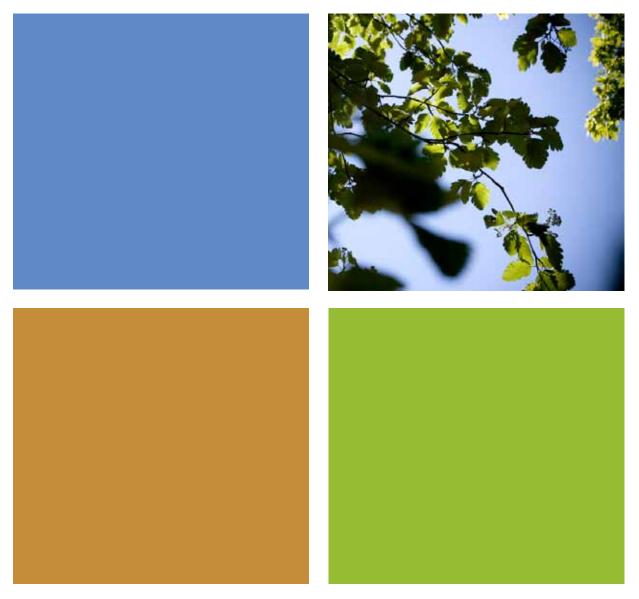


## **BIOSPHERE ENTREPRENEURSHIP**

A pilot study on social entrepreneurship in the biosphere reserve Lake Vänern Archipelago and Mount Kinnekulle, Sweden



BY: BIOSPHERE RESERVE LAKE VÄNERN ARCHIPELAGO AND MOUNT KINNEKULLE AUTHORS: BERT-OLA BERGSTRAND, FREDRIK BJÖRK, STEFAN MOLNAR MAY 2011

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The financial and economic crisis makes creativity and innovation in general and social innovation in particular even more important to foster sustainable growth, secure jobs and boost competitiveness

José Manuel Barroso, BEPA Workshop on 'Europe and Social Innovation' 20th January 2009

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Picture of Läckö Castle (13th century) situated on the island of Kållandsö in biosphere reserve Lake Vänern Archipelago and Mount Kinnekulle

## PREFACE

Social entrepreneurship or societal entrepreneurship is a kind of entrepreneurship in which the business concept originates from a social problem, which is solved by means of innovative and businesslike methods. The venture exist to create public welfare, while at the same time financial yields are required.

UNESCO's designation of "Lake Vänern Archipelago and Mount Kinnekulle" to a Biosphere reserve has meant that a global interest has been directed at a geographical area with potential for growth and development on a local level. The Biosphere reserve is a model for sustainable societal development, and should therefore be valued and treated as a unique asset for alternative forms of enterprise. Social entrepreneurship is a kind of venture that is very much in line with the values of the Biosphere reserve.

This report is the result of a pilot study with the ambition of connecting social entrepreneurship with the values of the Biosphere reserve, for development of innovative enterprise. The preliminary study is comprised of three parts: a new definition of the concept of social entrepreneurship in relation to the conditions and circumstances of the Biosphere reserve (Biosphere Entrepreneurship); an analysis of the present situation and future needs; and a description of an innovation system and a model for social entrepreneurship in the Biosphere reserve (Biosphere Innovation System). The Biosphere Innovation System is part of a global project initiated by UNESCO, in which three Biosphere reserves have been chosen as models for societal entrepreneurship. Joined by Sierra Gorda in Mexico and Yayu Coffee Forest in Ethiopia, Lake Vänern Archipelago will develop models that can be applied in other parts of the world.

The steering group would like to thank The Association of Local Authorities in Skaraborg, which has financed the pilot study through the subregional development program. We would also like to thank Fredrik Björk, The Institution for Urban studies, Malmö University, Stefan Molnar, Social Development and Analysis, Göteborg and Bert-Ola Bergstrand, Social Capital Forum, for the all the work commitment that they have put into the production of this report.

## FÖRORD

Socialt entreprenörskap eller samhällsentreprenörskap är en typ av entreprenörskap där affärsidén direkt härrör ur ett samhällsproblem vilket man löser med innovativa och affärsmässiga metoder. Affärsverksamheter existerar alltså för att skapa samhällsnytta samtidigt som man ställer krav på finansiell avkastning.

Unescos utnämning av "Vänerskärgården med Kinnekulle" till ett Biosfärområde har inneburit att ett globalt intresse har riktats till ett geografiskt område med tillväxt- och utvecklingspotential på lokal nivå. Biosfärområdet är ett modellområde för hållbar samhällsutveckling och ska därför värderas och hanteras som en unik tillgång för t.ex. alternativ företagsamhet. Socialt entreprenörskap är en företagsamhet som ligger mycket väl i linje med den värdegrund som Biosfärområdet omfattas av.

Denna rapport är resultatet av en förstudie med ambitionen att koppla samman socialt entreprenörskap med den potential som finns i Biosfärområdets värdegrund för utveckling av innovativt företagande. Förstudien innehåller tre delar; ny definitionen av begreppet socialt entreprenörskap relaterat till Biosfärområdets förutsättningar och villkor (Biosphere Entrepreneurship), en behovs- och nulägesanalys samt en beskrivning av ett innovationssystem och en finansieringsmodell för socialt entreprenörskap i Biosfärområdet (Biosphere Innovation System). Biosphere Innovation System ingår i ett globalt projekt som initierats av Unesco där tre biosfärområden i världen har valts ut som modellområden för samhällsentreprenörskap. Tillsammans med Sierra Gorda i Mexiko och Yayu coffee forest i Etiopien ska Vänerskärgården med Kinnekulle i praktiken visa exempel och ta fram modeller som sedan kan appliceras i andra delar av världen.

Vi i styrgruppen vill tacka Skaraborgs Kommunalförbund som har finansierat förstudien genom det delregionala tillväxtprogrammet. Vi vill även tacka Fredrik Björk, Institutionen för Urbana studier vid Malmö Högskola, Stefan Molnar, Social Development and Analysis, Göteborg och Bert-Ola Bergstrand, Socialt Kapital Forum, för det arbete och det engagemang som de har lagt ned för att ta fram denna rapport.

#### Mariestad, may 2011

#### Mariestad, maj 2011

Per-Eric Ullberg Ornell, Marketing strategist Lidköping Municipality Johanna MacTaggart, Coordinator, Lake Vänern Archipelago and Mount Kinnekulle Gert Rahm, Director of Trade and Industry, Götene municipality

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## SAMMANFATTNING -SWEDISH SUMMARY

## Del I - Vad är biosfärentreprenörskap? - en strategi för att stödja människors välbefinnande och ekologisk resiliens

Biosfärsområden är områden som är avsedda att bidra till utvecklingen av modeller för välbalanserade relationer mellan människor och natur. Dessa områden representerar olika socio-ekonomiska sammanhang, styrstrukturer och typer av ekosystem. Ett av syftena med att utse ett område till biosfärsområde är att bidra till att öka medvetenheten hos lokalbefolkning och myndigheter i frågor som rör hållbarhet. Det globala nätverket av biosfärområden omfattar idag 564 biosfärsområden i 109 länder.

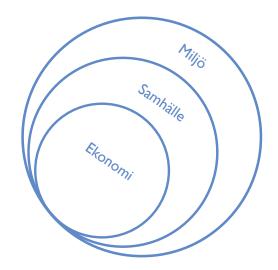
Biosfärområdena har en gemensam uppgift i att säkra ekosystemtjänster, vilka är avgörande för människans överlevnad och välbefinnande, och att stödja forskning och lärande inom detta område. De är avsedda att fylla tre kompletterande funktioner:

- Bevarande bidra till bevarandet av landskap, ekosystem, arter och genetisk variation
- Utveckling främja mänsklig utveckling som är socio-kulturellt och ekologiskt hållbar
- Logistik ge stöd till forskning och lärande kring frågor om bevarande och utveck-ling.

I Biosfärområdet Vänerskärgården med Kinnekulle finns stora områden med biologiska, ekologiska och kulturhistoriska värden. Området består av 278 600 ha, en varierande flora och fauna och en permanent befolkning på cirka 60 000 invånare. De biologiska värdena är till stor del kopplade till traditionella lantbruksmetoder.Det finns också områden av riksintresse för friluftslivet, och de historiska lämningarna är omfattande. Denna mångfald - en blandning av gamla kulturlandskap, områden med höga biologiska naturvärden och modernt samhälle, erbjuder stora möjligheter för att skapa hållbara och dynamiska modeller för interaktion mellan sociala och ekologiska system.

## Socio-ekologiska system och ekosystemtjänster

Att betrakta biosfärsområden som socioekologiska system kan ge viktiga perspektiv. Dessa system kännetecknas av att vara öppna, självorganiserade och ofta påverkade av yttre störningar. Det finns visserligen kvalitativa skillnader mellan sociala och ekologiska system, men samtidigt finns det systemiska egenskaper som är likartade, vilket inte minst understryker betydelsen av att förstå resiliens i såväl sociala som ekologiska system.



En modell av sambandet mellan samhälle, ekonomi och miljö med ekonomin inkapslad i samhället, vilket i sin tur är kapslat i miljön, presenteras ovan. Placeringen av ekonomin i centrum syftar på det faktum att den är underordnad och beroende av de andra dimensionerna. En fördel med denna modell är också att det visar att även om ekonomin är helt beroende av resurser från miljön, måste denna relation förhandlas genom den sociala dimensionen.

De resurser och processer som tillhandahålls av naturliga ekosystem kallas ekosystemtjänster. Dessa tjänster är nödvändiga för jordens livsuppehållande system, men i marknadsekonomiska termer kan dessa tjänster i allmänhet inte tillmätas något värde.Det paradoxala är att utan dessa till synes "värdelösa" tjänster, skulle de socio-ekonomiska systemen på jorden sluta att fungera, och på så sätt är deras totala värde för samhället och ekonomin oändligt. Idag är ekosystemtjänsterna indelade i fyra olika kategorier:

• Producerande tjänster: Varor eller produkter från ekosystem. Bland annat omfattar detta biologiska råvaror och biobränslen.

• Reglerande tjänster: Kontroll av naturliga processer. Till denna kategori hör klimatreglering, vattenrening och liknande processer.

• Kulturella tjänster: lcke-materiella intäkter från ekosystemen. Ekoturism är en av tjänsterna i denna kategori, vilken inkluderar etiska och andliga värden.

• Stödtjänster: Naturliga processer som upprätthåller andra ekosystemtjänster: Vad som kan kallas systemets infrastruktur, dvs livsmiljöer, vatten- och näringsämnencykler samt bildandet av biologiskt material hos växter.

På samma sätt kan det hävdas att de sociala systemen i biosfären producerar tjänster som ofta är svåra att värdera marknadsmässigt, på liknande sätt som kategorierna ovan. Företeelser som förtroende och social sammanhållning är av stort värde för människors välbefinnande, och även för ekonomin. Då de är svåra att kvantifiera och översätta till ekonomiska termer, tenderar de att bli lika "värdelösa" som rent vatten och luft.

#### Samhällsentreprenörskap

Idag har samhällsentreprenörskap fått en hel del uppmärksamhet, inte minst när det gäller hållbarhetsfrågor. En orsak till detta är att många upplever en växande klyfta mellan de sociala och miljömässiga utmaningar som människor och samhälle möter idag och de institutioner som har utformats för att hantera dem. För samhällsentreprenörer är skapandet av sociala och miljömässiga värden de centrala kriterierna medan det ekonomiska utfallet har betydelse framför allt för att skapa uthållighet i organisationen. Samhällsentreprenörskap är inte bundet till specifika organisatoriska former och många verksamheter präglas av en professionalism och dynamik som kännetecknar små, snabbväxande företag.

David Bornstein och Susan Davis menar att man kan beskriva utvecklingen av samhällsentreprenörskap som olika generationer, där den nuvarande (3.0) ser till potentialen hos alla människor och fokuserar på att bygga plattformar som möjliggör för fler människor att agera som förändringsagenter och stöder möjligheterna att arbeta i grupp och i grupper av grupper. Det offentliga samtalet om samhällsentreprenörskap bygger ofta på bilden av att den ekonomiska verksamheten i samhället sker inom tre delvis överlappande sektorer: den politiskt styrda offentliga sektorn, det marknadsdrivna näringslivet och det civila samhället, där sociala och kulturella värden är centrala. Denna modell är liknande i många västerländska demokratier, men det finns också betydande skillnader.

Under auktoritära politiska förhållanden kan förhållandet mellan samhällets sektorer vara väsentligen annorlunda och samhällsentreprenörskap kan uppfattas som något hotfullt. Vissa länder har till och med genomfört förändringar av lagstiftningen för att begränsa sociala organisationers oberoende, eftersom de ses som potentiella omstörtare. I västerländska demokratier är det inte ovanligt att samhällsentreprenörer framställs som "snälla människor som gör gott". Men det som gör dem entreprenöriella är att deras verksamheter ofta utmanar djupt rotade föreställningar om sociala och ekologiska relationer som över tid har visat sig vara socialt eller ekologiskt ohållbara.

#### Biosfärsentreprenörskap

Det finns behov av ett specifikt begrepp för att beskriva det samhällsentreprenörskap som äger rum i biosfärområdet med dess unika karakteristika och ekosystemtjänster. För att integrera de unika mänskliga och naturliga resurser som biosfärområdet besitter med samhällsentreprenörskapets förhållningssätt, föreslår vi begreppet biosfärsentreprenörskap (BE). De viktigaste egenskaperna hos biosfärsentreprenörskap är:

 Verksamhetens kärnvärden syftar till att förbättra människors välbefinnande samtidigt som naturliga ekosystemen skyddas

- Använder unika resurser från biosfärsområdet, såsom ekosystemtjänster
- Verksamheten har en hög grad av oberoende från offentlig sektor
- Verksamheten är avsedd att vara permanent
- Verksamheten har en hållbar resursförsörjning och försäljning av varor och/eller tjänster är betydande
- Ekonomiska vinster återinvesteras i hög grad i verksamheten, i liknande verksamheter eller i skapande/återskapande av ekosystemtjänster.

## Del 2 - Kartläggning av biosfärsentreprenörskap i Vänerskärgården med Kinnekulle

#### Metod

Inom ramen för studien har en kartläggning av socialt entreprenörskap i biosfärområdet - det som i studien kallas för biosfärsentreprenörskap - genomförts. Ca 30 stycken "orienteringsintervjuer" och ca 140 hemsidor tillhörande aktörer med koppling till biosfärområdet studerades. Ur detta trädde 25 exempel på biosfärentreprenörskap fram (se sid. 19 för komplett lista), i linje med den definition som har presenterats i Del I. Personliga intervjuer genomfördes med 9 av dessa 25 verksamheter och en webbenkät skickades ut till 18 av verksamheterna. Hemsidor tillhörandes samtliga verksamheter analyserades.

#### Idéer, organisation och entreprenörer

Samtliga 25 verksamheter har en uttalad målsättning att skapa sociala och ekologiska värden för omgivningen och gör detta inom en rad olika branscher, såsom livsmedel, restaurang och café, butik, montering och bygg, energi, utbildning och

upplevelser. Ofta kombinerar verksamheterna en rad olika målsättningar. De flesta har en tydlig miljö- och klimatfokus, som tar sig uttryck i produktion och/eller försäljning av ekologisk mat, miljövänliga kläder och upplevelser, i energiframställning liksom i återanvändning av saker. Hälften av verksamheterna har en uttalad målsättning att förbättra människors hälsa och välbefinnande samt att bidra till lokal utverking, dels genom att stimulera aktiviteter som gynnar den lokala produkt- och arbetsmarknaden, dels genom att arbeta med utbildning. Något färre verksamheter arbetar för att bevara kulturarvet i området. En femtedel menar sig se en tydlig koppling mellan deras eget arbete och det arbete biosfärområdet gör. De flesta verksamheter är rent juridiskt organiserade som olika typer av företag, men det finns också exempel på ideella föreningar och lösa nätverk i kartläggningen. De är i de flesta fall uppstartade av en grupp av privatpersoner eller av ett nätverk bestående av två eller flera av följande aktörer: privatpersoner, företag, offentliga organisationer och ideella organisationer. Verksamheterna är med några undantag relativt små, med ett fåtal anställda.

#### Resurser

Allt entreprenörskap handlar i stor grad om att omvandla resurser till möjligheter. Även biosfärsentreprenörerna använder en rad olika resurser - här förstått som "kapitalformer" för att nå sina målsättningar. I sitt arbete nyttjar de kunskaper om lokala ekosystem, lokalt kulturarv och design liksom forskningsbaserad kunskap, såsom en form av "humankapital". De är beroende av sociala relationer med en rad olika affärspartners och kunder, vilka för dem utgör en form av "socialt kapital". Vissa typer av lokala ekosystemtjänster, såsom mat och växtlighet, men också gamla byggnader, maskiner och dylikt, utgör för entreprenörerna en form av "fysiskt kapital". Historiska byggnader, lokala historier och familjenamn används av entreprenörerna i deras varumärkesarbete och blir därmed ett "kulturellt kapital", som väcker intresse och legitimitet bland kunder och affärspartners. Slutligen, när det gäller verksamheternas "ekonomiska kapital", så hade de flesta en omsättning på mellan 500.000 och två miljioner kr år 2010. Deras framtida behov av investeringar ligger framförallt i storleksordningen 100.000 till I miljon kr. Men de är i ett ännu större behov av nytt humankapital, i form av kunskaper om att driva affärsverksamhet liksom av nytt socialt kapital, i form av nya kunder och affärspartners.

#### Hinder och möjligheter

För biosfärsentreprenörerna blir många av dagens samhällstendenser - såsom hotade ekosystem, ökad miljöhänsyn, omvandlingen av ekonomin, överskottsvaror m.m. - en möjlighet att skapa sociala, ekologiska och ekonomiska värden. Sådana samhällstendenser som av andra entreprenörer utgör problem. Det finns dock vissa barriärer, som även biosfärsentreprenörerna behöver överkomma, såsom brist på kunskap och intresse bland aktörer i närområdet samt en relativt liten och säsongsbetonad lokal marknad. Ändå ser många av entreprenörerna stora möjligheter till att utveckla sina verksamheter i framtiden, även om det ibland förefaller finnas en viss brist på innovativa idéer kring hur detta ska göras. Och de framtida möjligheterna är många. Detta i ett sammanhang, där marknaden för många av de branscher som biosfärsentreprenörerna är verksamma i, växer globalt, parallellt med att marknaden för samhällsentreprenörskap växer i storlek och ekonomisk bärkraftighet. Att vara en del av det nyformade biosfärområdet Vänerskärgården med Kinnekulle kan också framöver

ge biosfärentreprenörerna nya möjligheter att utveckla sina verksamheter liksom att nå nya samarbetspartners och kunder, såväl i lokalsamhället som i andra biosfärområden runt om i världen. Hur detta skulle kunna gå till tas upp i Del 3 av förstudien.

## Del 3: Biosfärsinnovationssystemet

#### Vad är ett biosfärsinnovationssystem?

Vad är och varför behöver vi ett biosfärsinnovationssystem (Biosphere Innovation System)? Skälen är de stora utmaningar som världen står inför. Vi ser exempelvis klimatförändringar, sociala spänningar och förluster i biologisk mångfald som framtida hotbilder. Detta har konsekvenser på vår förmåga att tillhandahålla kritiska resurser för människors välmående. Att vara ett Biosfärområde innebär att ha rollen som modellområde för hållbar samhällsutveckling och förmedla en förståelse för hur vi kan hantera dessa globala utmaningar.

Med The Biosphere Innovation System tar vi ett steg ytterligare i att utveckla en modell som understödjer en hållbar samhällsutveckling. Innovationssystemet ska ses som en stödjande struktur i vilken viktiga aktörer såsom universitet, finansiella institutioner, kommuner, civilsamhället och konsumenter är involverade.

#### Biosfärsentreprenörernas roll

Unikt i modellen är Biosfärsentreprenörerna. De har fokus på samhällsansvaret i affärsmodellen. Entreprenörernas målsättning ligger i att lösa olika samhällsproblem. I modellen använder sig entreprenörerna av Biosfärområdets resurser i form av lokala ekosystemtjänster. Rapporten visar på att behovet av samarbete och nätverksbyggande mellan Biosfärsentreprenörerna är stort. Genom att arbeta tillsammans i innovationssystemet finns en stor potential i att redan existerande lokala värden, som finns i Biosfärsområdet, kan höjas ytterligare.

#### Hur kan man utveckla innovationssystemet?

Systemet kan med fördel utvecklas i olika etapper. Målet initialt handlar om att bygga den grundläggande strukturen. Anledningen till att ett innovationssystem enligt den här modellen kan byggas upp i Biosfärområdet, Vänerskärgården med Kinnekulle, är områdets starka ställning nationellt och internationellt som ett ledande modellområde för hållbar samhällsutveckling.

En av de viktigaste uppgifterna är att bygga upp kapaciteten och utvecklingskraften bland tänkbara Biosfärsentreprenörer i området. Det är också viktigt att involvera forskningen i processen. Forskningen har en viktig roll att identifiera och definiera vilka indikatorer och mätinstrument som krävs för att koppla företagandet till de ekosystemtjänster som Biosfärsentreprenörerna producerar. Vid sidan av forskningen är det också viktigt att involvera civilsamhället och politiska beslutsfattare.

#### **Finansiering**

För att innovationssystemet ska kunna utvecklas långsiktigt krävs olika finansieringsmodeller för både planering och implementering av olika aktiviteter. Därtill är det nödvändigt med direkt eller indirekt investeringskapital, vilket kommer att ta mycket tid och kraft för att nå resultat.

## EXECUTIVE SUMMARY

## Part I.What is Biosphere Entrepreneurship? – An Approach To Supporting Human Well-being and Ecological Resilience

## Biospehere Reserve Lake Vänern Archipelago and Mount Kinnekulle

Biosphere reserves are areas that are intended to demonstrate and develop models for balanced relationships between humans and nature. These reserves, areas of terrestrial and coastal ecosystems, represent different socioeconomic contexts, governance structures and ecosystem types. One of the intentions is that the designation of a site as a biosphere reserve can help to raise awareness among local citizens and government authorities on issues related to sustainability. The global network of Biosphere reserves now include 564 biosphere reserves in 109 countries.

The biosphere reserves share a common mission of securing ecosystem services that are crucial for human survival and well-being, and to support research and learning in this field. They are intended to fulfil three complementary and equally important functions:

• Conservation - contributing to the conservation of landscapes, ecosystems, species and genetic variation

• Development - fostering human development which is socio-culturally and ecologically sustainable

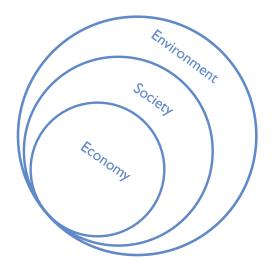
• Logistic - providing support for research and learning on issues of conservation and development.

The Lake Vänern Archipelago and Mount Kinnekulle include large areas of high landscape value, from a biological, ecological and cultural history perspective. The 278 600 ha area has a highly varied flora and fauna, and a permanent population of about 60 000 inhabitants. The biological values are dependent on traditional land management practices, such as haymaking and pollarding. There are also areas of national interest for outdoor recreation, and traces of historic human activity exist alongside the modern culture of today. This diversity, a mix of old cultural landscapes, areas with high biological conservation values, and modern communities, offers great potential for making it a model to other areas.

## Socio-ecological systems and ecosystem services

Conceptualising the biosphere reserves as socio-ecological systems can provide us with important understanding. These systems are characterised by being open, self-organised and often affected by outside disturbances. There are many qualitative differences between human-social and ecological systems but there are also systemic qualities that are similar, not least concerning the importance of understanding resilience in social as well as ecological systems.

A model of the interrelation between society, economy and environment with the economy nested within society, which in turn is nested within the environment is presented on the next page. Placing the economy in the centre refers to the fact that it is subordinate and dependent to the others. One advantage of this model is also that it shows that although the economy is totally dependent on the resources from environment, this relationship has to be negotiated through the social dimension.



The resources and processes that are provided by natural ecosystems are called ecosystem services. These services are essential to the earth's life support system, but in the market economy, these services are in general not ascribed any valued or adequately quantified in terms comparable with economic services. The paradox is that without these seemingly 'worthless' services, the socio-economic systems of the earth would grind to a halt, so in a sense their total value to society and economy is infinite. Today ecosystem services are divided into four different categories:

• Provisioning services: The goods or products obtained from ecosystems. Among other things, this includes biological raw materials and biomass fuel.

• Regulating services: The benefits obtained from an ecosystem's control of natural processes. This category includes climate regulation, water purification and similar processes.

• Cultural services: The nonmaterial benefits obtained from ecosystems. Recreation and Ecotourism is one of the services in this category, others include ethical and spiritual values.

• Supporting services: The natural processes that maintain the other ecosystem services. What might be called the "infrastructure" of the system, i.e. habitats, the cycling of water and nutrients, as well as the formation of biological material by plants through photosynthesis.

In the same way it can be argued that the human-social systems in the biosphere produce services that sometimes are difficult to measure within the framework of the market economy, in much the same way as the categories above. Aspects such as trust and social cohesion are of tremendous value for human well-being, and also to many parts of the economy. But as they are difficult to quantify and translate into financial terms, they tend to be just as 'worthless' as clean water and air.

#### Social Entrepreneurship

Today, the concept of social entrepreneurship is receiving a lot of attention, especially in relation to sustainability issues. A reason is that there is a widening gap between the social and environmental challenges that people and society encounter, and the institutions that were designed to deal with them. For social entrepreneurs, the creation of social and environmental value is the central criterion, and the financial outcome is the no less important mean to accomplish this. Charles Leadbeater arguest hat social entrepreneurs are not bound by organizational form and that "... they are also distinguished by a professionalism and dynamism most commonly seen in small, fast growing businesses" (Leadbeater 1997).

David Bornstein and Susan Davis suggest that the development of social entrepreneurship can

be viewed as belonging to different generations, where the present "looks ... to the change-making potential of all people and their interaction... [and] is concerned with building platforms that enable more people...to think and behave like changemakers and to help them work together powerfully in teams and in teams of teams" (Bornstein & Davis 2010).

The discussion on social entrepreneurship is often based on the notion that economic activities in society takes place within three somehow overlapping sectors: the policy-driven public sector, the market-driven business sector and civil society, where social and cultural values are at the core. This model is similar in many western democracies, but there are also significant differences.

In authoritarian countries the relationship between sectors can be very different and social entrepreneurship can be perceived as challenging. Some countries even implement new legislation to restrict the independence of social ventures, as they are seen as potential agents of disruption of the existing order. Today, social entrepreneurship in western countries is sometimes depicted as 'nice people doing good things'. But what makes them entrepreneurial is that their ventures might challenge deeply rooted perceptions on social and ecological relations that over time has proven to be socially degrading or ecologically unsustainable.

#### **Biosphere Entrepreneurship**

There is need for a specific concept to describe the social entrepreneurship that takes places in the biosphere reserve with its unique characteristics and ecosystem services. To explain and advance how the features of social entrepreneurship and the unique human and natural resources of the biosphere reserve can be integrated in an innovative concept for human development and the safeguarding of natural ecosystems, we suggest the introduction of the concept of 'bio-sphere entrepreneurship'.

The key characteristics of biosphere entrepreneurship are:

• The core values of the venture aims at improving human well-being at the same time that natural ecosystems are safeguarded

• Utilising unique biosphere reserve resources, such as ecosystem services

• The venture has a high degree of independence from the state

The venture is intended to be permanent

• The venture has a sustainable supply of resources and the sale of goods and/or services are of significant importance

• Financial profits are to a high degree reinvested in the venture, in similar ventures or in the generation/regeneration of ecosystem services

## Part 2: Mapping biosphere entrepreneurship in Lake Vänern Archipelago and Mount Kinnekulle

What biosphere entrepreneurship actually exists in biosphere reserve Lake Vänern Archipelago and Mount Kinnekulle? In order to be able to answer this question, data was collected through approximately 40 interviews with local actors, as well as by conducting a web survey and analysing around 140 websites.

The collected data reveals that the ventures are focused on a wide range of different issues. From producing and selling ecological food, clothes and energy to preserving cultural heritage and increasing employment among long term unemployed. Most, but not all, of the ventures are quite small. They employ a few people and with a few exceptions their turnovers range from 500.000 Swedish Crowns to 2 million Swedish Crowns (between roughly 56.000 and 225.000 Euros) a year. From what the data tells us, the ventures are growing economically and most of them made a profit or broke-even last year.

The biosphere entrepreneurs employ new ways of using unique resources from the local area, such resources that other types of ventures often don't see the value off employing. Social networks with business partners and customers, as well as knowledge about the local surroundings, are used as a form of social and human capital. Certain ecosystem services, such as those involving food and vegetation, as well as machinery and old buildings and sites, are some examples of the physical capital used by the entrepreneurs. And as they build their brands with the help of local stories and identities, these turn into a form of cultural capital.

This creative way of using different types of resources is a way of turning obstacles into opportunities. However, a lack of interest in and knowledge about social entrepreneurship among local actors, as well as a lack of demand on the local market, constitute clear obstacles. A growing market for the products and services offered by social entrepreneurs world wide, as well as new ways of investing in social entrepreneurship in general and biosphere reserves in particular, constitute clear possibilities for the future. This is an issue that will be explored in Part 3 of this study.

## Part 3: The Biosphere Innovation system (BIS)

With the Biosphere innovation system we take one step further in exploring models in supporting a sustainable development in society. With the Biosphere innovation system we have created a potential framework built on a consciousness that is responsible with the Earth in all its aspects. The Biosphere reserve with its many inherent qualities, in which learning processes, can be showcased. Biosphere entrepreneurs, on the other hand, add value to the system by focusing on societal and environmental values in addition to economical directly in their business model. The innovation system itself should be seen as a supportive structure in which important actors in society such as universities, financial institutions, municipalities, civic society and consumers are involved.

The innovation system will be built in different stages. Initially, we see in front of us a two year long build up phase of the innovation system which will be followed by a medium and long term perspective. One of the most important aspects in the initial process is to enhance the capacity of the Biosphere entrepreneurs through network and knowledge building among entrepreneurs. In order to develop the system, involvement of research, citizens and decision makers are crucial. The long-term functionality of the Biosphere innovation system also requires long-term financing for both planning and implementation of the activities but also for investing directly, or indirectly, in the Biosphere entrepreneurs. In our study we conclude that there is potential for investment in the Biosphere Entrepreneurs but that it will take several years of work to make them an investable category as such. Generating funds for the development of the innovation system is initially expected to be financed with public funding. In the long run the Biosphere innovation system could be fully supported by external funds and financed in various ways such as through participation fees, consultancy and through private equity funding.

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# Part I - What is biosphere entrepreneurship?

Biosphere reserves are areas around the world that are intended to demonstrate and develop models for balanced relationships between humans and nature. And biosphere entrepreneurship is an approach to supporting human well-being and ecological resilience by connecting social entrepreneurship with the unique resources and opportunities that exist in biosphere reserves around the globe. In part one of this study the concepts of 'biosphere entrepreneurship' and 'social entrepreneurship' are defined and then combined as a way of describing and analyzing the particular form of social entrepreneurship that takes places in such a place as the biosphere reserve Lake Vänern Archipelago and Mount Kinnekulle.

## INTRODUCTION: BIOSPHERE RESERVES

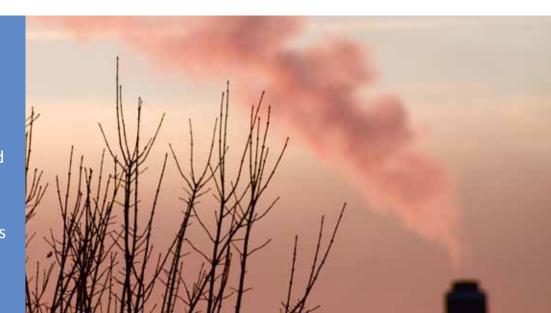
"What future does the world face as we move towards the 21st century? Current trends in population growth and distribution, increasing demands for energy and natural resources, globalization of the economy and the effects of trade patterns on rural areas, the erosion of cultural distinctiveness, centralization and difficulty of access to relevant information, and uneven spread of technological innovations all these paint a sobering picture of environment and development prospects in the near future." (The Seville Strategy 1995)

Biosphere reserves are areas that are intended to demonstrate and develop models for balanced relationships between humans and nature. The history of Biosphere Reserves goes back to the "Biosphere Conference" that UNESCO organized in 1968, the first international conference with a focus on the use and conservation of natural resources. One of the results was that in 1970 the UNESCO "Man and the Biosphere" (MAB) Programme was launched. The concept of biosphere reserves was established in 1974 and the World Network of Biosphere Reserves (WNBR) in 1976. The network of Biosphere reserves is now truly global in scale, with 564 biosphere reserves in 109 countries. They are nominated by national governments and remain under sovereign jurisdiction of the states where they are located. These reserves, areas of terrestrial and coastal ecosystems, represent different socio-economic contexts, governance structures and ecosystem types. One of the intentions is that the designation of a site as a biosphere reserve can help to raise awareness among local citizens and government authorities on issues related to sustainability.

Over the years the concept of biosphere reserves has developed. Much of the focus has shifted from conservation to the interaction with humans and society in terms of sustain-

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Biosphere reserves are areas that are intended to demonstrate and develop models for balanced relationships between humans and nature.



able living, as sustainable development have become the leading concept in the international politics of development and the environment after the Rio conference in 1992. The Seville Strategy (1995) provided a new functional model of Biosphere reserve management, a complex cooperation of environmental and social scientists, conservation and development groups, representatives of government and local authorities and in the first place the local citizens.

The biosphere reserves share a common mission of securing ecosystem services that are crucial for human survival and well-being, and to support research and learning in this field. They are intended to fulfil three complementary and equally important functions:

• Conservation - contributing to the conservation of landscapes, ecosystems, species and genetic variation

• Development - fostering human development which is socio-culturally and ecologically sustainable

• Logistic - providing support for research and learning on issues of conservation and development.

Based on the Seville Strategy, UNESCO describes some of the main characteristics of Biosphere Reserves as:

• Sustainable development is fostered by local citizens, enterprises and organisations with often highly innovative and participative governance systems

• The development and establishment of a multi-stakeholder approach emphasising the involvement of local communities in management • Demonstrating sound sustainable development practices and policies based on research and monitoring.

In the years after the Seville strategy, it became evident that challenges such as loss of biodiversity, accelerated climate change and rapid urbanization was increasing the pressure on social and ecological systems. The Madrid Action Plan, adapted in 2008, is built on the strategies of the Seville Strategy to focus on developing successful working models for sustainability and the achievement of relevant Millennium Development Goals, and through this highlighting the Biosphere Reserves as important learning sites. (Madrid Action Plan 2008)

## BIOSPHERE RESERVE LAKE VÄNERN ARCHIPELAGO AND MOUNT KINNEKULLE

The Lake Vänern Archipelago and Mount Kinnekulle include large areas of high landscape value, from a biological, ecological and cultural history perspective. The 278 600 ha area has a highly varied flora and fauna, and a permanent population of about 60 000 inhabitants.

Large parts of these areas are protected under national legislation with the aim to conserve the values for future generations. Protection also helps to safeguard biological diversity and to ensure that traditional knowledge is not forgotten, but passed on. The biological values are dependent on traditional land management practices, such as haymaking and pollarding. There are also areas of national interest for outdoor recreation, contributing to human health and well-being. The area is rich in cultural treasures. Traces of historic human activity exist alongside the modern culture of today. This mix of old cultural landscapes, areas with high biological conservation values, and modern communities makes the biosphere reserve valuable from a national perspective. The diversity of the area offers a great potential for making it a model for other parts of Sweden.

All three municipalities in the biosphere reserve, Götene, Lidköping and Mariestad, have adopted local environmental targets and programmes that ensure long-term sustainability for local activities. Rural areas dominate in the biosphere reserve and arable plains surround the population centres. This makes it possible to implement sustainable development in urban environments that are directly linked to, and have impact on, the surrounding rural areas.

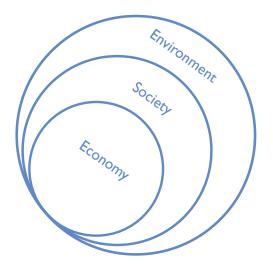
The landscape values in the area provide a good base for the development of tourism. Sustainable ecotourism based on landscape values benefits both large tourist companies and small entrepreneurs. As an example, a number of entrepreneurs have focused on growing local produce, giving visitors a further experience from the area – i.e. taste. There is also a potential for developing new technologies for the processing of local food, energy recovery,

alternative crops, and much more (Biosphere Reserve Lake Vänern Archipelago and Mount Kinnekulle Nomination Form 2008)

## SOCIO-ECOLOGI-CAL SYSTEMS AND ECOSYSTEM SERVICES

For the biosphere reserves, the shifting focus from conservation to human-nature relationships makes it evident that conceptualising them as socio-ecological systems can provide us with important understanding. These systems are characterised by being open, self-organised and often affected by outside disturbances. Of course there are many qualitative differences between human-social and ecological systems (Peterson 2000) but there are also systemic qualities that are similar, not least concerning the importance of understanding resilience in social as well as ecological systems.

The ambition to integrate human-social and ecological perspectives is central to the concept of sustainable development, which is one of the most important concepts of policy and research today. At the same time it is also a highly contested concept, where values, theories and actions sometimes come into conflict. It is not uncommonly described as three separate perspectives: ecologic, social and economic. However, the separation of these perspectives provides an incorrect view of their relationship that often leads to simplifications (Giddings et al 2002).



Another way of describing the interrelation between society, economy and environment is of the economy nested within society, which in turn is nested within the environment. Placing the economy in the centre refers to the fact that it is subordinate and dependent to the others. One advantage of this model is also that it shows that although the economy is totally dependent on the resources from environment, this relationship has to be negotiated through the social dimension.

The resources and processes that are provided by natural ecosystems are called ecosystem services. These services are essential to the earth's life support system. They contribute significantly, both directly and indirectly, to human well-being. But in the market economy, these services are in general not ascribed any valued or adequately quantified in terms comparable with economic services. They have also historically been given too little weight in policy decisions, as they in many cases could be considered commons. This neglect could ultimately compromise human life and health in the biosphere. The paradox is that without these seemingly 'worthless' services, the socio-economic systems of the earth would grind to a halt, so in a sense their total value to society and economy is infinite.

In the framework of international environmental politics, the interest in ecosystem services has increased, especially over the last decade. Today ecosystem services are divided into four different categories (Definitions of Ecosystem Services, Version 2.0, 2010):

• Provisioning services: The goods or products obtained from ecosystems. Among other things, this includes biological raw materials and biomass fuel.

• Regulating services: The benefits obtained from an ecosystem's control of natural processes. This category includes climate regulation, water purification and similar processes.

• Cultural services: The nonmaterial benefits obtained from ecosystems. Recreation and Ecotourism is one of the services in this category, others include ethical and spiritual values.

• Supporting services: The natural processes that maintain the other ecosystem services. What might be called the "infrastructure" of the system, i.e. habitats, the cycling of water and nutrients, as well as the formation of biological material by plants through photosynthesis.

In the same way it can be argued that the human-social systems in the biosphere produce services that sometimes are difficult to measure within the framework of the market economy, in much the same way as the categories above. Aspects such as trust and social cohesion are of tremendous value for human well-being, and also to many parts of the economy. But as they are difficult to quantify and translate into financial terms, they tend to be just as 'worthless' as clean water and air.

## SOCIAL ENTREPRENEURSHIP

Today, the concept of social entrepreneurship is receiving a lot of attention, especially in relation to sustainability issues. On the other hand, the definitions of social entrepreneurship are numerous and not always coherent. At least to some extent this is a consequence of different research traditions, but also, more significantly, a result of differences in the development of political, social, cultural and economical systems in different countries, not least in relation to the formation of the welfare state and the development of the market economy during the 20th century.

Historically, the usage of the word 'entrepreneur' was associated with the undertaking of a venture, something with an uncertain outcome. The French economist Baptiste Say, who is commonly accredited for giving the word much of its meaning, identified entrepreneurship as the creation of value through the channelling of resources from less productive to more productive areas. The Austrian economist Joseph Schumpeter further broadened and elaborated the concept in the early 20th century, arguing for innovativeness and the

CASE STUDY -BETTER WORLD BOOKS

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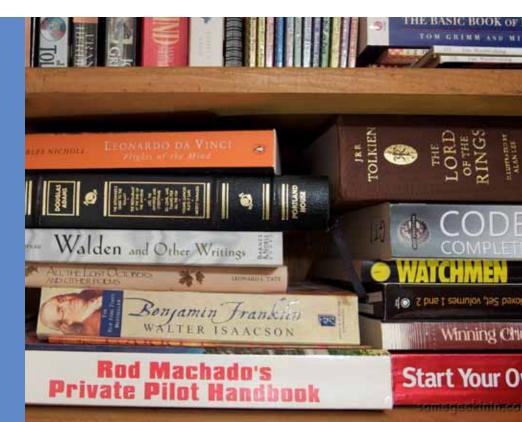
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## Place: USA/International Better World Books is a so-

cial enterprise that has the mission to promote literacy world wide as the core of their business idea. The company gets books donated to them, which are then sold online. Parts of the money that they make are given to organizations that work with increasing literacy and improving education in for example parts of Africa, India and North America. So far, the company has converted more than 53 million books into over \$8.6 million in funding for literacy and education.

Betterworldbooks.com



need for 'creative destruction' of old patterns and structures. According to him entrepreneurial activity could range from the introduction of a new good to new organization of an industry (Swedberg 2002).

In a 1998 article, Stanford professor Gregory Dees discussed the concept of 'social entrepreneurship'. While he acknowledged that the language and concept was relatively new, he argued that the phenomena itself was not. "They originally built many of the institutions we now take for granted." What makes social entrepreneurs different from business entrepreneurs, according to Dees, is that the social mission and its impact is the central criterion, and that "wealth is just a means to an end for social entrepreneurs" (Dees 1998).

According to Charles Leadbeater, there is a widening gap between the social and environmental challenges that people and society encounter, and the institutions that were designed to deal with them. To handle these challenges, we need social innovations."Social entrepreneurs will be one of the most important sources of innovation. Social entrepreneurs identify under-utilised resources and find ways of putting them to use to satisfy unmet social needs", relying on networks for support, Leadbeater wrote 1997 in The Rise of the Social Entrepreneur. "We live in an anti-hierarchical age, in which deference to traditional sources of authority is in decline. The ethic of individual self-fulfilment and achievement is the most powerful current in modern society... This individualism is not just consumerist. It is also moral. Young people these days feel more passionately and morally about a wider range of issues than they used to - from our treatment of the environment and animals, to gender, race and human rights around the world" (Leadbeater 1997). This has led to a situation where the boundaries between political activ-



#### CASE STUDY -ALLWIN

Place: Gothenburg, Sweden The social enterprise Allwin has as its main idea to do something about the 100.000 tons of food and other items that are discarded in Sweden each year. Major companies pays Allwin to take care of their leftovers which they then give to voluntary organizations that help people in need. This allows Allwin to create social and environmental value. And make a profit. Allwin grows quickly and is at the moment about to start up in the cities of Stockholm and Malmö. *www.allwin.nu* 



ism and entrepreneurship tend to blur. Leadbeater also argues that social entrepreneurs can be found in any sector of society, especially at their interfaces, and that they are not bound by organizational form. "Social entrepreneurs who deploy entrepreneurial skills for social ends are at work in parts of the traditional public sector, some large private sector corporations and at the most innovative edge of the voluntary sector... Social entrepreneurs are most usually found in what is called the voluntary sector. Yet this description can be misleading...they are also distinguished by a professionalism and dynamism most commonly seen in small, fast growing businesses" (Leadbeater 1997).

A fundamental question is what is similar and what is different between commercial and social entrepreneurship. Martin & Osberg (2007) say that to understand what differentiates between commercial entrepreneurship and social entrepreneurship, it is important to dispel the notion that the difference can be ascribed simply to motivation – financial gain for entrepreneurs and altruism for social entrepreneurs (see also Mair & Marti 2006). Research show that entrepreneurs are rarely motivated by the prospect of financial gain alone. Instead, it has been shown that both commercial and social entrepreneurs are strongly motivated by the opportunity they identify, pursuing that vision and actually deriving considerable psychic reward from the process of realizing their ideas. The critical distinction between these two sets of entrepreneurship lies in the value proposition itself. The value proposition for the entrepreneur is organized to serve markets through new product or service designed primarily to create financial profit. The social entrepreneur however, aims for value in the form of social and/or environmental benefit (Martin & Osberg 2007). On the other hand, it is also important to delineate the relationship between social entrepreneurship and other organizations that aim at social goals. Alex Nicholls (2006) argue that the difference is most evidently visible in to what extent market based activities can be part of the strategy or modus operandi of the organization, but also in the way that they provide innovative solutions. For social entrepreneurs, Nicholls argue, this market orientation can sometimes prove problematic and may act as "a double edged sword, creating both progress and regress relative to social outcomes desired by different groups."

Some studies argue that initiatives labelled as social entrepreneurship tend to fall into two broad categories. First, in may refer to ventures that are mainly active in the marketplace but emphasizing social and/or environmental values. Second, it may refers to civil society organizations that engage more entrepreneurial approaches in order to increase organizational effectiveness and foster long-term sustainability (CCSE 2003 etc.).

David Bornstein and Susan Davis suggest that the development of social entrepreneurship can be viewed as belonging to different generations, where the present, "social entrepreneurship 3.0" represents what can almost be described as a mass movement, that "looks beyond individual founders and institutions to the change-making potential of all people and their interaction...[and] is concerned with building platforms that enable more people... to think and behave like changemakers and to help them work together powerfully in teams and in teams of teams" (Bornstein & Davis 2010).

To a large extent the concept of entrepreneurship has been related to actions by individuals within the framework of the market economy. However, it has been argued that entrepreneurship belongs "primarily to society rather than to the economy" (Hjort & Bjerke 2006). When entrepreneurship is observed, it tends to occur in "multiple sites and spaces" (Steyaert & Katz 2004). It can be claimed that these places, in relation to entrepreneurial activities, can be viewed as political spaces that means that we have to relate not only to the economy but also to other social and political systems in society to understand the framework where entrepreneurship takes place. When entrepreneurship is seen in this context, also the agency of the individual entrepreneur comes into question. In contrast to what sometimes have been called the "heroic" view of entrepreneurship, where a few outstanding individuals ("a rare breed" as Gregory Dees calls them), will "reform or revolutionize their industries", Steyaert & Katz argues that entrepreneurship "is a matter of everyday activities" (Steyaert & Katz 2004, see also Jégou & Manzini 2008). Studies from the Gnosjö region in southern Sweden described entrepreneurship as a "genuinely 'collective' phenomenon, i. e. it is associated with the very interaction between individual firms and their embedding in the socio-cultural context, as a historical construct" (Johannisson & Wigren 2006). This is interesting to relate to Elinor Ostrom's concept of Public Entrepreneurship, which refers to non-market institutional arrangements

### CASE STUDY -SÄTRA BRUNN

Place: Sätra Brunn, Sweden Sätra Brunn is an old SPAresort that sells SPA-service. The business group that runs Sätra Brunn has as its mission to preserve and develop this over 300 year old resort that was once threatened by extinction. To this an innovative model of crowd sourcing is connected which lets the local population invest small amounts of 'local capital' (around 50 euros per person) in the SPA and get value cheques in return which they can use to acquire services at the SPA. Thereby the amount of visitors to the SPA is increased at the same time as the the local economy and cultural heritage is developed. *www.satrabrunn.se* 



where communities of individuals in urban and rural areas have self-organized to provide (or together with local authorities co-produce) goods or services, usually from common-pool resources (Ostrom 2005). In Sweden, the role of social networks in safeguarding ecosystem services has been highlighted by Ernstson et al. (2008).

Social entrepreneurship is a concept entangled with paradoxes. As Bornstein and Davis also points out, the incredible wealth and changes in living and consumption patterns brought about by western business development during the 20th century, were in many cases directly responsible for "the maldevelopment that continues to haunt much of the world...[M]any of the most familiar examples of social entrepreneurship in the United States came about in response to problems created by the successes of business" (Bornstein & Davis 2010). As Michael Edwards argues in Small Change. Why Business Won't Save the World (2009), philantrocapitalists would have a much greater social impact if they improved working conditions and wages in their production facilities, instead of financing high profile CSR projects.

The sections above represent a portion of the development of the theoretical discussion around the concept of social entrepreneurship, and some of the different approaches are visible here. First, it may be noted that Leadbeater and Dees are from different sides of the Atlantic, and that they can be said to represent the "European" versus the "American" perspective on social entrepreneurship. Their affiliation is no less interesting in this context. Gregory Dees was at the time when the text was published Professor at Stanford's Graduate School of Business, while Charles Leadbeater wrote The Rise of the Social Entrepreneur in 1997 for the British think-tank DEMOS, historically with strong ties to New Labour (new in government in Britain at the time). The more "heroic" approach in US research and literature has not really changed over time, although there are noteworthy exceptions. In Europe, some of the proponents of the more collective view on social entrepreneurship have shifted their focus towards the concept of "social innovation", a concept that also received considerable leverage with the launch of the EU Innovation Union program.

It is also important to note that very much of the discussion on social entrepreneurship is based on the notion that economic activities in society takes place within three somehow overlapping sectors: the policy-driven public sector, the market-driven business sector and civil society, where social and cultural values are at the core. This model is similar in many western democracies, but there are also significant differences, such as in which sector activities such as medical care should take place.

It is also important to remember that this three-sector description is a model. It represents reality, but reality is always more complex. At the same time it can provide us with an understanding of why social entrepreneurship can be perceived as challenging in authoritarian countries where the relationship between sectors look very different. Actually some countries implement new legislation to restrict the independence of social ventures, as they are seen as potential agents of disruption of the existing order. Today, social entrepreneurship in western countries is sometimes depicted as 'nice people doing good things'. But what makes them entrepreneurial is that their ventures might challenge deeply rooted perceptions on social and ecological relations that over time has proven to be socially degrading or ecologically unsustainable.

## Components of Social Entrepreneurship

In The Search for Social Entrepreneurship, Paul Light (2008) argues that there are four components that are necessary for Social Entrepreneurship:

- I. Entrepreneurs
- 2. Ideas
- 3. Opportunities
- 4. Organizations

To this, we would like to add a fifth category – resources, which no initiatives would ever take place without.

#### I. Entrepreneurs, ideas, and organizations

To make social entrepreneurship happen, agency is essential. The agent is called entrepreneur, and as mentioned above, often at least the business entrepreneur is usually considered to show up as an individual. However, several case studies of social entrepreneurship challenge this view and suggest that teams or groups of people are often involved to link together the necessities of social entrepreneurship. In the case of social entrepreneurship, the question is, of course, if social entrepreneurs differ significantly from business entrepreneurs. While Dees (1998) argue that social entrepreneurs have a special, "moral fibre" many others choose to highlight the similarities, arguing that social entrepreneurs in general are different by using their entrepreneurial skills to promote social and/or environmental goals.

Ideas are another necessary component of social entrepreneurship, and they do not need to originate with the social entrepreneur. When entrepreneurs have operationalized the ideas, they turn into innovations. Not all ideas are completely new. In fact, many of the most influential innovations turn out to build on ideas, practices and knowledge that have been around for a long time, but are combined in new ways (Mulgan 2007).

To promote an innovation, the entrepreneur needs some kind of organization. Some entrepreneurial researches argue that organizations are obstacles to entrepreneurial activity because of their adversity to change. But Light (2008) argues that organizations are in fact crucial to advance innovation. The "bees and trees" analogy offered by Mulgan (2007), where the bees are the fast moving, creative entrepreneurs and the trees the stable organizations with their roots firmly attached to the ground, is often cited. Mulgan's main point with the analogy is, of course, their mutual interdependence. For the entrepreneur there are several options: Building a new organization from scratch, developing the innovation attached to an existing organization or business; or developing the innovation within an organization (intrapreneurship). As mentioned above, social entrepreneurship is not bound by organizational form. It can develop in clubs, enterprises, informal networks or other forms of organizations.

## 2. Resources, oppurtunities and various forms of capital

Peter Drucker argued that the entrepreneur always searches for change, responds to it, and exploits it as an opportunity. Howard Stevenson added imaginativeness to Drucker's definition and defined entrepreneurship as "The pursuit of opportunity without regard to the resources currently controlled". Stevenson's definition takes into account both the entrepreneur, as agent, and the context, which can be supportive or restraining with respect to resource mobilization. All opportunities have certain obstacles embedded in them that need to be conquered and for this to be possible, certain resources are needed. Successful social entrepreneurs do not let their own limited resources stop them. Instead they use scarce resources in an effective manner and explore all resource options (Light 2008).

Studying and understanding social entrepreneurship, therefore, requires a way of conceptualizing the way that a successful social entrepreneur can turn almost anything - a worn-down factory building, threatened ecosystem services, undervalued cultural skills, to take a few examples - into an opportunity. One way of achieving this is by using the word "capital", which describes how material and immaterial objects in all social situations are given value and, consequently, lends, whoever possesses them, an increased power to change society around him or her. (Bourdieu, 1986;



#### CASE STUDY -OUT OF THE BLUE

Place: Edinburgh, Scottland The social enterprise Out of the blue rents out studio and production space for Edinburgh's cultural community. There aim is to generate opportunities for everyone to participate in the arts by fostering an open environment with cheap studio and production spaces, that is at the same time tightly linked to the local area; thereby fostering local development in a socially excluded areas. The enterprise also generate profits from their café and their night club called The Bongo Club. The profits are reinvested in the venture.



www.outoftheblue.org.uk

Christakis, 2009) Different forms of objects are turned into different forms of capital.

'Social capital' as a concept usually describes the productive potential that our social relations can have for us. When social networks are permeated with norms of reciprocity and trust, they allow for us to collaborate with each other as well as provide an infrastructure for the transfer of resources between individuals. (Coleman, 1988; Putnam, 1996 & 2006). The concept of 'human capital' on the other hand is often used to describe the importance of skills, knowledge and education in societal change. (Becker, 1964; Berry & Glaeser, 2005) A third form of capital is that of 'physical capital', which in this study may be defined as the physical objects that are related to the natural environment and to certain ecosystem services - e.g. trees, water, land - or manufactured in order to be applied in production - e.g. buildings, machinery, vehicles. (se e.g. de soto, 2001 for a similar view) 'Cultural capital' constitutes a fourth form of capital, which in this study is understood as any material or non-material asset that is employed by people in order to gain acceptance and status from other people. (Bourdieu, 1986) Last but not least, we have the most common way of using the word 'capital', namely by using the concept of 'economic capital'. (Bourdieu, 1986) With economic capital, or in other words, money, we mean a material or immaterial artifact that is decided by people to have one or many of the following functions; as a medium of exchange, a unit of account, a store of value and a standard of deferred payment. (Seyfang, 2004)



#### CASE STUDY -THE CENTER FOR PUBLIC ENTREPRENEURSHIP

Place: Malmö/Skåne, Sweden The Center for Public Entrepreneurship (CPE) support social entrepreneurial ventures in the county of Skåne by offering mentoring and advice on funding, organization, project management, communication and access to its multi-sectoral networks. The initiatives that have been supported to date spans everything from starting a Volunteer Centre in Malmo to giving all residents of Malmö the opportunity to broadcast local television over the web. The Center is an initiative by civil society organizations and work with Malmö University, Lund University and Linnaeus University. publiktentreprenorskap.se



## BIOSPHERE ENTREPRENEURSHIP

There is need for a specific concept to describe the social entrepreneurship that takes places in the biosphere reserve with its unique characteristics and ecosystem services. To explain and advance how the features of social entrepreneurship and the unique human and natural resources of the biosphere reserve can be integrated in an innovative concept for human development and the safeguarding of natural ecosystems, we suggest the introduction of the concept of 'biosphere entrepreneurship'.

The key characteristics of biosphere entrepreneurship are:

• The core values of the venture aims at improving human well-being at the same time that natural ecosystems are safeguarded

• Utilising unique biosphere reserve resources, such as ecosystem services

• The venture has a high degree of independence from the state

• The venture is intended to be permanent

• The venture has a sustainable supply of resources and the sale of goods and/or services are of significant importance

• Financial profits are to a high degree reinvested in the venture, in similar ventures or in the generation/regeneration of ecosystem services

The first characteristic, that the core values of the venture aims at improving human well-being at the same time that natural ecosystems are safeguarded is of fundamental importance, but will also apply to many public sector organizations and businesses. Improving human well-being is of course a wide and subjective concept, and it must be so. Attempts at achieving objective measurements for the social value that social entrepreneurship creates have only had limited results. At the same time some of the factors that support human well-being are general and in many parts of the world part of the responsibilities of the welfare state, such as medical care, education and food security. This means that what is needed for human well-being in terms of the services provided by both the social and ecological systems is highly dependent on the political, cultural, social, economical and ecological context. Similarly, the challenges of safeguarding natural ecosystems will also be dependent on the specific context socio-ecological context.

What makes biosphere entrepreneurship unique is that the utilization of resources that can be found in the biosphere reserve, such as the services provided by the social and ecological systems, is at the core of the business model of the venture. Of fundamental importance is the fact that this utilization must, at the same time, safeguard the social and ecological systems.

The criteria that the venture needs to have a high degree of independence from the state, is intended to safeguard a position where the organization can make decisions on its own. Of course there is a significant "grey zone", and all organizations and businesses can be said to have some sort of dependence upon the state. State organizations have ideally common good as their purpose. At the same time, it has also been shown that over time, public sector organizations (as well as many businesses) can develop a resistance to necessary changes. Independent providers can challenge traditional patterns and systems, sometimes leading to systemic changes and sometimes to the establishment of services complementary to state provisions.

Many of the challenges that social and ecological systems meet today are dealt with through projects. The reason for using the project form to finance these kinds of activities is often for funders to have control over spending. As organizational form, projects are characterized by being limited in time and scope. A social or biosphere venture can of course take part in projects, either on their own or as partners, but a project in itself will not be defined as a social or biosphere venture. On the other hand, an activity that starts as a project can, of course, over time, be developed into a biosphere venture.

One of the aspects of social entrepreneurship that have caused a lot of confusion is the question of profit. One of the reasons for this could be the use of a terminology that divides organizations into "for-profits" or "non-profits". The very concept of profit can be perceived as controversial for an organization that work for a social purpose, but on an operative level it is not. If an organization does not produce a financial surplus it may over time run out of resources and have to cancel operations. For organizations that want to make an impact, long-term relationships are necessary, and to do this you have to have a venture model that will give you a sustainable supply of resources. What this mean is to some extent unique to every venture model, and it can contain everything from public funding to volunteer work or the sale of goods and services for a biosphere venture.

As mentioned before, one of the things that signify social entrepreneurial organizations from other organizations with social aims is that the sale of goods and/or services is an important source of revenue. This differentiation does not mean that what these organizations do is of lesser importance, but that in order to qualify as a social entrepreneur, the sales of goods and/or services is a criteria. In some cases this means that organizations that have developed special competences over time in their field of operations now provide their knowledge for businesses or the public sector for a fee, in order to provide their organizations with a more stable resource base. Other ventures may get most of their resources from providing goods and/or services for the market, but use this revenue to promote social or ecological values.

The final criteria that states that profits from a Biosphere venture to a large degree should be reinvested in the venture itself or in similar ventures, separates Biosphere ventures from ventures that prioritize shareholder dividends. It also opens up for investments in the biosphere reserve that can generate or regenerate ecosystem services.

## AN INNOVATION SYSTEM FOR BIOSPHERE ENTREPRENEURSHIP

Research has showed that entrepreneurs often use networks to utilize necessary resources. This is just as true for social as it is for commercial entrepreneurs. But while it is not uncommon for commercial entrepreneurs to have an innovation system that will support with knowledge and specific resources, it has also been observed that social entrepreneurs are often unable to use these facilities (Mulgan 2007). Still, in many local and regional contexts, there are organizations that help social entrepreneurs to develop their ventures, but the scale of this compared to what is available for commercial entrepreneurs is completely different.

Social entrepreneurs can be an important part of society, but they should not be seen as replacements for either businesses, public sector activities or civil society. Rather, they could be seen as an important category of agents in the socio-ecological system that provides us with the goods and/or services necessary for human well-being while safeguarding natural ecosystems. But to enable social entrepreneurs to play a significant role, there is a need to develop a support strucuture that is tailored for the specific needs of these ventures.

This is an issue that will be presented in Part 3 of this study. But before that, an mapping of social entrepreneurship in the biosphere reserve Lake Vänern Archipelago and Mount Kinnekulle will be presented.

## Part 2 - Mapping biosphere entrepreneurship

In part 2 of the study, a mapping of biosphere entrepreneurship in the biosphere reserve Lake Vänern Archipelago and Mount Kinnekulle is presented. Twenty-five cases of biosphere entrepreneurship are analyzed. The five dimensions of social entrepreneurship - ideas, entrepreneurs, organization, resources, and possibilities - are used as a means of analyzing the cases. The study shows us that the biosphere entrepreneurial-landscape in this particular biosphere reserve consists of a wide range of different ventures, many of which have potential for the future. However, there are some obstacles that needs to be conquered.

## METHODOLOGY

## Twenty-five cases of biosphere entrepreneurship

The following mapping includes twenty-five examples of social entrepreneurship in the biosphere reserve Lake Vänern Archipelago and Mount Kinnekulle, what in this report has been named 'biosphere entrepreneurship'. According to the definition developed in 'Part I' of this report, all studied ventures are guided by the same types of values as those of the biosphere reserve - that is they have issues of sustainable development as a central part of their business model. They also aim at achieving a high degree of independence from the state and at becoming permanent ventures rather than short-term projects. Last but not least, the ventures strive towards getting an income stream originating from trade that is of significant importance to them.

However, eight of the twenty-five projects that have been included do not reach all criteria. Seven of the projects are not yet in business. They are, however, striving in this direction and were therefore included in the mapping. Furthermore, there is one venture that already is in business, but to this day it has only been financed through grants. This venture, however, is planning to incorporate trading activities into its business model in the future, and thereby qualify itself of being included in the mapping. Last but not least, three of the ventures are at the moment run by state actors, which means that they do not have the high degree of independence from the state that is required. However, they have future potential and were therefore also included in the mapping.

## Thirty 'orientation interviews' and one hundred and forty websites

Approximately thirty so-called 'orientation interviews' have been carried out with individuals - representatives of public, private and civil societal organizations - who work and/or live in the area. And around one hundred and forty websites, belonging to organizations, public institutions and companies that are in some way affiliated to the area have been studied. The purpose was to track down examples of social entrepreneurship in the biosphere reserve. This, however, has not been very easy in a climate, where hardly anyone uses, or has heard of, the concepts of 'social entrepreneurship' and 'biosphere entrepreneurship'.

There are many examples of entrepreneurship that were not included in this mapping, but border on what we call 'biosphere entrepreneurship'. Firstly, there are quite a few traditional companies in the area that are guided by values that are similar to the ones that guide the biosphere reserve, but for which the values are not a core part of their business idea. Secondly, there are many projects as well as non-profit organizations in the area - such as sport clubs, nature clubs, heritage organizations and what is locally known as 'societal associations' - that are guided by biosphere reserve values, but they do not have or aim at getting a long-term income stream originating from trade. Still, there are probably examples of interesting ventures that could have been included in the mapping, but they were not found because of either some limitations of



our methodological tools and/or because of our limited time and resources.

#### Personal interviews and a web survey

Websites belonging to the twenty-five ventures were studied and personal interviews were conducted with nine of them. On top of this, an online survey was sent to eighteen of the ventures, eight out of which decided to answer the survey. The collected information is considered to be sufficient enough in order to be able to draw some general conclusions about the 'social entrepreneurial landscape' in the biosphere reserve Lake Vänern Archipelago and Mount Kinnekulle.

# The ventures are analyzed in terms of ideas, entrepreneurs, organization, resources, and possibilities

The twenty-five cases of biosphere entrepreneurship will be analyzed below. The five dimensions of social entrepreneurship - ideas, entrepreneurs, organization, resources, and possibilities - that have already been presented in 'Part I' of this study, will be used as a means of analyzing the cases. The analysis will start with exploring what the ideas are that motivate the entrepreneurs.

## **IDEAS**

All forms of social entrepreneurship - including biosphere entrepreneurship - are driven by a will to improve society. By having a combined look at the websites of the twenty-five ventures that are featured in the mapping as well as the conducted interviews and the survey, we can reach an understanding of what the ideas are that motivate the ventures.

## A combination of values

All of the twenty-five ventures have an explicit focus on issues of improving society. Most of them are driven by a combination of values that concern social, as well as environmental and economical, sustainability. These are the same types of values that guide the biosphere reserve.

#### CASE STUDY -VÄNERPRODUKTER

#### Place: Biosphere reserve Lake Vänern Archipelago...

The idea behind Vänerprodukter (engl. 'Products from Vänern') is to develope products out of some of all the left-over fish that is today discarded in lake Vänern. By joining the local fishermen in a common venture through which the products are developed, the local economy is stimulated at the same time as the amount of vaste in the area is decreased. Sustainability is at the core of 'Vänerprodukters' business idea. **www.vanerkulle.se** 



## Almost all of the ventures focus on environmental sustainability

Almost all of the ventures focus on environmental issues. To produce and/or to sell ecological food, clothes and other products is by far the most frequent activity among them. At least two of the studied business ideas are focused on issues of re-using foodstuff and redesigning clothes. Three of the initiatives are concerned with environmentally friendly energy production, and two of the ventures work with capturing carbon dioxide.

## Around half of the ventures focus on individual wellbeing

Roughly half of the ventures describe themselves as being driven by a will to improve people's health and wellbeing. They mostly do this by offering edibles that are healthy, but also by working with issues of workforce integration, by offering experiences that will improve people's health and to a smaller extent by designing new products. However, rather than focusing on the wellbeing of those that have produced the items that are for sale, almost all of the ventures focus on the wellbeing of the consumers.

## At least one out of two focuses on local development

Local development is explicitly in focus among roughly half of the twenty-five ventures. Many of the business ideas revolve around trying to stimulate the consumption of local products and services, thereby helping the development of the area. Others - such as three 'work integration social enterprises' - direct their efforts towards offering jobs to groups of people, who are excluded from the ordinary labour market. About one fifth of the studied ventures work with educating the local population in topics, such as environmental awareness and local cultural history. About the same amount of ventures focuses their efforts on preserving local cultural heritage, which includes old buildings and sites, as well as local identity and traditional knowledge.

#### Limited focus on the biosphere reserve

Even though the ventures share the biosphere reserve's focus on sustainability issues, only about one fifth of them show that they see a clear connection between what they're doing and what the biosphere reserve is doing. This even includes the seventeen ventures that

## CASE STUDY -ECOERA

Place: Gothenburg/Biosphere reserve Lake Vänern Archipelago and Mount Kinnekulle

With the slogan 'towards an ethical economy', Ecoeras' mission is to reduce mans environmental impact at the same time as helping sparsely populated areas in strengthening their economies. Ecoera provides a technology that fixates carbon dioxide from the air and generates bioenergy at the same time as it results in biochar that can be used as soil enhancement.

www.ecoera.se



were explicitly asked about this issue in the interviews or the survey. Only a few mention the biosphere reserve on their websites. Among many of the interviewed ventures there is a clear lack of knowledge about what the biosphere reserve is.

#### Prioritizing society over economy

The twenty-five ventures are not only driven by a mission to improve society. They also focus on becoming economically sustainable, by employing a combination of earned income and, in many but not all cases, grants of different kinds. However, in general, economy does not seem to be as important to them as improving society. Out of the eight enterprises that answered the survey, seven said that contributing to a better society and environment is very important to them. Only five and two respectively, said the same when it comes to offering a good salary to their employees and to let the owners receive a profit. The personal interviews reveal a similar story. At least half of the interviewed social entrepreneurs told

stories that indicate that they prioritize their societal mission over their own economy.

## **ENTREPRENEURS**

#### Two types of entrepreneurship

The entrepreneur is a crucial component of any entrepreneurial process. By and large, the ventures are operated either by a few individuals or by a network of actors, such as businesses, public actors, private persons, nonprofit organizations and university institutions - what might be called network-based entrepreneurship.

## At least one third of the ventures have some kind of connection to the public sector

Even if they are free standing organizations, at least one third of the ventures has involved some kind of public institution as a partner when starting up, applying for start-up capital,

#### CASE STUDY -ÅNGSÅGSFÖRENINGEN

Place: Biosphere reserve Lake Vänern Archipelago and Mount Kinnekulle

Ångsågsföreningen (engl. transl. 'The Steam Mill Assocation') is a non-profit organization that has as its core idea to bring back the oldest steam-saw in the area to its original shape, thereby preserving and developing an important piece of cultural heritage, at the same time as the association spreads local cultural knowledge through educational efforts. At the moment the association is mainly financed through grants, but it is working on developing other sources of finance, such as income through further educational efforts, tourism as well as a through acting as a warehouse for cultural historical items.





and so on. In line with the definition employed in this study, all forms of social entrepreneurship must involve a high degree of independence from the state, but this does not involve acting in a total vacuum, at least not in a Swedish context.

## Biosphere entrepreneurship - under constant flux

When it comes to the nine ventures that were featured in the personal interviews, all of them are in one way or another a continuation of a previous initiative that has been run by the same entrepreneurs. Some of the ventures basically had continued the work that another, likeminded, venture had been engaged in before. In other cases the entrepreneurs had reformed an already existing venture into what was now under existence. On top of this, six out of the nine interviewed entrepreneurs mentioned some kind of plan of reshaping their venture in the future, e.g. by introducing a new associational form or by involving new partners. From all of this we can draw the conclusion that biosphere entrepreneurship is not something static, but it is rather something that is under constant flux; it arises and is reformed in constant dialogue with its surroundings.

## ORGANIZATION

The way that a case of entrepreneurship is organized has important consequences for how effective it is at reaching its goals. The examples of biosphere entrepreneurship that are featured in this study are organized in a variety of ways.

## A variety of legal structures

When it comes to their legal formation, the ventures are with a few exceptions organized within different forms of business-like struc-



## CASE STUDY -BERITS TEXTILSERVICE

Place: Biosphere reserve Lake Vänern Archipelago and Mount Kinnekulle

Berits Textilservice (engl. transl. 'Berits Textile Services') is a company that develops and sells ethical and ecological textile products. Their main idea is to re-design clothes and other textile items into new items. They also make clothes from scratch out of ecotextile as well as repair old clothes. On top of that, the venture is engaged in educational efforts connected their mission, by which they try to get more people to see the value of re-using and re-designing clothes.



tures, such as sole proprietorship, partnership, limited company and cooperative. However, five of the ventures are organized within nonbusiness-like legal structures. Two of these are organized as non-profit associations ; two as short-term projects that at the moment are run by a combination of public and private actors and one is organized as an informal network. In the cases, when they are not so already, all of the ventures have thoughts about or potential of forming into some kind of business-like legal entity in the future.

# A centre-organization surrounded by a network

Even though the cases of biosphere entrepreneurship are in most instances run by a selfstanding "centre"-organization, a combined look at the different data types used in this study indicates that at least one third of the ventures cooperates closely with other actors, such as private persons, NGOs, public agencies and private companies. At least one third of the ventures also have a public organization as a part of their network.

#### Non-formal internal structures

What does the internal structure of the ventures look like? All of the eight surveyed organizations have between zero and five employees. From what can be told by studying the websites of the rest of the organizations, as well as from the nature of the kind of work that they're doing, one can presume that most of the other organizations that are analysed in the study are not any bigger than that. And when it comes to such small organizations, it is likely that their internal structures are quite informal and not very specialized regarding things, such as internal positions, steering, leadership, and so on. Rather, a few individuals in each organization take responsibility for a variety of different tasks and are involved in leading and organizing the enterprise.

## RESOURCES

According to the definition employed in this study, all forms of entrepreneurship are based on utilizing a vast range of different resources



## CASE STUDY - GÖTENE FÖRETAGSKOOPERATIV

Place: Biosphere reserve Lake Vänern Archipelago and Mount Kinnekulle

Götene Företagskooperativ (engl. transl. The Business Cooperative in Götene) is a work integrating social enterprise that at the moment builds timber houses as well as provides cleaning service. Their sales are a way of financing their core mission which is to give employment and work experience to people that are far from the labour market. Any profits are reinvested in the enterprise. as a way of conquering the obstacles that are met. Consequently, biosphere entrepreneurship, as a specific form of social entrepreneurship, is grounded in a utilization of a combination of resources that are unique for the particular biosphere reserve, where it takes place. In 'Part I' of this study we translated the concept or 'resources' into the term 'capital' and defined five different types of capital. Drawing on these definitions, an attempt will now be made at giving a general picture of what unique biosphere resources that the biosphere entrepreneurs are dependent on, and what resources they need for the future.

#### Human capital

All studied examples of biosphere entrepreneurship are in one way or another grounded in some sort of knowledge, skills and experiences – something that is often called human capital. For most of them, they would not have managed to run their businesses without knowledge of the different ecosystems that exist in the biosphere reserve Lake Vänern Archipelago and Mount Kinnekulle. And about one quarter of the business ideas is built on knowledge of the cultural heritage and of the traditional handicraft and design that are specific for the geographical area. Roughly one quarter of the ventures utilizes knowledge that is produced through R&D (Research and Development). Here, research based knowledge conducted within the realm of consulting firms and university institutions - which are in many cases not active in the area where the biosphere reserve is situated - meet and unite with local knowledge.

#### Social capital

Entrepreneurship is always entangled in a web of social networks permeated with norms and trust, often called social capital. This is also true for the twenty-five cases that are included in this study. Many of them are involved in a few formal networks together with businesses that belong to the same branch of trade as themselves. They also draw on informal networks, consisting of business partners and customers. A particular interesting observation regarding this is the fact that most of the ventures that were interviewed include different public sector agencies as important partners in developing and financing their ventures. All in all, most of the studied examples of social entre-

#### CASE STUDY -NATURLIGTVIS HÄLLEKIS

Place: Biosphere reserve Lake Vänern Archipelago and Mount Kinnekulle

Naturligtvis Hällekis (engl. transl. 'Naturally Hällekis'), situated in an old train station in the village of Hällekis, is a combined café, bakeshop, clothes store and print shop that has as its mission to try to get people to engage in and learn about healthy, ethical and environmentally friendly food and living. Their print shop called 'Tryckvåg Textil', once developed the first ecological t-shirt in Sweden. And since then there has been a green focus on everything that it has done.

naturligtvishallekis.se



preneurship would never have been possible without the use of social capital.

#### Physical capital

The social entrepreneurs utilize a vast amount of different forms of physical capital, that is, physical objects that are related to the natural environment and to certain ecosystem services - e.g. trees, water, land - or manufactured in order to be applied in production e.g. buildings, machinery, vehicles. There are, however, some forms of physical capital that stand out as being especially meaningful in the studied context. A little more than half of the ventures draw on local ecosystem services in the biosphere area as a central part of what they're doing. Most of them produce or sell locally and ecologically grown edibles, and half of them uses the local natural environment as a way of attracting visitors and offering experiences related to the area. A few of them also employ local ecosystem services as a way of creating renewal energy. About one quarter of the studied ventures uses old historical buildings and sites in their business models.All ventures also employ machines and technology in their work.

## Cultural capital

Another central resource deeply embedded in the biosphere area is cultural capital - that is, any material or non-material asset that is employed by people in order to gain acceptance and status from other people. At least one quarter of the studied ventures utilizes local historical buildings and sites, such as 'Kinnekulle', 'Rörstrand', 'Hällekis' and 'Vänern', as a form of cultural capital in order to build their brands, sell products and services, and attract visitors. Many also utilize local stories and family names in the same way. But not more than one fifth of them have discovered the 'biosphere reserve' name as a form of cultural capital that can be used in marketing.

### Economic capital

Social entrepreneurship requires economic capital, that is, money. The social entrepreneurs in the biosphere reserve get money from various sources. However, income from sales

## CASE STUDY -LOCAL SYNERGIES OF FOOD & ENERGY

#### Place: Biosphere reserve Lake Vänern Archipelago and Mount Kinnekulle

The 'Local synergies' project has as its mission to connect some of the food and energy production that is already taking place in the area into a large scale local ecosystem. The carbon dioxide that comes from local biogas production is used to enhance local food production, such as pig farming and growth of vegetables. From this you also get metan gas which is developed into car-fuel, at the same time as the vaste from the food production goes back into the bio gas production or is used in local farming.



## CASE STUDY -KONTEMPLATIVA RUM

Place: Stockholm/Biosphere reserve Lake Vänern Archipelago and Mount Kinnekulle

The social innovation called Kontemplativa Rum (engl. transl. Room for contemplation) has been developed by the artist duo 'In Every Tree' within the realm of the local cultural institution called 'Rörstrands Kulturforum' in Lidköping. The innovation aims at providing room for peace, quite and contemplation in peoples hectic everyday life. The business idea is at the moment under development and can therefore not be revealed, but will, when it reaches the market, combine art, cheramics and sustainability.

www.ineverytree.com



is the largest source of economic capital for most of the seventeen ventures that were either interviewed and/or answered the survey. Seven of them answer that they get no money from subsidies at all.And six of the eight enterprises that answered the survey mention that they receive between 91-100 percent of their income from sales.About as many get no money at all from donations, grants, member-fees or other forms of external capital. However, seven of the entire twenty-five enterprises are still entirely dependent on subsidies.

All in all, five of the eight ventures that answered the survey had a turnover of between 500.000 Swedish Crowns and two million Swedish Crowns (between roughly 56.000 and 225.000 Euros) in the year of 2010. And six of them had seen their turnover increase over the time period 2009-2010. Seven out of eight ventures had reached break-even or generated a profit in the year of 2010.

#### What future resources are needed?

What resources do the social entrepreneurs need for the future? A combined look at the

survey and the interviews reveals that social and human capital seems to be the most required resources. Between six and seven of the eight ventures that answered the survey say that they are in 'high' or 'very high' need of these sorts of resources. According to the personal interviews and the survey, there is a need for business partners and a pressing need for new customers. The need for human capital especially involves knowledge on how to run a business, on market analysis, and on how to find and apply for grants. Consequently, all of the surveyed parties mention that they are in 'high' or 'very high' need of help with marketing activities.

There also seems to be a certain need for financial support. All of the seventeen ventures that were either interviewed or surveyed said that they are in need of some kind of financial support. Most of the sums that were mentioned range from around 100.000 Swedish Crowns (around 11.000 Euros) to 1 million Crowns (around 113.000 Euros), even though the sums 6 million Crowns (around 675.000 Euros) and 100 million Crowns (11 million Euros) were also mentioned. These investments would deal with things, such as machines, product development, and staff.

## **OPPORTUNITIES**

## The entrepreneurs exploit opportunities as a way of creating positive societal impact

Entrepreneurship is all about identifying and exploiting opportunities. There are certain opportunities that stand out as having been especially important for the biosphere entrepreneurs. Some of them use the increasing environmental awareness in today's world as something that they can base their business idea on. Others have realized that waste can actually function as a form of physical capital, out of which new products may be developed. Still, others see the unemployment among people as a perfect way of creating economic value, as well as a way of improving individuals' wellbeing. For someone, an old, worn down building can function as a site for education and handicraft. And for someone else. the increasing dependency of tourism in Sweden becomes a way of developing new ecofriendly tourism experiences. What unites the biosphere entrepreneurs is that they all have identified and exploited a market opportunity that also allows them to create positive societal change in the world.

# Obstacles: the structure of the local market, lack of resources and lack of interest

However, all opportunities have certain obstacles embedded in them. One such obstacle among the studied entrepreneurs is a lack of resources. This involves a lack of knowledge of marketing and on how to run a venture, as well as a lack of economic capital. Another obstacle that was mentioned in most of the 'personal' as well as 'orientation' interviews is the way that local actors relate to issues of social entrepreneurship. Local consumers are by some respondents described as being uninterested in buying socially responsible products and services. And the private and political sectors are viewed upon as being somewhat uninterested in the subject. They don't acknowledge and market the possibilities as much as they could have done. And to the extent that they acknowledge the social entrepreneurial sector, politicians mostly focus on certain areas, such as bio-energy and food-stuff.

Yet another obstacle to social entrepreneurship in the biosphere reserve pertains to the structure of the market in the geographical area. Firstly, some biosphere entrepreneurs have a hard time finding as many customers as they would have wanted, since the geographical area is not very densely populated. Secondly, many of the ventures are dependent on eco-system services which and customers, who are only available in the summer, which means that they have a hard time keeping their ventures going all year through.

# Future opportunities for developing the ventures

One future opportunity for the biosphere entrepreneurs is that of developing their businesses, ideas, products and services in a way that lets them grow. The personal interviews with nine social entrepreneurs included quite a few ideas on how this can be done. These ideas, however, mostly revolved around how the ventures could be made to function in a better way, when it comes to such things as reaching out to new customers and become more effective, rather than on how new innovative approaches could be developed. The survey also showed a clear interest among the social entrepreneurs of developing their business ideas in a way that would make them become even more refined at creating societal and economical value. However, when asked about it. the entrepreneurs mentioned no examples of how this could be done. The reason for this might be connected to a lack of knowledge about social entrepreneurship in the geographical area, where the biosphere reserve is situated, something that will be dealt with further on in this document.

## A possibility for future market growth

Most of the nine interviewed ventures saw a clear possibility of increasing their sales in the future. According to themselves, their products fill a market gap in the geographical area, where they are situated. For some of the entrepreneurs this gap also means a possibility of increasing the price of their products, compared to similar "non-ethical" products, compared to similar "non-ethical" products on the market. And all of the eight ventures that answered the survey saw possibilities of future economic growth. Almost all of them expected their turnover to be larger in the year of 2013 than it is today.

A growing market for the products and services offered by social entrepreneurs world wide, as well as new ways of investing in social entrepreneurship in general and biosphere reserves in particular constitute clear possibilities for the future. This is an issue that will be explored in Part 3 of this study.

# Part 3 - The biosphere innovation system

In Part 3 of the study, the possibilities of creating a Biosphere Innovation Systems (BIS) are researched. Focus for a future project would be to create an innovation system with a scalable dimension and with world impact. This would include a number of key supporting structures like financial systems, scientific competence, concrete functions and tools, ecosystem venture incubators and the Biosphere entrepreneurs. All combined will enhance resilience of ecosystem services. These core ideas will lead to capacity building within the biosphere reserves and are globally applicable.

## THE BIOSPHERE INNOVATION SYSTEM

In this part of the report we will present the concept Biosphere Innovation System and outline a process of how the system could be developed over the next years to come. The BIS concept has been developed in the course of the study. It has been a dynamic process where stakeholders of the Biosphere reserve have been involved as well as practioners working in the financial institutions, academics and practioners working with innovation on a daily basis. In total, discussions and interviews have been made with more than 30 people directly related to this part of the study. Moreover a seminar was arranged, Social Capital - Investment in Meaning and Money at Gothenburg University, directly as a consequence of the development of the framework of the Biosphere Innovation system. The aim of the seminar was to get key actors in civic society, businesses, finance, local authorities and regions more aware of the potential of developing this innovation system.

# What is and why do we need a Biosphere innovation system?

Major challenges are facing the world today. We witness climate change, resource constraints, poor health and social tensions with consequences for societies as well as loss of biological and cultural diversity. This will have consequences that impact the ability of the society in providing services critical for human wellbeing. Biosphere reserves have an important role in understanding how we can cope with these issues. There is a need to learn how to adapt to and change so as to effectively respond to these emerging challenges. To cope with these challenges tools are needed which will require wide co operation from various institutions and stakeholders to foster a sustainable development. One such institution is VINNOVA, Swedish Governmental Agency for Innovation systems, with a task in promoting sustainable growth in Sweden by funding needs-driven research and development of effective innovation systems. EU, with its focus on Innovation Europe is another big project seeing innovation as a key for a prospering Europe.

In this report an innovation system is defined as a local system in which actors are helping each other using knowledge as a critical resource for development of sustainable businesses, namely the Biosphere Entrepreneurs. Building of BIS, The Biosphere Innovation System, is a conscious process where actors are knitted together step by step providing the knowledge infrastructure.



..an Innovation system is defined as a local system in which actors are helping each other using knowledge as a critical resource for development of sustainable businesses, namely the Biosphere Entrepreneurs.

## THE CORE IDEA BEHINDTHE SYSTEM

With the Biosphere innovation system we take one step further in exploring models in supporting a sustainable development in society. With the Biosphere innovation system we have created a potential framework built on a consciousness that is responsible with the Earth in all its aspects. The Biosphere reserve with its many inherent qualities, in which learning processes, can be showcased. Biosphere entrepreneurs, on the other hand, add value to the system by focusing on societal and environmental values in addition to economical directly in their business model.

Altogether we have a new model that supports a resilient society building, in this perspective, a resilient society should be interpreted as a society which can cope with change and at the same time to develop without causing harm to nature.

The Biosphere innovation system promotes and supports initiatives with a focus on:

- Improvement of livelihoods
- How to bring about self-sufficiency of communities
- Encouragement of cultural exchange and understanding

• The value of local heritage, culture, and language

- Sustainable use of ecosystem services
- Collaborative partnerships

## THE BASIC FUNCTION OF THE SYSTEM

As has been described earlier in this report the basic function of Biosphere Entrepreneurs is to solve problems related to the Biosphere reserves sustainability dimensions (ecological, social and economical). The innovation system itself, as said, should be seen as a supportive structure in which important actors in society such as universities, financial institutions, municipalities, civic society and consumers are involved.

A unique thing in this model is the mechanisms that make Biosphere entrepreneurs to utilize biosphere reserve resources, such as local ecosystem services, cultural heritage, economic resources, and more in a responsible manner. As has been shown earlier in the study, we have also identified a wide spectra of businesses that make up the foundation of the Biosphere entrepreneurs. We have shown

## THE CORE IDEA

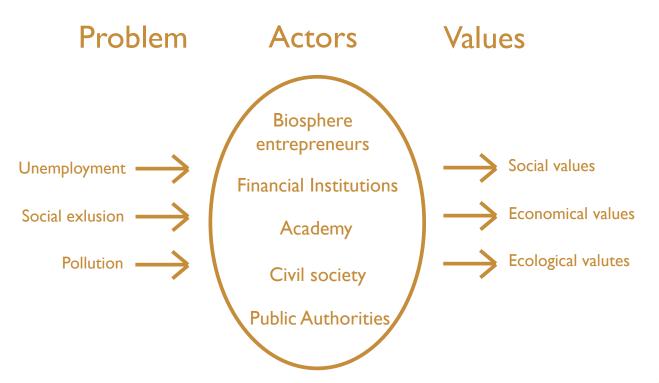
The core idea is to create Biosphere Innovative Systems (BIS) with a scalable dimension and with world impact, BIS includes a number of key supporting structures like financial systems, scientific competence, concrete functions and tools, ecosystem venture incubators and the Biosphere entrepreneurs. All combined will enhance resilience of ecosystem services. These core ideas will lead to capacity building within the biosphere reserves and are globally applicable.

entrepreneurs focusing their businesses on solving environmental problems by producing ecological food, clothes and re-using food as well as working in the field of environmentally friendly energy production. Some of them are also working with capturing carbon dioxide. Moreover, a large part of them are orienting their business on improvement of people's health and wellbeing, including workforce integration. All of these entrepreneurial activities aim at producing ecosystem services.

By working together in a collaborative process in a Biosphere innovation context, involving mixed groups of actors, there is large potential in creating a mix of resources that could amplify the work and results of the Biosphere entrepreneurs. To exemplify, as was indicated in the mapping, the Biosphere Entrepreneurs need knowledge about how to brand and communicate the value of their social ventures. By integrating academy into the process, the entrepreneurs would get a better understanding of what values they produce and how they could be communicated to consumers. In this process we see a potential that conscious consumers will buy more of products and services that are produced in a responsible manner. Local Authorities and civic society, in their turn, are also interwoven in the process. They are key actors in bringing and spreading good ideas in society and support the development of the Biosphere Entrepreneurs. Thereby, value creation is made possible in the Biosphere Innovation system.

## **CREATED VALUES**

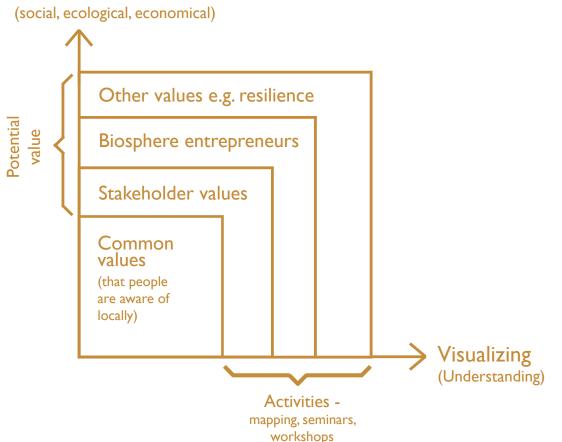
Values produced in the Biosphere Innovation system are of utmost importance. In the end, what comes out from it, decide if it is worth investing time and resources developing the Biosphere innovation system. Below we will therefore examine what type of potential values that are produced in the system? Many of the values that are created in a local context are in general known to people living there. These values are created by different stakeholders in the society such as companies, civic



associations and municipalities and could not be seen as unique for the Biosphere reserve area alone. However, there are other additional values that directly can be related to the Biosphere context. We call these values for potential value in the model above since it is not obvious that the actors in the area have learnt how to take advantage of them in practice.

From an analytical point of view we have separated the potential values into three categories. One category of values can best be described as the value related to the Biosphere reserve itself. It brings value, among others, because many stakeholders have committed themselves to work for developing the Biosphere according to the Biosphere reserve application. The Brand value of the Biosphere reserve, where stakeholders work with sustainability issues in a profound way, should not be underestimated. The integration of the three dimensions of sustainability, i.e. the ecologic, social, and economic, are biosphere values and a unique asset. The biosphere reserve brand therefore includes a guarantee for products and services that Biosphere entrepreneurs can draw on.

The second value that is unique for the Biosphere reserve area is related to the Biosphere entrepreneurship dimension. As we have presented earlier, to qualify as a Biosphere entrepreneur it is necessary to take a high degree of responsibility for the society and its environment. In fact, responsibility for the local environment is at the core of the business model of the Biosphere entrepreneurs. The third category in the model illustrates that that there





might be more dimensions of potential values that could be developed in the future. Working with finding new dimensions of values connected to the Biosphere ideas will make the area both more attractive to live in but also more resilient in the longer perspective.

So far, many of the values discussed above are not materialized in the Biosphere context. According to the study the majority of the Biosphere entrepreneurs have not been able to transform the opportunity of selling their services /products at a premium, as well as other stakeholders in the area do not use the Biosphere reserve's full potential in the marketing of the area. Our study has for example clearly showed that there are still a lot of people living in the area itself that are not aware of the Biosphere and its potential.

## DEVELOPMENT OF THE SYSTEM

How could then the Biosphere Innovation system be put into practice? In the following we will outline a path with the cornerstones that would build up the system. It is evident from our study that many ingredients must fit together to make this innovation system work. It is a long process ahead to make this system a functioning one.

#### Time perspective:

The innovation system will be built in different stages. Initially, we see in front of us a two year long build up phase of the innovation system which will be followed by a medium and long term perspective. Below we will describe the focus and main activities for the initial phase.

## I.To develope Biosphere Entrepreneurship

One of the most important aspects in the initial process is to enhance the capacity of the Biosphere entrepreneurs. Based on the result of the survey and interviews it became clear that social and human capital were the most required resources among the entrepreneurs. For example there is a need for business partners and also a demand for knowledge in how to run a business, to conduct a market analysis and apply for economic resources. As a consequence activities will be arranged which serve to help the Biosphere entrepreneurs fill these gaps of resources. Concerning social capital, there is already an ongoing initiative in the area called 'Social Capital Forum' (previously known as 'Dynamic Growth Capital') that can be used as inspiration. (se case study below). We will also work with developing the ecosystem framework related to the entrepreneurs in the area. An important issue is to find out what ecosystem services are provided by the

#### HOW TO BUILD SOCIAL CAPITAL

Social capital is crucial for building a functioning BIS. 'Social Capital Forum/Dynamic Growth Capital' is a project that has been ongoing for five years in the same area where the biosphere reserve is situated. It aims at building social capital, by connecting the different sectors of society. But what is social capital?:

• Social capital is expressed through trust created in relations among people.

- Social capital exists among people and evolves over time.
- Social capital is a resource existing in social structures and created by human action



## Main Aim:

Main aim is to establish structures that will enhance the capacity of the Biosphere innovation system. Important is also to develop methods and knowledge through the system that will help the Biosphere entrepreneurs to develop their social ventures.

## **Expected Results:**

- Biosphere business venture incubator
- Stronger Biosphere Brand
- Bigger markets for BE
- Products with added value
- New businesses and services in the Biosphere Reserve
- Better use of ecosystem services of the BE
- Increased cooperation among actors in the BIS

Biosphere entrepreneurs in the area and how this system could support responsible business development?

## 2. Research

In order to develop the Biosphere innovation system, involvement of research is a key component. There is a need for a significant strengthening of research connected to the Biosphere reserve in a number of areas. Firstly, ecosystem development will benefit from de-

## Why develop the BIS:

The Biosphere Reserve Lake Vänern Archipelago and Mount Kinnekulle has a solid and trustworthy reputation in sustainability issues and could therefore be an inspiration as well from a local, as a global perspective. Global networks have been built up over the last years that could spur other Biospheres, sustainability initiatives locally, regionally, nationally and around the Globe.

## How:

Goals will be reached by involving stakeholders from all sectors of society. Through a participative process we will mobilize important stakeholders and promote mutual learning processes among actors. Moreover important gaps in knowledge that will help Biosphere entrepreneurs to develop their social ventures will be provided through academy and more.

velopment of indicators and measurement tools connected to the services. What could be measured could also be managed is good expression in this context. There is also important to investigate the organizational forms of the Biosphere entrepreneurs more thoroughly. From the study, we found out that the social ventures where organized within different forms of business-like structures, such as sole proprietorship, partnership, limited company and cooperatives. One of the studied entrepreneurs was even organized as an informal network. We see a need in understanding if Biospheres entrepreneurs would benefit from a special organizational form. Maybe, the structures that exist are not optimal for this type of entrepreneurship? Moreover, research could address quality of life aspects of the Biosphere area. Other aspects to examine are related to what social values and what social and environmental impact are created in the Biosphere innovation system?

## 3. Citizen involvement

We have learnt that when processes are created from the bottom up perspective, they have a more solid foundation. Already from beginning of the Biosphere reserve project civic society has been involved in the development of the Reserve. However, we can see from the results of the study that there are still a lot of people in the area who are not aware of the unique qualities of the Biosphere reserve. Therefore it is crucial that the main stakeholders of the Biosphere Reserve area continue to spread awareness of the inherent potential of the Biosphere and its innovation system to the people living in the area. Another resource that could be promoted to take part in building the BIS are the volunteers. An important question is how best to arrange for their participation, how to manage the relations between paid workers and volunteers and how to ensure that both the volunteers and the social venture gain from their involvement.

## 4. Decision makers

It is evident that local decision makers, as politicians and civil servants will need to be involved in the process with developing the BIS. Without people from local authorities fully committed in the project it is difficult to see how the BIS system could show a positive development pattern for the years to come.

## 5. Financial institution building

One part of the task of this study was to develop a business model including the funding part of the model. Below we will put forward the possibilities and challenges with tying funding into the Biosphere innovation system. The long-term functionality of the Biosphere innovation system requires long-term financing for both planning and implementation of the activities but also for investing directly,



Already at an early stage in the study it was clear that there was an interest in investing in the Biosphere Entrepreneurs, but also that there is a long way to go to get financial institutions to invest in a Biosphere Innovation system.



or indirectly, in the Biosphere entrepreneurs. Generating funds for the development of the innovation system is initially expected to be financed with public funding. In the long run the Biosphere innovation system could be fully supported by external funds and financed in various ways such as through participation fees, consultancy and through private equity funding.

This process will however take time and a several questions need to be solved before that. For example one has to find the mechanisms for how to finance the Biosphere entrepreneurs. Since it is likely that these entrepreneurs produce other values than traditional ventures, it is important that value driven investors are part of the Biosphere innovation system. A common language and models for how to make this type of entrepreneurship investable could be explored in the initial phase.

# What will it take to invest in the innovation system?

First of all one has to say that our study showed that funding is not the most important factor for development of the Biosphere entrepreneurs. The study showed that more important was enhancing capacity in human and social capital among the entrepreneurs. However, for some BE:s lack of funding was hindering the development of their social ventures.

Already at an early stage in the study it was clear that there was an interest in investing in the Biosphere Entrepreneurs, but also that there is a long way to go to get financial institutions to invest in a Biosphere Innovation system. (Important to underline here is that investment in this context is made against shares in social venture.) A variety of investor types could be interested to participate in investing such as, foundations, commercial banks, companies and business angels. These investors operate across multiple business sectors, including agriculture, water, housing, education, health, energy and financial service. All of these sectors are represented among the Biosphere entrepreneurs.

## Market potential, Return and Risk

One of the most important aspects for investing in the Biosphere entrepreneurs is the markets potential. Our survey gave some hints about income, profits and investments of the Biosphere entrepreneurs. (Important to remember is that 8 out of 25 social ventures responded to the survey. This together with the personal interviews means that 17 ventures have been estimated into the figures) A rough calculation showed that the turnover for the BE:s in the area was equal to 7-8 million US. Profit was more difficult to estimate as an aggregate but somewhere between 100-300 000 US.When it comes to planned investment our estimate is I-2 million US over the next I-3 years to come. Risk profiles have not been done but from our survey we see a steady increase in growth with a majority of the ventures breaking even or making a small profit. What does this information say about the possibilities to attract investment to the area? First of all, we can see that we speak about relatively low amounts of investments in total, (if we make the assumption that all investments were made that are planned). However, what we do not know, is how many of the BE:s that would like to sell part of their social ventures to investors. Some of them might be interested; others may take a more traditional path of financing their ventures through loans. In that case we will more likely see local banks or social banks providing finance to the entrepreneurs.

Based on interviews and written material we know that a potential investor would like some return on their investment, though the range of expectations vary a lot. Some would accept modest returns, maybe as a tradeoff for some social impact. Others would like to see returns on equal levels with traditional investments in the same sector.

## Building the case for BE:s

What could be done to help the BE:s to attract financing? There are a few guidelines that could be helpful. One such is to find some metrics to

use for showing the impact of what the social ventures accomplish in the society. Based on our study we see that a lot financial institutions that invest in these types of ventures put a lot of time in looking at the social impact of the venture. In general, there have been efforts made in finding tools that could assess all type or social impact through an economic lens, called SROI, Social Return on Investment. However, Investors we have met during the study have been critical to this method, pointing to difficulties in comparing one social value with another and also very time consuming for the entrepreneurs to work with. Instead suggestions were made that the Biosphere entrepreneurs should find and concentrate on their key values they accomplish through their businesses (environmental or social, or both) and then try to make these values as evident as possible to consumers or investors. (In one way a consumer can be said to be an investor in the venture in that they provide with working capital to the venture.)

## DISCUSSION -NEXT STEP

In our study we conclude that there is potential for investment in the Biosphere Entrepreneurs but that it will take several years of work to make them an investable category as such. A more realistic way in the years to come is to connect to some local or ethical banks. Ethical banks have grown rapidly over the last 20 years, and have been important sources of capital for social ventures. We believe that a co operation with such a financial institution could fit the BE:s well. Important to notice with ethical banks are that they often can provide with better terms than more traditional banks, being more patient and demanding a lower rent. However, the greatest value for the BE:s could be found in the knowledge ethical banks have acquired over the last decades in the formulation of business plans and more of use for the entrepreneurs. Still, one should not forget that in the end it is the financial returns and the collaterals that are determining the loan requirements.

In addition to integrating financial institutions into the BIS we also believe that it could be of great value if some kind of industry benchmark could be developed around the BE:s. This standard could be tied to the ecosystem services provided by the Biosphere entrepreneurs.

In the long run one could also imagine investment in the BIS itself. In order to make that possible a number of arrangements must be made. Most important is to know how you connect the revenues to the BIS and who would take the costs of administrating the BIS. For that to be possible BE:s must be directly tied in one way or another to the BIS. This will be an enduring process itself with many considerations to take into account.



..the Biosphere entrepreneurs should find and concentrate on their key values.. (environmental or social, or both) and then try to make these values as evident as possible to consumers or investors.



## ENDING

There is always a reason for presenting a definition. The definition of Biosphere Entrepreneurship that is the result of this investigation is somehow different because it is a normative definition. This means that by introducing this concept our ambition is to inspire people and organizations to use the possibilities in the concepts and the unique Biosphere Reserve resources to take on the challenges to sustainability on local and/or global scale.

Social entrepreneurship could be said to be a contemporary 'buzzword', but at the same time the concept of 'entrepreneurship' can have a repelling effect on people. The cause of this may be that in some contexts, the concept of 'entrepreneurship' have been strongly connected to short-sighted business practices aimed at maximizing the financial outcome without regard for social or ecological values. Words and concepts, such as entrepreneurship, always carry meanings.Over time theses change, as different actors may struggle to fill them with the values and associations that suit their purposes. With this report, one of our ambitions is to take part in this struggle and highlight how entrepreneurship can be an important factor in developing and safeguarding the resilience of social and ecological systems.

Even though many of the Biosphere Ventures have a background in traditional practices, it is always a leap into the unknown to start your business or organization. A senior professor in entrepreneurship recently wrote on a blog that the traditional elements of entrepreneurship education (which, in our opinion, is more about management than entrepreneurship) did not seem to be important for the students that eventually started a venture. Maybe, he reflected, is giving the students confidence in themselves the most important thing that we can do.

This is also an aspect that needs to be a partof the Biosphere Innovation System. There is need for training and capacity building on several levels to strengthen the Biosphere Entrepreneurs, but also to inform their potential partners in the public and business sectors about the logics of BE. To give current and future Biosphere Entrepreneurs the confidence they need, we need to bring together different actors and build on their experiences.

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