

**SOCIAL ENTREPRENEURSHIP AND LOCAL  
DEVELOPMENT  
ANALYSIS OF THE AMADORA EMPREENDE CASE STUDY**

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## **Abstract**

Social entrepreneurship is a phenomenon that, even being recent, has been gaining attention for its potential in creating new ways of dealing with structural problems in our society, especially concerning marginalized and poor people which cannot be solved with traditional profit making businesses.

For this reason, the concept has generated interest, whether by academic research or by new initiatives and social entrepreneurship projects. These projects distinguish themselves from traditional businesses, regarding its value proposition, since its main purpose is to promote social changes in underprivileged public, and not to create profits.

In this dissertation, the carried out research presents a case study of social entrepreneurship - *Amadora Empreende*. This project gives answers to problems related to unemployment or precarious job situations, encouraging and supporting new business ideas.

This initiative's analysis was carried out based on the study of execution reports and enriched by interviews made to the project's participants and their testimonial expresses knowledge and opinions concerning the project's viability.

*Amadora Empreende* contributed for local development of the Municipality through the creation and development of new sustainable companies having more people employed. All participants were trained with key entrepreneurial competences to detect business opportunities and innovation.

Taking into account the aforementioned and the observed results, one can conclude that *Amadora Empreende* is a successful case of social entrepreneurship.

**Key Words:** Entrepreneurship, Social Entrepreneurship, Local Development, Employability.

**JEL Classification System:** M13 – New firms, startups; M14 – Corporate culture, Social Responsibility.

## **Resumo**

O empreendedorismo social é um fenómeno que, embora recente, tem ganho cada vez mais atenção dado o seu potencial e novas formas de lidar com problemas estruturais da nossa sociedade os quais não poderão ser solucionados com os tradicionais *profit making businesses*, criando falhas de mercado.

Por isso, o conceito tem sido alvo de interesse, quer através de investigação académica, quer através de novas iniciativas e projetos de empreendedorismo social. Estes projetos distinguem-se de um negócio tradicional na sua *value proposition*, o seu principal objetivo é promover a mudança social junto dos públicos mais desfavorecidos, e não o lucro.

Nesta sequência, a presente investigação expõe um caso prático de empreendedorismo social – *Amadora Empreende*. Este projeto dá resposta a problemas relacionados com o desemprego/precariedade no emprego, incentivando e dando suporte a ideias de negócio. A análise desta iniciativa foi realizada através do estudo de relatórios de execução e funcionamento do programa, enriquecida com as opiniões e conhecimento dos próprios participantes do programa que de momento se encontram a desenvolver os seus negócios, através de entrevistas.

O Programa Municipal *Amadora Empreende* contribuiu para o desenvolvimento do Município através da criação e desenvolvimento de novas empresas sustentáveis, tendo, deste modo um menor número de pessoas em situação de desemprego. Todos os participantes do programa foram dotados com ferramentas para detectar oportunidades de negócio.

Tendo em conta o acima disposto e os resultados obtidos, o presente trabalho conclui que o *Amadora Empreende* é um caso de sucesso de empreendedorismo social.

**Palavras-chave:** Empreendedorismo, Empreendedorismo Social, Desenvolvimento Local, Empregabilidade

**Sistema de Classificação JEL:** M13 – New firms, startups; M14 – Corporate culture, Social Responsibility

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## **Acronyms List**

AE – Amadora Empreende

CMA – Câmara Municipal da Amadora

DGPH - Divisão de Gestão do Parque Habitacional

IEFP - Instituto do Emprego e Formação Profissional

INE – Instituto Nacional de Estatística

GEM – Global entrepreneurship Monitor

PALOP – Países Africanos de Língua Oficial Portuguesa

QNANP – Quem Não Arrisca Não Petisca (Nothing Ventured, Nothing Gained)

SROI – Social Return on Investment

TEA – Total Entrepreneurial Activity

## **Executive Summary**

A área de Empreendedorismo Social, apesar de relativamente recente, tem assumido cada vez mais protagonismo, não só junto da comunidade científica e académica, como também tem sido alvo de atenção do público em geral. É uma área em franca expansão, quer ao nível de progressos de base teórica e investigação, como também ao nível de projetos de Empreendedorismo Social como é o caso Programa Municipal Amadora Empreende.

O seu crescente interesse prende-se com a capacidade e potencial de dar resposta a alguns dos problemas mais críticos e prementes das sociedades modernas nomeadamente , o desemprego – ao qual o atual sistema de organização económica não consegue dar solução. Por este motivo, foi necessário encontrar outro tipo de negócio cujo móbil não é o lucro, mas sim, o bem estar das comunidades, afirmando-se através da inovação aplicada na resolução de problemas sociais junto dos públicos mais desfavorecidos.

Precisamente por ser ainda um tema recente, ainda não foi encontrada uma definição estável de Empreendedorismo Social. O tema é ainda difuso na literatura e a discussão acerca do mesmo é vasta. Não existe, ainda, um conceito unanimemente aceite pela comunidade científica, bem como outros conceitos e implicações que o rodeiam, nomeadamente os métodos de medição do impacto das suas iniciativas. Esta questão também se estende ao campo prático, onde muitos projetos de empreendedorismo social ainda procuram credibilidade e aceitação do público em geral, bem como por parte dos investidores, dada a dificuldade de estabelecer uma relação direta de causalidade entre a atividade do projeto em si e dos seus *outputs*.

A revisão de literatura foi realizada com o intuito de apreender e aprofundar o conhecimento do Empreendedorismo Social: como surgiu o conceito; comparação entre empreendedorismo e empreendedorismo social; métricas para avaliar os impactos sociais; o empreendedor social; networking e oportunidades de negócio que poderão advir.

É também analisado o seu contributo e potencialidades para o Desenvolvimento Local de uma região, tendo em conta que a presente tese se debruçará sobre o contributo de um projeto de empreendedorismo social, o Amadora Empreende, para o desenvolvimento de uma determinada região, o Concelho da Amadora. Nesta ótica, o projeto Amadora Empreende atua como indutor de integração e inclusão de grupos de risco, através da promoção do

autoemprego/desenvolvimento de novos negócios; ou seja, é atividade empreendedora numa lógica inclusiva.

Nesta sequência, foi realizada uma breve análise ao contexto em que o programa opera a nível nacional (situação e condições do Empreendedorismo e Empreendedorismo Social em Portugal). Em seguida, a nível local, será o Concelho da Amadora o mais profundamente estudado, apontando nomeadamente os seus aspetos históricos, populacionais e económicos. Tendo em conta o propósito da investigação, foi estudada a vertente do programa que identifica ideias de negócio nos públicos mais jovens, e que promove o desenvolvimento das suas capacidades empreendedoras, bem como junto de pessoas que vivem em situação social mais frágil, e que contribui para a sua mobilização e inclusão social através do autoemprego. Por outras palavras, o programa dá resposta a problemas relacionados com o desemprego/precariedade no emprego, incentivando e dando suporte a novas ideias de negócio de pessoas que vivem em situação de exclusão.

O estudo da estrutura e do funcionamento do programa foi baseado em relatórios de execução e funcionamento do mesmo, os quais também expunham dados quantitativos relativamente ao número de empresas implementadas, número de empresas suspensas, entre outros. Esta informação de cariz mais quantitativo, foi complementada com dados de natureza qualitativa. Esta é composta, sobretudo por opiniões e *know-how* dos próprios participantes do programa que presentemente se encontram a desenvolver os seus negócios. Foram entrevistados promotores de oito empresas criadas/desenvolvidas nas três edições do programa. Assim, foi possível, entre outras informações, captar a experiência real do que foi viver o programa nas suas múltiplas fases, bem como descobrir quais, em sua opinião, foram os aspetos chave do programa que lhes permitiram criar e desenvolver o seu próprio negócio, quais os tipos de empresas e o seu impacto no desenvolvimento da região onde se inseriram.

Por fim, foi feita uma análise agregada entre estes dois tipos de informação o que permitiu obter os seguintes resultados: o Amadora Empreende teve uma evolução positiva ao longo das três edições, manifestando-se num aumento constante de empresas implementadas/em fase de implementação (apenas com uma ligeira diminuição entre a segunda e terceira fase), o número de projetos suspensos decaiu sucessivamente ao longo das edições. De um modo geral, as empresas criadas por este projeto, são micro empresas dos mais variados setores de atividade. Operam numa lógica low cost, oferecem uma boa relação qualidade-preço, fazem bom uso da sua rede de contactos, aproveitando-a para desenvolver parcerias, de modo a

tornar o negócio mais flexível e acessível às necessidades do cliente. Qualidade, criatividade e inovação contínua foram apontados como fatores cruciais para o sucesso e sustentabilidade do negócio. Como principais obstáculos, os empreendedores experienciam alguma dificuldade no crescimento e expansão dos seus negócios. Além disso, também expressam a falta de tempo motivada pelo facto de serem, simultaneamente, gestores e técnicos de atividade.

Quanto aos benefícios retirados do programa, os empreendedores consideraram a componente de formação e a ajuda no desenho e maturação do plano de negócios, como uma das mais importantes para a criação e desenvolvimento da sua empresa. Outros fatores mencionados foram a visibilidade e marketing que o projeto lhe trouxe, bem como os prémios atribuídos.

Relativamente a contribuições para o desenvolvimento local, pode-se concluir que o projeto, uma vez que não tem objetivos lucrativos, não representa um fluxo financeiro direto para o local. Porém, o Concelho da Amadora ganhou empresas sustentáveis, transformando desempregados em ativos valiosos da comunidade. Além disso, o programa representa um acréscimo indireto de valor para a comunidade, ao dotar os participantes do programa (quer tenham implementado o seu projeto, ou não), de competências chave para detetar oportunidades de negócio e inovação.

Tendo em conta o acima disposto e os resultados observados, pode-se então concluir que o Programa Municipal Amadora Empreende é um caso de sucesso de Empreendedorismo Social.

## 1 Introduction

From the beginning, this research has been inspired by the phenomenon of social entrepreneurship and its contribution to solve structural problems in modern societies – which are living in constant change and going through a deep economic and financial crisis, resulting on serious social problems (among others). Unemployment, inequality, increased poverty, forced emigration are becoming “the word of the day” in our country.

Social entrepreneurship, appears, then, as “the light at the end of the tunnel”, to help solving these structural issues, acting where the market/private sector has no incentive, providing alternatives and solutions to the ones living in social exclusion and disadvantaged and poor communities. Despite its potential, social entrepreneurship is not yet a stable concept among the scientific community. Also due to its newness, there’s still a lack of consensus among the authors concerning its proper definitions and implications. Likewise, there’s still a lot of confusion on the broader public. Many still confuse social entrepreneurship with financing or simply charity, for instance.

This research aims to be a positive contribution on the academic side, creating a research about social entrepreneurship, specifically. However, it has also a more practical approach: a research under a real-life example of a social entrepreneurship project – the Municipal Program Amadora Empreende, and its ability to promote social inclusion through self-employment.

Therefore, this study is structured in the following manner: it begins with a theoretical framework, shedding light on social entrepreneurship theory, elucidating the concept, defining who the social entrepreneur is, its origins, the business opportunities it may provide, the importance of networking, and its contribution for local development. The Literature review is followed by a conceptual framework which exposes the questions arisen from the theoretical research, designing the core issues to approach within this study.

Later on, national (Portugal), and local (Amadora Municipality) contexts are provided, in order to stress the importance and potential contributions which, under this context, social entrepreneurship’s initiatives, such as Amadora Empreende, can bring up and potentialize in that region, benefiting inhabitants, companies, and the territory itself.

Due to the purpose of this research, information on Amadora Empreende results were mostly focused on CMA and AUDAX databases, which provided the number of implemented projects, suspended projects, among other data and the analysis was also enriched with interviews made to some participants of the program. Finally, Conclusions, Limitations and

Contributions close up this study, presenting another point of view on the subject matter, and also providing a starting point to further discussion.



## 2 Literature Review

### 2.1 Entrepreneurship – Concepts and Definitions

*“The reasonable man adapts himself to the world; the unreasonable one persists in trying to adapt the world to himself. Therefore all progress depends on the unreasonable man.”*

George Bernard Shaw

Before defining what social entrepreneurship is, first, one must begin by understanding what entrepreneurship actually means. Is it alertness to opportunity or out-of-the-box thinking? Determination and perseverance? Creativity and innovation? These are important characteristics and aspects that are distinguishable on any entrepreneur, but they're also common to other kind of people, namely artists, scientists or corporate executives, who are not necessarily entrepreneurs (Martin & Osberg, 2007).

Entrepreneurship is, nowadays, a buzz word in the corporate circle, but it was first established already in the 1700's, and its meaning has evolved ever since. The word entrepreneurship originally comes from the French word *“entreprendre, meaning to take into one's own hands”* (Roberts & Woods, 2005: 46).

In turn, the role of the entrepreneur was first recognized and taken into account, in the 18<sup>th</sup> century, by the businessman Richard Cantillon (1755) who described the entrepreneur *“as someone who identified the willingness to bear the personal financial risk of a business venture”* (GEM, 2008: 9). He described entrepreneurs as someone who *“undertakes”* a project or activity, engaged in market exchanges at their own risk for the purpose of making a profit (Roberts & Woods, 2005).

Other economists, such as Jean Baptiste Say and Joseph Schumpeter, reckon that starting a business is not the main component of entrepreneurship. Instead, entrepreneurship is concerned with stimulating economic progress through innovation and action (Davis, 2002).

Right around the turn of the 19<sup>th</sup> century, Jean Baptiste Say describes the entrepreneur as someone who creates value, because he *“shifts economic resources out of an area of lower and into an area of higher productivity and greater yield”* (Dees, 1998: 2), going beyond the literal translation of *entreprendre* (mentioned above) and adding the concept of value creation.

A century later, Schumpeter (1934), with the basic concept of value creation, contributed for one of the most influential inspirations for entrepreneurship. This author identified entrepreneurs as the force required to push ahead with economic progress. He considered

entrepreneurs as catalysts and innovators behind the economic progress, linking dynamics under entrepreneurship to innovations and economic development - as a force of “*creative destruction*”. Introducing product-market combinations, for instance, the entrepreneur moves the technology frontier forward and destroys economic activity based on older technology. In the same way, established ways of doing business are destroyed by the creation of new and better ways to do them. The role of the entrepreneur is both disruptive and generative. Schumpeter considers the entrepreneur to be an agent of change within the larger economy.

Later, in the 80’s, Peter Drucker introduces a new central idea for the current definition of entrepreneurship: the sense of opportunity. He understands the entrepreneur as an agent that exploits the opportunities created by social, economic, technological and regulatory changes, not necessarily as agents of change themselves: *the entrepreneur always searches for change, responds to it, and exploits it as an opportunity* (Martin & Osberg, 2007: 31).

Another author, Kirzner, recognizes “alertness” as the entrepreneur’s most critical ability (Holden, 2007; Martin & Osberg, 2007; Quintão, 2004).

Summarizing all the main ideas from the author mentioned above, it is possible to stress four central ideas: value creation, innovation, opportunity recognition and alertness to create economic activity. However, in more recent years, the concept of entrepreneurship has been enlarged to include other forms of entrepreneurial activity such as social, cultural or political.

## **2.2 Social Entrepreneurship**

### **2.2.1 A new subject**

*“Social entrepreneurship combines the passion of a social mission with an image of businesslike discipline, innovation and determination”.*

Dees, (1998)

The expression *social entrepreneurship* is more recent, dating mainly from the 90’s of the twentieth century, not configuring, yet, a specific problem in social sciences. This concept although being still on its embryonic stage, has gained increasing attention from its aptitude in addressing social problems and enriching communities and societies, according to Quintão (2004)

If value creation, innovation, opportunity recognition and alertness to create economic activity are the key components of entrepreneurship, what distinguishes social entrepreneurship from entrepreneurship itself?

The difference lies on Value Proposition. For the entrepreneur (traditional entrepreneurship), businesses are created to make financial profit, as the markets can afford the new product or service. Investors (and the entrepreneur itself) expect to have financial return, assuming that the market can pay for the innovation and also provide financial returns for them (Martin & Osberg, 2007).

On the other hand, for the social entrepreneur, value proposition lies on the underserved or highly disadvantaged population, aiming a form of “*large-scale, transformational benefit that accrues either to a significant segment of society or to society at large*” (Martin & Osberg, 2007: 30). Profit is, indeed, essential to the survival of any business venture, but the social entrepreneur doesn't work to distribute profits for itself but for its investors - which usually are philanthropic and government organizations (Martin & Osberg, 2007).

Indeed, businesses (purely profit making businesses) are incapable of meeting many of our most pressing social problems, which are not solved by traditional profit-making businesses. For this reason, it is necessary a new type of business that pursues other goals than just profit making – a business that is totally dedicated to solve other type of problems, such as social problems in disadvantaged and poor communities.

These failures/gaps arise due to market failure or from the incapacity of the State to accomplish its social responsibilities, which turn out to be also market gaps. First, market failure can result, for instance, from inadequate financial returns or information asymmetries and other externalities. Gaps in the State's incapacity of providing services can be caused by multiple issues such as bureaucracy, financial limitations or inflexibility. Consequently, potential market opportunities can be wasted because they are unattractive to typical entrepreneurs, and consumer's demand remains unfulfilled (Haugh, 2005).

In this sequence, social entrepreneurship arises as a powerful approach to fill up these gaps, because it involves the recognition, evaluation, and exploitation of opportunities among deprived societies that result in social value - as opposed to personal or shareholder wealth. Social value has little to do with profits. Instead, it involves the fulfillment of basic and long standing needs such as providing food, water, shelter, education, and medical services to those members of society who are in need (Certo & Miller, 2008).

It is important to stress that social entrepreneurship is not the same thing as charity or benevolence. Profitability (not necessarily profit-making) is important for the social entrepreneur, because being “profitable” helps the business self-sustainability. For this reason, a social business is designed to run as a normal business: in accordance with management principles, with the same organizational structure; (with products, services, customers, markets, expenses, and revenues) aiming for a sustained cost recovery (Yunus, 2007).

Putting all these ideas together, one can conclude that social entrepreneurship combines the entrepreneurial strategy with social purpose, because, the profit maximization is replaced by the social aim (Haugh, 2005).

Now, how to form the idea of a Social Venture? There is not a concrete answer when it comes to imagining a social venture. Social entrepreneurs have multiple lines of action to choose.

Nga & Shamuganathan (2010) argue that social entrepreneurship expresses itself in a myriad of business models ranging from leveraged non-profit ventures, hybrid ventures to social businesses. Usually, nonprofits rely on donations or private funds to survive and carry out with their social mission.

On the other hand, social ventures act as a profit venture, but they emphasize the social return more than the economic revenue. Dividends are not paid to shareholders and profits are reinvested in the business to serve social initiatives.

The authors mentioned above also focus on hybrid ventures which follow a business model that can either partially recover their costs through profits generated by the business itself, and at the same time they can turn to private funding sources as grants and donations or aid from governments, municipalities and so on.

The table below helps to explore this area a little bit further. It portrays the full range of business models available to social entrepreneurs, from purely charitable (nonprofit) to purely commercial, with many variations in between.

		Purely Philanthropic	←————→	Purely Commercial
Motives, methods, and goals		Appeal to goodwill Mission driven Social value	Mixed motives Mission and market driven Social and economic value	Appeal to self-interest Market driven Economic value
Key stake- holders	Beneficiaries	Pay nothing	Subsidized rates, or mix of full payers and those who pay nothing	Market-rate prices
	Capital	Donations and grants	Below-market capital, or mix of donations and market- rate capital	Market-rate capital
	Workforces	Volunteers	Below-market wages, or mix of volunteers and fully paid staff	Market-rate compensation
	Suppliers	Make in-kind donations	Special discounts, or mix of in-kind and full-price donations	Market-rate prices

**Table 1 - The Social Enterprise Spectrum**  
Source: Dees, 1996

In short, social ventures and the commercial ones diverge in some important issues, namely the use of resources not available for for-profits, the longer timescale, a greater number of stakeholders involved, absence of financial loss for some of those stakeholders, the management of volunteer labor and a non-distribution constraint inherent to nonprofits. On the other hand, when comparing a nonprofit (in its most pure concept) with a social venture there are differences, as well. Although they share the same social mission, they differ in terms of their strategy, norms and values. Besides that, as mentioned before, pure nonprofits only rely on grants and donations, while social ventures ensure their financial survival using business like models (Haugh, 2007).

Nevertheless, despite the growing interest in social entrepreneurship, there is still some discussion and debate among scholars about its definition. It is still not clear.

Social entrepreneurship research arena is filled with many terms and definitions adopted by researchers and policy-makers. Some already begun to delineate the distinct domain of social entrepreneurship and its potential to create wealth and address social problems, but, nobody knows where to draw the border. There are a lot of “grays” between the extreme of profit at all costs, and all profits to social good.

The concept of “*social entrepreneurship*” had been, and is still, perceived and interpreted in many different ways by different authors: one can associate social entrepreneurship solely with nonprofit organizations, while others refer it to businessmen who use creative alternatives and solutions to social issues, through traditional profit-making models.

Still, there are some who consider social entrepreneurship as a vague and poorly understood concept (Zahra *et al*, 2009).

Leadbetter (1997), for instance, defines social entrepreneurship as *“The use of entrepreneurial behavior for social ends rather than for profit objectives, or alternatively, that the profits generated from market activities are used for the benefit of a specific disadvantaged group...”*, on the other hand, Shaw (2004) classifies social entrepreneurship as *“...the work of community, voluntary and public organizations as well as private firms working for social rather than only profit objectives...”*; Harding (2004) states that (Social) *“...Entrepreneur is motivated by social objectives to instigate some form of new activity or venture”*; McMillan (2005) considers social entrepreneurship as a *“ Process whereby the creation of new business enterprise leads to social wealth enhancement so that both society and the entrepreneur benefit”*. For the Schawb Foundation, social entrepreneurship means *“Applying practical, innovative and sustainable approaches to benefit society in general, with an emphasis on those who are marginalized and poor”* (Zahra *et al*, 2009).

While all the approaches to define social entrepreneurship have considerable utility, this study focuses specially on social entrepreneurship initiatives which create and develop new solutions to social problems and necessities and, at the same time, manages resources, ideas and social arrangements, essential for a long-term, sustainable, social transformation (Alvord, Brown, & Letts, 2004).

*“Social entrepreneurship is any attempt at new social enterprise activity or new enterprise creation, such as self-employment, a new enterprise, or the expansion of an existing social enterprise by an individual, teams of individuals or established social enterprise, with social or community goals as its base and where the profit is invested in the activity or venture itself rather than returned to investors.”* (GEM UK, 2006: 5).

Among the multiple approaches and different points of view on defining social entrepreneurship, for the purpose of this study, it is more interesting and relevant to choose the perspective that highlights social entrepreneurship as a way to promote social inclusion of groups in risk of exclusion, through self-employment creation and stimulation.

Therefore, Zahra’s definition (2009) was the elected one: *“social entrepreneurship encompasses the activities and processes undertaken to discover, define, and exploit opportunities in order to enhance social wealth by creating new ventures or managing existing organizations in an innovative manner”*.

## 2.1 Measurement of value on social entrepreneurship

As stated above, one of the main differences between business and social entrepreneurship is the value proposition itself: the first one is more focused on making profit and financial returns, whereas the second is more intended for social transformation.

Even if measuring profitability may be quite straightforward, how is it possible to do the same with social increments - quantify the value, performance and impact of social entrepreneurship? (Mair & Martí, 2006)

Zahra *et al* (2009) propose the concept of Social Wealth as a metric to measure the increments of social entrepreneurship, which, within the context of Total Wealth, includes both social and economic contributions.

Total Wealth includes both tangible outcomes (e.g., products, clients served, or funds generated) as well as intangible outcomes (such as wealth, happiness and general well-being).

$$\text{Total Wealth} = \text{Economic Wealth} + \text{Social Wealth}$$

**Figure 1 - Total Wealth Equation**  
Source: Zahra *et al.*, 2009

Through this formula, it's possible to consider both economic and social dimensions associated with social entrepreneurship across varying levels of participation. It becomes clearer how both economic and social wealth may be generated by entrepreneurial ventures in pursuit of total wealth maximization. Moreover, the equation indicates how entrepreneurs can potentially shift resources, in a way that shows the impact of a resource allocation: more wealth in the economic category results on the expense of the social component (and vice versa). Considering the extremes, an entrepreneurial venture may be totally focused on wealth creation or, in contrast, the entrepreneur may totally dedicate his/her resources on social wealth creation.

A third contribution of the Total Wealth Equation is that it also stresses the fact that social value may be compensated by economic and social costs, necessary to create social value. It also takes into account opportunity costs (social and economic value spent if those resources had been applied into another venture).

Vega & Kidwell (2007) suggest another way to measure social contributions, changes or value creation and then, quantify the value of the organization in monetary terms: *Social Return on Investment (SROI)*. “*SROI is an approach to understanding and managing the value of the social, economic and environmental outcomes created by an activity or an organization. It is based on a set of principles that are applied within a framework*” (SROI Network UK, 2012).

It includes the revision of inputs and outputs invested in the organization, together with the outputs and impacts experienced by stakeholders, translated into monetary values on the social and economic revenues resulting from the organization’s activity. SROI is calculated through a ratio, relating the investments made with the social value created. This way, it is possible to know if the money spent by the government or other public institutions has generated impact.

However, “*the social wealth standard is imprecise and difficult to measure because many of the products and services that social entrepreneurs provide are non-quantifiable*” (Zahra et al, 2009: 522).

### **2.2.2 Business Opportunities and Innovation**

Schumpeter (1934) and Drucker (1985) consider innovation to be a fundamental part of entrepreneurship. For the latter, innovation is a process, thanks to which, something new or different becomes real and available to the society. New combinations may include: a new economic good, a new combination, a new method of production, finding a new raw material and even the opening up of a new market or the creation of a new industry.

When relating innovation with social entrepreneurship, social issues, such as poverty, diseases, global warming, among others, have the potential to become business opportunities for social entrepreneurs. There are many disadvantaged and excluded populations to reach, delivering health care, arts, cultural, employment, housing, social care, education, environmental, and recycling services. Pearce (2003) *cit in* Haugh (2005) recognizes several market opportunities in disadvantaged and excluded communities:

- Local development and regeneration (managed workspace, business incubation, enterprise training programs, business advice and support, local development and infrastructure regeneration);



- Provide services which were formally provided by the state (e.g. housing, leisure and recreation, child care and domiciliary care);
- Providing services to the community in response to market demand;
- Market-driven businesses that provide goods and services in direct competition with the public and private sectors.

Moreover, if one considers the role that *all* entrepreneurial initiatives (either social, or not) play, entrepreneurship should be placed in a wider context, as it also has important social implications and may even be a better conduit of regeneration and employment in deprived communities. The conventional view is that entrepreneurship is just about making start-up businesses and that the contribution they make is only to economic growth. However, it is much more than that. It has a tremendous power to transform and change society (GEM UK, 2006).

The fact that one can create his own business, for instance, can be the only realistic opportunity available for people living in social exclusion (namely immigrants) not only for economic reasons, but also contributes to their social position. Despite economic hardship and other usual obstacles to create a company, self-employment can actually be a positive experience for these people. It may bring some sort of social integration providing a positive status and role in the society (Wahlbeck, 2008).

### **2.2.3 The social entrepreneur**

*“... Society’s change agent: pioneer of innovations that benefit humanity.”*

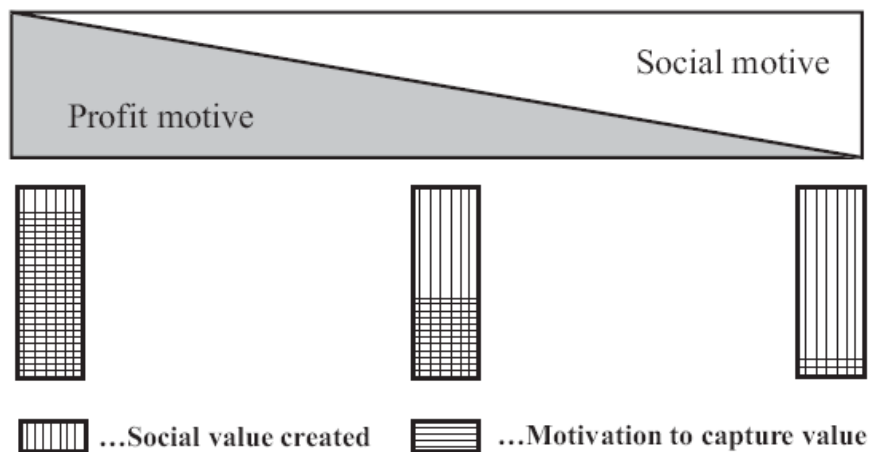
Skoll Center for Social Entrepreneurship (2009)

According to Bornstein (2007) social entrepreneurs aren’t mere businessmen who work for profit and return. They are people, social innovators, who have powerful ideas to have a positive impact on people’s lives and spread them across other places.

Various authors argue that social and “conventional” entrepreneurs share common characteristics and aptitudes. Both are well-known for their persistence, energy, resilience and are driven by a vision to which they remain passionately committed to. In addition, the social entrepreneur also finds market gaps and other profitable opportunities, attending to risk, opportunity awareness and the need for innovation (Roberts & Woods, 2005).

On the other hand, while for the traditional entrepreneur the final purpose is essentially wealth creation, for the social entrepreneur money isn't the primary “driver”. He makes use of many of the tools and language of business, but his motivation to start a project is to solve social problems, to achieve greater good, to develop social change aside from just profit making. Furthermore, the social entrepreneur targets its programs at the underserved, neglected, or highly disadvantaged population that lacks the financial means or political clout to achieve the transformative benefit on its own (Martin & Osberg, 2007). They are builders of a better world.

The image below shows the two motivational extremes as a way to distinguish social entrepreneurs.



**Figure 2 - Entrepreneur Profile**  
 Source: Seelos & Mair, 2004

For a more scientific and methodical characterization of these people, Zahra *et al* (2009) highlighted the contribution of Hayek (1945), Kirzner (1973) and Schumpeter (1942), who identified three different types of social entrepreneurs: the Social Bricoleur, the Social Constructionist, and the Social Engineer. This typology depends on how they find social (business) opportunities, and consequently their impact on the social system. The Social Bricoleur is more committed to find and address small-scale local social needs, the Social Constructionist is known to take advantage on market failures to fill gaps, and, finally, the Social Engineers recognize problems within social structures and propose a revolutionary change.

## 2.2.4 Networking

*“Network is a set of connections, which, directly or indirectly, connect each member of a group to each other member of the group and ... put in force competences from different units focused on the same or have complementary purposes, reinforcing the entire aggregate...”*

Casson & Cox, 1997 *cit in* Jesus & Machado (2009: 4)

Networks have a supporting role for organizations as the entrepreneurs can make use of their networks in multiple ways, namely in identifying opportunities, search for business advice valuable for the sector. In this way, the creation and development of companies are facilitated and conditioned by social networks of its founders (personal networks) and also by the social context on which the company is networked (with other organizations). Following this, Burt (1992) Blau, (1977); and Granovetter, (1973) *cit in* Greve & Salaff (2003) summarize the benefits of networks in three parts. The first one is dimension. Entrepreneurs can extend their network, and, this way, they access to information or resources from knowledgeable others, which otherwise couldn't be obtained. Second is positioning. Entrepreneurs position themselves within a social network to shorten the path to knowledgeable others to get what they need. And last, but not the least, is relationship structure, as the entrepreneur is connected to others through several different types of relations or interconnections.

In particular, Granovetter (1973), explored the power of this subject through the network theory where he demonstrates the power of weak ties – a person's acquaintances while strong ties mean the connections between the individual and his/her closest friends and family. Focusing mainly on the weak ties, Granovetter supports, that weak ties are the only way to connect two social networks with strong ties because *“...these clumps<sup>1</sup> would not, in fact, be connected to one another at all were it not for the existence of weak ties...”* (Granovetter, 1973:1363). It follows that individuals with only a few weak links, are at a disadvantage, compared with individuals with multiple weak ties, as they are disconnected with the other parts of the network.

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<sup>1</sup> Strong networks

### **2.2.5 The impact of social entrepreneurship on local development**

As shown before, social entrepreneurship boosts and stimulates the local community, contributing for its social and economic development. It triggers local development through initiatives from social entrepreneurs who seize opportunities within the local market with the ultimate goal to solve problems /needs of the surrounding community, bringing them added-value. They mobilize resources, engage several organizations (such as civil society, state, or educational institutions) and contribute for the adoption of innovative practices (social innovations).

It is also important to stress the enhancement from “civic engagement” which develops a sense of community belonging. It comes along with local initiatives such as volunteer work, networking or the development of informal organizations (such as clubs or societies) or initiatives from municipalities. City Halls (or other local political authorities), in particular, have a great potential to foster local development. On their initiatives and projects, they network, interact and build partnerships with other local actors, either they’re the Government itself, private companies, financial institutions, corporate associations, cooperatives, NGOs, among others, therefore providing the necessary institutional framework for an endogenous or local-based development (Klein *et al* 2009; Galliano, 2003).

Moreover, municipalities, when compared to central governments, have more institutional flexibility and adaptability, greater capacity of representation and also, work for the integration of social and cultural differences, due to its proximity to the local population. Being so, they are more effective in attracting and supporting economic activities in the local territory. *“A local government able to provide a response to the current urban challenge and construct and lead a city project must be a promoting government”*. (Borja & Castells, 1997:108)

This idea inspired some experts to support a new kind of local management, which Archer refers as being *“urban entrepreneurship”*, Harvey as *“public urban management”*, LeGalès as *“urban governing”* or Fainstein as *“local mercantilism”*. For Asher (1995), who promoted the term *“urban entrepreneurialism”*, large cities have increasingly more common features with big business: the same economic factors contribute for their development, both have to face international competition; both have to manage services, productive activities and human resources; in sum, responsibilities of a large city are quite similar to the ones of large companies’ managers (Salvador, 2008).

### 3 Conceptual Framework of reference

#### 3.1 Objectives

As main objective, this study has the purpose to find out if the Municipal Program Amadora Empreende was a successful case of social entrepreneurship, (contributing for local development, and which impact it can bring to the community - in this case for Amadora Municipality).

As specific objectives, it is questioned what were the main contributions of Amadora Empreende for business creation and development, which were the main features of companies born/supported by the program, and what were the main success factors and barriers

#### 3.2 Conceptual framework: research questions

What were the most important contributions of Amadora Empreende for business creation?

As mentioned in the literature review, social entrepreneurship projects, as Amadora Empreende, fight social exclusion promoting self-employment (or business creation). In this sense, there is an attempt to understand which part/component of the program is more important for business creation and development.

What were the main features of companies created/developed in Amadora Empreende?

Following the previous question, which kind of companies arose/were supported by Amadora Empreende? It was also studied their business profile, number of employees, performance, sustainability, etc.

What were the most significant success factors and barriers for developing these companies?

On the other hand, which are the other factors that might represent barriers on the creation of these companies? Identifying both success factors and barriers to that success helps understanding what affects more business creation.

Gathering all these three objectives, a major one arises, which is the central point of this study:

**“Is the municipal program, Amadora Empreende, a successful case of social entrepreneurship?”**

**Tier 1: Literature  
Review**

- Social Entrepreneurship (concept, social entrepreneur; mission, measurement, networks, business opportunities)
  - The impact of social entrepreneurship on local development
- 

**Tier 2: Context**

- National Framework – Structural Conditions for social entrepreneurship
  - Local Framework – Amadora Municipality and Project Amadora Empreende
- 

**Tier 3: Conceptual  
Framework**

- Contributions of Amadora Empreende for business creation
  - Companies “born”/supported in Amadora Empreende
  - Success factors and barriers
- 



*Is the Municipal Program, Amadora Empreende, a successful case of social entrepreneurship?*

**Table 2 - Conceptual framework scheme**  
Source: Elaborated by the author

## **4 Research Methodology**

In the literature review, the sources of information were mainly books and scientific articles about social entrepreneurship and local development, mostly produced after the year 2000, due to the newness of this concept. This information was organized in a way to investigate what social entrepreneurship is (along with and some of its implications) and relate it with the potential contributions for local development. For the purpose of this study, it was particularly focused the impact of social entrepreneurial initiatives on business creation and development, promoting self-employment as a way to fight social exclusion in Amadora Municipality.

As social entrepreneurship is a quite recent subject, some difficulties were found on the literature search process, namely, a lower number of relevant information sources and some subjects with significant lack of suitable scientific coverage and/or with no consensus among several authors. Also, through secondary research sources, national environment in terms of social entrepreneurship was studied, (namely in terms of evolution, structural conditions and entrepreneurs' characteristics), as well as the local framework and context where Project Amadora Empreende is applied (population, economy, unemployment).

This part of the research was made through some interactions with the main responsible of social departments of CMA and AUDAX.

A quantitative study was performed based on AUDAX and CMA reports, which described the program in detail: main features, structure, objectives, recipients, methodology and quantitative results (in terms of number of companies), among other information.

This information was complemented with qualitative study which was realized through semi-structured interviews with eight entrepreneurs of eight successful cases of the project.

### **4.1 Case Study Approach**

The research described above was theoretically sustained by the case study approach posed by Yin (2009).

*“The distinctive need for case studies arises out of the desire to understand complex social phenomena. In brief, the case study method allows investigators to retain the holistic and meaningful characteristics of real life events.”* (Yin, 2009: 4).

According to the author, a case study is an empirical inquiry which builds a comprehensive analysis to a set of current events within a real- life context when the boundaries between phenomenon and context are not clearly evident; and in which multiple sources of evidence are used.

“The case study is preferred in examining contemporary events, but when the relevant behaviors cannot be manipulated. Thus, the case study relies on many of the same techniques as a history, but it adds two sources of evidence not usually included in the historian’s repertoire: direct observation and systematic interviewing”(Yin, 1989: 23).

Within the case study approach, Yin (2009) suggested three principles of data collection for case studies:

- Use multiple sources of data
- Create a case study database
- Maintain a chain of evidence

Reasons behind using multiple sources of data is the “triangulation of evidence”, which increases both reliability of data and the process behind gathering it (triangulation serves to corroborate the data gathered from other sources). The collected data should include all types of relevant documents, as well as tabular materials, narratives, and other notes. All this data needs to be organized and documented, therefore, creating a database. Yin (2009) recommended maintaining a chain of evidence for the researcher to increase the reliability of the study. The procedure is to have an external observer follow the derivation of evidence from initial research questions to ultimate case study conclusions.

#### **4.1.1 Data Collection**

As mentioned before, and following Yin’s case study approach, data sources selected for this study were AUDAX and CMA reports, documents websites etc. and also interviews to eight entrepreneurs. These interviews were performed in the period between the 31<sup>st</sup> of July and the 22<sup>nd</sup> of August to eight entrepreneurs, whose companies were brought up by Amadora Empreende). According to Yin (2009), interviews are one of the most important sources of information.



## 5 Context

### 5.1 National Context – Portuguese Panorama

In this section, certain characteristics of national business fabric will be described, as well as other features of the country. It is important to take into account the current economic and financial situation of the country during this analysis, as it has a strong influence on the attitudes of entrepreneurs. The economic activity in Portugal has been strongly affected by the spread of the effects of the international finance and economic crisis with particular impact in the unemployment rate.

As part of a global economic environment, the recovery and development of the Portuguese economy depends strongly on the emergence of entrepreneurs who are able to identify and seize opportunities, invest and create wealth and employment, and promote a dynamic business culture in which companies progress on their value chain. Creating a more entrepreneurial society is something that should be present. Entrepreneurs are the *"skull bone"* of economic growth and society should, therefore, do everything in its power to help them succeed. Only just with attitudes and behaviors, entrepreneurs demonstrated every day you can create prosperity for individuals, for businesses and for their own countries, then they develop valuable policy initiatives and support programs to maintain and stimulate the creation of the initiative entrepreneurial and small business will, necessarily, form part of the priority list of any country. *"So whatever it is that you can do to strengthen the sense of national mission, regional or even local, an entrepreneurial economy, will be worth the investment"* (Banha, 2012).

#### 5.1.1 Facts and figures

With the help of official statistics and other studies about business in Portugal, it's possible to identify some interesting facts in the Portuguese companies.

According to INE (2009), there were created 167 473 new companies from a total of 1 101 681 companies in Portugal, between 2004 and 2007; resulting on a birth rate of 15, 2%. The Services sector was the one with higher rate of new companies: 77, 7% whilst the Industry sector had the lowest birth rate of new companies: 9, 7%.

Indeed micro, small, and medium-sized companies have a crucial role on the national economy, as they, not only represent a huge proportion of total business units in Portugal, but also have a substantial job-creating potential. In 2008, there were 349 756 micro medium and small companies (representing 99, 7% of the total non-financial companies), and, from those,

85, 6% were micro companies, with less than 10 employees, generating a turnover in a maximum of 2M€ (INE, 2010).

Studies that have been made indicate that in Portugal there is some appetite for business creation. Portuguese have a strong desire, to be “their own boss” and show it is the third most important motive to start a company (INE, 2007).

In 2009, 51% of the Portuguese, preferred to be self-employed rather than working as an employee (European Commission, 2010). From the intention to “be a boss” to actually create a new business, the outcomes are not quite satisfactory. According to GEM (2010) report, the TEA (Total Entrepreneurial Activity) rate was only 4, 5%, meaning that, in this country, there are only 4 to 5 early-stage entrepreneurs (involved on start-ups or in new business) in each 100 adults. The TEA rate is the 7<sup>th</sup> lowest result among the 22 innovation-oriented economies, and it is also under the average TEA of the European Union countries (5, 2 %).

Experts of this study refereed that, in spite of the existence of physical infrastructures and enough professionals to support and boost entrepreneurship, there are too many constraints to entrepreneurship. They considered financial support for entrepreneurial initiatives as insufficient, and that the access to private capital was inappropriate, acting as a brake on the development of entrepreneurship in Portugal. Besides, experts pointed out other restrictions, namely, the slowness of an excessive bureaucracy, the educational system not being likely to encourage students (at all levels) to take advantage of new business opportunities or promote the improvement of creativity and innovation. Finally, national culture is also very non-entrepreneurial, in which risk-taking attitude and self-responsibility are not encouraged (GEM, 2010).

### **5.1.2 Social entrepreneurship in Portugal**

In Portugal, over the past 30-40 years, the line of thought, “inclusion by the Economy”, began to take place as a strategic and consistent way to support integration and reintegration of the unemployed people, such as its European partners.

Since the 60s and 70s of the XX century, but mostly in 1980, it has been emerging a new wave of initiatives of local civil society, in the context of (re)emergence to the liberal Economy and political orientations and to the crisis of the Social State, which remains until today. Indeed, the Economic system reveals itself incapable to create employment to the general population and social protection systems are insufficient taking into account the

trends in structural unemployment, the persistence of traditional forms of poverty, and the arising of new forms of poverty and social exclusion.

Therefore, the new social dynamics appear as new forms of economic organization which develop services and activities as an answer to many different situations.

Many of these new organizations follow the democratic principles; rely on the different stakeholders (employees, customers, partners, volunteers...) and apply some principles of the Market Economy such as business efficiency and effectiveness as a way of doing their social purposes and focus on the public interest, and not as a way of making profit.

The Revolution on April 25<sup>th</sup> in 1974 and the entrance of Portugal in the European Union stimulated a process of convergence of the economic, political and social standards in line with the European Community. Following the European context, there was a strong increase on the number of organizations, including associations, cooperatives, mutuals, foundations, among others. Nowadays, most of social entrepreneurship initiatives have religious foundations (*Misericórdias* - Holy Houses of Mercy and Parochial Centers).

Nevertheless, social entrepreneurship research is still emerging in this country, not only in terms of development, but also regarding recognition within the scientific community, acknowledge from the media and acceptance from the public authorities (Quintão, 2011).

## 5.2 Local Context – Municipality of Amadora

### 5.2.1 Territorial data

Amadora Municipality belongs to Lisbon's district, Lisbon's region and it's a sub-region of Greater Lisbon, bounded on the northeast by the Odivelas Municipality, southeast by Lisbon, southwest by Oeiras and on the North by Sintra. It is divided into 11 parishes (Figure 3).

At the same time, it is one of the smallest municipalities of the country, predominantly urban, with only approximately 23,77 Km<sup>2</sup> (0.03% of the total territorial surface of Portugal), but with 175.135 inhabitants (2011). The population density is approximately 7.367 residents/Km<sup>2</sup> one of the highest in Portugal. (CMA, 2011)

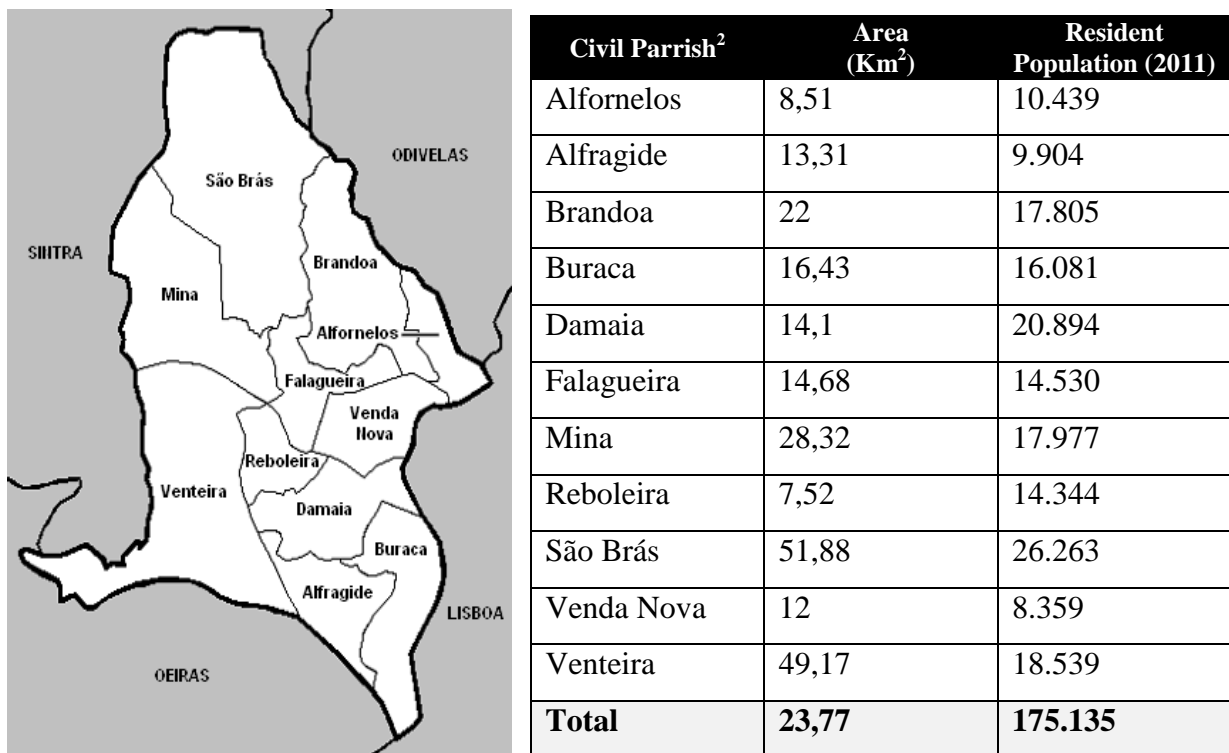


Figure 3 - Civil Parishes of Amadora Municipality  
Source: CMA, 2011

### 5.2.2 History

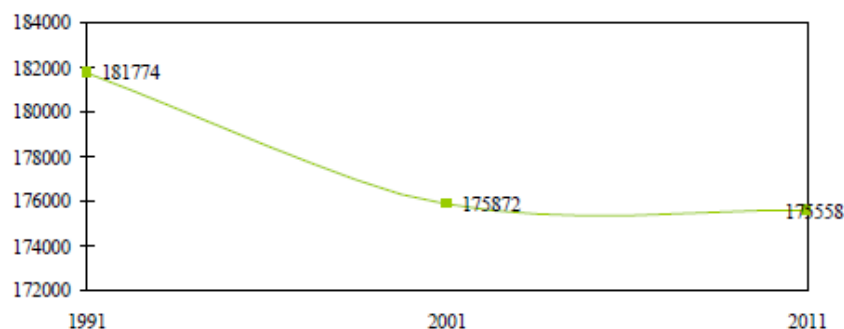
Amadora Municipality was created in 1979, through the separation from Oeiras Municipality, where Amadora was a *freguesia*<sup>2</sup> (Civil Parish) since 1916. As part as Lisbon's metropolitan

<sup>2</sup>In Portugal, "*Freguesias*" (Civil Parishes) resulted from the conversion of formerly strict religious parishes into civil ones, after the administrative reform of 1836. *Freguesias* have both executive (named *Juntas de Freguesia*) and deliberative (called *Assembleias de Freguesia*) branches.

area, Amadora has a privileged location near the country's capital – Lisbon. Its geographical location directly influences the population and social dynamic of the Municipality

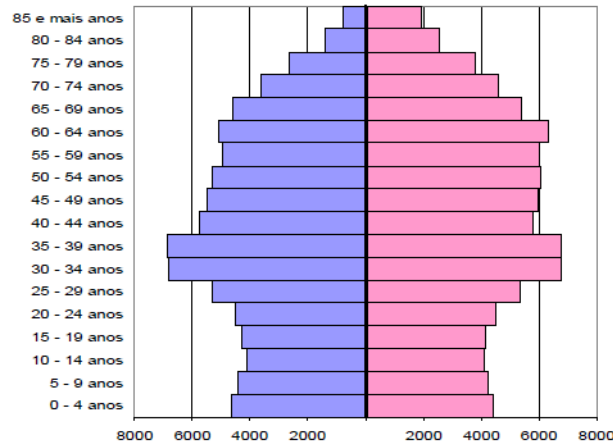
Amadora's growth started already in the late 19<sup>th</sup> century, with the opening of the suburban railway connection between Sintra and Lisbon, causing a significant demographic growth. This exponential growth was more significant in the second-half of the 20<sup>th</sup> century, mostly during the 1950's and 1960's with people coming from the capital, caused by the industrial delocalization from Lisbon's center to its periphery (Amadora included). On recent decades, Amadora became a strong immigration destination, mainly to people coming from the former Portuguese African colonies, Brazil and Eastern Europe. However, this extraordinary growth was not sustainable. Lack of guidance and proper planning and land management from public authorities, resulted in a dense, unorganized and unqualified urban structure with strong housing deficiencies (with illegal buildings and dwellings in certain areas), lack of public equipment, and quite dependent on Lisbon's services (Marques & Carvalho, 2010).

### 5.2.3 Population data



**Figure 4 - Population Growth in Amadora Municipality**  
 Source: Rede Social Amadora, 2011

Although Amadora has a privileged location close to Lisbon, as well as other features mentioned above, its population is diminishing. According to the preliminary data of the census 2011, the population dropped approximately 3%, in the last 20 years (1991-2011) due to both facts: the resident population is leaving the municipality, and the age structure is progressively aging (Rede Social Amadora, 2011).



**Figure 5 - Age Pyramid**  
**Source: Rede Social Amadora, 2011**

The population decline is possibly related to the territory appreciation, which has an impact on the increased cost of housing, which makes the younger population look for other alternatives in the adjacent municipalities, causing a negative effect on the birth rate.

The weight of the elderly population in the total population has considerably increased as a consequence of expansion and development of new and better healthcare, which favors the progressive increase of life expectancy and greater longevity. In addition to the progressive aging of the age pyramid (at the top and at the bottom), there's a significant weight of people with more than 74 years old, representing 42% of the population over 65 years old (Rede Social Amadora, 2011).

#### 5.2.4 Migratory movements

Migration was always evident in the Amadora Municipality. According to Rede Social Amadora (2011), in 2009, there were 2470 requests for resident status in Amadora. In the same year, there were 19.799 legal immigrants, representing around 12% of the total population of the municipality (none of these figures include illegal immigrants).

As mentioned before, most of them (about 55% of total immigrants) are from PALOP – *Países Africanos de Língua Oficial Portuguesa* (former Portuguese colonies in Africa), especially from Cape Verde (46%). However, also because of historical, cultural and political ties, as well as for the language, it has also been increasing the influx of immigrants from Brazil (around 96% of immigrants from America).

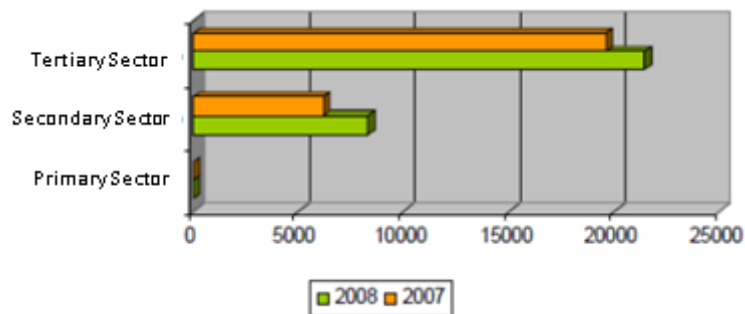
In a less significant number, the Asian community (7%) is also in the municipality, being mostly Chinese (44%) and Indian (30%) origin.

It must be pointed out the most recent wave of immigration of citizens from Eastern European countries, namely from Romania. This situation is more evident in the civil parishes of Reboleira and Venteira, where these immigrants have been closely related to petty theft and child neglect (Rede Social Amadora, 2011).

### 5.2.5 Economic Context

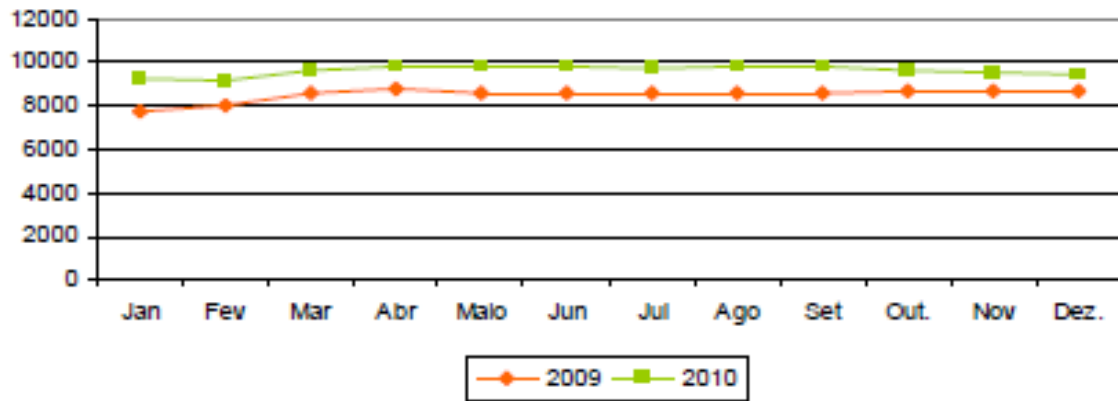
Amadora's economic activities are moving towards a progressive de-industrialization, giving way to the area of services and trade, which is, currently the economic sector that generates more jobs. The business fabric is still characterized by the predominance of small companies, representing 97% of the business fabric in 2008.

The socio-economic composition was not a constraint in forming new businesses in the municipality. Its geographic proximity to Lisbon as well as its good transport network and accessibilities were important factors for the development and importance of the service sector.



**Figure 6 - Number of Workers by Business Sector**  
**Source: Rede Social Amadora, 2011**

About activity sectors, the most relevant (in terms of number of persons employed), are those associated with commerce (wholesale and retail), social and personal services (e.g. housekeeping), civil construction and also banking and other financial institutions (CMA, 2012 b).



**Figure 7 - Number of Employees**  
 Source: (Rede Social Amadora, 2011)

The current national economic situation has been contributing to increasing cases of job insecurity and unemployment. Amadora is following the country's trend: the unemployment rate has been rising in the last years: reaching a total 11 056 people in 2011 (IEFP, 2011). In fact, there was an increase in the number of registered unemployed people in the Center of Employment of Amadora, during 2010 (CMA, 2012a).

Most of the unemployed are males (52%), between the ages of 35 and 54 years old (48%), and followed by the age group of 25 to 34, corresponding to 31% of total subscribers. In fact, the latter segment is more susceptible to the current situation of instability and disruption of working conditions; on one hand, many are excluded by lack of experience, due to age (in case of younger people); and, on the other hand, and in the case of middle-aged individuals, the process of human resources' recruitment in business, gives priority to the younger population to its detriment, investing in their formation of new technical staff.

It is also important to mention, a possible link between the unemployment's variables and educational qualifications, because those with the lowest educational qualifications (Primary School) were who represented the largest number of members (24%). The higher the education level, the lower the unemployment rate tended to be. In December 2010, for instance, only 7% of people signed up in the Employment Center had qualifications at higher education (Rede Social Amadora, 2011).



## 6 Amadora Empreende

“There is a lot of hidden poverty in the metropolitan area of Lisbon”.

Joaquim Raposo -Mayor CMA (Borges, 2008)

Is social entrepreneurship, a possible route to fight these issues in Amadora and promote local development through business creation?

As stated before, social entrepreneurship has the potential to act as a catalyst for local development as the well succeed projects may have an important multiplier effect: either on motivating others or by creating jobs and wealth in the local proximity on the medium-and long term.



Figure 8 - AE's Logo  
Source: CMA, 2008

### 6.1 The Program

In this sequence, in 2008, it was created the Municipal Program *Amadora Empreende*, whose idea was originally generated by Jorge Miranda, former director Culture and Education of CMA, together with AUDAX-ISCTE (Luís Martins and Rui Ferreira).

With this project, CMA expected to:

- Promote people's entrepreneurial initiative focuses, namely in social housing areas and degraded settlements, for ensuring the success of actual candidates to Amadora Empreende .
- Identify viable business ideas and the facilitation of its implementation and market insertion
- Produce knowledge on immigrant entrepreneurship from and back to the field.

Disseminate the created knowledge and methodologies within the region of Lisbon, linking Region, Cities and University - Cooperation between city, university and region, allowing research, development and dissemination in the region.

- Create a contact platform, potential identification, personalized guidance and adequate institutional articulation for the different exit solutions: Social support; Education; Training; Labor Market; Entrepreneurship (Miranda, Fonseca, & Afonso, 2008).

For the purpose of this research, only the contribution for business creation and development will be deeply studied and investigated.

### **6.1.1 Sponsors**

According to Dra. Sandra Pereira and Dra. Sónia Pires<sup>3</sup> from CMA, the Municipal Program Amadora Empreende was sponsored by Amadora Municipal Council in partnership with the Foundation and the Higher Institute of Social Sciences and Business Studies (ISCTE). The protocol also included Calouste Gulbenkian Foundation, Chamartín – Dolce Vita Tejo (on the program's first edition) and the Intercultural School from Amadora (only on the program's third edition).

The contribution from Calouste Gulbenkian Foundation was mainly on project monitoring and evaluation. The intercultural School also shared this role and provided accounting support for free (during one year). Dolce Vita contributed financially (four 2.500€ awards to the most promising projects). However, the leading financial investment was supported by Amadora Municipal Council which allocates a full time employee to this project, and pays for the consultancy services performed by AUDAX - ISCTE. ISCTE has a specialized unit in promoting entrepreneurship, UNIAUDAX, which provides consultancy services to the program, drives the diagnosis of applications, interviews, training and support needed in seeking investments.

### **6.1.2 Basic Principles**

This program integrates most part of Municipal Policies for Social Development and Youth, giving special attention to the dimensions of equal opportunities and gender equality and positioning it as a process of individual and community empowerment.

It is built on the following cross-cutting principles:

- Gender equality
- Equality of opportunity (nondiscrimination)
- Socio-economical sustainability (Lisbon) and environmental concern (Gothenburg)

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<sup>3</sup> Dra. Sandra Pereira and Dra. Sónia Pires - Social Intervention Department, CMA

Therefore, citizens in specific situations or considered to have certain ethnic, cultural, religious, deficiency, gender, age, nationality, immigrant, refugee or other qualities, will be incorporated in the same planning system as the rest of the citizens (CMA, 2008).

## 6.2 Overall Aim

*“This program aims to “make a difference”, supporting new business projects made by young people from Amadora, or by socially vulnerable people such as immigrants, people with disabilities or ex-prisoners”.*

(Trigo, 2008)

Amadora Empreende aims to identify individual entrepreneurial initiatives, among young people or people living in a fragile situation, in order to support the development of new businesses, cooperatives, or any kind of productive natured project, in Amadora Municipality. In this manner, this project’s objective embraces improvement of young people’s business capacities and also mobility and inclusion of people living in a socially fragile situation, therefore, developing and fixating municipality’s human capital.

It promotes, at the same time, economic growth and development at a regional scale. (Teixeira, 2010). UNIAUDAX (ISCTE) gives a particular support and training to the entrepreneurs, namely to acquire special competencies/ skills, learn how to deal with risk exposure, raising capital or finding potential customers.

*“The program aims to potentiate economic empowerment of dynamic and entrepreneurial people and with initiative, but, due to age, lack of experience or “weak” social situation; it’s very difficult to find a job”.*

(Trigo, 2008)

To meet this goal at its best, the program is structured by a set of selection stages, which include identification of individuals, evaluation of business ideas and entrepreneurial competences/skills profiles, training, and, on a final stage, supports business’ implementation, especially, in incubation and baby-sitting periods, through incentives, technical support and mentoring and coaching by AUDAX experts and professionals. It’s important to stress that this is not a financing program or microcredit. It involves evaluation and selection of business ideas, as well as further support for their development through training, and guidance to obtain financing (CMA, 2008).

### 6.3 Specific objectives

As stated above, Amadora Empreende aims primarily to identify, in the young population and within the people in a situation of social vulnerability, individual entrepreneurial initiatives by providing the necessary conditions for developing a business idea.

The overall aim is composed by four strategic objectives supported on three cross-cutting policies. For the purpose and objectives of this research, only objectives 1 and 2 (the anchor projects), will be analyzed in detail as they're directly associated with entrepreneurial activity and business creation.

**Objective 1** – Anchor Project: “QUICK” incubator– Entrepreneurship for the Young (for recently graduated and/or other vocational students)

**Objective 2** – Anchor Project: “QNANP” *Quem não Arrisca não Petisca*<sup>4</sup> - Entrepreneurship designed for the active, unemployed, beneficiaries of social support, or for those living in run-down districts, or other people who are at risk of social exclusion (Teixeira, 2010).

#### 6.3.1 Anchor Project: Quick

This project corresponds to Objective 1 of the Municipal Program. Existing since February 2008, it is an initiative that supports young entrepreneurs from Amadora (up to the age of 30), aiming also to support an interface between potential entrepreneurs, the council, university and the corporate world.

The motto is to believe on the entrepreneurial potential among the young population, guiding them to a better qualification, to bet on the development of activities with high added value, creating, this way, opportunities for new graduates (from universities and from professional schools), in the city and local surroundings. However, Quick was also planned and intended for those who had to leave school earlier or with a too low professional education to access the labor market. All have the same opportunities (CMA, 2008).

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<sup>4</sup> Nothing ventured, nothing gained

### **6.3.2 Anchor Project: QNANP**

This project corresponds to Objective 2 of the Municipal Program. It began in April 2008, and it was designed for citizens between the ages of 16 to 65. It has arisen from QUICK.

QNANP is mostly aimed to unemployed people and those on benefits, and intends to give a new opportunity for risk groups such as former prisoners, people with disabilities, immigrants or women with more difficulties in economic emancipation.

The value proposition of QNANP is to believe on the entrepreneurial potential of the less advantaged groups in society, guiding them to be more autonomous and to acquire skills, allowing them to have more opportunities and self-income. In a medium-term, they won't be so dependent on social support, stepping from a social benefit situation becoming tax-payers. Since the Programs' third edition, there's no longer distinction between Quick and QNANP (CMA, 2008).

### **6.4 Main recipients**

Being a social entrepreneurship program, the main recipients are individuals who are in difficulty of access to the labor markets or at risk of exclusion, who have basic skills and a real desire to change their professional status.

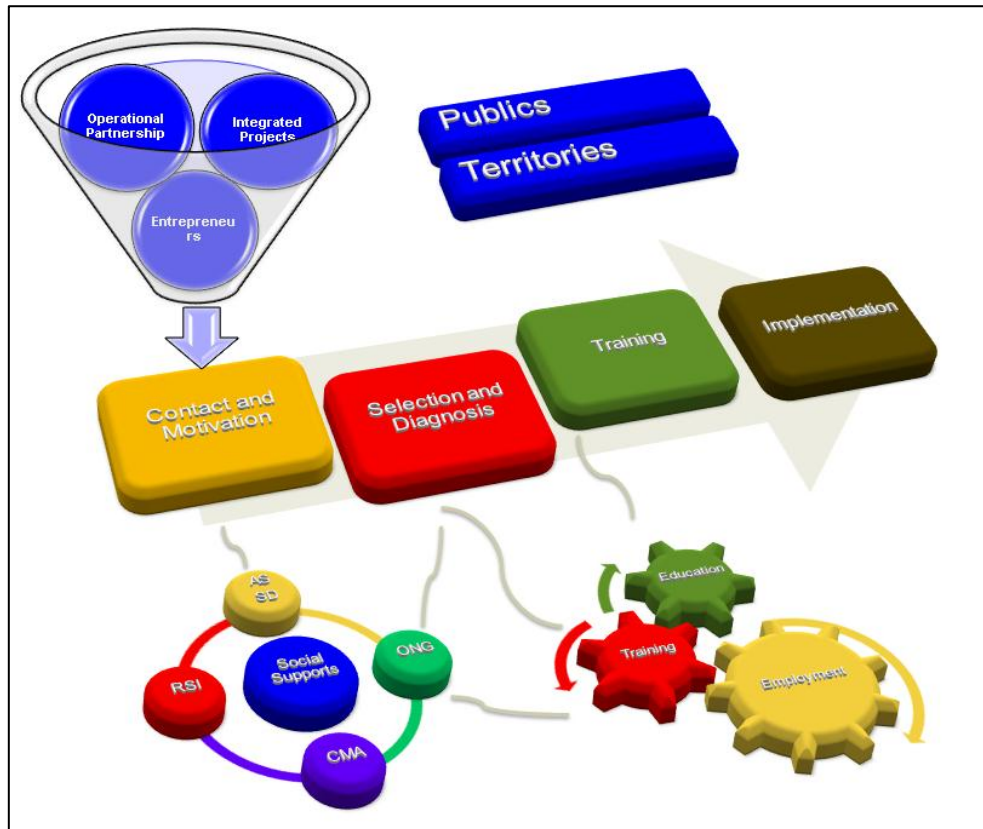
As an example, in the third edition of the program, a significant part of applicants were in a difficult position to access labor market (44,6% were unemployed, and 73% had academic qualification up to secondary school). Also 8,1% of applications were made up by students, meaning that entrepreneurship is being more considered as an alternative to the "common" labor market. Furthermore, Amadora Empreende was also considered as an interesting opportunity to people living in the less favored areas, in order for them to return to work. Due to a lack of academic qualifications, lack of professional qualifications, cultural prejudice and other barriers, creating their own job might be the most adequate solution to reintegrate into the labor market. In this edition, about 22% of the inscriptions came from people living in social housing (including Bairro do Zambujal, Bairro Santa Filomena, Casal da Boba, Casal da Mira, Casal do Silva and Cova da Moura) (AUDAX, 2012 a).

#### **6.4.1 Who can apply?**

Nonetheless, all participants (either of Quick or QNANP) are required to be living in Amadora Council and to have Portuguese citizenship or being a legal resident/student in Portugal. Organizations (profit or nonprofit) or teams are also allowed to join, as much as in each initiative, at least half of the team members have to live in the Amadora Council area. The remaining members can live in any other part of the country, in the European Union or in Angola, Brazil, Cape Verde, Guinea-Bissau, Mozambique, St. Tome and Prince or East Timor. According to age, applicants to QUICK are required to be up to 30 years old, and applicants to QNAP must be between 16 and 65 years old.

However, they may accept exceptions, namely, if the idea(s) derive from projects applying for funds and initiatives with other objectives, in which such changes are relevant in defining their target audiences (CMA, 2008).

## 6.5 Amadora Empreende Methodology



**Figure 9 – Amadora Empreende Methodology**  
Source: CMA 2008

This program aims to develop a strategic public-private cooperation model, benefiting from synergies and contributions from: the public investment and policy (central and local); academic knowledge; know-how and competitiveness of the business sector; as well as experience and mission from the third sector (CMA, 2008).

As shown in Figure below, Amadora Empreende is a dynamic process, composed by a personal development path and also by alternative routes, which are interchangeable at any time:

- 1 – Entrepreneurial Route (AE's selection phases), or, the alternatives:
- 2 – Social Support
- 3 – Education – Training - Employment

The process starts with the identification of potential entrepreneurs in the target territory, followed by Amadora Empreende path, where, in each step (selection phase), is decided the best alternative for the entrepreneur: or moving forward with a business idea (continuing in the program), or chose an alternative way, either Social Support or Education-Training-Employment. As this is a dynamic process, one can be receiving training and return to the entrepreneurial path (and *vice-versa*). Therefore, any person willing for individual development and/or professional improvement, (not having, necessarily, entrepreneurial characteristics and conditions), always has a feedback in this system. During the first two editions, about 20 persons were lead for alternative routes, including social support, namely for a course of Female entrepreneurship (promoted by the Holy House of Mercy in Amadora, and other entrepreneurs were forwarded to *Zambujal Melhora* (another social entrepreneurship project), and others, for instance, were directed to job offers or IEFP support for implementing business. This study will only focus on detail the entrepreneurial path.

## 6.6 Phasing/Stages

The selection and development methodology involves four mandatory phases, according to a previously established calendar.

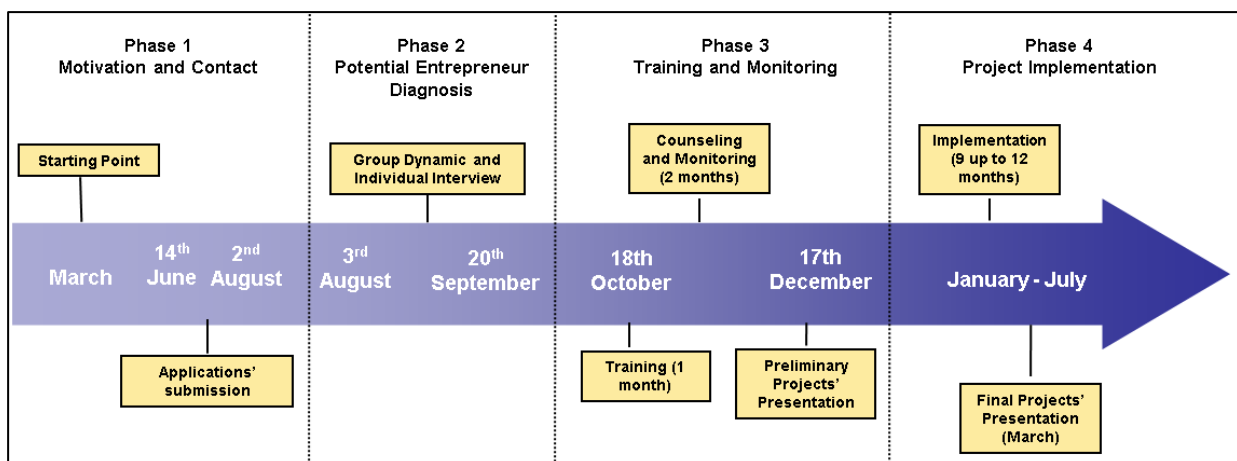


Figure 10 - Amadora Empreende third edition chronogram<sup>5</sup>

Source: AUDAX 2012

<sup>5</sup> Third edition chronogram is just as an example (time framing was not exactly the same in the several editions). Data provided by Dra Joana Lopes - AUDAX Local Entrepreneurship and Incubation Coordinator



### **6.6.1 Phase 1 – Contact and Motivation**

The process starts by the project's advancement and advertising to the largest number of people (either from Amadora Municipality or not). It is mostly promoted through flyers, posters, website update, and dissemination sessions in neighborhoods, schools, universities, etc. Then, in case of interest, candidates fill out the application form online (exclusively) on Amadora Empreende website. This form has a set of simple and objective questions to detect and test the profile of potential entrepreneurs, if they own the typical features of an entrepreneur (Teixeira, 2010).

All the ideas are collected and evaluated. The entrepreneurs with the best ideas are selected and called to the next stage (second phase – Potential Entrepreneur Diagnosis).

### **6.6.2 Phase 2 - Potential Entrepreneur Diagnosis**

The main goals of this phase are to evaluate the entrepreneurial potential candidates.

According to Dra. Joana Lopes, it's preferable to have a good profile even with a not so good idea. The profile of the entrepreneur is crucial. This stage is composed by two different tests: a two-hour group dynamic with at least 10 people, (since 2009, psychometric tests were replaced by group dynamics), and by an individual interview (20 minutes).

Tests are designed to assess specific entrepreneurial skills (such as networking, leadership skills or mobilization of resources), cognitive skills (comprehension and expression); personal skills (ability to persuade, resilience, self-efficacy, ability to establish social contacts), personality (self-esteem, self-confidence, motivation and emotional intelligence), and the business idea itself (importance of the project, economic viability and resource acquisition).

At the end of this phase, a diagnostic report is realized to all candidates as well as the final selection of the projects. The selection is made by AUDAX, after meeting with the Monitoring Committee – which is composed by one representative of the Municipality of Amadora, one representative from AUDAX, one representative of ISCTE and on representative from each of the partner organizations (Teixeira, 2010).

### **6.6.3 Phase 3 – Training and monitoring**

The purpose of this stage is to provide the basic settlements of a successful small business, in order to assure its financial health and survival in the long term. It is essential to endow the future entrepreneurs with basic and vital tools, not only to prepare and design a good business plan and further project implementation, but also to acquire management and technical skills

to create and develop their business, which, without these training sessions, would hardly be developed (AUDAX, 2012a). This stage is composed by a 24 hour course: Entrepreneurship and Business Creation Course, Workshops, and a 5 hour support of a consultant to help the completion of a Business Plan (mandatory). It is also compulsory to participate in 90% of the training sessions.

The Entrepreneurship and Business Creation course is structured in eight modules, with 3 hours each and the participants were divided into two groups (classes) according to their academic background and professional experience. Training modules include: entrepreneurship, Marketing (I and II), Human Resources, Information Technologies (I and II), Design a Business Plan and Accountings, Legal Framework, Finance, and Corporate Social Responsibility (since the third edition of Amadora Empreende). The course is held at the *Centro Multigeracional e da Juventude da Brandoa*, lectured after working hours. Most part of the lecturers are teachers from ISCTE.

The complementary workshops are conducted by AUDAX trainers and institutional partners. All the editions integrate two permanent workshops (“Challenges and difficulties of an entrepreneur” and “Financial sources”) plus five workshops defined by the participants.

Complementing the training, the monitoring sessions are held with specialized consultants with the main purpose of giving personal support in the subjects of strategy, marketing, finance and general management (Session 1 - Definition of the Idea; Session 2 - Marketing Plan; Session 3 - Finance; Session 4 - Development of final presentation; Session 5 - Support the implementation of the project). In recent editions, monitoring had been more favored, at the expense of the training component. According to Dra. Joana Lopes, it was concluded that the support phase was more important.

The training phase ends with a preliminary presentation to the monitoring committee, which is composed by one representative of the Municipality of Amadora, one representative from AUDAX, one representative of ISCTE and one representative from each of the partner organizations (Calouste Gulbenkian, School of Professions on 2010 edition Chamartín Group, for 2008 edition).

The aim of this session is to draw up a project briefing of *Amadora Empreende*, in order to obtain a technical opinion from the Commission of monitoring and develop a first draft of the evaluation of projects, considering, already the implementation strategies (Teixeira, 2010).

#### 6.6.4 Phase 4 – Project development and implementation

At this stage, all the participants who completed phase 3 start to prepare their business plans and further project implementation in the geographical area of Amadora Council.

Participants have coaching sessions, with specialized consultants, to support the implementation of the project, namely on raising the first customers, search for partners, billing issues, or advice on the most appropriate financing solutions for each project. This also helps preparing the final session. At the same time, there are workshops which the subjects are chosen by the participants<sup>6</sup>.

Implementation is supported for nine months, and, in exceptional cases, is extended to one year, in limited conditions. In March, there's a final public presentation of the finalist projects, with samples of their products / services, to the Municipality of Amadora and other partners, as well as to potential investors. It provides visibility and exposure to the promoters, and also to the Project. In this presentation, the review committee (comprising representatives of partner institutions), awards and supports some of the finalists' Business Plans.

Awards and supports, include:

- Allocation of commercial space owned by CMA;
- A spot (*ilha*) in the Incubator at the Centro Multigeracional e da Juventude da Brandoa;
- Financial support in the amount of € 2,500.00<sup>7</sup> - sponsored by Dolce Vita Tejo in 2008 edition;
- PEC<sup>8</sup>– Post graduation in entrepreneurship and Business Creation, in ISCTE (2008 and 2009 editions), which was replaced by two Specialization Programs in Family Business Management in the third edition. This award is given to two finalist entrepreneurs;
- All participants have access to the Incubator at the *Centro Multigeracional e da Juventude da Brandoa*, (with a previous selection of the best projects).

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<sup>6</sup> As an example, on the third edition, there were chosen the following: Marketing, Treasury Management, Presentation Techniques, Communication Techniques, Web marketing, Sales Techniques and negotiation. (AUDAX, 2012 a). It is also recommended to consult the participants of Amadora Empreende previous editions.

<sup>7,8</sup> Financial awards from Chamartín - Dolce Vita Tejo and the frequency in PEC are given to the most promising and well-structured finalist projects

Commercial spaces were still unfinished with some maintenance and work to do. However, CMA also contributed financially to spaces' reclaim. Spaces were provided in accordance to the project potential and adequacy to the store condition and location and if the business itself benefits the neighborhood in question<sup>9</sup>. The entrepreneur is responsible and is engaged for doing the necessary work and deal with the bureaucracy to start his/her activity. During the first year, the rent is for free, on the three following years the rent is symbolic (1€/m2) and then, the entrepreneur chooses either renting or buying the space.

## 6.7 Results

Quantitative data concerning the project evolution, applicants, number of projects, was taken from AUDAX and CMA reports which explain in detail, not only the program functioning itself but also the results in each stage of the three editions.

Edition	Phase 1 Motivation and Contact		Phase 2 Diagnosis		Phase 3 Training	Phase 4 Implementation	
	Candidates	Candidates selected	Candidates	Candidates selected	Business ideas	Implemented	Under implementation
2008	210	n/a	n/a	75	23	4	4
2009	174	n/a	n/a	72	28	12	8
2010	148	134	77	42	17	5	8

Table 3 - Amadora Empreende results (2008, 2009, 2010)

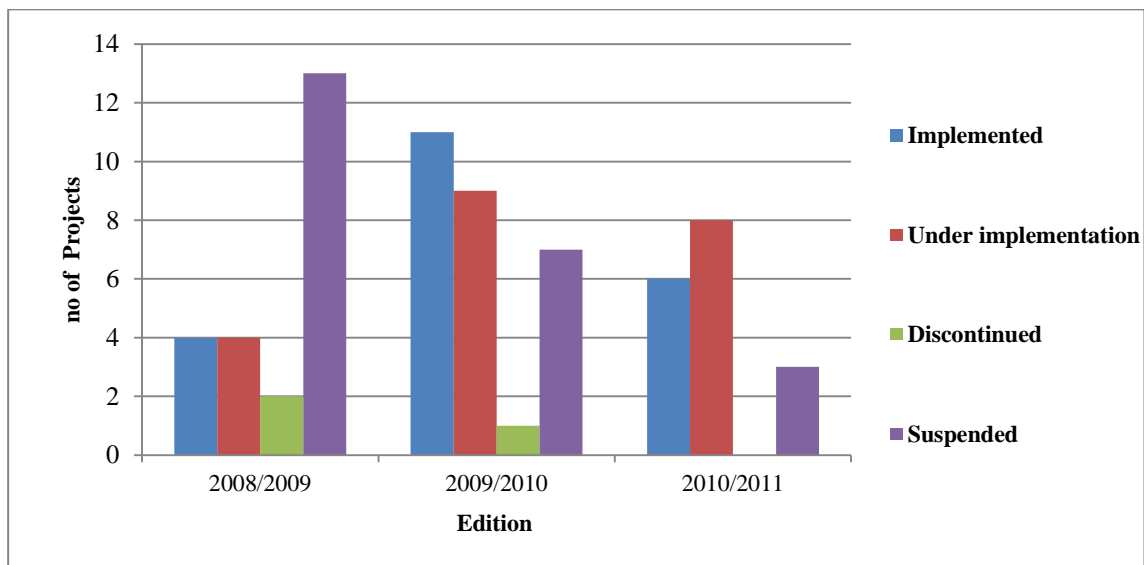
Source: AUDAX, 2012; Teixeira, 2010

Business ideas of finalist projects are dedicated to many different areas, from nursing services at home, advertising, and support services for the elderly, Portuguese products promotions, online portals, photography, and cake decorating, among others. According to (AUDAX, 2012), the true motivations behind pursuing with this program, were mostly:

- Difficulty in finding job/unemployment
- Search for better working conditions (namely due to issues found on previous jobs)
- Search for a more autonomy/independency
- Explore an interesting opportunity
- Take a risk on a new project

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<sup>9</sup> E.g. Mini-Mercado EuroÁfrica was awarded with a commercial space in Casal da Mira, because there's a strong African community in that neighborhood



**Graphic 1 - Finalist Projects' Status<sup>10</sup>**  
 Source: AUDAX, 2012b; Teixeira, 2010  
 Graphic elaborated by the author

### 6.7.1 Implemented Projects

Implemented projects are all the ones which are legally registered, that are developing and consolidating their companies in the market, installing their commercial spaces in order to sell their products/services and won't need any further support from Amadora Empreende.

On the first two editions, implemented projects represent approximately 30% of total projects supported by the program (4 from the first edition plus 12 from the second).

In 2009 the number of implemented projects was significantly higher than the 2008 edition, according to Teixeira (2010), this result is explainable due to the monitoring throughout the process and the work of the team's proximity, created in 2009 and composed by the Technical DGPH, local institutions and with the population of the districts.

The third edition consolidates the success of previous editions with an increase of 20% of projects implemented as of today and in 80% of projects being implemented on the results of the two previous editions (in July 2011) (AUDAX, 2012 a).

<sup>10</sup> Report of 2008/2009 and 2009/2010 editions data was produced in December 2010, and report with 2010/2011 edition's data was produced in February 2012.

Two of the projects under implementation, in 2010/2011 edition, are being developed outside Amadora Municipality.

### **6.7.2 Projects under implementation**

These projects are not legally constituted, requiring more time than what was initially expected to make these ideas achievable. The main reasons pointed out by Teixeira (2010), are:

- The project is too complex which requires a higher initial's investment.
- Fear and uncertainty, regarding Portuguese financial situation
- Hard to find the most suitable funding source

However, the promoters with projects under implementation are trying to develop new strategies to implement their business.

### **6.7.3 Withdrawals**

The projects' death rate is very high (only approximately fifteen in forty projects, actually survive). There are a lot of withdrawals; mostly on training and monitoring stage, only about 50% of trainees conclude the training and monitoring phase (Teixeira, 2010).

According to Dra. Joana Lopes it is due to lack of persistence and motivation; others get too indebted, as well. Lack of training and capabilities of entrepreneurs is also a problem. Many quit because found another job (many of the participants consider the new business as an escape to unemployment, or alternative when of unemployment benefits end).

- Other reasons behind this were:
  - Poorly structured business idea
  - Wrong perception of major difficulties
  - It was not the right time to develop a business
  - Lack of time
  - Wrong expectations – some entrepreneurs were only interested in financial support
  - Disease

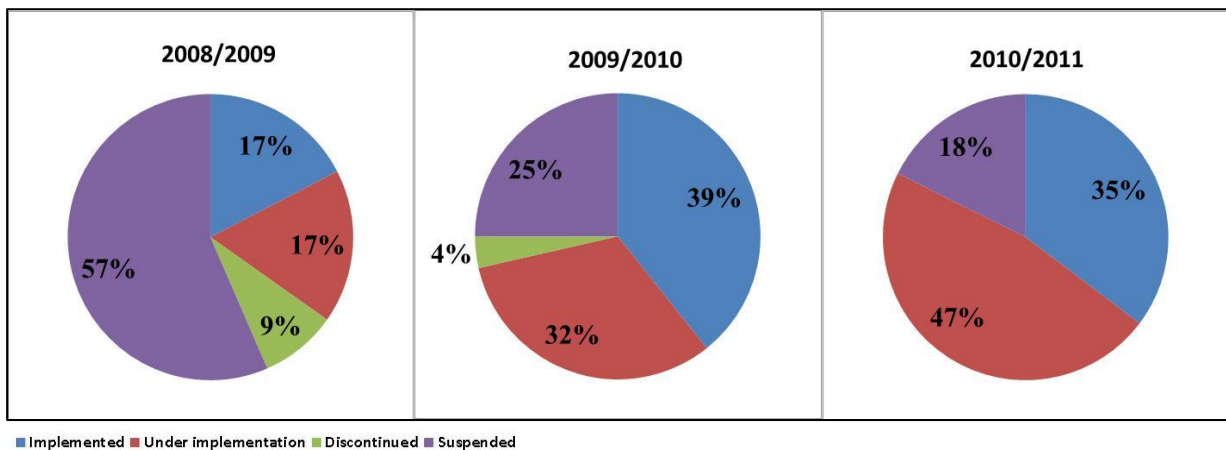
#### **6.7.3.1 *Suspended (cancelled projects)***

However, most people fail to formally establish their businesses. In spite a strong motivation early in the process, there were several reasons why prosecutors gave up their business projects (either having potential to survive in the market). Either for not possessing the necessary entrepreneurial characteristics: not being sufficiently proactive, innovative,

persistent, passionate, creative, independent, and self-confident (among others), whether for other reasons such as lack of financing, need to reshape the business plan, or found a new job. 23 projects were suspended corresponding to 13 in the 2008 Edition, 7 in the 2009 and 3 in the 2010 (Teixeira, 2010; AUDAX, 2012 a).

### 6.7.3.2 Discontinued Projects

These are projects which had been legally constituted and developed their business for a while. However, due to several constraints, they have been discontinued. Amadora Empreende accounted with three discontinued projects - two of which in the first edition plus one in the second edition (Teixeira, 2010).



**Graphic 2 - Finalist Projects' Progression**  
 Source: AUDAX, 2012b; Teixeira, 2010  
 Graphic elaborated by the author

In relative terms, taking into account finalist projects, the progression of the program has been positive, therefore, within the finalist projects (in relative values):

- The number of Implemented Projects increased from the first to the second edition, with a slight reduction in the third edition.
- The number of Projects Under Implementation increased since the first edition.
- The number of Suspended Projects decreased since the first edition.
- The number of Discontinued Projects decreased since the first edition, no longer existing on the third edition.

These results may induce the program's evolution through the several editions, - namely a more rigorous selection procedures of the participants (AUDAX, 2012 a).

## **6.7.4 Qualitative Data**

### **6.7.4.1 Interviews**

Interviews allowed a direct contact with the experience of those who tried Amadora Empreende, and the AUDAX, and CMA reports which explain in detail the program functioning itself, but also its results in the different stages of the several editions.

AUDAX's information and opinion was taken into account to select entrepreneurs from a total of eight, successful projects of business, created companies within Amadora Empreende.

Interviews were performed in a semi-structured- way, following a previously made script. Timing ranged from 30 to 60 minutes for each participant, depending on each entrepreneur's availability.

#### **Interviews script**

The script used for the interviews (**Annex I**) was designed taking into account the research's objectives and needs of information, and findings/results already exposed in the literature review. It was a way to complete the information quest and to tackle some issues and inconsistencies found during the research.

Interview's structure was not too closed, so that the interviewee had enough room and opportunity to give full and complete answers and also not to leave relevant elements behind. It was not excessively wide open due to time constrains and suitability for this study.

The questions made were both open and closed ones. According to Kelly *et al.* (2008), a questionnaire can have closed questions, open questions, or a mix of both, since each type has its own merits and demerits.

Hence, the interview script was composed by two parts. The first one with open questions regarding entrepreneur's identification, company profile, company's success factors, company's main difficulties, company's contribution for local development and contribution from Amadora Empreende Project. The second part is consisted of closed questions, where the entrepreneurs were asked to rank (from the most critical to the less critical) a predetermined set of success factors and categories of obstacles mentioned during the interviews, accordingly. The list of factors was made according to literature review, and during the research under Amadora Empreende. Concerning success factors, a special subset for Amadora Empreende was incorporated to include entrepreneur's ranking of Amadora Empreende contributions.



## Interviews' Output

Project	Entrepreneur	Age	Academic Background		Professional Experience	Motivations
			Degree	Area		
Projecto Mínimo	Rita Costa	33	Bachelor	Architecture	Architecture – urban design	1)Search for better working conditions 2)Create their own business
	Alberto Mendes	34	Bachelor	Architecture	Architecture – urban design	
Dr. Informático	Luís Compadrinho	30	Professional course	Computer Science: specialization in computer repairing	Computer maintenance (10 years' experience)	Search for better working conditions
Soluções Eficientes	Márcio Teles	39	Bachelor	Business Administration and Environmental Education	Business administration (15 years' experience)	Try the idea
Solução Estores	Arlindo Faria	35	6th grade	N/A	Carpenter (11 years' experience)	Try the idea
Mini-Mercado Euro-África	Isaura Cabral	29	7th grade	N/A	Kitchen helper, and on cleaning.	Create their own business
	Nuno Santos	32	9th grade	N/A	Automotive business	
Espaço Bolo	Telma Luzia	27	Bachelor	1)Marketing Management (Bachelor) 2)Cake decorating	Cake decorating (5 years' experience)	1)Unemployment 2)Try the idea
	Sérgio Cruz	32	Bachelor	Marketing Management	Newspaper	
Apoio Saúde	Cláudio Ramos	38	Bachelor	Nurse	1)Nurse (15 years' experience) 2)Temporary jobs in other areas	1)Search for a more challenging job 2)Desire to create his own company and try the idea
Portal Aventuras – WPG	Nuno Neves	40	Bachelor	Information Systems Management	Technology and Information systems, Web-design, Communications	1)Search for better working conditions 2)Create his own business
			Bachelor	Multimedia Engineering		
			Bachelor	Computer Engineering		
			Post-graduation	Internal Audit and Quality		
			Master	Advertising		

Table 4 - Entrepreneurs' Profile  
Source: Data collected through interviews

On the face of it, there are several different academic backgrounds. Six of the interviewed entrepreneurs were graduated in diverse areas as business management, computer engineering, architecture, nursing, marketing and other areas. Two of them don't have higher education. There is a huge variety concerning professional experience and other experiences. However, there are some points in common, such as the previous experience of being self-employed (for some of them), and the fact of having had small parallel jobs.

About more personal information, interviewees' age is comprised between 27 and 40 years old.

Dream and desire of creating and trying the idea is another common feature among most of them, as well as the search for better working conditions (although in a lesser extent).

Project	Employees	Strengths	Weaknesses	Performance	Funding
<b>Projecto Mínimo</b>	2 Full time	Creativity; Ability to keep deadlines; Customer close and good relationship; Good quality-price ratio.	Lack of time; Need and dependency on partnerships (e.g. civil construction companies).	Regular working level (no lack of customers); Profit in the first business year.	None
<b>Dr. Informático</b>	1 Full time + 1 Outsourced	Quality Service; Customer close and good relationship; Transparency; Low price compared with the competitors' Good quality-price ratio.	Lack of training and knowledge about laptops; Lack of employees; Difficulty in expanding the business	Regular working level (no lack of customers).	None
<b>Soluções Eficientes</b>	4 Full time + 8 Interns	Service punctuality; Networking and partnerships; Transparency; Good quality-price ratio.	Lack of investment in Marketing/ business visibility	Regular working level (no lack of customers). Good recommendations.	Microcredit
<b>Solução Estores</b>	1 Full time	Service punctuality; Extended operating time; Lower/negotiable price; Transparency; Good quality-price ratio.	Lack of funding; Lack of employees; Difficulty in expanding the business; Lack of experience in working with other materials (to innovate the service); Too unpredictable Demand	Regular working level (no lack of customers); Good recommendations.	Bank Loan
<b>Mini-Mercado Euro-África</b>	2 Full time	Networking and partnerships; No direct competition; Sell of essential goods (food); High potential demand; Good quality-price ratio	Dependency on a large flow of customers	n/a	None
<b>Espaço Bolo</b>	1 Full time (Telma)	Product differentiation; Quality; Free home delivery in the Greater Lisbon.	Lack of extensive training on cake decorating. Lack of market profound knowledge Lack of experience on business management	Regular working level (no lack of customers); Loyal customers	IEFP: Microcredit
<b>Apoio Saúde</b>	1 Full time + 10 Part time	Tailor made service; Network and Partnerships.	Only one person on the business management; Difficulty in forming a good team.	Regular working level (no lack of customers); Good Recommendations	None
<b>Portal Aventuras – WPG</b>	2 Full time + 2 Interns	People (human capital); Investment in new business areas (Digital Magazines); Biggest Web portal in Portugal.	Brands are not investing on Portugal; Lack of time to embrace other opportunities.	Regular working level (no lack of customers);	Employment center

**Table 5 - Companies Profile**  
Source: Data collected through interviews

All the interviewees have micro companies; most of them composed by 1-2 full-time workers, (except Soluções Eficientes with 4 fixed employees). Some of them hire interns, and others resort to “outsourcing”, according to the business’ needs. For the majority, the perceived business’ strengths are: the fact of operating a low cost business model, a good use of partnerships and strong network contacts (with customers and suppliers), and also creativity, and product differentiation. As weaknesses, one of the most pointed issues is the lack of time to run and manage the company, because, in many of the cases, the company only has one/two persons who, simultaneously, have to perform the company’s activity and manage the business itself. Some of the entrepreneurs are also experiencing some difficulty in expanding the business (e.g. hire more people), due to the company’s dimension, it still represents a huge burden.

Other common feature is the fact that many of them didn’t ask for funding, and those who did, hadn’t done it through a common bank loan (except Arlindo Faria from Soluções Estores). All interviewees’ companies have had regular activity (which at least assures the survival of business).

<b>Project</b>	<b>Contribution from AE</b>
<b>Projecto Mínimo</b>	Training; Support on Business Plan.
<b>Dr. Informático</b>	Training; Support on Business Plan design.
<b>Soluções Eficientes</b>	Training; Support on Business Plan design; Help on the adaptation to the Portuguese reality; Networking.
<b>Solução Estores</b>	Training.
<b>Mini-Mercado Euro-África</b>	Training; Business idea definition; Knowledge from people with business experience; Support on Business Plan; Personal development.
<b>Espaço Bolo</b>	Counseling and monitoring; Networking; Marketing and visibility; Support on Business Plan.
<b>Apoio Saúde</b>	Training; Business idea definition; PEC (award); Knowledge from people with business experience.
<b>Portal Aventuras – WPG</b>	Training.

**Table 6 - Perceived contribution from AE**  
Source: Data collected through interviews

For most of interviewees, the most important contributions of Amadora Empreende were AUDAX's support on the Business Plan Design (making it more credible and reliable to financial institution), and its help on defining the business idea, and training.

Training was pointed as one of the most important features by entrepreneurs without any previous academic background related with business/management, stressing the importance of business theory (Marketing, Finance, Accountings, Legislation...).

*“Training was the most important part of the program. Besides knowledge on business management theory, entrepreneurs realize that there's a lot more on business besides money”* (Luís Compadrinho, promoter of Dr. Informático). Inversely, Training was considered not being so relevant for those who already had business education.

For other entrepreneurs, Counseling and Monitoring and network and visibility (such as going to TV programs, conferences and other entrepreneurship's events) as well as the confidence and optimism to launch their idea, were also relevant contributions.

Project	Contribution for local development
<b>Projecto Mínimo</b>	Residual
<b>Dr. Informático</b>	Presence of an additional sustainable company Only computer store in the neighborhood Job creation
<b>Soluções Eficientes</b>	Presence of an additional sustainable company Job creation Discounts
<b>Solução Estores</b>	Residual
<b>Mini-Mercado Euro-África</b>	Presence of an additional sustainable company Job creation
<b>Espaço Bolo</b>	Job creation
<b>Apoio Saúde</b>	Presence of an additional sustainable company
<b>Portal Aventuras – WPG</b>	Presence of an additional sustainable company Job creation

**Table 7 - Perceived contribution for local development**  
**Source: Data Collected through interviews**

Interviewees hesitated on their answers. Generally speaking, they don't consider their companies to be a significant provider for Amadora's development. As major contributions, they mention job creation and the presence of new company/business in the neighborhood. Promoter of Soluções Eficientes applies different prices to people from Amadora, sometimes 50% discount, and some services for free.

### **Comparative analysis**

In the final part of the interview, entrepreneurs were asked to rank the success factors and the success barriers, using a list of factors arising from the literature review. With closed questions, it was possible to limit the individual's subjectivity and try to find what are the most important factors, both from Amadora Empreende and from the Entrepreneur (itself and environment), that contribute for the companies' success. The same rationale was used to rank the success barriers, although only concerning the Entrepreneur and its environment.

### Success Factors – Comparative Analysis

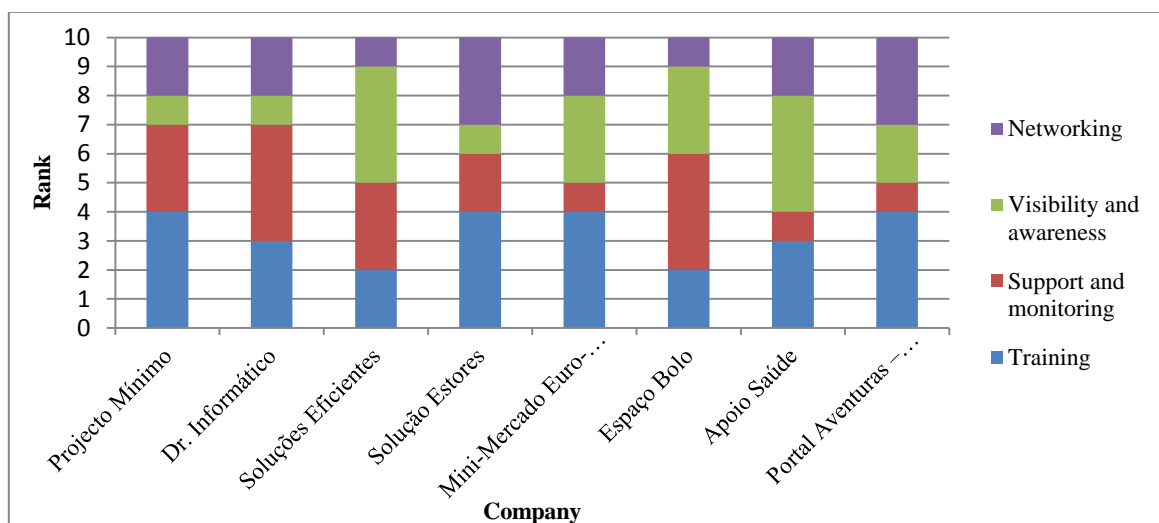
Success factors were ranked from the most important (4) to the less important (1)

- **Success Factors – Amadora Empreende**

Project	Training	Support and monitoring	Visibility and awareness	Networking
Projecto Mínimo	4	3	1	2
Dr. Informático	3	4	1	2
Soluções Eficientes	2	3	4	1
Solução Estores	4	2	1	3
Mini-Mercado Euro-África	4	1	3	2
Espaço Bolo	2	4	3	1
Apoio Saúde	3	1	4	2
Portal Aventuras – WPG	4	1	2	3
Average	3,25	2,375	2,375	2

**Table 8 - Success factors classification: Amadora Empreende**  
Source: Data collected through interviews

On average, Training was pointed out as the most significant contribution for the business success (3,25), followed by Support and monitoring and Visibility and awareness (both with 2,375), whereas Networking comes in the last place. Networking was never categorized as the most important feature. Training was graded in first place to entrepreneurs who don't have any previous academic training on basic theoretical concepts of business management.



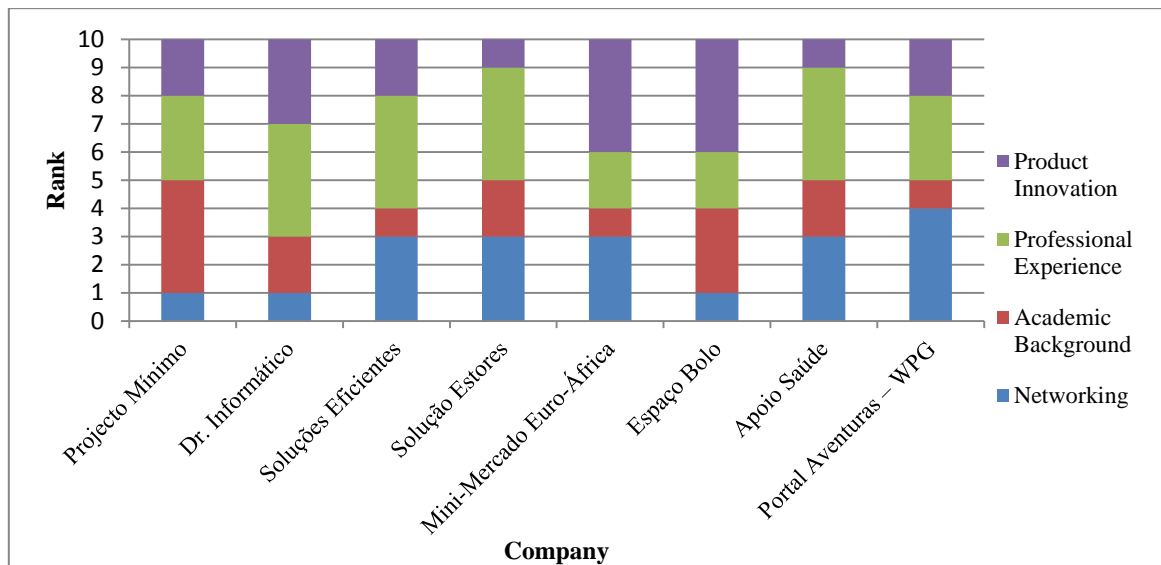
**Graphic 3 - Success factors contribution: Amadora Empreende**  
Source: Data collected through interviews

- **Success Factors – Entrepreneur**

Project	Networking	Academic Background	Professional Experience	Product Innovation
Projecto Mínimo	1	4	3	2
Dr. Informático	1	2	4	3
Soluções Eficientes	3	1	4	2
Solução Estores	3	2	4	1
Mini-Mercado Euro-África	3	1	2	4
Espaço Bolo	1	3	2	4
Apoio Saúde	3	2	4	1
Portal Aventuras – WPG	4	1	3	2
Average	2,375	2	3,25	2,375

**Table 9 - Success factors classification: Entrepreneur and Business Conditions**  
**Source: Data collected through interviews**

Professional Experience was ranked as the most important factor (3,25), followed by Networking and Product Innovation tied up with 2,375, and finally, Academic Background with 2. In general, entrepreneurs stressed the importance of creating a business in something a person is experienced, skilled and good at it. It’s already an advantage to face market competition, as well as, offering a quality product/service with something different and original.



**Graphic 4 - Success Factors: Entrepreneur**  
**Source: Data collected through interviews**

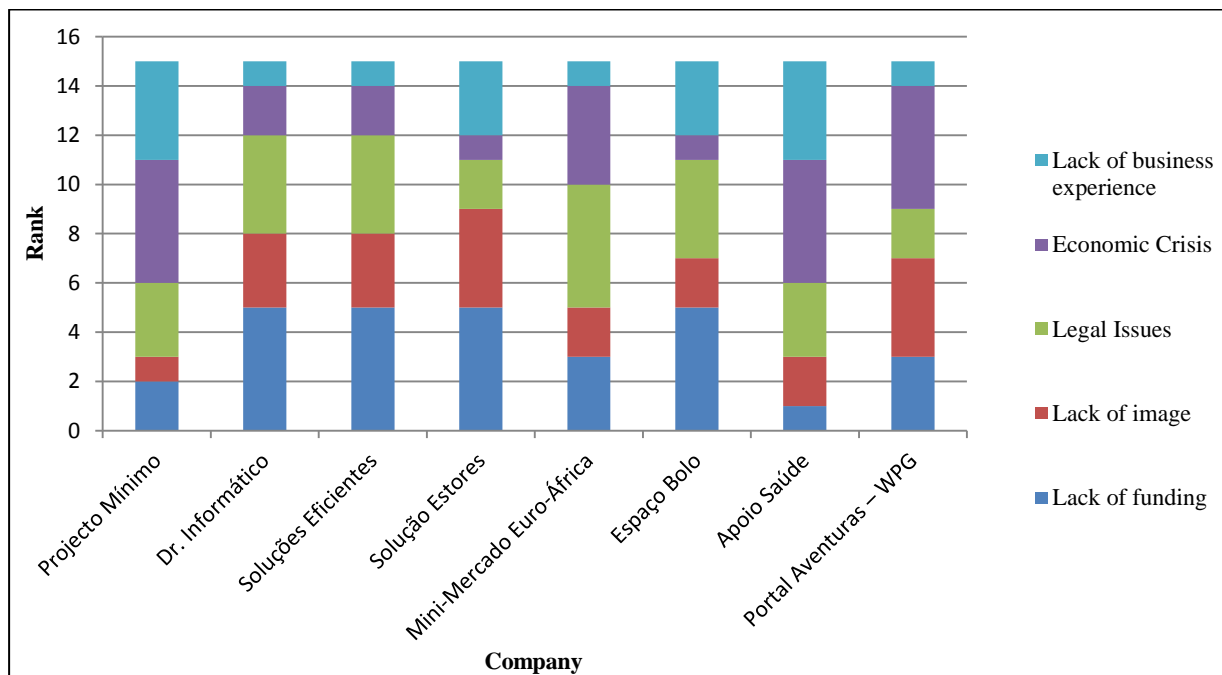


### Success Barriers – Comparative Analysis

Success Barriers were ranked from the most critical (5) to the less critical (1)

Project	Lack of funding	Lack of branding	Legal Issues	Economic Crisis	Lack of business experience
Projecto Mínimo	2	1	3	5	4
Dr. Informático	5	3	4	2	1
Soluções Eficientes	5	3	4	2	1
Solução Estores	5	4	2	1	3
Mini-Mercado Euro-África	3	2	5	4	1
Espaço Bolo	5	2	4	1	3
Apoio Saúde	1	2	3	5	4
Portal Aventuras – WPG	3	4	2	5	1
Average	3,625	2,625	3,375	3,125	2,25

**Table 10 - Success Barriers Classification**  
Source: Data collected through interviews



**Graphic 5 – Success Barriers**  
Source: Data collected through interviews

On average, lack of funding is the most critical barrier (3,625), followed by Legal issues (3,375), Economic Crisis (3,125), Lack of image (2,625) and Lack of business experience.

As interesting inputs, some entrepreneurs, due to the nature of their business, perceive the economic crisis as an opportunity (and not as a barrier). Another mentioned barrier was the prejudice that some foreign entrepreneurs felt when they wanted to start their own business.

### 6.7.5 Discussion

Crossing both quantitative and qualitative sources of information, results provided are many. The number of implemented/under implementation projects has risen from the beginning, except a slight decrease of the number of under implementation projects between the second and third editions.

In general, companies created and sustained by the program, are mostly micro companies, from many different business sectors. The ones interviewed operate under a low cost-business models, practicing affordable prices to public in general – assuring a good relation price *versus* quality, with a good use of networks and partnerships to make their business more flexible to customers' needs, and also more affordable. Quality, creativity and continuous improvement were also pointed as crucial factors to assure business sustainability. However, some of them are experiencing some difficulties to grow and expand their businesses, mostly due to lack of budget (note that among a set of factor, funding was ranked as the most crucial barrier) and to hire someone else; or lack of time to, simultaneously; handle the company's management and being “the employee” lack of branding, some bureaucratic issues, among other obstacles.

Most important contributions for business development pointed by the interviewees are training (as most of them don't have business management academic background), help on the business plan design and mature the business idea. Other pointed contributions were marketing and project visibility, the awards given.

Therefore, about contribution for local development, Amadora Empreende didn't contribute directly with cash flows to Amadora Municipality, but adding value through the creation and development of new sustainable companies having more people employed. Furthermore, those who chose to withdraw the program or suspended their projects, were also trained with key entrepreneurial competences to detect business opportunities (whether in the context of entrepreneurship or intrapreneurship), and find new ways of value creation and innovation (AUDAX, 2012).

## 7 Conclusions

Social entrepreneurship is highly discussed nowadays and its practice is getting more and more attention due to its potential on addressing social problems and enriching communities and societies. Big progresses are being achieved in this area.

However, this topic has still much room to evolve as the research under this subject is still in an embryonic stage. Within the scientific community, there's still a lack of consensus regarding the concept itself; it is still diffuse with several interpretations. The absence of theoretical support on this subject has a natural reflection in the real world, as many people are not aware of its existence.

This study sheds light on social entrepreneurship theory. How it appeared, and its connection and contribution to local development, namely through initiatives that encourage and foster social integration of people at risk through self-employment or creation of own company. An example of such initiatives is the Municipal Program Amadora Empreende created and designed by CMA in partnership with AUDAX (ISCTE-IUL). It was also conducted a study of the national and local context in which the program takes place. The analysis of the national entrepreneurship's context allowed the author to have a global perspective of the phenomenon in the country – Portugal. Additionally, in a more detailed way, it was described the local framework – Amadora: its historical-cultural context, its demographic aspects and its business fabric – in which, under this scenery, social entrepreneurship's initiatives, such as Amadora Empreende, can bring up and potentialize the region, benefiting inhabitants, companies, and the territory itself.

Amadora Empreende has already three years of existence, which was suitable to perform an evolution of the program's outcomes. Therefore, an extensive study concerning the program was made, in which concept, goals, participants, *modus operandi*, selection stages, among other aspects were described. However, the program's research was mainly focused on the aggregation and analysis of the results of the three editions. The data was aggregated and accurately analyzed recurring to both quantitative (number of implemented companies, withdrawals...) and enriched with qualitative data of real life experiences from participants of the several editions.

As Amadora Empreende is not a profit oriented program, it didn't represent any direct cash flow to Amadora. It contributed for local development of the Municipality through the

creation and development of new sustainable companies having more people employed. Furthermore, those who chose to withdraw the program or suspended their projects, were also trained with key entrepreneurial competences to detect business opportunities (whether in the context of entrepreneurship or intrapreneurship), and find new ways of value creation and innovation.

Taking into account the aforementioned and the observed results, one can conclude that the Municipal Program *Amadora Empreende* is a successful case of social entrepreneurship.

## **7.1 Contributions and Recommendations**

The present research contributed to the intent of exploring the potential of social entrepreneurial initiatives; to getting to know what social entrepreneurship is all about, which discussions are being held concerning it and to putting it together with a practical example of its application – Project *Amadora Empreende*, including the aggregated results of three editions analyzed together with the entrepreneurs themselves and having their feedback.

This study is also a way to expose that social entrepreneurial projects are, indeed, a way to promote social inclusion through business creation. It also provides true life experiences of the entrepreneurs. This work led to some interesting conclusions about the companies' profiles, success factors and barriers, as well.

Maybe, this study can also contribute to spreading up the idea that social entrepreneurship can be an alternative to promote local development, and perhaps, apply this kind of projects in other Municipalities (taking their features into account).

This paper intends not only to enlighten social entrepreneurial projects but also to create awareness on the subject and hence, opening doors to future research.

The future development in this area can go through a bigger disclosure of social entrepreneurship's concept whether made by scholars, but mostly by managers and the general public since it's them who are the major beneficiaries of its potentials.

On a different level, for social entrepreneurs who intend to develop a program like this one, the experience taken in *Amadora Empreende* and the selection of the entrepreneurs' ideas should be demanding (one of the reasons for the program's success). Many withdrawals were related with the fact that the program didn't respond to the initial expectations, for e.g. many potential entrepreneurs confused a social entrepreneurship program with financing.

Creating commitment to the project could be a solution, mostly, on the entrepreneurs' side. It is a truly valuable resource having people "feeling" the project, and what is being done, as their own.

Other recommendations include taking the opportunity to learn and to share knowledge of the entrepreneurs' experience. Probably there's no one better than them to evaluate and provide feedback to the program, but, more importantly, to inspire and share their experience in a social entrepreneurship program and as entrepreneurs. Besides the richness of content that their testimonials could bring to the academic world, it is also a way to disseminate and encourage the entrepreneurial practice within the youngest public.

## **7.2 Limitations**

Scarcity of reliable information about the social entrepreneurship's concept and implications was one of the most significant limitations found during this research. Also, due to the newness of the concept there is still too much confusion and discussion around the concept's definition itself. Consequently, literature regarding social entrepreneurship's contributes to local development is not quite developed as well and for this reason, deep and trustworthy studies of practical examples of social entrepreneurship projects are not easily accessible.

*Amadora Empreende* is already on its third edition, but the program has been held by different people which, necessarily, made that some of the details regarding the program got lost in people's memory. There's a lack of accurate and complete data concerning 2008 and 2009 editions, namely the project's current status (the more recent data concerning projects of 2008 and 2009 editions is from December 2010). Some aspects, such as the evolution of all stages of the program couldn't be evaluated.

The number of interviews to the suggested AE's projects by AUDAX was dependent on the time and availability of the entrepreneurs. For this reason, eight interviews were realized.

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## **9 Annexes**

## **Annex I**

### *Interview Script*

**Name of the Company:**

**Amadora Empreende Edition (year):**

#### **I – The Entrepreneur:**

- Age
- Academic Background
- Professional Experience

#### **II – Company/Organization Profile**

- Could you kindly provide a brief description of the company/business?
- Date of creation
- Main motivations to start the project
- Number of employees
- Sales/customers/activity growth...
- Funding?
  - Sources?
  - Main difficulties?

#### **III - Success factors**

- What are the business's strengths? (the most important ones)
- Which factors contributed most for the business' difficulties?

#### **IV – Main difficulties**

- What are the business' weaknesses?
- Which factors contributed most for the business' difficulties?

#### **V – Business and local development**

- How do you perceive your project as contributor to Amadora local development?

#### **VI – Business and Amadora Empreende**

- What were the main contributions from this program?

VII - Consider now the following factors and rank them accordingly to their importance for your project's success.

- Amadora Empreende
  - Training
  - Support from consultant (s) and monitoring
  - Visibility and awareness
  - Networking
  
- Entrepreneur
  - Networking
  - Academic Background
  - Professional Experience
  - Product/Service innovation

VIII - Consider the following factors and rank them to their degree of importance for your project's main difficulties<sup>11</sup>.

- Lack of funding
- Lack of image
- Legal issues
- Economic Crisis
- Lack of business experience

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<sup>11</sup> Common categories mentioned by the several Entrepreneurs during the respective interviews.

**Annex II***Amadora Empreende Finalists*• **2008 Edition**

<b>Business Idea</b>	<b>Promoter(s)</b>	<b>State (Dec 2010)</b>
Multiclean - Limpezas domésticas	Hugo Albino	Discontinued
Time2Shine	Nádia Silveira e Márcia Silveira	Discontinued
Rissóis e Companhia	Ana Cristina Baioa e Nuno Souta	Implemented
SPOT X - Ski Skate Amadora Park	Dulce Pereira	Implemented
AFIDGREEN	Lutegarda Justo e Rui Pinto	Implemented
FAR - Recursos Pedagógicos	Ana Rita Fouto	Implemented
ATL	Maria Teresa Figueiredo	Suspended
KangooJump	Azize Dauto e Maria de Paiva	Suspended
Babysitting	Maria Helena Caçador	Suspended
MFO - Mediação e Orçamento Obras	Carlos Jacinto	Suspended
Apoio Domiciliário	Anabela Cecílio	Suspended
Papelaria da avó Inha	Carmem Almeida	Suspended
Jocata-Arranjos de Costura e Electrodom.	José Teles e Tânia Teles	Suspended
A & C Contas - Contabilidade	Cátia Barbas, Ana Caetano e Fernando	Suspended
NO3 – Comunicação	Luis Dias e Tiago Antão	Suspended
MicroBio - Lab. Microbiologia Alimentar	Patrícia Oliveiras, Marisa dos Santos e Dora Augusto	Suspended
Aloha Café	Constância Isabel e Madaleno Eufrásia	Suspended
Tecla F – Comunicação	Diana Maria Martins Moreira	Suspended
Loja de artigos feitos à mão ou papelaria	Cátia Patrício	Suspended
TECHLACE	Eduardo Pereira	Under implementation
KOMET	João Frias	Under implementation
Projecto Mínimo - Arquitectura	Alberto José Mendes e Rita Maria Costa	Under implementation
Dr. Informático	Luís Filipe Compadrinho	Under implementation

**Table 11- AE's 2008 Finalists**  
**Source: Teixeira (2010)**

- **2009 Edition**

Business Idea	Promoter(s)	State (Dec 2010)
Larens Coffee	João Morais Sarmento	Discontinued
Papelmania - Papelaria	Ricardo Gonçalves e Carla Gonçalves	Implemented
Delicious Planet Lda - Website	Henrique Henriques	Implemented
Vitralíssimo	Ana Lambin Padrão	Implemented
Soluções Estores	Estores Arlindo Faria	Implemented
Construção Civil	Carlos Oliveira	Implemented
Construção Civil	Paulo Ferreira	Implemented
Atelier de Costura	Nadiya Stafiyuk	Implemented
AmadoraPME - Portal Web	Fabricio Ottoni	Implemented
MEDULA	Mário Pereira	Implemented
Soluções Eficientes	Marcio Neves	Implemented
Pizzaria/Hamburgaria Sábi	Sabi Vera e Cátia Moutinho	Implemented
Minimercado EuroAfrica	Isaura Cabral e Nuno Santos	Implemented
TEXTonline - Prod. Conteúdos Website	Maria Leonor da Silva e Paulo Lourenço	Suspended
Central SOS	Maria Teresa Pacheco	Suspended
Bem me Quer	Marilene Benevides	Suspended
Paradise	João Maria Araújo	Suspended
DiSekre - Outsourcing de Secretariado	Simone Galvão	Suspended
Associação "Ser Diferente"	Patrícia Ribeiro e Raquel Monteiro	Suspended
Florista	Susana Castro	Suspended
A+ Arquitectura	David Bergano e Maria João Gomes	Under implementation
ADER, Lda. - Energias Renováveis	Amadeu Castro S. Dias	Under implementation
Crescer C'Arte	Marta Duarte	Under implementation
Construção Civil	Emiliano Semedo	Under implementation
L&L CIC - Centro Internet e Cópias	Gualter Cruz e UldeMaya Rompão	Under implementation
Yorkpinta	Olimpio Cravid	Under implementation
Animal Village - Hotel para Animais	Luis Batista Ana Belchior	Under implementation
Propriedades Oliveira	Ana Rodrigues e Nuno Oliveira	Under implementation

**Table 12 - AE's 2009 Finalists**

**Source: Teixeira, 2010**

- **2010 Edition**

<b>Business Idea</b>	<b>Promoter(s)</b>	<b>State (Feb 2012)</b>
Portal Aventuras e WPG	Nuno Miguel Neves	Implemented
OF Produções	Ossman Idrisse	Implemented
Pedro Bento Fotografia	Pedro Daniel Bento	Implemented
Apoio Saúde	Cláudio Ramos	Implemented
Circuito 2Cv	Rui Manuel Fonseca	Implemented
Associação Mafalda	Cristina Nunes	Implemented
Nabor Soluções	José Nabor Ferreira	Suspended
Decisões e Soluções	Elsa Silva, Gilberto Silva	Suspended
Activar Social	Ana Tavares, Carlos Veiga, Sandra Silva	Suspended
Faz Tempo	Anabela Correia	Under implementation
AngoTour	Domingos Conceição	Under implementation
Alcione Beauty Space	Letícia Alcione Narciso	Under implementation
Bota Canos	Nuno Miguel Peneda	Under implementation
Espaço Bolo	Sérgio Cruz, Telma Luzia	Under implementation
Portugal na ideia	Susana Bastos Morais	Under implementation
FM Consulting	Francisco Martins	Under implementation (outside amadora)
Loja de Tecidos	Silene Skajko	Under implementation (outside amadora)

**Table 13 - AE's 2010 Finalists**  
**Source: AUDAX 2012**