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How Do Social Enterprises Access Funding?
RAPATAC In Gävle

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ABSTRACT

Title: How Do Social Enterprises Access Funding? RAPATAC In Gävle

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Aim: The purpose of this study is to investigate the factors that influence social enterprises to access funding.

Method: This study has chosen a social enterprise as a single case study. We design the questions and collect the data based on five assessment factors from both the social enterprise and funders’ perspective. We use interview and questionnaires to investigate whether these five assessment factors influence funders’ decision.

Result and Conclusions: In our study, we found that five assessment factors could influence the funders’ decision. Social mission and the qualities of the leader are crucial factors influencing funding decisions. The performance of SE, financing sustainability and communication transparence influence social enterprise to maintain a long-term relationship with funders.

Suggestion for further studies: This investigation based on a single case study in Gavle, and we have collected data from a limited number of responders. Thus, we suggest using multiple case studies and collecting data from more responders. The further study should not be limited to one city.

Contribution of the thesis: Our theoretical contribution is providing a model to complete theory. This model includes five factors which affecting funding of social enterprise. In managerial aspect, both current and potential social entrepreneurs can refer to these five assessment factors to improve their competence to attract funders. For the societal implication, this study shows the value and challenge of social enterprise to people and government, which enhance the public recognition of the social enterprise.

Key words: Funders, social mission, qualities of leader, performance of SE, financing sustainability, communication transparence.
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1 Introduction

In this chapter, we present the background of our study, research questions, and the aim of the investigation as well as the limitation. The purpose is to create understanding on the motivation of our study and the aim we want to achieve.

1.1 What is Social Enterprise?

Recently, the growth of the social enterprise has been well documented in the industrialized countries. In Salamon et al. (2003) present a growth in the social enterprise sector across the developed countries, such as Central and Western Europe, North America, as well as extends beyond much of the developed world. The market sectors of the social enterprises are diverse, which includes environmental services, food, transport, farming, children’s services, housing, social care, health and leisure (Lester, 2003).

There is consensus among practitioners, researchers and policy planners that social enterprise operates in an increasing competitive environment (Weerawardena, McDonald and Mort, 2010). Social enterprises are defined as mission-driven entities. The UK Department of Trade and Industry (UK Department of Trade and Industry, 2003), for instance, defines social enterprise as "a business with the primary mission to address the social problem and create the social value rather than being driven by the need to satisfy the shareholder and owner through maximizing profit". In other words, the social enterprises should pursue missions to provide the service or products that the traditional for-profit sector does not serve as it cannot do so profitably (Hansmann, 1980; McDonald, 2007). Social enterprises require using a unique business model and relying on multiple funding to support their activities since they cannot be funded with profit (Hansmann, 1980).

1.2 The Funding Challenge of the Social Enterprise

The document social enterprise: a strategy for success (Department of Trade and Industry, 2002) presented a number of financial problems among the social enterprises, such as, social enterprises with limited capital and struggle to access external fundraising instead of loan. This problem due to the social enterprise with limited financial knowledge. Usually, non-profit leaders would focus on fundraising rather than rethinking about how to secure the capital they will need over the next five years (Landes Foster, Kim et al. 2009). It is quite crucial for the social enterprise to obtain
the relevant financial management capacity and skill (Dees and Anderson, 2003) to have deepened understanding of the financial consequences of their managerial decision (Doherty, 2009).

The lack of channels for obtaining funding is one of the major challenges social enterprises face (Dees, 1998; Austin, Stevenson & Wei - Skillern, 2006). Social enterprises often rely on a range of financing sources, including government grant, private donations, individual contribution, foundation grants, member dues or user fees (Austin, Stevenson & Wei - Skillern, 2006; Madill, Brouard & Hebb, 2010). Traditionally, the social enterprises primarily depended on the three “F”s (friends, family, and fools) at the start-up stage, and little percentage of the start-ups obtain formal venture capital (Austin, Stevenson & Wei - Skillern, 2006; Madill, Brouard & Hebb, 2010). Even though the bank is a normal source of finance, it is not an available choice as they are costly (Hynes, 2009).

Furthermore, social enterprises cannot sacrifice their social mission to switch markets or products since the social mission is associated with the specific social issue and it could be the key factor to attract funding (Austin, Stevenson & Wei - Skillern, 2006). Most of the social enterprises are defined as the cooperative and nonprofit organization which prevented them for accessing equity capital. Moreover, it is difficult for the social enterprises with few hard assets to obtain available debt (Phillips, Hebb, 2010). Social enterprises do not aim to offer any benefit to their investors, social mission is the core purpose of the social enterprises. For this reason, social enterprises have difficulties to find capital especially in the set-up stage (Alliance, 2010).

In the investors’ perspective, it is difficult to financing the growth of any small, nonprofit enterprise for three main reasons. Firstly, the nonprofit organizations with few assets to secure the loans, as most of them run with ‘weak’ balance sheet (Alliance, 2010). Secondly, in the entrepreneurship perspective, some investors consider there are lots of uncertainties with social enterprises. Such as the uncertain investment returns and it is difficult to reconcile the interest and opinions of shareholders. Lastly, it is hard to take precise or effective measurements of the social impact as the social impact is a link to multiple factors with uncertain evaluation (Austin, Stevenson & Wei - Skillern, 2006).
1.3 RAPATAC as a nonprofit organization

RAPATAC is a Swedish nonprofit organization founded by Moussa N'Diaye 2004. It locates in Gävle Sweden. There are approximately 92,000 inhabitants in the community of Gävle, while nearly 10,000 of them are immigrants. Since the immigrants are a part of the Swedish society, it is important to provide immigrants opportunities to meet and respect each other. Especially the children at an early age, it is crucial to let them understand the society though communicating with others. Thus, the main profile of RAPATAC is to provide a meaningful and secure growth for children and youth. They offer help with their schoolwork, leading them to create a positive attitude towards life as well as leading them to obey rules. RAPATAC mostly relies on the corporation sponsorship and the government grant. Gavlegårdarna is the main partner of RAPATAC. Other sponsors are Bilmetro, RAMIREN, ARKITEKTKOPIA, GALLERIAN NIAN, ABF, IKEA, BILLERUDKOP, etc. Individual donations also occupy small percentage of funding (RAPATAC, 2012).

1.4 Aim of the Study and Limitation

Literature on the social enterprises mentions the funding issues being one of major challenges social enterprise meet and describe the funding problems in a general way rather than based on case discussion to provide guidelines on how the social enterprises can access funding (Eschenfelder, 2011; Dolnicar, Irvine & Lazarevski, 2008).

The aim of our study is to investigate the influence of the factors on the process of social enterprise’s funding. There are two research questions in our study:

Q1: Which factors facilitate social enterprise to attract funders?
Q2: Which factors motivate funders to support social enterprises?

We choose RAPATAC in Gävle as our case study. We apply both social enterprise and funders’ perspectives in this study. We have use a single case study in one city of Sweden. Our data are collected from six interviewees and eleven valid questionnaires.

1.5 Disposition

There are six chapters in this study. Chapter 1 presents the background and motivation of our study. Chapter 2 introduces the literature review and theoretical framework. In Chapter 3, we introduce the process to collect primary and secondary data, and also show how to present and analysis the data. Chapter 4 presents the data which have collected from the interview and
questionnaires. Chapter 5 compares theory study and empirical study to analyze the data. Chapter 6 provides the answer to research questions and our theoretical contribution.
2 Theoretical Discussion

This chapter is divided into five parts. In the first part, the theories discuss the elements of the social enterprise’s funding model. Secondly, the theories discuss the different types of funding model. Thirdly, the theory explicates the assessment factors that influence social enterprise access to funding. Then, the theory presents the financing sustainability of the social enterprise. The final part describes the theoretical framework of our study.

2.1 Three Characteristics of Funding Model

Landes Foster et al. (2009) mean that a funding model can be identified according to three parameters: types of funding, funding decision maker, funder’s motivation.

*Types of funding*- There are three main types of funding sources (government, individual, and corporations) while the social enterprises typically fund with one of them mostly. This funding can cover the organization’s main revenue and daily cost. Other smaller funding often plays complementary supporting roles in the organization.

*Funding decision maker*- Correspond with each type of funding, the funding model concentrates on a special type of decision makers. The decision makers could be administrators of government and company, or wealthy individuals.

*Funders’ motivation*- In order to improve the probability to access the funding, social enterprises need to identify the funders' motivation and understand the reasons for the funders to provide financial help. The aim is to find an existing relationship to balance the funder’s motivation and social enterprise’s social mission. These motivations range from altruism to self-interest to collective interest (Landes Foster, Kim et al. 2009).

2.2 Three Basic Elements to Set up Funding Models

In the Fall 2011 issue of the Stanford Social Innovation Review, Peter Kim, Gail Perreault, William Foster provide guidelines on how to identify and develop a funding model for the social enterprises. They suggest the entrepreneur to focus on three areas before developing their own funding model. The three essential elements are as followed:

*Funding sources*- The social enterprise needs to reflect its previous development, which make it easier for them to clear the current revenue streams and figure out a plan for further funding.
They need to analyze the historical data including the percentage of ongoing cost, the amount of required funding, and the numbers of the required funders.

**Funders’ motivation** - Understanding the funders’ motivation can help the social enterprise to predict which resources funders could provide in the future. Social enterprise need to consider the relationship between the social mission and the funders’ motivation. It is significant for the social enterprise to access funding without sacrificing their social mission.

**Fundraising capabilities**- “Different types of the funding sources may require different skill sets.” The development team's current capabilities and the single individual (such as the board members or the CEO) competence play an important role to access and secure funding (Kim, Perreault & Foster, 2011).

### 2.3 Types of Funding Model

Governments are an important source of funding for social enterprises. Salamon, Sokolowski and List (2003) argue that 35 percent of social enterprise’s revenue from grants, contracts and fee-for-service payments by governments. Phillips, Laforest and Graham (2010) present three financing models – **charity, welfare state** and **citizenship**. Landes Foster et al. (2009) identify three funding models. They are **Heartfelt Connector**, **Public Provider** and **Local Nationalizer**. Three parameters can distinguish these three funding model. They are the source of funds, the types of the decision maker, and decision makers' motivation.

In the charity financing model, government is not the directly funding decision maker. The responsibility of funding decision making is transferred to individuals and corporate donors. The responsibilities of government are to creating the tax deduction (or credit) system and determine which types of social enterprise could access this tax system. Additionally, government needs to register and monitor the activities of qualifying enterprises (Phillips, Laforest, & Graham, 2010).

In the welfare state financing model, the government purchases the service or product from social enterprises. The main form is to sign short-term contracts and contract-like with social enterprises. The further funding decision would depend on the performance of social enterprise (Phillips, Laforest, & Graham, 2010).

In the citizenship financing model, the individuals play an important role. The responsibility of government is to encourage individuals to become active citizens and realize their duty to solve
the social issues. Thus, the individuals should take the social activities actively (Phillips, Laforest, & Graham, 2010).

In the Heartfelt Connector model, the social enterprises access the funding from individuals mostly as we can see table 1. Altruism is the main motivation for these funders. The nonprofit organization focus on the social issue which concerned by a large amount of people with different background. These social issues cover the area of environmental, international and medical research. Those individuals with particular religious beliefs, political leanings, or sporting interest, get together to form organizations and solve social issues. These organizations often holds the particular activities to extend the volunteers’ network.

In the Public Provider model, the social enterprises access the funding from the government mostly. The social enterprise signs the contract with government to provide the public service and solve social issues (see table 1). These services include human services, education and Save the Children. The social enterprise needs to perform well to secure long-term relationship with the government.

In the Local Nationalizer model, the social enterprise accesses from mixed funding source (see table 1). This social enterprise mainly obtains the funding from individuals and corporations while a little percentage from government. This social enterprise is significant to local communities across the country, where the government cannot deal with the issues alone. These social issues include education and the youth development (Landes Foster, Kim et al. 2009).

2.4 Factors Influencing the Social Enterprise' Funding
An organizational mission can fundamentally embodies the signs of an organization's ambition and its identity (Bart, Bontis & Taggar, 2001; Perriniand Vurro, 2006). Moreover, Dees (Dees, 1998) argues that the mission of an organization is a central distinction between the social enterprise and the traditional commercial enterprises. Bart (1996) found that a proper organization mission improves organizational performance and innovativeness as it could encourage the workers toward a goal. Enterprise identity and goal theory argue that an enterprise's self-definition affect its motivation to act, and research has presented that the mission also influence the enterprise’s performance (Bart, Bontis & Taggar, 2001; O'Gorman and Doran, 1999). Miller and Wesley point out the social mission of the enterprise is to deal with social issues, which is a significant attribute of a successful social venture. It could influence funders’ decision (Miller and Wesley II, 2010).
Handy (2003, p122) argues, “passion was a word that cropped up in every interview, a passion for what they were doing, whether it was starting a business, creating a theatre company, or reviving a run-down community.” As Baum, Locke, and Smith (2001) argue that entrepreneur’s passion could help entrepreneurs acquire competencies and relevant skills as well as knowledge. Since the social entrepreneurship is mission-related, internal values and the motivation fundamentally encourage entrepreneurs to realize their goal with the social mission. Since the social entrepreneurship is mission-related, the entrepreneur’s passion could facilitate the social enterprise to create internal values and realize their social mission. Baum et al. (2001) and Baum and Locke (2004) found tenacity and passion as the positive traits of entrepreneur, and an entrepreneurial vision is associated with the entrepreneurial motivation and the enterprise development.

Peredo and Chrisman (2006) argue that social capital is a significant funding resource for the social enterprises. A social entrepreneur’s community network can create the resources and the value to support the social enterprise to achieve the social mission (Thompson, 2002). Larger networks provide greater opportunities to obtain resources and survival (Nahapiet and Ghoshal, 1998; Baum and Oliver, 1991). Social entrepreneurs may exploit their network to receive the support from volunteers (Thompson, 2002; Haugh, 2007).

Innovation plays an important role in entrepreneurship, which reflects the firm's capability to create new services and new products to generate economic return (Schumpeter, 1934). Randjelovic et al. (2003) argue that the lack of innovativeness or market breakthroughs is one of the main reasons for social enterprises to fail to access funding. The entrepreneurs who acquire innovativeness can often create innovative approaches to address social issues (Robertson et al. 2006).

Management experience is often a key sign of entrepreneurial intentions, decision quality, success, and capability to achieve both social and economic goals (Perrini and Vurro, 2006). The entrepreneurship characterize the capability in applying marketing knowledge (Boschee, 1998; Leadbeater, 1997) and designing a strategy to satisfy social needs. Management experience is the significant criterion to social enterprises.

The ability to create the financing sustainability is a crucial assessment factor for funding a new enterprise (Hall and Hofer, 1993; Shepherd, 1999). Acumen Fund (2008) presents that social
enterprises need acquire the financing sustainability to cover operating expenses with operating revenues within 5 to 7 year period.

Human capital characterized by the knowledge and skills of the individual (Hitt et al., 2001a) is the significant competitive advantage of the social enterprises to identify the opportunities and create the innovative ideas. Like traditional enterprises, the human capital plays an important role to facilitate social entrepreneurial activity. Human capital facilitates the fundraising of social enterprise to survive and develop (Hitt et al., 2001b).

Funders prefer to support high-performance social enterprise since these social enterprises are capable to create social value. The performance measurement includes financial success, profitability, sales, market, production efficiency, share growth, and quality (Baruch and Ramalho, 2006). Presenting the social enterprise’ performance and demonstrating the social value to the funders could make them more confident. Social enterprises who establish strong performance measurement methodologies are more likely to attract funders to support them (Mair and Martí, 2006).

Shane and Cable (2002) argue that information transfer plays the key role to influence the selection of funders. It is necessary to provide the available information to investors which could help their judgment. The communication transparency could increase the trust between social enterprise and funders (Zucker, 198). Reputation serves as a signal (Jervis, 1989; Zahra, 2004; Millar, Choi & Millar, 2008; Schulz, Borghoff & Kraus, 2009), providing the potential investor with primary information. Building reputation is important for any enterprise (Belanger, Hiller & Smith, 2002). Several writers consider that the reputation could attract multiple funders’ attention and motivate them to support the social enterprises (Fombrun and Van Riel, 2004; Alessandri, Yang & Kinsey, 2006). Brown and Dacin (2010) argue that a firm’s reputation can facilitate the relationship between the investor and investee. The reputation associates with the image perceived by the multiple stakeholders.

2.5 Financing sustainability
Social enterprises lack of sufficient and sustained funding to support its sustainable development. In addition, social enterprises need improve their capabilities to face the increasingly competitive environment. For these reasons, the sustainable financing is particularly important for social enterprises. Social enterprises need adopting several measures to respond to environmental challenges.
In the strategic perspective, these measures include: adopting a competitive posture, proactive opportunity recognition, and minimizing the reliance on government funding and increased governance. “The environmental dynamics have forced nonprofit organizations to adopt entrepreneurial and business-like strategies aimed at building a sustainable organization”.

Social enterprise need achieves greater operational efficiency during the operation. They should focus on revenue enhancing and cost reduction. “The need to build a sustainable organization has led to the adoption of operational strategies that are aimed at achieving greater financing stability in the nonprofit organization”.

In the value creating perspective, the measures include: redefine the mission, adopting best practices within industry, choose the high impact project to invest, and emphasize innovation and active partnering to enlarge their range for social value creation. “The need to build a sustainable organization has led to the adoption of multiple innovative strategies aimed at achieving greater organizational sustainability in the nonprofit organization” (Weerawardena, McDonald & Mort, 2010).

2.6 Reflection on the Theoretical Discussion
Social mission is a vital attribute of a successful social venture which can influence funders’ decision (Miller, Wesley II 2010). Thus, we consider social mission is one of the factors influence funders’ decision.

Passion could help leaders obtain abilities and relevant skills (Baum, Locke and Smith, 2001). Innovation capabilities reflect the competencies to create a new service and products. It is a crucial capability to generate revenue (Schumpeter, 1934). Management experience is a key sign of entrepreneurial intentions, and ability to achieve both social and economic goals (Perrini and Vurro, 2006). We summarize these three points into qualities of leader (table 1) since we consider they belong to individual capabilities. In the literature, it is mentioned that these three points could facilitate the enterprise to achieve its social mission (Baum, Locke and Smith, 2001; Robertson et al. 2006; Boschee, 1998; Leadbeater, 1997). Thus, we consider the qualities of leader could be a factors influence funders’ decision.
Performance reflects the capabilities to create the social value. Funders prefer to support high-performance social enterprises (Baruch and Ramalho, 2006). Base on this reason, we argue that performance of SE can be a factor influencing funders’ decision.

Extend social network is one of financing sustainability strategy. Larger network could help social enterprise more likely to obtain resources and survival (Nahapiet and Ghoshal, 1998; Baum and Oliver, 1991). Earned income goal reflects the ability to create the financing sustainability (Hall and Hofer, 1993; Shepherd, 1999). We summarize these two points into financing sustainability since we consider they belong to the field of financing sustainability. According to the literature, financing sustainability is a crucial assessment factor for funding social enterprise (Hall and Hofer, 1993; Shepherd, 1999). For this reason, we take financing sustainability as one of the factors motivate funders.

Shane and Cable (2002) present that the available information could help funders to make a judgment. The communication transparency could strengthen the trust between social enterprise and funders (Zucker, 1986). We argue that communication transparency could be one of factors influence funders’ decision.

We consider that funders and social enterprise are the main participants during the process of funding. Funders will consider these five factors when they decide to support social enterprises. Thus, we argue that social enterprise also needs to consider these factors in order to get support from funders. We design the questionnaire and interview structure following this theoretical framework in both funders and social enterprise’s perspective.
Table 1 Explanation of Factors Influencing the Funders

<table>
<thead>
<tr>
<th>Factors</th>
<th>Explanation</th>
</tr>
</thead>
<tbody>
<tr>
<td>Social Mission</td>
<td>• Organization's ambition and its identity</td>
</tr>
<tr>
<td></td>
<td>• Deal with social issues</td>
</tr>
<tr>
<td>The Qualities of Leader</td>
<td>• Entrepreneur’s Passion for Social Change</td>
</tr>
<tr>
<td></td>
<td>• Innovation Capabilities</td>
</tr>
<tr>
<td></td>
<td>• Management Experience</td>
</tr>
<tr>
<td>The Performance of SE</td>
<td>• The capabilities to create the social value</td>
</tr>
<tr>
<td>Financing Sustainability</td>
<td>• Community Based Social Network</td>
</tr>
<tr>
<td></td>
<td>• Earned Income Goals</td>
</tr>
<tr>
<td>Communication Transparence</td>
<td>• Transfer available information to investors</td>
</tr>
</tbody>
</table>

Source: Own construction.

There are two elements in our theoretical framework (see figure 1), funders and factors. The first element describes the type of funders for social enterprises. According to Phillips, Laforest and Graham (2010) present three funding models (Charity, Welfare State and Citizenship) and Landes Foster, Kim & Christiansen (2009) presented three funding models (Heartfelt Connector, Public Provider, and Local Nationalizer). We argue that social enterprises rely on three types of funders which include the government, the individuals, and companies.

The second element is the factors motivating funders to support social enterprises. For these factors, the theoretical discussion plays a significant role in the study. Several writers (Bart, Bontis et al. 2001, Baum, Locke et al. 2001, Peredo, Chrisman 2006, Perrini, Vurro 2006, Mair, Martí 2006, Shane, Cable 2002) present the factors that influence the social enterprise’ funding. These factors could be crucial base for us to design the questionnaire and the interview questions from both social enterprise and funders’ perspective. Our theoretical framework (see figure 1), includes five factors: social mission, the qualities of leader, the performance of SE, financing sustainability and communication transparence.
Figure 1 Relationship between Funders and Factors Motivating Funders

Source: Own construction.
3 Methodology

This chapter divides five parts. The first part introduces approaches to collect the primary and secondary data. The second part uses to describe and select participants. The third section confers both questionnaire and interviews questions structure. The third and the fourth part describe the reliability and validity of this investigation. The fifth section introduces the way to present and analyze the data. The last part describes the reliability and validity of this investigation.

3.1 Source of Evidence

The primary data collected through using the quantitative and qualitative approach. For the qualitative approach, we decided to have an interview with three sponsor companies and the local government. For the quantitative approach, we decided to send questionnaires to other sponsors. The secondary data was searching from scientific journals, books, literature, magazines, government publications, newspaper, and the online documents which are available in the RAPATAC homepage, as well as other relevant documents (Walliman, 2005, P 242).

3.2 Selection of Participants

The qualitative research literature provides suggestions for choosing participants. In order to ensure participants have related knowledge and experience to provide answers, the selection of participants should be based on the research questions (Morgan and Krueger, 1998). In order to conduct the participants, the relevant literature showed that RAPATAC relied on three funders, the local government, the company sponsorship, the individual donation (figure 2). The questions investigate how social enterprise attracts funders and what factors motivate funders to support social enterprise. Thus, related people of RAPATAC and its funders (the companies and the local government) are the selection of participants.

We decide to have face to face an interview with SE's leader. The motivation of this qualitative research is to investigate how the leader makes sense out of creating the social enterprise, delineating the process of accessing the funding and describing the social enterprise’s experience (Merriam, 2009, p14).

We decided to have an interview with three representatives of RAPATAC (figure 2). It includes the founder of RAPATAC, a volunteer, and an employee who takes responsibility for
administration. As the leader of RAPATAC is also the founder, he knows the process for setting up RAPATAC, and also takes the responsibility to persuade the funders to support RAPATAC. Thus, we can understand RAPATAC at the macro level and know the process of accessing funding. For the volunteer, we can get information of daily running since the volunteer is in charge of organizing daily activities. For the employee, she is responsible for contacting sponsors. She works with RAPATAC for a long time.

The sponsor companies are the main funders for RAPATAC. There are more than 20 sponsor companies to support RAPATAC. We have decided to choose three sponsor companies to have the interview and send out the questionnaires to the rest. We have chosen Gavlegårdarna, Arkitektkopia and Bilmetro as these companies have built up relationship with RAPATAC at the earlier stage and they are the key sponsors for RAPATAC. This relationship shows in figure 2.

Since the local government occupied 30% of funding source; we decided to interview the local government. Kultur och Fritid is an apartment of local government which manages recreational and cultural activities in Gävle and supports RAPATAC in 2013.

In the homepage of RAPATAC, we have found that the individuals donating the money. However, there is little percentage of funding from individual, and the number of the individual is large. We cannot get the contact information of these individual donators as RAPATAC have not saved contact information from individual donators. Thus, we found it difficult to collect data from individuals (RAPATAC, 2012).
3.3 The Structure of the Questionnaire

The questioners consist of 17 questions. These questions divided into three parts, and each part has its own functions, the explanation as follow:

From question 1 to questions 6, we investigate the based information of the funders as well as the social mission of RAPATAC (the factor 1 social mission). Q1 plays as two functions. We can know which sponsor companies have answered the questionnaire, and we could send the questionnaire again for those who had not responded. Q4 tries to investigate which types of funding they have supported RAPATAC. Q3 and Q5 use to investigate how the sponsor companies receive information from RAPATAC. Q2 and Q6 associated with factor 1 (social mission) content. Try to know the social mission of RAPATAC in the sponsor companies’ memory and measure whether sponsor can appreciate the identification of RAPATAC’s social mission. Especially, Q6 uses the open question for the responders to describe RAPATAC’s social mission.

Question 7 and question 8 use to measure how well the sponsors consider decision criteria. We design the Question 7 and Question 8 in six dimensions including social mission, the qualities of leader, the performance of SE, financing sustainability, communication transparence and other factors. Question 7 use to measure how much the sponsor companies estimate in each aspect.
when they make the judgment while Question 8 use to focus on the RAPATAC case, how well the responder evaluate each aspect when funding RAPATAC. The responders evaluate each dimension by giving a score of each sentence. In a scale from 1 to 10 where 1 is the lowest and 10 are the highest. The question as follow

From question 9 to question 16, we have designed the questions within the five factors [the social mission (see section 1), the qualities of leaders, the performance of SE, financing sustainability, and communication transparence]. We also want to know whether any other factors may influence the sponsor companies’ decision making by Q9, 10, 11, 15. While the Q16, Q17 measure the degree of communication transparence preference.

3.4 CRQ-TQ-IQ Model and Structure of the Interview Questions
Wengraf (2001) argues that CRQ-TQ-IQ model (see figure 3) could be an effective qualitative research tool for designing the completely structured interview questions. Wenfraf (2001) recommend defining the Research Purposes (RP) and Central Research Questions (CRQ) first. Then, the Central Research Question needs to separate into several Theory Questions (TQs). Finally, each Theory Question needs to develop suitable sets of Interview question (IQs).

Figure 3 CRQ-TQ-IQ Model

![Figure 3 CRQ-TQ-IQ Model](image)

The RP (Research purpose) of this study is to find out the factors that can motivate the social enterprise to access funding (the research purpose is the same with the aim of this study).

There are two CRQs (Central research question) in this study. The interview information collected from RAPATAC answers the CRQ1 (Appendix 3) while the funders (sponsor companies and the local government) answer the CRQ2 (Appendix 4).

The TQ (Theory question) designed based on the seventh element of the literature study, which includes the background, type of funding and funders, social mission, the qualities of leader, the performance of SE, financing sustainability, communication transparence.

Each element divided into several IQs (interview question) in order to collect appropriate answers.

The structure of both RAPATAC’s interview (APPENDIX 3) and the funders’ interview structure (APPENDIX 4) are similar. The interview questions divided into the background of the organizations and RAPATAC, types of funding and funders and five factors use to evaluate in both funders and RAPATAC's perspective.

**The Background** - For RAPATAC, we want to know the whole process to set up RAPATAC. It includes the motivation, the reason, and the time to set up RAPATAC, the social network, the human resource and daily cost. For the funders, we want to know the funders’ background, which includes their main service.

**Type of Funding and Funders** - For RAPATAC, we reach to find out types of funders and the types of resource for each funder provides and the difficulties during the process of accessing to funding. For funders, we want to know the relationship between RAPATAC and the funders and how the funders support RAPATAC.

**Social Mission** – For RAPATAC, we want to find how RAPATAC deal with the social issue. For funders, we aim to know whether the social mission could be the factor affected the funders’ decision and how the funders estimate it.

**The Qualities of Leader** – For RAPATAC, factor 2 used to find out the leader’s capability. The leader’ experience, relevant competencies and personality to do the project are the aspects we
want to know. For the funders, we want to understand how sponsor companies estimate the qualities of the leader.

**The Performance of SE**-For RAPATAC, we want to know how RAPATAC help children to be a part of society and the effect which RAPATAC has created. For funders, we want to understand how funders estimate the performance of RAPATAC?

**Financing sustainability**-For RAPATAC, we want to know how RAPATAC view financing sustainability and how do they achieve it. For funders, these questions within factor 4 used to know how funders estimate financing sustainability of RAPATAC.

**Communication Transparence**-For RAPATAC, we want to find out how RAPATAC send out information and provide feedback to funders. For funders, we want to measure if the communication is transparent, and how funders obtain information from RAPATAC.

3.5 Data presentation and analysis

The primary data collected by qualitative and quantitative approach. For qualitative data, firstly, we combine three RAPATAC responders’ interview information and present those following the structure of the interview. It includes the introduction of RAPATAC, type of funding and funders and five influence factors. Secondly, we combined funders’ interview information and present according to the structure of the interview. It includes the funders’ background, the relationship with RAPATAC and five influence factors. For quantitative data, we use a similar structure of qualitative presentation to present the quantitative data in order to compare them. At the beginning, we use the question 4 to present the type of funding provided from sponsor companies. Then, we use Question 7 and 8 to present how well the factors can motivate funders’ decision by evaluation table 9. We summarized other answers into a table in order to compare to qualitative data.

The data analysis of this study presented in Chapter 5. The structure of the analysis follows the theoretical framework. The theories mentioned in chapter 2 are the secondary data. It includes the types of funding and funders, and five influence factors. The analysis is based on comparison between primary and secondary data. These two kind of data could supplement mutually in order to make the literature framework more reliable and completed.

3.6 Reliability and Validity
RAPATAC is a social enterprise founded by Moussa N'Diaye in 2004. There are three main projects under RAPATAC focus on the kids. More than 20 corporations sponsor RAPATAC (RAPATAC, 2012). Therefore, RAPATAC could be a crucial case matching the aim of this study and test the assessment factors. Its unique experience and development can make the theory closes to practice and serves as the prelude for the future investigation. In order to make the study reliable and valid, we gathered information from multiple sources. (Yin, 2002) argues that multiple source is a strength part for data collection in the case study.

There are different strategies that can be used to increase the "reliability" of a qualitative research as Wolcott (2005, P160) has pointed out, to increase the correspondence between research and the real world is the strength part in the qualitative study. Triangulation is one of the most well-known strategies to shore up the internal validity of a study. Denzin's (1978) present four types of triangulations: the application of multiple methods, multiple investigators, multiple sources of data, and multiple theories to present emerging findings. We use the multiple source of data strategy in this study.

Patton (2002, P560) suggests the multiple source of data strategy, the triangulating analysts which means "the study should have two or more persons independently analyzing the same qualitative data and compare their findings." In this study, the interview data collected from people with different perspectives (Merriam, 2009). The presentation of the respondent can be referenced in table 2. There are three types of data collected from different people. Firstly, we have the interview with RAPATAC's leader and two staffs to understand the funding model of RAPATAC and collect the answer for the first research question. Secondly, RAPATAC's sponsor companies (Bilmetro, Gavlegårdarna, Arkitektkopia) and the local government have been interviewed to collect the data for second research question. Before the interview, we have sent them the interview questions to ensure they understand the aim of the study. Thirdly, we send out the open-close questionnaire to 24 sponsor companies who have support RAPATAC to measure how well the assessment factors influence their funding decision making. Six responders answered the questions in the first week. Then, we reminded again. Finally, we obtained eleven responders’ answers in total.
Table 2 Presentation of the Respondents

<table>
<thead>
<tr>
<th>Respondent</th>
<th>Organization</th>
<th>Position</th>
<th>Method</th>
<th>Date of the interview</th>
</tr>
</thead>
<tbody>
<tr>
<td>Moussa N’Diaye</td>
<td>RAPATAC</td>
<td>The founder of RAPATAC</td>
<td>Face to face</td>
<td>2013-04-02 14:00-15:00</td>
</tr>
<tr>
<td>Chloe Malzac</td>
<td>RAPATAC</td>
<td>Employee responsible for organizing the activities for kids</td>
<td>Skype</td>
<td>2013-04-23 20:00-20:30</td>
</tr>
<tr>
<td>Mathilda Gavlén</td>
<td>RAPATAC</td>
<td>Employee responsible for contacting with the sponsor companies</td>
<td>E-mail</td>
<td>2013-04-26</td>
</tr>
<tr>
<td>Cathrine.Holgersson</td>
<td>Gavlegårdena</td>
<td>The CEO of Gavlegårdena</td>
<td>Face to face</td>
<td>2013-04-17 10:00-11:00</td>
</tr>
<tr>
<td>Mikael Sundström</td>
<td>Arkitektkopia</td>
<td>Sales manager Arkitektkopia in Gävle</td>
<td>Face to face</td>
<td>2013-04-25 10:00-10:30</td>
</tr>
<tr>
<td>Mats.ohman</td>
<td>Bilmetro</td>
<td>Sales manager of Bilmetro</td>
<td>Face to face</td>
<td>2013-05-03 10:00-10:30</td>
</tr>
<tr>
<td>Ninni.berggren-magnusson</td>
<td>Kultur och Fritid</td>
<td>Leader of Culture and club support</td>
<td>E-mail</td>
<td>2013-05-10</td>
</tr>
</tbody>
</table>

Source: Own construction.
4 Empirical study

Chapter 4 divided into three sections. Each section based on the interview structure, and the questionnaire structure to describe the data and information collection. The first section describes the interview information obtained from RAPATAC. The second section presents the interview information obtained from three sponsor companies and the local government. The last section describes the questionnaire data collection from other sponsor companies.

4.1 RAPATAC as a Social Enterprise

RAPATAC has been existing in the plan since 2000. The main profile of RAPATAC is working and partnering with refugees and group of immigrants from different countries. RAPATAC’s activity center aims to service for children, and it opened on April 2012. Normally, there are 50 - 70 children come to RAPATAC activity center, and it totals 194 children. There are 30 volunteers and 8 employees working in RAPATAC activity center. All staffs need to receive training to learn how to work with children. RAPATAC opens from 1pm to 8pm. The daily cost of RAPATAC is around 100000 Swedish kronor per month (RAPATAC, 2012).

4.2 Funding and Funders of RAPATAC

There are three types of funding to support RAPATAC’s daily running. Sponsor Companies occupied around 50%, fritidsklubb supports 30%, and Kultur och Fritid takes 20%. 90% of these sponsor companies support RAPATAC by providing materials. Fritidsklubb supports RAPATAC with capital to arrange activities. Kultur och Fritid as a community can support RAPATAC with an amount of money. In addition, the children need to pay 100 Swedish Kronor per month for RAPATAC, but this payment is not mandatory. Mathilda argues that the funding cannot cover operational cost. Compared to other towns, normal organizations can obtain around 2 million kronor every year, RAPATAC get 200 000 kr. It is quite significant to lead Gävle Kommun (local government) realize the value of RAPATAC. Currently, RAPATAC faced the challenge of fund shortage. Mathilda thinks RAPATAC is a new concept. People always get involved carefully with new concepts.

4.3 Attractive factors of RAPATAC

Social Mission: Moussa found there are a lot of foreigners in Sättra. Nearly 90% of the students are from different countries in his workplace. The situation of these foreigners is not optimistic. They are badly in needing help. Moussa thinks there is an issue in the school. The foreign kids
are helpless especially when they do their exercise and homework. It is hard for kids to catch up with other native students. Their parents cannot provide any help for them because most of them can hardly know any Swedish. In addition, the teachers cannot help foreign kids to deal with their homework after school hours. RAPATAC wants to take the responsibility to deal with these social issues. RAPATAC committed to giving the foreign kids more knowledge and let them get a better score in the exam through providing more than one hour study guide for these kids. RAPATAC wants to let foreign kids realize their dream and ensure them on the right way.

**The Qualities of the Leader:** Before set up RAPATAC, Moussa has his own company and has similar business experience for seven years. Before he started RAPATAC, he went to the university to find some students to help him, such as the presentation, writing paper etc. He is good at speech and persuasion. Moussa always do sufficient preparation before he seeks funding. He knows which company could properly fund his ideas and what kinds of resources can these companies provide. Many people cannot realize the social value of RAPATAC. Moussa always devoted to showing the value with people. It is quite significant to make the potential funders to trust him and make everything transparent. Like most of the social enterprise, RAPATAC also met the difficulties in the course of finding funding sources. He has never stopped trying and showed great perseverance to motivate the funders.

**The Performance of the SE:** When the kids come to RAPATAC they need to accept the spirit of RAPATAC. The kids should be a good student, do not smoke, and do not use bad words, anytime should respect each other. RAPATAC can help these kids and support their homework. The kids can communicate with each other, improve their Swedish as well as develop their confidence by taking the activities and reading. RAPATAC contact the school three times a week to know these kids’ performance and it also invites their parents to watching their kids’ performance before the holiday coming. Currently, more and more people would like to live the RAPATAC activities center nearby as they want their kids can go to RAPATAC.

**Financing Sustainability:** Moussa points out sustainable development of RAPATAC is one of the strategic focuses. There are three types of funding sources can reflect financing sustainability from different aspects. The first one is the sponsor company’s funding. There are seven rooms in RAPATAC activity center. RAPATAC sales these rooms to companies for their logo while the logo presents these companies and help the society to provide the place for the kids to have meaningful growth. Each room has one sponsor company to pay for its rent monthly. Secondly, the community pays RAPATAC for taking care of the kids. Since RAPATAC help the kids to do
their homework, taking care of them after school, the Kommun (local government) pays for every kid at the age of 10 to 12 who comes to RAPATAK. When RAPATAK hold the activities, it can obtain funding from the local government. RAPATAK has organized many activities for the kids and the small funding could turn bigger. Thirdly, an individual can fund RAPATAK by buying the “brick”. These bricks are not the real brick. Otherwise, this brick represents the donors have support RAPATAK to help the kids. There are three types of brick: 100 kronor/st, 500 kronor/st, 1000 kronor/ st. The donors can choose the type of the bricks and pay for them.

**Communication Transparency:** RAPATAK ensures the communication transparency by four ways. Firstly, RAPATAK invites the newspaper to report its news, sponsor activities, etc. Thus, quite a lot of people as well as local companies know RAPATAK very well. On the other hand, in order to show the vision and the value of the project, Moussa presents his idea in a professional way and gives the proposal to the funders, and let them estimate whether they can support this project in different ways. RAPATAK contact with sponsor companies by sending mail, calling and it also invite the sponsor companies to visit RAPATAK. The homepage of RAPATAK upload the information timely which includes the activities they decide to hold and pictures or video about the activities. RAPATAK put the funders’ name and the amount of their funding on the website. Furthermore, in order to ensure the kids have performed well at both school and home, RAPATAK would talk to kids’ parents and contact with the school to check it.

**4.4 Relationship between RAPATAK and Funders**

We have interviewed three companies. Arkitektkopia, Bilmetro, Gavlegårdarna which are the earliest companies to support RAPATAK. Arkitektkopia, Bilmetro convey that they are sponsors of RAPATAK while Gavlegårdarna is a close partner of RAPATAK.

*Gavlegårdarna* is one of the largest and oldest public housing companies in Sweden. Gavlegårdarna's mission is to offer affordable housing and commercial buildings in Gävle. Gavlegårdarna has contacted with RAPATAK for seven years and has supported RAPATAK by money and renting an apartment. Gavlegårdarna had signed a new contract with RAPATAK. It is worth mentioning that this contract is cooperation contract instead of sponsorship contract. Gavlegårdarna provide a quarter of million Swedish Kronor for RAPATAK per year to support RAPATAK to run cooperative activities such as clean their apartment which rent from Gavlegårdarna. This contract signed to 2015. Gavlegårdarna will support RAPATAK in accordance with the new contract in the future. Gavlegårdarna is not only shoulder social responsibility through money, but also rent apartments for RAPATAK. Once upon time,
Gavlegårdarna had 300 empty apartments in Nordost while nobody wanted to rent them that lead a negative impact on the economy of Gavlegårdarna. Gavlegårdarna face an issue that some renters do something bad for the house. Gavlegårdarna rent out the room for RAPATAC to set up the activities center. Gavlegårdarna consider RAPATAC could create social value. RAPATAC could lead the child behavior on the right way instead of doing something bad for public property. RAPATAC activity center could attract people to live in this area.

Arkitektkopia is a nationwide service company. Document management and information exchange are the primary service of Arkitektkopia. Arkitektkopia aims to provide the highest service and cost efficient solutions to customers. Arkitektkopia has supported RAPATAC for eight years, and it provides materials to help RAPATAC paint, print and adverts. Arkitektkopia plans to support RAPATAC in the future, as long as RAPATAC keep running with its duty.

Bilmetro AB is one of the oldest car companies and one of the leading automobile companies in Sweden. Bilmetro has contracts with RAPATAC for seven years. This sponsorship makes people realize Bilmetro take responsibility for society. Bilmetro not only provide money, but also provide and rent out vehicle to RAPATAC. In addition, Bilmetro also introduces RAPATAC to other companies to help RAPATAC build network.

Kultur och Fritid is a local government. It takes responsibility for the recreational and the cultural activities in Gävle. Its service area includes artwork and collections, children’s and youth activities and consumer guidance. Kultur och Fritid has contacts with RAPATAC for many years. RAPATAC has applied to the board of Kultur och Fritid which decided to support RAPATAC in 2013 with 200 000 kronor.

4.5 Factors Motivating Sponsor Companies

Social Mission

Gavlegårdarna support RAPATAC because of Moussa’s plan benefit for Gävle. Quite a lot of people in Gävle live in Gavlegårdarna's house; people need the ability to pay for the apartments. Therefore, people need to get a job, good education is very valuable. These immigrants come from 47 countries; they do not have good social and economic position. The education is very necessary for the foreign kids. RAPATAC makes the society safe. It provides study guide for foreign kids. People need enough economic capability to pay for their apartments. So people need a good education. This is what RAPATAC do for people. Arkitektkopia also realize the social
problem RAPATAC take care of and believe RAPATAC runs on the right way. There are quite a number of immigrants living in Gävle. It is hard for these immigrants to communicate with local people and find a job as the language and cultures is quite different. RAPATAC could be one of the solutions to solve these social problems, help children develop the confidence and improve the Swedish. Bilmetro convey that RAPATAC could take care of children and help them to being a part of the society, make them feel warm in Gävle. Kultur och Fritid has the aim to support the activities in different neighborhoods while RAPATAC could be one of the projects they want to support. The broad consider RAPATAC has innovative ideas to make leisure time of kids meaningful in Nordost by organizing activities.

The Qualities of the Leader
Galvégårdarna convey that Moussa plays a huge role to attract people to living there and also run the project to help these kids’ parents to find a job. Moussa have the capability to lead the kids to perform in the right direction while the kids show respect and love him. Arkitektkopia takes the leader’s qualities as the key factor of funding’s motivation. Moussa has good communication skill to persuade the sponsor companies to work with him. His personality makes Arkitektkopia trust RAPATAC. Bilmetro convey that Moussa is a strong leader. He is good at communicating and motivating other sponsor companies to work with him, leading the youth behavior on the right way. The leaders’ passion is quite necessary for RAPATAC. Otherwise, Bilmetro do not support RAPATAC. The board of Kultur och Fritid considers the leader has the innovative idea to build up the project for the kids especially in the Nordost area.

The Performance of the SE
Galvégårdarna argues that compare to the previous years, the area have a huge change when RAPATAC set up. Galvégårdarna has signed the contract with RAPATAC for two years, which required RAPATAC to organize the activities in some area, and it can obtain 250000 for each year. This is the first couple year. Galvégårdarna would estimate whether RAPATAC has reached the contract’s requirement. Galvégårdarna would base on RAPATAC’s performance to decide whether to maintain the relationship with RAPATAC. Arkitektkopia conveyed that the performance of RAPATAC could be the factor to estimate. As RAPATAC always lead the children to consider the importance of education. It is quite necessary for Sponsor Company to know RAPATAC’s performance and tell the customers why Arkitektkopia want to support RAPATAC. The performance of RAPATAC is an important factor for Bilmetro to consider. The funding decision greatly depended on this factor in future. Bilmetro judges performance of RAPATAC by estimating small projects. Kultur och Fritid presented that the financing support
decision more based on engagement than performance as this is the first year to provide the financing support. The future support decisions will depend on the result of the evaluation.

**Financing sustainability**

**Galvegådarna** would take financing sustainability to consider when they decide to support RAPATAC. For example, when RAPATAC wants to build the basketball square in the activities center, which means they need Galvegådarna to help them to remodel the activities center, on the other hand, the payment for rent is correspondingly increasing. In this project, Galvegådarna would estimate whether they can support this project as well as whether RAPATAC has the financing capabilities to execute this project. **Arkitektkopia** do not consider the financing sustainability when it decides to funding RAPATAC as RAPATAC still is at set up stage. **Bilmetro** argues that the long term support from the community and the sponsor companies are quite significant for RAPATAC. Bilmetro also considers about other sponsorship of RAPATAC when they decide to funding. **Kultur och Fritid** do not consider the financing sustainability when they decide to support RAPATAC.

**Communication Transparence**

**Galvegådarna** claimed that the communication between Galvegådarna and RAPATAC is transparent. As Galvegådarna have contacts with RAPATAC for many years, they have known RAPATAC very well. They also visit RAPATAC to see the value and its performance. When RAPATAC decides to run a new project, they would join the presentation and do the relevant research to estimate whether they are available to support RAPATAC. **Arkitektkopia** claim that it is quite necessary for RAPATAC to communicate with sponsor companies. For example, RAPATAC shows them the use of fund, the progress of the project as well as the daily running by sending e-mail, calling, meeting etc. RAPATAC also organize the sponsor companies to visit the activity center. **Bilmetro** considers communication between RAPATAC and Bilmetro is transparent. Bilmetro could access the RAPATAC’s information easily from its homepage and e-mail. **Kultur och Fritid** argues that they have good relation with RAPATAC and expect a detailed report during the year.
### Table 3 The Interview Findings From Funders

<table>
<thead>
<tr>
<th>Funders</th>
<th>Arkitektkopia</th>
<th>Bilmetro</th>
<th>Galvegårdarna</th>
<th>Kultur och Fritid</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Relationship</strong></td>
<td>Sponsorship</td>
<td>Sponsorship</td>
<td>Partnership</td>
<td>Government grant</td>
</tr>
<tr>
<td><strong>Type of funding</strong></td>
<td>Print, paint and adverts, free service</td>
<td>Money, rent the cars, extend the network</td>
<td>Money, rent the rooms</td>
<td>Money</td>
</tr>
<tr>
<td><strong>Factor1 Social Mission</strong></td>
<td>- Help the kids improve Swedish and develop the confidence</td>
<td>- Take care the children and make them feel warm in the society</td>
<td>- Make the society safe</td>
<td>- Enrich after school hour for kids</td>
</tr>
<tr>
<td><strong>Factor2 Qualities of Leader</strong></td>
<td>- Good communication skill</td>
<td>- Good communication skill</td>
<td>- Capability to lead the kids behavior on the right way</td>
<td>- Innovative ideas to build up the projects</td>
</tr>
<tr>
<td></td>
<td>- Passion (key factor)</td>
<td></td>
<td>- Leader’s passion (key factor)</td>
<td></td>
</tr>
<tr>
<td><strong>Factor3 The Performance of SE</strong></td>
<td>- Evaluation factor</td>
<td>- Factor influence future investment</td>
<td>- Factor influence future investment</td>
<td>- Factor influence future support</td>
</tr>
<tr>
<td></td>
<td>- According e-mail, visit to estimate</td>
<td>- Estimate the small projects of RAPATAC</td>
<td>- Estimate according contract’s requirement</td>
<td>- Estimate according to policy</td>
</tr>
<tr>
<td></td>
<td>- Make kids realize importance of education</td>
<td>- Provide the guide to kids’ behavior</td>
<td>- Provide the guide to kids’ behavior</td>
<td></td>
</tr>
<tr>
<td><strong>Factor4 Financing Sustainability</strong></td>
<td>- Do not consider as it still at set up stage</td>
<td>- Consider about other sponsorship</td>
<td>- Evaluation factor</td>
<td>- Do not consider</td>
</tr>
<tr>
<td></td>
<td>- Consider about other sponsorship</td>
<td></td>
<td>- Consider about other sponsorship</td>
<td></td>
</tr>
<tr>
<td><strong>Factor5 Communication Transparence</strong></td>
<td>- Transparent, by e-mail, calling, meeting, visit activity center</td>
<td>- Transparent, by website, e-mail</td>
<td>- Transparent, by presentation, research, visit</td>
<td>- Transparent, expect detailed report in future</td>
</tr>
</tbody>
</table>

**Sources:** Own construction.
4.6 Type of funding from Sponsor Company

Figure 4 Type of Funding of RAPATAC

![Pie chart showing the type of funding from Sponsor Company]

<table>
<thead>
<tr>
<th>Type of Funding</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>a. Money</td>
<td>21.43%</td>
</tr>
<tr>
<td>b. Supplies</td>
<td>28.57%</td>
</tr>
<tr>
<td>c. Human Resources</td>
<td>21.43%</td>
</tr>
<tr>
<td>d. Other</td>
<td>28.57%</td>
</tr>
</tbody>
</table>

Sources: Own construction.

The sponsor companies fund RAPATAC in different ways. 21.43% of funding source is money. 21.43% is human resources while object occupies 28.57%. Four sponsor companies (28.57%) convey that they support RAPATAC by providing free service.

4.7 The Factors Impact on Funders’ Decision

In the question 7 and question 8, the responders could give a score for each factor to describe the importance in a scale from 1 to 10, where 1 is the lowest and 10 is the highest. “Σ” represents the number of responders and “%” represents the percentage of total responders, "∅" represents the average score. The average score increase, the significant of the factor increase.
Table 4 The Factors Impact on Funders’ Decision

<table>
<thead>
<tr>
<th>Factor</th>
<th>1</th>
<th>2</th>
<th>3</th>
<th>4</th>
<th>5</th>
<th>6</th>
<th>7</th>
<th>8</th>
<th>9</th>
<th>10</th>
<th>Σ</th>
</tr>
</thead>
<tbody>
<tr>
<td>Purpose of the organization</td>
<td>1</td>
<td>x</td>
<td>9.09</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>The reputation of the organization</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>2</td>
<td>18.18</td>
<td>-</td>
<td>-</td>
<td>1</td>
<td>x</td>
<td>9.09</td>
</tr>
<tr>
<td>The performance of the organization</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>1</td>
<td>x</td>
<td>9.09</td>
<td>1</td>
<td>x</td>
<td>9.09</td>
<td>1</td>
</tr>
<tr>
<td>The leader’s capability</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>2</td>
<td>x</td>
<td>18.18</td>
</tr>
<tr>
<td>The innovation capability of the organization</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>2</td>
<td>10.00</td>
<td>-</td>
<td>-</td>
<td>2</td>
<td>10.00</td>
<td>1</td>
<td>x</td>
</tr>
<tr>
<td>The enthusiasm of charity</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>2</td>
<td>10.10</td>
<td>-</td>
<td>-</td>
<td>1</td>
<td>x</td>
</tr>
<tr>
<td>The convenience of the donating</td>
<td>3</td>
<td>x</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>6</td>
<td>x</td>
<td>45.45</td>
<td>2</td>
<td>x</td>
</tr>
</tbody>
</table>

Sources: Own construction.

In question 7, the purpose of the organization obtains 8.91 which is the highest point among other factors. The reputation of the organization is the second highest (8.64). The average scores for performance of the organization (8.09) and the leader’s capabilities (8.36) also over 8 point. The innovation capability of the organization and the enthusiasm of charity are around 7 points. 3 responders think the innovation capabilities of the organization (7.60) is very important while 1 respondent highly value the enthusiasm of charity (7.82), in other word, funders decide to funding because they are enthusiastic about charity activities. The convenience of the donating obtains the lowest point (4.45). 3 responders give one score for this factor.
4.8 Factors of RAPATAC Attracting Funders

Table 5 The Factors of RAPATAC Attracting Funders

<table>
<thead>
<tr>
<th></th>
<th>Unimportant</th>
<th>1</th>
<th>2</th>
<th>3</th>
<th>4</th>
<th>5</th>
<th>6</th>
<th>7</th>
<th>8</th>
<th>9</th>
<th>10</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Public welfare establishment</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>7.00</td>
</tr>
<tr>
<td>The reputation for the social responsibility</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>3.00</td>
<td>9.40</td>
</tr>
<tr>
<td>The leader’s passion and capability for the social change</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>2.00</td>
</tr>
<tr>
<td>The network behind RAPATAC</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>2.00</td>
</tr>
<tr>
<td>The transparency of RAPATAC</td>
<td>1</td>
<td>9</td>
<td>9</td>
<td>9</td>
<td>9</td>
<td>9</td>
<td>9</td>
<td>9</td>
<td>9</td>
<td>9</td>
<td>9</td>
<td>9.18</td>
</tr>
</tbody>
</table>

Sources: Own construction.

In the question 8, 7 responders concerned the public welfare establishment is very important factor to motivate them to funding RAPATAC as the funders consider RAPATAC could have a positive impact for the society. This factor obtains highest points (9.40) among others. The data show that RAPATAC leader’s passion and the capability (8.55) is the second important quality to attract funders. There are two qualities around 8 points. 3 responders think the network behind RAPATAC (8.40) is very attractant while 5 responders highly value the transparency of RAPATAC (8.18) when they make the funding decision for RAPATAC. The reputation for social responsibility gets the lowest score (7.00).

4.9 Chapter Review

The qualitative and quantitative findings are presented by the following table. The analysis in Chapter 5 is based on table 6.
Table 6 Finding of Qualitative and Quantitative Research

<table>
<thead>
<tr>
<th>Type of data</th>
<th>Qualitative</th>
<th>Quantitative</th>
</tr>
</thead>
<tbody>
<tr>
<td>Respondents</td>
<td>3 sponsor companies and 1 government</td>
<td>11 sponsor Companies</td>
</tr>
<tr>
<td>Type of Funding</td>
<td>Money, objects, service, extend the network.</td>
<td>Q4: Money, human resources object Other</td>
</tr>
<tr>
<td>Social Mission</td>
<td>- Provide the study guide for the foreign kids</td>
<td>Q2 and Q6:</td>
</tr>
<tr>
<td></td>
<td>- Make immigrant integrate into society</td>
<td>- Provide the study guide for the foreign kids</td>
</tr>
<tr>
<td></td>
<td>- Make the society safe</td>
<td>- Make immigrant integrate into society</td>
</tr>
<tr>
<td></td>
<td>- Enrich after school hour for kids</td>
<td>- Cooperate school system</td>
</tr>
<tr>
<td></td>
<td></td>
<td>- Leisure activity</td>
</tr>
<tr>
<td>The Qualities of Leader</td>
<td>- Good communication skill</td>
<td>Q14:</td>
</tr>
<tr>
<td></td>
<td>- Capability to lead the kids’ behavior on the right way</td>
<td>- Passion</td>
</tr>
<tr>
<td></td>
<td>- Passion</td>
<td>- Clear goal</td>
</tr>
<tr>
<td></td>
<td>- Innovative ideas to build up the projects</td>
<td>- Innovation capabilities</td>
</tr>
<tr>
<td></td>
<td></td>
<td>- Capabilities to deal with the social issue</td>
</tr>
<tr>
<td>The performance of SE</td>
<td>- Key factor</td>
<td>Q13:</td>
</tr>
<tr>
<td></td>
<td>- According to e-mail, visit, contract’s requirement, small project and policy to estimate</td>
<td>- The benefit for the kids’ development</td>
</tr>
<tr>
<td></td>
<td>- Facilitate the kids’ personal development</td>
<td>- The benefit for the immigrants of Gävle</td>
</tr>
<tr>
<td>Financing Sustainability</td>
<td>- Arkitektkopia and Kultur och Fritid do not consider as it still at set up stage</td>
<td>Q12:</td>
</tr>
<tr>
<td></td>
<td>- Bilmetro and Galvegådarna consider other sponsorship</td>
<td>- 70% of responders would consider and 30% of them not.</td>
</tr>
<tr>
<td></td>
<td>- Do not consider</td>
<td></td>
</tr>
<tr>
<td>Communication Transparency</td>
<td>- Three companies and Fultur och Fritid consider the communication is transparent</td>
<td>Q5, Q16 and 17: 63.6% of respondents know how RAPATAC use their money by website, newspaper, sponsor activities, mail, and personal contact.</td>
</tr>
<tr>
<td></td>
<td>- They can receive information by e-mail, calling, meeting, visit, and website.</td>
<td></td>
</tr>
<tr>
<td></td>
<td>- Kultur och Fritid expect detailed report in future</td>
<td></td>
</tr>
</tbody>
</table>

Sources: Own construction.
5 Analysis

In this chapter, we combine the qualitative and quantitative findings. Then compare the theory study and empirical study to analyze the type of funding and funders and the five assessment factors.

5.1 Type of Funding and Funders

There are three types of funding to support RAPATAC’s daily running which include Sponsor Company’s support, government grant and individual donation. As the theory mentioned before, Social enterprises could obtain funding from government, individual and corporations while they rely on one of them mostly. These three main types of funding can cover the organization’s main revenue and daily cost (Landes Foster, Kim et al. 2009). Compare to this theory, we found that RAPATAC rely on sponsor company support and government grant mostly instead of relying one type funding mostly. The sponsor company provide material to support RAPATAC daily running while the government grant mainly uses in daily activities. This funding cannot cover RAPATAC’ operational cost.

5.2 Social Mission

A social mission serves as the sign of an organization's ambition and its identity (Bart, Bontis & Taggar, 2001; Perrini and Vurro, 2006). RAPATAC is a non-profit organization aimed to make foreign kids integrate in the society by providing school support, behavior guide and leisure activities. These activities gain recognition and support from Kultur och Fritid. More than 90% of the sponsor companies recognize the social mission of RAPATAC. According to the data, we argue that the social mission of RAPATAC is clear and recognized.

Alter (2006) argues that a social mission ranging from "mission centric", where the aim of the organization is to deal with social issues. As the social mission is a crucial attribute of a successful social venture, it should influence funders' perceptions (Miller and Wesley II, 2010). As the empirical study (see 4.5) mentioned before, both Arkitektkopia and Gavlegårdarna have recognized the social problems RAPATAC take care. The immigrant with low economic and low social position. It is hard for them to communicate with local people and find a job as the language problem. Based on these reasons the funders consider RAPATAC could be one of the solutions to solve the problem of immigrants. The kids can improve their Swedish, create the positive attitude toward life as well as collect their behavior though participating to leisure
activities and obtaining advice from volunteers. Thus, we say that the funders have realized the social issue which RAPATAC deal with. RAPATAC’s social mission is one of factors influence funders’ perceptions to funding.

5.3 The Qualities of Leader

Passion was a word to describe what the person was doing. It can reflect on staring a business, creating a theatre company or reviving a run-down community (Handy 2003, p122). Compare to this theory, we found several points can reflect the passion of the leader. Moussa (RAPATAC’s leader) found the foreign kids were helpless when he was a basketball teacher in Sätra. The social issues have been existing and recognized, but nobody tried to take the responsibility to find out the solution apart from Moussa. He wants to build a school to help these kids and has persisted this dream for nine years even though he had not enough resources at the beginning. With the passion, he presents his idea by newspaper and persuades local government and more than 20 sponsor companies to support RAPATAC. He also led the foreign kids to run on the right way.

The social mission and a social entrepreneur’s passion for social change are equally important effect funders’ decision (Miller and Wesley II, 2010). Arkitektkopia and Bilmetro convey that Moussa’s passion is the key factor to make them trust RAPATAC. Otherwise, they would not support. For the sponsor companies, 45.45% responders put the passion as the foremost factor of leader’s qualities. Thus, we argue that the passion for the social change is the most obvious trait for RAPATAC’s leader. Innovativeness is one of abilities for entrepreneurs to create innovative approaches to deal with social issues (Robertson et al. 2006). Kultur och Fritid expressed that the leader’s innovative capability could be a factor attracting them to support RAPATAC. Except passion, innovation capabilities has mentioned in theory (2.4). We also found another two qualities of leader influence funders’ decision in the empirical study. Three companies have mentioned that Moussa has the good leadership to organize the kids and has the good communication skills to persuade people work with him. In our opinion, the passion of a leader is a significant effect in this case. Good communication skill of leader helps RAPATAC build the network with sponsors. Furthermore, ability to organize the kids and leader’s innovative capability is an important assessment factor of some sponsors.

5.4 The Performance of SE

According to Baruch and Ramalho (2006), performance measurement includes financial success, sales, market, production efficiency, share growth and quality. More and more kids come to the activity center, to follow RAPATAC spirit and perform well at both school and home.
RAPATAC launch many projects to enrich their after school hour, such as dance, judo, technique, gymnastics, basketball and music. We consider that the funders can value RAPATAC’s performance though these activities.

Social enterprises have a responsibility to present their current and future performance to stakeholders (Pepin, 2005). RAPATAC give sponsors periodic report to present its performance and invite them to visit activity center. Great performance can give funders confidence to establish their funding (Mair and Martí, 2006). More than 80% of the responders recognize RAPATAC created value for foreign kids. Three sponsor companies express that the performance of SE is one of factors to motivate them to support RAPATAC. Bilmetro, Galvegådarna and Kultur och Fritid convey that their future funding will greatly depend on this factor. We say that the performance of SE is not only factor to influence funders’ decision but also a factor to maintain the long-term relationship with funders. As the theory (2.4, p15) mentioned, an efficient performance measurement methodology could help social enterprise attract funders (Mair and Martí, 2006). Three companies can obtain the information easily through the website, personal talking, visit, e-mail to measure its performance. Compare with this theory, we found that sponsors can obtain information in diverse ways, which is hard for sponsors to have a systematic analysis of RAPATAC’s performance because of the scattered information. Thus, we suggest RAPATAC should build a methodological performance measure system.

5.5 Financing sustainability

The major challenge of social enterprise is lack of sustained funding to support its activities. Therefore, financing sustainability is essential for social enterprise survival (Weerawardena, McDonald & Mort, 2010). During the interview, Mathilda mentioned that capital shortage is one of challenges of RAPATAC. Like most of the social enterprises, RAPATAC still suffer fund shortage.

According to Weerawardena, McDonald and Mort (2010), financing sustainability can be reflected on three aspects, strategy, operation and value creating. Moussa presented that it was quite important to consider the long vision for the development of RAPATAC. It means that RAPATAC realize its problem and aim to become a sustainable organization. Several sponsor companies support RAPATAC by paying the rent. RAPATAC can obtain money from the local government monthly to support activities, and individual also can donate some money to RAPATAC. In addition, RAPATAC’s material support by sponsor companies can reduce the daily cost largely. RAPATAC actively seek support from local government to increase its
revenue. We argue that these three projects can reflect the financing sustainability in daily operation. As pervious theory mentioned (see 2.5, p17), social enterprise should active partnering enlarge their range for social value creation (Weerawardena, McDonald& Mort, 2010). RAPATAC actively seek cooperation with various sponsors to enlarge its network. As RAPATAC is at set-up stage, some sponsors do not focus too much on this factor, such as Arketekopia and Kultur och Fritid, but some sponsors would consider whether other sponsors could support RAPATAC. They consider social network can help the social enterprises to achieve their social mission by creating resources and value (Thompson, 2002). Thus, we argue that social network is one of influence factors in the financing sustainability aspect.

5.6 Communication Transparence

Shane and Cable (2002) argue that it is crucial to provide the fully understandable information to the funders as they rely on considering the available information to make decisions. RAPATAC sent the information and contact with the sponsor companies in four ways. It includes invest in the newspaper to report RAPATAC, invite the sponsor companies to visit the activities center, have the face to face talk with the sponsor companies, send e-mail each month, and provides the daily schedule on its website. In the questionnaire, all the responders conveyed that they would like to know how RAPATAC use the money. 63.6% of them know while 36.4% were do not know. Thus, the data shows RAPATAC’s information is transparent. Nevertheless, we argue that existing communication channels are inefficient. It is hard to adapt wider network if RAPATAC still use personal contact. We suggest that RAPATAC need to build up a standardized communication system.

Communication transparence is an effective tool to build up the enterprise’ reputation. Building reputation is crucial for any enterprises (Belanger, Hiller & Smith, 2002), and it serves as the perception of the organization shared by its multiple shareholders over time (Fombrun and van Riel, 2004; Alessandri, Yang & Kinsey, 2006). Three sponsor companies in the interview mention that it is easy to access the information from RAPATAC and communication between RAPATAC and sponsor companies is transparent. Arkitektkopia believes that they should support RAPATAC after the visit, and this also can reflect that the information could enhance the image of RAPATAC. Kultur och Fritid argues that they have good relation with RAPATAC. As the theory (see 2.4, p15) has mentioned, communication transparence could enhance the confidence of funders and facilitate relationship between RAPATAC and funders (Zucker, 1986). Compare with this theory, we argue that communication transparence could be one of factors influence funders’ decision.
5.7 Summary of Analysis

In the table 7, we have summary what we have found after comparing the empirical study and the theory. The “same” demonstrates the empirical finding is the same with the context of theory. The “different” means when have found the “gap” between the empirical study and theory. In other word, the data could find in the empirical study while theory cannot find.
Table 7 Summary of analysis

<table>
<thead>
<tr>
<th>Type of Funding and Funders</th>
<th>Same</th>
<th>RAPATAC support by three types of funding: sponsor company, government grant and individual donation.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Different</td>
<td></td>
<td>RAPATAC relies on two types of funding instead of one type of funding mostly. The funding still cannot cover its operation cost.</td>
</tr>
<tr>
<td>Social Mission</td>
<td>Same</td>
<td>The social mission of RAPATAC is clear and recognize. It is one of factors to motive funders' decision.</td>
</tr>
<tr>
<td>The Qualities of Leader</td>
<td>Same</td>
<td>Passion and innovation capability of a leader is a factor attract funding.</td>
</tr>
<tr>
<td>Different</td>
<td></td>
<td>Good communication skill to persuade people to work with RAPATAC, and ability to organize the kids also being the qualities of leader to attract funding.</td>
</tr>
<tr>
<td>The Performance of SE</td>
<td>Same</td>
<td>RAPATAC has presented their current and future performance to its funders. The good performance is a factor to receive funders' support.</td>
</tr>
<tr>
<td>Different</td>
<td></td>
<td>Great performance also a key factor to maintain a long-term relationship with funders.</td>
</tr>
<tr>
<td>Financing Sustainability</td>
<td>Same</td>
<td>Capital shortage is one of challenges of RAPATAC. The social network is a factor to influence funders' decision in financing sustainability aspect.</td>
</tr>
<tr>
<td>Communication Transparency</td>
<td>Same</td>
<td>The information of RAPATAC is transparency. It is a factor to obtain funders' support and facilitate the relationship with funders.</td>
</tr>
</tbody>
</table>

*Sources: Own construction.*
6 Conclusion

This chapter concludes our study. The first section presents the answer of our research questions. The second section describes the contribution of our study. Thirdly, we present the present situation of social enterprise development. We provide four suggestions to RAPATAC. The last part uses to presents the reflection and suggestions for further study.

6.1 Apprehension of Research Questions

In this study, we asked two research questions. The answer as follow:

Q1: Which factors facilitate social enterprise to attract funders?

A clear identification of social mission could attract funders. Social enterprises are driven by social mission. Before identifying the social mission, it is quite significant for the social enterprise to know which social issue need to deal with. So social enterprise needs to commit to solve the social issue. Meanwhile, the social enterprises need to show the vision to the funders and make them perceive its social mission. For the qualities of leader aspect, the leader’s passion for the social change facilitates the social enterprise to realize its social mission. Moreover, leaders are required to obtain good communication skill to present their idea and seek support from funders. The good performance could help social enterprise attract funding easier. Thus, the social enterprise has an obligation to present the current and future performance to funders timely, which makes the funders easier to know the operation of the social enterprise. For financing sustainability aspect, the larger social network social enterprises have, the more funding opportunities they can receive. Social enterprise should identify and catching possible opportunities, active partnering to extend its network. Communication transparence could be one of factors attract funders as the funders rely on according to available information to make a judgment. Social enterprise has an obligation to transfer information effectively and provide a report to funders timely.

Q2: Which factors motivate funders to support social enterprises?

A clear recognition and deep perception of the social issue can motivate the funders to support social enterprise. The leader’s passion for the social change also being a motivated factor. The funders consider whether the leaders have the capability to appeal and govern other people work with him and solve the problems with an innovative idea. The performance of social enterprise will affect the further funding decision and maintain the long-term relationship. Funders consider
the network is a key element of financing sustainability, thus it plays an important role to help the social enterprise to maintain the long-term relationship with funders. Funders also express that communication transparency is one of factors motivate to support social enterprise. They expect detailed information though methodological communication system to follow the progress of the project.

6.2 Theoretical Contribution

In our case study of RAPATAC, we have investigated five assessment factors in both the social enterprise and the funders’ perspective in order to acquire a complete view for each factor and make the data collection more reliable.

The contribution of this study is in the field of social enterprise's funding. Through the comparison between theory and empirical study, we identify some “gaps”, as we can see the red text in figure 5. For the qualities of leader aspect, passion for social change is a notable quality of leaders which have been mention in the theory already (see chapter 2). One the other hand, we found that good communication skill, innovative idea to operate social enterprise and the ability to lead the social enterprise to realize its social mission are factors to attract funders. For the performance of SE aspect, we found that good performance not only being a factor to attract funders but also have the function to maintain the relationship between Social enterprise and funders. Social enterprise has an obligation to present its performance timely to maintain the relationship with funders. These “gaps” have been point out as red text in figure 5 that can complete the theory.
### Factors Affecting the Funding of SE and Their Meaning

<table>
<thead>
<tr>
<th>Factors</th>
<th>Meaning</th>
</tr>
</thead>
<tbody>
<tr>
<td>Social Mission</td>
<td>Easy to identify and perceive</td>
</tr>
<tr>
<td></td>
<td>Solve social problems</td>
</tr>
<tr>
<td>The Qualities of Leader</td>
<td>Passion for social change</td>
</tr>
<tr>
<td></td>
<td>Communication skills</td>
</tr>
<tr>
<td></td>
<td>Innovative ideas</td>
</tr>
<tr>
<td>The Performance of SE</td>
<td>Present the performance</td>
</tr>
<tr>
<td></td>
<td>Maintain relationship</td>
</tr>
<tr>
<td></td>
<td>Standardized performance measure system</td>
</tr>
<tr>
<td>Financing Sustainability</td>
<td>Increase revenue and reduce costs</td>
</tr>
<tr>
<td></td>
<td>Extend social networks</td>
</tr>
<tr>
<td></td>
<td>Draw innovative strategy</td>
</tr>
<tr>
<td>Communication Transparency</td>
<td>Transfer information effectively</td>
</tr>
<tr>
<td></td>
<td>Report timely</td>
</tr>
<tr>
<td></td>
<td>Standardize the communication system</td>
</tr>
</tbody>
</table>

*Sources: Own construction.*
For managerial implications, in order to obtain funding or maintain the relationship with funders, current social enterprise can improve their performance by referencing the context of these five factors. For the potential social enterprise, they can reference these five assessment factors when they decide to build up their own funding model and access funding.

For the societal implication, it is crucial for the local government and people to recognize the value of the social enterprise existing. The local government can reference our study to know the development and the challenges of social enterprise. It is important for the local government to provide relevance policy to help these social enterprises to access funding and development. As the social enterprises take social mission to solve a social issue, which could create the positive effect for the society development.

6.3 Realization of Present Situation

The situation of social enterprise is not optimistic as they face the challenge of financing. Take the RAPATAC case study into consideration, we found RAPATAC mostly rely on sponsor companies and the government. Since most of the social enterprises are nonprofit organizations, and the primary aim of social enterprise is to achieve social mission rather than maximizing profit, the financing channels of the social enterprise are less than the traditional companies. Furthermore, social enterprise is a new concept, thus most people do not have a clear recognition for social enterprise. Although some people can recognize the value of social enterprise, they still concern about the reliability and uncertainty of social enterprise when they try to funding them. Before RAPATAC has built its activity center, it cost seven years to prepare, such as present its idea to public, gain acceptance from potential funders, seek available support in any possible way. Moreover, the local government just provides limited support to RAPATAC. For this reason, we argue that the social recognition of social enterprise is poor. Finally, we concern the financing is still a serious challenge for social enterprises.

6.4 Recommendation to Social Enterprises

1. In the study, we found that the local government does not provide the sufficient support to social enterprise and some companies would not likely to support the social enterprise because of the poor recognition. Thus, we suggest that social enterprise should lead the potential funders to realize the importance of the social issues as well as show the vision and the value which social
enterprise could create.

2. In the empirical study, we found that funders use the scattered information to measure performance of RAPATAC. The performance is the essential factor to maintain the long-term relationship with funders and attract potential funders. We argue that it is necessary for social enterprise to present their performance to finders timely. We suggest social enterprises should build up a sound methodological performance measure system.

3. Even though there are 20 sponsor companies supporting RAPATAC, the current support of sponsor companies cannot cover RAPATAC’s daily cost. It might be reflect that fund shortage is one of challenges for social enterprise’ survive. A broad network is significant and could help social enterprise attract funders. Thus, we suggest social enterprises should participate actively with other organizations to extend its network.

4. In the empirical study, we found the existing communication channels of RAPATAC are inefficient. It is hard to adapt wider network if RAPATAC still use personal contact. Most of the sponsors convey they would like to receive detailed reports and know the progress of the project timely. It might be reflected that an efficiency communication system could help the social enterprise maintain the relationship with funders. Thus, we suggest social enterprises need to build up a standardized communication system.

6.5 Limitation

One of the limitations of this study is that the size of the sample is small. There are three types of funders of RAPATAC which includes the government, the company and the individual. There are more than 20 sponsor companies supporting RAPATAC, and we focus on three main companies. The second limitation is the language. During the interview, some interviewees have mentioned that they have lost some words as the English is not their mother tongue. On the other hand, English is also not our mother tongue.

For the questionnaire, we asked three native Swedish people to help us to translate the questionnaire into Swedish to ensure responders can understand the questions and then we hand out the questionnaire to a native person to check whether the questionnaire is understandable. After that, based on his suggestions, we modified the questionnaire and hand them out through e-mail to the sponsor companies. The third limitation is the way to hand out the questionnaire. We
have sent out the questionnaires by e-mail. The disadvantage is we cannot ensure whether responders receive the e-mail. We cannot explain personally if they do not understand the questions. The fourth limitation is the interview information for the local government. The person whom we have interviewed is not the decision maker in local government, and her idea cannot represent the board of local government. Thus, the person missed some of the questions. The fifth limitation is the design of the questionnaires. We did not consider fully when we design the questionnaire. Thus, we may miss some questions which could be an obstacle for us to make a more completed analysis. The sixth is the geographical limitation. The case study limited in Gävle. Thus, the research cannot totally reflect the situation of the whole industry.

6.6 Reflections and Further Research

In this study, we have used the literature framework including three main parts (the fund flow, the types of funder, and five assessment factors). We have chosen RAPATAC as a case study and focused on five assessment factors from both funders and social enterprise’s perspective. We have considered there are three suggestions for further research.

A case study can reflect unique experience and give reliable detailed information about the process of an organization’s development. The final finding of the case study cannot be generalized as the conditions are different from case to case. The second limitation is the small sample. RAPATAC has three types of funders (sponsor companies, the local government, the individuals), and it has more than 20 sponsor companies. The third is geographical limitation. This case study is based on the area of Gävle as the policy is different from place to place. Thus, in future studies we suggest using multiple case studies instead of a case study. In order to collect credible information, we recommend increasing the number of the respondents from different types of funders. The further research can also expand to other countries. The multiple case studies and respondents could test the assessments factors and make the result close to the general situation.
References


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APPENDICES
APPENDIX 1 Questionnaire for RAPATAC (English vision)

Questionnaire for RAPATAC

Hi, we are Peiying Kuang and Zhonglv Song. We are students from the University of GÄVLE. We investigate individual’s motivation to funding the social enterprise of RAPATAC. Since you are one of the funders to support RAPATAC, we hope you can help us answer the questionnaire to provide the suggestion for us to do better job in the future. Thank you so much!

Section 1 Basic information in order to know the degree of recognition of RAPATAC

1. Your company: _______
2. Do you know what RAPATAC working for? [Multi choice]
   a. School support
   b. The new youth immigrant
   c. The Leisure Activities
   d. Other: __________
   e. Don’t know
3. Do you review the detail information of RAPATAC before donating the money?
   a. Yes b. No
4. How can you support RAPATAC?
   a. Money
   b. Object
   c. Human resources
   d. Other: _______
5. How do you receive the information from the RAPATAC? (Multi choice)
a. Website  
b. Newspapers  
c. Television  
d. Sponsor activities  
e. Other :______( please add it)  

6. What do you associate with RAPATAC? [OPEN QUESTION]

Section 2 the motivation of the funders in order to know the decision criteria of investment  

7. How much do you consider the following factors when you donating? (In a scale of 1 to 10 there 1 is the lowest and 10 is the highest.)

Purpose of the organization

Unimportant 1-2-3-4-5-6-7-8-9-10 Important

The reputation of the organization

Unimportant 1-2-3-4-5-6-7-8-9-10 Important

The performance of the organization

Unimportant 1-2-3-4-5-6-7-8-9-10 Important

The leader’s capability

Unimportant 1-2-3-4-5-6-7-8-9-10 Important

The innovation capability of the organization

Unimportant 1-2-3-4-5-6-7-8-9-10 Important

The enthusiasm of charity

Unimportant 1-2-3-4-5-6-7-8-9-10 Important

The convenience of the donating

Unimportant 1-2-3-4-5-6-7-8-9-10 Important

8. What are the qualities of RAPATAC that attract you? (In a scale of 1 to 10 there 1 is the lowest and 10 is the highest.)

Public welfare establishments

Unimportant 1-2-3-4-5-6-7-8-9-10 Important

The reputation for the social responsibility

Unimportant 1-2-3-4-5-6-7-8-9-10 Important

The leader’s passion and capability for the social change

Unimportant 1-2-3-4-5-6-7-8-9-10 Important

The network behind RAPATAC

Unimportant 1-2-3-4-5-6-7-8-9-10 Important

The transparency of the RAPTAC (To know how the money is used)
Section 3: In order to find out the most assessment factor in each dimension

9. What kind of benefit do you obtain from this investment? (Open question)
10. Do you want to build up a long-term relationship with RAPATAC?
   a. Yes  b. No
11. What kind of factor can motivate you build up a long-term relationship with RAPATAC?
    (Open question)
12. Would you like to consider the financing sustainability of RAPATAC when you have a financing decision making?
   a. Yes  b. No
13. Which following social value created by RAPATAC do you appreciate mostly?
   a. The benefit for the development of the kids
   b. The benefit for the municipality of Gävle
   c. The benefit for the immigrant of Gävle
   d. The benefit labor of the Gävle
   e. Other: ________
   f. Don’t know
14. Which following qualities of the leaders do you appreciate mostly?
   a. The leaders have the passion for the social change
   b. The leaders have the capability to deal with the social issue
   c. The leaders have the innovation ability
   d. The leaders have clear goal
   e. Other: ________
   f. Don’t know
15. Which following option in RAPATAC’s social network do you consider most important?
   a. The volunteer of the RAPATAC
   b. The government supports the RAPATAC
   c. The stakeholders of the RAPATAC
   d. The company sponsorship of the RAPATAC
   e. Other: ________
   f. Don’t know
16. Would you like to know how the non-profit organization uses your money?
   a. Yes
   b. No
17 Do you know how your money for RAPATAC has been used? [Single choice]
   a. Yes
   b. No
Frågeformulär för RAPATAC

Hej, vi heter Peiying Kuang och Zhonglv Song och är studenter från Högskolan i Gävle. Vi undersöker individens motivation att finansiera det sociala företaget. Eftersom du är en av finansiärerna som stödjer RAPATAC, hoppas vi att du kan hjälpa oss att svara på frågorna för att ge förslag till RAPATAC att göra bättre jobb i framtiden. Tack så mycket!

Avsnitt 1 Grundläggande information för att ta reda på hur mycket du vet om RAPATAC
1. Vad heter ditt företag?
2. Vet du vad RAPATAC arbetar för? (Kontrollera vad bilden av RAPATAC i den offentliga) [Multi val]
   a. Stöd för skolan
   b. Nya unga invandrare
   c. Fritidsaktiviteter
   d. Övrigt: ___________
   e. Vet inte
3. Granskar du detaljerad information om RAPATAC innan du donerar pengarna?
   a. Ja b. Nej
4. Hur stödja ni RAPATAC?
   a. Pengar
   b. Objekt
   c. Mänskliga resurser
   d. Övrigt: _______
5. Hur får du information från RAPATAC? (Multi val)
   a. Hemsida
b. Tidningararna
c. TV
d. Sponsoraktiviteter
e. Övrigt: ______ (lägg till det)

6. Vad förknippar du med RAPATAC? [öppen fråga]

Avsnitt 2 Finansiärernas motivation för att investera

7. Hur viktigt anser du att följande faktorer är när du donerar? (I en skala från 1 till 10 där 1 är det lägsta och 10 är den högsta.)

Organisationens ändamål

Oviktigt 1-2-3-4-5 -6-7-8-9-10 Viktigt
Organisationens rykte

Oviktigt 1-2-3-4-5-6-7-8-9-10 Viktigt
Organisationens arbete

Oviktigt 1-2-3-4-5-6-7-8-9-10 Viktigt
Ledarens förmåga

Oviktigt 1-2-3-4-5-6-7-8-9-10 Viktigt
Innovationsförmågan hos organisationen

Oviktigt 1-2-3-4-5-6-7-8-9-10 Viktigt
Positiv inställning till välgörenhet

Oviktigt 1-2-3-4-5-6-7-8-9-10 Viktigt
Lätt att ge pengarna

Oviktigt 1-2-3-4-5-6-7-8-9-10 Viktigt
8. Vilka är egenskaperna hos RAPATAC som tilltalar dig? (I en skala från 1 till 5 där 1 är det lägsta och 5 är den högsta.)

Positivt inslag i samhället

Oviktigt 1-2-3-4-5 -6-7-8-9-10 Viktigt
Det goda ryktet

Oviktigt 1-2-3-4-5-6-7-8-9-10 Viktigt
Ledarens engagemang och kapacitet för social förändring

Oviktigt 1-2-3-4-5-6-7-8-9-10 Viktigt
Nätverket bakom RAPATAC

Oviktigt 1-2-3-4-5-6-7-8-9-10 Viktigt
Att veta hur pengarna används

Oviktigt 1-2-3-4-5-6-7-8-9-10 Viktigt
Avsnitt 3: För att ta reda på uppskattningar i varje dimension

9. Vilken förmån får du från satsning? (öppen fråga)
10. Vill du bygga upp en långsiktig relation med RAPATAC?
   a. Ja  b. Nej
11. Vilka faktorer motiverar du bygga upp en långsiktig relation med RAPATAC? (öppen fråga)
12. Vill du tänka på finansiering hållbarheten av RAPATTACK när du ha en finansiering beslutsfattande?
   a. Ja  b. Nej
13. Vilket socialt värde som skapats av RAPATAC uppskattar du mest?
   a. Barnens utveckling i Gävle
   b. Stöd till barnens skolarbete i Gävle
   c. Stöd till invandrarna i Gävle
   d. Hjälp att finna jobb i Gävle
   e. Övrigt: ________
   f. Vet inte
14. Vilken av följande egenskaper hos ledarna uppskattar du mest?
   a. Ledarna har engagemang för social förändring
   b. Ledarna har förmågan att ta itu med den sociala frågan
   c. Ledarna har innovationsförmåga
   d. Ledarna har klara mål
   e. Övrigt: ________
   f. Vet inte
15. Vilket följande alternativ i RAPATAC sociala nätverk anser du viktigast?
   a. Volontärerna i RAPATAC
   b. Gävle kommun stöder RAPATAC
   c. Intressenterna i RAPATAC
   d. Företagen som sponsrar RAPATAC
   e. Övrigt: ________
   f. Vet inte
16. Vill du veta hur den ideella organisation använder dina pengar?
   a. Ja
   b. Nej
17. Vet du hur dina pengar till RAPATAC har använts? [Single val]
   a. Ja
   b. Nej
APPENDIX 3 Interview Questions for RAPATAC

**TQ1: The background of RAPATAC**

IQ1: How do you have the idea to set up the RAPATAC?

IQ2: When do RAPATAC has set up?

IQ3: What is RAPATAC working for?

IQ4: Who is working with you?

IQ5: How many volunteer?

IQ6: How many employees?

IQ7: How many children in RAPATAC?

IQ8: The daily cost of RAPATAC?

IQ9: How many sponsor companies currently?

**TQ2: Type of Funding and Funders**

IQ1: Where is the income from? And which is the main?

IQ2: What percentage of each type of income?

IQ3: Is the capital enough to support the daily running?

IQ4: What kind of funding can cover your normal activities cost?

IQ5: Which types of the funding they are mostly rely on? (For example, money, human resource, objects, stuff....)

IQ6: How can Arkitektkopia, Bilmetro and Gavlegårdarna support RAPATAC? Can you explain simply?

IQ7: Currently, what are the difficulties and the challenges for the RAPATAC to access the

**TQ3: Factor 1 Social Mission**
IQ1: What service can you provide to foreign kids?

IQ2: What is purpose do you want to achieve?

IQ3: What the social issue you want to solve through RAPATAC?

**TQ4: Factor 2 the Qualities of Leaders**

IQ1: Have you do the business before?

IQ2: What’re your capabilities can facilitate the primary ideas into practice?

IQ3: How do you persuade them support RAPATAC?

IQ4: What are difficulties you have met during the process? And how do you overcome them?

**TQ5: Factor 3 performance of SE**

IQ1: How does RAPATAC help children?

IQ2: What’s improvement can RAPATAC bring for foreign kids?

IQ3: How do you make investors ensure you have the capabilities to achieve the social goals?

**TQ6: Factor 4 Financing Sustainability**

IQ1: Have you consider the financing sustainability in your enterprise?

IQ2: How do you think the key points of achieve financing sustainability?

IQ3: What is being done (or plan) to achieve financing sustainability of RAPATAC?

**TQ7: Factor 5 Communication Transparence**

IQ1: Do you think the communication transparence is important?

IQ2: What the kind of the communication options you have used?

IQ3: How do you ensure the communication is transparent?

IQ4: How can you show what you have done to the investors?
APPENDIX 4  Interview Questions for Funders

**TQ1: The Background of Funders.**

IQ: Can you introduce your organization simply?

**TQ2: The Relationship Between Funders And RAPATAC**

IQ1: At the beginning how do you know RAPATAC?

IQ2: How did you build the relationship with RAPATAC?

IQ3: What kind of relationship between RAPATAC and you?

IQ4: What is the common point between you and RAPATAC?

IQ5: What is your position in RAPATAC’s network?

**TQ3: Type of funding**

IQ1: How do you support RAPATAC?

IQ2: Which project of RAPATAC did you funding?

IQ2: Which project of RAPATAC did you funding?

**TQ4: Factor 1: Social Mission**

IQ1: Do you consider the social mission when you decide to support RAPATAC?

IQ2: What does the RAPATAC working for?

IQ3: What the benefit can RAPATAC bring to Gävle?

**TQ5: Factor 2: The qualities of leader**

IQ1: Do you consider the leader capability when you decide to support RAPATC?

IQ2: How does the leader persuade you support them?

IQ3: What qualities of leader do you consider?

**TQ6: Factor 3: The performance of SE**
IQ1: Does the RAPATAC’s performance influence your funding decision making?
IQ2: How do you measure their performance?
IQ3: What the criteria do you consider to measure the performance?
IQ4: How do you ensure RAPATAC have the capabilities to achieve the social goals?
IQ5: If you build a long-term relationship with RAPATAC, what is factor to motivate you?

**TQ7: Factor 4: Financing Sustainability**

IQ1: Would you like to consider the financing sustainability of RAPATAC when you have a funding decision making?
IQ2: How do you measure financing sustainability of RAPATAC?
IQ3: What are the elements can reflect the financing sustainability in RAPATAC?
IQ4: Do you consider whether other sponsor companies to support RAPATAC when you decide funding?

**TQ8: Factor 5: Communication Transparency**

IQ1: Do you think the communication transparency is important between RAPATAC and you?
IQ2: Do you think the communication between RAPATAC and you are transparent?
IQ3: How can you obtain the information from RAPATAC?
IQ4: How does RAPATAC provide the feedback to you?

**TQ9: Other Factor**

Q16: Any other factors do you consider when you decided to funding RAPATAC?
APPENDIX 5  Three models of nonprofit organization funding

<table>
<thead>
<tr>
<th>Model</th>
<th>Characteristics</th>
<th>Examples</th>
<th>Tactical Tools</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Heartfelt Connector</strong></td>
<td>The mission has broad appeal.</td>
<td>Medical research</td>
<td>Special events</td>
</tr>
<tr>
<td></td>
<td>The benefits often touch the lives of the funder’s family and friends</td>
<td>Environment</td>
<td>Direct mail</td>
</tr>
<tr>
<td></td>
<td>Nonprofit connects donors to the cause through volunteerism or other means</td>
<td>Save the Children</td>
<td>Corporate sponsorship</td>
</tr>
<tr>
<td><strong>Public Provider</strong></td>
<td>Provides services that are perceived as core government responsibility</td>
<td>Human services</td>
<td>Government contracts</td>
</tr>
<tr>
<td></td>
<td>Clear definitions exist of the services and processes that nonprofits must provide</td>
<td>Education</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>International</td>
<td></td>
</tr>
<tr>
<td><strong>Local Nationalizer</strong></td>
<td>The issue is one of a few top priorities for improvement or success in a locality</td>
<td>Education</td>
<td>Major gifts</td>
</tr>
<tr>
<td></td>
<td>The issue is common enough to exist in many localities nationwide</td>
<td>Youth development</td>
<td>Special events</td>
</tr>
<tr>
<td></td>
<td>The level of funding available in any single geographic area is usually limited</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Sources: Landes Foster, Kim et al. 2009.
APPENDIX 6  Findings of Qualitative and Quantitative Research

<table>
<thead>
<tr>
<th>Qualitative</th>
<th>Quantitative</th>
</tr>
</thead>
<tbody>
<tr>
<td>Arkitektkopia, Bilmetro, Galvegårdarna</td>
<td>Kultur och Fritid</td>
</tr>
<tr>
<td>11 sponsor Companies</td>
<td></td>
</tr>
</tbody>
</table>

**Type of Funding**

<table>
<thead>
<tr>
<th>Money, objects, service, extend the network.</th>
<th>Money</th>
<th>Q4: Money (21.43%), human resources (21.43%) object (28.57%), Other (28.57%)</th>
</tr>
</thead>
</table>

**Factor 1 Social Mission**

- Provide the study guide for the foreign kids
- Make immigrant integrate into society
- Make the society safe

<table>
<thead>
<tr>
<th>-Provide the study guide for the foreign kids</th>
<th>-Enrich after school hour for kids</th>
<th>Q2: School support (32.14%), service for youth immigrants (25%), leisure activity (35.71%), other and don’t know (7.15%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Q6:</td>
<td>-Provide the study guide for the foreign kids</td>
<td>-Make immigrant integrate into society</td>
</tr>
<tr>
<td></td>
<td></td>
<td>-Cooperate school system</td>
</tr>
</tbody>
</table>

**Factor 2 The qualities of Leader**

- Good communication skill
- Capability to lead the kids’ behavior on the right way
- Passion

<table>
<thead>
<tr>
<th>-Good communication skill</th>
<th>-Innovative ideas to build up the projects</th>
<th>Q14: Passion for social change (45.45%), the leader has a clear goal (27.27%), innovation capabilities (9.09%), and capabilities to deal with the social issue (9.09%)</th>
</tr>
</thead>
</table>

**Factor 3 The Performance of SE**

<table>
<thead>
<tr>
<th>-Key factor</th>
<th>-Factor influence</th>
<th>Q13: The benefit for the kids’ development</th>
</tr>
</thead>
</table>
According to e-mail, visit, contract’s requirement, small project to estimate. Facilitate the kids’ personal development.

- Estimate according to policy (81.82%), the benefit for the immigrants of Gävle (18.18%)

**Factor 4 Financing sustainability**

- Arkitektkopia do not consider as it still at set up stage
- Bilmetro and Galvegådarna consider other sponsorship
- Do not consider

Q12: 70% of responders would consider the financing sustainability when they decide funding while 30% do not.

**Factor 5 Communication Transparence**

- Three companies consider the communication is transparent
- They can receive information by e-mail, calling, meeting, visit, and website.
- Transparent, expect detailed report in future

Q16 and 17: All of responders would like know how RAPATAC use their money, 63.6% of them know while 36.4% don’t know.

Q5: They can receive information by website (26.92%), newspaper (19.23%), sponsor activities (26.92%), and other (26.92%) [mail, personal contact]

**Sources: Own construction.**