OPPORTUNITY SEARCH AND DEVELOPMENT IN SOCIAL ENTERPRISES

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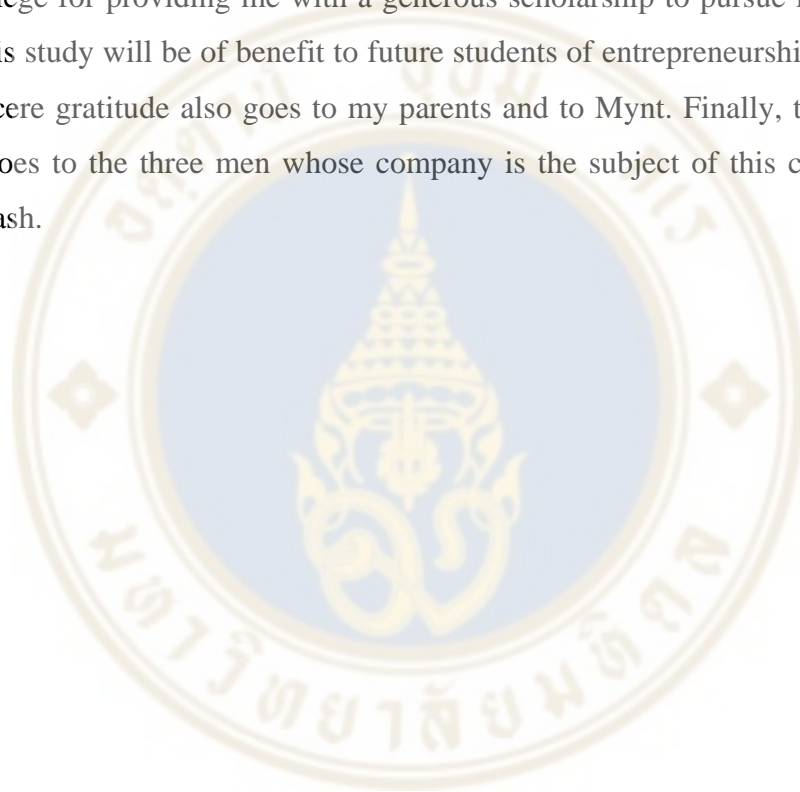
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ABSTRACT

The purpose of this paper is to document in a case study and analyse one online travel firm's search for opportunities while operating as a social enterprise. Data for this paper was obtained using a qualitative methodology interviewing the firm's founders. The data is presented as a case study based on interviews conducted with the founders of the enterprise and tells a chronological narrative of how the business was set up and run. This research found that the entrepreneurs were committed to operating as a social enterprise that creates value for their hosts and have been able to serve a sizable number of customers with unique experiences and continue to expand based on new opportunities. The research was deliberately limited to one firm in order to understand how one firm works. Comparative studies could be areas for future research. This paper provides an understanding of how a social enterprise in the tourism industry operates develops opportunities to create social value. This paper adds to the existing literature on social entrepreneurship and opportunity search and development.

KEY WORDS: Social Entrepreneurship / Opportunity Search / Entrepreneurship / Tourism / Opportunity Development

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CHAPTER I
INTRODUCTION

1.1 Introduction

A famous quote from Heraclitus goes: "In searching out the truth, be ready for the unexpected, for it is difficult to find, and puzzling when you find it." Opportunities in business may not be directly like searching for the truth in the pre-Socratic sense but based on all the recent debates out there, it might as well be just as challenging and nuance laden. The academic debate on whether opportunities are already out in the wild waiting for the taker or they have to be created and nurtured for eventual sale to the end user is fascinating according to Alvarez and Barney (2007). This paper is one such story of a group of entrepreneurs and the process they went through from an idea that was in its infancy just a few years ago to a fully functional multi-national business that now spans across several countries.

Tourism is widely acknowledged as one of the leading business sectors in the modern economy. As more and more people have the financial ability to travel there are greater opportunities for entrepreneurs to look for opportunities to serve the ever-changing needs of tourists. This case study is a study of how a business was formed by a young group of entrepreneurs who saw there was a niche market that could be built using their own experience as a launch pad.

1.2 Introduction to the Case

Backstreet Academy is a startup based out of Singapore, that was a founded by three entrepreneurs who met at university in Singapore. Two of the founders are brothers from Nepal who went to the same university where they met their future friend and business partner.

The company they founded now offers unique travel experiences for travelers from across the globe in a number of cities in South Asia and South East Asia. They organize small hour-long to daylong activities that allow tourists to directly interact with local craftsmen and artisans who have skills they can share in the form of cooking classes or craft making. What is fascinating is their business grew out of their own experiences as passionate travelers but also their ability to see the opportunity at the right time as demand for boutique travel experiences around the world is on the rise. Travelers in search of unique experiences that are not offered by travel agencies. Not only are these entrepreneurs offering a unique experience but they also aim to directly create an impact on the communities that serve tourists. They offer direct cash payments from the tourists to local artisans and craftsmen who offer their services to tourists. By acting as the medium for access between artisans and tourists, Backstreet Academy sees itself as not only as a business in the business of pursuing profits, but also making an impact on the lives of people who would otherwise have limited participation in the booming tourism market. They market themselves as a social enterprise that is committed to building a business that is sustainable but also creating positive social change. They have been able to quickly traverse borders by opening new locations where they offer their services.

From a research perspective, this case is of particular interest in the areas of social entrepreneurship and opportunity search. Both these topics are fascinating as standalone research areas but the nexus of these two is one that bears promise as a research area.

1.3 Background

Opportunity recognition and development have become an area of keen academic interest as entrepreneurship itself becomes a well-established area of study (Ardichvili, Cardozo, & Ray, 2003; Sarasvathy, Dew, Velamuri, & Venkataraman, 2010; Shane & Venkataraman, 2000). Although opportunity recognition and development have been studied at length in traditional businesses, there is still a relative lack of research into social entrepreneurs who tend to differ from traditional entrepreneurs (Austin, Stevenson, & Wei-Skillern, 2006). There have been some studies that have

attempted to build theory on opportunity recognition in social entrepreneurship using mostly inductive studies and these studies in turn have left the door open for further research and theory building (Ardichvili et al., 2003; Corner & Ho, 2010; Lehner & Kansikas, 2012). The subject is also gaining prominence in entrepreneurship studies as seen in the volume of articles published on social entrepreneurship is on the rise (Hill, Kothari, & Shea, 2010).

Some studies on social entrepreneurship suggest that social entrepreneurship is a subject that is still in a pre-paradigmatic state lacking a clear definition with a variety of fragmented views from every direction (Lehner & Kansikas, 2012). This has led to critics questioning the very validity of the subject because there is not enough written about it. However, there is enough evidence to pointing that social entrepreneurship is a serious area of study with definitions and areas of exploration that add to the entrepreneurship literature in general. Although there is very little work done on opportunity recognition and development among social entrepreneurship, there is room for debate, discussion and research (Short, Moss, & Lumpkin, 2009). Sarasvathy's work on opportunity recognition is rich with data that opens up opportunities for future research to be carried out in a similar fashion among social entrepreneurs.

This paper intends to explore how social entrepreneurs recognize and develop opportunities they come across. This paper will explore where the social entrepreneur fits in the scope of a Schumpeterian entrepreneur who exploits opportunities by innovating. Scholars of social entrepreneurship agree that there is a need for opportunity recognition among social entrepreneurs to be considered differently than that among traditional entrepreneurs(Dorado, 2006).Scholars also agree that entrepreneurs do exploit the opportunities they come across (Corner & Ho, 2010). This paper, however, drawing from frameworks from commercial entrepreneurship literature will answer the research question: how do social entrepreneurs explore, recognize, and develop opportunities. The focus will very much be on the exploration, recognition, and development of opportunities by one group of entrepreneurs who see themselves as social entrepreneurs.

Entrepreneurship studies has studied the idea of opportunity recognition for some time now and scholars like Drucker and Sarasvathy have made significant contributions to how entrepreneurs perceive and take advantage of opportunities that

they come acrossbut their contributions have been limited to commercial entrepreneurship (P. F. Drucker, 1998; Saras D Sarasvathy, Dew, Velamuri, & Venkataraman, 2003). Opportunity recognition in commercial entrepreneurship has seen further growth with more scholars researching how entrepreneurs explore and develop opportunities across various sectors and across borders (Ardichvili, Cardozo, & Ray, 2003; Eckhardt & Shane, 2003; Zahra, Korri, & Yu, 2005). The establishment of entrepreneurship studies programs at universities itself is a testament that the entrepreneurial process itself can be taught in the hopes of transferring that knowledge to students who can then go out into the world and start their own ventures.

However, in this exciting new field of study, a new stream of literature has begun to emerge where entrepreneurs might be driven to do business to create social value. Started mainly by players in the non-profit sector, these firms were generating profits to support their non-profit work or to create greater value for the producers who might come from poor backgrounds (Dorado, 2006; Leadbeater, 1997). Organizations like Oxfam have been around for a long time selling second hand clothing to support their UK and international charity work. Grameen Bank is another famous success story that provides micro loans to women who would otherwise not have access to traditional financial institutions because they lacked collateral or were not trusted by existing banks. Grameen's model of business has now been replicated in dozens of other countries and it has been the subject of numerous academic studies for applying a for-profit business model to serve the needy (Mair & Marti, 2006). Despite success stories and research into these businesses from the point of view of traditional commercial entrepreneurship, there is room for research on how entrepreneurs recognize and develop opportunities that create social value.

The volume of scholarly literature produced on commercial entrepreneurship dwarfs the amount of literature on social entrepreneurship, but a growing number of scholars have begun to say that even though the commercial entrepreneurship literature can be applied to SEs, opportunity recognition by social entrepreneurs are not the same as their commercial counterparts (Austin, Stevenson, & Wei-Skillern, 2006; Corner & Ho, 2010; Mair & Noboa, 2003). Creation of social value is at the heart of social entrepreneurship and this alone has led scholars to note that opportunity recognition is not the same as in commercial entrepreneurship. The impetus to start an SE could be

sparked by the entrepreneur's desire to address a social problem that exists in the market (Dees, 1998). Other factors like institutional barriers may also contribute to individuals wanting to start ventures that create social value (Robinson, 2006). Enterprises have to deal with barriers that are social or institutional because they are usually embedded in a social context (Robinson, 2006). Some scholars have also argued that social entrepreneurship opportunities are often exploited in collectives rather than by individual entrepreneurs (Lehner & Kansikas, 2012). Development of opportunities is different from recognizing them and there is a need for further research that focuses on the development stage (Ardichvili et al., 2003).

The case analyzed in this study began with a mission to create value but as the business has grown it has explored business opportunities like a for-profit enterprise to transform itself into a sustainable business. This paper will examine a firm that began with the mission of creating social value and has grown significantly in the last year while keeping its social mission alive to some degree. The firm is registered in Singapore and was established by three friends who attended university together. The company is registered as a for-profit enterprise in Singapore and has funding from angel investors and from the founders themselves.

Now, with a strong cohort of scholars already engaged in the study of opportunity recognition and development in entrepreneurship the debates are only getting more engaging and the air is getting clearer on what is it that an entrepreneur does to recognize and develop opportunities. The gap that this paper will address is by theory-building on development of opportunities with a case study. There is still a lack of clarity whether a social entrepreneur follows the path of a discovery or creation (Lehner & Kansikas, 2012). Digging deeper into the thought process and the actions taken by these entrepreneurs would help to shed light on which side of the spectrum they work in, or if they even stick firmly to one side of the debate.

1.4 Statement of the Problem

There is still a large gap in the knowledge when it comes to understanding opportunity development in social enterprises. Opportunity recognition is gaining traction as a field of enquiry and although cognitive science and management have

looked at how entrepreneurs behave and explore opportunities, there is still a lack of understanding of the opportunity development stage. Although it is a subject of interest to scholars of entrepreneurship, what we know about the processes and the dynamics of a new social enterprise creation is limited.

1.5 Purpose of the Study

The purpose of this study is to further existing knowledge on opportunity recognition and development. This paper intends to build theory with the use of a case study. This paper will contribute to further understanding of social entrepreneurship. The case selected is an internet startup with a significant offline presence. The organization was founded in 2013 by three students who attended university in Singapore. The startup runs an internet based booking service that allows travelers to book unique experiences like cooking classes, printmaking, and art lessons when they visit tourist destinations in South East Asia like Cambodia, Laos, and Vietnam. Using in-depth interviews with the founders, this paper aims to build theory on opportunity identification and development. The study will provide a look inside how these entrepreneurs recognized and developed opportunities in countries like Laos, Cambodia, and Vietnam using the internet to connect users with local artisans. The case study will document their growth since their inception and add to what we know about opportunity recognition and development. However, it will be difficult to generalize the findings of this study because the purpose of the study is to contribute to build theory rather than test theory.

1.6 Significance of the Study

The gap between the poor and rich is ever increasing in growing economies in South East Asia and increasingly entrepreneurs are turning to technological solutions that can bridge the gap between producers and consumers. The traditional way of doing business will not go away any time soon but increasingly entrepreneurs are using non-traditional means to contribute to the benefit of small individual producers. By acting as a medium between existing firms and customers, companies like Uber and Grab Taxi have upended the way people do business. They have been able to recognize

imperfections in the market with an acute eye for problem-solving. Having a better understanding of opportunity development through this case will not only add to how much we know but also how policy makers can support firms and create mentoring systems that enable entrepreneurs to help small producers access markets that existed but had not been tackled in novel ways.

1.7 Primary Research Question

As this is a qualitative study, it does not have a testable hypothesis so for now we will assume we have a null hypothesis. The research question will be simply to develop a case and build theory. This paper will attempt to answer the primary research question:

How do social entrepreneurs recognize and develop opportunities?

1.8 Research Design

The case study method allows a deeper understanding of what's going on inside a single situation (Eisenhardt, 1989). This paper asks how and what questions, and decisions that were made by the entrepreneurs which are dependent on the context the firm operates in (Baxter & Jack, 2008; Yin, 2013). The case study employed explanatory methods because of the causal links between the actions of the participants and their outcomes.

The participants in the case study will include the three founders of the firm. The instrumentation included a set of open-ended questions that were administered over several meetings on Skype.

1.9 Theoretical Framework

This research will draw on existing literature from both the commercial entrepreneurship literature on opportunity recognition and from social entrepreneurship literature. As the research is more interested in building a subjective theory based on

analysis of the case, existing theory will serve more as guides than direct the direction of research. As the research is primarily concerned with understanding a process and the context surrounding that process, any theory that may arise from this analysis will be a subjective one.

1.10 Definition of Terms

Entrepreneurial Opportunity: This paper will use the definition of opportunity as where new ideas will lead to economic ends with use of said ideas, with a focus on beliefs and actions that lead to those desired economic ends (Saras D Sarasvathy et al., 2003).

Social Entrepreneurship: "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" (Zahra, Rawhouser, Bhawe, Neubaum, & Hayton, 2008).

CHAPTER II
LITERATURE REVIEW

2.1 Social Entrepreneurship

A famous paper by Milton Friedman bears the title "The Social Responsibility of Business is to Increase its Profits" and the paper goes on to extol the free market values of corporations not having any social responsibilities, because only individuals could have social responsibilities not corporations (Friedman, 2007). However, other scholars argue that social benefits and profit-making cannot be disparate entities, they almost go hand in hand (Venkataraman, 1997). There is an upsurge in the number of companies that actually want to do good and the values of founders who are driven by the desire to do good is reflected in the way companies are set up and operate. There are well-established examples in the first world: like that of Oxfam, a charity that generates profits through the sale of donated goods but uses generated profits to support its charitable activities. With the rise of enterprises that have slowly begun to question whether justifying each business action should be motivated by profits. Leading scholars have joined in the discussions around the subject of social entrepreneurship (Zahra, Rawhouser, Bhawe, Neubaum, & Hayton, 2008). Many of the charitable organizations operating a business with a social mission may be doing so to achieve financial sustainability (Haugh, 2012). One of the simplest propositions made to define SEs has been to characterize them as profit making businesses that also aim to create social value (Robinson, 2006).

Zahra et al. (2008) found that there are four identifiable forces that have sparked interest in creation of businesses that focus on creating social value. They identify economic liberalization, shifts in demography, institutional and state failures, growth of corporate social responsibility programs among existing business, and advances in technology as key factors that have spurred new businesses that seek to create social value. These factors have contributed to social enterprises popping up in very well-developed economies in Scandinavia to the back alleys of urban cities in South East Asia.
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2.2 Rise of Social Entrepreneurship

Nicholls (2006) notes that the growth of social entrepreneurship has drivers both on the supply side and on the demand side. The overarching role and strength of large corporations on the supply side and the dramatic rise in income inequality and competition of resources have meant that there is increasingly a role for entrepreneurs who want to address this discrepancy. Nicholls (2006) says on the supply side there are a number of factors that have facilitated social entrepreneurship including: *increase in per capita wealth* which has meant *improved social mobility*; *increase in democratic governments* around the world; increased power of multinational corporations; *better levels of education*; and *improved communications*. On the demand side some of these drivers have been: rise in *health and environmental crises* worldwide; rise in *economic inequality*; *inefficiencies in delivery of public services*; *rise of free market policies* and reduction of size of government; *resource competition*; and a more sophisticated role of NGOs around the world (ibid.).

2.3 Who is a Social Entrepreneur?

According to Leadbeater (1997) a social entrepreneur is *entrepreneurial*, *innovative*, and *transformatory*. The following is further explanation of each aspect of the definition:

Entrepreneurial: They are entrepreneurial because they are able to meet needs using resources that may be underutilized.

Innovative: They are innovative because they are able to introduce new products and services in the market that allow users to deal with problems in a new way.

Transformatory: Social entrepreneurs are transformatory because they transform the way an institution works, moving from an old-fashioned way of doing things to becoming dynamic and forward thinking organizations and change the community around them for the better(Leadbeater, 1997).

Dees (1998) ties the definition of social entrepreneurship to the desired qualities in an ideal social entrepreneur who takes of the role of change agent. Although it is not possible for an aspiring social entrepreneur to tick all the boxes in the definition

but accomplishing them would enable them to be a social entrepreneur. Below are some of the points covered by Dees (1998), who says that a social entrepreneurs should be:

1. Driven by a mission to create and then sustain social value;

2. Always pursue new opportunities that serve their mission;

3. Continuously innovating and learning to improve their product or service;

4. Bold to pursue their mission while not being tied down by the resources they have available to them; and,

5. Be able to show a high level of accountability to the people whose lives they aim to impact.

2.4 Defining Social Entrepreneurship

Much of the literature on SE is centered on defining what SE actually is (Dacin, Dacin, & Matear, 2010; Mair & Marti, 2006). There is some debate as to what the concept of social entrepreneurship actually is. Some see SE as traditional entrepreneurs who have good corporate social responsibility while some other scholars view SE as the non-profit sector getting involved in profit-making ventures to support their non-profit activities (Austin et al., 2006; Baron, 2006; Weerawardena & Mort, 2006).

So far the definition of SE has been centered on the entrepreneur and many of these definitions are shaped by what the motivations of these entrepreneurs (Dacin et al., 2010). This should be essential for the purposes of this paper because earlier definitions of SE will serve as a roadmap for this research.

Below is a sampling of various definitions that previous studies have come up with to define social entrepreneurship. It must be noted that these definitions are primarily centered on the entrepreneur rather than the enterprise as a whole.

This paper will utilize this last definition proposed by Zahra et al. (2008) as their definition is one that covers processes that an organization has to go through to discover and exploit opportunities and also "enhance social wealth."

2.5 What is a Social Enterprise?

According to the Social Enterprise Initiative at Stanford University, a social enterprise can fall under three categories. They can be organizations: for profit and addressing social issues using their resources; non-profit organizations that start their own for-profit venture; or non-profit organizations that begin a for-profit to earn income to support their activities. Shaw and Carter (2007) have compiled some of the common characteristics of social enterprises:

1. They all work in very complex fields with a variety of clients and stakeholders,

2. As they are trading organizations, they make operating surplus by the direct production of goods or provision of services,

3. They tend to have clear goals of creating social value like creating jobs, and are committed to building capacity of their stakeholders,

4. They have autonomous operations and distribute profits to their stakeholders.

2.6 Classification of SEs based on Mission Orientation

SEs can be divided into three based on their motive according to Alter (2007). First, a mission centric social enterprise that is created to further the social mission of the parent organization, while in the mission related enterprise activities are related to the social mission of the main organization. In an enterprise that is unrelated to the mission as the name suggests is purely to generate profit to fund the parent organization's activities (Alter, 2007). However, this classification based on orientation assumes that SEs are extensions of non-profit organizations, but this classification could be a useful lens to analyze the case as profit and the social mission are integral pieces of the puzzle in the case presented in this thesis. Grassl (2012) writes that any promising model for a social enterprise must fulfill a set of conditions including: a) it must be driven by its social mission, b) it must have positive externalities for the people it is supposed to benefit, c) it must be competitive in the market and d) it must be entrepreneurial.

2.7 Value Creation in a Social Enterprise or Social Bricolage

The concept of bricolage comes from Strauss (1962) and refers to "making do with what is at hand." Although the concept itself comes from philosophy, it has been applied in entrepreneurship studies to study businesses that operate in places where resources are scarce (Garud & Karnøe, 2003). It has been proposed that when entrepreneurs running businesses in situations where resources are scarce by trying new combinations of existing resources, they are actually making use of unused contributions made by other firms (Di Domenico, Haugh, & Tracey, 2010; Garud & Karnøe, 2003). Studies have further taken this idea of making do to extending what limitations that may be imposed on entrepreneurs by restrictions in the existing environment (Baker, Miner, & Eesley, 2003). Di Domenico et al. (2010) concluded that there are there characteristics among social enterprises concerning value creation and these are: a) making do, b) refusal to be constrained by limitations, and c) the ability to improvise.

2.8 Entrepreneurial Opportunity and Opportunity Creation

Entrepreneurial opportunities are "situations" in which goods or services can be sold at a price higher than what it may cost to produce them even though opportunities are objective phenomena that may exist all along but aren't necessarily know to all (Shane & Venkataraman, 2000). The most succinct definition to date on entrepreneurial opportunity from Venkataraman (1997) says it "consists of a set of ideas, beliefs and actions that enable the creation of future goods and services in the absence of current markets for them" (Sarasvathy & Venkataraman, 2011). Their take on opportunity is that has an opportunity is an opportunity when one can perceive it as one and actually act upon recognizing that opportunity; and, in their view entrepreneurial opportunity consists of:

1. Novel ideas or inventions that have the possibility to achieve some economic ends using that idea or invention;

2. Believing that valuable ends can be achieved; and,

3. Taking actions to achieve those ends through the use of goods, services, and the markets. (ibid.)

Businesses and potential entrepreneurs are in constant search of opportunities and on a certain level both commercial and social entrepreneurship share a similar DNA in terms of opportunity. However, opportunity is one dimension where the two differ most significantly, as commercial entrepreneurship is driven by search for new needs and finding breakthroughs, meanwhile social entrepreneurship attempts to use innovation and technology to serve needs that have been around for a long time and those needs can be very basic in nature (Austin et al., 2006). To illustrate this point, take for example the invention of commercial drones that are catching on like wildfire in the photography and hobbyist communities. Although aerial photography has been popular for a long time, companies were able to design products that created a need for amateur photographers and enthusiasts alike to own drones. Likewise, a social entrepreneur might design a simple plastic straw-like device that purifies water as you drink through it, making clean access to water available to people in developing countries that constantly have to suffer from water borne illnesses. Ideally, social entrepreneurs choose to pursue opportunities that use resources to maximize positive social value (Austin et al., 2006).

Opportunity recognition and development are key aspects of entrepreneurship. How do entrepreneurs discover or recognize opportunities and develop them have not only become key areas of interest for study but there are also several streams of debate that argue the process of recognition vary. In fact opportunity is probably the most debated and central idea in the study of entrepreneurship. In the past, there was greater emphasis on identifying entrepreneurs themselves, but that focus has slowly moved towards the relationship between entrepreneurs and opportunities (Eckhardt & Shane, 2003; Short, Moss, & Lumpkin, 2009). This nexus, as it has been called, between entrepreneurs and opportunity encompasses some of the crucial aspects of entrepreneurship on how entrepreneurs look for or search out opportunities, remain alert to recognize opportunities that they come across and the previous knowledge or social networks the entrepreneurs may have (Baron, 2006).

Whether an opportunity is stumbled upon by an entrepreneur or is it developed over a period with an entrepreneur, building on ideas is a fascinating dichotomy. That dichotomy has been referred to be like the difference between climbing a mountain and building one (Alvarez & Barney, 2007). While climbing a mountain because it is there is like finding opportunities using any means possible, building one takes time

and opportunities emerge as you go along the building process (ibid). Exploring how the entrepreneurs in the case built their company over a period will shed further light onto whether they climbed a mountain that was there or they had to build one. Much of the literature on opportunity has focused on discovery or climbing the mountain (Shane & Venkataraman, 2000). Discovery theory as opposed to creation theory states that opportunities exist independent of entrepreneurs (Alvarez & Barney, 2007). This is an exciting debate and the framework should be an interesting avenue to explore because the theoretical understanding of discovery entrepreneurship is already quite solid.

The theory of entrepreneurial opportunity recognition and development has several models that exist and more often than not there are conflicting views out there and each of them have based their theoretical models on disparate fields ranging from Austrian economics to the cognitive sciences (Ardichvili et al., 2003). De Koning and Muzyka (1999) have shown the role of social networks on opportunity recognition based on a study of 10 serial entrepreneurs. Empirical research shows that entrepreneurs do have more diverse social networks than those who are not entrepreneurs (Renzulli, Aldrich, & Moody, 2000).

Some scholars have even gone as far as to say that entrepreneurs are better at pattern recognition, which suggests ability to see patterns in unrelated trends that upon first sight appear not to be related (Baron, 2006). Pattern recognition was based on previous research on cognitive psychology but others question its validity because there is lack of empirical research to suggest why one entrepreneur might be better at recognizing patterns than another (Dyer, Gregersen, & Christensen, 2008).

In the early 90s, there was empirical research that was first conducted to understand this process of how entrepreneurs search for and identify opportunities (Kaish & Gilad, 1991). This was one of the first papers to actually empirically test theoretical models on opportunity search and it found that entrepreneurs enthusiastic at gathering information and that social networking was not as important as previously thought (Kaish & Gilad, 1991).

Perhaps the most interesting work on opportunity discovery and development has been done by Sarasvathy and her cohorts. Sarasvathy et al. make a strong argument that there is a big gap between the moment of technological innovation and the markets

that come to be formed because of the product, and they claim this gap in knowledge can be explained or filled by entrepreneurial opportunity (2003). They draw their definition of entrepreneurial opportunity from Venkataraman (1997) as: "…a set of ideas, beliefs and actions that enable the creation of future goods and services in the absence of current markets for them."

Sarasvathy et al. propose that there are three distinct "views"on entrepreneurship. All of the views proposed come from three works in economics that tackle with the idea of uncertainties in the economy. The three possible paradigms of entrepreneurial opportunity they propose are opportunity recognition, opportunity discovery and opportunity creation (ibid). For the purposes of this research we are more interested in opportunity recognition. Sarasvathy et al state that this view holds that "opportunity has to do with the exploitation of existing markets" as both supply and demand exist the only that remains is that the entrepreneur has to recognize that opportunity and set up a firm to match supply and demand.

2.9 Opportunities and Entrepreneurial Intentions in Social Entrepreneurship

There are two interesting theoretical arguments that grapple with opportunities in SE. What is presented above puts an emphasis on the relationships that exist between the individuals and opportunities. Robinson argues that in contrast to existing literature on opportunity creation, discovery, and development, social entrepreneurial opportunities are out there in the wild but not everyone can see their existence Robinson (2006). These opportunities tend to exist in the social sector that are heavily under the influence of entry barriers in the form of institutional and social factors (Mair, Robinson, & Hockerts, 2006). Robinson says that SE should be looked at as how entrepreneurs address social problems while market entry barriers in the form of social and institutional barriers. Personal experience in the form of networks and work experience are contributing factors that determine whether a social entrepreneur is able to discover an opportunity or not (Robinson, 2006).

Interestingly, Mair and Noboa (2003) take a slightly different approach by exploring how social entrepreneurs form the intentions to create an SE. Building on existing work on planned behavior by Ajzen (1991), they suggest that intentions to

start and SE comes from perceptions of desirability, which in turn are influenced by attitudes like moral judgment and empathy, and also by factors like self-efficacy and support received socially (Mair & Noboa, 2003; Mair et al., 2006).

2.10 Conceptual Framework

This paper will analyze the data collected with the framework shown in figure 2.1. The opportunity identification process is divided into two steps where the first step is about generating ideas that are promising in nature. The second stage is developing those ideas into opportunities that can then be translated into pursuit of opportunities. This framework from Guclu, Dees, and Anderson (2002) provides a clear breakdown of this the opportunity identification and development process that incorporates a number of factors that include both the individual entrepreneur's cognitive process as well as environmental factors like social and institutional barriers that may exist as seen in Robinson (2006).
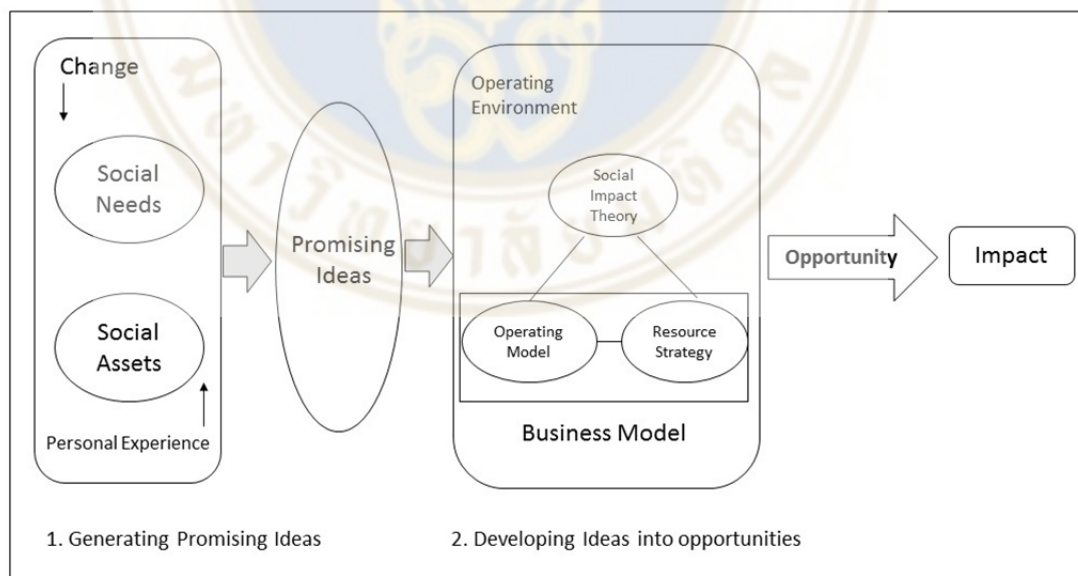

Figure 2.1   Conceptual Framework adapted from Guclu et al. (2002).

1. Step 1. *Generating promising ideas*

- *Personal experience* is a common current that runs through much of the opportunity recognition literature (Saras D Sarasvathy et al., 2003). Entrepreneurs who find that the current status quo is not solving the problems that exist in society can often find inspiration from those situations (Guclu et al., 2002).

- *Social Assets* is a more positive assessment of what resources or assets a region, group, or community may possess (Guclu et al., 2002). Rather than looking at a situation only as one riddled with problems, entrepreneurs instead can look at what assets might already be existing. It can be in the form of human resources, particular skills, enterprising spirit that an entrepreneur may come across. Guclu et al. (2002) cite the case of Mohammed Yunus who came across women who had strong entrepreneurial spirit but were too poor to win the confidence of traditional financial institutions.

- *Social Needs* are needs that need to be met in order to achieve a particular desired state. Without a clear understanding of what the customer or the market needs, it is not possible for the entrepreneur to come up with suitable products or services that will properly serve a customer (Guclu et al., 2002).

2. Step 2: Developing Promising Ideas into Attractive Opportunities

Guclu et al. (2002) suggest that promising ideas have a far higher chance of becoming successful opportunities if these promising ideas are developed into opportunities if actions are based on social impact theory with a business model that includes an operating model and resource strategy.

- *Social Impact Theory* is simply put the social impact an SE intends to have with their business idea and is part of the mission of the firm (Guclu et al., 2002). The firm's values and mission are tied to the social impact they intend to have with their business model.

- *Business Model* incorporates the operating model the SE might have and their resource strategy. The operating model is a description of how the SE wants to make a social impact (Guclu et al., 2002). The operating model describes each step involved in the business from the point inputs are made to the business to the output phase.

A resource strategy involves the resources an SE needs to support its business model. Resources like people, partners, and physical inputs are required by the SE to

implement their ideas and once they are put together social entrepreneurs need to figure out how to utilize these resources to support their operating model (Dees, Emerson, & Economy, 2002; Guclu et al., 2002).

CHAPTER III
METHODOLOGY

This study will document the process of entrepreneurial opportunity using descriptive research. The goal of this research is to explore the processes and enterprise went through from the point of its creation to how the entrepreneurs involved found those opportunities and developed them. Data for this research will be collected using case study methodology. Yin (1989) has possibly the most authoritative approach on the why and how of case study methodology. A case study methodology, according to Yin (1989) is of use when:

1. We want to find answers to "how" and "why" questions
2. The context is just as important as the phenomena under study, and
3. Evidence is collected from more than once source.

The case study methodology is especially useful for this research as "(t)he essence of a case study,…, is that it tries to illuminate a decision or set of decisions: why they were taken, how they were implemented and with what result" (Schramm, 1971).

3.1 Research Design

As noted earlier the purpose of this study is to better understand how entrepreneurs operating a social enterprise search for opportunities, discover them, and develop those opportunities. Studying an enterprise itself is not enough because the backgrounds of the entrepreneurs, their social networks, the different environments they have set up their business in are just as important to get a better insight into what processes took place and how they took place. This particular company was chosen due to two reasons. Firstly, entrepreneurs behind the business took what they were passionate about it and were able to grow the business on an international level in a very short period. Another reason was based on access to the entrepreneurs.

After previous attempts to establish access with entrepreneurs based in Thailand, it became clear that access was going to be difficult. There were two other Thai startups that had been approached in the preliminary stages of this research. Both are working in the agricultural sector. Initially, both these enterprises were excited to be part of the study but their interest cooled due to their busy schedules. This led to some time being spent waiting for responses from the previously interested parties. The enterprise being studied came to attention through a Facebook post.

The entrepreneurs were very open to share their story and have agreed to openly communicate over the period of this research to provide as much information as required for the purposes of this research. They granted access to visit their project in Cambodia and were readily available to answer questions online.

3.2 Data Sources

Data collection was done using both primary and secondary sources. Primary data consist of interviews conducted with the key informants who founded the company. Secondary sources are articles written about the company in various news publications and video documentaries about the company. Secondary data was also a guide to prepare interview questions and any follow up questions that may be required to be asked to the key informants.

3.3 Data Collection

Data collection for this study was done using semi-structured interviews. An initial round of questions was asked via email and follow up interviews were conducted over Skype. Two key informants were interviewed for the case. Both key informants are co-founders of the company. The interviews were conducted in early 2016 via Skype and each lasted about an hour. Another round of follow up questions was asked to one of the key informants

3.4 Data Analysis

As the purpose of this research is to understand a process and possibly develop a theory based on a subjective understanding and interpretation of those involved. Existing theory on opportunity recognition and social entrepreneurship served as the foundation for this research but the research was not entirely guided by existing theory. The conceptual framework aims to answer the research question:

How do social entrepreneurs recognize and develop opportunities?

This paper will be analyzed using the opportunity development framework in Guclu et al. (2002). The framework presented in figure 2.2 will serve as a guide to ask questions related to development of promising ideas. Also the assessment of personal experience will play a part in how they developed promising ideas.

A questionnaire was developed to understand to understand the process the firm went through to help with the analysis.The questionnaire is designed with some specific areas of interest in mind. The questions will focus on 4 topical areas and seek to elicit answers that would shed further light on these particular areas: motivation and experience, social entrepreneurship, opportunity identification and development, and internationalization.

CHAPTER IV
THE CASE STUDY

4.1 The Case Study

4.1.1 The entrepreneurs before Backstreet Academy

The story of Backstreet Academy begins with Akash Gurung and Jamon Mok who were running a social venture firm called Gazaab Social Ventures that was functioning as a business accelerator and incubator in Nepal. Jamon was still an undergraduate at Singapore Management University and had founded GazaabSocial Ventures in 2009 while still a student. Gazaab was formed as a platform to offer opportunities for young Nepali entrepreneurs by providing coaching and financing to start their own ventures. Akash Gurung, a classmate of Jamon's came on board to help Jamon things moving. AnilGurung, who is Akash's brother and also a graduate of the same university, was working in Singapore at a large multinational, got on board as well andmoved to Nepal to work as the country director. Gazaab's activities included running business plan competitions for entrepreneurs and they were giving out small grants worth between US$300-700 no strings attached to the winners. Including one location in Nepal, they also opened 2 other locations in India. They were keen to fund ventures that were geared towards generating social value and had listed several investors as backers of their project. However, things were difficult financially because they were finding it difficult to fund their projects due to lack of a reliable source of funds.

It was during this period that Jamon was trying to come up with ideas to support Gazaab that he had a chance encounter while walking to work one morning in Kathmandu. Jamontook the same way to work each morning through an old part of Kathmandu city from his apartment. Every day Jamon passed an old craftsman working at his store, making traditional masks to sell to tourists who walked by on their way to visit a famous temple square nearby. Jamon was curious about the craftsman and his craft so one day he approached the man and asked him if the craftsman would teach

him how to make the masks his sold at his store. For a small fee the elderly craftsman agreed to teach Jamon how to make those masks. Always the one with an eye for business possibilities, he asked the craftsman if he'd be willing to teach others for a fee. And a business was born. Of course there is more to the story than Jamon and the craftsman, but it was the beginning of a business that has been able to grow very quickly since that time in that small alleyway in the backstreets of Kathmandu. Jamon may not have been actively searching for the opportunity, but he was able to recognize that opportunity he came upon and develop and nurture it over time.

4.1.2 The Birth of Backstreet Academy

Jamon took this idea to build a website that would connect travelers with local artisans to his team and they started working on it in Nepal and Singapore. They expected their new venture to have a three-part effect. They called their new venture the 'tourism model' and the first impact they wanted to make was to support the work of their NGO partner in Nepal, the 'Umbrella Foundation' which provided skills-based training to women and disadvantaged people. Second, they wanted to help train young people who could work as guides and interpreters and they could earn an income by working for the startup. Finally, and possibly the most important, was to generate enough income to fund Gazaab's operational expenses (Mok, 2013).

Their plan was to connect small scale businesses in disadvantaged communities to be able to tap into a travel market they thought was under the firm grip of monopolistic travel and tour operators who contributed little direct benefit to communities they operated in. The idea was to create an internet portal that would connect small scale artists, artisans, tour guides who had skills they could share with tourists but did not have the means to connect with visitors.

They had been shopping this idea around for a while and were also entering business plan competitions in order to get funding necessary to get things off the ground. In early 2013, they entered the Lee Kuan Yew Global Business Plan Competition held in Singapore and in August of the same year they won the HSBC Youth Excellence Award and also the most promising entrepreneur award. The win not only gave them name recognition and introductions to the venture capital players in Singapore but also 100,000 Singapore dollars in prize money. They would receive the money in tranches

of 25,000 SGD for each milestone they hit, milestones that were in the form on progress they had made in terms of building their business. With an additional 50,000 Singapore dollars from their families, in late 2013 and early 2014, Backstreet Academy was born.

4.1.3 Scaling Up

Since the Gurung brothers knew Nepal well, the entrepreneurs decided to start the business from Nepal. They quickly went about establishing a base in Nepal and decided to find artisans and craftsmen to be a part of their pilot project. They launched their website backstreetacademy.com in November 2013 and planned to run it as a pilot project for 4-5 months. They wanted their pilot period to be a learning experience to get feedback from their customers and Their first customers were friends. During their initial phase, they wanted to test their hypothesis that this was a service that there was a market for. The results they received came in the form of feedback customers who were starting to provide positive feedback. They had acquired their first customer within two weeks of going live and started receiving reviews around 2 months of going live.

Akash Gurung says, "(w)e tested our hypothesis and based on the reviews we got very good feedback and thought it was a service people wanted and we pushed ahead." (2016)

The three of them set up Kathmandu as their home base and started working with local students and artisans to find unique activities that they could promote on their website. From the very beginning, they were keen to work with local NGOs that worked with socially disadvantaged people, and in Kathmandu they relied on the Umbrella Foundation to recruit artisans. They went about recruiting local artisans in such a way that even people with no access to technology could list their skills and business through their website. Also, they recruited a local manager who could field calls from the 'hosts' running the activities and forward bookings received from the website. Within months of launching in Kathmandu, they launched in Phnom Penh, Cambodia and Pokhara, Nepal.

Since Jamon, Akash, and Anil had chosen to be as mobile as possible by handing off local operations to local managers and themselves working like digital nomads, they quickly moved on to Cambodia and Western Nepal. Being able to work

independently allowed the founders to quickly spread the number of locations offered because each one of them could travel to set up bases of operation. While Anil moved to Pokhara in central Nepal, Akash moved to Phnom Penh in Cambodia to set up offices there.

In line with their plan, they moved to these towns, befriended staff at NGOs and organizations that provided support to local artisans and craftsmen. They also got to know local expats and travelers by befriending people at local hostels they stayed at. Akash says he hopped from one hostel to another while in Phnom Penh to know as many people and hostel owners who could give him as much local knowledge and the tourist industry there. Backstreet Academy teamed up with a local NGO called Khmer Life in Phnom Penh to recruit local artisans to expand their operations. They also hired local staff using internet recruitment sites to have a support staff member in the local community.

After they felt they had a relatively reliable local staff running local operations in Nepal and Phnom Penh, the three co-founders moved on to Rajasthan in western India, Siem Reap in Cambodia, and LuangPrabang, Laos. Anil was in charge of setting up the business in Rajasthan while Akash was in charge of getting their base set up in Siem Reap. Akash moved to Siem Reap and built a relationship by scouting out local handicraft makers and artisans. He got in touch with the Angkor Handicraft Association, a local NGO, and set up his base at their offices where he recruited a local manager through an online job portal. Partnering with the Angkor Handicraft Association helped them to quickly get in touch with artisans and find students to work as interpreters. Akash described this relationship as a win-win for both Backstreet Academy and the Association because the Handicraft Association could further its mission to help local artisans promote their products.

Similarly, Jamon was in charge of building the business in LaungPrabang in Laos. Being based in three different places allowed them to move quickly and also learn from mistakes they made. While Jamon and Akash had a fairly pleasant experience in South East Asia, Anil had to deal with bureaucracy and red tape in Rajasthan. Their operations in India were more difficult because of government red tape that required permits for every business decision they wanted to make like renting office space and hiring local employees.

Once they were satisfied with the setup of their operations in those locations and had placed they moved on to Vientiane and Hanoi carrying out their operations as they had done previously. From there, they moved on to Quay and Hoi An where they similarly pushed for rapid expansion and signing up of hosts.

For 2016, they are focusing on expansion in Thailand, the Philippines, and Indonesia. Anil is based in the Philippines working on establishing the business in Cebu. Akash has set up base in Jogjakarta working to set up their business there and Jamon is in Chiang Mai. They have already hired staff at these new locations and are focused on these locations for now.

Although they were not open to share exact amounts and figures in terms of revenue and customers served, they did provide rough approximations of figures that were available up to March of 2016. Up to that point they had served about 7,000 individual customers. Over the course of a year, between March 2015 and March 2016, they had generated around SGD 100,000. Around half of that amount went to hosts, a number that is around SGD 40,000. Translators received between 10-20% of that amount, transport operators received 10-20% and Backstreet Academy received the rest. In locations where they do have full time local staff, the fixed costs are around SGD 500, and they are already cash-flow positive.

4.2 How Backstreet Academy works

A user of Backstreet Academy is able to access their services via their website at http://backstreetacademy.com. The website at first glance appears to be like any other website listing travel services. The website provides an overview of the various activities one can take part in various cities. These activities are listed as experiences rather than tours or activities. Activities range from learning how to make bags to lessons in Cambodian boxing. All experiences are run by independent 'hosts' and Backstreet Academy acts as an interlocutor and portal between a host and a client. Each experience is marketed to prospective clients with an interesting back story about the host and pictures of the experience. Each experience page provides rich description of what the client can expect and is accompanied by testimonials of previous clients who'd participated in the experience.

4.2.1 How the hosts are listed

The company does make a distinction when it comes to how the hosts are listed on its website. Hosts are categorized based on certain criteria established by the company. 'Backstreet Experience' hosts are those who have been identified, trained and recommended by the company. Backstreet Academy founders usually base themselves in a particular city for several months at a time and develop partnerships with local NGOs that may have access to local artisans and crafts producers. Through these local NGOs, they are able to establish a list of artisans who would be suitable for recruitment. Usually local NGOs are eager to promote local artisans and are keen to help local craftsmen and artisans find new clients for them. Connecting with Backstreet Academy offers NGOs to share their local knowledge and help their beneficiaries find new ways to be productive. These local NGOs, which will be described in greater detail in the discussion, are the company's key resources when it comes to establishing a foothold in a new city.

Hosts listed under the 'Backstreet Experience' receive training from the company on how to organize activities for their guests, coordinate with local staff, and receive regular monitoring visits from the company staff to evaluate performance. They also provide assistance in handling visits by clients and regular visits to ensure performance quality and assess any needs the hosts may have.

4.2.2 Operations

The firm is fully managed by the three co-founders who base themselves in different cities around Southeast Asia. Each co-founder bases himself in one city to build the business for a period of 6-12 months and then moves on to the next city to open up business there. Jamon Mok is usually the one living in Singapore to take care of back of the house business like taking care of the finances and payroll.

Apart from the 3 co-founders who work full time for the firm, there is also a manager each in Laos, Vietnam and Cambodia. The managers are scouted through local job search websites and tend to be hired when a co-founder moves to a city to find an office. The managers are responsible for contacting hosts, hiring facilitators, contacting guests, and scheduling activities and making sure that things run in a timely fashion.

The managers and the co-founders hold weekly Skype meetings to monitor progress. Each month the managers are wired their salary from Singapore.

Facilitators work freelance for the company and there are about 10 in each city the firm operates in. The facilitators work on a need basis and tend to be college students. The facilitator's responsibilities is responsible for interpretation, introducing guests to the host, and making sure that activities are completed in a timely fashion. The host is responsible for paying the facilitator and the amount paid to the facilitator tends to be above the market rate wages for people his/her age. One young woman interviewed in Siem Reap said she was earning over US$ 100 per month on during the peak season. Each host is responsible for paying a facilitator upon receipt of payment from a guest.

4.2.3 Technology

Technology plays an integral role in smooth operation of the company. The firm's website features a live chat feature where an interested guest can ask questions regarding services on offer. All bookings are done via the company website and the booking fee is transferred via PayPal electronically. Local managers receive their salary electronically each month. The firm receives feedback electronically from its guests and some of them are then used to market their services online as reviews. All operations are managed remotely and the managers communicate with the founders on the internet.

CHAPTER V
ANALYSIS AND DISCUSSION

From the case study, it is clear that Backstreet Academy fits neatly into the framework outlined in figure 2.2 by Guclu et al. (2002). The founders knew what their own personal experience was and were able to properly assess the needs and assets of the people they wanted to benefit while generating promising ideas that they could then develop into opportunities that were translated into business decisions. The analyses below is divided into two parts. The first deals with the idea generation process based on the conceptual framework and the second part analyses the data to better understand the process of developing those ideas into opportunities. Finally, there is a discussion on three themes that emerge from the data.

5.1 Generating Promising Ideas

5.1.1 Personal Experience

Personal experiences can be significant when it comes to motivating an entrepreneur especially when the entrepreneur is attempting to generate ideas that can later be developed into an opportunity. We can go back to the very beginning of this paper and recall the moment of epiphany when one of the founders happened to be walking past a craftsman making masks.

All three of the founders are avid travelers and have spanned the globe as backpackers. Their love for travel is not limited to simply visiting places but interacting with locals and getting the most of their experience and most existing travel businesses were not able to meet the authentic experience they wanted to have. Anil says:

"We didn't have prior experience in the travel market per se, but we are avid travelers and we have extensive experience working in developing countries with BOP (Bottom of the Pyramid) entrepreneurs…we wanted a way to connect with amazing

locals who can provide a unique and authentic experience plus make an impact wherever we were traveling through. We noticed that locals who had the potential to offer unique experience to travelers weren't able to do so either because of language issues or the inability to utilize technology in marketing to tourists….In a way, we built this product for ourselves to discover new and interesting people and experiences and enable us to travel responsibly by enabling direct revenue sharing with the locals." (2015)

All three co-founders have personal experience in entrepreneurship as they previously ran Gazaab Social Ventures, an incubator and startup accelerator in Nepal. It was their initial search for options to fund Gazaab that led them to come up with what Jamon called the "tourism model" (A Singaporean Abroad, 2014).

5.1.2 Social Assets

Backstreet Academy's founders were convinced from the very beginning that people in these communities had skills and talents they could share with others for a price. It is clear from their experience running Gazaab Social Ventures that there was a lot of entrepreneurial energy in Nepal. Also, there were educated youth who spoke English and could be trained to work as translators and office managers.

5.1.3 Social Needs

They knew from personal experience that places they wanted to invest in were people with tremendous amount of talent they thought that could be experienced by others but there wasn't a medium available for them to share their skills with others. The places they operate in are almost entirely in countries with low levels of development. By correctly assessing the assets and the needs of their hosts, they were able to generate promising ideas as theorized by (Guclu et al., 2002). Social needs in their eyes were clearly to include those who had been left out of the tourism industry simply because they were too poor, not profitable to large tour operators, or because they could not speak proper English. These people want to make an honest living but cannot due to "mistrust, scams, lack of education & technology" (Mok, 2015). However, Mok was convinced that customers are increasingly demanding unique experiences that have a story behind them and also have an impact on those who provide those services.

5.1.4 Change

Creating social change is one of the fundamental outcomes that social entrepreneurs aim to achieve and P. Drucker (2014) says entrepreneurs are constantly searching for change and make it an opportunity they can then exploit. The change the founders behind Backstreet Academy saw was that increasingly travelers were seeking out unique experiences to take part in rather than just what's sold in brochures. Also, they wanted to make a direct impact on the lives of those who live in poverty or near-poverty conditions despite having work skills.

"A billion people still live under the poverty line and tourism is one way many of these people are trying to make a living from. They are however unable to due to the mistrust, scams, lack of education & technology. The disappearance of arts, tradition and culture is another problem as youth search for better paying prospects elsewhere, leaving them behind." (Mok, 2015)

5.2 Opportunity Development

After an analysis of the idea generation stage we can now explore how the SE fits into the opportunity development framework adapted from Guclu et al. (2002). If the entrepreneurial action has a strong grounding in social impact theory and business model there is a better chance of the business succeeding (ibid.).

5.2.1 Social Impact Theory

Backstreet Academy from day one has been focused on carrying out their business with creating a social impact in mind. One of their key principles as a company is to work with individuals and communities to:

"(help) them to access the tourism market monopolized by tour agents, building better livelihoods an dignity through providing them with education, training, income and respect. We do this through our special program where these individuals are classified as BA Hosts (Backstreet Academy Host) who provide activities that are labeled as 'Backstreet Experiences' on our site. Through this program we allocate facilitators who will act as the translators for a BA Host booking, as most BA hosts cannot converse in English and we do not want language barriers limiting their ability

to access the tourism market. In addition to language, the other major barriers faced by BA Hosts is lack of access to technology and most of them are unbanked. Here again, our BA program also handles all the booking logistics and our model ensures that they are always paid in cash."

Being able to provide hard cash to a partner is crucial because a lot of partners tend to be those without bank accounts. They are introducing individuals into the lucrative travel industry people who would otherwise never be able to participate in the formal economy.

5.2.2 Measure of Success

Although measuring success in a social enterprise is can be challenging, and Alter (2008) assuming that a social enterprise supports a parent organization, a social enterprise that can cover 40 percent of its operating costs would be considered a success. For Backstreet Academy, they do not have a parent organization to support any longer as they have halted Gazaab Ventures for the time being and are focused solely on Backstreet Acadmey. Any profits they accumulate are spent on operations of the company. According to the founders, the company is able to fund itself and grow with income from their earnings at this point. They are already cash-flow positive in every location where they have a fully established operation. However, for further expansion they are in the process of finding investors.

Akash Gurung, one of the co-founders, see success as:

"*…impact we have on local communities. Metrics used to measure the success include, additional income generated for underprivileged hosts in our community, (and) number of local micro entrepreneurs created/supported.*"

So far, the company has been able to directly make an impact on 400 micro entrepreneurs by enabling them to be able to increase their income 2 or three folds. They have also trained upwards of 500 student translators who work part time.

In their data available up to March of 2016, they had served about 7,000 individual customers. Over the course of a year, between March 2015 and March 2016, they had generated around SGD 100,000. Around half of that amount went to hosts, a number that is around SGD 40,000. Translator received between 10-20% of that amount, transport operators received 10-20% and Backstreet Academy received the rest. In

locations where they do have full time local staff, the fixed costs are around SGD 500, and they are already cash-flow positive.

In addition to the cash income that they provide to their hosts, Akash noted that hosts have a more positive outlook on the work they do and their attitude. Akash recalled his experience with a craftsman who suffers from dwarfism in Phnom Penh who now teaches tourists to carve on discarded coconut shells:

"We did a trail with him...We saw tremendous change in him. Before he was shy, didn't make eye contact and it was all new for him. As he got more bookings, he became positive. He has self-dignity now. The NGO (Backstreet Academy's partner) used to give him a place to live and 50 dollars a month. Now he can directly interact with people and he suddenly feels positive."

5.2.3 Business Model and Competitive Strategy

Backstreet Academy's business model has already been discussed at length in the case but it is clear that their involvement with NGO partners like Umbrella Foundation and Angkor Handicraft Association. Their operating model is an ever evolving one that is supported by local staff and their ability to be constantly connected to each other. It is examined in detail below.

The firm's ambitions are not limited by geography and it is clearly visible in the rapid expansion and use of technology to be present in as many markets as possible. However, there is a calculated method in terms of strategy of their plan to work across borders. Akash Gurung reaffirms this by saying:

"Its always been in the plan. Being in several locations allows us to have a network effect, so traveler A in Siem Reap who has done a tour with us, will typically also look for us in Phnom Penh or in their onward travel in Vietnam for example. So that SEA circuit travelers typically do is a good current to ride on as an expansion strategy. We've been experiencing a consistent repeat rate of 20+%."

It is important here to address how Backstreet Academy competes in the market. For them, marketing themselves as a social enterprise actually works to their advantage because they are not necessarily targeting every traveler out there. Akash says their way of maintaining a competitive edge and competing with the traditional online travel agency is to:

"1. Create local suppliers who necessarily don't speak English or have access to technology (which other operators generally avoid) thus giving access to more exclusive experiences.

2. Most (online travel agencies) don't have a physical presence in the places where they offer the tours and activities, in this aspect we take the traditional route and have a local team on the ground which allows us a lot of benefits: constantly being able to improve our products, creating new ones, customer service etc.

3. Hybrid platform, where we are not only a peer to peer platform like trip.me but also create our own products as a company on behalf of our non-English speaking hosts."

It shows that Backstreet Academy actually has a detailed plan to gain competitive edge because promoting themselves as a social enterprise is beneficial, but they need to have a unique product offering with tangible benefits for the customer. Simply promoting itself as a social enterprise does not give it a competitive edge, so it has to go the extra mile to find its niche in the market. Perhaps their biggest advantage compared to competitors is the local manager and the facilitator system. Since the co-founders keep track of the managers, and the managers keep the facilitators in tab, the company can offer a superior product.

5.2.4 Resource Strategy

Dealing with local bureaucracy, registration of new business, language barriers, taxation are some of the issues that SEs have to deal with as barriers to market entry. Also, as stated by Guclu et al. (2002) SEs need to put together physical and human resources to implement their operational plan.Backstreet Academy faced their own set of challenges when working in different countries.

Language was one major issue for the company. Since they operate in mostly Southeast Asian countries and they do not speak the local languages, they had to struggle to establish a rapport with potential hosts. They recruited the help of local NGOs who tend to have English-speaking staff that were able as intermediaries. Also, they recruited locals who had experience in the travel industry and spoke English to act as country staff that helped facilitate their entry into a new market.

Dealing with bureaucratic hurdles was a significant challenge to the company. While some countries like Vietnam and Cambodia were more welcoming, working in countries like India was a major challenge. Since each founder goes to one location to start the company, Anil was sent to Udaipur in India. Udaipur is in a desert city in Western India. Besides the difficult living conditions, Anil had to constantly deal issues relating to bureaucracy in India. He says:

"*We knew it was part and parcel of the plan. In Udaipur, just to rent an office I had to go to a court with a lawyer because I couldn't rent a space without permission from the court.*"

They didn't face many hurdles related to taxation. The company is a registered in Singapore and in each of the countries it operates in. As the company is headquartered in Singapore, they have to adhere to strict Accounting and Corporate Regulatory Authority standards. The company pays all the necessary local taxes so it takes care of the back of the house business for its hosts so they do not need to worry about filing local taxes.

When asked if the company had faced any major setbacks in the time they have been in business, Anil replied:

"*No major setbacks as such. Setbacks are when a new idea we spend a lot of time and energy on gets implemented and we don't see the results we expected.*"

In order to tackle some challenges the company is looking for additional funding from an investor with experience in the travel sector. They want to find an investor who can mentor them to better understand demand and marketing.

Another co-founder, Akash, said that marketing the product to its target customers is a major challenge. He says:

"*Creating the demand which essentially boils down to marketing. 1) because the travel industry involves a moving market, meaning, the potential customers are always in a new geographic location and never stay too long in one place 2) having a presence in numerous cities presents new challenges, meaning, what works in one city doesn't necessarily work in another, although SEA might appear to be a homogenous market which we learnt the hard way isn't. 3) as a young company, how to you get noticed quickly in an industry that have players who have been around for decades, primarily,*

creating a credible front so that people are at least willing to give us a shot and see that we are indeed awesome!"

5.3 Discussion

From the case study and the analysis using the conceptual framework from Guclu et al. (2002) that opportunity search and development in an SE is fascinating and is dynamic and not always a linear process.

From the findings it is clear that the social enterprise under analysis is fits characteristics of a social enterprise under existing theoretical frameworks. The steps it has taken and continues to take are driven by individuals who are constantly innovating, using technology to the most and are rapidly expanding internationally because that is integral to their opportunity search process and action.

While the case study itself gives a clear picture of how the business was born from the need to fund their previous venture, there are also some interesting themes have emerged. There are three particular themes below.

- *Theme 1:* Backstreet Academy's operating model, where the founders work as "tech nomads" allows them to scale very quickly.

- *Theme 2:* As Backstreet Academy's model is easily replicable, their social impact theory can have an impact in many locations without being limited by geography.

- *Theme 3*: Opportunity development is dynamic process that sometimes means the firm has to go back and reassess its resource strategy as seen from the case study.

The above three themes are drawn from data collected building the case study.

1. Theme 1: The founders of Backstreet Academy have been exceptionally successful at building a business quickly and in multiple places at the same time. Although their efforts began in Kathmandu, Nepal, what's fascinating is their mobile work style that has allowed them to build a business while not being physically present together at all times at the same place. The founders work independently in different locations but at the same time maintain close contact with each other and with staff on the ground during weekly conference calls. Each one of them has become good at finding local

NGO partners that can rent them office space and each one can set up a local base and use job websites to quickly recruit local staff and translators.

It is necessary to commend their use of technology to remotely manage their operations. It's almost impossible to imagine being able to manage a business with operations as spread out as this one even a few decades ago. The internet enabled them to not only market their product but also do customer relationship management, track performance of different locations, and most importantly manage staff remotely.

2. Theme 2: From the case study it is clear that the social impact that the social entrepreneurs aim to make does not exist in isolation. Their model combined with their operating strategy allows them to quickly spread their operations across borders where the conditions are right. These conditions being a steady supply of tourists and the presence of local art and craftsmaking. Judging from the locations they currently operate in and the kinds of activities they provide, there are already plenty of visitors who and among them are seekers of culture and unique experiences.

3. Theme 3: Opportunity development is a dynamic process and although the entrepreneurs can replicate their model each time they move to a new city there were also challenges that made them reassess their business once they launched. For example, they had difficulties just getting their business started in India because of local bureaucratic hurdles. Also, setting up in a new city each time means that even thoughthey have experience on how to get started, they also need to consider local barriers as South East Asia is not a homogenous market. They do not necessarily trace their steps back to the idea generation phase, but rather deal with social and bureaucratic barriers of entry when assessing their resource strategy.

From the discussion of the themes above it is clear that there are important lessons that can be drawn to further our understand of opportunity search and development in social entrepreneurship. Not only are these processes dynamic and multi-faceted, they are also

CHAPTER VI
CONCLUSION

The purpose of this paper was to build and analyze a case study that would answer how social entrepreneurs identify and develop opportunities. This paper also wanted to understand how a small firm could rapidly internationalize from the point of its inception. The narrow research question allowed for a sharp focus and how the research was carried out.

In summary, the most important findings from the case study were: that firms run by young professionals who are highly mobile have the ability to quickly scale up and move on to new locations. Another important finding was that this firm was able to make social impact and that this model has so far been replicated by them successfully in multiple locations. Finally, this paper found from the case that opportunity development is a dynamic process for this SEs that had to deal with barriers in the market at the operating environment that needs to be reassessed and revisited once entrepreneurs want to move on the new markets.

With frameworks borrowed from existing literature, this paper analyzed the process of opportunity identification and development. The unit of analysis was the enterprise, but it was also necessary to go into motivations of the entrepreneurs based on their personal experiences. Their dissatisfaction with the existing paradigm in the travel industry, lack of satisfaction with their jobs, their previous experience working with disadvantaged groups, and their desire to make a difference all formed their experience. Their intention to create social value and impact is as much a part of their motivation as it is to maximize a return on their investment. They are part of this emerging movement where doing good is not just one part of the mission statement, but it is intertwined with generating profits.

Although this enterprise may have overlaps and differences with other social enterprises that exist in Asia or anywhere else in the world, a case study of it does help to shed light on highlighting the story of one social enterprise that has actually taken bold steps with a very young and small team.

This case highlights that there are opportunities, even for very small firms that would like to create social value and generate profits. Also, in a world that is increasingly moving towards private solutions to public problems, this shows that opportunities do exist when firms are able to tackle existing problems with businesses.

One of the challenges that lie for social enterprises including the one discussed in the case study is how do they stay true to their social mission while pursuing profits. They need specific metrics and tools to measure social impact. As the firm in the case study is registered as a for-profit business, it is already accountable for what profits it generates, but it should also develop a social impact report card which it can then use to market its product to future customers. Based on its performance, the firm is able to meet its operational expenditure from the profits it generates but it should also develop mechanisms to understand and interpret the social good it does.

Another challenge the firm in the case study faces is the lack of a strong mentor. It is possible that social enterprises that are in the process of growing do face a similar challenge. Not being able to tap into a knowledgeable resource for advice and help means the company has to rely on their best judgment, which comes with risks they may not anticipate.

Lack of financing is also another major hurdle. This firm was lucky that it founders with resources to tap into and also a business competition they won at. Other individuals firms may lack resources like these that could act as a barrier for an aspiring entrepreneur.

This research has shown that there are ample opportunities for research in the field of social entrepreneurship and opportunity recognition. Another interesting research idea would be to build similar case studies on firms that operate in the same market and intend to have a social impact. There are several firms that are based in South East Asia and many of them have a hyper local focus. What would be interesting to see is how does a firm like Backstreet Academy compare with another firm that is intentionally limiting itself in geography.

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APPENDICES

Appendix A: Questionnaire

Motivation and Experience:

1. What prior knowledge did you have of the market?
2. What did you do prior to opening this business?
3. Where did you get the money to start your business?
4. What was the role of knowledge from your family business(es) in this venture?

Opportunity identification and development:

5. Do you have a business plan?
6. Define your service.
7. When did you start the business?
8. How did you go about setting up your business?
9. What opportunity does your business address?
10. What makes your business competitive?
11. What challenges did you face when you went into these countries where you set up the businesses?
12. What particular events motivated you to continue building the business?
13. What major setbacks have you faced?

Internationalization:

14. Was working in several countries always part of your plan from the beginning?
15. How do you manage your business and staff members internationally?

Social entrepreneurship:

16. How does your business fit the social enterprise model?
17. How do you measure success?