Evaluating the tension within a not-for-profit organization, when
developing a business model for the maintenance of a
sustainable profitable business venture
This research encompasses an exciting journey in social entrepreneurship. It is based on an in-depth study of a not-for-profit enterprise, with the purpose of developing a social entrepreneurial business model, to achieve sustainability and profitability. In addition, it also evolved into an unexpected, profound study of human interaction and interpersonal relationships, based on trust or, lack of it, with particular focus on the donor - enterprise partnership, and alliances with other key players.

Prior to this research, the CLICK (Community Leadership and Intervention of Crisis for Kids and the Elderly) not-for-profit organization in Israel, was physically and emotionally drained and frustrated with the continual dependence on dwindling government and municipal finances. Traditional funding strategies had been exhausted and did not provide a long term resolution for economic survival in an increasingly competitive environment. CLICK consequently secured donor funding and initiated the beginnings of an innovative risk taking business initiative in the third sector. Conventional business approaches were employed, such as developing a marketing and business plan and using financial indicators to determine the fiscal viability of the venture.

CLICK entered the world of business innovation by developing a creative handicraft factory that manufactured stimulating felt and foam motif self assembling kits, in a large range of colorful sizes and shapes, targeted for the community at large. CLICK aimed to generate revenue, by commercially marketing the handicraft kits produced by volunteer manpower comprised of the elders, learning impaired and dedicated diverse volunteer groups. They represented the vital social capital resource of the local community.

The influence of these social capital stocks on the business development process was subsequently tested. Findings confirmed that particular dimensions of "bonding", "linking" and "bridging" social capital, significantly influenced sustainability and entrepreneurial growth, by providing information and resources, according to a time line. Financial indicators, for example, demonstrated dependence on "linking" capital donor funding, from early start-up until the establishment stage.

These theoretical definitions and distinctive implications of social capital dimensions, started to take on greater meaning, once the people they represented became leading
forces, affecting the overall performance of the enterprise. On realizing this, the business development process subsequently had an amazing turn around of events. A conscious decision was made by CLICK, to be guided by the advice and expertise of a significant social investor. Trust between the two players became a major determining factor in their relationship.

Once a trusting rapport developed between the donor-enterprise, the connection changed from authority and control, to bonding and nurture. The social investor took on the role of adviser, using past business “know-how” to provide valuable information and crucial life support resources to the not-for-profit. Rather than just invest and “let go” the social investor chose to be an integral player in the daily business development process. The social investor’s return on investment was reaping the emotional satisfaction of providing for a social cause, as well as individual self interest. "Donors are motivated as much or more by private benefits of giving (including feelings of personal satisfaction) than by the impacts they may have on public good or charitable output" (Young 2007).

The donor-enterprise relationship nevertheless transpired through numerous turbulent upheavals, plateaus, highs and lows, whereby the social donor did eventually "let go", but only when the venture was truly on its road to self sufficiency.

For CLICK, on the other hand, previously preoccupied with the prevailing aim of sustainability and profitability - making money - this purpose became less dominant as the venture developed. Creating social value was the driving force and the measure of success for the venture. The source and generation of income was no longer the most important factor, but the ongoing innovative ideas to create social projects for the community at large took precedence. This after all, is what social entrepreneurship is all about - creating social impact! Amazingly, many of these social initiatives also unexpectedly accrued revenue for the venture, by developing into marketing strategies and public relation tools for ongoing business development.

The process and unplanned side benefits, therefore ended up becoming of the utmost importance, whereby many people involved in the enterprise benefited on a social, cognitive, physical and emotional level. For example, by volunteering in the venture, the aged and learning impaired were provided with enhanced meaning, value and self worth to their lives. Children in crisis centers and hospitals benefited from creative handicraft puppet making workshops. “Drop out” youths and the elderly in cross generation programs, gained self esteem by donating dolls made from material cut outs manufactured by the enterprise. A national commercial drug company participated in
business for social responsibility, by sponsoring handicraft kits for ailing children in hospitals. These are just a handful of the social programs that developed as "do-good" side benefits from the venture, when revenue and sustainability was no longer the driving force and creating social value took prime importance. The satisfaction gained from this, was the core determinant for return on investment, and the catalyst for ongoing business development and venture growth. After all "earned income ventures are socially entrepreneurial only when they have a social purpose beyond simply making money" (Dees 2003).

The implication of this study is that "social entrepreneurship must be about creating social value, not simply about making money" (Dees 2003). In addition social entrepreneurship also encompasses the added critical notion of interpersonal relationships, the "people" element, characteristic of community development work in the third sector; the driving and influential force that affected overall performance.
ABSTRACT

The third sector in Israel faces a competitive war of survival, to mobilize resources to generate social value. Poverty is on the rise. The disparity between the rich and poor continues to widen. Social welfare, education and health have suffered from enormous budget reductions, creating an ominous burden for the third sector. Not-for-profits consequently need to be innovative to find new methods for sustainability and growth. The enticing challenge of the business world, offers promising hope to initiate resources as a new income generating avenue.

A window of opportunity opened for CLICK, a not-for-profit located in Israel, to test its skill in the business sector. The idealistic cause driven goals of the organization were researched in the following three year longitudinal single case study, where the entrepreneurial tensions between achieving sustainability and growth, while maintaining a profitable business undertaking were assessed.

Drawing on network literature, this thesis examined how different sources of social capital affected venture performance, in specific stages of the business development process. A critical challenge for the developing third sector is to understand the influence of these links on information and resource acquisition and recognizing opportunities. Using case study methodology (Yin 2003), triangulation was achieved through analyzing data from historical documentation, social capital measures and financial indicators. Results showed that "bonding" social capital from family and friends influenced day to day survival, from early start-up until the establishment stage. "Linking" social capital, from people in control of resources and authority, and "bridging" social capital, from ties with other individuals and societies, were particularly influential on sustainability and growth, according to a time line. This study therefore contributes to current network literature, by assessing the various phases of business creation, focusing on the strengths and weaknesses of social capital gauges, such as volunteering, social trust, network frequency and size, as prospective sources of competitive advantage.

Social capital theory also formed direct input to the framework model for the "opportunity creation process" (Guclu, Dees, and Anderson 2002), which demonstrated a
means for social entrepreneurs to create an opportunity worthy to pursue. Building on this method, the concept of social capital was integrated as the social impact theory, when recommending a social entrepreneurial business model for the third sector. This provided a managerial and structural tool, to guide future not-for-profits to adapt to other situations, in balancing the conflicts between mission related social service provisions and developing a business model.
I would like to thank my wonderful family, amazing staff and devoted volunteers for their commitment, diligence and timeless support to the CLICK not-for-profit organization.

I would like to sincerely thank the social investors for their inspiration, shared vision and financial support that enabled the development of this exciting social venture.

I would like to thank Professor Murray Gillin for his professional guidance, support and ongoing encouragement, and Professor Liora Katzenstein, for providing the inspiration and motivation to write this thesis.
DECLARATION

This thesis does not contain any material which has been accepted for the award to the candidate of any other degree or diploma, except where due references are made in the text of the thesis.

To the best of my knowledge, this thesis contains no material previously published or written by another person, except where due reference is made in the text of the thesis; and where the work is based on joint research or publications, it discloses the relative contributions of respective workers or authors.

Signed by:

Linda Mosek
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1. INTRODUCTION

1.1. Background Information

The harsh reality of modern day Israel, illustrates a country that has moved from a once socialistic society, to a nation where the disparity between rich and poor continues to widen (Israel Finance Ministry 2000). "Once the most egalitarian society in the developed world, Israel is now among the least so" (Hirschberg 2003). The bank of Israel portrays a devastating picture, of an unequal and fragmented society, whereby almost one out of five families lives below the poverty line, a total of 1.32 million citizens out of 6.5 million people, demonstrating a three fold increase from 1988-2001 (Hirschberg 2003). "Every fifth family in Israel is considered poor and every third child" (Sinai 2006).

The topical vote for the Pensioners Party, in the 2006 national election, echoes abhorrence for the current social condition, whereby twenty five percent of retirees survive below the poverty line (Sinai 2006). "A socioeconomic earthquake that has rocked Israel since the start of the 21st century" (Sinai 2006) caused mammoth cutbacks in social welfare, education and health budgets. This created serious implications for the not-for-profit sector, which balances diminishing government funds with a mounting demand for welfare service.

This is a world-wide trend due to increasing not-for-profits competing for funds (Schoning 2003). Social service organizations are consequently becoming more business orientated and innovative by developing commercial strategies, such as franchise models to initiate resources as new income generating avenues. Today the knowledge of business skills has therefore become a crucial reality for a not-for-profit to mobilize resources in order to enhance social value.

The continual competition between charitable organizations for grants, donations and government funding, plus the increase for more accountability to these funding bodies, advocates the necessity for voluntary groups to be innovative, creative and risk taking (Brinckerhoff 2000). “Competition rules the day. No longer is it "not-for-profit" organizations competing against other "not-for-profit" organizations. Today it is "not-for-profit" organizations bidding against other "not-for-profits", for-profits and even government entities” (Dees, Emerson and Economy 2002). Not-for-profits consequently
need to labor much harder and “smarter” in order to attain their goals and fulfill their mission (Flanagan 1991).

1.2. The CLICK Not-For-Profit Organization

The CLICK (Community Leadership and Intervention of Crisis for Kids and the Elderly) not-for-profit, founded in Israel in 1983, to meet the increasing needs of children from families in stress and the aged sector, faces and copes with such demands. Given the current socio-economic climate, pressures were placed on the organization to develop methods of self sufficiency. Scarce resources promoted CLICK'S innovation to mobilize its own assets, when a window of opportunity opened for the organization, to establish an innovative handicraft manufacturing factory. The aim being to become a sustainable and profitable in-house industry, based on reinvesting the profits to cover expenses of the business enterprise. Monetary gains thereof, would also aid current activities operated by CLICK, and ultimately be a spin off to fund future community social welfare programs. CLICK had a successful track record in community based project development and resource recruitment. The organization had completed preliminary market research and initial analysis of potential markets for handicrafts, and believed they offered promising opportunities for future project development.

The progress and outcome of the CLICK business enterprise, has been historically documented in the following three year single longitudinal in-depth case study that tested the research question: How do social capital stocks influence sustainability and entrepreneurial growth in a not-for-profit organization? It evaluated the tension within the CLICK not-for-profit organization, when developing a social entrepreneurship process and testing an entrepreneurial business model, for the maintenance of a sustainable and profitable business undertaking, in the third sector. This research also embraced a wide range of exciting elements involving community development work, social networking, interpersonal relationships, business principles, volunteering, occupation for the aged, cross generation interaction, business for social responsibility and many more.

Examining findings in the case study was performed by CLICK'S chief executive officer, who also supervised the production manager of the business enterprise. This encompassed the role of both participant observer and the writer of this thesis. A social worker by profession, with an MEI in Entrepreneurship and Innovation, CLICK'S
executive director stems from a background, abundant in third sector not-for-profit experiences, merged with newly acquired, but unpracticed business skills. These attributes provided the suitable professional setting and timing, attitude and infrastructure for the development of social entrepreneurship in the CLICK venture. Being dissatisfied with the current competitive and aggressive methods of fund raising, CLICK'S director looked for an inspirational creative and innovative approach, utilizing entrepreneurial business development strategies to be enmeshed in the not-for-profit organization.

With a positive mind set and an optimistic outlook on life in general, CLICK'S director felt inspired by the challenge, passion, and thrill, mingled with anxiety and some trepidation, to put theory into practice, by merging the business and third sectors. This was a major step and one of the first of many future decisions related to opportunity recognition and risk taking, during the course of the venture.

The dedication and personal life long commitment to the overall purpose of social entrepreneurship, to create social value, coupled with the reliable strong performance level of the CLICK not-for-profit to date, was the catalyst behind CLICK'S director's driving force, to make the venture a success. This positive approach and "infectious" attitude accompanied the project from start-up to establishment and provided a consistent motivational operational environment, with high ethical work values, for all of those involved in the venture.

1.3. Thesis Structure

The following thesis commences with a literature review, outlined in chapter 2 of the research, which provides the infrastructure to link the findings of the thesis to the respective theory. Given that social entrepreneurship is an approach that merges the business and social sector, insight gained from the literature review, additionally helped provide important insights and an understanding, when formulating the hypotheses and most significant research question for the case study. It presented an extensive review of the history, development, relevant concepts and resource generating methods, illustrating the fundamental theoretical knowledge about entrepreneurship, social entrepreneurship, social capital and resource mobilizing methods in the third sector environment.

Chapter 2 of the literature review commences with an in-depth definition of entrepreneurship, so as to gain a foundation to understand the fundamental meaning of social entrepreneurship and its bearing on this research. Entrepreneurship is a
complicated term to concisely define, with many diverse understandings (Outcalt 2000). The concept is identified as creating opportunities where others are unable to, seeing what others don't, (Timmons 1990) and then seizing the challenge to exploit those opportunities. It refers to the individuals behind the entrepreneurial process, a unique homogeneous group of people with creative, risk taking, and innovative characteristics (Mitchell, Busenitz, Lant, McDougall, Morse and Smith 2002).

The concept of social entrepreneurship in the third sector, fundamentally embraces the idea of entrepreneurship, but is the practice of identifying and continually pursuing opportunities, to create social value. This is further explored in chapter 2, illustrating how social entrepreneurship is seen as developing new and better ways to enhance our universe (Dees 2003). The idea of social entrepreneurship has become more and more significant for national and local governments to initiate new means of social service provision in the third sector. This sector, in comparison to the government and business areas is primarily responsible for service provision, the development of civil society, funding and advocacy (Anheier 1995).

Chapter 2 continues to examine the third sector, by portraying the value of social capital networks, as a significant resource for social entrepreneurs to obtain sustainability and growth. Given that limited empirical evidence about the affects of social capital networks when developing social entrepreneurship exists, understanding the influence on resource acquisition and opportunity recognition is a critical area of investigation for the developing third sector.

The concept of social capital entails the benefit reached from social network relationships, whereby "it’s not what you know, it’s who you know" (Woolcock and Narayan 2000). It suggests that a person's family, friends and associates are important benefits, which can provide assistance in times of crisis. This implies that networks, in addition to knowledge, are crucial to achieve results and provide mutual benefit (Stone 2000).

These important insights lead to the development of social capital theory, as the conceptual theoretical framework to empirically investigate the CLICK business venture. This is outlined in chapter 3, the methodology section of the thesis, suggesting that social capital networks enable access to essential information and resources to develop a social entrepreneurship business model, in the third sector.
Social capital theory also formed direct input to the framework model for the "opportunity creation process" of social entrepreneurship, presented by Guclu, Dees, and Anderson (2002), which demonstrated a means for social entrepreneurs to create an opportunity worthy to pursue. This model involves separating the opportunity creation process into two main parts: formulating a promising idea and then developing it into an appealing opportunity; making it operable by combining the private experience of the entrepreneur, in conjunction with social needs, social assets, and change (Guclu, Dees and Anderson 2002).

The creative idea generation phase of the model is then followed by the developmental analytic and logic stage (Guclu, Dees and Anderson 2002). This involves adapting an attractive idea into a worthwhile opportunity, by using a business model composed of a resource strategy and operating model. The business model is then fitted to a plausible social impact theory (Guclu, Dees and Anderson 2002).

The research from the CLICK venture builds on the method of Guclu, Dees, and Anderson (2002) for "the opportunity creating process", by incorporating social capital theory to create social impact, in order to develop a viable operating business model for enterprise creation in the third sector.

Chapter 3 then moves on to describe the model for methodology assessment, where findings from the CLICK venture were documented on a daily basis, recording the various stages of business development according to a time line, over a three year period. This enabled the observation of a dynamic day by day synopsis of the enterprise, providing rich internal data for qualitative research.

Chapter 3 then proposes hypotheses that relate to the influence of different dimensions of social capital networks on venture performance, such as “bonding”, “linking” and “bridging” social capital (Woolcock and Narayan 2000). Their influence on the enterprise in obtaining information and resources in the business development process, in specific phases of entrepreneurship, was then assessed according to a time line.

This study assumed that distinct types of social capital may be needed, at specific phases of venture development and for different purposes. If proved correct, a prototype could then be designed as a guideline for the process of social entrepreneurship. The aim being to provide practical methods, specific tools and insights for future social entrepreneurs in the third sector, when developing a business model in a not-for-profit environment.
Chapter 3 then explores measures demonstrating the influence of social capital on venture growth and development. This is quite a complex task and a number of specific indicators were used as assessment tools, such as volunteering, social trust, networking with family and friends, organizational culture, network size, network frequency and network durability. These measures are notably common, when assessing social capital (Australian Bureau of Statistics 2000) and have been employed to quantify the hypotheses.

In addition to these social capital network measures, more than one qualitative indicator has been used in the research, in order to enhance the validity, reliability and reproducibility of the results. This involved a methodological triangulation model for assessment, incorporating historical documentation (diary excerpts, interview recordings, participation observation) and qualitative financial indicators. "NVivo" qualitative analysis software was then used to explore data, as an assessment tool to assist in developing answers to the respective hypotheses and the research question.

Chapter 3 also illustrates the methodology and research design, which has been developed and verified by means of case study approach. When assessing the influence of social capital networks in venture start up in the third sector, case study methodology presented by Yin (2003), provided the best approach for the research. This being since it encapsulated the dynamic act of process and change over a period of time.

Using case research design for the study's infrastructure, the three phase model of entrepreneurship (Greve and Salaff 2003) was then employed to evaluate and assess comparative stages for developing social capital. The three phase model demonstrated that a venture necessitates and recognizes significant social network activity, in three different evolutionary stages of entrepreneurship: 1) motivation stage, 2) planning stage and 3) establishment stage (Greve and Salaff 2003) (Greve 1994). This is demonstrated in Chapter 4, the findings and discussion of the six hypotheses tested in this thesis.

Financial indicator results for example, demonstrated dependence on donor funding in all three developmental stages, from early start-up until the ongoing establishment stage. "NVivo" analysis, quantifying the social capital measures also illustrated that social capital stocks do influence sustainability and entrepreneurial growth in a not-for-profit organization according to a developmental time line. This is due to the value they provide as critical sources for previously unavailable information and crucial resources, from all
three dimensions of social capital—bonding, linking and bridging capital (Woolcock and Narayan 2000).

Results and findings also demonstrated how social capital correlates to securing physical and emotional support within a community, as a consequence of the development of social trust according to a time line. Social trust impacts on the performance, sustainability and growth of the social enterprise, from early start-up phase to full venture creation in the establishment stage. This was evidenced in chapter 5 when empowering the social impact theory of the Guclu, Dees, and Anderson (2002) model with social capital dimensions, so as to develop a recommended business model for social entrepreneurship in the third sector. The suggested model was consequently tested with findings from the CLICK venture and availed as a tool for the presentation of data and results, including recommendations for future research.

The proposed social entrepreneurial business model strongly suggests cultivating the donor-enterprise relationship whilst heeding over-trust. Empirical findings also recommend seeking professional business mentor guidance, accessed from "bonding", "linking" or "bridging" social network contacts, as a vital first step in conducting concise opportunity evaluation.

The structural positioning of an entrepreneur in the social network composition is also of importance in the model, as well as developing a number of primary trustful contacts, who can develop and help to expand their own cluster of strong and weak networks (Burt 1992). This entailed concentrating on accessing, maintaining and growing new un-reached diverse network contacts, breaching the gaps amid discrete clusters of people—"structural holes" (Burt 2000), to approach critical resources and information. Social capital consequently becomes a prospective source of substantial competitive advantage. The relational element of trust in social capital networks also played a major part and influence on ongoing capital obtainment in the recommended social entrepreneurial business model. This was particularly significant in the case of the donor - enterprise network alliance, a dominant control factor, and, among the interpersonal relationships developed with other key players in the venture.

Chapter 6 concludes by providing a synopsis of the thesis by summarizing the importance of the suggested social entrepreneurial business model, as a structural tool for not-for-profit managers, who are contemplating on establishing a business venture in the third sector. Conclusions from this study consequently provide much needed empirical work
and a better understanding to the theory of social entrepreneurship and social capital, as well as providing a prototype for other not-for-profits to learn from and emulate. This is especially significant, given that social entrepreneurship is still surfacing as a field for academic research (Austin, Stevenson and Wi-Skillern 2006).

2. LITERATURE REVIEW

2.1. OVERVIEW

The following literature review, presented in chapter 2 of this research, demonstrates the importance of social capital networks in obtaining sustainability and profitability when developing social entrepreneurship, and the avenues available to develop fund raising strategies for marshalling resources. The overview commences with a historical appraisal, analyzing, clarifying and defining the concept of entrepreneurship, so as to have a starting point to understand the basic essence of social entrepreneurship and its relevance to this thesis.

A theoretical understanding of the terminology for social entrepreneurship and its development in the social science field is then presented. The term social entrepreneur and inherent characteristics of a social entrepreneur are defined, so as to comprehend the value and influence of the person behind a particular social enterprise. This also served to clarify the intrinsic difference between business and social entrepreneurs.

Social, economic and political influences on charitable giving were also illustrated, in order to understand the local and global influences of these variables when seeking funds in the third sector.

In addition to appreciating tools for marshalling resources and having specific character traits as a social entrepreneur, successful social ventures depend on social capital. The literature review thereby provided a comprehensive historical background, definition, outcome, critical analysis and tools for measuring social capital. It further facilitated portraying the significance, importance and limitations of social capital for obtaining sustainability and promoting growth, when developing a successful business venture in the third sector. Grasping the concept of social capital also reinforced its crucial importance for this case study, in enhancing productivity, service delivery, problem solving and mission building in the third sector.
The objective of defining the third sector was then undertaken so as to understand the social environment of the not-for-profit field in today's society, and to depict how it differentiates from traditional business and public sectors, when developing entrepreneurship.

2.2. ENTREPRENEURSHIP

2.2.1. Defining the Term Entrepreneurship

"Entrepreneurship is the creation of organizations" (Gartner 1988). Entrepreneurship has materialized over the past two decades, as possibly the most powerful economic force experienced by mankind (Kuratko 2005). The 21st century is marked as the most significant entrepreneurial generation for young people from the time of the industrial revolution, where more than 5.6 million young Americans are involved in initiating their own ventures (Kuratko 2005). This entrepreneurial uprising is worldwide in nature, having an ongoing impact on global trade (Kuratko 2005).

Entrepreneurial activity is apparent in the public, business and third sector, and considerable resources are directed today towards learning its practice. The term entrepreneurship, however, is a difficult concept to succinctly define, with many varied interpretations arising from an extensive and plentiful practice in economic theory (Outcalt 2000). Bygrave and Hofer (1991) note that researchers in entrepreneurship tend to lack a common conceptual framework for the term entrepreneurship. They describe the entrepreneurial process, rather than defining the term entrepreneurship, as composing "all the functions, activities, and action associated with the perceiving of opportunities and the creation of organizations to pursue them" (Bygrave and Hofer 1991).

According to Noll (1993), “entrepreneurship needs to be defined more broadly than business management in that it includes creativity, risk taking, and innovation, traits not normally nurtured in a standard business environment”. Long (1983) emphasizes the existence of three varying traits, those being: risk and uncertainty, managerial ability and creativity. Drucker (1990) focuses on the concepts of opportunity and innovation as being central to creating change, whereby “innovation is the specific tool of entrepreneurs, the means by which they exploit change as an opportunity for a different business or a different service”. This implies that an entrepreneurial organization concentrates on opportunity, and "people's skills, attitudes, knowledge, contacts, goals, and values
provide the resource mix that contributes centrally to success" (Austin, Stevenson and Wei-Skillern, 2006).

Kourilsky (1995) defines entrepreneurship as "opportunity recognition, marshalling of resources in the presence of risk, and building a business venture". According to Gottlieb and Ross (1997), entrepreneurship is defined in relation to creativity and innovation practiced in social, governmental, and business fields.

Entrepreneurship consequently focuses on the characteristics required to conjure and start up new business ventures. In addition, it involves possessing the know-how, insight and confidence to act in situations where contemporaries have hesitated or overlooked - “recognising ideas which can become entrepreneurial opportunities stems from a capacity to see what others do not” (Timmons 1990). Entrepreneurship therefore is a vibrant process of foresight, change, and innovation that requires passion and energy, so as to create and implement novel ideas and imaginative solutions (Kuratko 2005).

In describing entrepreneurial activity, review of the literature in entrepreneurship demonstrates a number of predominant theoretical viewpoints that significantly influenced the extent and validity of existing research (Cope 2005). Entrepreneurship theory that tries to clarify the connection between the entrepreneur and new enterprise formation, for example, arises from a number of areas, such as: economics, strategy and personality psychology (Mitchell, Busenitz, Lant, McDougall, Morse and Smith 2002). Three main viewpoints concerning the spirit of entrepreneurship exist, the first being the functional perspective relating to theories that define the term according to an economic function (Cope 2005). Entrepreneurial function arises from the early theories of entrepreneurship, which were derived from the discipline of economics and relate to functions and the behavioral characteristics of entrepreneurship (Cope 2005). The interaction of the entrepreneur with the surroundings has provided the main source to theorize the functional perspective (Cope 2005).

Economic interpretations of entrepreneurship regard the contribution of the entrepreneur to be the formation of a new venture, and thereby creating an "outcome-based approach" to comprehend the establishment of new enterprises (Mitchell, Busenitz, Lant, McDougall, Morse and Smith 2002). These theories have therefore been helpful in defining entrepreneurship, particularly when it happens; though they have not been as valuable in clarifying the issues related to how and why (Mitchell, Busenitz, Lant, McDougall, Morse and Smith 2002).
The second suggestion offered is the personality perspective that connects entrepreneurship to an individual, focusing on an entrepreneurial character (Cope 2005). The entrepreneur is considered to be a certain personality type, a "describable species" (Gartner 1988). In recent times, research in entrepreneurship has been influenced by the need to define the entrepreneur in relation to entrepreneurial mannerisms (Cope 2005). This proposition recognizes that some people possess a number of exclusive inherent, consistent, and lasting personality features that prompt them to conduct entrepreneurial activities (Cope 2005). These characteristics, depicted as the entrepreneurial personality, are considered the major constituents in the creation of new ventures, placing emphasis on the contributions of the individual in the entrepreneurial process (Mitchell, Busenitz, Lant, McDougall, Morse and Smith 2002).

Also termed "the trait approach", in entrepreneurship this basic notion implies that entrepreneurs nevertheless, continue to constitute a homogeneous unique grouping (Mitchell, Busenitz, Lant, McDougall, Morse and Smith 2002). This trait approach implies that "when one is interested in entrepreneurship-related phenomena, it now appears to be essential for researchers to credibly account for the role of the individual entrepreneur" (Mitchell, Busenitz, Lant, McDougall, Morse and Smith 2002).

In the 1980's management researchers such as William Gartner, intensely criticized the study of entrepreneurial personalities, portraying it as lacking in understanding of the environment and economic processes that entrepreneurs function in (Gartner 1988). According to Gartner (1988) the search to find a uniform set of traits that typified successful entrepreneurs was problematic to say the least, and resulted in incomplete definitions of the field. Entrepreneurship literature for example, showed that psychological evaluations can have the same results also with successful non-entrepreneurs; consequently other fields needed to be followed in an attempt to define an entrepreneur (Gartner 1988).

According to Cope (2005), this widely criticized suggestion denotes a static method to interpret entrepreneurs. Attempts to identify specific psychological or demographic features which are unique or familiar among all entrepreneurs have in most cases failed, as a result of insignificant outcomes (Mitchell, Busenitz, Lant, McDougall, Morse and Smith 2002). In addition, this theory consequently connotes the direct opposite of a dynamic learning approach to entrepreneurship, by precluding the capability of entrepreneurs to learn, enhance and change as they make ventures grow (Cope 2005).
Gartner (1988) proposes that research about the entrepreneur needs to concentrate on the activity of an entrepreneur, not who he is. This is in comparison to the trait approach, where the entrepreneur comprises specific personality characteristics and traits (Gartner1988). According to Gartner (1988), the difference between entrepreneurs and non-entrepreneurs, is that they create organizations. The entrepreneur is a part of the complex development of new enterprise growth (Gartner1988). "The entrepreneur is not a fixed state of existence rather entrepreneurship is a role that individuals undertake to create organizations" (Gartner 1988).

This third proposition relates entrepreneurship with a more comprehensive behavioral perspective. It refers to the entrepreneurial process discussed by Bygrave and Hofer, (1991) by emphasizing the functions, actions and activities that recognize an opportunity; and the development of an organization to chase that opportunity. According to Bygrave and Hofer (1991) significant features of the entrepreneurial process demonstrate that: "it is initiated by an act of human volition, it occurs at the level of the individual firm, it involves a change of state, it involves a discontinuity, it is a holistic process, it is unique, it involves numerous antecedent variables, its outcomes are extremely sensitive to the initial condition of these variables". The process is holistic, given that the formation of the venture, and its likelihood of success, can be portrayed and assessed only in relation to the entire system (Bygrave and Hofer 1991). It is unique since no other competitive state will be precisely like it or develop in a parallel manner (Bygrave and Hofer 1991).

The main goal of the behavioral perspective is to review the entrepreneurial function that facilitates new organizations to evolve and to define entrepreneurship, according to this process of new venture creation (Cope 2000). "Entrepreneurship ends when the creation stage of the organization ends" (Gartner1988).

This third view is the outcome of strategic management research, which focuses on how the performance of the venture itself is influenced by the entrepreneur - "this stream of research may be termed the new venture performance—based approach, and has been useful in linking and demarcating entrepreneurial research relative to research in strategic management" (Mitchell, Busenitz, Lant, McDougall, Morse and Smith 2002). According to Austin, Stevenson and Wei-Skillern (2006) the "how" of entrepreneurship is where current important research in entrepreneurship tends to be centered today.

In spite of the diverse theoretical challenges the person behind the formation of an enterprise is still, nevertheless, believed by venture capitalists and practitioners to be a
critical success factor (Mitchell, Busenitz, Lant, McDougall, Morse and Smith 2002). "First and foremost, the essence of entrepreneurship is the entrepreneur" (Bygrave and Hofer 1991). The individual behind the venture is also linked to the origin of the word "entrepreneurship" as seen in following the historical development of entrepreneurship.

### 2.2.2. The Historical Development of Entrepreneurship

When studying the history of entrepreneurship, the root of the word can be tracked 800 years away to the French verb "entreprendre", or "to do something"; followed three hundred years later by a noun of the word, and not long after a verb and noun form in the English language (Outcalt 2000).

The word entrepreneurship dates back as far as the 17th-18th century French economists (Dees, Haas and Haas 1998). The term entrepreneur was employed by Richard Cantillon in 1730 to describe someone who was a self-employed person with forbearance to risk (Outcalt 2000). The French definition of an entrepreneur is someone who "undertakes" an important mission or action (Dees, Haas and Haas 1998). Entrepreneurs were recognized as the daring and risky people who motivated economic development, by discovering improved methods in carrying out activities.

The French economist Jean Baptiste Say went on to develop the terminology at the onset of the industrial revolution (1830) when describing a successful entrepreneur as encompassing the skills of management (Outcalt 2000). According to Dees, Haas and Haas (1998) Say gave entrepreneurs this specific clarification in the 19th century, by stating: - "the entrepreneur shifts economic resources out of an area of lower and into an area of higher productivity and greater yield."

Joseph Schumpeter, the 20th century renowned economist, had a tremendous impact on theory and practice of entrepreneurship, with considerable noteworthy developments in economic theory (Outcalt 2000). In 1912, Schumpeter moved the focus of economists from "static systems to economic advancements" in "The Theory of Economic Development"; where the innovation of entrepreneurship enables economic entities to steer clear of repetition and progress to higher levels of development (McGraw 1991). According to Long (1983) Schumpeter depicted entrepreneurs as those who apply considerable effort and possess a tremendous desire to be successful. A historical outlook taken by Long (1983), defined three specific characteristics that need to be incorporated...
when defining entrepreneurship, those being: "uncertainty and risk," "complementary managerial competence," and "creative opportunism". In 1920 Knight supplemented the additional characteristic of courage, when confronted with uncertainty, in defining a successful entrepreneur and this emphasized the significance of managerial competence (Long 1983). During the following half-century, theorists disputed over the magnitude that management skills need to be featured, when defining the concept of entrepreneurship (Long 1983). The debate related to the degree that managerial abilities should be emphasized in entrepreneurship, was still apparent in the 1990s (Outcalt 2000). Schumpeter (1975), nevertheless, saw the entrepreneur as a vital component of the economy by describing entrepreneurs as those who steer the process of "creative-destructive" in capitalism, by revolutionizing the economic structure from inside. Creative destruction basically occurs, when something new kills something old, thereby "innovation produces creative destruction" (Schumpeter 1975). In his words, “the fundamental impulse that sets and keeps the capitalist engine in motion comes from the new consumers goods, the new methods of production or transportation, the new markets, the new forms of industrial organization that capitalist enterprise creates” (Schumpeter 1975). Schumpeter (1975) described this phenomenon as forming new combinations which, was a continual source of disruptive fundamental change within markets and industries. The Microsoft revolution is an example of this process, whereby many personal computer main-frame computer companies’ systems became superseded, paving the way for Microsoft Windows Application. When summarizing the historical development of entrepreneurship "the Say-Schumpeter tradition, which identifies entrepreneurs as the catalysts and innovators behind economic progress, has served as the foundation for the contemporary use of this concept" (Dees, Haas and Haas 1998). The views of Say and Schumpeter are especially appealing since they can also be adopted in the area of social entrepreneurship (Dees, Haas and Haas 1998). When assessing the historical development of social entrepreneurship, social entrepreneurs started to define themselves as such, predominantly in the 1980's and the concept has evolved over the past decade due to a number of influential "moments" (Hartington 2004).
2.3. SOCIAL ENTREPRENEURSHIP

2.3.1. The Historical Development of Social Entrepreneurship

Social entrepreneurship has not advanced in isolation and has been influenced by a compound of political, economic and social change outcomes, globally, nationally and locally (Johnson 2000). For instance, the materialization of a more global economic infrastructure, and the global move from the social welfare state system, coupled with unprecedented wealth creation and increasing gap among the rich and poor, are some examples (Johnson 2000).

According to Hartington (2004) the initial "moment" occurred approximately in 1980 with the founding of Ashoka in 1980 by Bill Drayton, to promote and legitimize the discipline of social entrepreneurship. Ashoka, funds social entrepreneur "fellows" in various nations who have vast concepts, ambition, drive and innovative solutions (Hammonds 2005). Coupled with this, in the early 1980's on a global level, people became more conscious of the need to combat inequality, with the growing gap between the rich and the poor (Hartington 2004). What differed was the entrepreneurial way they went about it, trying to transform the system rather than "band aiding" it (Hartington 2004). They saw themselves as change agents, rather than advocators of change without viable resolutions (Hartington 2004).

Social entrepreneurship developed in an additional manner in the early 1990's with the growth of the concept "business for social responsibility" (Hartington 2004); whereby a company’s reputation on citizenship and responsibility and issues such as employee management, environment protection and community relations are vital aspects. Innovative business entrepreneurs consequently, were starting to apprehend the advantages of social entrepreneurship in motivating an organization to push towards its success (Cramer and Taylor 2001).

Customer demand by the 1990's for corporations promoting social responsibility had considerably accelerated, thereby providing an important additional component to a successful marketing mix in business purchasing decisions (Cramer and Taylor 2001). Fundamentally, a for-profit could link itself to a charitable not-for-profit so as to improve its overall public image or to advertise certain products (Young 2007). A not-for-profit, in return, may obtain benefit from increased visibility of its mission via corporate marketing.
avenues, professional assistance with business management activities, or actual funding grants (Young 2007).

During the same period of time social entrepreneurship was influenced by the need to define concise, quantifiable objectives, when determining criteria to assess not-for-profit organizations for foundations, business and social donors, in the increasingly growing third sector (Hartington 2004). Near the conclusion of the 20th century, the phrase social entrepreneurship had become a recognized institutional concept, being included in course curriculum, particularly in business schools in several countries around the world (Hartington 2004).

Social entrepreneurship, or entrepreneurial behavior with a deep rooted social intention, has been on the rise since, and part of this rush is due to an increase in the number of not-for-profits being established; 31% from the years 1987-1997 in United States (Austin, Stevenson and Wei-Skillern, 2006). Its development is becoming more and more vital to federal and local governments, in creating new methods of social service provision. In addition, researchers are attracted to social entrepreneurs’ motivations, the environment for developing social entrepreneurship, and ways of evaluating their successes (Wee-Liang, Williams, and Teck-Meng 2002).

2.3.2. Defining the Term Social Entrepreneurship

"Entrepreneurship has been the engine propelling much of the growth of the business sector as well as a driving force behind the rapid expansion of the social sector" (Austin, Stevenson and Wei-Skillern, 2006). Finding a concise universally accepted definition of social entrepreneurship though is also difficult, mainly since the literature in the field is so recent and little consensus on the subject has come to light (Johnson 2000). Examination of the term "entrepreneurship", however, makes it possible to try to clarify its interpretation and historical development. The behavioral characteristic of risk taking and seeking opportunities, as well as the resolve to develop an idea into a reality, unite a unique perspective that infuse entrepreneurs to demonstrate both, in for-profit or not-for-profit ventures, for the purpose of creating ideas (Kuratko 2005).

Social entrepreneurship consequently embraces the basic principles of entrepreneurship but involves “innovative programs, organizational structures, or resource strategies that increase their chances of achieving deep, broad, lasting, and cost-effective social impact”
(Dees 2003). Many social organizations, for example, generate revenue, but they may not be entrepreneurial in nature, as in the case of fees for service in hospitals (Dees 2003). Social entrepreneurship is about social impact, novel and more improved methods to benefit the world (Dees 2003). As in the case of entrepreneurship, it involves the ability to identify ideas that develop into entrepreneurial opportunities, claimed by Timmons (1990) as the aptitude to see what others do not. The major difference is that social entrepreneurship is a field in search of drawing resources for the purpose of social benefit, rather than for financial gain (Austin, Stevenson and Wei-Skillern 2006).

Despite the differing interpretations of social entrepreneurship, one united definition relates to the problem-solving character of social entrepreneurship and its focus to develop and execute projects that generate quantifiable social changes (Johnson 2000). Social entrepreneurship aims to satisfy often multifaceted social needs in the community. It arises to promote a vision of a better universe, defined by Guclu, Dees and Anderson (2002) as the gap between socially desired necessities and the current reality. The fundamental force of social entrepreneurship consequently is the social problem being focused on (Austin, Stevenson and Wei-Skillern 2006).

Dees, Haas and Haas (1998) claim, that social entrepreneurship involves the act of merging “the passion of a social mission with an image of business-like discipline, innovation, and determination”. The concept is not new, only the name in itself, as it implies a converging or “blurring of sector boundaries” (Dees Haas and Haas 1998) among the business and social sector.

Social entrepreneurship is not a new type of philanthropy, or a charitable organization becoming a business, but it is an approach and term describing common core values: “a driving passion to make that happen, be it through a new invention, a different approach, a more rigorous application of known technologies or strategies, or a combination of all three” (Hartigan 2002).

Social entrepreneurship is the act of marshalling resources to develop a social enterprise. According to Gray, Healy and Crofts (2003) a social enterprise “refers to a broad set of approaches that use business acumen to address social goals”. It is the act of carrying out community interests using entrepreneurial approaches (Zappalà 2001). Social enterprises encompass the notion that business expertise can be employed to a public cause in order to relocate economic and social resources to disadvantaged groups and people (Crofts and Gray 2001). It involves a wide span of actions such as profit making ventures carried out
by not-for-profits, community economic development, social responsibility projects and cross-sector partnerships (Dees Haas and Haas 1998).

Definitions of the term social entrepreneurship consequently vary from more extensive to confined (Austin, Stevenson and Wei-Skillern, 2006). The wider definition relates to entrepreneurial actions, with a social aim either in the business sector (business for social responsibility), in corporate social entrepreneurship, the not-for-profit sector, or across all these segments; for example hybrid structural shapes that combine not-for-profit and for-profit methods (Austin, Stevenson and Wei-Skillern, 2006). "With its emphasis on problem-solving and social innovation, socially entrepreneurial activities blur the traditional boundaries between the public, private and non-profit sector, and emphasize hybrid models of, for-profit and non-profit activities" (Johnson 2000).

Social enterprises nevertheless tend predominantly to be hybrid configurations, since they need to use business approaches to make profit in order to create social value. In addition, encouraging partnerships among sectors is an inherent component of social entrepreneurship, in the same way as forming novel ways to solve former problems (Johnson 2000).

When looking at the more narrow definition, social entrepreneurship relates generally to the occurrence of using business know-how and market expertise in the not-for-profit sector, whereby not-for-profits create novel methods to accrue revenue (Austin, Stevenson and Wei-Skillern, 2006). Social entrepreneurship nevertheless tends to be thought of as not-for-profits creating income, regardless of attempts to present a more "innovation-based definition" (Dees 2003).

For the purpose of this study, social entrepreneurship has been defined according to the narrow definition described by Austin, Stevenson and Wei-Skillern (2006) of employing business expertise and market competence to form new ways of generating resources in the not-for-profit sector. "A new generation of ‘social entrepreneurs’ is emerging out of this context, driven by innovators increasingly committed to using market-based approaches to solve social problems" (Johnson 2000).

This case study consequently involves employing an innovative business earned income approach to realize social impact. It involves a not-for-profit operating a small for-profit venture and funneling revenues back to meet social needs and problems. Emphasis is placed on social entrepreneurship as the process of possessing the skills for recognizing opportunities, creativity and innovation, gathering resources in the face of risk and
applying business expertise to earn income, in order to create social value, improve social impact to benefit the public in the third sector.

**Characteristics of a social entrepreneur**
The act of social entrepreneurship is performed by a social entrepreneur. “Social entrepreneurs are the flame that ignites the fire of social transformation” (Hartigan 2002). “They are social change agents that make things happen” (Hartigan 2002), by being innovative and resourceful in nature in relation to social concerns. Johnson (2000) claims that if the definition of social entrepreneurship also involves possessing market sector administration and skills in the non-for-profit sector, then the attributes and role definition required of a social entrepreneur will also vary to include these characteristics. Dees (1998) defines five specific characteristics belonging to social entrepreneurs as being: embracing a mission to develop social value; opportunity recognition and pursuit; concern with ongoing innovation, modification and knowledge attainment; behaving daringly without being restricted by available resources; and demonstrating a sharp degree of accountability. The more a person arrives at meeting these criteria then he is nearer to being a social entrepreneur (Dees1998).

According to Johnson (2000) not every social leader is able to be an entrepreneur, as "not every business leader is an entrepreneur in the sense that Say, Schumpeter, Drucker and Stevenson had in mind” (Dees 1998). When looking at the definition of a social entrepreneur from a motivational point of view, Johnson (2000) describes Cannon's account of three types of individuals who develop the desire to become a social entrepreneur. The first being wealthy people who want to contribute some of the money back into the community; the second are social workers disillusioned with the current social systems and in search of a better method; and the third are a new generation of business school graduates or similar fields who have a social enterprise mind-set (Johnson 2000). This case study fits the second definition of a social worker, being disheartened with the present social systems and looking for an enhanced approach.

**The difference between social and business entrepreneurs**
According to Hartigan (2002) social entrepreneurs can exist both in the business and third sector and they are not merely aid organizations turning into a business. They are entrepreneurs with a “social mission” whereby they possess the same approach as
business entrepreneurs: recognizing opportunities by taking the necessary risks needed to invest the resources, possessing skills to secure external monetary backing, perceiving what is vital for an organization to grow into a larger and more mature enterprise and understanding the inherent elements for the planning process to achieve this growth. Social entrepreneurs also use business standards to resolve social concerns, such as market research, efficiency and impact evaluation (Hartigan 2002). Social entrepreneurs consequently address social concerns in novel innovative ways, taking on “an opportunity-oriented mindset, actively looking for new possibilities, to achieve a significant positive social impact” (Guclu, Dees and Anderson 2002).

Many similarities between social and business entrepreneurs exist, whereby both merge “innovation, resourcefulness and opportunity” to find novel methods to accomplish tasks (Hartigan 2002). Social entrepreneurs though, differ from business entrepreneurs, as they realize that making a profit is important to make more “mission”, and is “not the end in itself” (Dees, Hass and Haas 1998). According to Dees, Hass and Haas (1998) “profit is not the gauge of value creation; nor is customer satisfaction; social impact is the gauge”, whereby “mission-related impact becomes the central criterion, not wealth creation”. Their fundamental purpose and remuneration are therefore their major differences.

The difference between not-for-profit entrepreneurs and for-profit entrepreneurs is recapitulated in Table 2 illustrated below. This table emphasizes the main distinction being, the determination of social entrepreneurs to accrue revenue as a means for long term social impact return, which is driven by social mission, dependant on collective wisdom and core competencies. Their business counterparts on the other hand, focus on short term achievements, reliant on personal skills to provide financial reward for shareholder or individual interest.
Table 2 Disparity between Not-For-Profit and For Profit Entrepreneurs
(“Our Community” 2001)

<table>
<thead>
<tr>
<th></th>
<th>FOR-PROFIT ENTREPRENEURS</th>
<th>NOT-FOR-PROFIT ENTREPRENEURS</th>
</tr>
</thead>
<tbody>
<tr>
<td>Strength</td>
<td>Personal skills</td>
<td>The organization's knowledge, energy, and collective wisdom</td>
</tr>
<tr>
<td>Focus</td>
<td>Short-term gain</td>
<td>Building the long-term sustainability of the organization</td>
</tr>
<tr>
<td>Boundaries</td>
<td>No limit on type or scope of projects</td>
<td>Ventures must be based on core competencies and mission</td>
</tr>
<tr>
<td>Beneficiaries</td>
<td>Profit pocketed and/or distributed to shareholders</td>
<td>Profit plowed back into organization to do more</td>
</tr>
<tr>
<td>Risk</td>
<td>Personal and/or investor</td>
<td>The organization's assets and image, and public trust</td>
</tr>
<tr>
<td>Motivation</td>
<td>To be in charge of their own destiny rather than depending on an employer</td>
<td>To enable the organization to be in charge of its own destiny rather than depending on funding bodies</td>
</tr>
<tr>
<td>Goal</td>
<td>To be rich: profit is an end</td>
<td>To benefit the client group; profit is a means</td>
</tr>
</tbody>
</table>

Social entrepreneurs, as their business counterparts, do not allow the short fall of initial resources to reduce their scopes (Dees 1998). They nevertheless need a reputable reputation that prompts trust from its donors and a desire to contribute to the vision of the social venture - "reputation for fairness and skill in dealing with the individual needs of the key players is often the difference between attracting great resources and being an interesting, but unfunded idea" (Austin, Stevenson and Wei-Skillern 2006).

According to Austin, Stevenson and Wei-Skillern (2006) social entrepreneurs differ from business entrepreneurs, as it is much more difficult to compensate their workers as competitively with financial incentives and benefits, than it is in the business sector; such as with stock options. They may not have the same financial means to do so, and consequently, may not be able to recruit and maintain more talented staff (Austin,
Stevenson and Wei-Skillern 2006). Not-for-profit organizations, nevertheless, can remunerate volunteers with alternative non monetary benefits, such as a feeling personal self satisfaction and generating community spirit from helping others, as well as providing them with a gratifying productive occupation.

Not-for-profits depend significantly on volunteer staff to perform chief functions in the organization, demonstrating a different type of administrative challenge for the leadership of a social enterprise (Austin, Stevenson and Wei-Skillern 2006). The manner, in which a social entrepreneurial venture is managed, will therefore be different from a business enterprise, whereby the social purpose is the driving force. Social entrepreneurs, consequently, adopt the basic values of entrepreneurship, but they do so to create social value for the public good, rather than economic capital for owners, or value for customers (Dees, Hass and Haas 1998). Social entrepreneurs, nevertheless, need to implement business concepts when creating social enterprises. Although “mission making” is their major and central priority, without mobilizing resources to achieve sustainability and profitability, as in the case of their business counterparts, their mission can’t survive (Brinckerhoff 2000).

2.4. MARSHALLING RESOURCES FOR SOCIAL ENTREPRENEURS

2.4.1. Resource Generating Sources for Social Entrepreneurs

Social entrepreneurs can suffer perpetual stress and anxiety due to the arduous task of fund raising for their social enterprises, which is often placed in preference to nearly all other management needs (Austin, Stevenson and Wei-Skillern 2006). As a result they need to allocate considerable time in their tedious day to recruit copious grants to cover daily operation expenses that demand wide-ranging expectations of accountability (Austin, Stevenson and Wei-Skillern 2006). Resource generating methods though are vital for a social enterprise to obtain sustainability and organizational growth. According to Rosas-Ignacio (2003) this sustainability “has now been translated into programs and projects which either decrease expenses, (e.g. through savings) or increase incomes (e.g. from investments and resource generating ventures)”. 

Not-for-profit organizations rely on several predominant diverse income sources, comprising of government funding, philanthropy and earned income (Young 2007). In the United States there has been a notable rise in government funding, supplying over a third of not-for-profit revenue in 2007, compared to the smaller philanthropy source (under 20%); with minor changes from earned income (Young 2007). Although income from earned income has not changed significantly, the methods related to this source of income have been moving in two significant directions; new earned income-based enterprises and fees for service (Young 2007). The extent that not-for-profits depend on these different sources though differs considerably among different nations, fields of activity, and also among not-for-profits working in the same areas (Young 2007).

According to Flanagan (1991) “a diversity of fundraising strategies can be the declaration of independence for an organization”. The more varied the fundraising, which not-for-profits are able to conduct on their own, the more they will become self sufficient and not be fearful of having their funds reduced or severed. Selecting a suitable blend depends on the organizations' abilities to plan, direct and effectively assess their activities (Rosas-Ignacio 2003).

Traditional resource generating sources for social entrepreneurs tend to be “product sales, fees, tuitions, business ventures or earned income, special events, direct mailing, phone campaigning, door to door canvassing, membership payments, pledges, seasonal subscriptions, workplace giving, clubs, memorials/honorary gifts, planned gifts, bequests, life insurance, real estate, art, grants, foundations, corporations, religious congregations, civic organizations and cause-related marketing” (Flanagan 1991). Social entrepreneurs are also using creative strategies to expand and leverage ideas, such as franchising, affiliations and partnerships (Schoning 2003). According to Rosas-Ignacio (2003) “this points to an emerging trend of recognizing that sustainability is a shared task with other sectors of society”, such as its relationship with the business, public and third sector.

Charitable giving though, whether in the form of foundations, bequests, corporations or donations by individuals, is influenced by social, cultural, economic and political changes both on a local and global level. These sources of benevolent giving also fluctuate independently from one another, due to the impact of unforeseen environmental changes, such as increased contributions in the wake of the September 11th attack. For example, many foundations gave significant donations for relief in the initial days following the attack (American Association of Fund Raising 2001). This awareness helps not-for-
profits to have a better understanding of previous patterns of charitable giving and the
connection between donating and other external causes (Tempel 2003).
Social entrepreneurs consequently, mobilize resources via a variety of methods in order
to achieve sustainability and profitability for their enterprises. They often face an uphill
battle of aggressive government and municipal cutbacks, coupled with the growth of new
voluntary organizations and increasing competition in the local, national and international
not-for-profit sector. Organizations therefore need more ongoing methods to raise
resources and innovative new strategies to do so (Flanagan 1991).

2.5. SOCIAL CAPITAL
Charitable giving represents the goals and values of our society and is an indicator of
community identification and belongingness, which are of extreme significance when
mobilizing resources for social entrepreneurs. Israeli society demonstrates a positive
example of charitable giving, whereby seventy seven percent of the entire adult populace
donated private contributions in 1997 (Shye, Lazar, Duchin and Gidron 2000).
Charitable giving is also an important gauge of social capital, which is influenced by the
level of an individual’s relationships with others in a community (Temple 2002). "While
social entrepreneurs are seeking to attract resources for the social good, rather than for
financial returns, they rely just as much if not more so, on a robust network of contacts
that will provide them with access to funding, board member, and management and staff
among other resources" (Austin, Stevenson and Wei-Skillern 2006).
Social capital has become an increasingly important resource for social entrepreneurs to
accumulate especially when commencing a new enterprise (Hansen 2001). Considerable
literature connects social capital to entrepreneurship (Aldrich and Martinez 2003),
(Thornton and Flynne 2003), (Audretsch and Keilbach 2004) implying that entrepreneurial
accomplishment is bettered where the development of social capital is larger (Amin
2000), (Simmie 2003), (Smith 2003). The concept of social capital, therefore, has
advanced to occupy an important place in program enhancement and growth. Social
capital also appears to be the largest area of development in entrepreneurship research
and is quickly evolving as a core concept in this field (Neergaard and Madsen 2003).
2.5.1. Defining Social Capital

Many definitions of the evolving concept have emerged over the past decade, due to the fact that academic researchers use social capital concepts in various disciplines. In the corporate world, social capital is defined as the interpersonal relationships that are based on trust, pride and commitment—“the wealth accrued by the quality of the relationships in an organization, how well people communicate, how much they trust each other and their senior executives, how they function as teams, whether the emotional intelligence of the group is high, whether there are effective networks of acquaintance and cooperation, and the like” (Zohar and Marshall 2004).

Social capital correlates to obtainable resources within a community as a result of "networks of mutual support, reciprocity, trust and obligation" (Australian Bureau of Statistics 2000). Woolcock and Narayan (2000) note that “it’s not what you know, it’s who you know”; suggesting that an individual’s family, friends and associates comprise of a significant asset, which can help in crisis situations, enjoyed for mere pleasure and leveraged for significant benefit.

According to Putnam (2000), a political scientist and a professor of public policy at Harvard University, social capital refers to individuals and groups; “for example, local civic clubs mobilize local energies to build a playground or a hospital at the same time that they provide members with friendships and business connections that pay off personally” (Putnam 2002). Social capital can be derived from neighborhood associations, church networks, cooperatives and sporting groups, therefore the more cohesive these networks are, the more likely that participants of a community will combine forces for mutual assistance (Sirianni and Friedland 1995).

The fundamental idea of social capital is social interaction. Social networks have value, by representing the relationships among people, the combined importance of who they know and the benefits which arise from these connections (Putnam 2002). The term entails the concept of “reciprocity (mutual help), trust (confidence and belief), information (passing on ideas), and cooperation associated with social networks (solidarity)”, thereby implying that individuals who are connected together, benefit from their social bond (Putnam 2000).

Stone (2000) defines social capital as “networks of social relations characterized by norms of trust and reciprocity” which helps people to resolve common problems. The core of social capital is the quality of such social relations, which brings people
communally together to help one another and attain results of mutual gain (Stone 2000). Social capital consequently increases instead of decreasing when utilized, in contrast to other types of capital (Liao and Welsch 2001). It is a source for shared action in a community. It is also a productive process, “since two farmers exchanging tools can get more work done with less physical capital; rotating credit associations can generate pools of financial capital for increased entrepreneurial activity; and job searches can be more efficient if information is embedded in social networks” (Sirianni and Friedland 1995).

Empirical research consequently associates social capital with improved quality of life, such as better health for people in disadvantaged neighborhoods (Healy and Hampshire 2002). Social capital, therefore, has both individual and collective benefits, as Putnam (2000) illustrates “a private good and a public good”. According to Stone (2000) social capital networks can then be a source for collective action with many social outcomes, “hence social capital facilitation is seen as part of the capacity building process, and integrally part of strong communities; via emphasis on informal networks, volunteering, local solutions to local problems; and a bottom up approach from government”.

The benefit of "weak" social networks (Granovetter’s 1983)

Improved quality of life, or a strong community, may be influenced by the strength, or weakness, of social networks between individuals in that community. Granovetter’s (1983) research demonstrates how networking links between people and communities who are not socially connected, as opposed to relationship ties that are strongly associated, are more likely to promote employment and educational prospects. Granovetter (1983) argues that the stronger the link joining two people, as in the case of friends and family, they will tend to be more alike, as compared to weaker contacts that tend not be socially related to one another.

Granovetter (1983) therefore emphasizes the importance of information from weak networking ties, since people who one is most in contact with tend to have the largest overlap in links between one another. The knowledge that they gain with regular contact is more likely to be similar to the information that one already knows. As a result, new information is less likely to be accessed from these familiar strong ties, suggesting that there are more openings to novel information from weak ties, as compared to those provided by strong links (Granovetter 1983). "It follows, then, that individuals with few weak ties will be deprived of information from distant parts of the social system and will
be confined to provincial news and views of their close friends”; thereby implying that disadvantaged communities don’t have these “bridging” networks (Granovetter 1983). They, in fact, will be insulated from new knowledge and ideas and placed at a distinct disadvantage in the market field (Granovetter 1983).

**The importance of "non-redundant" links for network expansion** (Burt 1992)

Building on Granovetter's (1983) theory, Burt (1992) suggests a stronger "structural hole" argument. According to Burt (1992) individuals form relationships with others similar to them, such as the rich with the rich, educated with the educated, young with the young and so on. As a result, their thoughts and resources will be similar to those in their close contact group, providing similar information access. Burt (1992) calls these "redundant" sources of information which are similar in meaning to Granovetter's strong ties: "contacts are redundant to the extent that they lead to the same people and so provide the same information benefits".

Burt (1992) consequently places emphasis adding “non-redundant” contacts (weaker ties) to a dense network with “structural holes” (gaps amid discrete clusters of people). According to Burt (2000) people on either side of a structural hole circulate in different flows of information. Structural holes therefore provide the opportunity to bridge the stream of information amongst people and direct programs that bring together individuals from differing sides of the hole (Burt 2000). Structural holes thereby become the competitive advantage in social capital networks, for people whose contacts "broker" the holes, reaching more people, who provide them with a larger volume of information access (Burt 2000). The more diverse and disconnected the contacts are then the more new information and opportunities will be available (Burt 2000).

This implies that people who have social ties abundant in structural holes are those who know and have access and control to additional worthwhile opportunities (Burt 2000). The opportunity itself, on occasion, can also be identified as a hole in the social structure (Burt 2000). "Networks rich in the entrepreneurial opportunities of structural holes are entrepreneurial networks and entrepreneurs are people skilled in building the interpersonal bridges that span structural holes" (Burt 2000).
2.5.2. Comparing Social Capital to Other Forms of Capital

Following on from Granovettor's and Burt's theory, to further understand the definition of social capital, a comparison to other forms of capital helps identify its specific characteristics and dimensions.

Social capital, physical capital and human capital

Putnam (2000) distinguishes social capital (connection between individuals) from physical capital (physical item) and human capital (property-knowledge and skill); noting its significance in generating economic growth. Unlike physical and human capital which can be owned on an individual basis, social capital is unique since it is a source that is mutually possessed- “Social capital is a collective good as opposed to private property” (Edelman, Bresnen, Newell, Scarbrieg, and Swan 2004).

Dissimilar to different types of capital, social capital has joint possession by the players in a relationship, and no one contact has, or is capable of sole rights (Nahapiet and Ghoshal, 1998). Social capital, consequently, will dissolve if one of the partners pulls out of a relationship (Burt 1992).

Putnam though did offer a tie between social capital and economic development, but this connection did not necessarily entail the concept of entrepreneurship capital (Audretsch and Keilbach 2004).

Entrepreneurship capital

Audretsch and Keilbach (2004) present the notion of an additional type of capital being “entrepreneurship capital”. They suggest that in addition to physical capital, human capital, knowledge capital and social capital, that entrepreneurship capital is the key factor determining and indicating economic growth (Audretsch and Keilbach 2004). “The components of social capital that Putnam placed the greatest emphasis on were associational membership and public trust, while these may be essential for social and economic well-being, it was not obvious that they involved entrepreneurship, per se” (Audretsch and Keilbach 2004).

Audretsch and Keilbach (2004), consequently, interpret entrepreneurship capital as being associated with economic activity, whereby they emphasize that social capital is composed of a particular sub-element that they label “entrepreneurship capital”. They distinguish it from social capital by saying, that not all social capital reflects economic
and entrepreneurial actions and their empirical results conclude that economic performance is definitely linked to the occurrence of entrepreneurial behavior (Audretsch and Keilbach 2004). This entrepreneurial activity is what distinguishes it from other types of capital.

Social capital, economic capital and cultural capital

Bourdieu (1986), a French sociologist, in his controversial article 'The Forms of Capital', made a significant move by criticizing economic theory for concentrating only on economic capital. He recognized two additional forms of capital in addition to economic capital, these being social capital and cultural capital (Bourdieu 1986). He describes these three forms of capital as follows:

1. Economic capital (capital converted into money)
2. Social capital (network relationships of mutual association)
3. Cultural capital (accrued cultural knowledge that bestows status and power: i. Embodied in the individual: ii. Objectified in cultural goods, iii. Institutionalized, as academic credentials or diplomas”) (Schugurensky 2002)

According to Bordieu (1986) “it is in fact impossible to account for the structure and function of the social world, unless one re-introduces capital in all its forms and not solely in the one recognized by economic theory”. Bordieu (1986) implies that capital, whether embodied in the individual or in the materialized form, has the ability to develop and grow to create profit. Social capital though needs to be understood as a specific type of capital that is considered in connection to, or interaction with, economic and cultural capital (Bourdieu 1986).

Bourdieu (1986) put forward that social capital is an attribute of a person in a social setting, since it can be obtained through purposeful actions and used to achieve economic benefit. "The ability to do so, however, depends on the nature of the social obligations, connections and networks available to you” (Bourdieu 1986). Bourdieu (1986) describes social capital as functioning in a social domain which is hierarchically ordered, whereas in the case of different forms of capital, social capital is held excessively by elites.
**Spiritual capital**

Another type of capital that is becoming of greater awareness in corporate business culture especially since the introduction of business for social responsibility is spiritual capital. “No other kind of capital really works without an underlying base of spiritual capital” (Zohar and Marshall 2004), a concept that demonstrates how values and purpose are main forces in the development of social networks and trust which, in turn, influence economic, political, and social issues.

Zohar and Marshall distinguish spiritual capital from social capital and material capital, as a novel paradigm, that echoes the function of an inner presence of deep meaning, our collective values, visions, purpose and basic reason for being (Zohar and Marshall 2004). It represents the general inner humanistic qualities of meaning, belief, motivations and reason for existence of an organization, whereby “spiritual capital is a vision and a model for organizational and cultural sustainability within a wider framework of community and global concern” (Zohar and Marshall 2004).

Zohar and Marshall (2004) basically predict a modern business culture motivated by elementary values and a sense of meaning, whereby profit making ventures also function for the good of the community. Spiritual capital has also been linked to religious revival, and may be considered a form of "sub-species" of social capital, in relation to the knowledge, influence, power and dispositions produced by involvement in a specific religious association (Berger and Hefner 2003).

Social capital needs to contain spiritual capital, since this is what binds a community together, and provides the added component of shared principles, morals and meaning. “It addresses those concerns we have about what it means to be human and ultimate meaning and purpose of human life” (Zohar and Marshall 2004). Spiritual capital, as a component of social capital, enhances social capital, since it is the rousing vision and overall intrinsic inspirational purpose of an organization (Zohar and Marshall 2004).

In conjunction with social capital, spiritual capital reflects the need for “social responsibility”, meaning that an enterprise as an integral part of society should have a role in caring for it (Zohar and Marshall 2004). Spiritual capital, consequently, is a concept that tends to be overlooked to a large extent in contemporary theories of development, rather than using it as a valuable strategy for economic advancement - "when this is lost, societies and economies often decline rather than grow. When this abounds societies and economies prosper" (Malloch 2003).
2.5.3. Social Capital Dimensions

Relational, structural and cognitive capital

Spiritual capital is influenced by the development of relational capital a dimension of social capital that refers to the concept of assets that are found in relationships, such as trust and dependability and it is built on social interactions that occur among two or more additional people (Zahra, Yavuz and Ucbasaran 2006). Motivation, purpose, meaning and reason for being for example, are significantly influenced by the development of trust in a relationship. The higher the social interaction, the likelihood for the development of relational trust/capital increases which in turn directs to and reflects on emotional capital and physical support, information and resource attainment (Liao and Welsch 2001). Relational capital energizes mental, motivational and emotional reserves that reinforce peoples' identification with and obligation to common aims and goals (Zahra, Yavuz and Ucbasaran 2006). An entrepreneur can then leverage these meaningful trusting connections and use them to his/her benefit (Liao and Welsch 2005).

The structural dimension of social capital is typified by examples of social interaction that permits an entrepreneur to utilize personal networks to access information, support and resources vital for establishing a venture (Liao and Welsh 2001). The structural dimension relates to the general pattern of links between players (Liao and Welsh 2005). Structural capital is defined as the most basic type of social capital and the source for the materialization of cognitive and relational capital (Liao and Welsh 2005).

The cognitive dimension of social capital is described as a shared understanding between people within the network such as a joint vision or goal. The links between players direct the transmission of norms within the social network whereby, firms entrenched in vastly inter-connected relationships cultivate shared behavioral anticipations (Liao and Welsch 2001).

Bonding, linking and bridging capital

Three additional specific dimensions of social capital have been acknowledged by Woolcock and Narayan (2002) being, bonding, linking and bridging capital. All three
types according to Stone and Hughes (2001) are important for developing a strong society and all three have structural, relational and cognitive features.

Bonding capital implies social bonds and support, which builds on familiarity and closeness and densely knitted trusted relational capital. For example, the links between intimate family members and friends, and connections between people who are similar to one another in areas such as race, socio-economic status or political association. Bonding social capital are the links among those who know each other in a closed system, which are helpful when managing on a day to day level (Stone and Hughes 2001).

Linking capital relates to ties with people in places of authority, power and control of social and economic resources, such as a direct link between people and members of government; thereby facilitating communities to acquire resources. According to Woolcock and Narayan (2002) bridging capital refers to the less dense “formal and informal”, “strong and weak” links among different people and societies, which join them and help to obtain assets beyond their private networks. It implies overlapping connections, whereby participants of one group can gain right of entry and consequent resources from a different group, as a result of such interconnecting associations (Stone and Hughes 2001). An example is having friendships with people of a different ethnic group. This facilitates community connectivity and community problem solving.

According to Stone and Hughes (2001) social capital theory emphasizes that bonding capital is necessary for day to day living, as compared to the cross cutting ties found in bridging and linking capital, which are crucial in obtaining sustainability and pursuing an agenda to a greater degree.

**Formal, informal, thick and thin capital**

Putnam (2002) refers to different components within bonding, bridging and linking dimensions. They comprise formal social capital (parent associations, unions), as opposed to informal social capital (social gathering at a pub), thick social capital (family relationship), as opposed to thin social capital (casual contact), and inward looking social capital (promotes interest of own members-clubs), as opposed to outward looking social capital (promotes public interest-charitable organizations) (Putnam 2002).
2.5.4. The Development of Social Capital

Understanding the different forms and fundamental meaning of social capital makes it possible for social entrepreneurs to appreciate the potential benefits and pitfalls of this concept. Following the development of social capital assists in recognizing the diverse array of fields in which it can be employed, as well as having a deeper awareness and understanding of its meaning and attributes.

Entrepreneurs recognize the significance of social capital in all aspects of establishing and operating a business, particularly in the planning stages of entrepreneurship (Greve and Salaff 2003). Given that entrepreneurs need information, resources, competence and workers to commence a new enterprise, they often supplement their resources by accessing social capital networks - "these contacts that lead to successful outcomes are their social capital and they are a key component of entrepreneurial networks" (Greve and Salaff 2003). Social capital consequently relates to social entrepreneurship since social innovators need to access relevant vital networks, to accrue crucial information and resources needed for the development, maintenance and growth of a social enterprise.

“Social capital is fast becoming a core concept in business, political science and sociology” (Burt 2000). The concept has increased in importance in social science, and gained significant standing in obtaining social and economic progress over the past ten years; whereby in Australia it has been implemented by the National Government to outline social policy (Healy and Hampshire 2002). Social capital consequently contributes to the quality of life, which connects in an intricate way to economic, political and cultural effects (Bourdieu 1986), regarding the “realization of crime-free communities and positive education outcomes, to its importance in economic development and the growth of democratic societies” (Healy 2001).

Healy and Hampshire (2002) recognize that although the term social capital is comparatively new, it is a developed contemporary social science concept, particularly in the field of sociology and social policy. “Over the past decade, associations as diverse as the World Bank, government social policy departments, non-government agencies and new social movements, have turned their attention to the role of social capital in achieving social goals” (Healy 2001). Putnam (2002) emphasizes the array of fields in which social capital has been functional, not only in political science and sociology
where it stemmed from, but additionally in “economics public health, urban planning, criminology, architecture and social psychology”.

According to Putnam (2002), social capital is considered an interdisciplinary concept, whereby the first advocates of this idea were social reformers from a variety of disciplines, such as urban planning and education. They were concerned by the lack of government acknowledgement, regarding the positive influence of social networks, on the quality of life and in obtaining resources (Healy and Hampshire 2002).

Putnam (2000) mentions that, the phrase social capital has been re-interpreted no less than six times over in the last century, each time drawing attention to how our lives have been influenced by social connections. Putnam (2000) notes that the term originated with L.J. Hanifan, a state supervisor of rural schools in 1916, who emphasized the importance of community participation in producing a successful school, proclaiming that “the community as whole will benefit by the cooperation of all its parts”.

According to Woolcock and Narayan (2000), the concept of social capital vanished for a few decades, until being rejuvenated in the 1950’s by John Seeley a sociologist from Canada, for club memberships and associations of “upwardly mobile suburbanites”. In the 1960’s it was revived by Jane Jacobs, an urbanite, to praise neighborliness in the “modern metropolis”; in the 1970’s by Glenn Loury, an economist, to examine the social heritage of slavery; and in the 1980’s by Pierre Bourdieu, a French sociologist; and Ekkehart Schlicht a German economist in 1984, to emphasize the social and economic wealth from social connections (Putnam 2002). According to Woolcock and Narayan (2000), even in the 1950’s and 1960’s social capital was still considered to be an obstacle to development, and in the 1970’s it was considered a means of capitalist exploitation among the political and corporate leaders.

Putnam (2000) claims that it was James Coleman, a family sociologist in the 1980’s, who placed the idea of social capital on the academic agenda, underlining the social perspective of education; similar to his predecessor Hanifan. Woolcock and Narayan (2000) suggest that Coleman’s research on education, together with Putnam’s on civic participation and institutional performance, promote the inspiration for the most recent application of social capital.

Literature available on social capital was predominant in Anglo-American countries in the 1980’s and 1990’s, therein according to Healy and Hampshire (2002) the principal proponents of social capital were the late James Coleman, Pierre Bourdieu, and Robert
Putnam. Cherylynn Bassani (2002) from the University of Calgary though claims that Coleman is identified as the founder of the term. Ben Fine (2001), an economist, contests this, stating that Becker, a university professor of economics and sociology who was awarded the Nobel Prize in economics in 1992, and not Coleman, is the pioneer of social capital.

Fine (2001) claims that the expression social capital has become misinterpreted and confused, as a result of its expansion over vast fields and disagreement in the way it is measured. Healy (2001) confirms this notion stating, that there is still relative confusion regarding the interpretation of its origin. “Commentators are divided between those who see social capital as an extension of economic concepts across the social sciences and those who use it to draw attention to indicators of social and individual well-being, such as trust and access to support networks, which are typically ignored in conventional economic calculations” (Healy 2001). According to Woolcock and Narayan (2000) up to the 1990’s the main theories of social capital held quite restricted and even contradictory beliefs about its role in economic growth.

2.5.5. A Critical Analysis of Social Capital

Academics and social policy proponents, have become so captivated by the success of social capital, that its’ beneficial factors sometimes tend to be extenuated. Social capital can in fact have some harmful influences, which is recognized only in recent times - “while social capital has many beneficial effects with respect to information access and retrieval, community building and underlying group norms, there are also a number of less-beneficial aspects, which are under-explored in the current empirical literature” (Edelman, Bresnen, Newell, Scarbprigj and Swan 2004).

Portes and Landolt (1996) in their article “The Downside of Social Capital”, claim that Coleman and Putnam create a “one-sided view” of social capital. Portes and Landolt (1996) discuss the affects of exclusion, “the same strong ties that help members of a group often enable it to exclude others outside”. They illustrate how specific ethnic groups control a particular profession or industry, thereby hampering the entry of outsiders (Portes and Landolt 1996). Portes and Landolt (1996) also discuss the affects of how belonging to a community results in conformity, excluding those contravening the norms. “In small towns, all your neighbors may know you, and you can get supplies on
credit at the corner store. The claustrophobia, however, may be asphyxiating to the individual spirit, which is why the more independent-minded have always sought to escape from these conditions and so much modern thought has celebrated the freedom of urban life” (Portes and Landolt 1996).

Putnam (2002) also mentions types of ominous social capital that are detrimental to society, such as the Ku Klux Klan. This denotes a type of social capital that undermines the way of life of liberal democracy and racist groups preventing neighborhood integration, whereby “bonding without bridging equals Bosnia” (Putnam 2002). This is also demonstrated in the case of gangs and mafia families, whereby these contacts may actually suppress rather than benefit individuals and communities (Portes and Landolt 1996). Peer group pressure for example, may tempt youth to engage in a damaging lifestyle (Woolcock and Narayan 2000). Close integration into a specific group or society, consequently has implicit consequences, whereby it may also constrict the stream of novel thinking and innovations that are bred beyond the network (Edelman, Bresnen, Newell, Scarbrpigj and Swan 2004). In addition, it may result in “over-investment”, involving a situation of being excessively tied to a particular relationship (Edelman, Bresnen, Newell, Scarbrpigj and Swan 2004).

According to Brown (1999), Coleman made a significant mistake, when he defined social capital in relation to its “function” - “To define a social phenomenon in terms of its outcome is to confound antecedent with consequent. It is conceivable, that different antecedents can lead to the same outcome, or that the same antecedent can have different outcomes under different conditions”. When assessing the broad theories and criticisms of social capital, Brown (1999) attempts to provide the most collective multidisciplinary theory of social capital, which integrates a variety of advantages and disadvantages of social capital to date. “I began by defining social capital, as a system for distributing resources across a social structure, according to the relations among the egos which constitute the structure. I then conceptualized the system in terms of its components, its structure, and its environment”.

Healy and Hampshire (2002) also stress the importance of employing a multidimensional approach of the concept, by including the positive, negative, social and economic, local and institutional characteristics of social capital. Woolcock and Narayan (2000) call this a “synergy model of social capital” since it incorporates the various levels and magnitude of social capital, incorporating the liabilities and assets of social capital. “The synergy
approach brings together the communitarian emphasis on bonding and bridging forms of social capital, with recognition of institutional responsibility, for facilitating the social and economic conditions through which these forms of capital can be produced” (Healy and Hampshire 2002).

Social capital, in summary, has significant influential advantages and pitfalls, when developing social entrepreneurship to create social value. The downsides described above need to be heeded with caution, in the same way that the benefits need to be used as a catalyst to promote entrepreneurial accomplishment. The concept of social capital nevertheless, occupies a very important role in program enhancement and growth, being a crucial asset for obtaining information and resources, especially in the early stages of enterprise development.

These insights were of optimum importance, when contemplating how to draw on social capital as a resource in the case study of the CLICK venture. The confines, value and implications of social capital and its influence on social entrepreneurship, helped to present the conceptual theoretical framework for this research, by providing an infrastructure to develop an entrepreneurial business model for application in the developing third sector.

2.6. SOCIAL ENTREPRENEURSHIP IN THE THIRD SECTOR

2.6.1. Definition of the Third Sector

The phrase third sector encompasses a whole vast variety of not-for-profits, foundations and voluntary organizations promoting areas such as health, education, welfare, art, sport and culture, that have the prime objective of creating social value, as compared to producing dividends. Given the diverse character and wide range of organizations in this sector, generalizing and defining its role is difficult (Gidron, Katz and Bar 2000). It is therefore far more practical and understandable to define the sector as a whole, rather than the roles of the various organizations in the sector, (Gidron, Katz and Bar 2000). Two predominant tasks of the third sector are "service provision" and the "development of civil society" (Anheier 1995). Service provision is the main task of the third sector, comprising conventional state social services (Gidron, Katz and Bar 2000). This involves
a wide range of fields, such as care giving services to the aged, child care and medical clinics that can be provided by paid staff, volunteers or service users, on a national or local level and supported by a variety of funding sources; being donations, government assistance, fees or earned income (Gidron, Katz and Bar 2000). Civil Society is defined as the total amount of social actions carried out beyond the system of the state, and outside of the family structure (Gidron, Katz and Bar 2000).

Two additional roles of the third sector are funding and advocacy. Funding refers to the activities carried out by foundations in the role of providing financial assistance to organizations or individuals. Advocacy is defined as promoting measures that would broadly benefit society, in relation to affecting governmental decisions (Gidron, Katz and Bar 2000).

On a global level, the third sector is being established beyond the conventional state system, in order to fulfill public objectives, once believed to be the state's sole responsibility (Salamon 1994). Not-for-profits and private agencies are moving into a wide range of areas, becoming service delivery agents on behalf of the state. They are filling the social, environment and economic gaps where the state has failed, and thereby provide an alternative method that relates more efficiently to human requirements (Salamon 1994).

In summary, this sector is less bureaucratic, more flexible and needs orientated. As well it provides the infrastructure for partnerships and alliances with service users, enabling them to be active participants in initiating services to meet their own needs (Gidron, Katz and Bar 2000). The third sector also represents diverse interest groups, which in the past were socially expelled from society, such as homosexuals, women and racial groups, thereby increasing democratic representation (Gidron, Katz and Bar 2000).

2.6.2. The Third Sector in Israel

Third Sector development in Israel during the pre-State era was characterized by Zionist voluntary organizations serving as a means to promote and enhance the building of the State (Silber and Rosenhek 2000). The next three decades showed no significant change, whereby "most voluntary organizations fulfilled subsidiary roles to the State and lacked any significant amount of autonomy" (Silber and Rosenhek 2000). In comparison, the
past two decades demonstrate measurable growth, as well as organizational cohesiveness and variation in functions (Silber and Rosenhek 2000).

The growth of the third sector in Israel is unique, due to the circumstances in which the nation was founded, with ancestry in custom cultivated by Jews from the Diaspora, the influx of immigrants and the building and development of the State (Silber and Rosenhek 2000). The third sector for example, initially concentrated on governmental pressures, but predominantly from the 1970's till today, branched out considerably, becoming more self-governing in nature (Silber and Rosenhek 2000). In time, with the "normalization" of the country, the third sector lost its distinctiveness, responding to needs in the same manner as other nations (Silber and Rosenhek 2000).

The third sector in Israel today is a sizeable and substantial entity of the economy, comprising a significant 10% of the entire economic activity (Gidron, Katz and Bar 2000). This figure becomes even more notable when compared to the third sector in other nations, where Israel is graded fourth in relative size, one of the largest globally, following the Netherlands, Ireland and Belgium (Gidron, Katz and Bar 2000). This data was presented in the first annual report of the Israeli Third Sector Database, collated by the Israeli Center for Third Sector Research at the Ben-Gurion University of the Negev in Beer Sheva, Israel. The report entails the investigation of information from approximately 30,000 registered third sector associations in Israel, with statistics from ten various sources (Gidron, Katz and Bar 2000). Results demonstrate that the third sector is growing significantly in Israel in terms of its economic functions and number of organizations, with 1,500 new registered not-for-profits annually in the last decade; only one third of them actually being active (Gidron, Katz and Bar 2000).

The Third Sector is comprised of 72% in the service provision field, whereby religious organizations dominate the sector, embracing one fifth of the third sector in 1988 (22.5%), with education and research (18.3%) not far behind, followed by philanthropy (13.8%) (Gidron, Katz and Bar 2000). A wide variety of associations from numerous fields, predominantly in the area of "welfare", "religion", "education and research", "philanthropy", "culture and recreation" exist, and this represents Israeli society's heterogeneous character. (Gidron, Katz and Bar 2000).

The considerable capacity of the third sector is indicated by the income and expenditure of this segment in relation to Israeli economy, whereby in 1995 the entire expenditures of this sector amounted to 12.7% of the GDP (Gidron, Katz and Bar 2000). In addition it is
a significant employer comprising over 9.3% of the entire non-agricultural labor force in 1995 (Gidron, Katz and Bar 2000). This figure, in conjunction with the volunteer manpower, comprises a total of 10.7% non-agricultural work force (Gidron, Katz and Bar 2000).

The government plays a major function in the funding of the third sector in Israel, directly supporting 38% of larger service provision organizations (Gidron, Katz and Bar 2000). In addition the State, in parallel to other welfare states throughout the 1980's, initiated a strategy of partial privatization of services to not-for-profits and for-profits, as a means to reduce the State's direct responsibility to service provision, and as an employer (Silber and Rosenhek 2000). The government however, maintained command over the subcontractors of service provision and did not relinquish its hold and control over service provision (Silber and Rosenhek 2000). This in turn placed constraints on the autonomy and consequent independence of the third sector, but on the other hand promoted substantial expansion of service provision organizations in the sector (Gidron, Katz and Bar 2000).

Third Sector organizations are one of the central ways to link citizens to their neighborhood and enhance their community awareness (Gidron, Katz and Bar 2000). The CLICK not-for-profit third sector organization in Israel represented and evaluated in this study, demonstrates this with its volunteer human workforce, comprising a significant 8% of total expenditure and income (CLICK records 2005). A synopsis of the CLICK third sector organization is presented in the appendix, to provide a greater understanding regarding the managerial and organizational structure of the not-for-profit, which this case study is based upon.

2.7. FINDINGS OF KEY RESEARCHERS

The CLICK not-for-profit consequently provided the perfect setting to conduct a research analysis that depends on volunteer manpower in the third sector. The enterprise is an example of a third sector organization, which links its citizens to its neighborhood, as a method of mounting community awareness and development (Gidron, Katz and Bar 2000).

The literature review illustrated in section 2 of this thesis, provided the overall theoretical foundation on which to base the CLICK study, whereby social entrepreneurship and
social capital network theory, impacted significantly on developing the conceptual theoretical framework and design for the research.

CLICK is an organization that depends significantly on networking to obtain crucial information and resources needed for enterprise development. Social capital theory, as a method for social entrepreneurs to generate resources to achieve sustainability and growth, therefore had significant bearing when forming the research question for this thesis, that being: *how do social capital stocks influence sustainability and entrepreneurial growth in a not-for-profit organization?*

The literature emphasizing the intrinsic value of specific dimensions of social capital networks, as a vital information and resource source for program enhancement also impacted on the relevant hypotheses to be tested. In addition, it presents theoretical insights to firstly understand, assess and then compare the relevant outcomes. The overall results of the CLICK study could then be availed upon, to test the integration of social capital concepts, in "the opportunity creation process" designed by Guclu, Dees, and Anderson (2002), when developing an entrepreneurial business model for social entrepreneurship in the third sector (See chapter 4). Findings thereby can support or contend current theory about social capital and social entrepreneurship in the third sector.

When summarizing the major finding of the key researchers in the field of entrepreneurship, social entrepreneurship, and social capital, in relation to the CLICK research in the third sector, the following abstract recapitulates chapter 2.

Entrepreneurship involves moving economic resources from lower produce to greater output and more yields (Dees, Haas and Haas 1998). From its identification in the 17th-18th century French economics, entrepreneurship has become related to economic progress, with the entrepreneur as the catalyst and innovator at the helm (Dees, Haas and Haas 1998). The concept incorporates creativity, risk taking, innovation (Noll 1993) and opportunity recognition (Drucker 1990) in the presence of risk (Kourilsky 1995). It involves being able to view what others are incapable of seeing (Timmons 1990).

Theory that attempts to define the relationship between the entrepreneur and new enterprise development derives from several fields: economics, strategy and personality psychology (Mitchell, Busenitz, Lant, McDougall, Morse and Smith 2002). Nevertheless the individual behind venture creation is still considered by many venture capitalists and practitioners to be a major influencing force (Mitchell, Busenitz, Lant, McDougall, Morse and Smith 2002).
Social entrepreneurship incorporates the fundamental concepts of entrepreneurship but is the practice of identifying and persistently searching for opportunities to generate social value that meets a perceived community need. The concept of social entrepreneurship is not a new one, only the term itself and by the end of the 20th century it had become a standard institutional approach, with common core values (Hartigan 2002, 2004).

Social entrepreneurship involves various measures such as profit making ventures performed by not-for-profits, community economic development, social responsibility projects and cross-sector partnerships (Dees, Haas and Haas 1998). The approach differs to the business sector, in that social purpose is the driving force and profit is a means to create social mission and not an ending in itself (Dees, Haas and Haas 1998).

The force behind social entrepreneurship is the social entrepreneur. Social entrepreneurs existed since society was formed, but they only began defining themselves as such in the 1980's (Hartington 2004). They possess the same basic characteristics as business entrepreneurs. They are change agents, innovative, creative and seek opportunities, but pursue prospects to create social value (Hartington 2002). Social entrepreneurs nevertheless use business principles to address social agendas, converging sector boundaries between the social and business disciplines (Dees, Haas and Haas 1998).

Social entrepreneurs compete in an aggressive market when recruiting funding to support their ventures. They need to marshal resources from diverse sources to develop sustainable and profitable social enterprises. Social entrepreneurs consequently support their ventures by developing a number of income sources, comprising of government funding, philanthropy and earned income (Young 2007). Predominant charitable giving methods are special events, door to door appeals, direct mailing, phone campaigns, membership fees, pledges, wills, property investments, grants, and business for social responsibility (Flanagan 1991). This charitable giving is a significant measure of social capital, whereby social capital has become an increasingly important source for social entrepreneurs to mobilize resources, especially when establishing a new enterprise (Hansen 2001).

Social capital is conceptualized as the assets found in relationships, related to the development of trust and reciprocity (Putnam 2000) and possessing structural, relational and cognitive dimensions (Nahapiet and Ghoshal 1998). The strength and number of weak ties (Granovetter 2002), diverse structural holes (Burt 1992) bonding, linking and
bridging links (Woolcock and Narayan (2002), depict the relevance and benefits of distinct dimensions and components of social capital.

Social capital consists of the quality of social network relationships that help people resolve common problems (Stone 2000). It contributes to the quality of life (Bourdieu 1986), as a capacity building practice and as a fundamental aspect of a strong community (Stone 2000). The concept of social capital implies that a person's networks, in addition to his/her knowledge base, are a vital resource to help one another achieve results and provide mutual benefit (Stone 2000).

The notion of social capital is steadily evolving as a core concept in sociology, political science and in the business sector (Burt 2000). The concept originated as early as 1916 but it took until the 1980's to be noted on the academic agenda (Putnam 2000). Predominantly in the last decade, government and non-government agencies began to recognize its importance in reaching social objectives (Healy 2001). Social capital nevertheless can have negative exclusive affects preventing others from entering a specific group, or have even harmful affects, as found in the case of gangs and mafia social networks (Portes and Landolt 1996). A multidimensional approach, including the positive, negative, social and economic, local and institutional characteristics of social capital, should therefore be employed when assessing the magnitude of the concept in the third sector (Healy and Hampshire 2002).

The third sector, as opposed to the government and business sector is predominantly involved in service provision, the development of civil society, funding and advocacy (Anheier 1995). Globally, this sector was created so as to carry out public social, environment and economic aims, once deemed the state's sole responsibility (Salamon 1994). The third sector today therefore fills the gaps where the state has failed (Salamon 1994). An example of this is found in Israel today, whereby the government initiated a strategy of partial privatization of services to not-for-profits and for-profits, so as to reduce State responsibility (Silber and Rosenhek 2000).

In summary the third sector in Israel, which was once unique as a result of its ancestry, in time, lost its distinctiveness, meeting needs in the same manner as other nations (Silber and Rosenhek 2000). The third sector in Israel nevertheless today is a significant part of the Israeli economy, consisting of 10% of the entire economic activity (Gidron, Katz and Bar 2000) and graded globally fourth in relative size (Gidron, Katz and Bar 2000).
3. METHODOLOGY AND IMPLEMENTATION

3.1 THE RESEARCH QUESTION

The findings of the key researchers summarized above and illustrated in depth-in section 2, impacted on the methodology and propositions to be tested in the CLICK venture. The findings in the literature review provided the theoretical knowledge and groundwork for forming the research question, conceptual theoretical framework, research design, hypotheses and propositions to be tested. This comprises the “methodology and implementation section” of this study, which is presented in detail in chapter 3.

The methodology section of this thesis was designed in relation to the general aim of the study, that being to examine how an entrepreneurial business model would best be integrated into a not-for-profit organization in the third sector, for the purpose of becoming a sustainable and growth in-house industry.

The information presented in the literature review shaped the research design and implementation, by providing the theory in the respective areas of study; predominantly social entrepreneurship and social capital. This demonstrated the significance of social capital in all aspects of establishing and operating a business (Greve and Salaff 2003). The literature review highlighted the value of social capital, emphasizing the need to access relevant vital networks, to accrue crucial information and resources needed for the development, maintenance and growth of a social business enterprise.

The CLICK study therefore was interested in investigating "if", "how", and, "what", source of potential social capital networks could provide vital information and resources, to promote sustainability and growth, in its new business venture in the not-for-profit sector. This study was also involved in examining the crucial role and potential influence of social capital network relations, according to possible successive stages in a time line. A method suggested by Greve (1994) that involved three phases of development, being i) motivation, ii) planning and iii) establishment, was thereby adopted in this study, to assess the development of the case over a period of time. Its application is discussed in detail in section 3.3 below.

The questions for exploration in this study, in conjunction with the theoretical information presented concerning social capital in the literature review, therefore lead to the formation of the research question being: How do social capital stocks influence sustainability and entrepreneurial growth in a not-for-profit organization? According to
Eisenhardt (1989) a research question is needed in order to define a study focus and not be inundated by the amount of data collated. This research question was subsequently analyzed in a longitudinal single in-depth case study, developed over a three year period, involving an investigation carried out by the executive director of CLICK, the writer of this thesis and the actual participant observer of the study.

In addition to the value of social capital, the literature review also defined the various definitions of social entrepreneurship. According to Dees, Haas and Haas (1998) social entrepreneurship involves the act of merging “the passion of a social mission with an image of business-like discipline, innovation, and determination”.

For the purpose of this study, social entrepreneurship has been defined according to the narrow definition described by Austin, Stevenson and Wei-Skillern (2006) of employing business expertise and market competence, to form novel ways of generating resources in the not-for-profit sector. This definition of social entrepreneurship impacted on the design of the methodology of this study, given that it needed to incorporate measurement indicators applicable to a social business enterprise that employs business know-how and market expertise, in the not-for-profit sector.

This involved finding a suitable model to be tested that could be applicable in a third sector environment. A social entrepreneurial business model incorporating the process of opportunity recognition, creating social value, applying social capital concepts and employing methodical business strategies. It also involved finding a social entrepreneurial business model that could provide the infrastructure to test data from the research on CLICK, regarding trust relationships and values, plus the balance of power between players in a third sector setting.

3.1.1. Propositions to Be Tested

Developing a business model for the practice of social entrepreneurship

In search of the "right" model for the practice of social entrepreneurship, combining business expertise to generate resources while creating social value in the third sector, the CLICK venture presented a case of a small start-up business in the third sector, which was rich in empirical facts, together with new research and analysis. This data enabled identification of the needs, problems, barriers and successes encountered by a not-for-profit enterprise in the motivation, planning and establishment phase of growth that could
be tested in a model purporting to describe the social entrepreneurship process in the not-for-profit sector.

In relation to the research question, when seeking a practical, functional, social entrepreneurial business model in the third sector, "the opportunity creation process" (Guclu, Dees, and Anderson 2002) presented an opportune infrastructure to investigate and build on, with the CLICK data. It provided the possibility to test the outcome of the research of the CLICK case and assess whether the findings fit the explicit constituents of the model, to be explored and modified with social capital dimensions.

The specific components of "the opportunity creation process" (Guclu, Dees, and Anderson 2002) are hereby described in detail, including the additional integration of social capital elements as the social impact theory.

**The Opportunity Creation Process** (Guclu, Dees, and Anderson 2002)

According to Guclu, Dees, and Anderson (2002), "the opportunity creation process", is a model aimed "to help increase the chance of success for anyone contemplating the journey of social entrepreneurship". "Every exploit in entrepreneurship begins with the image of an appealing opportunity, with ample potential to expend energy, time and resources, to follow it through" (Guclu, Dees, and Anderson 2002).

Guclu, Dees, and Anderson (2002) claim that appealing opportunities do not just drop on our doorstep, but need to be created, matured and processed in a vibrant, imaginative and reflective manner. In addition, not every opportunity is worthwhile following through, whereby many are not worth launching in the end (Guclu, Dees, and Anderson 2002). "For social entrepreneurs, an "attractive" opportunity is one that has sufficient potential for positive social impact to justify the investment of time, energy, and money required to pursue it seriously" (Guclu, Dees, and Anderson 2002).

Guclu, Dees, and Anderson's (2002) model for the process of social entrepreneurship involved separating the opportunity creation process into two main parts: formulating a promising idea and then developing it into an appealing opportunity, and at times launching the first phases of the venture, as illustrated in figure 3.
According to Guclu, Dees and Anderson (2002) ideas tend to originate from the private experience of the entrepreneur, though this is not the only catalyst for social entrepreneurs to formulate worthwhile ideas, whereby acknowledging social needs, social assets, and change may also guide the development of promising ideas. This is the first step of the model, creative idea generation, which is then followed by the developmental analytic and logic stage (Guclu, Dees and Anderson 2002). This phase involves adapting an attractive idea into a worthwhile opportunity by using a business model, composed of a resource strategy and operating model. The business model is then fitted to a plausible social impact theory, whereby "both steps combine inspiration, insight and imagination with research logic and analysis" (Guclu, Dees and Anderson 2002).

In order to understand the intrinsic components of the Guclu, Dees and Anderson (2002) model, each step will subsequently be described in detail. Modifications to the model will also be illustrated, whereby findings from the literature review provided insight into the crucial role of social capital networks, incorporated as an additional step into the model. The initial components portrayed in step 1 of the Guclu, Dees and Anderson (2002) model, are illustrated in figure 3.1, where an appealing idea is converted into a worthwhile opportunity, making it operable by combining social needs, social assets and change, in conjunction with the personal experience of the entrepreneur.
Figure 3.1 The Opportunity Creation Process (Guclu, Dees, and Anderson 2002)

STEP 1: Generating promising ideas

According to Guclu, Dees and Anderson (2002) ideas are inclined to develop from the personal experience of the entrepreneur (See Figure 3.1). An individual, who has the competence to enterprise, will therefore be more likely to create a venture (Liao and Welsch 2005).

Human capital is important, for example educational and professional competency, whereby a person with the right skill to enterprise will be more likely to develop a venture (Liao and Welsch 2005). This constitutes the experience and knowledge that comes prior to the opportunity discovery procedure (Lumpkin and Lichtenstein 2005). Being in preparation and previous knowledge in a specific field, are consequently fundamental to the opportunity recognition process (Lumpkin and Lichtenstein 2005). This involves a deliberate effort on behalf of the organization to gain expertise in a particular area of interest (Lumpkin and Lichtenstein 2005).

Although personal experience, as used by Guclu, Dees and Anderson (2002), is important legitimate social needs nevertheless should dictate entrepreneurial ideas in this model.

Social needs (Guclu, Dees, and Anderson 2002)

Social needs are embedded in an organization's shared vision, values and desire to create a better universe (Guclu, Dees and Anderson 2002). In the business sector, needs relate to inadequate or unmet needs on behalf of the consumer, while in the social sector needs relate to disparity between socially desired necessities and the current reality (Guclu,
Dees and Anderson 2002). "They rest on some vision of a better world and are grounded in personal values" (Guclu, Dees and Anderson 2002).

The ideas and values relating to a specific social need must be accepted and supported by an organization, in order for the venture to become worthy of pursuit (Guclu, Dees and Anderson 2002).

**Social Assets** (Guclu, Dees, and Anderson 2002)

In addition to social needs, an interesting perception of developing ideas can be made by focusing on assets rather than emphasizing requirements. In some instances the social sector concentrates too heavily on needs, rather than promoting more creative ideas by centering on its assets (Guclu, Dees and Anderson 2002). Volunteers for example can be a tremendous asset to an organization whereby "to acquire resources without paying is through volunteers" (Guclu, Dees & Anderson 2002). The asset of volunteers can consequently fill the unmet need of insufficient manpower in a social enterprise.

**Change** (Guclu, Dees, and Anderson 2002)

Social assets and needs can develop due to negative and positive changes, resulting in the development of new possibilities and the creation of promising novel ideas to adapt to the changes (Guclu, Dees and Anderson 2002). According to Drucker (1985) entrepreneurs “always search for change, respond to it and exploit it as an opportunity”. These changes may appear in the manner of a trend that progresses at various speeds. For example, the development of mobile cellular phones or personal home computers, opening up a whole range of opportunities for the technology sector (Guclu, Dees and Anderson 2002).

Once an appealing idea has been generated by combining the private experience of the entrepreneur, in conjunction with social needs, social assets, and change, the second step in the Guclu, Dees and Anderson (2002) model, involves converting this attractive idea into a viable opportunity, as illustrated in figure 3.2 This second stage of the model focuses on matching the entrepreneur with an opportunity development infrastructure (Guclu, Dees, and Anderson 2002). Promising ideas will only eventuate given the "opportunity – oriented mindset" of the social entrepreneur and social enterprise, together
with the ability to change this idea into a valuable opportunity (Guclu, Dees & Anderson 2002).

**Figure 3.2 The Opportunity Creation Process** (Guclu, Dees, and Anderson 2002)

**STEP 2: Developing promising ideas into attractive opportunities**

Step 2 of the model is the most challenging. It involves converting promising ideas into worthwhile opportunities, by combining social impact theory with a business model. The business model is comprised of a resource strategy and an operating model in a developmental "funnel" stage process (Guclu, Dees, and Anderson 2002) (See Figure 3.2). Each of these steps will be described in detail, to determine the basis for choosing this specific method when seeking a practical, functional, social entrepreneurial business model in the third sector.

**STEP 2: Developing promising ideas into attractive opportunities**

**Social impact theory** (Guclu, Dees, and Anderson 2002)

Beneath any new social undertaking is a theory relating to how a venture will reach its planned social impact (Guclu, Dees, and Anderson 2002). "The chances of success are significantly increased if the action and research are grounded in a set of plausible hypotheses about the underlying social impact theory and business model, which includes an effective operating model, and a viable resource strategy" (Guclu, Dees, and Anderson 2002). These components signify the foundation of any worthy idea to develop a social initiative (Guclu, Dees, and Anderson 2002).

Social impact theory is the concept related to how a social enterprise will attain its social effect, and how it represents the organization's vision and purpose (Guclu, Dees, and
Anderson 2002). "By clearly defining the venture's intended outcomes and means for achieving them, the theory also provides a precise description of the ultimate social impacts for which the organization will hold itself accountable" (Guclu, Dees, and Anderson 2002).

According to Guclu, Dees, and Anderson (2002) a proficiently articulated social impact theory should permit the social entrepreneur to recognize and assess some of the basic assumptions behind the enterprise. This can be done prior to establishing a venture by comparing the social impact theory to current respective information in the field, or by conducting new investigation and study (Guclu, Dees, and Anderson 2002).

In addition, given that social impact may take time to assess, and its difficulty in measurement, this testing period may take considerable time in the process: "a clear social impact theory helps make the testing process more systematic and timely" (Guclu, Dees, and Anderson 2002).

Identifying and improving a social impact theory, is a dynamic procedure that combines innovation and creativity with solid testing and appraisal of outcomes, so as to assure the opportunity is worthy of pursuit (Guclu, Dees, and Anderson 2002).

**Business model** (Guclu, Dees, and Anderson 2002)

Social impact theory is then carried out in conjunction with a conceivable business model that is comprised of two components, an operating model and resource strategy - "these two elements of the business model work closely together to bring the social impact theory to life" (Guclu, Dees, and Anderson 2002). They transfer the resources into the potential required, to produce the proposed social impact in a competent and effectual manner in conjunction with social entrepreneurs who in many instances provide the maximum value to the model (Guclu, Dees, and Anderson 2002).

**Operating model** (Guclu, Dees, and Anderson 2002)

An operating model is basically a project plan of activities and structure that adapts the obtainable resources into the capabilities required to produce the proposed social impact (Guclu, Dees, and Anderson 2002). The operating model depicts the way the social impact theory is to be carried out in practice: "it is a combination of specific activities, structures, and support systems that are designed to work together to bring about the intended impact" (Guclu, Dees, and Anderson 2002).
The operating model initially involves a series of actions with inputs and outputs, comparable to "value chains" in the business sector which requires managerial, accounting and manpower support (Guclu, Dees, and Anderson 2002). This incorporates role definitions, co-ordination of tasks and support systems such as organizational culture, which need to work together to achieve the aim of the social impact - "with these pieces in place, the operating model should allow social entrepreneurs to trace a plausible and specific causal path through a chain of activities, structures, and support systems to the intended social impact" (Guclu, Dees, and Anderson 2002).

The separation of the operating model and resource strategy however is somewhat artificial, since they are in reality one component, divided for analytic reasons (Guclu, Dees, and Anderson 2002).

Resource strategy (Guclu, Dees, and Anderson 2002)

The operating model is dependant on vital resources, such as physical or human capital (Guclu, Dees, and Anderson 2002). This resource strategy needs to encompass a viable fundraising plan with continuing resources, so as not to draw the enterprise away from its focal point (Guclu, Dees, and Anderson 2002).

The resource model incorporates the people element - knowledge, reputation and skills, as well as financial sources, and the methods for recruiting them (Guclu, Dees, and Anderson 2002).

Guclu, Dees, and Anderson (2002) claim that three chief alternatives are available for social entrepreneurs to mobilize resources: partnerships, donations or actually financing them on their own. The resource model in itself is often a creative process, attempting to find novel methods to recruit resources in a competitive environment (Guclu, Dees, and Anderson 2002).

Social entrepreneurs therefore need to develop a sound resource model prior to following a given opportunity. This may be demanding given limited resources, overworked and underpaid staff, increasing service expansion and burnout on the horizon- "social entrepreneurs must have the same commitment and determination as a traditional business entrepreneur, plus a deep passion for the social cause, minus an expectation of significant financial gains" (Guclu, Dees, and Anderson 2002).
In addition to the resource strategy and operating model the CLICK venture pursued an opportunity which sought to test whether social capital networks provide crucial resources and information in the business development process.

The importance of social capital in obtaining vital resources and information has been demonstrated in the literature review. This research consequently suggests building on the Guclu, Dees, and Anderson (2002) model, by incorporating social capital concepts as part of the compelling social impact theory. This implies adding social capital networks, as a competitive advantage to benefit overall performance in the third sector. This is illustrated in figure 3.3, portraying the suggested extra step 2a to "the opportunity creation process" (Guclu, Dees and Anderson 2002), which involves integrating social network components as the chosen social impact theory.

**Figure 3.3 The Opportunity Creation Process** (Mosek, after Guclu, Dees and Anderson 2002)

**STEP 2a: Integrating social capital concepts as the social impact theory**

The literature review described the crucial importance of social capital as providing social value, and becoming an increasingly important resource for social entrepreneurs to accumulate, especially when commencing a new enterprise (Hansen 2001). Social capital is linked to attainable resources found in a community due to "networks of mutual
support, reciprocity, trust and obligation” (Australian Bureau of Statistics 2000). This thesis argued that specific components of bonding, bridging and linking social capital may be required at specific stages, from start-up to establishment, in the business development process, for various purposes. The inclusion of social capital concepts to the existing model of Guclu, Dees, and Anderson (2002), consequently provided an approach, emphasizing access to specific networks, that will provide right of entry to vital resources and information at different specific stages of program development, to promote venture growth and sustainability.

This research also identified that the distinctiveness, structural positioning, cognitive and relational elements, plus the competitive advantage of social capital, come to play significant parts according to a time line. For example trust, is a relational element and an important gauge of social capital networks that developed over a time frame. Relational trust played a vital role in obtaining significant resources and information in the CLICK venture, especially in the case of the donor-enterprise relationship, directly impacting on the growth and performance of the social enterprise.

In summary, in search of the "right" model, combining business expertise to generate resources while creating social value in the third sector, this research proposed empowering the social impact theory component of the Guclu, Dees, and Anderson (2002) model, with social capital dimensions, to attain its social impact. Three elements for the framework of social entrepreneurship when developing an entrepreneurial business model are thereby needed in order to demonstrate this proposition. They are illustrated in figure 3.4 and comprise the following:

i. "The opportunity creation process" (Guclu, Dees, and Anderson 2002) (See figure 3), as the infrastructure to develop a social entrepreneurial business model in the third sector.

ii. The integration of social capital concepts as the social impact theory, demonstrated in the literature review as a crucial resource for social entrepreneurs to accumulate; especially when commencing a new enterprise (See figure 3.3).

iii. The reality of a test case with the CLICK venture, to assess whether the findings fit the specific components of the model presented in figure 3.3, when integrating social capital concepts as the social impact theory.
31.2. Conceptual Theoretical Framework

Social Capital - a small business survival and success factor

In summarizing "the opportunity creation process: demonstrated by Guclu, Dees, and Anderson (2002), the model involves a process for social entrepreneurs to shape an opportunity worthy to pursue. This in turn may improve the likelihood of success for an entrepreneur when considering venture creation.

The integration of social capital concepts as the social impact theory provided the foundation for an approach to be implemented as a guideline for the process of social entrepreneurship in the third sector and in preparation for opportunity recognition. The Guclu, Dees & Anderson (2002) model thereby provided an infrastructure to test the CLICK venture, with relevant hypotheses assessing the value of social capital, and its relevance as providing the conceptual theoretical framework of this thesis.

The literature review described existing works in the area of social capital by Putnam, Coleman and Bourdieu (Putnam 2000) that demonstrate how social networks have value influencing the productivity of individuals and groups. Social capital theory consequently provided a valuable perspective for developing the conceptual theoretical framework for this thesis and the Guclu, Dees & Anderson (2002) model helped to make this theory testable, feasible, operational and functional.

“The fundamental proposition of social capital theory is that network ties provide access to resources and information” (Liao and Welsch 2001); “who you know” affects “what you know” (Nahapiet and Ghoshal 1998). Social capital consequently can be used as a
potential source of substantial competitive advantage (Edelman, Bresnen, Newell, Scarbrough and Swan 2004), essential for venture start-up, sustainability and growth. Social capital was a major facilitator in reaching breakeven in the CLICK enterprise and in promoting the development of the venture, implying that access to social capital determined the survival and success of the business, particularly from the start-up phase to full operation. Network theory also implied that specific components and dimensions of social links could be leveraged to enhance social value, as well as being presented entrepreneurially in an operational model purporting to social capital to be integrated in the research of the CLICK venture.

3.2 CASE STUDY RESEARCH STRATEGY

3.2.1. The Need for a Reality Test Case

When testing the value of social capital as a potential source of substantial competitive advantage, the elements for the framework of social entrepreneurship, illustrated in figure 3.4, demonstrate the need for a reality test case. This was to assess the viability of integrating social capital concepts, as part of the social impact theory in "the opportunity creation process" (Guclu, Dees and Anderson 2002). The CLICK business enterprise met this need, by providing access to rich empirical data from a single case study, which could then be used to test this model. The CLICK case study explored how social capital stocks influence sustainability and entrepreneurial growth in a not-for-profit organization. The research aimed to connect social capital theory to feasible hypotheses testing the value of social capital, as the social impact theory in the opportunity creation process. Case study methodology therefore was particularly useful being practical in nature, especially when connecting theory with empirical data that enables the development of a testable hypothesis (Eisenhardt 1989), (Glaser and Strauss 1967). Case methodology was considered the most appropriate mode of research in the CLICK thesis, since case study observation captured the dynamics of emotions, relationships, interactions, human characteristics, process and change over an extended period of time. The complex in-depth study of human interaction and interpersonal relationships based on the development of social trust, a significant gauge of social capital, are not easy procedures to assess scientifically.
Case study strategy

"The case study is a research strategy which focuses on understanding the dynamics present within single settings" (Eisenhardt 1989). The main strength of a case study “is its ability to deal with a full variety of evidence - documents, artifacts, interviews and observations, beyond what might be available in a conventional historical study” (Yin 2003). Case studies are commonly used as a research method in the social science fields, assisting the understanding of individual, group, political and community events (Yin 2003). “Case study methods are frequently used in network research, particularly for early theory development” (Hite 2005). This type of research however, is often unjustly criticized as being a weak form of investigation, but this may be due to researchers not following specific methodical procedures, as required when conducting a case study investigation (Yin 2003).

In the situation of a single case study Yin (2003) states that its results should be used to generalize assumptions as in the case of experiments, whereby “the case study, like the experiment, does not represent a “sample”, and in presenting a case study, your goal will be to expand and generalize theories (analytic generalization)” and not enumerate frequencies (statistical generalization”).

Case study methodology, is a common technique used by third sector study, and is employed as a research strategy when asking a “how” or “why” question, regarding a contemporary set of events, over which the examiner has minimal or no control (Yin 2003). Yin (2003), states that a case study is not a mere research method, but a structure for future deliberation. It is also an all inclusive research method, since it encompasses design, data collection techniques, and explicit modes of data analysis (Yin 2003).

Longitudinal methodology

The CLICK study experienced a number of significant upheavals and crises that were the direct result of human dynamics, feelings, values, motivations and ideals. These issues, impressions and sentiments could only be portrayed in a dynamic case study that illustrated the forceful nature and influence of human behavior amongst key players. Given that these emotions are difficult to suppress, they need to be assessed in a method that does not reduce them to mere numbers, but to interpersonal relationships that develop longitudinally according to a time line.
Social trust has an inherent relational and emotional element that defines the quality of a relationship (Paine 2003). In order to concisely illustrate, describe and assess the influence of trust, it can best be recorded in diary excerpts and interviews in relation to developmental phases. Coming to grips with its influence requires ongoing processional observation that is best captured via participant observation within a case study infrastructure. Trust is a vibrant phenomenon that develops over time and preferably necessitates a longitudinal methodology to convincingly assess (Welter and Smallbone 2006).

**Single case study**

A rationale for a single-case study is the longitudinal case that involves "studying the same single case at two or more different points in time" (Yin 2003). A single-case study is analogous to a single experiment, and many of the same conditions that justify a single experiment also justify a single-case study" (Yin 2003). One of the underlying principles for a single case is when it stands for the "critical case" in testing a sound devised theory (Yin 2003). The single case is then able to ascertain if a theory's propositions are accurate or if different explanations may be more applicable, when signifying an important input to knowledge and theory development (Yin 2003).

The literature review provided a concise background of well-formulated theory about social capital. Testing this theory involves assessing the dynamics and influence of social capital indicators, such as trust, that developed longitudinally between the main actors in the CLICK venture. Analyzing their actions as they occur can then be compared to the relevant theory on social capital.

Data collection can continue in parallel while assessing accordingly, to present specific assumptions, conclusions and possible newly revealed theories. According to Glaser and Strauss (1967) this data may then be used to develop "grounded theory", discovering theoretical analysis out of qualitative research as it emerges, rather than the opposite, with the formulation of hypotheses based on conceptual ideas. This way future information can be modified in retrospect, enabling novel theory to be generated in a less researcher biased setting (Eisenhardt 1989). Grounded theory consequently can be formulated from data which includes inductive and deductive thinking (Glaser and Strauss 1967). "It emphasizes both the emergence of theoretical categories solely from evidence and an incremental approach to case selection and data gathering" (Eisenhardt 1989).
Glaser and Straus (1967) dispute that a lot of present data is purely the confirmation of theory, or the development of theory as a result of logical deduction, instead of arriving from experimental information itself (Glaser and Strauss 1967). "In social research generating theory goes hand in hand with the verifying it; but many sociologists have diverted from this truism in their zeal to test either existing theories, or a theory that they have barely started to generate" (Glaser and Strauss 1967).

According to Glaser and Strauss (1967) theory actually develops throughout the study process and is the result of ongoing interaction between the analysis and information gathered. The actual association with empirical facts is what allows the development of a testable, applicable and legitimate theory (Glaser and Strauss 1967). Eisenhardt (1989) in addition suggests a framework with eight specific steps that demonstrate how to carry out the process of building theory out of case study research, assuming a multi-case approach. The method involves using multiple investigators, multiple data gathering techniques, and a number of cross-case searching methods (Eisenhardt 1989). This is particularly productive when not a lot is known about a certain subject or to present new insight to existing knowledge.

In the study of the CLICK enterprise, although data was continually analyzed and compared to information presented in the literature review, this research is not an example of grounded theory. As in most empirical investigations, it advanced from theory to data, whereby the "accumulation of knowledge involve a continual cycling between theory and data" (Eisenhardt 1989). The research about the CLICK venture developed as a single case, with specific hypothesis that were built to either support, or refute, the integration of social capital components, as the social impact theory in "the opportunity creation process" (Guclu, Dees, and Anderson 2002). It was not a case of adjusting theory in the process, but a study observing recorded facts and then linking and comparing it to extant social capital theory. According to Yin (2003) this is analytical generalization, whereby "the investigator is striving to generalize a particular set of results to some broader theory".

**External validity**
Consistencies with research findings and social capital theory tended to be constantly found in the CLICK research. External validity was consequently achieved by continually comparing the outcome of the research, to broader social capital propositions and theory, such as the outcomes of measurements of social capital and its specific components. As
suggested by Yin (2003), this was in order to assess whether a study's outcomes can be generalized further than the direct case research. This involves "establishing the domain to which a study's findings can be generalized" (Yin 2003).

Case studies nevertheless often come under criticism as a poor basis for generalizing. "However, such critics are implicitly contrasting the situation to survey research, in which a sample (if selected correctly) readily generalizes to a larger universe" (Yin 2003). According to Yin (2003) this comparison to universes and samples is inaccurate when referring to case studies which, as in the case of experiments, depend on analytical generalization, while survey research depends on statistical generalization. For case studies though, the theory needs to be tested by repeating the results in an additional or a third case, where the theory has indicated that the same findings will be found (Yin 2003). Outcomes may then be acknowledged as offering strong backing for the theory (Yin 2003).

In the research of the CLICK venture the influence and development of trust among key participants, as found in the donor-enterprise relationship, were linked to relational and cognitive capital and trust measurement indicators of social capital theory. Comparing findings with the existing literature, evaluating similarities and differences is tying the emergent findings to theory, which thereby in turn, boosts the internal validity of the theory itself (Eisenhardt 1989).

**Internal validity**

According to Yin (2003), internal validity is only a worry in causal or explanatory case studies, whereby a researcher attempts to establish if event “X” resulted in event “Y”. This involves "establishing a causal relationship, whereby certain conditions are shown to lead to other conditions, as distinguished from spurious relationships" (Yin 2003).

Yin (2003) suggests that a case study entails an "inference" on each occasion when an event is not able to be directly monitored. A researcher will "infer" that a specific event occurred due to a previous occurrence owing to interview and documentary data gathered in the case study (Yin 2003).

In the case study researching the CLICK venture, internal validity was achieved by continually comparing the network’s distinctiveness of bonding, linking, and bridging social capital in terms of: 1) motivation, 2) planning and 3) establishment phases of the enterprise. Elements tested in the hypotheses, such as information and resource
attainment from specific bonding, linking, and bridging social capital networks, were continually compared internally according to timeline. This included comparing access and timing to different sources of distinct social capital networks, for crucial resources and information at specific stages of venture development. It also involved assessing the importance of links with specific professionals according to a timeline, and the influence of trust as a developmental process in human interpersonal relationships. This assisted in developing a business model for social entrepreneurship in the third sector, assuming that different types of social capital may be needed, at different phases of venture development and for different reasons.

Coping with bias, reliability and validity and reproducibility

Case study investigation sometimes comes under criticism, due to the possible bias of the investigator, long duration of the study, as well as information not being recorded systematically (Yin 2003). The basic objective of reliability of the research is to reduce possible biases, as well as mistakes in recording data methodically in the research (Yin 2006). According to Yin (2003) the purpose of reliability in case study research is to be certain, that if a future researcher conducted similar methods carried out by a previous researcher in the same case study for a second time, the future examiner will also find the same results and conclusions; thereby ensuring its reproducibility. Reliability demonstrates "that the operations of a study, such as the data collection procedure, can be repeated with the same results" (Yin 2003).

To maintain constant reliability in the study of the CLICK business venture, as suggested by Yin (2003), is "to make as many steps as operational as possible". A number of sources of case study evidence have consequently been employed in the research to ensure the validity, reliability and reproducibility of the study. These sources of case study evidence are: diary excerpts, interview recordings, participant observation, social capital measures and financial indicators.

The interviews in the case study were carried out in a conversational manner rather than asking leading questions, so as to prevent bias towards expected answers. The diary records and interview data were also accurately collated by "NVivo" software content analysis which classifies, annotates, organizes and quantifies textual qualitative data according to key symbols, thus ensuring reliability and reproducibility of the coding technique for future examiners.
The collation of data via several different methods involves what Yin (2003) terms as "maintaining a chain of evidence", so as to enhance reliability and validity. In the study of the CLICK venture, a number of sources lead to the required data which was used to support the theory. These being either direct citation from the diary or interview recordings, including time and place, or from the "NVivo" database that coded information according to relevant categories. In addition the data provided by the participant observer in the case study enhanced validity, given that "such a perspective is invaluable in producing an "accurate" portrayal of case study phenomenon, rather than from someone external to it" (Yin 2003).

According to Yin (2003) bias nevertheless tends to be "more frequently encountered and less frequently overcome". To prevent the occurrence of bias and to ensure validity in the research conducted on CLICK, recordings of documented proceedings, during the data collection stage, were also continually reported back by the participant observer, in conjunction, to two other critical participants in the venture. Staff meetings whereby researchers reveal their thoughts and emergent inspirations are helpful methods for overlapping information and to analyze data (Eisenhardt 1989). This method is suggested by Yin (2003) so as to test their authenticity and promote ongoing feedback and discussions, plus encourage flexibility to re-adjust, broaden and clarify information, when given differing findings. This process was continually followed and carried out throughout the three year study, with regards to the interview records and diary data.

Single case studies also come under criticism, as compared to experiments, since it is questionable as to what degree data can be generalized from a study of this nature (Yin 2003). The lack of cross national case studies for a comparative analysis therefore, is also one of the disadvantages of a single in-depth case study. The answer to such questions however, is that a single case study basically aims to expand on current theories and also to present empirical data for future investigation (Yin 2003). Many social scientists therefore believe that case studies should only be used in the exploratory stage, followed by surveys in the descriptive stage and experiments in the explanatory phase (Yin 2003). This implies that the outcome of this investigatory strategy often tends to have been stereotyped as inadequate, misinterpreted and underappreciated in the social science field, consequently underestimating its analytical outcomes (Yin 2003).
Unit of analysis

One of the benefits of a single case study investigation is that the setting provides the infrastructure to observe emerging outcomes over a period of time. The role of the voluntary social network became a prevailing and central area of investigation in the CLICK study, presenting abundant rich empirical data for future investigation. According to Glaser and Strauss (1967) in the majority of behavioral research undertakings, people are the unit of analysis, but with "grounded theory" the unit of analysis is the incident, or emerging concepts from many incidents. In the study of the CLICK venture, as found in behavioral research, the unit of analysis was comprised of the people element, that being the voluntary social network in the project.

Volunteering is a frequent indicator of community involvement, since it determines the strength of a specific community (Australian Bureau of Statistics 2000). A large number of volunteers participated in the CLICK venture and their ongoing emerging input provided the backbone of support for the venture, promoting community development, sustainability and potential profitability in the venture. The unit of analysis therefore emerged as being the crucial role of the volunteer social network of the enterprise.

In summary a case study approach of the CLICK venture provided the infrastructure to research the developmental progression of a current real live program maturation from its inception. Given that the development of ideas, values and relationship networks for new business innovations are often difficult to observe via experimentation, case study methodology was chosen as the appropriate research method, as opposed to other social science methods “experiments, surveys, histories and analysis of archival information” (Yin 2003). The CLICK case study also provided an exhaustive examination of process, as well as plentiful vivid detail and useful insights for forthcoming comparative research and future analysis. It also offered a direct observation of contemporary procedures, plus the opportunity of interviewing people participating in the project, within a specific longitudinal time frame.

The concepts and strategies developed by Yin (2003) such as internal and external validity, bias, validity and reliability and unit of analysis, were consequently adopted in the CLICK research. The purpose was to provide a systematic framework for the general approach to design, data collection and analysis. For example, several qualitative indicators have been utilized in the case study, so as to ensure the validity, reliability and reproducibility of the study. In addition, external validity was achieved by comparing findings to broader social capital theory, and internal validity by comparing access and
timing to different sources of distinct social capital networks, at specific stages of venture
development according to a time line. The unit of analysis was the people element,
comprising the role of the volunteer social network of the enterprise.
In addition to adopting the methods of Yin for data assortment and analysis, the three
phase model of entrepreneurship, first recognized by Wilken (1979) and used by Greve
and Salaff (2003), was then suggested, to structurally record the findings according to
longitudinal developmental stages.

3.2.2. Three Phase Model of Entrepreneurship

The inclusion of social capital concepts to the existing model of Guclu, Dees, and
Anderson (2002) raised the assumption that specific social capital networks, such as
bonding, linking and bridging capital, may provide relevant information and resources
according to a time line. Given that these distinct networks were accessed at different
specific phases of program development, in order to assess and compare developmental
stages, the three phase model of entrepreneurship was incorporated into the methodology.
This model assumes that those pursuing a new business enterprise follow three linear
stages of entrepreneurship. Greve and Salaff (2003) found that establishing a venture
necessitates and recognizes significant social network activity, in three different
evolutionary stages of entrepreneurship. The three phases are as follows:-
Phase 1: Motivation stage- involves the development of ideas and looking at possibilities
to start a venture prior to actually setting up the business (Greve 1994). In this phase and
until now, no realistic advances have been taken to establish the venture and social
support is sought via dialogue with different people (Greve 1994).
Phase 2: Planning stage- getting ready for a new business by preparing to launch a
venture (Greve 1994). This period involves practical moves such as detailed planning,
raising capital, obtaining premises and arranging business deals (Greve 1994).
Phase 3: Establishment stage- either in a new or existing business, this involves running
the new enterprise, problem solving and dealing with issues related to capital, labor, and
distribution channels (Greve 1994).

In the study of the CLICK venture each phase was chronologically recorded
longitudinally over a three year period, from October 2003 until October 2006, according
to the following dates:
Phase 1: Motivation stage  
5.08.01 - 20.05.03
* The motivation phase commenced two years prior to the initiation of this study.

Phase 2: Planning stage  
20.05.03 - 21.10.03
* The planning stage was of very short duration and began five months prior to the start of this research.

Phase 3: Establishment stage  
21.10.03 - 31.10.06
* These dates were decided upon from information gathered from in-depth interviews with key participants in the CLICK venture.

3.3 MODEL FOR METHODOLOGY ASSESSMENT

The three phase model of entrepreneurship was thereby employed as the structural layout in the case study about CLICK, in order to recognize significant stages for the development of social capital and to provide a benchmark for comparative analysis between each stage.

The findings from the CLICK venture was employed to test the assumption that social capital components as the social impact theory in the "the opportunity creation process" (Guclu, Dees, and Anderson 2002) could in turn enhance the success of pursuing an opportunity, to develop a business venture in the third sector, and being crucial for sustainability and profitability.

To investigate this assumption, the methodological triangulation model illustrated in figure 3.5 was designed for analyzing and then testing the CLICK enterprise. This technique involved a number of predominantly qualitative methods, as well as specific quantitative financial indicators applicable to a longitudinal case study.
3.3.1. Methodological Triangulation Model

Figure 3.5 Methodological Triangulation Model for Assessment

More than one qualitative indicator has been used in order to enhance the validity, reliability and reproducibility of the data. "The triangulation made possible by multiple data collection methods provides stronger substantiation of constructs and hypotheses" (Eisenhardt 1989). The combination of qualitative and quantitative data also reinforces outcomes (Eisenhardt 1989). This is an important strength of case study research, where findings can be collaborated from the different evidentiary sources in the case study (Yin 2006).

The significance of each indicator is emphasized by their joint impact on the predominant point being made in this study, the importance of social capital in obtaining operational information and resources to create social impact, when developing social entrepreneurship.

The case study sources of evidence in the research on the CLICK enterprise are: diary excerpts, interview recordings, participant observation, social capital measures and financial indictors. Each method will be described in detail as follows:
Historical Documentation

Day to day diary records

The historical documentation entailed a research plan that involved day to day diary recordings of the various stages of development of the business venture, over a longitudinal three year period. Names of key players in the venture were deleted from the transcripts, and only their specific roles were recorded.

Participant observer

Direct observation in a case study research provides an additional dimension to appreciate the context or phenomenon that is being investigated (Yin 2003). Participant observation however is a specific method of surveillance, whereby the examiner is not just a passive onlooker, but may occupy a number of roles and in fact participate in the incidents being investigated (Yin 2003). This method of assessment is most commonly applied in anthropological studies relating to various social or cultural groupings, as well as common day situations like large organizations or casual smaller groups (Yin 2003). Participant observation form of investigation provides access to happenings and groups which may not be accessible to scientific research (Yin 2003). "Another distinctive opportunity is the ability to perceive reality from the view point of someone "inside" the case study rather than external to it" (Yin 2003).

The transcripts in the case study of the CLICK venture were written by the participant observer the writer of this thesis, CLICK’S chief executive officer Linda Mosek, PhD candidate in the Australian Graduate School of Entrepreneurship at Swinburne University of Technology, with Professor Murray Gillin as main supervisor.

As a participant observer, direct insight was available regarding the tensions achieving the mission and idealistic cause driven goals of a not-for-profit organization, while maintaining a profitable business venture. This ensured the most productive method of qualitative research in this case study, providing a virtual inside daily overview of the venture, when assessing the intricacies of the enterprise at first hand.

In-depth interviews

According to Yin (2003) the interview is a significant source of case study data, given that the majority of case studies deal with human affair issues. A small number of significant in-depth interviews were conducted by the participant observer in the research of CLICK, with a range of staff, a social investor, board member and government regulators. The transcripts were analyzed using “NVivo” qualitative software, described
in the final section of chapter 3. Names of all people interviewed were deleted from the case study reports.

Financial Indicators
The financial outcome of the venture has been measured by employing quantitative financial performance indicators. This involved comparing annual sales over a three year period, and assessing the net return in the annual balance sheet. Volunteer input was also calculated and compared annually and quantified in relation to the minimum wage in Israel.

Social Capital Indicators
Social capital, such as the value of friendships and the effectiveness of social support networks, is a difficult concept to assess. Given the fact that there are multi-dimensional definitions of social capital, it is unlikely that a single measure to quantify social capital will be satisfactory (Woolcock and Narayan 2000).

This research nevertheless identified a number of social capital network indicators from the literature. These were used to assess the intrinsic value of social capital in the CLICK venture, on opportunity recognition, sustainability and profitability in the businesses development process.

Six specific conceivable hypotheses regarding the principal social capital theory were consequently proposed for testing, and a number of variables as measures of social capital were suggested, in accordance with the literature suggestions. Findings from these hypotheses were subsequently used in support of social capital concepts, best describing the social impact theory in "the opportunity creation process" described by Guclu, Dees, and Anderson (2002).

The variables tested to measure social capital were friendship networks, network size, network durability, network frequency, volunteerism, organizational culture, social trust and network diversity. They are described in detail in connection to the six hypotheses suggested for testing, as follows:
3.3.2. Hypotheses to Be Tested

Friendship Networks

When assessing the value of social capital, contact with family and friends, “sociability and engagement, as well as social exclusion” and measures such as the development of friendship networks of this kind, are common when measuring social capital (Australian Bureau of Statistics 2000).

Taking this into account, the issue of friendship networks in the study of the CLICK enterprise was assessed and used as a measurement indicator of social capital. It was assumed that the more comradeships and social support networks which develop among volunteers in the CLICK venture, the more private self satisfaction, pride, well-being and respect will be experienced.

These factors inevitably reflect on critical success factors such as productivity, service provision, keeping up with supply and demand and reducing volunteer staff turnover in the business enterprise. This in turn has direct influence on the sustainability and growth of the venture, therefore this research hypothesized that:

**Hypothesis number 1**

Social networks that develop among volunteers in the CLICK handicraft workshop/factory provide private value.

Hypothesis number 1 was evaluated against the following observed indicator:

**Measurement indicator:**

The number of social network occurrences\(^1\) developed in the CLICK handicraft workshop/factory and the type of private value provided by these social networks.

**Diverse Volunteer Networks**

Networks that evolved among volunteers in the CLICK handicraft workshop, as well as providing private value, also had influence on public value. The act of volunteering is an additional social capital measurement indicator, thereby being a common gauge of community involvement, as it indicates public value and the strength of a particular community (Australian Bureau of Statistics 2000).

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\(^1\) Social network occurrences have been defined by the incidence of new friendship relationships, social meetings among volunteers, feeling appreciated, respected, cared for, occupied and productive, coupled with improved mental well-being and intergenerational experience.
In Israel in 1977, for example, 32% of the entire adult populace was involved in some type of formal or informal volunteerism, with 51% of the volunteer sample in the area of welfare (Shye, Lazar, Duchin and Gidron 2000). The longer these volunteers worked in a particular organization, their commitment increased, as well as their support intensified (Shye, Lazar, Duchin and Gidron 2000).

This study therefore tested the proposition that if more volunteers were involved in the project for a long period of time, consequently more skilled and reliable long term manpower would become available to keep up with supply and demand. This being in addition to enhancing productivity, problem solving and community mission building.

Expanding volunteer network contacts without allowing for diversity however, can significantly hamper a network, since non diverse people can result in the same contacts and therefore lead to identical information (Burt 1992). This implies that the broader and more differing the volunteer networks are, they may lead to extra avenues of opportunity. The value in diversity of volunteers was consequently believed to be an important quantifiable measure to be tested in this study. This research accordingly assumed that diversity, long term and satisfied volunteer workers can directly affect the sustainability of the venture and eventual growth. In addition it was understood, that long term committed volunteers could also help the organization build, develop and create ongoing social impact community projects, this being CLICK'S main aim, to create social value.

The cognitive dimension of social capital is also relevant here given the volunteers share the same understanding within the network, such as a joint vision or goal (Liao and Welsch 2001). If they share the same behavioral anticipations, it was assumed that they could support mission building in providing ongoing public value, bettering the community in general.

Given that directly measuring social capital has inherent difficulties, and that inferred gauges such as the act of volunteering, length of time and diversity are common when attempting to quantify social capital and its benefit in providing public value, this research consequently proposed that:

**Hypothesis number 2**

Social networks that develop among the volunteers in the CLICK handicraft workshop/factory provide public value.

Hypothesis number 2 was evaluated against the following observed indicators:
Measurement indicator:

a) The number of social network occurrences\(^2\) developed in the CLICK handicraft workshop/factory and the type of public value (social impact community projects) provided by these friendship networks.

b) The number, length of time and diversity of volunteers in the community involved in the venture.

c) The number of volunteer work hours performed per week in the enterprise.

Accessing Information and Resources from Social Capital Networks

Large numbers of community volunteers from diverse origins indicates a growing trend of community involvement and consequent public value. Expanding volunteer networks from diverse origins is also an important indicator of improved access to operational resources and information. Information is expensive to pull together, whereas social contacts comprise of information channels that decrease the quantity of time and outlay needed to collate information (Nahapiet and Ghoshal 1998). Social networks can provide right of entry to new technical markets as well as customer information, in addition to insight about the top practices or failed methods (Bartholomew and Smith 2006).

CLICK'S past experience in the social service field, illustrated that many not-for-profits lack proficiency in entrepreneurial business skills, opportunity recognition, risk management, program maintenance, enterprise development, and venture growth (CLICK records 2004). Network contacts can supply this lacking information and knowledge, which is vital especially for entrepreneurs to finalize the establishment process - “most entrepreneurs start with their business idea and some capital”, but "they may have only a vague cognizance of how to organize the establishment process and manage the firm” (Greve and Salaff 1994).

There is also a limit to the amount of information one person can accumulate at one point of time, therefore network contacts provide important updates on new opportunities and events - “the information benefits of a network define who knows about these opportunities when they know, and who gets to participate in them” (Burt 1992).

\(^2\) Social network occurrences have been defined by the incidence of increased volunteer participation and responsibility, influence in participation on productivity and service delivery, insight among different needs groups, intergenerational understanding, bonding and reciprocity between volunteer organizations, community support and community involvement in decision making and planning.
Players with a network optimally structured to provide these benefits, enjoy higher rates of return to their investments, because such players know about, and have a hand in, more rewarding opportunities” (Burt 1992). According to Burt (1992) it is structural holes which provide entrepreneurial openings for accessing information, whereby the least connected each contact is to one another, then the likelihood of varied and wide ranging information increases.

Social connections which provide appropriate information and vital resources therefore become more than essential for social entrepreneurs, when establishing a venture aimed at gaining sustainability and growth. New enterprises can easily fall into a trap without adequate support networks and personal contacts that help to access crucial resource and information bearing sources (Liao and Welsch 2005). The more central they are positioned in their network connections, the higher chance for business opportunities and resource acquisition to form a venture (Liao and Welsch 2005). Diverse networks that provide information and resources consequently become crucial to the business development process. This study therefore argued that:

**Hypothesis number 3**

Social networks contribute to obtaining operational information\(^3\) in terms of: 1) motivation, 2) planning, 3) and establishment phases of the enterprise.

Hypothesis number 3 was evaluated against the following observed indicators:

**Measurement indicator:**

- The type of “bonding” social capital, “linking” social capital and “bridging” social capital networks (Woolcock and Narayan 2002); and the frequency\(^4\), length of time\(^5\), plus the number\(^6\) of people with professional backgrounds, who were consulted for obtaining operational information; during the: 1) motivation\(^7\), 2) planning\(^8\), and 3) establishment phases of the enterprise.

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3 Obtaining operational information has been defined as data pertaining to advice and support from contacts and professionals

4 Frequency has been defined as the incidence of a specific social network at a particular phase.

5 Length of time relates to the time period of the network contact.

6 Number relates to the number of social capital networks.

7 Motivation phase 1 commenced two years prior to the initiation of this study.

8 Planning stage 2 was a short 5 month period that began five months prior to the start of this thesis. Given the duration of planning stage 2, the length of time of the contact cannot exceed the 5 month time frame.
Hypothesis number 4

Social network contacts provide resources for operational purposes in terms of: 1) motivation, 2) planning 3) and establishment phases of the enterprise.

Hypothesis number 4 was evaluated against the following observed indicators:

**Measurement indicator:**

The type of “bonding” social capital, “linking” social capital and “bridging” social capital networks (Woolcock and Narayan 2002); and the frequency\(^9\), length of time\(^10\), plus the number\(^11\) of people with professional backgrounds, who were consulted for obtaining operational resources; during the: 1) motivation\(^{12}\), 2) planning\(^{13}\), and 3) establishment phases of the enterprise.

**Network Size Indicator**

When assessing the outcome of hypothesis number 3 and 4, network size was also included as a quantifying measure. Size is an important indicator of improved access to operational information and resources, whereby wide and diverse networks are vital for the growth of an entrepreneurial undertaking (Neergaard and Madsen 2003). “A large, diverse network is the best guarantee of having a contact present where useful information is aired” (Burt 1992). This implies that contingent relationships among a number of members, reflects the availability of resources (Hansen 2001).

Entrepreneurial network literature indicates that sizeable action sets are linked with new business start-ups (Hansen 2001). Greve (1994) observed for example, that a large number of network contacts can be indicative of the potential to obtain varied information promoting the successful establishment of a venture. According to Burt (1992) those possessing wider network connections receive better paid positions than those with smaller networks. In addition "extensive social ties and interactions may increase entrepreneur's accessibility to productive elements, and reduce costs in renting space, and cheaper interest rates on loans, among others" (Liao and Welsch 2001).

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9 Frequency has been defined as the incidence of a specific social network at a particular phase.
10 Length of time relates to the time period of the network contact.
11 Number relates to the number of social capital networks.
12 Motivation phase 1 commenced two years prior to the initiation of this study.
13 Planning stage 2 was a short 5 month period that began five months prior to the start of this thesis. Given the duration of planning stage 2, the length of time of the contact cannot exceed the 5 month time frame.
For this reason, size will be quantifying methods used in hypotheses number 3 and 4, denoting a mere count of the number of diverse people providing advice or resources for the enterprise according to a time line.

**Bonding, Linking and Bridging Networks**

When evaluating findings from hypothesis number 3 and 4, in addition to network size, social capital theory illustrates the distinction between internal bonding and external bridging and linking networks. It emphasizes the cross cutting ties found in bridging and linking capital, crucial in obtaining sustainability, as well as the bonding networks, helpful in daily life (Stone and Hughes 2001).

Granovetter (1983) emphasizes the importance of information from network contacts from weak acquaintance ties, as opposed to strong friendships found in bonding capital networks - “those to whom one is closest are likely to have the greatest overlap in contact with those one already knows, so that the information to which they are privy is likely to be much the same as that which one already has”.

This suggests that there is enlargement of openings from weak ties, whereby they provide more varied and novel information from sources not directly reachable, than those provided by strong ties (Granovetter 1983). This is similar to Burt’s (1992) emphasis on adding “non-redundant” (weaker) contacts to a dense network with “structural holes” (gaps amid discrete clusters of people), which in turn increases the opportunity for entrepreneurial opportunity and competitive advantage.

Weak ties are more likely to be accessed from external linking and bridging capital providing brokerage prospects, whereas strong ties result from internal bonding capital.

This research consequently attempted to test whether specific components of bonding, bridging and linking social capital may be required at specific stages at start-up and in the growth and establishment of the business development process for various purposes. The incidences of bonding, linking, and bridging social capital were therefore recorded in three specific stages of development and their frequency, size and length of contact were measured, within hypotheses number 3 and 4.

**Network Durability and Frequency Indicators**

When testing and assessing the results within hypothesis number 3 and 4, network durability and frequency indicators were also included as quantifying measures. Existing research in entrepreneurship tends to concentrate on quantifying network structure in
In addition a lot of attention on network interaction such as frequency and permanence of contacts has also been noted (Neergaard and Madsen 2003). Influential factors affecting the development of trust in a relationship, for example is the length of the contact and the frequency of interaction (Howoth and Moro 2006).

Frequency quantifies the number of links made with the same person, thereby implying the usefulness and ongoing value of this contact in providing necessary information and resources. Frequency has also been defined by the variation in obtaining advice and resource attainment during different developmental phases of the enterprise (Hansen 2001); (Greve and Salaff 2003). Durability implies the intensity, consistency, depth and force of the knowledge and resource attainment.

Network durability and frequency will therefore be additional quantifying methods used, when accessing information and resources from social capital networking sources, when analyzing findings within hypotheses number 3 and 4.

**Organizational Culture**

In addition to the value gained from frequently accessed and durable network contacts when obtaining operational resources and information, organizational culture indicates bonding and identification in a business or social enterprise. In the organizational perspective, culture defines manner of thinking, way of feeling, acting and believing: “organizational culture is defined as a complex set of values, beliefs, assumptions, and symbols that define the way which a firm conducts its business” (Krokosz-Krynke 1998). It is a shared meaning held by associates, that becomes institutionalized and distinguished from other organizations, businesses or communities.

Organizational culture relates to the cognitive dimension of social capital, which is described as a shared understanding between people within the network, such as a joint vision or goal. The links between players direct the transmission of norms within the social network, whereby firms entrenched in vastly inter-connected relationships cultivate shared behavioral anticipations (Liao and Welsch 2001).

Collectivism, the act of working together to promote a group’s interest either in a firm, family or race, has a positive effect on entrepreneurship (Tiessen 1997). If staff works collectively, has a shared purpose, strong values, sound spiritual capital and bonds as a team, this knowledge sharing may enhance the development of innovation in the venture.
The team will then be able to explore and discuss business development as a cohesive unit, based on a common understanding.

Given that an organization has a strong cohesive oriented culture with shared norms and customs, this study sought to test whether organizational culture will reflect positively on the sustainability and growth of the enterprise. This being also on productivity, staff mobility and turnover, service provision and mission building, all vital in promoting social value and managing a viable business.

Organizational culture plays a crucial role when establishing a viable business in the not-for-profit sector, in addition to work spirit, identification, satisfaction and motivation. Organizational culture therefore occupies a very strong position in a corporation, being the character and behavioral trait in an enterprise. It is composed of the collective values, norms, customs and standards of the association. Built on this understanding this research contended that:

**Hypothesis number 5**

Strong work connections and organizational culture, provides a backbone of support for the venture in terms of: 1) motivation, 2) planning, and 3) establishment phases of the enterprise.

Hypothesis number 5 was evaluated against the following observed indicators:

**Measurement indicator:**

The number of times and type of activities staff provided support, in challenging and crisis situations, over and above work duties, during the following phases: 1) motivation, 2) planning, 3) and establishment.

**Social Trust Indicator**

Trust is strongly related to the customs, principles and ideals of organizational culture and defines the quality of a relationship (Paine 2003). It assists business dealings and collaboration and relates to attitudes directed towards institutions, strangers and informal associates. “It is a stock variable, which aims to measure subjective feelings of trust in the wider community” (Australian Bureau of Statistics 2000). Social trust is a medium in communication, an important measure and the most frequently used gauge of social capital (Aldridge, Halpern and Fitzpatrick 2002).

To date not many entrepreneurship analyses has investigated the role of trust in new venture creation (Liao and Welsch 2005; Welter and Smallbone 2006), but trust among
entrepreneurs, their colleagues, and the entrepreneurs and their business associates, display a major part of the first phases of developing a new business (Goel and Karri 2006). For example when establishing a new firm trust can also provide a number of economic (reduced costs) and social (higher commitment and team spirit) advantages (Zahra, Yavuz and Ucbasaran 2006). Business associates may also provide referrals for purchasing less expensive products from suppliers. In addition trust can promote the employees' satisfaction and increase their loyalty, leading to a successful new venture creation.

It is difficult to find an all-inclusive definition of trust and even among disciplines a number of descriptions can be found (Welter and Smallbone 2006). Trust though does imply that an associate or friend will not act in a detrimental manner that can harm a relationship, even if there are no prescribed rules or a written contract between the partners (Welter and Smallbone 2006). This suggests that relationships are determined by values, norms and rules of behavior, inbuilt in a business setting or a in the community at large (Welter and Smallbone 2006). In addition there is no one straightforward research tool to measure trust and analyzing it empirically, given it being a socially composed phenomenon (Welter and Smallbone 2006). Nevertheless the qualitative method noting the occurrence of the following trust dimension variables identified by Paine (2003): identification, dependability, honesty, satisfaction, commitment and communal and exchange relationships (reciprocity), can be recorded in interviews, by observation and trust measurement questionnaires. These indicators entail that trust is relational in nature, since it implies interdependence, whereby none of the participants in a relationship has entire control over the other (Goel and Karri 2006).

Identification relates to the cognitive dimension of social capital such as customary values, objectives and beliefs (Paine 2003). Dependability is an important component of trust; "the belief that an organization will do what it says it will do; that it acts consistently and dependably" (Paine 2003). Honesty refers to the level of sincerity in relationships and openness in sharing information (Paine 2003). Commitment relates to the degree that actors in a relationship feel, as well as the merit investing in sustaining and developing the contact (Paine 2003).

Reciprocity represents mutual exchange or cooperative interchange of benefits (Mifflin 2000). Paine (2003) divides the concept into two relationship dimensions. The first being communal relations whereby both actors bestow benefits to one another, since they have
an interest in the well-being of the other party (Paine 2003). The second relates to an exchange relationship, whereby one player provides some form of gain to another, as the other has given him benefits on a previous occasion, and is expected to do so in the future (Paine 2003). If one of the partners received some type of benefit he is duty-bound to return it (Paine 2003). "Exchange is the essence of market theory" (Paine 2003). An affiliation can commence as an exchange relationship and then mature into a communal relationship, as in the case of socially responsible organizations (Paine 2003).

Trust directs us towards emotional and physical support when creating a business. “Trust is the precursor to resource acquisition, knowledge combination and exchange. Someone who develops a high degree of trust and trustfulness, will be more able to appropriate the knowledge, information and other forms of resources available in his/her social network”, whereby “relational capital will greatly enhance entrepreneurial growth aspiration” (Liao and Welsch 2001). For example, the personal relationship shared by an entrepreneur with his supplier, may allow the entrepreneur to purchase raw materials and other goods for lower prices, which may affect profit margin and general performance (Batjargal 2000). "Trust or lack thereof, has a measurable impact on the financial health of an organization" and a vital factor in corporate management (Paine 2003). When trust develops between partners they tend to become co-operative with one another, and this promotes the development of ongoing additional trust (Liao and Welsch 2005). Trust also has a spiral affect, whereby bestowing it will in turn enhance a trustworthy reaction in the other partner, which may then direct to a consequent development of trust (Howoth and Moro 2006).

Trustworthiness therefore enhances the likelihood of an entrepreneurs' success, since it presents access to resources, as well as leveraging the strength of ties among significant players when initiating and developing new ventures (Goel and Karri 2006). In developing relationships in the CLICK business venture, the intrinsic value of trust is hypothesized to have a direct affect on the sustainability and profitability of the venture according to a time line. We therefore hypothesized that:

**Hypothesis number 6**

Social trust directly impacts on the growth and performance of the enterprise in terms of 1) motivation, 2) planning, 3) and establishment phases of the enterprise

Hypothesis number 6 was evaluated against the following observed indicators:
**Measurement indicator:**

a) The number of times social trust was felt with institutions, strangers and informal/formal associates during the following phases: 1) motivation, 2) planning, 3) and establishment.

b) The number of times lack of social trust was felt with institutions, strangers and informal/formal associates during the following phases: 1) motivation, 2) planning, 3) and establishment.

c) The type of social trust felt with institutions, strangers and informal/formal associates during the following phases: 1) motivation, 2) planning, 3) and establishment.

d) The type of lack of social trust felt with institutions, strangers and informal/formal associates during the following phases: 1) motivation, 2) planning, 3) and establishment

* For the purpose of this study, guidelines for a trust measurement questionnaire of key staff and volunteers were taken from The Institute for Public Relations, FL (Paine 2003).

When testing the six hypotheses described in section 3.3, the information provided from the interview transcripts and diary records, was then analyzed by the qualitative analysis program, "NVivo"; an assessment tool to explore data and to assist when developing answers to the respective hypotheses and the research question.

**“NVivo” QSR data analysis technology**

"NVivo" is a software content analysis instrument that classifies, annotates, organizes and quantifies textual qualitative data according to key symbols, or nodes, so as to determine meaning and probable outcome. These node descriptions indicate the main variables that are under analysis and they can be subsequently added or altered to fit the infrastructure of the emerging data. “NVivo” qualitative content analysis is a technique that provides a wide range of flexible, simple to comprehend, and user-friendly software, to impartially and scientifically code and access qualitative data, as opposed to manual coding.

The bulk of the information in the research of the CLICK venture consisted of plentiful textual information from the historical documentation: interviews, records and transcripts, recorded by a participant observer, as opposed to numerical experimental statistics. The majority of information in this case study, involved examining copious case notes and diary excerpts, recording emotions and human interactions.

The application of “NVivo” software provided for sorting and arranging of data in the CLICK venture in an objective, reliable, methodical and consistent manner, presenting
the material in a concise, dependable, uniform and clear format that enabled it to be easily readable, quantified, correlated, compared, assessed and summarized. "NVivo" consequently facilitated the methodological triangulation model for assessment, since it provided an index system to collate and quantify the historical documentation (diary excerpts and in-depth interviews), social capital measures and financial indicators.

The CLICK data required extremely accurate, reliable and systematic documentation in a manner where qualitative data could be reliably sorted, classified, coded, quantified and easily accessed for comparison and assessment, according to specific stages of development. The material was to be analyzed according to a time line therefore the "NVivo" software was used to index the data into content analytical node units. "NVivo" consequently provided the most suitable tool for a longitudinal case methodology, whereby the information from the methodological triangulation model for assessment was tabulated as it was collated, on an almost daily basis.

“NVivo” content analysis also proved to be a very effective and reliable technique to apply to the CLICK data in a consistent method, since it minimized subjectivity. This involved basically coding sources of material, according to specific topics, concepts and components. The content related to a particular subject matter, could thereby be gathered for assessment and made available for quantification at any point in time. The node reference for the information or topic could also be browsed at any time, in a reliable, constant and objective method, which suits diary and interview documentation.

In the study of the CLICK venture, a specific design was set up and followed through, from the commencement of the research, regarding the task of coding and examining the data. The components of social capital networks, bonding, linking and bridging capital for example, were all initially coded as one group, under the single major node, being social capital. Each incident of bonding, linking or bridging, which related to a distinct type of social capital, was subsequently recorded under this category and then individually re-referenced in a hierarchical structure as a specific sub-group, or sibling node.

For example, under a sibling node named bonding, linking or bridging capital, each of these sibling nodes was additionally sub-categorized to another sibling node or child node, as required when categorizing the specific social capital measurement indicators. These being: diversity, size, frequency, durability and trust development, according to a time line. The top general category is basically the parent node with the sibling or child nodes being more specific in nature.
Once the node is open, all the references in that specific node then appear in terms of the number of items for that specific topic. The nodes which contained the largest number of information provide instant means of defining the central outcomes of the research. They become the summary of the research data to be analyzed, with ongoing statistical tools.

The three stage process of enterprise development, being motivation, planning and establishment for example, were also coded by different sibling node categories for easy clarification. This aided to quantify specific types of social capital networks, required at particular phases in the business development process. In addition supplementary nodes were categorized as being free nodes, having no clear plausible link with the others. This enabled new ideas to freely develop and be stored for future deliberation, and to ensure internal and external validity.

Significant experiences or notable events as well, could be recorded and arranged in a specific node or case note, to be accessed, examined, quantified and compared to other relevant empirical or theoretical data, as it developed, or at a later point in time. The information was always readily available in a systematic method to be explored, which helped to stimulate the development of new thoughts along the way.

The data consequently could be analyzed on demand, at any point in time, to assess if any emergent patterns were already appearing. This was particularly important when measuring the dynamic changes that occurred, due to the ongoing development of trust and interpersonal relationships amongst the key players in the venture. The search function for a specific node could be used to provide evidence in support of a specific theory, or vice versa. The visualization of relationships could consequently be explored between time related segments and coded according to measurement variables, to support current theory building, or to build on new emerging ideas and concepts.

For example, given that each relationship was subsequently coded and categorized according to the trust variables described by Paine (2003), such as identification, dependability, honesty, satisfaction, commitment and reciprocity, the incidence of change in a relationship could be recorded and quantified. The different stages which these relationships went through, as trust developed or eroded for example, were coded for contrast and for comparison, according to the three specific phases of development.
In summary “NVivo” software provided an assortment of tools that were helpful in illustrating and understanding the data, and viewing the different patterns that arose from the data. The software program helped to identify key variables due to its simple, but organized layout. On a practical technical level “NVivo” also enabled different documents to be imported from different files, into the body of the project, and categorize this information under a relevant node.

“NVivo” findings from testing the six hypotheses, and discussion of results, are presented in the following chapter four of the thesis, with outcomes supporting the significance of developing social capital networks to obtain operational resources and information, when establishing and operating a business in the third sector.
4. FINDINGS AND DISCUSSION OF RESULTS

A. THE INFLUENCE OF SOCIAL CAPITAL NETWORKS WHEN DEVELOPING SOCIAL ENTREPRENEURSHIP

Findings from the methodological triangulation model for assessment are illustrated in this chapter. More than one qualitative indicator has been used in order to enhance validity, reliability and reproducibility, which support the influence of cultivating specific social capital networks, according to three linear stages of entrepreneurship in the CLICK enterprise.

The data presented in chapter 4 also significantly supports including social capital theory as the social impact component of the Guclu, Dees, and Anderson (2002) model for the opportunity creation process. These findings will subsequently be presented in chapter 5 of the thesis, using the CLICK venture to test social capital as the social impact theory.

The concept of social capital consequently emphasizes a large range of influential benefits and specific pitfalls, created within the CLICK venture, partly due to the bonds of trust or distrust, and interpersonal in-depth relationships that developed in the social enterprise. Social capital reflected on enhancing productivity, service delivery, resource development, operational information attainment, motivation, organizational culture, problem solving and mission building. The influence of social capital is demonstrated in the subsequent findings and discussion of results of the six hypotheses tested, commencing with hypothesis number 1.

Findings for each of the six hypotheses are illustrated in the following order:

- Hypothesis (according to number)
- Measurement Indicator
- Findings and Discussion of Results
- Summary
4.1. THE PRIVATE VALUE OF SOCIAL CAPITAL NETWORKS

Hypothesis Number 1
Social networks that develop among volunteers in the CLICK handicraft workshop/factory provide private value.

Measurement Indicator:
The number of social network occurrences developed in the CLICK handicraft workshop/factory and the type of private value provided by these social networks.

Findings and Discussion of Results:
Evidence from the data supports hypothesis number 1 with 58 strong supportive social network occurrences\(^1\) developed among the volunteers in the CLICK workshop that provide private value (See Table 4). Many of these social network occurrences transpired more than once, such as feeling appreciated, but the incidence of its first happening for each volunteer, was recorded only once in the study.

Table 4 Number of Social Network Occurrences Providing Private Value

<table>
<thead>
<tr>
<th>Measurement indicator</th>
<th>The total number of social network occurrences developed in the CLICK workshop providing private value</th>
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<tbody>
<tr>
<td></td>
<td>58</td>
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</tbody>
</table>

4.1.1. Friendships and social meetings
To date a large number (341) of community volunteers have been involved, either for short term projects or on a long term basis, in the CLICK workshop (See hypotheses 2, Table 4.2, page 109). Five of the volunteers have developed particularly strong friendships and social connections beyond their volunteer contributions in the CLICK workshop/factory (See Figure 4).

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\(^1\) Social network occurrences have been defined by the incidence of new friendship relationships, social meetings among volunteers, feeling appreciated, respected, cared for, occupied and productive, coupled with improved mental well-being and intergenerational experience.
Figure 4 Numbers and Type of Social Network Occurrences Providing Private Value

The volunteers meet regularly for social meetings outside working hours, and are in frequent phone contact with one another. The daily or weekly meetings of the volunteers at the workshop have become something eagerly sought after. "I love coming to the workshop on Tuesdays. I have made a lot of new friends and thoroughly enjoy the social contact, as well as providing support for our community" (CLICK records 2003). Friendship ties of this nature, illustrate the relational dimension of social capital that refers to the concept of assets found in relationships, such as trust and dependability, which are built on social interactions that occur among two or more additional people (Zahra, Yavuz and Ucbasaran 2006).

The greater the social interaction, the probability for the enhancement of relational capital increases. This directs to and reflects on emotional and physical support, information and resource attainment (Liao and Welsch 2001). Relational capital in turn boosts mental, motivational and emotional reserves that reinforce peoples' identification with and obligation to shared aims and goals (Zahra, Yavuz and Ucbasaran 2006).

4.1.2. Intergenerational experience

The CLICK enterprise consequently developed as a focal point for creating activity, new social opportunities, support networks, valued company and to date, seven ongoing intergenerational experiences, predominantly with school children and learning impaired young adults and elders (See Figure 4). ‘Being a retired pensioner living on my own I come to life in the company of other people my age. At home I sit alone. Here I meet...'

2 Elders: women 60+, men 65+
people. Also working with youth makes me feel young again. We work together as a team, cutting out shapes for kits to create dolls, mobiles, pictures and a range of colorful hand puppets” (CLICK records 2003).

This intergenerational experience is illustrated in the following caption from the article "There's no business like social work business" which appeared in the Haaretz Israel News, in 2005.

4.1.3. Feeling appreciated, respected, cared for, occupied and productive

Data from the "NVivo" analysis collating interviews and observation of the volunteers revealed that in fourteen independent instances volunteer participants also felt more appreciated, respected and cared for (See Figure 4). They felt occupied and productive on 15 occasions (See Figure 4). "We aim to alter the status and image of the elderly from dependent, weak and vulnerable, to productive and capable" (Linda Mosek, Reshet Alef National Radio 100.7 FM, 2005).

The aspect of feeling appreciated, respected, cared for, occupied and being productive, was documented in the following excerpt from the article "There's no business like social work business" which appeared in the Haaretz Israel News, in 2005.

"Some of these students have low self-esteem," says Mosek. "Working with the elderly and creating things for others makes them feel good. But it's the same for everyone involved. We believe that if people are occupied and they have a place to go where they feel productive, cared for and appreciated, that it reduces depression and improves general well-being. They feel part of the community and not isolated.” By Charlotte Halls 16/04/2005

Haaretz - Israel News - There's no business like social work business
http://www.haaretz.com/hasen/spages/565319.html
4.1.4. Improved mental well-being amongst youth

Seventeen cases of improved mental well-being were felt predominantly among youth referred from the "Nitzan" program\(^3\), which provided a consistent volunteer workforce for the venture, from start-up to the establishment phase (See Figure 4).

The CLICK enterprise provided a "holding" placement for "Nitzan" youth, who were initially unemployable in the open market. They received training, support, care, respect and encouragement from the staff in the CLICK workshop, preparing them with necessary skills to enter future full or part time permanent employment.

"Nitzan" youth consequently felt needed, in demand, important and part of a normalized workforce. They also felt respected, appreciated and cared for (CLICK records 2004). This, in turn, raised their self image, worth and emotional ability to cope with the eventual "outside" world. The CLICK venture helped them to acquire the relevant skills required and the framework needed to survive in the labor force.

CLICK received a certificate of merit from Nitzan in 2005, for providing a "holding" placement for unemployable youth.

For CLICK, in return, the "Nitzan" youth provided a relatively long term reliable volunteer workforce needed to maintain productivity and when coping with fluctuating supply and demand (CLICK records 2004). “\(X\) was on a suicide watch when he first started volunteering at CLICK. He was depressed, uncommunicative, had problems sleeping and was unable to wake for regular work in the morning. Since “\(X\)” attended the CLICK workshop, his occupational therapist claimed that his mental state improved tremendously. He was sleeping better and his medication was consequently reduced. “\(X\)” received a lot of encouragement from the staff and volunteers, felt productive, worthwhile

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\(^3\) Nitzan - The Israeli Association for Children and Youths Suffering from Learning, Psychological and Functional Disabilities
and appreciated and became an important member of staff. He volunteered for a total period of eight months with CLICK, cutting motifs on an industrial cutting machine, until entering the paid workforce. Today he is employed on a full time basis as a painter in a retirement village for the aged, and no longer has problems waking up for work in the morning!” (CLICK records 2005).

The aspect of improved mental well-being was also documented in the following excerpt from the article "Sacred Aging", which appeared in the Jewish Education News in 2005.

4.1.5. Improved mental well-being amongst the aged

In addition to the "Nitzan" youth, a large number of elders (81) worked directly or indirectly in the CLICK factory. They comprised independent (40), residential (20), disabled (15) and housebound (6) elderly (See hypothesis 2, Figure 4.2).

The majority of these aged attend the various day time community cultural centers operated by CLICK. In addition to these daily activities the elderly willingly volunteered to work specific days directly in the workshop, according to the needs of supply and demand. They looked forward to the social interaction and opportunity to be active, helpful and productive members of the volunteer team.

This was one of the main aims of the CLICK not-for-profit, to provide valued occupation to the aged and enable them to feel worthy, capable and useful (CLICK records 2004). In addition, packing of handicraft items was also outsourced to various day care centers for the aged or carried out directly in the homes of the housebound.

4.1.6. The affects of stereotyping the aged in our community

This workforce of elderly volunteers represents a sector that is often labeled by society as being an economic burden, unproductive and socially unequal. Today’s progress in medicine and the consequent increase of life expectancy in Western nations, results in an

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4 Aged: women 60+, men 65+
increase in the number of elderly persons in society. In what Cox (1984) calls a “youth oriented society” the aged sector therefore finds itself rejected in a social and cultural climate, which has no room for them. It feels part of another generation that is typecast as sick, tired, slow, depressed, sad, useless and unable to contribute to society (Aaronson1966).

Elderly of any sex, race, religion and socioeconomic background, consequently can fall victim to loneliness and abandonment. CLICK’S experience in the geriatric field demonstrated that isolated elderly lacking occupation frequently suffer from depression, boredom, displacement from the community and mental trauma (CLICK records 2003). “Meaninglessness and the stress to which it gives rise is the major cause of illness in the developed world today”, whereby "diseases like depression, anxiety, chronic fatigue syndrome, alcoholism, drug abuse and suicide are obviously stress-related” (Zohar and Marshall 2004). The effects of neglect are obvious even years later, as mental, physical and social in nature.

CLICK’S work illustrated that depression and loneliness can occur especially among the housebound that are unable to leave their homes due to sudden illness or deterioration of their physical condition (CLICK records 2004).

4.1.7. The value of occupation and productivity

Keeping the elderly and younger volunteers occupied by working, either directly or indirectly in the CLICK factory, consequently enhanced their dignity and self worth and enabled them to continue to be an integral part of their society. Volunteering in the factory endowed the aged with a sense of being productive, worthwhile and needed, plus the feeling of contributing to the workforce and to the overall economic growth in Israel. "I can't tell you what it feels like to be working again. I sit day by day participating in the cultural activities in CLICK'S center for the disabled, but this is nothing like the satisfaction I receive from working! Volunteering in the factory reminds me of the good old days. I feel important, useful and productive. You don't know what this means to me!" (CLICK records 2004).

Working in the business enterprise, enabled the elderly volunteers to contribute directly to economic activity and philanthropic causes in Israel, as their labor created revenue used to develop ongoing community projects (CLICK records 2005). They felt respected, meaningful and satisfied with the work they were performing for the community. For the first time in years many of them became service providers instead of service users. “I feel
great helping out in the community and giving to others, even though I myself have meager means. It feels wonderful to be on the giving side for a change and seeing the benefits of helping children confined to bomb shelters, enjoying handicraft kits that we packed for them as presents” (CLICK records 2006).

4.1.8. The value of spiritual capital

A new spiritual dimension was experienced, whereby the elderly volunteers were able to contribute directly to the enhancement of their society, giving them also personal purpose, achievement and self satisfaction to their individual lives. The venture provided the volunteers with remarkable emotional feelings of pride, value, purpose and respect. “This doll I made I plan to donate to a sick child at the Schneider Hospital in Petach Tikva. By making the teddy bear come to life I hope to bring happiness in the life of a sick child” (CLICK records 2003). The Schneider Hospital provided CLICK with a certificate of merit in appreciation for this community initiative.

Given that “human beings are essentially spiritual creatures” with “a lifelong quest for meaning” (Zohar and Marshall 2004) volunteering in the CLICK factory consequently provided tremendous private value to the participants, both young and old. This echoes their purpose and basic reason for being which Zohar and Marshall (2004) describe as spiritual capital, a prototype for cultural, as well as organizational sustainability within the community at large. According to Zohar and Marshall (2004) without significance and motivating meaning in our lives, people basically become sick and die. Factors such as sense of achievement and responsibility create spiritual capital; “it is capital earned
from serving deep meaning, from serving a deep sense of purpose and from serving fundamental human values” (Zohar and Marshall 2004).

**Summary:**

When summarizing the findings to hypothesis 1, results demonstrate that social networks that developed among volunteers in the CLICK handicraft workshop/factory do provide private value. The development of friendships, social meetings, being occupied and productive consequently reflected on general mental well-being and self respect of the volunteers in the CLICK venture. The more content the volunteers were from their work in the workshop/factory, the more frequently, consistently, diligently, and committed they became (CLICK records 2005). This directly reflected on the development of relational capital which reinforces peoples' identification with and obligation to common aims and goals (Zahra, Yavuz and Ucbasaran 2006).

Morale and work spirit consequently was extremely high and this also reflected on their productivity and consequent service delivery. In addition, volunteer staff turnover was very low and assumed the result of overall well-being and satisfaction (CLICK records 2005). These factors relating to the private value of social networks are all of extreme importance when developing a sustainable and profitable business venture, dependant on productive, consistent, dedicated and reliable manpower.

According to Putnam (2000) social capital has “a private good and a public good”. The private good has been demonstrated in support of hypothesis number 1, illustrating improved well-being, a feeling of productivity and occupation, being appreciated, respected and cared for, the personal benefit from intergenerational connections and the development of friendship and social meetings. Networks that evolved among volunteers in the CLICK handicraft workshop, as well as providing private value, also had influence on public value, as illustrated in the results when testing hypothesis number 2.
4.2. THE PUBLIC VALUE OF SOCIAL CAPITAL NETWORKS

**Hypothesis Number 2**
Social networks that develop among the volunteers in the CLICK handicraft workshop/factory provide public value.

**Measurement Indicator:**
a) The number of social network occurrences developed in the CLICK handicraft workshop/factory and the type of public value (social impact community projects) provided by these friendship networks.
b) The number, length of time and diversity of volunteers in the community involved in the venture.
c) The number of volunteer working hours performed per week in the enterprise.

**Findings and Discussion of Results:**
Evidence from the "NVivo" analysis, quantifying the interviews, records and transcripts, supports hypothesis number 2, with 66 social network occurrences among the volunteers in the CLICK handicraft workshop that provided public value (See Table 4.1). These social network occurrences were repeated many times over among the same groups of volunteers, but the incidence of the first contact was recorded, only once in the study.

**Table 4.1 Number of Social Network Occurrences Providing Public Value**

<table>
<thead>
<tr>
<th>Measurement indicator</th>
<th>66</th>
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<tbody>
<tr>
<td>The total number of social network occurrences developed in the CLICK workshop providing public value</td>
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</tbody>
</table>

5 Social network occurrences have been defined by the incidence of increased volunteer participation and responsibility, influence in participation on productivity and service delivery, insight among different needs groups, intergenerational understanding, bonding and reciprocity between volunteer organizations, community support and community involvement in decision making and planning.
4.2.1. Volunteer participation and responsibility

As the seeds of social capital continued to escalate, an intense sense of volunteer participation and responsibility evolved in the social enterprise. This was felt on twenty seven occasions and noted by increased volunteer involvement and responsibility to meet organizational enterprise needs and participate in community need projects (See Figure 4.1).

Figure 4.1 Numbers and Type of Social Network Occurrences Providing Public Value

“Primary, secondary and technical schools were joining the voluntary work team in a number of community need projects, as well as directly in the workshop. They provided an on call emergency workforce needed when coping with supply and demand. This enhanced community development and strengthened the links and alliances between local volunteer groups, a positive indication that the project was becoming legitimized, supported and respected by the community at large” (CLICK records 2004).

A further example of increased volunteer involvement and responsibility was experienced during the second war with Lebanon in 2006, as illustrated in the following excerpt from the Australian Jewish newspaper.

Linda Mostek writes Tali Borowski.
and her team of volunteers have been putting together handicraft kits to occupy children and the elderly who are in bomb shelters up north. So far, they have sent 2000 kits to Nahariya and they are in the process of coordinating their next mission to Zlat.
"NVivo" analysis collated a total of twenty social impact community need initiatives of this nature which the enterprise fulfilled over the three year period researching the CLICK venture (CLICK records 2006).

4.2.2. Productivity, service delivery and the influence of spiritual capital

The development of these community projects is an indication of the growing spiritual capital that was developing amongst the community, and consequent contribution to public value. It represents the general inner humanistic qualities of meaning, belief, motivations and reason for existence of an organization, whereby “spiritual capital is a vision and a model for organizational and cultural sustainability within a wider framework of community and global concern” (Zohar and Marshall 2004).

Spiritual capital consequently provided the overall intrinsic inspirational purpose for the organization, to be leveraged as a valuable strategy for economic advancement (Zohar and Marshall 2004). This directly influenced productivity and service delivery, where on twelve occasions volunteers helped to cope with sudden supply and demand of the venture (See Figure 4.1). *Orders started to come in one by one, on mass and in one go. On a specific occasion the business operated from 8AM till 12 midnight. Elderly, school children, family and friends all pitched in manning shifts to keep up with the sudden demand* (CLICK records 2004).

Community volunteers working together to support the enterprise by helping to keep up with supply and demand, inevitably reflected on productivity and service delivery, thereby having a positive effect on entrepreneurial growth and sustainability. The volunteers consequently provided a source of entrepreneurship capital, described in the literature review as a particular sub-element of social capital; reflecting economic and entrepreneurial activity (Audretsch and Keilbach 2004). This entrepreneurial activity is what distinguishes it from other types of capital.

4.2.3. Intergenerational understanding and changing stereotypes

Hypothesis number 2 was additionally supported, whereby social networks that developed among the volunteers in the workshop, enhanced public value by changing pre-conceived stereotype ideas. This was primarily the result of intergenerational projects and the congregation of different needs groups, working together under the one roof.
One specific example that involved changing fixed typecast concepts, was evidenced in a cross-generational project operated by CLICK, with school children who initially associated the aged as "demented, lonely, miserly and with one foot in the grave" (CLICK'S records 2004). This aspect was documented in the following excerpt from the article "Sacred Aging", which appeared in the Jewish Education News in 2005.

At an early age, children learn from their surroundings to adopt stereotypes, which are attached to different social groups. They mimic how society views, feels and acts towards others and in general, they take on these values for themselves without primarily assessing their validity (CLICK'S records 2004).

A joint working environment in the CLICK enterprise, involving crafting activities between the aged and children, set an example and established for the younger generation, that the elderly are capable of contributing to society, and that they possess a wealth of useful experiences, skills and general knowledge to bestow on the public. This was evidenced on nine occasions of intergenerational understanding and tolerance, whereby a genuine relationship of warmth, appreciation and concern was born between the two generations; both equally benefiting from the connection (See Figure 4.1).

The program taught the children to be more accepting, attentive, and patient towards their elders, recognizing their abilities, and willingness to learn. This helped bridge the
generation gap, leading to the students totally foregoing all their fears and previous anxieties of the aged, and finding enjoyment in their combined company. The two partners in the relationship (youth and the elderly) collectively contributed to the development of community resources, with both sides participating in a relationship of mutual exchange. The children: “The feeling of creativity that we gained provided us with tremendous satisfaction. We experienced calmness, peace and fulfillment, by a joint contribution to the community”. The elders: “We developed special and wonderful friendships with the students, whereby we gained pleasure from the process of the intergenerational connection. Together we sewed material dolls that we donated to children coming from families in stress, who can’t afford toys” (CLICK records 2005).

4.2.4. Insight into different needs groups
A further vital element enhancing public value was insight into different needs groups. This was noted on eight occasions (See Figure 4.1) and documented in local and National newspapers and on National radio, as illustrated by the following two examples: "The CLICK not-for-profit in Hod Hasharon operates an innovative business venture that designs and manufactures handicraft kits with the help of special needs groups in the community" (Orly Vilnai, Galey Zahal National Radio, January 15, 2006).

"CLICK OPENED A FACTORY"
"A new venture: The not-for-profit from Hod Hasharon, which assists the aged and disabled, established a factory that manufactures moulds, whose revenues will be directed to fund the not-for-profit" (Sharon Solomon, Tzsomet Ha Sharon Local News Paper, January 6, 2006).
The CLICK workshop provided an opportunity for children and youths to meet in a unique working environment, with different sectors and need groups. These being the handicapped, aged, learning impaired those with psychological, mental and psychiatric disorders. They managed to transform their preset attitudes and assumptions about these groups, by becoming more patient, caring, appreciative and understanding of their specific needs (CLICK records 2005). "The youth, disabled, psychiatric patients, learning impaired and the aged, toiled side by side making up the orders of handicrafts for the enterprise. A retired elderly volunteer patiently taught one learning impaired girl how to operate the cutting machine" (CLICK records 2005).

The aspect of insight into different needs groups was documented and featured in the following excerpt from the article "Sacred Aging" which appeared in the Jewish Education News, in 2005.

4.2.5. Bonding and reciprocity between voluntary organizations

Social capital networks came into play once more, supporting hypothesis number 2, when reciprocity, participation and bonding between voluntary organizations occurred, on four occasions (See Figure 4.1). "Members from the Rotary organization volunteer once a week in the workshop, packing handicraft kits and operating the cutting machine. To reciprocate, the CLICK not-for-profit recently provided new improved premises to the Rotary organization to conduct its weekly meetings, in one of the community clubs for the aged. The city of Hod Hasharon benefits from having two voluntary organizations joining forces and working side by side, providing services for the community" (CLICK records 2004). This is related to the cognitive dimension of social capital, described as a shared
awareness between people within a network, for example a common mission or objective (Liao and Welsch 2001). The link between Rotary and CLICK was the common desire to create public value for the community at large, the cognitive notion involving shared behavioral anticipations (Liao and Welsch 2001).

4.2.6. Community involvement in decision making and planning

Another important element of public value and community development and enhancement is placing decision making, planning and responsibility in the hands of the community. This was evidenced on two occasions, but did not develop further as part of the management strategy in the business; thereby providing minimal public value (See Figure 4.1). "CLICK'S director buys new knives for the cutting machine. She is accompanied by one of the elderly helpers, a specialist in operating the equipment. CLICK'S volunteer plays an integral part in decision making and planning, providing invaluable technical information pertaining to the machinery. This volunteer rang CLICK'S director on a Friday morning and offered to go with her to collect the knives. On their return he said "We must see how they cut. Let's go to the workshop and try them out" (CLICK'S records 2004).

4.2.7. Community volunteers involved in the venture

Volunteering is a common measure and indicator of community involvement, indicating the strength of a particular community (Australian Bureau of Statistics 2000). A total of three hundred and forty one volunteers, comprising nineteen different volunteer categories varying in type and number, promoted community involvement in the venture (See Table 4.2; Table 4.3).

Table 4.2 Number of Community Volunteers Involved in the Venture

<table>
<thead>
<tr>
<th>Measurement indicator</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>The total number of community volunteers providing public value in the CLICK workshop</td>
<td>341</td>
</tr>
</tbody>
</table>
Table 4.3 Number of Categories of Community Volunteers Involved in the Venture

<table>
<thead>
<tr>
<th>Measurement indicator</th>
<th>primary school</th>
<th>Secondary school</th>
<th>technical school</th>
<th>school for retarded</th>
<th>independent aged</th>
</tr>
</thead>
<tbody>
<tr>
<td>disabled aged</td>
<td>residential aged</td>
<td>homebound aged/youth</td>
<td>care givers for aged</td>
<td>CLICK'S volunteers</td>
<td></td>
</tr>
<tr>
<td>CLICK'S staff</td>
<td>local voluntary organizations</td>
<td>family/friends</td>
<td>residential behavior/learning problem youth</td>
<td>psychiatric outpatients</td>
<td></td>
</tr>
<tr>
<td>youth movement</td>
<td>court order community service</td>
<td>alternative National army service</td>
<td>charitable funds</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

The volunteer categories consisted of children and youths from primary schools (60 volunteers), schools for the retarded and learning impaired youth (60 volunteers), independent aged (40 volunteers), CLICK'S volunteers (30 volunteers), family/friends (30 volunteers), residential aged (20 volunteers), a technical school (15 volunteers), a residential center for the comprehensive education of learning disabilities and psychological problems (15 volunteers), disabled aged (15 volunteers), local voluntary organizations (14 volunteers) and secondary schools (10 volunteers) (See Table 4.3; Figure 4.2), Additional volunteer groups were CLICK'S staff (7 volunteers), youth movements (6 volunteers), homebound aged/youth (6 volunteers), caregivers for the aged (5 volunteers), psychiatric outpatients (3 volunteers), charitable funds (2 volunteers), court order community service (2 volunteers) and alternative national army service (1 volunteer) (See Table 4.3; Figure 4.2).
4.2.8. Diversity and size of community volunteers involved in the venture

This large number (341) of community volunteers from diverse origins demonstrates that volunteering plays an important role in this enterprise, indicating a growing trend of community involvement and consequent community strengthening and public value (See figure 4.2). "Young primary school children kicked off the community initiative by selling CLICK handicraft kits in malls and at special events, helping to market the venture, as well as becoming involved at an early age in promoting community activities" (CLICK records 2004). These primary school children tended to be involved in one off annual projects, but they were consistent in supporting the project year after year, over the three years tested in this study (CLICK records 2006).

The more permanent daily staff of the venture was comprised of volunteers from alternative national army service\(^6\), the residential center for the comprehensive education of learning disabilities and psychological problems, court order community service, school for retarded and learning impaired youth, local volunteer organizations and CLICK'S volunteers (CLICK records 2006).

Three schools for retarded and the learning impaired youth, were predominantly involved in packing handicrafts at their schools on an outsource basis (CLICK records 2005). Several students though were involved in volunteering directly in the workshop, packing and sorting material, early on in the start-up phase through to establishment.

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\(^{6}\) "Sherut Leumi is voluntary national service that takes the place of army service. Israeli citizens who get an army exemption and non-Israeli citizens who volunteer are both eligible" - http://www.nbn.org.il/students/sherut_leumi.htm
The diversity of community volunteers was documented in the following excerpt from the article "There's no business like social work business", which appeared in the Haaretz Israel News, in 2005.

4.2.9. Length of time volunteers were involved in the venture
The volunteers in the venture remained active ongoing participants in the enterprise for long consistent periods of time with a minimal drop out rate, an indication of their personal commitment and support to the CLICK mission (CLICK records 2005). This aspect was documented in the following excerpt from the article "There's no business like social work business", which appeared in the Haaretz Israel News, in 2005.

Thirteen long term volunteer categories (primary, secondary, technical, school for retarded youth, independent, disabled, homebound aged, CLICK'S volunteers, CLICK'S staff, family/friends, residential center for the comprehensive education of learning disabilities and psychological problems, volunteer organizations and care givers for the aged) participated for more than two years in the project (See Figure 4.3).
One of the long term volunteer groups, the alternative national army service, participated for more than one year in the project (See Figure 4.3). Another category involving representatives from charitable funds was directly involved, volunteering in the project for six months or more, plus four more volunteer categories (residential aged, youth movement, psychiatric out patients and court order community service) supported the enterprise for more than one month (See Figure 4.3).
4.2.10. Volunteer work hours performed in the enterprise

In addition three out of the nineteen volunteer groups contributed from twenty to forty volunteer work hours per week, those being alternative national army service (40 hours per week), residential center for the comprehensive education of learning disabilities and psychological problems (24 hours per week), and court order community service volunteers (20 hours per week) (See Figure 4.4).

Figure 4.4 Number of Volunteer Work Hours Performed Per Week in the Enterprise

![Volunteer work hours per week according to category](image)

They comprised of the most significant long term permanent volunteer staff in the workshop. Court order community service participants were a fairly recent addition to the workforce, but the additional hours provided by them on a weekly basis were a significant contribution.
This large number of the total volunteer workforce was a vital asset to the enterprise, saving the not-for-profit from paying out considerable sums in salaries. The overall estimated monthly volunteer manpower salary has been presented in Table 4.8 (See section B, page 169, The Financial Viability of the Venture), demonstrating a significant contribution of 45% of the total cost of salaries in the venture.

**Summary:**

Hypothesis number 2 consequently was strongly supported, whereby social networks that developed among the volunteers in the CLICK handicraft workshop/factory provided public value, which in turn strengthened the local community.

Social impact, such as insight into different needs groups, that involved carrying out community interests using entrepreneurial approaches (Zappalà 2001), was achieved in the CLICK business enterprise. This was performed by a variety of different creative methods involving interaction with intergenerational and special need groups, working together as integral components in the CLICK factory.

These initiatives provided a tremendous source of social capital for the project, signifying the resources available within communities, as a consequence of networks of mutual support, reciprocity and trust (The Australian Bureau of Statistics 2000). Social capital that was accrued as an asset in the venture basically resulted in bringing people communally together to help one another and attain results of mutual gain (Stone 2000). A stronger community is a more supportive community, rich in social capital and containing the valued asset of volunteer manpower, a critical survival factor in the CLICK enterprise. The aspect of reciprocity was documented in the following excerpt from the article "Sacred Aging", which appeared in the Jewish Education News, in 2005.

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**An Inspiring Outcome**

Given the delicate emotional state of the students and the vulnerability of the elderly, the sharing and caring connection that evolved between these two differing age groups was most inspiring. “Rain, hail or shine, the pupils and the elderly arrived on time and never missed a session.” A genuine relationship of warmth, appreciation, and concern developed between them, whereby both benefited from the connection they had formed.

For the elderly, their status, self-worth, and dignity in the local area was strengthened. This resulted in a remarkable social change, and there was a noticeably improved attitude towards the elderly in the neighborhood (parents, teachers, and pupils, on the one hand, and an enhanced feeling of self-worth, which lifted their self-esteem, on the other).

by Linda Mosiek

http://www.caje.org/learn/Summer05/mosek.pdf

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The nineteen diverse volunteer categories gained immense spiritual value from their work in the venture, giving them a purpose in life and the belief in a common community mission and shared vision, the cognitive dimension of social capital. This cognitive dimension of social capital is described as a shared understanding between people within the network such as a joint vision or goal. The links between players direct the transmission of norms within the social network whereby, firms entrenched in vastly inter-connected relationships cultivate shared behavioral anticipations (Liao and Welsch 2001). The creation of cognitive and spiritual capital, noted by the strong motivation and values of the volunteers to create public value, consequently bound the members of the community closer together.

Support to hypotheses number 1 and 2, assumes that the higher the social interaction, the likelihood for the development of relational capital increases, which in turn directs to emotional and physical support, information and resource attainment (Liao and Welsch 2001). This leads on to hypotheses numbers 3 and 4 that test the value gained from specific distinct components of social capital networks, in providing crucial information and resources for business development, according to a time line.
4.3. THE VALUE OF SOCIAL CAPITAL NETWORKS IN PROVIDING OPERATIONAL INFORMATION

Hypothesis Number 3
Social networks contribute to obtaining operational information\(^7\) in terms of: 1) motivation, 2) planning and 3) establishment phases of the enterprise.

**Measurement Indicator:**
The type of “bonding” social capital, “linking” social capital and “bridging” social capital networks (Woolcock and Narayan 2002); and the frequency\(^8\), length of time\(^9\), plus the number\(^10\) of people with professional backgrounds, who were consulted for obtaining operational information; during the: 1) motivation\(^11\), 2) planning\(^12\), and 3) establishment phases of the enterprise.

**Findings and Discussion of Results:**
Hypothesis number 3 has been supported with social capital links, providing information, in terms of the three phase model of entrepreneurship. Thirteen people for example in total, were consulted for obtaining information, \{('bonding capital (7), linking (4) and bridging capital (2)}; predominantly in the establishment phase (See Figure 4.5).

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\(^7\) Obtaining operational information has been defined as data pertaining to advice and support from contacts and professionals.

\(^8\) Frequency has been defined as the incidence of a specific social network at a particular phase.

\(^9\) Length of time relates to the time period of the network contact.

\(^10\) Number relates to the number of social capital networks.

\(^11\) Motivation phase 1 commenced two years prior to the initiation of this study.

\(^12\) Planning stage 2 was a short 5 month period that began five months prior to the start of this thesis. Given the duration of planning stage 2, the length of time of the contact cannot exceed the 5 month time frame.
Figure 4.5 Type and number of social capital networks accessed for obtaining information in the 1) motivation, 2) planning and 3) establishment phases

4.3.1. The type of social capital accessed for information according to three phases

The research of the CLICK venture involved an examination of the distinction between bonding, bridging and linking social capital, acknowledged by Woolcock and Narayan (2002). This method for comparing diverse distinctiveness of social capital is not new, as illustrated in its use in the empirical research measuring social capital, conducted by Stone and Hughes (2001) at the Australian Institute of Family Studies.

Stone and Hughes (2001) found that bonding networks were helpful in daily life in rural and remote regions, with bridging capital lacking. In the CLICK investigation predominantly networking contacts accessing stocks of bonding capital (7), for obtaining information, were also predominantly accessed, mainly in the establishment stage; more so than linking (4) and bridging capital (2) (See Figure 4.5).

Network contacts accessing family and friendship bonding capital, provided tremendous backing and indispensable support for the venture. They were accessed as early as the motivation stage, but mainly in the establishment phase (See Figure 4.5).

In a period of five months, CLICK moved quickly from the planning phase of development to the establishment stage, compared to two years spent in the motivation period. This may be the reason that social capital was not utilized, when obtaining information in the planning stage (See Figure 4.5).

Family and friendship bonding networks for accessing information were also employed, more than linking and bridging links, possibly due to the relational dimension of social
capital, described by Nahapiet and Ghoshal (1998). This demonstrated the importance of dependable and reliable bonding capital contacts that provide emotional and physical support in venture creation. This is important when initially forming a venture, when being in need of available, dependable and consistent support.

Revealing trade secrets to a stranger can be a potential risk factor. On the other hand bonding capital, which includes family members and friends, are especially supportive, as you can confide in them, be relied on and trusted—“a person more like me is less likely to betray me” (Burt 1992). This support arises predominantly from "thick social capital" (Putnam 2002), family and friends, who are supportive and easily accessible.

In addition bonding capital from family and friends represent ties among people in a closed system that assists on a daily level (Stone and Hughes 2001). "A close supportive friend, who is an editor and short film director, made a functional PR film used as an information source to market the venture" (CLICK records 2004).

When assessing the importance of these strong bonding capital links, as illustrated in the literature review, Granovetter (2002) argued that the stronger the ties linking two individuals, as found among friends and family, they will be more similar, compared to weaker links that are not in contact on a social basis. Granovetter’s (2002) research demonstrates how networking links between people and communities who are not socially connected, as opposed to relationship ties that are strongly associated, are more likely to promote employment and educational prospects. Granovetter (2002) argues that the stronger the link joining two people, as in the case of friends and family, they will tend to be more alike, as compared to weaker contacts which tend not be socially related to one another.

Granovettor (1983) therefore emphasizes the importance of information from weak networking ties, since the people who one is most in contact with tend to have the largest overlap of links between one another. The knowledge that they gain with regular interaction is more likely to be similar to the information that one already possesses. As a result new information is less likely to be accessed from these familiar strong ties, suggesting that there are more openings to novel information from weak ties, as compared to those provided by strong links (Granovettor 1983). "It follows then, that individuals with few weak ties will be deprived of information from distant parts of the social system and will be confined to provincial news and views of their close friends"; thereby implying that disadvantaged communities don’t have these “bridging” networks
(Granovettor 1983). They in fact will be insulated from new knowledge and ideas and placed at a distinct disadvantage in the market field (Granovettor 1983).

The study of the CLICK venture partly supported this theory. Results demonstrated that operational information relating to business development and planning, was obtained from "weak" bridging (2) and linking (4) social networks, predominately in the establishment phase (See Figure 4.5). Significant operational information however, was also obtained from frequently accessed "strong" family bonding capital sources (6), in the establishment stage (See Figure 4.5).

CLICK'S staff lacked knowledge and experience related to business principles, such as designing an operable business and marketing plan, financial sales and performance scenarios. The organization benefited significantly from the new input received on many occasions from a predominant experienced trustworthy and reliable bonding family member, a business entrepreneur. *A family member from Australia visited Israel and toured the workshop. He feared that the factory was not profitable and heading for a downfall. Using experience as a successful business strategist he designed new costing sheets, financial scenarios, marketing plan and growth strategy to make more accurate and viable profit projections for the future* (CLICK'S records 2004).

4.3.2. The type of social capital accessed for information according to length of time of contact

Hypothesis number 3 demonstrates a relatively small number of strong (Granovettor 1983) redundant (Burt 1992) contacts providing information, mainly from bonding capital sources (7) (See Figure 4.5).

These social networks were frequently accessed over long periods of time, though the specific link was recorded only once; on the incidence of its first contact. Most of the contacts providing information tended to be long lasting in nature with bonding, linking and bridging capital networks all being continually accessed for information over three years, predominately in the establishment stage (See Figure 4.6). Bonding social capital networks (6) provided information for the longest period of time, up to 36 months (See Figure 4.6). This emphasized the durability of the contact and value of the network in providing information.
Figure 4.6 Type of social capital networks accessed for obtaining information according to length of time of contact in the 1) motivation, 2) planning and 3) establishment phases

4.3.3. The type of social capital accessed for information according to frequency of contact

Bonding capital was frequently accessed for information on a daily (1), weekly (2), monthly (2) and annual (1) basis, particularly in the establishment stage, indicating the ongoing usefulness, dependability, consistency and value of the network (See Figure 4.7).

Figure 4.7 Type of social capital networks accessed for obtaining information according to frequency of contact in the 1) motivation, 2) planning and 3) establishment phases
A significant linking capital social donor contact, also offered novel business information on a regular on going daily basis (1), and other linking capital sources provided information on a half yearly (1) and annual basis (2), in the establishment phase (See Figure 4.7). Bridging capital sources provided information less frequently in a one off contact (1) and on an annual basis (1) in the establishment stage; implying that these contacts were less useful, or possibly not developed, or accessible in attaining information (See Figure 4.7).

The permanence in conjunction with the frequency, that quantified the number of links made with the same person, implied the perseverance, commitment, effectiveness, consistency, dependability and reliability of these contacts (Greve and Salaff 2003). These are important indicators of trust (Paine 2003), as demonstrated when assessing and presenting the outcomes of hypothesis number 6.

4.3.4. Professional background of social capital for obtaining information

In addition to the permanency and frequency of a particular contact, the literature review demonstrated that a large number of people provide more varied information (Greve and Salaff 1994), and that a sizeable, diverse network is the best assurance of accessing ties for functional information (Burt 1992). Although the thirteen people consulted for obtaining information in the CLICK study is not relatively large in number, these contacts were very significant regarding the abundant relevant and varied information they provided. In addition they were also diverse in nature, when viewing the range and relevancy in their professional background, (business consultant, social entrepreneur, lawyer, not-for-profit consultant, physician, craft supplier, fund raiser and retired business manufacturer) (See Figure 4.8). The assistance given by relatives was even more meaningful, when backed by professional judgment. "A family member, who by profession was a successful business consultant of a food manufacturing and supply company, prepared a SWOT analysis" (CLICK records 2004). The study of the CLICK venture builds on earlier research that family members tend to be present in networks in all phases of the enterprise (Greve and Salaff, 2003) and adds to this body of knowledge by indicating that the professional background of the contact is also of significance.
Figure 4.8 Professional background of social capital network for obtaining information in the 1) motivation 2) planning and 3) establishment phases

Figure 4.8 illustrates the predominance of conferring with business consultants (3), plus social entrepreneurs (2) and lawyers (2) for information in the establishment stage, absence in the planning phase, and minimal access in the motivation stage; over a three year period. These professional advisors were consulted on numerous occasions throughout the study, but only the initial contact was recorded.

Summary:
Hypothesis number 3 has been supported in that durable, frequently accessed predominantly bonding capital social networks, did supply abundant and varied crucial operational information to the business enterprise, primarily in the establishment phase. This information was provided by a variety of relevant professionals in the field of business and third sector management. These predominantly family and friendship bonding capital links, accessed for information, provided tremendous backing and indispensable help for the venture, as well as demonstrating the importance of dependable and reliable support. This was particularly important when initially commencing the enterprise and requiring on hand, reachable and consistent assistance.

A significantly larger number of social network contacts however, were accessed for resources, as compared to information, as seen when testing hypothesis number 4.
Hypothesis Number 4

Social networks provide resources\(^\text{13}\) for operational purposes in terms of -: 1) motivation, 2) planning and 3) establishment phases of the enterprise.

Measurement Indicator:

The type of “bonding” social capital, “linking” social capital and “bridging” social capital networks (Woolcock and Narayan 2002); and the frequency\(^\text{14}\), length of time\(^\text{15}\), plus the number\(^\text{16}\) of people with professional backgrounds, who were consulted for obtaining operational resources; during the: 1) motivation\(^\text{17}\), 2) planning\(^\text{18}\), and 3) establishment phases of the enterprise.

Findings and Discussion of Results:

Hypothesis number 4 has been strongly supported whereby social networks do provide resources in terms of-: 1) motivation, 2) planning and 3) establishment phases of the enterprise.

When comparing all three dimensions of social capital, in total, in all three phases, consulted for accessing resources, a comparatively large number of eighty seven predominantly non-redundant contacts (Burt 1992), \{bridging (42), linking (25) and bonding networks (20)\} were accessed (See Figure 4.9). This was noted particularly in the establishment phase. This is compared to thirteen mainly redundant (Burt 1992) links \{(bonding capital (7), linking (4) and bridging capital (2)\} for obtaining information, in all three phases, but particularly in the establishment phase (See Figure 4.5).

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13 Obtaining resources has been defined as financial contributions, donations of physical items and volunteer activity.
14 Frequency has been defined as the incidence of a specific social network at a particular phase.
15 Length of time relates to the time period of the network contact.
16 Number relates to the number of social capital networks.
17 Motivation phase 1 commenced two years prior to the initiation of this study.
18 Planning stage 2 was a short 5 month period that began five months prior to the start of this thesis. Given the duration of planning stage 2, the length of time of the contact cannot exceed the 5 month time frame.
Figure 4.9 Type and number of social capital networks accessed for obtaining resources in the 1) motivation, 2) planning and 3) establishment phases

Figure 4.9 and Figure 4.5 The type and number of social capital networks accessed for obtaining resources, compared to the type and number of social capital networks accessed for obtaining information, in the 1) motivation, 2) planning and 3) establishment phases
4.4.1. The type of social capital accessed for resources according to three phases

The social networks illustrated in Figure 4.9 were continually accessed for resources on many occasions, but only the incidence of the first contact was initially recorded in the study. Bonding, linking and bridging social capital for obtaining resources, was accessed in each stage, except for bridging capital in the motivation stage (See Figure 4.9). Linking capital (4) for obtaining resources was accessed more than bridging capital (2) and bonding (1) in the planning phase of the venture, predominantly to obtain seed money needed for start-up (See Figure 4.9). This financial “other income” from linking capital social donor networks, enabled the venture to reach sustainability and profitability and the consequent entrepreneurial growth by the first year of production (See section B – The Financial Viability of the Venture, Table 4.7, page 168).

4.4.2. The importance of bridging social capital

Bridging capital (40) as compared to linking capital (20) and bonding capital (16) became predominantly important in the establishment phase, when "brokering" the "structural holes" (Burt 2000) between different organizations and volunteer groups, in the ongoing search for voluntary manpower (See Figure 4.9). "With the introduction of a national craft distributor, orders were starting to come in every day and manpower from voluntary organizations was urgently needed, to keep up with increasing supply and demand!" (CLICK records 2004).

"The number of bridges of an entrepreneur increases information diversity" (Greve 1994). This implies that more stocks of bridging capital will result in added information and resources, as found in the CLICK venture, whereby the bridging with different voluntary and institutional organizations, such as schools and funding foundations, significantly promoted the growth of the venture. "The Pratt Family Foundation” referred CLICK to the Matan Fund which then referred CLICK to a voluntary marketing mentor with extensive contacts" (CLICK records 2006). According to Liao and Welsch (2001) wide social contacts bring more customers for their products and services, as well as suppliers to their new enterprises. CLICK’S volunteer marketing mentor for example, referred valuable potential customers to the venture (CLICK records 2006).

CLICK demonstrates the significant importance of wide and diverse bridging capital networks for obtaining resources. Social capital theory emphasizes these bridging networks as crucial in obtaining sustainability (Stone and Hughes 2001). In the CLICK study they provided the important resource of voluntary manpower, which helped reduce
the cost of salaries, thus bringing the venture one step closer to sustainability and profitability. “To acquire resources without paying is through volunteers and in-kind donation, which can reduce the cash needed to achieve social impact (Guclu, Dees and Anderson 2002)”. The role of networking consequently was effectively expanded by bridging capital contacts, whereby one contact led to the development of the other. Burt (1992) suggests this is an effective way of expanding networks, as primary trustful contacts develop a cluster of secondary contacts that they nurture, enabling more time to be spent on the development of more and more primary networks (Burt 1992). CLICK'S data contributes to this proposition, whereby its chief staff and volunteers also took on the important role of developing and maintaining networks. This in turn enabled CLICK'S CEO to have more time to develop her own primary contacts (CLICK records 2006).

4.4.3. The structural dimension of social capital

The structural dimension of social capital illustrated by Nahapiet and Ghoshal (1998) comes into play here, since it defines the likelihood of an entrepreneur’s gateway to information and resources, vital for venture creation (Liao and Welsch 2001). The structural dimension relates to the general pattern of links between players (Liao and Welsh 2005). The positioning of the entrepreneur, key staff and volunteers is important in being able to access as many novel networks as possible. According to Liao and Welsch (2001) wide social links increase the possibility of "non-technology-based" entrepreneurs in securing resources that promote venture growth. CLICK’S key staff therefore became extremely involved in networking, helping to expand overall links with new potential contacts. "Our production manager received a huge order of handicraft kits for a summer holiday program by "brokering" a link with a family contact" (CLICK records 2006).

4.4.4. The most important stage for networking when accessing both resources and information

When comparing all three dimensions of social capital, consulted for information or obtaining resources, in the significant establishment phase, bridging capital (42) was used the most as compared to linking (24) and bonding capital (22) (See Figure 4.10). In the planning phase linking (4) was used the most as compared to bridging capital (2) and
bonding capital (1) (See Figure 4.10). In the motivation phase bonding capital (4) was used the most as compared to linking (1) and bridging capital (0) (See Figure 4.10).

Figure 4.10 Type and number of social capital networks accessed for obtaining resources and information in the 1) motivation, 2) planning and 3) establishment phases

When assessing the development of the venture according to a time line, the three phase structural model of entrepreneurship used by Greve and Salaff (2003) has been applied to this study, in order to recognize significant stages for the development of stocks of social capital, and to note specific network characteristics. This method demonstrated that the establishment stage was the most significant phase for network activity, for obtaining both resources and information in the CLICK venture (See Figure 4.11).

An overall total of one hundred networks were accessed for obtaining operational resources and information (See Figure 4.11). This sizeable number of social network contacts implied that the larger and more diverse the networks, more avenues of opportunity may be available (Greve 1994), providing entrepreneurs with a consequent competitive advantage (De Carolis and Saparito 2006).
An empirical study conducted by Greve and Salaff (2003) found that the planning phase was the most significant stage for entrepreneurs to network compared to the motivation phase. According to Greve and Salaff (2003) the latter has the smallest network, as opposed to the establishment phase which falls between the two. In the CLICK venture the motivation stage also had the smallest network (5), but not to a large degree compared with the planning stage (7), but significantly when contrasted with the establishment phase (88), in accessing social capital networks to obtain information and resources (See Figure 4.11).

Both Greve and Salaff (2003) and data from the CLICK enterprise, found the establishment phase to be marked by a period of social contacts of a more important nature. In the research of the CLICK venture, this was due to the important role of networking contacts in providing two crucial types of resources, ongoing reliable volunteer manpower needed in the workshop/factory and consistent donor funding, to enable the venture to be sustainable.

When assessing the CLICK venture, the motivation period transpired over a long duration, but did not project major developments, with minimal activity for accessing social capital networks for information and resources (See Figure 4.11). "The seeds of an idea were planted during a visit to Australia when an intuitive feeling developed, that
CLICK would be the benefactors of a pre-existing not-for-profit organization. What, how and when was not envisioned at that stage". (CLICK records 2001).

Once these seeds matured and a window of opportunity opened for CLICK to receive this donation, two years on in time, the organization moved head first into the establishment phase, following a very brief five month planning period. "CLICK received notification that a shipment of handicraft goods and an industrial cutting machine were on the way from Australia; a donation from a not-for-profit to establish a handicraft initiative: "We had to think and move fast, with minimal time to plan!" - Within one week, funding was miraculously secured from an Australian foundation. Within one month premises were rented. Within two months the goods arrived, were sorted and stored. Volunteer manpower was recruited and CLICK began manufacturing and selling by the fifth month" (CLICK records 2004). The planning period consequently also had relatively small network activity, compared to the establishment phase (See Figure 4.11).

4.4.5. Weak, non-redundant ties versus strong, redundant links (Granovetter 1983; Burt 1992)

When comparing the total number of the social network contacts for obtaining resources and information (100), in all three stages, a smaller number of predominantly "strong" (Granovetter 1983), "redundant" (Burt 1992) bonding capital ties \{(27), (27%)\} were found compared to particularly "weak" (Granovetter 1983) "non-redundant" (Burt 1992) linking and bridging contacts \{(73), (73%)\} sources (See Figure 4.12).
This was similar in proportion to the number of networks found in an empirical investigation of seventy five entrepreneurs conducted by Batjargal (2000), noting that an average entrepreneur had 12 (35%) friends (strong ties) and 22 (65%) acquaintances (weak contacts).

Granovetter’s (1983) argument relating to the advantages of weak ties between people and communities is applicable here, when referring to the bridging and linking capital networks. These predominantly "weak" (Granovetter 1983) ties were accessed, mainly from a wide diverse range of people, that CLICK previously had minimal contact with on a social or working basis, for obtaining resources.

Burt (1992) refers to these networks as the quantity of “non-redundant contacts”; those not providing the same information advantages. Burt (1992) therefore stressed the need to add these “non-redundant” contacts (weaker ties) to a dense network with “structural holes” (gaps amid discrete clusters of people). Individuals on either side of a structural hole mingle amongst various flows of information (Burt 2000). If they bridge the stream of information amongst them, they have the opportunity to direct programs that bring together those from differing sides of the hole (Burt 2000).

According to Burt (2000) structural holes are a competitive advantage in social capital networks for those whose contacts "broker" the holes, thereby contacting more people who provide them with a larger volume of information access. This was found in the CLICK project whereby resources providing voluntary manpower and potential customers, were obtained by bridging structural holes among a large diverse number of
different previously not accessed organizations. "The occupational therapist at the school for retarded and learning impaired youth brokered a contact to obtain volunteer manpower from a residential center for the comprehensive education of learning disabilities and psychological problems. They further secured a contact with a hospital to market the handicraft kits". (CLICK records 2005).

4.4.6. The type of social capital accessed for resources according to length of time

In addition to bridging structural holes among a large diverse number of previously not accessed organizations, the length of time that specific network contacts were maintained, was also of significance in the CLICK venture.

A number of short and long term networks developed according to the specific needs of the enterprise. Long term relationships comprised predominantly of social donors and volunteer staff in the workshop/factory (CLICK records 2005). Short term contacts involved volunteers and donors who assisted in particular interim marketing schemes, or specific temporary community need activity projects providing social value to society (CLICK records 2006). An example of a short term volunteer community need project is illustrated in the following excerpt from the Australian Jewish newspaper.

CLICK though demonstrated that when accessing resources, for funding or voluntary manpower, the length of time that social network contacts have been maintained, were long lasting in nature (See Figure 4.13). This indicates the reliability and obligations of the social network relations and consequent benefit to growth aspiration (Liao and Welsch 2001). This also validates that the longer volunteers work in a particular
organization, their commitment increases as well as their support intensifies (Shye, Lazar, Duchin and Gidron 2000).

Figure 4.13 Type of social capital networks accessed for obtaining resources according to length of time of contact in the 1) motivation, 2) planning and 3) establishment phases

The majority of the long-term three year (36 months) contacts for obtaining resources in the CLICK study were very committed to the vision of the organization and they mainly comprised of voluntary manpower. These contacts reflect on the development of trust in the relationship, signifying identification, dependability, honesty, satisfaction, commitment, communal and exchange relationships (reciprocity), all important trust indicators (Paine 2003). They consisted predominantly of bonding (15) and bridging (11) social capital networks, in the establishment stage (See Figure 4.13). "Volunteers and staff spent long hours working overtime in the handicraft factory. The project has been made more productive as a result of the many helpers, who donated their time to support the enterprise. For example, three elderly volunteers assisted with a handicraft seminar. One participated in the actual proceedings and two packed kits while overseeing the entrance to the premises. Their contribution had a tremendous impact on service delivery, mission building and sustainability" (CLICK records 2004).
Long term two year bridging (9) and linking (8) relationships comprised of the volunteers in the workshop and financial donors (See Figure 4.13). A relatively large number of bridging one month short contacts (10) or six monthly contacts (5) signified network contacts involved in specific short term marketing or community activity projects, that also contributed to the growth and sustainability of the venture (See Figure 4.13). "Primary school children assisted by selling handicraft kits to family and friends when on school holidays during the Hanukah Jewish festival" (CLICK records 2005).

When assessing the value of the long term networks in the project the CLICK study demonstrated that not all long term durable and frequently accessed contacts are necessarily positive in nature. CLICK'S venture incurred several setbacks from long term harmful networks where trust levels broke down, as seen when assessing hypothesis number 6 (See Figure 4.20, page 155; Table 4.6, page 157). Frequent intense long term contacts within a destructive social network, can actually weaken a relationship rather than amplify the strength and effectiveness of the contact.

The results of the CLICK research therefore partly support hypothesis number 4, whereby time or durability of a specific network, does not necessarily indicate in all cases the effectiveness, consistency, depth and force of the resource attainment.

4.4.7. The type of social capital accessed for resources according to frequency of contact

In addition to the length of time of a specific link, the frequency of a contact is another important variable that influences social capital networks. When comparing the type of social networks accessed for obtaining resources according to the frequency of the contact, bridging (12) and linking capital (12) were accessed, predominantly at every half yearly periods in the establishment phase (See Figure 4.14).
This was primarily for the specific beneficial short term community projects. Bridging capital was also accessed for one-off contacts (10) for specific short term projects in the establishment phase that created social value (See Figure 4.14).

An example of one of the short term community projects that created social value, is illustrated in the following excerpt from the article "Crafts from the heart for Israelis in need", which appeared in the Australian Jewish News, in 2006.

In the CLICK venture the contacts that were the most dependant, consistent and reliable, were from voluntary manpower that consisted of bonding (6) and bridging (3) networks in the establishment phase, accessed frequently on a daily level, and bridging (6) contacts
accessed weekly (See Figure 4.14). These networks comprised of the trustworthy committed volunteer unpaid staff that provided the moral fiber of support for the venture.

4.4.8. Professional background of social capital for obtaining resources

CLICK accessed social capital from sources within a range of relevant professions for obtaining resources, mainly in the establishment phase (58), as compared to the planning (7) and motivation stage (4) (See Figure 4.15). According to Greve (1994) “the occupational background of network persons may indicate the type of resources they are able to convey”.

Figure 4.15 Professional background of social capital network for obtaining resources in the 1) motivation 2) planning and 3) establishment phases

Not all resource bearing contacts had a specific profession, with a total of 69 professionals out of the total 87 networks providing resources (See Figure 4.15).

Results illustrated the predominance of accessing resources from philanthropic representatives (6) in the establishment phase and from government/municipal members (6), school children/youths (4) and handicraft teachers (4) (See Figure 4.15). Philanthropic representatives included voluntary groups, such as the Rotary organization that provided voluntary manpower in the workshop, as well as those representing a philanthropic fund that supplied direct financial or other non financial resources (See
Figure 4.15) - "A representative of a philanthropic fund was also a webmaster by profession and provided volunteer resources updating the venture's web page" (CLICK records 2006).

Government and municipal members provided resources mainly in the form of physical capital or financial rewards, such as reduced municipal rates. "A local council member donated a large sign post marking the location of the enterprise" (CLICK records 2004). "A government Knesset member helped the organization receive reduced tax rates on a shipment of donated handicraft material arriving from Australia" (CLICK records 2004).

School children represented a wide variety and number of pupils attending primary, secondary, technical and special need schools. "Children from the Yigal Alon primary school were eager to help. They assisted in several short term one-off projects, selling handicraft kits at stalls and on activity days. Pupils loved to drop in and help out in the workshop during their holidays or after school. In a creative environment they enjoyed volunteering with the aged and learning impaired" (CLICK records 2005).

Handicraft teachers consisted of CLICK'S staff that provided volunteer resources over and above their working hours, directly helping in the workshop as well as offering intellectual property related to product diversification. Businesses consultants provided vital volunteer resources, such as the use of a business site to recycle waste foam products for future resale.

Most of the professional advisors were consulted on numerous occasions throughout the study, but the initial contact was recorded only once. The profession of the contact does not necessarily represent the type of resources provided to the organization. The physician for example, was a bonding social capital family network that assisted in physical work within the factory. The army lieutenant, another bonding social capital family tie, helped in the delivery of handicraft goods.

An additional example involved a pharmaceutical representative, who organized a community business for social responsibility project. This involved producing a children's book that was combined with handicraft kits assembled by the home-bound elderly. The handicraft kits and book were donated by the pharmaceutical company to children in hospitals, providing substantial revenue to the business venture, as well as creating beneficial social value, being the essence of social entrepreneurship. "Staff from the pharmaceutical company together with CLICK'S elderly volunteers proceeded from ward to ward handing out handicraft surprises to children in the burns unit" (CLICK records 2006).
The early 1990's marked the growth of this concept of "business for social responsibility", promoting the development of social entrepreneurship (Hartington 2004); whereby a firm’s reputation on citizenship and responsibility, with concerns such as environment issues and community relations are important aspects, in addition to a successful marketing mix.

**Summary:**

The results of the CLICK research only partly supports hypothesis number 4, whereby the intensity, frequency, period of time or durability of a specific network, does not necessarily indicate the effectiveness of the contact. The study of the CLICK venture demonstrated that not all long term durable and frequently accessed contacts were positive in nature, and even detrimental in the event when trust levels broke down.

Hypothesis number 4 has been supported, to the extent that social networks entailing specific relevant professions do provide resources, in terms of -: 1) motivation, 2) planning and 3) establishment phases of the enterprise. The majority of these networks accessed for resources, were recruited in relation to their specific profession. These ties were useful for long and frequent periods of time, or less often for one-off important social needs or marketing projects. These valuable professional networks, either in terms of voluntary manpower or financial means, provided resources that helped endorse social entrepreneurship. Their support resulted in the creation of social value for the community via a number of community programs, as well as promoting the growth of the business enterprise.

Hypothesis number 4 has also been supported whereby social networks do provide a large and diverse number of contacts that improve access to resources and consequent entrepreneurial growth in the three phases of the enterprise. This was particularly evidenced when diverse groups "bridged" links with other varied groups, which then continued this process for the purpose of sales. "The volunteer worker from the Nitzan organization contacted the Ichilov hospital’s oncology ward with a view to purchase handicraft kits. She then made the link with the Achdav School for special needs, which went on to refer two of their branches" (CLICK records 2005).

Extensive diverse social ties therefore improved the organization's marketing strategy. One staff member, volunteer or customer linked the not-for-profit to another, who then referred others, enabling the enterprise to penetrate the market and promote the venture
more effectively. This in turn reflected on the sustainability and future growth of the enterprise.

In addition to these valuable diverse bridging networks CLICK'S staff was indispensable in the growth of the enterprise, leading to the assessment of hypothesis number 5.

4.1. THE VALUE OF ORGANIZATIONAL CULTURE

Hypothesis Number 5
Strong work connections and organizational culture, provides a backbone of support for the venture in terms of -: 1) motivation, 2) planning and 3) establishment phases of the enterprise.

Measurement Indicator:
The number of times and type of activities staff provided support, in challenging and crisis situations, over and above work duties, during the following phases: 1) motivation, 2) planning, 3) and establishment.

Findings and Discussion of Results:
Hypothesis number 5 is supported whereby strong work connections provided by CLICK’S staff as well as organizational culture based on commitment, mutual support and dedication, symbolizes the backbone of support for the enterprise, since its very inception. CLICK’S staff represents the human capital (property-knowledge and skill) (Putnam 2000) of the venture.

Strong staff support was particularly evidenced by their commitment in challenging and crisis situations over and above work duties on fifteen significant occasions (See Figure 4.16). Early in the motivation (2), planning (5) and establishment (8) stages staff provided aid, in excess of conventional working hours in a number of crisis situations (See Figure 4.16). "Confronting an abusive squatter on the venture premises, with ongoing serious vandalism in a delinquent neighborhood that eventuated in the total destruction by fire of a storage facility, illustrated some of the 'hard times' staff incurred" (CLICK records 2003) (See Table 4.4).
Figure 4.16 Number of times staff provided support in challenging and crisis situations, over and above work duties, during the following phases: 1) motivation, 2) planning, 3) and establishment

![Number of times staff provided support in challenging and crisis situations above work duties]

Table 4.4 Type of activities staff provided support in challenging and crisis situations, over and above work duties, during the following phases: 1) motivation, 2) planning, 3) and establishment

<table>
<thead>
<tr>
<th>Stage 1: Motivation 5.8.01-20.5.03</th>
</tr>
</thead>
<tbody>
<tr>
<td>Confronting an abusive squatter on the business premises in a delinquent neighborhood</td>
</tr>
<tr>
<td>Confronting ongoing serious vandalism on the premises</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Stage 2: Planning 20.5.03-21.10.03</th>
</tr>
</thead>
<tbody>
<tr>
<td>Unpacking a container of goods in premises occupied by a violent squatter, while confronting local thugs in a distressed neighborhood</td>
</tr>
<tr>
<td>Coping with the total destruction of fire on the premises</td>
</tr>
<tr>
<td>Dealing with ongoing police presence due to fire/vandalism</td>
</tr>
<tr>
<td>Dealing with the shock of an 850 kilo industrial cutting machine dropping down stairs when arriving into new premises</td>
</tr>
<tr>
<td>Surviving when working without a salary prior to receiving grants from social donors</td>
</tr>
</tbody>
</table>
Stage 3: Establishment 21.10.03-31.10.06

<table>
<thead>
<tr>
<th>Task</th>
</tr>
</thead>
<tbody>
<tr>
<td>Hiring cranes when moving 3 large containers of material and machinery for the third time, in a relatively short period</td>
</tr>
<tr>
<td>Finding staff replacement for the project manager when unexpectedly injured in a bus accident and off work for three months</td>
</tr>
<tr>
<td>Keeping up with irregular supply and demand</td>
</tr>
<tr>
<td>Coping with intense demoralizing verbal confrontations of a dominant social donor</td>
</tr>
<tr>
<td>Coping with a destructive relationship of a power monger municipal worker</td>
</tr>
<tr>
<td>Coping with sexual advances by a volunteer worker</td>
</tr>
<tr>
<td>Meeting deadlines delivering goods to distant regions in the country</td>
</tr>
<tr>
<td>Meeting the demand of working permits for new premises on agricultural land not authorized by the local municipality</td>
</tr>
<tr>
<td>Working with a reduced salary once funding was drastically cut</td>
</tr>
</tbody>
</table>

4.5.1. The benefits of organizational culture based on relational trust

Staff formed a powerful bond with the management structure of the not-for-profit, by displaying immense loyalty towards the project. This was due to consistent trust that was encountered by staff members with the management of the project in all three stages of development (See hypothesis number 6, Figure 4.18, page 148).

The strong bond was due to the relational capital trust in the organization felt by key staff members. "I feel a strong commitment to my work. I love it and particularly the people" (CLICK records 2005). Relational capital amongst key workers and volunteers was abundant. When relational capital reigns, workers experience strong connections to their company (Zahra, Yavuz and Ucbasaran 2006). Relational capital also strengthens people's identification, with an obligation to common aims and goals (Zahra, Yavuz and Ucbasaran 2006) and these trusting connections can then be leveraged to benefit the organization (Liao and Welsch 2005).

CLICK'S staff for example, shared a strong obligation and commitment to the organizational mission, to improve the quality of life for the aged by providing vocational, educational, social and cultural services in an empathetic secure environment (CLICK'S records 2006). Staff also worked cohesively together, sharing information and knowledge (CLICK records 2005). This in turn encouraged the development of shared goals by guaranteeing adequate cognitive alignment of awareness, understandings, assessments, and objectives (Zahra, Yavuz and Ucbasaran 2006). This relates to the
cognitive dimension of social capital, described as a shared understanding between people within the network, such as a joint vision or goal. Organizational culture, especially if based on social dynamics supported by knowledge sharing and trust, inevitably affects the quality of feedback received and actions taken to improve an idea (Zahra, Yavuz and Ucbasaran 2006). "In firms that have clear, well established and communicated cultural norms, relational trust might magnify benefits associated with new business creation efforts" (Zahra, Yavuz and Ucbasaran 2006). Relational capital brings about knowledge sharing, a key factor when identifying and taking advantage of entrepreneurial opportunities (Zahra, Yavuz and Ucbasaran 2006). It also promotes regular interactions among workers, consequently enhancing the facilitation of effectual and fast sharing of knowledge (Zahra, Yavuz and Ucbasaran 2006). CLICK'S staff benefited by working together, developing and becoming aware of new entrepreneurial ideas for the enhancement of the venture "The Entrepreneurial team met once a week, sharing their weekly experiences, network contacts, strengths and weaknesses, so as to assess the ongoing progress of the venture and develop new ongoing strategies" (CLICK records 2006). Relational capital promoted open dialogue and the beneficial sharing of thoughts. This allows staff to discuss topics for improvement and change (Zahra, Yavuz and Ucbasaran 2006). Employees feel more than just workers and as a result invested many hours over and above of what was required (See Figure 4.16). CLICK’S salaried staff in the venture consisted predominantly of two handicraft teachers, and the CEO/ entrepreneur, a social worker by profession, and writer of this thesis. The two handicraft teachers felt like partners in the business process, thereby aiding to the success of the enterprise (CLICK records 2006). They did not feel subordinate and contributed to decision making and problem solving on a high level (CLICK records 2006). Every time a specific challenging moment arose, the entire staff was ready to lend a hand and eager to provide support and assistance when required (See Table 4.4).

4.5.2. Trust indicators - satisfaction, commitment, dependability and reliability
When interviewed about satisfaction, commitment, dependability and concern for employees, two key staff expressed ninety percent positive feedback in a personnel evaluation questionnaire over a period of three years (CLICK records 2006). High work satisfaction consequently reflected on productivity, whereby staff worked to their maximum capacity and workforce turnover was minimal, providing a consistent and
This is vital when developing social value and managing a viable business enterprise. A strong organizational culture based on mutual relational trust, concern and dedication, on behalf of CLICK'S management, kept staff motivated and stimulated to develop new ideas (CLICK records 2006). Once management performs in a trusting way, workers may also continue and extend this positive relationship and make even larger contributions to the social exchange process (Zahra, Yavuz and Ucbasaran 2006).

This was evidenced in the CLICK venture, by the strong commitment on behalf of staff to work overtime and receive minimal financial remuneration: "Relational trust also reduces the need for formal monitoring and control of the new business creation initiatives, possibly lowering the cost of implementation" (Zahra, Yavuz and Ucbasaran 2006).

Staff members with a good track record are also more likely to have their ideas accepted by the firm (Shaker, Zahra and Deniz 2006), as evident in the CLICK venture, where staff was considered reliable, trustworthy and noteworthy (CLICK records 2006). This may be displayed by greater readiness to work harder, to realize organizational objectives, innovate, or reveal know-how and information (Zahra, Yavuz and Ucbasaran 2006). "When the cutting equipment arrived from Australia, the deliverers accidentally dropped the 850 kilo machinery down the stairs. CLICK'S CEO was fraught with worry. She immediately called one of CLICK'S staff members who arrived within minutes, out of working hours, providing emotional support, into the late hours of the night, and bringing her a hot plate of Moroccan couscous to calm her down!" (CLICK'S records 2004).

4.5.3. The pitfalls of organizational culture based on relational trust

Strong organizational culture based on trustworthiness however, may also have its potential negative side affects. Trusting management may rely too readily on staff's assessments and ideas without assessing or questioning them sufficiently, whereby "higher trust could lead to less feedback and immediate acceptance of proposed ideas" (Zahra, Yavuz and Ucbasaran 2006).

In the CLICK enterprise, the staff, volunteers and management felt a strong sense of commitment and dependability, but may have been blinded by excessive relational capital. For example in the second stage of the establishment process, the CLICK board of directors felt that the production manager was not the right person for the job
Excessive relational trust may in fact dissuade some directors from conveying their worries, or from inquiring about assumptions from assessments carried out (Zahra, Yavuz and Ucbasaran 2006). This was apparent in the CLICK venture, whereby CLICK'S CEO was too emotionally attached to the project manager on a personal level, to deal with her lack of competency for the position (CLICK records 2005). This "over enmeshment" had influenced her decision making abilities.

Excessive relational capital may result in networks becoming over bonded, psychologically and emotionally, thereby affecting decision making and possibly placing the organization at risk (Zahra, Yavuz and Ucbasaran 2006). CLICK'S CEO for example feared retrenching the production manager, due to the strong organizational culture based on mutual trust that developed in the enterprise - "was relational capital blinding her from the truth?" (CLICK'S records 2006). Some of the negative results of relational capital are due to over embedding of social networks, whereby and individual or group may be so firmly incorporated within the network that they may not necessarily see beyond it (Zahra, Yavuz and Ucbasaran 2006).

The cognitive dimension of social capital also played a significant role in the trust relationship, high work morale and motivation amongst the staff. This is described as a shared understanding between people within the network such as a joint vision or goal, whereby the links between players direct the transmission of norms within the social network (Liao and Welsch 2001). Organizations entrenched in vastly inter-connected relationships cultivate shared behavioral anticipations (Liao and Welsch 2001). CLICK'S staff strongly believed in the mission, vision and goals of the not-for-profit (CLICK records 2006).

4.5.4. The development of spiritual capital

The spiritual capital felt by CLICK'S staff helped to bind workers together, whereby self satisfaction from the social value they were creating for the community, and not financial remuneration, provided them with the major return on investment (CLICK records 2005). Given that in a social enterprise staff remuneration is generally not financial, "social
entrepreneurs must rely much more upon creative strategies to offset limited financial rewards and incentives with non-financial motivations to recruit, retain and motivate staff, volunteers, members and funders" (Austin, Stevenson and Wei-Skillern (2006). Spiritual capital although relatively rich in existence also had periods of "ups and downs", and these tended to be related to the influence of distrust with a significant social donor, and unreliability in supplying ongoing funding (See hypothesis number 6, Figure 4.20, page 155). "Lack of trust was felt with a significant social donor, who unexpectedly cut back on funding. Organizational culture was affected and the morale of the organization and identification with the mission was diminishing as a result. Staff was tired, over worked and fed up and not coping with a respective salary reduction. What characterized the organization as being its strong point in the past (strong organizational culture, work ethics and family oriented organizational culture) were diminishing" (CLICK records 2006).

Nevertheless by encouraging staff members to participate in crucial decision making to combat the temporary frustration, they were more likely to cope with pay reduction and the extra work (CLICK records 2006). Luckily for CLICK this period was very short lived, but nevertheless is one of the downsides of interpersonal relationships based on trust, when developing social entrepreneurship (See hypothesis number 6).

**Summary:**

Hypothesis number 5 has been supported, noting that strong work connections and organizational culture, do provide a backbone of support for the venture in terms of -: 1) motivation, 2) planning 3) and establishment phases of the enterprise. Staff displayed a strong sense of spiritual capital, a concept that demonstrates how values and purpose are the main forces in the development of social networks and trust, which in turn influence economic, political, and social issues (Zohar and Marshall 2004). Nevertheless at several critical points of time, CLICK'S staff asked itself – "was the tremendous investment of time and energy worth pursuing the window of opportunity?" (CLICK records 2006).

"Even if the probability of success and the potential magnitude of the impact are relatively high, social entrepreneurs and potential supporters still face the difficult question of whether a particular opportunity is, in an absolute sense, worth the investment of energy and resources that would be required to pursue it" (Guclu, Dees and Anderson
2002). The desire to succeed, and the belief in CLICK’S vision and mission, nevertheless overcame these negative thoughts each and every time. This reflected the strong organizational culture, based on commitment, dependability and reliability and the relational, cognitive and spiritual capital developed amongst the staff, from start-up to full establishment (CLICK records 2006).

The powerful work connections and organizational culture at CLICK were deeply embedded in the relationships built on social trust that impacts directly on the sustainability and growth of the enterprise, as illustrated when evaluating hypothesis number 6.

4.2. THE IMPACT OF SOCIAL TRUST IN SOCIAL ENTREPRENEURSHIP

Hypothesis Number 6
Social trust\(^1\) directly impacts on the growth of the enterprise in terms of 1) motivation, 2) planning and 3) establishment phases of the enterprise.

Measurement Indicator:

a) The number of times social trust was felt with institutions\(^2\), strangers and informal/formal associates\(^3\) during the following phases: 1) motivation, 2) planning, 3) and establishment.

b) The number of times lack of social trust\(^4\) was felt with institutions, strangers and informal/formal associates during the following phases: 1) motivation, 2) planning, 3) and establishment.

c) The type of social trust felt with institutions, strangers and informal/formal associates during the following phases: 1) motivation, 2) planning, 3) and establishment.

\(^1\) Social trust has been defined according to various trust dimensions identified by Paine (2003), such as identification, dependability, honesty, satisfaction, reciprocity and commitment.

\(^2\) Institutions have been defined as government organizations. The most significant government organization in the study was the local municipality, predominantly the Department of Human Services.

\(^3\) Informal/formal associates have been defined as key players, such as a social investor/donor, staff, distributor, landlord and BOD - Board of Directors.

\(^4\) Lack of social trust has been defined as lack of identification, lack of dependability, dishonesty, dissatisfaction, lack of reciprocity and lack of commitment.
d) The type of lack of social trust felt with institutions, strangers and informal/formal associates during the following phases: 1) motivation, 2) planning, 3) and establishment.

Findings and Discussion of results:

4.6.1. The occurrence of social trust according to a time line

Social trust (19) was felt mainly with informal/formal associates (15) compared to institutions (4), particularly in the establishment process (See Figure 4.17).

Figure 4.17 Occurrence of Felt Social Trust in a Time Line

The first incidence of social trust was noted as early as the year 2001, symbolizing the start of a significant donor enterprise relationship (CLICK records 2003). Although the motivation stage began in 2001, the opportunity to follow this initial incentive occurred in 2003, when the longitudinal case study commenced its research. Social trust was not experienced in the planning stage, probably since the venture moved quickly, in a period of five months, from the planning phase to the establishment stage.

The occurrence of social trust was more prevailing in the second year of the establishment stage amongst a significant social investor (9), compared to staff (5), the municipality- DHS (2), distributor (1) and landlord (1) (See Figure 4.18). This finding is not surprising given that social trust channels us towards emotional and physical support when establishing a business (Liao and Welsch 2001).
4.6.2. Social trust with a donor

Based on the results of the "Nvivo" content analysis hypothesis number 6 has been supported whereby, the donor-enterprise relationship improved measures of initiative, motivation, effective planning and obtaining resources, which can be associated with the development of social trust between donor and enterprise management (CLICK records 2004). Early in the motivation phase, the donor relationship was distinguished by a feeling of identification, illustrated by shared common vision, mission and cultural background (See Table 4.5) (CLICK records 2004). This aspect was documented in the following excerpt from the article "Crafts from the heart for Israelis in need" that appeared in the Australian Jewish News, in 2006.
Table 4.5 Type of Felt Social Trust in CLICK’S Development Phases

<table>
<thead>
<tr>
<th>Institutions</th>
<th></th>
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</thead>
<tbody>
<tr>
<td>Motivation Stage: 5.8.01-20.5.03</td>
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</tr>
<tr>
<td>Planning Stage: 20.5.03-21.10.03</td>
<td>None</td>
</tr>
<tr>
<td>Establishment Stage: 21.10.03-31.10.05</td>
<td>Dependability, commitment, reciprocity, satisfaction</td>
</tr>
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<table>
<thead>
<tr>
<th>Informal/Formal Associates</th>
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</thead>
<tbody>
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<td>Motivation Stage: 5.8.01-20.5.03</td>
<td>Identification</td>
</tr>
<tr>
<td>Planning Stage: 20.5.03-21.10.03</td>
<td>None</td>
</tr>
<tr>
<td>Establishment Stage: 21.10.03-31.10.05</td>
<td>Identification, dependability, honesty, satisfaction, reciprocity, commitment</td>
</tr>
</tbody>
</table>

When people are socially more connected, trustworthiness and trust tend to increase, whereas trustworthiness decreases when contacts differ according to nation and race (Glaeser, Laibson, Scheinkman and Soutter 2000). This is the cognitive dimension of social capital where "an entrepreneurial network with shared norms and beliefs, will more likely develop trusting relationships among the entrepreneurs, between entrepreneurs and other actors in the network" (Liao and Welsch 2001). The feeling of identification and consequent passion for the project, experienced by a predominant social investor and donor’s family, enabled resources and information to be secured for the venture. This comprised of finance, physical stock and business advice (CLICK records 2004).

As the interpersonal relationship with this specific sponsor evolved, consequent social trust developed. The donor became a confidant, business partner and advisor, using past business “know-how” to teach the not-for-profit how to perform (CLICK records 2004). Rather than just invest with no active input, the social investor chose to be an integral player in the business development process.
The relationship with the donor then changed from authority and control, to bonding and nurture with resulting trustfulness (CLICK records 2004). The relational dimension of social capital described by Nahapiet and Ghoshal (1998) is important in leading to the accretment of resources and information in the business development process. Similar interpersonal relationships are also found among venture capitalist firms in the United States, which “classified the various VC managers' roles as interpersonal with the CEO (mentor/coach, friend/confidant), strategic (sounding board, business advisor, financier), and networking (source of industry contacts, professional contacts, and management recruiter)” (Bruton, Fried and Manigart 2005).

The enterprise relationship consequently benefited from the interpersonal relationship that had developed with the donor receiving more resources and vital information required for the business development process (CLICK records 2004).

4.6.3. Nurturing the donor-enterprise relationship

A lot of time and patience though needed to be invested in nurturing the donor-enterprise relationship and enhancing the development of trust, something that a busy social entrepreneur often does not have. The availability of time to foster this connection consequently needs to be taken into consideration prior to setting up a venture. The lack of time CLICK'S CEO had to cultivate the relationship with one major social investor significantly hampered the allocation of resources, whereby threats to cut funding were often a direct result of her not being available to the donor (CLICK'S records 2005). The demands to advance this relationship, so as to secure ongoing resources, became the main center of attention and totally uncontrollable at one stage, dominating all program activities (CLICK'S records 2005). "Almost daily long phone calls with a predominant social donor who provided significant resources, left the CEO tired, frustrated and with little time, energy and patience to carry out other daily functions" (CLICK records 2005).

"The challenge of procuring resources for the organization can become so all-consuming for the social entrepreneur that it can become the primary focus of the organization's activities" (Austin, Stevenson and Wei-Skillern 2006). Emphasis and energy consequently are directed to securing resources at the expense of creating social value (Austin, Stevenson and Wei-Skillern 2006). This was the case in the CLICK venture where creating social value and business development were at times put on the back
burner, partly due to the time consuming attention that needed to be expended on the social investor (CLICK records 2005).

4.6.4. Reciprocity and the social return on investment

Being entrenched in a network gives rise to relational trust that is built on recurrent reciprocity (Nahapiet and Goshal 1998). When contracting the various deals needed to embark on, maintain and develop a business enterprise, social entrepreneurs consequently need to weigh up the costs to secure a range of resources with the likely benefits to the organization (Austin, Stevenson and Wei-Skillern 2006). The need to balance an ongoing feeling of reciprocity and positive expectations, whilst coping with the needs of a demanding social investor, can be an onerous undertaking, especially given that philanthropists are motivated to contribute their time and funds for a variety of different reasons. This tends to place more diverse demands on social entrepreneurs to meet their individual, personal and often very distinctive goals (Austin, Stevenson and Wei-Skillern 2006).

Given that social entrepreneurs may secure more than one social donor with divergent objectives, this can hamper and consequently provide a more taxing and difficult situation, compared to business entrepreneurship (Austin, Stevenson and Wei-Skillern 2006). "CLICK'S director had to cope with the "backlash" from its diverse social networks - donors, the municipality, staff and volunteers, when the enterprise appeared on national television news broadcast on the 1.1.06, a major achievement for a small not-for-profit. They were angry for either not being mentioned or not appearing in the two minute news clip. Each had its own personal agenda!" (CLICK records 2006).

Balancing staff motivation, volunteer satisfaction, donors' return on investment, the political implications of municipal involvement, whilst building trust and creating social value, can prove to be an unfeasible task at times for some social entrepreneurs- "I felt that I was being attacked from every direction. Trying to promote organizational growth and development with potentially amazing PR avenues and cope with ongoing criticism is pulling me down!" (CLICK records 2006).

Attempting to find the optimum balance and mix among these key players to secure resources for the venture consequently became a major challenge for the social entrepreneur. This raised the question "would CLICK have been better off raising funds from venture capital funding (where the prime objective is financial return on investment) instead of from social investors (where the main objective is diverse means of social
value and a wide variety of reasons of private benefit to reap social return on investment”?

4.6.5. The occurrence of social trust with a social donor according to a time line
The trust in the donor-enterprise relationship nevertheless developed over time as the venture progressed through the motivation, planning and establishment phases (See Figure 4.18). Given that acceptance and placing confidence in others is a developmental process, this time frame was to be expected when establishing trust between the two players. In addition, trust is a component that continually changes as it progresses in stages of development or dissolving (Paine 2003).

The donor-enterprise relationship reached its peak in the second year of the establishment phase and became of prime importance as a precursor to securing resources for the venture (CLICK records 2005). This is in line with existing literature illustrating the development of trust, as a forerunner for cooperation, and then the pre-condition for the development of additional ongoing trust (Liao and Welsch 2005).

During this phase the social investor's return on investment was reaping the emotional satisfaction of providing for a significant social cause. For CLICK, previously concerned with the sole aim of sustainability and profitability, the development of social value ended up becoming of utmost importance. Revenue and sustainability was no longer the driving force, but became a means to an end, in order to attain the social mission.

"Although there is no single measure such as rate of return to align the interests of all parties involved, the social enterprise's mission often provides a common anchor for diverse stakeholders” (Austin, Stevenson and Wei-Skillern 2006). The satisfactions, reciprocal relationship, commitment, common vision, predominantly in the establishment phase, due to the donor-enterprise alliance, consequently were the catalyst and inspiration for the ongoing and sustainable business development (See Table 4.5). This shared mission and feeling of identification consequently significantly influenced mobilizing resources.

4.6.6. Social trust with a handicraft distributor
In addition to the trusting relationship that developed with the social investor, a trusting work rapport marked by commitment, satisfaction and reciprocity had also developed with a craft distributor in the establishment phase, allowing the organization to purchase
raw materials and other products for lower prices. This in turn reduced expenses and influenced profit margin and sustainability (CLICK records 2004).

New ideas promoting a business may arise from outside networks such as a distributor, supplier or alliance partner, both on a formal or informal level (Zahra, Yavuz and Ucbasaran 2006). In the abundance of relational trust a firm is more likely to take more advantage of these sources (Zahra, Yavuz and Ucbasaran 2006). Trust consequently may promote the success of financial deals due to its influence on the nature of social exchange (Shaker, Zahra and Deniz 2006). CLICK'S distributor for example, also promoted the venture creation process with ideas related to packaging, product diversification, pricing and customer satisfaction (CLICK records 2005).

Social trust was also predominant and maintained by staff in the establishment phase (See Figure 4.18). Staff felt strong identification, dependability, sincerity, satisfaction, reciprocity and commitment to the enterprise (CLICK records 2005). Trust also developed with the landlord of the business premises in the establishment phase, who promoted the growth of the enterprise by investing significant physical capital renovating the building, due to his identification with the organizational vision of the not-for-profit (See Figure 4.18) (CLICK records 2005).

4.6.7. The development of "lack of social trust" according to a time line

By way of contrast, a significantly higher incidence of lacking social trust (31) was observed to developing social trust (19), in terms of 1) motivation, 2) planning 3) and establishment phases of the enterprise (See Figure 4.19; Figure 4.17). Lack of social trust was experienced predominantly with informal/formal associates (16) compared to institutions (15) (See Figure 4.19).
Figure 4.19 Lack of Social Trust in a Time Line

<table>
<thead>
<tr>
<th>Phase</th>
<th>Informal/formal associates</th>
<th>Institutions</th>
</tr>
</thead>
<tbody>
<tr>
<td>Establishment 21.10.03-31.10.06</td>
<td>16</td>
<td>11+4=15</td>
</tr>
<tr>
<td>Planning 20.5.03-21.0.03</td>
<td>16</td>
<td>15</td>
</tr>
<tr>
<td>Motivation 5.8.01-20.5.03</td>
<td>0</td>
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Given that social trust is a medium of communication and an important measure of social capital, this observation implied that poor social capital network relationships existed both with informal/formal associates and institutions.

Findings demonstrated that lack of social trust became more prevalent in the first year of the establishment stage, especially with a significant representative from the municipality- DHS (15), compared to a significant social investor (7), distributor (6), staff (2) and potential BOD (1) (See Figure 4.20). As early as in the planning stage, lack of trust was already apparent due to a destructive long term relationship with a controlling power monger municipal- DHS employee (4) (See Figure 4.20).
4.6.8. Lack of social trust with the municipality - DHS employee

The not-for-profit continually feared the potential control of the municipality- DHS, particularly in the initial stage of the establishment phase (CLICK records 2003). In the past, the organization had experienced a great deal of emotional stress and received threats to have municipal funding cut, if it refused to abide by unreasonable requests of the municipal- DHS member of staff (CLICK records 2003). As well, attempts were made by this official to have the not-for-profit closed down by establishing a competitive body, where all future municipal funding would be transferred (CLICK records 2003).

The State of Israel in line with other welfare states during the 1980's initiated a strategy of partial privatization of services to not-for-profits and for-profits, as a means of reducing the nation's direct responsibility to service provision, and as an employer (Silber and Rosenhek 2000). CLICK, in line with this national trend of the third sector in Israel, had consequently been going through a process of independence by taking over more and more responsibility from the local government.

The not-for-profit therefore became more in control of needs assessment, service provision, and fundraising and consequently less reliant on municipal and government supervision and funding (CLICK records 2005). This change of balance posed a threat to the municipality’s regional Department of Human Services, which feared losing power, influence and control over an organization it had originally initiated to provide services...
for its own needs (CLICK records 2004). This was once more according to national trends of the State, being unwilling to relinquish fundamental authority, regulation and control (Silber and Rosenhek 2000).

4.6.9. The effect of power and control when developing relational and cognitive trust
On the one hand, the government encouraged and funded voluntary organizations, but on the other hand it also endeavored to enforce firm control over its policies and actions (Silber and Rosenhek 2000). This resulted in reduced autonomy and independence of the third sector, but consequently promoted substantial expansion of service provision organizations in the sector (Gidron, Katz and Bar 2000).

In CLICK'S case the organization constantly suspected that its municipal funding would be slashed, as a restraint to "remain under its control", and such intimidation was made on several occasions by the local municipality (CLICK records 2004). This in turn stifled the organization's development and hampered the natural process of growth, empowerment and self-rule (CLICK records 2004). In reality greater dependence on the state, wears down the social and political ability of organizations such as CLICK, to promote civil society, and is harmful specifically to their capacity to criticize government policies (Gidron, Katz and Bar 2000).

The attempt to close the not-for-profit nevertheless failed, due to its strong credibility in the community, but left the organization with an ever pervading fear of losing control of its valued social projects (CLICK records 2005). The destructive relationship with the municipal- DHS member nevertheless placed constraints on total freedom of speech, autonomy, growth and consequent independence for CLICK (CLICK records 2006).

4.6.10. The influence of human character traits on venture performance
There was an obvious pre-occupation on behalf of the DHS- member of staff with a dictatorial and dominant approach, as compared to the need to facilitate venture outcome and community program development. Decision making was controlled by political issues and the human traits of power, jealousy and control rather than social concerns (CLICK records 2003). CLICK provided minimal details about the business enterprise to the municipality- DHS; CLICK opened a separate bank account to protect all revenue earned by the venture, met with the governing organization for the not-for-profit sector to receive advice regarding establishing an additional independent not-for-profit or public
company; and prepared a legal contract protecting the project from outside control (CLICK records 2004).

This situation created strong feelings relating to the lack of the following trust factors: support, dependability, commitment, reciprocity plus a display of dishonesty, predominantly in the first stage of the establishment phase (See Table 4.6).

Table 4.6 The Type of Lack of Social Trust in CLICK'S Development Phases

<table>
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<th>Institutions</th>
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<tbody>
<tr>
<td>Motivation Stage: 5.8.01-20.5.03</td>
<td>None</td>
</tr>
<tr>
<td>Planning Stage: 20.5.03-21.10.03</td>
<td>Lack of dependability, dishonesty</td>
</tr>
<tr>
<td>Establishment Stage: 21.10.03-31.10.05</td>
<td>Lack of dependability, dishonesty, dissatisfaction, lack of reciprocity, lack of commitment</td>
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<td>Planning Stage: 20.5.03-21.10.03</td>
<td>None</td>
</tr>
<tr>
<td>Establishment Stage: 21.10.03-31.10.05</td>
<td>Lack of identification, lack of dependability, dishonesty, dissatisfaction, lack of reciprocity, lack of commitment</td>
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One possible positive side benefit of this lack of trust however, made the not-for-profit more aware of the need to be financially independent, and therefore less controlled by external agencies, such as the municipality. The organization was also more open and
flexible to changes and further open to and aware of new opportunities (CLICK records 2004). These issues though tended to diminish in the second year of the establishment phase, due to other non related events taking precedence, and the eventual departure of the specific DHS municipal worker, to a different department in another city (CLICK records 2005).

When the specific municipal employee was replaced, the new relationship that developed with the alternate worker, contrasted significantly to the previous as being marked by strong relational and cognitive trust (Nahapiet and Ghoshal 1998). This emphasized the overall importance of human character traits found in interpersonal relationships and their influence on venture performance (CLICK records 2006).

The new municipal worker, not demonstrating the same power hungry characteristics as the predecessor, was community minded and possessed a strong belief in the core value of not-for-profits (CLICK records 2006). Emphasis consequently was invested on promoting social concerns and developing a relationship based on trust in the third year of the establishment phase, to the mutual reciprocal benefit of both parties (CLICK records 2006). Social trust impacted on the growth of the venture, whereby the municipality eventually offered rent free premises for the venture, so as to promote community projects and attain sustainability and potential profitability for the business (CLICK records 2006).

4.6.11. Lack of social trust with a distributor
A troubling sense of lacking social trust particularly in the second year of the establishment phase developed with the venture’s national craft distributor (See Figure 4.20). Sales dropped creating fears of dishonesty that the distributor collaborated with a competitor and planned to import similar cheaper products from China (CLICK records 2005). Previously enjoying a healthy relationship marked by strong relational social trust, the not for profit was puzzled by this unresolved change.

4.6.12. Over-trust - the downside of social trust
The organization suspected it may have been too accepting and naive of the competitive, unfamiliar and ruthless cut-throat business world - "when entrepreneurs serve as trustors or trustees, they also expose themselves to vulnerability and trust" (Goel and Karri 2006). This is a possible downside of social trust, over-trust, whereby extreme relational trust may even cause severe error judgments (Zahra, Yavuz and Ucbasaran 2006).
Sources of excessive trust are for example lack of knowledge, naivety or cognitive immaturity (Zahra, Yavuz and Ucbasaran 2006). This single instance with the distributor represented a betrayal for the enterprise. Nevertheless this situation had a positive outcome in actually creating an opportunity by making staff more aware, perceptive and less naive when making future business projections and marketing strategies (CLICK records 2006).

4.6.13. Familiarity as opposed to unfamiliarity
In addition CLICK had not developed alternative new sources to distribute its products but relied on the one main distributor, a verbal trust agreement (CLICK records 2004). This possibly created a blind spot overlooking additional new potential avenues and opportunities (CLICK records 2005). Failure to notice or even, blocking, suppressing and disregarding new sources may result in restricted, choosy or even biased focus (Zahra, Yavuz and Ucbasaran 2006). The outcome was familiarity as opposed to unfamiliarity which emphasized a "thinking alike" culture, heading towards loss of sight whereby favored opportunities were not scrutinized or sufficiently analyzed (Zahra, Yavuz and Ucbasaran 2006). Dependence on the same sources in spotting and ascertaining potential opportunities may restrict the diversity of these opportunities, and in fact harm the venture's desire to branch out into new areas (Zahra, Yavuz and Ucbasaran 2006). CLICK realized this by learning that it had limited its target market due to over reliance on one specific distributor (CLICK records 2005). On realizing this the relationship with the distributor mutually ended in the establishment stage, the target market was widened, direct sales became the marketing strategy, all having a significant affect on improving sales in the second stage of the establishment period (See Section B- The Financial Viability of the Venture, Figure 4.21 page 167); (CLICK'S records 2005).

4.6.14. Lack of social trust with a donor
In the first, and particularly in the year of the establishment process, the donor-enterprise relationship also suffered a serious setback (Figure 4.20). Lack of social trust was felt due to donor dissatisfaction, at the slow rate the program developed nationally and mainly due to the insufficient involvement of the donor in the day to day functions of the enterprise. (See Table 4.6; CLICK records 2005). This placed ongoing financial support from the donor at risk and in addition spiritual capital was low, affecting staff motivation.
Motivation and morale were directly related to funding restraints and over involvement of the donor in daily business management (CLICK records 2005). The strong personality and control of resources by the donor tested the strength of the relationship to the fullest, resulting in tension that affected feelings of dependability, identification and satisfaction, particularly in the establishment stage (See Table 4.6).

4.6.15. Over-investment – "the dark side of relational trust" (Zahra, Yavuz and Ucbasaran 2006)

The not-for-profit in addition had become reliant on a particular social investor, creating dependency on a specific resource, at the expense of developing new ones. The organization as result tended to rely on sources of information and opportunities that it was used to, at the omission of other likely useful, but less familiar ones (Zahra, Yavuz and Ucbasaran 2006). This could be a potential "dark side of relational trust", demonstrating the negative outcomes of trust (Zahra, Yavuz and Ucbasaran 2006). New grant proposals for example may have brought in new contacts as well as additional finance, rather than over-investing and possibly over nurturing the current one. "Reliance on trust in the absence of sufficient controls can also increase errors of judgment, obscure rational decision making, and discourage entrepreneurial risk taking" (Zahra, Yavuz and Ucbasaran 2006). This resulted in “over-investment” of one particular financial source of linking social capital, creating dependency on a specific social investor at the expense of developing new ones.

This once more could be a potential pitfall of relational social trust- “over-investment”. "Trust is a double-edged sword- while trust creates confident expectations it also makes the trusting party more comfortable about entering vulnerable situations" (De Carolis and Saparito 2006).

Given that trust is more significant when individuals become reliant on and susceptible to the actions and decisiveness of others (Zahra, Yavuz and Ucbasaran 2006) depending on resources from a specific donor may be a potential risk factor. This can make an entrepreneur overconfident about receiving future resources (De Carolis and Saparito 2006). This unfortunately was evident in the CLICK study, where staff was left unprepared to cope with a commitment for ongoing funding that in the end never eventuated (CLICK records 2005).
4.6.16. The influence of relational and cognitive trust in obtaining resources

In an attempt to rectify the donor-enterprise conflict and salvage as many resources as possible, the maintenance of the relationship became of prime importance. Diary excerpts collated by the participant observer in the establishment phase, revealed experiential learning whereby "in a turn of events, a conscious mutual agreement was suggested by CLICK, to be totally guided by the advice and expertise of the donor; despite the current conflict and physical distance separating them, with the sponsor residing overseas" (CLICK records 2005).

The donor, a successful business and social entrepreneur agreed to fulfill the role of business advisor and to become involved in the day to day running of the venture (CLICK records 2004). The feeling of identification in the establishment stage, shared vision and firm belief in the social mission helped to override the previous clash of views (See Table 4.5).

The cognitive dimension of social capital demonstrated by Nahapiet and Ghoshal (1998) comes into play here, implying shared understanding, and schemes of representations between people. Perseverance had actually strengthened the donor-enterprise relationship, whereby a strong bond, mutual appreciation and viable working reconstructed relationship, eventually overcame the temporary disagreement, improving general satisfaction and reciprocity (CLICK records 2005). Lack of social trust evolved into trust once the two parties gained a better understanding of each other. The human interaction between the donor and enterprise consequently intensified and solidified in the second year of the establishment phase, a natural progression when building steps to develop trust over a period of time (CLICK records 2005).

The rekindled working relationship resulted in new emotional and physical support becoming available, directly impacting on the growth and performance of the social enterprise. Trust and support offered by the social investor’s extended and immediate family also significantly contributed in rectifying the situation; thereby securing more valued resources and business information that promoted the sustainability and growth of the venture (CLICK records 2004).

In the third year of the establishment phase the donor-enterprise relationship nevertheless suffered an irreversible turn around. Staff was forced to cope with intense demoralizing verbal confrontations of the dominant social investor that lacked control and were morally unacceptable (CLICK records 2005). Patience and perseverance were tested to
the limit, but the donor and receiver no longer shared the same understanding and moral fiber (CLICK records 2006).

The cognitive dimension of social capital discussed by Nahapiet and Ghoshal (1998) is once more reminded, but this time in an opposite sense. The representations once shared by the donor-enterprise relationship were beginning to differ as well as their thought processes. The relational aspect of social capital had disintegrated, trust diminished, having a direct impact on donations that were initially reduced, and in time eventually stopped (CLICK records 2006).

4.6.17. The dissolution of relational and cognitive trust

Trust implies reciprocity or mutual exchange, which the social investor claimed not to receive. The enterprise as well felt disappointment due to the social investor's decision to reduce and eventually cease funding the project. With trust diminishing, the relationship began to dissolve as the donor became more dissatisfied with the project (CLICK records 2006).

In addition, staff lacked the ability to understand what was expected of it and consequently was unable to rectify the situation (CLICK records 2006). When uncertainty, vulnerability and social difficulty encompasses decision making, conventional organizational control structures may fail to bring about or maintain an effectual alignment of interest between individuals (Zahra, Yavuz and Ucbasaran 2006). This was the case in the CLICK study, where lack of trust consequently prevailed when the social interaction (structural capital) eventually broke down and the trust (relational capital) dissolved (Nahapiet and Ghoshal 1998).

The meaning of trust entails that it is relational in nature, since it implies interdependence, where none of the participants in a relationship has entire power over the other (Goel and Karri 2006). As a result there is often lack of ability to control the relationship which can be laden by changeable results (Goel and Karri 2006). This can create a situation of vulnerability, due to the belief that the relationship will not in any way cause harm or take advantage of one another.

This was apparent in the case of the CLICK donor-enterprise relationship, whereby the enterprise had totally surrendered itself to faith in the investor, relying on a verbal and written promise to finance the venture. It consequently felt totally vulnerable due to the sudden erratic change of events on behalf of the social donor to cease funding the project, contradictory to previous agreements (CLICK records 2005).
4.6.18. Over dependence of trust with a donor - the downside of social trust
This once more represents a situation of "over-trust" which can be described as "either an unwillingness to predict the future by taking into account the potential risk involved in the relationship or an inability to assess the intentions of the other party and the nature of the relationship" (Goel and Karri 2006). This second suggestion is more applicable to the CLICK venture, as the enterprise was totally unprepared to cope with the unpredictable behavior of the social donor (CLICK records 2005).

According to Goel and Karri (2006) the concept of over-trust may be an important factor that needs to be taken into account especially when developing initial weak and non-redundant contacts. "Entrepreneurial relationships not strictly based on social networks and coupled with unclear expectations of the future, give rise to conditions conducive to the occurrence of "over-trust" (Goel and Karri 2006).

4.6.19. The dangers of "swift relationships" (Goel and Karri 2006)
Goel and Karri (2006) call these initial weak contacts "swift relationships" which, when pulled together in a type of ad hoc manner, may take advantage of the unforeseen events that occur in the primary phases of venture creation. "Swift relationships" don't arise from pre-existing social ties via strong links, but alternatively develop and arise unexpectedly out of weak contacts (Goel and Karri 2006).

The predominant CLICK donor–enterprise relationship was an initial weak, non-redundant linking capital tie. The partners were previously not familiar with one another, and their contact developed relatively swiftly following a one off meeting. The relationship continued to develop over time evolving into a durable frequent tie, as the program moved from start-up to establishment, and the partners became to better know each other.

In the CLICK research, over-trust in this relationship may therefore have initially developed as an early characteristic symptom from this first weak and non-redundant network, stemming from "swift" early start-up venture creation, with lack of knowledge about the detrimental dominating personality of the donor.

4.6.20. Over-trust - a risk taking trait of entrepreneurs
According to Goel and Karri (2006) over-trust though may not necessarily be a negative outcome for entrepreneurs or their enterprises, but be in fact a trait characteristic of
entrepreneurial activity. They contend that entrepreneurs actually tend to be inclined to over-trust more than non-entrepreneurs and that this is characteristic of risk taking, general entrepreneurial actions and opportunity evaluation (Goel and Karri 2006).

Goel and Karri (2006) contend that "effectuation" as opposed to the "causation" process direct entrepreneurs to over-trust. According to Goel and Karri (2006) "effectuation is a decision-making process or rather a type of human reasoning that involves choosing between possible effects using a given set of means, whereas the causation process involves choosing a set of means to achieve a desired effect".

In hindsight, when comparing the development of this relationship according to a time line, a major flaw on behalf of CLICK, was possibly not requesting enough resources at the right time, perhaps when the relationship was at its peak. This was mainly due to lack of knowledge and experience regarding what was needed at the right time and feeling the relationship was not fully consolidated (CLICK records 2006)).

4.6.21. The affects of over confidence and premature causality

Another defect of relational trust (Nahapiet and Ghoshal 1998) is "when events occur simultaneously, individuals may prematurely assign causality" (Shaker, Zahra and Deniz 2006). This was evident in the CLICK study at one point in the establishment phase. CLICK'S director prematurely retrenched one of its key staff members and reduced the weekly working days of another, when the social investor notified that funding would be reduced (CLICK records 2006). "Donations were cut back and staff retrenched accordingly. Orders though suddenly started to unexpectedly come in on mass and staff was short to keep up with the increasing needs of supply and demand" (CLICK records 2005). Boldness, on behalf of the entrepreneur that the donor would provide ongoing funding, resulted in a fatal error of judgment at the time - "overconfidence heuristic may result in errors by neglecting the sample size of experience" (Zahra, Yavuz and Ucbasaran 2006).

The business enterprise consequently had to cope with insufficient staff to deal with an unexpected sudden influx of supply and demand, coupled with low staff morale and diminishing trust in relation to satisfaction, dependability and commitment (CLICK records). This significantly affected the growth of the venture, hampering consistent production, reliable business development and planning.

Staff morale and trust though, did inevitably recuperate once the relationship with the social investor became a less dominating factor in the daily ongoing business
development process in the third year of the establishment stage (CLICK records 2006). This was once more was due to the conscious decision on behalf of the enterprise to be less available on a daily basis, to meet the demands of the donor (CLICK records 2006).

**Summary:**

In summary, hypothesis number 6 has been strongly supported, whereby a number of significant specific relationships based on the development of social trust, had a direct impact on the growth and sustainability of the enterprise in terms of 1) motivation, 2) planning and 3) establishment phase of the enterprise. These major players being: the social investor, craft distributor and municipal DHS representative.

The relational influence of the connection with the social investor and distributor were so significant in fact, that they had a direct effect on sales. Once the not-for-profit ceased working with the distributor, new and more viable markets were assessed and consequently supplied (CLICK records 2006). This was demonstrated by a significant upsurge in sales in the first seven months of 2006, compared to the entire year in 2005 (See section B- The Financial Viability of the Venture, Figure 4.21, page 167).

In addition once the not-for-profit was released from the controlling grip and daily contact of the social investor, morale and spiritual capital returned to the high they had once been (CLICK records 2006). Decisions as a result were less based on emotion, but more carefully planned and thought out. Spiritual capital also uplifted due to the newly formed emotionally "healthy" relationship with the replacement municipal DHS employee (CLICK records 2006).

Findings consequently demonstrate a strong correlation between the development of social trust, interpersonal human behavior and the control of finances. This is emphasized when assessing the external validity of comparing the outcome of the research to broader social capital theory. Results were consistent with findings that “trust and trustfulness between actors is positively related to growth aspiration”, and directly related to an entrepreneurs’ increased accessibility to resources (Liao and Welsch 2001). Social trust is an important measure of social capital, since this relates to a general overall feeling of trust within the society at large. Social trust also brings emotional and physical support and facilitates the sharing and exchange of information and resources (Liao and Welsch 2001). Cultivating and maintaining this trust nevertheless requires energy, resources and time (Zahra, Yavuz and Ucbasaran 2006).
The business venture consequently transpired through a number of significant upheavals due to the influence of the phenomenon of social trust and its effect on decision making and performance. Trust or distrust, therefore significantly affected the financial outcome of the venture, as observed by the following monetary indicators, depicting the growth, sustainability and profitability of the enterprise over the three year period of the study.

A. THE FINANCIAL VIABILITY OF THE VENTURE

Findings and Discussion of Results:
Social capital networking played a significant role in affecting entrepreneurial growth and sustainability as seen when assessing hypotheses number 1-6. Working in a not-for-profit is a very taxing task. Directors, staff and volunteers are extremely busy making mission, budgeting and applying for funding, therefore tremendous tension arises at the thought of adding business skills to these already demanding tasks. The ability of a small not-for-profit like CLICK to employ business strategies, such as developing a business plan, establishing financial performance indicators, conducting market and industry analysis, and implementing a business orientated working plan are daunting to say the least. Despite this the organization did manage to evolve into a business showing an increase in sales and potential to reach sustainability and eventual profitability.

4.3. FINANCIAL INDICATORS

The financial outcome of the venture has been measured by employing a number of financial performance indicators. This involved comparing annual sales over a three year period, and assessing the net profit in the balance sheet. The CLICK enterprise developed into a credible business as demonstrated by its increasing sales over a three year period, with a viable potential to reach sustainability and profitability (See Figure 4.21; Table 4.7).
The concept of being sustainable and profitable is represented in the balance sheet, which illustrates a small positive net profit of AUS $2,655 in 2006 (See Table 4.7).

In reality though if removing the "other income" in 2006, the venture would actually be operating at a monthly loss of AUS - $23,699.

This “other income” is derived from philanthropic funding, accessed from linking capital sources in the planning and establishment stage, predominantly from a prominent social investor and a number of other smaller donors. This provided critical financial support and security for the venture, during early start-up and ongoing establishment stage, as seen from the three year balance sheet (See Table 4.7). "Other income" was particularly predominant in year 2005, when the enterprise needed to move to more expensive premises, and relied heavily on donor funds during this transition.

In addition the venture depended on donations of handicraft raw material, from the social investor, which were eventually depleted by the end of year 2005. Purchases consequently increased in year 2006, when the enterprise started to buy most of its own raw materials (See Table 4.7).

In addition expenses rose when the venture changed its marketing strategy and employed professional staff to target new markets. Breakeven is projected to come to fruition by the end of 2007.

These findings displayed in the three year balance sheet consequently demonstrate that the not-for-profit appears to continually depend on "other income" and donations of raw material, in addition to profit from sales, to be sustainable and profitable. The aspect of

4.4. SUSTAINABILITY AND PROFITABILITY
dependency was documented in the following excerpt from the article "There's no business like social work business" that appeared in the Haaretz Israel News, in 2005.

Almost a year into its operation, Mosek says that the initial seed money from the "social investors" has yet to be recouped, as is the case of many small businesses in their early stages. "We see ourselves as a start-up," says Mosek. "The growth strategy for 2005 is to be less dependent on the social investors by increasing sales and reducing expenses."

Haaretz - Israel News - There's no business like social work business

16/04/2005

Table 4.7 Balance Sheet 1.1.04 -31.12.06 $AUS

<table>
<thead>
<tr>
<th></th>
<th>2004</th>
<th>2005</th>
<th>2006</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Conversion Rate to Shekel:</strong></td>
<td>3.50</td>
<td>3.50</td>
<td>3.50</td>
</tr>
<tr>
<td><strong>SALES</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>$17,661</td>
<td>$13,204</td>
<td>$29,353</td>
</tr>
<tr>
<td><strong>COST OF GOODS SOLD</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Opening Stock</td>
<td>$6,905</td>
<td>$6,905</td>
<td>$10,000</td>
</tr>
<tr>
<td>Purchases</td>
<td>$5,420</td>
<td>$5,420</td>
<td>$7,333</td>
</tr>
<tr>
<td>Closing Stock</td>
<td>$12,325</td>
<td>$12,325</td>
<td>$17,333</td>
</tr>
<tr>
<td></td>
<td>$5,420</td>
<td>$5,420</td>
<td>$7,333</td>
</tr>
<tr>
<td><strong>DIRECT GROSS COSTS</strong></td>
<td>69%</td>
<td>59%</td>
<td>75%</td>
</tr>
<tr>
<td><strong>GROSS PROFIT</strong></td>
<td>$12,241</td>
<td>$7,784</td>
<td>$22,020</td>
</tr>
<tr>
<td><strong>OTHER INCOME</strong></td>
<td>$27,569</td>
<td>$87,204</td>
<td>$26,354</td>
</tr>
<tr>
<td></td>
<td>$39,810</td>
<td>$94,988</td>
<td>$48,374</td>
</tr>
<tr>
<td><strong>EXPENSES</strong></td>
<td>$21,713</td>
<td>$21,713</td>
<td>$45,719</td>
</tr>
<tr>
<td><strong>NET PROFIT FOR THE PERIOD</strong></td>
<td>$18,097</td>
<td>$73,275</td>
<td>$2,655</td>
</tr>
<tr>
<td><strong>ACTUAL NET COSTS</strong></td>
<td>123%</td>
<td>164%</td>
<td>156%</td>
</tr>
</tbody>
</table>
4.5. VOLUNTEER INPUT

Volunteer input was also calculated annually and quantified in relation to the minimum wage in Israel, and included for the first time as a footnote in the CLICK 2005 balance sheet (CLICK records 2005). Monthly volunteer manpower input in the year 2006 was estimated to be 45% of the total monthly salary cost, a significant indispensable financial contribution to the social enterprise (See Table 4.8).

Table 4.8 Estimated Monthly Volunteer Salary 2006

<table>
<thead>
<tr>
<th></th>
<th>$</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td>Volunteer staff</td>
<td>2,406</td>
<td>45%</td>
</tr>
<tr>
<td>Paid staff</td>
<td>2,941</td>
<td>55%</td>
</tr>
<tr>
<td>Total Salaries</td>
<td>5,347</td>
<td>100%</td>
</tr>
</tbody>
</table>

4.6. MARKETING STRATEGY

4.10.1. The influence of risk for a social entrepreneur

The CLICK venture was also faced with a dual mission of endeavoring to become market orientated, while being committed to often employing disabled elderly and learning impaired youths to pack the handicraft kits designated to be sold.

According to Dees, Emerson, and Economy (2001) social entrepreneurs, possibly face larger elements of risk compared to conventional entrepreneurs as a result of the “social aspect of the vision”. "The quality of the manufactured handicraft kits was often placed at jeopardy, as the organization was continually preoccupied with social concerns providing occupation to the needy stigmatized segments of society" (CLICK records 2005). When considering this risk factor “social entrepreneurs must assess risk at any number of levels: enterprise, managerial, market, financial, and so forth. They must be able to evaluate potential reward and position their own resources in order to most effectively decrease the possibility that a risk may become a reality—and if it does so, they must be prepared to address that turn of events effectively” (Dees, Emerson, and Economy 2001).
4.10.2. Effective marketing - a critical success factor

In addition to the influence of risk, the CLICK venture was significantly affected by its marketing strategy, a crucial factor influencing growth and sustainability. Previously having no ground experience in this field, CLICK learnt by trial and error to market its products, with the assistance of a short term volunteer marketing mentor accessed from bridging capital networks (CLICK records 2006). Distributing and wholesaling the handicraft items proved to be one of the most major challenges faced by the not-for-profit to date.

Early attempts at direct selling, with the support of bonding capital networks from a CLICK volunteer sales person, were of limited success in the first year of business operation. This was due to insufficient manpower, knowledge and expertise in that field. Sales though began escalating with the introduction of a national craft distributor, who sold the products directly to craft stores in the second year of operation. Even with an increase in sales due to product diversification, it took the venture one year of marketing via the distributor, to come to the realization that there were too many competitors producing the same products in a saturated market (CLICK records 2005).

The enterprise consequently decided to transform its market strategy, to cease operating via a craft distributor and to directly enter new niche markets: institutions and organizations (hospitals, rehabilitation centers, crisis intervention centers and schools) (CLICK records 2006). “The not-for-profit conducted a handicraft workshop at a children’s hospital in Tel Aviv and the handicraft coordinator made two ongoing purchases. She consequently referred the manager of the handicraft division from the children’s hospital, resulting in a large order catering for three new departments in the hospital. The children’s hospital went on refer a school for autistic children in Tel Aviv, that ordered products to cater for children in a school summer holiday program” (CLICK records 2005). This change in marketing strategy significantly resulted in an increase in sales and a new independent direction for the not-for-profit.

An additional successful marketing strategy was promoting handicraft workshops as a creative treatment tool, which opened many future lucrative potential niche markets. This marketing aspect was documented in the article "Hod Hasharon for the benefit of elderly in the North" which appeared in the Hod Hakfar local newspaper news in 2006.
"Handicraft kits in Hod Hasharon will be used as a therapy tool in a workshop to treat the aged suffering from post traumatic symptoms since the Lebanon War" (Sharon Solomon, Hod Hakfar newspaper 22.12.06)

Summary:

The CLICK venture evolved into a business demonstrating increasing sales over a three year period, with a viable potential to reach sustainability and profitability. This could not have been achieved without “other income” derived from philanthropic linking social capital funding, which provided crucial finance during early start-up and ongoing establishment stage.

Given the fact that the enterprise was involved in a number of social community projects, while running a viable business venture with disabled and elderly manpower, gives rise to the question:- “if a not-for-profit will always need these other sources of income, in addition to profit from sales, to be sustainable and profitable?” It is also a question of the value placed on the community benefits, which may not be simply monetary in nature.

In summary, the CLICK financial breakeven was becoming a viable possibility. The not-for-profit currently sees the wide potential of the open market and the need to expand its ongoing marketing and growth strategy. This process can be accelerated with the help of access to new and ongoing specific components of bonding, linking and bridging networks acknowledged by Woolcock and Narayan (2002), as well as by consolidating specific current more important contacts.

This leads to chapter 5 of the thesis, which involves using findings from the six hypotheses, to actually test the integration of social capital concepts as the social impact theory in "the opportunity creation process" designed by Guclu, Dees, and Anderson (2002), when developing an entrepreneurial business model for social entrepreneurship in the third sector.
5. DEVELOPING AN ENTREPRENEURIAL BUSINESS MODEL IN THE THIRD SECTOR

5.1. TESTING THE OPPORTUNITY CREATION PROCESS

Identifying and improving a social impact theory, is a dynamic procedure that combines innovation and creativity with solid testing and appraisal of outcomes, so as to assure the opportunity is worthy of pursuit (Guclu, Dees, and Anderson 2002). A number of organizations devise formal processes, which assist in identifying opportunities (Zahra, Yavuz and Ucbasaran 2006). This will be illustrated when testing the core assumptions of "the opportunity creation process" (Guclu, Dees, and Anderson (2002), with the integration of social capital components as the social impact theory.

The overall aim of this study is to examine how an entrepreneurial business model might best be integrated into the third sector to benefit overall performance. By demonstrating the role such a model can play, may not ultimately answer all questions related to the development of social entrepreneurship in the third sector, but will point to specific gaps in knowledge, of how such a model might best be incorporated in a not-for-profit for the purpose of business development. The major “task of the social entrepreneur is to learn to think like a business, and the challenge is to know exactly when to think like a business” (Our Community 2001).

Data from the methodological triangulation model for assessment employing "NVivo" analysis consequently has been introduced into the Guclu, Dees, and Anderson (2002) model for "the opportunity creation". Findings demonstrated that enhancing CLICK'S business venture by accessing social capital links for vital information and resources, improved its overall performance. This is presented herewith, in the following chapter five of this thesis and portrayed initially in step 1, followed by step 2 and the additional suggested step 2a, when testing the Guclu, Dees and Anderson (2002) model.

5.2. STEP 1: GENERATING PROMISING IDEAS

5.2.1. Findings from the CLICK Venture – Step 1

According to Guclu, Dees and Anderson (2002) ideas tend to originate from the private experience of the entrepreneur. In addition, previous experiences and organizational
attributes tend to affect the kinds of opportunities people pay attention to (Zahra, Yavuz and Ucbasaran 2006). This is not the only catalyst for social entrepreneurs to formulate worthwhile ideas, whereby acknowledging social needs, social assets and change, may also guide the development of promising ideas, as demonstrated in Figure 5.

**Figure 5 Generating Promising Ideas - STEP 1** (Guclu, Dees, and Anderson 2002)

In accordance with Guclu, Dees and Anderson (2002) CLICK grew due to the personal experience and knowledge of the social entrepreneur, in conjunction with the social needs, social assets and change. Human capital was important here for example, educational and professional competency. A person possessing the right skills to enterprise will be more likely to develop a venture (Liao and Welsch 2005).

When carrying out the idea creation, CLICK followed the model for the process of social entrepreneurship designed by Guclu, Dees and Anderson (2002), as illustrated in step 1, generating promising ideas (See Figure 5).

**Personal experience** (Guclu, Dees, and Anderson 2002)

The initial concept that CLICK'S CEO was interested in exploring was: *how can the organization become a sustainable and profitable in-house based industry, to cover expenses of current programs, and generate a ‘spin off’ to fund future community programs?*
This question was influenced by the personal experience of CLICK’S director, who had recently completed a Master of Entrepreneurship and Innovation Degree, at the ISEMI Israel branch of the Swinburne University of Technology founded in Victoria, Australia. This is illustrated in the following caption from the article "There's no business like social work business" which appeared in the Haaretz Israel News, in 2005.

Two key staff members had also completed small business development courses at the MATI, Business Development Center. Being dissatisfied with the current competitive and aggressive methods of fund raising, CLICK’S employees looked for an inspirational approach in a third sector environment to attain this aim. This involved a deliberate effort on behalf of the organization to gain, expertise in a particular area of interest (Lumpkin and Lichtenstein 2005).

Personal experience over a twenty year period encountered by CLICK’S administrator in the social services field revealed that many not-for-profits lack awareness and skilled proficiency, needed to develop a viable business venture. This refers to competence in entrepreneurial business administration, opportunity recognition, risk management, program maintenance, enterprise development, financial planning and venture growth (CLICK records 2004). They are basically short of entrepreneurial business experience, knowledge, manpower and resources, and in reality have only a hazy awareness of how to establish and manage a sustainable and profitable enterprise. This lack of resources and know-how can potentially leave them fearful of taking risks, and likely to be blocked from recognizing available opportunities awaiting them and available in the business arena (CLICK records 2004).

Given this deficit in expertise and knowledge, CLICK’S director assumed that social networks consequently provided the opportunity for seeking invaluable information and vital resources, needed when contemplating the establishment of a business enterprise. The benefit of social capital is illustrated in the following caption from the article "There's no business like social work business" which appeared in the Haaretz Israel News, in 2005.
CLICK’S director came to the realization that on a practical term, these contacts basically become more than essential for social entrepreneurs in providing all the relevant information and resources required, but presently lacking, when considering the idea of business venture creation.

**Personal fit** (Guclu, Dees, and Anderson 2002)

In addition to the academic and employment qualifications of CLICK’S entrepreneur and staff, two additional elements in what Guclu, Dees, and Anderson (2002) call the "personal fit", were also necessary. They are commitment and the precise stage of life. CLICK’S venture had potential for survival and success, given the strong commitment of its chief executive officer, staff and volunteers, past program achievements and the right timing to establish the venture. Staff moral was high and volunteers were abundant. In addition, resources were potentially available from prospective donors; all comprising the vital ingredients for venture success. The organization was potentially ready and in search of an "out-of-the-box" innovative idea for venture creation and sustainability.

**Social needs** (Guclu, Dees, and Anderson 2002)

According to Guclu, Dees and Anderson (2002) although personal circumstance is important, legitimate social needs nevertheless should dictate entrepreneurial ideas. New venture creation is therefore liable to be induced by a particular set of external factors, as well as by personal experiences (Welter and Smallbone 2006).

In CLICK’S case, its broad social need was to provide a better quality of life for the aged persons in the community. Its specific desire was to discover a new innovative method to finance the escalating costs of its social mission, plus support the growth of future evolving programs. This aspect is illustrated in the following caption from the article "There's no business like social work business" which appeared in the Haaretz Israel News, in 2005.

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*Central to her approach is the notion of "social capital" - using connections within the community to increase the social impact and the profit of the initiative.*

*16/04/2005*

**Haaretz - Israel News - There’s no business like social work business**

*By Charlotte Halle*  
http://www.haaretz.com/hasen/spages/565319.html

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Mosek, who works as director of the Hod Hasharon-based CLICK, a support service for the city’s elderly, decided to enter the business world after recognizing the increasing cut-throat nature of the nonprofit sector.  

*By Charlotte Halle*

**Haaretz - Israel News - There’s no business like social work business**

*16/04/2005*  
http://www.haaretz.com/hasen/spages/565319.html
"There are 1,700 new nonprofits in Israel every year and we're all competing for the same funds: governmental, municipal and donations" says Linda Mosek, the director of CLICK. "That's what brought me to the realization that business innovation is the future for the not-for-profit sector" (Channel One National Television Mabat News Report, Sunday, January 1, 2006).

The organization was in dire urgent need of concrete recommendations, knowledge, resources, practical tools and ground-work experience, necessary in the establishment and growth of a sustainable and profitable social entrepreneurial business venture.

This was despite the qualifications of CLICK'S staff, which was in line with the growing trend in entrepreneurship education in recent years, targeting the third sector to become part of MBA course agenda (Gidron 2003). The CLICK enterprise demonstrated that education in entrepreneurship and innovation on its own was insufficient, whereby staff lacked real life practical business experience. Nevertheless the CLICK not-for-profit was structurally positioned to benefit from the social assets in the local community, being the voluntary network, to provide information and resources that it lacked. This asset provided a starting point for program idea generation and the potential support networks that would be needed to develop a viable business venture.

Social assets (Guclu, Dees, and Anderson 2002)

Guclu, Dees and Anderson (2002) offer an interesting perception for developing ideas, by focusing on social assets rather than emphasizing needs. This portrays a community in a positive light, which may prove to be an eventual catalyst for innovative creations. CLICK ideally possessed a strong network of committed volunteers and dedicated staff, an indispensable social asset in this area.

The act of volunteering and the consequent communal networks which developed within CLICK, therefore created valuable social capital for the organization. This ignited a spark, generating a promising plan to utilize the concept of social capital, and the support of these dependable networks, to develop a viable business model.
Change (Guclu, Dees, and Anderson 2002)

The social asset of the volunteer network, coupled with CLICK’S personal, educational and occupational experience and social needs, are factors that constitute the experience and knowledge that comes prior to the opportunity discovery procedure (Lumpkin and Lichtenstein 2005).

In addition to being driven by these factors, specific organizational changes can also promote idea generation. According to Drucker (1985) entrepreneurs “always search for change, respond to it and exploit it as an opportunity”. In the CLICK venture, the threat regarding the balance of power over resources with the local municipality and the control of service provision, created a change in organizational direction (CLICK records 2005).

The not-for-profit became more aware of the necessity to develop diverse fund raising options, so that it would be in a favorable position of self control of service provision, eliminating the peril of closure, if municipal funding suddenly ceased (CLICK records 2004). The aspect of dependency is illustrated in the following caption from the article "There's no business like social work business" which appeared in the Haaretz Israel News, in 2005.

> "Not-for-profits have to be creative, innovative and take risks," she says. "We don't want to be totally dependent on municipal and government funding because we don't know what tomorrow will bring."

16/04/2005  By Charlotte Halle
Haaretz - Israel News - There's no business like social work business
http://www.haaretz.com/hasen/spages/565319.html

Fear of municipal control promoted a change in fund raising strategy. This had a dramatic influence on the not-for-profit, promoting it to reduce dependency on municipal funding and seek innovative alternative self generating methods, such as business innovation.

CLICK’S broad social agenda, was to provide a better quality of life for children from families in stress and the aged in the community, with the act of volunteering creating the social assets. Scarce resources, and faced with the reality of municipal control, sparked the generation of a promising idea for CLICK to mobilize its own assets, to establish a commercial venture, utilizing the concept of social capital to develop an entrepreneurial business model. This leads on to testing step 2 in "the opportunity creation process" (Guclu, Dees, and Anderson 2002), presented as follows.
5.3. STEP 2: DEVELOPING IDEAS INTO OPPORTUNITIES

5.3.1. Findings from the CLICK Venture – Step 2

Converting an appealing idea into a worthwhile opportunity and then making it operable, has proven to be the major challenge to date. This is the second stage of the model which focuses on matching the entrepreneur with an opportunity development infrastructure (Guclu, Dees, and Anderson 2002) (See Figure 5.1).

Figure 5.1 Developing Promising Ideas into Attractive Opportunities - STEP 2
(Guclu, Dees, and Anderson 2002)

This framework incorporates social impact theory and a viable business model (operating model and resource strategy), indicating the foundation of any worthy idea developing into an opportunity worthy of pursuit (Guclu, Dees, and Anderson 2002).

Social Impact Theory (Guclu, Dees, and Anderson 2002)

Behind any new social project is a theory that describes how it aims to attain its desired social impact (Guclu, Dees, and Anderson 2002). Social impact theory epitomizes the organization's vision and purpose (Guclu, Dees, and Anderson 2002). Survival rate considerably increases if vision is based on conceivable hypotheses, regarding the social impact theory, in conjunction with a business model that incorporates an efficient operating model, with a feasible resource plan (Guclu, Dees, and Anderson 2002). These parts constitute the foundation for a promising idea developing into a worthy social initiative (Guclu, Dees, and Anderson 2002).
Social enterprise start-ups, as in the case of business creations, require finances. Many business venture investments in the United States, access venture capital corporations via a personal recommendation (Bruton, Fried and Manigart 2005). Given the same for social enterprises, this suggests that social entrepreneurs need to consciously access networks that will provide them with right of entry to necessary resources, for different stages of program development. CLICK consequently incorporated social capital concepts as part of its social impact theory, providing a gateway to attain information and resources to benefit overall performance in the third sector.

5.4. STEP 2a: SOCIAL CAPITAL CONCEPTS AS THE SOCIAL IMPACT THEORY

5.4.1. Findings from the CLICK Venture – Step 2a

Social capital concepts, as part of the social impact theory, is illustrated with the new additional step 2a, when performing "the opportunity creation process" (Guclu, Dees, and Anderson 2002) (See Figure 5.2).

Figure 5.2 - Social Capital Concepts as the Social Impact Theory STEP 2a (Mosek, after Guclu, Dees and Anderson 2002)
Social capital theory provided the conceptual theoretical framework in this study. It incorporated the value of resources available within communities, such as the influence of social networking. Social networks are significant assets, as demonstrated when testing the six hypotheses in chapter four, and are vital in obtaining information and resources essential for the operating environment, when developing promising ideas into attractive opportunities. CLICK contended that particular components of social capital may be needed at specific points of time, from early start-up to full establishment, when developing social entrepreneurship in the not-for-profit sector.

Social capital concepts therefore, have been incorporated as the social impact theory when testing the existing model of Guclu, Dees, and Anderson (2002). This provided additional insight into the role of social capital, in obtaining vital resources and information, at different specific stages of program development, which promote business venture growth and sustainability in the third sector.

Findings from the CLICK venture, when assessing the six hypotheses, and testing the model for "the opportunity creation process" (Guclu, Dees, and Anderson 2002), with the supplementary additional step 2a, suggest a number of issues to be discussed and recommendations to consider. They are presented as follows.

**DEVELOPING THE NETWORK STRUCTURE**

5.4.2. Positioning in the network structure

According to Nahapiet and Ghoshal (1998), the structural dimension of social capital refers to the network structure's total pattern of relations among the players involved. People who have a promising structured network, benefit from greater return rates on their investments, since they have prior information and knowledge regarding viable opportunities (Burt 1992).

CLICK'S venture demonstrated, that the chief executive director was relatively centrally positioned, with access to a large number of diverse networks, predominantly for accessing vital resources (See chapter four, hypothesis number 4).

These networks did not naturally materialize, but a conscious effort was made, on behalf of the director, to develop the links over a period of time (CLICK records 2006). In addition not all of these networks were accessed simultaneously, but in accordance with
the developmental stage that the venture transpired, the relevancy of the contact, and the
time and energy available to pursue a specific source (CLICK records 2006).

The positioning of an entrepreneur in a social network structure is therefore important, as
being in a central position, whereby the possibility for generating novel ideas and having
access to necessary resources will be greater (Liao and Welsch 2001). Increased
awareness regarding the availability and usefulness of these social networks therefore
needs to eventually become internalized as a crucial behavioral trait.

5.4.3. Investing energy and time in the network structure

CLICK’S experience also illustrated that social entrepreneurs need to invest energy to
access their current social capital networks, as well as deliberately widen and build a
potential varied pool of useful and resourceful contacts. “Network size and diversity
under the presumption of trust are the general parameters to be optimized” (Burt 1992).
Considerable time therefore needs to be invested, particularly on expanding new un-
tapped, diverse contacts. Effort then needs to be devoted to ongoing contact in order to
maintain these networks, with regular interaction as a pre-requisite for the enhancement
and maintenance of social capital (Nahapiet and Ghoshal 1998).

5.4.4. Cultivating a number of primary contacts for network growth

In addition, to the personal networks of the entrepreneur, the structural role of networking
can be effectively expanded, by developing a number of primary trustful contacts among
staff and volunteers who can develop their own cluster of predominantly "non-redundant"
(Burt 1992) "weaker" secondary contacts (Granovetter 1983; Burt 1992). Hence less time
is spent on "redundant" contacts and more time invested in the development of more
primary networks (Burt 1992).

This concept, demonstrated by Burt (1992), involves a process whereby each primary
contact develops its own secondary links (See Figure 5.3).

Figure 5.3 “Strategic network expansion” (Burt 1992)
The central figure “YOU” started initially with four "redundant" primary trustful contacts, as seen in network A. Each key contact developed additional "redundant" secondary contacts, illustrated in network B reaching a total of 8 contacts, which developed into 16 links in network C (Burt 1992).

“YOU” is consequently free to invest extra time and energy in cultivating additional networks, while relying on key trusted staff and volunteers to develop and maintain their own cluster of contacts. This in turn, expands the number of contacts well above what one person could otherwise have achieved single-handedly (Burt 1992).

“YOU” is the chief executive officer (CEO) in the CLICK venture, a role crucial in facilitating and developing social networks. According to Burt (1992) workers tend to have less “structural holes” than those found in the director’s network. The structural position of the manger’s role is therefore pivotal in the enterprise to promote social capital, while the workers can fill the role of primary trusted contacts.

In the CLICK venture key staff was constantly encouraged to develop their own cluster of networks, as well as being continually made aware by “YOU”, the CEO, to the crucial importance of networking (CLICK records 2005). "The production manager's sister linked her to the "Eged" Bus Company that ordered a large quantity of handicrafts products for a summer holiday program for 7,000 children; an important contact for future sustainability"(CLICK records 2006).

5.4.5. Broker structural holes for network expansion
Social capital consequently becomes a prospective source of substantial competitive advantage (Edelman, Bresnen, Newell, Scarbrpigj, and Swan 2004) to be used for private or public benefit. According to Burt (1992) structural holes become the competitive advantage: “something about the structure of the player’s network and the location of the player’s contacts in the social structure of the arena provides a competitive advantage in getting higher rates of return on investment”.

For example, if personal acquaintances make information available earlier than when it becomes accessible to others without these networks, this in turn may enhance the projected worth of this specific type of information (Nahapiet and Ghoshal 1998). The network link provides the important competitive advantage and opportunity of prior
knowledge. This is illustrated in Figure 5.4 which portrays the increase in the number of contacts when bridging a structural hole.

**Figure 5.4 Structural holes** (Burt 1992)

![Structural holes diagram](image)

Structural holes are the gaps amid discrete clusters of people whereby networks on either side of a structural hole circulate in different flows of information (Burt 2000). Structural holes, therefore, provide the opportunity to bridge the stream of information amongst people and bring together individuals from differing sides of the hole (Burt 2000). In this sense structural holes become the competitive advantage in social capital links, among those who "broker" the holes to reach more contacts (Burt 2000). According to Burt (2000) the more varied and disconnected the networks then more new information and opportunities arise.

CLICK'S CEO and staff had a large number of structural holes among their community networks, as demonstrated by the diverse and plentiful bridging capital links accessed to obtain resources (See chapter four, hypothesis number 4). By being aware of the importance of these structural holes in diverse community groups, they were able to breach them in order to expand network contact, to obtain maximum information benefits and vital resources.

### 5.4.6. Leverage specific components of social capital according to a time line

Data from the methodological triangulation model for assessment, described in section 3.3, from the social capital indicators, illustrated that when brokering the structural holes to reach new networks, a number of variables are particularly important. They comprise of the timing in which they were leveraged, the number of networks, and the specific
component (bonding, bridging or linking) of the network (See chapter four, hypotheses number 3 and 4).

The extent of influence of each specific type of bonding, bridging and linking social capital network varied, whereby they needed to be accessed at pertinent stages of the business development process, since they affected the progress of the venture accordingly. For example, fewer but more significant bonding, bridging and linking contacts, need to be concentrated on, in the consolidation phase of the establishment process (CLICK records 2006). "In phase 3 entrepreneurs tend to reduce the size of social networks to important helpful members" (Greve and Slaff 2003).

In addition, the CLICK venture also stressed the importance of accessing all three components of social capital according to a timeline. The leverage lies in the stage of development of the enterprise, with regards to accessing bonding capital sources, together with a balance of bridging and linking capital for effectual knowledge transfer and resource attainment.

5.4.7. Develop bridging and linking capital weak - non-redundant networks

Certain components of social capital for example, have specific roles. Findings from the "NVivo" analysis in the CLICK venture, demonstrated the importance of developing a predominant balance of diverse "weak" (Granovettor 1983) "non-redundant" (Burt 2000) ties from bridging and linking capital networks, to enhance the flow of fresh information, innovations, creativity and resources in the planning and establishment phase (See hypothesis number 4).

Linking social capital, from people in control of resources and authority, and bridging capital, from links with other organizations, are influential predominantly in the establishment stage on sustainability and growth (See chapter four, hypothesis number 4). Accessing linking capital networks, to provide seed money in the planning stage and ongoing finances in the establishing phase, until reaching sustainability, are extremely crucial. In addition, bridging capital contacts need to be developed to provide crucial manpower in the establishment stage.

Effort, however still needs to be invested in accessing ongoing diverse linking capital in the establishment phase, until the venture reaches breakeven, with developing potential for profitability.
5.4.8. Develop strong - redundant bonding capital networks
Findings from the "NVivo" analysis technology program, showed that the development of "strong" (Granovetter 1983) "redundant" (Burt 2000) ties from easily accessible, reliable, dependable, trustworthy and consistent, long-term and frequently accessed bonding capital networks, to provide information and resources, are also required in all stages of networking (See hypotheses number 3 and 4).
Bonding capital, is of prime importance in the early stages of start-up development, and vital, given the degree of uncertainty being at its peak, and level of predictability being minimal (Goel and Karri 2006). Bonding social capital from family and friends for example, influenced day to day survival in the early start-up through to the establishment phase (CLICK records 2004).
Entrepreneurs need a safe environment to explore their thoughts, so they restrict discussion to their closest most trustful contacts (Greve and Salaff 2003). These bonding capital family members tend to be present in networks in all phases of the enterprise. In addition, their professional background is also of significance, coming from the fields of business and third sector management, so as to provide maximum relevant information.
The CLICK venture also found, that the bonding and bridging capital contacts developed to provide manpower in the factory in the establishment stage, evolved to become ongoing reliable, durable, frequently accessed and committed contacts, without the need to develop additional new ones.

5.4.9. Combine bonding, bridging and linking capital to improve business performance
Bonding, bridging and linking capital are critical success factors for business performance. They form the unit of analysis, which is the essential role of the voluntary social network in the enterprise, needing to be leveraged accordingly to meet the requirements of the business. This capital demands to be maintained and nurtured, given the significant implication on the economic performance to the venture.
The well-being, satisfaction and motivation of the respective voluntary manpower is therefore also vital, given its respective influence on productivity and service delivery, obligation, commitment, diligence and identification. Effort consequently needs to be expended in volunteer remuneration.
The CLICK enterprise also demonstrated the importance of bonding and bridging capital networks, when developing a number community need initiatives that also provided resources for the enterprise (See chapter four, hypothesis number 4). The promotion of "public good" (Putnam 2000), via the development of community benefit projects encouraging social value, is important since it strengthens the cognitive trust, the shared understanding between people within the network, such as a joint social vision or goal (Liao and Welsch 2001).

These projects are crucial, so as not to lose sight of the essence of social entrepreneurship and the significance of the overall social mission. Findings from the CLICK study illustrated, that at times the not-for-profit lost sight of its reason for being- "previously preoccupied with the prevailing aim of sustainability and profitability - making money - this purpose became less dominant as the venture developed" (CLICK records 2005).

The source and generation of income should not be the most important factor, but the ongoing innovative ideas to create social projects for the community, to create social impact. This needs to take precedence at all times.

In order to emphasize the influence of entrepreneurial growth on social capital, the components of bonding, bridging and linking networks also need to be integrated with other forms of capital. These being physical, human and spiritual capital that the CLICK venture demonstrated as also influencing business performance (See chapter four, hypotheses number 5 and 6). The role of trust in new venture creation also needs to be emphasized, especially in providing a number of economic and social advantages (Zahra, Yavuz and Ucbasaran 2006).

5.4.10. Develop social trust with staff

Data from the methodological triangulation model for assessment, obtained from the "NVivo" analysis of social capital indicators in chapter four, emphasized the importance and influence of trust, as a dynamic phenomenon on decision making. The relational trust among CLICK’s employees and management was of extreme significance, in developing a positive and conducive working environment, for colleagues to share information and knowledge (CLICK records 2005). This enabled them to partake in combined problem solving actions, the major source of innovative and entrepreneurial thoughts (Zahra, Yavuz and Ucbasaran 2006).
Where relational trust reigns, the psychological connection with the organization is reinforced, because workers feel a strong bond (Zahra, Yavuz and Ucbasaran 2006). This was evidenced in the CLICK venture. Staff experienced a strong kinship towards the management structure in a dependable, committed and reliant organizational culture, with a powerful drive towards the success of the project, due to the consistent trust that was felt in all three stages of development. As a result, employees devote extra time and effort to finding or developing entrepreneurial undertakings, that in turn benefits their firm's outcome (Zahra, Yavuz and Ucbasaran 2006).

Relational trust also promotes open dialogue, facilitating workers to discuss how they can improve or make changes to the organization (Zahra, Yavuz and Ucbasaran 2006). If disagreements occur, they are candidly and promptly dealt with, since employees trust one another's opinions and judgments. This, in turn, sets the stage for the valuable development and assessment of future new business enterprises (Zahra, Yavuz and Ucbasaran 2006). "Trust can give the organization several economic (e.g., lowering costs) and social (e.g., increased commitment and solidarity) benefits" (Zahra, Yavuz and Ucbasaran 2006). It can also promote the employees' satisfaction and increase their commitment, leading to successful new venture creation.

CLICK'S key staff expressed ninety percent positive feedback in a staff evaluation questionnaire when interviewed regarding satisfaction, commitment, dependability and concern for employees (See chapter, four hypothesis number 5). High work ethics reflected on commitment, productivity and staff turn-over, all vital factors when developing social value and managing a business enterprise.

The CLICK not-for-profit was aware that trust amongst employees consequently could also be leveraged as a competitive advantage, when developing a viable business model.

5.4.11. Develop social trust with other key players

In addition to trust with staff developing social trust, with additional key players such as the local municipality, may make or break attempts to establish a viable business venture in the third sector. If the working environment with other key players is not healthy in nature and conducive to cooperation, partnership and reciprocal knowledge sharing, it is strongly advised not to initiate a venture of this kind.

The CLICK study demonstrated the damage caused by a power hungry municipal worker, who attempted to have the organization dismantled (See chapter four, hypothesis number
6). Coping with power and restraint, as compared to the need to facilitate venture outcome, together with decision making being ruled by political issues, and the human traits of supremacy, jealousy and control rather than social concerns, are not worth the effort involved and resulting emotional trauma.

5.4.12. Develop social trust in the donor-enterprise relationship

Trust and spiritual capital were generally high amongst CLICK’S staff, but they were significantly influenced by the trust that developed in the donor-enterprise rapport (See chapter four, hypothesis number 5). The relationship which develops between a social investor and venture is therefore a crucial factor that impacts on venture creation and growth.

Finding a suitable social investor is not always an easy task and the use of conventional resource generating strategies, such as grant request writing, is an effective method, but generally time consuming and often short lived. Nevertheless securing a donor can often be dependant on how well connected a social entrepreneur is and how widely expansive are the social networks.

In addition “fund raising success comes primarily from building relationships based on trust and reputation” (Austin, Stevenson and Wei-Skillern 2006)”. The growth of these connections and the trust that builds, may take several years to evolve, as found in the CLICK enterprise. The donor-enterprise relationship developed over a three year period, and continues beyond this period today, due to intensive effort, firstly to recruit the donor and then to cultivate and nurture the relationship.

5.4.13. Cultivate the donor-enterprise relationship

Once establishing a relationship with a potential investor and a donor-enterprise partnership is eventually formulated, human interaction and interpersonal relationships need to be continually fostered and promoted. The relational dimension of social capital, illustrated by Nahapiet and Ghoshal (1998) is of relevance here, since it relates to the type of the personal connection which develops with certain people.

"The higher the degree of interaction, the more easily nascent entrepreneurs are able to develop trust and trustfulness, the more easily information, resources and other forms of transactions can be exchanged within the entrepreneurs' network" (Liao and Welsch 2001). This form of network demands time and concentrated effort to develop, but is
fundamental in formulating a sense of social trust between the key players. This relationship then becomes a basic contingent for ongoing capital obtainment. The cognitive dimension of social capital demonstrated by Nahapiet and Ghoshal (1998) also comes into play here, given the crucial importance of finding a donor that shares the same thought processes and vision.

5.4.14. Heed over-trust and over-investment

The amount of involvement by the donor in the day to day operation of the venture should then be monitored. The crunch lies in balancing the relational trust and preventing it from becoming over excessive.

In addition, awareness needs to be heeded regarding the potential of over-trust, as a possible early characteristic symptom of initial, "swift" (Goel and Karri 2006), "weak" (Granovetter 1983) and "non-redundant" (Burt 1992) social networks. Care therefore ought to be taken, to be very wary and perceptive when entering into a new relationship, and to receive as much prior background information as possible regarding a potential donor, in areas of reliability, commitment and over involvement.

Expectations consequently need to be clarified and established at start-up stage, “since the VC manager's time is a valuable commodity, it is invested only as necessary to add economic value” (Bruton, Fried and Manigart 2005).

"NVivo" analysis in the CLICK venture demonstrated that over-investment and over-trust, on behalf of the donor eventually hampered the allocation of resources and significantly effected staff morale and performance (See chapter four, hypothesis number 6).

5.4.15. Raise donor awareness that social change takes time

Donor awareness also needs to be raised, by the virtue of the fact that experimentation can take time, and achievement results and eventual success can be much longer; especially when operating in a totally new field of practice.

Convincing a donor that change takes time and pulling out too soon will prevent reaping benefits from an investment is important, when establishing a long term formal contract. A lot of foundations and donors anticipate spectacular results within a couple of years, but "no social entrepreneur transforms a system in that time! It takes years - even decades" (Hartington 2004).
The CLICK enterprise benefited by having a social investor who was willing to financially and emotionally support the venture for a lengthy period of time, understanding the time period needed when entering the new field of social entrepreneurship (CLICK records 2006).

Once step 2a was completed and social capital concepts were employed as the social impact theory, as described above, the remainder of the model was tested, as follows:

5.4.16. Developing an operating model (Guclu, Dees and Anderson 2002)

Social impact theory using social capital concepts needs to be performed in conjunction with a conceivable business model that integrates an operating model and resource strategy (Guclu, Dees, and Anderson 2002).

The operating model is a project plan of activities and structure that adapts the resources into the capabilities required to produce the proposed social impact (Guclu, Dees, and Anderson 2002). It includes role definitions, co-ordination of tasks and support systems such as organizational culture (Guclu, Dees, and Anderson 2002).

According to Guclu, Dees, and Anderson (2002) the operating model contains a series of actions, with inputs and outputs, akin to "value chains" in the business sector that requires managerial, accounting and manpower support. The operating model also demonstrates how the social impact theory is carried out (Guclu, Dees, and Anderson 2002).

The following operating model, illustrated in Figure 5.5, is recommended when developing a business model in the not-for-profit sector.

Figure 5.5 Operating Model (Mosek, after Guclu, Dees, and Anderson 2002)
5.4.17. Accessing social capital networks to test opportunity evaluation prior to start-up

Social capital networks become significantly important, prior to the actual start-up stage, in providing vital information to test the feasibility and opportunity evaluation process. Identifying which professional social networks are essential and at what point in time, is a skill. Securing the services of a proficient volunteer business and marketing mentor, by investing time and energy in accessing reliable trustworthy bonding or bridging capital networks, should be the first step.

A number of businesses for social responsibility, philanthropic funds and not-for-profits such as the Social Entrepreneur Fellowship Program, established by the Israel Venture Network\(^1\), even offer grants providing mentoring and professional business advice programs.

CLICK for example, benefited by the help of a voluntary marketing mentor, accessed via bridging social capital networks, when the venture was fairly developed in the establishment phase (CLICK records 2005). This unfortunately was too late. The enterprise would have benefited from professional business and marketing advice regarding opportunity evaluation, and when conducting its initial pre-start-up feasibility analysis; prior to actually launching the venture.

The organization as a result entered into a very saturated market in the retail field, with insufficient experience and knowledge of the industry. These being: local market trends, customers, competition, regulations and the ability of the organization to totally commit itself to the business. (CLICK records 2005).

In addition, the enterprise had developed an over-trusting relationship with a specific distributor (See chapter four, hypothesis number 6). In one sense this provided the opportunity for trial by error and indispensable learning experience, but also took up valuable time and resources provided by the social investor. It inevitably created a blind spot, possibly overlooking additional new potential target markets and opportunities, which in retrospect a professional marketing mentor may have pointed out.

\(^{1}\) [http://www.israelventurenetwork.org/home.php](http://www.israelventurenetwork.org/home.php)
According to Zahra, Yavuz and Ucbasaran (2006), this failure to identify, block, suppress and disregard new sources, may result in restricted and biased focus (Zahra, Yavuz and Ucbasaran 2006). With hindsight, had the not-for-profit conducted a more professional opportunity evaluation and feasibility analysis, with the help of a marketing mentor, the enterprise would have saved a lot of valuable time in assessing the industry. Such knowledge retrospectively comes from sound opportunity evaluation and approaching the appropriate volunteer or paid professionals in the business field to help analyze the viability of the market.

5.4.18. Conducting a pilot feasibility analysis under the guidance of a marketing mentor

Once opportunity evaluation has been conducted and a promising idea has been proposed to develop a business venture, a new, or the same marketing mentor needs to be secured, from bonding and bridging capital networks, to carry out a pilot feasibility analysis. This involves conducting market and industry analysis, developing a viable business strategy and then implementing an action plan with milestones. Once more this is not an easy process, especially when entering a foreign field, with unfamiliar know-how and experience in the business world.

The aim of the pilot viability study is to determine the likely success of developing a promising idea into an attractive opportunity. This also suggests the benefit of conducting a feasibility pilot test prior to launching directly into a business venture, and, investing energy in a comprehensive marketing and business plan - "to see if it makes sense to move ahead with this particular idea now" (Brinckerhoff 2000). A small scale pilot test can be made in order to assess the viability of conducting a comprehensive marketing and business plan, to further expand the business development process, and to have as a credential or testimony for the fund raising process.

At the onset of the CLICK venture, a preliminary pilot study was conducted, without the guidance of a marketing mentor, designing and selling handicraft kits to school holiday programs (CLICK records 2003). The following four tasks, suggested by Brinckerhoff (2000), were carried out in the process:

1) Identify your product or service
2) Decide if the target customer requires the service or product
3) Investigate the market and industry where your service or product belongs to
4) Assess if your organization has the core competencies needed to carry out the tasks competently from start-up

Although feeling relatively confident at the time of completing all four tasks, the CLICK not-for-profit nevertheless was not sufficiently familiar with the handicraft industry, the potential Israeli market, customer acceptance, competition, regulations, revenue and the ability of the organization to totally commit itself to the venture (CLICK records 2003). According to Brinckerhoff (2000) such matters are vital to your likely success and to reducing your “entrepreneurial risk” to a practical one.

The CLICK venture lacked the guidance of a professional marketing consultant from the start-up stage to full establishment, a major fatal flaw on behalf of the organization (CLICK records 2006). This is an essential requirement when contemplating venture creation and especially when feeling confident, but still lacking the relevant experience in the field.

5.4.19. Marketing and business industry analysis

The CLICK study demonstrated that it lacked sufficient recognition of the retail world and opportunities offered by other target markets (See chapter four, hypothesis number 6). Volunteer marketing mentor professionals, accessed from bonding and bridging capital sources, can facilitate a not-for-profit to carry out the essentials of understanding the working environment and industry it is entering.

In conjunction with market and industry analysis, customer information, core competencies, target market investigation, product definition, distribution channels, pricing, budgets and advertising, all need to be researched under the guidance of a marketing professional, prior to conducting a business plan. This will help to determine if the market provides potential opportunity for a specific not-for-profit to penetrate.

Although the CLICK enterprise conducted a marketing and SWOT analysis (strengths, weaknesses, opportunities, and threats), it lacked ground experience, professionalism and understanding in relation to the real life realities of the "cut throat" business world (CLICK records 2003).

5.4.20. Business Plan

Given sound marketing and industry analysis has been conducted under the guidance of a marketing consultant, a viable business plan needs to be developed so as to decrease risk
The business plan should contain a market analysis, organization and management description, marketing and sales strategy, product line, fundraising plans and financial projections.

Social capital networks basically need to be accessed in most aspects of the business strategy, either in providing valuable information or necessary resources. Above all, securing a volunteer or paid commercial consultant, business or marketing mentor, is crucial in assisting the preparation of a feasible business plan.

The business plan should also contain a concise action plan, which involves actually carrying out the tasks of the business plan. This entails a specific, measurable and concrete working plan which can be tracked and followed according to specific milestones. "As you implement your plan's goals and objectives, it will help you keep on task and on schedule" (Brinckerhoff 2000). Action plans should be flexible, keeping abreast and monitoring changes in the field, and regularly supervised by a business consultant.

The CLICK venture had initially conducted a business plan, prepared by its CEO, which helped the organization to attain financial resources from a philanthropic fund, but once more it lacked the reality of a fully comprehensive and professional understanding of the market and industry (CLICK 2003).

5.4.21. Developing a resource strategy (Guclu, Dees and Anderson 2002)

The operating model described above is dependant on vital resources, such as physical or human capital. For example, donations, earnings, services, fees, partnerships and alliances (Guclu, Dees, and Anderson 2002). This involves developing a realistic fundraising plan, an essential component of the business plan.

Not-for-profits also need to encompass a viable fundraising plan that does not draw the enterprise away from its focal point (Guclu, Dees, and Anderson 2002), as evidenced in the CLICK venture, when the donor-enterprise relationship dominated all activities (See chapter four, hypothesis number 6).

The resource strategy is dependant on the development of linking social capital networks for funding and physical capital, as well as bridging and bonding capital in providing volunteer manpower. Securing a variety of diverse linking social capital funding sources is highly recommended, given that depending on one specific investor is a major risk factor and a fatal flaw, as illustrated in the CLICK enterprise, whereby network
relationships based on trust can and do break down (See chapter four, hypothesis number 6).

The crux therefore is expending effort and energy in developing a wide variety of contributors prepared to invest for a long time, allowing the time for experimentation and development. Given that philanthropic grants tend to provide funding in most cases for up to three years, this is not an easy contact to find, and donors of this nature need to be cultivated with significant interaction.

CLICK’S venture also demonstrated, that possibly not enough resources were requested at the right time mainly due to lack of knowledge and naivety regarding what was required at the appropriate time (CLICK records 2006). This experience comes from the help of professional fund raising mentors, who provide sound advice and information, and who are able to recognize and advise when to make a fund raising pitch. Once more philanthropic organizations do exist, which provide grants for fundraising mentors, such as the "Pradler" mentoring program in Israel, founded by The Pratt Family Foundation.  

This is another example of social capital networks providing professional advice or resources when planning, developing, establishing and growing a venture in the third sector.

5.5. THE BUSINESS MODEL IN THE THIRD SECTOR

The findings and recommendations described above, which illustrate the addition of Step 2a to "the opportunity creation process" (Guclu, Dees and Anderson 2002), have been displayed in Figure 5.6. This diagram represents an entrepreneurial business model that can be employed, to enhance venture performance in the not-for-profit sector.

\[\text{http://www.prattfoundation-israel.co.il/about.htm}\]
This model initially suggests "the process of entrepreneurship: creating opportunities worthy of serious pursuit" (Guclu, Dees and Anderson 2002), by following Step 1 and Step 2. This involves separating "the opportunity creation process" into two main parts: formulating a promising idea and then developing it into an appealing opportunity (Guclu, Dees and Anderson 2002).

According to Guclu, Dees and Anderson (2002) ideas tend to originate from the private experience of the entrepreneur, however this is not the only catalyst for social entrepreneurs to formulate worthwhile ideas, whereby acknowledging social needs, social assets, and change may also guide the development of promising ideas.

This is the first step of the model, creative idea generation, which is then followed by the developmental analytic and logic stage (Guclu, Dees and Anderson 2002). This phase involves adapting an attractive idea into a worthwhile opportunity, by using a business model composed of a resource strategy and operating model. The business model is then fitted to a plausible social impact theory, whereby "both steps combine inspiration,
insight and imagination with research logic and analysis" (Guclu, Dees and Anderson 2002).

The CLICK venture pursued an opportunity that demonstrated how social capital links provide crucial resources and information in the business development process, thereby enhancing social impact. Findings therefore proposed empowering the social impact theory component of the Guclu, Dees, and Anderson (2002) model with social capital dimensions, as demonstrated with the addition of Step 2a.

Testing the model resulted in a number of empirical findings and recommendations, which were outcomes of analyzing six hypotheses with a methodological triangulation model for assessment, using "NVivo" analysis to determine meaning and probable outcome, when testing the research question: *How do social capital stocks influence sustainability and entrepreneurial growth in a not-for-profit organization?*

One significant recommendation is that venture creation should take place only under the guidance of a volunteer or paid business and marketing mentor, from pre-start-up phase to full venture growth. This model also strongly suggests seeking professional business mentor guidance, as a vital first step in conducting concise opportunity evaluation. Once passing this stage, feasibility analysis and developing the business model should continually be scrutinized by a professional business and marketing mentor, so as to enhance business performance, maintain sustainability and strive for profitability.

### 5.6. GUIDELINES FOR THE BUSINESS MODEL

#### 5.6.1. Integrating Social Capital Concepts as the Social Impact Theory

The following findings and recommendations have been suggested to adhere by:

- Internalize networking as a crucial behavioral trait
- Develop and invest energy and time in the network structure
- Cultivate a number of primary contacts for network growth
- Broker structural holes for network expansion
- Develop bridging and linking capital weak - non-redundant networks
- Develop strong - redundant bonding capital networks
- Leverage specific components of social capital according to a time line:
  - Access dependable bonding capital in the early stages of start-up development
  - Incorporate bonding capital family members in all phases of the enterprise
Access bridging capital in the establishment phase for volunteer manpower
Access linking capital to provide seed money in the planning stage
Access linking capital to provide ongoing funding in the establishment stage
Consolidate specific more important contacts in the establishment phase

- Access professional business and third sector management networks
- Develop social trust with staff and volunteer manpower
- Cultivate the donor-enterprise relationship and develop social trust
- Raise donor awareness that social change takes time
- Develop a wide variety of contributors prepared to invest for a long time
- Heed over-trust and over-investment with key players
- Be aware of the dangers of "swift" relationships
- Access professional business mentor guidance for concise opportunity evaluation
- Access professional business mentor guidance networks to test venture feasibility
- Enhance performance with enduring professional business mentor guidance
- Keep sight of the essence of social entrepreneurship and creating social value

In summary, the support identified for the six hypotheses and the endorsement of the unit of analysis as the role of the voluntary network in this CLICK case, requires that results must be explainable in any model, purporting to describe the social entrepreneurship process in the not-for-profit sector.

In the CLICK venture, the infrastructure of the model for "the opportunity creation process" designed by Guclu, Dees and Anderson (2002) was employed and adopted, as a tool for the presentation of data and results, and to suggest recommendations for future research. This procedure has been used as a test and guideline, in the process of developing a business model in the third sector, with the supplementary addition of social capital concepts as part of the social impact theory.

The findings and recommendations from the CLICK enterprise, consequently contribute to current empirical social network data and social entrepreneurship research, by suggesting that social impact can be best achieved, by implementing social capital network theory.
6. CONCLUSIONS AND RECOMMENDATIONS

The not-for-profit environment has become a competitive and aggressive marketplace. Voluntary organizations nevertheless can compete in this cut throat setting, if they have sufficient stocks of social capital. This was demonstrated and supported in the CLICK research that revealed the critical influence of effective social networks on new venture creation.

Primarily this case study placed emphasis on the importance of developing specific components of social capital, as critical success factors for survival in small business start-up and development. In addition, weight was placed on the significance of social capital networking as a crucial information channel and resource outlet for social entrepreneurs. This being especially for those who lack the knowledge and means to initiate, establish and grow a developing business venture in the third sector. Social capital stocks, consequently influenced sustainability and entrepreneurial growth in the not-for-profit organization, providing value as a vital source of previously unavailable needed information and critical resources - "venture growth and the dynamics of social capital are co-evolutionary processes" (Liao and Welsh 2001).

The idea of developing social networks, to optimize success in gaining information and resources, is not a new strategy in the business arena. This thesis builds on earlier research conducted in the business sector, developing awareness to employ it entrepreneurially, operationally, for economic gain and as a strategic tool for competitive advantage, when developing a business enterprise in the third sector. This study recognized the use of social capital as a key factor determining economic growth when used entrepreneurially in a not-for-profit enterprise. Social capital has thereby been transformed into a form of "entrepreneurial" capital, reflecting economic and entrepreneurial activity (Audretsch and Keilbach 2004) in the third sector.

Empirical research in the business sector demonstrated the need for different networks and resources according to specific phases (Greve and Slaff 2003). In line with this proposition, we conclude that all three categories of social capital bonding, linking and bridging, were important at different stages of venture growth and that such capital provided the backbone of strong reliable and long lasting support for the enterprise. Findings also suggested a number of theoretical issues, such as the significant importance of extensive, distinct and diverse components of "weak" and "strong" (Granovettor's
"redundant" and "non-redundant" social capital networks and developing "structural holes" (Burt 1992), when developing social entrepreneurship on a timeline in a not-for-profit organization. The implications being that social entrepreneurs should concentrate on brokering links in dense network with "structural holes" (Burt 2000) and combining as much as possible diverse relevant resource and information rich "non-redundant" (Burt 1992), "weak" (Granovetter’s 2002) linking and bridging ties into their individual social networks. This should be carried out predominantly by primary and secondary contacts in the establishment phase for obtaining information, and in the planning and establishment phase for attaining resources to reach sustainability and growth. In addition "redundant" (Burt 1992) "strong" Granovetter’s (1983) bonding capital contacts need to be fostered in all three stages of development for obtaining resources and in the motivation stage of start-up and establishment phase for reliable information.

The structural role of networking can also be successfully expanded, by developing additional primary trustful contacts among staff and volunteers, who can develop their own cluster of "non-redundant" weaker tie secondary contacts (Burt 1992). The positioning of the entrepreneur in a social network structure, is also of extreme importance, whereby if in a focal position, the possibility for generating new ideas and having access to necessary resources will thereby be greater (Liao and Welsch 2001). Linking capital sources for example, in the form of reputation or social status, should be cultivated in the planning stage, to secure initial seed money in preparation to be combined with bridging capital. This in turn provides necessary voluntary manpower in the establishment phase for the enterprise and to develop community need philanthropic projects. Caution however should be taken not to “over-invest” in specific relationships of linking capital sources that provide financial grants, thus becoming dependant on a specific contact, at the expense of developing ongoing new ones. This could be considered a potential pitfall of linking social capital. Bonding capital as well, should be accessed to secure a safe environment to explore business ideas and plans, thereby providing reliable, dependable and accessible support.

The networks gained need to be nurtured and developed into long term, frequently accessed ongoing secondary contacts for daily support, and less frequent contacts for specific community need projects. Contacts thereafter can be pooled together in order to enjoy sustainability and consistent growth. Emphasis should be placed on maintaining less, but more significant networks in the final phase of the establishment process.
The CLICK study also illustrated how social capital correlates to the resources available within a community, as a result of the development of social trust according to developmental phases. The CLICK research supported and demonstrated that trust, an important indicator of social capital, is a central factor in securing physical and emotional support, impacting hugely on the growth and performance of the social enterprise.

When testing the research question, the sustainability and profitability of the enterprise was significantly affected by the relational trust that was cultivated. Occasionally over-trust also developed, due to the humanistic components and interpersonal relationships among the players involved that affected overall performance when developing social entrepreneurship. This may be another potential downside of social capital that entrepreneurs need to be wary and perceptive of. It may also be a possible general trait of entrepreneurial activity, and general risk that entrepreneurs presume in the development of new venture creation (Goel and Karri 2006).

The not-for-profit sector needs to consider the unit of analysis, comprising the role of the voluntary social network in the project. Bridging capital networks predominantly in the establishment stage provided an essential critical resource of volunteer manpower. This placed significant implications on the economic saving, as well as the general performance, sustainability and profitability of the enterprise. The well-being and satisfaction of these respective volunteers are extremely important essentials, needing to be maintained and encouraged, given the relevant influence on productivity and service delivery, obligation, commitment, diligence and identification to the overall mission building. This also affected the cognitive dimension of social capital that is described as a shared understanding between people within the network, such as a joint vision or goal (Liao and Welsch 2001).

The overall organizational culture and spiritual capital of staff and volunteers is also vitally important and worthwhile for an organization in which to invest. The relational trust with workers and the organization is fundamental in forming a healthy and conducive work place for staff to share information and knowledge, enabling them also to become involved in joint problem-solving. Satisfied employees also tend to devote extra time and effort in finding or developing entrepreneurial undertakings, that in turn benefits their organization's outcome. In addition, high motivation and work satisfaction reflect on dependability, commitment, productivity and staff turnover, essential when managing a viable business enterprise and promoting the objective of creating social value. These trust elements can be leveraged by a not-for-profit to benefit overall venture performance.
Given that a single exploratory case study has been conducted and that it was performed in only one industrial, geographic and cultural context, in the third sector, caution needs to be heeded not to over-generalize the outcome. As a result insights will need to be confirmed through successive empirical research in the future. Nevertheless this study enabled a better understanding of process and development, when creating a business venture in the third sector.

The support identified for the six hypotheses and the endorsement of the unit of analysis as the role of the voluntary network in this CLICK case, requires that these results must be explainable in any model purporting to describe the social entrepreneurship process in the not-for-profit sector. In accord with Guclu, Dees and Anderson (2002) the venture originated from the private experience of the entrepreneur, in conjunction with social needs, social assets, and change. This is known as the generation of promising ideas in "the opportunity creation process". (Guclu, Dees and Anderson 2002). The conclusions and recommendations discussed above have been incorporated into this process asserting to describe a viable business model, when developing social entrepreneurship in the not-for-profit sector.

Drawing on social capital theory, which recognized that social networks facilitate new venture formation, this thesis additionally provided an understanding of the process and basis for an improved entrepreneurial business model in the third sector, emphasizing the need for distinctive dimensions of social capital for specific purposes according to specific stages of development. Building on the procedure to develop worthwhile ideas into viable opportunities for "the opportunity creation process" presented by Guclu, Dees and Anderson (2002), social capital concepts provided the conceptual theoretical framework for the eventual social impact. This involved incorporating the value of resources and knowledge available within communities by accessing valuable distinct social networks to provide these assets.

This model suggests that social entrepreneurs need to consciously access networks that will provide them with right of entry to resources and information for different stages of program development. Social impact will thereby be achieved by incorporating social network theory, combined with a viable business model (operating model and resource strategy). These components signify the foundation of any worthy idea to develop and transpire into a social entrepreneurial initiative combined with a sound business model (Guclu, Dees, and Anderson 2002).
The CLICK venture, relatively speaking, is still in its early years, competing in a competitive industry where half of all business enterprises don't succeed within five years (De Carolis and Saparito 2006). A tremendous amount of knowledge gaining through trial and error therefore still needs to transpire, in order to refine the business concept and future growth strategy. Nevertheless breakeven is in sight, and the social value and social impact created to date have provided a satisfying return on investment. Hopes are therefore high and with the ongoing push from reliable, consistent and more significant networks, the CLICK enterprise has the potential to continue to thrive; especially given the recent offering by the municipality for rent free premises. This in turn will reflect favorably on monthly expenses. Together with this hopeful proposal, staff and volunteers are also firmly committed to the organizational mission and strongly believe that the given opportunity is, in an unquestionable sense, worth the investment of time, effort and resources that would be needed to continue to follow it through.

Outcomes from this enterprise will thereby ultimately assist in presenting a prototype from which other not-for-profits can learn and benefit. It represents a step toward integrating literature and research, coupled with business concepts in the third sector, by demonstrating the fundamental importance of social capital to the study of business principles and social entrepreneurship. The subject discussed here, therefore is in many ways a starting point that gives way to future opportunities for upcoming research in the area of business and social innovation and their merger. It combines the many attributes and pitfalls of social capital, social and business entrepreneurship, creating the need for further investigation for the following issues:

- Can "over-trust" be a potential downside of social capital?
- Is "over-trust" a characteristic symptom of weak and non-redundant ties?
- Can excessive relational capital affect decision making?
- Will a not-for-profit always require other sources of income, in addition to profit from sales, to be sustainable and profitable?
- Are venture capital sources more appropriate than philanthropic donor funding?

In summary, while our hypotheses need to be further tested on a broader field of subject matter and industries, we fervently believe that the results demonstrate the merit of employing social networks, to enhance information and resource attainment, to promote sustainability and profitability for venture creation in the third sector. This thesis thereby complements extant literature on social entrepreneurship and social capital by suggesting an improved business model in the third sector, by using social capital components, and
highlighting the value of social trust as an important influence on decision making. Outcomes from this enterprise will ultimately assist in presenting a prototype, from which other not-for-profits can learn and benefit, thereby adding to the current pool of research on social capital theory and social entrepreneurship.
7. EPILOGUE

CLICK’S diligent staff, dedicated volunteers and empathic supportive social investors, devoted several years of energy, sweat and drive in an attempt to promote the development of a successful sustainable and profitable entrepreneurial business enterprise in the not-for-profit sector. The major objective of the social venture being, to accrue resources that were to be funneled into creating social value, for the benefit of the local community and society at large.

The venture’s envisaged overall financial success nevertheless is still yet to be realized, with much gratification, hurdles and open ended questions to resolve along the way in the future to come. The chief aim of the project however, with satisfaction, has effectively been achieved, whereby the most successful and rewarding element of the venture reaped to date, was the overall creation of social entrepreneurship; inferred as social value and social impact.

By helping learning impaired youths acquire the skills to secure paid employment, by enabling the aged to be occupied, productive and feel needed, by enticing business entrepreneurs to partake in social responsibility, and finally by putting a smile on the faces of children in an oncology ward, the return on investment has already been lucratively achieved.
11.1. The CLICK Not-For-Profit Third Sector Organization in Israel

Click's Background
CLICK was established in 1983 by local volunteers and the regional Department of Human Services (DHS), under the auspices of the local Hod Hasharon municipality, in order to meet the increasing needs of children from families in stress and the aged sector. CLICK, in line with national trends of the third sector in Israel, had been going through a process of independence over the last five years. Primarily the not-for-profit had become more proficient in fund raising, and less reliant on municipal and government supervision and funding (CLICK records 2005). CLICK believed that financial independence, increased community involvement and the empowerment of its client population would provide it with the means to become more autonomous and to be less restrained by municipal policies to promote social change (CLICK records 2004). For example, in 1997, 87% of CLICK’S budget was reliant on municipal and government funding, whereas in 2006, 48% of CLICK’S budget was derived from municipal and government funding (See figure 29; figure30). Strategies to cover the remaining expenses involved applications for grants and private donors, fund raising events, earnings from sales and fees (52%) (See figure 30).

Figure 11 CLICK’S Funding Source – 1997
CLICK’S Mission
CLICK’S fundamental mission, is to improve the quality of life of the aged by providing vocational, educational, social and cultural services in an empathetic secure environment, thereby raising their individual and community image (CLICK records 2006). CLICK also aspires to self sustainability, so as to support additional secondary innovative projects, targeting children from families in stress, the disabled and the weaker members in society (CLICK records 2006).

Organizational Ownership
CLICK’S centers operate in buildings owned by the municipality. Rent, electricity, water, municipal rates and major maintenance costs are covered by local government. CLICK also privately owns a small apartment, which it rents to cover organizational expenses. In a bold step towards independence, CLICK leased premises in 2003 to house the new innovative business enterprise. All related expenses were covered by the organization without municipal or government assistance (CLICK records 2005).

Click’s Location
CLICK is situated in the city of Hod Ha Sharon, a municipality close to Tel Aviv. Translated as “splendor of the Sharon region” it is a semi-urban community with municipal council status, boasting a growing population of 37,000 residents (CLICK records). Hod Ha Sharon is promoted as a rapidly developing city and an extremely enticing district in which to reside. Large tracts of agricultural land have been converted into residential areas, in preparation for a greater influx of new residents in the future.
Divisional Organizational Structure
The following diagram displays CLICK’S divisional organization structure:

**Figure 11.2 CLICK’S Divisional Organization Structure**

Board of Directors - BOD
CLICK is managed by a director and five local voluntary residents. Meetings are convened monthly. The BOD is comprised of professionals in the areas of social psychology (chairperson), and bookkeeping. Two sub-committees exist within the BOD, being the manpower and the budget committee. The BOD receives professional supervision from the director.

Click’s Comptrollers
CLICK’S programs and financial management are monitored by two volunteer comptrollers.

Click’s Staffing
CLICK employs 22 professional and semi-professional staff, which was downsized from 35 employees in 2002, when it ceased operating three after school crisis intervention programs. CLICK minimizes the amount of funds spent on administration and maximizes the amount being directed to those in need consequently there is no secretarial service. This is a favored attribute in the third sector since allot of not-for-profit organizations tend to be penalized for building managerial and other functions, since donors generally require their funds to be directed to the cause (Dees, Emerson and Economy 2001). CLICK is supported by 50 volunteers, who play a significant role in enhancing community involvement and development.

Current Service Description
*Community social clubs* - CLICK operates three community day centers for the independent elderly, in separate distinct geographic locations of the city. These centers fill a tremendous cultural, educational and social gap in the lives of its participants. Most are reached by organized transport, which prevent many elderly from feeling lonely, abandoned, depressed, displaced and basically cut off from their community.

*Day care center for the disabled* - This center provides all the necessary services required for independent living, such as care givers employed to attend to the elders' personal needs,
enabling them to participate in a range of social and cultural activities. Transport is provided to and fro and hot meals are catered.

*Occupational therapy program* - CLICK operates an occupational therapy program for the housebound elderly, providing handicraft activity options in their homes, to keep them active and enable meaningful occupation.

*Business enterprise (case study)* - CLICK operates a business enterprise involving the establishment of a handicraft manufacturing factory, encompassing an inspirational learning center.

*Community support service* - CLICK operates a community support service addressing the needs of elderly, who continue to live in the community as their functional abilities decline.

*Scholarships* - CLICK provides scholarships to students with economic hardships in years 5 and 6 of secondary school.

**Past Service Description**

*After school crisis intervention programs* - CLICK operated three after school crisis intervention programs for elementary school children (1983-2002). The after school programs were an alternative for children being placed in 'out of home care', thereby maintaining the family structure as opposed to foster care, childcare institutions and other full time placements.

**CLICK’S Organizational Aims**

- To provide a dignified existence for the "golden age" by operating social centers, a day care center for the incapacitated, a home based occupational therapy program, vocational opportunities and a community support service.
- To prevent children and the elderly from being placed in "out of home care".
- To lower the rate of abuse and neglect among children, by operating after school "crisis intervention centers".
- To initiate community involvement in projects for the aged, and children from families in stress.
There’s no business like social work business

By Charlotte Halle

Linda Mosek would often sit in the classroom and wonder what on earth she was doing. She was a social worker. Two years after gaining her master’s degree in Entrepreneurship and Innovation, the answer is a bit clearer: She now runs a handcrafted manufacturing factory in Lod Haschar, which provides employment for some 25 volunteers and raises funds for local community initiatives for the elderly.

Figure 11.3 There’s no business like social work business (Haaretz newspaper 2005)

Mosek, who runs the factory, is a typical social worker. Her day is filled with challenges and successes. She is passionate about her work and is always looking for new ways to improve her factory.

The factory produces kits designed to be made by people with different levels of ability. Some of the handpuppets are simple and require just a few basic materials, while others are more complex and require more advanced skills.

The kits are sold to schools, hospitals, and social service agencies, and the profits are used to support the factory and its employees. The factory is run by volunteers, and the products are designed to be affordable and accessible to people of all ages.

The factory is a great example of how social work can be integrated into business. By combining social work principles with business practices, Mosek is able to provide employment and support to people in need.

Mosek is a true social worker, and her factory is a testament to the power of social work. She is a true leader in her field, and her work is making a positive difference in the lives of many people.
Crafts from the heart for Israelis in need (The Australian Jewish News 2006)

A project conceived in Melbourne is providing relief for children in war-torn Israel, writes Tali Borowski.

As tensions escalate in the Middle East, one Australian woman is working tirelessly to care for Israelis in need.

Over the last few weeks, Melbourne-born Linda Mosk (pictured) and her team of volunteers have been putting together handicraft kits to occupy children and the elderly who are in bomb shelters up north. So far, they have sent 2000 kits to Nahariya and they are in the process of coordinating their next mission to Zlit.

The program is part of the SAVI project, founded originally by Sara and Victor Fonda in Melbourne more than 30 years ago. After deciding to close the foundation in 2003, the Fonda's passed their entire project over to an Israeli not-for-profit organization called Community Leadership and Crisis Intervention for Kids and the Elderly (CLICK), of which Mosk is director.

SAVI now runs its operations entirely out of Israel, though Sara Fonda is hoping to restart the project in Australia in the near future, to provide Australian assistance to Israelis in need. The Fonda family has continued to provide support to SAVI over the years, along with the Pratt Family Foundation and US-based Zvi Tzachak Fund.

"The vision of the founders is the same as my vision," says Mosk. "We both really believe in providing valuable occupation for elderly people, for disabled people, for people of all ages."

"It was Australian-initiated and Australian-funded... we've just taken over what they've set up and developed it," she says.

Mosk, 47, made aliyah 21 years ago and lives in Hod Hasharon with her husband and two children. She has a background in social work, which she says has helped her tremendously in her current career.

"People are cooped up sometimes for hours and hours in bomb shelters and they are told not to leave... we are providing them with the opportunity to do something creative."

Linda Mosk
Director, SAVI

One of SAVI's aims is to promote the therapeutic benefits of craft activities as a miracle "drug", to reduce stress, calm the mind and soul and improve wellbeing for people whether they're in rehabilitation, hospital, or receiving home-based care.

Mosk says the current situation facing Israelis in the north makes their services more essential than ever before.

"We've basically been using SAVI to occupy people because we're a country that suffers from a lot of stress," she says.

"People are cooped up sometimes for hours and hours in bomb shelters and they are told not to leave... we are providing them with the opportunity to do something creative."

"There's obviously the first need of bringing them necessities such as food and water, but we've been filling a different niche where we want to be able to occupy their minds and give them time out from what they're going through."

For more information or to make a donation visit www.savi.org.il.
**Table 11** Positive and Negative Effects of Relational Trust (Zahra, Yavuz and Ucbasaran 2006)

<table>
<thead>
<tr>
<th>Steps</th>
<th>Positive effects</th>
<th>Negative effects</th>
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| Opportunity recognition Sources of ideas | • Familiar and easy to gauge  
• Encourages joint problem solving, generating new ideas  
• Trust in management: encourages employees to come forward with ideas  
• Fosters openness to new ideas  
• More familiar and not necessarily radical | • Thinking alike: ignoring distant sources, strategic blindness, ignoring external environment  
• Looking on new sources with suspicion  
• Not considering alternatives |
| Opportunity evaluation Types of ideas | • Faster  
• Relationally based  
• Recognizes intangibles  
• Decreases uncertainty  
• Fosters openness to new ideas | • Radically new ideas are examined with greater suspicions.  
• Lack of objectivity  
• Overconfidence and flawed evaluations  
• Overlooking due diligence  
• Overemphasizing intangibles, ignoring key economic considerations (more costly than expected) |
| Refinement/ framing | • Trust encourages knowledge sharing, which can be useful in refining ideas  
• Encourages advice giving  
• Early feedback can improve the framing and political positioning of ideas | • Greater attention to extension and refinement projects, while ignoring radically new projects  
• Support to ideas might be withheld from those emanating on the fringe of the organization |
| Championing | • Trust can encourage championing behavior and allow managers to gauge ideas  
• Trust can garner financial support or allow start-up work  
• Champions provide social support to entrepreneurs | • More likely to champion ideas emanating from the same group/clique |
| Implementation | • Cooperation and social support  
• Resource exchange  
• Faster implementation because conflicts are resolved  
• Agreement is easier to achieve  
• Disputes are addressed fairly quickly  
• People trust each other’s judgments and abilities  
• People trust each other’s commitment to their company  
• People trust each other’s commitment to do what is best for the group  
• Managers are trustworthy  
• Cements psychological contract and sense of loyalty to company. This can increase effort exerted to building new ideas  
• Encourages joint problem solving: easier implementation  
• Reduces redundancy in networks  
• Reduces monitoring costs  
• Easier to share and transfer knowledge; easier to define what is learned from success and failure  
• Easier to see limitations of what the firm knows | • Lack of effective controls  
• Shadowy enterprises may flourish (as in Eastern Europe)  
• Less feedback: less learning  
• Problems in knowledge transfer: undervaluing certain types of knowledge. Trusting knowledge created and shared by trusted others. Could lead to “not invented here” |
| | | • People may take advantage of trust and act opportunistically  
• Cliques may form and reduce adoption of ideas/initiatives (family firms routinely exclude outsiders because they may not trust them)  
• Having higher expectations of trusted parties which might fail to deliver, creating dissatisfaction  
• Premature diffusion of ideas from one area to another |
11.2. The Historical Documentation – Diary Excerpts and Interviews

Commencement date: 1.10.03
Concluding date: 21.6.06

12.11.1999 (CLICK records - prior to the commencement of the case study)

Bridging Capital - Obtaining Resources

In 1999 the Tel Aviv Department of Human Services informed CLICK about a not-for-profit organization in the city of Netanya that provided free give away raw and cut handicraft material. The NGO was founded by a prominent philanthropist in the Melbourne Jewish Community in 1982.

The donated handicrafts were allocated to day care and residential centers for the aged, rehabilitation and crisis centers and the housebound elderly, on a national level in Israel. The center operated in two bomb shelters provided by the local council. A retiree was employed to oversee the local operation, which became well known among not-for-profits and welfare organizations, serving over 800 centers.

On the other side of the globe, in Australia, the social donor created another not-for-profit in 1996 which aimed to enhance the quality of life through creative craft activities. The Australian headquarters was operated by a group of local dedicated volunteers, with the social entrepreneur at the helm.

11.1999 (CLICK records - prior to the commencement of the case study)

Linking Capital - Obtaining Resources

CLICK approached the local Netanya branch for its first donation of handicraft material and from then on cartons of cut and raw materials were donated to CLICK at regular bi-annual periods.

17.10.2000 (CLICK records - prior to the commencement of the case study)

Linking Capital - Obtaining Resources

CLICK’S director sent a written grant submission to the founders in Australia, requesting funds for an occupational therapy program for the house-bound elderly. The application was not accepted. (CLICK received funding from another charitable foundation for this project).
MOTIVATION STAGE
5.08.01 - 20.05.03

5.8.2001 (CLICK records- prior to the commencement of the case study)
Motivation Stage- Social Trust – Occurrence-Stranger
The director of CLICK personally made contact with the social donor on her annual vacation visiting family in Australia. They met for the first time at the NGO's head office in Melbourne, Victoria. They immediately shared a feeling of familiarity regarding vision and background.

Motivation Stage- Bonding Capital- Obtaining Information
CLICK'S director obtained the donor's address via the help of her mother, an Australian resident, who contacted the telephone inquiries. She was the first to ring the donor and introduce the CLICK not-for-profit over the phone.

Motivation Stage- Opportunity Evaluation
Motivation Stage- Bonding Capital - Obtaining Resources
CLICK'S director’s husband, who accompanied her on the visit, had an intuition that the social donor will one day pass on the NGO to CLICK'S director. At this point in time the first “seed” of an idea was planted. What, how and when was not envisioned at this stage.

8.2002 (CLICK records- prior to the commencement of the case study)
Motivation Stage- Linking Capital - Obtaining Resources
CLICK'S director met the social donor for the second time the following year in the Melbourne Australia head office, and a mutually warm relationship developed between them. CLICK'S director started to envision possibilities of developing an ongoing contact with the social entrepreneur, still without any real idea to what direction. At this time no realistic moves had been taken to develop a joint project, except the continual receipt of handicraft goods from the Netanya branch in Israel.

3.2003 (CLICK records- prior to the commencement of the case study)
Motivation Stage- Linking Capital - Obtaining Resources
In March 2003, due to the threat of war with Iraq and the consequent demand by the local Netanya municipality to vacate the two bomb shelters, the Australian social entrepreneur was faced with the decision to close down the Israeli branch. She then decided to pass on the entire content of handicraft materials from the Netanya division to the CLICK not-for-profit. CLICK'S director undertook to further continue the equivalent of the operation in the city of Hod Hasharon, Israel.
In addition as of June 2003, due to personal reasons, the social investor decided to close the head office in Australia, and transfer the contents to CLICK'S director including a cutting machine, and a large assortment of materials in consecutive consignments. The first of three shipments arrived in August 2003.
The organization now functions entirely in Israel. CLICK'S director pledged to maintain the founder's name for the project, and fulfill the founder's dream and vision in Israel:-

To promote the therapeutic benefits of crafting as a miracle “drug” to reduce stress, calm the mind and soul and improve academic learning for: Terror victims in rehabilitation, children in crisis intervention centers, elderly in day and residential centers, pre-school and school children, children in after school holiday programs, patients in hospitals, elderly in home based care, youth movements, intergenerational projects, special education schools and the general public.
The idea of running a national program allocating handicraft material at a minimal fee to philanthropic organizations in Israel was an exciting new program for CLICK.
Motivation Stage- Opportunity Evaluation
From this point in time, in addition to this national program, CLICK’S staff started to develop ideas and possibilities of launching a business venture selling handicraft kits on a commercial basis. At this juncture, the initiative of establishing a business concern of some kind was discussed internally amongst the organization.

Motivation stage-Bonding capital-obtaining resources
Motivation stage-Organizational Culture- Activity staff performed over and above work duties
CLICK’S staff of four (director and three coordinators of the community club for the aged) traveled to Netanya out of work time to help pack the goods to be sent to Hod Hasharon. The Netanya branch was then relocated to an unused hall adjacent to one of CLICK’S center for the aged.

Motivation stage-Bonding capital-Obtaining resources
Motivation stage-Volunteering-Diversity-Work hours performed per week
With the help of CLICK’S volunteers they worked many hours cleaning and sorting the goods, preparing them for allocation to philanthropic organizations in Israel. Three volunteers contributed at least 10 hours per week for at least two months.

Hall housing NGO Netanya in Hod Hasharon

4.2003 (CLICK records- prior to the commencement of the case study)
Motivation Stage- Opportunity Evaluation
Motivation Stage- Linking Capital- Obtaining Resources
CLICK’S team could now commence the planning stage of a viable business. Given the fact that a valued cutting machine was being shipped to Israel, an ongoing venture could be created. The cutting machine was of most importance since it provided the handicraft cut out shapes. Material could always be purchased in Israel, given stocks ran out. The cutting machine was vital for an ongoing enterprise.
PLANNING STAGE
20.05.03 - 21.10.03

20.05.03 (CLICK records - prior to the commencement of the case study)
Planning Stage- Linking Capital- Obtaining Resources
CLICK’S director submitted a grant application and Business Plan to a philanthropic foundation in Australia. In doing so, she applied for seed money ($15,000 AUD) to cover expenses to rent and maintain premises for setting up a workshop/factory for the new business venture.

Planning Stage- Bridging Capital- Obtaining Resources
Within days CLICK was authorized to receive ($20,000 AUD) from the foundation, chiefly due to the credible name and respect which the Australian founder and her husband share, in the Melbourne Jewish Community.

6.2003 (CLICK records- prior to the commencement of the case study)
Planning Stage- Social Trust- Lack of social trust with institutions
CLICK opened a separate bank account for the new business enterprise in order to divide its financial transactions from CLICK'S other accounts. CLICK’S past experience with the Department of Human Services, alerted the organization to be wary of having its funding severed and transferred to another municipal priority. To protect the new project, CLICK discussed opening a new not-for-profit, to safeguard and separate the organization from CLICK. This decision though was put on hold, till further investigation.

6.2003 (CLICK records- prior to the commencement of the case study)
PILOT PROJECT
Planning Stage- Product Definition- 1st- pilot project
CLICK conducted a pilot project designing and selling its “first” handicraft kits to summer school holiday programs.
The product was defined as a handicraft kit, suitable for elementary school and kindergarten children, involving either:

♦ assembling a mobile by sewing or gluing
♦ gluing picture cut-outs on a material flat board

Planning Stage- Marketing strategy- direct marketing
CLICK’S director compiled a list of potential customers (school holiday programs, handicraft shops and voluntary organizations).
Planning Stage- Divisional Organizational Structure- Production team-Outsourcing
The elderly in CLICK’S centers pack the kits and volunteers and staff market and sell them.

Planning Stage- Packaging- 1st Packaging

Elderly in CLICK’S centers packing the kits
Planning Stage- Pilot "first" sales
CLICK sells 352 kits making a net profit of $634 AUD.

7.2003 (CLICK records- prior to the commencement of the case study)
Planning Stage- Risk factor
CLICK rents premises in Hod Hasharon for a one year renewable contract. CLICK pays the rent up front for one year, taking advantage of the relative low dollar conversion rate to the Israeli shekel, expected to rise in the future. This was a big risk for the organization given that the first shipment had not yet been received.

Planning stage-Bonding capital-Obtaining resources
Planning stage-Organizational Culture- Activity staff performed over and above work duties
With the help of staff CLICK transfers material from the Netanya branch (held in the vacant hall) to the new premises.
Planning stage-Volunteering-Diversity-Work hours performed per week
CLICK'S staff is assisted with volunteers (6 volunteers- 3 hours each) when unpacking the material from the Netanya branch

Transferring material from the Netanya branch

Planning stage-Bridging capital-Obtaining resources
Planning stage- Volunteering- Diversity
CLICK connects with the Zturim high school for youth with learning disorders. The school is interested in obtaining work for the pupils to pack handicraft kits and help CLICK unpack the shipment and establish the handicraft workshop.

13.8.03 (CLICK records- prior to the commencement of the case study)
Planning stage-Linking capital-Obtaining resources
During a family visit to Australia CLICK'S director meets the social donor on three separate occasions in the Richmond head office in Australia, to finalize the closure of the project and its transfer to Israel.
CLICK'S director meets the social donor in Australia
19.8.03 (CLICK records- prior to the commencement of the case study)
Planning Stage- Social Trust- Lack of social trust with institutions
CLICK'S director receives a signed agreement from the social donor, stating that she will be solely responsible for all future project planning, decision making and operational functions for the program in Israel. This places full management under CLICK'S director’s jurisdiction. She is thereby empowered to elect the team of her choosing to operate the program in Israel. This now helps to distinguish the business venture from the municipality, and the threat of potential municipal control. CLICK is now considered a temporary incubator for the business enterprise.

Planning stage-Linking capital-Obtaining resources
The first of three containers arrives to Hod Hasharon. The social donor pays a considerable sum to have the goods packed and shipped. CLICK is unable to receive a total exemption from the port tax department for the goods on its arrival.

2.9.03 (CLICK records- prior to the commencement of the case study)
Planning stage-Linking capital-Obtaining resources
Planning stage-Volunteering-Diversity/ Work hours per week
Planning-Divisional organizational structure- outsourcing
Planning stage-Social network factory-private value-Improved Well Being
CLICK meets with the Zturim high school for youth with psychological problems to start packing kits. Three pupils help CLICK sort the first container in the factory for three hours every Thursday. Two students drop out after two weeks and one continues for at least one month. His case worker is amazed how quickly the work placement has had a direct affect on his mental condition. He has been able to reduce his medication and is generally much calmer and happier. He will be leaving the workshop though, since he has been offered a new permanent work placement.

3.9.03 (CLICK records- prior to the commencement of the case study)
Establishment Stage-Social Network Factory-Private Value-Valued Occupation- Improved Well Being
A new recruit at the factory recently became a widow. She had never been on her own before. She felt lonely, depressed and apart from the love from her dog and grandchildren felt she had nothing to live for. She was referred by the venture's landlord who told her about the enterprise. She started working in the factory initially one day a week. Now she is a regular and comes 4 times a week, pushing her shopping cart on a 10 minute walk from home to the workshop. “I now have new friends and reason to wake up in the morning”!

Planning stage-Linking capital-Obtaining resources
CLICK, as a not-for-profit, is negotiating (unsuccessfully) to obtain a total tax exemption for the 2nd container, docked at the Ashdod port. This shipment contains material and the cutting machine. After directly contacting the tax office at Ashdod and writing to a “Shinui” Knesset member, CLICK eventually manages to have the tax reduced.

11.9.03 (CLICK records- prior to the commencement of the case study)
Planning stage-Challenging moments
The second shipment including the cutting machine finally arrives. Improved quality goods are contained in the second shipment as compared to the first, but many difficulties were encountered.
It was necessary to order a crane to fit and lift the heavy 850 kilo cutting machine on to the premises, something, which a social worker cum manager of a not-for-profit, is
not used to handling on a regular basis. It was also necessary to gauge which kind of crane to order, as there are different types! Dealing with the carriers was another challenge, as an hour before the container arrived, the removal company rang to say, that it would be two hours late.

It was imperative to locate another company in 5 minutes, which amounted to double the original quoted price. The alternative would have been that the crane and container wait on the road, blocking off the traffic for 2 hours, plus paying extra money! It was a very stressful few hours!

Planning stage-Organizational Culture-Support in crisis and challenging moments/activity above work hours

A pulley crane was booked to take the cutting machine down the 7 steps into the warehouse basement. The crane slipped and so did the machine, breaking a step and damaging the wall. Two knobs were slightly damaged on the machine, but not broken.

Planning stage-Organizational Culture-Support in crisis and challenging moments/activity above work hours

When the cutting machine fell down the stairs CLICK'S director was fraught with worry. She immediately called one of CLICK'S coordinators to come and provide emotional support. She arrived within minutes bringing CLICK'S director a hot plate of Moroccan couscous to calm her down.

It is interesting how social entrepreneurs tackle the unexpected problems in the turbulent world of business innovation. “Every day presented another new challenge”.}

Planning stage-Challenging moments

The cutting machine did not appear to be in working order. Without a manual it was difficult to test if it was operational, or possibly damaged from the fall. The whole venture is based on the success of the prized cutting machine. Without this essential equipment, the material supply would eventually dry up and be impossible to create new supplies without cutting new motifs. A search through the web via Paolo in Chang Hai and Ulisse in Italy assisted CLICK in locating Tuvia from FAB in Israel. The FAB Company imports and maintains machines of this type.

The cutting machine has since been serviced and luckily is in good working order. The excitement created by the first material motif being cut on the machine was indescribable!

The cutting machine
29.9.03 (CLICK records- prior to the commencement of the case study)
Planning stage-Linking capital-Obtaining resources
CLICK celebrates having a sign marking the entrance of venture, donated from a candidate for municipal council elections.

[Image: NGO sign]

Commencement date of case study 1.10.03

1.10.03
Planning stage-Organizational culture-Activity above work duties
Planning stage-Volunteering-Diversity
CLICK’S staff, during out of work hours, and CLICK’S volunteers, complete sorting all the contents of the second container.

[Image: CLICK’S staff and volunteers]

Planning -Divisional organizational structure-production team-outsourcing
The organization is now ready to start manufacturing handicraft kits on mass. CLICK wants to build up a reasonable stock supply, prior to marketing the kits. CLICK plans to outsource packing at her current day care center for the incapacitated aged and at the school for learning and psychological disorders. In addition, CLICK plans to set up a workshop for the aged to pack kits on the NGO premises, was under way.
Planning stage-Volunteering-DIVERSITY-CLICK- Work hours per week
Planning Stage-Bonding Capital-Obtaining Resources
One of CLICK’s volunteers has offered to take over the marketing and selling of kits one day a week, as opposed to hiring a paid distributor. CLICK prefers this as an option, thereby maintaining the organization’s social image. Hiring a paid distributor may place this at risk and will be reassessed at some time in the future.
CLICK decides to divide its activities as follows. The new premises will be responsible for production and developing a show room. The hall containing the remaining material from the Netanya branch will continue to allocate handicraft material at a minimal fee to philanthropic organizations in Israel.
Planning stage-Packaging-2nd packaging
New packaging is designed, by copying labels from pre-made kits received in the shipment from the NGO in Australia.

Planning stage-Lack of social trust-institutions
CLICK to date, has kept most of its activities “under cover”. The local Municipality Department of Human Services has been purposely kept in the dark and very little information about the project has been provided, to prevent any unwanted interference. The development of the new premises has received minimal PR in the local newspaper at this stage.
13.10.03
Planning-Marketing strategy-Direct selling- NGO shop
The new show room is complete, and 8 different kit samples are ready to go into production.

Show room
Planning stage-Divisional organizational structure-Entrepreneurial team
CLICK'S director establishes an entrepreneurial team comprised of CLICK'S chairperson, director, 3 coordinators of the community social clubs for the aged and volunteer. The team reviews CLICK'S mission, project aims and discusses the mission outcome of the business.
The staff members reach consensus regarding CLICK'S mission: To provide a better quality of life for the aged in Hod Hasharon via social community clubs, a day care center for the incapacitated, a home-based handicraft project, and community projects involving the active support of the community.
Planning stage-Aims- 1st
A number of issues were raised regarding prioritizing the aims of the new business venture:
Is our major aim:-
1. To accrue revenue from the sale of handicraft kits commercially
2. To provide vocation to the aged by establishing a handicraft workshop
3. To allocate handicraft kits to philanthropic causes, such as housebound elderly
CLICK'S Entrepreneurial team decided that its major aim is:
- To become a sustainable in-house industry, based on reinvestment of profits to cover expenses of the project, current programs operated by CLICK, and to be a spin off to fund future community programs.

This led to the following questions:
Planning stage-Lack of social trust-Institutions
Should CLICK establish a new not-for-profit or possibly a company, so as to protect itself from being taken over by the municipality and to pay salaries to its workers?
Should the new venture employ a paid distributor?
The idea of a company fits the business perspective and major aim. However if a company is set up, the organization fears that profits will go to pay salaries and expenses, rather than being reinvested into creating social mission. A company may also experience reduced donations, especially if it is seen to be profitable.
Planning stage-Marketing strategy-Direct marketing
The team decides to initially enable one of its volunteers, to market and sell the kits and receive a small commission on sales to cover car expenses, rather than employing a professional distributor. This enables CLICK to maintain its social image, in the eyes of future customers and most importantly for the organization itself.

19.10.03
CLICK'S director compiles a list of pros and cons for setting up a company, or a new not-for-profit to be presented to the Entrepreneurial team:

COMPANY
Pros:
Independent from CLICK and the municipality
Claim business expenses
Cons:
Can’t receive donations to cover large expenses such as rent
Can’t receive municipal rate rebates
Payment of salaries may not leave sufficient profits to promote new projects
Venture becomes totally business orientated and the social image, an important USP (user selling position) of the organization is at risk– “to what level will I forfeit my social image to make a profit”?

Time and cost factor in duplicating minutes, financial statements, registration fees, bookkeeper and accountant

**NOT-FOR-PROFIT**

**Pros:**
Independent from CLICK and the municipality
Can receive donations to cover large expenses such as rent
Can receive municipal rate rebate
Due to the social mission image of not-for-profits, they can benefit from the support of customers, volunteers, investors and business for social responsibility partners

**Cons:**
Time and cost factor in duplicating minutes, financial statements, registration fees, book-keeper and accountant

**Conclusions**
Not to set up a business company, but to discuss the idea of setting up a new not-for-profit or public company.

19.10.03

Planning stage-Social network factory-private value-Improved Well-being
CLICK'S director meets with the Zturm high school for youths with learning and psychological. The school case worker claims that unfortunately since the pupil left the workshop he has been plagued with depression and mental instability. His mental condition regressed and he has not been the same since.
ESTABLISHMENT PHASE
21.10.03 - 31.10.06

Stage I
21.10.03
Establishment Stage-Volunteering-Diversity-CLICK-Work hours per week
Establishment Stage-Bonding Capital-Obtaining Resources
CLICK establishes the handicraft workshop/factory for the aged one day a week from 8.30 a.m. till 13.00 p.m., with 9 elderly volunteers. CLICK recruits an aged volunteer to operate the cutting machine. CLICK commences packaging kits according to pre-packed accessories received in the second shipment.
CLICK is able to recruit volunteers fairly easily from her pool of volunteers when setting up the workshop. She receives a lot of support from her current team of volunteers and dedicated staff. They have been invaluable to the program to date.

28.10.03
Establishment Stage- Lack of trust-Institutions
CLICK'S director presents the list of pros and cons to the board, for setting up a company or new not-for-profit. CLICK is still fearful of a potential take over by the municipality, Department of Human Services. This deliberates regarding establishing a company, whereby CLICK prefers to set up a new not-for-profit with the project's name; initially with the same board members. CLICK'S director plans to consult with an accountant who specializes in not-for-profits prior to making a decision.

11.11.03
Establishment Stage- Divisional organizational structure-Production team-On sight
CLICK starts to build up a stock supply prepared by the elderly in the handicraft workshop/factory, which operates one day a week. Recruiting volunteers has been relatively easy. CLICK'S director plans to allocate specific roles to members of the volunteer team to improve the running of the factory. The following tasks need to be carried out:

- Recruiting volunteer elderly manpower
- Allocating work roles in the factory according to abilities
- Receiving orders from the sales/marketing volunteer
- Preparing the material for the workers to make the kits
- Preparing the material to be cut by the machine
- Ordering supplies
- Stocktaking at the end of each day
- Organizing and preparing supplies for a refreshment break
- Cleaning up at the end of the day
- Follow-up – satisfaction of volunteer workers
- Organizing staff meetings
- Organizing cultural activities for the staff
- Making up orders
- Delivery of orders
12.11.03
Establishment Stage-Product definition-2nd product definition
CLICK prepares a small product line of 4 handicraft kits – gloves, dolls, mobiles and picture- and prepares an itemized sales brochure and itemized sales invoice. All products are priced and categorized.

Establishment Stage- Market strategy-Market research feasibility study
CLICK commences a feasibility study to assess potential markets. CLICK’S director prepares a list of prospective customers to assess the marketability of the product.

Feedback from the sales/marketing volunteer has been vital in determining the appropriate target market:
- Government kindergartens have a limited budget to purchase raw materials
- Kindergartens prefer uncut material and to cut the shapes themselves
- Large supermarket chains appear interested, but products need to be uniform in all their stores nation-wide. At this stage, CLICK could not cope with demands related to delivery.
- A display board is needed in large chains
- The current packaging of the kits take up unnecessary storage space
- It is suggested to reduce the size of the label
- All products need a barcode if to be sold in large chains
- Each product needs to state what it is:- glove, doll, mobile, picture (CLICK orders printed stamps to distinguish each product line)

It is difficult to know what to do first:
- To continue building up stock and open the factory another day
- To stop production and wait to receive orders, and not be left with unwanted stock (CLICK decides on this option)
- To change the packaging at this stage

12.11.03
Establishment Stage- Marketing strategy- Direct marketing
CLICK sends an invitation to 100 kindergartens in Hod Hasharon, (municipal and private), inviting them for a tour of the factory, to entice them to purchase raw material. No response was received to this direct marketing strategy.

17.11.03
Establishment Stage-Divisional organizational structure-Entrepreneurial team
Establishment Stage- Lack of trust-Institutions
The entrepreneurial team decides to separate the operating hours of the workshop/factory from CLICK’S operating hours. The workshop/factory will operate from 4-7 p.m. (in reality closing shop often at 10 p.m.), not to coincide with CLICK’S regular work hours from 8-4 p.m. CLICK’S staff will donate their work hours to the project, over and above their regular work time. This decision was made to prevent the municipality from declaring any ownership of the enterprise and claiming that the factory is run on CLICK’S time.

This decision was later reversed due to lack of strength on behalf of CLICK’S paid and volunteer staff to keep up with the late time hours, over and above the regular work hours.
The marketing and sales volunteer will receive a commission of 1 shekel for the sale of each kit. 18.11.03

Establishment Stage- Volunteering-Diversity- Hadarim

Three secondary school children have been recruited to work in the factory, as part of school responsibility to volunteer in the community. The seeds of social capital start to grow!

26.11.03

Establishment Stage- Volunteering-Diversity-CLICK

Establishment Stage- Special project-Schneider Hospital

Establishment Stage-Bonding Capital-Obtaining Resources

The participants in the community clubs for the aged operated by CLICK have been contributing their time to make presents for sick children at the Schneider hospital in Petach Tikva. Material from the workshop has been used to make cuddly dolls and bedtime pillows. The elderly from the centers personally delivered the gifts to the children and in turn received a certificate of gratitude in the name of the donors. One of the elderly, herself a welfare recipient took to this task tremendously. In addition she recruited her family and raised a small amount of money to buy additional toys for the sick children. She felt good by giving to others, even though she herself has meager means. The entire members of the community clubs felt wonderful to be on the “giving side” helping others less fortunate than themselves.

2.12.03

Establishment Stage- Friendship network/factory-private value-Number of friendship networks

It is amazing to see the dynamic relationship forged amongst the volunteers in the workshop. A new vibrant social experience has been created. The elderly volunteers have formed a cohesive social network and constantly mention the enjoyment they receive from participating in the project. One volunteer offered to do sewing alterations for another volunteer. They thoroughly enjoy the social contact, as well as the social mission they are creating.

Establishment Stage- Friendship network/factory-public value

The project has also become an amazing intergenerational experience, with elderly and school children working side by side.
26.12.03
Establishment Stage- Sales-2003
The venture received several orders from shops and kindergarten distributors and to
date made earnings of $1,804 AUD.

The marketing of the products have been very slow and more effort needs to be
invested in this field. The volunteer marketing sales person is only able to devote one
day a week to selling, therefore CLICK’S director will have to take a more active role.

Establishment Stage-Marketing strategy-Indirect marketing
The enterprise has decided to find a kindergarten distributor for each of the major
cities in the Sharon region, Hod Hasharon, Petach Tikva, Kfar Saba and Rananna. To
date a Petach Tikva and Hod Hasharon distributor has been secured.

26.12.03
Establishment Stage-Linking capital-Obtaining resources
The Australian foundation that donated funds for the rent in the past, notified
CLICK’S director that funding will not be available in 2004. The entire program could
collapse if alternate funding is not obtained to cover rent expenses.

CLICK’S director is trying to organize a visit next month to foundation in Australia
together with the social donor in an attempt to secure future funding.

31.12.03
Establishment Stage-Sales-2003
NGO completed first year 2003 with sales amounting to 6,356 NIS ($1,816 AUD).

6.1.04
Establishment Stage-Bonding Capital-Obtaining Resources
Establishment Stage-Volunteering-Diversity-EZRAVISION
Establishment Stage-Marketing Strategy-PR
A four minute film was made voluntarily, by a close friend of CLICK’S director,
illustrating the project, and aired on Community Television for the English Speaking
program EZRAVISION. The film titled “Coming to Life” portrayed the story of a
piece of material which was donated by the social donor in Australia and then shipped
to CLICK in Hod Hasharon. The material cut into the shape of a bear was packed by
aged volunteers into a handicraft kit, where it was sold at the factory outlet store. A
kind lady bought the kit, sews the bear and donated it to a sick child at the Schneider
hospital.

7.1.04
Establishment Stage-Social Network in the factory-Private Value-Improved Well
Being
Establishment Stage-Volunteering-Diversity-Intergeneration- Hadarim
Establishment Stage-Bridging Capital-Obtaining Resources
A retiree volunteer at the workshop suffers from Parkinson. She meets regularly on a
Tuesday afternoon with a secondary school student at the Hadarim High School who
volunteers in the community fulfilling part of a school community work project.
Together they work side by side, in an amazing intergenerational experience. "I love
coming every Tuesday. Being a retired pensioner living on my own I come to life in
the company of other people my age. At home I sit alone. Here I meet people. Also
working with school students makes me feel young again. We work together cutting
out shapes that are used to create dolls, mobiles, pictures and puppets".
10.1.04
Establishment Stage-Linking capital-Obtaining Resources
The social donor notified CLICK'S director that she and her husband decided to financially support the venture. They agreed to fund the rent expense and possibly other expenses for the next two years. CLICK was elated with this news.

10.1.04
Establishment Stage-Lack of trust-Institutions
CLICK'S board and entrepreneurial staff met with the manager of the governing organization for the Not-for-Profit Sector and their lawyer, to receive advice regarding establishing a new not-for-profit for the business venture; so as to safeguard and protect it from the local authority. It was suggested to establish a public company, as opposed to a not-for-profit, given that the laws for public companies are relatively primitive. This enables future money transfers from the venture to CLICK to be an easier process with less accountability. To prevent conflict of interest, it was suggested to include at least 20% new members, apart from CLICK'S current board members, on the company board. Public companies are able to receive donations and earn unlimited amounts for the purpose of public interests.

12.1.04
Establishment Stage-Volunteering-Diversity-Yigal Alon
Establishment Stage-Bridging Capital-Obtaining Resources
Establishment Stage-Marketing Strategy-Direct Selling-Local Mall
The business venture set up a stall at the local shopping center which was manned by an intergenerational team of volunteers and children from the Yigal Alon primary school. Handicraft kits were sold at the stall to the local public. The children in the school have also been involved in selling kits to family members and friends.

13.1.04
Establishment Stage-Sales-2004
The venture receives its first $1,428 AUD order from a major toy chain in Israel. Other smaller orders are coming in on a weekly basis.
Establishment Stage-Marketing strategy-Target market
The venture realizes that its target customers are toy chains and toy suppliers, rather than individual kindergartens which are too time consuming and not profitable.

19.1.04
Establishment Stage-Marketing strategy-Direct marketing- Direct mail
The venture sends introductory letters to over 100 philanthropic centers in Israel for the aged, inviting them to receive raw and cut out material, at the hall storing access material. Each voluntary organization is asked to pay a small $14 AUD fee. To date at least 20 organizations have responded to the letter.
21.1.04
Establishment Stage-Linking capital-Obtaining Resources
The final 40 ft. shipment from Australia docked in port. CLICK has enlisted the help of a Government Knesset member from the Shinui party, to assist in reducing the port tax. This paid off and the total shipment was valued at $617 AUD, resulting in a minimal port tax.

22.1.04
Establishment Stage-Divisional organizational structure-Production team-Outsourcing
The venture is receiving orders from toy shops in Israel for handicraft kits and cut-outs, which are being packed by the elderly at the NGO handicraft workshop. All the elderly in the centers operated by CLICK, pitch in to keep up with the demand in supply. Even the elderly in the day care center for the disabled, visited the factory for the first time and assisted in packing kits. They thoroughly enjoyed the "working spirit" and being part of the workforce, which they had long left behind.

Visit to NGO by the day care center for the disabled

26.1.04
Establishment Stage-Linking capital-Obtaining Resources
The Israeli director of the foundation that paid for the rent visited the project. He agreed for the foundation to fund the program for an additional year to cover the rent and running costs. He suggests finding a support group in Australia, such as WIZO, to assist in future fund raising. He is willing to help with local PR for the project.

31.1.04
Establishment Stage-Linking capital-Obtaining Resources
Establishment Stage-Bonding Capital-Obtaining Resources
The third and final shipment arrived from NGO Australia, including raw and cut material, a photocopying machine and color HP printer/photo copier. Staff and volunteers work overtime unpacking and sorting the goods. They offer their time and support whenever needed in order to help out. Their ongoing support is amazing and without it the program would not be able to progress as it is to date.

Establishment Stage-Sales-2004
January net sales reached 8,547 N.I.S ($2442 AUD). NGO needs to reach sales of 15,255 N.I.S ($4,358 AUD), selling 2179 kits, to attain break-even point.

3.2.04
Establishment Stage-Linking capital-Obtaining Resources-Obtaining Information
Establishment Stage- Bridging Capital-Obtaining Resources
CLICK'S director meets with the donors, during a further family visit to Australia. The donors view the EZRAVISION film with two Australian volunteers. As suggested by the foundation that paid for the rent, the social donor invites the past director of WIZO Australia, to meet CLICK'S director and view the film. She expressed interest in the project and was willing to enlist support.
The donors offer to fund a full time coordinator for the project and any other storing needs. The social donor has converted one room in her flat in Australia into a mini office and is currently compiling written information, as well as tape recorded material on specific projects for the disabled and elderly. Copies will be sent to Israel. The social donor presents CLICK'S director with an emotional documented record of her philanthropic work from 1985-1995. Three particular interesting points from it were noted:

1. On retiring in 1985, the social donor established a dress manufacturing business for the purpose of generating funds for welfare work, and set up a Charitable Fund.
2. The donors supported the Life Line for the aged program in Jerusalem, which was run by Myriam Mendalow. CLICK has been supported by a philanthropic organization in Israel called “Myriam’s Dream”, which is named after Myriam Mendalow.
3. The Israeli NGO was registered in Israel as a Charitable Foundation in 1982

Establishment Stage-Interview-Entrepreneur-Characteristics of a Social Entrepreneur-Improved well being

CLICK'S director interviews the social donor in her home.

Interview with the social donor

What is your understanding of yourself as a Social Entrepreneur?
As social entrepreneur I love to be successful. I never give up. I am an excellent business woman who uses business skills in the social field. I am someone who makes something out of nothing. I am very organized and have a lot of drive and ambition. People call me a "bulldozer". I am modest though and do not like to talk about myself and my philanthropic endeavors. I never seek the gratification of others.

What are some of the basic motivations which keep you active as a Social Entrepreneur?
My success motivates me as a social entrepreneur. Making people feel good, giving them respect and love also inspires me to keep going. I always felt that I wanted to do something philanthropic for Israel. This motivates me. In addition I always had the support of my husband, who continually encouraged me in my work every day. My dedicated volunteers also inspire me and give me the strength to go on.

How do you go about gathering a viable team around you?
I start on a small level with a group of my own friends. I build on from them. They tend to recruit the next volunteers. I never had a problem finding volunteers. They seem to gravitate around me.

How do you promote and encourage the group with whom you are working?
I give them a reason for getting up in the morning. I make them feel important. I always look up to people, treat them with respect and give them a sense of appreciation and equal value.

What are some of your inner mechanisms that you are aware of?
I do not have any artistic abilities but I always seem to know what I am doing. I am strong, with a mind of my own, but willing to listen to others.

Do you think? - Intentionally, interactively, spiritually?
I never stop thinking. I think interactively. I interact with my environment and the people around me.
I also think on a spiritual level. I start every day with a spiritual drive inspired by my mother. She believed that if you have a reason to get up in the morning, then life is worth living.
Why do you do what you do?
I do what I do to help Israeli children and adults feel better, calmer and more relaxed. I want to help Israel. I want to provide occupation for the elderly, disabled and those in need of rehabilitation. I really believe that handicraft occupation is therapeutic and helps calm the body and soul. The need is so great in today’s traumatized Israeli society.

25.2.04
Establishment Stage-Linking capital-Obtaining Information
CLICK’S director, received a phone call from the social donor with details regarding her previous accountant in Israel.
Once contacting him in the city of Kfar Saba, he revealed that the NGO she had established in Israel in 1982 was a formally registered not-for-profit, but the status in the registry of not-for-profits in Jerusalem is currently “removed”, rendering it as inactive since 1997. Given this situation rather than CLICK setting up a new not-for-profit for the business venture, it could consider merely resuscitating the NGO established by the founders.

1.3.04
Establishment Stage-Linking capital-Obtaining Resources
The social donor has agreed to fund on a 3 month trial basis, a full time coordinator for the project. The entrepreneurial team decides to divide this role into two part time functions - Project Coordinator and Sales Representative. The Sales Representative will also earn a commission on sales.

14.3.04
Establishment Stage-Lack of trust-Institutions
CLICK’S director obtains application forms from the registry of not-for-profits in Jerusalem to resuscitate the NGO, as a functioning and active not-for-profit and separate it from CLICK and the local municipality. This application requires it to be submitted to the central court in the city of Kfar Saba.
The former NGO, in order to be resuscitated, needs to recruit a management committee and commence adhering to the laws and regulations related to not-for-profits in Israel.

15.3.04
Establishment Stage-Divisional organizational structure-Program Management
CLICK is in need of a production manager to operate the business venture. To fulfill the position, a handicraft teacher by profession and the coordinator of one of CLICK’S elderly citizen’s clubs, will be taking absence of leave from her current position, for a three month trial period. The entrepreneurial team is currently interviewing her temporary/permanent replacement.
This coordinator is one of CLICK’S most dedicated and skilled workers. She has excellent interpersonal relations, is energetic and innovative. She is perfect for the position. Candidates for the sales position will be interviewed next week. This position is vital in making the project a sustainable venture in the future.
Sales have currently died down, owing to the current volunteer sales representative, leaving for America for a two month vacation. The venture desperately needs someone on a professional basis to fulfill this role.

16.3.04
Establishment Stage-Bridging capital-Obtaining Resources
CLICK'S director receives information and a recommendation from the dean of the Israel branch of Swinburne University of Technology in Australia, about applying for a grant from the “Israel Venture Network Social Entrepreneurship Program” (ISEP). ISEP is an incubator for social entrepreneurs who are dedicated to the IVN mission of sustaining economic growth in Israel, by targeting solutions which increase economic or employment opportunities in the periphery of Israeli society. The ISEP fellowship offers a stipend for a 1-year to 2-years.

25.3.04 Establishment Stage-Linking capital-Obtaining Resources
The social donor rings CLICK'S director, and offers to fly her and the new business production manager to Australia. The social donor, herself being elderly and often unwell, is unable to make the long journey to Israel in order to visit the project therefore she decides to bring the team to Australia. The production manager and CLICK’S director plan to leave for Australia after the Passover vacation.

30.3.04 Establishment Stage-Linking capital-Obtaining Information
The social donor wants to instruct the entrepreneurial team how to conduct a viable business venture. She believes the team needs to plan its marketing strategy, rather than rushing headlong to hire a sales manager. There is a need to develop a sales brochure and catalogue and to develop the organization’s PR strategy first. The team decides to take her advice and wait for their visit to Australia, prior to developing a comprehensive marketing strategy.

4.4.04 Establishment Stage-Sales 2004
Since the volunteer sales person's two month leave to the States, no sales are occurring during her stay of absence. The entrepreneurial team decides to use this time wisely by reorganizing the factory, and to sort and categorize all the material from the new shipment.

13.4.04 Establishment Stage-Marketing strategy-Direct marketing- Seminars-1st
The venture was approached by a day care center for the elderly in Jerusalem, to conduct handicraft workshops. A member from the entrepreneurial team will plan a workshop for a number of centers in Jerusalem.

18.4.04 Establishment Stage- Challenging Moments
CLICK'S director and production manager leave for their Entrepreneurial Journey to Australia!

2.5.04 Establishment Stage-Linking capital-Obtaining Resources-Obtaining Information
CLICK’S director and production manager returned after 4 intensive days with the social donor. The entire visit was documented on video and will be edited on a CD for future reference.
According to the production manager and CLICK'S director, the aim of the visit was to restructure the marketing strategy, plan the next stage of the venture, consolidate aims and prepare a working plan. It was important for the social donor to meet the production manager and to impart on her, the 30 years of invaluable experience in philanthropic work, via the use of handicrafts.

The venture team was amazed by the social donor’s energy, devotion and warmth, demonstrated when teaching her methods, ideas and learning from mistakes! An amazing short, but effective four days gave direction and shape to the program. The social donor offered to fund the production manager's salary for a six month period and agreed to pay for a cleaner and phone line. The donor agreed to financially support the program in the process of becoming self supporting.

3.5.04

Establishment Stage-Divisional organizational structure-Entrepreneurial team

The entrepreneurial committee convened to receive feedback and discuss CLICK'S director and production manager's visit to Australia and to plan the ongoing development of the program.

The following questions were raised:

What do we want to do?

Establishment Stage-Aims- 2nd

What are our main aims?

1. Learning center
2. Business enterprise
3. Occupation center for the elderly

What is our product and who wants it?

How do we want to go about it?

The following problems, questions and issues were raised:

Why didn’t we receive repeat orders of kits to date?
How do we cope with quality control when the elderly pack?
Are we ready to keep up with supply and demand?
The current kits are short lived and people don't buy them again
The need for a product cut direct from the machine and ready to be packed.
Establishment Stage - Marketing strategy: Direct marketing - NGO store / Seminars
Indirect - Distributor

### Marketing Strategy 2004-2005

<table>
<thead>
<tr>
<th>1</th>
<th>2</th>
<th>3</th>
<th>4</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Shop/showroom</strong></td>
<td>Learning/Teaching Craft Inspiration Center on premises</td>
<td>Distributor</td>
<td>Retail Market</td>
</tr>
<tr>
<td><strong>Direct Selling</strong></td>
<td>Direct Selling:</td>
<td>Indirect Selling</td>
<td>Direct Selling</td>
</tr>
<tr>
<td><strong>Target market</strong></td>
<td><strong>Product/Service:</strong></td>
<td><strong>Product:</strong></td>
<td><strong>Ideas:</strong></td>
</tr>
<tr>
<td>Centers for the aged, kindergartens, schools, after school holiday programs, hospitals, Education Dept., manpower companies, youth movements, Grandparents/grand children, special education schools, foreign laborers, Christians for Israel &amp; the general public</td>
<td>Raw material and kits</td>
<td>Craft seminars - (service) Raw material, kits</td>
<td>Raw material – according to Jewish festivities, special events (Valentine’s Day)</td>
</tr>
<tr>
<td></td>
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<td></td>
<td>School/ kindergarten or toy supply distributor Colorific</td>
</tr>
<tr>
<td><strong>Product:</strong></td>
<td><strong>Tasks:</strong></td>
<td><strong>Tasks:</strong></td>
<td><strong>Tasks:</strong></td>
</tr>
<tr>
<td>Raw material and kits</td>
<td>Prepare seminars/workshops Send letters to orgs. Advertise seminars with an opening sale PR – Education Dpt., Gerontology, Welfare Dpt., Alzheimer Society Ministry of Health, Voluntary Organizations Direct contact to places running after school programs Flyers- doctors, dentists, supermarkets, local council</td>
<td>Find appropriate distributor Packing done by the aged: “Creative retirement” Give away free felt board if buy accessories Joint Aussie and Israeli -Felt boards donated by Australia</td>
<td>Market research in shops Assess viability of felt board Contact marketing training schools to offer as a project for practical work: Hertzliya Interdisc. Center Contact Matan Org. Packing done by the aged: “Creative retirement” Children in primary school help decide on the product. Use method as PR tool.</td>
</tr>
<tr>
<td></td>
<td>Re-organize showroom according to topics of need. Set up- kids corner with mobiles and puppets - intergenerational corner - be what you want corner - Alzheimer corner - impaired vision corner, etc... Advertise in media: radio, news paper, with an opening sale Reduce stock by offering promotional specials</td>
<td>Projects: Intergenerational-Aged and children- Make toys for children in crisis centers-1 Big snake project H. Hasharon to be the model city for the project to be emulated by other cities School Project- Felt board for grade1-2 Joint Aussie and Israeli Project Elderly Project- Cushion for every aged person</td>
<td></td>
</tr>
</tbody>
</table>
The following marketing strategy was presented and discussed by the team: The entrepreneurial team decided to immediately commence stages 1-3 and to conduct further market research before attempting stage 4.

Establishment Stage-Aims- 1st

The past aims of the project were redefined:

- To establish a handicraft factory in Hod Hasharon operated by the aged, to provide them with a gratifying vocation, feeling of self-worth, dignity and feeling of pride in the end products which they have produced for sale.

- To market handicraft kits commercially to craft suppliers, schools, kindergartens, hospitals, school holiday programs and tourist centers (locally and overseas)

- To become a sustainable in-house industry, based on reinvestment of profits to cover expenses of the project and fund future community programs

- To allocate handicraft kits at a minimal fee to philanthropic causes, (crisis intervention centers for children, terror victims in rehabilitation, elderly in day care centers, handicapped centers, and housebound elderly), to keep them physically and mentally active and provide them with an occupation

- To promote Zionism by attracting overseas youth volunteers to work in the project

- To widen the sphere of involvement of volunteers in the project to partake in community activity benefiting the aged

Establishment Stage-Aims- 2nd

The new revised aims are:

- To generate revenue promoting economic growth by:
  1. Operating a handicraft factory run by the aged, who cut and pack the handicraft raw material and kits to be sold, to craft distributors and retail stores
  2. Developing a learning and inspiration center with handicraft seminars, which promote the therapeutic benefits of craft for:
     - Terror victims in rehabilitation, children in crisis intervention centers, elderly in day and residential centers, pre-school and school children, children in after school holiday programs, patients in hospitals, elderly in home based care, youth movements, intergenerational projects, special education schools & the general public
     - To become a sustainable in-house industry, based on reinvestment of profits to cover expenses of the project and fund future community philanthropic causes
     - To change the status and image of the elderly from dependent, weak and vulnerable, to productive, capable, useful and be a promoter of philanthropic development and economic growth in Israel
     - To promote the therapeutic benefits of crafting as a miracle “drug” to reduce stress, calm the mind and soul and improve academic learning
     - To promote Zionism by attracting overseas Australian youth volunteers to work in the project
To widen the sphere of involvement of volunteers in the project to partake in community activities benefiting the community

4.5.04
Establishment Stage-Lack of trust-Institutions
CLICK continues to function as an incubator for the business enterprise. To resuscitate the defunct NGO and continue the process of becoming independent from CLICK and the municipality, the inactive NGO needs to receive notification from its past board members (the social donor’s daughter and cousin, who reside in Israel) to state that they have no prior past debts. The defunct NGO then needs to decide when to formally break away from its incubator. This demands forming an independent board and paying expenses such as registration, accounting and insurance fees, separated from CLICK. Ultimately the NGO will be truly independent, and not be under the control of the municipality; but it risks the lack of potential financial support from the municipality, in the event of unforeseen problems.

CLICK’s director has been deliberating this issue for some time, since she is unsure who to recruit as board members. Given the fact that she is the social entrepreneur that brought the enterprise to Israel, it is important to maintain and guard her control of the venture and not risk potential future board members taking hold of the organization. Her husband is also particularly concerned about this issue, especially since she is investing so much of her own personal time in the venture. He does not want all the hard earned gains to be taken away from her at any stage. CLICK’s director spoke with a consultant for not-for-profits, who advised her about rewriting the organizational constitution, to protect her governing rights.

6.5.04
Establishment Stage-Linking capital-Obtaining Resources
The Australian and the Israeli director of the foundation from Australia, that provided financial support for the rent expense, visited the program. They were very impressed by the idea of the venture’s aim for sustainability. The Australian director mentioned that this is the type of project he likes to support. The venture was presented to him as a start-up, by CLICK’s director, mentioning the need for ongoing seed money until the organization becomes self funding.

7.5.04
Establishment Stage-Challenging moments
The venture's landlord wants to raise the rent on the premises from $600 US ($788 AUD) to $850 US. The venture consequently assesses the feasibility of moving to a more suitable building, with a shop entrance.

7.5.04
Establishment Stage-Challenging moments
The new production manager was injured in a bus accident and will not be able to commence her job for several months. One of CLICK’s other coordinators will fill in for her while she recuperates. She is also an excellent and dedicated worker and has been involved in the program since day one. She will be assisted by CLICK’s director, who will take on the role of developing the business, to enable the enterprise to grow.

8.5.04
Establishment Stage-Linking capital-Obtaining Resources
The social donor was in contact with CLICK’s director, regarding the program’s manpower changes and the rent increase. She has been an amazing inspiration for the
venture, offering calming and constructive words of advice. She is amazingly tuned into the thoughts of CLICK'S director, who has been feeling the pressure of growing the project going, coping with production manager's sudden accident and the burden of shifting premises. Given the fact that moving the operation will be too much of an undertaking for the program at this stage, the social donor has offered to assist with the rent increase. This reduces a tremendous burden and possible time delay in continuing with the plan of action.

Establishment Stage-Bonding capital-Obtaining Information
CLICK'S director's mother fulfills the role of a “go-between”, linking the director with the social donor. Given the 7 hour time delay between Israel and Australia and the social donor not having internet access, it is more convenient for CLICK'S director to send emails to Australia. The mother in turn, immediately forwards important messages and photographs on to the social donor. She has also fulfilled the important function of courier of packages destined to the social donor, and checks when the social donor is residing in her permanent home address or at her holiday flat.

11.5.04

Establishment Stage-Marketing strategy-Direct marketing-Seminars
The business venture conducts its first handicraft seminar in Jerusalem, with 10 participants from the day care centers for the aged. One of enterprise's volunteers presented the highly successful workshop. Participants paid a minimal $6 AUD, including materials. They also purchased additional accessories amounting to $135 AUD.

13.5.04

Establishment Stage-Marketing strategy-Indirect Marketing-Distributor
Establishment Stage-Bonding capital-Obtaining Information
CLICK'S director attempts to find a national craft distributor. She approaches one of CLICK'S supplier's from a large craft retail shop in the Sharon region. She offers the marketing manager the job of distributor. He feels CLICK needs a national distributor and links her with three national distributors of school and kindergarten supplies. A meeting is arranged with the manager of GONIS who has been highly recommended by another large craft retail shop in the Sharon region, as having a range of high quality products

14.5.04

Establishment Stage-Marketing strategy-Indirect Marketing-Distributor
Establishment Stage-Bonding capital-Obtaining Information
The meeting with the manager of GONIS was very promising. He feels that the venture has a marketable product with raw cut out material for handicraft stores. He proposed conducting a three month’s trial period, starting with an initial customer base of 20.

Establishment Stage-Marketing strategy-Direct marketing-NGO Shop
GONIS is against the venture operating a factory outlet shop, as this may deter the retail shops from stocking its products, if they can be obtained cheaper from the outlet. The venture can avoid this issue by selling at the same retail price as the shops. The enterprise awaits feedback from the distributor regarding his markup on the goods, prior to assessing the ongoing viability of the venture.
Establishment Stage—Marketing strategy—Indirect Marketing—Supply Chain

The supply chain will work as follows:

CLICK Manufacturer

GONIS distributor (customer base- 500)

Mobile vans 10%

Warehouse 10%

Retail shops 70% (350)

Chain stores 5%

Wholesalers 5%

End user: general public, kindergarten/school teachers, voluntary orgs. etc...

Establishment Stage—Marketing strategy—Direct Marketing, Volunteer sales person

The business venture conducted a 6 month trial period of direct selling with a volunteer sales person. Although sales reached above $314 AUD by May 2004, CLICK realized that it does not have the manpower and specialized knowledge, to take on the various tasks which the distributor is proficient in performing. If the organization strives to expand and develop, it needs manpower and additional expertise in marketing skills. The manager from GONIS also cautioned that the venture will put itself at risk if opening a factory outlet shop. According to him, "we will burn our bridges before starting out", as stores will not buy from the venture if the public can buy direct from a factory outlet shop.

Establishment Stage—Marketing strategy—Indirect Marketing—Distributor

GONIS’S director recommended emptying out the storeroom, in which stock is sitting in boxes and currently not being used. He advised penetrating the market by selling the products cheaply and making a presence. This will provide immediate net profit.

16.5.04

Establishment Stage—Marketing strategy—SWOT

Establishment Stage—Bonding Capital—Obtaining Resources

CLICK’S director’s brother in Australia, a successful business owner and manager of a food supply business has been very helpful for consultation. He prepares a SWOT analysis for CLICK’S director.

The concept:
CLICK is a “manufacturer”.
CLICK does not have sales/marketing and distribution experience.
CLICK wants to generate sales/profit ASAP.

Remedy for achievement:
The most logical move is for the venture to make use of the sales/marketing and distribution ability of an established company.
SWOT analysis:

**Strengths:**
GONIS has 10 years marketing experience and 500 established customer based relationships in the trade.
GONIS has coverage with 4 sales reps, 2 in the South and 2 in the North, of the country
GONIS can give product development concepts to CLICK
GONIS has a good reputation in the industry and will give credibility to the venture's products.

GONIS performs the following functions:
1. Cataloging
2. Bar-coding
3. Receiving orders
4. Pricing
5. Delivery and pick up
6. Collection of payments- (bad debts fall on the distributor)
7. Product demonstration

**Weakness:**
GONIS ultimately controls the venture's retail destiny
CLICK looses control – non involvement at ground level
GONIS may not pass on ALL customer information/feedback
The venture relies totally on feedback from GONIS
The venture is not building “direct” customer relationships
Additional participants in the supply chain preventing the venture from achieving a higher margin

**Opportunities:**
Partnering in presentations with GONIS will enable the venture to build direct relationships, which it would not be able to achieve in isolation.
Retailers may ultimately want to deal directly with the venture, cutting out GONIS enabling it to achieve a higher margin and sell at a lower price.
The venture can spend more time on product development, rather than spending time out in the field.

**Threats:**
GONIS can use the experience gained from the business venture, to educate others to replicate the venture's offer.
Others may want to copy the venture's product and offer GONIS a cheaper replacement.

Generally the SWOT analysis indicates that the partnership would reach a favorable outcome, however a formal agreement MUST be drawn up to protect the venture from the Weaknesses and Threats.
CLICK consequently decided to go ahead with a trial period. In addition, it will continue to develop it’s seminars around the country, promoting innovative handicraft ideas to other voluntary organizations and needy associations such as:- Terror victims in rehabilitation, children in crisis intervention centers, elderly in day and residential centers, pre-school and school children, children in after school holiday programs, patients in hospitals, elderly in home based care, youth movements, intergenerational projects, special education schools and the general public.
These organizations will receive free handicraft items, as part of the package they pay for participating in a seminar. They will also be able to purchase directly from the
venture commercially sold products, which will be sold at the same price as in retail
shops.

Establishment Stage-Aims- 2nd

The new revised business enterprise aims are:-

- To generate revenue promoting economic growth by:-
  1. Operating a handicraft factory run by the aged, who cut and pack
     handicraft raw material and kits to be sold to a national craft distributor
  2. Developing a learning and inspiration center with handicraft seminars,
     that promote the therapeutic benefits of craft for:-
     Terror victims in rehabilitation, children in crisis intervention centers, elderly in
day and residential centers, pre-school and school children, children in after school
holiday programs, patients in hospitals, elderly in home based care, youth movements,
tergenerational projects, special education schools & the general
public
  3. Operating a factory outlet shop run by the aged, which sells handicraft
     kits and raw craft material to the general public and philanthropic
     organizations

- To become a sustainable in-house industry based on reinvestment of profits to
  cover expenses of the project and fund future community philanthropic causes

- To change the status and image of the elderly from dependent, weak and
  vulnerable, to productive, capable, useful and be a promoter of philanthropic
  development and economic growth in Israel

- To promote the therapeutic benefits of crafting as a miracle “drug” to reduce
  stress, calm the mind and soul and improve academic learning

- To promote Zionism by attracting overseas Australian youth volunteers to
  work in the project

- To widen the sphere of involvement of volunteers in the project, to partake in
  community activities benefiting the community
The new revised marketing strategy is:

<table>
<thead>
<tr>
<th>Direct Selling:</th>
<th>2004-2005</th>
</tr>
</thead>
<tbody>
<tr>
<td>Shop/showroom</td>
<td>Distributor for kindergartens and schools</td>
</tr>
</tbody>
</table>

### Target market

**Residential and day centers for the aged, crisis intervention centers, kindergartens, schools, after school holiday programs, hospitals, Education Dept., manpower companies for the elderly in home based care, youth movements, rehabilitation centers, Grandparents/grand children, special education schools, foreign laborers, Christians for Israel & the general public**

<table>
<thead>
<tr>
<th>Target Market</th>
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<tbody>
<tr>
<td>Residential and day centers for the aged, crisis intervention centers, kindergartens, schools, after school holiday programs, hospitals, Education Dept., manpower companies for the elderly in home based care, youth movements, rehabilitation centers, Grandparents/grand children, special education schools, foreign laborers, Christians for Israel and the general public</td>
</tr>
</tbody>
</table>

### Product/Service:

<table>
<thead>
<tr>
<th>Craft seminars- (service)</th>
<th>Raw material and kits</th>
<th>Raw handicraft material</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td>Ideas:</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Activity games in boxes</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Felt board-dress me dolls,</td>
</tr>
<tr>
<td></td>
<td></td>
<td>with range of accessory packs</td>
</tr>
<tr>
<td></td>
<td></td>
<td>- direct from machine to box</td>
</tr>
</tbody>
</table>

### Tasks

| Re-organize showroom according to topics of need. Set up:-  
|----------------------------------------------------------|
| kids corner with mobiles and puppets -  
| intergenerational corner -  
| be what you want corner -  
| Alzheimer corner -  
| impaired vision corner, etc...  
| Prepare seminars/workshops  
| Send letters to orgs. advertising seminars  
| PR – Education Dpt., Gerontology, Welfare Dept., Alzheimer Society Ministry of Health, Voluntary Organizations Direct contact to places running after school programs  
| Flyers- doctors, dentists, supermarkets, local council  
| Projects:  
| Intergenerational-Aged and children-  
| Make toys for children in crisis centers-NGO doll  
| Big snake project  
| School Project: Give away free felt to primary school children in grade 1 & 2 |
| Re-organize showroom according to topics of need. Set up:-  
| kids corner with mobiles and puppets -  
| intergenerational corner -  
| be what you want corner -  
| Alzheimer corner -  
| impaired vision corner, etc...  
| Advertise in media: radio, newspaper |

| 6 month trial period with distributor  
| Packing done by the aged: "Creative retirement"  
| Reduce stock by offering promotional specials |

| 6 month trial period with distributor |
| Packing done by the aged: "Creative retirement" |
| Reduce stock by offering promotional specials |
One of CLICK'S Board members queried the project’s aims and the potential use of surplus revenue. This is a result of a 20% decrease in CLICK’S annual municipal budget for 2004 (the second year in a row with a 20% decrease). As a result CLICK will not be unable to recruit enough revenue to cover the rising costs of the organization. CLICK’S director prefers to shut down current services, rather than use potential future revenues to “fill the holes” of the municipal’s budget. It prefers future revenue to be invested in the development of new innovative projects. The CLICK board member also questioned the time invested, on behalf of CLICK’S director in the venture during CLICK’S work hours, and raised a conflict of interest issue, if the business was not to provide financial support to CLICK. This matter was discussed at CLICK’S board meeting. The majority voted that the venture should not fill gaps in service, which is the responsibility of the municipality, but be an innovator of new beneficial projects for CLICK and the community at large.

Establishment Stage-Bonding Capital-Obtaining Information
CLICK’S director consulted with her brother, a successful business manager in Australia, regarding terms of agreement when working with a distributor. She subsequently received two sample contracts, on which to base a future agreement.

Establishment Stage- Marketing Strategy-Distributor-Contract
The following issues need to be discussed in the contract:
- 6 month contract
- Participation in presentations
- Confidentiality agreement regarding trading information
- Gonis must not buy from or sell product from supplier that could be competitive to the venture
- List of goods to be sold
- Region selling the goods
- Factory outlet shop- price related to the market
- CLICK’S label on every packet
- Not return damaged stock due to improper storage or transportation once leaving the premises
- Cover delivery fees from and to factory
- Cover expense of bar-coding
- Payment period not more than 4 months
- Place orders by email or fax
- Agreement cancelled if either partner becomes insolvent or breaks agreement of contract
- Maintain that the product is sold in good quality and condition
- Provide reports of marketing trends
- CLICK is not liable to pay GST on the product
20.5.04
Establishment Stage-Marketing Strategy-Price Strategy-More for less
CLICK met with Gonis regarding their terms of agreement.
The following pricing is agreed on:

<table>
<thead>
<tr>
<th>Size</th>
<th>Price AUD</th>
<th>No./pairs</th>
</tr>
</thead>
<tbody>
<tr>
<td>1- big</td>
<td>1.50</td>
<td>10</td>
</tr>
<tr>
<td>2- med.</td>
<td>1.25</td>
<td>10</td>
</tr>
<tr>
<td>3- small</td>
<td>0.65</td>
<td>10</td>
</tr>
<tr>
<td>4- tiny</td>
<td>0.31</td>
<td>10</td>
</tr>
</tbody>
</table>

CLICK'S director's brother helps her to set up a template to calculate profit margins.

20.5.04
CLICK'S director requested that the social investor’s daughter provide a signed document, stating that the previous not-for-profit set up in 1982 does not harbor past debts and that the organization was inoperative since 1997. This is to avoid paying respective registration and other past unpaid fees.
The social investor’s daughter has been unable to do so, as the project did continue operating since 1997, even though it did not pay registration fees, nor submit financial statements to the income tax department.
Given this latest information, it is preferable for CLICK to set up a company for public purposes, rather than trying to resuscitate the previous not-for-profit and pay backlog fees.

21.5.04
Establishment Stage-Bonding Capital-Obtaining Information
CLICK’S director and her husband met with a friend and consultant for not-for-profits. They discussed how CLICK’S director will be able to maintain and protect her control of the venture, and not risk potential future board members taking over supremacy of the organization.
To safeguard her governing rights, the consultant suggested meeting with a lawyer, who specializes in public companies, for the purpose of lawfully writing their organization’s constitution.

3.6.04
Establishment Stage-Marketing Strategy- Direct Marketing-Seminars-1st
The ventures temporary production manager, with the help of two volunteers, conducts the first of three handicraft seminars, targeted at residential and day centers for the aged. Fifty letters advertising the seminars, costing $8.5 AUD per participant were mailed out.

Establishment Stage-Volunteering-Diversity-CLICK
Establishment Stage- Social Network Factory- Private Value-Improved Well Being-Valued Occupation
Establishment Stage-Bonding Capital-Obtaining Information
One of the volunteers cancels all her previous appointments for that day “I told the washing machine repairman that I am volunteering, and can only be home by 2PM”!
A volunteer who participates in CLICK’S handicraft program for the housebound elderly, undertook to addresses all of the envelopes. She writes a letter of appreciation to CLICK’S director titled: “the work you give me fills my day”. She states: “previously being a music teacher, but now deaf and disabled, I was housebound, lonely and unoccupied. The work you give me fills my day and provides me with a productive work routine gain”.
9.6.04
Establishment Stage –Packaging- 3rd Packaging
CLICK prepares a new sticker and packaging in preparation for a three day exhibition which was conducted at kibbutz Einat with the new distributor- “Gonis”. Gonis obtained new bags for the products which come with pre-glued sticker strips to close the bags. This makes it far easier for the elderly packers to seal the bags, rather than using a stapler. All of Gonis’s customers were invited to the exhibition. CLICK’S director and the venture's temporary production manager attend and declare: “I love my work! The satisfaction I derive far outweighs the overtime hours worked”.

Establishment Stage-Marketing Strategy-Indirect marketing-Distributor-Exhibition
The exhibition was a success, scoring several orders from craft stores. In addition, CLICK’S director and production manager could demonstrate the attractive features of their products to the four Gonis salesmen. Staff also benefited from direct feedback from the customers.
CLICK’S director and production manager could demonstrate to the four Gonis salesmen, the attractive features of the product. Staff also benefited from feedback direct from the customers.
CLICK will meet with the Gonis representative in order to plan its future sales strategy.

10.6.04
Establishment Stage- Challenging/Crisis Situations
In February 2003 the unused hall adjacent to one of CLICK’S centers for the aged, housing the handicraft material transferred from the Netanya branch was burnt down. A squatter who unlawfully moved into the building was told to vacate the hall, and in retaliation is suspected of setting it alight! Nothing remains of the goods which were planned to be donated on a national level to not-for-profits.

Before: After:
10.6.04
Establishment Stage-Marketing Strategy- Direct Marketing-Seminars 2nd
Establishment Stage-Bonding Capital-Obtaining Resources
Establishment Stage-Public Value-Service Delivery-Mission Building
The second seminar out of a series of three was held this week, for handicraft therapists in day care centers for the disabled elderly, residing in the Sharon region. The workshops promote the therapeutic benefits of crafting as a miracle “drug” to reduce stress and calm the mind and soul.

The project has been made more productive as a result of the many volunteers, who donate their time to support the enterprise. For example three elderly volunteers assisted with the seminar, which was very successful. One participated in the seminar itself and two packed kits while overseeing the entrance to the premises. Their contribution had a tremendous impact on service delivery and mission building.

16.6.04
Establishment Stage-Marketing strategy-Indirect Marketing-Distributor-Sales catalogue
CLICK prepares an itemized catalogue for Gonis’s salesmen.

17.6.04
Establishment Stage-Marketing Strategy-Direct Marketing- Seminars 3rd
The third seminar out of a series of three was held this week, for handicraft therapists in day care centers for the disabled elderly, residing in the Sharon region. The workshop was very successful and 8 organizations participated.

26.6.04
Establishment Stage-Sales-2004
Establishment Stage-Marketing strategy-Indirect Marketing-Distributor
THE VENTURE received orders this week through Gonis, to the sum of $2,485 AUD. CLICK’S director is convinced that working via a distributor at this stage, is the appropriate marketing strategy for the organization. A great deal of trial and error occurred until reaching this decision, such as attempts at direct selling, product and packaging enhancement.

26.6.04
Establishment Stage-Volunteers-Diversity-CLICK-Intergeneration
Establishment Stage-Volunteers-Work Hours
Establishment Stage-Bonding Capital-Obtaining Resources
Establishment Stage-Social Networks-Community Value-Influences Productivity
Keeping up with supply and demand has been tricky. The venture will have to intensify recruitment of volunteers to cope with the volume of work. To date all of the volunteers pitched in to help. On one day they served from 7.00 a.m. till 7.p.m. on a
shift work basis. One group came in the morning and one in the afternoon. The afternoon group was assisted by three 13 year old secondary school students, one being the daughter of CLICK’S director and her friends. Youth and the aged, toiled side by side making up the orders. A retired engineer taught one girl how to operate the cutting machine.

Establishment Stage-Bonding Capital-Obtaining Resources
Establishment Stage-Social Network Factory-Private Value-Valued Occupation
Packing was also outsourced to the aged participants in CLICK’S community club for the aged and day care center for the disabled. The stocks of social capital are steadily building!

"While joking with the aged volunteers this week, and noting how busy we are, I told them that when we retire we can all go on vacation. Of course being retirees, one lady mentioned, that when she was working, she often dreamed of being a retiree. Now she wakes up in the morning and can't wait to be productive again in the workshop!!” “I feel great being active and having a purpose to my life”.

1.7.04
Establishment Stage-Price Strategy-More for Less
The enterprise invests in buying felt material for the first time, at a cost of $64 AUD a roll. Packaging costs consequently are now significantly higher and the project needs to recalculate its profit margin. The enterprise will have to increase the distributor’s cost to Gonis otherwise its packaging costs for some items will be higher than its selling price.

CLICK’S price strategy of “More for Less” to penetrate the industry, involved offering a 30% discount on all fleecy material items, and very low prices for its felt items. To date the venture did not invest in buying material therefore its profit margin was an average of 87%; even with the 30% reduction.

The venture plans to clear out all of its fleecy stock and concentrate only on using felt material. This will help to reduce idle stock, provide factory space and bring in needed revenue. Felt material is also more colorful and more attractive when packed, compared to fleecy products which are softer to the touch, but less in demand. The additional space will enable the enterprise to design a show room.

Establishment Stage-Volunteers-Diversity-Wizo-Rotary
Establishment Stage-Bridging Capital-Obtaining Resources
Establishment Stage-Social Networks Factory-Public Value-Strengthens Community
A tremendous amount of time has gone into community work in establishing a workforce for the factory. CLICK’S director has been organizing different teams to work on alternative days of the week, in order to keep up with the demand from the distributor. The local “Wizo” group, as well as the “Rotary” organization, recently joined the team. This is a positive indication that the organization will become well known and respected in the community development field. This enhances community involvement and strengthens the bonds between voluntary organizations.

Establishment Stage-Divisional Organizational Structure-Production Team
The future production team will hopefully compose:
Establishment Stage-Social Capital-Social Trust- Fear or lack of- Institutions
The legal status of the venture was once again raised at CLICK’S management committee meeting. It was decided that although the tension with the Department of Human Services has declined, the project needs to be divided from the municipality. CLICK is a not-for-profit which was created by the local municipality. Without municipal funds CLICK cannot function independently; consequently the municipality feels it has a degree of power over its activities. For this reason the business enterprise needs to be separated from CLICK, so that the municipality will not have any form of control over it.

CLICK’S board of directors agreed to invest “all our efforts” in the project, even at the expense of reducing the director’s current working hours at CLICK, in order to get the venture fully operational. “We all have faith, that this mission, as a viable business has amazing national potential”.

Establishment Stage-Price Strategy
The business recalculated its profit margin. With the purchase and consequent cost of the new felt material, certain items will not be profitable and even incur a loss. The enterprise will have to assess the practicality of working with felt material for some of the larger items in the future.

Establishment Stage-Linking capital-Obtaining Resources
CLICK’S director sends a grant proposal to the social investor, requesting her help in funding $49,691 AUD additional funds; either from her personally, or from potential donors in Australia in order to expand staffing requirements and operational needs.

Establishment Stage-Bridging capital-Obtaining Resources
Given that extensive networks are critical to the growth of this venture, the donor's esteemed friendship and work connections are very beneficial. Her daughter attends the same synagogue as the director of the Australian Foundation supporting the rent expense, and she can approach him for additional funds or for future contacts.

Establishment phase- Organizational Culture- Activity above work duties
The replacement production manager of the project is finding the irregular and taxing work hours of the handicraft factory, over and above her expectations. She recently made comments such as: - “It has been so busy lately, but today I had a nice quiet day
with only 3 volunteers. I much prefer to work this way!” When questioned as to why she does not phone the volunteering staff, to ascertain why they did not come to work she added: - “I don’t have the time to ring the volunteers and remind them when to come to the factory”. When informed that a new product has been introduced to the catalogue, she stated: - “let’s not do too much product diversification, as it is too demanding”. She also commented that: - “the order won’t be ready in time, so he (the distributor) can pick it up next week instead”. Furthermore, she has been reprimanded by CLICK’S director several times, for slack packaging and lack of supervision over the workers’ production. The volunteer machine cutter is wasting a lot of good felt material since she is not scrutinizing his work sufficiently.

The sudden influx of orders from the distributor has been difficult for her. CLICK’S director wonders, whether it is possible for a dedicated handicraft teacher and production manager of an elderly citizen’s club, who is used to working only in a not-for-profit environment, to adopt a business mind approach. Can she cope with the new challenges of the venture; such as: keeping up with supply and demand, meeting deadlines, packaging quality control, outsourcing packing, volunteer staff recruitment, dealing with a distributor, controlling packaging supplies run-out, etc… This predicament became particularly apparent, when CLICK’S director met for a staff meeting with the current team.

The production manager clearly set forward her intentions, when she will take over the position in September, after returning from sick leave: “At 1p.m. I will finish my work and go home. I have a family as well!” She also said: “Are we just a factory? What about our mission to develop projects for the elderly?”

CLICK’S director feels that her staff is starting to crack under the pressure of the new business demands. They have lost sight of the fact, that in order to attain the organization’s mission, the factory must become a financially viable venture first and foremost, and only when it reaps profit, will there be any future mission building. CLICK’S director has to reassess if her paid staff is really up to the ongoing, new and unexpected challenges of the business world and its irregular working hours.

On a personal level, CLICK’S director is also pioneering under pressures and ground breaking demands. Nevertheless, she has made a commitment to keep up with these new needs, although inevitably it is hard for her physically, mentally and on her family life. She asks herself, - “Can I expect the same from my staff? Do they have the same drive, ambition and ability? Am I being too taxing? Can you change from being a not-for-profit to a business overnight? Is your staff really up to the challenges?

Establishment Stage-Bridging capital-Obtaining Resources

An exciting connection has been made between the Myriam’s Dream organization in America and the business venture operated by CLICK. Myriam’s Dream Inc., is a not-for-profit which was established to raise resources and awareness of the needs of the aged, particularly in the United States, Israel, and on a universal level. The organization was set up in quest of Myriam Mendilow’s vision.

“The story of Myriam’s Dream is the story of how one human being can, in fact, change the world. The dream originally belonged to Myriam Mendilow an Israeli school teacher, who made her own life a lesson for students young and old. Myriam a petite energetic dynamo was disheartened by the lack of respect and understanding her young students exhibited towards the elderly citizens and especially the elderly poor. She quit her teaching job and created workshops in Jerusalem, where only the
Myriam Mendilow died in 1989, but her vision became a “dream come true”. The Myriam’s Dream not-for-profit has been supporting intergenerational and community projects at CLICK since 1998.

The organization will be operating a stall at the national CAJE Jewish Educators Conference to be held in August in Long Island New York. The Myriam’s Dream organization will be promoting educational kits for Jewish Sunday School Education with the use of handicraft kits, produced by the aged at the CLICK project. Attached to each kit is an educational text, relating to specific Jewish festivals such as frog kits, representing the ancient plague of frogs at Passover. Other ideas include Rosh Hashanah New Year greeting cards with CLICK handicraft items.

A volunteer is pictured preparing a kit for Myriam’s Dream. She is an 84 year old retiree who volunteers once a week at the workshop.

24.7.04
Establishment Stage-Divisional Organizational Structure-Production Team
Establishment Stage-Volunteering-Diversity-Pilipino Caregivers
Managing the business venture, such as organizing manpower, raising capital and keeping up with supply and demand has been most challenging.

Many manufacturers today seek the cheap labor force in the Far East to pack their products. CLICK on the other hand packs locally with its own volunteers. To keep up with supply and demand the venture has found an amazing workforce; a group of young caregivers from the Philippines who look after the disabled elderly attending CLICK’S day care centre. While the aged enjoy the range of social activities at the day care center the group of young caregivers, until recently, sat idly by with nothing to do. They were bored, homesick and felt useless. CLICK’S director has been keeping them busy making up orders for the project. Everyday handicap cutouts are brought to them for packing, and they love the work. CLICK’S director in appreciation gave each caregiver a small brooch with a “thank you” note. One of the ladies was so touch she kissed the brooch in excitement.

Establishment Stage-Interview-Municipality
27.7.04
Interview with Manager of the Department of Human Services:

What is Social Capital?

Everything that is found in a community: people, money, social activities, and involvement of volunteers.

What is your view regarding Social Capital, when developing a community?

Social capital is vital for strengthening and improving the life of a community. It binds people together and assists them to reach a certain point, in relation to the place

1 Myriam’s Dream website http://www.myriamsdream.org/myriam.htm
in which they reside. Social capital empowers people in society and joins together all the elements (people, money, social activities, and volunteers). Social capital is considered only as a positive concept.

**What is your perception of “not-for-profit” organizations?**

Not-for-profit organizations are a complementary component of the public service sector. Not-for-profits should deal only with the subject of advocacy, by raising community awareness in a particular area. Not-for-profits should work less in the area of direct service provision, and rather as a lobby group. Not-for-profits should fund raise for the purpose of service provision, and not be directly involved in the running of the operation. They should not bear the responsibility of providing services in the public sector, but should decide on a topic area, and remain a complementary service only. They should not deal with bureaucracy, as they become just like a local branch of the government. Today not-for-profits have become too technical and handle issues relating to budget and manpower, thus having forsaken their vision.

How do you view the role of the municipality in “not-for-profit” organizations?

The role of the municipality is likened to a professional supervisor, providing direction in all areas which not-for-profits manage. The municipality is a link which connects all the voluntary organizations in the community.

How do you see the future regarding the strengths and weaknesses of “not-for-profits”?

The strength of not-for-profits is that they can recruit volunteers. They don’t share the same stigma as the public service when enlisting volunteers- “they can casually approach people in the street and ask them to volunteer”. They are also able to ask for money and canvass the business sector.

The weakness of not-for-profits is that they enter into bureaucracy: manpower, service provision, such as supplying meals to the needy. They should focus solely on advocacy and not forget their vision.

**Establishment Stage-Social Capital-Social Trust- Fear or lack of- Institutions**

This interview with the manager of the Department of Human Services made a significant impact, indicating a feeling of lacking social trust. Given that she stated, not-for-profits should only deal in the area of advocacy, there is the ongoing fear that she has a hidden agenda, to close down not-for-profits dealing with service provision, by cutting off their funding source.

**28.7.04**

*Establishment Stage- Linking Capital- Obtaining Resources*

The social investor’s daughter volunteered to sing and entertain at CLICK’S annual end of year activity party. The event was a huge success, due to the extremely professional and enjoyable performance. Participants comprised of staff, volunteers, the deputy mayor, municipal council members, Rotary Club, and the Lions and B’nai Brit volunteer organizations. The social investor’s cousin and wife were also invited. CLICK has always focused on linking together with other voluntary organizations, in order to strengthen the community. The social investor’s daughter will be visiting her parents in Australia, and the donors will then discuss with the daughter and the siblings, her desire to provide ongoing support to the venture.
CLICK'S director deliberates the aims and purpose of the venture with her husband, and the brother residing in Australia. Lately she is becoming anxious and unsure if she has the right staff to run the program. She continually questions herself whether the organizational culture, staff and infrastructure of a not-for-profit, can shift to becoming a money making venture.

Her brother advises “that the factory should be run on a commercial basis, with business concepts and strategies. If problems related to supply and demand occur, then CLICK should hire packers, rather than depend on the elderly and volunteers to meet this need. A factory can’t rely on volunteer manpower alone and should be run as a profit making commercial concern!”

The following is an extract from an e-mail which her husband wrote: “The idea of the venture as a 'social industry' is to establish a business which will generate money. The proceeds gained thereof, will be transferred for the purpose of non-profit social activities”.

This statement emphasizes that two components of the organization are essential for its existence, but appear contradictory. Their inter-relationships should be well defined:-

1) Social projects and 2) profit making. Social activity will not occur without the profit making while money made can provide for social activities, even outside the project. The aim of the commercial component of the enterprise is the most important element of the two.

More profits = more social possibilities. The profit making aspect of the business should therefore operate as any other business venture, aiming to grow and expand, and being devoid of non-profit decisions, social thinking, equality, sharing etc. Yields should primarily be directed to this goal: expansion, market creation and money making. Financial gains should be divided in advance. The first year 10% to the social part, with the 2nd year 15% etc.

The aim of the social sector aspect of the venture will be achieved in several ways. Work/activity providing for the elderly, disabled, home bounded, hospitals, prisoners etc. The venture may achieve this by providing packaging work, and assembling dolls etc.

The two divisions of the project do not have to be in the same organization. CLICK may have one management with two arms: one that will function as a commercial enterprise, for the benefit of the public, or as a small private business. The other can be set up as a not-for-profit organization. The separation of the two branches will enable the business to be independent and not influenced by social demands, or intervention of outside control.

CLICK'S director attends a local meeting with the Rotary Voluntary Organization in Hod Hasharon. She lectures to the volunteers about the venture and the need for honorary groups to work together to strengthen the community. She attempts to recruit more helpers from the Rotary group to volunteer at the handicraft factory. This address had some impact, as one of the Rotary volunteers recruited two additional friends who enthusiastically came to help out in the workshop.
Establishment Stage - Product Definition- Product Diversification- foam
THE VENTURE prepares several cutout samples using “foam” for the distributor to test the market.

Establishment Stage - Packaging- 4th
CLICK ordered new packaging bags with an enhanced logo, adopted from the defunct not-for-profit in Australia. Gonis provided details of companies which print the logo to appear directly on the casing. This made work much easier for the elderly, who found it difficult to adhere the brand stickers on the earlier packaging. They often stuck the label on the wrong side and in so doing the bags couldn’t be opened when the wrapping was incorrect. The superior bags can be reopened several times to straighten and adjust the final product.

Establishment Stage - Marketing Strategy-Indirect Marketing-Distributor
Orders in the last week have slowed down and the business is experiencing concerns that the products are not selling adequately. Their distributor claim that as the merchandise is not moving sufficiently off the shelves that extra efforts need to be exerted in marketing the goods: "to promote sales, visual display boards should to be provided to the retail outlets, in order to demonstrate how the handicraft material is to be used and enjoyed".

Establishment Stage - Marketing Strategy-Indirect Marketing-Distributor- Insecure Feelings
CLICK’S director has an uneasy undefined sense of anxiety regarding the distributor. There have been delays in signing their work contract, sales have decreased and the distributor made mention of outsourcing packing to another agent. In addition he is keen on CLICK meeting one of the competitors in the industry.

Establishment Stage-Marketing Strategy-Indirect Marketing-Distributor-Display Boards
To promote the marketing process, CLICK prepares 50 display boards for Gonis customers with samples of the finished products.
Establishment Stage – Social Capital-Linking Capital-Obtaining Resources

Establishment Stage – Social Capital-Bridging Capital-Obtaining Resources

The stall operated by the Myriam’s Dream not-for-profit, at the national CAJE Jewish Educators Conference, held in August in Long Island New York, was extremely successful! It promoted educational kits for Jewish Sunday School Education, which was produced by the Aged at the CLICK workshop. Myriam’s Dream received many orders from Sunday school teachers in America, resulting in new educational kits being eagerly assembled for them.

31.8.04
Establishment Stage – Linking Social Capital-Obtaining Resources – Social Trust-Lack of

CLICK’S director phoned the social investor, after several weeks of not having any contact with her. Since discussing the project with her children, the social investor is no longer ready to financially support the latest grant request. She is however, still prepared to continue funding for the production manager. Her change of tone is puzzling, and creates a feeling of insecurity and uncertainty, regarding her continuing support. Given reasons are, that she senses the organization won’t be able to support itself financially from the factory, therefore it will become a funded project requiring ongoing support, which she is unable to continue to provide in the future.

1.9.04
Establishment Stage – Opportunity Evaluation-Risk factor

CLICK’S distributor "Gonis", informed CLICK that one of the competitors- “Afektim” –predominantly in the market of “foam” products, is selling his business as a going concern. Foam is the new product diversification which CLICK is now entering into. Up to date, the venture mainly worked with felt material. “Afektim” has 4 additional totally different product lines, as opposed to CLICK’S one line variety. Gonis proposes that CLICK should purchase the said business. In response, CLICK’S representatives visit the venture in Jerusalem, in order to assess the situation. The current owner of “Afektim” purchased the business 4 years ago together with a partner. It had already been operating for 6 years. They marketed the products themselves and didn’t engage a distributor. The partner a single mother could not cope with the demands and was bought out by the remaining partner. This placed tremendous financial strain on the owner, coupled with the demands of running the business alone. The financial problems, marketing demands and administrative pressure, caused him to reach breaking point and attempt selling out. He offers several options:-

- To sell the business for $10,000 AUD as a going concern
- To sell the entire concern for $10,000 AUD with the option of keeping him on to manage the business, or alternatively being employed at Gonis as an additional salesman
- To sell the machinery and stock separately

"Afektim” currently is situated in a residential village for people with psychiatric disorders and special needs. Twelve of them do all the cutting and packing daily from 8.00-13.00, for a minimal fee. The cutting machine is of a much higher standard than CLICK’S. Two Arab workers run the factory and the owner does the marketing.

The owner claims to have monthly sales of $17,142 AUD. 90% of the retailers are Gonis customers. He reaches breakeven with monthly sales of $14,285 AUD. He is
unable to keep up with supply and demand and has orders waiting unattended for two weeks. He pays only $257 AUD for use of the premises (rent, electricity and manpower from the village). The Arab workers cost him an additional $428 AUD. He recently had the operation assessed as a going concern for $46,000 AUD. “Afektim” claims to have two potential buyers.

CLICK wonders:-

- Is this an opportunity too good to miss?
- Is this too much to cope with, at such an early stage in its own development?
- What are the potential risk factors?

Establishment Stage - Marketing Strategy-Indirect Marketing-Distributor- Insecure feelings

CLICK envisages that Gonis will purchase the business if it doesn’t, and fears the implications, as the contract has not yet been signed between them.

2.9.04

Establishment Stage – Bonding Social Capital-Obtaining Information

CLICK’S director consults with her brother, asking for advice regarding this business opportunity and the possible risk factors, at such an early stage of its own establishment.

His reply is as follows:-

**The short answer is:** “Forget it”!

**The long answer is:**

1. You have enough on your plate at the moment, plus you are finding it difficult to cope with production and in getting reliable staff.
2. I have purchased companies in the past and having multiple locations does not work. You would have to bring that business to your area; the cost would be high in re-locating BOTH businesses in new premises. Your current place is not large enough to accommodate both.
3. You have a lease in your present place and it would have to pay out, or stay is 2 locations until the contract ends. Plus I have told you, that multiple locations do not work.
4. I have analysed the figures you sent me and something does not stack up. The business breaks even at NIS50K, with expenses of NIS11K. That shows an operating overhead of 22%. If he has sales of NIS60K, it indicates he makes a miserable NIS2200 net profit per month. If he wants NIS160K for the business it shows that the ‘pay back period’ is only 1 year. Normally the ‘pay back’ is a minimum of 4 years. He is asking too little, so “it smells of uncertainty me!”
5. It seems very strange, that if the price is so cheap, why they were not snatched up QUICKLY by Gonis as it is a real bargain! It does “smell fishy to me”.
6. You are not making huge profit, therefore should concentrate on building your business, not taking on an investment of NIS160K, which will give you a lousy profit contribution of NIS 2,200 per month, with all the headaches of amalgamation and re-location.
7. You do not have reserves available for the asking price of NIS 160,000. Based on my analysis and judgment, I would not ask any of my sponsors for the money.

10.9.04

Gonis and CLICK both decided not to buy the company. The advice of CLICK’S director’s brother was adhered to.
15.9.04
Establishment Stage- Social Trust- Fear of- Institutions
CLICK'S chairperson does not want to sign the contract with the distributor. She is not willing to take the personal responsibility for the venture, if it is to become a separate legal entity from CLICK. She is also fearful that CLICK may become liable for possible legal issues related to product control.

The enterprise now needs to initiate permanent steps to becoming a separate legal entity, and accept the new tasks of running a business. Leaving the venture as it is under the jurisdiction of CLICK renders it wide open for the municipality to be in control over its functions and earnings. Although many added responsibilities and costs will be incurred, this step finally needs to be made!

CLICK'S director commences the process and inquires about insurance related to product control.

23.9.04
Establishment Stage- Interview- Municipality
Interview with the Deputy Mayor of Hod Hasharon

What is Social Capital?
I have never heard of the concept “social capital”. This is the first time it has been mentioned to me.

What is your view regarding Social Capital, when developing a community?

From your definition I can see that it implies the added value from the contacts between people when developing a community.

What is your perception of “not-for-profit” organizations?
A not-for-profit is an organizational framework for obtaining aims. It allows people to express their own desires and abilities in different areas, which they would not be able to make in a formal framework. A not-for-profit is not part of the government municipal sector or business sector.

How do you view the role of the municipality in “not-for-profit” organizations?
To provide support to not-for-profits which caters for different needs that meet the principles of the municipality.

The municipality requires not-for-profits to recruit helpers, as on its own and without a group of volunteers, it is unable to meet the needs of the community.

How do you see the future regarding the strengths and weaknesses of “not-for-profits”?
The strengths of not-for-profits are that they enable individuals to express their wants and desires, without limitations imposed by bureaucracy: - “My wife was a volunteer in the municipal library, but being an unpaid worker, she had no say in the management process. She did not have a voice in the type of work placement available and no power to do what she wanted, but only accept what was assigned to her. On the other hand, a volunteer in a not-for-profit can be directly involved in the management of the organization. I have been involved in a number of not-for-profits, having managed the National Chess Association and now serve as a volunteer”.

The weakness of not-for-profits is that their benefits are difficult to measure.
In addition public control and supervision are more superficial.

23.9.04
Establishment Stage-Bonding Capital-Obtaining Information
CLICK'S director sought advice from a friend, who is a consultant for not-for-profits. She feels that CLICK can amend its constitution and include elements which will safe
guard its interests. Changes, such as who elects the director and the board members, plus how profits are to be allocated and controlled; can be legally recorded in the by-laws to protect the organization from outsiders.

CLICK convened its board to discuss the legal status of the venture, given the chairperson’s reluctance to sign the contract with the distributor. CLICK’S director for some time, has had a gut feeling that the business venture should continue to be a part of CLICK. She is hesitant against establishing the business as a separate legal entity for the following reasons:-CLICK’S director won’t receive a salary from the venture, possibly for some time in the future. Who will pay her for the hours she invests, once it is a separate legal entity? She won’t be able to work at the business and continue to receive a salary from CLICK. CLICK’S director feels that it is possible to safeguard the venture from the control of the municipality, by doing structural changes within the not-for-profit, rather than setting up an entirely new organization. She wants to explore this avenue further.

CLICK’S director personally feels, that she operates well with the current board and that it is preferable to work with the familiar, than with an unknown and in a new situation. She currently has relative freedom and management control over the venture and this could reverse with a different board of directors.

A lot of time, energy, bureaucratic changes and money need to be invested in setting up a new not-for-profit or public company. All these essentials can be more wisely put to use, if another way can be found to protect the project. CLICK’S board decides to once more consult with the lawyer from the National Association of Not-for-Profits in Israel. A time will be arranged for the board to meet with him, to discuss the alternatives of changing the organization’s constitution.

23.9.04

Establishment Stage- Social Network-Factory- Private Value-Improved Well Being- Valued Occupation

Establishment Stage-Volunteers- Diversity- Nitzan

Establishment Stage- Bridging Capital-Obtaining Resources

Three volunteers from the Nitzan project for adults, attending a residential center for the comprehensive education of learning disabilities and psychological problems, have joined the workshop. In addition, packing is outsourced weekly to the Nitzan people in residential settings. Nitzan offers housing placement in the community to children and adults with learning disabilities, adaptation and functional disorders, thus promoting rehabilitation and eventual work opportunities in the open market.

One of the three persons suffers from ADHD and has not been able to hold down a work placement for some time. Since he has been attending the workshop his occupational therapist claims that his mental state has improved tremendously. He receives much encouragement from the project staff and feels that he is now productive and contributing to the workforce. A recent task undertaken by him was to reorganize the storeroom containing raw material.

One of the 3 Nitzan members making kits for Myriam’s Dream
The relationship between the CLICK not-for-profit and the Rotary Organization has been strengthened as a result of the factory. The two work amicably together supporting one another. Volunteers from Rotary work once a week in the workshop packing handicraft kits and operating the cutting machine. A Rotary volunteer also donated money to one of CLICK’S community clubs for the aged. To reciprocate, the CLICK not-for-profit recently provided new improved premises to Rotary, in one of its community clubs for the aged, in which to conduct their weekly meetings. The city of Hod Hasharon benefits from having two voluntary organizations joining forces, working side by side to provide a wider range of services to the community.

One of project’s volunteers has been diagnosed with cancer. Nevertheless, every opportunity she gets in between doctor’s visits is spent at the workshop. She is reluctant to miss a day of active work and finds the factory keeps her occupied, resulting in less time to dwell on her illness.

CLICK’S director buys 3 new knives for the cutting machine, since the original ones are becoming blunt and it is impossible to sharpen them. To purchase these, she is accompanied by one of CLICK’S elderly volunteers, who specializes in operating the cutting machine, together with Gonis’s director. He is also interested in the venture's development; therefore invests a lot of time and energy into product development and enhancement.

CLICK’S volunteer plays an integral part in decision making and planning. He also provides invaluable technical knowledge regarding the cutting machine. He rang CLICK’S director on a Friday morning prior to the commencement of the Sabbath, and offered to go with her to pick up the knives. On their return he said: “we must see how the knives function. Let’s go to the workshop and try them out”. Two hours later he had cut enough material to occupy all of the volunteers the following Sunday morning at work.

The knives were purchased from the owner of FAB, an importing company for cutting machines in Israel. Tuvia gave CLICK a 50% discount, as he was so impressed with the venture and the workings of a not-for-profit. The aims of the project were outlined to him and he spent a lot of his valuable time understanding its structural needs. He consequently offered to sell a recycled cutting machine reduced to $5,000 AUD. A new machine costs $8,600 AUD in Israel.
Possibilities of franchising with the Zturim School, catering for youth with psychiatric disorders are considered, as they are interested in setting up a workshop of their own.

The showroom is almost complete and looks fabulous. CLICK'S staff has been working day and night to set it up. It is established in the enclosed carport and is divided to entice potential customers according to projects such as: sewing, gluing, weaving etc.

Establishment Stage-Divisional Organizational Structure-Program Management
The production manager officially starts working after her sick leave after the Succoth vacation (13.10.04). She still has not recovered full use of her left hand and hopes are that she will overcome her disability in managing the program.

Establishment Stage-Marketing Strategy-Direct Marketing-Seminars
70 letters have been mailed out to centers catering for the aged in the Sharon and Tel Aviv area, inviting them to attend handicraft seminars after the Succoth vacation.

Establishment Stage-Linking Capital-Obtaining Resources
The handicraft kits will be taken to America by different couriers, the first being the director of the Ziv Charitable Foundation. The contact between CLICK and Ziv was made by Myriam’s Dream. CLICK hopes to eventually secure funding in the future from Ziv, for one of its projects. This is the second time that Ziv’s director has carried kits from CLICK to the Myriam’s Dream organization. CLICK’S Jerusalem courier is soon moving to Washington and be will living a short distance away from him in the States. They exchanged phone numbers and emails and will be in direct contact in the near future. CLICK’S director made a pleasing comment to Myriam’s Dream’s chairperson: “So we made a nice "shiduch" (match-making) in the process”!!!

An additional courier who Myriam’s Dream approached, is a Christian group from Atlanta which may also be interested in purchasing handicraft kits.
4.10.04
Establishment Stage-Bonding Capital-Obtaining Resources
Establishment Stage-Volunteering-Diversity-CLICK
Establishment Stage-Volunteering-Work hours
Establishment Stage-Social Network in the Factory-Public Value-Influences Productivity, Service Delivery, Problem Solving and Mission Building
The project volunteers have been working overtime helping out in the workshop, as there has been a backlog in the cutting of foam material. Three dedicated volunteers provided much needed support, by opening up the workshop on their own. They diligently worked together unaided by paid staff, who were on vacation over the Succoth Jewish festival. Each of these three volunteers attends the workshop regularly once a week for 3 hours. Their contribution consequently strengthens community bonding and aids productivity, and consequent service delivery of the cut material to fulfill the immediate orders.

11.10.04
Establishment Stage-Marketing Strategy-Indirect Sales-Distributor-PR
The foam items have been selling steadily, as opposed to the felt goods. A huge push will now go into marketing the felt products. A “PR campaign” involving the following methods will be adopted:

1. Preparing a flyer for shops.
2. Providing shops with samples of finished felt items
3. Inviting shop owners to the workshop to learn about the products

13.10.04
Establishment Stage-Challenging/Crisis Situations
CLICK is to receive $22,857 AUD in compensation for the material lost, when its storage hall burnt down in February 2003. It was located adjacent to one of CLICK’S centers for the age and housed the handicraft material from the Netanya branch.

17.10.04
Establishment Stage-Bridging Capital-Obtaining Resources
Establishment Stage-Volunteering- Naamat Technology School
Establishment Stage-Linking Capital-Obtaining Resources
Hod Hasharon will be the model city for others to emulate. Students studying fashion at the Na’amat Technology High School in the area, together with the elderly at CLICK’S community centers for the aged, will launch a national project making
"Dam-It-Dolls". These toys are to be donated to sick children in the hospitals in Israel. The youth attending the Na’amat Technology High School, have a very low self esteem and have not been accepted into the regular high schools, due to their low academic achievements and behavioral problems. Past experience with this school demonstrates that volunteering can help subdue violent behavior, as well as improve the overall well-being of the students. It also uplifts their self image and the status of the school.

The Mayor from Hod Hasharon’s wife visited the project for the first time and was extremely impressed. She is very excited about the “Dam-It Doll” intergeneration program. With her cooperation this idea will become a national project, bringing positive PR and possible additional resources to the program. A meeting will be arranged with the head of Na’amat (a Hod Hasharon resident) in order to present the project to all the Na’amat Technology High Schools in Israel. The concept of a national competition will also be discussed.

18.10.04
Establishment Stage-Sales-Distributor-2004
Establishment Stage-Marketing Strategy-Direct Sales-Volunteer Sales Person

General sales dropped in March, when CLICK’S volunteer sales lady went on vacation to the States for two months. Sales improved with the introduction of the Gonis distributor in June. Distributor sales declined during the “Chagim” Jewish holiday period, but picked up with the introduction of the foam product in October. Plans are to double current sales within the next year.

19.10.04
Establishment Stage-Interview-Municipality

Interview with a municipal council member:

What is your perception of “not-for-profit” organizations?
A not-for-profit is an organization which can recruit and activate volunteers and money, from sources outside the boundaries of the system.
A not-for-profit operates as a financial entity, concerned with generating revenue and using this income in a professional manner. It is also a more flexible association and less bureaucratic, enabling it to make decisions much faster.

How do you view the role of the municipality in “not-for-profit” organizations?

The municipality fulfills the role of professional supervisor, overseeing the not-for-profits. Each relevant municipal department should supervise the not-for-profit applicable to its field.

The municipality is responsible for preventing duplication of services among not-for-profits.

The municipality should decide on budget allocation for not-for-profits, but should not be part of their management team.

How do you see the future regarding the strengths and weaknesses of “not-for-profits”?

The weaknesses of not-for-profits are those monies are sometimes wrongly diverted, aims are not achieved and specified amounts do not reach the proposed endeavors.

The strengths of not-for-profits are that they can recruit private money for specific purposes and not for the bureaucracies. Not-for-profits can also make much faster decisions, projecting a feeling of trust and devoid of bureaucracy.

Not-for-profits can also recruit volunteers in a less stigmatized way than the Department of Human Services.

Are you familiar with the concept of Social Capital?

No, but the name gives the meaning away! It implies availability to information and meetings for example in the event of job seeking. Weaker connections are often more useful when finding work opportunities.

(CLICK'S director provides a brief definition of Social Capital)

What is your view regarding Social Capital, when developing a community?

It is the necessary contact and relationship between the people who enable and promote bureaucratic processes to proceed in a community. It is also important for accessing information in a community and setting up meetings. As well it is a vital source for volunteers.

Establishment Stage-Marketing Strategy-Direct Mailing-Seminars- 5th
100 letters have been mailed out to centers catering for the aged in the Sharon and Tel Aviv areas, inviting them to attend handicraft seminars.

Establishment Stage-Bonding Capital-Obtaining Information

Establishment Stage-Aims-3rd

With the help of her husband, CLICK'S director revises the project's aims:

General Aim:

Social
To provide valued occupation in the community, for people of all ages who are predominantly elderly and disabled.

Primary Aims:

Social
1. To develop programs which provide occupational opportunities for the aged and disabled in the community
2. To develop programs which promote the therapeutic benefits of crafting as a miracle "drug" to reduce stress, thus calming the mind and soul
3. To change the status and image of the elderly and disabled: from dependent, weak and vulnerable, to productive, capable, useful and to be a promoter of philanthropic development and economic growth in Israel
4. To widen the sphere of involvement of volunteers in the project, to partake in community activities when achieving the primary aims.
5. To strengthen the links between local volunteers and with volunteer communities abroad.

Business
6. To become a sustainable in-house industry, based on reinvestment of profits to cover expenses of the project and fund future community philanthropic causes

Methods:

Social
1. To develop a handicraft occupation project for the housebound elderly in their homes suited to their physical and mental abilities.
2. To provide occupation- creative retirement- for the aged and disabled in the handicraft manufacturing factory operated by CLICK
3. To establish a learning and inspiration center with handicraft seminars, which promotes the therapeutic benefits of crafting for:- Terror victims in rehabilitation, children in crisis intervention centers, elderly in day and residential centers, pre-school and school children, children in after school holiday programs, patients in hospitals, elderly in home based care, youth movements, intergenerational projects, special education schools and the general public
4. To develop intergenerational projects that promote the primary and secondary aims: Make toys for children in crisis centers:
   - Big snake project
   - Cushion for every aged person
5. To attract International youth volunteers to work in the project
6. To attract overseas not-for-profits to adopt the aims of the project

Business
7. To establish and operate a handicraft manufacturing factory, cutting and packing handicraft raw material and kits to be distributed via a craft distributor
8. To find social investors to provide initial seed money in the start-up years of establishing the handicraft manufacturing factory
9. To sell globally the handicraft educational kits
10. To charge a minimal fee for handicraft seminars, which endorse the therapeutic benefits of crafting
11. To sell handicraft kits and raw material at the outlet shop
THE VENTURE - General Aim
Provide occupation for the aged and disabled of all ages

THE VENTURE - Business
To become a sustainable in-house industry

METHODS:-
To recruit social investors to provide initial seed money
To develop a project for the housebound elderly
To offer creative retirement factory
To establish a learning and inspiration center
To develop intergenerational projects
To attract overseas youth volunteers
To attract overseas not-for-profits
To establish a handicraft manufacturing factory
To sell handicraft educational kits globally
To charge a minimal fee for handicraft seminars
To attract overseas not-for-profits
To open an outlet shop

THE VENTURE social
Develop programs providing occupation
THE VENTURE social
Promote the therapeutic benefits of crafting
THE VENTURE social
Widen the sphere of involvement of volunteers in
THE VENTURE social
Strengthen links with local volunteers & volunteer
THE VENTURE social
Widen the sphere of involvement of volunteers in
24.10.04
Establishment Stage-Marketing Strategy-Direct Sales-Seminars- 5th
The first of a series of 6 seminars was held with great success. Four interested organizations attended, bringing earnings to the amount of $95 AUD.

25.10.04
Establishment Stage-Organizational Culture-Activity above Work Duties
Establishment Stage-Bonding Social Capital-Obtaining Resources
CLICK'S two bookkeepers began volunteering in the workshop, packing handicraft items. They attend one day a week, prior to starting their own private work.

26.10.04
Establishment Stage-Bonding Social Capital-Obtaining Resources
The CLICK'S director's mother in Australia continues to be the go-between with the social investor, by personally delivering important material from Israel to her doorstep. It includes written grant requests, photos, flyers and news updates. This enables CLICK'S director and the social investors to be in touch more intimately and promotes interpersonal contact.

26.10.04
Establishment Stage-Bonding Social Capital-Obtaining Resources
Establishment Stage-Bonding Social Capital-Obtaining Resources
Establishment Stage-Bonding Social Capital-Obtaining Information
Establishment Stage-Volunteering-Diversity-Nitzan-CLICK-Work Hours per Week
One of project's dedicated helpers opens the factory out of working hours and in his own time to train a new volunteer from the Nitzan program how to use the cutting machine. He has become the expert in operating the equipment, and instructs others how to handle the appliance. The volunteer from Nitzan suffers from psychiatric problems and has been unable to maintain a permanent work placement. He lives in a residential center, for the comprehensive education of learning for disabled adults.

30.10.04
Establishment Stage-Bonding Social Capital-Obtaining Information
The director’s brother from Australia visits her for two days. He tours the workshop and fears that the factory is not profitable. He designs new costing structures and balance sheets, to ascertain more accurate income projections. He feels that in order for the business to make a profit it needs to:

1. Decrease expenses (rent and foam material)
2. Upgrade the selling price adding fixed expenses
3. Increase production

His guidance has been of major benefit for future planning and direction. He is also a naturally trusted figure providing invaluable support.

30.10.04
Establishment Stage-Linking Social Capital-Obtaining Resources-Social Trust-Occurrence
The social investor contacted CLICK'S director and agreed to continue funding the production manager’s salary. She will be donating $4,857 AUD seed money to the organization. The social investor was delighted to hear, that the director’s brother from Australia visited the project, and is keen to meet him and listen to his impressions of the venture gained while onsite.
2.11.04
Establishment Stage-Social Network Factory-Private Value-Number of friendship networks
Two volunteers in the factory, both suffer from Parkinson’s disease. Their medical condition as well as their volunteering, has given them a common bond. The two plan to go to a show together, and speak regularly to each other on the phone.

2.11.04
Establishment Stage-Social Network Factory-Private Value-Number of friendship networks
One volunteer has also become extremely friendly with a volunteer at CLICK who used to work in the factory. They initially met on site and were immediately bonded and now have formed a strong friendship.

7.11.04
Establishment Stage-Social Capital-Social Trust-Fear Of Establishment Stage-Social Capital-Linking Capital- Obtaining Information Establishment Stage-Professional Background-Obtaining Information-Number of People-Time-Frequency
CLICK’S director and chairperson, consulted with the lawyer from the Third Sector, regarding changing CLICK’S constitution, in order to protect the organization from a potential takeover by the Municipality. He suggested that CLICK draw up a contract with its director, as she holds the full rights to operate the program. This will empower her together with CLICK, to make decisions regarding the venture, thereby preventing any possible outside intervention. It will also safeguard her authority as well, in the event that CLICK could terminate her services sometime in the future. She will always continue holding absolute rights to the venture, and in deciding which organization would best be chosen to operate it.

16.11.04
Establishment Stage-Social Trust-Bonding Capital-Obtaining Information Establishment Stage-Professional Background- Obtaining Information-Number of People-Time-Frequency
CLICK’S director and chairperson consulted with the organization’s volunteer lawyer, who drew up a contract between them, for the purpose of safeguarding the business venture.

19.11.04
Establishment Stage-Bridging Capital-Rotary- Obtaining Resources- Number of People-Time-Frequency-Professional Background
Establishment Stage-Social Network Factory-Public Value-Community Support- Bonding and Reciprocity
Two new Rotary volunteers have joined the project’s volunteer work team, helping out every consecutive Friday operating the cutting machine. One is the husband of Rotary’s newly elected chairperson. The other is married to the occupational therapist in charge of the volunteers from the Nitzan program. Three groups are linked together- Rotary, Nitzan and CLICK
CLICK’S director reciprocates by helping the Rotary chairperson plan an important visit to Hod Hasharon by Rotary’s national chairperson.

Rotary volunteers
25.11.04
Establishment Stage III - Social Capital-Linking Capital- Obtaining Resources
The social donor donated a video camera to the CLICK not-for-profit, in order to produce a training tape to be made available to other not-for-profit organizations dealing with the aged. A family member brought the video camera and training material from Australia to Israel.

Of late the donor has been unhappy about the idea of the project becoming a business, suggesting CLICK’S director cease working with the distributor and operating further seminars. She is more interested in encouraging other organizations to visit the project as a learning center. CLICK’S director has agreed to temporarily stop running the seminars and concentrate on promoting the learning center. Work with the distributor though will continue as usual, since profits are increasing.

30.11.04
Establishment Stage- III Social Network Factory-Private Value-Feeling Cared For
A volunteer suffering from Parkinson’s disease has deteriorated in health. Due to her present physical condition, she has been unable to attend the workshop. The other volunteers rang her, inviting her to just sit and be with them, even though she was unable to partake of the work.

30.11.04
Establishment Stage- III Social Network Factory-Private Value-Feeling Cared For
One of the regular volunteers had a small operation and was hospitalized. The rest of the volunteers in the factory were worried when she did not appear at work. After ringing her, they were relieved to learn that the surgery was minor and she will soon be returning to her post.

1.12.04
Establishment Stage- III Bridging Capital- Obtaining Resources-Number of People-Time-Frequency
The Israeli director of the Ziv Zedaka Charitable Fund contacted CLICK’S director and visited the project. He was referred by the Myriam’s Dream Foundation, a long time donor. He appeared interested in the project and discussed the idea of a future franchise model.

13.12.04
Establishment Stage- III Linking Capital-Obtaining Resources-Number of People-Time-Frequency
The manageress of the local Bank Hapoalim in Hod Hasharon visited the project with one of her staff members. She has taken a personal interest in CLICK and community projects. She also organized donation of $300 AUD for CLICK from the bank’s philanthropic fund.

14.12.04
Establishment Stage-III Social Capital-Diversity-Noar Ha Oved-Number of Volunteers
Staff and volunteers celebrated Hanukah with members from the “Noar Ha Oved” local youth movement. They organized a variety of social activities involving singing, games and candle lighting. Some of the volunteers invited their grandchildren to the celebrations, who enjoyed munching the tasty traditional doughnuts.
20.12.04
Establishment Stage- III Bridging Capital-Diversity-Rotary
The head of Rotary Israel visited the project this week. Local Hod Hasharon Rotary volunteers described their participation in the workshop. They contributed by operating the industrial cutting machine, plus the packing and sorting of handicraft material. Three volunteers assist weekly in the task of packing handicraft kits. Two volunteers lend a hand every consecutive Friday and operate the cutting machine. Their efforts enable the organization to keep up with supply and demand. Rotary Hod Hasharon has adopted a number of projects in the CLICK not-for-profit organization, as part of their community development program.

20.12.04
Establishment Stage- III PR
CLICK's director delivered a lecture about the project, at The 2nd World Conference on Jewish Social and Medical Services for the Elderly held in Jerusalem. The conference was organized by both: - The Israel Gerontology Society and The Israel Geriatric Society. The topic of the lecture was: “Entrepreneurship and the Elderly”. The project received National and International coverage at this event.

15.1.05
Establishment Stage- III Social Capital, Linking Capital, Obtaining Resources, Time, Frequency, Professional Background
CLICK received a video camera from the donor in Australia. The purpose of this donation was to prepare a training tape for caregivers working in aged care and in rehabilitation. CLICK consequently prepared a tape that demonstrated the importance of occupation and the therapeutic benefits of crafting for the mind and soul. CLICK's handicraft teacher illustrated the use of specific products suited to those with limited sight, coordination and mobility. She exemplifies this, with the help of the elderly in the day care center for the disabled operated by CLICK. An 8 year old boy is also seen displaying his skill in crafting.

23.1.05
Establishment Stage- III Social Capital, Bridging Capital, Volunteering, Diversity, Kehilat Yonatan, Work hours per week, Number of Volunteers
Kehilat Yonatan, an independent reform congregation in Hod Hasharon, has adopted the handicraft workshop. Volunteers from Kehilat Yonatan together with the congregation’s Rabbi prepared a Seder for Tubi Shvat for the project's volunteers. Given the need, volunteers from the reform congregation have also offered to help the workshop keep up with supply and demand. The relationship between CLICK and Kehilat Yonatan continues to strengthen. Their volunteers, in participation with a local store that donated material, decided to help one of the elderly citizens of Hod Hasharon in painting her house. In addition, volunteers from Kehilat Yonatan distributed heaters and blankets to needy elderly in Hod Hasharon. The city of Hod Hasharon benefits from having two voluntary organizations joining forces and working side by side, to provide services for the community.
25.1.05
Establishment Stage- III Establishment Stage-Social Capital, Bridging Capital, Volunteering, Diversity, Rotary, Work hours per week, Number of Volunteers
A volunteer from the Rotary organization, made contact with a friend who is willing to shred left over foam material. This will enable the workshop to have 100% use of the foam material without wastage.

30.1.05
Establishment Stage- III Establishment Stage-Social Capital, Social Network-factory, Private Value, Public Value, Community Support, Reciprocity and Bonding, Improved Mental Well-Being, Increased Productivity, Bridging Social Capital, Volunteering, Diversity, Zturim School, Work hours per week, Number of Volunteers.
The factory has been outsourcing packing to the Zturim School for Learning and Behavioral Disorders. The Zturim School teaches pupils from the southern region. A new immigrant from Russia has become a star packer. He received a ‘general excellence award’ from the school, for his high work performance and was praised for his accuracy and diligence. This experience eventually helps prepare him to enter the workforce, when he finishes school. The student was invited by CLICK to visit the handicraft workshop to witness how his work benefits the aged community. The school is forever grateful to CLICK for providing its pupils with the opportunity to learn important skills required for future employment. In turn the business venture benefits from enhanced productivity.

1.2.05
Establishment Stage-Social Capital, Bridging Capital, Volunteering, Diversity, “Till 120”, Work hours per week, Number of Volunteers
Residents of “Till 120”, a luxurious retirement home for the aged in Hod Hasharon, visited the factory. Several members expressed interest in volunteering at the handicraft workshop. They also discussed the option of outsourcing packing at their own center. A small group will join the current volunteer team for training.

8.2.05
Establishment Stage-Social Capital, Linking Capital, Obtaining Resources, Time, Frequency, Professional Background
The donor of the project expressed her dissatisfaction with some aspects of its activities. In her estimation, she feels it is not her project, but merely a business, preferring that it should concentrate on developing a learning center for rehabilitation institutions and organizations dealing with aged care. She wants the workshop to move to larger premises and focus on a showroom with visual displays that will be self explanatory. The showroom is to be aimed at caregivers from rehabilitation centers and those working with the aged. She does not feel that the current staff is proficient in managing and was ready to stop funding their salaries at this stage.
The donor was prepared to break away from Israeli branch and re-establish a venture on her own. She caught CLICK'S director by surprise by her unfounded assessment, indicating she was fearful regarding the contract she had signed, passing over all management control to the director. Once reassured and confident that the validity of the contract remains and will not be misused, she proposed going into a renewed partnership with the Israel branch. The donor then offered meeting all future expenses in the next year, given “she gets what she wants!”
Up until till now, the Israeli branch had been attempting to develop the business side as an infrastructure, to reach sustainability and profitability. With the donor's approval this will not be compromised, but staff will additionally concentrate on developing the
learning center. A National Grand Opening event is planned for May 31st, either in the current or new larger premises.

9.2.05-12.2.05

Establishment Stage-PR
CLICK'S director was invited to present the first year’s findings, of a Three Year Longitudinal Case Study about the venture, at the “Regional Entrepreneurship and Innovation Research Exchange”, at the Swinburne University of Technology in Australia, in February 2005.

The not-for-profit environment has currently become a competitive and aggressive marketplace. This research demonstrates how voluntary organizations can compete in this cut throat setting, if they have sufficient stocks of social capital.

The fundamental idea of social capital, is that social networks have value, by representing the relationships among people, the combined importance of who they know and the benefits which arise from these connections. Such capital provides the backbone of strong reliable and long lasting support, crucial for achieving sustainability and growth.

The CLICK venture is still in its early days of establishment and will continue to be historically documented over the next two years. Its envisaged success is yet to be realized, with much gratification and/or hurdles, challenges and open ended questions to resolve along the way. Outcomes from this enterprise will ultimately assist in presenting a prototype, from which other not-for-profits can learn and benefit.

13.2.05

Establishment Stage-Social Capital, Bonding Capital, Obtaining Information, Time, Frequency, Professional Background.

During a visit to Australia, the brother of CLICK’S director, assisted in setting up a spreadsheet to calculate the cost per unit item, produced at the factory. His business acumen has been indispensable to date.

20.2.05

Establishment Stage-Social Capital, Volunteering, Diversity, Na’amat Technology School, Work hours per week, Number of Volunteers

Hod Hasharon has become the model city for others to emulate. Students studying fashion at the Na’amat Technology High School in Hod Hasharon together with the elderly at CLICK’S community centers for the aged completed creating "Dam-It-Dolls", to be donated to children in hospitals in Israel. The youth attending the Na’amat Technology High School have a very low self esteem. They have not been accepted into the regular high schools, due to low academic achievement and behavioral problems. Past experience with this school, proved that volunteering can help to replace violent behavior, as well as improve the overall well being of the students. It also improves their self confidence and raises the status image of the school.

22.2.05

Establishment Stage-Social Capital-Linking Capital-Obtaining Resources-Time, Frequency, Professional Background

The mayor’s wife from Hod Hasharon visited the handicraft workshop this week. She organized the donation of 100 Purim kits, for children coming from families in stress and those attending crisis intervention centers. Each child will receive a Purim gift, including a cut out mask to decorate, plus confectionary treats packed by the disabled elderly at the day care center operated by CLICK.
23.2.05
Establishment Stage-Marketing Strategy-Seminars
The first “NATIONAL GRANDPARENT/GRANDCHILD HANDICRAFT WORKSHOP” was held by the enterprise. The pleasure gained from crafting, was shared by the two generations. Grandparents came from as far away as Holon and Kiriat Ono, to participate in the session which was conducted by staff and factory volunteers. They taught the group how to share the therapeutic benefits of joint crafting activities.

24.2.05
Establishment Stage-Social Capital- Linking Capital-Obtaining Information- Time, Frequency, Professional Background
Two representatives from ESHEL, The Association for the Planning and Development of Services for the Aged in Israel visited the project. They are both in charge of community services for the aged. They agreed to help organize the opening ceremony as well as cooperating to create programs together. This could mean jointly setting up project branches around the country as well as bringing students studying handicrafts at the Eshel program to the enterprise for a one day workshop.

1.3.05
Establishment Stage-Social Capital- Bridging Capital-Obtaining Resources- Time, Frequency, Professional Background
CLICK is organizing the sale of handicraft kits for Purim. Primary school children in Hod Hasharon will be organizing the project. A group of 16 student council members from the Neve Neeman primary school visited the enterprise yesterday. They suggested the idea of using handicraft products to perform creative craft activities at craft events during school breaks. Staff will help them set up a stall and teach the value of crafting.

24.2.05
Establishment Stage-PR
Israel’s finance minister Mr Benjamin Netanyahu, mayors from Ra’anna, Kfar Saba and Hod Hasharon, the head of social security, the manager of rehabilitation services from the Department of Community Services and CLICK’S staff, have been invited to attend a conference for employers of the Nitzan organization. The Nitzan institute for the comprehensive education of learning disabilities and psychological problems recruits occupational placements for youth in the community. Nitzan’s youth work voluntarily at the workshop. They are unable to hold down permanent employment due to severe psychological problems.
CLICK will receive a certificate of Merit from Nitzan at the event, due to be held on March 22.3.05
15.3.05
Establishment Stage-Social Capital- Linking Capital-Obtaining Resources- Time, Frequency, Professional Background
The donor’s cousin and his wife visited the project. He was recently in Australia and attended an economic mission with President Moshe Katzav. He would like to contact Gila Katzav and suggest for her to be a patron of the enterprise. He also took a foam sample to see if he could shred the left over raw material.

16.3.05
Establishment Stage-Social Capital- Occurrence Trust
The venture's distributor and CLICK'S director visited together a number of customers in order to receive ideas about new products. The distributor is investing time in the project and is interested in helping enhance the product range. The distributor consequently is willing to take a direct role to promote the organization. His interest is definitely financial and not philanthropic, but a trusted working relationship is developing between the two organizations that will result in the eventual enhanced general performance of the venture. In addition this personal relationship shared by CLICK and the distributor has allowed the factory to buy raw materials and other goods for lower amounts which reduces expenses and increases profit margin.

22.3.05
Establishment Stage-Social Capital- Linking Capital-Obtaining Resources- Time, Frequency, Professional Background
A local council member visited the project. She was extremely impressed and immediately contacted the head of the Education Department in Hod Hasharon. She is trying to enlist his help to organize a group of handicraft teachers from local elementary schools to visit the project. She also contacted the head of the culture department in Hod Hasharon, to purchase municipal after school art activities, directly from the enterprise.

The donor spoke to CLICK’S director on the phone. She expressed satisfaction with the project but is still not prepared to enlist the financial assistance of her friends to recruit money for the program. She claims still not to have reached the level of satisfaction she needs. Staff and CLICK’S director are frustrated by her comments and are not really sure what she wants from them anymore. The staff feel that they are bending over backwards to set the program on the path as she desires and are disappointed by these remarks.

CLICK’S director also requested funds to employ the volunteer from the Nitzan project, an 18 year old who operates the cutting machine and suffers from extreme psychological problems. Nitzan feels he is ready to join the workforce. The venture has become dependant on his help. In addition the staff feels that it helped to stabilize his emotional state. Nitzan claims this is true and they are grateful to CLICK for his mental progress. The donor refused to fund his salary and claims she does not have the needed $5,000 AUD to finance it. The financial dependence on the donor places the project in a very unstable and unsure state.

7.4.05
Establishment Stage-Social Capital- Linking Capital-Obtaining Information- Time, Frequency, Professional Background
Key staff went to see a professional business consultant to receive advice about the development of enterprise. Sales are down and staff has lost confidence in the ability of the distributor to market the goods. The business consultant feels the venture is under pricing and that the distributor should be pushing sales much harder. He
believes the factory should work with more than one distributor and should be involved in direct selling.

10.4.05
Establishment Stage-Social Capital- Bridging Capital-Ha’aretz newspaper, Obtaining Resources- Time, Frequency, Professional Background, PR
A representative from Kehilat Yonatan the Reform Judaism movement contacted the Ha’aretz newspaper to write an article in English, expounding the CLICK project. As a result a PR article will appear in the Anglo file issued on a Friday. CLICK will once more gain national coverage for the program.

13.4.05
Establishment Stage-Social Capital- Bridging Capital, Na’amat Technology School-Obtaining Resources- Time, Frequency, Professional Background
The project developed a new Passover initiative. This Wednesday students studying fashion at the Na’amat Technology High School in Hod Hasharon, and elderly from CLICK’S community center for the aged, donated handmade dolls they created in a three month sewing project, to needy children referred by the local Department of Community Services. They jointly gift wrapped the dolls in a joyous gathering between two generations.

Plans are to launch this intergeneration concept as a national project for others to emulate. The idea of a national doll making competition will also be considered.

The youth attending the Na’amat Technology High School have a very low self image. They have not been accepted into the regular high schools due to low academic achievement and behavior problems. Our past experience with this school proved that volunteering can help to replace violent behavior, as well as improve the overall well being of the students. It also enhances their self image and the status of the school in general. All material used for this project was donated by the venture.

14.4.05
Establishment Stage-Social Capital- Linking Capital-Obtaining Resources- Time, Frequency, Professional Background-Social Trust- Occurrence
CLICK’S director approached the donor for an additional contribution to cover the salaries of the staff. She agreed to forward a cheque, but still feels the program is not a national one. She does not feel that the project expends enough effort in encouraging organizations from all over Israel to come to the center and believes the staff over invest in the business development side. She is against the idea of developing a retail shop and conducting handicraft seminars, despite the fact that many voluntary organizations have been requesting them. The staff feels that seminars offer a great potential for future revenue.

15.4.05
Establishment Stage-Social Capital- Social Trust- Lack of
The donor rang CLICK’S director expressing her dissatisfaction. She feels the project is not answering to the needs of the elderly on a national level. She feels it does not cater for the housebound on a national level and that organization only caters for local needs. The donor was extremely critical and her comments offended CLICK’S director.

16.4.05
Establishment Stage-Special Projects- Social Capital-Bridging-Capital-Obtaining Resources- Time, Frequency, Professional Background
A school for children with mild retardation in Petach Tikva commenced packing products this month, as part of its occupational therapy program. To date youth with
learning, behavioral and psychological problems have been involved with the project. Attracting children with mild retardation is a new trial component.

Establishment Stage-
Interviewing the Local Authority
Name: Mr. Chai Adiv, Mayor of Hod Hasharon
Date: 18.4.05
Hypotheses 6 -Social trust- What is your perception of “not-for-profit” organizations?

There are 30 not-for-profits in Hod Hasharon. They have a very important role. They provide the community with something that is otherwise not in existence. They provide an “arm branch”, as well as the means to transfer funds, to provide services which the municipality is unable to. Laws in the municipality prevent it and hold back from pushing it forward to do things that not-for-profits are able to do.

Not-for-profits enhance volunteerism and a high standard of giving. This in turn reduces violence and eventual drug use and makes a community become a contributor. This is particularly noticeable in Hod Hasharon. We have the largest Noar Ha Oved youth movement in Israel, consisting of 1,500 members. The civil guard voluntary service has 500 members. The volunteers in Hod Hasharon are predominantly young and the numbers are growing. This is a “giving community”.

Hypotheses 6 -Social trust- How do you view the role of the municipality in “not-for-profit” organizations?

To make sure that not-for-profits carry out their aims and adhere to correct management.
To support and help the community when it is in distress and to support via activities and money.

How do you see the future regarding the strengths and weaknesses of “not-for-profits”?

Strengths:
Not-for-profits are less bureaucratic.
Not-for-profits can help individuals in need of financial assistance. A municipality, if it does not have a municipal fund, cannot directly receive a donation. This needs to be transferred via a not-for-profit.
A not-for-profit becomes an action tool/instrument.
Not-for-profits are effective and focused with a particular aim.

Weaknesses:
Not-for-profits comprise of volunteers who are dedicated, but not always available when you need and want them.
When enhancing the service of a not-for-profit, difficulties arise because of the often limited time of the volunteers.
Are you familiar with the concept of Social Capital?
Yes, it is a new concept and a developing one. It represents the ability of people in the community. In a community there are different levels of people with different occupations and activity. The business sector is important to link onto to receive donations. This is a major source for donations to be tapped from.

Hypotheses 4 – Obtaining Resources or Info What is your view regarding Social Capital, when developing a community in obtaining resources/information?
Everyone can contribute resources or knowledge, in place of money. It is the role of the municipality to bring them all together and join the links in the community, to promote the needs of the community. Everyone should look on themselves as a leader and go to bed with a feeling that they have not done enough. They should come forth and take responsibility and ask themselves “what can I contribute to a not-for-profit?”

18.4.05

Establishment Stage-Special Projects- Social Capital-Bridging-Capital-Obtaining Resources- Time, Frequency, Professional Background

CLICK is launching a new community support service for the elderly in conjunction with Eshel, The Association for the Planning and Development of Services for the Aged in Israel, The National and Local Department of Community Services, the Local Municipality and Moked Enosh, an Israeli Company involved in the field of personal security and monitoring services. “The aim of the program is to enable elderly to remain in their own homes among friends and familiar surroundings as long as possible, even when they become frail, by delivering necessary services to their homes. The Supportive Community program addresses the needs of the elderly who continue to live in the community as their functional abilities decline by 1) providing a feeling of security and furnishing medical assistance when needed, 2) providing assistance in day-to-day activities as needed, and 3) encouraging and providing social contact to overcome feelings of isolation and loneliness.

CLICK has been negotiating with Moked Enosh to develop a national outreach service for the housebound. The idea being for CLICK to link on to Enosh’s existing network by providing handicraft activities as a therapeutic “miracle drug” for the housebound, to reduce stress and improve overall well-being. A minimal fee of $1.50 AUD will be charged per handicraft kit. CLICK’S staff has offered to train Moked’s coordinators to work on a national level with the housebound using its handicraft products. This will involve providing the housebound elderly, who receive the Moked Enosh emergency call system, with handicraft activities as a therapeutic “miracle drug”, to reduce stress and improve overall well being.

19.4.05

Establishment Stage-Marketing Strategy- Direct Marketing- Seminars-Moked Enosh-Social Trust-Lack of

CLICK’S staff conducted a training workshop to Moked Enosh Community Coordinators who will be working with the products, as a direct marketing strategy. This initiative was sparked off by the social donor's comments about not developing the project on a national level.

19.4.05

Establishment Stage-Special Projects

Danna Children’s Hospital Oncology Department, Tel Aviv– Passover initiative

CLICK’S volunteers conducted a handicraft workshop for cancer patients as a Passover initiative. The young children learnt the benefits of the poking project and had some calming and fun “time out” from their medical treatment and difficult surroundings. The children received gifts including handicraft kits, material and a doll made by the aged attending CLICK’S centers.
Establishment Stage-PR
The project appeared in the national Ha’aretz newspaper this month, which received global coverage via the internet.

Establishment Stage-PR
The project appeared twice in the local newspaper this month. These papers cover the following cities: Kfar Saba, Hod Hasharon, Ran’anna, Ramat Hasharon and Netanya.

Establishment Stage-Sales 2004
CLICK’S director reports to the social donor: "to date we are proud of our 2004 sales figure amounting to $18,084 AUD. As of 22.6.04 this was achieved with the help of our staff, aged volunteers and youth with psychological and behavioral problems and a national distributor. With the help of our social investors we reached an annual net profit of $13,684.87 AUD. Without this indebted support we would have a net loss of $9,882. Given these figures and the fact that we have been selling in 120 national craft stores for a short period of 9 months, I feel that we have potential to reach breakeven, within the next year of production. Our 2005 growth strategy is to reduce our current expenses, increase sales and eventually be less reliant on our valued social investors".

Establishment Stage- Distributor-Sales 2005-Social Trust-Lack of
CLICK’S staff is concerned that sales have been dropping steadily since January:

<table>
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<th>Jan</th>
<th>Feb</th>
<th>Mar</th>
<th>Apr</th>
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<tr>
<td>$ AUD 2,309</td>
<td>1,915</td>
<td>1,138</td>
<td>685</td>
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The distributor claims that this is typical of the current period and that all sales are slow at this time of year. He predicts it will increase prior to the summer holiday period. He also claims that the foam products have saturated the market and that our best products are handicraft felt kits. CLICK will be presenting products at a stall prepared for the Matnas Community Center Cooperation as a sales opportunity prior to the school holiday summer period.

CLICK’S staff has also decided to try direct selling to the municipality and organizations operating summer holiday programs.

Establishment Stage- Special Project-Community outreach project
Seventy different voluntary national organizations working in aged care have either visited, received information or donations via the project to date. The enterprise provides them with creative craft ideas and the opportunity to purchase bags of handicraft material for a nominal fee.

Establishment Stage-Social Capital-Bridging Capital- Number-Time-Frequency-Stage 2-Obtaining Resources- Number total-Professional background
The donor’s cousin visited the project. He visited the new prospective premises. He also volunteered to cut foam off cut material and have it shredded at his plant in Ashdod, so that it will be available for resale.
CLICK added a new organization to its packing team: the “Shalom” religious school in Petach Tikva which caters six days a week for youth aged 12-21, with mild to moderate retardation and problematic learning disorders. Students from 15 years upward participate in a range of work options, CLICK’S program being one of them. Handicrafts are packed on sight in the work room at the “Shalom” school. This experience helps prepare the students to enter the workforce when they finish school. The school is forever grateful to CLICK for providing its pupils with the opportunity to learn important useful skills for future employment. In turn CLICK benefits from enhanced productivity.

CLICK’S team presented the project on national radio Reshet Alef 100.7 FM, under the headline: Crafting the miracle drug”. The local public received information about the overall aims of the project and the methods used to reach these aspiration.

The social donor’s daughter from Australia came to visit the project. She presented as a very intelligent, confident, caring and empathic person. She was impressed by the vast activities which the program encompasses. She visited the new potential premises for the project and thinks it is very suitable for future plans. She will discuss the option of buying or renting it with the Australian foundation that supports the rent expense on her return visit. She understands the urgency involved for CLICK in knowing where the organization stands financially and has agreed to approach the Foundation on CLICK’S behalf when she returns in a few weeks.

This situation created tension between the two parties. CLICK’S director in addition was offended by the last phone call she had with the donor whereby she was criticized for the work she and the staff were doing. The donor was against working with the distributor and having valuable time taken up making low profit orders for him.
CLICK'S director felt that the criticism was not in place given the amazing achievements of the project to date.

11.5.05
Establishment Stage- Distributor-Sales 2005-Marketing Strategy-Direct Marketing-Seminars-Risk factor-Social Trust-Lack of
CLICK'S staff is still very concerned that sales have been dropping steadily since January. The staff decided to change its market strategy and invest time in marketing seminars to other not-for-profits catering for by the aged, and workshops in preparation for the summer school holiday period. These seminars will be advertised for the first time in the local newspaper and hopes are that they will bring in future revenue. CLICK will also need to take the risk of having its staff work longer hours and meet the consequent cost, if revenue does not cover expenses. This change in strategy is a direct link CLICK'S feelings of trust with the distributor.
CLICK fears the distributor may be working with someone else since sales have dropped so much. CLICK asked the distributor for a list of his customers. He supplied a list, which was a show of trust on his behalf.

12.5.05
Establishment Stage-Challenging Moments-Risk factor
CLICK has still not received a reply from the Australian Foundation regarding renewing its annual grant. CLICK is unsure if it will be able to secure funding for ongoing rent. This uncertainty places the organization at the extreme risk of closure. A number of alternatives exist:

1. CLICK hopes to either purchase or rent new premises two doors down. CLICK wants to entice the Foundation to purchase the new premises. The social donor's daughter is the link pin in negotiations. CLICK may sell an apartment owned by the organization to assist the purchase
2. CLICK will approach the municipality to provide premises for the venture

12.5.05
Establishment Stage-PR-National Magazine for the Aged
An article about the venture titled “Crafting the miracle drug” appeared in “Meser” a national magazine illustrating services for the aged in Israel

19.5.05
Establishment Stage- Special Projects
CLICK'S director spoke with the Share Ztedek hospital in Jerusalem to discuss the idea of bringing handicraft kits to the dialysis unit. The contact with the hospital was made via the Israeli director of the Ziv charitable fund that donates to CLICK. The dialysis unit caters for approximately 10 children from 2 to 16 years of age. Whilst undergoing dialysis treatment they will have one hand free to enjoy handicrafts. Plans are to train the nursing staff to continue with new handicraft options in the future and to purchase kits for a minimal price.

24.5.05
Establishment Stage- Distributor-Sales 2005-Marketing Strategy-Direct Marketing-Seminars-Social Capital- Social Trust- Lack of
CLICK'S staff feels that the distributor is not honest with them about the decrease in sales. They fear he may have ideas about copying the products in China and possibly importing them. They also fear he may have purchased Afektim a competitor that CLICK once thought of buying out.
CLICK'S director asked the distributor for a list of all its customers, so as to invite them to a workshop as a promotion strategy for the summer school holiday period.
The fact that he gave it to her implies that he is not going behind CLICK’S back and importing products from China. He let staff photocopy the full list.

25.5.05
Establishment Stage- Establishment Stage- Special Projects
The Alzheimer Society is interested to include the poking project in their new Alzheimer’s kit. The current kit contains a variety of useful tools for the aged, such as handicrafts, a photo album and exercise tools. The volunteer social worker from the Alzheimer’s not-for-profit, who is also the manager of the retirement home Beth Ha Shemesh, was impressed with the range of handicraft options.

26.5.05
Establishment Stage- Social Capital-Linking Capital- Number-Time-Frequency-Stage 2-Obtaining Information- Number total-Social Trust-Occurrence
The donor rang CLICK’S director to express her satisfaction with the project after talking to her daughter. She agreed to forward an additional $5,000 AUD. It appears that if the venture does the job as she desires, then she forwards more funding.

27.5.05
Establishment Stage- Social Capital- Social Trust-Occurrence
Family influence and interpersonal relationship has significantly influenced the project to date. The donor who was feeling a fall out with CLICK’S director had a sudden change in feeling when her daughter returned from visiting the project. According to her daughter staff is doing an amazing job. She strongly feel that the donor should pass on full responsibility to CLICK’S director and not to be involved in the daily running of the place. She feels she should be a financial investor with no say in the running of the project. This creates family tension since the donor still wants an active role in the project.

The donor has had a number of arguments with her family as a result and this created friction between them.

26.5.05
Establishment Stage- Social Capital-Bridging Capital- Number-Time-Frequency-Stage 2-Obtaining Resources- Number total-Play 4 Elderly
CLICK’S staff visited the “Play 4 Elderly” organization in Tel Aviv. The contact was made as a result of an article that appeared several years ago in the newspaper which the donor showed to CLICK’S staff.

The organization also presented a display at the conference in Jerusalem on services for the aged. On a national level “Play 4 Elderly” provides entertainment activities for children and the aged. The organization is interested in preparing an educational game with handicraft products. Staff will visit next month in order to work on the project.

29.5.05
Establishment Stage- Social Capital-Linking Capital- Number-Time-Frequency-Stage 2-Obtaining Resources- Number total-Mayor of Hod Hasharon
The mayor visited the venture for the first time. CLICK’S staff approached him regarding using municipal premises, rather than paying rent and for a rebate in municipal rates. In addition his help was solicited to approach the Hod Hasharon Education Department, to purchase handicraft products from the venture for the school and kindergarten system. The Education Department immediately made contact with CLICK and visited its premises.
31.5.05
Establishment Stage- PR-Local Paper-Direct Marketing- Workshops
CLICK will be advertising for the first time in two of the local newspapers with paid advertisements for handicraft workshops to be held during the school holiday period. This aims to reach the local public- Grandparent and grandchild workshops will be the focus.

5.6.05
Establishment Stage- Social Capital-Bridging Capital- Number-Time-Frequency-Stage 2-Obtaining Information- Number total-Mayor of Hod Hasharon
Marketing strategy- Direct Marketing-Global Market-Packaging
A volunteer from Kehilat Yonatan and her partner visited the venture in order to give business and marketing advice. They offered to fund and build a web page. In addition they are interested in helping CLICK enter the global market targeting Jewish educators. They also offered to locate couriers to transport the products to the States. This is legally permitted for goods up to the value of $1,000 USA per person. They also offered to find sponsors for new packaging and instruction sheets as well as free graphic service. They suggested using the blue and white Magen David label to identify an Israeli product as well as mentioning “helping the aged in Israel”. They both hold MBAs and have experience in marketing.

6.5.05
Establishment Stage-Social Capital-Bridging-Obtaining Resources-Number-Time-Frequency-Stage 2-Obtaining Resources-Number total-Volunteering-Diversity-Work hours per week-Number of volunteers-Type of Diversity-Special Projects
CLICK will be adding a new organization to its packing team, a school called “Av Shalom” in Netanya which caters for youth aged12-21, with mild retardation. Students currently participate in a range of work options and the CLICK program will become one of them. This contact was made via a parent from the Rabin Elementary School in Hod Hasharon, who worked with CLICK in one of its intergenerational programs.

15.6.05
Establishment Stage-Social Capital-Bridging-Obtaining Resources-Number-Time-Frequency-Stage 2-Obtaining Resources-Number total-Volunteering-Diversity-Work-Marketing strategy- Direct Marketing-Global Market-Packaging
The Danna Children’s Hospital Oncology Department placed a new order for the poking project. This is due to the fact that a successful workshop was carried out at the hospital. As a direct consequence, the Head of the Educational Department at the
Danna Children’s Hospital, who was shown the products, contacted CLICK for this order!

16.6.05 Establishment Stage- Social Capital-Organizational Culture-Activity Above Work Hours-Marketing strategy- Direct Marketing-Seminars
CLICK’S staff has been working non-stop this month preparing handicraft ideas which were presented at seminars to coordinators of summer school activity programs. In addition, the enterprise is advertising in the local paper the handicraft seminars to be held in July for children and grandparents, parents, and children of all ages.

19.6.05 Establishment Stage- Social Capital- Linking Capital- Resources-Number-Time-Frequency-Stage 2-Obtaining Resources-Number total- Growth Strategy
The director of the Australian Foundation was approached by CLICK’S director, regarding additional funding for 2005-2006. She claimed that without the support of social investors, the venture would not be able to reach the level of service obtained to date, and to make the project grow. Entering the competitive world of small businesses has been challenging and CLICK is still attempting to reach breakeven.
Given the experience CLICK gained in the handicraft market, it is predicted that within the next two years, the project will reach this point and eventually make a net profit.
The growth strategy for 2006 is:
1. To increase sales by opening an outlet store, plus direct marketing
2. To increase sales via the craft distributor through product diversification
3. To increase sales by operating handicraft workshops
4. To increase sales by entering the global market (Jewish Day/Sunday Schools)
5. To decrease purchases – the cost of raw materials
In order to carry out 1-3, CLICK needs to move to larger improved premises with the help of the social investors.
CLICK has a number of rental or purchasing possibilities available, with a preference to buying premises rather than renting, so as to provide for the future, a secure infrastructure.

20.6.05 Establishment Stage- Social Capital- Bridging Capital-Obtaining Resources-Number-Time-Frequency-Stage 2-Obtaining Resources-Number total Social Capital-Bonding Social Capital-Obtaining Resources Marketing Strategy-Direct Marketing-Seminars-Hospitals
CLICK’S staff made contact with the Dana Children’s Hospital via the Nitzan Organization. The mother of one of Nitzan’s youths, who worked at the project, is in charge of handicraft occupation at the Oncology ward. CLICK’S staff recently met her at a house warming party organized for her son. She expressed her extreme satisfaction with the workshop, held during the Passover festival and her desire to obtain the handicraft products. She since placed an order and consequently referred CLICK to the department in charge of handicrafts for the entire Danna Hospital.
venture received a 312 AUD order as a result. The delivery of handicraft goods to Danna Children’s Hospital was carried out by CLICK’S director’s husband, a physician at the adjoining Ichilov Hospital.

23.6.05
Establishment Stage- Social Capital- Linking Capital-The donor- Resources-Number-Time-Frequency-Stage 2-Obtaining Resources-Number total-Social Trust-Occurrence
The donor rang CLICK’S director to express her satisfaction with the project. Since her daughter visited the project and provided a wonderful feedback report, she is more than ready to provide ongoing support. The donor though did express that she is totally against moving to new premises with stairs to climb. She will not support the project unless it moves to one level ground floor premises. Although she is controlling in her remarks, there is sound merit in her wishes. CLICK'S director consequently found new premises, a large ground level 400 sq. meters warehouse. CLICK is negotiating with the landlord to carry out the following necessary renovations:

- Floor tiles on the entire 200 meter floor
- A partition wall dividing the 200 meter warehouse into two separate 100 meter sections
- Acoustic roof covering 100 square meters
- Plaster walls around the 100 square meter area
- Air conditioner
- Additional door at the entrance
- Use of the additional 200 adjoining warehouse, until it is let
- Planting trees and grass

The social donor has also agreed to forward $25,000 AUD in advance to cover the rent for two years and other seed money, since CLICK has not yet received a reply from the Foundation. This will relieve the organization from a tremendous financial burden, as the lease expires in one month. In addition the donor is sending stocks of ready made handicrafts to provide the organization with a healthy supply in preparation for a huge opening in September.

27.6.05
Establishment Stage- Marketing Strategy-Direct Marketing-Summer Holiday Programs- Lapid School Kaitana
CLICK sold goods to two large summer school holiday programs. Staff has been doing a tremendous job and trained 4 groups of 10 teenage Summer Holiday teachers, who will be working with the products. It was an emotional sight to see so many of the youth enjoying the benefits of handicrafts.
poking project. She consequently referred the manager of the handicraft division from The Children’s Hospital to CLICK. The venture then received a large order, catering for three departments in the hospital. Today the Danna Children’s Hospital referred CLICK to a school for Autistic children in Tel Aviv. The school’s staff visited the venture today and placed a significant order and will be using CLICK products (particularly the poking project) to cater for 67 children in the school’s summer holiday program.

28.6.05
Establishment Stage- Social Capital- Linking Capital-ZIV Charitable Foundation- Resources-Number-Time-Frequency-Stage 2-Obtaining Resources-Number total
The Ziv Charitable Foundation from America visited THE PROJECT yesterday and may help financially in the future. CLICK presented the organization with a grant request for additional manpower in the field of marketing, to pursue direct marketing at hospitals and rehabilitation centers.

Establishment Stage-Sales June 2005
Sales for the month of June reached $2,285 AUD with $1,471 AUD coming from direct sales and $749 AUD via the distributor. Targeting organizations shows a more viable potential for the venture.

7.7.05
Establishment Stage- Social Capital- Linking Capital-The donor- Resources-Number-Time-Frequency-Stage 2-Obtaining Resources-Number total-Social Trust-Occurrence
The donor offered to rent an additional 200 square meters of new premises for $1,500 USD, not including 17% tax for the entire premises. This is a total cost of $42,480 USD for two years.
The donor has been adopted as the new mentor for the project. CLICK’S staff has agreed to continue the project “the donor’s” way, since everything she said to date has been 100% correct; such as the distributor not paying off, volunteers taking up too much time, the need to enter the market of organizations and institutions.
The donor is extremely excited and satisfied with the turn of events, regarding the attitude of CLICK’S staff and is working from morning till night on the project. She is in daily phone contact with CLICK’S director. Although this is very taxing and time
consuming, CLICK'S staff has now placed full faith in the social donor's direction and heeding to her direction. This new role has a direct influence on the projects performance. Less emphasis is now spent on satisfying the distributor who has not kept up to CLICK'S expectations to date.

The new premises under renovation:

7.7.05
Establishment Stage- Social Capital- Bonding Capital-The donor- Resources-Number-Time-Frequency-Stage 2-Obtaining Resources-Number total
CLICK'S volunteer lawyer is preparing the lease contract for CLICK'S new premises.  
9.7.05
Establishment Stage- Social Capital- Linking Capital-The donor- Resources-Number-Time-Frequency-Stage 2-Obtaining Resources-Number total
The Australian Foundation agreed to provide CLICK with a 3rd but final, grant. CLICK will receive $15,000 AUD sometime late October.

14.7.05
Establishment Stage- Linking Capital-The donor- Resources-Number-Time-Frequency-Stage 2-Obtaining Resources-Number total-Social Trust- Occurrence
The donor agreed to finance the employment of a youth who attends the Nitzan organization. CLICK'S director previously asked the donor if she is willing to employ him and she disapproved. The donor is now so impressed with the project, that she changed her mind and agreed to the request. The new trusting relationship is reaping amazing benefits and turn around in attitude on both sides.
CLICK'S director spoke with the head supervisor of Rehabilitation Services at the Department of Community Services in Tel Aviv. She wants to visit the program to see if it can be recognized by the Department as providing paid employment to the learning impaired. If so, it is possible to receive a monthly subsidy for the Nitzan youth amounting to around $143.
17.7.05
Establishment Stage- Bonding Capital- Resources-Number-Time-Frequency-Stage 2-Obtaining Resources-Number total
CLICK’S director's husband completed the overall layout for a web page which CLICK plans to launch.

19.7.05
Establishment Stage- Bridging Capital- Resources-Number-Time-Frequency-Stage 2-Obtaining Resources-Number total
CLICK enlists the help of a young boy, who is due to enroll in the army in November. He was recruited via CLICK’S handicraft seminar coordinator. He has agreed to design a web page on a volunteer basis.

26.7.05
Establishment Stage-Social Capital-Bridging Capital- Number-Time-Frequency-Stage 2-Obtaining Resources- Number total-Professional background
The donor’s cousin visited the new premises. He volunteered again to cut foam off-cut material and have it shredded at his plant in Ashdod, so that it will be available for resale. He also donated color paper to CLICK.

27.5.05
Establishment Stage- PR-Local Paper-Direct Marketing- Workshops
The venture's “grandparent and grandchild” workshops which were advertised for the first time in two of the local newspapers, with paid advertisements for handicraft workshops, to be held during the school holiday period, had very poor enrollment.

28.7.05
Establishment Stage- Social Capital- Linking Capital-ZIV Charitable Foundation-Resources-Number-Time-Frequency-Stage 2-Obtaining Resources-Number total
The Ziv Charitable Foundation from America agreed to finance, for a 3 month trial period, additional manpower in the field of marketing, to pursue direct marketing to hospitals and rehabilitation centers.

30.7.05
Establishment Stage- Linking Capital-The donor- Resources-Number-Time-Frequency-Stage 2-Obtaining Resources-Number total-Social Trust- Occurrence
Once a trusting relationship developed between the donor and the CLICK’S staff, the relationship changed from authority and control to bonding and nurture. The donor took on the role of adviser, using past business “know-how” to teach the not-for-profit how to perform. Rather than just invest and “let go” the social investor chose to be an integral player in the business development process. The social investor’s return on investment was reaping the emotional satisfaction of providing for a social cause. Social value was the pivotal concern.

For CLICK, previously concerned with the sole aim of sustainability and profitability, this purpose became less significant as the project developed. The process along the way was what ended up becoming of the utmost importance. Many people involved in the enterprise simply benefited from it. The aged and learning impaired employed in the project, were provided with meaning, value and worth to their lives. Sick children in hospitals, benefited from creative handicraft workshops, developed as a marketing strategy. “Drop out” youth and the elderly in a cross generation program, gained self esteem by donating dolls made from material donated by the business.

Revenue and sustainability was no longer the driving force. Providing social benefit took prime importance. The satisfaction gained from this in entirety, was the catalyst and inspiration for the ongoing business development.
30.7.05
Establishment Stage- Social Trust- Occurrence-Bonding Capital-Obtaining Information-CLICK'S director’s mother
The donor rang CLICK'S director’s mother. She told her how pleased she is with the project. She mentioned how she had a “fall out” with CLICK'S director in the past, but now things have changed for the better. She mentioned how she wanted to pull out from the project, and reestablish a new program in Australia. Since feeling a new stronger relationship of trust with CLICK'S director, she decided to invest all of her efforts in establishing the enterprise, in the manner that she believes it should be in Israel today.

6.8.05
Establishment Stage- Social Capital- Linking Capital-Obtaining Resources-ZIV
CLICK’S director and CLICK’S handicraft coordinator were invited by the Ziv Charitable Organization to talk to a USY group of 16-18 year old American youth, about the CLICK not-for-profit and the project. The youth group volunteered to work with 4-7 year old children, from distressed homes in Jerusalem, who attend a summer program organized by a renowned Rabbanit. The children enjoyed making THE finger puppet from kits and creating a picture with the venture's poking kit. Hopes are that on returning to the States, the youth will spread the word about CLICK and the business venture to camps, synagogues and friends. ZIV paid for all expenses incurred by CLICK'S staff.

8.8.05
Establishment Stage- Social Capital- Linking Capital-Obtaining Resources-The Owner-Rubbish Disposal Contractor
The landlord of the new premises has been amazing in all the extras he has installed in the new premises. He tiled the 300 square meters and affixed appropriate lighting, acoustic ceiling and plaster walls. An additional window, door and toilets were installed- totaling two, fire detectors and emergency lighting. The owner cleared the back entrance from tall weeds and bushes, in case of potential snakes! He plans to plant trees and grass in the back yard. To date he complied with all the requirements of the insurance company, over and above expectations. I doubt business entrepreneurs would have received the same treatment for nothing!
8.8.05 Establishment Stage - Social Capital - Organizational Culture - Activity above work duties
Staff worked during its summer vacation to accompany CLICK’S director while the cutting machine was transported to the new premises with the help of a crane. It was a stressful and worrisome moment given the machine falling when initially arriving to the first premises.

8.9.05 Establishment Stage - Social Capital - Organizational Culture - Activity above work duties
CLICK’S staff worked overtime moving to the new premises and cleaning the old premises. Volunteers helped pack and sort material and restore the old premises back to its original condition.

9.9.05 Establishment Stage - Social Capital - Bonding Capital - Obtaining Resources - CLICK’S director’s husband, THE PROJECT’S manager’s husband
CLICK’S director’s husband worked on a Saturday together with her helping to sort the many boxes of material. The production manager’s husband placed the new mezuzah on the wall. He also assisted in preparing display boards.
10.9.05
Establishment Stage- Social Trust- Lack of distributor
Sales are down, despite the fact that the distributor claims to have the best sales ever for this season. The distributor also mentioned that he is buying foam printed cutouts from another manufacturer and is planning to travel to China. CLICK is very suspicious of his motives and feels they can no longer trust him, rely on him or confide in him.

11.9.05
Establishment Stage-Special Projects
MEIR Hospital Children’s Department, Kfar Saba
CLICK’S handicraft coordinator, supported by the ZIV tzedakah fund in the USA, conducted a handicraft workshop for children hospitalized at the Meir Hospital in Kfar Saba. The young children learnt the benefits of the poking project and had some calming and fun “time out” from their medical treatment and difficult surroundings. The children received gifts including handicraft kits, material and a doll made by the aged attending CLICK’S centers.

11.9.05
Establishment Stage-Bridging Capital-Diversity-Rotary
The head of Rotary Israel visited the new premises this week. Local Hod Hasharon Rotary volunteers participate in the workshop. They contribute by packing and sorting handicraft material. Their efforts enable the organization to keep up with supply and demand.

19.9.05
Establishment Stage-Marketing Strategy-Direct Marketing- Seminars-Hospitals-Social Security-Volunteers- Diversity-Shalvata- work hours per week-Number of Volunteers-Type of Diversity
In the first month of operating the new “philanthropic” marketing plan, supported by ZIV in America, CLICK operated four workshops at the following hospitals: Schneider Children’s Hospital, Tel Ha Shomer Children’s Department, Meir Children’s Department and Shalvata Psychiatric Hospital. An additional workshop was held for volunteers from the Social Security Department. The workshop at the Meir Hospital was very fruitful since four kindergartens were recruited from an Arab patient, who placed an order for $800 AUD. CLICK also recruited a volunteer from the Shalvata Psychiatric Hospital to work on the cutting machine. The workshop with volunteers from Social Security may prove to be a new potential avenue of reaching the housebound on a national level. This is just beginning and the orders are starting to come in.

20.9.05
Establishment Stage-Linking Capital-Obtaining Resources- Local Council Member-Time-Frequency-Profession
A local council member visited the new premises for the project. CLICK approached him for a donation to install direction signs to the new location.
21.9.05
Establishment Stage-Social Capital-Linking Capital-Obtaining Resources- Local Council Member-Time-Frequency-Profession
The Mayor’s wife visited the new premises for the project. CLICK approached her for help networking, for the PR campaign for the opening. In addition her mother was recruited as a new volunteer.

22.9.05
Establishment Stage-Social Capital-Private Value-Improved Wellbeing, Feeling Appreciated
CLICK’S workers celebrated their annual new-year party at the new premises. The Mayor of Hod Hasharon, his wife, a council member and the social donor's daughter were present. A tremendous feeling of wellbeing was experienced by the volunteers as well as being appreciated for their hard work.

25.9.05
Establishment Stage-PR-Radio
Radio Barack FM 90 attended CLICK’S "lechayim" for Rosh Hashana and recorded the event which was broadcasted twice during the week. CLICK’S staff and volunteers celebrated the beginning of the Jewish New Year (Rosh Hashana) in the new premises of the project. The mayor of Hod Hasharon, his wife Michal and a council member were among the guests.
From down under Australia, the donor’s daughter spoke on behalf of her parents, the aspirators and founders of the project.

25.9.05
Establishment Stage-Social Capital-Bridging Capital-Obtaining Resources- Sherut Leumi-Time-Frequency-Profession-Social Network-Factory-Increased Productivity-Feeling Productive-Improved Wellbeing
CLICK recruited a new staff member – a girl from Sherut Leumi- an alternative to army duty. She will work for one year in the project and will be funded by Sherut Leumi. She was recruited via a connection with her mother who is conducting a joint project with CLICK. The girl had a stroke at birth and has coordination problems. Her previous place of employment for Sherut Leumi was not successful and she is in need of a warm, caring environment. Since working in the workshop she has helped improve productivity to a small degree and her overall wellbeing has improved.

26.10.05
Establishment Stage III-Social Capital-Linking Capital-Obtaining Resources- The donor-Time-Frequency-Profession
A second shipment of cardboard sheets sent by the donor arrived. The first shipment is currently being itemized by the tax department, since it did not include a packing list and is of better quality material.

27.10.05
Establishment Stage III -Social Capital-Linking Capital-Obtaining Resources- Pratt Foundation-Time-Frequency-Profession
The Australian Foundation has offered CLICK to partake in a new professional hands-on fund-raising support program run by the organization. This support will take the form of an external “consultant” working part-time with CLICK, developing its materials, skills and programs, in order that it develop the tools to enable long term development and project viability.

2.11.05
Establishment Stage III -Social Capital-Bridging Capital-Obtaining Resources- ZIV-Time-Frequency-Profession
A lady contacted CLICK to organize an evening tzedaka (fund raising) project for her family and friends in honor of the 2nd yarzheits (commemoration) of her father, and her husband’s mother.

The Israeli director from the ZIV Tzedaka fund “bridged” the contact between the lady and CLICK who conducted a workshop with the venture's creative handicrafts, her friends and family. Together they made over 60 hand made dolls and finger puppets to be donated to children from families in crisis.

The ZIV fund also offered to help CLICK update its new website.

3.11.05
Establishment Stage III –Marketing Strategy, Direct Marketing, Cold Calls
Marketing Strategy
CLICK had a productive month, predominantly with over 70 cold calls and a few visits, in spite of the Chagim holiday period, and made positive initial contact with jails and several rehabilitation projects on a national level.

8.11.05
Establishment Stage III -Social Capital-Linking Capital-Obtaining Resources- The donor-Time-Frequency-Profession
CLICK’S staff is worried, distressed and frustrated with the decrease in sales from the distributor, and the lack of general visits from organizations and consequent sales. CLICK’S director expressed her concern to the donor who immediately offered for the team to come to Australia to receive her business advice. The donor is a tremendous inspiration to the organization. She would like to come to Israel to offer her business expertise, but is unable to leave her husband who turns 92 this week.

8.11.05
Establishment Stage III -Social Capital-Bridging Capital-Obtaining Resources- -Time-Frequency-Profession
The website for CLICK was launched today with the help of a volunteer who will be recruited next week into the army.

15.11.05
Establishment Stage III -Social Capital-Linking Capital-Obtaining Resources- Myriam’s Dream-Time-Frequency-Profession
CLICK’S long time supporter and friend from the Myriam’s Dream Fund, Paul Flexner from Atlanta, took “time out” from his busy schedule to visit the THE PROJECT handicraft venture. In no time Paul joined the THE PROJECT team making foam cut-outs on the industrial cutting machine (pictures inserted).
Myriam’s Dream Inc., is a not-for-profit that was established to raise resources and awareness of the isolation of the aged particularly in the United States, Israel, and on a universal level. The organization was set up in quest of Myriam Mendilow’s vision. The Myriam’s Dream not-for-profit has been supporting intergenerational and community projects at CLICK since 1998.

18.12.05
Establishment Stage-Special Projects
Sheba Hospital Children’s Department, Beer Sheba
CLICK’S handicraft coordinator, supported by the ZIV tzedakah fund in the USA, conducted a handicraft workshop for children hospitalized at the Sheba Hospital in Beer Sheba. The young children learnt the benefits of the poking project and had some calming and fun “time out” from their medical treatment and difficult surroundings. The children received gifts including handicraft kits, material and a doll made by the aged attending CLICK’S centers.

23.11.05-4.12.05
Establishment Stage III -Social Capital-Linking Capital-Obtaining Resources- The donor-Time-Frequency-Profession- Social Trust- Occurrence
CLICK'S director, and the production manager of the project, returned from an Entrepreneurial Journey to Australia. They were invited by the founders from Melbourne, to consolidate aims and prepare a working plan for the ongoing development of the program. The following short term goals were agreed on:

1. To develop a national program for the housebound in Israel
2. To develop a national PR campaign promoting the project
3. To establish a handicraft business venture with onsite direct selling

The visit was extremely tense and marked by dissatisfaction by both parties. The donor is interested in developing a national program for the housebound in Israel, which has not been accomplished to date. CLICK’S staff was disappointed since it expected to be taught specific business principles by the donor, who was preoccupied with methods to reach the vision. CLICK’S staff believes that given the appropriate resources all the goals can be achieved. Bonding the relationship achieved a strong sense of trust and belief in the vision of the project: To promote the vision to provide valued occupation to the aged, disabled and people of all ages.

A 6 months renewable agreement was signed stating the following:
The donor agrees:

- To promote the vision to provide valued occupation to the aged, disabled and people of all ages.
- To pay all that is necessary for the 2006 budget (attached) given fulfillment of the short term goals of the project as listed below:

**GOALS**

4. To develop a national program for the housebound in Israel
5. To develop a national PR campaign promoting the project
6. To establish a handicraft business venture with direct selling

**MEASUREMENT INDICATORS**

1. The number of people and the geographical regions participating in the national program for the housebound in Israel in a six month period
2. The number of people and geographic regions of the people visiting the project in a six month period
3. The amount of sales incurred

The CLICK not-for-profit organization in Hod Hasharon Israel, agrees to:

- Promote the vision to provide valued occupation to the aged, disabled and people of all ages.
- Abide by the goals listed above, that will be evaluated and reassessed on a 6 month basis, given the financial commitment is adhered to.

This agreement is effective for the period 1.12.05- 1.5.06 and will be automatically renewed.
This agreement will be terminated at the end of this 6 month term, given lack of satisfaction by either party.

19.12.05
Establishment Stage III -Social Capital-Bridging Capital-Obtaining Resources- PR manager-Time-Frequency-Profession
CLICK has employed a new volunteer PR manager whose specialization is not-for-profits. She was recruited by CLICK's manager of the day care center for the disabled, since her father visits the center. She is currently working on national TV news broadcasts for CLICK and a current affairs program. She has tremendous work connections and managed the PR for Arik Sharon's (Prime Minister of Israel) campaign in his earlier candidacy and the mayor of Hertzliya.

20.12.05
Establishment Stage III -Divisional Organizational Structure-Program Management-Production Team-Outsourcing-On sight factory team-Social Capital-Social Network Factory- Feeling Productive- Increased Productivity
The overall mood at CLICK is very positive. Since dividing the current work into three specific areas, (PR, production management and national program of the
housebound) roles are much clearer and there is renewed motivation and hope that the program will succeed. A recently retired religious store man who lives in Petach Tikva was employed full time as of this week, to work on the cutting machine and pack stock. He has not been in the workforce for one month and claimed to be feeling marvelously active and productive since joining the team. CLICK plans to increase productivity due to his help.

20.12.05
Establishment Stage III - Social Capital-Social Network Factory- Feeling Productive- Increased Productivity- Improved Wellbeing
Packing has been outsourced to the following centers: Beth Proteya retirement village, 3 elderly citizen clubs, three schools for the learning impaired.
Volunteers have also been outsourced to supervise quality control at the 3 elderly citizen clubs.

20.12.05
Establishment Stage III -Special Projects
A new national program for the housebound has been launched whereby handicraft kits for the housebound are currently being packed on mass by an elderly citizens club. 6 manpower agencies were offered to participate in a pilot project, whereby kits will be allocated for free on a first time basis.

20.12.05
Establishment Stage III -Social Capital-Social Network Factory- New Friendships
The volunteers regularly swap phone numbers and have developed new friendship networks amongst themselves.

21.12.05
Special projects- Yigal Alon
The Yigal Alon School will be selling handicraft kits to raise funds for THE PROJECT.

26.12.05
Establishment Stage III - PR
A poster presentation depicting “Crafting the Miracle Drug” will appear at The Israel Gerontological Society National Conference on December 26th.

27.12.05
Establishment Stage III -Social Capital-Social Network Factory- Feeling cared for, appreciated
Since moving to the new premises, several volunteers are no longer able to attend the workshop, given the traveling distance. Concerned about one another they keep in
contact to see what can be done to try to organize transportation. They feel lonely and frustrated that they no longer can attend the workshop.

27.12.05
Establishment Stage III-Special Projects-Social Capital-Linking Capital-Bonding Capital-Obtaining Resources
The donor has sent new knives for the project and a lot of written literature which CLICK'S director’s brother will bring to Israel. She is continually worried that the staff is not suitable for the job, but nevertheless agrees to continue funding it.

27.12.05
Establishment Stage III-Social Capital-Linking Capital-Obtaining Resources-ZIV
Ziv’s Israeli director has offered to help CLICK update its website.

27.12.05
Establishment Stage III-Social Capital-Linking Capital-Obtaining Resources-
The donor’s cousin assisted CLICK with the shipping and customs agent in receiving the last final shipment of cardboard pieces for a felt board project.

1.1.06
Establishment Stage III-PR- TV-Local Newspaper
The project and the idea of social entrepreneurship appeared on the National Channel One news on Sunday 1.1.06, and in one of the Sharon Regional newspapers.

2.1.06
Establishment Stage III-Marketing Strategy-Direct Marketing-Seminars- Beit Berl-Arab Sector
A handicraft seminar for over 30 kindergarten trainee teachers from the Beit Berl Teacher’s College, Arab Sector kindergarten course visited the project. The participants learned new teaching techniques and also provided valuable feedback regarding the needs of this target market. This group is interested in ongoing contact as well as bringing new student groups to visit the project.

3.1.06
Establishment Stage III-Social Capital-Bridging Capital-Obtaining Resources-Yigal Alon School
Students at the Yigal Alon Primary School have been ringing CLICK on a daily basis offering to volunteer in the organization. During the Hanukah holidays they helped pack at the workshop and worked with the aged at the Community Cultural Centers. In addition they have been selling handicraft kits to their family and friends.
8.1.06 Establishment Stage III-Social Capital- Linking Capital-Obtaining Resources-The donor
The donor has been ringing constantly and interfering in the day to day running of the organization, asking unnecessary questions. The donor is extremely demanding and not keeping to her side of the bargain regarding the funding. CLICK'S director and staff are considering not continuing the partnership arrangement with her, given her demands, which is affecting work spirit and motivation. This would be a huge risk factor given the financial dependence on the social donor.

8.1.06 Establishment Stage III-Social Capital- Social Trust- Lack of-The donor
Over investment could be the downfall of the project, whereby too much energy and emotion has been invested in maintaining the working relationship with the donor. New avenues of funding have to be sourced for the project and are currently being worked on, with the help of a fund raiser at The Australian Foundation.

8.1.06 Establishment Stage III-SALES 2005

Annual sales for 2005 were AUD$13,204, compared to AUD$17,661 in 2005- a decrease of AUD$4,457. The sudden drop is mainly due to decreasing sales by the distributor. Annual average monthly sales dropped to $1,100 in 2005, compared to $1,471 in 2004. Sales increased in June 2005, as a result of the new marketing strategy of direct selling, mainly to summer holiday programs, and not via the distributor. Sales dropped during the summer holiday period in August and in October due to the Jewish Festivities, but started to increase in November as a result of direct marketing.
Distributor sales dropped from $9,720 in 2004 to $7,892 in 2005, a decrease of $1,828.

9.1.06
Establishment Stage III-Marketing Strategy-Direct Marketing-Sales Lady
A volunteer has been selling products directly on a small scale to kindergartens in Hod Hasharon.

12.1.06
Establishment Stage III-Marketing Strategy-Direct Marketing-Exhibition Center Tel Aviv
CLICK had a very successful outreach day at a stall at the Ganei Tarucha Exibition building in Tel Aviv. Over one hundred professional workers in the geriatric field attended and staff presented a speech about the housebound program to all of the participants. The venture's stall was considered the major attraction of the event and is a prelude to the ‘three day stall’ in March where 25,000 elderly attend annually.

15.1.06
Establishment Stage III-PR- Radio
The project involving crafting as occupation for the housebound, plus the idea of social entrepreneurship, involving the aged sector in business innovation, was aired on the Galey Zahal National radio station this week by the renowned Orly Vilanai.

Once more CLICK’S volunteer PR consultant, organized the event

17.1.06
Establishment Stage III-Marketing Strategy-Direct Marketing-Web Marketing
CLICK’S director met with the director of “Fleur”, a family company looking for exciting new and potential products or businesses to take to market in other parts of the world. Fleur is characterized by its dedication to aiding fledgling companies expand, grow and find their footing in relevant new markets. Fleur is particularly competent in web marketing and aims to market hi-tech companies for handicraft seminars as a fun day for workers, as well as to purchase handicraft kits for presents.

18.1.06
Establishment Stage III-Social Capital- Linking Capital-Obtaining Resources-The donor, Social Trust, Lack of Social Trust
The donor has been threatening the organization, saying that she is cutting back next month’s funds from AUD$8,300 to AUD$2,500 as agreed upon during the visit to Australia. As a result CLICK’S director has threatened staff retrenchment, to be able to cover expenses. A cat and mouse game is being played out, which affects trust, relationship, future planning and strategy.

19.1.06
Establishment Stage III-Social Capital-Social Network-Factory
Fewer volunteers attend the workshop since packing has been outsourced to 3 schools and elderly citizens clubs operated by CLICK.
24.1.06
Establishment Stage III-Social Capital-Bridging Capital-Obtaining Resources-
Volunteering-Diversity-Work hours per week-no. volunteers-Type of Diversity
The “Beit Protea” retirement center in Hertzlia has joined the packing team. A group of 15 retirees visited yesterday for training in order to help keep up with production and supply. CLICK’S staff thanks its board member for the contact and the new team for its cooperation and desire to promote community initiatives.

24.1.06
Establishment Stage III-Marketing Strategy-Direct Marketing
As part of the venture's direct market strategy, the premises has had a new “make over”. CLICK’S staff redesigned the layout of the premises to suit the needs of the incoming public. Local and distant shoppers simply pick up a shopping basket and stroll down the spacious isles of the outlet center, full of new and exciting handicraft delights. Space has also been allocated to a workshop area to host visiting groups.

25.1.06
Establishment Stage III-Social Capital-Bridging Capital-Obtaining Resources-
Volunteering-Diversity-Work hours per week-no. volunteers-Type of Diversity-
Nitzan Organization
The Nitzan Organization continues to send volunteer workers to the workshop on a daily basis. One young man has been working for several months and is now ready to enter the “paying” workforce. CLICK’S staff provided him with ongoing support and encouragement preparing him for the outside world.
CLICK’S has accepted a disabled girl to complete her Sherut Leumi army service at the workshop. She has developed friendship networks with one of the youths from the Nitzan organization and claims to feel appreciated by the people around her. The girl was referred by her mother who is a volunteer at CLICK.

Students from the Yigal Alon, Rabin and Rishonim schools have been dropping in every day after school to volunteer at the venture. Every day new faces of 2-3 youths offer their services to the community.

An article about CLICK’S business venture appeared in the local “HaNews” paper allocated from Netanya to Hertzlia.

The donor rang CLICK’S director after receiving a disturbing letter from her stating “I respect that you are not satisfied with the program and I believe you should not pay for anything, if you are not “getting what you want”. I also sincerely thank you for your amazing ongoing support to date, and for continually inspiring us. Nevertheless we did agree on a six month’s trial period, with specific measurement indicators at the end of that time.

I personally feel it is unfair of you to change your commitment before the end of this given period, since it is too early to judge the results of our efforts, after returning on December 4th, this being only 6 weeks ago”.

The donor needs to speak to CLICK’S director on a regular basis and finds the lack of time she has allotted to her very upsetting. A lot of time and patience require to be invested in nurturing the relationship, something that busy directors often don’t have. This should to be taken into consideration prior to setting up a venture.

Early children kindergarten teachers from the Kiriat Nordau Community Center in Netanya attended a handicraft seminar at the venture to learn the benefits of the "Poly" Fun Project. The contact was made by the social investor’s daughter. Bringing in groups is an effective method to entice future purchases.
CLICK’S director met a coordinator of a charitable organization called Matan, representing businesses for social responsibility, with the aim of receiving advice in marketing. The link was made at a conference hosted by a renowned Australian Foundation. A marketing mentor, (marketing manager at Caniyon Ha Negev) will be providing ongoing advice to the business team.

Establishment Stage III - Challenging Moments
The municipality informed CLICK’S director that the premises does not have a building permit and that the organization will need to vacate if the landlord does not organize this immediately. Authorization from the fire department also needs to be obtained immediately. In addition the neighbor’s electricity is joined to the premises. He is threatening to sue CLICK since he claims his computer collapsed due to an electrician suddenly turning off the electricity.

Establishment Stage III - Challenging Moments
The handicraft coordinator suddenly resigned due to her feeling “left out” of the project. She withdrew her resignation once being encouraged and counseled by CLICK’S director.

Retrospectively CLICK’S director feels that not enough resources were requested from the social investor at the right time, mainly due to lack of knowledge what was needed at the right time. The social investor has now drastically reduced her 6 month financial commitment with threats of holding out for only another 4 more months. She was far more committed earlier on in the project and is pulling out when needed most!

Establishment Stage III - Marketing Strategy, Seminars
A successful handicraft seminar for workers involved in aged care was held at in preparation for the Jewish festival "Tubi Shvat". They purchased a total of $324 AUD.

Establishment Stage III - Marketing Strategy, Direct Sales, Door Knocking at Schools
One of volunteers in the venture has been door knocking at schools receiving orders for "Tubi Shvat" kits.

CLICK’S director had to cope with the "back flip" from its diverse donors, the municipality, staff and volunteers when the enterprise appeared on national television news broadcast; a major achievement! They were angry for either not being mentioned or not appearing in the 2 minute news clip. "I felt that I was being attacked from every direction. Trying to promote organizational growth and development and coping with ongoing criticism is pulling me down!"
9.2.06
Establishment Stage III-Social Capital- Bonding Capital-Obtaining Resources- Staff family- THE VENTURE'S manager's brother
THE VENTURE received an order from the South of the country, but is not set up logistically for delivery. The production manager's brother lives in the South of the country and he offered his services as a volunteer courier.

10.2.06
Establishment Stage III-Social Capital-Bridging Capital-Obtaining Resources-Author
One of CLICK'S volunteers secured a volunteer author to write a book that will be donated with finger puppets by the Pfizer drug company to children at Passover.
Establishment Stage III-Social Capital- Social Trust, Felt Social Trust
The relationship with the Department of Community Services new manager is very positive, and the threats to establish a replacement not-for-profit do not exist any more.

12.2.06
Establishment Stage III-Marketing Strategy- Seminars-Arab Sector Kindergarten Teachers
A successful seminar was held with a group of Arab Sector Kindergarten Teachers at the enterprise. This is the second group of its kind to visit the project. The participants learned new teaching techniques and also provided valuable feedback regarding the needs of this target market. Each participant paid 10 AUD and total sales for the session were 146 AUD. This group is interested in ongoing contact as well as bringing new groups to visit the project.

12.2.06
Establishment Stage III-Marketing Strategy- Seminars-Special Education and Parents
A successful seminar was held with a group of special education kindergarten teachers and their parents. This is the first group of its kind to visit the project. The participants provided valuable feedback regarding the needs of this target market. Each participant paid 30 N.I.S.
14.2.06
Establishment Stage III-Social Capital-Linking Capital-Obtaining Resources-Department of Community Services
The deputy director and national deputy head of community services for the aged visited the venture. CLICK can apply to his department for funding to set up the cottage industry. He was extremely interested in promoting the housebound project and will refer agencies dealing with the aged.

15.2.06
Establishment Stage III-Social Capital-Bridging Capital-Staff relatives- Ada's daughter
From down under Australia, to Hod Hasharon Israel, and now to the streets of Rome! Children at a kindergarten in Rome are learning about traffic rules using products produced by the aged in Israel. An Israeli kindergarten teacher, living in Italy, bought “traffic kits” to teach children road rules.

20.2.06
Establishment Stage III-Social Capital-Bridging Capital-ISEMI Lecture
The venture was visited by a group of 35 coordinators responsible for volunteer services at local branches of the Department of Social Services. Participants from the north, south, east and west of the country visited with the purpose of receiving ideas about handicraft options with the housebound and volunteer workers on a national level. The contact was made during a lecture at ISEMI, (Israeli branch for the Swinburne University) where one of the participants is friendly with the head of volunteer services at the Department of Community Services.

28.2.06
Establishment Stage III-PR-Conference
The paper “Evaluating the Donor – Enterprise Relationship in a Not-For-Profit Social Entrepreneurship Venture” was presented by Prof. Murray Gillin at the AGSE 2006.
28.2.06
Establishment Stage III-PR- Radio-Reshet Alef, Kol Yisrael
CLICK'S director was invited by the Reshet Alef radio station for an interview. The specific needs of the housebound were presented to the general public and the option of providing occupation via the handicraft project. As a result, CLICK'S phone lines were inundated with calls from the housebound, by people attached to inhalers, after operations/transplants, on dialysis and so forth. There is an obvious need to provide occupation for this target sector.

28.2.06
The venture received an order amounting to $2,540 AUD from the Kfar Ha Shashuim toy chain. One of CLICK’S dedicated volunteers secured the sale. February sales have reached $7,065, ($6,000 on order as yet undelivered sales).

1.3.06
Establishment Stage III-Challenging Moments
A major problem we now are coping with, is keeping up with production. CLICK’S director wrote to the social donor “It is no longer just a situation that ‘the ship is without a captain’ but there is no ship!! The production manager is sick, the handicraft coordinator has been retrenched and the cutter resigned”.

7.3.06
Establishment Stage III-Social Capital-Bonding Capital-Organizational Culture
A very successful 3 day stall selling handicrafts was held at the Exhibition Center. CLICK’S dedicated staff members manned the stall from 8 A.M. till 8 P.M. promoting the needs of the housebound. $1,550 AUD was made in sales.

A "hands-on table" drew the attention of many participants, including politicians among them- Amir Peretz (Labor candidate) and Haim Katz (Likud MK) (first photo left).

An elderly gentleman approached the stall with tears in his eyes, claiming he managed the Netanya branch many years ago. He showed the volunteers many photos he had in his wallet of the "good old days". Unfortunately his wife passed away 5 months ago and he was overtaken by emotion when seeing the stall.”
8.3.06 Establishment Stage III-Market Strategy-Direct Selling-Retail Shops-Sales 2006
The business venture received an order from a large supermarket in the city of Petach Tikva, called Haviv.

13.3.06 Establishment Stage III-Opportunity Evaluation-Eshel
CLICK had a meeting with Eshel, the Association for the Planning and Development of Services for the Aged in Israel, to discuss planning a joint program to develop a center promoting occupation for the aged. The current business enterprise is to provide the infrastructure for a new creative program, involving occupational options, such as an internet coffee shop run by the aged. The venture would need to be relocated in a new building due to be renovated via a project with the municipality.

15.3.06 Establishment Stage III-Social Capital-Bonding Capital- Production manager's husband
The business secured an order in the south of the country in Beer Sheva. To transport the goods, the production manger's brother delivered it in the early hours of the morning at 2 A.M. when returning from a Purim party.

16.3.06 Establishment Stage III-Social Capital-Bonding Capital- CLICK'S manger's husband
CLICK'S manger's husband organized a visit to the business enterprise, of staff from the Neurology Department at the Ichilov hospital. The participants included two nurses, an occupational therapist, coordinator of volunteer services and two volunteers. The group is interested in introducing handicrafts as a pilot project in the Neurology ward, in order to provide occupation to patients often suffering from anxiety, fear, depression and boredom. This will promote the therapeutic benefits of crafting as a miracle "drug" to reduce stress and calm the mind and soul.

22.3.06 Establishment Stage III-Interview Local Authority-21.3.06-Social Capital-Occurrence of Social Trust-Institutions-DHS
Interviewing the Local Authority- Director Human Services

1. **Hypotheses 6 -Social trust-** What is your perception of “not-for-profit” organizations?

   To empower residents and clients for self help purposes, so as to strengthen their belonging to the community.
   To be used as a method to recruit resources for the community.

2. **Hypotheses 6 -Social trust-** How do you view the role of the municipality in “not-for-profit” organizations?

   Out-reach arm of the municipality
To identify needs in joint participation with not-for-profits
To help not-for-profits as a public lobby
To professionally supervise not-for-profits according to their evolutionary level of development

3. How do you see the future regarding the strengths and weaknesses of “not-for-profits”?
They will get stronger given cutbacks in funding

4. Are you familiar with the concept of Social Capital?
Yes.
It is all the resources in a community. It involves manpower, money and contacts with voluntary organizations.
It provides legitimization to the existence of an organization.
Forming a group forum of volunteer organizations brings a positive image and power.

5. **Hypotheses 4 – Obtaining Resources or Info.** – What is your view regarding Social Capital, when developing a community in obtaining resources/information?

It is important not to be enclosed in bubble, but to be linked to the community and not separated and segregated. It is impossible that there is no contact with the community. This is important for the image of an organization to be linked to the community and not to operate alone

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**Establishment Stage III-PR-Conferences-Israeli Center for Third Sector (not-for-profit) Research**

The National Israeli Center for the Third Sector Research holds a researcher’s forum in the field of the third sector research. The purpose of the forum is to enable Masters and PhD researches from all Israeli universities, to present their work to their colleagues who are involved in various aspects of the third sector research and receive their feedback. The forum meets annually at the Dead Sea.

CLICK’S director presented findings from a longitudinal case study carried out on the business venture. Second year findings were presented detailing “The influence of social trust when developing social entrepreneurship in the not-for-profit sector”.

This research investigates how the development of social trust influences sustainability and entrepreneurial growth in a not-for-profit organization. This study is part of a doctoral project conducted at the Australian Graduate School of Entrepreneurship, Swinburne University of Technology.

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**Establishment Stage III-Social Capital-Lack of Social Trust-Donor-The social donor-Challenging Moments**

The social donor told CLICK’S director that she will cease to fund the project at the end of June 2006. She is not happy with the project, mainly since she can’t speak to CLICK’S director on a daily basis and be involved with the project in its daily operation. She feels she does not know what is going on with the venture any more and can't cope with the lack of involvement. She prefers to bow out and no longer be involved in the funding. CLICK’S staff will have to cope on its own with the
remaining finances. This could be a stepping stone to find other resources and relying less on one major donor.

Establishment Stage III-Social Capital- Lack of Social Trust-Donor- Mazel Sabag-manager-Organizational Culture
The production manager is feeling overworked and understaffed. She feels let down by management and co-workers working on her own. Her health has been affected and her consequent identification to the goals and mission of the organization are diminishing. She consequently feels less identified to management and staff. She lacks work satisfaction and morale is low.

Establishment Stage III-Social Capital- Lack of Social Trust-Donor- Linda Mosek-CLICK'S director-Organizational Culture
The management is in crisis. Lack of trust is expressed by a significant social donor, production manager and other staff. CLICK'S director feels that the organizational culture has been affected and that morale of the organization and identification with the mission is diminishing. Staff is tired and fed up and the business, although showing amazing potential and financial boom, is still not sustainable. What characterized the organization as being its strongest point in the past: strong organizational culture, work ethics and family organizational culture are currently dissolving.

To save the situation CLICK'S director herself will work directly in the workshop a few hours a week, to provide necessary manpower and elevate morale and organizational culture.

Establishment Stage III-Bridging – Bonding Capital
A business for social responsibility project with the Pfizer Drug Company helped to enhance sales in February. The contact with the company was made via CLICK'S director's husband.

The Pfizer Drug Company donated handicraft gifts to sick children in the Tel Hashomer hospital for Passover, with ready made finger puppets assembled by learning impaired youths from the Nitzan program, volunteers and the housebound elderly. Pfizer sponsored 1,000 copies of a booklet, entailing a Passover story written by a volunteer author. This was a very emotional project with overall benefits to many needy groups.
special education, etc. The venture has potential to reach breakeven and profitability if it does not have to pay rent.

\[\text{Sales 2006 $ AUD} \]

16.4.06
Establishment Stage III-Social Capital-Bridging Capital- Eshel
CLICK believes that a partnership with Eshel, a reputable national organization that promotes services for the aged in Israel, is the best way to progress. Eshel also has the financial means and manpower to put into practice “what we believe in”.

The local Municipality has offered CLICK the use of a building, that is be to be renovated in the future, to plan a joint program with Eshel, providing occupational opportunities for the aged. The building will be 530 square meters in size and directly next door to a new retirement village for low income elderly new immigrants predominantly from Russia, who will provide potential manpower for the workshop.

2.5.06
Establishment Stage III-Social Capital-Linking Capital- The social donor
The social donor has ceased ringing CLICK’S director and only responds when she is first contacted. She is not too keen about moving the project to the new premises, especially since she has agreed to pay the rent upfront. It appears she does want to lose control of the project and this appears to be the major issue. She still continues to transfer funds on a monthly basis to the enterprise, although this will cease at the end of June 2006.

2.5.06
Establishment Stage III-Social Capital-Bridging Capital-Ichilov Hospital
Wonderful feedback was received from the nurse coordinating the program at the Ichilov Hospital, about patients being occupied with handicrafts while lying in bed during their hospitalization. She described one elderly lady who made a picture with the poking project. Her family also really appreciated the occupational activity provided for her. Another patient in a bed next door offered a donation to fund additional kits for the department.

Feedback forms which the patients to fill out as well as their family and hospital staff, are used to evaluate the project. The results of the program will be compiled after a six month trial period, and given its success, the initiative will be introduced to other departments.

The project is to be presented on a health segment on the Channel 10 National television station this month. One of the hospital’s staff is to be interviewed to present the project and its benefits to hospitalized patients.
CLICK'S management's committee met with the landlord of the venture to notify him that the not-for-profit will be breaking its current lease contract. The landlord did not object to CLICK breaking the contract and understands the organization’s financial restraints with donor funding ceasing. The organization plans to move to the new premises within the next 6 months.

This is a considerable risk factor since the municipality has not given CLICK any formal written agreement to date, that it can move to the new premises. Nevertheless this is an opportunity to safeguard the ongoing continuation of the project.

The current venture will provide the infrastructure to develop a new program providing occupational opportunities for the aged. This will involve a coffee shop to be run by the aged, overlooking the workshop, as well as a beauty parlor and more. It will operate with the financial and professional assistance of Eshel, a reputable national organization funded by the JOINT which promotes social services for the aged in Israel.

Since the new director of the DHH took over, the trust level has increased significantly with CLICK. The not-for-profit would not have agreed to move to the new premises offered by the municipality in the past. The new director is community minded and orientated to third sector development and approach. She is not a "power hungry" person, nor controlling in nature and more understanding to the development of independence among not-for-profits.

<table>
<thead>
<tr>
<th>Question</th>
<th>Agree</th>
<th>Don't Agree</th>
</tr>
</thead>
<tbody>
<tr>
<td>Are you satisfied with your job?</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Why? - Nice place to work with nice people and work that I love and feel linked to.</td>
<td>Agree</td>
<td>Don't Agree</td>
</tr>
<tr>
<td>Were you satisfied with your job in the past?</td>
<td>Agree</td>
<td>Don't Agree</td>
</tr>
<tr>
<td>Why? - Each change for the good or bad, helps me to learn more!</td>
<td>Agree</td>
<td>Don't Agree</td>
</tr>
<tr>
<td>Do you feel a commitment to your work?</td>
<td>Agree</td>
<td>Don't Agree</td>
</tr>
<tr>
<td>Describe - I prefer to go to more courses and have them paid for by the organization. The organization does not promote this and there is no one there to listen to my needs</td>
<td>Agree</td>
<td>Don't Agree</td>
</tr>
<tr>
<td>Do you think that CLICK can do what it says it will do?</td>
<td>Agree</td>
<td>Don't Agree</td>
</tr>
<tr>
<td>Why?</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Are you involved in decision making?</td>
<td>Agree</td>
<td>Don't Agree</td>
</tr>
</tbody>
</table>
Interview with staff/ volunteers- Social Trust Hypothesis 5
Ada Levy 15.5.06

1
Are you satisfied with your job? 
<table>
<thead>
<tr>
<th>Agree</th>
<th>Don't Agree</th>
</tr>
</thead>
</table>
Why? - Interesting and new work. I enjoy the population group I work with. I meet nice and interesting people who I fell I can help.

2
Were you satisfied with your job in the past? 
<table>
<thead>
<tr>
<th>Agree</th>
<th>Don't Agree</th>
</tr>
</thead>
</table>
Why? - Each change for the good or bad, helps me to learn more!

3
Do you feel a commitment to your work? 
| Agree | Don't Agree |

4
Do you feel the organization is open to your needs? 
| Agree | Don't Agree |
Describe- In general yes, except for occasional fall backs

5
Do you think that CLICK can do what it says it will do? 
| Agree | Don't Agree |
Why?

6
Are you involved in decision making? 
| Agree | Don't Agree |

15.5.06
Establishment Stage III-Social Capital- Organizational Culture
Morale has picked up since sales have been improving and staff motivation and spirit has strengthened. Effort has been invested on behalf of CLICK'S director to improve staff cohesion and communication and this has enhanced work values.

4.6.06
Establishment Stage III-Social Capital-Bonding Capital-CLICK'S director's husband
Once more CLICK'S director's husband linked the organization to a potential donor of Business for Social Responsibility with the Teva Pharmaceutical Company. Plans are to link the Parkinson Association activity days via Teva Sponsorship, to offer Teva's staff fun day workshops producing dolls to be donated to children in need, to provide occupation with products to patients hospitalized in the Parkinson ward, and to provide gifts to Teva staff on Chagim (Jewish festivities).

5.6.06
Establishment Stage III-Social Trust- Occurrence of Social Trust-The social donor
CLICK'S director had a recent phone call with the social donor. The donor appears much happier with the relationship and is satisfied with the work of the project. She
seems resigned to the fact that they will have irregular contact. Although she is ceasing to fund the project at the end of June, she shows general acceptance that CLICK is going it alone without the daily contact of the past.

7.6.06
Establishment Stage III-Bridging Capital-Eshel
Fifty staff members from Eshel- the Association for the Planning and Development of Services for the Aged in Israel visited the project. The visit was part of an intensive study day for Eshel staff, to become familiar with new innovative projects that provide services for the elderly.

The agenda included a tour of the workshop, observing the elderly at work in an industrial production line, cutting and packing handicraft raw material and kits for summer holiday projects.

Valuable occupation helps to change the status and image of the elderly from dependant, weak and vulnerable, to productive, capable, useful, and a promoter of philanthropic development and economic growth in Israel.

Eshel staff was briefed about the history of the venture, major aims and future plans. The visit concluded with a short creative workshop experiencing the well renowned "poking" project. Eshel’s staff was asked to use one hand during the seminar, to experience the value of crafting with limited ability. The attached picture says it all!

In addition, the enterprise is a learning and inspiration center with handicraft seminars that promote the therapeutic benefits of craft: Terror victims in rehabilitation, children in crisis intervention centers, elderly in day and residential centers, preschool and school students, children in after school holiday programs, patients in hospitals, elderly in home based care, youth movements, intergenerational projects, special education schools and the general public.

CLICK will be embarking on a new joint venture with Eshel in the near future with the business venture as an infrastructure, promoting additional occupational opportunities for retirees in the future.

17.6.06
Establishment Stage III-Organizational Culture
Organizational culture is very strong. Staff and volunteers feel a keen sense of commitment and dependability, but despite this have been having difficulties coping with the recent supply and demand influx. A lot of orders are coming in due to the approaching summer holiday period. The production manager complained particularly about not coping with the demands of the volunteer work force. In addition, a lot of her administrative work has been carried out by CLICK’S director.

CLICK’S management committee feels she is not the right person for the job. CLICK’S director feels that the committee is not in a position to judge her, since she
has poured her heart and soul in the venture, whereby they have sat on the periphery letting the staff do most of the brainstorming, decision making and problem solving.

17.6.06

Establishment Stage III-Volunteers-Diversity-Work hours per week-Number of vols.-Community Service
An additional workforce has joined the team - community service public offenders, who provide additional voluntary manpower. They tend to be male, young with minor misdemeanors and provide tremendous additional manpower on the cutting machine. The older volunteers have a siesta break in the afternoon and the cutting machine is often unattended from 2-4 P.M. The new staff fulfills the need gap.

19.6.06

Establishment Stage III-Social Capital-Bridging Capital-Obtaining Resources-Ziv
Ten members from the Ziv Charitable Foundation from America visited the project and Day Care Center for the disabled elderly operated by the CLICK not-for-profit. CLICKS director presented the visitors with a summary of the past year's activities expressing the need for additional manpower in the field of marketing. The visit concluded with lunch in the company of CLICK'S elders at the Day Care Center for the disabled in the Gil Amal neighborhood.

21.6.06

Establishment Stage III-Marketing Strategy-Seminars
A group of fifteen different organizations catering for the independent aged, predominantly from the north of the country, attended last week. They were interested particularly in combined activities to occupy the elderly and their grandchildren when they come to visit during the summer holiday period. They went on a wild shopping spree with a $1,500 AUD purchase of goodies!

21.6.06

Establishment Stage III-Social Capital-Linking Capital-Obtaining Resources-Eshel
The venture will receive a small $1,100 AUD grant to develop its intergenerational project with school children and the aged making dolls to be donated for community purposes.