Faith-based Social entrepreneurship

Business As Mission

Master thesis
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Abstract

This thesis is about the role of the (Lutheran) Christian faith in social purpose business ventures. These business ventures have been known as “business as mission” (BAM) businesses within the Christian community but, so far, only limited research on the impact of these businesses has taken place and that mostly within the Christian Community.

This thesis aims to explore the business as mission (BAM) concept, hence specifically identify the resources and capabilities seen to be generated by faith. This thesis will also examine how these resources and capabilities may give the BAM businesses either a competitive advantage or disadvantage.

The data has been collected through semi-structured interviews of potential as well as actual BAM entrepreneurs worldwide at a BAM training course in Thailand in 2008. In addition, two BAM course teachers have been interviewed in order to build a theoretical framework of the BAM business. Barney’s VRIN-framework was used to assess the resources and capabilities found.

Given the novelty of the BAM concept, the grounded theory approach has been applied as a method. The findings are thus tentative and should be followed up by more research in this area as the business as mission businesses seemingly grow towards maturity.

First, the BAM concept was examined, and then a tentative BAM definition was suggested based on the BAM businesses analysed. A BAM business was found to be “a social purpose business venture motivated and driven by faith-based values and principles that has an intention to change the lives of people spiritually, socially and economically through profit-seeking business initiatives in the community in which it operates” (Christiansen 2008). BAM businesses were analysed to be about social development and about bringing people to faith in general. The economic impact was found to be questionable seeing that the BAM businesses analysed are unprofitable currently, apart from a global investment fund. However, the lack of profitability may be due to the infant stage of these businesses. Secondly, the resources and capabilities generated by faith were found to be the Christian values and principles (resources) and relationship-building (capability). Thereafter, the VRIN-framework was applied on the faith-based values and principles, and on the relationship-building capability, respectively. The resources relating to the values and principles were seen to be a source of temporary competitive advantage whereas the relationship-building capability was assessed to be a source of sustained competitive advantage ceteris paribus. However, more research is needed to capture the impact of faith on social purpose business ventures and on social entrepreneurship in general. (2769 taps)
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To all BAM entrepreneurs and BAM entrepreneurs to come worldwide

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1. Introduction

Social entrepreneurship is a relatively new term which seeks to embrace the increasingly interrelationships between the public, private and non-profit sector. Increasingly recognising that stakeholder concerns are diverse and need to be cared for, companies have started to look into the non-profit sector. In this way, companies are realizing that there is a growing trend of social awareness, especially among (potential) customers, in addition to the traditional shareholder concern of profit maximization. Therefore, businesses increasingly tap into the social sphere. As opposed to this trend, humanitarian and other non-profit organisations, which previously deterred money making, have seen a need of moving into business-related activities in order to ensure their funding. Moreover, these organisations have started to realize the political power of businesses and seek these activities to market and “sell” their causes. The public, private and non-profit sectors have become blurred (Emerson 2003). Accordingly, the public sector is increasingly looking for private service providers to help fund big public investments, as e.g. hospitals and infrastructure. This is termed “the blended value” proposition seeing that these sectors can add value to their operations by blending their respective resources (ibid).

The social entrepreneurship literature shows how businesses today increasingly are engaging in social tasks. By making the values inherent in social entrepreneurship and social entrepreneurs explicit, value-based social entrepreneurship continues further along this development path. However, the actual values in question as well as their significant influence on performance have not been subject to much research at this moment. In particular, so far there has been very limited research on how the faith of managers and entrepreneurs influence their (business) behaviour and, consequently, their business performance.

1.1 Faith-based social entrepreneurship

The objective of this thesis is to examine how faith can be seen to influence business performance. Because of limitations in scope, the thesis will focus on the (Lutheran) Christian faith in businesses which aim to make a social, economic as well as a spiritual impact on the societies in which they operate. These businesses have been termed ““business-as-mission”” (BAM) businesses (Tunehag 2006). Some BAM businesses have had considerable success and are well-known worldwide, albeit not as BAM businesses, but merely as normal for-profit businesses. Notably, one example is that of Southwest Airlines, a US air-carrier founded and operated on Christian values, which is a
large business today. Another well-known example is the US furniture company “Herman Miller” (Gunther 2004). However, these are just a few examples and limited to the US in general. These BAM businesses arguably hold firm-specific resources related to their faith seeing that these businesses can be assessed able to make a considerable social impact, e.g. by hiring socially marginalized and under-employed people literally from the street (Gunther 2004).

1.2 Focus and research questions

The thesis will examine the relatively new BAM-concept viewed in the BAM businesses and the challenges and opportunities of establishing and managing a business governed by (Lutheran) Protestant Christian values. Through interviews with BAM entrepreneurs and Christians seeking to establish BAM businesses, the thesis has the purpose of defining the faith-based values and principles seemingly inherent in these BAM businesses. Secondly, this thesis will give a tentative explanation of how these faith-based resources and capabilities can be seen as potential sources of competitive advantage. For this purpose, the Resource-based view will be applied as a framework and construct for the data. The research questions thus read:

1. What resources and capabilities are generated through faith?
2. How do these give BAM businesses a competitive advantage or disadvantage?

1.3 Thesis structure

First, in chapter two, the literature on value-based social entrepreneurship will be discussed to place faith-based social entrepreneurship into the social entrepreneurship context. Thereafter, the Christian values and principles, seen in the leadership philosophy called “servant leadership”, will be presented in order for the reader to get an account of the Christian worldview. Thirdly, the advantages and limitations of the Resource-based view will be discussed. In the chapter three, the methodological choices and the implications of these for the findings will be discussed. The analysis conducted in chapter four and five will present and assess the empirical data gathered in order to build a theoretical framework of the BAM businesses. In particular, the

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1 Most of the literature on faith-based organisations is US-based. Seeing that responses are context- and culture-specific (Rae and Wong 2004), a positive relationship between faith and competitive advantage cannot be assumed ex ante based on these limited and biased findings (cf. also email-correspondence with Peter Brinckerhoff 2007).

2 Formally, the term “business-as-mission” (BAM) was applied at the Lausanne Conference where church people, researchers and Christian business people met and discussed e.g. how business activities may contribute to the development of societies (“business-as-mission” Manifesto 2004, cf. Appendix I).
purpose of chapter four is to present the BAM-concept seeing that this concept is new and originates from outside the business world. Moreover, the data gathered at the BAM training seminar will be presented. From a definition of the BAM-concept, the values and principles perceived generated by faith will be assessed in the first part of chapter five based on the statements of the respondents. Accordingly, the aim is here to consider how faith may generate resources and capabilities and, in addition, to examine if faith in itself can be seen as a resource for the BAM business. Taking the starting point in the resources and capabilities found in the first part, these will be assessed using Barney’s (1991) VRIN-framework (cf. also Eisenhardt and Martin 2000: 1105) in the second part of chapter five. In this way, it will be examined how faith can generate resources and capabilities that may be potential sources of competitive advantage. Chapter six will summarize the findings and tentative conclusions will be made from the data collected. Moreover, the implications of these findings for the academic researcher and the BAM practitioner respectively will be presented. Finally, the limitations and the validity of this study will be assessed.

2. Literature review

In this thesis, the focus is on the ability of "business-as-mission" (BAM) businesses to exploit resources and capabilities generated by faith. First, the literature on value-based social entrepreneurship will be explored to identify the lack of research in faith related to value-based social entrepreneurship (cf. especially email-corrrespondence with Roger Spear 2008 and Peter Brinckerhoff 2007).

From value-based social entrepreneurship, the (Lutheran) Christian faith will be sought identified with the aim of distinguishing these Christian values from the more well-known “CSR ethos” in order to separate the merely ethical companies from the faith-based ones. Thirdly, the literature discussion will move into considering the resource-based view and how resources and capabilities can be seen to be potential sources of competitive advantage.

2.1 Value-based social entrepreneurship

Social entrepreneurship is concerned about how the private, public, and the non-profit sectors increasingly become interlinked. According to Emerson (2003), the social and the economic values have become blended. Recently, companies have discussed social responsibility and environmental policies e.g. of carbon emission reduction. Because of the increased competition for donor funding,
non-governmental organisations have sought to deploy business strategies and set up social purpose business ventures (SPBVs). By so doing, these organisations are attempting to maximize social and economic outcome. This has been known as “the blended value proposition” (Emerson 2003). A SPBV is a social enterprise is a for-profit business founded by a social entrepreneur which has a primary objective of creating social value (Mair et al. 2006).

In addition to the organisational form, a SPBV is characterized by its charismatic management, hence especially the social entrepreneur. Albeit a somewhat “vague” term, the social entrepreneur has been defined as: “A path-breaker with a powerful new idea, who combines visionary and real-world problem-solving creativity, who has a strong ethical fibre and who is “totally possessed” by his or her vision for change” (Bornstein 1998:37). Furthermore, the social entrepreneur has been seen as a person possessing distinguishing qualities such as “empathy”, “moral judgement”, “self-efficacy” and (being capable of mobilising) “social support” (Mair and Noboa 2003, quoted in Mair et al 2006: 144). Social entrepreneurship is thus indeed characterised by the charismatic entrepreneur who believes that he or she possess the ability to transform society (Bornstein 1998: 37). Another main characteristic element of the SPBV is its organisational form. SPBVs are often characterised by their “hybrid” form with elements of business tools and business management philosophies coupled with non-profit elements of voluntary labour, subsidized funding, and social goals (Mair et al. 2006). Consequently, these ventures strive to balance the social and economic goals to satisfy their shareholders as well as their stakeholders in general.

2.1.1 Faith in value-based social entrepreneurship

Social entrepreneurship can be seen as value-driven per se as argued by Spear (2007) seeing that the social goals of SPBVs are motivated by the values and beliefs of the entrepreneur. This was already noted by Weber who has shown how people have engaged in entrepreneurial activities because of their religious values and beliefs (Weber 1922, quoted in Spear 2007). This argument has been questioned by Spear (2007:7) who argued that the motivation for engaging in entrepreneurial activities may be due to the networks and organisation of the religious group rather than faith itself. Accordingly, in a study of Quakerism and entrepreneurship, Spear (2007:7) found that the motivation for entrepreneurship of the Quakers was more likely due to their close network ties and institutional set-up than to their religious values as such. However, Spear (2007) emphasised that

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3 As Foryt (2002) notes: “social entrepreneurship is [...] used to describe everything from revolutionary leaders in third world countries to first world businessmen and women who start a socially responsible business.”
the context is imperative when analysing the role of faith in social entrepreneurship. Because of the organisational and cultural differences between religious groups, it is therefore very difficult to generalise on these findings (ibid). In addition, the lack of empirical research on religion as a driver of social entrepreneurship makes generalisation even more difficult (ibid). Nevertheless, faith is perceived to play a role in social entrepreneurship. Accordingly, in his study of Quakerism and entrepreneurship, Spear (2007: 13) concluded that “both mainstream and religious sects continue to motivate, and provide strong links to legitimacy and other resources for social entrepreneurs.” Faith in social entrepreneurship can thus be seen as a highly relevant area of concern for social entrepreneurship practitioners and scholars alike. This is where this thesis receives its “raison-d’être”. The role of faith in social enterprises will be further examined next.

2.1.2 Faith in (social) enterprises

In study of faith-based organisations, Parry (n.d.) has looked at the impact of faith as an engine for combating HIV/AIDS in Africa. Parry (n.d.) noticed that these organisations were operating locally at the grass root level and close to the customers. The main function of these organisations was to provide education and health care. They are “people serving” (ibid: 13). Another key characteristic element was the high number of volunteers working in these organisations. Parry (n.d.) found their high credibility in the population to be related to the fact that they worked at the community level. Furthermore, she found their service provision to work in parallel to the (insufficient) one from the public sector. In this way, the faith-based organisations were “filling the voids” in the public sector (Parry n.d.:14). These organisations were seen as “fore-runners”, but their impact was concluded too narrow giving the epidemic nature of HIV/AIDS in Sub Saharan Africa. According to Parry (n.d.:16), they are constrained by their scarce economic resources, a lack of technical assistance as well as of policy formulation, and, somewhat surprisingly, of networking. Moreover, they were seen to have insufficient information, and training. Unfortunately, the impacts of each religion vis-à-vis the other religions in the study was not assessed. Furthermore, as was the case with Quakerism and entrepreneurship, the findings can be seen as highly context-specific. In this way, the diversity of Africa makes it difficult to make any general conclusions. Nevertheless, these findings can be used as a starting point in an analysis of the impact of faith-based organisations.

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4 The faith-based organisations in the study were based on the “traditional religions” (animism), Islam, and Christianity (Parry n.d.), which are the three major religions on the African continent, cf. Perry n.d.:2.
Similarly, limited research has been conducted on the impact of the Christian faith in businesses. Especially in the US, examples can be found of successful businesses where the management team consists of Christians. As mentioned in the introduction, one example is that of Southwest Airlines, a US air-carrier founded and operated on Christian values, which is a large business today. Another prominent example is the US furniture company “Herman Miller” (Gunther 2004). However, whether the performance of these businesses is caused by their charismatic management\(^5\) or by faith as such, a combination of these or perhaps by something else is rather speculative. Furthermore, because these examples are limited to the US in general, no conclusion can be made about the relationship between faith and economic performance on this basis. From the impact of faith in social entrepreneurship, the next part of this chapter will probe into the more general research about (the Christian) faith\(^6\) in order to define the specific values and principles inherent in Christianity in its Lutheran variation.

### 2.2 Faith-based values and principles

The concept of love is the governing value and principle in the Lutheran Christian faith in which salvation depends on the grace and love of God. According to the Lutheran Christian faith, Christians are demanded to be followers of Jesus Christ. This involves serving people and thereby demonstrating the love of God for all His creation (Luther 1520, quoted in Lambert 1915). This is summed up in the commandment called the “golden rule”:

> “Thou shalt love the Lord thy God with all thy heart, and with all thy soul, and with all thy mind. This is the first and great commandment. And the second is like unto it, Thou shalt love thy neighbour as thyself.”

(Matthew 23:37-40, The Holy Bible 1957).\(^7\)

In the following, the role of Christian values and principles in business management will be discussed. First, the Christian management philosophy known as servant leadership will be presented. With its altruistic aim to serve people, the management philosophy of servant leadership can be seen to be based on the (Lutheran) Christian ethics. Secondly, the strategic impact of values

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\(^5\) In a study, Brinckerhoff found business performance to be somewhat linked to charismatic management rather than to the Christian faith as such, cf. email-correspondence with Peter Brinckerhoff 2007.

\(^6\) In this thesis, faith concerns the Lutheran (Protestant) variation of Christianity. As opposed to Catholicism and other variants of Christianity, the Lutheran Protestant variant is characterised by its concept of salvation relying upon faith alone (Luther 1520, quoted in Lambert 1915).

\(^7\) Cf. also Mark 12:29-31 (The Holy Bible 1957)
and principles inherent in servant leadership for businesses will be discussed in order to see how values and principles can be valuable business resources and thereby potential sources of competitive advantage.

### 2.2.1 The leader as servant

Servant leadership is about seeing the leadership function as one of a servant, i.e. someone that serves others, hence the company’s stakeholders. Servant leadership implies subordinating yourself to a higher cause (Covey 2001, quoted in Greenleaf 2002). Servant leadership is holistic in the sense that people are perceived as spiritual beings that have physical, emotional and spiritual needs. To meet these needs is the purpose of the business.

As previously mentioned, Servant leadership is based upon the principle of “neighbouring love” found in “the golden rule”. It is about putting people first – before profit and other concerns vital for the existence of the company (Greenleaf 2002). People are seen as having “an intrinsic value beyond their performance” (Spears n.d., quoted in Spears and Lawrence 2004: 15). The role of the servant company is therefore to “unleash that value” (ibid).

Servant leadership includes the concept of stewardship or trusteeship, i.e. the idea that a leader is not thought of as a proprietary owner, but rather as a trustee that holds a company in trust for someone else (Spears n.d., quoted in Spears and Lawrence 2004; Gunther 2004). The role of a servant leader is thus to administer resources for the owners that he or she does not possess. The owners are perceived to be society, and ultimately God. In this way, God is seen as the ultimate owner and director of a business. Moreover, entrepreneurs and managers are seen to be “called” by God to take up these positions (Cavanagh et al. 2004, quoted in Pava and Primeaux 2004). Consequently, managers are perceived to be unrestrictedly liable towards society and people (Greenleaf 2002: 50-3). The Servant leadership philosophy seeks to empower people and build institutions, an effort that involves fundamental alterations of the governing structures, hence power relationships, in a society. In this way, servant leadership can be seen as an attempt to go into the cultural roots of a society (Greenleaf 2002: 255). Institution-building is arguably a highly time-consuming and costly activity. Nevertheless, Greenleaf (2002) argues that investing in people may lead to a better performance ceteris paribus because the high social capital generated leads to the costs of labour being diminished, thereby increasing the opportunities for a higher return on the capital invested. The role of values and principles in business performance will be discussed next.

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8 A servant is defined as: “one which meets the test of high law whose requirements of both persons and institutions are proportional to their opportunity to serve” (Greenleaf 2002: 260).
2.2.2 Faith and business performance

So far, studies have not be clear about whether or not ethical business behaviour pays off (Rae and Wrong 2004; Brinckerhoff 2007). Bhide and Stevenson (1990, quoted in Rae and Wong 2004) argue that due to cost of litigation and power asymmetries, the perceived value-added is never reaped. Conversely, Bowie (1998, quoted in Rae and Wong 2004) argues that ethical business conduct can be a source of competitive advantage because it reduces transaction costs of litigation through its trust-building activities and social capital preservation. Bowie argues that strong ethical values reduce the possibility of opportunistic behaviour thus leading to lower costs of control and monitoring. According to this argument, businesses in possession of “high-trust relationships”, i.e. social capital, are likely to enjoy a competitive advantage ceteris paribus (ibid).

Because of their focus on relationship-building, faith-based values can be perceived to minimize transaction costs and maximise social capital generation and, in this way, they influence positively on business performance. This is based on the assumption of a positive relationship between social capital accumulation and performance made by some Resource-based scholars. Accordingly, Luthans and Youssef (2004) view social, psychological and human capital as potential sources of competitive advantage. Helfat and Peteraf consider social interaction as a way of building routines and thereby resources. They argue that “teams with a history of interaction may have pre-existing routines for interaction” (Helfat and Peteraf 2003: 1001). They likewise state how social capital leads to capacity development, i.e. in the “improvement over time in carrying out the activity as a team” (ibid: 1002). Thus, these routines can be sources of competitive advantage. By linking values and beliefs with competitive advantage, Tywoniak (2007) takes this argument a step further. According to him, the set of values and beliefs can be seen as an informal control function in an enterprise. This may arguably be a source of competitive advantage because it can lead to cost efficiency (Tywoniak 2007: 18). However, this implies that the costs of implementation remain relatively low. However, seeing that values and beliefs are highly tacit, these resources can also become rigidities and thereby potential sources of competitive disadvantage (ibid).

Even though the perceived impact of values and beliefs on business performance is somewhat ambiguous, the importance of having these values is generally acknowledged. Accordingly, Tywoniak (2007: 19) has shown that shared values are the organisational glue that holds loosely-tied organisations together. Also Grant (n.d.) sees values as the core of the business. He argues that “the organization’s style, values, traditions and leadership are critical encouragements to the cooperation and commitment of its members” (ibid.: 187). By doing so, Grant likewise considers
values as a tacit resource inherent in a company’s “organizational routines” (Ibid). The values and beliefs are thus embedded within the organisation as a part of its culture according to Teece et al. (1997: 520) who define the corporate culture as consisting of “the values and beliefs that employees hold”.

All in all, the relationship between ethical behaviour and business performance is complex because of the difficulty in separating ethical behaviour from other variables influencing business performance. In this way, as Rae and Wong (2004: 52) note “ethical behaviour is not a magical blueprint for a successful business in the economic sense”. However, it has been shown that values can be explored as strategic assets and therefore ought to be managed. This is a key assumption of the resource-based view (RBV), which will be examined in the following.

2.3 The resource-based view of the firm

Since the first description of the perspective by Penrose in 1959 (Penrose 1959), the Resource-based view (RBV) has undertaken a significant development and evolved in various directions. In general, some perspectives have taken a rather static RBV of the company, as e.g. the Knowledge-based view9 (Kogut and Zander 1992) and the Natural-resource-based view10 (Hart 1995). Others have explored the dynamism following change as in the Dynamic capabilities’ approach (Eisenhardt and Martin 2000; Tripsas 1997; Teece et al. 1997; Eisenhardt and Brown 1997; Helfat and Peteraf 2003). Others again have attempted to view the company resources generated in firm alliances, as in the Relational view11 (Dyer and Singh 1998). Recently, RBV research has been oriented towards emphasising human resources as the most important resource of a company12 (Luthans and Youssef 2004; Tywoniak 2007).

2.3.1 The Resourced-based logic

In its original form, the Resource-based view (RBV) takes an endogenous view of the company in analysing its resources as strengths and weaknesses for the company at a given point in time

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9 The Knowledge-based view identifies how knowledge management can be a source of competitive advantage for a company because of its social embeddedness in the organisational relationships (Kogut and Zander 1992).

10 Others again have looked at the impact of the natural environment for the development and sustainability of these resources. This perspective is known as the Natural-resource-based view“(Hart 1995).

11 The Relation-based view suggests that competitive advantage can be found in the relational assets generated in firm cooperation in form of relational rents and value creation can thus take place beyond the firm (Dyer and Singh 1998).

12 This has been sought operationalized through the concept of “positive psychological capital management” in which the human resources in companies have been attempted quantified. These resources are perceived as “a capital investment to be developed and managed” (Luthans and Youssef 2004: 157).
The RBV presumes that resources are heterogeneous and that they therefore can be a competitive parameter (Barney 1997). Another assumption of the RBV is the immobility of resources per se, i.e. that the supply of resources is inelastic (Barney 1997). A resource is seen to be adding value if it can be seen a source of competitive advantage for the company (Barney 2002). According to Barney (1991), a resource is considered a source of sustainable competitive advantage when it enables the company to either exploit an opportunity or neutralise a threat to it (question of value), when only few companies possess this resource (question of rarity), when the resource is difficult and costly to imitate (question of inimitability), and when “equivalent substitutes” for the resource are not available (question of non-substitution). This is the RBV-logic: that all resources are potential sources of competitive advantage depending on the context and their fulfilling the criteria of value, rarity, inimitability and non-substitution (Barney 2001; 1991). This is known as the VRIN-framework (Eisenhardt and Martin 2000: 1105) and will be used in the analysis of the faith-based resources and capabilities seen in the BAM businesses examined.

2.3.2 Critique of the Resource-based View

Firstly, the VRIN-attributes have been criticized by Prim and Butler (2001) for being “tautological” and therefore not subject to verification and empirical testing. This claim has been partially acknowledged by Barney. Accordingly, in his “defence paper” to the critique raised by Priem and Butler (2001), Barney (2001) states that he acknowledges that the resource attributes of ”value” and “rarity” are more unclear in their definitions (as given in Barney 1991) because of the realisation that the value of the resources are defined outside the company. However, he reinforces that “inimitability “, and “substitutability” are empirically testable - also in their original 1991 definition (Barney 2001; 1991). Therefore the original 1991 VRIN-framework is applied in this thesis.

Another part of the “tautological critique” concerns the definition of “resources” which has been criticized for being vague and too broad. Accordingly, Barney (2001) has attempted to define more clearly the concept of “resources” by simplifying his previously adopted definition. In his 1997 paper, Barney adopted the definition given by Daft (1983, quoted in Barney 1997: 142-43) who defined resources as: “all assets, capabilities, organizational processes, firm attributes, information, knowledge and so forth that are controlled by a firm and that enable the firm to conceive of an implement strategies designed to improve its efficiency and effectiveness”. In 2001,
Barney gave a more explicit formulation of resources. He stated that “resources are the tangible and intangible assets a firm uses to choose and implement its strategies.” (Barney 2001:54). This is somewhat clearer than one of the first definitions presented by Wernerfelt (1984). He defined resources as “[...] anything which could be thought of as a strength or weakness of a given firm” (Wernerfelt 1984: 172). Even though Barney’s definition is somewhat clearer than the one suggested by Wernerfelt, it does not attempt to reveal the nature of the resource/asset (Teece et al. 1997). Nevertheless, this thesis adopts this definition of resources because of its clear link to company strategy (ibid) and because of the explorative approach of this thesis; in this way, a rather broad definition of resources is useful in order not to rule out any resources ex-ante.

Secondly, the definition of resources by the RBV has been perceived as causally ambiguous. It has been emphasised that it can be difficult to determine the causal relationship between resources and competitive advantage because of the interaction and inter-relationship between resources (Foss 1997). In this way, it has been argued that it is in the ability to configure and reconfigure a resource its actual source of competitive advantage lies – not in the resource per se. This is the critique from the dynamic capabilities’ approach scholars (cf. e.g. Eisenhardt and Martin 2000). However, this ability is important only in rapidly changing markets where companies are forced to shift their resource base to stay competitive (ibid). Consequently, Amit and Shoemaker (n.d.: 203) suggest a separation of the resources into assets in itself and into resource enablers generating these resources. They view of resources as “stocks” possessed by the company whereas the “capacity to deploy resources” is termed “capabilities”. Teece et al. (1997: 516) give a more explicit formulation of capabilities by defining them as “the firm’s ability to integrate, build and reconfigure internal and external competencies to address rapidly changing environments”. This is the definition adopted in this thesis (cf. the resource-based view terminology, chapter 3.3.2). Through a distinction between the resources themselves and their enablers, resources are more easily identifiable. In this way, possible “tautological problems” may be avoided.

Before analysing the BAM-concept and the Christian values and principles, the next chapter will discuss the methodological methods used in this thesis.

### 3. Methodology

This thesis on faith-based social entrepreneurship focusing on “business-as-mission” (BAM) businesses is based upon grounded theory (Glaser and Strauss 1967). Bryman and Bell (2003) state
that one of the critical arguments of grounded theory is the perceived lack of transparency as to how the data collected leads to the conclusions made. In the methodology, this process will be sought clarified. First, the research method and the subsequent methodological choices made will be discussed. Secondly, the research setting will be presented. Thereafter, the ways data was collected and analysed will be presented in order to make the reader able to replicate the study (cf. Bryman and Bell 2003). Finally, the reliability of the research method chosen will be discussed.

3.1 Research method

Grounded theory has been recommended by researchers for empirical studies in new areas in which little or no theoretical studies have been made previously (Eisenhardt 1989; Miles and Huberman 1994). This is the case for the concept of BAM which, until now, has been merely a Christian concept discussed by Christian scholars and practitioners. Therefore, because of the novelty of the topic, I have chosen an explorative method of data gathering and validation in order to build a theoretical framework as suggested by Eisenhardt (1989) and Miles and Huberman (1994).

Grounded theory is based upon the continuing process of comparing and validating data with theory (Glaser and Strauss 1967) in order to shape a hypothesis “grounded” in the data collected. Nevertheless, as Eisenhardt (1989) argues, a “research focus” is necessary to steer the data collection, albeit any hypothesis should be sought avoided to the extent possible. Accordingly, I began this work by sharpening my focus from “faith-based social entrepreneurship” into focusing on how the Christian (Lutheran) faith can be seen to influence businesses. Thereafter, I decided to focus on finding out what resources and capabilities that Christian businesses could be seen to have that could be potential sources of competitive advantage or disadvantage to them. For this purpose, I chose to apply the resource-based view as a construct and analytical tool as such a construct “can help to shape the initial design of theory-building research” (Eisenhardt 1989: 536).

Esterberg (2002: 152) considers data analysis as “a process of making meaning”. In order to build a hypothesis, I have searched for patterns through cross-checks in the data to find commonalities among these (Eisenhardt 1989). This is a “highly iterative process” consisting of a continuous assessment of the data pattern against the constructs made and shaping and adapting these constructs to fit with new insights from the data processing (Eisenhardt 1989: 541). In this way, data is closely grounded in theory. Grounded theory is considered the best suited method for theory building because it ensures a consistent closeness to data and reflections upon the findings to detect
interpretative biases (Eisenhardt 1989; Miles and Huberman 1994). The drawbacks and reliability of this method will be discussed in chapter 3.5.

3.2 Research setting

In 2004, business people met in Lausanne with church people, researchers and Christian business people to discuss how business can contribute to the development of societies and how faith at work and in business can be understood in relation to the teachings in the Bible ("business-as-mission" Manifesto 2004, Appendix I). The Lausanne conference was the first to set the "business-as-mission" on the agenda as such in the business world even though, in the US, Christian scholars and business people have written about the subject since the beginning of the Millennium. In January this year, the BAM training team in Harpenden, England, launched their first BAM training seminar that took place in the city of Chiang Mai, Thailand. The topic of the seminar was how Christian faith-based values and principles can be coupled with for-profit seeking business opportunities. Since the Lausanne Conference, this concept has been known as “"business-as-mission”” (BAM).

The BAM seminar was divided into three units; the first three weeks consisted of lectures and individual coaching and in the fourth week, participants went on a field trip to the neighbouring countries of Indonesia, China, Cambodia, and one group went to Bangkok. In the last two weeks, participants had lectures and individual coaching sessions again. I joined the seminar right after the field trips and stayed for the remaining two weeks of the seminar. During the first week, I made observations and took field notes in class and during the second week of my visit, which was the final week of the course, I conducted interviews.

The seminar was intended for people with prior business experience and for future BAM entrepreneurs and applicants had to submit an application to the team with recommendations together with the course fee. Twenty people were selected for the seminar: eight from the USA, three from West Africa, three from Asia, three Germans, and two Dutch people (plus one who never showed up). Of the nineteen people, there were twelve men and seven women. The age of the participants span from 23-58, however, the average age being 38 years (cf. also the study sample, appendix V). Among the participants, there were five BAM entrepreneurs already managing a BAM business, however, three of them were working in the same BAM business, so, in reality,
only three BAM businesses were represented. Of the fourteen other people, half of them were working as missionaries or church leaders. The other half are people working in various “secular/normal” for-profit businesses but they were all considering setting up a BAM business or becoming involved with a BAM business in some other way. The seminar teaching team comprised of people from the BAM training team and of BAM-consultants, i.e. experienced BAM practitioners (cf. Moses 2008, appendix Vie; and Joshua 2008, appendix Viic).

For confidentiality reasons, the respondents have been given cover names. This is also the reason why only their region of origin has been stated. Moreover, in the case of Joshua, I have agreed to very strict terms of confidentiality to protect his work which is why the name of his company has been covered in the balance sheet and income statement (cf. appendices IXa and IXb).

3.3 Data collection methods

Pettigrew (1988, quoted in Eisenhardt 1989: 537) has shown the importance of selecting “polar” types of cases in order to capture the actual reality of the topic examined. This is also known as “theoretical sampling” as opposed to the random selection methods of “statistical sampling” (Eisenhardt 1989). Theoretical sampling is the collection method recommended when building theory (Eisenhardt 1989; Miles and Huberman). Thus, data was sought gathered theoretically looking for extreme and divergent views. All nineteen seminar participants and two of the four BAM-coaches were given a primarily quantitative questionnaire for the purpose of screening for in-dept interviews. Screening was based on geographical location, nationality, sex, age, experience, occupation and, most importantly, their attitudes towards BAM. Hence, I categorized the participants as positive or as sceptic towards the BAM-concept (cf. study sample, appendix V). In this way, I was able to have a critical group of sceptics to counterweight any “overly-positive” views related to the lack of control group. They became a “control group”. The screening criteria had the twin-purpose of selection of respondents as well as increasing control of the answers given to raise credibility of the results (Kanter 1977, quoted in Esterberg 2002: 291). Of the nineteen participants, ten were selected for interviews. In addition, two of the coaches agreed to an interview.

Furthermore, another interview was held before my departure to Thailand. This interview functioned as a pilot interview after which changes were made to the Interview Guide (cf. appendix III) as well as to the questionnaire (cf. appendix II). The questionnaire was also used as a structural tool for interviewing. The interviews were semi-structured allowing for probing into respondent-
specific issues and interesting dichotomies between the answers given in the questionnaire and during the interview. In this way, any respondent biases (Bryman and Bell 2003; Miles and Huberman 1994) were likely to be discovered. During the interviews, it became clear that some of the respondents had negative connotations to the term “religion” as it was used in the questionnaire (cf. appendix II). By probing into this, I found that some people defined “religion” as different from “faith”\(^\text{13}\). As previously mentioned, this objection especially came from the Africans. This made me aware that there is a difference in worldview when it comes to faith between the Africans and the Europeans/Americans (cf. Abraham 2008, appendix VIIa; Israel 2008, appendix VIIe).

In addition to the interviews made at the BAM seminar, I have interviewed two people who did not participate in the BAM training seminar. This was done in order to screen the interviews for any biased impact from the BAM-teaching. In the same way, the pilot interview with Samuel, a potential BAM entrepreneur and CEO of a “for-profit business”, also had the purpose of giving me seemingly more “independent” view (cf. Samuel 2008, appendix VIIIh). Moreover, the interview with Samuel was helpful in order to categorize the BAM entrepreneurs versus the potential entrepreneurs because Samuel can be seen as a “polar” case (Pettigrew 1988; quoted in Eisenhardt 1989: 537). This is due to the fact that he is a Christian managing a secular for-profit business without any faith-based goals (cf. Samuel 2008, appendix VIIh). In this way, Samuel helped me to frame the BAM-concept. In the attempt to further delimit the embeddedness of the respondents in the BAM-concept, I made another “independent” interview with a BAM entrepreneur, Esther, at her office in Bangkok. She gave me further insight to BAM in practice and had another BAM view seeing that she was not participating in the seminar and thus had a “clearer” practitioner’s view. The segmentation and characteristics of the study sample can be viewed in appendix V.

Eisenhardt (1989) and Miles and Huberman (1994) view multiple case studies as a means to increase the validity of findings when engaging in working with grounded theory. Thus, I supplemented the interviews and questionnaires with company visits, lecture notes, and field observations. However, the field observations were constrained due to the fact that I was not allowed to sit in class for more than 1-2 days during my two-weeks-visit (cf. field observations, appendix IV).

\(^{13}\) I define “faith”, in the Protestant form of Christianity treated here to involve “a belief in the fundamental right of reason to decide questions of truth, and a conviction that science, and religion are not intrinsically irreconcilable” (Greenleaf 2002: 278).
In addition to the 15 interviews made, I visited two Bam businesses, the ones of Esther and Mary. At Mary’s place, I recorded a presentation of her works (cf. Mary presentation 2008, appendix VIII). Likewise, I recorded a panel discussion at the seminar with the two coaches Moses and Joshua and a presentation of the works of Jacob, a Christian NGO worker. However, as is common in grounded theory, the researcher often gathers too much data (Miles and Huberman 1994). These two presentations mentioned lastly have not been used. In addition, the secondary empirical data collected from a BAM teacher about the perceptions of BAM before and after a lecture on the concept of BAM has neither been used explicitly, albeit this data proved valuable in the cross-checking of findings. In this way, I compared the BAM definitions given during the interviews with the BAM definitions given in one of the lectures and found them rather similar, hence reliable.

Furthermore, in class, I observed that there indeed was great disagreement to the content of BAM and to whether BAM must face a trade-off between its social and its faith-based mission (cf. field observations, appendix IV). I found that this disagreement was based on the worldview of the participants stemming from their culture. Together with the cross-checking for reasons of reliability, this is another reason why I have attempted to screen for cultural and geographical biases in the data analysis. This will be described in greater detail in the following.

### 3.4 Data analysis methods

After having transcribed the interviews and presentations, data was analysed looking for patterns as suggested by Eisenhardt (1989). Based on the answers, I made a pre-definition of BAM-concept in order for me to categorise the respondents. It was necessary to make such a pre-definition in order to determine who in fact was doing BAM giving the general confusion of the BAM-concept. Seeing that this is somewhat conflicting with the “null-hypothesis” assumption\(^\text{14}\) of grounded theory, following Eisenhardt (1989), a focus is necessary to manage the analytical process. The pre-definition was assessed based on the data analysis presented in the following chapter and slightly changed following the insights during the process of data analysis. The final definition of BAM as well as the data foundation upon which this definition is built will be shown in chapter four.

\(^{14}\)The null-hypothesis is the assumption that there is no causal relationship or no pattern in the data (Becker 1998, quoted in Esterberg 2002:153. In this way, the researcher may stay clear of pre-analytical biases.
Based on the pre-definition of the BAM-concept, the respondents were divided into two groups; the BAM entrepreneurs and the potential BAM entrepreneurs. The “BAM entrepreneurs” are the people actually managing a BAM business according to this pre-definition whereas the “potential BAM entrepreneurs” are the respondents likely to start a BAM business in the future.

This segmentation had the purpose of making a “reality-check” of the statements from the potential BAM entrepreneurs as well as making a general “reality-check” of the existing BAM businesses in relation to their outcomes, i.e. goals, hence their profitability. Both groups of respondents have been used in order to frame the BAM-concept more generally and to detect what resources and capabilities that are generated by faith and thereby answer the first research question.

The categorization made of the respondents is presented in figure 1 below:

**Figure 1: A typology of the respondents**

1A. BAM entrepreneurs

<table>
<thead>
<tr>
<th>Type of company</th>
<th>Size</th>
<th>(Actual) BAM</th>
<th>Region of origin</th>
</tr>
</thead>
<tbody>
<tr>
<td>Consultancy</td>
<td>MSE</td>
<td>Moses</td>
<td>Oceania</td>
</tr>
<tr>
<td>Investment fund</td>
<td>MNE</td>
<td>Joshua</td>
<td>North America</td>
</tr>
<tr>
<td>Food and service</td>
<td>SME</td>
<td>Mary</td>
<td>North America</td>
</tr>
<tr>
<td>R&amp;D</td>
<td>MSE</td>
<td>Ruth</td>
<td>Europe</td>
</tr>
<tr>
<td>Handicraft</td>
<td>SME</td>
<td>Esther</td>
<td>North America</td>
</tr>
<tr>
<td>Outdoor services</td>
<td>MSE</td>
<td>Deborah</td>
<td>Europe</td>
</tr>
</tbody>
</table>

1B. Potential BAM entrepreneurs

<table>
<thead>
<tr>
<th>Organisation</th>
<th>Position</th>
<th>Potential BAM</th>
<th>Region of origin</th>
</tr>
</thead>
<tbody>
<tr>
<td>Church foundation</td>
<td>Pastor</td>
<td>Abraham</td>
<td>West Africa</td>
</tr>
<tr>
<td>IT department</td>
<td>Business worker</td>
<td>Daniel</td>
<td>Europe</td>
</tr>
<tr>
<td>YWAM</td>
<td>Missionary</td>
<td>Hannah</td>
<td>North America</td>
</tr>
<tr>
<td>Unemployed</td>
<td>(Business worker)</td>
<td>Jonah</td>
<td>North America</td>
</tr>
<tr>
<td>Coffee business</td>
<td>Business CEO</td>
<td>Samuel</td>
<td>Europe</td>
</tr>
<tr>
<td>Church foundation</td>
<td>Pastor</td>
<td>Israel</td>
<td>West Africa</td>
</tr>
<tr>
<td>Unemployed</td>
<td>Student</td>
<td>David</td>
<td>Asia</td>
</tr>
</tbody>
</table>

The data is based on the answers given in the questionnaires, cf. Questionnaire, appendix II. Esther and Samuel did not participate in the BAM training course, cf. paragraph 3.4 on Data collection methods.
From the data findings based on the interviews, a BAM hypothesis was shaped following the “iterative process” of comparing data with theory (Eisenhardt 1989: 541, cf. also Glaser and Strauss 1967). In this process, the pre-definition of BAM businesses made was backed by the data findings and is therefore suggested as a descriptive grounded-in-reality, albeit tentative, BAM definition. This will be shown in the analysis of the BAM-concept in the following chapter. Next, an assessment of the reliability of the findings will be made.

3.5 Reliability of findings

Qualitative research has been heavily criticized, especially for its perceived overdependence upon the analytical skills of the researcher (Bryman and Bell 2003). Miles and Huberman (1994: 2) also stress “the distinct possibility of researcher bias” as a main drawback of this research method. Likewise, both Bryman and Bell (2003: 300) as well as Miles and Huberman (1994: 2) view the “problem of generalizing the findings” together with the lack of transparency in the research methodology as serious issues that may constrain the validity and reliability of the findings.

Another risk concerns the researcher who often becomes rather embedded in the data (Bryman and Bell 2003: 10). Seeing that there are limited ways of delimiting the researcher bias, Miles and Huberman (1994: 2) suggest “multimethod studies” with the application of both quantitative and qualitative data methods. Esterberg (2002) likewise proposes data triangulation as a means of counterbalancing these methods. Accordingly, data triangulation can be seen to build a stronger hypothesis (Eisenhardt 1989: 538).

Based on these insights, I have attempted to use both qualitative and quantitative data. However, the quantitative data in form of a questionnaire was used in order to get an overview of the BAM seminar participants and used as a means of selecting people for qualitative interviews on which this thesis therefore primarily is based (cf. Questionnaire, appendix II). Moreover, the information from the questionnaires was used to cross-check and probe into any seemingly discrepancies occurring during the interviews. In addition, cross-checks have been made of the findings by

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16 I conducted an interview with one of the BAM team-members named “Benjamin” who was facilitating and hosting the training seminar but, unfortunately, he stated that could not recognise his answers from the interview so he asked me not to use it. This is why fifteen interviews were made, but only fourteen are used here, as can be seen in the data analysis chapters four and five.
juxtaposing the respondents in order to check for any geographical or BAM entrepreneur/BAM potential entrepreneur discrepancies. In this way, I have used “each informant as a check against the others” which is a way of validating qualitative data (Kanter 1977, quoted in Bryman and Bell 2003: 291).

The reliability of findings is largely dependent on the researcher’s investigative and analytical skills (Miles and Huberman 1994), hence arguably the researcher’s ability of making critical assessments. I have attempted to critically assess the data by considering whether it could be advantageous to the respondents to hide or overly emphasize a particular positive quality to make them look better or to avoid being excluded from their faith-based environments. However, seeing that this thesis is built upon subjective statements and limited data, the findings are tentative only. Furthermore, the possibility of checking the statements made by the respondents has been limited for reasons of the safety of the respondents. As previously stated, I had to submit to a high level of confidentiality because many BAM entrepreneurs are working in very hostile countries where they may be prosecuted for their faith if this is disclosed. This safety concern made it difficult to cross-check their statements. With the novelty of the subject and the limited amount of data taken into consideration, this study makes a first attempt of identifying faith-generated resources and capabilities as potential sources of competitive advantage or disadvantage. In order to identify these resources and capabilities, it is necessary to examine the concept of BAM in the BAM businesses. This is the focus of the next chapter.

4. The concept of BAM

To be able to answer the research questions, it is necessary to understand what a "business-as-mission" (BAM) business. This is likewise necessary is in order to see how faith impacts these businesses. The actions of a BAM business make “little sense unless we understand the belief systems of that society” (Bryman and Bell 2003: 295-6).

In this chapter, the data based on the fourteen interviews made is presented and analysed for patterns as suggested by Miles and Huberman (1994) and Eisenhardt (1989). Accordingly, in order to come to an understanding of what BAM is, the characteristics of a BAM business found in the data will be analysed in the following.
4.1. Characteristics of a BAM business

In the methodology, the seminar participants were seen to be in a disagreement about the concept of "business-as-mission" (BAM). This was observed in the lively class debates around the topic, cf. field observations, appendix IV. So far, only a limited amount of research has been conducted on the actual impact of faith in BAM businesses. This perceived lack of consensus is also stated by Tunehag (2006: 4) who argues that BAM as a concept has geographical as well as business sectorial variations. Thus, this broadness and blendedness seems to be a characteristic element in BAM businesses. Accordingly, when asked about what BAM is, each respondent had a different interpretation of the BAM-concept. Their answers to this question are quoted in figure 2 below:

Figure 2: BAM definitions by the respondents (source: Interviews, appendices VI and VII)\(^\text{17}\)

<table>
<thead>
<tr>
<th>Region</th>
<th>Type</th>
<th>Respondent</th>
<th>BAM definition</th>
</tr>
</thead>
<tbody>
<tr>
<td>West Africa</td>
<td>Potential Bam</td>
<td>Abraham</td>
<td>“A BAM business operates on enterprise terms and should be commercially viable. At the same time, profit must not be the ultimate goal; the ultimate goal is the Kingdom of Christ which means people coming to the Lord, people being impacted.”</td>
</tr>
<tr>
<td>Europe</td>
<td>Potential Bam</td>
<td>Daniel</td>
<td>“It is a business that provides more than one person with an income that he needs for his life and also has some [positive] impact on the society”</td>
</tr>
<tr>
<td>Asia</td>
<td>Potential Bam</td>
<td>David</td>
<td>“A BAM business is not a social business but it fulfils a social business and in addition to that has a goal to evangelize people.”</td>
</tr>
<tr>
<td>Europe</td>
<td>Bam</td>
<td>Deborah</td>
<td>“A Bam business seeks to influence &amp; transform society through biblical values and principles integrated into the business with the aim to glorify God through the business.”</td>
</tr>
<tr>
<td>North America &amp; Oceania</td>
<td>Bam</td>
<td>Esther</td>
<td>“It is an authentic business that strives to make profit and be economically sustainable in order to develop the community.”</td>
</tr>
<tr>
<td>North America &amp; Oceania</td>
<td>Potential Bam</td>
<td>Hannah</td>
<td>“A business called by God usually to work in developing countries with un-reached people to be a factor in the business world and a means to spreading the Gospel.”</td>
</tr>
<tr>
<td>West Africa</td>
<td>Potential Bam</td>
<td>Israel</td>
<td>“Business can be the means to the end of leading people to the church”</td>
</tr>
<tr>
<td>North America &amp; Oceania</td>
<td>Potential Bam</td>
<td>Jonah</td>
<td>“I think a BAM business is a profit-making enterprise that is focused simultaneously on being a profitable business and an enterprise that is intentionally trying to bless people</td>
</tr>
</tbody>
</table>

\(^\text{17}\)Samuel’s definition is speculative after his personal knowledge of BAM entrepreneurs and is thus not included in the analysis of the BAM-concept. As previously stated, he was selected for an interview in order to help framing BAM, and, in addition, to help shaping the interview guide (cf. data collection methods, chapter 3.1).
intentional
way to

demonstrate the
value of the Kingdom of God across all the areas of the business operation and would seek through the influence of the business the influence of values of the Kingdom of God in its local community which I my view would typically be a cross-cultural operation.”

“A BAM business would be for me to create jobs in the marketplace or in the business that you are in, and to disciple in the workplace like the employees and also the customers and to live out Christian values.”

“BAM is about the power of business to transform the lives of people both financially/economically but also socially.”

“It is a business called by God usually to work in developing countries with un-reached people to be a factor in the business world and a means to spreading the Gospel.”

“For me, business is the use of the business is that through the business activities of everyday life to share the Gospel.”

“I think it is that you do business but not for profit but in a missional concept; so either you use the earnings for something inside the Kingdom or you just do it without earnings but to serve a purpose”

The data findings confirmed my observations in class concerning the lack of consensus among the seminar participants as well as among the coaches, who each presented a different interpretation of the BAM-concept, as shown in figure 2 above.

Following grounded theory, the researcher should look for regularities in the data in order to identify and categorize these pieces of information. Thereafter, their inter-relationships should be subject to further examination (Miles and Huberman 1994: 7). In order to counteract any “local groundedness” (ibid: 10), the data was analysed for any geographical variations. In figure 3, the BAM definitions given in figure 2 are grouped in figure 3 according to the region of origin of the respondents:

**Figure 3: BAM definitions in relation to region of origin (Source: cf. figure 2)**

<table>
<thead>
<tr>
<th>Region</th>
<th>BAM</th>
<th>Name</th>
<th>Definition</th>
</tr>
</thead>
<tbody>
<tr>
<td>North America &amp; Oceania</td>
<td>BAM</td>
<td>Joshua</td>
<td>“It is a commercial enterprise which seek in an intentional way to demonstrate the value of the Kingdom of God across all the areas of the business operation and would seek through the influence of the business the influence of values of the Kingdom of God in its local community which I my view would typically be a cross-cultural operation.”</td>
</tr>
<tr>
<td>Europe</td>
<td>Potential</td>
<td>Martha</td>
<td>“A BAM business would be for me to create jobs in the marketplace or in the business that you are in, and to disciple in the workplace like the employees and also the customers and to live out Christian values.”</td>
</tr>
<tr>
<td>North America &amp; Oceania</td>
<td>BAM</td>
<td>Mary</td>
<td>“It is a social enterprise that perceives that people should be treated with dignity. BAM is about the power of business to transform the lives of people both financially/economically but also socially.”</td>
</tr>
<tr>
<td>North America &amp; Oceania</td>
<td>BAM</td>
<td>Moses</td>
<td>“It is a business called by God usually to work in developing countries with un-reached people to be a factor in the business world and a means to spreading the Gospel.”</td>
</tr>
<tr>
<td>Europe</td>
<td>BAM</td>
<td>Ruth</td>
<td>“For me, business is the use of the business is that through the business activities of everyday life to share the Gospel.”</td>
</tr>
<tr>
<td>Europe</td>
<td>BAM</td>
<td>Samuel</td>
<td>“I think it is that you do business but not for profit but in a missional concept; so either you use the earnings for something inside the Kingdom or you just do it without earnings but to serve a purpose”</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Region</th>
<th>Economic</th>
<th>West Africa</th>
<th>Europe</th>
<th>North America &amp; Oceania</th>
<th>East Asia</th>
</tr>
</thead>
<tbody>
<tr>
<td>Economic</td>
<td>Profitability not</td>
<td>Profitability not</td>
<td>Income-provision</td>
<td>Sustainability &amp;</td>
<td>-</td>
</tr>
</tbody>
</table>

18 From East Asia and West Africa, I have only interviewed very few people as indicated so the data here is highly biased, but, nevertheless, these findings indicate some geographical variation vis-à-vis the Western world.
Faith

<table>
<thead>
<tr>
<th>People coming to faith</th>
<th>Biblical values and principles through business</th>
<th>Spreading the gospel</th>
<th>Evangelize people</th>
</tr>
</thead>
<tbody>
<tr>
<td>Faith</td>
<td>Disciple in the workplace</td>
<td>Reach the unreached people</td>
<td>People</td>
</tr>
<tr>
<td></td>
<td>Aim glorify God</td>
<td>Demonstrate</td>
<td>i.e. people</td>
</tr>
<tr>
<td></td>
<td>Live out Christian values</td>
<td>Christian values</td>
<td>who have</td>
</tr>
<tr>
<td></td>
<td>Sharing the Gospel</td>
<td>Treat people with</td>
<td>not heard</td>
</tr>
<tr>
<td></td>
<td></td>
<td>dignity</td>
<td>about the</td>
</tr>
<tr>
<td></td>
<td></td>
<td>A business called by</td>
<td>Christian</td>
</tr>
<tr>
<td></td>
<td></td>
<td>God</td>
<td>faith. The</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>un-reached</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>people are</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>mainly found</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>in the</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>developing</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>countries</td>
</tr>
</tbody>
</table>

Geography

- Developing countries
- Typically cross-culturally

Total No of respondents = 14

<table>
<thead>
<tr>
<th>2</th>
<th>5</th>
<th>6</th>
<th>1</th>
</tr>
</thead>
</table>

The findings here indicate that in the West (North America & Oceania; Europe), faith is emphasized as an important outcome of a BAM. Likewise, the social goals seem important for the people from the Western societies. Among the differences between North America & Oceania and Europe, North America & Oceania seem to be more focused on profitability/sustainability and reaching the un-reached, i.e. people who have not heard about the Christian faith. The un-reached people are mainly found in the developing countries (Tunehag 2006). When looking at the developing societies, the two West Africans interviewed, Abraham and Israel focused mainly on people coming to the church, i.e. people coming to faith, i.e. on the faith outcome. They considered the establishment of businesses as a means for accomplishing this goal of evangelisation (cf. Abraham, appendix VIIa and Israel, appendix VIIe). However, this may largely be due to the fact that these two West Africans interviewed both are Pastors/Church leaders. Their job is therefore to bring people to faith. In the same way, the Asian person interviewed suggested that the outcome of a BAM business is indeed evangelisation. On the other hand, he also argued that the aim of a BAM business is to fulfil a social purpose. Considering that only one Asian has been interviewed, his statements should be seen only as a contribution in the pursuit of defining BAM, i.e. not as an Eastern Asian view in general. Nevertheless, it can be concluded that the social outcome and the faith outcome, seem to be the most important objectives for a BAM entrepreneur.

---

19 Income for the owner can be interpreted both as dividend and to be able to give yourself a salary, i.e. to be sustainable but also profitable (David 2008: 2, appendix VIIc).
Miles and Huberman (1994) emphasise that there are few ways of accounting for a researcher bias in qualitative studies because of the embeddedness of the researcher in reality according to social constructivism. In the same way, the respondents may have been embedded in the BAM-seminar teaching overly focusing on the opportunities and prospects for BAM businesses. Therefore, there is a risk of researcher as well as “respondent bias” (ibid). To delimit these biases, the BAM definitions are juxtaposed with the type of BAM entrepreneur in figure 4 below. In this way, the people actually doing BAM are separated from the potential BAM entrepreneurs whose BAM definitions are based on the teachings in the BAM course. In this way, a separation can be made of the descriptive BAM definitions “grounded-in-reality” from the - assumingly - more prescriptive BAM definitions based on the BAM-teachings and on second-hand experience.

**Figure 4: BAM definitions in relation to type of BAM entrepreneur (source: cf. figure 2)**

<table>
<thead>
<tr>
<th>Economic</th>
<th>Potential BAM</th>
</tr>
</thead>
<tbody>
<tr>
<td>Profitability &amp; sustainability</td>
<td>Profitability not the ultimate goal</td>
</tr>
<tr>
<td></td>
<td>Income-provision for the entrepreneur</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Faith</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Aim glorify God</td>
<td>Disciple in the workplace</td>
</tr>
<tr>
<td>Biblical values and principles</td>
<td>People coming to faith</td>
</tr>
<tr>
<td>Demonstrate Christian values</td>
<td>Evangelize people</td>
</tr>
<tr>
<td>Spreading the gospel</td>
<td>Live out Christian values</td>
</tr>
<tr>
<td>A business called by God</td>
<td>Sharing the Gospel</td>
</tr>
<tr>
<td>Reach the unreached people</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Social</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Community development</td>
<td>Not a social business, but fulfilling a social business</td>
</tr>
<tr>
<td>Influence local community</td>
<td>Some impact on society</td>
</tr>
<tr>
<td>Transform the lives of people</td>
<td>Societal transformation</td>
</tr>
<tr>
<td>socially and economically</td>
<td>Job creation</td>
</tr>
<tr>
<td>Treat people with dignity</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Geography</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Developing countries</td>
<td></td>
</tr>
<tr>
<td>Typically cross-culturally</td>
<td></td>
</tr>
</tbody>
</table>

| Total no of respondents = 14  | 6                                                 |
|                               | 8                                                 |

Figure 3 shows that the actual BAM entrepreneurs seem to be more focused on the economic outcome of BAM, i.e. on the profitability and sustainability of BAM business. On the contrary, the potential BAM entrepreneurs tend to consider profit only as a means to reaching the social outcome as well as the faith outcome. This seems obvious given the fact that these people are concerned about the survival of their business whereas the potential BAM entrepreneurs do not have these
concerns. They may therefore be more “idealistic” and optimistic about the objectives for BAM businesses.

When looking at the faith objectives, both groups seem to agree that faith is an equally important outcome of the BAM business along with the social outcome. Of the social objectives, especially social transformation seems important to both groups. However, only the BAM entrepreneurs state that a characteristic of BAM businesses is that they often work in a cross-cultural setting. This statement is not surprising given the fact that one third of the BAM entrepreneurs interviewed work in a foreign developing country. A fourth BAM entrepreneur works in a foreign Western country (Deborah 2008, appendix VIa). The last two BAM entrepreneurs work globally, i.e. in both developing and in developed countries (Moses 2008, appendix VIe; Joshua 2008, appendix VIc). The Western world seems to be predominant in defining BAM in the sense that BAM seems to be largely defined by Westerners. Accordingly, all the BAM entrepreneurs interviewed are Westerners (cf. Mary; Ruth; Esther, appendix VI). There may therefore be a bias in the research. However, this bias may indeed reflect that there is a bias in reality seen in the seemingly overrepresentation of Westerners in BAM businesses. To date, the Western world is producing most of the research available and has a long tradition in Christianity. Consequently, it is likely that the Westerners (especially the Americans) are the people pioneering in the BAM field. This assumption is backed by the data sample in which four out of six BAM entrepreneurs are from North America – the other two are Europeans who, likewise, has a long Christian history, which is still at the root of many European Countries today.

Despite the perceived geographical bias, the data sample suggests that a BAM business is characterized by its aim for sustainability and profitability. Moreover, it can be seen as focusing on bringing people to faith, while simultaneously oriented towards developing the society in which it is based. In addition, the BAM business may also be characterized by its cross-cultural operations with the aim of reaching the un-reached through, mainly, evangelisation. That the BAM businesses are characterized by having a cross-cultural element is a rather vague assumption seeing that this has been mentioned by only three respondents, cf. figure 2. Moreover, this element is viewed as a characteristic only by the Westerners who may overly emphasize the cross-cultural element as a consequence of their foreign country business location. Therefore these preliminary findings will be
further analysed next to see if this is indeed a pattern, and thereby a characteristic of a BAM business.

4.2 The outcomes of BAM businesses

Eisenhardt (1989: 542) states the importance of “verifying that the emergent relationships between constructs fit with the evidence in each case”. Accordingly, to clarify these outcomes, the respondents were asked what their economic, social and faith goals are in their respective businesses and organisations (cf. questionnaire, appendix II). These answers are presented in the following with the aim of validating or falsifying the findings concerning the characteristics of a BAM business.

In the interviews, the BAM entrepreneurs were asked what their social, economic and faith goals of their BAM businesses were. The answers are shown in figure 5 below:

Figure 5: The outcomes of BAM businesses (cf. BAM entrepreneurs, appendices VI)

<table>
<thead>
<tr>
<th>Business type</th>
<th>Respondent</th>
<th>Outcomes²⁰</th>
<th>Economic</th>
<th>Faith</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sport/outdoor activities</td>
<td>Deborah</td>
<td>“I seek transformation of the society and not just social development;” “Another goal is to empower people in developing their skills”</td>
<td>“Profitability and sustainability to foster social development”</td>
<td>“People’s hearts changed” “People coming to faith” “People to experience joy”</td>
</tr>
<tr>
<td>Jewellery</td>
<td>Esther</td>
<td>“Creating jobs: very few seek to become entrepreneurs – most of them are job takers”</td>
<td>“Profit in order to achieve social transformation”</td>
<td>“Care for the whole man: spiritually, mentally and physically”</td>
</tr>
<tr>
<td>Investment</td>
<td>Joshua</td>
<td>“Develop community + train and coach next generation BAM entrepreneurs”</td>
<td>“Commercial fruitfulness²¹ – short and long term”</td>
<td>“Faith-perspective = faithfulness and fruitfulness”²²</td>
</tr>
<tr>
<td>Food/restaurant</td>
<td>Mary</td>
<td>“The business side”</td>
<td>“The non-”</td>
<td>“The spiritual”</td>
</tr>
</tbody>
</table>

²⁰ The Christian faith is highly bound into the social sphere and is therefore difficult to separate from it, cf. the (Lutheran) Christian values and principles, paragraph 2.2.1.

²¹ Fruitfulness is a Biblical concept. Jesus tells many parables about the importance of bearing good fruit as humans. Joshua refers to the parable about the “sower”, where Jesus tells people that if the soil is good, the fruit will be good (cf. Matthew 13:3-9, the Holy Bible 1957). But as with a tree, the fruit comes in the harvest season, i.e. it can first be seen in the long-run.

²² As opposed to fruitfulness, faithfulness can be seen as an “immediate” outcome, i.e. the faithfulness of a person can be verified by looking at the person’s words and actions (Joshua 2008, appendix VIc).
### 4.2.1 Social outcome

Figure 5 shows that the social mission is highly important for the BAM entrepreneurs. The social mission is mainly understood as social transformation, i.e. a thoroughly alteration of the foundations and institutional setups in a society. When probing into the data, the respondents view social transformation as different from social development. Social transformation is perceived as more profound and sustainable than social development because it is perceived to go into the mere structures in a society. In this way, by offering people jobs makes them able to provide for their families (Joshua 2008, appendix VIc) and, consequently, they can then can afford housing, education for their children and so on. By doing this, the next generation may capitalize on the family’s present investment making their children better off. (Deborah 2008, appendix VIa).

---

<table>
<thead>
<tr>
<th>Moses</th>
<th>“Training nationals to achieve job creation and thereby income generation” + “find and train next generation entrepreneurs.” “Capacity building: local ownership of the BAM businesses” (exit of founder)(^{23})</th>
<th>“Sustainable economic development - country wise”</th>
<th>“Goal for business is the spiritual coming to the kingdom of God”</th>
</tr>
</thead>
<tbody>
<tr>
<td>Ruth(^{24})</td>
<td>“Provide job in order to retain people in the community”</td>
<td>“Profit makes sense, it is nice, but you also need to see the profit reinvested in people”</td>
<td>“Church planting, spread the Gospel through the locals (Bible translations into the local languages)”</td>
</tr>
</tbody>
</table>

---

\(^{23}\) Moses was the only one emphasising the need of “nationalisation of BAM businesses” (Moses 2008, appendix VIe), whereas the other BAM entrepreneurs were more focused on training the locals, recruiting them and training them to do BAM or so that they may become “employable” (cf. Deborah; Mary; Ruth; Esther, appendix VI).

\(^{24}\) Ruth has also environmental outcomes; she strives not to pollute and to use renewable materials (Cf. Ruth 2008, appendix VI).
Contrary to social transformation, social development is seen as a short-term oriented “a quick-fix solution” (Hannah 2008, appendix VIId). The aims of capacity building and of empowering the locals lead the BAM entrepreneurs to train people in order to make them future entrepreneurs (Moses 2008, appendix Vie). It may also lead them to employ people in their businesses to make them stay in the community (Deborah 2008, appendix VIa). By doing so, BAM entrepreneurs seek to equip people so that they are able to develop their community (Moses 2008, appendix VIe; Ruth 2008, appendix VIIf). Empowerment is linked with capacity building because it can be seen as a perceived outcome of capacity building. Furthermore, in order to build up capacity locally, the entrepreneur must step down and give the locals ownership of the BAM business, as emphasized by Joshua (2008, appendix VIc). Thus, it becomes clear that job provision, hence vocational training, is a main objective for the BAM entrepreneurs in their pursuit of social transformation. As stated by Mary: “Work leads to empowerment” (Mary 2008: 2, appendix VId). As an outcome of capacity building, empowerment may lead to social transformation. All in all, social transformation can be seen as the ultimate social mission for the BAM business as shown in figure 6 on the following page.

4.2.2 Economic outcome

As opposed to the social outcome of a BAM business, opinions are divided concerning its economic mission. Among the six respondents, half of them views profitability as a means to achieve the end of social transformation whereas the other half believes that profitability should be pursued as an end objective, i.e. that profitability should be an explicit goal of a BAM business (cf. e.g. Ruth 2008, appendix VIIf). However, to achieve this objective seems to be a considerable. Even though Mary states profit-making as a goal, she also argues that “the more profitable we are, the more people we can hire” (Mary 2008: 2, appendix VId). Thus, it seems like the money made in this BAM business should be used for ministry purposes. In this case, profit-making appears not to be an end objective. Likewise, Joshua states his sympathy for the profit-maximising paradigm. On the other hand, he claims that he is ready to accept little economic value-added for a high social and spiritual, i.e. faith, value-added (Joshua 2008: 3, appendix VI). This may be considered a highly controversial statement given the fact that Joshua works in an investment fund (ibid). In the interview, Joshua further argues that faith is the only parameter which should be maximized (ibid).
Likewise, Esther admits that she is more focused on her social mission of reaching and helping people than on her economic performance (Esther 2008: 4, appendix VIb).

As these examples indicate, the pursuit of profit might be a somewhat inferior objective compared with the faith objective. That profit largely is perceived as a means for achieving the social objective of social transformation is shown in figure 6 below:

**Figure 6: The social and economic factors of a BAM business**

![Diagram of social and economic factors of a BAM business]

Following Eisenhardt and Martin (2000) as well as Miles and Huberman (1994), seeing that these findings are contradictory to our expectations that a BAM business, as a business, is a profit-making entity, these findings are juxtaposed with data about the actual economic condition of the BAM businesses examined. This is shown in figure 7 below:

**Figure 7: The profitability of BAM businesses (source: Interviews, appendix VI)**

<table>
<thead>
<tr>
<th>BAM</th>
<th>TYPE OF BAM</th>
<th>SIZE</th>
<th>Are you profitable now?</th>
</tr>
</thead>
<tbody>
<tr>
<td>Deborah</td>
<td>Sport/outdoor</td>
<td>MSE (founded in 2007)</td>
<td>No (break even expected in 2008)</td>
</tr>
<tr>
<td>Esther</td>
<td>Jewellery</td>
<td>SME (founded in 2006)</td>
<td>No (break even expected in 2008)</td>
</tr>
<tr>
<td>Joshua</td>
<td>Investments</td>
<td>MNE</td>
<td>Yes</td>
</tr>
<tr>
<td>Mary</td>
<td>Food/services</td>
<td>SME (founded in 2003)</td>
<td>No</td>
</tr>
<tr>
<td>Moses</td>
<td>Consultancy</td>
<td>MSE</td>
<td>No*</td>
</tr>
</tbody>
</table>
As shown in the figure 7, the BAM businesses examined are not profitable except in the case of Joshua (cf. Joshua income statement 2007, appendix IXa). However, figure 7 also shows that most of these businesses are very young and may still be considered to be in the start-up phase. Therefore, they cannot be expected to be profitable seeing that it takes time before the investment pays off. This is due the time required, e.g. to build a brand and a customer base, and thereby to cover the start-up costs. In fact, Deborah (2008, appendix VIa) expect to be profitable this year and Esther (2008, appendix VIb) the following year. Likewise, Mary and Ruth are in the early start-up business stage. During the BAM course, Mary was e.g. seen working on her business plan. In the interview, Ruth stated that she and her business partners are currently restructuring their organisation from a NGO into a (BAM) business (Ruth 2008, appendix VIIf). This shows that both Mary and Ruth still are in the process of defining their business concepts and of finding their competitive niche in their markets. The fact that these BAM businesses are unprofitable may be due to the immaturity of these businesses. Nevertheless, it seems like Mary and Ruth are mostly concerned about pursuing their social and faith-oriented mission, not on pursuing profitability. In fact, they do not even state when they expect to break-even, which is normally a key concern of an entrepreneur.

On the onset, The BAM businesses do not seem to focus on their economic performance. As an example, Ruth claimed that she is ready to give away business ideas even though she is working with R&D. This is both because of the lack of patent enforcement regulation in the country in which she works, but, however, it is also motivated by her wish to see people better off. As she puts it: “[...] at the end of the day, it is nice to get a company off the ground but the important thing is to see people blessed” (Ruth 2008: 4, appendix VIIf). However, the lack of patent enforcement pushes her into restraining from taking any measures to protect her and her business partners’ ideas. On the other hand, this strategy may be wise because it forces her to continually reorganize her asset base and continuously innovate, especially when everyone easily can copy their ideas because this demands only little technical knowledge (ibid). In this way, a threat can be turned into an

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25 At the time of the interview, Deborah had a deficit of app. 400 euros (app. NKR 3000), cf. Deborah 2008:2, appendix VIa.

26 For confidentiality reasons, the name of Joshua’s investment fund does not appear on the annual report from the fund, cf. appendix IX.
opportunity. On the other hand, it can also remain a threat if there are obstacles to innovation, as e.g. a lack of financing. However, if Ruth succeeds in securing funding and securing the raw materials used which are sourced locally and no other obstacles to innovation appears, this strategy could give the company a competitive edge ceteris paribus. In this way, a BAM business strategy that seems unprofitable may become profitable in the long-run – if the funding does not cease to come. In fact, the case of Joshua indicates that BAM businesses may become international players. Nevertheless, he is the only one of the six BAM business entrepreneur examined that has succeeded in moving beyond the start-up phase and becoming economically sustainable. With local offices worldwide, his business can be considered to have an impact globally (Joshua 2008, appendix VIc).

The BAM businesses were found to have a non-profit sector element. According to Mair et al. 2006, a social purpose business venture was defined as a for-profit business founded by a social entrepreneur who sees social value creation as the primary objective of the business venture (Mair et al. 2006). This can be seen to apply to the BAM businesses. As an example, the BAM business managed and founded by Moses is partly supported by church donations. Therefore, it cannot be perceived as sustainable as such (Moses 2008, appendix VIe). Likewise, Joshua admitted that he has voluntary labour. Moreover, both Mary and Esther continued to have strong ties to their home churches. Mary has even separated her business into a for-profit BAM business named “Justfood.inc” and a social ministry called “The Garden of Hope”, cf. Mary, appendix VIId. Contrary to Mary, Esther has incorporated her ministry into her business. Nevertheless, her ministry continues through the business. As she states: “we have a non-profit foundation that can help fund the holistic business but, basically, they work together” (Esther 2008:2, appendix VIb).

While profitability may be an important aim for the BAM business entrepreneurs, it seems rather difficult to achieve this economic outcome. In fact, the BAM businesses examined seem more eager to pursue their social objectives, especially concerning social transformation. In addition, the BAM businesses examined here were found to have some non-profit sector element of either subsidized funding and/or of voluntary or subsidized labour. In this way, a BAM business can be seen to be a social purpose business venture. However, these businesses are largely immature. Therefore, their ability to survive as businesses remains to be assessed. From the question of economic sustainability, we will now consider the faith outcome of BAM.
4.2.3 Faith outcome

Eisenhardt and Martin (2000) and Miles and Huberman (1994) emphasize the need for quantification of qualitative data in order to be able to compare case findings. When considering the faith outcomes, these can be divided into tangible and intangible objectives, i.e. those that can be understood per se and those that need more clarified parameters for definition. In the first category, we find “the spiritual coming of the kingdom of God” (Moses 2008, appendix VIe), i.e. people coming to faith, the local spreading of the Gospel locally, and church planting. The spread of the Gospel and church planting are tangible objectives that can be verified. Accordingly, records of how many churches that are being built can be kept and surveys about how many people that have heard about Christianity can be made. On the other hand, measuring intangible objectives, such as the number of people coming to faith, is not possible. Intangible objectives should therefore be made tangible by setting up parameters. In this way, the conversion rate can be measured, though this rate does not necessarily reflect the actual number of new believers. Seeing that faith is a subjective matter, people may convert “to make you happy”, as Mary argues (Mary presentation 2008: 2, appendix VIII). Likewise, whether people experience joy or not is a subjective matter seeing that people have different perception of what joy means. Thus, answers may be biased. This is also the case for the goal stated by Deborah (2008:4, appendix VIa) of seeing “people’s hearts changed” because only behavioural and attitude changes are measurable which are merely indicators. Obviously, whether a “sustainable” interior change has taken place cannot be measured. The problems of finding suitable parameters for measuring intangible objectives are acknowledged by Deborah (ibid: 4). Likewise, healing is an intangible objective. Nevertheless, according to the Christian faith, it is faith that brings healing, joy and a change in behaviour, and therefore also in people’s hearts (Deborah 2008: 4, appendix VIa; Hannah 2008: 2, appendix VIIId). Therefore, it can be concluded that the ultimate faith outcome for the BAM business entrepreneurs is to bring people to faith through the means, of spreading the Gospel and bring healing to people. In this way, these means can be seen as enablers because they facilitate the outcome of more believers, i.e. more faith. The consequences, i.e. effects, of faith are that more churches will be built and, arguably, faith will

\[27\] That we should experience joy in our daily life is a Biblical concept for rejoicing at the wonders of God. The psalmist writes: “this is the day which the Lord hath made; we will be glad and rejoice in it. “ (Psalm 118: 24). Therefore “joy” is categorised as a faith outcome and not as a merely social one.

\[28\] According to the Bible, healing in the Christian sense of emotional restoration is mostly perceived as a sign for the non-believers as seen in the way Jesus healed people that then came to faith (e.g. John 9, the Holy Bible 1957). This is also how e.g. Mary and Esther view healing as a part of their ministry leading people to faith (cf. appendices VIb and VId). Therefore healing is analysed to be a means here and not a consequence of faith.
bring joy to people. Of course, churches may also be built as an ex-ante evangelism strategy, i.e. as a part of a strategy how to spread the Gospel. However, churches are normally only established when the increase in the number of believers make it feasible and necessary due to lack of space in the surrounding churches. Accordingly, Ruth sees church planting as a consequence of the Gospel being translated and spread locally, i.e. of people coming to faith (Ruth 2008: 3, appendix VII). Therefore, church planting is seen here as an effect of faith, cf. figure 8 below.

Bringing people to faith implies increasing faith “quantitatively” in the sense that more people become believers. More faith can therefore be seen as the ultimate faith outcome of BAM that may lead to joy, a “change of hearts”, and church planting. This is shown in figure 8:

**Figure 8: The faith-factor in a BAM business**

![Diagram](image)

All in all, a BAM business can be seen to pursue the faith outcome of bringing (more) people to faith, i.e. “to create more faith”. As concluded previously, the BAM business sees its social outcome to be in transforming the society in which it operates. The BAM business uses its profit-making activities to make social investments that can channel the social transformation. Because of the emphasis on creating social value, the BAM business can be seen as a social purpose business venture (Mair et al. 2006).
4.3 The three spheres of a BAM business

According to Eisenhardt (1989: 543), the shaping of hypothesis involves especially “measuring constructs and verifying relationships”. In particular, this requires assessing and cross-checking the findings (Miles and Huberman 1994). A way of cross-checking data is to juxtapose the respondents (Kanter 1977, quoted in Bryman and Bell 2003: 291). Therefore, the findings of the BAM entrepreneurs in relation the outcomes of their BAM businesses will be juxtaposed with the analysis of the BAM definitions made in the first paragraph of this chapter. In this way, data is further assessed to increase the reliability of the findings.

It was concluded that the BAM entrepreneurs emphasised profitability and sustainability as a distinctive outcome as opposed to the potential BAM entrepreneurs who merely considered profit-making as a way of funding a social and faith-driven ministry. In this way, they considered the objective of profitability as being inherent in the social outcome of social transformation. The economic outcome seems to be somewhat inferior to the social and faith-based goals, albeit still considered as an important objective for BAM businesses. However, it appears to be difficult for the BAM businesses to achieve this objective. Likewise, the cross-cultural component seems to be a characteristic of the BAM business but in a seemingly similar implicit way. Accordingly, this component can be viewed implicitly in the social objective of training the locals and recruiting them to provide them and their families with an income. To the BAM entrepreneurs, this is a way of transforming the society in which they operate.

As seen in the outcomes of the BAM businesses, it may be concluded that a BAM business is mainly about pursuing social, economic and faith outcomes and their subsequent objectives. Therefore, BAM businesses can be seen to operate within three spheres or dimensions and managing three bottom-lines; a financial, a social, as well as a spiritual one. In addition to this suggestion, Tunehag (2006) proposes an environmental bottom-line, i.e. four bottom-lines (Tunehag 2006). However, the environmental bottom-line suggested by Tunehag (2006) was seen as inherent in the social sphere by most of the respondents. This is the reason why, I suggest only three bottom-lines. In fact, only Ruth had explicit environmental goals and thus considered these to be somewhat distinct from the social dimension (2008: 1, appendix VIIf). Based on these findings, a BAM business can be seen to have elements from the church, a business, as well as a social organisation. To present an understanding of the concept of BAM based on these insights, I suggest the following framework, as shown in figure 9 on the following page:
Based on the findings in the data collected, it has been shown that a BAM business is indeed pursuing a “blended value strategy” on creating both economic, social as well as faith value. However, the primary objectives seem to be the social outcome of social transformation and the faith outcome of “creating more faith, i.e. more believers.” In addition, a BAM business was found to have elements from the non-profit organisations, e.g. subsidized labour and funding. In this way, a BAM business can be characterized as a faith-based social purpose business venture (Mair et al. 2006). Based on these findings, I suggest the following BAM definition:

“A BAM business is a social purpose business venture motivated and driven by faith-based values and principles that has an intention to change the lives of people spiritually, socially and economically through profit-seeking business initiatives in the community in which it operates”

Christiansen 2008

However, it should be noticed that the data gathered for this thesis is rather limited in scope and thus more research is needed to fundamentally capture the essence of BAM businesses.
4.4 Partial conclusion

According to their statements, The BAM-concept is perceived highly differently among the fourteen BAM practitioners and BAM potential practitioners. Nevertheless, all respondents consider a BAM business to have an economic outcome, a social outcome as well as a faith outcome, albeit the economic outcome seems somewhat inferior to the social outcome and the faith outcome. In addition, a BAM business seems to have a cross-cultural element. However, a BAM business is not necessarily operating in a Third world country but may be operating in a Western country as well. A BAM business is seen to pursue the social outcome of social transformation as well as the faith outcome of bringing people to faith, i.e. to create “more faith”. The BAM businesses examined all aim for profitability. However, whether they achieve this objective remains to be seen in the future when these businesses move beyond their current start-up phase. Based on these perceived BAM characteristics found in the data collected, a framework of BAM has been suggested in which the concept of BAM can be seen as having church, business as well as non-profit sector elements to it. Furthermore, a definition that seeks to capture these three dimensions of BAM has been suggested. However, this definition is based on limited data and should thus be viewed as only tentative.

After having examined the general BAM business characteristics, the next chapter will examine the role of faith in these BAM businesses.

5. The role of faith in a BAM business

The concept of “business-as-mission” (BAM) has now been clarified which makes us able to move into looking at the role faith plays in these businesses. In this chapter, the values and principles inherent in the Christian faith will be examined in order to see how these values and principles can be seen as resources, capabilities and competences, thereby answering the first research question. In this way, an assessment will be made as to which resources and capabilities that can be considered derived by faith. Secondly, an analysis on how these faith-driven resources and capabilities can be seen as potential sources of competitive advantage will be made, thus answering the second research question. This analysis is based on the Barney (1997) VRIN-framework that will serve the purpose of a measurement of the faith-based resources identified. In chapter six, the BAM hypothesis shaped in chapter four and five will be presented together with its implications for the academic researcher and BAM practitioner.
5.1 The role of faith in a BAM business

Social entrepreneurship literature has shown how the public, private and non-profit sectors are becoming increasingly interlinked and blurred (Emerson 2003). As argued in the previous chapter, BAM has elements from the non-profit sector in the form of social and faith-based objectives as well as from the for-profit sector, albeit the economic outcomes seem rather downplayed in the BAM businesses. From looking at the overall BAM-concept, this chapter then moves on to examine faith in particular. In this section, the role of faith will be explored to see how faith may generate resources and capabilities for BAM businesses. First, however, it is important to see how faith is perceived by the BAM entrepreneurs and the potential BAM entrepreneurs. This is shown in figure 10 below:

![Figure 10: The role of faith in relation to BAM (source: Interviews, appendices VI and VII)](image)

<table>
<thead>
<tr>
<th>Relationship-building</th>
<th>West Africa</th>
<th>Europe</th>
<th>North America &amp; Oceania</th>
<th>East Asia</th>
</tr>
</thead>
<tbody>
<tr>
<td>Social transformation</td>
<td>Build relationships</td>
<td>Build relationships</td>
<td>Build relationships</td>
<td>Build relationships</td>
</tr>
<tr>
<td></td>
<td>Poverty alleviation</td>
<td>Capacity building</td>
<td>Capacity building</td>
<td>Poverty alleviation</td>
</tr>
<tr>
<td></td>
<td>Empowerment</td>
<td>Empowerment</td>
<td>Empowerment</td>
<td>Empowerment</td>
</tr>
<tr>
<td>Values and principles</td>
<td>Honesty &amp; humility</td>
<td>Business excellence</td>
<td>Integrity &amp; honesty</td>
<td>Integrity &amp; honesty</td>
</tr>
<tr>
<td></td>
<td>Servant attitude</td>
<td>Servant attitude</td>
<td>Business excellence</td>
<td>Business excellence</td>
</tr>
<tr>
<td></td>
<td></td>
<td>People are sacred</td>
<td>People are sacred</td>
<td>People are sacred</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Dignity</td>
<td>Dignity</td>
<td>Dignity &amp; respect</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Responsibility</td>
<td>Responsibility</td>
<td>Trust</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Reconciliation</td>
<td>Reconciliation</td>
<td></td>
</tr>
<tr>
<td>Motivation</td>
<td>N/A</td>
<td>Start-up motivation</td>
<td>Motivation</td>
<td>N/A</td>
</tr>
<tr>
<td></td>
<td>God as the provider</td>
<td>(founders)</td>
<td>(managers)</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Fulfil spiritual need</td>
<td></td>
<td>God as the provider</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>Fulfil spiritual need</td>
<td></td>
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<tr>
<td></td>
<td></td>
<td></td>
<td>People to faith</td>
<td></td>
</tr>
<tr>
<td>More faith</td>
<td>People to faith</td>
<td>People to faith</td>
<td>People to faith</td>
<td>People to faith</td>
</tr>
</tbody>
</table>

29 The figure is based upon answers from the BAM and the potential BAM entrepreneurs. Only the BAM entrepreneurs have been asked about faith as a motivational factor for doing BAM seeing that the others would only be able to provide tentative answers because of their lack of first-hand experience.
The figure above shows where the respondents see faith coming into their businesses. Based on these findings, the values and principles of the respondents can be summarized into five categories. These are: relationship-building, social transformation, (Christian) values and principles, motivation and, finally, the aim of generating more faith, i.e. more believers. Taking the bias in the number of respondents per region into consideration, the findings are mentioned and considered important when they are found in at least two of the four regions. These categories can be grouped into resources and faith outcomes, cf. figure 11 below:

**Figure 11: Faith inputs and outputs in a BAM business**

As can be seen in figure 11 above, faith leads to relationship-building and to values and principles of business excellence, servant attitude, sacredness of people, dignity, responsibility, reconciliation, integrity, honesty, fairness, justice, respect, and trust (cf. figure 10, p. 39). On the other hand, as shown in the previous chapter, faith leads to the spiritual (faith) outcome of more faith, i.e. of more believers. Likewise, faith leads to the overall social outcome of social transformation, cf. chapter four. However, no economic outcome is found here but this may be due to the seemingly rather low focus on the economic outcome of the BAM business. Perhaps less surprisingly, faith was found to play a role in the starting up of a BAM business. In this way, faith can be seen to have a motivational effect. Next, the five categories will be described and analysed in greater detail.
5.1.1 Faith-based resources

As seen in figure 10, relationship-building together with the (Christian) values and principles can be seen as faith-based resources. In this way, they are perceived as resources generated by faith to achieve the (economic), social as well as faith outcomes described in the previous chapter and shown in figure 11. In the following, the faith-based resources found, i.e. the relationship-building capability and the Christian values and principles (resources) will be examined respectively.

5.1.1.1 Relationship building

Mentioned by 9 out of all 15 respondents from all regions, the capability of building relationships can be seen as the most important faith-based resource. Relationship-building is mentioned directly by most of the respondents when they describe how a BAM business pursues its social objectives. Relationship involves building trust and taking care of people’s personal as well as their professional lives. In short, it is about “being a friend” (Hannah 2008:1, appendix VIId). This includes also caring for a person’s physical needs, e.g. of clothing and food, through the provision of a salary (Martha 2008: 1, appendix VIIg). In addition, it also involves caring for a person’s emotional needs. As an example, Hannah is talking with people about their personal problems (Hannah 2008: 2, appendix VIId). This also includes the spiritual dimension seeing that BAM entrepreneurs seek opportunities for sharing the Gospel and their faith when “conversations are opening up” (Martha 2008: 3, appendix VIIg), i.e. when trust is build in relations. Relationship-building can be seen as a capability because it of its ability for rebuilding and reconfiguring the other assets of a business (Teece et al. 1997: 516). In this way, when trust is raised following the building up of relational ties, fewer resources is needed for coordinating and controlling the customer relationship ceteris paribus. Relationship-building will be further analysed under “faith outcomes, cf. chapter 5.2.1.

5.1.1.2 Values and principles

The following faith-based values and principles were mentioned explicitly by the respondents: business excellence, a servant attitude, the sacredness of people, dignity, responsibility, reconciliation, integrity, honesty, fairness, justice, respect, and trust (cf. figure 10, p. 39). When considering which values and principles that were the most important, servant leadership, i.e. the leadership philosophy of how a business should be conducted (cf. esp. Greenleaf 2002), was
mentioned by one fifth of the respondents. According to De Pree (1989) and Greenleaf (2002), servant leadership can be seen to summarize the Christian faith-based values and principles. Because people as seen as holy because they are created in the image of God, the servant leader should be humble and take on a “servant attitude” to people. The servant leader should respect and trust his employees, his customers, as well as the other stakeholders of his business. Therefore, it is their sacredness that makes people entitled to be treated fairly. Thus, the servant leader should be honest and be in the possession of integrity. Such a servant attitude should translate into a “best practice” business conduct, a highly ethical conduct described by the respondents as “business excellence” (cf. interviews with BAM entrepreneurs, appendix VI). Consequently, the servant attitude of a servant leader is seen as leading to justice when stakeholders are treated with dignity and respect. In this way, the leadership philosophy of servant leadership can be seen to be able to embrace all the other values and principles listed. Thus, servant leadership is a way of summarizing all the listed faith-based values and principles. In the following, servant leadership will be analysed to see whether these faith-based values and principles can be seen to be potential sources of competitive advantage.

5.1.2 Faith outcomes

Because the outcomes of faith are neither resources nor capabilities but objectives and effects of faith, these outcomes will be briefly mentioned in their relationship to faith. Moreover, the interconnectivity between the faith-based resources and the faith outcomes will be discussed. In this way, the following difficulties in determining causal relationships (Miles and Huberman 1994; Bryman and Bell 2003) will be shown. In the following, the role of faith in social transformation, and in the motivation of the BAM entrepreneur as well as the faith outcome of “creating more faith” will be analysed.

5.1.2.1 Social transformation

Conversely to relationship-building and servant leadership, social transformation can be seen as a faith outcome, cf. chapter 4.2.3. It was mentioned directly by 4 of the respondents, albeit indirectly by all of them in their aim to impact their local communities, cf. chapter 4.2.1. In their pursuit of social value, the BAM business was seen as a social purpose business venture (Mair et al. 2006).
In this way, social transformation can be seen as the overall objective of a BAM business together with the faith outcome of increasing the number of believers. Nevertheless, social transformation is understood largely as capacity building by the respondents with a Western background. Conversely, it is understood in terms of poverty alleviation and empowerment by the Africans/the Asian (cf. figure 10, p. 39). In addition, they also view empowerment as fundamental for achieving social transformation. In this way, social transformation is linked with relationship-building.

5.1.2.2 Motivation

In figure 10 on page 39, faith was mentioned to play a role in the decision to start-up a business as well as in the motivation to continue steering it through difficult times. As shown in the previous chapter, most respondents considered God to be the key motivational factor of doing BAM. Accordingly, Ruth stated that were it not for her faith, she would not be in the country where she is doing business (Ruth 2008: 3, appendix VIIf). Faith can thus lower the barriers of entry for BAM businesses in otherwise fragile and high-risk markets in developing countries. In general, it can be concluded that faith is likely to have an impact on the motivations to engage in entrepreneurship. This motivation is a characteristic of the BAM entrepreneur but a similar “drive” is found in the characteristics of the social entrepreneur. Following Bornstein (1998: 144), the BAM entrepreneur is “a path-breaker with a powerful new idea, who combines visionary and real-world problem-solving creativity, who has a strong ethical fibre and who is “totally possessed” by his or her vision for change”. Apart from the specific faith of the BAM entrepreneur, the BAM entrepreneur may not be very different from the social entrepreneur.

5.1.2.3 More faith

It has been shown that all of the respondents saw people coming to faith as key for the BAM business, despite the fact that the majority saw this as an unintended outcome (cf. e.g. Deborah 2008: appendix VIa). In this way, faith is seen as a pursued outcome of faith, i.e. faith may lead to the generating of more faith. Thus, it may fulfil the faith-based goals of these companies. Accordingly, if employees come to faith, this may lead to a higher customer and employee loyalty. Ultimately, this may lead to a higher productivity ceteris paribus. If customers come to faith, they are likely to be more loyal which, again, is perceived to have a positive impact on the business performance ceteris paribus. Moreover, there may also be network effect because both customers
and employees are likely to recommend the business to other potential customers and employees. In this way, the relationship-building efforts can be seen as self-enforcing and give the BAM business a committed customer base. On the other hand, the BAM business faces the risk of becoming “locked”, especially if it has close ties to churches or other Christian networks. These network ties may become so tied that the relationship-building capability may prevent the BAM business from growing beyond its existing customer base, thus making it dependent on church financing. In this way, a resource (or a capability) can become a rigidity (Tywoniak 2007: 18).

Accordingly, Esther (2008: 1, appendix VIb) states how she needs the Christian people from her church: “We need the people that support us because they are the ones who buy the jewellery and at the same time not everyone wants to purchase something. Some people just want to make donations.”

5.1.3 Partial conclusion

The analysis of the role of faith has shown how faith impacts the BAM business. The impact of faith has been divided into the following five categories: relationship-building, social transformation, values and principles, motivation, and more faith. Thereafter, these five categories have been further divided into faith-based resources and faith outcomes. The faith-based resources were the relationship-building capability and the (Christian) faith-based values and principles, which were summarized in the concept of servant leadership. The following outcomes of faith were identified: social transformation, the business motivation of the BAM entrepreneur, and more faith. The role of faith as seen in these five categories has been briefly examined.

The values and principles of faith summarized in the concept of servant leadership were found to be faith-generated resources. Servant leadership was seen to include the following values and principles: business excellence, servant attitude, the sacredness of people, dignity, responsibility, reconciliation, integrity, honesty, fairness, justice, respect as well as trust. Relationship-building was seen found to be a faith-generated capability in the BAM businesses examined. However, whether these values and principles inherent in servant leadership and whether relationship-building can be viewed as potential sources of competitive advantage remains to be assessed. According to Barney, this depends on their perceived value, rareness, inimitability and on whether they may be substituted by other resources and principles (Barney 1991; Wernerfelt 1984). This will be discussed next.
5.2 Faith and competitive advantage

As seen in the four values and principles analysed, the impact of faith will now be discussed in relation to value, rareness, inimitability and non-substitutability to determine whether resources are potential sources of competitive advantage or competitive advantage. This is done by asking the following questions inherent in the VRIN-framework (Barney 1991; 1997):

- Do a firm’s resources and capabilities enable the firm to respond to environmental threats or opportunities (value)?
- How many competing firms already possess particular valuable resources and capabilities (rareness)?
- Do firms without a resource or capability face a cost disadvantage in obtaining it compared to firms that already possess it (inimitability)?
- Are there strategically equivalent substitutes for this resource in the market that firms without a resource or capability can obtain without facing a cost disadvantage (non-substitution)?

5.2.1 Relationship-building

As analysed in the previous section, relationship-building can be seen as a faith-based capability which is perceived as making the BAM businesses able to reconfigure their firm-specific assets and thereby renew and alter their resource base (Teece et al. 1997: 516). In this way, the successful deployment of this capability depends on complementary assets (Tripsas 1997), such as e.g. human capital (human resources, management expertise etc.), and social capital, e.g. trust (Luthans and Youssef 2004).

5.2.1.1 Valuable

Relationship-building) can be seen as valuable because it enables the BAM businesses to take opportunities others would not likely be taking because of the high-risk involved and the limited possibilities for profit-making. Thus, a BAM business has an incentive “to conceive of or implement strategies that improves its efficiency and effectiveness” which make relationship-building a valuable capability (Barney 1991: 106). Joshua is an example hereof because he states that he is willing to work with investment seen only to yield a little profit in addition for high social and spiritual benefits (Joshua 2008, appendix VIc). Likewise, Ruth is building reconciled
relationships with the locals to be able to operate in a high-risk environment, e.g. by maintaining relations with government. She is engaging in these relationships because she needs them, though she does not applaud their way of governance (Ruth 2008, appendix VIIf). In this case, where Joshua builds relationships that lead him into new business opportunities, the relationships Ruth builds enable her to avoid conflicts, i.e. threats. In this way, these two BAM entrepreneurs use different strategies. Nevertheless, both can be seen to improve the efficiency and effectiveness of their respective businesses by either leading to business opportunities or to neutralize threats to the prosperity of the business.

5.2.1.2 Rareness

Barney (1991; 1997) argues that for a resource to be a source of competitive advantage, it is imperative that the resource is not enjoyed but many competing or potentially competing companies. If the resource is not rare, but rather common, the resource is merely a source of competitive parity if it is valuable as well as inimitable and thus cannot be substituted (Barney 1997). However, in these cases, such a resource can be important for the survival of the company (Barney 1991). Relationship-building is not a rare business activity. In fact, it has been shown that the building and maintenance of relationships creates value for businesses that engage in e.g. partnerships and alliances (Dyer and Singh 1998). Thus, the relational view proposes that the businesses should not consider themselves as being in a vacuum. Instead they ought to realize that their alliances and partnerships may yield relational rents through “relationship spillovers” (ibid). On the other hand, can the BAM type of relationship-building be considered to have a uniqueness not shared with other business relations that may lead these relationships to be rare in the market after all? Whereas businesses normally are pre-occupied with relationship-building and networking within their supply chain (cf. Porter 1980), the BAM business can be considered to break up the value chain and include people outside the normal value chain. In this way, the BAM business includes the families of their employees and the potential labour pool of “under-employed” people in the community, and other personal relations in their value chain by offering them jobs and training. This can be seen in the case of Ruth who includes the landlords and neighbours in her relationship-building efforts. In addition to the larger scope of these relations compared to normal for-profit business relations, the intimacy of these relationships may likewise be seen as a difference between the BAM business and the normal for-profit business. This can be seen in the way Mary (2008, appendix VIId) employs family members of her workers’, and in the way Esther (2008,
appendix VIb) advocates for women by talking with their families, hence especially their husbands and boyfriends. Accordingly, she helps them by taking care of their personal relations. To the extent showed here, a BAM business is arguably creating more dispersed and closer relations than normal businesses would normally do. In this way, these relations are rare and may thus be a source of competitive advantage (Barney 1991).

However, because of their tacit nature, closely tied relations may become a rigidity if a business for some reason needs to dissolve some of these relationships, (Tywoniak 2007, p. 18), as e.g. in cases where redundancies are necessary for business survival This is a potential problem for any BAM business. However, in the data no indication as such was found to as to how BAM businesses will handle these issues. Nevertheless, to some extent Esther mentioned this potential problem; she explained how her social mission of employing people to get them out of prostitution had shifted her focus away from making profits (Esther 2008, appendix VIb). This example indicates that this is indeed a potential problem which BAM businesses need to consider. When and if BAM businesses mature, cost reduction, and thereby often labour reduction, will follow at some point in time. This is likely to become a challenge for any BAM business. Nevertheless, all in all, the somewhat unique relationship-building capability of a BAM business can be perceived as rare, especially because its functioning requires the deployment of other complementary resources or assets (Tripsas 1997), such as e.g. human resources (Barney 1991; Luthans and Youssef 2004).

5.2.1.3 Inimitability

When the capability of building relationships is seen as unique to BAM businesses, the question of how to obtain this capability becomes important for competitors. If (potential) competitors can obtain, and thus imitate this capability, it will only be a source of temporary competitive advantage, i.e. that the advantage can be enjoyed until competitors successfully imitate it (Barney 1991; 1997). Barney (1991) states that a resource can be inimitable because of its “unique historical conditions”, or if the causal relationship between the resource and competitive advantage is unclear, i.e. “causally ambiguous”, or when it is “socially complex” (Barney 1991: 107).

In these cases, the relationship-building capability can be seen as being dependent on the unique historical, hence social, conditions favouring its development and deployment. This can be seen in the way that these relationships often are “person-specific” in the sense that the BAM entrepreneurs use their own personal as well as professional networks directly in the business. This makes the
relationship-building capability dependant “upon their place in time and space” (Barney 1991:107). The clearest example of this is given by Moses (Moses 2008, appendix VIe) who, through his working experience with NGOs, uses these contacts directly in his training of potential BAM entrepreneurs by giving these people access to his own customers and suppliers. In addition, his teaching and coaching insights gained from the BAM seminars are deployed in his consultancy. This example thereby also shows the social complexity of relationship-building activities as seen in this BAM business. Furthermore, it can be assumed that this complexity makes it very difficult to track the causal relationship making this capability into a source of competitive advantage. The fact that relationship-building is a capability that requires the deployment and configuration of other resources, as e.g. human and social capital, thereby add to the social complexity and causal ambiguity. In this way, the relationship-building capability becomes more constrained to imitation.

5.2.1.4 Non-substitution

If a resource or capability cannot be imitated, competitors will presumably look for “strategically equivalent valuable resources” in order to substitute the resource or capability. According to Barney (1991:111), resources “are strategically equivalent when they each can be exploited separately to implement the same strategies.” Thus, if competitors want to copy the relationship-building capability of BAM businesses, they will need people like Moses with extensive experience and a willingness to make all their personal as well as professional contacts available for the business. For these competing businesses, this implies developing their own management team with these competences as e.g. Moses has. This is the first substitution strategy possible in which competitors attempt to “substitute a similar resource that enables it to conceive of and implement the same strategies.” (Barney 1991: 111).

The second option is to substitute such persons or management team with something else which can provide a business with the same relationship-building capacity and relations, i.e. to develop different resources and capabilities (ibid). A possible and widely used possibility is to buy expertise and networks through partnerships, e.g. in form of a joint venture. An example hereof is the purchase of a formal planning system, which could be a substitute for the charismatic BAM entrepreneur (ibid). In this way, human capital is sought substituted by organisational capital. However, as opposed to the BAM entrepreneur/management, a formal planning system is highly imitable and thereby not likely to be a source of competitive advantage. This is due to the tacit
nature of human relations making human capital highly difficult to imitate, as mentioned previously.

Because the relationship-building capability is highly “inherent” in people, hence in the “historical conditions” (Barney 1991: 107), it is therefore difficult to substitute completely. Consequently, competitors will have little incentive to so, especially when the possible substitutes cannot become sources of competitive advantage to them (Barney 1991).

5.2.2 Relationship building and competitive advantage

The relationship-building capability was found to be valuable, rare, and difficult to imitate and to substitute. Thus, it can be seen as a source of sustainable competitive advantage ceteris paribus (Barney 1997). These findings are summarized in figure 12 on page 54. Next, the faith-generated values and principles found in the previous chapter will be assessed in relation to their potential for becoming sources of competitive advantage or disadvantage.

5.2.3 Values and principles

As mentioned previously, in addition to the capability of building relationships, the data has indicated that faith is a resource. Faith is seen in the following values and principles found; business excellence, servant attitude, sacredness of people, dignity, responsibility, reconciliation, integrity, honesty, fairness, justice, respect, and trust. Generally, these values have been summarized into servant leadership, a philosophy that arguing that leaders should serve their business relations, hence its employees, customers and suppliers (Greenleaf 2002).

5.2.3.1 Valuable

As shown in the previous chapter, the faith-based values and principles are interchangeably linked to the relationship-building capability inherent in a BAM business. Consequently, relationships should be shaped around the values “dignity and respect. In this way, because they considered holy beings created by God (cf. Mary 2008, appendix VIId), people should be treated with dignity and respect. Accordingly, the BAM entrepreneurs consider their norms and values to be inherent in their way of life. As Hannah (2008: 1, appendix VIIId) puts it: “My little slogan in life is that I should not have to tell people that I am a Christian. They should just see it in my lifestyle”. Accordingly, Deborah (Deborah 2008: 1, appendix VIa) states; “I also want to see people changed
Thus, the demonstration of values and principles can lead to an opportunity for reaching any faith-based as well as any social objectives. Seeing that these values and principles can be seen to make a BAM business able to respond to threats and opportunities, these values and principles can be seen as valuable (Barney 1991; 1997). Martha gives an explicit example hereof by stating that faith is as a door-opener for conversation to her (Martha 2008: 3, appendix VIIg) and thereby for reaching people. In this example, the motivational effect of faith is considerable because faith can be considered to drive the BAM entrepreneur into doing business, thus taking up a (new) business opportunity. This can be seen in Ruth’s statement in which she claims that she would not have done business in the region where she is, had it not been for her faith (Ruth 2008, appendix VIIf). In addition, the motivational effect of faith shows that these values and principles arguably lead the BAM entrepreneurs into actually taking any potential business opportunities that may come. Moreover, these faith-based values and principles can be seen to give BAM entrepreneurs the possibility of neutralising or, at least, responding to threats in their markets. In this way, the values of integrity, honesty, fairness and forgiveness can be seen to contribute to repairing any flaws in the stakeholder relations. Thus, it may lead to reconciliation with people, as in the case of Ruth (cf. Ruth 2008, appendix VIIf). Together with the relationship-building capability, these resources can be assessed valuable to the BAM businesses (Barney 1991: 1997).

5.2.3.2 Rareness

However, the faith-based values and principles are valuable resources but only rare in the sense that they are special concepts derived from the Bible. If competitors therefore posses and implement the same values and principles, these cease to be rare. In this case, this resource is only a source of competitive parity (Barney 1991; 1997). As shown in the previous analysis of the relationship-building capability, these values and principles can be perceived to be somewhat inherent in the charismatic BAM entrepreneur. On the other hand, when looking at the research of value-based social entrepreneurship research, it is obvious that a social entrepreneur may be seen to possess the same qualities. In fact, Brinckerhoff suggests the explanation that the success of a social enterprise may be due to a charismatic manager, not his faith-based values and principles as such (email-correspondence with Peter Brinckerhoff 2007). Nevertheless, there may be a difference between “ethical” values and principles and the Biblical ones as argued by the respondents. If a BAM business can be seen to possess specific Biblical values and principles which can be seen as
different from “ethical” values seen in e.g. the CSR-policies of a business, these Biblical values and principles can be deemed rare. The BAM entrepreneurs believed that there is a difference between Biblical and merely “ethical” values and principles. To them, this difference was seen to be in the radical business decisions of a BAM entrepreneur to e.g. extend the value chain of the business, cf. the analysis of the relationship-building capability. Accordingly, a BAM entrepreneur is taking their responsibility and social concern a step further vis-à-vis socially responsible business managers.

According to Deborah (2008:1, appendix VIa): “I think that servant leadership goes beyond this [CSR], because it is about the question why I want to engage in social development: it is really not about me and my honour. And it goes also further because my business seeks transformation of people and society and not just social development. I want to see transformation and also people changed, not only physically but also spiritually.”

However, others do not clearly see this difference in terms of business values and principles, which suggests Deborah. Asked about what a BAM business is, Esther replied that “other secular businesses can have the same values and principles which then is called corporate social responsibility” (Esther 2008: 1, appendix VIb).

If there is a difference indeed, this may be found in the way a BAM entrepreneur deals with personal issues related to their employees as well as their customers. Examples hereof are found in Esther’s advocacy for her employees including their family problems in general (Esther 2008: 3, appendix VIb) and in Mary’s recruitment of the relatives and the “under-employed” in her community (Mary 2008: 2, appendix VIId). In this way, the relationship-building capability can be seen as a consequence following these faith-based values and principles of a BAM entrepreneur. Therefore, it may be concluded that a BAM entrepreneur seemingly blends his personal relationships with his professional one. By so doing, he may generate relational rents by expanding and combining his relationships, as suggested by Dyer and Singh (1998). This is explicitly demonstrated in the case of Moses who gives his customers, i.e. actual and potential BAM entrepreneurs, access to his professional customer network, thereby linking BAM entrepreneurs with NGOs and with normal for-profit businesses (Moses 2008, appendix VIe). In addition, this example also adds weight to the assumption of an inter-relationship between the faith-based resources and the capability of relationship-building. Therefore, the deployment of these faith-based values and principles arguably leads to relationship-building activities exceeding the normal business value-chain. In their interconnectedness with other resources and in their Biblical
particularity, these resources can be seen as rare, albeit in relative terms, i.e. assumed that they can be viewed as differently from the merely “ethical” values and principles of the charismatic manager.

5.2.3.3 Inimitability
Assuming these faith-based values and principles may be rare to a certain extent only, the next question would be whether an imitation of these is possible if competing companies or organisations adopt the seemingly same set of values. Following the perceived lack of transparency between CSR-based values and principles and the BAM ones, such an adoption seems possible. However, as shown in the analysis on relationship-building, these values and principles can only be imitated if they are independent of “historical conditions”, thereby perceived as being unique to the business in question, if the resource is not “socially complex” and, finally, if the causal relationship between the resource and its link to competitive advantage can be determined, thus not being “causally ambiguous” (Barney 1991:107). Perhaps somewhat surprisingly, these BAM values and principles can be seen to be difficult to imitate. First of all, these values are “embedded” in a historical and religious context of the Bible and are different from the merely CSR-based values and principles of socially responsible businesses in this way. To adopt these values and principles in full, the entrepreneur needs to be a believer. Accordingly, to believe that human beings are “sacred” because they are created in the image of God requires a belief in God. Nevertheless, the difference between these Biblical values and principles vis-à-vis the CSR-ones is highly intransparent and thereby difficult to determine. Moreover, these Biblical values and principles can be seen to be “socially complex” in the sense that they are difficult to measure and, consequently, to manage. In addition, the difficulties of separating BAM values and principles from CSR-ones makes these faith-based values “causally ambiguous” (Barney 1991:107) because when they cannot be clearly identified, their link to competitive advantage becomes blurred. Consequently, competing companies will have difficulties in deciding which resources to imitate (ibid: 109). Therefore, the faith-based values and principles are not likely to be imitated.

5.2.3.4 Non-substitution
Even though these faith-based values and principles cannot be directly imitated – that would require a true conversion– they may still be substituted. This is a rather ironic consequence of the lack of
transparency of the faith-based values and principles in question. Barney (1991:111) states that if there are “strategically equivalent valuable resources that are either not rare or imitable”, a resource can be substituted. In this way, a competitor may substitute faith-based values and principles by adopting CSR-policies. Substitution can be seen possible under such circumstances because of the perceived lack of transparency concerning the values and principles related to faith. Consequently, the faith-based values and principles may be substituted by social responsibility. In this way, competitors attempt to substitute these values and principles with similar values and principles (Barney 1991:111). Arguably, this strategy is likely to be successful because of the lack of transparency between CSR-based and faith-based values and principles. Consequently, assuming that the effects are the same, such CSR-policies can be seen as substitutes (Barney 1997: 151).

Another strategy for substitution concerns the adoption of different resources that can be seen as “strategically equivalent” to the faith-based ones of values and principles (Barney 1991:111). A visionary and charismatic entrepreneur or management team may thus be a substitute. The findings of Brinckerhoff that charismatic management is likely the reason behind the somewhat higher business performance of value-based companies indicate that such a substitution may indeed be possible (email-correspondence with Peter Brinckerhoff 2007). The faith-based values and principles may therefore be substituted, albeit their imitation seems highly difficult.

5.2.4 Values and principles and competitive advantage

The faith-based values and principles of business excellence, servant attitude, sacredness of people, dignity, responsibility, reconciliation, integrity, honesty, fairness, justice, respect, and trust were seen as valuable, rare to a certain extent, but also inimitable by competitors due to the difficulties in separating “real” faith from a “do-gooder” attitude of a charismatic entrepreneur. Ironically, this lack of transparency leads to the possibility of substitution of these values, e.g. by CSR-policies and/or the employment of a socially concerned management team. The faith-based resources are merely a potential source of temporary competitive advantage (Barney 1997: 163) because a BAM entrepreneur can be seen to hold this advantage only until competitors find substitutes hereof. These findings are shown in figure 12 on the following page:
Based on the limited data collected, the BAM business was found to have a sustained competitive advantage in their capability of relationship-building. As seen in figure 12 above, this competitive advantage is assessed sustainable. According to Barney (1997: 164), sustainability should be understood in the sense that competitors looking to imitate a firm’s resources and capabilities have a “cost-disadvantage” in doing so and therefore cannot “imitate this firm’s strategies”. In this way, competing firms have a competitive disadvantage vis-à-vis the BAM business (ibid). On the other hand, a temporary competitive advantage implies that the first-mover may gain an advantage but that the other early movers may easily “catch up” thus competing away the advantage because these can be imitated and substituted arguably without a “cost-disadvantage” (Barney 1997: 162-3). This is arguably the case for the faith-based values and principles that are assessed to be substitutable by (potential) competitors because they are found to be able to compete away this advantage.

5.3 Partial conclusion

The analysis of the role of faith in the BAM businesses examined has been divided into the following five categories; relationship-building, social transformation, values and principles, motivation, and more faith.

These categories have been further subdivided into faith-based resources and outcomes of faith. First of all, the relationship-building capability and the values and principles of BAM businesses can be seen as faith-based resources leading to motivation, the social outcome of social transformation as well as the faith outcome of more faith, which were analysed in chapter four.
Relationship-building was perceived to be a capability of BAM businesses that is valuable and relatively rare, arguably difficult to imitate, and non-substitutable. Thus, relationship-building can be perceived as a potential source of sustained competitive advantage. The faith-based values and principles, inherent in the overall concept of servant leadership, were analysed to be: business excellence, servant attitude, sacredness of people, dignity, responsibility, reconciliation, integrity, honesty, fairness, justice, respect and trust. These values and principles were found to be interconnected with the relationship-building capability. In addition, they were assessed to be resources and potential sources of temporary competitive advantage because of their value and relatively rareness and inimitability but which, nonetheless, can be substituted by (potential) competitors. This is a consequence of the difficulties in distinguishing the faith-based values and principles of a BAM entrepreneur from merely a “do-gooder” attitude of a charismatic (social) entrepreneur. In this way, the faith-based values and principles can be competed away contrary to the relationship-based capability which is sustainable in the sense that it can be assumed to continue “to exist after efforts to duplicate this advantage have ceased” (Barney 1991: 102).

6. Conclusion

This thesis has analysed the role of faith as a driver for competitive advantage in “business-as-mission” (BAM) businesses. Following the data collected, these can be seen as social organisations which strive to impact the society in which they operate economically, socially and spiritually through business initiatives.

To answer the research questions, it was deemed necessary to analyse what the "business-as-mission” (BAM) concept is in order to make a typology of these faith-based businesses. This was done in chapter four. The BAM business was found to aim for the social outcome of social transformation and a faith outcome to bring more people to faith. The economic outcome of profitability/sustainability was found to be somewhat downplayed and inferior to the social and faith objectives. Moreover, only Joshua was found to be profitable at the time when the interviews were made. With the emphasis on social value creation, the BAM business was seen as a faith-based social purpose business venture. Nevertheless, the other five non-profitable BAM businesses are still very young. Thus, their economic sustainability remains to be seen. BAM businesses were found to have blended value elements in their businesses either in the form of direct donations (Esther 2008, appendix VIb), subsidized goods and services (Moses 2008, appendix VIe), or even,
as in the case of Joshua (2008, appendix VIc), in the form of subsidized labour. Based on the findings from all of the fourteen respondents interviewed, the following BAM definition was suggested to capture the essence of the BAM concept:

"A BAM business is a social purpose business venture motivated and driven by faith-based values and principles that has an intention to change the lives of people spiritually, socially and economically through profit-seeking business initiatives in the community in which it operates"

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From this understanding of the BAM-concept, the research questions were answered in chapter five. The chapter’s first part (5.1) analysed the role of faith in these businesses in order to continue the analysis of these specific resources and capabilities found and assess their potential as sources of competitive advantage. This was done in the second part the chapter (5.2).

6.1 Faith-based resources and capabilities

Chapter 5.1 had the purpose of answering the first research question: “What resources and capabilities are generated through faith?” (cf. Focus and research question, chapter 1.2).

In order to answer this question, the role of faith in the BAM businesses was examined. Faith was found to motivate the BAM entrepreneur to start-up a (BAM) business and manage it. Likewise, faith was found in the relationship-building activities taking place inside these businesses. Moreover, the social outcome of social transformation and the faith outcome of more faith were also found here. In addition, the values and principles of faith found were the following: business excellence, servant attitude, sacredness of people, dignity, responsibility, reconciliation, integrity, honesty, fairness, justice, respect and trust. All of these values and principles were mentioned by at least two respondents from two different regions. These resources have been grouped under in the philosophy of servant leadership. These categories were further subdivided; relationship-building and servant leadership (including the twelve values and principles found) were categorised as faith-based resources whereas motivation, social transformation, and more faith were seen as outcomes of faith, following the categorisation in chapter four. In this way, servant leadership, hence the
twelve values and principles mentioned, was found to be faith resources whereas relationship-building was seen as a faith capability.

6.2 Faith and competitive advantage

Chapter 5.2 had the purpose of answering the second research question: “How do these [resources and capabilities] give BAM businesses a competitive advantage or disadvantage?” (cf. focus and research question, chapter 1.2).

To assess whether these resources and capability found in the first part of chapter 5 could be sources of competitive advantage, the VRIN-framework proposed by Barney (1991) was used on the faith-based values and principles, grouped under the philosophy of servant leadership, and on the capability of relationship-building.

The relationship-building capability was found to be valuable, rare, costly to imitate and non-substitutable and could therefore be seen as a potential source of sustained competitive advantage. On the other hand, servant leadership and the subsequent twelve resources were seen as valuable, rare in relative terms, inimitable, but, nevertheless, substitutable. Accordingly, competitors were assumed able to substitute, albeit not imitate, these resources because of the lack of a clear distinction and measurement for faith-based values and principles vis-à-vis CSR-policies and/or a charismatic and socially concerned (social) entrepreneur. Consequently, CSR-policies were seen as a possible substitute for faith-based values and principles. The reason for this was that it would arguably be highly difficult to see the difference between a socially responsible business and a BAM business. Thus, servant leadership was seen to be a potential source of only temporary competitive advantage which implies that this resource can be competed away. Conversely, this was not assessed to be the case with the relationship-building capability.

6.3 Implications

In this section, the implications of these findings for the academic researcher and the BAM practitioner will be assessed and recommendations given for BAM business management and for areas of future research. First, however, the limitations of this study will be assessed stating the case for future research on faith-based social entrepreneurship.
6.3.1 Limitations
This study is limited to analyse Christian (Lutheran) Protestant faith-based businesses. Thus, it does not examine and explain any possible differences between the various types of Christianity, mainly between the Catholic and Protestant businesses. Neither does it explore the differences between other faith-based businesses, such as e.g. Muslim businesses, and the BAM businesses. Moreover, this study does not make any inter-firm comparisons to see if the findings can be seen to be influenced by the businesses sector, or the country, the background, hence the culture and education, of the entrepreneur. More importantly, the findings are seen as tentative in the sense that the BAM businesses analysed are may all be considered to be in the start-up phase. It is therefore very difficult to predict their future development, hence especially whether or not these enterprises will prove to be economically sustainable. Therefore, this study should be perceived only as a first attempt to frame a rather new concept.

6.3.2 Implications for the academic researcher
Because of the limitations to the findings, the conclusions drawn are rather tentative. Consequently, more research is needed to fundamentally capture the impact of faith-based values in social entrepreneurship. In particular, it would be interesting to make a longitudinal study of BAM businesses seeing that the BAM businesses examined here are young and immature at present. In this way, subsequent research would contribute to the understanding of the BAM concept, thereby validating or falsifying the conclusions made in this study. The future likeliness of BAM business sustainability, which has been questioned, would be one area of concern to see whether or not BAM proves to be a feasible concept in the long-run or whether these businesses merely have taken a temporary organisational form. In addition, taking the narrow scope of BAM entrepreneurs and potential entrepreneurs analysed into consideration, supplementary studies of more BAM businesses would be needed in order to be able to determine the characteristics of these businesses as well as their challenges and future prospects. In addition, comparative studies of BAM businesses and non-BAM humanitarian organisations could be an important line of research in order to determine whether these capabilities and resources found are indeed BAM business characteristics or whether these can be seen to be more generally enjoyed by social enterprises and organisations.
Another interesting field of research for the academic researcher could be to see whether these BAM characteristics found here also apply to other faiths or whether there indeed can be seen to be specific Christian faith-based characteristics in these BAM businesses. Of course, there may also be differences even within the Christian faith, such as e.g. between the Catholic and (Lutheran) Protestant-based businesses and social organisations.

Finally, comparative studies between the Christian beliefs and other religious beliefs which could be a highly relevant field of study. This was behind the scope of a thesis unfortunately (cf. Joshua 2008: 7, appendix VIc). Such faith-comparative studies could be seen as a considerable contribution in the attempt to assess the actual impact of faith on business behaviour and competitiveness. It is my hope that academic researchers will find this highly unexplored line of research interesting and continue the research of faith and entrepreneurship in general.

6.3.3 Implications for the BAM practitioner

For the BAM practitioner, the findings of this study could lead to some reflections on how a BAM business may be conducted to realize the potential sources of competitive advantage found here. First of all, the findings indicate that profitability may be a difficult goal to reach because of the concerns and emphasis on their social and faith outcomes to the detriment of the economic outcome. Accordingly, Esther warns that faith can lead to a focus on the faith-based mission, thus somewhat neglecting the mere business goals (Esther 2008:3-4, appendix VIb).

However, the BAM businesses examined here are characterized by being in the start-up phase. Therefore, they cannot be expected to be profitable yet. But BAM businesses should at least have a business plan stating when break-even is forecasted and set up some intermediate goals to ensure that they continue to develop positively in the aim to achieve these goals. However, a BAM entrepreneur should also consider whether it would like to remain partly subsidized in some areas of the business. Thus, they may be in a better competitive position and be able focus on the social and faith outcomes. This study indicates that all BAM business entrepreneurs have some subsidized element whether that be related to labour or financing. Joshua (2008:5, appendix VIc) made a point out of these blended-value aspects stating that BAM businesses are “hybrid “ organisational forms, which, he argues, is a consequence of the asymmetries in the markets where BAM businesses operate. Thus, a BAM business entrepreneur should consider whether or not it would be possible to make a “pure” business model work in the market in question. Arguably, there will be trade-offs
between the social and faith objectives vis-à-vis the aim for profitability. Consequently, it would be up to the BAM entrepreneur to weigh these concerns up against each another.

Secondly, this study has found the relationship-building capability as well as the faith-based values and principles inherent in the servant leadership philosophy to be sources of competitive advantage. The faith-based values and principles were seen to be the following: business excellence, servant attitude, sacredness of people, dignity, responsibility, reconciliation, integrity, honesty, fairness, justice, respect and trust. Considered potential sources of competitive advantage, these values and principles are important to adopt and incorporate in all aspects of the business. However, the BAM practitioner should take into consideration the fact that these values and principles may be substituted by similar values and principles, as e.g. by CSR-policies. In this way, socially concerned businesses and social (humanitarian) organisations, which were seen, by many of the BAM practitioners interviewed here, as competitors may compete away this advantage. Therefore this advantage is only temporary. Nevertheless, the BAM practitioner should exploit this resource until competitors duplicate the benefits of this advantage (Barney 1991:103).

Contrary to the faith-based values and principles, the capability of BAM businesses to build relationships is assessed as a sustainable competitive advantage which arguably cannot be competed away because of its complex and tacit nature. The relationship-building capability was seen to be highly dependent on the entrepreneurs and managers engaging in relationship-building with e.g. relatives to the employees and “underprivileged” people in the society in which they operate. In this way, this capability is resilient within the human relations of the business. Through exploiting this capability and advisedly strengthening these relationships into alliances, BAM entrepreneurs may reap relational rents (Dyer and Singh 1998). Thus, they could capitalize on this capability while continuing to explore their other firm-specific resources and capabilities.

7. References


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(Appendix Xb)


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