyout/ Internal Succession (MBO/IS), and Outright Sale (chapters 2, 5 and 6). From development and impact-related fields, Khan and Khan (2012) and Rogers and Macias (2004) see exit as a form of graduation whereby communities and intended beneficiaries takeover initiatives established by external partners. Here, local communities are seen as beneficiaries to whom investments will be handed over in a foreseeable future. Project-based exit strategies thus seem to be a preferred form of exit for local stakeholders as presented in this thesis (chapters 4 and 5).

Sub-question 4: *When, under what conditions, and in what way do founders of social ventures step out of the business ventures they establish?*

The question regarding the timeline within and the conditions under which Social Venture Entrepreneurs are likely to exit from social ventures they established is perhaps the most difficult to answer. Theoretically speaking, SVEs do not intend to stay in social ventures they establish indefinitely. They set timelines of between ten and twenty five years within which they are expected to transfer ownership of the social venture to new owners who share a similar vision and mission (Van Dijk, 2011).

This study revealed that many Social Venture Entrepreneurs will, in practice, prefer not to exit from social ventures they establish (chapters 4 and 6). The condition of exit is not wholly tied to the mission of financial profitability or ability to build an efficient capacity of staff and management of the social venture. Social impact, however, we noted from our study have limited influence on the decision to exit (chapter 6).

On the subject of which exit strategy is the most preferred and optimal for Social Venture Entrepreneurs, this study found conflicting results. We found that there was no direct exit strategy discussed in social-venture-related literature. Our empirical and conjoint studies led to the following significant discovery: the Dutch SVE would prefer to exit by transferring their social ventures to local owners through the establishment of a fund or local investors who will share in the mission for which the social venture was established. This confirms the work of Alter et al (2001), who connected venture capital studies with venture philanthropy. The SVE decided to follow a 'learning-by-doing' approach in its quest to find an exit route that meets its dual mission. Local stakeholders, on the other hand, would prefer a project-related form of exit whereby they may 'own' the social venture but in the context of the local understanding of ownership (Rufin and Rivera-Santos, 2013; Khan and Khan, 2012; Artto, 2008; Artto and Wickstrom, 2005; Rogers and Macias, 2004).

Our results further revealed preferences for the following traditional forms of exit. IPO emerged as a preferred exit option by directors and management of the social venture and the *engitengs* (chapter 4). In contrast to this finding, results from our conjoint study (chapter 6) revealed that founders and management would prefer Mergers and Acquisition (M&A) and Management Buy-out/Internal Succession (MBO) when exiting from their social ventures. These two conflicting results seem to suggest that there is no clear-cut exit decision path for SVEs as noted in Van Dijk (2011), Zahra et al (2009), Mair and Marti (2009), and Boeker and Karichachil (2002).

The likelihood that SVEs will prefer Management Buyout/Internal Succession or Mergers and Acquisition to other traditional forms or modes of exit (chapter 6) shows that impact tendencies and psychological ownership implicitly influence founders' decision to exit (Avey, 2009; Pierce et al, 2004; Townsend et al, 2009, 2003). Local stakeholders' preference for *inheriting* the established social venture presents a twist on expectations of ways under which SVEs are likely to step out of the established social venture. In terms of psychology, our results revealed that local stakeholders have a feeling that the social venture belongs to them and therefore they will own (inherit) the venture when the investor (the SVE) leaves. This revelation extends the concept of psychological ownership on exit decision to cover not only SVEs but also local stakeholders and partners these types of entrepreneur-investors decide to do business with.

Theoretical and Policy Implications of the Study

Implications for Theory

The decision for SVEs to follow a social venture business model posits that such entrepreneurs and investors consider local participation as an important element to be included in their business model. Many scholars, however, seem to ignore the role of the stakeholder in decision-making. As a field of academic enquiry, the study of social entrepreneurship has focused on the entrepreneurial process and, to a large extent, on how to scale up such social ventures (Cardon and DeTienne, 2012). Bacq et al (2013) and Smith et al (2013) have recently positioned the need to examine institutional logic that leads social entrepreneurs to do what they do, and when they do it. Stakeholder theory, which states that decision-making must include all stakeholders (Friedman, 2002; Freeman, 2004a, 2004b, 1999), as well as inclusion of informal institutional related theories in Social Venture Entrepreneurship as academic enquiry are areas that should be considered by scholars.

Secondly, this study contributes to theories related to informality (De Soto, 2000; Godfrey, 2011; Minard, 2009). As an example, our results have confirmed the earlier argument of Dees (1998) that operational and cultural challenges, what he calls 'the social enterprise spectrum', are important elements that Social Venture Entrepreneurs as well as scholars need to further embed in their business model. The need for SVEs, in collaboration with local institutions, to set up clear and realistic financial objectives at the onset of social ventures has emerged from both our empirical study (chapters 3, 4 and 5), as well as from chapter 6, which has shown a positive significant relationship between social impact and financial profitability. Informality theories can likely help bring efficiency and effectiveness to the running and management of social ventures. Informality theories study informal institutional structures located in BoPs is worthy to be further explored. The inclusion of these theories can highlight local structures and system that are likely not just to be captured by management and decision-making theories. This, in turn, could likely reduce external and donor-solicited funding in order to scale up social ventures. Local ownership should be initiated and cultivated from the onset of the social venture.

Thirdly, this thesis contributes to the study on the rights to ownership as an academic enquiry. Ownership theories have emerged as an area that scholars and practitioners need to further consider including in the social venture business model. Chapter 4, and arguments posited by Boeker and Karichachil (2002) and Townsend et al (2009), have revealed that traditional and formal ownership theories do not suffice for the Social Venture Entrepreneurship business model. The inclusion of psychological ownership in the social venture business model is likely and necessary to cover expectations of both SVEs and their stakeholders (Van Dijk, 2011; Kievit and Van Dijk, 2009; Kievit et al, 2007)

Fourthly, our study contributes to the field of subsistence markets at BoP, and cross-partnerships (Dahan et al., 2010; Kolk & Lenfant, 2012; Rufin & Rivera-Santos, 2013; Webb et al., 2010). Chapter 3 has presented how inclusion and exclusion of national and local institutions are likely to play an important role, not only in decision making, but also in reaching a sustainable exit for SVEs. Chapters 4 and 5 further confirm arguments by Rufin and Rivera-Santos (2013) that integration and exclusions of such institutions at BoP are important ingredients to ensure sustainable exit for SVEs. This contributes to arguments of scholars such as Akula (2008), Rivera-Santos et al. (2012), Simanis & Hart (2008) and Webb et al. (2010) on the need for SVEs to adopt business models that fit into local conditions and institutional precepts.

Finally, our study contributes to the field of social venture economics (Van Dijk, 2011; Kievit, 2011). This school of thought argues that SVEs adopt a neo-classical approach of maximization of utility to achieve their individual or corporate goals (what we refer in this study as the mission of SVEs in Kievit, 2011; Van Dijk, 2011). Scholars of this school of thought suggest that government failure to harmonize institutions and bring in fair competition at market level calls for individuals, private businesses and entities such as foundations to step in and bridge the gap by setting up new business models to solve such 'wicked problems' (Kievit, 2011; Van Dijk, 2011, Kievit and Van Dijk, 2009). Our study contributes to this assertion by arguing that SVEs indeed fall within the domain of individuals, private businesses and foundations that set out to 'do good' by establishing social ventures to create impact but with expectations of financial return as well. These forms of entrepreneurs and investors invest to set up social ventures in environments that have poorly and malfunctioning markets, and that lack infrastructure and resources, as well as have poorly developed or non-existing marketing chains. (Monsen, et al., 2010) (Monsen, et al., 2010)

Implication for Practitioners and Policy

This study has important implications for SVEs as practitioners and managers of social ventures who especially apply the SVE business model at BoP and subsistence market domains. The identification of challenges that Social Venture Entrepreneurs are likely to face in their decision-making processes calls for further consideration of the role of local institutions to ensure that the desire to create impact and return are commonly shared. Our results suggest that potential challenges emerged due to seeming exclusion of these institutions from participating in decision–making, at least at the factory level (Karamchandani et al., 2011). We further emphasize that collective decision-making in governance of the social venture must be agreed upon as well as jointly implemented and periodically evaluated by all stakeholders involved in the core mission for establishing a social venture.

Secondly, Social Venture Entrepreneurs will have to consider area specificity and contextualize their mission and objective to fit into local conditions and national laws (Rufin and Rivera-Santos, 2013; Van Dijk 2011). This is vital especially due to the dual mission of creating social impact whilst they desire to generate a certain amount of financial return. A way that can likely stimulate better conditions for SVEs to sustainably opt out of these social ventures will be to clearly set up both financial and impact-related milestones that could prepare local stakeholders and investors for a possible takeover of ownership. The suggestions from Alter et al (2001), Townsend et al (2009), Pierce et al (2009), Zahra et al, 2009), Dees (1998), Berenson (1963) and empirical results from our case study should perhaps serve as starting point for policy and managerial decision-making in the context SVE exit strategies. Activities such as investment in infrastructure (Venture Philanthropy), involvement and participation of local and private investors in local decision making from the onset, investment in local resource development and communication, as well as initiation of risk management services such as 'Insurance' packages, are likely to prepare level ground for local takeover, and therefore ensure SVEs departure from the established social venture in a sustainable manner. This case study is perhaps the first of its kind that has digressed from the traditional entrepreneurship and management schools of thought to study exit decision routes that could likely serve the mission of SVEs. The choice of a qualitative case study approach, as opposed to the more appreciated quantitative field of academic enquiry in the broad field of social entrepreneurship in general, and Social Venture Entrepreneurship in particular serves as a bold step that is likely to stimulate academic debate and new ways of conducting decision-making studies in the foreseeable future.

The second contribution of this study to the academic field of Social Venture Entrepreneurship is the approach used to develop exit schemes based on what conditions are likely to influence exit decision routes among practitioners and managers in the broader field of Social Venture Entrepreneurship. Respondents with knowledge regarding (social) entrepreneurship, business and research have been asked (via hypothetical conjoint analysis) what they would choose as their preferred and hypothetical exit routes for their social ventures. Perhaps coming as a surprise to most of these respondents (many mentioned not having considered exit at all before they were approached to take part in the present study), results from this study have revealed that these types of respondents will prefer not to exit from social ventures they establish. Preferred exit decision routes have revealed a mixed preference that scholars and practitioners alike will need to consider in cementing their use of the SVE business model.

Concluding Remarks and Recommendations

This thesis has attempted to broadly answer the research question in looking for a sustainable exit strategies for SVEs. In particular, we have studied one of the few SVEs that invest in precarious condition among the Maasai tribe in Northern Tanzania. Whilst results from this study cannot be said to apply to all social ventures established by SVEs, this study has brought to the fore areas that are likely to impede the realization of a sustainable exit in the most socio-economic sense.

This study found no direct and clear-cut exit strategy that SVEs can follow to reach their mission for establishing social ventures. Furthermore, this study noted that traditional exit strategies such as IPO, M&A, MBO/Internal Succession, and Outright Sale of social ventures are inconclusive to help SVEs meet their expectation of exit. Issues regarding definitions of ownership and institutional conditions that support exit decisions have emerged as areas that both scholars and practitioners of Social Venture Entrepreneurship business model will need to further research and consider including in their business.

The case study of the Dutch SVE's activities in Maasailand has brought out the important role of stakeholders and institutions that are likely to ensure that SVEs reach their mission as well as exit sustainably from these social ventures they establish. Lack of external validity and generalization of our results limit our findings. However, since this is perhaps one of the few studies conducted in the field of Social Venture Entrepreneurship, our results are anticipated to serve as a starting point for further research not only in the area of exit decisions, but also regarding how SVEs can scale up and exit from social ventures they establish to help bridge the gap created by government and market failure at BoPs and informal economies in the developing world.

Finally, we have attempted to draw inferences from the case study of the Dutch social venture established among the Maasai in the north of Tanzania to study possible exit criteria for SVEs. This study serves as a benchmark for SVEs to start thinking and looking for ways to bridge the current knowledge gap that exists between research and practice regarding the Social Venture Entrepreneurship business model in the foreseeable future. We propose a mixed-method study on the subject of exit to derive not only scientific relevance of our topic but also a cross-sectional study of related business in the developing and developed world. It is hoped such studies could lead to more insight into Social Venture Entrepreneurship and its related challenges and success paths for practitioners and academics.

General Implication of the Study

The conclusions drawn from this study are twofold. First, the question of a sustainable exit decision route for SVEs is not a one way approach. Whilst results from this study have revealed a mix of preferred exit decision routes from the perspectives of the Dutch SVE and its local partners, our hypothetical studies have further shown contrasting results. The primary hypothesis of this thesis that there is no one way to exit for SVEs has become valid within the context of this thesis. The choice of a case study approach, however, means that these findings lack external validity. The results of this thesis are, in principle, a starting point in our understanding of exit decision routes that SVEs and scholars must consider within social venture entrepreneurship as a field of enquiry.

The most interesting results from this study do not pertain to the decision to exit. This study has revealed that the concept of ownership and transfer of ownership is more complex than we have anticipated. This is, perhaps, an important contribution to the field of Social Venture Entrepreneurship. The revelation that ownership and transfer of ownership may be taken to mean the same to all parties involved, but are given different definitions by this category of respondents' shows the complex nature and challenges likely to confront SVEs in their bid to handover social ventures they establish to new owners. Secondly, the role of *informal* institutions such as norms, local individuals and traditional culture in ensuring the sustainability or otherwise of a social venture has brought to the surface the need to factor in local conditions not only regarding to exit decisions, but in the entire SVE business model.

It might be prudent to consider integrating informality, informal institutions, and property rights literature into Social Venture Entrepreneurship as a field of study. The conclusions from this study show that there is indeed a need to factor in local conditions whenever SVEs decide to invest in communities and informal economies where not only market conditions are precarious, but also where informal structures dictate what and how businesses are driven, managed and governed.

Recommendation for further studies

Based on the above results and discussion, this section presents the following recommendations for practitioners and for future research. Since the concept of SVE is almost new in the context of developing countries, SVEs will need to further investigate and test the concept from different country contexts. Results generated could then be benchmarked and merged with the Dutch social venture case study. Exit preferences arrived at by all concerned stakeholders in the five communities studied could then be mapped out in a plan of action towards a realization of SVEs' mission.

The use of a business solution to solve a social challenge in the developing country context is very laudable; however, issues of communication and the interpretation of important constructs such as exit are important areas that scholars and practitioners need to consider for further studies. Such a study could confirm or reject the findings of our study.

Finally, SVEs would need to develop knowledge and sharing platforms to enhance the sustainability of their model, not only in the western world, but in developing countries where they have invested in, in the last decade or so. This study has contributed to the subject matter of exit in the context of social ventures established in a developing country context. Our contribution further highlights the challenges faced in replicating social entrepreneurship business models across different cultures. The universality of such a model will need further refining and testing to improve on existing models that mainly consider financial and social needs as important.

Limitation of Study

This study has its limitation as an academic enquiry. The focus on a case study limits the possibility for our results and conclusions to be generalized. In particular, the focus on a Dutch SVE investing among the Maasai in Northern Tanzania may not likely bring out broader results and synergies if more regions and varied social venture business models were to be covered. However, the limited number of available case studies at the time of this study serves as a foundation and starting point for further research on how social ventures are scaled up, as well as how Social Venture Entrepreneurs successfully exit from such businesses they establish with the aim to solve challenges faced by disadvantaged communities.

References

Akula, V. 2008. Business Basics at the Base of the Pyramid. *Harvard Business Review*, 86(6): 53-57.

Alter, K, Shoemaker, P, Tuan, M, & Emerson, J. (2001). When is to time to say goodbye? Exit Strategies and Venture Philanthropy Funds. http://www.redf.org/learn-from-redf/publications (Accessed, 2nd February, 2011)

Abbema, F. Van & Sibanda, M. (2009). Exit Strategy for Social Ventures. A Case Study on Ownership Transfer of a Dairy Industry to Local Communities in Tanzania. Master Thesis for the award of Master of Business Administration (MBA). Nyenrode Business Universiteit. Unpublished

Anderson, J. & Billou, N. 2007. Serving the world's poor: innovation at the Base of the Economic Pyramid. *Journal of Business Strategy*, 28(2): 14-21.

Anderson, J. & Markides, C. 2007. Strategic innovation at the Base of the Pyramid. *MIT Sloan Management Review*, 49(1): 83-88.

Anupindi, R. & Sivakumar, S. 2006. Supply Chain Reengineering in Agri-Business A Case Study of Itc'S E-Choupal. In H. L. Lee & C.-Y. Lee (Eds.), *Building Supply Chain Excellence in Emerging Economies*: 265-307: Springer.

Arend, R.J. (2013). A Heart-Mind-Opportunity-Nexus: Distinguishing Social Entrepreneurship for Entrepreneurs. Academy of Management Review. http://dx.doi.org/10.5465.amr/2013.0251

Arnould, E. J. & Mohr, J. J. 2005. Dynamic transformations for Base-of-the-Pyramid market clusters. *Journal of the Academy of Marketing Science*, 33(3): 254-274.

Austin. J, Stevenson, H. & Wei-Skillern, L. (2006). Social and Commercial Entrepreneurship: Same, Different or Both. In Entrepreneurship Theory and Practice.2006 by Baylor University. 1042-2587

Austin, J, Herman, L, Reficco, E & Wei-Skillern. J, (2005). Social Entrepreneurship: It's For Corporations, Too. In Social Entrepreneurship: New Paradigms of Sustainable Social Change, edited by A. Nicholls. Oxford, GB: Oxford University Press.

Austin, J. E. (2000). The Collaboration Challenge: How Non-Profits and Business Succeed through Strategic Alliances. Sans Francisco: Jossey Bass Publishers.

Avey, J.B., Avolio, B., Crossley, C., & Luthans, F. (2009). Psychological Ownership: Theoretical Extensions, Measurement and Relation to Work Outcomes. Journal of Organizational Behavior 30. (2009), 173-191; doi10.1002/job.583. Copyright © 2009 John Wiley &Sons, Ltd. Management Department Faculty Publications. Paper 18. Http://digitalcommons.unl.edu/managementfacpub/18

Berenson, C. (1963). Pruning the Product Line. Business Horizons, Summer 1963, 63-70

Boeker, W. & Karichachil, R. (2002). Entrepreneurial Transitions: Factors Influencing Founders Departure. Academy of Management Journal. Vol. 45, No. 3. 818-826.

Bornstein, D & Davis, S. (2010).Social Entrepreneurship. What Everyone Needs to Know. Oxford University Press, Inc. 198 Madison Avenue, New York, New York 10016.

Branzei, O. & Valente, M. 2007. Honey Care Africa: A tripartite model for sustainable beekeeping. *Richard Ivey School of Business Case Studies*(907M60).

Campbell, D. J. 1993. Land is ours, land is mine: Economic, political, and ecological marginalization in Kajiado district. In T. Spear & R. Waller (Eds.): 258-272.

Cheater, A. P. 2003. *Social Anthropology*. New York: Routledge/Taylor & Francis.

Clarke, B. (2011). In Williams, C.A and Zumbansen, P (2011) Ed. The Embedded Firm. Corporate Governance, Labor, and Finance Capitalism. Cambridge University Press UK. First Published 2011. ISBN 978-1-107-00601-0

Coase, R. H. (1 960). The Problem of Social Cost. Journal of Law and Economics, Vol. 3. (Oct., 1960), pp. 1-44. http://links.jstor.org/sici?sici=00222186%28196010%293%3C1%3ATPOSC%3E2.0.CO%3B2-F

Coase, R. H. (1937). The Nature of the Firm. Blackwell Publishing on behalf of The London School of Economics and Political Science and The Suntory and Toyota International Centres for Economics and Related Disciplines. Economica, New Series, Vol. 4, No. 16 (Nov., 1937), pp. 386-405 .Stable URL: http://www.jstor.org/stable/2626876 . Accessed: 20/04/2011 06:42

Coast, E. 2002. Maasai socioeconomic conditions: a cross-border comparison. *Human ecology*, 30(1): 79-105.

Collins, D., Morduch, J., Rutherford, S., & Ruthven, O. 2009. *Portfolios of the Poor - How the World's Poor Live on $2 a Day*. Princeton, NJ: Princeton University Press.

Dahan, N. M., Doh, J. P., Oetzel, J., & Yaziji, M. 2010. Corporate-NGO Collaboration: Co-creating New Business Models for Developing Markets. *Long Range Planning*, 43(2/3): 326-342.

Dees (1998). The Meanings of "Social Entrepreneurship". Stanford University: Draft Report for the Kauffman Centre for Entrepreneurial Leadership.

Dees & Anderson (2003). Scaling for Social Impact: Exploring Strategies for spreading Social Innovations. N.C. Center for non-profits. October 8, 2003.

Dees, G, Anderson, B.B, & Wei-skillern, J. (2004). Scaling Social Impact Strategies for spreading social innovations. Stanford Social Innovation Review. Spring 2004. Copyright 2004 by Leland Stanford Jr. University

De Soto, H. 2000. *The mystery of capital: Why capitalism triumphs in the West and fails everywhere else*. New York: Basic Books.

DeTienne, D.R. & Cardon, M.S. (2012). Impact of Founder Experience on Exit Intensions. Small Business Economics. 38:351-374. DOI.10: 1007/s11187-010-9284-5

DeTienne, D.R. (2010).Entrepreneurial exit as a critical component of the entrepreneurial process: Theoretical development. Journal of Business Venturing 25 (2010) 203–215. Doi:10.1016/j.jbusvent.2008.05.004

DeTienne, D. R. and Sarason, Y. S. (2009). Social and Sustainable Entrepreneurial Firms: An Exploration of Exit Strategies (Interactive Paper). Frontiers of Entrepreneurship Research: Vol. 29: Iss. 21, Article 7. Available at: http://digitalknowledge.babson.edu/fer/vol29/iss21/7

De Vaus, D. (2007). Research Design in Social Research. SAGE Publications Ltd. www.sagepublications.com . ISBN 978-0-7619-5347-0

Dijk, G. Van, (2011) Social Venturing and Cooperative Entrepreneurship-Motives for Entry and Institutions for Exit in Developing Countries. In Social Business Approach. From Fons van der Velden(Ed.). New Approaches to Development Cooperation. Utrecht: Context, International Cooperation.

Dill, B. 2009. The Paradoxes of Community-based Participation in Dar es Salaam. *Development and Change*, 40(4): 717-743.

Douma, S & Schreuder, H. (2008). Economic Approaches to Organizations. Pearson Education Limited, Edinburg Gate. Harlow, Essex CM20 2JE, England.

Eisenhardt, K. M. & Graebner, M. E. 2007. Theory building from cases: Opportunities and challenges. *Academy of Management Journal*, 50: 25.

Emerson, J. (2003). Where Money Meets Mission: Breaking Down the Firewall between Foundation Investment and Programming. Stanford Social Innovation Review, summer 2003. Copyright 2004. Leland Stanford Jnr. University.

Fox, I. & Marcus, A. (1992). The Causes and Consequences of Leveraged Management Buyouts. Academy of Management Review January 1, 1992. vol. 17. no. 1 62-85. doi:10.5465/AMR.1992.4279571

Freeman, R.E. (2004). The Politics of Stakeholder Theory: Some future directions. Business Ethics Quarterly

Freeman, R.E. (1999). Divergent Stakeholder Theory. Academy of Management Review .

Freeman, R.E. (1999). Divergent Stakeholder Theory. Academy of Management Review

Friedman, A.L and Miles, S. (2002). Developing Stakeholder Theory. Journal of Management Studies 39.1. January, 2002. 0022-2380

Galaty, J. J. 1993. Maasai expansion and the new East African pastoralim. In T. Spear & R. Waller (Eds.), *Being Maasai: Ethncity and identity in East Africa*: 61-86. Oxford: James Currey.

Gardner, A, Greenblott K, and Joubert, E (2005). Practical Guidance for Developing Exit Strategies in the Field. A Product of C-SAFE Regional Learning Spaces Initiatives. Working Paper. September 2005.

Garrette, B. & Karnani, A. 2010. Challenges in Marketing Socially Useful Goods to the Poor. *California Management Review*, 52(4): 29-47.

Ghemawat, P. 2007. *Redefining global strategy. Crossing borders in a world where differences still matter*. Harvard, MA: Harvard Business School Press.

Godfrey, P. C. 2011. Toward a theory of he informal economy. *Academy of Management Annals*, 5(1): 231-277.

Grandin, B. E. 1991. The Maasai: Socio-historical context and group ranches. ***M**aasai Herding: An Analysis of the Livestock Production System of Maasai Pastoralists in Eastern Kajiado District, Kenya. ILCA: Addis Ababa, Ethiopia*: 21-39.

Haggard, S., MacIntyre, A., & Tiede, L. 2008. The rule of law and economic development. *Annu. Rev. Polit. Sci.*, 11: 205-234.

Hamman, R. 2013. Cross-Sector Social Partnership in Areas of Limited Statehood. In M. M. Seitanidi & A. Crane (Eds.), *Social Partnerships and Responsible Business: A Research Handbook*: 60-78. London, UK: Routledge.

Hammond, A. L., Kramer, W. J., Katz, R. S., Tran, J. T., & Walker, C. 2007. *The next 4 billion: Market size and business strategy at the Base of the Pyramid*. Washington DC: World Resources Institute/ International Finance Corporation.

Hansmann, H. (1996). The Ownership of Enterprise. The Belknap Press of Harvard University Press. Cambridge, Massachusetts. London, England. ISBN 0-674-00171-0

Henisz, W. 2000. The institutional environment for multinational investment. *Journal of Law, Economics, and Organization*, 16(2): 334-364.

Homewood, K., Coast, E., Kiruswa, S., Serneels, S., Thompson, M., & Trench, P. 2006. Maasai pastoralists: diversification and poverty.

Homewood, K., Kristjanson, P., & Trench, P. C. 2009. *Staying Maasai?: Livelihoods, conservation and development in East African rangelands*: Springer.

Howkey, J. (2002). Exit Strategy Planning. Grooming Your Business for Sale or Succession. Gower Publishing Limited, England. Library of Congress Control Number 2002104534. ISBN-566-08498-8

Ingenbleek, P,.T.M. and Tilburg Aad van. (2009). Marketing for Pro-Poor Development: Deriving Opportunities for Development from the Marketing Literature. Review of Business Economics. 2009/3

IOPA. 2014. IOPA Background. http://www.orkonerei.or.tz/?page_id=152, accessed in Jan. 2014.

Ireland, J. 2008. Lessons for successful BOP marketing from Caracas' slums. *Journal of Consumer Marketing*, 25(7): 430-438.

Israel, B. A., Schulz, A. J., Parker, E. A., & Becker, A. B. 1998. Review of community-based research: assessing partnership approaches to improve public health. *Annual review of public health*, 19(1): 173-202.

Karamchandani, A., Kubzansky, M., & Lalwani, N. 2011. Is the Bottom Of the Pyramid Really for You? *Harvard Business Review*, 89(3): 107-111.

Karnani, A. 2007a. The mirage of marketing to the Bottom of the Pyramid: How the private sector can alleviate poverty. *California Management Review*, 49(4): 90-111.

Karnani, A. 2007b. Misfortune at the Bottom of the Pyramid. *Greener Management Journal*, 51(Summer): 99-110.

Khanna, T. & Palepu, K. 1997. Why focused strategies may be wrong for emerging markets. *Harvard Business Review*, 75: 41-51.

Kievit, H. (2011). Social Venturing Entrepreneurship, een plaatsbepaling. Dissertatie Nyenrode Business Universiteit. Breukelen, Nederland. True Communications, Apeldoorn. Torendruk, Nijkerk. ISBN: 978-90-817767-0-7. PhD Thesis.

Kievit, H & Dijk, G. Van. (2008).Reaping the Harvest. In Burggraaf, W., Flören, R.H., Kunst, J.V.M. (Eds.). Entrepreneurship and Enterprising (2008)

Kievit, H., Dijk G. Van & Spruyt, B.J. (2008).The Silent Revolution of Social Venturing Entrepreneur. Holland Management Review no. 120, pp.20-25

Kistruck, G.M, & Beamish, P. 2010. The interplay of Form, Structure, and Embeddedness in Social Intrapreneurship. Entrepreneurship Theory and Practice 34(4): 735-761.

Kolk, A, Rivera-Santos, M & Rufin, C. (2013). Reviewing a Decade of Research on the 'Base/Bottom of the Pyramid' (BOP) Concept. Business & Society, 2013. DOI 10.1177/0007650312472928

Kolk, A. & Lenfant, F. 2012. Business-NGO collaboration in a conflict setting: Partnership activities in the Democratic Republic of Congo. *Business & Society*, 51(3): 478-511.

Kolk, A., Rivera-Santos, M., & Rufín, C. Forthcoming. Reviewing a Decade of Research on the "Base/ Bottom of the Pyramid" (BOP) Concept. *Business & Society*: DOI: 10.1177/0007650312474928.

Kramer, M R (2009). Catalytic Philanthropy. Stanford Social Innovation Review Fall 2009.

Lesorogol, C. K. 2008. *Contesting the commons: Privatizing pastoral lands in Kenya*: University of Michigan Press.

Leviner, N, Crutchfield, L, R & Wells, D. (2010) Understanding the Impact of Social Entrepreneurs: Ashoka's Answer to the Challenge of Measuring Effectiveness

Light, P, C. (2006). Reshaping Social Entrepreneurship. Stanford Social Innovation Review. Fall 2006. Copyright © 2006 by Leland Stanford Jr. University

Light, P.C, (2009). Social Entrepreneurship Revisited. Summer 2009. Stanford Social Innovation Review. 2009. Copyright © 2009 by Leland Stanford Jr. University

London, T. & Anupindi, R. 2012. Using the base-of-the-pyramid perspective to catalyze interdependence-based collaborations. *Proceedings of the National Academy of Sciences*, 109(31): 12338–12343.

Mair, J., Martí, I., & Ventresca, M. 2012. Building inclusive markets in rural Bangladesh: How intermediaries work institutional voids. *Academy of Management Journal*, 55(4): 819-850.

Mair, J. & Marti, I. 2009. Entrepreneurship in and around institutional voids: A case study from Bangladesh. *Journal of Business Venturing*, 24(5): 419–435.

Mair, J. & Marti, I. (2006). Social Entrepreneurship Research: A Source of Explanation, Prediction, and Delight. Journal of World Business 41 (2006) 36-44. www.sciencedirect.com

Malterud, K. 2001. Qualitative research: standards, challenges, and guidelines. *The Lancet*, 358(9280): 483-488.

MaRS White Paper Series. (2010). Social Entrepreneurship. Part 2: Social Venture Finance. [White paper]

MaRS Social Entrepreneurship. (2009). Part 1: Social Venture Financing, spring 2009. [White paper]

Martin, R.L, and Osberg, S. (2007). Social Entrepreneurship: The Case for Definition. Stanford Social Innovation Review. Spring 2007

Meer, C.L. J. Van Der (2006) Exclusion of Small-Scale Farmers from Coordinated Supply Chains: Market Failure, Policy Failure or Just Economies of Scale?. Agriculture and Rural Development Department. World Bank . Washington DC.

Middleton, W.D. (1999). Landmarks on the Iron Road. Two Centuries of North America Railroad Engineering. ISBN 0-253-33559-0

Miligo, F.T. (2010). Strengthening Small Farmers within Agriculture Value Chains through Sustainable Microfinance : The Rice and Tomato Producers Value Chains in Northern Ghana. European Microfinance Program Master Thesis (unpublished).

McMullen, J, S. (2011). Delineating the Domain of Development Entrepreneurship: A Market-Based Approach to Facilitating Inclusive Economic Growth. 1042-2587 © 2010 Baylor University. January, 2011. Entrepreneurship Theory and Practice. DOI: 10.1111/j.1540-6520.2010.00428.x

McMullen, J.S. & Shepherd, D.A. (2006). Encouraging consensus-challenging research in Universities. Journal of Management Studies. 43(8).16431669

Miller, T.L., Grimes, M.G., McMullen J.S. & Vogus, T.J. (2012). Venturing for Others with Heart and Head: How Compassion Encourages Social Entrepreneurship. Academy of Management Review. Vol. 37. No. 4, 616-640. http://dx.doi.org/10.5465/amr.2010.0456

Minard, C. S. L. 2009. Valuing entrepreneurship in the informal economy in Senegal. *Social Enterprise Journal*, 5(3): 186-209.

Monsen E., Patzelt, H & Saxton, T. (2010)Beyond Simple Utility: Incentive Design and Trade-Offs for Corporate Employee-Entrepreneurs. Entrepreneurship Theory and Practice. 1042-2587. © 2009 Baylor University

Monsen, E. W., Saxton, T, & Patzelt, H. (2007) "Motivation and Participation in Corporate Entrepreneurship: The Moderating Effects of Risk, Effort, and Reward," Frontiers of Entrepreneurship Research: Vol. 27: Iss. 21, Article 1.

Moctezuma, P. 2001. Community-based organization and participatory planning in south-east Mexico City. *Environment and Urbanization*, 13(2): 117-133.

Naude, W. (2010). Entrepreneurship, developing countries, and development economics: new approaches and insights. Small Business Economics (2010) 34:1–12. DOI 10.1007/s11187-009-9198-2

Neck, H, Brush, C, & Allen, E. (2009) the landscape of social entrepreneurship. Arthur M. Blank Center for Entrepreneurship, Babson College, Wellesley, MA 02482, U.S.A. Business Horizons (2009) 52, 13—19. doi:10.1016/j.bushor.2008.09.002

Nielsen, C and Samia, P, M. (2008). Understanding key factors in social enterprise development of the BOP: a systems approach applied to case studies in the Philippines. Journal of Consumer Marketing, Vol. 25 Iss: 7 pp. 446- 454. http://dx.doi.org/10.1108/07363760810915662

North, D. 1990. *Institutions, Institutional Change, and Economic Performance* Cambridge: Cambridge University Press.

Osano, P. 2011. Life at the crossroads: How climate change threatens the existence of the Maasai.

Peng, M., Wang, D., & Jiang, Y. 2008. An institution-based view of international business strategy. *Journal of International Business Studies*, 39: 920–936.

Peredo, A.M & Chrisman, J.J. (2006). Toward a theory of community-based enterprise. Academy of Management Review 31(2): 309-32

Paredo, A.M and Murdith M. (2006). Social Entrepreneurship: A Critical Review of the Concept. Journal of World Business. Volume 41, Issue 1, February 2006. Pages 56-65.Dol:10.1016/j.j.2005.10.007

Phills, J. (2009).Rediscovering Social Innovation. The Fieldstone Foundation. San Diego Grantmakers May 7-8, 2009. Center for Social Innovation. Stanford Business School. Stanford Social Innovation Review

Pieper, I. 2009. *Stichting Het Groene Woudt Policy - An initial exploratory review, 2005-2009*. Utrecht: Context, international cooperation.

Pierce, J. L., T. Kostova, et al. (2001). Toward a theory of psychological ownership in organizations. Academy of Management Review 26(2): 298-310

Poulain-Rehm, T. & Lepers, X. (2013). Does Employee Ownership Benefit Value Creation? The Case of France (2001–2005). J Bus Ethics (2013) 112:325–340. DOI 10.1007/s10551-012-1255-0

Powell ,C.(2004).A Strategy of Partnerships. Foreign Affairs. January 2004, p. 5. http://www.aidemocracy.org/students/the-powell-factor-analyzing-the-role-of-the-powell-doctrine-in-u-s-foreign-policy/ . Accessed, June,2011.

Powell, C.(1992).US Forces: The Challenges Ahead. Foreign Affairs. Winter 1992

Pragnya, A. Y. 2007. *Best practices for the sustainable scaleup of lighting technologies in bottom of the pyramid communities*. Massachusetts Institute of Technology, Cambridge, MA.

Prahalad, C. K. & Hart, S. 1999. Strategies for the Bottom of the Pyramid: Creating sustainable development. Working paper. University of Michigan and University of North Carolina. http://www.bus.tu.ac.th/usr/wai/xm622/conclude%620monsanto/strategies.pdf.

Prahalad, C. K. 2005. *The Fortune at the Bottom of the Pyramid*. Upper Saddle River, NJ: Wharton School Publishing/Pearson Education.

Programme/Project Proposal for the Dutch Foundation. Poverty Reduction through Social-Economic empowerment of the pastoral people in Maasai land of Northern Tanzania. Terrat, Simanjiro-Manyara, Tanzania

Quigley, T.J. & Hambrick, D.C. (2012). When the Former CEO stays on as a Board Chair: Effects on Successor Discretion, Strategic Change, and Performance. Strategic Management Journal (7). 834-859

Rivera-Santos, M., Rufín, C., & Kolk, A. 2012. Bridging the institutional divide: Partnerships in subsistence markets. *Journal of Business Research*, 65(12): 1721-1727.

Rivera-Santos & Rufin, C. (2011). Odd Couples: Understanding the Governance of Firms-NGO Alliances. Journal of Business Ethics. (2010). 94: 55-70. DOI.10.1007/s10551-011-0779-z.

Rivera-Santos, M. & Rufín, C. 2010. Global village vs. small town: Understanding networks at the Base of the Pyramid. *International Business Review*, 19: 126-139.

Rogers, B. L. & Macías , K. E. (2004). Program Graduation and Exit Strategies: A Focus on Title II Food Aid Development Programs. Food and Nutrition Technical Assistance. Technical Note No. 9 November 2004.

Rufín, C. & Rivera-Santos, M. 2013. Cross-sector governance: From institutions to partnerships, and back to institutions. In A. Crane & M. M. Seitanidi (Eds.), *Social Partnerships and Responsible Business: A Research Handbook*: 125-142. London, UK: Routledge.

Rufin, C & Rivera-Santos, M. (2012). Between Commonweal and Competition: Understanding the Governance of Public-Private Partnerships. Journal of Management. Volume 38. N05, September 2012 1630-1654 DOI. 10.1177/0149206310373948

Saitoti, T. O. & Beckwith, C. 1986. *Maasai*. New York, NY: Harry N. Abrams, Inc.

Sánchez, P., Ricart, J. E., & Rodríguez, M. Á. 2007. Influential factors in becoming socially embedded in low-income markets. *Greener Management International*, 51: 19-38.

Schalkwyk van, H.D, Groenewald, J.A, Fraser, G.C.G, Obi A and Tilburg van, A. (2012). Unlocking Markets to Smallholders. Lessons from South Africa. Mansholt Publication Series. Volume 10. Wageningen Academic Publishers. ISBN 1871-9309. ISBN 989-90-8686-134-7

Schreiner, M and Wollor, G. (2003). Microenterprises Development Programs in the United States and in the Developing World. World Development. Vol 31, No.9, pp 1567-1580, 2003. Dol:1016/S0305-750X(03)00112-8

Silverman, D. 2006. *Interpreting qualitative data. (3rd Ed)*. London: Thousand Oaks.

Simanis, E. & Hart, S. L. 2008. *The Base of the Pyramid protocol: Toward next generation BoP strategy (Version 2.0)*. Ithaca NY: Cornell University: Center for Sustainable Global Enterprise.

Spear, T. & Waller, R. 1993. *Being Maasai: ethnicity and identity in East Africa*: James Currey Publisher.

Spencer, P. 1993. Becoming Maasai, being in time. In T. Spear & R. Waller (Eds.), *Being Maasai*: 140-156. Oxford: James Currey.

Spencer, P. 2010. A Survey of Variation Among the Maasai (1977). Unpublished appendix to Paul Spencer,'Time, Space, and the Unknown: Maasai Configurations of Power and Providence'. London: Routledge, 2003.

Silverman, D. (2006). Interpreting qualitative data. (3rd ed, 2006). London, Thousand Oaks, New Delhi: Sage Publications. ISBN13: 978 1 4129 2245

Strategic Document of OMASI. (2009) Orkonerei Maasai Social Initiative (DRAFT) 11/2009. For all OMASI stakeholders.

Sullivan, P. J. 2006. *Indigenous governance: The Harvard Project on Native American economic development and appropriate principles of governance for Aboriginal Australia*: AIATSIS.

Teegen, H., Doh, J. P., & Vachani, S. 2004. The Importance of Nongovernmental Organizations (NGOs) in Global Governance and Value Creation: An International Business Research Agenda. *Journal of International Business Studies*, 35: 463-483.

Tierney, T,J. (2006). The Leadership Deficit. Stanford Social Innovation Review. Summer 2006. Copyright © 2006 by Leland Stanford Jr. University. All Rights Reserved

Tilburg, A. Van (2010). Linkages between Theory and Practice of Marketing in Developing Countries in: Van Trijp, J.C.M and Ingenbleek, P.T.M (2010eds). Markets, Marketing and Developing Countries. Where We Stand and Where We are heading. (Eds). Wageningen Academic Publishers, Wageningen, Netherlands, 2010

Townsend, D.M, DeTienne, D., Yitshaki, R. & Arthurs, J.D. (2009). The Psychological Ownership of Entrepreneurial Organizations: Theoretical and Model Development. Frontiers of Entrepreneurship Research: Vol. 29: Iss. 6, Article 3. Available at: http://digitalknowledge.babson.edu/fer/vol29/iss6/3 (Accessed on 18th February, 2013)

Twumasi, Y. A. & Manu, A. (2003). "Management of watersheds with Landsat TM data: A case study of the Volta river in Ghana." Igarss 2003: Ieee International Geoscience and Remote Sensing Symposium, Vols I - Vii, Proceedings: 1004-1006.

Twumasi, P. A. 2001. *Social Research in Rural Communities. Second edition.* Accra: Ghana Universities Press. Reprinted 2005. ISBN 9964-3-0267-3

Twumasi, P. A. & P. J. Freund (1985). "Local Politicization of Primary Health-Care as an Instrument for Development - a Case-Study of Community-Health Workers in Zambia." Social Science & Medicine 20(10): 1073-1080.

Viswanathan, M. 2007. Understanding Product and Market Interactions in Subsistence Marketplaces: A Study in South India. In J. A. Rosa & M. Viswanathan (Eds.), *Advances in International Management*, Vol. 20: 21-57: Elsevier.

Viswanathan, M., Rosa, J. A., & Ruth, J. A. 2010. Exchanges in Marketing Systems: The Case of Subsistence Consumer–Merchants in Chennai, India. *Journal of Marketing*, 74(3): 1-17.

Viswanathan, M., Sridharan, S., & Ritchie, R. 2010. Understanding consumption and entrepreneurship in subsistence marketplaces. *Journal of Business Research*, 63(6): 570-581.

Webb, J. W., Kistruck, G. M., Ireland, R. D., & Ketchen, D. J. J. 2010. The Entrepreneurship Process in Base of the Pyramid Markets: The Case of Multinational Enterprise/Nongovernment Organization Alliances. *Entrepreneurship Theory and Practice*, 34(3): 555-581.

Williamson, O.E. (1987). Transaction Cost Economies. Journal of Economic Behaviour and Organization. 8, 617-625

Williamson, O.E. (1996). Efficiency, Power, Authority and Economic Organization. In Groenewegen, J (1996). Transaction Cost Economics and Beyond. Kluwer Academic Publishers. ISBN 0-7923-9611-1

World Bank. 2000. *World Development Report 2000/2001: Attacking poverty*. Oxford, UK: Oxford University Press.

Yin, R. K. (2004). The case study anthology. Thousand Oaks, CA, Sage Publications.

Yin, R. K. (1994). Case study research: design and methods. Thousand Oaks, Sage Publications.

Yunus, M. (2010).Building Social Business: The New Kind of Capitalism That Serves Humanity's Most Pressing Needs. With Karl Weber. BBS Public Affairs. New York. ISBN 978-58648-824-6

Zahra, S.A., Gedajlovic, E., Neubaum, D.O. & Shulman, J. M. (2009). A Typology of Social Entrepreneurs: Motives, Search Processes and Ethical Challenges. Journal of Business Venturing 24 (2009) 519-532.

General Summary of Thesis

The term 'exit strategy' has been considered from various angles and domains by scholars and practitioners alike (Cardon and DeTienne, 2013; Van Dijk, 2011; Artto, 2008; Artto and Wickstrom, 2005; Rogers and Macias, 2004; Boeker and Karichachil, 2002; Alter et al, 2001; Berenson, 1963). Interestingly, not much has been written about exit in relation to the study of Social Venture Entrepreneurship (Cardon and DeTienne, 2013; Van Dijk, 2011). It is perhaps the case that this field of study is almost new to management, as well as to development literature. Whilst the term 'exit strategy' has been synonymous to and extensively studied in investment finance, corporate and strategic management, the subject has barely been discussed within (social) entrepreneurship fields of enquiry (Cardon and DeTienne, 2013; Van Dijk, 2011; Mair and Marti, 2009; Zahra et al, 2009). It might be interesting to note that Social Venture Entrepreneurship focuses on both impact and profit motives. DeTienne and Sarason (2009) suggest that exit could be in a form of a withdrawal (i.e. partially or completely abandoning a general product, business, service or project,) and mergers, among others. This thesis builds on DeTienne and Sarason's (2009) definitions of exit; that exit strategy connotes the withdrawal or abandonment from a product, service, initiative or a social venture established to meet a need within the community.

The concept of exit strategy, therefore, cannot be tied to either financial or impact motive alone (Van Dijk, 2011). This calls for further study that considers exit from a two-sided point of view that marries the dual motive of impact and profit (Van Dijk, 2011; Mair and Marti, 2009; Zahra et al, 2009). This thesis, therefore, adopted an institutional and qualitative study approach to pioneer such a study within the narrow field of Social Venture Entrepreneurship. For the sake of clarity, the term 'exit strategy' is considered from the perspective of Social Venture Entrepreneurs and their stakeholders in terms of it forms and meaning within our case study. Furthermore, this thesis is narrowed more towards project-based exit (Khan and Khan, 2012; Artto, 2008; Artto and Wickstrom, 2005; Rogers and Macias, 2004; Alter et al, 2001; Berenson, 1963) than the more traditional forms of exit prevalent in management and finance literature (Cardon and DeTienne, 2013; Boeker and Karichachil, 2002).

Chapter Two: Literature Review

Social Venture Entrepreneurship (SVE), this study has noted from scholarly works (Van Dijk, 2011; Kievit, 2011; Bornstein and Davies 2010; Kievit and Van Dijk, 2009; Mair and Marti, 2009; Light 2009, 2006; Emerson, 2001; Dees, 1998), is a field of enquiry that is less studied in literature. The concept of Social Venture Entrepreneurship has business entrepreneurship, investment and development-related focus as its primary foundation (DeTienne and Cardon, 2012; Zahra et al, 2009; Mair and Marti, 2009).

A combination of impact motives, mostly classified as Social Return on Investment (SROI), and profit motives, defined as Financial Return on Investment (FROI), form the primary assumption of the Social Venture Entrepreneurship business model. The Social Venture Entrepreneurship business model is fast becoming a tool used by economic, social, environmental and business-related foundations, social venture funds, donors and government-related initiatives (Mair and Marti, 2012; Van Dijk, 2011; Kievit, 2011; Zahra et al, 2009).

SVEs seeks to economically empower challenged and weaker community spaces in developing economies to create value as well as establish business supply chains that can become self-reliant to operate without external financial support (Van Dijk, 2011). The sole aim of SVEs is to improve the livelihoods of such communities worldwide as well as a return on their investments. SVEs do this by establishing social ventures in informal economies that have limited access to markets, develop infrastructures, establish supply chains, build local capacities through training and employment, as well as entrepreneurial skills development. This is what scholars within the field of social entrepreneurship categorize as the 'wicked problem', especially when it comes to investing in developing economies (Van Dijk, 2011; Kievit, 2011). The entry process by SVEs to invest in social ventures is not much different from establishing any traditional business venture (Van Dijk, 2011; Mair and Marti, 2009; Zahra et al, 2009, Emerson, 2001). Interestingly, this cannot be said when it comes to exit decision-making and exit strategies for such entrepreneurs and investors.

Social Venture Entrepreneurs (SVEs) are classified as entrepreneurs and investors who invest by using SVE business model (Van Dijk, 2011; Zahra et al, 2009; Mair and Marti, 2009). These entrepreneurs are mostly rich people, families or organizations referred to as 'angels' or 'founders' (Kievit, 2011, Kievit and Van Dijk, 2009; Mair and Marti, 2009; Light, 2009; Zahra et el, 2009; Dees, 1998), who identify and invest in weak informal economies with potential where social venture businesses are expected to thrive.

Social Venture Entrepreneurs only see exit in light of the fulfilment of their dual motive. That is, to create impact as well as generate a certain amount of profit (Van Dijk, 2011; Kievit, 2011; Zahra et al, 2009; Mair and Marti, 2009). SVEs subscribe to exit as the 'final lap' to cement impact and profit realized before they depart from social ventures they establish (Van Dijk, 2011). Exit for SVEs, therefore, must include a set of criteria that could permanently solve identified 'wicked problems' in these communities (Van Dijk, 2011; Zahra et al, 2009). Scholars who study the concept of exit have examined exit in the form of founder departure (DeTienne and Cardon, 2013) and entrepreneurial exit (Cardon and DeTienne, 2012; DeTienne et al, 2009, 2002; Townsend et al, 2009, 2003). These scholars have, in their examination of exit, further focussed on social ventures established within developed economies (Light, 2009; Mair and Marti, 2009b). In the literature so far, studies that could bridge institutional conditions, as well as area specificities that are likely to influence exit decisions for SVEs have stood out in absence. The current thesis contributes to bridging this gap, as well as proposing possible exit routes that are likely to further be tested by future research.

The developing world has become the primary focus for Social Venture Entrepreneurs. It is for this reason that this thesis is narrowed to focus on a Dutch Social Venture Entrepreneur that invests in a developing economy, and specifically, among the Maasai tribe in Northern Tanzania. Whilst it would have been interesting to have focused on many SVEs that invest in a number of developing economies, we did not find such a group of entrepreneurs at the commencement of this study.

Traditional businesses rely on their own savings, bank loans and shareholdings, among others, to start or invest in business initiatives. This could not fully be the case for many rural-based businesses in both developed and developing economies, where founders' savings and bank loans might be limited. Subsidies and special funding options are synonymous with funding businesses that subscribe to the Social Venture Entrepreneurship model (Van Dijk, 2011; Kievit, 2011; Zahra et al, 2009). Social Venture Entrepreneurship in the most elementary sense base their focus of investments on rural and agro-based business ventures (Van Dijk, 2011). The choice of investment within such fields further relate to inadequate or unavailability of collateral, unreliable or absence of formal institutions to enforce contracts and compliance within the said communities. Trust, informal and unwritten contracts, and reciprocity serve as the foundation under which businesses are conducted. Most of such rural-based businesses are furthermore considered to be risk averse and therefore many formal financial agencies such as banks do not operate within these areas of the economy.

Social Venture Entrepreneurs help build business supply chains and institutions and then continue to invest in the businesses they ignite. The primary goal and sole aim is to create value (in the form of impact) before they think of recouping a certain amount of return on investment (profit). When an SVE-initiated supply chain or business venture does not become viable or profitable, the entrepreneur is likely to choose to abandon the social venture only after they have – albeit unsuccessfully – explored available options to turn it into viable business (Van Dijk, 2011). Most SVEs see abandoning their investments in a social venture as a failure, and may therefore re-design, re-invest and re-plan the social venture's structure with the aim to make it viable. This approach is chosen due to the dual focus of SVE initiatives. This relates to the impact value of Social Return on Investment (SROI) and a profit value of Financial Return on Investment (FROI).

Exit strategies adopted by SVEs based on only business or entrepreneurship criteria are likely to defeat the very SVE mission for which the social venture was established. A combination of a project-based exit strategy and business entrepreneurship form of exit is likely to lead to a realization of both the impact and profit motives under which the social venture was established.

A project management set of exit criteria (Artto and Wickstrom, 2005) is likely to cover SROI and is therefore likely to complement social elements embedded within the SVE business model. A project-based set of exit criteria is likely to ensure that an SVE could measure and quantify created value whilst reaching out to disadvantaged communities in the form of impact. Institutional conditions are adequately covered when exit is considered from a project-based point of view. As an example, stakeholder roles and local conditions are captured within a project line of thinking (Artto, 2008; Artto and Wickstrom, 2005). Transferring ownership to a local stakeholder, who can serve as a new entrepreneur-owner for the social venture, is likely to become a preferred choice to transfer ownership when an SVE reaches the decision to exit.

Social Venture Entrepreneurs need to make explicit at the very start of their investment what form of profit or return they expect to achieve. This study did not find any direct links in literature on the type of profit to be expected. On the other hand, impact seemed to correspond with the establishment of the social venture which in turn builds a supply chain that employs as well as provides necessary resources such as market and finance for the identified need of the targeted community. There is the assertion that legal forms and traditional business models from business and entrepreneurship literature will serve as the basic criteria to ensure that SVEs recoup their profit is paramount (Van Dijk, 2011; Mair and Marti, 2009; Emerson, 2002). The profit motive, vis-à-vis the impact motive, however, does not make it prudent for SVEs to opt for only business or entrepreneurship exit decision models. A blend of impact as well as profit is critical in an SVE exit decision model, if exit is to further highlight the passion under which a social venture is established.

The unique aspect of SVEs is that they do not propose to stay in their sponsored supply chains indefinitely, as noted in the literature covered in this thesis (Van Dijk, 2011). Practitioners of the social venturing concept see themselves as investors with a short-term mission. They invest in supply chains for a limited timeframe averaging fifteen years. They then exit to invest in similar chains within similar areas and or under similar conditions (Van Dijk, 2011; Kievit, 2011, 2009).

This study has revealed that the subject of exit is either less researched or less discussed in available literature. Whilst entry forms and motivations of SVEs have gained much scholarly and practitioners' attention, the subject of exit is almost not explored (Cardon and DeTienne, 2013; Van Dijk, 2011). As an example, the role of institutions to ensure that the dual and core mission of Social Venture Entrepreneurship is realized, is almost non-existent both in scholarly literature and practitioners guidelines reviewed. Limited scholarly works were found on the subject matter as well. The aim of our attempt to further highlight exit as an important criterion is therefore to stimulate scholarly as well as societal knowledge and interest in the subject matter among practitioners, society, and policy decision-making, as well as science. Chapter 3 highlights results from empirical studies that have examined the role of institutions in ensuring that SVEs are able to realize the mission and motive for establishing social ventures within communities that derive their sources of investment, as well as transfer of ownership, from a traditional and informal economic spectrum.

Chapter Three: Maasai or Tanzanian?

The goal of this chapter was to explore the impact of the relationship between local institutions and national institutions on business ventures in subsistence markets. Our case study highlights the importance of recognizing both the relative isolation and the relative integration of these markets; the importance of acknowledging institutional differences that may exist across similar communities; and the importance of realizing that their adaptation does not only affect the outside organization, but also the local institutions.

Our research contributes to the literature in three main fields of enquiry. First, we contribute to the subsistence market and BoP literature by highlighting the importance of not only the relative isolation of subsistence markets from but also their relative integration into national institutions for businesses such as social ventures in these communities. Our study reflects previous work emphasizing the need for outside organizations to adapt their models to local institutions (Akula, 2008; Rivera-Santos et al., 2012; Simanis & Hart, 2008; Webb et al., 2010), but also brings to the fore the parallel integration into national institutions. This additional complexity has important implications for the debate on the scalability of BoP ventures (Akula, 2008; Garrette & Karnani, 2010; Pragnya, 2007) of which group social ventures can be classified as being a part, as it suggests that the degree of local adaptation has been underestimated due to a lack of recognition of the community's possible integration into national institutions. Finally, our data also highlight the understudied adaptation that occurs in local institutions as a result of the presence of outside organizations. The exploration of the implications for local communities of social ventures originating from the outside world is an understudied, but crucial, area for future research, as such initiatives may have unexpected negative effects on the community (Rufin & Rivera-Santos, 2013).

More broadly, the challenge of adaptation to a different institutional environment is in fact one of the central questions (if not the central one) of international business and Social Venture Entrepreneurship as a field of academic enquiry. In spite of important insights from literature (Ghemawat, 2007; Henisz, 2000; Peng et al., 2008), the rigorous analysis of the institutional environment, as a means to map out institutional differences across space and time to make and examine adaptation decisions, remains to be much more fully developed. In this aspect, the study of subsistence markets within the context of Social Venture Entrepreneurship, with their complex co-existence of formal and informal, and local and national, institutions, can help shed light into the complex organizational adaptations of outside organizations, such as multinationals or non-profits, necessary for successful business ventures that cross institutional divides.

Secondly, we contribute to the literature on informality (De Soto, 2000; Godfrey, 2011; Minard, 2009), by showing that an intricate relationship may exist between informal and formal institutions, especially with regards to power structures, property rights and contracts. In particular, our study provides the example of an organization which has as an explicit goal to change informal contracting among Maasai women into formal contracting. More broadly, our setting reflects the results of decades of government policies aiming at promoting formal property rights and contracts. While the study of informality and its links to formality has been studied by economists, sociologists, and management scholars (Godfrey, 2011), we still do not fully understand the dynamics and complexities of the boundary between the formal and the informal governance systems, and future research on this boundary is likely to lead to important new insights.

Thirdly, we contribute to the literature on cross-sector partnerships in subsistence markets (Dahan et al., 2010; Kolk & Lenfant, 2012; Rufin & Rivera-Santos, 2013; Webb et al., 2010), by exploring the implications of the relative institutional isolation and integration of a community with regards to the governance structure of a partnership between a non-profit and the community. While much of the literature focuses on partnerships between firms and non-profits, or between firms, non-profits, and the government, less is known about partnerships with communities. In particular, in spite of the focus on many development initiatives on community-based organizations (Dill, 2009; Israel, Schulz, Parker, & Becker, 1998; Moctezuma, 2001), the cross-sector partnership literature has not fully recognized CBOs as possible partners. Exploring the role of CBOs (NGOs in general) in subsistence markets is likely to become an important subject of study in future research on cross-sector partnerships.

Finally, our study also has important implications for managers and non-profit members, as it helps identify not only additional sources of challenges in the ventures they have in subsistence markets but also possible undesired impacts on local institutions. The difficulties associated with ventures in subsistence markets are such that many companies decide to abandon these initiatives (Karamchandani et al., 2011). Our study suggests that at least some of the challenges emerge from a lack of recognition and thorough analysis of the environment, rather than from inherent difficulties in entering these markets.

As any academic endeavor, this study has its limitations. While the qualitative approach of this research allows for a fine-grained understanding of phenomena, it also has implications for generalizability. In particular, the history of the relationship between the Maasai and the national governments of both Tanzania and Kenya is likely to impact the current institutional environments of Maasai communities. Furthermore, the mostly rural and peri-urban nature of the Maasai communities studied may impact the relative isolation and relative integration in different ways than that of urban centers. Finally, the ethnic nature of the Maasai, combining a very strong sense of identity, a different language with little connection to surrounding languages, and a social structure that sets the Maasai apart from the other communities in the rift valley (Spear & Waller, 1993), may lead to more isolation than other groups, which may be more similar to their surrounding communities. As a consequence, we believe that this study is a first step in a broader exploration of the link between isolation and integration in subsistence markets, which should include distinctions between rural and urban settings, between monarchical communities and acephalous communities, and between tribal and non-tribal distinctions. Furthermore, as is the case with many qualitative studies in remote areas, the lead author collaborated with speakers of the local language during the interviews. While the necessary precautions were taken to ensure that the translations were correct, a bilingual researcher may have been able to gather more insights. These trade-offs are common in studies at the Base of the Pyramid and subsistence markets.

We are only starting to understand the complexities of business in subsistence markets. Numerous challenges and failures (Karamchandani et al., 2011) suggest that our current approach may be too simple and should more thoroughly recognize the institutional complexities involved. We hope this study will encourage other researchers to explore this fascinating frontier of research in international business and social issues.

Chapter Four: Transfer of Ownership

The perceptions on the forms, definitions and transfer of ownership have been presented by the fund managers, directors, management, and local stakeholders in the five Maasai communities in the results section. This chapter builds on what we have reviewed from ownership literature as well as results generated from the case study presented in this study. The aim of the chapter is to contribute to literature regarding informality as well as formalised institutional conditions that influence transfer of ownership of social ventures established by SVEs to new or preferred owners. Our study is critical since it specifically contributes to the debate on the role of legal and psychological tenets of ownership at the Base of the Pyramid as well in impact investments that are carried out by SVEs. This especially relates to the period when a SVE has reached the decision point to transfer ownership of the social venture to new owners.

First, this chapter revealed that a hybrid form of ownership that is dominated by investor owned and project (NGO)-focused forms are the most preferred by respondents. It is evident from these results that communities where the social venture and its five processing units are situated as a social venture do not see themselves as real owners in the legal sense of business ownership. This is, however, in contrast with what has been mentioned by directors and management of the social venture. These local stakeholders have presented the NGO as the real owner of the social venture in the psychological sense. Respondents had further related ownership to connote property rights held in trust on their (i.e. the Maasai communities') behalf by the NGO. The results further showed that this category of respondents mentioned a 'hybrid' ownership form whereby ownership is located among the government (represented by the local government administration in Tanzania), the local NGO, staff of the factories, and the SVE through the social venture, as levels of ownership that come to mind regarding the milk-processing units. Notably, our findings contribute to scholarly arguments that suggest that informality and internal integration that focuses on integration of local institutions with less community isolation is necessary to ensure that the social venture operates in an inclusive environment. The strong feeling of ownership by local stakeholders based on the location of the social venture further highlights the argument that it is of vital importance that psychological ownership as a field of enquiry is integrated into SVE exit decision models. Though the results of this study cannot be generalized, our results have shown that it is important to consider the feelings of all stakeholders connected to the established social venture. This is likely to help SVEs to meet their dual objective of impact and profit, even after the Social Venture Entrepreneur is no longer actively involved in the venture (Rufin & Rivera-Santos, 2013; Zahra et al, 2009; Mair and Marti, 2009).

Secondly, our results confirm the argument for distinguishing the legal form of ownership from that of psychological ownership when the decision to exit is discussed. As an example, forms and definitions of ownership proposed by the SVE in their original project document, and interviews held with fund managers, we have noted, have been silent on the forms and definitions most local stakeholders interviewed have mentioned. This could mean that different definitions and forms of understanding of ownership are prevalent among different stakeholders and partners connected to the social venture. A feeling of ownership, (DeTienne,2010, Townsend et al, 2001; and Pierce et al, 2001) has emerged as a dominant ownership form derived from data analyzed from responses of local stakeholders, and to a very large extent, directors and management of the social venture. Whilst the SVE had looked at transfer of equity to new owners from a legal point of view, this could not be said of their local stakeholders. A clarification of definitions and understanding of what the SVE as an SVE stands for should be core to both directors, management, staff and concerned stakeholders such as local leaders, suppliers, and the communities in which they invest (cf. Van Dijk, 2011; Zahra et al, 2009; Hansmann, 1996). This should include the proposed ownership forms mentioned by the stakeholders covered in this study. Zahra et al's (2009) proposition that different types of social ventures call for different approaches to ensure that the social venture thrives is therefore validated in this study. The need to embed psychological ownership with legal ownership in the social venture business model has emerged strongly from our study as well (Van Dijk, 2011; Mair & Marti, 2006). How Social Venture Entrepreneurs construct ownership, this study noted, is an area that scholars and practitioners of this business model need to factor into the SVE model (Van Dijk, 2011; Zahra et al, 2009, Mair &Marti, 2006, Hansmann, 1996).

It could be deduced from forms of ownership presented by various stakeholders that different definitions and perceptions have been communicated from two different perspectives. This has been based on culture and within local contexts of what is meant by the word 'ownership'. As an example, there is a purely psychological feelings and a (NGO type of) project-related form of ownership presented by respondents in Arusha, Tanzania. A feeling of ownership based on the use of the social venture factories by suppliers, the location of the businesses in the five communities, and inheritance of the established business in future (should the SVE leave) is thus prevalent among the local stakeholders, whether stationed in the head office in Arusha or in the five communities covered in this study (Godfrey, 2011; DeTienne,2010; Zahra et al, 2009; Minard, 2009; Townsend et al, 2001; Pierce et al, 2001; De Soto, 2000).

Thirdly, this study found that, there is a lack of clarity concerning forms and definitions of ownership as presented throughout the interviews and focus group discussions. Different definitions and forms of ownership have emerged from documents and responses generated from the Dutch social venture case study. Psychological ownership, based on feelings of directors and management as well as local stakeholders, has emerged strongly in definitions and forms of ownership compared to legal forms of ownership espoused by the SVE. This result necessitates the need to integrate psychological ownership within social venture ownership literature, as well as extend scholarly debate on ownership forms that SVEs should subscribe to when the decision to exit draws closer. This finding further supports the assertion by Zahra et al (2009) and Mair and Marti (2009) that different types of social entrepreneurs need to consider local and regional settings when they establish their social ventures. Inclusion of psychological ownership is likely to help moderate and lead to sustainability of the SVE business model (Van Dijk, 2011; Zahra et al, 2009; Mair & Marti, 2006). Our results further shows that integrating psychological ownership in Social Venture Entrepreneurship literature could lead to a sustainable SVE form of ownership, that will benefit all stakeholders engaged in the running of social ventures such as the one initiated by the SVE in the Maasai communities that served as our primary case study (Van Dijk, 2011; DeTienne, 2010, Townsend et al, 2001; and Pierce et al, 2001).

It is necessary that SVEs should integrate both traditional (legal) and psychological (feelings) ownership in their business models if they wish to realize their mission for investing in local communities such as the Maasai communities covered in this study. SVEs need to, in a participatory way, engage local partners in a discussion on the most appropriate way to integrate the forms of ownership of the social venture business to be established from the onset. A classification and definition of ownership could then be contextualised to meet a definition as subscribed to by local communities where such businesses are established. The question on how to make ownership options proposed, such as a hybrid ownership form, economically sustainable is what needs further discussions and research. Through further studies, the meaning of ownership can be concretized within different domains where such investments are made by Social Venture Entrepreneurs.

Fourthly, this chapter contributes to the assertion by Rufin and Rivera-Santos (2012) and Van Dijk (2011) on the need to re-model the entire social venture business model to factor in institutional and local understandings regarding to decision-making processes for social ventures. This should not only cover the decision to establish social ventures, but the entire process from establishment to exit, and expectations of all stakeholders. As example, the impact and financial return SVEs envisage for their initiated and established businesses could be boosted by re-modelling their business models around traditional (Legal) and psychological ownership forms. Based on results from this chapter, we are of the opinion that local stakeholders may identify more with the initiated businesses if psychological ownership forms are introduced into SVE business models from the onset. This is likely to increase not only legitimacy of the investments among these local partners, but responsibility, stewardship, protection, and other altruistic behaviours toward the established social venture business. This is, at least, from the eyes of local stakeholders who have a feeling that the business established by the SVE, 'belongs' to them as well as to the SVE. SVEs are further likely to realize their mission for investing in local communities by integrating such an approach into their business model. This is because local participation is likely to be strengthened when such partners develop a strong feeling that the established venture belongs to them psychologically.

From the results generated in this study, introducing a 'hybrid' ownership form, whereby different stakeholders have the feeling that they play an important role and partially 'own' the established business, by shared consensus, could be a step that might in the long run benefit both the SVE as an investor in the community, and the local stakeholder as a beneficiary of the said investment. This could help realize the SVE's mission in relation to impact and return on investment. One important element to be mentioned, and probably a question yet to be answered, relates to characteristics the new owners to whom SVEs anticipate to hand over their social ventures in the event of their exit, must possess. This especially relates to new owners who are likely to take up the ownership of a mission-connected business, and, more precisely, to take responsibility for the sustainability of People, Planet and Profit (PPP) as a mission, whilst at the same time being able to appoint management and supervision of the management on behalf of the owners. We see this as an area that will need further research.

In summary, this study narrowed as a single qualitative case study lacks external validity and generalization within the wider field of social entrepreneurship, and, in a narrowest sense, Social Venture Entrepreneurship. Contextually, there are many social venture businesses that have sprung up in the last few years, but they have done so after the commencement of this study. We recommend further studies on the subject of ownership, both legal and psychological, to further deepen our understanding of this phenomenon. Few social venture businesses had reached scale-up stages in general, and in developing countries (sub-Saharan Africa) in particular at the time of this study. We recommend further studies that will likely support, suspend or reject results generated from our study. It is, however, anticipated that our study has served as an opener for scholars and practitioners alike to explore further the phenomenon of transfer of ownership for social venture businesses by Social Venture Entrepreneurs, both in sub-Saharan Africa and in particular, regions where (formal) legal forms of ownership may not have been fully developed at the societal levels. This is very relevant to communities where psychological ownership is embedded in the lifestyle of their markets.

Chapter Five: Exit Strategies for Social Ventures: A Case Study

The question of exit, its meaning and criteria, is discussed with implications for this study highlighted.

Exit has emerged almost being a new topic from the perspectives of both directors and management of the social venture and the SVE's NGO partner. Local stakeholders have defined what they presume to be the definition of exit from their context. Exit forms presented thus seem to be at variance with those expressed by the SVE in their official documents. Respondents have mentioned project-related exit, local partnership and IPO as exit forms and path that they would wish for the social venture to take. These are exit forms they expect the SVE to consider in the event of leaving the business they have established. A mixed exit form was proposed for the SVE, but embedded within a set of project criteria. The results analyzed show a misunderstanding and miscommunication of what the SVE had discussed with its partners.

The few existing studies on exit have considered exit from business and investment perspectives, but have not touched on exit in the context of Social Venture Entrepreneurship (Cardon and DeTienne, 2013; Van Dijk, 2011; DeTienne et al, 2009; Boeker and Karichachil, 2002). This chapter does not only contribute insights and knowledge to the subject matter of exit; we further delve into what Social Venture Entrepreneurs as well as what their main stakeholders presume the concept of 'exit' to mean. Our results show that there is the need for further clarification of what SVEs mean by 'exit' (Van Dijk, 2011). Such a definition should be made explicit to enable all stakeholders associated with social ventures to agree upon it even before the ventures are established. In reference to documents analyzed, it could be deduced that the SVE, as an example in our case study, had no clear exit strategy set out at the time the social venture and the milk processing units were established. This study has revealed that the SVE and the social venture had understood each other, in the context of what exit means, differently regarding the social venture as a social venture. The issue of conflict and informality has emerged as an issue to be tackled by SVEs when they engage with local stakeholders in the decision to establish social ventures (Rufin and Rivera-Santos, 2012). These results also support the argument put forward by Rufin and Rivera-Santos (2012) that decision-making in informal settings requires in-depth understanding of local settings as well as prevailing institutional structures within such settings.

Local stakeholders, our results show, had little information as to what form of exit strategy the social venture had in place, nor had the SVE made explicit to these stakeholders the type of business ownership they anticipated to follow when the time to exit drew near. In principle, these processes were developed whilst the social venture was at the advanced stage of scale-up. The exit processes were, however, not shared with these important partners. This goes against the proposition of Alter et al (2001), who had argued that exit should be considered and planned at the commencement of such initiatives. The suggestion by Berenson (1963) that five important deliverables must be considered when exiting from a business venture was also not fully adhered to by the SVE. Whilst the SVE had worked on its Financial Security, Financial Opportunity and Marketing Strategy; Social Responsibility and Organised Intervention that should take the form of important engagement with local stakeholders, directors and management of the social venture and suppliers of raw materials to the milk processing units, were technically missing.

On the meanings of exit, our results have shown that exit means the transfer of ownership of an established business, but within the context of stakeholders' interpretation. As an example, the meaning of transfer of ownership has been located within the context of local Maasai and informal institutional parlance to suggest transfer of ownership by means of inheritance or succession. The SVE, on the other hand, had considered the meaning of exit in relation to an established business with a social enterprise development fund (SEDF) established to ensure financial flow of resources to sustain the established business venture (The SVE reports, 2012, 2009). Data analyzed revealed that there was no common or agreed upon definition of exit subscribed to by directors and management of the social venture as well as the NGO and local stakeholders. Whilst the SVE had focused on exit to mean the availability of a financier, that is, an SEDF that will continue to run the established social venture, directors and management of the social venture, the NGO and local stakeholders had viewed exit from a perspective whereby communities, producers and the targeted population (women, in this context) are expected to be trained and their capacity built to continue to run the established social venture. A form of project graduation (Artto, 2008; Artto and Wickstrom, 2005; Rogers and Macias, 2004) seems to be a preferred form of exit by these group of respondents.

Our results have revealed that the Social Venture Entrepreneurship business model seems to follow project-based exit criteria more than a business entrepreneurship form of exit (DeTienne and Cardon, 2012; Van Dijk, 2011; Zahra et al, 2009; et al, 2009, Mair and Marti 2009; 2006; Artto, 2008; Artto and Wickstrom, 2005; Boeker and Karichachil, 2002). SVEs' intensions to exit from their established businesses connote a 'progress towards continuous goals'. The proposed exit criteria argued for by Artto (2008), Artto and Wickstrom (2005) and Rogers and Macias (2004) fit into the mission of SVE exit criteria. Our results further show that traditional business and entrepreneurial exit processes and forms such as Management Buyout, Initial Public Offer, Outright Sales, and Mergers and Acquisition either are mentioned less explicitly or not explicitly communicated in the business plans used by the SVE at all. Neither have local stakeholders interviewed expressed these criteria as the most preferred form under which the SVE will need to consider to exit. This calls for a better definition and clarification of what definition of exit is likely to be accepted by the SVE and its stakeholders.

Whilst exit forms mentioned by respondents had been explicitly covered in documents provided to us by the SVE, our study did not find mention of any of such exit forms during field data collection and interviews conducted among directors, management and staff of the social venture. Whilst we noted that most of these respondents have some form of knowledge regarding social entrepreneurship as a field of study, most of them had viewed the SVE and the social venture as NGO-based forms of initiative that would follow a project-based approach when the time to exit draws nearer. Based on our findings, we confirm arguments made by Zahra et al (2009), Mair and Marti (2009; 2006), Artto (2008), Artto and Wickstrom (2005), who argue that differences in business motives and geographical contexts necessitate different business models to be designed. Our results have shown that this argument is also valid within the field of Social Venture Entrepreneurship. Modification of existing social venture business models to fit into the motivation of social entrepreneurs and their local stakeholders is likely to help build and scale up their social ventures in order to realize the social change they seek to achieve.

Further results from our case study have revealed the complex situation in which the SVE finds itself in setting up a social venture in a community that builds its business relations and management around informal markets. Local definitions of exit have focused on project-based transfer of initiatives to communities (Rogers and Macias, 2004). The fact that different definitions and perceptions of exit have been unearthed from the SVE and its stakeholders, present different framing of exit that could be considered by the SVE as a way to secure trust whilst they plan their exit from the social venture. The complexities regarding exit decisions and forms identified from our case study show that none of the processes documented in the SVE's business protocol has been adequately shared by or aired to their local stakeholders. This result contributes to stakeholder theory as a s field of enquiry (Jensen, 2010; Friedman and Miles, 2002; Jones and Wicks, 1999) in that the inclusion of all stakeholders in decision-making is as important as the implementation of decisions based solutions within the informal sector of any economy (Khan and Khan, 2012; DeTienne and Sarason 2009).

The SVE had proposed a scenario whereby the ownership of the business would be ceded in a gradual process to staff, management, producers of milk (suppliers, who are mainly women), and the community at large. Our results show that the SVE did not mention 'how' such a process would be carried out. Exit strategies for the SVE in the context of the social venture had thus been left to the interpretation of different respondents and stakeholders. Berenson's (1963) proposition of exit criteria to be based on financial, market, social and organizational elements seem to have been negatively skewed towards financial elements of exit on the part of the SVE, and social and project-based exit processes by local stakeholders and management of the social venture. As an extension to the study of scale-up of social ventures, scholars and practitioners of SVE in general, will likely need to further investigate if such framings exist in similar case studies around the world. Furthermore, such studies could help to show how different framings and synergies on exit forms and strategies presented in this paper could be of utmost interest to the wider study of exit for social entrepreneurship in the long term.

Finally, this chapter has revealed that local stakeholder participation in decision-making is important to cement social partnerships that are likely to ensure a sustainable exit by an SVE. The concept of exit had so far been downplayed and this has affected the process of finding a new owner for Dutch social venture who will continue with the SVE's mission as well as takeover equity transfer of the social venture. The SVE had proposed a learning-by-doing approach at the time the social venture was established. The SVE will need to consider local stakeholders' participation in its decision-making related to its exit strategy for the social venture. A common definition of exit and agreed upon exit strategies, as well as departure processes , as espoused by DeTienne and Cardon (2012), Van Dijk, (2011), Zahra et al, (2009) Mair and Marti, (2009; 2006) and Boeker and Karichachil, 2002), are decision paths that are likely to enhance the mission for establishing the social venture. However, local definitions of exit, a common understanding of exit strategies and forms agreed upon, as well as jointly implemented, by the SVE is likely to ensure that the SVE could transfer its ownership in terms of equity and mission from the social venture with minimal shocks.

Scholars such as DeTienne and Cardon (2012) and Mair and Marti (2009, 2006) have touched on important considerations that could help enhance scale-up and fulfilment of the mission of social entrepreneurs in general. Zahra et al (2009) have argued the need to consider differences and typologies of social venture business models in order to ensure that their expected mission is realized. DeTienne and Cardon (2012), Van Dijk (2011), Mair and Marti (2009, 2006), Zahra et al (2009) and Boeker and Karichachil (2002) have all suggested the need for further research into the phenomena of scalability of the concept of (social) entrepreneurship in relation to processes related to exit decisions and founder departure.

Results generated from our case study, within the context of a western and developing economy joining hands to do business, show that local partners and stakeholders subscribe to different definitions of exit. A preferred form of exit suggested by local stakeholders seems to be based on a project form of exit. In the context of this study, exit does not only connote a gradual transfer of ownership of established social venture to new owners by means of equity but is also based social and communal framing that touches on training and capacity building for target beneficiaries. As an example, women as main beneficiaries are expected to take over part of the established social venture. Local communities that house these businesses, and their representatives, see exit as a form of local partnership that is shared by the SVE and them. Decision-making regarding the form of exit and its criteria must therefore be discussed and agreed upon by all concerned stakeholders, and not only the Social Venture Entrepreneur. We found from our case study that the latter was not fully adhered to by the SVE. Traditional business exit strategies are the sole prerogative of the entrepreneur or investor(s) based on the legal form of business established.

Financial exit modes such as Outright Sale, Management Buyout/Internal Succession, Mergers and Acquisition, and Initial Public Offer (IPO), which are highly important to the SVE model, were barely mentioned by local stakeholders from results we have analyzed in this chapter. The question as to how to financially sustain and run established social ventures seems not to be in the minds of local stakeholders. We further observed that the SVE, on the other hand, had not adequately discussed the topic of exit with its management, local stakeholders and partners at the start of the venture. This had led to different interpretations and definitions of exit as we have presented in our case study. The fact that the SVE did not discuss its exit intensions and forms of departure from the established social venture with its local stakeholders has affected the SVE's exit decision in the long run. This finding suggests that that it is prudent for a Social Venture Entrepreneur to make known and clearly outline its exit processes, criteria and strategies with local stakeholders. SVEs should also include a certain degree of local stakeholder participation to discuss expected impact, as well as business and entrepreneurial (financial) expectations, in their business model at the commencement of their business, i.e. the social venture.

Chapter Six: Exit Decision for Social Venture Entrepreneurs: A Conjoint-Based Study

Results in chapter six have revealed that exit decision as a subject matter is less considered than business entry and its management by Social Venture Entrepreneurs. This confirm arguments and observations made by several works discussed in this paper that exit decision in management, entrepreneurship and related studies do indeed need to be considered if Social Venture Entrepreneurs are to meet their dual objectives of reaching impact and financial return (Cardon and DeTienne, 2012; Khan and Khan 2012; Van Dijk, 2011; Kievit, 2011; Mair and Marti, 2009; Zahra et al, 2009; Emerson 2001;

Dees, 1998). As an example, out results show that 83.3% of respondents are unlikely to exit from their social ventures.

Secondly, results from this study did not show any significance and therefore disproved all four hypothesis set up for this study. Further analytical tools used confirmed a null hypothesis. Whilst we found no significance, which is in principle due to the small sample size as well as low respondent rate due to the existence of a limited number of Social Venture Entrepreneurs, our result presents the gap that exist between theory and practice (Zahra et al, 2009; Mair and Marti, 2009).

Thirdly, the most revealing result in this chapter is the fact that 48.8% of respondents are likely to opt for Merger or Acquisition with another organization as the probable mode of exit from the social venture. 19.5% would opt for Management Buyout/Internal Succession and 9.8% would sell their social venture. 22.0% would decide not to leave the social venture in the probable mode. With regards to preferred exit routes, 40.5% of respondent opted for Merger or Acquisition of their social venture with another organization. This was followed by Management Buyout/Internal Succession (28.6%) and Sale of the social venture (11.9%). 19.0% of respondents would prefer not to exit from the social venture. This only partially support Hypothesis 1(C) and 2(B) which seek to suggest that organizational capability is likely to play an important role in the decision to exit.

Our results show that entrepreneurial and managerial experiences have a positive effect on Social Venture Entrepreneur's decision to exit. This confirms scholarly arguments of DeTienne and Cardon (2012), Van Dijk (2011), Mair and Marti (2009, 2006), Zahra et al (2009) and Boeker and Karichachil (2002) that concept of founder departure or entrepreneurial exit seems to be centered around prior knowledge and experience of founders and investors of social ventures.

Chapter seven: General Discussion

This chapter summarizes the main findings of this thesis. It presents a synthesis based on the main research question, sub-questions and implications as well as concluding remarks for this thesis. It is argued that, though the concept of exit is thematic, it is also a complex issue that scholars will need to factor into ownership, institutions and informality literature to further understand and propose an exit route that can sustainably meet the dual mission of SVEs. The chapter raises questions that scholars and practitioners alike will need to further consider.

General Summary of Thesis (Dutch)

De term ‘exit strategie’ wordt van verschillende kanten en vakgebieden belicht en onderzocht, zowel door academici als door mensen in het bedrijfsleven (Cardon en DeTienne, 2013; Van Dijk, 2011; Artto, 2008; Artto en Wickstrom, 2005; Rogers en Macias, 2004; Boeker en Karichachil, 2002; Alter et al, 2001; Berenson, 1963). Weinig is echter geschreven over ‘exit’ in relatie tot Social Venture Entrepreneurship (Cardon en DeTienne, 2013; Van Dijk, 2011). Het lijkt dat dit een vrijwel nieuw terrein is, zowel voor managers als binnen de wetenschappelijke literatuur op het gebied van ontwikkeling. Hoewel de term ‘exit strategie’ uitvoerig onderzocht als investeringbegrip, het onderwerp onderbelicht gebleven in relatie tot (sociaal) ondernemerschap (Cardon en DeTienne, 2013; Van Dijk, 2011; Mair en Marti, 2009; Zahra et al, 2009). Social Venture Entrepreneurship en investment richt zich zowel op het realiseren van impact - als op het winstmotief. DeTienne en Sarason (2009) stellen dat een exit onder andere plaats kan vinden in de vorm van terugtrekken (d.w.z. het gedeeltelijk of geheel afstoten van een algemeen product, een bedrijf, service of project) of fuseren. Dit proefschrift gaat uit van de definitie van exit zoals geformuleerd door DeTienne en Sarason (2009): exit strategieën impliceren het zich terugtrekken uit of het afstoten van een product, service, initiatief of social venture dat is ontwikkeld of opgericht met het doel tegemoet te komen aan een behoefte vanuit de gemeenschap.

Dit betekent dat het concept exit strategie niet slechts verbonden kan worden aan óf financiële óf impactmotieven (Van Dijk, 2011). Exit strategie vergt onderzoek dat exit bekijkt vanuit een tweezijdig oogpunt waarin impact- èn winstmotieven worden samengebracht (Van Dijk, 2011; Mair en Marti, 2009; Zahra et al, 2009). In dit kan zijn binnen het vakgebied van Social Venture Entrepreneurship. Om onduidelijkheden tegen te gaan, wordt de term ‘exit strategie’ wat betreft de verschillende vormen en betekenissen binnen onze casestudy besproken vanuit het perspectief van Social Venture Entrepreneurs en andere belanghebbenden. Daarnaast spitst dit proefschrift zich meer toe op exit uit projecten (Khan en Khan, 2012; Artto, 2008; Artto en Wickstrom, 2005; Rogers en Macias, 2004; Alter et al, 2001; Berenson, 1963) dan op de traditionelere vormen van exit waar de bestaande financiële en managementliteratuur zich voornamelijk op richt (Cardon en DeTienne, 2013; Boeker en Karichachil, 2002).

Hoofdstuk twee: Literature Review

Social Venture Entrepreneurship (SVE) is tamelijk nieuw,zich ontwikkelend vakgebied (Van Dijk, 2011; Kievit, 2011; Bornstein en Davies 2010; Kievit en Van Dijk, 2009; Mair en Marti, 2009; Light 2009, 2006; Emerson, 2001; Dees, 1998). Kernbegrippen van Social Venture Entrepreneurship zijn ondernemerschap, investeringen en ontwikkeling (DeTienne en Cardon, 2012; Zahra et al, 2009; Mair en Marti, 2009).

Social Venture Entrepreneurship is een business model dat uitgaat van een combinatie van impactmotieven, ook wel *Social Return on Investment* (SROI) en winstmotieven, aangeduid met *Financial Return on Investment* (FROI). Social Venture Entrepreneurship business model wordt steeds vaker gebruikt door economische, maatschappelijke en mileu- en bedrijfsgerelateerde stichtingen, social venture fondsen, donoren, en overheidsgestuurde initiatieven (Mair en Marti, 2012; Van Dijk, 2011; Kievit, 2011; Zahra et al, 2009).

SVE's stellen zich tot doel de zelfbeschikking van onbemiddelde en zwakkere gemeenschappen in ontwikkelingslanden te stimuleren om zo toegevoegde waarde te creëren en een productieketen op te zetten die zelfstandig kan worden zodat deze kan functioneren zonder financiële steun van buitenaf (Van Dijk, 2011). Naast het behalen van rendement op hun investering, richten SVE's zich overal ter wereld uitsluitend op het verbeteren van de kostwinning van dergelijke gemeenschappen. Dit doen zij doormiddel van het opzetten van social ventures in informele economieën die een beperkte toegang tot markten hebben, door het ontwikkelen van infrastructuur, het organiseren van waardeketens, en het versterken van lokale capaciteiten door middel van training, werkgelegenheid en de ontwikkeling van ondernemersvaardigheden. Het investeren in ontwikkelingseconomieën waarin voorzieningen ontbreken wordt door onderzoekers binnen het gebied van het sociaal ondernemerschap gezien als een 'wicked problem'(Van Dijk, 2011; Kievit, 2011). De manier waarop SVE's social ventures instappen verschilt niet veel van het opzetten van een traditionele onderneming (Van Dijk, 2011; Mair en Marti, 2009; Zahra et al, 2009, Emerson, 2001). Interessant genoeg zijn de besluitvorming rondom exit uit een social venture en de mogelijke exit strategieën voor dit soort ondernemers en investeerders wèl heel anders dan voor hun collega's in gevestigde markteconomieën .

Social Venture Entrepreneurs (SVE's) zijn ondernemers en investeerders die investeren op basis van het SVE- business model (Van Dijk, 2011; Zahra et al, 2009; Mair en Marti, 2009). Dit zijn vooral welgestelde individuen, families of organisaties die worden aangeduid met de termen 'angels' of 'founders' (Kievit, 2011, Kievit en Van Dijk, 2009; Mair en Marti, 2009; Light, 2009; Zahra et el, 2009; Dees, 1998) en die zich identificeren met en investeren in zwakke informele economieën met potentieel waar social venture-bedrijven naar verwachting goed zullen gedijen.

Social Venture Entrepreneurs beschouwen exit alleen in het licht van het vervullen van hun tweezijdige oogmerk. Dat wil zeggen, het creëren van impact *en* het genereren van een zekere mate van winst (Van Dijk, 2011; Kievit, 2011; Zahra et al, 2009; Mair en Marti, 2009). SVE's zien exit als 'de laatste ronde' waarin ze de voortzetting van de gerealiseerde impact en winst waarborgen alvorens de social ventures die zij hebben opgezet te verlaten (Van Dijk, 2011). Voor SVE's moet er dus een aantal criteria opgenomen worden in hun exit die kunnen zorgen voor een permanente oplossing voor de 'wicked problems' die in deze gemeenschappen zijn vastgesteld (Van Dijk, 2011; Zahra et al, 2009). Academici die het concept exit onderzocht hebben, hebben gekeken naar de exitvormen '*founder departure*' (DeTienne en Cardon, 2013) en '*entrepreneurial exit*' (Cardon en DeTienne, 2012; DeTienne et al, 2009, 2002; Townsend et al, 2009, 2003). Deze onderzoekers hebben zich daarnaast gericht op exit uit social ventures binnen ontwikkelde economieën (Light, 2009; Mair en Marti, 2009b). Onderzoeken die zowel institutionele als gebiedsspecifieke omstandigheden die de besluitvorming omtrent de exit van SVE's mogelijk beïnvloeden konden overbruggen, zijn tot nu toe opvallend afwezig in de literatuur. Dit proefschrift draagt bij aan het overbruggen van deze kloof, en er worden enkele exit routes voorgesteld die in de toekomst hoogstwaarschijnlijk nog onderzocht en getest zullen worden.

Social Venture Entrepreneurs richten zich tegenwoordig hoofdzakelijk op ontwikkelingslanden. Dit is de reden dat dit proefschrift zich richt op een Social Venture Entrepreneur/Investor die investeert in een ontwikkelingseconomie, en in het bijzonder in een Masaï-stam in Noord-Tanzania. Hoewel het interessant zou zijn geweest om ons te richten op een groot aantal SVE's die in verschillende ontwikkelingseconomieën investeren, was het niet mogelijk om vóór de start van dit onderzoek een dergelijke groep ondernemers te vinden.

Traditionele bedrijven zijn (onder andere) afhankelijk van hun eigen spaargeld, bankleningen en aandeelhouderschap om zakelijke initiatieven op te richten of hierin te investeren. Dit kan niet volledig het geval zijn voor veel landbouwbedrijven in zowel ontwikkelde landen als ontwikkelingslanden, waar het spaargeld en de bankleningen van oprichters beperkt zijn. Subsidies en speciale financieringsopties staan synoniem voor het bekostigen van bedrijven die het business model Social Venture Entrepreneurship onderschrijven (Van Dijk, 2011; Kievit, 2011; Zahra et al, 2009). Social Venture Entrepreneurship in zijn meest basale vorm richt zijn investeringen op rurale en op landbouw gebaseerde ondernemingen (Van Dijk, 2011). De keuze voor een investering binnen deze sectoren hangt verder samen met onvoldoende of onbeschikbaar onderpand en de onbetrouwbaarheid of afwezigheid van formele instanties die binnen de gemeenschappen de naleving van contracten en overeenkomsten kunnen waarborgen. Deze ondernemingen worden bestuurd op basis van vertrouwen, informele en ongeschreven contracten en wederkerigheid. Daarnaast wordt het overgrote deel van dit soort op landbouw gebaseerde bedrijven gezien als risicomijdend, waardoor veel formele financiële instanties zoals banken niet binnen deze delen van de economie actief zijn.

Social Venture Entrepreneurs helpen bij het opbouwen van zakelijke productieketens en instanties en blijven vervolgens investeren in de bedrijven die zij hebben opgericht. Het voornaamste doel is het creëren van waarde (in de vorm van impact) vóórdat zijn gaan nadenken over het terughalen van een zeker rendement op investering (winst). Als een door een SVE opgezet bedrijf niet levensvatbaar of winstgevend wordt, is het waarschijnlijk dat de SVE zich pas uit de social venture terugtrekt nadat hij/zij – al dan niet met succes – alle mogelijke manieren om de onderneming rendabel te maken heeft onderzocht (Van Dijk, 2011). De meeste SVE's zien het opgeven van hun investeringen als een mislukking en zullen de structuur van een social venture daarom vaak herontwerpen en herplannen en zullen hierin blijven herinvesteren teneinde het rendabel te maken. Er wordt vaak voor deze aanpak gekozen juist omdat SVE-initiatieven een tweezijdige focus hebben met betrekking tot de impactwaarde van *Social Return on Investment* (SROI) en een winstwaarde van *Financial Return on Investment* (FROI). Als SVE's zouden kiezen voor exit-strategieën die uitsluitend gebaseerd zijn op zakelijke en ondernemingscriteria, zou dit de SVE-missie waarvoor de social venture is opgericht in gevaar brengen. Een combinatie van een projectspecifieke exit-strategie en een exit-strategie gebaseerd op zakelijk ondernemerschap zal daarentegen waarschijnlijk leiden tot de realisatie van zowel de impact- als de winstmotieven waarmee de social venture werd opgericht.

Een reeks exit-criteria gebaseerd op projectmanagement (Artto en Wickstrom, 2005) zal de SROI naar verwachting omvatten en zal op deze manier de sociale elementen die verankerd zijn in het SVE business model kunnen aanvullen. De verwachting is dat een reeks projectspecifieke exit-criteria een SVE in staat zal stellen de gecreëerde waarde te meten en te kwantificeren en tegelijkertijd de hand te reiken naar achtergestelde gemeenschappen in termen van impact. Als exit wordt beschouwd vanuit een projectspecifiek oogpunt, wordt daarnaast voldoende rekening gehouden met institutionele omstandigheden. Zo vallen de rol van belanghebbenden en lokale omstandigheden bijvoorbeeld binnen een projectspecifieke aanpak (Artto, 2008; Artto en Wickstrom, 2005). Als een SVE besluit tot exit, zal deze waarschijnlijk de voorkeur geven aan het overdragen van eigendom aan een lokale belanghebbende, die de nieuwe ondernemer-eigenaar van de social venture kan worden.

Social Venture Entrepreneurs moeten aan de aanvang van hun investering expliciet duidelijk maken wat voor soort winst of rendement zij verwachten te behalen. Er werden tijdens dit onderzoek in de literatuur geen directe relaties gevonden met betrekking tot het type winst dat wordt verwacht. Impact, daarentegen, leek verband te houden met het oprichten van de social venture die op zijn beurt zorgt voor een productiewaardeketen die leidt tot werkgelegenheid en zorgt voor de nodige voorzieningen ten behoeve van de behoeftes van de betreffende gemeenschap, zoals markten en fondsen. Er wordt gesteld dat rechtsvormen en traditionele businessmodellen uit de zakelijke en ondernemingsliteratuur de essentiële basiscriteria zullen vormen die ervoor zullen zorgen dat SVE's hun winst kunnen behalen (Van Dijk, 2011; Mair en Marti, 2009; Emerson, 2002). Door de combinatie tussen winst- en impactmotieven is het echter onverstandig om uitsluitend te kiezen voor exit-beslissingsmodellen voor bedrijven of ondernemers. Als het doel van de exit is om de passie waarmee een social venture is opgericht nog verder te onderstrepen, dient de mix tussen impact en winst een cruciale rol te spelen in een exit-beslissingsmodel voor SVE's.

Wat uniek is aan SVE's, en wat ook uit de besproken literatuur (Van Dijk, 2011) naar voren komt, is het feit dat zij niet van plan zijn om voor onbepaalde tijd onderdeel uit te blijven maken van de door hen gesponsorde productieketens. Ondernemers die het concept van social venturing in de praktijk brengen zien zichzelf als investeerders met een missie op de korte termijn. Zij investeren slechts voor een beperkte tijd van gemiddeld vijftien jaar in een specifieke productieketen. Na deze tijd vertrekken zij weer om te investeren in andere, soortgelijke productieketens in soortgelijke gebieden en onder soortgelijke omstandigheden (Van Dijk, 2011; Kievit, 2011, 2009).

Uit dit onderzoek is gebleken dat het onderwerp 'exit' in de beschikbare literatuur minder vaak onderzocht en besproken wordt. Terwijl academici en ondernemers veel aandacht schenken aan de vormen van en redenen voor SVE-entry, blijft SVE-exit een vrijwel onontgonnen gebied (Cardon en DeTienne, 2013; Van Dijk, 2011). Zo wordt de rol die instanties hebben in het waarborgen van de realisatie van de tweezijdige kernmissie van Social Venture Entrepreneurship niet of nauwelijks besproken in de onderzochte wetenschappelijke literatuur en beleidsstukken uit de praktijk. Er zijn ook nauwelijks academische werken over het onderwerp te vinden. Het doel van onze poging om exit als belangrijk criterium onder de aandacht te brengen is dan ook het stimuleren van de academische en maatschappelijke kennis van en interesse in het onderwerp onder vakmensen, in de wetenschap, in de besluitvorming omtrent beleid en in de maatschappij als geheel. Hoofdstuk 3 geeft een overzicht van de resultaten van empirische onderzoeken naar de rol van instellingen met betrekking tot het ondersteunen van SVE's in het realiseren van hun missie en motieven voor het oprichten van social ventures in gemeenschappen die zowel hun investeringsbronnen als de overdracht van eigendom ontlenen aan een traditioneel en informeel economisch spectrum.

Hoofdstuk twee: Maasai or Tanzanian?

Het doel van dit hoofdstuk was het verkennen van de invloed van de relaties tussen lokale instanties en nationale instanties op zakelijke ondernemingen in bestaanseconomieën.

Onze casestudy benadrukt hoe belangrijk het is om zowel de relatieve isolatie als de relatieve integratie van deze markten te onderkennen. Het is van belang om de institutionele verschillen die zich wellicht voordoen tussen gelijksoortige gemeenschappen te erkennen en om ons te realiseren dat de manier waarop zij zich aanpassen niet alleen invloed heeft op de externe organisatie maar ook op de lokale instanties.

Ons onderzoek draagt bij aan de literatuur binnen drie onderzoeksgebieden. Ten eerste levert het een bijdrage aan de bestaanseconomie- en BoP-literatuur door aandacht te vragen voor het belang van de relatieve isolatie van economieën op het niveau van het bestaansminimum maar ook van de relatieve integratie met nationale instanties voor bedrijven zoals social ventures in deze gemeenschappen. Ons onderzoek versterkt eerder werk dat de noodzaak voor externe organisaties om hun modellen aan te passen aan lokale instanties benadrukt (Akula, 2008; Rivera-Santos et al., 2012; Simanis & Hart, 2008; Webb et al., 2010), maar het brengt ook de parallelle integratie met nationale instanties onder de aandacht. Deze toegevoegde complexiteit heeft belangrijke gevolgen voor het debat over de schaalbaarheid van BoP-ondernemingen (Akula, 2008; Garrette & Karnani, 2010; Pragnya, 2007), waar social ventures onder gecategoriseerd kunnen worden, omdat het suggereert dat de mate van lokale aanpassing in het verleden is onderschat. De mogelijke integratie van de gemeenschap met nationale instanties is niet voldoende onderkend (Rufin & Rivera-Santos, 2013). Tenslotte brengen onze resultaten ook de aanpassing die zich voordoet in voor het voetlicht. Het verkennen van de effecten van social ventures uit de 'buitenwereld' op plaatselijke gemeenschappen is een onderbelicht maar cruciaal gebied voor verder onderzoek, omdat zulke initiatieven onverwachte negatieve effecten zouden kunnen hebben op de gemeenschap (Rufin & Rivera-Santos, 2013).

In bredere zin is de opgave van het aanpassen aan een ander institutioneel kader zelfs een van de belangrijkste onderwerpen (zo niet hèt belangrijkste onderwerp) binnen de internationale zakenwereld en Social Venture Entrepreneurship als wetenschappelijk onderzoeksgebied. Ondanks belangrijke inzichten uit de bestaande literatuur (Ghemawat, 2007; Henisz, 2000; Peng et al., 2008), kan het nauwgezet analyseren van het institutionele kader als hulpmiddel bij het in kaart brengen van institutionele verschillen tussen bepaalde gebieden en perioden voor het nemen en bestuderen van beslissingen tot aanpassing nog veel verder ontwikkeld worden. Wat dat betreft kan het bestuderen van economieën op het bestaansminimum – met hun complexe co-existentie van formele en informele, en lokale en nationale instanties – binnen de context van Social Venture Entrepreneurship een licht werpen op de complexe organisatorische aanpassingen van externe organisaties zoals multinationals of non-profit organisaties die nodig zijn voor succesvolle ondernemingen die institutionele kloven overbruggen.

Ten tweede leveren we een bijdrage aan de literatuur over informaliteit (De Soto, 2000; Godfrey, 2011; Minard, 2009) door aan te tonen dat er een gecompliceerde relatie bestaat tussen informele en formele instanties, vooral met betrekking tot machtsstructuren, eigendomsrechten en contracten. Ons onderzoek geeft het specifieke voorbeeld van een organisatie die zich expliciet tot doel stelt om de informele manier waarop Masaï-vrouwen onderling contracten afsluiten te formaliseren. In bredere zin geeft ons onderzoek de resultaten weer van decennia aan overheidsbeleid gericht op de promotie van formele eigendomsrechten en contracten. Hoewel informaliteit al bestudeerd is door economen, sociologen en onderzoekers op het gebied van management (Godfrey, 2011), bestaat er nog steeds geen compleet beeld met betrekking tot de dynamieken en complexiteiten in relatie tot de grens tussen de formele en informele bestuurssystemen, en verder onderzoek naar deze grens zal hoogstwaarschijnlijk leiden tot belangrijke nieuwe inzichten.

Ten derde dragen we bij aan de literatuur over sectoroverschrijdende samenwerkingsverbanden in bestaanseconomieën (Dahan et al., 2010; Kolk & Lenfant, 2012; Rufin & Rivera-Santos, 2013; Webb et al., 2010) door onderzoek te doen naar de implicaties van de relatieve institutionele isolatie en integratie van een gemeenschap met betrekking tot het bestuurssysteem van een samenwerkingsverband tussen een non-profitorganisatie en de gemeenschap. Hoewel een groot deel van de literatuur zich richt op samenwerkingsverbanden tussen bedrijven en non-profitorganisaties of tussen bedrijven, non-profitorganisaties en de overheid, is er minder bekend over samenwerkingsverbanden met gemeenschappen. Ondanks een focus op een groot aantal ontwikkelingsinitiatieven van maatschappelijke organisaties (Dill, 2009; Israel, Schulz, Parker, & Becker, 1998; Moctezuma, 2001) heeft de literatuur over sectoroverschrijdende samenwerkingsverbanden maatschappelijke organisaties (*community-based organisations*, CBO's) in het bijzonder nog niet volledig (h)erkend als mogelijke partners. Het verkennen van de rol van CBO's (ngo's in het algemeen) in economieën op het bestaansminimum zal waarschijnlijk een belangrijke plaats innemen in toekomstig onderzoek naar sectoroverschrijdende samenwerkingsverbanden.

Tenslotte heeft ons onderzoek ook belangrijke gevolgen voor managers en medewerkers van non-profitorganisaties, omdat het niet alleen bijkomende oorzaken van uitdagingen binnen hun ondernemingen in overlevingseconomieën identificeert, maar ook mogelijke ongewenste effecten hiervan op lokale instanties. De moeilijkheden die ondernemen in dergelijke economieën met zich meebrengt, zijn van dergelijke aard dat veel bedrijven ervoor kiezen om deze initiatieven af te stoten (Karamchandani et al., 2011). Uit ons onderzoek blijkt dat deze moeilijkheden in ieder geval deels veroorzaakt worden door een gebrek aan erkenning en grondige analyse van de omgevingen niet slechts problemen die inherent zijn aan het betreden van deze markten.

Als wetenschappelijk experiment is dit onderzoek gebonden aan bepaalde beperkingen. Hoewel de kwalitatieve aanpak het mogelijk maakt om bepaalde fenomenen tot in de details te begrijpen, heeft het ook gevolgen voor de generaliseerbaarheid. In het bijzonder zal de geschiedenis van de relatie tussen de Masaï en zowel de Tanzaniaanse als de Keniaanse overheid waarschijnlijk zijn weerslag hebben op huidige institutionele omstandigheden binnen Masaï-gemeenschappen. Daarnaast kan de agrarische en peri-urbane aard van de onderzochte Masaï-gemeenschappen ervoor gezorgd hebben dat zij op andere manieren geïsoleerd zijn van en geïntegreerd zijn met instanties dan stedelijke centra. Tenslotte is het mogelijk dat de Masaï door hun etnische aard – een combinatie van een sterk identiteitsgevoel, een eigen taal met weinig verwantschap met andere talen die in de omgeving gesproken worden en een sociale structuur die de Masaï scheidt van de andere gemeenschappen in de Grote Riftvallei (Spear & Waller, 1993) – ertoe leidt dat de Masaï in grotere isolatie leven dan andere bevolkingsgroepen die wellicht meer gemeen hebben met de omliggende gemeenschappen. Wij zijn daarom van mening dat dit onderzoek een eerste stap is naar een bredere verkenning van de verbanden tussen isolatie en integratie in bestaanseconomieën, waarbij rekening gehouden dient te worden met de verschillen tussen landelijke en stedelijke gebieden, tussen monarchistische en ongelaagde gemeenschappen en tussen tribale en non-tribale verschillen. Daarnaast werkte de hoofdauteur, zoals bij veel kwalitatieve onderzoeken in afgelegen gebieden het geval is, tijdens de interviews met sprekers van de plaatselijke taal. Hoewel de noodzakelijke voorzorgsmaatregelen getroffen werden voor het tot stand brengen van een correcte vertaling, zou een tweetalige onderzoeker wellicht meer inzichten hebben kunnen vergaren. Het is gebruikelijk om dergelijke afwegingen te moeten maken bij onderzoeken naar *Base of the Pyramid* en economieën op het niveau van een minimum bestaan.

We hebben slechts een tipje van de sluier opgelicht met betrekking tot het begrijpen van de complexiteit van het ondernemen in lage inkomens-economieën. Uit de vele uitdagingen en mislukkingen (Karamchandani et al., 2011) komt naar voren dat onze huidige aanpak wellicht te simpel is en dat we ons beter bewust moeten zijn van de geldende institutionele complicaties. We hopen dat dit onderzoek andere wetenschappers zal aanmoedigen om de grenzen van dit fascinerende onderzoeksgebied binnen de internationale zakenwereld en sociale vraagstukken verder te verkennen.

Hoofdstuk vier: Transfer of Ownership

In het onderdeel resultaten is een overzicht gegeven van hoe de vermogensbeheerders, directeuren, managers en plaatselijke belanghebbenden in de vijf Masaï-gemeenschappen aankijken tegen de verschillende vormen, definities en manieren van overdracht van eigenaarschap (*ownership*). Dit hoofdstuk bouwt zowel voort op de besproken literatuur over eigenaarschap als op de resultaten van de casestudy zoals deze in dit onderzoek zijn gepresenteerd. Het doel van dit hoofdstuk is het leveren van een bijdrage aan de literatuur omtrent informaliteit en over geformaliseerde institutionele omstandigheden die de overdracht van eigenaarschap van social ventures opgericht door SVE's aan nieuwe of voorkeurseigenaren beïnvloeden. Ons onderzoek is cruciaal omdat het gericht bijdraagt aan het debat over de rol van wettelijke en psychologische principes van eigenaarschap aan de *Base of the Pyramid* en in impact-investeringen door SVE's. Dit is vooral van belang in de periode waarin een SVE heeft besloten om het eigenaarschap van de social venture over te dragen aan nieuwe eigenaren.

Ten eerste heeft dit hoofdstuk aangetoond dat respondenten de voorkeur geven aan een mengvorm van eigenaarschap die wordt gedomineerd door op projecten (ngo) gerichte vormen van eigenaarschap, en vormen waarin de investeerder het eigenaarschap in handen heeft. Uit deze resultaten blijkt duidelijk dat de gemeenschappen waarin de social venture is gevestigd en waar de vijf verwerkingseenheden van de social venture zich bevinden, zichzelf niet beschouwen als de echte eigenaren in termen van wettelijk bedrijfseigenaarschap. Dit staat echter in contrast met wat de directeuren en het management van de social venture hebben aangegeven. Deze plaatselijke belanghebbenden identificeren de ngo als de echte eigenaren van de social venture, in psychologische zin. Daarnaast interpreteren de respondenten 'eigenaarschap' als het door de ngo maar namens hen (d.w.z. namens de Masaï-gemeenschappen) in beheer hebben van de eigendomsrechten. De respondenten noemden daarnaast nog een mengvorm van eigenaarschap waarbij het eigenaarschap verdeeld is tussen de overheid (in de vorm van de plaatselijke overheidsadministratie in Tanzania), de plaatselijke ngo, de fabrieksmedewerkers en de SVE door de social venture. Dit met betrekking tot het eigenaarschap van de melkverwerkingseenheden. Onze resultaten dragen met name bij aan wetenschappelijke argumenten die suggereren dat informaliteit en interne integratie gericht op de integratie van lokale instanties met minder isolatie van gemeenschappen noodzakelijk zijn om ervoor te zorgen dat de social venture actief is binnen een inclusieve omgeving. Het feit dat de plaatselijke belanghebbenden een sterk gevoel van eigenaarschap ervaren op basis van de locatie van de social venture, legt extra nadruk op het argument dat het van cruciaal belang is om psychologisch eigenaarschap als onderzoeksgebied op te nemen in exit-beslissingsmodellen voor SVE's. Hoewel de resultaten van dit onderzoek niet generaliseerbaar zijn, hebben ze wel aangetoond dat het belangrijk is om rekening te houden met de gevoelens van iedereen die een belang heeft in de social venture. Dit zal SVE's waarschijnlijk helpen om hun tweezijdige impact- en winstdoel te behalen, zelfs nadat de Social Venture Entrepreneurs niet meer actief betrokken zijn bij de onderneming (Rufin & Rivera-Santos, 2013; Zahra et al, 2009; Mair en Marti, 2009).

Ten tweede versterken onze resultaten het argument voor het maken van een onderscheid tussen wettelijke vormen van eigenaarschap en psychologisch eigenaarschap bij het bespreken van een besluit tot exit. Zo hebben wij bijvoorbeeld opgemerkt dat de vormen en definities die door de SVE zijn voorgesteld in het oorspronkelijke projectdocument, en die naar voren kwamen in de interviews met vermogensbeheerders, niet overeenkwamen met de vormen en definities van eigenaarschap zoals die door de meeste plaatselijke belanghebbenden werden voorgesteld. Dit kan betekenen dat verschillende belanghebbenden bij en partners van de social venture er een groot scala aan uiteenlopende interpretaties van de verschillende definities en vormen van eigenaarschap op nahouden. Uit een analyse van reacties van plaatselijke belanghebbende, en voor een zeer groot deel van de directeuren en managers van de social venture, is een 'gevoel van eigenaarschap' (DeTienne,2010, Townsend et al, 2001; and Pierce et al, 2001) naar voren gekomen als een dominante vorm van eigenaarschap. Hoewel de SVE de vermogensoverdracht naar nieuwe eigenaren had bekeken vanuit een wettelijk standpunt, was dit niet het geval voor de plaatselijke belanghebbenden. Een verduidelijking van de definities en de interpretatie van waar de SVE als een SVE voor staat zou centraal moeten staan voor zowel directeuren, management en medewerkers als voor betrokken belanghebbenden zoals plaatselijke leiders, leveranciers en de gemeenschappen waarin wordt geïnvesteerd (vlg. Van Dijk, 2011; Zahra et al, 2009; Hansmann, 1996). Hiertoe behoren ook de vormen van eigenaarschap die in dit onderzoek zijn voorgesteld door de belanghebbenden. Dit onderzoek versterkt derhalve de stelling van Zahra et al (2009) dat er voor het succes van verschillende soorten social ventures verschillende aanpakken vereist zijn. Uit ons onderzoek bleek daarnaast een sterke noodzaak om psychologisch eigenaarschap binnen het SVE-business model te verbinden met wettelijk eigenaarschap (Van Dijk, 2011; Mair & Marti, 2006). Wetenschappers en ondernemers, zo blijkt uit dit onderzoek, dienen de manier waarop Social Venture Entrepreneurs het begrip 'eigenaarschap' vormgeven mee te nemen in het ontwerpen van een SVE-business model (Van Dijk, 2011; Zahra et al, 2009, Mair &Marti, 2006, Hansmann, 1996).

Uit de vormen van eigenaarschap die door verschillende belanghebbenden gepresenteerd werden, zou gededuceerd kunnen worden dat er vanuit twee verschillende perspectieven verschillende definities en interpretaties zijn gecommuniceerd. Deze verschillende interpretaties vinden hun basis in cultuur en in wat er binnen de plaatselijke context verstaan wordt onder het begrip 'eigenaarschap'. Zo werden er door de respondenten in Arusha, Tanzania, zowel puur psychologische gevoelens als een ('ngo-type') projectspecifieke vorm van eigenaarschap gepresenteerd. Onder de plaatselijke belanghebbenden overheerst dus een gevoel van eigenaarschap gebaseerd op het gebruik van de social venture-fabrieken door leveranciers, de fysieke locatie van de bedrijven in de vijf gemeenschappen, en het in de toekomst 'erven' van het gevestigde bedrijf (als de SVE zou vertrekken), ongeacht of deze belanghebbenden werken op het hoofdkantoor in Arusha of in één van de vijf gemeenschappen die in dit onderzoek zijn besproken (Godfrey, 2011; DeTienne,2010; Zahra et al, 2009; Minard, 2009; Townsend et al, 2001; Pierce et al, 2001; De Soto, 2000).

Ten derde bleek uit dit onderzoek dat er een gebrek is aan helderheid omtrent de vormen en definities zoals deze werden gepresenteerd in de interviews en focusgroepgesprekken. Uit de documenten en de reacties uit de casestudy met de (Nederlandse) social venture kwamen verschillende definities en vormen van eigenaarschap naar voren. Psychologisch eigenaarschap, gebaseerd op de gevoelens van zowel de directeuren en managers als van de plaatselijke belanghebbenden, komt sterker naar voren in de definities en vormen van eigenaarschap dan ded wettelijke vormen van eigenaarschap die door de SVE werden onderschreven. Dit resultaat maakt het noodzakelijk dat psychologisch eigenaarschap geïntegreerd wordt met de literatuur over eigenaarschap binnen social ventures, en dat het wetenschappelijke debat over de vormen van eigenaarschap die SVE’s zouden moeten onderschrijven als het besluit tot exit dichterbij komt, wordt uitgebreid. Daarnaast ondersteunt het de stelling van Zahra et al (2009) en Mair en Marti (2009) dat verschillende types sociale ondernemers rekening moeten houden met de lokale en regionale context bij het oprichten van hun social ventures. De opname van psychologisch eigenaarschap in het SVE-business model zal naar verwachting leiden tot een meer gematigd en duurzamer model (Van Dijk, 2011; Zahra et al, 2009; Mair & Marti, 2006). Daarnaast blijkt uit onze resultaten dat de integratie van psychologisch eigenaarschap in de Social Venture Entrepreneurship-literatuur zou kunnen leiden tot een duurzame SVE-vorm van eigenaarschap, waar alle belanghebbenden die betrokken zijn bij het draaiende houden van social ventures, zoals de onderneming die door de SVE opgezet is in de Masaï-gemeenschappen uit onze primaire casestudy, baat bij zullen hebben (Van Dijk, 2011; DeTienne, 2010, Townsend et al, 2001; and Pierce et al, 2001).

Het is noodzakelijk dat SVE’s zowel traditioneel (wettelijk) en psychologisch (gevoelens) eigenaarschap opnemen in hun business modellen, als zij hun missie voor het investeren in plaatselijk gemeenschappen zoals de Masaï-gemeenschappen uit dit onderzoek willen realiseren. SVE’s moeten, op een participatieve manier, met plaatselijke partners in gesprek gaan over de meest gepaste manier om verschillende vormen van eigenaarschap van de op te richten social venture vanaf het begin met elkaar te integreren. Een classificatie en definitie van eigenaarschap zou dan gecontextualiseerd kunnen worden tot een definitie waar ook de plaatselijke gemeenschappen waar dergelijke bedrijven worden opgericht zich in kunnen vinden. De vraag die verder besproken en onderzocht dient te worden, is hoe voorgestelde opties voor eigenaarschap, zoals een hybride eigenaarschapsvorm, economisch duurzaam gemaakt kunnen worden. Doormiddel van verdere onderzoeken kan de betekenis van eigenaarschap worden geconcretiseerd binnen de verschillende domeinen waarbinnen Social Venture Entrepreneurs dergelijke investeringen doen.

Ten vierde draagt dit hoofdstuk bij aan de stelling van Rufin en Rivera-Santos (2019) en Van Dijk (2011) over de noodzaak om het gehele social venture-business model te hermodelleren zodat het ook institutionele en plaatselijke opvattingen omtrent besluitvormingsprocessen voor social ventures omvat. Dit dient niet alleen het besluit om social ventures op te richten te omvatten, maar het gehele proces van oprichting tot exit, en de verwachtingen van alle belanghebbenden. Zo zou de impact en het rendement dat SVE's voor de door hen in gang gezet en opgerichte bedrijven voor ogen hebben, kunnen worden verhoogd als zij hun business modellen zouden hermodelleren op basis van traditionele (wettelijke) èn psychologische vormen van eigenaarschap. De resultaten uit dit hoofdstuk hebben ons ervan overtuigd dat plaatselijke belanghebbenden zich wellicht meer met de opgerichte bedrijven zullen identificeren als psychologische vormen van eigenaarschap vanaf het begin deel zouden uitmaken van SVE-business modellen. Dit zal naar verwachting niet alleen de legitimiteit van de investeringen onder de plaatselijke partners verhogen, maar het zal ook leiden tot sterkere gevoelens van verantwoordelijkheid, rentmeesterschap en bescherming, en andere altruïstische gevoelens jegens de opgerichte social venture. Dat wil zeggen, in iedere geval vanuit het perspectief van plaatselijke belanghebbenden die het gevoel hebben het bedrijf dat door de SVE is opgericht niet slechts aan de SVE maar ook aan hen 'toebehoort'. Daarnaast zullen SVE's de missie waarmee ze in plaatselijke gemeenschappen investeren waarschijnlijk realiseren door een dergelijke aanpak te integreren in hun business model. Dit komt omdat de plaatselijke participatie hoogstwaarschijnlijk zal versterken als dergelijke partners een sterk gevoel ontwikkelen dat de opgerichte onderneming, in psychologische zin, van hen is.

De resultaten uit dit onderzoek impliceren dat het introduceren van een 'hybride' vorm van eigenaarschap, waarbij verschillende belanghebbenden door gedeelde consensus het gevoel hebben dat zij een belangrijke rol spelen en deels 'eigenaar' zijn van het opgerichte bedrijf, een eerste stap zou kunnen zijn waar op de lange termijn zowel de SVE (als een investeerder in de gemeenschap) als de plaatselijke belanghebbenden (als de begunstigden van deze investering) baat bij zullen hebben Dit zou kunnen bijdragen aan het realiseren van de SVE-missie met betrekking tot impact en rendement. Eén belangrijk element dat zeker genoemd moet worden – een vraag die waarschijnlijk pas in de toekomst beantwoord zal worden – heeft betrekking tot de karaktereigenschappen die de nieuwe eigenaren waaraan de SVE's verwachten hun social ventures in geval van exit over te dragen moeten bezitten. Dit heeft vooral betrekking tot nieuwe eigenaren die naar verwachting het eigenaarschap van een bedrijf met een missie zullen overnemen en die, in het bijzonder, de verantwoordelijkheid op zich zullen nemen voor de duurzaamheid van de *People, Planet and Profit*-missie (PPP) en op hetzelfde moment in staat kunnen zijn om management en toezicht (namens de eigenaren) op het management aan te stellen. Wij zien dit als een gebied waar verder onderzoek naar verricht dient te worden.

Samengevat ontbreekt het dit onderzoek als één enkele, smalle, kwalitatieve casestudy aan externe validiteit en generalisatie binnen het bredere gebied van sociaal ondernemerschap en, in engste zin, binnen het Social Venture Entrepreneurship. Contextueel gezien zijn er in de afgelopen jaren veel social venture-bedrijven opgericht, maar dit gebeurde pas na de start van dit onderzoek. Wij bevelen verder onderzoek aan naar het onderwerp 'eigenaarschap', zowel naar wettelijke als naar psychologische vormen, om een beter beeld te krijgen van dit fenomeen. Ten tijden van dit onderzoek hadden slechts weinig social ventures in het algemeen en in ontwikkelingslanden (Subsahara Afrika) in het bijzonder het opschalingsstadium behaald. Wij bevelen verder onderzoek aan dat de resultaten uit dit onderzoek zal ondersteunen, opschorten of verwerpen. De verwachting is echter dat ons onderzoek zowel wetenschappers als ondernemers zal aansporen om het fenomeen van overdracht van eigenaarschap van sociale ondernemingen door Social Venture Entrepreneurs verder te onderzoeken, zowel in Subsahara Afrika en in het bijzonder in gebieden waar (formele) wettelijke vormen van eigenaarschap op nationaal niveau wellicht nog niet volledig ontwikkeld zijn. Dit is zeer relevant voor gemeenschappen waar psychologisch eigenaarschap een inherent onderdeel uitmaakt van de levenswijze en de (structuur van de) markten.

Hoofstuk vijf: Exit Strategies for Social Ventures: A Case Study

Het vraagstuk 'exit' en zijn betekenissen en criteria worden besproken en de implicaties hiervan voor dit onderzoek worden uitgelicht.

Er is gebleken dat exit een vrijwel nieuw onderwerp is, vanuit het perspectief van zowel directeuren en het bestuur van de social venture als van de ngo-partner van de SVE. Plaatselijke belanghebbenden hebben wat zij zien als dè definitie van exit gebaseerd op hun eigen referentiekader. De vormen van exit die zij presenteren, wijken hierdoor af van de vormen die de SVE heeft opgenomen in zijn officiële documenten. Respondenten hebben projectspeficieke exit, plaastelijke samenwerking en beursintroductie aangewezen als de exitvormen en exitroutes die hun voorkeur genieten. Dit zijn de exitvormen waarvan zij verwachten dat de SVE ze in overweging zal nemen in het geval hij zich wil terugtrekken uit de door hem opgerichte onderneming. Er werd een mengvorm van exit, verankerd in een reeks projectcriteria, voorgesteld. Een analyse van de resultaten wijst op een misverstand en miscommunicatie met betrekking tot hetgeen de SVE had besproken met zijn partners.

Het beperkte aantal bestaande onderzoeken naar exit, hebben exit bekeken vanuit zakelijke en investeringsperspectieven, maar bespreken exit niet binnen de context van Social Venture Entrepreneurship (Cardon en DeTienne, 2013; Van Dijk, 2011; DeTienne et al, 2009; Boeker en Karichachil, 2002). Dit hoofdstuk draagt niet alleen inzichten en informatie bij aan de kennis over exit; we verdiepen ons ook in wat Social Venture Entrepreneurs en de belangrijkste belanghebbenden binnen hun ondernemingen denken dat 'exit' inhoudt. Uit onze resultaten is gebleken dat er verduidelijking nodig is met betrekking tot wat SVE's bedoelen met 'exit' (Van Dijk, 2011). Een dergelijke definitie dient expliciet te worden gemaakt zodat allen die belang hebben bij een social venture hierover een consensus kunnen bereiken voordat de onderneming überhaupt wordt opgericht. Op basis van geanalyseerde documenten zou gededuceerd kunnen worden dat de SVE in onze casestudy geen duidelijke exitstrategie voor ogen had op het moment dat de social venture en de melkverwerkingseenheden werden opgericht. Uit dit onderzoek bleek dat de SVE en de social venture elkaar verkeerd hadden begrepen met betrekking tot wat exit van de SVE uit de social venture zou inhouden. Conflict en informaliteit kwamen naar voren als vraagstukken die SVE's moeten aanpakken als zij met plaatselijke belanghebbenden in gesprek gaan over het besluit om social ventures op te richten (Rufin en Rivera-Santos, 2012). Deze resultaten versterken het argument van Rufin en Rivera-Santos (2012) dat er voor besluitvorming in informele contexten een diepgaand begrip vereist is van de plaatselijke kaders en van de heersende institutionele structuren binnen deze kaders.

Zoals blijkt uit onze resultaten, hadden plaatselijke belanghebbenden weinig informatie met betrekking tot de soort exitstrategie die er voor de social venture was vastgelegd, en de SVE had deze belanghebbenden evenmin expliciet medegedeeld door welke soort bedrijfseigenaren hij opgevolgd wilde worden als het tijd werd voor een exit. Deze processen werden in principe pas ontwikkeld toen de social venture zich al in het meest vergevorderde stadium van opschaling bevond. De processen rondom exit werden echter niet gedeeld met deze belangrijke partners. Dit gaat in tegen het standpunt van Alter et al (2001) die stelden dat exit besproken en gepland dient te worden aan de start van dergelijke initiatieven. De suggestie van Berenson (1963) dat er in het geval van exit moet worden stilgestaan bij vijf belangrijke vereiste resultaten werd door de SVE ook niet volledige opgevolgd. Hoewel de SVE gewerkt had aan zijn *Financial Security*, *Financial Opportunity* en *Marketing Strategy*, waren *Social Responsibility* en *Organised Intervention*, die de vorm zouden moeten aannemen van belangrijke gesprekken met plaatselijke belanghebbenden, de directeuren en managers van de social venture en de leveranciers van ruwe materialen aan de melkverwerkingseenheden, vrijwel geheel afwezig.

Met betrekking tot de betekenis van 'exit', tonen onze resultaten aan dat exit 'de overdracht van eigenaarschap van een gevestigd bedrijf' betekent, maar binnen de context van de interpretatie van de belanghebbenden. Zo is bijvoorbeeld vastgesteld dat de betekenis van 'overdracht van eigenaarschap' in de context van het plaatselijke Masaï- en het informele institutionele spraakgebruik een overdracht van eigenaarschap doormiddel van overerving of opvolging suggereert. De SVE was daarentegen uitgegaan van een betekenis van exit in relatie tot een gevestigd bedrijf met een *social enterprise development fund* (SEDF) voor het waarborgen van de stroom van financiële middelen naar het en succesvol opereren van het gevestigde bedrijf (The SVE reports, 2012, 2009. Uit analyse van de data bleek dat er geen gemeenschappelijke of overeengekomen definitie van exit bestond waar zowel de directeuren en managers van de social venture als de ngo en plaatselijke belanghebbenden achter stonden. Terwijl de SVE zich richtte op exit in termen van de beschikbaarheid van een financier in de vorm van een SEDF die het gevestigde bedrijf zal blijven besturen, bekeken de directeuren en managers van de social venture, de ngo en de plaatselijke belanghebbenden exit vanuit een perspectief waarbij er verwacht werd dat gemeenschappen, producenten en de beoogde begunstigden (in dit geval vrouwen) training en hulp zouden krijgen bij het vergroten van hun capaciteiten zodat *zij* de gevestigde social venture zouden kunnen blijven besturen. Deze groep respondenten schijnt de voorkeur te geven aan exit als een vorm van '*project graduation*' (Artto, 2008; Artto and Wickstrom, 2005; Rogers and Macias, 2004)

Uit onze resultaten blijkt dat het business model Social Venture Entrepreneurship zich meer vormt naar projectspecifieke exitcriteria dan naar een exitvorm gebaseerd op zakelijk ondernemerschap (DeTienne en Cardon, 2012; Van Dijk, 2011; Zahra et al, 2009; et al, 2009, Mair en Marti 2009; 2006; Artto, 2008; Artto enWickstrom, 2005; Boeker en Karichachil, 2002). Het voornemen van SVE's om zich terug te trekken uit de bedrijven die zij oprichten suggereert een 'ontwikkeling in de richting van doorlopende doelen'. De voorgestelde exitcriteria waar Artto (2008), Artto en Wickstrom (2005) en Rogers en Macias (2004) voor pleiten, passen binnen de missie van exitcriteria voor SVE's. Uit onze resultaten blijkt daarnaast dat traditionele zakelijke en ondernemings-exitprocessen en exitvormen zoals management-buy-out, beursintroductie (*Initial Public Offer*), directe verkoop (*Outright Sales*) en fusies en overnames (*Mergers and Acquisition*) vaak minder expliciet of helemaal niet gecommuniceerd worden in de business plannen die SVE's gebruiken. Geïnterviewde plaatselijke belanghebbenden hebben deze criteria evenmin genoemd als een vorm waarvan zij graag wilden dat de SVE deze in overweging nam bij de besluitvorming omtrent exit. Dit vraagt om een betere definitie van deze vormen en opheldering met betrekking tot de definitie waarvan het het waarschijnlijkst is dat deze wordt geaccepteerd door zowel de SVE als door andere belanghebbenden.

Hoewel de exitvormen die door de respondenten zijn genoemd expliciet besproken werden in documenten die wij van de SVE hebben verkregen, werden deze vormen niet genoemd tijdens het voor dit onderzoek verzamelen van data in het veld of in de interviews met directeuren, managers en medewerkers van de social venture. Hoewel we hebben opgemerkt dat het grootste deel van deze respondenten enige kennis bezit met betrekking tot sociaal ondernemerschap als onderzoeksgebied, beschouwden de meeste van hen de SVE en de social venture als ngo-gerelateerde initiatieven die een projectspecifieke aanpak zouden volgen naarmate het punt van exit naderbij kwam. Gebaseerd op onze bevindingen, bevestigen wij de argumenten van Zahra et al (2009), Mair en Marti (2009; 2006), Artto (2008), Artto enWickstrom (2005), die stellen dat verschillen in zakelijke motieven en geografische contexten het ontwerpen van verschillende business modellen noodzakelijk maken. Uit onze resultaten blijkt dat dit argument ook stand houdt binnen het gebied van Social Venture Entrepreneurship. Het zodanig aanpassen van bestaande social venture-business modellen dat zij aansluiten bij de motivatie van sociale ondernemers en plaatselijke belanghebbenden, zal naar verwachting bijdragen aan het opbouwen en opschalen van social ventures teneinde de beoogde maatschappelijke verandering te realiseren.

Verdere resultaten uit onze casestudy hebben aangetoond hoe complex de situatie is waarin de SVE zich bevindt bij het oprichten van een social venture in een gemeenschap waarin business relaties en management gebaseerd zijn op informele markten. Plaatselijke definities van exit hebben zich gericht op een projectspecifieke overdracht van initiatieven aan gemeenschappen (Roger en Macias, 2004). De verschillende definities en interpretaties van exit (van de SVE en de andere belanghebbenden) die in dit onderzoek naar voren zijn gekomen, bieden verschillende mogelijkheden voor het inkleden van exit die de SVE zou kunnen gebruiken als een manier om vertrouwen te winnen terwijl hij zijn exit uit de social venture voorbereidt. De complexiteiten rondom de beslissingen omtrent en de vormen van exit die in onze casestudy zijn geïdentificeerd, tonen aan dat geen van de processen die in het business protocol van de SVE zijn opgenomen, op adequate wijze gedeeld is met of door de plaatselijke belanghebbenden. Dit resultaat draagt bij aan onderzoek over stakeholdertheorie (Jensen, 2010; Friedman en Miles, 2002; Jones en Wicks, 1999), aangezien het aantoont dat het betrekken van alle belanghebbenden in de besluitvorming minstens net zo belangrijk is als het doorvoeren van beslissingen gebaseerd op oplossingen binnen de informele sector van welke economie dan ook (Khan en Khan, 2012; DeTienne en Sarason 2009).

De SVE stelde en scenario voor waarbij het eigenaarschap van het bedrijf in een geleidelijk proces overgedragen zou worden aan medewerkers, managers, melkproducenten (voornamelijk vrouwelijke leveranciers) en de gemeenschap in zijn algemeen. Uit onze resultaten blijkt dat de SVE niet aangegeven heeft *hoe* een dergelijk proces in werking zou gaan. Exitstrategieën voor de SVE in de context van de social venture werden dus overgelaten aan de interpretatie van verschillende respondenten en belanghebbenden. Berenson's (1963) voorstel dat exitcriteria gebaseerd zouden moeten worden op financiële, marktspecifieke, sociale en organisationele aspecten blijkt hier vanuit de SVE op negatieve wijze te zijn doorgeslagen richting de financiële aspecten van exit, en vanuit de plaatselijke belanghebbende en het management van de social venture richting sociale en projectspecifieke exitprocessen. Om het onderzoek naar het opschalen van social ventures verder te verbreden, zullen wetenschappers en SVE's in het algemeen verder moeten onderzoeken of gelijksoortige casestudy's wereldwijd ook met dergelijke kaders te maken hebben. Daarnaast kunnen dergelijke onderzoeken verder aantonen hoe de verschillende kaders en wisselwerkingen met betrekking tot exitvormen en exitstrategieën uit dit onderzoek op de lange termijn interessant kunnen zijn voor het bredere veld van exit voor het sociale ondernemerschap.

Tenslotte heeft dit hoofdstuk aangetoond dat het betrekken van plaatselijke belanghebbenden bij de besluitvorming belangrijk is voor het versterken van sociale samenwerkingsverbanden die ervoor kunnen zorgen dat een SVE op duurzame wijze uit de investering kan stappen. Tot nu toe is exit als onderwerp gebagatelliseerd, wat zijn weerslag heeft gehad op het vinden van een nieuwe eigenaar voor de Nederlandse social venture die zowel de missie van de SVE kan voortzetten als de vermogensoverdracht van de social venture kan overnemen. Toen de social venture werd opgericht, stelde de SVE een "al doende leert men"-aanpak voor. De SVE zal moeten overwegen om plaatselijke belanghebbenden te betrekken in zijn besluitvorming omtrent zijn exitstrategie voor de social venture. Een gezamenlijke definitie van exit en overeengekomen exitstrategieën en exitprocessen zoals onderschreven door DeTienne en Cardon (2012), Van Dijk, (2011), Zahra et al, (2009) Mair en Marti, (2009; 2006) en Boeker en Karichachil, 2002) zijn beslissingswegen die naar verwacht de missie voor het oprichten van de social venture zullen versterken. Plaatselijke definities van exit en een gedeelde visie op de overeengekomen exitstrategieën en exitvormen die ook samen met de SVE uitgevoerd worden, zullen ervoor zorgen dat de overdracht van eigenaarschap in termen van vermogen en de missie van de social venture zo pijnloos mogelijk kan verlopen.

Academici zoals DeTienne en Cardon (2012) en Mair en Marti (2009, 2006) zijn kort ingegaan op belangrijke overwegingen die zouden kunnen helpen bij het verbeteren van opschaling en het behalen van de missie van sociale ondernemers in het algemeen. Zahra et al (2009) hebben gepleit voor het belang van het onderkennen van verschillen tussen en typologieën van social venture-business modellen voor het realiseren van de beoogde missies. DeTienne en Cardon (2012), Van Dijk (2011), Mair en Marti (2009, 2006), Zahra et al (2009) en Boeker en Karichachil (2002) hebben allemaal gesteld dat er verder onderzoek gedaan moet worden naar het fenomeen van schaalbaarheid van het concept (sociaal) ondernemerschap in relatie tot processen omtrent exitbeslissingen en exit van oprichters (*founder departure*).

De resultaten van onze casestudy tonen aan dat plaatselijke partners en belanghebbenden binnen de context van een zakelijk samenwerkingsverband tussen een westerse economie en een ontwikkelingseconomie verschillende definities van exit hanteren. Plaatselijke belanghebbenden schijnen de voorkeur te geven aan een projectspecifieke vorm van exit. Binnen de context van dit onderzoek betekent exit niet slechts een geleidelijke overdracht van het eigenaarschap van een gevestigde social venture aan nieuwe eigenaren doormiddel van vermogen, maar is het ook gebaseerd op een sociaal en gemeenschappelijk kader waarbinnen training en capaciteitsopbouw voor de beoogde begunstigden ook een rol spelen. Zo wordt er bijvoorbeeld verwacht dat vrouwen, als de voornaamste begunstigden, een deel van de gevestigde social venture over zullen nemen. De plaatselijke gemeenschappen waarin deze bedrijven gevestigd zijn, en hun vertegenwoordigers, zien exit als een vorm van plaatselijke samenwerking tussen henzelf en de SVE. De besluitvorming omtrent de gekozen vorm van en de criteria voor exit dient daarom besproken te worden met alle betrokken belanghebbenden, die het hier ook over eens moeten zijn, en is niet slechts een zaak van de Social Venture Entrepreneur. Binnen onze casestudy zagen we dat de SVE niet volledig rekening hield met de opvattingen van de andere belanghebbenden. Traditionele zakelijke exitstrategieën gaan, afhankelijk van de ondernemingsvorm, namelijk alleen uit van de ondernemer of de investeerder(s).

Financiële exitvormen zoals directe verkoop, management-buy-out/interne opvolging, fusies en overnames, en beursintroductie (*Initial Public Offer, IPO*), die een grote rol spelen in het SVE-business model, werden door de plaatselijke belanghebbenden niet of nauwelijks genoemd. Plaatselijke belanghebbenden schijnen zich niet bezig te houden met de vraag hoe gevestigde social ventures financieel gezien in stand gehouden en bestuurt dienen te worden. Daarnaast hebben wij vastgesteld dat de SVE, op zijn beurt, het onderwerp exit bij de aanvang van de onderneming niet voldoende had besproken met zijn management, plaatselijke belanghebbenden en partners. Dit leidde tot verschillende interpretaties en definities van exit zoals deze in onze casestudy gepresenteerd werden. Het feit dat de SVE zijn intentie tot exit en de vormen van uittreden uit de social venture niet met de plaatselijke belanghebbenden heeft besproken, is op de lange termijn van invloed geweest op zijn besluitvorming omtrent exit. Dit impliceert dat het voor een Social Venture Entrepreneur verstandig is om zijn exit-processen, -criteria en -strategieën duidelijk naar de plaatselijke belanghebbenden te communiceren en te definiëren. SVE's zouden daarnaast ook aan de aanvang van hun bedrijf (d.w.z. de social venture) al een zekere mate van participatie vanuit de plaatselijke belanghebbenden in de vorm van gesprekken omtrent de verwachte impact van exit en de zakelijke en (financiële) ondernemingsverwachtingen op moeten nemen in hun business model.

Hoofdstuk zes: Exit Decision for Social Venture Entrepreneurs: A Conjoint-Based Study

Uit de resultaten uit hoofdstuk zes is gebleken dat er door Social Venture Entrepreneurs minder wordt stilgestaan bij het besluit tot exit dan bij het oprichten (entry) en het besturen van een onderneming. Dit bevestigt de stelling en observatie uit verschillende werken die in dit verslag zijn besproken dat de besluitvorming omtrent exit inderdaad moet worden opgenomen in onderzoeken naar management en ondernemerschap, en hieraan gerelateerde onderzoeken, als Social Venture Entrepreneurs hun tweezijdige doel van het bereiken van impact en behalen van rendement willen bereiken (Cardon en DeTienne, 2012; Khan en Khan 2012; Van Dijk, 2011; Kievit, 2011; Mair en Marti, 2009; Zahra et al, 2009; Emerson 2001; Dees, 1998). Zo blijkt uit onze resultaten onder meer dat 83,3% van de respondenten hun social ventures waarschijnlijk niet zullen verlaten.

Ten tweede werd er in de resultaten van dit onderzoek geen statistische significantie gevonden en zijn alle vier de hypotheses die voor dit onderzoek werden opgesteld dus verworpen. Het gebruik van verdere analytische methodes bevestigt dat de nulhypothese niet kan worden verworpen. Hoewel we geen significantie hebben gevonden, wat vooral veroorzaakt is door zowel de kleine proef als door de geringe respons veroorzaakt door het beperkte aantal Social Venture Entrepreneurs, tonen onze resultaten aan dat er een kloof bestaat tussen de theorie en de praktijk (Zahra et al, 2009; Mair en Marti, 2009).

Ten derde is het meest veelzeggende resultaat uit dit hoofdstuk het feit dat 48,8% van de respondenten waarschijnlijk zou kiezen voor een fusie met of een overname door een andere organisatie als de vorm waarin zij de social venture zouden verlaten. 19,5% zou kiezen voor management-buy-out/interne opvolging en 9,8% zou de social venture verkopen. 22% zou er waarschijnlijk voor kiezen om de social venture niet te verlaten. Met betrekking tot exit-routes, zou 40,5% van de respondenten kiezen voor een fusie met of een overname door een andere organisatie, gevolgd door management-buy-out/interne opvolging (28,6%) en verkoop van de social venture (11,9%). 19,0% van de respondenten zou de social venture liever helemaal niet verlaten. Deze resultaten ondersteunen slechts voor een deel Hypotheses 1(C) en 2(B) die ervanuit gaan dat organisatorisch vermogen een belangrijke rol speelt bij het besluit tot exit.

Onze resultaten tonen aan dat ervaring op het gebied van management en ondernemerschap een positief effect heeft op het besluit tot exit van een Social Venture Entrepreneur. Dit bevestigt de wetenschappelijke argumenten van DeTienne en Cardon (2012), Van Dijk (2011), Mair en Marti (2009, 2006), Zahra et al (2009) en Boeker en Karichachil (2002) dat het concept van '*founder reparture*' of '*entrepreneurial exit*' draait om de eerdere kennis en ervaring van degenen die social ventures oprichten of hierin investeren.

Hoofdstuk zeven: General Discussion

Dit hoofdstuk geeft een overzicht van de belangrijkste resultaten van het onderzoek. Het bevat zowel een synthese gebaseerd op de hoofdonderzoeksvraag, deelvragen en gevolgen, als een aantal slotopmerkingen. Er wordt gesteld dat exit niet slechts een thematisch concept is maar ook een complex vraagstuk, en dat wetenschappers rekening moeten houden met de literatuur over eigenaarschap (*ownership*), instanties en informaliteit teneinde exit beter te kunnen begrijpen en een exit-route voor te kunnen stellen die op een duurzame manier tegemoet blijft komen aan de tweezijdige SVE-missie. Er komt een aantal vragen naar voren waar zowel academici en ondernemers zich verder over zullen moeten buigen.

Acknowledgements

I am highly grateful to Professor Dr Ir Gert van Dijk, my main promoter and his kind wife Mrs Gerda van Dijk, for their interest, sacrifices, support, patience and tolerance throughout the PhD journey. Through many challenges, you served as the main bridge for continuation and sustenance. Indeed, you taught me the PhD of life and learning, sir. To my co-promoter, Professor Dr Ir Hans van Trijp, I say thank you very much for hosting me at the Marketing and Consumer Behaviour Group. I know we had many differences in terms of approach and philosophies, but all in all you did appreciate me and my opinions as well. Dr Ir. Joost Jongerden, you have been a great mentor to me as well. You supported me as my MSc Academic Consultancy Coach, and finally as my PhD daily supervisor. You taught me how to independently express my opinions and to consider things from different perspectives. I remember how you kept encouraging me when I wanted to throw in the towel in the last stages of this journey. Thank you very much Inge Ruisch, for all the support and help.

My appreciation again goes to my current Postdoctoral research team leaders and the entire support staff at the Agriculture Economics and Rural Policy Group at Wageningen. Dr Liesbeth Dries and Dr Stefano Pascucci have been very supportive and understanding in the entire period of waiting. You have been great team leaders. I am also grateful to Mrs Karen vander Heide, Dineke Wemmenhove and Betty de Haan. Dr Annemarie van Passen, Prof. Felix Ankomah Asante (ISSER-Univ of Ghana), Dr George Owusu Essegbey (STEPRI-CSIR Ghana), Dr Charity Osei-Amponsah, Dr Laurens Klerkx, Dr Barbara van Mierlo have all been very supportive team to me.

I am extremely grateful to Professor Miguel Rivera-Santos and Professor Carlos Rufus, my mentors within the Academy of Management (AOM) and Africa Academy of Management (AFAM) USA. You have served as the pillar and bridge in helping me to understand the dynamics and theoretical linkages that connect theory and practice. The mentorship program and sessions across the world have shaped me to become a better and humbled person. I appreciate the kind support of Professor Tom Lumpkin of Syracuse University (USA) for the insights he and the entire PhD Social Entrepreneurship Doctoral Consortium gave me during my PDWs and Doctoral sessions in Boston and Orlando, USA. The last stretch saw the immense contribution and support from Raja Singaram (UTwente), Landry Fanou (DEC/WUR) and Dr. Ivo van der Lans (MCB-WUR). I owe you three a lot for the time, sacrifices, and suggestions you gave me in order to survive the final hurdle.

I am grateful to all the suppliers, community leaders and members of the Maasai communities, who wholeheartedly welcomed me into their midst. I thank the entire staff of the Social Venture, directors, and management in Tanzania and Netherlands. To the rest of my family, Mum CSP (Rtd) Comfort Kesewa Manukure, you taught me never to give up and strive for higher heights no matter what. To my brother Daniel Nuer, you took the lead to inspire us to study (of course we took different approaches but they have all paid well). To ACO Theresa Nuer, I salute you sis, it has been a painful path, but thanks for being there for me. Thank you Dad, Mr Nathaniel Tetteh Antwi Nuer, for the later pieces of advice you gave me. Your European and research experiences shared with me have shaped me this time as an adult who now understands life issues better than when I was a child and youth. David Nuer thanks so much for helping me to reintegrate back home in Ghana. Special gratitude to my niece, Esther Kessewa Essuman, and nephew, Emmanuel Kwatia, for the various roles you have played to keep the two musketeers connected to the extended family.

I thank Yaa Afrakomah Sarpong, for all the support and patience. I recall all the support from the data analysis, transcription of raw data, the motivations, looking after the family, and in the last three years when you had to join me in Wageningen. You sacrificed a lot to support me and I am grateful to you. It is my prayer that you find happiness, joy and satisfaction in all that you do, and wherever you should find yourself. I am also grateful to my in-laws as well. You helped to take care of the little ones whilst I was mostly away. Andra Iacob and Ray, you took over to help me in the final stages of this thesis. To Dr Workneh Tessema, Dr Djalal Arinjole, Dr Lilian Ayete-Nyampong, Dr Rose Omari, Rev Daniel Bediako-Akoto, Dr Wilhemina Quaye, Ir. Lebeyesus, Dr Soulemana Adekemi, Falylath, Eric, Moses Sila, and all the Little Africa past and present members, Ir Jacqueline Bos, and all the MSc group, Dr Justin Graig of Northwestern University USA, I say thank you very much.

Special thanks go to Mrs Cynthia Griffin, Mrs Ellen Vossen, Liesbeth Hijwegen-Weemering, Johnnatan Boddie, my team mates Nadya Pashkova, Maike van Dijk-De Groot, Moulen Siame, Giorgos Apostolakis and Toon Bullens. You were great pillars to me along this journey. I appreciate the contributions of Dr Domenico Dantoni, Dr Jessica Duncan, and the entire GSFI teams. Dr Sudha Loman, Emeritus Prof Paul Richards, Dr Aad Van Tilburg, Dr Christine De Jong, Dr Sitze Vellema, Drs Ynte van Dam, Dr Paul Hebbink and Dr Paul Ingenbleek have been such great mentors to me as well. Rev Josine vander Horst, Prof. Dr Inge Brouwer, Dr Arnold and Brenda, Alexandre Viela, Jessica, Ir. Alfred Joseph, Mapatla Precious, and the entire Chaplaincy and SP&C Wageningen group have been a family to me. You shared and cared for me in sicknesses, health and the good times. The many trips throughout Europe and Taize sessions were inspiring and soul enriching to me. Thanks very much. I am also thankful to Mr Lazaro Muthayo and family.

To All friends, networks and loved ones (not mentioned), I now understand how difficult it is to write your names. Nadine Wacka, Isaac Nyameke, Fred Ayifli, Michael

Kermah, Nashiru Sulemana, Prosper Antwi Boasiako, Joseph Oppong Bekoe, Kingsley Bekoe, Rita Somuah, Robin Bukenya, Max Koffi, Nicole Glotbath, Esther Gatonga Bakker, Samater, the entire AIM/Africa 25/AIM Consultancy teams scattered across Europe, Asia, America and Africa. To UCAS Wageningen old and new boards and members, Dr Robert Okello Ogun, Abidemi, Obinna Okafor, Ir. Joshua Aboah, Lea, Elena Johanssen, Silvia UCAS, Robert Obenyah, Robert Asare, Ernest Nutakor, Kofi Amponsah, Jennifer Ocansey, Benheardt Ayesu, Alberta Eland, Mr Moses Ogoe, Alexander Gasu and Family, Dr Mary Osei Setrana, Dr Ernestina Korleki Dankyi, James Obimpeh, Pascal Murasira, Richard Abankwa Agyapong, Daniel Agbeko, all NUPSG/MPU/PCC members scattered worldwide have been very supportive,

I want to specially thank Mr William Alitsi, you and Amanda have been the family that was used to encourage me in the Netherlands. You walked with me throughout the challenging and stormy periods, may God Bless you. Finally to the Two Musketeers, Michael Kwadwo Kesse Nuer and Alexander Yaw Sarpong Nuer (Jnr), I hope I have set a good foundation for you to continue from where your daddy left off.

To everyone who reads this thesis, all that I will say is this ‘Go for the ultimate and be inspired by providence and good heart’. To all well-wishers, thank you very much for the great sacrifices and support you have given me.

Abbreviations

BOD: Board of Directors
BoP: Bottom of Pyramid
CBO: community based organization
CEO: Chief Executive Officer
CSR: Corporate Social Responsibility
FC: Financial Profitability
FGD: Focus Group Discussion
IOF: Investor-owned Firm
IS: Internal Secession
IRR: Internal rate of return
IPO: Initial Public Offer
MBO: Management Buy-out
M&A: Mergers and Acquisition
MPUs: Milk Processing Units
NGOs: Non-governmental Organization s
MRI : Mission-Related Investment
OC: Organizational Capability
PPP: People, Planet and Profit
R&D: Research and Development
SEDF: Social Enterprise Development Fund
SI: Social Impact
SROI: Social Return on Investment
FROI: Financial Return on Investment
SVE: Social Venture Entrepreneurship
SVI: Social Venture Investors
SVEs: Social Venture Entrepreneurs
SWOT: Strength Weakness Opportunities Treats

Training and Supervision Plan

Alexander Tetteh Kwasi Nuer
Completed Training and Supervision Plan
Wageningen School of Social Sciences (WASS)

Name of the learning activity	Department/Institute	Year	ECTS*
A) Project related competences			
Research Seminar	Marketing &Consumer Behaviour Group	2010-2014	4.0
Food Supply Chain Management	WASS	2011	2.5
Qualitative Data Analysis	WUR/MSc	2011	3.0
Program Meetings	Nyenrode NICE BV/WUR	2010-2014	4.0
AOM Professional Development Workshop	Academy of Management Annual Meeting (Boston) USA	2012	1.0
Social Entrepreneurship Doctoral Seminar	Syracuse University Orlando Florida, USA	2013	2.0
NICE BV workshops and seminars	The Netherlands	2011-2014	4.0
B) General research related competences			
WASS PhD Introduction course	WASS	2011	1.0
CERES basic training course	CERES	2011	10.0
Quantitative Methodology and Economics	CERES	2011	2.0
Practical course on the Methodology of field work	CERES	2011	1.0
Scientific Publishing	WGS	2012	0.3
Writing Research Proposal	WUR	2010-2011	6.0
AFAM CSR PhD Seminar	Africa Academy of Management	2014	1.0

C) Career related competences/personal development			
The role of Microinsurance in Agri-business Supply chains: A case of Small Holder Dairy Farming in Zambia	Microinsurance Research Conference, Univ. of Twente	2012	1.0
Micro Credit, Micro Insurance and Exit Strategies in Developing Economies: Case Studies of selected MFIs and Cooperatives in Rwanda and Ghana	EU Microfinance Conference, Univ. of Groningen	2011	1.0
'Issues and Challenges for Social Venturing Entrepreneurs investing in agribusiness supply chains in sub-Sahara Africa. A Case of DOSI Dairy Supply Chain in Northern Tanzania'	Academy of Management Conference, Boston, MA. USA	2012	1.0
'Maasai or Tanzanian? Institutional isolation/integration of subsistence markets and business ventures'	Academy of Management Conference, Philadelphia, PA. USA	2014	1.0
Last Stretch of PhD study	WUR	2013	
Total			47.8

*One credit according to ECTS is on average equivalent to 28 hours of study load

Cover Design by: Proefschriftmaken.nl || Uitgeverij BOXPress
Printed & Lay Out by: Proefschriftmaken.nl || Uitgeverij BOXPress
Published by: Uitgeverij BOXPress, 's-Hertogenbosch

The research described in this thesis was financially supported by the Netherlands Institute for Cooperative Entrepreneurship (NICE BV) and the Foundation for Social Venture and Cooperative Entrepreneurship