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**BUSINESS SUPPORT NETWORKS FOR SOCIAL BUSINESSES
A STUDY OF THE BRAZILIAN SUPPORT ECOSYSTEM**

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Dissertation presented to Escola de Administração de Empresas de São Paulo of Fundação Getulio Vargas, as a requirement to obtain the title of Master in International Management (MPGI).

Knowledge Field: Social Business

Adviser: Prof. Dr. Edgard Elie Roger Barki

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Abstract

Social Businesses, economically self-sufficient businesses with primarily social objectives, are emerging and changing the worldwide economic landscape. In Brazil, Social Business sector is promising to help tackling the country's social problems but such promise is contingent on the development of a supportive ecosystem. Nevertheless, little research has been developed on this topic, with a predominant lack of research on macro contexts such as business support structures. The underlying study explores the business support ecosystem for Social Businesses in Brazil by providing a preliminary qualitative analysis of the effectiveness of the support network for Social Businesses, according to the perceptions of both entrepreneurs and support providers. Such analysis is developed by using the Turrini et al. (2010) conceptual model on the determinants of network effectiveness for pattern matching. The study comments on the various variables of network effectiveness in the context of the investigation and highlights the main findings behind the basis of the current stage of the support ecosystem in Brazil. Results suggest that there has been a rapid growth on the business support availability focused on Social Businesses but that such services are still limited and predominantly concentrated in the Southeast region of the country. Support services are perceived by entrepreneurs as high quality and appropriate. Nevertheless, although the belief that collaboration among support organizations has been spurring the construction of the field, there is a widespread perception among respondents that higher levels of interaction and formalization among support organizations would potentially lead to greater levels of synergy creation and enhance ecosystem building. Lastly, the development of the ecosystem is expected to be positively impacted by the still limited but rising levels of financial resources, public awareness and government support to the field.

Key words: Social Business, Brazil, Business Support, Ecosystem, Inter-organizational Networks

Resumo

Negócios sociais, empresas autossuficientes com objetivos principalmente sociais estão a surgir e a mudar o cenário económico mundial. No Brasil, o campo de Empreendedorismo Social promete ajudar a resolver os vários problemas sociais do país, mas tal promessa depende do desenvolvimento de um ecossistema de suporte. No entanto, a pesquisa desenvolvida no tópico ainda é limitada, especialmente quando considerando pesquisa em contextos macro como estruturas de suporte ao negócio. O presente estudo explora o ecossistema de suporte aos negócios sociais no Brasil, oferecendo uma análise qualitativa preliminar da eficácia da rede de suporte existente para os negócios sociais, de acordo com as perceções de empreendedores sociais e prestadores de suporte. O estudo é desenvolvido baseando-se no modelo conceptual de Turrini et al. (2010) sobre os determinantes de eficácia de redes a fim de facilitar a captura de padrões. Desta forma, cada variável de eficácia de redes é desenvolvida no contexto da presente investigação e as principais conclusões relativas ao ecossistema de suporte para negócios sociais no Brasil são destacadas. Os resultados sugerem um rápido crescimento da disponibilidade de suporte para negócios sociais, mas indicam que estes serviços ainda são em número limitado e concentrados no Sudeste do país. Adicionalmente, os serviços de suporte são percecionados pelos empreendedores sociais como serviços de alta qualidade e embora se observe um sentimento generalizado de que a colaboração entre organizações de suporte tem sido importante para a construção do campo, os resultados indicam que um maior nível de interação e formalização entre prestadores de suporte levaria a maiores níveis de criação de sinergias e potenciaria a construção do ecossistema. Por último, é observado um sentimento generalizado de que o crescente nível de recursos financeiros, consciência pública e apoio do governo ao campo impactarão positivamente o desenvolvimento do ecossistema.

Palavras-chave: Negócio Social, Brasil, Apoio de negócio, Ecossistema, Redes inter-organizacionais

Table of Figures

Table of tables

Table of Abbreviations and Acronyms

ANDE Aspen Network of Development Entrepreneurs

BID Banco Interamericano de Desenvolvimento

BoP Bottom of the Pyramid

BS Business Supporter

EU European Union

GIIRS Global Impact Investing Rating System

HRM Human Resources Management

IRIS Impact Reporting and Investment Standards

LA Latin America

ND Northeast

NGO Non-governmental organization

SB Social Business

SD Southeast

RF Recife, Brazil

RJ Rio de Janeiro, Brazil

PR Paraná, Brazil

SEBRAE Serviço Brasileiro de Apoio às Pequenas e Micro Empresas

SME Small and medium-sized enterprises

SP São Paulo, Brazil

UK United Kingdom

VC Venture capital

Table of Contents

1. Introduction

Around the globe numerous market imperfections are leaving thousands of people under starvation or serious disease conditions. Financial returns are failing to capture social value and governments are unsuccessful in delivering public goods. In such setting, societies are every day looking for new solutions that can bring about answers to these problems. Social Businesses promise to be one of them.

As a matter of fact, Social Businesses (SBs) bring to light the promise of a new opportunity to create social and economic value while filling the gaps between the traditional forms of business and governments (Seelos & Mair, 2005). They take advantage of local market knowledge and challenge old sectors, promising to deliver social benefits with the discipline of markets.

Yet, SB sector is a fragile one. The abundant variety of business models and the common under-resourcing together with the need to balance conflicting goals have been condemning some SBs to short existences or business failure (Lyon & Ramsden, 2006). Several scholars (Lyon & Ramsden, 2006; Hines, 2005) mention the need to create and understand the features that should characterize a sound business support structure in which these actors can strive. On these grounds, it is quintessential to explore and understand the functioning of business support networks for SBs.

In Brazil, the ecosystem to support SBs has been growing and the number of accelerators, incubators, impact investing companies and other ecosystem promoters has been multiplying. Events are discussing the challenges and opportunities of the field and there is a new generation of young leaders investing in the area.

However, still little research has been developed in this particular area (Haugh, 2006) and the questions being raised are numerous: What are the support needs of SBs? How is support being delivered? How to design a business support structure that effectively addresses SBs' support needs and strengthens the field?

1.1. Objective

In order to shed light to some of these issues, the following dissertation proposes to delve into the Brazilian SB sector and explore the existing business support network for

SBs and its underlying characteristics. Brazil is moving from the decade of 90s characterized by the emergence of philanthropic actions to a new phase in which no longer two separate worlds are observed (Comini, 2011); being the SB movement an important promise to help tackling some of the numerous social problems faced by the country.

The proposed investigation intends hence to *describe the effectiveness of the business support network for Social Businesses in Brazil*. This research question was decoded into two main research objectives. The first objective consists in describing the main support needs and support usage patterns of SBs in Brazil. The second objective aims at identifying the determinants of network effectiveness in the case of the business support network for SBs in Brazil. For doing this, as it will be explained in Section 4, the theoretical framework of Turrini et al. (2010) on the *determinants of network effectiveness* will be used for pattern matching. Moreover, it should be noticed that this study does not aim at defining quantitatively network linkages nor detailing on the functioning of particular support networks but rather at providing an in depth qualitative understanding of the overall structure by which support has been delivered to SBs in Brazil.

1.2. Relevance of the research

Despite progress done in the understanding of SBs, a paradoxical contrast of SBs practice and scarcity of academic research is still observed (Nicholls, 2010). Specifically, little research looks at the structures of business support for SBs (Seanor & Meaton, 2008). If SB sector is to play an increasingly important role in societies, support structures have to enhance it. This study promises to contribute to fill the aforementioned gap by shedding evidence on how the Brazilian business support network for SBs has been supporting the field in the country. Moreover, it promises to be an important contribution to the academic research being developed in the field of inter-organizational networks.

Also for practitioners, the proposed study plays an important contribution by enhancing their understanding of overall ecosystem of business support. Such macro perspective is

believed to play an important role in contributing to shape support infrastructure developments for SBs.

1.3 Chapters Outline

The underlying investigation is structured along the following lines. First, in section 2, contextual issues and definitions concerning SBs are developed with the aim of providing an understanding of the concept of SB, the choice of Brazil as well as the relevance of the existence of support infrastructures for the sector. Section 3 discusses the conceptual model behind the development of the study and its applicability to the research. Section 4 presents the methodology followed in the development of the investigation. Subsequently, a general overview of the SB field in Brazil as well as the perception of interviewees on network effectiveness concept is followed by a discussion on the main support needs and usage patterns of SBs. A critical analysis of the conceptual model under the specificities of the underlying research and its refinement follows so as to guarantee appropriateness of the assessment drawn in the subsequent section. The assessment of each of the determinants of network effectiveness is hence discussed through an in-depth analysis of all the findings drawn during the investigation. Based on this discussion, the main conclusions of the work are summarized in Section 6. Finally, the work closes with the presentation of the main limitations and with suggestions for future research.

2. Making sense of Social Business

The increasing need of governments to control public spending together with the complexity of traditional social policies is leading politicians, academics and practitioners to question third sector's capacity to fill this gap (Borzaga &Defourny, 2001). At the same time, while consumers seek novel opportunities to express their values, companies' competitive advantages are increasingly being value-driven (Allan, 2005). In this setting, SBs have been flourishing and promising to tackle social and environmental challenges while bringing about qualities of private enterprises (Borzaga & Defourny, 2001; Seanor & Meaton, 2008).

2.1. Social Business definition – a path towards legitimacy

But what is, indeed, a SB? Central to any discussion in the field, the aforementioned question has received much attention by scholars (Dart, 2004; Nicholls, 2006) and the controversy prevails. If Social Entrepreneurship defines a vast array of initiatives or practices to solve social problems (Defourny & Nyssens, 2008), the term SB is often associated with self-sufficient organizations that aim primarily at creating social impact, aiming at maximizing value creation, rather than value appropriation (Santos, 2009).

What is more, Kerlin (2006) reveals that the definition of SB varies accordingly to the world regions, reflecting its different underlying contexts. If in Europe its creation was marked by a tradition of collectivism and social economy; in the US, enterprises with market approaches were tackling social problems. In the nebulous nature of the term, the EMES European Research Network thrived in achieving a common understanding by proposing a set of prominent features of SBs, namely, the existence of a *social goal pursued*; *non-profit distribution constraint*; and the *assignment of ownership rights and control power to stakeholders other than investors coupled with an open and participatory governance model*. (Borzaga & Defourny, 2001) Conversely, in the US, the term SB has been highly associated with market-based approaches that aim to solve social problems, and encompasses organizations ranging from for-profit enterprises involved in activities with a social aim, to social purpose organizations (Kerlin, 2006).

Furthermore, the construction of the concept of SB in the US puts greater emphasis on the role of an individualistic social entrepreneur that under market mechanisms acts as

an agent of change (Dees, 1998) while in the EU, one can observe the term *social* referring often not only to an external purpose but also to SBs' internal dynamics (Teasdale, 2012). An additional point of discussion is the position towards profit distribution. While scholars as Kerlin (2006) claim that dividend distribution is an integral part of markets; others (Borzaga & Defourny, 2001; Yunus, 2010) believe that a non-distribution constraint is a utility-enhancing mechanism.

In the developing markets' literature on SB, several commonalities to the aforementioned lines are observed. But if there is a consensus on the role of SBs as actors with a strong concern towards poverty which aim to have a long-term positive impact on society (Comini et al, 2012), the position towards profit distribution is divergent among those countries. In fact, the rejection of dividend distribution defended by Yunus, the main Asian diffuser of the concept, is somewhat relaxed in the LA literature (Comini et al., 2012).

All in all, if some scholars consider that this difficulty to distil a coherent picture of the sector is a reflection of the sector's reality (Light, 2006) in which discussing "best practices" is somehow more important than finding a common definition; others (Jones & Keogh, 2006; Lyon et al., 2010) believe that this lack of conceptualization is hampering efforts to measure the sector and slowing down policy' creation.

2.2. Social Business - a rising actor in the Brazilian scenario

Brazil is a country where the emergence of these actors has been of particular importance. One of the BRICs and the 13th most unequal country in the world (WorldBank, 2012), Brazil has made major progresses in reducing income inequality, but this was to a great extent dependent on traditional models. In order to move forward, Brazil counts on novel ways to tackle its unsolved social problems.

 If the country has been shaped by the existence of relatively old agents in the social sector, the discussion around the term SB is recent, explaining the lack of a consensus around theories or concepts (Comini, 2011). This is partially explained by what, Comini et al. (2012), identifies as traits preventing the Brazilian landscape to evolve: absence of a legal definition and regulatory policies, poor design of relationships with investors, few governance and management models and lack of community

involvement. Besides, the same authors reveal that mistrust regarding private sector practices within the social sphere is still rooted in the Brazilian society.

But a lot has been done recently, with the emergence of actors such as accelerators and investors supporting the sector. In fact, events such as the *SB World Forum* in RJ held in the October 2012 by NesST in partnership with other players such as Ashoka and Vox Capital represent sound steps towards the growth of the sector.

2.3. Business support and the growth of the Social Business sector

Whilst the discussion above sets out the promise of the SB sector in Brazil, the growth of the sector is often hampered by the fragility of a sector marked by multiple business models (Hines, 2005). There is a wide array of reasons why SBs fail. Leslie (2002), in her study developed in the UK, identifies finance as a key barrier faced by a sector marked by undercapitalization. This situation is often aggravated by a perceived lack of understanding of the sector both by stakeholders and by society in general (Hynes, 2009).

Weaknesses in management and strategic planning (Chapman et al., 2007) are commonly referred as contributors to the high failure rate within the field. Additionally, Royce (2007) claims that the sector is hindered by difficulties in recruiting and retaining qualified staff. According to the author, shortage of sector-based knowledge and difficulty in accessing the available pool of potential employees, either by inability to offer a competitive salary or career development plans, complicates HRM policies. A last reason concerns the tension between social and economic goals. Whilst some scholars (Dees, 1998; Evers, 2001) defend that this tension does not impose relevant barriers, others (Pearce et al., 2003) consider it to be an important challenge faced by SBs.

Faced with some of the aforementioned hurdles, SB sector is an area where failures and short term existence are observed (Hines, 2005). Therefore, the existence of a sound support network in place that can help SBs surpass some of the existent difficulties is believed to be paramount for the development of the sector. This development of a sound support network is expected to depend both on the existence of an adequate number and typology of support organizations which successfully cooperate to ensure

that a business can have access to the appropriate support and also on the context in which SBs are embedded. In this line, Evers (2001) puts across the idea that the potential for the formation and maintenance of SBs is dependent on the surrounding local environment and public policies.

In such setting, it becomes straightforward that building a society in which SB can strive and reach their potential involves hence an exploration and deeper understanding of the underlying characteristics of Business Supporter (BS) ecosystems that effectively can address SBs' support needs (Lyon & Ramsden, 2006; Seanor & Meaton, 2007).

3. Conceptual issues: A theory of Network effectiveness

The rising importance of SB sector together with the lack of frameworks empirically tested in the sector, is leading scholars to advance research in this arena by using traditional management theory (Austin et al., 2006). On this wavelength, the underlying study proposes to delve into the business support network for SB in Brazil in the light of an existing conceptual model from Turrini et al. (2010) on the determinants of network effectiveness.

The set of SBs and BSs evolving in the country, which aim to build a society in which SB can strive and reach their potential, is considered to comprise an inter-organizational network due to the existence of multiple collaborative linkages among organizations "where one unit is not merely the formal subordinate of the others in some larger hierarchical arrangement" (O'Toole, 1997, p.45) is observed.

The following section starts by explaining the reasons behind the choice of the aforementioned conceptual model and develops by exploring the concept of network effectiveness and the discussion on each of the determinants of network effectiveness proposed by the model.

3.1. Network theorizing – Inter-organizational network-level interactions

Using network analysis to understand how the BS ecosystem is performing in supporting SB field appears to encompass a major advantage by enabling capturing not only the features of individual organizations but also the role performed by inter-firm cooperative alliances. However, despite the recent upsurge in research on cooperative alliances between organizations, Borgatti & Foster (2009) mention a lack of clarity about network theorizing. This lack of clarity is amplified when looking at research on whole networks, and especially whole network effectiveness (Turrini et al., 2010). According to Provan et al. (2007), research on networks as a whole (the understanding of collectivities of organizations through the relational and network variables) encompasses a "specific type of network that has been frequently discussed but only infrequently researched" (Provan et al., 2007, p.482). On top of that, regardless of the preponderance of ad-hoc networked structures, there is "no distinct body of literature on informal networks" (Isett *et al.*, 2011).

In this context, Turrini et al. (2010) conceptual model is used for pattern matching because it comprises one of the latest and more complete models that bring together what has been assessed so far on the field of network effectiveness. Moreover, the studies underlying the aforementioned model were all drawn from research on relationships between organizations – the so-called inter-organizational networks – which perfectly align with the network underlying this investigation.

Yet, it is acknowledged that using Turrini et al. (2010) model presents some limitations since it is a model based mainly, but not exclusively, on studies on formal/strategic networks in the public administration field. Therefore, acknowledging the limitations that this encompasses, insights from other networked structures drawn from diverse fields were, when appropriate, included in the discussion.

3.2. Exploring network effectiveness concept

According to McGuire & Silvia (2009) network effectiveness is a network-level phenomenon that refers to the extent to which the collective necessities of the members are satisfied by the network. Adding to this definition, Kenis & Provan (2009) claim that the criteria used to evaluate network effectiveness must take into consideration the particularities of each network. As a matter of fact, networks are characterized by numerous different forms and objectives and hence it is quintessential that these are reflected in the definition of network effectiveness applied. Furthermore, the operationalization of the concept of network effectiveness is complicated by the fact that effectiveness is, by itself, a concept bound to theory, paradoxical and dependent on the investigators' interest (Cameron, 1986).

By aggregating findings from a vast array of investigations on network effectiveness, Turrini et al. (2010) framework of the determinants of network effectiveness contributes to the operationalization of such concept. According to the authors, network effectiveness can be defined as: network level effectiveness (network capacity to innovate, to achieve the stated goals and to be sustainable) and external level effectiveness (community effectiveness and client effectiveness). In this line, the authors developed a model by which they discuss the underlying determinants of

progress in network performance, being these determinants considered explanatory of the effectiveness of a whole network.

The following sections discuss the existent research on each of the proposed determinants of network effectiveness.

3.3. Determinants of network effectiveness

Accordingly to the theoretical construct, network effectiveness determinants can be divided in three main categories: structural, functional and contextual (Turrini et al., 2010). Each of these categories comprises several explanatory subcategories, which will be individually addressed subsequently, generating the composite model presented in **Figure 1**.

Figure 1: Determinants of network effectiveness
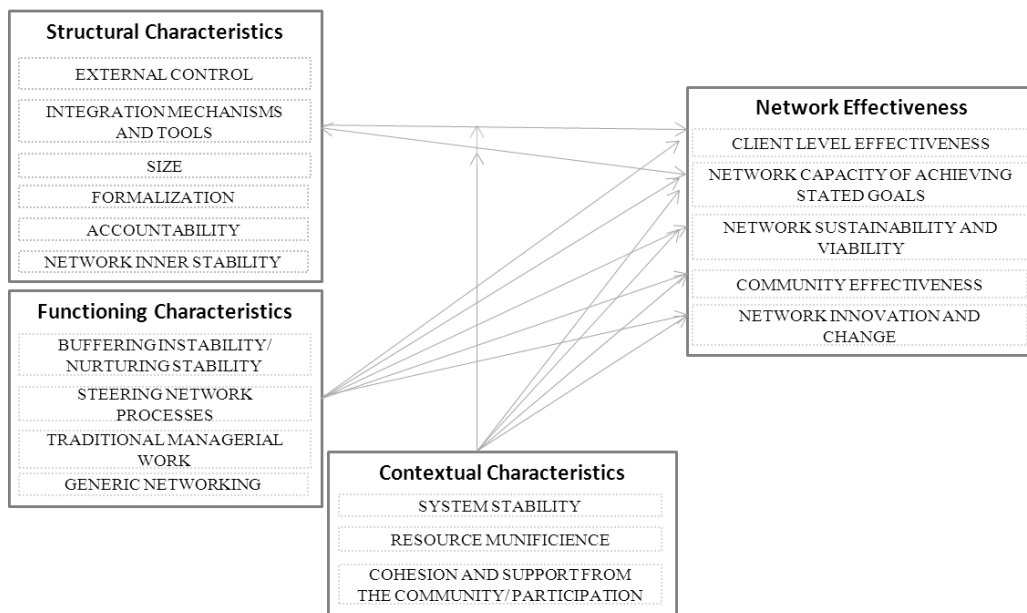
Source: Turrini et al. (2010)

3.3.1. Network structural characteristics

Network structural characteristics' impact on network effectiveness was first discussed by Provan & Milward (1995) and later expanded into the following subcategories: external control, integration mechanism and tools, size, formalization, accountability and network inner stability.

External control

External control is defined as the "network dependence on constituencies" (Turrini et al., 2010, p.540). Much attention has been paid by the academic community on the effect of external control on the network performance, especially on the effect of fiscal control. As a matter of fact, studies on the centralization of external fiscal control have been prevalent. Nevertheless results are somewhat contradictory; whist some scholars (Goldman et al., 1992) defend that decentralization consents more flexibility to the network, others (Provan & Milward, 1995) claim that agency problems tend to arise from decentralization. Provan & Milward (1995) results on the comparative research of four community mental health systems conclude that effectiveness would be higher when direct fiscal control was in place due to the fact that the probability of free-rider situations was significantly lowered. Another important insight is conveyed by O'Toole (2004) in the proposed idea that managing networks has a dark side. Using this expression the author defends that single nodes of the network often lead the organization to bias its behaviors helping the more privileged actors in the organization and that this is prevalent in less centralized structures.

Lastly, when assessing community partnerships, Mitchell et al. (2002) proposes that state regulatory agencies' behaviors can have a significant impact on the performance of such relationships.

Integration mechanisms and tools

Understanding integration in a network is believed to be central in uncovering its effectiveness. As a matter of fact, integration favors combination of perspectives, knowledge and skills among diverse actors which is often considered a "proximal outcome of network functioning" (Lasker et al., 2001, p.183). The existence of joint information and communication systems or the development of common activities were found to be mechanisms that enhance integration (Provan & Sebastian, 1998; Mitchell et al., 2002; Shortell et al., 2002). When this integration succeeds in creating something new, partnership *synergy* arises (Lasker et al. 1997) allowing the emergence of novel and creative ways of thinking, higher integrated programs and a closer engagement of the broader society (Lasker et al., 2001; Weiss et al., 2002).

Nonetheless, optimal level of network integration varies accordingly to network-specific factors such as the nature of products or services delivered by the network, the degree of trust and uncertainty avoidance or its maturity stage (Mitchell & Shortell, 2000). In general, integration in networks tends to follow one of the subsequent three forms: density-based integration, centralized integration or integration by clique overlap (Raab and Suijkerbuijk, 2009).

Density-based networks are characterized by higher amount of interactions among network members and high levels of social embeddedness (Jones & Lichtenstein, 2008). If on one hand social embeddedness enhances the creation of trust, information sharing and cooperation, Raab and Suijkerbuijk (2009) revealed that such type of integration is only effective in small and centrally concentrated networks.

The second form of integration, centralized networks, is marked by high concentration of lines around a central point (Scott, 2000), and is often related to the existence of a network broker. When organizations that have a central position work in the interest of the communal goals, a broker role is likely to arise (Lawless and Moore 1989; Provan and Milward 2001). Such role is measured by network centrality and tends to gain power due to the facility of such actor in connecting members of the network. Provan & Milward (1995) found that network effectiveness is enhanced when centralization is in place. The ability of a network broker to establish linkages with a greater number of network nodes is believed to enable transactions (Thurdmeier &Wood, 2002) while decreasing time and effort to coordinate tasks, enhancing both commitment to network goals and monitoring opportunities (Provan & Milward, 1995). Nevertheless, due to the fact that integration and centralization appear to be mutually exclusive, this type of integration is successfully only when density in the network is low (Raab & Suijkerbuijk, 2009).

The third type of integration - by clique overlap - is somehow a form in between the two forms aforementioned. In integration by clique overlap, cliques -densely linked groups within the network structure - connect with each other only through a fewer number of ties among themselves (Scott, 2000). Integration at the sub network level is linked with improved network performance because densely connected partners enhance the

development of trust and communication (Uzzi, 1997) while cliques overlap contribute to knowledge sharing in a more efficient way (Provan and Sebastian, 1998).

Size

Breath and heterogeneity of a network were found to be a second group of network characteristic affecting its effectiveness. In other words, understanding whether size and composition of a network is adequate to address the proposed problem is paramount. Mitchell & Shortell (2000) found out that in circumstances where the mission and scope of the network is broader, the involvement of a wider range of actors is more effective. Nevertheless, acknowledging the relative challenges arising from diversity, such as leadership complexity, coordination and communication have been highlighted as crucial to reap the fruits of increased diversity (Hasnain-Wynia et al., 2003). In this sense, whether a larger network is more effective or not depends on the particularities of each network and its underlying goals.

Besides, the ability of the network to grow by selecting actors aligned with its central mission is positively correlated with network effectiveness (Mitchell & Shortell, 2000), being particularly important in the early stages of its development so survival as a form of organization is guaranteed (Provan & Milward, 2001).

Formalization

There is an ongoing debate whether formalization enhances network effectiveness. Whilst some scholars (Mitchell et al., 2002) believe that some flexibility is needed in order to allow adaptation, others consider that the existence of formalized rules and a written agenda spurs network capacity (Isett et al., 2011), transporting it from the fragile scope of personal relationships and enhancing accountability (Thacher, 2004; Imperial, 2005). Also, the specificities of the organizational structure and its environment appear to have an impact in the desirable level of formalization (Mitchell et al., 2002). Hasnain-Wynia et al. (2003) in their investigation found out that the desired level of partnership formality depends to a great extent on the norms and preferences of the community in which it takes place. It seems that while some people have a preference for comprehensive structures and the clarity offered by them, others believe that

formality is "a bureaucratic nuisance that interferes with the free flow of communication and delays action" (Hasnain-Wynia et al., 2003, p.49S).

Accountability

In addition to formalization, accountability, the explicit measurement of outcomes, was found to allow for a more transparent understanding of the efforts and actions of each organization by stakeholders (Page, 2003). Documenting progress, using feedback mechanisms and proposing improvement are mechanisms which enhance accountability (Fawcett & Francisco, 2000). Such enhanced accountability is therefore expected to play an important role in spurring network members' commitment contributing to improve the level of the services delivered (Mitchell et al. 2002), being henceforth positively related to network effectiveness.

Network inner stability

The last structural determinant of network effectiveness is its inner stability, which is in its simple form, the constancy of the people involved in the network. Trust has often been mentioned as a central result of maintaining stability in collaborative relationships (Conrad et al., 2003; Vangen & Husham, 2003). Defined by La Porte & Metlay (1996, p.342) as "the belief that those with whom you interact will take your interests into account, even in situations where you are not in a position to recognize, evaluate, and/or thwart a potentially negative course of action by 'those trusted'", trust plays an especially central role in networked settings. In such settings, repeated interactions among different nodes increase the transaction costs of recovering trust (O'Toole, 1997). Not solely trust but also norms of cooperation and high levels of reciprocity are expected to be positively correlated with network success.

What is more, trust and reciprocity building are processes that require sharing and investment of time, but that when attained are reinforced in a cyclical process (Vangen & Husham, 2003). Therefore, trust and knowledge sharing are expected to be enhanced both by network manager(s) tenure and personnel stability (Junke, 2005). Manager(s) tenure and personnel stability are believed to be particularly important in high networked/high diversity settings (O'Toole & Meier, 2003). By the increased levels in personnel stability and in trust, higher levels of integration in the network are achieved

(Junke, 2005). On the same wavelength, expecting to enhance trust formation, time spent within the network and the existence of structural links are positively correlated with progress in network performance (O'Toole & Meier, 2003).

3.3.2. Network functioning characteristics

Not only were the structural characteristics of a network found to affect its performance, but also the features underlying its functioning, namely, traditional managerial work, generic networking, buffering instability/nurturing stability and steering network process.

Traditional managerial work

Several scholars (O'Toole and Meier, 1999: Weiss et al., 2002) defend that managerial quality and competency determines network effectiveness. As a matter of fact, internal organizational capacity is believed to be an antecedent for the successful implementation of programs and for goal achievement (Fredericken and London, 2000). The same authors point out that such internal organization capability arises from a gamut of diverse activities such as leadership and vision, management and planning, fiscal planning and practice or operational support.

Additionally, the appropriateness of the service delivered by each organization is defended by Provan & Milward (2001) as a factor directly impacting the functioning of the whole network. In this sense, it is believed that service appropriateness spurs not only the individual organization but also partnership formation. The same authors add to this point by revealing that in order to allow flows of information and resources, networks should be able to "broaden their web of ties, moving from the provision of critical core services by a limited number of closely linked agencies, to inclusion of agencies and services that might be seen as more peripheral" (Provan & Milward, 2010, p.418). This vision can be spurred by the heightening of organizations' concern on planning strategically who to partner with and which joint decisions to take (Page, 2003).

Generic networking

Despite the lack of empirical tests on the correlation between managerial attitudes and network outcomes (McGuire, 2002), some researchers have been shedding light into this relationship and the importance of managers' behavior in spurring network performance. As a matter of fact, in networked settings, a proactive management style (Goerdel, 2006) and a higher level of interactions with network members (Meier and O'Toole, 2001) is strategic because it enables communication, exchange and coordination among actors. According to the same author, this type of actions helps fostering the creation of network capital enhancing organizational performance.

Buffering instability/Nurturing stability

Despite inherently part of human nature, conflict must be successfully managed. Specifically Shortell et al. (2002) revealed that partnerships that successfully managed conflict achieved better results. Their ability to solve tensions involves an initial acknowledgement of differences and problem anticipation, the development of communication and the establishment of interdependencies among nodes (Mitchell & Shortell, 2000). Also, bargaining and negotiating should occur in an open and impartial environment (Shortell et al., 2002) where participation, discussion and harmony are encouraged (Agranoff & Mcguire, 2001).

Additionally, the ability of the network to mobilize and create commitment was found to spur network performance (Turrini et al., 2010). In effect, successful inter-organizational relationships are enhanced by both trust and commitment (Morgan & Hunt, 1994). Commitment, the willingness of partners to exert effort in the best interest of the relationship (Porter et al, 1974), provides a setting in which partners can attain both individual and joint goals. Commitment is enhanced by cohesion in relationships, in which it is observed both an awareness of interdependence among organizations and a sense of unity (Shaw, 1981). Also, the development of clear missions and goals, jointly constructed and relevant to network nodes, were found to enhance commitment (Page, 2003). The existence of a common mission, together with the promotion of exchange of ideas and of a culture where organizations know each other and engage in

cooperative activities is considered crucial to spur commitment and to shape the operating context of the network, spurring network inner stability.

Steering network process

As in purely market relationships, leadership in networks is also found to play a paramount role. Leadership in networks is found to have three main perspectives: to empower or facilitate access to agendas of all partners, to broaden the scope of existing agendas and to enhance creative thinking (Huxham & Vagen, 2000). Nevertheless, while some researchers (McEvily & Zaheer, 2004) associate leadership in partnerships with a facilitator role, in line with the aforediscussed determinant, others (Lasker et al., 2001; Weiss et al., 2002) defend that a committed strong leadership enhances network performance. What appears to be widely agreed among scholars is that effective leadership is positively correlated with partnership synergy (Weiss et al., 2002) being an effective leadership style in a networked setting somehow different than leadership within a single organization (Hasnain-Wynia et al, 2003).

To begin with, the existence of multiple actors providing leadership calls for a participative and ethical decision-making (Agranoff & Mcguire, 2001; Hasnain-Wynia et al., 2003). Leaders need to respect divergent perspectives and articulate effectively how potential synergies can be created. In this fashion as well, community activation through the selection of desired actors and assets should be a characteristic of such leaders (Conrad et al., 2003; Hasnain-Wynia et al., 2003). According to Wagner et al. (2000), among other activities, community activation comprises the reinforcement of consensus and cooperation among significant community entities.

3.3.3. Network contextual characteristics

Lastly, as widely discussed in network literature (Turrini et al., 2010), the characteristics of the external environment of the network, regardless of their nature, can have an important impact on its development.

System Stability

System stability, defined as the absence of changes from the exterior in the network environment, encompasses two main sources: resource munificence and cohesion and support from communities (Turrini et al., 2010). Despite the fact that literature on networks has been focusing on the relationship between external factors and the performance of the network, evidence on this relationship is still mixed. While Provan & Milward (2003) put forward the idea that networks are negatively impacted by the existence of external environmental changes; environmental stability alone does not appear to be sufficient to justify network effectiveness (Provan & Milward, 1995).

Resource munificence

The first source of system stability, resource munificence, has mixed evidence on network performance. On one hand, several researchers (Conrad et al. 2003; Bazzoli, 2003) found out a positive relationship between the existence of local financial resources and network performance. A prominent contribution by Bazzoli (2003) revealed a gain of legitimacy, higher levels of motivation among network actors, and a higher focus on the objectives in instances where resource munificence is attained. On the other hand, Provan & Milward (2001) argue that in order to spur effectiveness high levels of resources ought to be accompanied by other network-level factors such as integration.

Cohesion and support from the community

The last determinant of network effectiveness, support and participation from the community has been revealed as a significant factor spurring network progress. Societal and community support appears to arise in settings where the partnership is viewed as a "powerful and influential actor in the community relative to other coalitions" (Mitchell & Shortell, 2000, p.269) and where partnership goals are aligned with the societal and organizational needs. Moreover, in their research, Hasnain-Wynia et al. (2003) found out that societies marked by previous experiences of collaboration and where a joint recognition of the need for action was present created environments with higher levels of trust and where partnerships were more likely to succeed.

Lastly, Hasnain-Wynia et al. (2003) add to the previous discussion by pointing out that significant geographic and cultural diversity is likely to impose obstacles in the

involvement and engagement of important players and henceforth negatively impact network performance.

4. Research design

In order to *describe the main support needs and support usage patterns of SBs in Brazil and to identify the determinants of network effectiveness in the case of the business support network for SBs in Brazil*, an exploratory study under a qualitative approach was followed, using the technique of in-depth interviews with social entrepreneurs and business supporters. Qualitative research explores and provides a comprehensive understanding of a phenomenon, being noticeably useful when the object of the underlying study lacks understanding (Punch, 2005). As noticed by Comini et al (2012), academic research in SB sector is still in its infancy stage in Brazil, being hence the usage of a quantitative approach considered premature. Moreover, the concept studied - network - involves by definition a wide range of informal and unstructured linkages and processes within different organizations. According to Marshall (2011), under such circumstances, qualitative approaches perform better because it permits to apprehend them. Lastly, a qualitative methodology allows capturing personal interpretation, leading to explanations that go beyond data statistics and allow broadening views (Creswell, 2008).

Notwithstanding, if the choice of the aforementioned qualitative approach confers flexibility to the research, the proposed study suffers from the inevitable tension between the lack of a theoretical framework and the use of an existing theory (Maxwell, 2013). Aiming at solving this issue, while the first part of the research followed prevalently a flexible structure; the second objective, the qualitative assessment of the determinants of network effectiveness, was built on the Turrini et al. (2010) model of the determinants of network effectiveness. Using an existing theory in the complex task of studying an ecosystem as a whole, as defended by Maxwell (2013), helps as a *coat closer* facilitating to fit loose information into an existing framework.

Yet, the risks associated with this approach must be acknowledged. Firstly, it is recognized that, as previously mentioned, the underlying research comprises a network that takes place in a different setting than the ones that bring to light the conclusions presented by the theoretical framework. Moreover, when sticking solely to the existing theory, the research faces the risk of losing relevant participants' views. Therefore, in

order to overcome such drawbacks, attention was paid to dissimilar data during the entire investigation, aiming at minimizing the aforementioned risks and ensuring the study of all the appropriate determinants explanatory of network effectiveness.

4.1. Population and Sample

As previously stated, the constituents of the proposed network are SBs legally functioning in Brazil and BSs performing functions specifically aimed at supporting SB sector in Brazil. Looking at it, one can easily recognize that they are essential pieces to contribute to the development of the underlying study.

If in a first analysis the definition of the population above explained appears unambiguous; as defended by several scholars (Jones, D., & Keogh, W., 2006), there is not an universal agreement on the definition of the term SB; factor which complicates research in the field. For this reason, the following research considered the term SB as enterprises encompassing the following characteristics: (i) small and micro enterprises, (ii) created to cause social impact, and (iii) economically viable or structured to achieve economic viability.

From the population above presented a sample was drawn, being SBs tested for the three aforementioned filters in order to ensure that they accomplished the requisites needed to be considered a SB according to this research's definition. Snowball and purposive sampling methods were used with the objective of facilitating the uncovering of SBs and of choosing *information-rich cases* (Patton, 1990) while taking into consideration the importance of selecting the most appropriate person to discuss business support issues. In this process, 15 SBs were chosen as participants.

Moreover, with the intention of minimizing sample bias, *maximum variation sample* was applied, selecting key variables expected to influence views on the topic (Krefting, 1991). The chosen variables affecting SB were geographic location, stage of development of the SB and sector of activity. Details regarding the distribution of the SBs in the sample concerning the aforementioned categories are presented in **Table 1**.

Table 1: Overview of the profiles of the SBs comprising the sample

	Region	Sector	Development stage[1]
SE1	Southeast	Education	Early Development
SE2	Southeast	Education	Pilot
SE3	Southeast	Education	Early Development
SE4	Southeast	Housing	Pilot
SE5	Southeast	Sustainability	Development
SE6	Southeast	Health	Development
SE7	Northeast	Artisanal Products	Maturity
SE8	Northeast	Financial Products	Maturity
SE9	Northeast	Financial Products	Maturity
SE10	Northeast	Health	Development
SE11	South	Electricity/Sustainability	Maturity
SE12	South	Education	Pilot
SE13	South	Health	Early Development
SE14	North	Artisanal Products	Maturity
SE15	North	Sustainability	Development

Concerning the sample of business developers, a variety of organizations were interviewed, encompassing a mix of organizations representative of the different capacity development providers for the sector and ensuring the inclusion of the most active members in the network in order to gather the largest knowledge possible. The sample of business providers drawn is described subsequently in **Table 2**. Lastly, insight from the role of universities in the ecosystem was gathered trough informal interviews.

Table 2: Overview of the profiles of the BSs comprising the sample

	Type of support offered
BS1	Ecosystem promoter
BS2	Accelarator/Incubator
BS3	Accelarator/Incubator
BS4	Financing Organization
BS5	Financing Organization
BS6	Ecosystem promoter
BS7	Accelarator/Incubator
BS8	Accelarator/Incubator
BS9	Accelarator/Incubator

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[1] Pilot SBs comprise SBs that are in the phase of project testing. Early development stage is defined as SBs with operations already taking place but with less than 2 years of existence. Development stage is defined as SBs with more than two years and less than five. Mature SBs are defined to be SBs with more than 5 years of existence.

BS10	Ecosystem promoter
BS11	Ecosystem promoter

4.2. Data Procedures

4.2.1. Data collection

Both primary and secondary data were collected in order to obtain diverse images of understanding (Mathison, 1988) and guarantee a better triangulation of data. Primary data was gathered through one-to-one interviews conducted with the 26 participants of the sample. This process took place from the month of February until June 2013 with interviews being conducted either personally or via skype/telephone.

Additionally, interviews followed a semi-structured approach (see **Appendix I** and **Appendix II** for interview guides). The reason behind this choice was that a relatively loose structure allowed both to the exploration of participants' stories and subjectivity while conferring flexibility (Creswell, 2008). Moreover, 2 interview guides were drawn, each one adapted accordingly to the 2 different types of participations and reflecting the research objectives. Interviews had the duration of forty-minutes to one hour and were held in Portuguese. Interview records were captured through exhaustive notes taken during the interviews, being, when with the consent of the interviewee, recorded in order to be used to crosscheck notes and avoid the imminent lack of accuracy. 18 out of the 26 interviews were recorded and subsequently heard so that pieces of evidence could be transcribed and presented to shed light into the discussion of the results. Lastly, names of the participants were omitted in the study to protect individual privacy with the respondents being reassured that interview material would be confidential. These interviews provided firsthand information on the support experiences and on the collaboration mechanisms in place, as well as participants' understanding of their effectiveness.

Along with primary data, an in-depth analysis of the official websites, relevant literature and articles were collected in the same period.

4.2.2. Validity of the research

Internal validity was safeguarded in the study aiming at guaranteeing that conclusions can be a result of the treatment. Firstly, as previously mentioned, triangulation of the results was applied, contributing to enhance the quality of the investigation. Secondly, the usage of the research framework of Turrini et al. (2010) for comparability in the setting of the SB, assured the correct documentation of patterns and values, quintessential to safeguard credibility. External validity in a qualitative study refers to the transferability of the data, the degree to which results can be applied to other contexts (Shenton, 2004). Detail on the research context together with the clear selection criteria of the study's participants was developed in order to facilitate transferability.

4.2.3. Data analysis

After gathered, data was treated in order to shed light in two aforementioned research objectives. Initially data was *tied up* (LeCompte, 2002) and organized in order to allow familiarization and identification of potential structural gaps. The second step consisted in focusing the data in light of the different research objectives. The categorization of items followed two different approaches. While data referring to the first research objectives involved the creation of categories from scratch; data referring to the second objective was treated in order to fit the categories established by Turrini et al (2000) (See **Appendix III** for details on the operationalization of the determinants of network effectiveness). Nevertheless, during this last process, as it will be presented in Section 5.2, the appropriateness of the proposed categories was critically judged. Finally, data was interpreted as a whole in order to bring about conclusions to the research objectives.

5. Discussion of results

The following section starts by an introductory section in which both a description of the SB field in Brazil and the respondents' understanding of the network effectiveness concept are explored. A discussion on the main support needs and support usage patterns of SBs in Brazil follows. Subsequently, in order to address the second research objective, the conceptual model underlying this study is further refined in order to advance to the discussion of each of the determinants of network effectiveness that follows.

5.1. The SB sector in Brazil and network effectiveness concept reviewed

Despite the efforts to study SB's field, statistics and knowledge of it are still limited in Brazil. Aiming at getting a better understanding of the sector, ANDE's Brazil Chapter published a Mapping of the Social/Inclusive Businesses field in the year of 2011 that offers a preliminary analysis of the sector. Despite acknowledging the fast changing environment surrounding the SB movement, some of the knowledge uncovered by the aforementioned study is considered important to have a general understanding of the ecosystem that will be further discussed in this paper.

To begin with, such mapping succeeded in identifying 140 social/inclusive businesses. Of the sample interviewed, 64% of the companies were micro enterprises, operating mainly in the financial services and artisanal products' sectors. Furthermore, ANDE's Brazil Chapter (2011) found out that there was a boom in the establishment of such companies in the decade of 2000s. Furthermore, over 50% of the respondents in the sample drawn were found to have impacted up to 1000 people until the year of the 2011, being such impact mainly through an increase in income/productivity growth and the access to education (ANDE's Brazil Chapter, 2011).

When looking at the existent support network in Brazil, ANDE's Brazil Chapter (2011) uncovered 40 capacity developers that support the growth and development of such businesses. Looking at the support usage rate among the SBs and the Inclusive Businesses sampled, the same report found a percentage of support usage of 74%, being the most common sources of support mentioned: NGOs, consultancy, the Government SME agency SEBRAE and universities. Business Supporters (BSs) were henceforth

found to provide a wide range of services ranging from courses, workshops and training to strategic/management advice programs, networking opportunities and links to investment.

What is more, due to the initial stage of the field in the country (Comini, 2011), support organizations' missions were found to be broader than solely supporting existing SBs but also to involve the dissemination of the concept and support for the creation of new ventures. In this vein, network level effectiveness is perceived by respondents of the investigation underlying this paper to encompass two lines of thought.

On one hand, since "businesses are still in a "limbo" stage, are still not mature" (BS11) network effectiveness is perceived to encompass a need for the existence of high quality support organizations that "can leave the bubble and reach every social business" (SE4). On the other hand, effectiveness is associated with an ability to "understand the ecosystem as a whole" (BS3). An effective support network is hence perceived to be the one that allows to "successfully divulgate best cases, to learn with the errors of others and to share learning" (BS9), "to bring players to the network, get the government closer and involve the society" (BS6).

Finally, effectiveness perceptions among respondents were also found to corroborate Turrini et al. (2010) concept of external level effectiveness, with interviewees mentioning the centrality of the support network goal of maximizing social impact in the SB field in Brazil.

5.2. Uncovering support needs and support usage patterns

After understanding the field under this investigation and before delving into the particularities of the ecosystem of BS, it is quintessential to uncover what the main support needs of SBs in Brazil are. In particular, it is important to understand in which areas they are facing greater challenges and how they are currently locating their external support usages. In order to do so, the qualitative analysis based on the views of the SBs interviewed sheds light into the subject. Therefore, the main support needs stated by the respondents can be found in **Graph 1** and are further discussed below.

Figure 2: Main support needs of Social Businesses
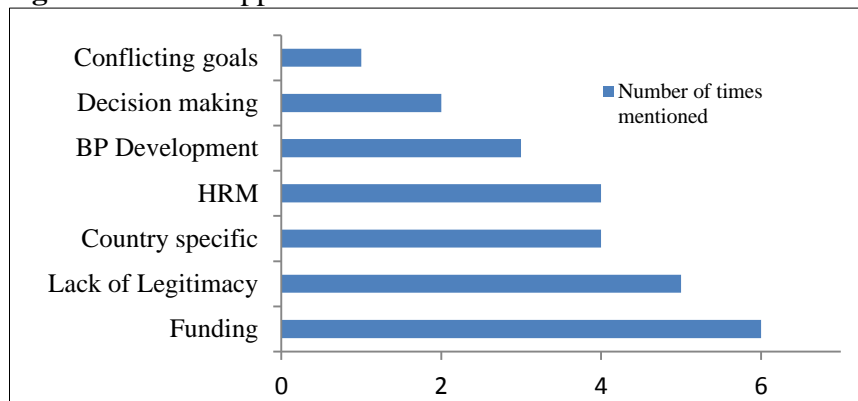
Source: The author

To begin with, six respondents mentioned having difficulty in attracting funding for a sector which they believed require a different type of investment, namely, marked by slower and lower returns and hence that differs significantly from the conventional investment mechanisms currently in place. This finding appears to be consistent with views of scholars such as Leslie (2002) whose findings illustrate a sector marked by undercapitalization. What's more, respondents put across the idea that financing for the sector is still marked by a high degree of conservatism resulting in the fact that SBs with higher levels of innovation face higher difficulty in financing their activities. Furthermore, evidence appears to corroborate the idea that such difficulties are prevalent among SB in the initial stage of the development.

A second challenge mentioned, as seen in **Figure 2** was the lack of legitimacy. Five SBs mentioned the existence of a lack of legitimacy around the term itself by stakeholders; factor which they believed had an impact in the way all business activities were conducted. This feeling was transmitted by sentences such as "*Not only when recruiting but also when talking with investors or suppliers there is a lack of understanding of the concept*" (SE3).

Also, there were a group of difficulties observed found to be country-specific, namely, difficulties related to the so-called "*Custo Brasil*". High levels of bureaucracy were frequently mentioned as prevailing in an environment in which as one respondent put it: "*In order to be able to run a business the requirements are many*" (SB7). Deficient logistics were also mentioned by a start-up operating in the north of Brazil as an

38

important impediment for doing business as well as the perceived existence of significant levels of corruption in local public services. These results are somewhat in line with the World Bank's 2012 annual global report "Doing Business", with Brazil ranking 126th out of 183 countries in factors such as the ease of paying taxes, starting a business or registering property. Nevertheless, a respondent put forward the idea that "*As a start-up with a different line in the market the "Custo Brasil" ends up being even more difficult*" (SB7) for this type of companies.

Another significant finding was the prominence of recruiting staff as a key obstacle for SBs' development. As a matter of fact, several respondents stated that despite the positive curiosity brought by SB concept, there is a lack of specific platforms to post job openings for the sector; which is posing significant challenges for finding potential personnel to work in these companies. This appears to be worsened by what was mentioned by one respondent as a difficulty in offering competitive salaries. The respondent explained: "*You cannot compete in wages; you can even compete but in the beginning is really complicated, especially with São Paulo market*" (SE1). Such difficulty in offering competitive salaries and career development plans for employees is aligned with the findings of the previously discussed Royce's study (2007).

Moreover, respondents also stated that in recruiting processes there was an initial need for alignment of personnel' expectations with the company's mission, which they believed to be a result of the sector's novelty itself. However, the study uncovers that while mission alignment was considered quintessential in recruitment, inside SBs, potential challenges arising from a conflict between social and economic goals were considered as largely irrelevant when compared to other challenges among the entrepreneurs interviewed. Henceforth, empirical research supports the views of scholars such as Dees (1998) or Evers (2001), with only one out of the fifteen respondents mentioning balancing conflicting goals as a major difficulty.

Besides the dimensions discussed, challenge mentioned by SBs was what is referred in **Figure 2** as "Business Plan development". While one SB's founder explained its struggle to understand what the most appropriate way to position its company was, others mentioned the challenges arising from the process of designing a business model which could be easily replicable. Such need for support in the development of the

business model aligns with a sector, whose premises are often marked by disruptive social innovation (Dart, 2004). Additionally, two respondents added to these difficulties by mentioning the challenges arising from the need of prioritizing decisions and daily tasks.

Faced with such difficulties, all interviewees strengthened the importance of the existence of external support as not only necessary but fundamental to the survival and growth of such businesses. When asked about the external sources of support that the companies had used during their operations, the fifteen interviewees in the sample mentioned experiences mainly with accelerators or incubators, NGOs, universities and governmental agencies (see **Figure 3** for details).

Figure 3: Social Businesses Support Usage Patterns of the sample
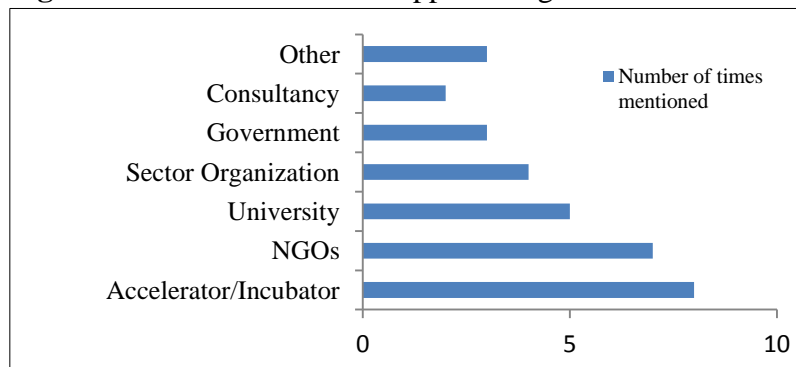
Source: The author

Moreover, all interviewees except one made use of at least one source of external support during their development. Also, findings from the sample drawn indicate a relatively large number of companies who used more than one source of external support. This appears to be aligned with evidence that indicates that different BSs are offering dissimilar services. For instance, while universities were found to support mainly in the stages of product development, interviewees mentioned NGOs as important to gather market knowledge and to communicate with the local communities. Also, governmental agencies are important vehicles for establishing connections with organizations that offers funding.

5.3. Network effectiveness model reviewed

In order to shed light into the second research objective, drawing a qualitative assessment of the determinants of network effectiveness in the case of the business support network for SBs in Brazil, it is important to first discuss the applicability of the theoretical model proposed in Section 4 while taking into consideration the fieldwork developed. To begin with, the investigation of the BS ecosystem revealed a network underlying this study comprised by three types of inter-organizational relationships; different both in nature and in the centrality of the network goal of building a supportive environment for SBs. The first relationship observed consists on the links between BS organizations and SBs which aim at directly supporting the later; the second form of linkages comprises the ties between different BS organizations which together aim at shaping Brazilian support environment; and the third, generally informal tie, is the one bonding two SBs that mutually support each other. Henceforth, all three types of relationships were found quintessential to build a supportive ecosystem in which SB can strive and reach their potential.

In such a complex scenario, what is observed is a network marked by shared governance and whose existence depends entirely and exclusively on the involvement and commitment of the participants themselves. Therefore, being the network underlying this study a self-governed type of net, the category of "External control" proposed by Turrini et al. (2010) model appears to be inadequate to help explaining network effectiveness since it is largely irrelevant in the setting underlying this study.

Also, as aforementioned in Section 4, the great level of flexibility involved in the research design brought about the importance of an additional factor not considered in the original model and stated by the respondents as a relevant explanatory variable for the effectiveness of the BS network. As a matter of fact, several respondents, both entrepreneurs and representatives of support organizations, explained the perceived importance of the role of Government and Public Policy in the development of the network. This appears to be aligned with scholars such as Evers (2001) which mention the importance of public policies for the development of SB's sector.

Consequently, and following the aforementioned reasoning, a reviewed model considering the particularities of the network underlying this study is believed to better help explaining network effectiveness. The model is presented in **Figure 4**. In this reviewed model, the category of "External Control" was removed from the structural characteristics and the category "Government Policy" was added in the contextual characteristics. The next chapter discusses each of the categories presented in the reviewed model in greater detail, accordingly to the results of this investigation and focusing mainly on the first two relationships observed: SBs and BSs and among the latter themselves.

Figure 4: Reviewed model of the determinants of network effectiveness
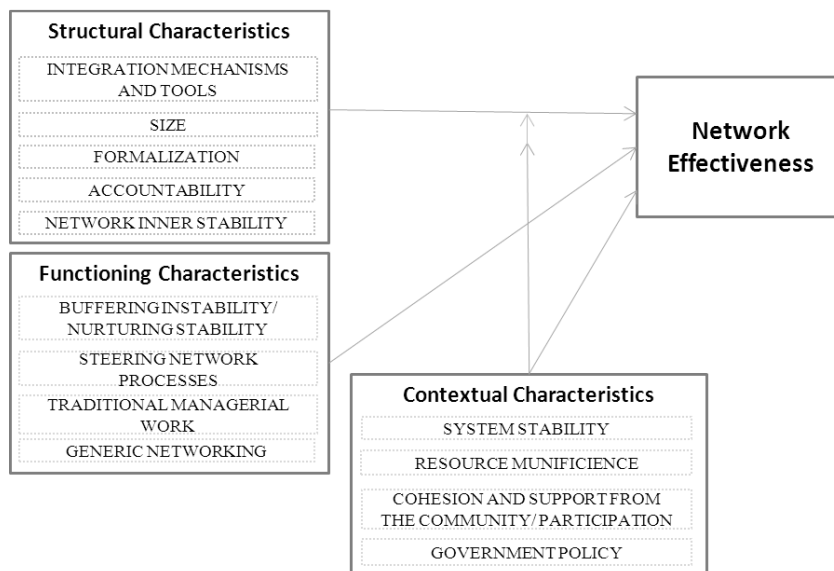
Source: The author based on Turrini et al. 2010

5.4. Understanding the determinants of network effectiveness

Taking into consideration the conceptual model above represented, the following section reports the experiences of both business supporters and entrepreneurs in order to draw a qualitative assessment of the level of network effectiveness regarding each of the determinants comprising the model presented in **Figure 4**.

5.4.1. Assessment of Structural characteristics

Integration

Evaluating linkages among organizations comprises an effective and practical way of examining integration in an inter-organizational network (Milward & Provan, 1998). When analyzing such linkages it was evident an overall structure of clique integration, marked by cohesive subgroups where higher levels of integration ar observed. The main features of such integration structure are depicted in **Figure 5**.

Figure 5: Simplified representation of the integration patterns of the network
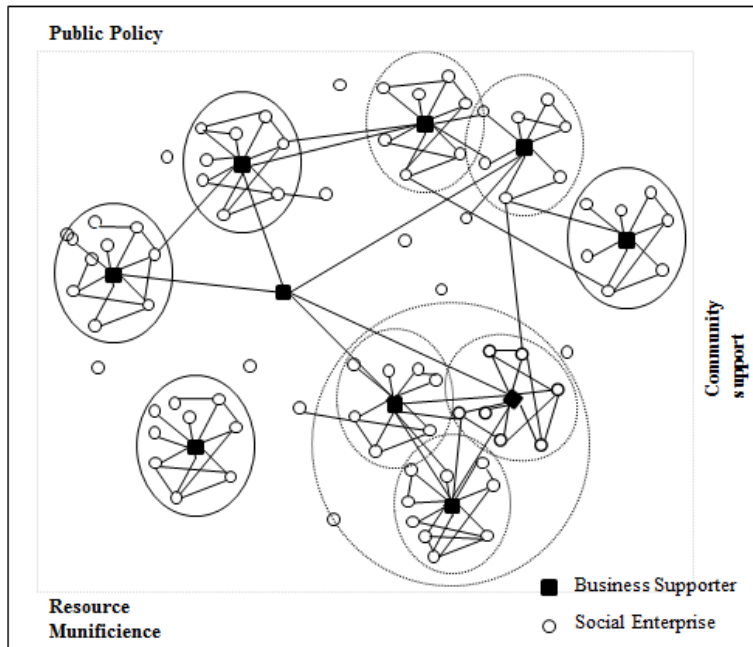
Source: The author

To begin with, in **Figure 5,** both SBs and BSs are represented. Regarding the organizations supporting the field, several legal forms of organizations active in the field were observed, ranging from foundations to private companies, civil associations or public companies/universities. Among these, three main types of organizations were detected:

- Organizations whose main mission is to offer business support to SBs.

- Organizations which offer business support to start-ups, but have a focus on the broader group of social impact businesses.
- Organizations which aim at building a supportive infrastructure for the growth of the SB field in Brazil.

Besides, it must be acknowledged that due to the initial stage of the field, several BSs have missions involving both the direct support of SBs and the growth of the field. With regards to SBs, they were found to be acting in a wide range of sectors, and to be creating social impact either by directly offering access to products or services to low income or by partnering with them (ANDE's Brazil Chapter, 2011).

Looking at integration patterns, BSs and the SBs were found to form networked structures, comprising hub structures. As a matter of fact, despite evidence on the existence of different support experiences, ranging from more intensive programs such as acceleration/incubation programs to punctual workshops, SBs were generally highly linked to the networks of the organizations supporting them. Therefore, there is evidence on the creation of high embedded networks adjacent to organizations offering support. In such networks, not only the relationship between BSs and SBs takes place but also relationships between SBs were found to be encouraged (see **Figure 5)**. This point is illustrated by comments of entrepreneurs participating in acceleration programs such as: "*There is a high concentration of knowledge, there are a lot of people there, even when we stop and have a coffee we exchange ideas. There is a "critical mass" of people really big*" (SB12) or "*A lot of people we get to know is because of them (Business supporter), everyone knows everyone there*" (SB1).

Also, as depicted in **Figure 5**, the number of SBs supported by BS is variable. While it is observed the existence of several SBs which are part of more than one support organization's network, a considerable number of members are still not integrated in the net. One entrepreneur commented: "*It is a really restricted net, there are incredible initiatives that are happening that are being marginalized*" (SB1). Other entrepreneur not integrated in the net commented "*It is as if organizations that support SBs were in a bubble, they should leave that bubble and be more open*" (SB8).

Moreover, there is evidence that due to the novelty of the sector, informants from support organizations viewed collaboration among themselves as a need to collaborate to build together the ecosystem. Common comments that illustrate such need for collaboration inside the network were comments such as: "*There is a need to collaborate; I think it is a field in formation and so we have more questions than answers (...) and so I think that we have to be together doing that*" (BS4), "*There is a need to do together, there are still few organizations with deep knowledge so you have to get involved*" (BS6) or "*We have a big dream, but we know that we are not going to be able to do it alone*" (BS8). What's more, there is the belief among actors in the field that "*The gain from (collaboration) is extremely large, both to the organizations themselves and to the sector*" (BS1). Therefore, BSs' networks were found to be often connected through support organizations' representatives with key informants reporting an ecosystem where capacity developers establish linkages among themselves to growth the field.

Joint organized events discussing the development of the sector or the existence of referrals among BSs such as the exchange of pipelines were recalled as integration mechanisms that have been enhancing the growth of the field and succeeding in broadening the quality and scope of support available for SBs. One BS representative commented on the development of a joint program: "*Because we engage in partnerships, we end up sharing what we have already learned and we end up receiving a lot from the organization which also learned, we learn a lot with these organizations.*" (BS11)

Lastly, there is evidence of the important function played by organizations that have been assuming the role of network brokers. These organizations generally fall under the third type of BSs aforementioned, aiming hence at building a supportive ecosystem for the development of SBs or Impact Businesses. Empirical research reveals that these organizations have been both working in the development of network membership and facilitating network exchanges by promoting frequent meetings for discussion of relevant topics in the field. One respondent commented on the role played by one of these organizations: "*Such network gathers the diverse supporters, makes them exchange information, stimulates the collaborations among them, and brings*

information from the exterior of what is happening in more developed markets such as India." (BS1). Nevertheless, if some representatives of BSs state that as network brokers, these organizations play the role of helping to link support organizations and to shape the ecosystem by their neutral position (Thurdmeier & Wood, 2002), others point out that they still have difficulties observing the existence of such role in practice. One respondent commented: "*They were to have the central role of linking business supporters and build a network but I see that today they still do not have that role*" (BS2)

In summary, there is considerable evidence supporting a network integrated by clique overlap, a form of integration that effectively allows for knowledge sharing (Provan and Sebastian, 1998). Notwithstanding, as depicted in **Figure 5**, empirical research brought to light the existence of a vast array of actors which are still not integrated in the network.

Size

Empirical evidence illustrates a consensus among respondents on the rapid growth of players in the ecosystem. Such expansion process was said to be a continuous that is being accompanied both by the creation of novel players where support gaps are observed and by an increasing number of collaborations among existing actors. One respondent stated: "*Every day we discover a new organization that is entering in this field, all of a sudden the number of organizations multiplied*" (BS11).

Notwithstanding the aforementioned positive trend, there was a consensus among interviewees that there are still a limited number of members in the network when considering the needs to successfully create a supportive environment for SBs. One respondent explained: "*There is not the minimum necessary number (of support organizations) and they are not well distributed in the country, it is not even close to the necessary*" (BS7) For instance, if a growing number of accelerators focused on the sector are observed, support in the initial stage of businesses' development is still found to be lacking. Such lack was illustrated by the comment of one entrepreneur: "*Support is lacking especially in an initial phase…it is like we are in a moment similar at the*

moment in life, in the time to give the first job to a youngster you want him to have experience, these organizations want to support but want results before" (SE4).

What is more, when exploring the variable of size, *breath of the network*, there is strong evidence that support is unevenly distributed across the country. As a matter of fact, the totality of the respondents felt that support organizations were highly concentrated in the Southeast region of the country, finding which reinforces the geographic concentration mentioned in Section 2. One respondent illustrated such feeling by mentioning: "*There is still the need to think how we can build support networks that take into consideration the size of the country*" (BS10). However, while some network members believed that such geographic concentration results in a lack of support availability to interesting SBs spread around the country, others considered natural that support accompanies the distribution of the economy arguing that support follows the volume of existing interesting SBs.

In addition, such geographic concentration was found to be mirrored by higher degrees of dissatisfaction with the availability of support by SBs in other regions than the Southeast. As a matter of fact, several representatives of SBs argued that the availability of support depends to a great extent on the place the SB is established. Comments such as the following mirror such feelings: "*Here in the Northeast there are not that many options, that is why when we looked for an accelerator we had to go to São Paulo*" (SE10) or "*The city where you live makes a big difference, here in the Fortaleza it is much harder to find support*" (SE9). Yet, there is evidence that this long distance type of support was perceived as being rather inefficient. While several SBs argued that frequent travelling required high amounts of time and money spent, one capacity developer added to the topic by observing that supporting SBs further away was somewhat complicated due to the need of frequent interactions.

Acknowledging some of the aforementioned findings, there is evidence that capacity providers have been recognizing the existence of several unexplored areas in the country and are shifting their strategies. Indeed, three respondents of existing BSs recognized a change in the coverage of their programs or even mentioned the intent of opening offices in other regions of the country. One commented: "*We are changing the format of our competition so that we can expand and grow*" (BS7). Both Recife and the

Amazonian region were often mentioned by such players as especially interesting regions.

A difficulty of capturing new SBs into the network was found to be in part one of the implications of the aforementioned insufficient number of capacity developers. As stated by several informants, BSs have difficulties in finding good SBs and in bringing them into their support programs. One respondent explained: *"There is a difficulty in finding good businesses, the search and selection (of SBs) is a paramount area"* (BS8). This difficulty is aggravated both by the size and diversity of Brazil as well as by the widespread ignorance of SB's concept among society. One capacity developer commented on such difficulty by mentioning that often the accelerators themselves are the ones that identify SBs, because the entrepreneurs neither have knowledge of the sector nor of the support available. Another important point that helps explaining the *ability of the network to acquire new members* arose from the interviews. In effect, several SB representatives mentioned the inexistence of open networks which they could freely engage in, discuss sectorial issues, participate in networking events or be supported. One respondent puts across the aforementioned idea by commenting: *"I think that yes we have a network, but these are hubs formed and closed. (…) All networks that exist you have to go through a selection process or a due diligence process, there is almost an entrance barrier."* (SE6)

Lastly, consistent with Mitchell & Shortell (2000)' view on the need for a wider involvement of players when the mission and scope of network is broader, several respondents mentioned the existence of an ecosystem still relatively "closed" and marked by an insufficient diversity of players. By such feelings, respondents referred to the need to further involve mainstream support organizations in the field. As a matter of fact, there is evidence on the perceived role played by traditional support organizations in a need to expand support. One respondent added: *"More and more we observe more players from the mainstream entering, with different intentions, with a different background, but that bring a super important expertise"* (BS1). Nevertheless, while respondents refer to the positive trend of an increasing number of traditional players interested in entering the network, they acknowledge that there is still some difficulty in

involving mainstream players in the field. All in all, it is hence that the factor size has both positive and negative effects that help explaining network effectiveness.

Formalization

To begin with, looking at the degree of formalization inside cliques, there is evidence of subgroups marked by formal relationships and based on written procedures. Entrepreneurs interviewed commented on the written forms filled in order to receive support or on the existence of a clear agenda of future activities. Such formalization was perceived adequate, with the majority of respondents highlighting the enhanced legitimacy by the existence of a written agenda. Yet, as previously mentioned, the existence of new forms of support programs, which do not involve due diligence rules were perceived by SB representatives as a necessity in the ecosystem.

On the contrary, when looking at the network as a whole conclusions are somewhat different. Natural synergies were observed among some BSs as well as some form of formal relationships such as the ones leading to the development of joint events. Notwithstanding, there is evidence that relationships tying cliques together are often informal. For instance, the aforementioned referral links between support organizations were found to be established through informal and personal communications. As one business supporter representative puts it: "*We know each other because the field is small, we collaborate but we end up doing it somewhat informally, somewhat ad-hoc*" (BS5).

What is more, this informality was found to lead to a prominent feeling among respondents of a network highly personified with knowledge being retained in people and not in institutions. One respondent commented: "*The information is informal and passes a lot through word-of-mouth. If one person exits the network, that relationship is lost*" (BS2). Such evidence sheds light into a degree of formalization which does not appear to be the most appropriate for network needs. Aligned with previous studies (Isett et al., 2011; Thacher, 2004) which indicate that a certain degree of formalization supports collaboration and legitimacy while assisting participants of inter-organizational relationships in making sense of such ties and communicating with stakeholders, higher

levels of formalization are believed to be probably most conducive to network performance.

Accountability

Research shows that there is a high concern of BSs to put in place feedback mechanisms in their programs and partnerships as well as to document progress. This appears to be consistent with what one respondent commented: "*It is a sector in development, (where) there is not a right way, we (support organizations) are also learning what is the best way to capacitate, there are key questions that as an organization we do not know how to answer*" (BS9).

Also, there is evidence that network members in Brazil are aligned with the global SB movement in which an increasingly recognition of the importance of performance measurement for the legitimacy of the sector is observed. As Young (2003) defends, SBs have to be accountable so that they can demonstrate their impacts and effectiveness to stakeholders. One respondent commented: "*I think that proving that there is an impact and being able to demonstrate the impact of such businesses is fundamental*" (BS4).

On top of that, in order to maximize effectiveness, "performance measures need to be cost-effective, universal, comprehensive and comparable" (Haugh, 2006, p.9). However, this research supports the idea that there is not a consistent usage of metrics among BSs in Brazil and that each organization is using its own methodology. Interviewees reported that the development of a coherent method is only in its early stages of development and that the traditional systems of impact measurement still need to evolve to adequately serve SB sector. Indeed, as reported by one interviewee: "*All the efforts of GIIRS, IRIS[2] are welcomed, but I think that we are still far away from finding a methodology that really measures that impact*" (BS4). This situation becomes even more fragile when observing the limited extent to which accountability takes place inside SBs. While several SB representatives reported a concern with performance measurement, they commented on the lack of clarity on which measures to use. Also,

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[2] IRIS and GIIRS are systems created in order to assess social and environmental performance of enterprises, with the aim of improving credibility among impact investors.

SB representatives argued that impact measurement is an activity both complex and time consuming and that therefore it is perceived as of complicated usage, especially in the initial stages of business development. As mentioned by one BS, the general perception was that "*Impact measures are important but they have to be adapted to the development stage of the enterprise*" (BS3).

All in all, formal relationships and high levels of accountability inside the BSs are spurring network performance; the limited formalization and accountability at the ecosystem level are hampering that growth.

Network inner stability

Due to its shared governance, trust-based ties are considered to be of extreme importance in the network underlying the study. When analyzing trust in the network, the first variable investigated was personal stability, which is expected to be positively correlated with network trust (Junke, 2005).

Evidence indicates that there is high constancy of people involved in the field with the entrepreneurs remaining in BSs' networks even after the support experiences have ceased. Indeed, it was observed that SBs in a more advanced stage are often used as best cases or as mentors to younger businesses with continuing contributions of knowledge and support to the ecosystem. However, it must be acknowledge that SB is, as mentioned in Section 2, a new field in Brazil and hence the short time of existence of the network is evident. In line with that, informants reported an ecosystem in its initial stage, often associated with the word "embryonic".

Additionally, research corroborates the idea that the nature of the sector in which the network takes place favors collaboration, solidarity and a generalized sense of reciprocity. Informants manifested their intentions to contribute to the system as a whole, or as one SB founder put it: "*It is like a whale stuck in the sand, there needs to be several people, I am making my job to save the whale*" (SE12). Feelings of trust and cooperation were reinforced by the belief that the network is comprised by organizations with people highly committed and filled with sincere intentions.

Nonetheless, if in the ties between BSs and SBs, in part explained by the requirements of the relationship itself, high levels of trust were found, when investigating trust among capacity developers, there is evidence of a mixture of cooperation and competition. One representative of a support organization commented: "*I think that in general you have a mix of cooperation and competition, sometimes for resources, sometimes for self-positioning*" (BS5). This mixture of embedded ties and market relationships is mentioned by several scholars (Uzzi, 1997; Powell, 1990) as characteristic of inter-organizational networked settings. In the case of the study, evidence regarding such phenomenon was mixed. While some players mentioned a sector in which due to its small size collaboration prevails, others stated a need to improve collaboration spirit and a necessity to shift to a vision more of cooperation rather than competition. What appears to be unanimous among players is that competition and cooperation are "*two separate things that can happen together*" (BS9).

5.4.2. Assessment of Functioning characteristics

Traditional managerial work

Traditional managerial work was the first functioning variable assessed in the investigation. Management capacity was reported as one of the strengths of the network. Personnel working in support organizations were said to have high managerial quality and competency. These feelings were prominent among both BS and SB representatives, with comments on the quality of the people involved in the support ecosystem. Additionally, there is evidence that management plans strategically with which organizations to partner. One respondent commented: "*The profile pretty dynamic of these people, the mix of competences of support is fundamental*" (BS10). As a matter of fact, several support organizations mentioned high effort levels in looking for SBs aligned with their support capabilities as well as in looking for opportunities to collaborate with other capacity developers that can leverage their core business. Regarding management quality inside SBs there is evidence on social entrepreneurs with different profiles and experience levels.

Regarding the appropriateness of service delivery, namely the suitability of the support experiences, SBs' perceptions of their support experiences were taken into

consideration to evaluate this variable. It is hence believed that as recipients of such support, SBs representatives are the most appropriate actors to comment on such appropriateness. To begin with, there is evidence of high levels of satisfaction with the support experiences. SBs' representatives comments such as: "*For us the impact of support was impressive, I think if we would not have had that support, we would not be here*" (SE2) or "*I am very satisfied, small "tips" they give us are big discoveries to us*" (SE1) illustrate this contentment.

Entrepreneurs were particularly satisfied with the networking possibilities offered by the support organizations. By connecting SBs with strategic organizations and individuals as well as to other entrepreneurs, respondents mentioned the benefits of taking more informed decisions. One entrepreneur comment illustrates such contentment: "*There I met a lot of young entrepreneurs in the sustainability area…these informal exchanges are really important. There I exchanged a lot of experiences of what and how things work…informally we learn a lot*" (SE5). Also, respondents were contented with the possibility to access high quality experts inside these organizations and with the reputational benefits of being supported by credible BSs. One SB representative that went through an acceleration program explained that by engaging in such programs, the enterprise received a "stamp" from the organizations experienced in the field that the business is an interesting one. Nonetheless, several respondents mentioned improvements they would like to observe in the support experiences; namely their desire for a higher offer of links to possible funding opportunities by the BSs.

Lastly, understanding the variable *service appropriateness* involves mentioning two other important conclusions brought to light by this investigation. To begin with, entrepreneurs mentioned that their support experiences that were continuous and marked by higher levels of involvement with BSs were often more successful. In such settings, higher involvement with BSs would allow for easier access of support in a latter need. Finally, respondents argued that due to the fact that the knowledge available on the specificities of SBs is still limited, experiences with generalist support organizations often left them with several unanswered questions. One respondent explained: "*There is still little specific expertise, what happens is that in some moments we feel really isolated with our questions, our challenges*" (SE15).

All in all, the high levels of satisfaction with support experiences mirror the quality of business supporters and all the possibilities offered by their services.

Generic networking

Understanding generic networking implies understanding to what extent the time spent inside the network appears to be suitable for spurring network performance. On one hand, if entrepreneurs considered themselves as being "good networkers", they reported a need for more support opportunities and more frequent events to discuss SBs' specific issues. Such feeling was prevalent among SBs' representatives from the North and Northeast of the country, finding which appears to be aligned with the aforementioned limited support in such regions. On the other hand, the necessity for more exchanges was similarly often revealed by BSs. Several informants stated that there is a need for more contacts, more forums of collaboration and for a better understanding of the ecosystem as a whole.

A further issue that must be acknowledged when understanding generic networking is the level of proactivity observed inside the network (Goerdel, 2006). The research indicates a proactive management style inside support organizations. At the outset, these organizations are actively looking for SBs to participate in their programs. What´s more, several representatives of support organizations reported a proactive search for collaborations with other BSs. This proactivity is found to be following a rising trend with respondents mentioning the importance of obtaining greater knowledge of the players in the field. In the same line, one informant stated: "*2013 will be marked as the year of the partnerships*" (BS5).

Also, the fact that a great number of SBs identified support opportunities throughout personal indications illustrates to a certain extent the proactivity that can be observed in the ecosystem as whole.

Nurturing stability/buffering instability

When uncovering the capacity of the network to buffer instability, determining such variable was found to be somewhat more challenging. As a matter of fact, both entrepreneurs and representatives of support organizations had difficulties recalling

situations of conflict in the ecosystem. Notwithstanding, the general perception of an open environment for discussion and high levels of inner stability are believed to be indicatives of a successful environment to address the potential challenges arising from a hybrid sector.

Understanding system stability involved understanding the level of cohesion in the ecosystem. On the outset, high levels of unity among members were observed, with both entrepreneurs and BSs mentioning their desire to contribute to the development of the SB sector and acknowledging that such development would depend on the interdependence among organizations. One respondent illustrated this by stating: "*What we believe deeply is that if an orchestration between different players to try to build this field is in place, such construction is going to be much more efficient*" (BS1). Nevertheless, if the idea that business supporters "*succeed in exchanging a lot of knowledge*" (BS8), there is the belief on a need to understand the ecosystem as a whole and not solely as each support organization's network.

Moreover, following Page's (2003) criteria, goal alignment and the capacity of the network to develop clear missions and jointly created goals was investigated. The research brought to light the existence of an elastic concept of SB, with different respondents using dissimilar definitions of the SB term, or even different terminologies. The necessity of respondents from BSs to explain what their organization considered as a "Social Business" or "Business with social impact" mirrors such lack of consistency on a common usage of SB terminology. However, there is evidence that the majority of players did not find such lack of unity problematic but believed it is a reflection of the sectors' reality (Light, 2006).

Therefore, despite the lack of unity concept-sector, the majority of interviewees believed that there is an alignment regarding the broader mission of strengthening the support ecosystem for this type of businesses. Several respondents' comments clarify this finding: "*everyone is wishing to move in the same direction*" (BS9) or "*there is a good consistency in vision as a group that wants the same thing*" (BS5).

Steering network process

Leadership in networks, as discussed in Section 3, is to a great extent different from conventional leadership theories. In the case of the network underlying this study, findings have resonance with Huxham & Vangen (2000) perspective of leadership as a way for opening up agendas in novel ways and for creative thinking. One respondent from a support organization validates such idea by commenting: "*The collaborations are a stimulus to new ways of thinking and helping*" (BS9).

In such setting, the existence of horizontal relationships was found to lead to a pattern of shared leadership in which different organizations proactively engage in collaborations or are proponents of change at different times. This informal emergence of leaders (Vangen & Huxham, 2003) appears to be aligned with the recognition by interviewees of the existence of different support organizations with singular skills. One informant puts the idea across that strengthening the ecosystem has to involve several actors. In the same way, there is evidence that shared leadership has been succeeding in enhancing trust and unleashing the worth of each support organization. Emerging from the field research there was the perception among BS representatives that support organizations are starting to get closer and to expose the work they are developing.

Lastly, it should be acknowledged, as aforementioned, the critical role of network brokers promoting and safeguarding the collaborative process (Chrislip and Larson, 1994). In this line, universities appeared as potential actors for network steerage due to their neutral position. One respondent commented: "*There are several players that succeed in collaborating, especially with universities, they can play an important role because they are neutral actors*" (BS2).

Overall, shared leadership together with network brokerage have been succeeding in enhancing trust, cooperation and activation.

5.4.3. Assessment of Contextual Characteristics

A critical point for the understanding of the support ecosystem for SBs is to acknowledge that its strength depends on other factors than exclusively on the service

offered by the existing BSs and their potential collaborations. As a matter of fact, the so-called contextual factors impact the functioning of the support network. Therefore, resource munificence, community support and Government policy are discussed subsequently.

Resource Munificence

Financing is found to be available to the field throughout a vast array of mechanisms, from philanthropy to investments and debt instruments. Nevertheless, there is evidence that these are still considered to be in an insufficient volume, with several entrepreneurs reporting difficulties in financing their activities.

Moreover, as discussed in Section 5.1., entrepreneurs reported that such difficulty is preponderant among businesses with innovative products or services and/or in the initial stages of businesses development. Comments such as "*Any idea that is innovative has difficulty to attract investment*" (SE13) or "*the institutions which finance the field are very conservative*" (SE11) illustrate such feeling. What's more, such feeling was shared by BSs. As a matter of fact, a great number of the organizations supporting SB sector were found to be NGOs and henceforth suffer from the constant need for searching funding (ANDE's Brazil Chapter, 2011). One business supporter representative explains: "*There is also the need for investment in organizations that support so that they can support the ones (SBs) that are still in an initial stage*" (BS7).

Nevertheless, the general view on financing for the field is illustrated by several respondents as "*small but growing*". As a matter of fact, interviewees reported a rising number of national and international actors interested in the field. Several actions of international funds as well as of multilateral institutions such as the IDB were described during the interviews and considered to be important catalysts for the development of the ecosystem. One of these actions was the launching of a pilot credit line for LA banks which aim at expanding credit to high social impact sectors by the IDB in December 2011. In such scenario, one respondent commented: "*There is each time more people that want to invest in this sector…today we have to start understanding what should be done to optimize such resources*" (BS9).

Finally, respondents' views on the emergence of a shift from philanthropy to investment in the country appeared to be aligned with the trends observed worldwide in the sector (Simon & Barneier, 2009). Notwithstanding, there was the widespread belief that if these were increasing, the existing investment mechanisms still did not take into consideration the particularities of the sector. This was illustrated by one respondent commenting: "*There are few financing mechanisms that are adapted to the characteristic of the social businesses that have a slower return on capital*" (SE2).

Cohesion and support from the community

Insights on the views of the local communities and broader society on the relevance of the SB sector's development to Brazil were drawn from the perceptions of both entrepreneurs and support organizations. To begin with, all respondents mentioned a growth in social awareness that is observed in the country. In effect, respondents stated that such awareness is accompanied by dissatisfaction with the current model of doing business. One interviewee added to this point by reporting: "*I think today there is a change in the mentality of consumers (...) people are starting to want something with more purpose, more content, more cause*" (BS9). Other mentioned: "*If before there was a belief in the power of the NGOs, today we know that it is no longer possible, in this sense the (SB) model is really well received*" (SE3). Such finding has resonance with Allan's (2005) assertion on the rise of consumers as value driven.

Consequently, a society marked by significant inequalities and unsolved social problems coupled with the aforementioned disbelief in traditional models sets SBs in a high fit level with the societal needs of Brazilians. In such setting, the existence of a support network for SBs is considered relevant. Nevertheless, despite such alignment, respondents mentioned that due to the novelty of the sector there is still skepticism on the feasibility of SBs among people.

What appeared as the prevalent feeling among respondents was that despite the high level of alignment with societal needs there is a major lack of awareness and information on the topic among communities and society overall. Comments such as: "*It is a concept that needs to be more divulgated in practice, it is still really superficial*" (SE8), or "*It is still time to educate the market, you go out there to talk, and taking*

apart 15/20 people who know what it is, you have to explain to these people, you have to educate the big public, let's say it like that, from investors, to entrepreneurs, to people that are going to work in such enterprises" (BS4) mirrors such lack of awareness by society. This lack of understanding and legitimacy of the sector was believed to be hampered by the lack of involvement of the mainstream big corporations. One respondent mentioned: "*I think that the big challenge, despite being really basic, is the lack of knowledge of a lot of organizations of the existence and of the potential of this field*" (BS11).

The novelty of the discussion, the lack of emblematic success cases of SBs and the significant geographic diversity of the country (Hasnain-Wynia et al., 2003) were mentioned as factors hindering the spread of the concept and imposing obstacles in the engagement of players. One BS representative explained: "*There is a need to generate cases that prove that this (SB) is possible*" (BS8).

In such scenario, the importance and need for community activation was stressed by respondents. Despite still timid, positive signs of initiatives regarding community activation emerged from the interviews. Respondents reported on programs such as the ones being advanced at the university levels that aim at spreading and explaining the concept, both through courses focused on the SB concept and on and the emergence of youth movements that disseminate the sector. Also, the rising interest and coverage of SB sector by the national media was commonly reported.

Government Policy

As previously discussed, "Government policy" was a category arising from the field research as an important explanatory variable in understanding network effectiveness. In line with Chapman et al. (2007, p. 78) belief that "Social Businesses cannot be expected to flourish without the support and trust of the public sector", respondents mentioned the aggregative capacity of the government as significant to the development of a sound support infrastructure. In his investigation, Dunia & Eversole (2013) identified three main forms of interactions between SBs and governments: governments creating SBs, governments supporting the development of new and existing SBs and government partnering with SBs.

In Brazil, timid governmental initiatives supporting the sector have been emerging. For instance, in the governmental program to stimulate entrepreneurship, *Start-Up Brasil*, one of nine accelerators chosen supports exclusively SBs. Also, the first partnership between a local government and an organization supporting SB aiming to promote SB in the region just took place in May 2013 in the state of PR[3]. This appears to be aligned with what Dunia & Eversole (2013, p. 21) call "a transition from local government to local governance" in which partnerships can play an important role helping local governments meeting their multiplicity of demands.

Nevertheless, respondents mentioned the necessity of more support coming from the government. One informant reported: "*Today may be when the social businesses need more help, it is in this support a bit politic, how to get a good contact with the government and talk about the sector in which we act? The fact that we are a social business is unknown for the government. (...) As a matter of fact, it is an incredible partnership for the government; we are a business that is solving one deficiency that they are not able to*" (SE6). Other respondent added: "*It is very important that the government understands what is going on (SB movement) and inserts it in the public policies*" (SE14).

This research strengthened the idea that the government could play an important role in several aspects, namely: engaging in the generation and dissemination of knowledge among the society, supporting educational programs to the low income communities and developing differentiated and more adequate mechanisms and incentive laws for financing. Regarding the need for a differentiated legal mark for SB, there is evidence of divergent opinions among respondents. Nevertheless, empirical research brought to light a common feeling among respondents that more important than a regulatory mark would be the improvement of the legislation for enterprises in the country. One respondent commented: "*The government in the case of Brazil could do a gamut of things: investment mechanisms, support, understand the importance and more than create a new legal mark for SBs it would be important to improve the legislation for enterprises in the country, to create differentiated investment mechanisms*" (BS1).

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[3] http://www.pa.gov.br/noticia_interna.asp?id_ver=127448

5.5. Putting it all together

In order to facilitate the understanding of the findings underlying the second objective, **Table 3** aims at summarizing the most important conclusions of this investigation.

Table 3: Main findings of the factors affecting the network effectiveness determinants

	Factors with positive impact	Factors with negative impact
STRUCTURAL CHARACTERISTICS		
Integration Mechanisms and Tools	-Clique integration mainly through BS -Some level of integration mechanisms: joint events, pipeline exchanges	-Limited integration tools -Broker organizations with restricted effectiveness
Size	-Rapid growth	- Limited number & heterogeneity of BSs -Difficulty in measuring the size of the sector -Regional concentration in Southeast
Formalization/Accountability	-High levels of accountability inside BSs	-Relationships among BSs mostly informal - Limited levels of accountability among SBs -No consistency on usage of performance measurement measures
Inner Stability	-High constancy of management -High levels of trust and reciprocity -Mix of cooperation and competition among BSs	- New field in Brazil
FUNCTIONING CHARACTERISTICS		
Traditional Managerial Work	-High managerial quality -High levels of satisfaction with support experiences -Strategic planning of partnerships	
Generic Networking	-Proactive management style	-Need for higher frequency of interactions and opportunities for sharing sector-specific knowledge
Buffering Instability/Nurturing Stability	-Open and impartial environment -High cohesion and commitment -Perception of goal alignment	-Lack of unity concept-sector
Steering Network Processes	-Shared leadership succeeding in enhancing trust, cooperation and community activation	

CONTEXTUAL CHARACTERISTICS		
Resource Munificence	-Growing amount of national and international resources -Philanthropy being replaced by investment	-Insufficient level of financial resources
Community Support	-Alignment of network goals with societal needs -Media coverage and university supporting community activation	-Lack of awareness and information among society and communities -Need to increase activation of mainstream organizations
Government Policy		-Limited support from government

Source: The author

From the insights presented in **Table 3** together with the discussion conducted in Section 5, several important conclusions were drawn.

Firstly, a rapid growth of the support ecosystem for SBs in Brazil was observed during the last years, with the field being continuously shaped at the development of this investigation. Moreover, the quality, commitment and reputation of organizations aiming deliberately at supporting the growth of SBs in Brazil are viewed as having positively contributed to the construction of a supportive ecosystem for SBs. As a matter of fact, through the positive evaluation of the appropriateness of the support received by entrepreneurs, there is evidence of support experiences aligned with SBs' needs and expectations. Also, the high levels of trust and proactive management inside the network were mentioned as important catalysts of such ecosystem building.

Nevertheless, despite this rapid growth, there is the widespread belief that the currently available support services are still limited and that such challenge is exacerbated by a high level of support concentration in the Southeast region of the country. What is more, besides the evidence of high embedded, high effective cliques comprised by the support organizations' networks; there is the belief among respondents that the existence of networks without "entrance barriers" and more effective collaborations among support organizations could potentially lead to a better articulation of the ecosystem. Synergies between BSs, such as enhanced creativity, community activation and increased support scope due to activities such as exchange of pipelines or joint events were found to take place. Nonetheless, respondents believed that more frequent,

more formalized interactions would potentially increase outcomes both for individual organizations and for the sector as a whole, enhancing hence both support quality and scope.

Such network features were mirrored by interviewees' responses to the question: "How would you describe the support network for SBs in Brazil in one sentence?", question that aimed at getting a general overview of respondents' perception of the environment of support in the country. The words most used are presented subsequently in **Figure 6.**

While words as *high potential* or *high quality* mirror the commitment and quality of the actors in the field; *concentrated* or *fragmented* reinforce a network focused in the Southeast of Brazil, with *small, baby, incipient* or *initial* mirroring the prominent feeling of an initial field. .

Figure 6: Respondents' description of the BS network for SB
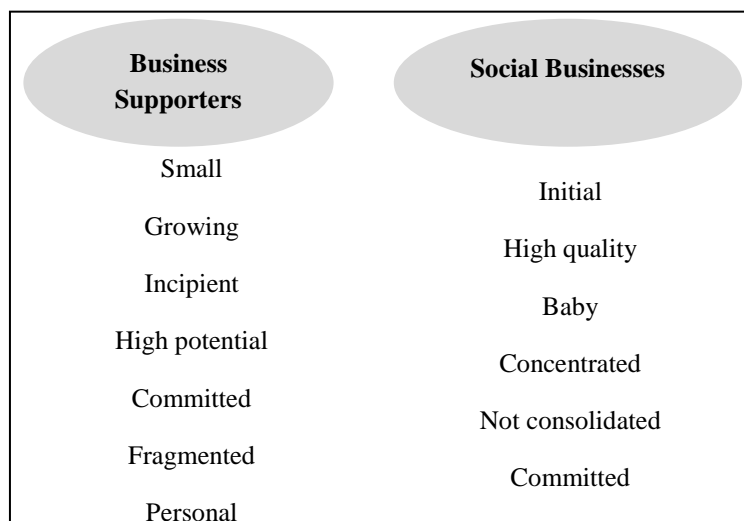
Source: The author

Lastly, despite still limited, the positive trend accompanying a gamut of contextual factors, namely, an increasing amount of financial resources available to the sector as well as a rising understanding and interest by the government, university, media and society are expected to impact positively the development of the support network.

6. Conclusion

This investigation provides an understanding of the business support ecosystem to SBs in Brazil through a qualitative exploration of the views of a sample of actors in the field, thus, responding to the call for SB research in more macro contexts. By using and adapting Turrini et al. (2010) conceptual model, it was possible to reach the proposed objectives. As a matter of fact, the study uncovered a Brazilian SB ecosystem still in its early stage of development with both SBs and BSs in a constant search for funding, focus and business models. Despite their novelty, BSs have been rapidly growing and as individual organizations are perceived as highly effective and chief in positively impacting the activities of the SBs supported, with special satisfaction levels accompanying incubation/acceleration programs

Nevertheless, the currently existing BSs are few in number and have a limited reach compared to the necessities of the field in the country. This leads to a supply shorter than the demand leaving SBs unable to meet their support needs. In effect, a difficulty among SBs in finding funding, qualified personal and opportunities for networking is coupled with a lack of legitimacy that evolves the field. What is more, such lack of legitimacy and of awareness is provoking a circular effect in the ecosystem by hampering the creation of SBs and amplifying existing SBs' difficulties in finding people and funding. In addition, the aforementioned lack of support appears to be prevalent mostly both among SBs in the pilot stage, which are excluded from several support programs due to their initial stage, and among SBs established in other regions than the Southeast due to the concentration of the support network in this region.

These deficiencies are exacerbated by a limited understanding of the size and composition of the field, and by insufficient levels cooperation among BSs, namely both interaction and formalization of relationships, which is hampering knowledge sharing. Lastly, higher levels of financial resources, public awareness, government and corporate world involvement are considered paramount to enhance ecosystem building.

All in all, if BSs are perceived as highly effective, the effectiveness of the support ecosystem overall is still limited in Brazil.

From the analysis above presented, some suggestions are offered as important pillars for future advances in the Brazilian support ecosystem for SBs:

☐ **Understand key gaps of the support ecosystem and collective solutions:** A better understanding of the ecosystem as a whole, its players and size is believed to be paramount for the development of the field. This should involve both advance on research and the aggregation and dissemination of the available information through collaborations in the field. It was observed that some actors of the ecosystem themselves are not aware of all existing BSs and support opportunities. Therefore, a better articulation could involve online platforms to post support programs and offer online SBs start-up basic information.

☐ **Develop a pipeline of support that considers SBs from an early stage on:** In an ecosystem in an initial stage in which it is important to spur the creation of SBs, the pipeline of support has to take into consideration SBs since their early stage. This should include the expansion of capital to test pilot projects and an increase in the opportunities for peer-to-peer learning. This study uncovered a lack of hubs with no due diligence processes where information could be freely exchanged. These gaps could be filled with the development of co-working spaces or online communities and it is believed to be of extreme importance in all stages of life of an SB, with specially incidence on pilot SBs.

☐ **Consider the total size of the country when designing support structures:** This investigation uncovered that due to the vast distances and heterogeneity of Brazil, the concentration of support experiences, namely more intensive programs that involve personal contact, are limiting the scale of support and hence perceived inefficient. Therefore, an effort towards the creation of regional hubs of support should be taken into account for shaping future developments.

Strengthen cross-sector partnerships: Collaborations in the ecosystem are still limited and with room for improvements. Partnerships among BSs, government, corporate companies and SBs should be strengthened in order to spur knowledge sharing and an increase in the reach of support programs. Network brokers such as international organizations play an important role in this theme and could be important players triggering collaborations. Partnerships should be accompanied by a concern towards an increase in accountability both inside the organizations and in the partnerships themselves in order to enhance the legitimacy of the field.

 Encourage universities to adapt curriculums to include SB topics: Universities prepare future candidates for the job market and are important vehicles to spread knowledge. In this sense, due to SBs' current impact and promise to Brazil's future, it is chief that universities include discussions around SB topics. While helping to raise awareness around SB concepts, universities are expected to play an important role in decreasing the current recruiting challenge faced by SBs in the medium to long run.

7. Limitations and Future Research

Despite these advances, the insights gained by the study are not without its shortcomings, thereby limiting the generalizability of the findings while suggesting potential avenues for future research.

First, as previously mentioned, this exploratory investigation was based on a conceptual model whose construct was rooted on a wide array of studies of inter-organizational networks. The underlying assumption for using such model is that the categories of effectiveness of multiple inter-organizational linkages could be used as a proxy for monitoring effectiveness of ecosystem linkages and hence the performance of support structures for SBs. The reason behind the choice of such model as a proxy was to guarantee internal validity in the study and to help facilitate the understanding of a macro construction. Acknowledging the multiplicity of informal linkages and the specificities of this investigation, the qualitative approach of the research made an important contribution to refine the model and allowed capturing other important factors which were not part of the original research agenda considered explanatory of the ecosystem. As a result, it is believed that the conclusions offer a reasonable explanation for the effectiveness of the support structure for SBs in Brazil. Yet, no presumption is made that the variables considered offer the only possible explanation of network effectiveness.

A second limitation of the research is the fact that the conceptual model underlying this study assumes variables as static and confined. Yet, it is expected that the effects of one variable on others potentially play an important role in explaining the whole ecosystem. For example, it is expected that the level of trust among actors can nurture goal alignment or that the number of members will be mediated by the financial resources involved in the network, affecting henceforth the overall impact on the performance of support structures. In this vein, topics such as the relationship formation between investors and foundations with accelerators or other BS organizations could be the object of further research. Notably, such relationships are expected to result in a better allocation of funds to the support ecosystem (ANDE & Village Capital, 2013) and

henceforth a better understanding of their underlying characteristics would provide valuable insights to a stronger support ecosystem.

Also, one must acknowledge that the conclusions above presented were based on people's perceptions and henceforth might have been impacted by individual subjectivity. In the same line, as previously mentioned, the operationalization of the concept network effectiveness is by itself paradoxical (Cameron, 1986). Network effectiveness was analyzed taking into consideration interviewees' perception of the meaning of effectiveness in the context underlying this investigation. Nevertheless, it is recognized that the lack of clarity surrounding the concept poses potential limitations to this investigation.

Furthermore, the qualitative research could have been impacted by some sort of self-selection bias. This is particularly noticeable when considering the difficulties in mapping SBs in Brazil. The novelty and lack of awareness of the field together with the hybrid and sometimes paradoxical nature of SBs (Lyon & Sepulveda, 2009) made it particularly challenging to define the field. Efforts were made in order to comprise a mixed sample of SBs, both by exploring online sources and knowledge platforms as well as personal indications. What is more, a field in permanent construction and rapid change puts limitations in the results due to the constant and imminent change in the support ecosystem.

The limited generalization power of this study comprises its last limitation. In fact, despite the detailed description on the particularities of the network under study, the generalizing power of this study is uncertain due to the imminent challenge of network research of the impact of the network specificities in the results.

For these reasons, if the results of the exploratory study of the Brazilian support ecosystem presented in this paper may be provocative, they should not be considered definitive. Further efforts are called and considered quintessential to the understanding of the topic. That is, if the analysis of the macro context is considered of extreme importance to obtain an overall understanding of the support ecosystem, a more thorough analysis of the different issues brought to light by this investigation is considered paramount.

Further research could include the performance of a quantitative analysis based on the same variables applied in this study. Performing a quantitative analysis would encompass an important validation of the findings brought to light by this study. Another interesting line of research comprises the development of research enabling a stronger understanding of clique performance, namely, the impact of networks developed by accelerators on support appropriateness. Following the insight brought to light by this investigation of networking activities as an important support experience, it would be pertinent to understand how are support organizations enhancing the creation of social networks for the SBs and what is the impact of such networking opportunities on SBs' performance.

Also, very little research exists on accelerator activity, especially in emerging markets (ANDE & Village Capital, 2013), which points to the relevance of the development of case studies on successful support organizations so that light can be shed on how to better structure support. Another line of research that emerged from this investigation was the need to advance research on the role of governments in shaping supportive ecosystems. Governments have been facilitating the emergence of a supportive ecosystem for SBs, most noticeably in countries such as UK (Dunn & Riley, 2004; Morrin et al., 2004) and the research developed in this arena falls behind practice.

Lastly, although acknowledging that country's and society's specificities potentially play a role in support structures, it is considered important the advancement of research on support ecosystems by exploring international comparisons on support ecosystems so that transferability of learning can take place. This appears to be especially relevant in a novel sector in which numerous questions prevail and in which different locations have been developing this field in different fashions.

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9. Appendix

Appendix I- Interview Questions for Business Supporters

A. Services offered by the organization

1) Which services/activities are organized by [X]?

2) Could you describe the relationship between [X] and a Social Business:

        a) Length and frequency of contact

        c) Planning and decision making

        d) Conflict Resolution

        e) Trust

3) What is the demand for the services of [X]?

4) What are the procedures that a Social Business has to follow to be supported by[X]?

5) How many Social Businesses do [X] support? What is the geographic area covered? How do you consider these values relatively to the ones of the previous year and what are your future prospects?

B. Support ecosystem for Social Businesses

6) What are the main difficulties of [X] in the development of its services/activities?

7) What is your opinion regarding the access to financing to the social sector in Brazil? 8) Do you collaborate with other organizations that support Social Businesses? Which organizations? Qual o tipo de colaboração e como SB desenvolvem? Qual a sua frequência?

    a) How do these collaborations face the existence of different opinions? How were potential conflicts solved?

    b) Do you believe there is/are any organization(s) that performs a central role in the support ecosystem for Social Businesses in Brazil?

    c) What do you believe is the role of communication among actors in the Social Business sector for its development?

    d) Until what extent do you think that such collaboration is successful in shaping the ecosystem so that Social Businesses can flourish? Provide an example.

9) What is your opinion regarding the number and distribution of support providers for Social Businesses that exist in Brazil? Explain.

10) Until what extent do you believe that the society and the communities support and consider as central the development of a supportive ecosystem for Social Businesses in the country?

11) What is the level of adoption of impact measurement systems in the sector? What role do you believe this can perform in the development of the field in Brazil?

C. Effectiveness of the support network for Social Businesses in Brazil

12) According to you, what is today the effectiveness of the network of external support in creating an ecosystem in which Social Businesses can flourish?

13) State two strengths and weaknesses of such network. Explain.

    a) Considering the weaknesses, which do you believe are the main opportunities for improvements?

14) How would you describe the support network for Social Businesses in Brazil in one

Appendix II- Interview Questions for Social Businesss

> ### A. Main obstacles
> 1) What are the main obstacles that [X] faced during its development?
>   a) What are the main needs of external support that were felt?
> ### B. Usage of external support
> 2) What was the first time that [X] used external support?
> 3) How did you get to know of the possibilities of external support that exist for Social Businesses?
> 4) Which type(s) of business supporters were/are used? In which areas?
> 5) Regarding the service received, what is your opinion regarding:
>   a) Length and frequency of contact
>   b) Level and importance of trust
>   c) Planning and decision making
>   d) Conflict resolution
> 6) In your opinion, what are the strengths and weaknesses of the support services that your company experienced during the last 2 years?
> 7) What is the impact that the support received had on the development of your business?
> ### C. Support ecosystem for Social Businesses
> 8) How frequently do you contact with other players in the Social Business field? Which types of relationships are established? How important are for you such contacts?
> 9) Do you take part in conferences or seminars about Social Businesses? What do you believe is its role for your business? And for the development of the field?
> 10) Taking into consideration your experience, how would you describe the reaction of society and communities to your work?
> ### D. Effectiveness of the business support network for Social Businesses
> 11) How do you believe is the access to external support in the field of Social Businesses? Which areas do you believe are of easier/more difficult access?
> 12) What do you believe is the effectiveness of the support network for Social Businesses in creating an ecosystem in which the Social Businesses can flourish?
> 13) Como descreveria a rede de suporte para negócios sociais no Brasil em uma frase?

Appendix III- Operationalization of determinants of network effectiveness

<table>
<tr><td colspan="2"></td><td>Items considered</td></tr>
<tr><td rowspan="5">Str uct ural Cha ract eris tics</td><td>Integration</td><td>- Network integration mode
-Integration mechanisms and partnership synergy
- Network brokerage</td></tr>
<tr><td>Size</td><td>- Breath (number and distribution of organizations)
- Heterogeneity (type of organizations)
- Ability to acquire new members</td></tr>
<tr><td>External Control</td><td>- External fiscal control
- State regulatory agencies role</td></tr>
<tr><td>Formalization/ Accountability</td><td>- Formalization of ties
- Accountability of organizations</td></tr>
<tr><td>Inner stability</td><td>- Constancy of the people
- Trust and reciprocity
- Cooperation vs. competition</td></tr>
<tr><td rowspan="5">Functioning Characteristics</td><td>Traditional Managerial Work</td><td>- Management capacity
- Strategic planning of partnerships
- Appropriateness of service delivery</td></tr>
<tr><td>Generic Networking</td><td>- Time spent in interactions (frequency of communication)
- Proactive management style</td></tr>
<tr><td>Buffering Instability/ Nurturing Stability</td><td>- Cohesion
- Clear missions and goal alignment
- Open and impartial environment
- Frequency of problems discussion and ability to solve tensions</td></tr>
<tr><td>Steering Network Processes</td><td>- Leadership patterns
- Participative and ethical decision-making</td></tr>
<tr><td rowspan="2">Conte xtual Char acteri stics</td><td>System Stability/ Resource Munificence</td><td>- Existence of local financial resources
-Change in financial resources</td></tr>
<tr><td>Community Support</td><td>- Perceived importance of network for society
- Previous efforts of collaboration
- Geographic and cultural diversity</td></tr>
</table>