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# Profitability in a social business

An environmental analysis of the social sector in Portugal.

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## Summary

As it is described by Henderson, the concept of strategy can be traced back to ancient times with the central idea being: to gain advantage over someone or something (Henderson, 1989). In order to build a successful strategy for any type of business, a strategic analysis needs to be performed. A strategic analysis exists of multiple elements, but it always starts with environmental scanning. This research focuses on that very first step by conducting an environmental analysis. It is a strategic tool that identifies all the external and internal elements, which could possibly affect the organization's performance. The analysis entails assessing the level of threat or opportunity that factors might present. To achieve this, a SWOT analysis was conducted in combination with other tools, such as PESTEL, Porter's five forces and the Power-interest matrix. These tools were analysed by using the gathered research data. The data collection was divided into two parts: a desk research, where close attention was paid to literature review and a field research, where experts were interviewed. Both focused on analysing the Portuguese social sector. To structure this data collection five categories were determined: The benchmark between Portugal and the Netherlands; The financial mechanism; The Portuguese social care system; The target group and the critical success factors. The aim of this research was not to provide all the final and conclusive answers, it was merely to explore the research topic with varying levels of depth. Additionally, this research tended to tackle new problems on which little or no previous research has been done by combining and elaborating well known models, such as PESTEL, Porter's 5 forces and SWOT. The research problem of this dissertation can be described as followed: to determine the possibilities of starting a successful commercial business within the social welfare sector of Portugal.

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## Introduction

Is it possible for a private commercial business to gain a place within the Portuguese social care system? Due to current vulnerabilities within the social sector, as well as the economy, the sustainability of this sector is being questioned and for that reason it is a good time to explore new possibilities and opportunities. The goal of this research is to execute an environmental analysis that differentiates four layers, based on the technique from Johnson, Scholes & Whittington (2018) in order to create a complete vision on the social sector of Portugal. Based on those layers, the research objectives have been established. The first layer concerns the macro-environment, focusing on the broad environmental factors that impact to a greater or lesser extent on almost all organisations.

Objective 1: To establish a benchmark between Portugal and the Netherlands in order to identify the general factors that play a major part on a macro-level basis when starting a new business in the social sector of Portugal. To achieve this, the PESTEL tool will be applied.

Continuously on the next layer, attention is moved to the sector and its competitive forces. Here, objective 2 is applicable.

Objective 2: To scan the Portuguese social sector together with its competitors to classify the financial mechanism that allows the business to be profitable. The model of Porter's 5 forces is implemented to obtain a picture of the main forces that shape this sector within Portugal. Additionally, the power-interest matrix will be applied to identify key stakeholders and their influence on the business.

Thirdly, the layer of direct competitors together with market segments, where we define the third objective:

Objective 3: To focus on direct competitors and to look for unexploited opportunities as well as 'black holes' by looking at the market segment and defining the differences in customer's needs.

Finally, it is important to apply the information on the organisation itself to understand where strengths and weaknesses lie. This brings us to the fourth and final objective:

Objective 4: To describe the critical factors of success for this organisation and based on those factors, to identify the main constraints and opportunities for the business by means of a dynamic SWOT analysis.

The first three chapters will describe the processes that will be followed during the research. After, two chapters describe the gathering of the data through desk research and field research. Followed by two chapters that execute the environmental analysis based on gathered data. In chapter VII contains the SWOT-analysis, where a closer look is taken at the organisation, the government and future significance. Finally, in chapter VIII, the three phases of strategic analysis will be shortly reasoned, whilst using the outcome of the environmental analysis. Further recommendations and the conclusion of this research will also be implemented in this final chapter.

## Chapter I – Building a strategy

The basics for thinking and decision-making are perception and cognition together with the gathering and analysing of information. These factors will form the footing of this research, where an environmental analysis will be performed in order to formulate the strategy for a profitable social business in Portugal. The first two chapters derive from a literature review about the processes of strategic and environmental analysis. An environmental analysis is always performed as a base for the strategic analysis. As it is important to understand where it leads to, there will first follow an indication of the strategic analysis process. Chapter I will contain a description of the steps, the mission, vision and values and finally the three phases a strategic analysis exists of.

### 1.1. The process of strategic analysis

Strategic analysis comes from strategy. As it is described by Henderson, the concept of strategy can be traced in ancient times with the central idea being: to gain advantage over someone or something (Henderson, 1989). According to the perspective of Johnson, Scholes & Whittington (2008), strategy is the direction and scope of an organisation over the long term. Their definition has other concerns besides the planning process, it also pays special attention to the main players in the internal and external environment of the organisation. Mintzberg (1992) defines strategy as follows: as a ‘plan’, strategy is seen as a guideline to deal with a situation. Furthermore, as a ‘ploy’, because it is a specific ‘manoeuvre’ intended to outwit an opponent or competitor. As a ‘pattern’, as it is consistent in behaviour, whether or not intended. As a ‘position’, because strategy can be seen as a means of locating an organisation in an ‘environment’ and as a ‘perspective’, it is chosen position, and an ingrained way of perceiving the world (Mintzberg, 1992).

Each of these definitions deals with a specific aspect of the organisation and they complement each other. The next step would be to look at these strategies as plans, doing so, two essential characteristics arise: they are made in advance of actions and they are developed consciously and purposefully (Mintzberg, 1992). With other words, strategic analysis refers to the process of conducting research on a company and its environment to formulate a strategy, in this case it concerns a start-up company, which does not exist yet.

The definition of strategic analysis can differ between an academic or business perspective, but every book and paper indicates that the process involves the following common factors:

- Identifying and evaluating data relevant to the company's strategy
- Defining the internal and external environments to be analysed
- Applying the usage of several analytic methods and tools, such as SWOT analysis, PESTEL analysis, and Porter's five Forces (CFI, 2019).

To specify further, Poole indicates that the strategic planning process can be seen as a continuous cycle in which the activities occur simultaneously or in varying order (Poole, 1990).'' He describes the following elements or activities:

- Environment scanning
- Developing a mission statement
- Setting goals and objectives
- Developing implementation plans
- Implementing plans
- Monitoring the progress; and
- Formal evaluation.

Due to the limitations of this research it is not possible to execute all of these steps. It is, however, important to name the continuous steps and perhaps keep them in mind for a follow-up research. In the continuation of this research, the first step of environment scanning will be deliberated.

## 1.2. Vision, Mission and Values

But firstly, it is important to clarify the definition of a strategy. A strategy is a plan of actions taken by managers to achieve the company's overall goal and other subsidiary goals. It determines the success of a company. In strategy, a company is essentially asking itself, "Where do you want to play and how are you going to win?".

In order to develop such a business strategy, a company needs a very well-defined understanding of what it is and what it represents. This is done by creating a vision, mission and values (CFI, 2019).

Vision – What the company wants to achieve in the future (5-10 years).

Mission– A brief description of the company’s fundamental purpose, its objectives and its approach to reach those objectives.

Values – The fundamental beliefs upon which the company and its behaviour is based.

Furthermore, Johnson, Scholes and Whittington (2008, p.3) state that Strategy is the direction and scope of an organization over the long term, which achieves advantage in a changing environment through its configuration of resources and competences with the aim of fulfilling stakeholder expectations.

Stakeholders are the parties that have an interest in the organisation and can either affect or be affected by the business. The primary stakeholders are the investors of the organisation, employees, clients and suppliers. Nowadays, the original notion also includes the additional stakeholders, for example a community, the government and so on. The explanation of Johnson and Scholes and Whittington (2008) puts more emphasize on the stakeholder expectations, but also contains the importance of having a plan that will give guidance on the long run and explains what the company stands for.

As it concerns a start-up, the vision, mission and values have not yet been written. These will be based on what is achievable, what is necessary and what is desired, given by the outcome of this research. This will mainly depend on the wishes and desires of the management, but also on the requirements from key stakeholders.

For example, the company can have the mission to offer services for people with money problems, but if those people are not open to receive the services for whatever reason, the mission is not applicable with its stakeholders, in this case its client base, and therefore won’t be sustainable for the future of the company. Thus, to prevent mistakes from happening and be well prepared, executing an environment analysis is fundamental.

### 1.3. The three phases of strategic analysis

Lastly, each strategy analysis is composed of multiple phases and different authors describe different phases. Wright et al. identifies three phases within strategic management for the development of business strategies, which are:

- Strategy formulation: formulation of corporate, business, and functional strategies that will match the organisation's strengths, and weaknesses with its environment's opportunities and threats.
- Strategy implementation: implement strategies.
- Strategic control: activities to ensure that the organisation's goals are attained (Wright, Pringle, & Kroll, 1992).

These three phases are more difficult to apply on this research as it concerns a start-up company and thus the implementation and control cannot be executed. For that reason, it has been decided to also evaluate the three phases described by Johnson, Scholes and Wellington (2008):

1. Strategic position;
2. Strategic choices;
3. Strategy in action.

#### 1.3.1. The strategic position

It indicates four forces that need to be analysed in order to come up with a strategy. This first force is the *evaluation of the environment* as this is what gives an organization their means of survival. In the private sector, satisfied customers are what keep an organization in business; in the public sector, it is government, clients, patients or students that typically play the same role. At the same time, the environment is also a source of threats, for example the entry of new competitors or a shift in market demands. This environmental change can be fatal for organizations. Hence, the importance to evaluate the environment by applying the analytical models, such as Porter's five forces and PESTEL. How these models are applied and what type of information they provide, will be further defined in the following chapter.

Secondly, an *evaluation of the strategic capability*, here closer attention is paid to achieve competitive advantage and superior performance compared with other companies that are heterogeneous.

This resource-based view of strategy is explained by the distinctiveness of a company's capabilities. In order to do so it is recommended to apply Porter's 5 forces. When the organization has achieved a competitive advantage, it requires resources and competences which are both valuable to customers and difficult for competitors to imitate.

Thirdly, an *evaluation of the strategic purpose*. First of all, the SWOT model is applied and second of all the Power-interest matrix. As explained earlier on, the importance of stakeholders is key, because the purpose of an organisation will be influenced by the expectations of its stakeholders. As this company will start up in a smaller size, the corporate governance chain, which concerns the structures and systems of control, will be rather short. It is however of the essence to focus on the corporate social responsibility, that implicates the ways in which the organisation exceeds its minimum obligations to stakeholders specified through regulation. For example, if the government finances the company, it needs to see its results and effectiveness in return. There is a various number of stakeholders, in order to identify these the power interest matrix is a successful tool to identify each one of them. This tool will be further explained later on.

Finally, an *evaluation of the culture*. Culture and strategy are intertwined with one another and should thus be analysed together. This step in specific will be of great value for the research as the culture in Portugal is different from the culture in the Netherlands and in order to have a successful start-up both cultures should be explored and benchmarked. Historical and cultural perspectives can help an understanding of both opportunities and constraints that organisations face. The business environment cannot be understood without considering how it has developed over time, understanding these roots helps managers develop the future strategy of the organisation. As this is a start-up company, it is not yet possible to explore the history and culture of this organisation, it is however effective to study the history and culture of other social work organisations. Learning from their experience can help build a sustainable strategy and increases the understanding where opportunities and threats lie for a new company.

Overall, these findings play an important role, when deciding the strategy of the company. The mission, vision and values of the company should be based on these outcomes (Johnson, Scholes, & Whittington, 2008).

### 1.3.2. The strategic choices

These choices are concerned with decisions about an organisation's future and the way in which it needs to respond to the many pressures and influences that were discussed during the process of identifying the strategic position. In order to do so, key strategies need to be indicated.

There are three overarching choices to be made. The first one is: how does the organisation position itself in relation to its competitors? Here, it is a matter of deciding the overall basis of how to compete in a market. For public service organisations, the concern is the bases on which the organisation chooses to achieve superior quality of services in competition with others for funding; that is, how it provides 'best value' (Johnson, Scholes, & Whittington, 2008).

Also, in a competitive situation, customers make choices on the basis of their perception of value for money, the combination of price and perceived product/service benefits. The aim for this research in particular will be to pay close attention to the differentiation strategy, where the company will seek to provide a service that offers benefits that are different from those of competitors and that are widely valued by buyers. For example, by offering care at people's homes, which is valuable for the buyers, because they don't need to leave their safe environment, whilst at the same time being valuable for the government as it is a way to prevent people going to institution, which saves money for the government as well as the client. However, it does not automatically mean that this service will also be cheaper for the buyers, that will depend whether there is funding from the government. Also, whilst a differentiation strategy is being formed, it is clever to keep the sustainability factor in mind. There is little point in striving to be different if competitors can imitate rapidly. Thus, competitive strategy is concerned with seeking competitive advantage in markets at the business level or, in the public services, providing the best value services (Porter M. E., 1987).

The second choice is: should the scope of the company be broader or smaller, when considering the products and markets? In this case it will concern a start-up that will begin with a smaller scope. This scope includes several topics, such as market penetration, product development and market development. Over time, if the business has proven to be successful, the scope of the company can increase. For example, by expanding the focus group from only immigrants to also elderly or youth.

The third and final choice is: how will the strategies be pursued? For example, is the company going to be 'born global' by building international relationships right from the start or will it focus on a smaller scope.

To maintain the scope of this research it has been chosen to focus purely on the national scale of Portugal and, through comparisons, also the national scale of the Netherlands. Ultimately, the international strategy shall not be further discussed, but could be considered interesting for a follow-up research.

At last, evaluation also plays an important role whilst making choices. In order to execute a successful evaluation, it is crucial to identify the criteria and tools that can be used. The success or failure of strategies will be related to three main success criteria:

- Suitability is concerned with whether a strategy addresses the strategic position of the organisation as discussed before;
- The acceptability of strategy relates to three issues: the expected return from a strategy, the level of risk and the likely reaction of stakeholders;
- Feasibility is concerned with whether an organisation has or can obtain the capabilities to deliver a strategy (Johnson, Scholes, & Whittington, 2008).

### 1.3.3. Strategy in action

This element, as the name already indicates, is about ‘making strategy happen’. Strategy implementation considers the relationship between a strategy and how an organisation functions: first in terms of how people work with each other within formal structures, but also more informal relationships; second in relation to key resource areas of an organisation.

After addressing how to understand the strategic position of the organisation and what strategic choices are available, it is also important to raise the question: how strategies develop? The answers include two broad explanations. The first idea is of *intended strategy*: strategies come about as a result of careful deliberation typically associated with top management decision. The second view is that of *emergent strategy*: strategies do not develop on the basis of some grand plan, but tend to emerge in organisations over time (Johnson, Scholes, & Whittington, 2008). Where these authors describe two ideas that can be considered to be rather opponent. The right answer for this paper will most likely lie in the middle. The strategy that has been created will be partly intended, based on the models and the outcome of the overall research, but will also partly emerge further during the existence of the organisation.

## 1.4. Conclusion

There are many definitions of the concept ‘strategy’. In order to come up with a solid strategy, a strategic analysis needs to be conducted. Conclusively, to formulate the mission, vision and values, three phases need to be performed. First of all, the strategic position that indicates four forces in order to come up with a strategy. It indicates an evaluation of the environment, the strategic capability, the strategic purpose and the culture. Secondly, the overarching strategic choices that need to be made by answering the three questions: How does the organisation position itself in relation to its competitors? Should the scope of the company be broader or smaller, when considering the products and markets? And finally, how will the strategies be pursued? The third and final phase, is the phase of implementation, where the formulated strategy will be implemented and also its development will be considered. Looking at strategic analysis, it has become clear that it starts with an environmental analysis. Especially if the aim is to start up a profitable business in the social sector, an extensive environmental analysis can be considered key. The next chapter will enlighten what an environmental analysis consists of.

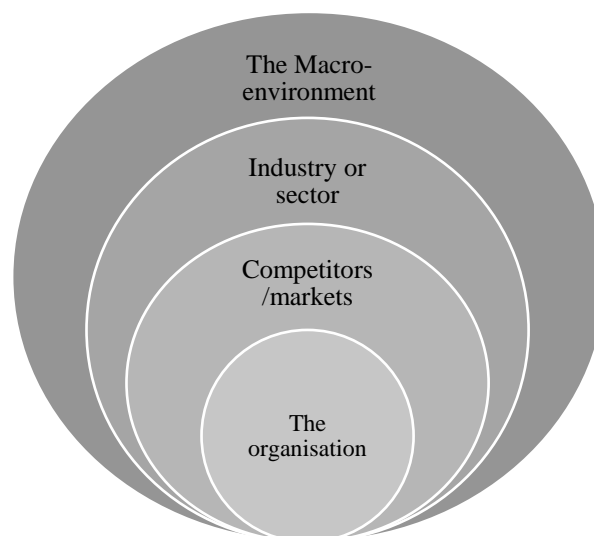
## Chapter II – Environmental analysis Process

After evaluating how a company's strategy is built, it is now important to further specify the environmental analysis process. This will be achieved by separating the environment in four different layers and analyse each layer separately by applying the appropriate tool.

### 2.1. The four layers

Numerous theories describe different amounts of layers. A more general approach by Anthony Taylor, only distinctions the external and internal analysis. He explains that there a businesses that can have infinite directions of where it could go and therefore there are far more factors to manage the internal strategy then the external (Taylor, 2019). Other theories usually recognise three layers: macro level (e.g. economical, political, socio-cultural, technological and legislation factor), micro level (e.g. industry, competition, external stakeholders) and internal assessment of the company (e.g. finance, internal processes, productions, human resources).

Furthermore, Johnson, Scholes and Whittington(2008) add an extra layer, after the macro environment and before the internal organisation, they fist describe the industry (or sector) followed by the competitors' market. As the environmental analysis forms the core for this research it was chosen to follow this, more defined, approach. The information will be gathered by using different tools and methods. In order to discover which tools are most applicable for each layer, it is essential to first define the differences between each of the layers that from around the organization.



*Figure 1: The environmental-layers by Johnson, Scholes and Whittington,2008.*

### 2.1.1. The Macro Environment

The first layer, the macro-environment, ranks the highest level, consisting of the general and global (or national) factors which might influence the lower layers in the economic activities (NA, 2015). It consists of broad environmental factors that impact to a greater or lesser extent on almost all organisations.

This layer can be analysed applying the PESTEL tool, from which key drivers of change can be identified. Alternative scenarios about the future can be constructed according to how the key drives develop. Scenarios consider how strategies might need to change depending on the different ways in which the business environment might change.

#### *PESTEL*

The PESTEL framework provides a comprehensive list of influences on the possible success or failure of particular strategies. It can identify the future trends in *political, economic, social, technological, environmental and legal* environments. In order to apply this tool successfully it is necessary to identify the key drives for change. Key drives for change are the high impact factors likely to affect significantly the success or failure of strategy. In this case possible key drivers could be considered to be the government and municipalities in regard to funding as well as the clients in regards to be open to a different type of care. For example: the implementation of a new act that implements social security for Portuguese citizens. This model helps to indicate what acts already exist and what acts might still appear in the future. Changing social acts can be a crucial factor for either failure or success of the business.

Additionally, this tool contains scenario analyses, where analyses are carried out to allow for different possibilities and help prevent managers from closing their minds to alternatives. Note that scenario planning does not attempt to predict the unpredictable: the point is to consider plausible alternative futures.

Despite being a popular and well used model, it also has its limitations. One of them is the wide focus, when covering a broad spectrum of macroeconomic variables, it is easy to get overwhelmed with the gathered information (del Marmol & Feys, 2016). For this research this was prevented by only focus on the national level of Portugal and the Netherlands and by looking within the social sector and no other sectors, such as healthcare or psychiatry.

Furthermore, the usage of this tool can make future predictions, but never with certainty. A business can identify the major trends, but not prepare for the unexpected.

For example, it can predict that the county's economy will grow or stabilize, but if an unexpected event occurs, such as a virus like Covid-19, this could cause an economic crisis. On one side this can lead to failure, because the government might make more cuts in the social sector. On the other side it can lead to success, because there are more people in need of help and thus an increase in demand. Finally, using this model alone is interesting, but insufficient. Porter's five forces analysis and the SWOT analysis can prove to be a useful aid in the analysis of the business environment (del Marmol & Feys, 2016).

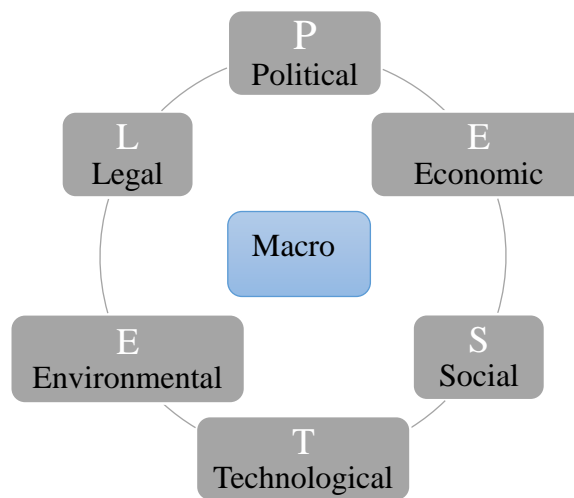


Figure 2: The PESTEL-tool.

### 2.1.2. Industry or sector

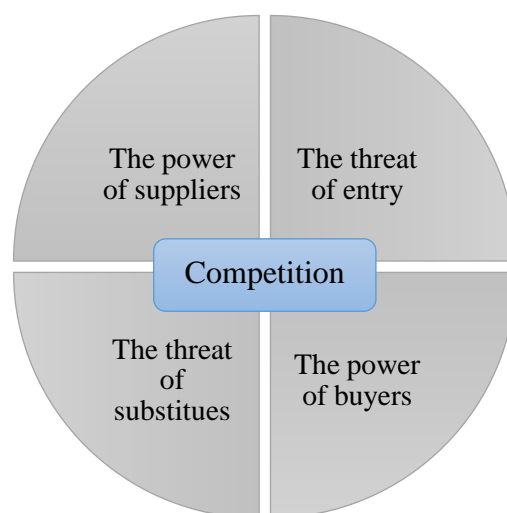
Where the previous section looked at how forces in the macro-environment might influence the success or failure of an organisation's strategies, this section will focus on the more immediate environment through changes in the competitive forces surrounding organizations.

Economic theory defines an industry as 'a group of firms producing the same principal product or service (Rutherford, 1995)' or, more broadly, 'a group of firms producing products that are close substitutes for each other' (Porter M. E., 1980). This concept of an industry can be extended into the public services through the idea of a sector. Social services, health care or education also have many producers of the same kinds of services, which are effectively competing for resources. As this research concerns a profitable business in the social sector, the main attention will be focused to the area of sector rather than industry.

### *Porter's Five Forces*

The five forces framework helps identify the attractiveness of a sector in terms of competitive forces. It includes: barriers to entry; substitutes; buyer power; supplier power and rivalry. Also, it can help set an agenda for action on the various pinch-points that they identify. Porter's essential message is that where these five forces are high, then industries are not attractive to compete in. As this social business shall effectively compete for resources within the same sector, evaluating every force on a scale from 0 to 10 will enable the research to see who has the power in the sector and how profitable the market is. The stronger the forces are, the greater challenge to make profits (Taylor, 2019).

Recent studies have elaborated in order to improve this model. Baburaj, Y. and Narayanan, V.K. (2019) state that this framework assumes relative stability in the structural characteristics and for that reason does not explain the distribution of profits among industry/sector players over time. For example, within the social sector, there are multiple businesses striving towards the same goal: provide care for those in need. Through collaboration, innovations appear and opportunities are created. As this also can be considered a factor for success, it should not be forgotten, whilst looking at the competitive environment. Especially within the social sector of Portugal, it can be helpful to know whether other businesses are striving for more governmental support or whether they are innovating the methods they are using with their clients. As it concerns a collective public, more can be achieved whilst working together to improve the care that is being given.



*Figure 3: The Porter's five forces-tool.*

### Power Interest Matrix

Another key element within the inner circle are the key stakeholders, to evaluate these, the power interest matrix will be applied. To repeat, a stakeholder is any individual or group of individuals, which may influence or be influenced, regarding the realization of the purpose of an organization (Freeman, 1984).

Ideally, an analysis of external stakeholders should follow these steps: Identify external stakeholders; Assess their needs and interests; Analyse the potential impact these can have on decisions regarding the project; and evaluate solutions for the implementation of the project, all of which must respect the interests of stakeholders.

They can be divided according to whether they are internal or external to the organization itself (Gibson, 2000): those who are affected by the project in significant ways, but are not directly involved with the project - such as local residents, the community, the public interest, other companies - are called external stakeholders. In order to adequately develop a process of management of external stakeholders, firms need an analysis of needs and interests of such entities in relation to the objective of the project they want to accomplish.

There is a various number of stakeholders, in order to identify these the power interest matrix is a successful tool to identify each one of them. The matrix helps in thinking through stakeholders influences on the development of strategy. Below is demonstrated how they can be classified.

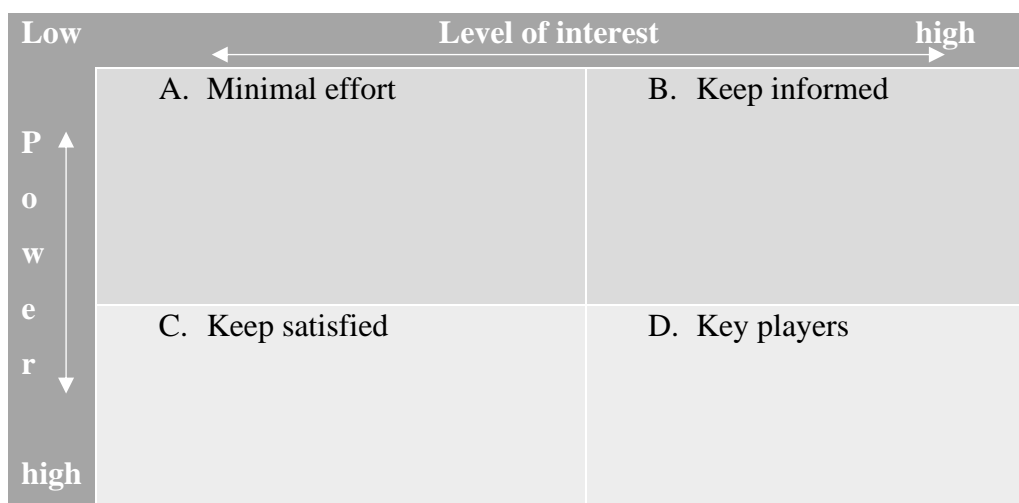


Figure 4: The Power-Interest Matrix-tool.

Despite the model giving a clear idea on what important role the stakeholders have and how they can or should be managed, there is also significant information that is not being taken into account. First of all, whether national culture has an impact on the surfacing, structuring, analysing and debating of stakeholder (Ackermann & Eden, 2011). When looking at this research, the main focus lies with the Portuguese culture. However, if you would compare the Portuguese culture with the Dutch culture, whilst using this model, they might differ in where they place what stakeholder. To give an example, if you would take the family of the client. In Portugal, you might place this in category D, because they have a high power and a high interest. Whereas in the Netherlands it might be placed in category B, there might be a higher level of trust in social workers and for that reason, the family might have fewer power, but still a lot of interest. For this research, the main focus will lie on the Portuguese stakeholders. It could, nevertheless, be interesting for a follow up research to see what stakeholders play what role in different cultures. Another improvement, and especially within the Portuguese social sector, would be to consider whether public or non-profit organisations gain different benefits than private sector businesses. Nowadays, companies of all industries and sectors become more aware of the needs to develop corporate social responsibility and to respond to regulatory frameworks, the numbers of their stakeholders are likely to increase, raising also the complexity of stakeholder management (Ackermann & Eden, 2011).

### 2.1.3. Competitors/markets

Many industries contain a range of companies, each of which has different capabilities and competes on different bases. For example, Ford and Porsche may be in the same broad industry (automobiles), but they are positioned differently: they face different kinds of buyer power and supplier power at the very least (Johnson, Scholes, & Whittington, 2008). In the case of this business, there is the broad industry of delivering care, this can be done by pharmaceutical medication, social care, psychiatric care, psychological care, private as well as public care and so on. For that reason, it is helpful to channel the focus on more specific competitors.

#### *Strategic groups*

These competitor differences are captured by the concept of strategic groups. Strategic groups are organisations within a sector with similar strategic characteristics, following similar strategies or competing on similar bases. A potential recommendation for the less profitable firms would be to cut back their product range and boost their marketing.

Strategic group analysis can provide insights by understanding the competition, it can be profitable to focus on direct competition within their particular strategic group rather than the whole industry. Furthermore, an analysis of strategic opportunities, where unexploited opportunities may appear as well as 'black holes', impossible to exploit and likely to damage any entrant.

### *Market segments*

The concept of strategic groups helps with understanding the similarities and differences in the characteristics of 'producers' – those organisations that are actual or potential competitors. The concept of market segment focuses attention on differences in customer needs. A market segment is a group of customers who have similar needs that are different from customer needs in other parts of the market. There is the need to recognise what customers value and to discover what critical success factors are. Critical success factors can be described as those product or service features that are particularly valued by a group of customers and, therefore, where the organisation must excel to outperform competition.

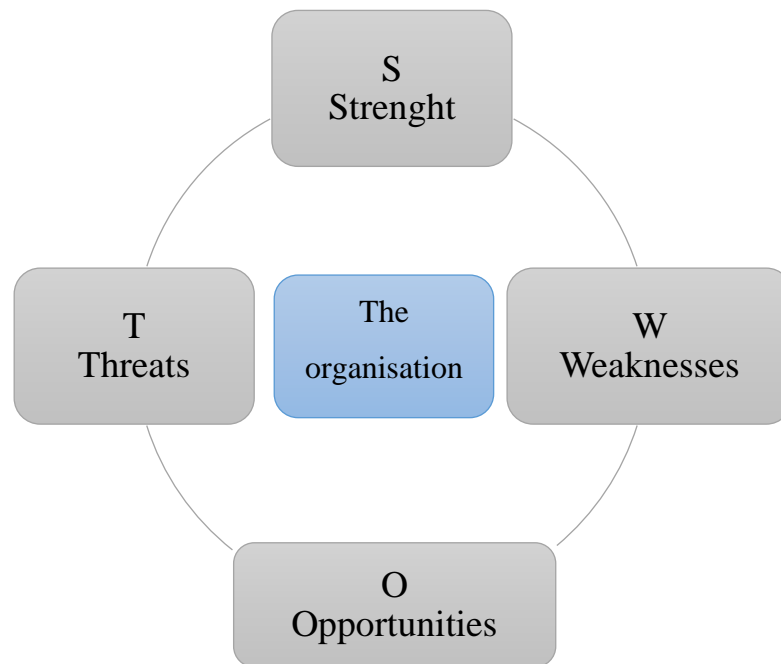
#### 2.1.4. The organisation

The concepts and frameworks discussed earlier should be helpful in understanding the factors in the macro-, industry and competitor/market environments of the business. However, the critical issue is the implications that are drawn from this understanding in guiding strategic decisions and choices. The crucial next stage is to draw from the environmental analysis specific strategic opportunities and threats for the organisation. Identifying these opportunities and threats is extremely valuable when thinking about strategic choices for the future. Opportunities and threats can be formed on behave of the strengths, weaknesses, opportunities and threats (SWOT) analyses that shape many companies' strategy formulation. In responding strategically to the environment, the goal is to reduce identified threats and take advantage of the best opportunities (Johnson, Scholes, & Whittington, 2008).

### *SWOT*

SWOT summarises the key issues from the business environment and the strategic capability of an organisation that are most likely to impact on strategy development. The aim is to identify the extent to which strengths and weaknesses are relevant to the changes taking place in the business environment.

It is important to emphasise that this analysis is only useful if it is comparative, so if it examines strengths, weaknesses, opportunities and threats in relation to competitors. This means to compare the services that this company will offer with the services that are already being offered on the market (NA, 2015).



*Figure 5: The SWOT-tool.*

The model can be applied to products, services and strategies. For that reason and to elevate this research, it was chosen to apply this comprehensive model in multiple ways. Firstly, it is applied on the business itself. Here, it will be explored how the threats and opportunities are in relation to the business' strengths and weaknesses. To extend further, the SWOT-tool will be applied on the governmental role (Kisi, 2019). Finally, as the social sector is such a dynamic sector and as there are, especially in Portugal, still a lot of unexplored possibilities, it is valuable to also add the purpose of foresight studies. This is an innovative extension of the SWOT analysis by implementing an additional dimension: the assessment of factor significance in two time perspectives: the current state and the foresight horizon (Nazarko, et al., 2017). It is considered valuable to add this dimension to predict future trends based on the innovations and ongoing researches within this sector of Portugal.

## 2.2. Conclusion

Numerous theories describe different amounts of layers. For this research it has been chosen to apply the four layered method of Johnson and Scholes. This indicates the four layers: macro, industry/sector, competitors/markets and the organisation. First of all, the macro environment consists of broad environmental factors that impact to a greater or lesser extent on almost all organisations. This layer can be analysed applying the PESTEL tool, from which key drivers of change can be identified. It can identify the future trends in *political, economic, social, technological, environmental and legal* environments. In order to apply this tool successfully it is necessary to identify the key drives for change.

Secondly, the industry/sector attractiveness, measured by applying Porter's five forces, where this social business shall effectively compete for resources within the same sector, evaluating every force on a scale from 0 to 10 will enable the research to see who has the power in the sector and how profitable the market is, together with the Power-Interest Matrix. Stakeholders are those individuals or groups who depend on the organisation to fulfil their own goals and on whom, in return, the organisation depends. There is a various number of stakeholders, in order to identify these the power interest matrix is a successful tool to identify each one of them. The final layer of the organisation is evaluated by applying the SWOT-model. The inner layer stands for the organisations outlook contains an internal analysis of the business activities. Here the SWOT analysis is appropriate to bear awareness of the resources and advantages of the organisation and to seek out opportunities based on these core values (NA, 2015).

## Chapter III - Methods

In this chapter the literature review will be complemented by describing the appropriate methodology of this dissertation. The research will apply both a desk research and a field research to answer the question '*How to determine the possibilities of starting a successful commercial business within the social welfare sector of Portugal?*'. Previously, it was stated that an extensive environmental analysis is critical and can be achieved by applying different tools that are adapted to each of the four environmental layers. To better understand those, it is valuable to first gain broad knowledge on the matter through a desk research. Here, a benchmark between Portugal and The Netherlands is performed. The outcome of the desk research is used as a base for the field research, where in-depth interviews will be conducted from a carefully selected group of professionals and experts. Eventually, the objectives that are stated below will be shaped further during the desk research and reflected upon, deepened and specified during the field research. The aim of the data method is to get a clear view on the Portuguese social sector by conducting a desk research followed by a field research, where experts and professionals are being interviewed in order to execute an environmental analysis.

### 3.1. The process

Let's begin by focusing on the set up of this process. It was chosen most appropriate to execute a qualitative research with an exploratory design, as this type of research emphasizes words rather than quantification in the collection of data (Bryman, 2008). It has an exploratory design in order to determine the nature of the problem, not to provide conclusive evidence. It is important that the researcher is willing to change her direction as a result of revelation of new data and insights.

Therefore, this research does not aim to provide the final and conclusive answers to the research questions, but merely explores the research topic with varying levels of depth (Saunders, Lewis, & Thornhill, 2000). Additionally, this research will tend to tackle new problems on which little or no previous research has been done and therefore semi-structured in-depth interviews are going to be the primary data collection method. The general template for the field research, will be based on the outcomes of the literature review, which is also known as the desk-research. Both field and desk researches will be combined and that will lead to the final results of the study, described in chapter VI.

According to A. Bryman the appropriate steps to execute the field research of a qualitative exploratory study are as followed:

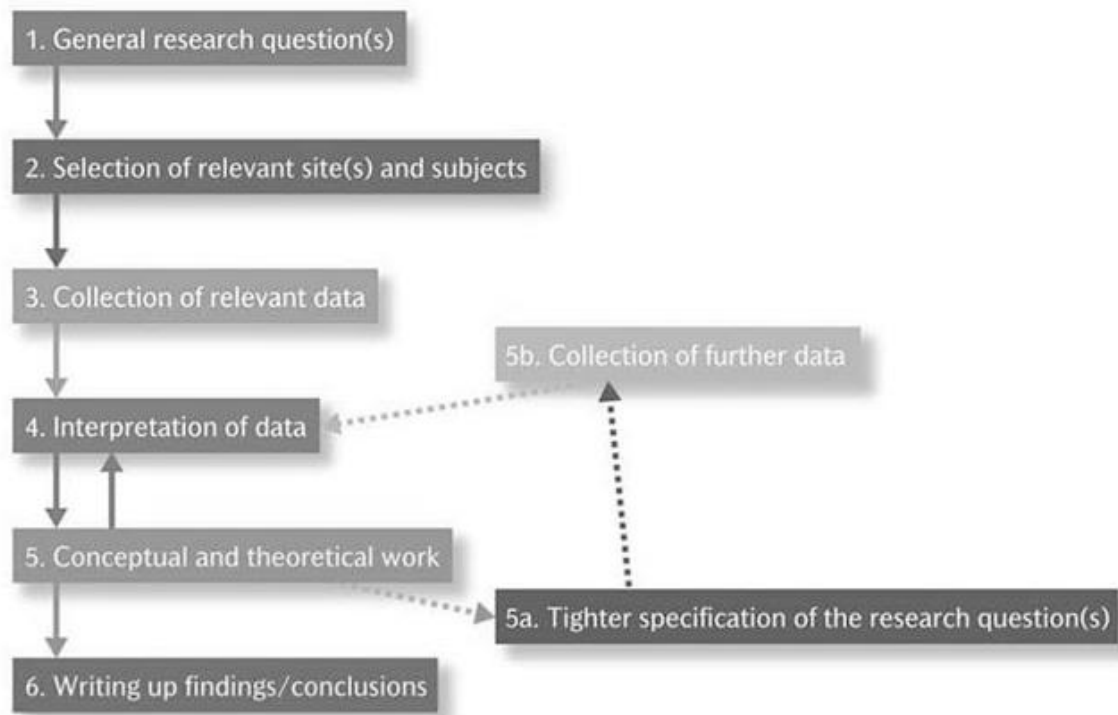


Figure 6: The 6 steps of qualitative research.

The first two steps of ‘general research question(s)’ and ‘selection of relevant site(s) and subjects’ will be further explained in this chapter. Furthermore, step 3 until 5 will be executed twice during this research. First in chapter IV, where the desk research will be conducted by benchmarking Portugal with the Netherlands. The second time is in chapter V, where the outcomes of the interviews will be analysed by applying the Delphi-method. To increase reliability, it was chosen to start with a field research to gain secondary data in order to support the primary data coming from the interviews. Ultimately, this will lead to an evaluation of the main research question in the final chapter of this research.

### 3.2. Problem and objectives

As. Dr. J. M. Wanhoni stated in 2014, research objectives are derived from the problem and set out what is to be achieved in a research study in specific terms. The research problem can be stated as followed: *To determine the possibilities of starting a successful commercial business within the social welfare sector of Portugal.*

In order to respond to this problem, the four layers of the environmental analysis have been defined and those layers form the base for the following research objectives:

Objective 1: To establish a benchmark between Portugal and the Netherlands to identify general factors that play part on a macro-level, when starting a new business in the social sector of Portugal. To achieve this, the PESTEL tool will be applied.

Objective 2: To scan the Portuguese social sector together with its competitors to classify the financial mechanism that allows the business to be profitable. The model of Porter's 5 forces is implemented to obtain results. Additionally, the power-interest matrix will be applied to identify key stakeholders and their influence on the business.

Objective 3: To focus on direct competitors and to look for unexploited opportunities as well as 'black holes' by looking at the market segment and defining the differences in customer's needs.

Objective 4: To describe the critical factors of success for this organisation and based on those factors, to identify the main constraints and opportunities for the business by means of a dynamic SWOT analysis.

### 3.3. Data collection methods

As described earlier on, two methods are applied to collect data. A desk research to increase reliability by adding secondary data and a field research to gather primary data by conducting in-depth interviews. Interviewing is an extremely flexible research tool (Breakwell, 1995). The philosophy behind qualitative interview is described by H. and I. Rubin (1995) as followed: 'Find out what others think and know and avoid dominating your interviewees by imposing your world on theirs.' Before getting into the interviews, there will now be a closer look at the benchmark structure for the desk research.

### 3.3.1. The benchmark structure

The benchmark will be conducted to gain general information on a macro-level by demonstrating the differences and similarities between two countries. It was chosen to compare Portugal with the Netherlands as this country built an extensive social care system after World War II (Bijlsma, 2012). Consequently, that extensive system has been creating many business opportunities for innovative commercial businesses in the social sector. Through a benchmark, the differences and similarities between both countries will be demonstrated, which will lead to the knowledge whether a similar set up for business could be applied in Portugal.

### 3.3.2. The interview structure

Many qualitative interviews have both more structured and less structured parts, but vary in the balance between them. In the less structured parts, the interviewee does most of the talking, perhaps explaining what an idea, event, or a bit of background means. In this case that will take place after the first general questions. There will be an explanation of the set-up and aim of this company. Later on, there is a direct referral to the 5 cultural issues of Hofstede and in order for the interviewee to answer the questions correctly, this model will be further explained. In the more structured part of the interview, the interviewer poses specific questions to get detail, example and context. Such as the questions where the direct professional opinion of the interviewee is asked, here it is expected to hear the details of the specific area of that professional/expert. As Saunders, Lewis and Thornhill (2000) describe it: 'In semi-structured interviews, the researcher will have a list of themes and questions to be covered. During the interview there will be a balance between structured and unstructured as the researchers are ought to listen to each answer and determine the next question based on what was said. Because of that it is important for the qualitative interviewer to listen intently to pick up on key words and ideas and to mark important omissions. In qualitative interviews you listen to as to hear the meaning of what is being said.' Furthermore P. Brewerton and L. Millward (2001) state that semi-structured interviews incorporate elements of both quantifiable, fixed choice responding and the facility to explore, and probe in more depth, certain areas of interest. The advantage is that they are generally easy to analyse, quantify and compare, but also allow interviewees to explain their responses and to provide more in-depth information where necessary. There is the disadvantage of spending too long on peripheral subjects, or to lose control to the interviewee and finally the disadvantage of the reduction in reliability when using a non-standardized approach.

Whilst analysing the environment it is key to apply this type of primary data collection. Environment is a dynamic mechanism, based many segments, such as culture, history, finance, etc. Thus, the interviews and data collection should also be flexible and able to move along instead of set in stone.

### 3.3.3. The research design

The research design should help in choosing what will be asked from whom and why. It is important to have a design from the beginning to keep the research on target, but also bear in mind that the design has to be flexible, iterative, continuous and cannot be fully planned in advance as it will change based on the gathered data from interviewing (Rubin & Rubin, 1995). First of all, the design needs to be flexible in order to process the gathered data and continue accordingly. This flexibility makes it impossible to create a static design at the beginning and that remains the same throughout the entire process. However, the set-up of this flexible design can be initiated by talking and discussing initial ideas with people of interest.

Secondly, there is the iterative design, that enhances the approach to have in the early stages of interviewing, a design that will emphasize more the gathering of many themes and ideas; towards the middle of the research, the concentration will lie within winnowing it and here a limited number of themes are being explored. Finally, in the final stages, there is a higher emphasize on analysing and testing the understandings. This design complements the Delphi-method, where the data is also analysed by winnowing the results to eventually end up with a specific and concrete outcome. Eventually, the iterative design stops when the information that is put together supports a small number of integrated themes and each additional interview adds no more ideas or issues to the themes that are now being questioned. Glaser and Strauss (1967) call this point the theoretical saturation.

To finalize, the continuous nature of qualitative interviewing means that the questioning is redesigned throughout the project. It allows exploration of new topics while keeping the research organized and focused. It points the research in a direction to ensure that it pursues core topics in sufficient depth to end up with adequate evidence for the conclusions and results.

### 3.3.4. Interviewees

As for the interviewees, these will be carefully selected as only a limited number of interviews will take place. Whom is chosen to interview should match the definition of the research subject and should satisfy three requirements: interviewees should be knowledgeable about the specific area that is valuable to the study; they should be willing to talk; and when people in the area have different perspectives, the interviewees should represent the range of points of view (Rubin & Rubin, 1995). So, with other words, they should be willing to share their knowledge that is applicable to the study and they should be able to share different perspectives in common areas to give a wide range of ideas and themes.

Furthermore, during the interview it is important to limit the number of main topics, as it could be overwhelming for an interviewee and the result would be a jumble with inadequate depth on any one subject. It was decided to choose 5 main topics that were also formed out of the 4 environmental layers:

- A: The benchmark between Portugal and the Netherlands (macro layer)
- B: The financial mechanism (macro layer)
- C: The social care system (sector layer)
- D: The target group (competition/market layer)
- E: The critical success factors (organisational layer)

These same topics will also return during the analysing phase, where the Delphi-method is applied, but that will be further explained later on.

Conclusively, to keep a record of what is said, every interview -if there is permission- will be taped. Aside from taping, also notes will be taken as this forces the interviewer to listen and hear the main points, and also provides backup in case of the inevitable technological foul-up. Notes also allows the research to scribble down possible questions to use later in the interview (Rubin & Rubin, 1995).

## 3.4. Sampling

Most sampling in qualitative research entails purposive sampling. It is a non-probability form of sampling, which has essentially to do with the selection of units (which may be people, organizations, documents, departments, etc.).

The researcher does not seek to sample research participants on a random basis. The goal of purposive sampling is to sample participants in a strategic way, so that those sampled are relevant to the research questions that are being posed. In purposive sampling the researcher samples with certain research goals in mind. Therefore, it needs to be clear what the criteria are that will be relevant to inclusion or exclusion of participants (Bryman, 2008). In the case of this research, the sample unit will be people and the relevant criteria can be described in three segments: the Portuguese welfare system segment, the Legal and financing segment and finally, the segment of culture and migration.

Theoretical sampling is one form of purposive sampling. As Glaser and Strauss (1967) put it: ‘Theoretical sampling is done in order to discover categories and their properties and to suggest the interrelationships into a theory. Statistical sampling is done to obtain accurate evidence on distributions of people among categories to be used in descriptions and verifications.’ You carry on collecting data until you have achieved theoretical saturation.

Thus, for this research there will be one level of sampling, namely the sampling of interviewees. As the theoretical sampling entails, a sampling of interviewees will take place until the 5 categories (earlier described as topics) achieve theoretical saturation, when the information that is being put together supports a small number of integrated themes and each additional interview adds no more ideas or issues to the themes that are now being questioned. As it is impossible to know how many people should be interviewed before theoretical saturation has been achieved, it was chosen to execute 5 interviews and based on the gathered data, it will be decided whether theoretical saturation has been achieved or not.

### 3.5. The Delphi method

The Delphi method indicates three levels and it exists of multiple steps. The first step is to decide on the facilitator, which, in the case of this research, was the thesis student. The second step is to identify each level and its interviewees that will be explained in the second paragraph of this chapter. The third step is to identify the problem: *conduct an environmental analysis of the Portuguese social care system in order to start a new business*. As stated before, there is a continuous nature of qualitative interviewing, which means that the questioning was redesigned throughout the project. To analyse these results, the Delphi method was applied in a constructive manner.

It can be best described as followed: starting on the bottom level of the Delphi-pyramid and discuss the same categories on each level to further specify each one individually, it starts broad and ends up with specifics. Within this chapter the primary data will be analysed and in the following chapter it will be combined with the results from chapter IV to fill in the analytical tools.

### 3.5.1. Categories

In order to systematically analyse the interviews, categories are formed in advance and used during the interviews to channel the information. The categories below are reduced from the earlier stated objectives. To focus on the general factors, a benchmark between Portugal and the Netherlands was executed on a macro-level, to gain more broad information, this has been implemented through the categories:

Category A: The benchmark between Portugal and the Netherlands

Category B: The financial mechanism

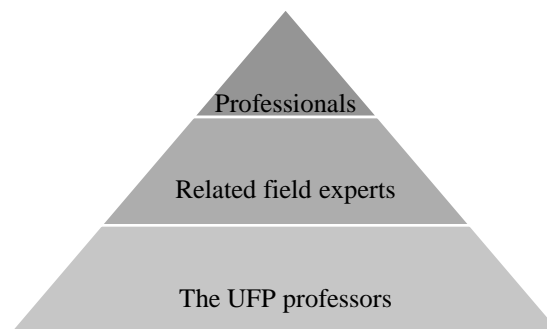
Following up, the information is more concentrated on the sector of Portugal to gain specific data. This is done in category C: The Portuguese social care system.

Once this information is gathered, it can lead to the target group that is part of the market segments as well as the close competitors. All coming together in category D: The target group.

Finally, it is about the organization and what factors will lead to success. That is analysed in category E: The critical success factors.

### 3.5.2. The Delphi pyramid

A pyramid model is designed in order to structure the different levels. The bottom level consists of the UFP professors. General questions were asked to 5 professors from Universidade Fernando Pessoa to gain a broad understanding on the subject. The responses were collected and summarised to remove irrelevant material and look for common viewpoints. The outcomes of these questions were analysed to clarify specific issues in the next layer. This was done by interviewing 3 experts from three related fields. Finally, 2 final interviews were conducted in order to focus on support decision making and conclude on outcomes they all agreed upon.



*Figure 7: The Delphi pyramid*

## 3.6. Conclusion

It is important to have a design from the beginning to keep the research on target, but also bear in mind that the design has to be flexible, iterative, continuous and cannot be fully planned in advance as it will change based on the gathered data from interviewing. This semi-structured approach incorporates elements of both quantifiable, fixed choice responding and the facility to explore, and probe in more depth, certain areas of interest. The interviewees should be willing to share their knowledge that is applicable to the study and they should be able to give different perspectives in common areas to allow a wide range of ideas and themes. It was decided to apply theoretical sampling, as the chief virtue of theoretical sampling is that the emphasis is upon using theoretical reflection on data as the guide to whether more data are needed. Interviews will take place until theoretical saturation is reached. To analyse the data, the Delphi-method will be applied. This method includes a pyramid that indicates three layers: The UFP professors, Related field experts & Professionals. For each layer 5 categories were determined: benchmark, financial mechanism, Portuguese social system, target group and critical success factors, in order to classify and examine the data systematically.

## Chapter IV – Desk research: Benchmark Portugal- Nederland

During the desk research, also known as the literate review, a comparison will be made between the start of social business in Portugal with the start of a social business in the Netherlands. As these countries have different cultures as well as healthcare systems and financial mechanisms, making a comparison holds crucial value in order to understand how this factor impacts a company.

### 4.1. Legal & Financing

The Portuguese healthcare system is based on the Beveridge Model, whilst the Dutch System is based on the Bismarck Model. As there is no separate financing system for social care, it was decided to analyse the general healthcare systems as this also covers the costs for (public) social care. Later on, closer attention is paid to the historical context, the cultural differences, indicated by Geert Hofstede and to statistics that indicate where these countries differ.

#### 4.1.1. The European healthcare systems

The European healthcare systems can be divided into two broad categories: National Health Services, short NHS, and Social Security (based) Health care systems, in short SSH. Both systems are named after their founding fathers Beveridge (NHS) and Bismarck (SSH). Existing literature is inconclusive about which system performs best. Therefore, the pros and cons of both systems will now be further analysed.

The inclusion of a country's system into one of the two categories is mainly based on the way the systems are funded, but these funding differences also correlate with the differences in the way the systems are organised. An NHS is funded by means of general taxation. Responsibility for the budget is in hands of the Ministry of Health and as such the NHS is associated with a strong influence of the state. An SSH is funded by means of earmarked premiums, mainly from salaried employees. The system is more loosely organised, with less state influence and more pluralistic, with a strong influence of health care providers and (social) insurers (van der Zee & Kroneman, 2007).

Division of countries included in SSH and NHS system.	
Countries with SSH system	Countries with NHS system
<ul style="list-style-type: none"> <li>• Austria</li> <li>• Belgium</li> <li>• France</li> <li>• Germany</li> <li>• Luxembourg</li> <li>• Netherlands</li> <li>• Switzerland</li> <li>• Portugal (until 1978)</li> </ul>	<ul style="list-style-type: none"> <li>• Denmark</li> <li>• Finland</li> <li>• Greece</li> <li>• Ireland</li> <li>• Italy</li> <li>• Norway</li> <li>• Portugal (from 1979)</li> <li>• Spain</li> <li>• Sweden</li> <li>• United Kingdom</li> </ul>

Table 1: The division of countries with SSH and NHS systems.

Striking differences between both systems are firstly that the health spending per capita of SSH has become increasingly higher compared to the NHS systems. Also, the satisfaction with the healthcare system of the population in SSH-countries is much higher compared to NHS countries, this is indicated in the graphic below. In 1998, Portugal was just below 20%, where the Netherlands was 70%. After, however, Portugal made a bigger growth as visible until 1999.

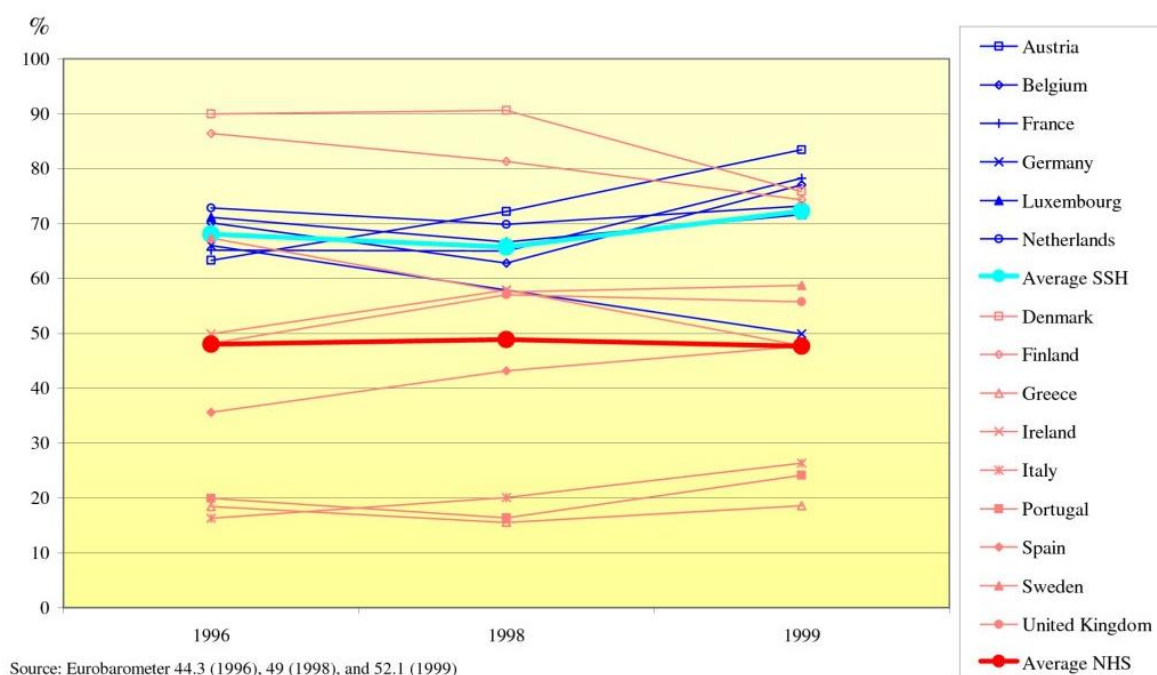


Figure 8: Satisfaction rate amongst European counties for SSH and NHS.

In SSH countries about two-third of the population is very or fairly satisfied with the system, whereas in NHS countries this is the case for only half of the population. Regardless of the system there is a strong improvement of life expectancy and a reduction in infant mortality. According to the study of van der Zee and Kroneman, there were no differences in health outcomes between NHS and SSH systems (van der Zee & Kroneman, 2007).

It is important to keep in mind that international comparison of health data is severely hampered by differences in national definitions and differences in national methods of data collection. Dissatisfaction with a health care system seemed to be related to problematic organisational items like waiting lists and limitations in accessibility. To elaborate more, a closer look will be taken at Portugal as well as the Netherlands and explain this theory in a more practical terms by using examples.

#### 4.1.2. The Beveridge Model

The figure below demonstrates the hierarchal structure of the Beveridge (NHS) model, used in Portugal. This model is also being used in the United Kingdom, it was designed by William Beveridge and established in 1948.

Nowadays, it is still funded from general taxation and national insurance contributions paid by employees, employers and the self-employed. Almost all healthcare is provided free of charge to everyone, according to clinical need.

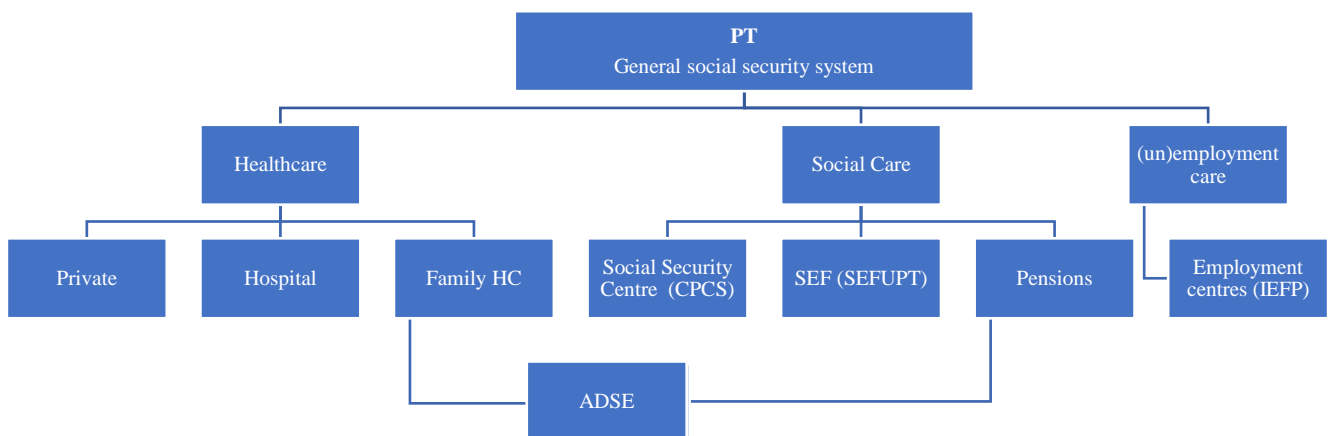


Figure 9: The Portuguese Healthcare System.

### 4.1.3. The Bismarck Model

As for the Netherlands, they use the Bismarck model (SSH) instead. This system is funded by employers and employees who pay into “sickness funds” that subsequently cover medical care. A key feature to this system, much like the Beveridge Model, is that it is strictly non-profit and government-run. No one is denied coverage in the Bismarck Model. Most hospitals are privately run (Health Care Systems: Differences Around the Globe, 2014).

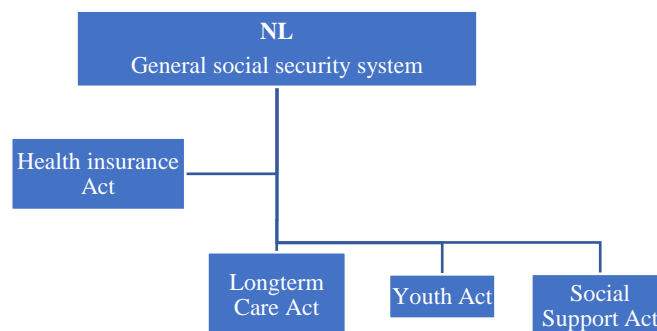


Figure 10: The Dutch Healthcare System.

### 4.1.4. Legal & Financing

Both models might be non-profit and government-run, however, their different structure has a huge impact on the legal & financing fragment. First of all, in the Netherlands each citizen is obligated to have a health insurance, whereas in Portugal, citizens can go to public hospitals or pay more for the received care in private hospitals. As a result, it is more difficult to receive paying customers in Portugal, because the citizens expect the government to provide them with the services they need. This is important to keep in mind, when starting this profitable social business. It could be considered to open a public service, however, instead of it being a commercial business, it would be an association. And as that was not the aim for this research, that idea has been ruled out. Keeping this in mind, it is important to deliver a service that is required and asked for by the appropriate consumers. Only then will they be willing to buy your services. Moreover, if the focus of the business is on a group that is need of help and which is recognised by the government, it can increase the change of receiving funding from the municipalities. Which brings us back to the importance of analysing the environment thoroughly.

## 4.2. Historical context

To analyse the historical context of both countries, a timeline was designed to indicate the most significant factors for the welfare sector together with implemented acts.

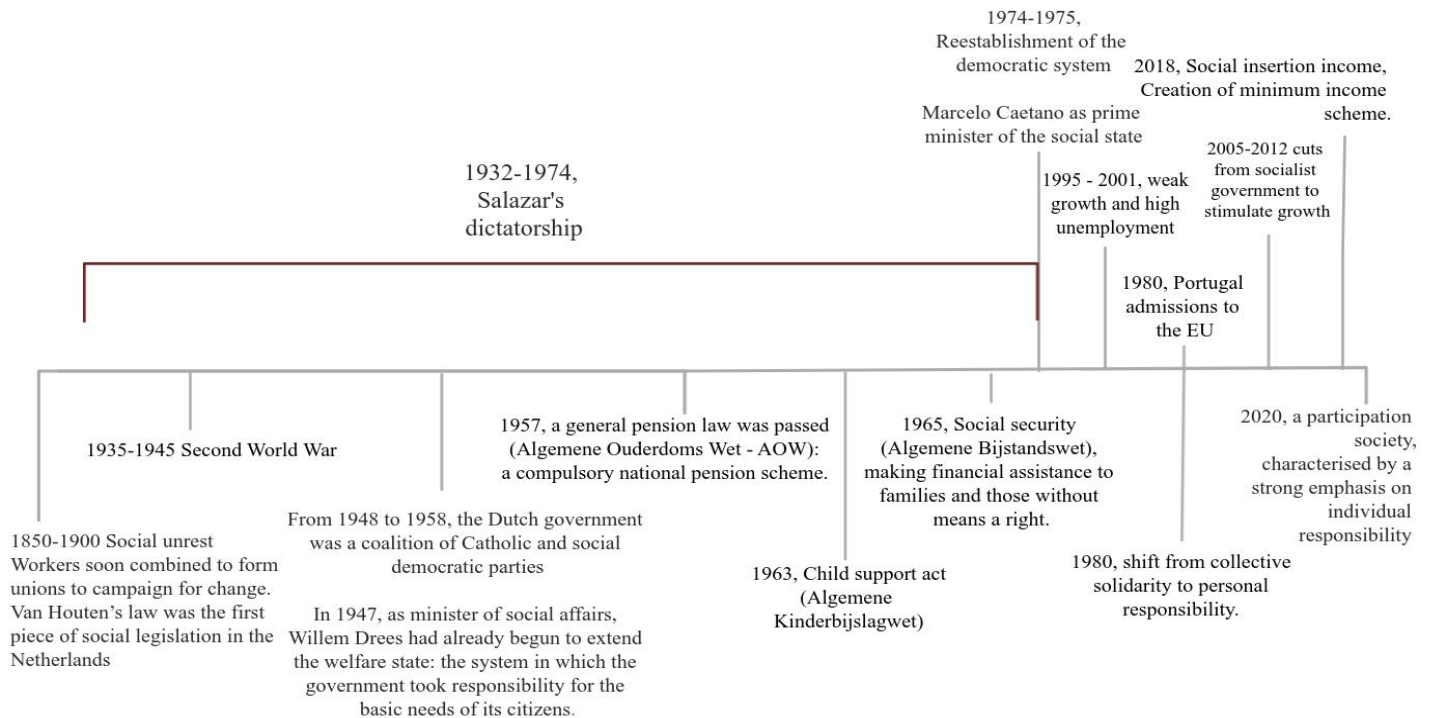


Figure 11: Timeline Portugal-The Netherlands.

On the bottom the Netherlands is demonstrated and on the top Portugal. The timeline starts just before the Second World War that ended in 1945 and it ends with a general idea where both countries are nowadays.

### 4.2.1. The Netherlands

Before the war, the conditions in which people lived and worked in the Netherlands were often appalling. Workers soon combined to form unions to campaign for change. It was a Liberal member of parliament, Samuel van Houten, who in 1874, initiated legislation to stop children under twelve of being employed in factories. This can be considered to be the first step on the road to reform. In 1889 the Labour Law was implemented and its updated version in 1911 regulated the hours that women and children could work, as well as men.

In the years following the Second World War a miracle occurred in the Netherlands: despite the high birth rate, unemployment fell, and the economy grew at an astonishing pace.

For those unable to provide for themselves, the welfare state set up under Willem Drees offered support. In 1947, as minister of social affairs, Willem Drees had already begun to extend the welfare state: the system in which the government took responsibility for the basic needs of its citizens. Seniors without resources now received a regular pension. Ten years later, in 1957, a general pension law was passed (*Algemene Ouderdoms Wet – AOW*) and successive governments after Drees introduced more benefits: child support in 1963 (*Algemene Kinderbijslagwet*) and social security in 1965 (*Algemene bijstandswet*), making financial assistance to families and those without means a right. People in need were no longer dependent on charity from religious or private organization. The cost of this extensive system of benefits, public health services and affordable education would be henceforth be borne by the state (Timeline of Dutch History, 2020).

Since the late 1980s a changing government attitude towards social welfare provision and the role of civil society organisations therein can be observed. It has been argued that a fundamental shift from a collective solidarity model towards one of personal responsibility is highly visible, through the introduction of neoliberal elements and cutbacks in the degree of social spending by the state (van Oorschot, 2006). From a global comparative perspective, the Dutch welfare state has traditionally been characterised by its comprehensiveness and can still be regarded as generous. As in other Western European welfare states, government interventions affect various domains of economic and social life, including health, work, income and housing.

The consensus in the Netherlands about devolving sickness absence issues to local actors led to the allocation of both financial and return-to-work responsibilities to employers (and employees). The degree of responsibility for Dutch employers has become unique in Europe and it has been labelled 'going Dutch' in sickness absence policies. The shift from a disability scheme to an ability scheme reflects the normative shift in the Netherlands toward a 'participation society' characterised by a strong emphasis on individual responsibility.

#### 4.2.2. Portugal

Moving on to Portugal that is demonstrated in the upper part of the timeline it is clear to see that the country was under a dictatorship, whilst the Netherlands was evolving the social sector. During the Salazar dictatorship the social welfare was primitive.

As a result, many of the citizens experienced poverty, lengthy military service and stagnation. 900,000 emigrated, mainly to France, West-Germany and Brazil. At the same time, the 1960s are marked by the 1962 Social Welfare Reform, which led to the development of a unified social welfare scheme. Several institutions merged into one body and the resultant structure underpins the social security scheme that operates today. This rationalization is considered a milestone in the process of the development of the welfare state in Portugal, as argued by and it led to a significant increase in social expenditure, which reached 4 per cent of GDP in 1969. The increase in social expenditure was even greater from 1969 to the end of the New State in 1974, during the Estado Social (social state) phase under the leadership of the Prime Minister, Marcelo Caetano. During this period several important gaps in the social protection network were filled, namely those corresponding to certain groups that had not been considered to be participating in the labour market (e.g. family allowance and old age pensions were extended to rural workers), as well as to professions that had previously been excluded from the social insurance scheme (such as hairdressers, newspaper sellers and maids).

Further important developments of the welfare state in Portugal took place in the period of transition to democracy, between 1974 and the early 1980s. These changes resulted from the recognition of rights subsequent to the political institutionalization of social benefits. Social policies at this time were also directed towards expanding the scope of benefits, with the establishment of an unemployment benefit (1975) and social pensions that were based not on contributions but on citizenship (1977).

In 1979, the provisional government of Maria de Lourdes Pintassilgo legislated a minimal social protection scheme in Portugal, including a social pension, a pension supplement for severe incapacity, an orphan pension, family allowance, a monthly cash benefit for handicapped minors and social services (da Soledade Carolo & Pereirinha, 2017). On the other, some resources state that this reestablishment of the democratic system, also resulted in some difficulties. The long period of dictatorship made it impossible for Portugal to take advantage of the thirty years of post-World War II economic growth that help to create the basis for a mature welfare state in several European countries (Brito, 2019 ).

Only in the 1980s Portugal had the stability and resources to begin their implementation. Portugal's admission to the EU in the 1980s was a turning point for the country; it meant admittance into (Western) Europe policymaking, in political terms. It also meant access to substantive financial, cognitive and strategic resources.

Between 1995-2001 public spending grew by eight per cent per year, and thousands of new jobs were created. Nonetheless, there was still a weaker economic growth, when compared with other European countries and associated with the high unemployment rates continued to shape Portuguese economy throughout the 2000s. The socialist governments of 2005-2012 implemented several cuts and reforms in order to control the deficit and to stimulate growth. However, these reforms did not have the expected results and, in April 2011, Portugal requested a bail-out, with devastating social, economic and legal impacts (Araújo, S. , Ferreira, S. , & Safradin, B. , 2018).

Simultaneously, Portugal has also benefited considerably from the EU's structural funds, vital to financing public services and to developing several social policies, in order to adapt to the European Union 'way of thought'. One major example was the creation of a minimum income scheme, later renamed 'Social Insertion Income' (SII – see Meneses et al., 2018; Brito, 2018). The effort made by the Portuguese government to match high European standards and the strong welfare state, unfortunately, was not complemented by a growing economy.

Nowadays, the Portuguese social protection system has left unprotected a growing number of persons and the increase in long-term unemployment suggests that the system is inefficient in reducing unemployment time (Valadas, 2013). Currently, for a vast sector of the Portuguese population (63%), unemployment remains the main concern, a reality that is a consequence the low protection created by a weak welfare state (Brito, 2019 ).

### 4.3. Culture

There are many definitions of culture. Edgar Schein defines organisation culture more specifically as the 'basic assumptions and beliefs that are shared by members of an organisation, that operate unconsciously and define in a basic taken-for-granted fashion an organisation's view of itself and its environment (Schein, 1997).'

According to Hofstede the intellectual challenge is understanding the essence of national culture<sup>1</sup>: the rules of the social game that differ across borders. The emotional challenge is being able to put yourself in the place of somebody from a 'strange' country (Hofstede, Pedersen, & Hofstede, 2002). If you were to compare a large number of cultures around the world, you would see that although each culture is different, they all contain 5 basic problems that will now be elaborated.

First of all: identity, the relationship between the individual and the group. With individualism there is a focus on each individual, with collectivism there is more of a group focus. The cultures of most wealthy countries in the world are relatively individualistic. Despite Portugal and the Netherlands both being wealthier countries in comparison with other countries globally, there is a difference within the levels of identity between both countries. The Netherlands is more focused on individualism, for example, the children -as well as the parents- often don't expect to take care of their parents, when they reach an older age. In Portugal parents that reach an older age can often count on the help of their (grand) children, rather than services provided by the government. Groups take care of each other and help each other out, which is more related to collectivism.

The second basic issue is hierarchy, the degree of inequality between the people that is assumed to be a natural state of affairs, also called the Power Distance. Within Europe, several studies have revealed that power distance in Northern and Western European Cultures (including the Netherlands) is smaller than in countries in Eastern and Southern Europe (including Portugal). These two areas are separated, roughly speaking and not coincidentally, by the former boundary of the Roman Empire (Hofstede, Pedersen, & Hofstede, 2002). Large power distance is easier to maintain in a situation of poverty and limited resources; however, hierarchy is not as strongly related to wealth as identity.

Thirdly, the gender. The basic problem here centres on gender roles and the control of aggression. An unequal role distribution between men and women, also called masculine, coincides with a tougher society in which there is more emphasis on achievement and fighting than on caring and compromise.

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<sup>1</sup> National culture: that which distinguishes the people of one country from those of another.

The culture of the Netherlands as well as the culture of Portugal, are considered to be very feminine. Here, men and women are more equal and as a result there are more ‘‘feminine’’ qualities within the society as a whole.

Furthermore, the fourth issue is truth. This concept is closely related to anxiety. The basic problem is how people in a culture cope with the unpredictable and the ambiguous. It has to do with anxiety as a basic human feeling, or other words with fear of the unknown.

Finally, there is the fifth basic problem between choosing future and present virtue. Most European countries are fairly short-term oriented. However, the Dutch, with a reputation in Europe for stinginess, are long-term oriented by European standards.

To summarize, these problems are indicated in the graph below that has been obtained through the website of Hofstede (Hofstede G. , 2019). It also indicates the specific differences between Portugal and the Netherlands.

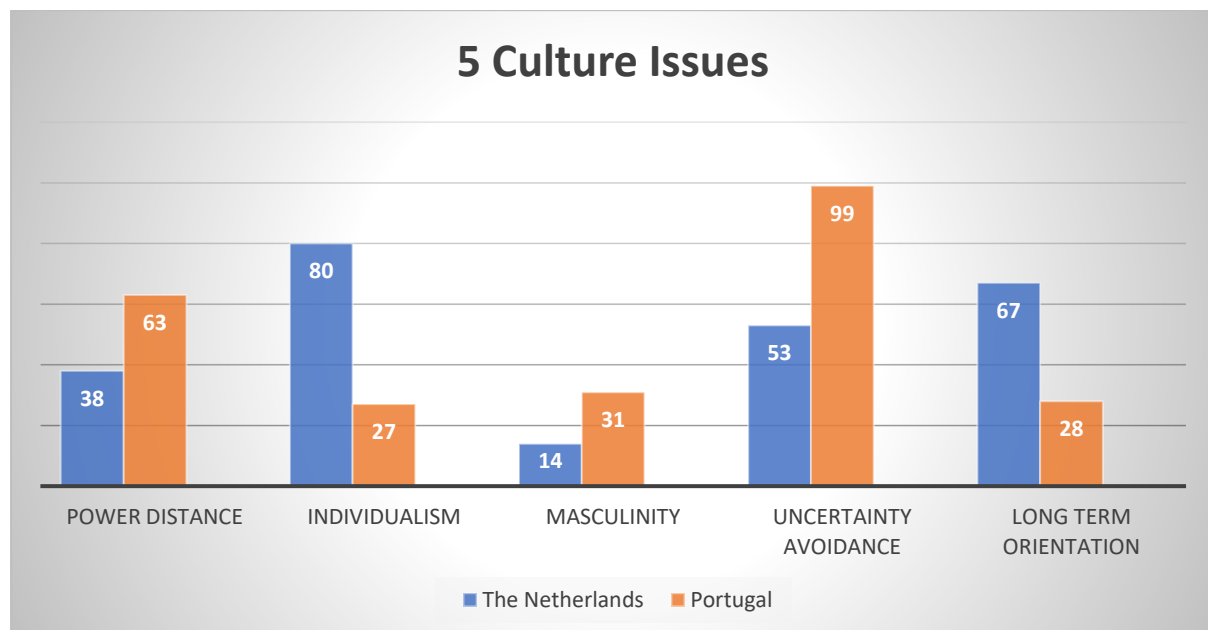


Table 2: The 5 culture issues according to Hofstede.

Professor Geert Hofstede defines it as: *The programming of the human mind by which one group of people distinguishes itself from another group.* Culture is learned from your environment and is always a shared, collective phenomenon (Hofstede G. , 2019). As stated by Nunn (2012) cultural change and persistence are important channels through which history continues to matter today. Looking back at the historical elements of both counties, it can explain the cultural differences, which should be considered when analysing the environment.

## 4.4. Graphics

The following graphics have been obtained from the website OECD iLibrary (Health at a glance 2019: OECD indicators. , 2019). Figure number 3 demonstrates the long-term care expenditure by government. The Netherlands are the number one with a percentage of 3.7, Portugal has a percentage of 0.5. This might give an opportunity for growth, but nonetheless, this also means that there is a need for big investments from the Portuguese government in order to catch up. The Dutch government made this investment gradually after their extensive economic growth resulting from the increase of job opportunities for men and women after WOII.

As stated in the previous chapter, Portugal has been evolving its welfare sector, same as the Netherlands. However, they could only make significant changes with the financial stability that came when they admitted to the EU in the 1980s. It could be debated that right now would be the appropriate time now for the Portuguese government to make an investment in the care system and provide sustainable social care for its citizens.

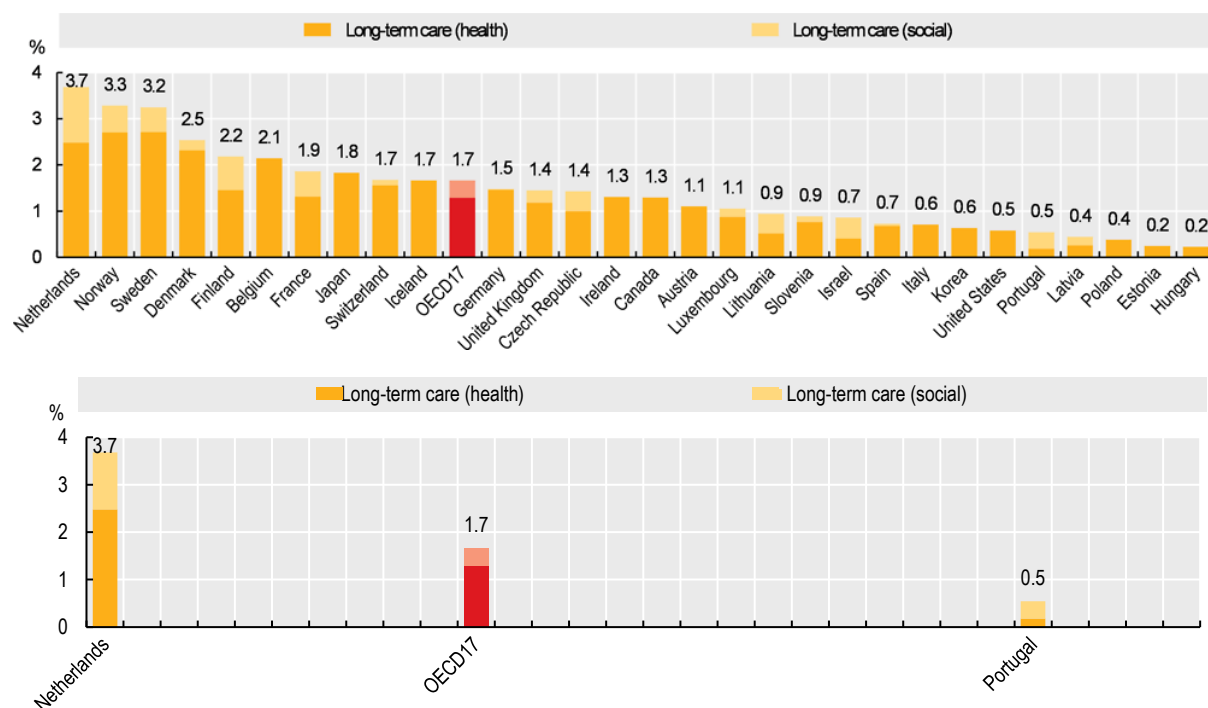


Figure 12: Long-term care expenditure (health and social components) by government and compulsory insurance schemes, as a share of GDP, 2017 (or nearest year).

Continuing, the following graph demonstrates the anti-depressant drug consumption globally. Both countries have an increase, when comparing 2000 with 2017. However, the consumption in the Netherlands is significantly lower with 46, as Portugal has more than

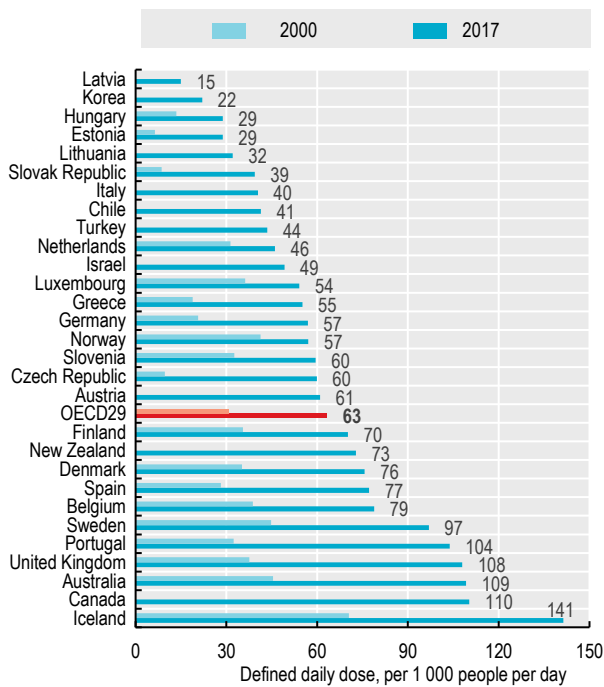


Figure 13: Anti-depressant drug consumption, 2000 and 2017 (or nearest year).

double with 104. Having a solid social care system can lower the amount of medication and increase the overall health and happiness of the population.

Furthermore, “when it is recognised that psychology and the different domains to psychology can be technical areas, it becomes more interesting for the company to show what you have to show, which is return on investment. For each euro that put here, this will save 20 euros to the state treasury.”, As stated in the interview given by Dr. Almeida.

Following, the 4 graphs below focuses on adults aged 65 and over. The first indicates that

there are adults aged 65 and over that rate their health to be fair, bad or very bad. Portugal has 39,8, where Portugal has more than double that number 86,7. It indicates that there is a need for extra social care amongst elderly.

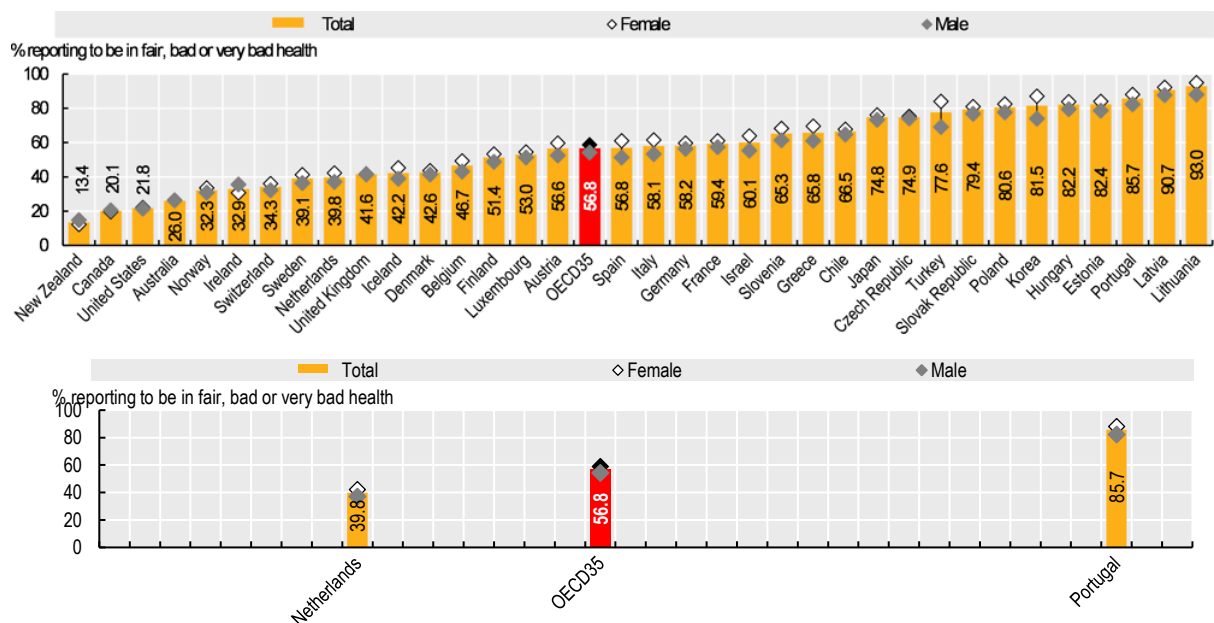


Figure 14: Adults aged 65 and over rating their own health as fair, bad, or very bad, 2017 (or nearest year).

Complementary, the two graphs below demonstrate the usage of benzodiazepine, a drug used to treat a range of conditions, including anxiety and insomnia. The left shows the chronic use and right the long-acting use. In both graphs the Netherlands is visible in the middle and Portugal more towards the right. As the line increases rapidly, it can be indicated that there is a higher number of users in Portugal.

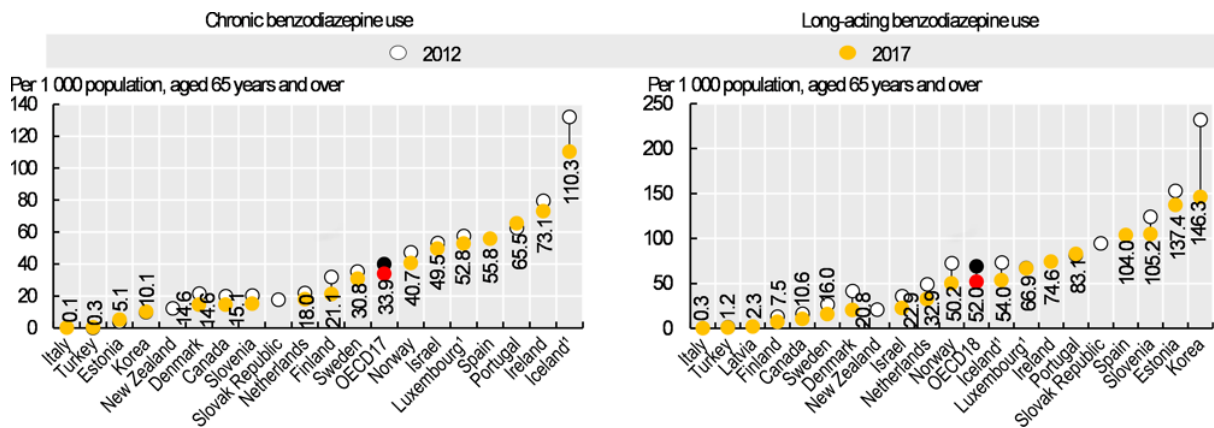


Figure 15: Trends in benzodiazepine use in adults aged 65 and over, 2012-17 (or nearest years).

Thirdly, the following graph indicates the long-term care elderly receive. Portugal is in second place with 1.9%, whilst there has been a decrease in the Netherlands between 2007 and 2017, it is above average with a percentage of 13.

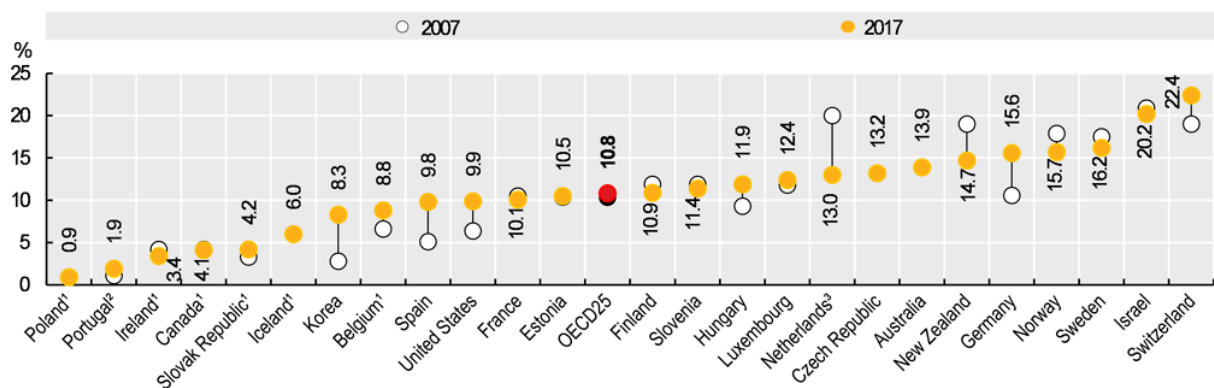


Figure 16: Share of adults aged 65 and over receiving long-term care, 2007 and 2017 (or nearest year).

Finally, this graph indicates the percentage of long-term care patients, receiving care at home. Both Netherlands and Portugal are below average, but with 66% the Netherlands has still double the amount of Portugal with 32%.

There has been however a growth of care at home in Portugal when comparing 2007 with 2017.

The reason why could be, according to Dr. Seixas:

“There is a big prejudice and this is also a cultural thing, there is a big prejudice regarding home care centres for elderly. Usually it is considered not to be a good and pleasant place, it can be associated with a prison.”

Hence, elderly prefer staying at home and there has been an increase in care at home over the years. In the Netherlands the mistake was already made to place most elderly in elderly homes. Not only was this decision financially unfavourable for the government, also socially it had an impact on society. For that reason, the WMO-act was implemented in 2015 that created the opportunity for businesses in the private sector to deliver care at home.

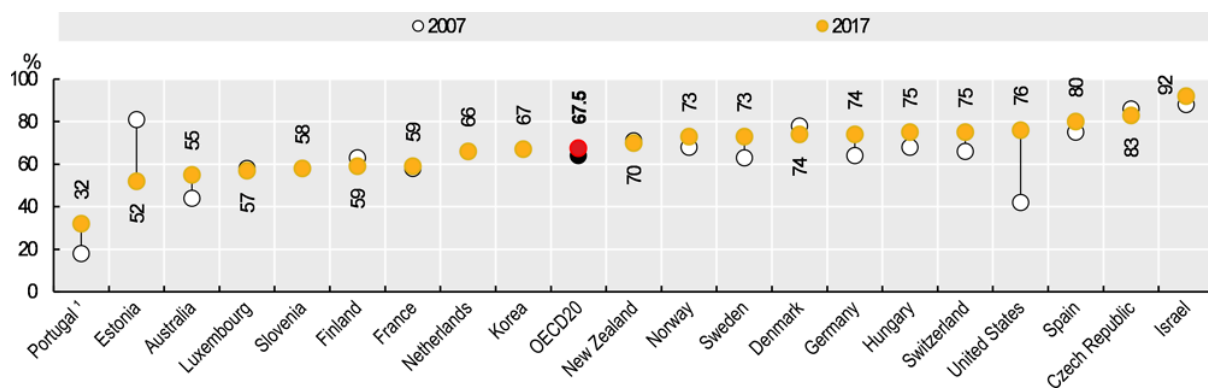
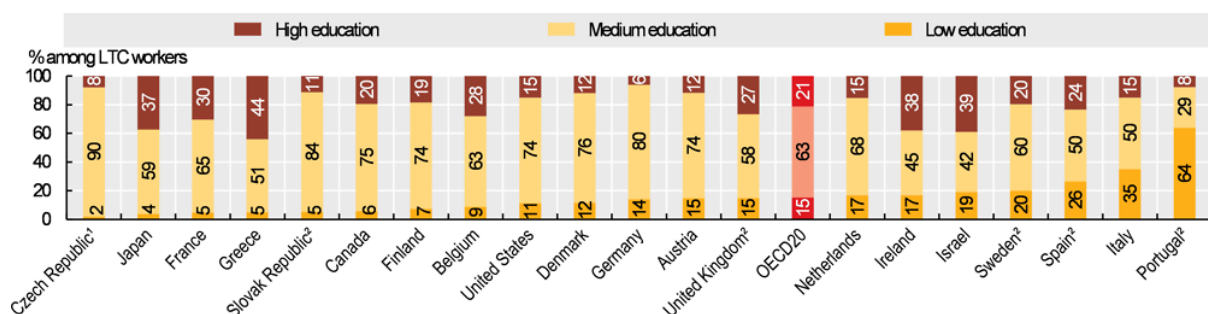


Figure 17: Long-term care recipients aged 65 and over receiving care at home, 2007 and 2017 (or nearest year).

Finally, the graph below indicates the educational level and there is a clear difference between the Netherlands and Portugal.

In Portugal the majority has a low education and in the Netherlands the majority has a medium education. The strength of this business would be to increase the level of professionalism in a more approachable manner by going to the people’s homes.



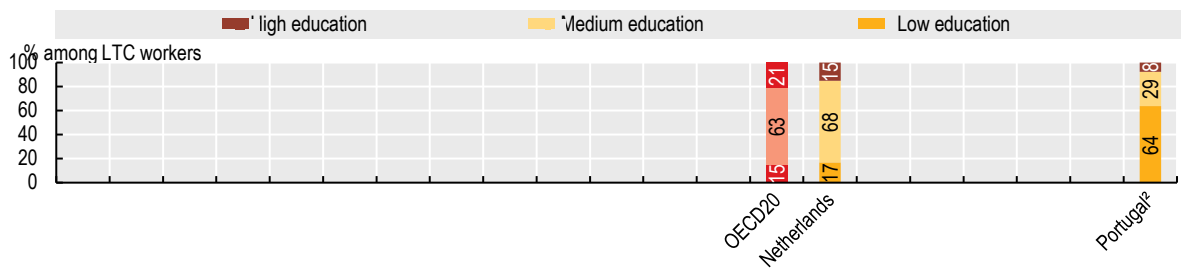


Figure 18: Long-term care workers by educational level

#### 4.5. The final comparison

To finalize this benchmark, a final comparison is made between Portugal and the Netherlands. There are some crucial differences between both countries and those are demonstrated in the table below. Part of the information is also conducted from the interviews. These will be enlightened in the next chapter, but to make the comparison complete, it has already been applied.

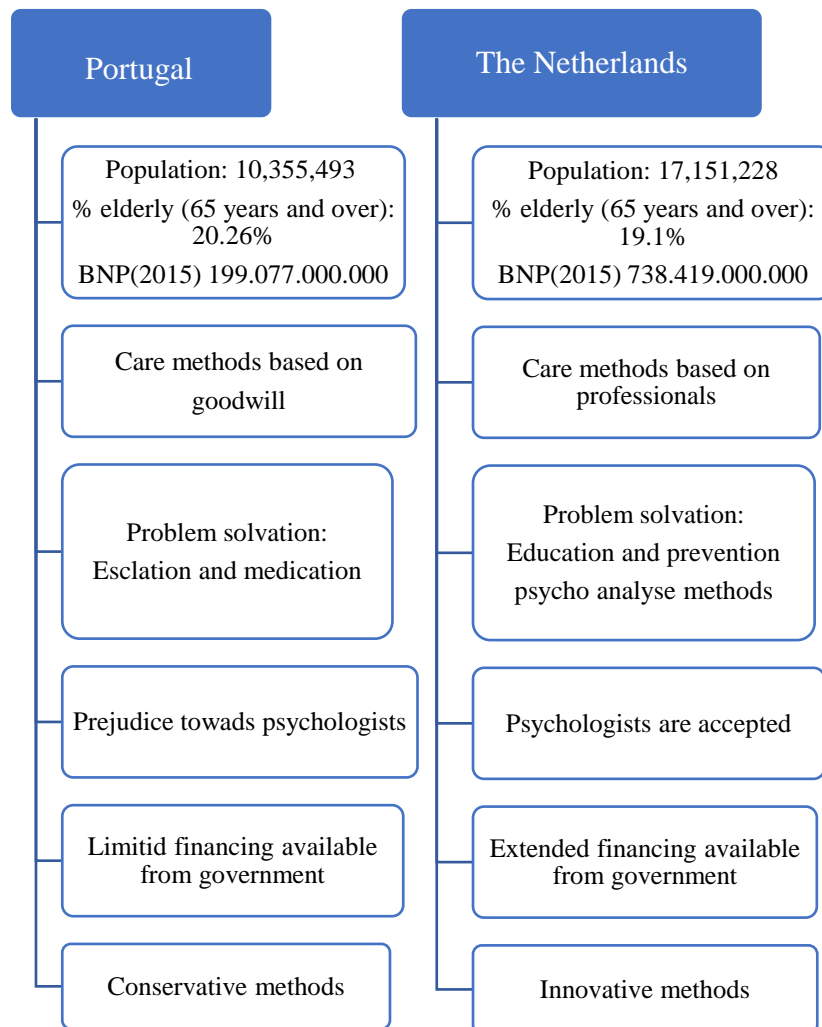


Figure 19: Final comparison Portugal-The Netherlands

The desk research has shown that in the Netherlands, the government provides care for every citizen. It also shown that in Portugal, the effort made by the Portuguese government to match high European standards and the strong welfare state, unfortunately, was not complemented by a growing economy. There is a high unemployment rate together with an insufficient social sector and a system, where one is sustaining the other.

Culturally, the Netherlands has a high score with individualism and Portugal a high score with uncertainty avoidance. Having a higher social responsibility could explain this high number in individualism. Looking at the high number of uncertainty avoidance, could indicate the level of dependency the citizens have on its government. They rather not take a risk and expect the government to find a solution. As it concerns a collective problem, it could be agreed that it is upon the government to find a collective solution in order to increase the sustainability of the social sector.

Thus, where in the Netherlands professional help is provided to those that don't fit in society, which is a big group of a lot of different people, in Portugal, those people will mainly depend on family, friends and/or associations. In both countries there is a big group of elderly that often require extra help, when households exist of two cost winners, it often leaves them with not enough time to also deliver care. In Portugal it is often friends, family or charity that take responsibility and, in the Netherlands, it is more often institutions or professional home care. As a result, the professionalism within the care sector of Portugal is lower and problems have a higher risk of escalation.

## 4.6. Conclusion

A comparison was made between Portugal and The Netherlands in order to understand the impact of different legal and financing systems. Portugal is using the Beveridge model (NHS), with no prohibited insurances and The Netherlands has always used the Bismarck model (SSH), where every citizen is ought to have a private health insurance. Striking differences between both systems are firstly that the health spending per capita of SSH has become increasingly higher compared to the NHS systems. Also, the satisfaction with the healthcare system of the population in SSH-countries is much higher compared to NHS countries.

The historical timeline indicates the differences between both countries. Where the Netherlands was implementing social act's and profiting from the post-war economic growth, Portugal was under a conservative dictatorship, which led to economic instability and a smaller amount social act's. As stated by Nunn (2012) cultural change and persistence are important channels through which history continues to matter today. For that reason, the important aspect of culture was also discussed. If you were to compare a large number of cultures around the world, you would see that although each culture is different, they all contain 5 basic problems: power distance, individualism, masculinity, uncertainty avoidance and long-term orientation. What stands out in the model of Geert Hofstede is that Portugal scores high on uncertainty avoidance and the Netherlands scores high on individualism and long-term orientation. To complete the benchmark, various graphics indicate the main differences between Portugal and the Netherlands within the social sector and all the matters above have been summarized in figure 19 of the final paragraph.

## Chapter V – Field Research: Personal interview review

In order to analyse the primary data, gathered through field research, the Delphi method will be applied. As it was indicated in chapter III, the Delphi pyramid exists of 3 levels. These levels will now be analysed by examining the 5 categories on each level.

### 5.1. The UFP Professors

Within this level it is the investigator's key responsibility to collect, edit and synthesize responses and the return a statement that reflects and aggregate of the group's position. Each category will now indicate the outcome of this level.

#### A: The benchmark between Portugal and the Netherlands

There is a limited budget available from the government to provide healthcare, let alone social care. The desk study showed that there is a different financing system, namely the Bismarck and the Beveridge model. The Beveridge model in Portugal ensures that each type of help from the government is given through public hospitals. There is the option of ADSE (Institute for Disease Protection and Assistance) that has the mission to ensure protection of its beneficiaries for civil servants in the fields of health promotion, disease prevention, treatment and rehabilitation. It offers the possibility to start a business that is partly private and partly public. However, it was stated by one of the professors that this system has been overloaded for quite a while and therefore, they are currently making cutbacks in order to relieve some pressure of the system.

As there is the Bismarck model in the Netherlands, all citizens are obliged to have an individual health insurance and due to the high level of social responsibility, they can choose themselves where they wished to go to receive care. For many businesses this creates opportunities as a consequence of the high demand.

#### B: The financial mechanism

In the current system of Portugal, there is a deviation between private and public. Through the public sector, citizens expect the government to provide 'free' care. Apart from that, the people highly depend on close relatives and organizational volunteers.

Generally speaking, it could be argued that Portuguese citizens from middle class and above can afford to look for care in the private sector, but other than that, people are obligated to go to the public in case they seek professional help. In practical terms, it was stated that through the online platform anybody can start up a business with a start capital of €1, -in Portugal. It is advised, however, to contact specialised agencies that sell a service to make sure the business is sustainable and has a solid foundation. The main concern from all professors was whether people could effort it.

#### C: The Portuguese social care system

Continuing on the overall idea that in Portugal care should be given and not paid for. Currently, care is mainly given based on goodwill coming from non-profit associations, church volunteers and/or close relatives. If citizens seek professional care, they go the public services. Here, however, it was stated that the pressure is high due the high amount of care seekers and the care is given through a more generalised approach.

#### D: The target group

The professors acknowledged that the target group would be difficult to define and it could most likely not be similar to the many different target groups of the Netherlands. In contradiction to the Netherlands, there are only a few areas in Portugal that are recognised in needing help. These areas are elderly, youth and domestic violence.

#### E: The critical success factors

In the first stage it became clear that the critical factor for success would depend on differentiation.

## 5.2. Related field experts

By interviewing professionals from 3 closely related areas, it was important to gather more insights on specific themes that had emerged from the first interviews and the literature study. These interviewees are: *Dr. P. C. Seixas*, received a PhD in Social and Cultural anthropology at the University of Santiago de Compostela and before that, he finished a master's degree in Sociology at ISCSP and a bachelor's degree in Anthropology. Currently, he is an associate professor at ISCSP.

As his expertise lies within culture and anthropology, he possesses extensive knowledge on the Portuguese culture and its origin. *Dr. J. Marques*, is currently finishing his PhD on his paper: 'Tax Auditing as a path to Tax Compliance' and has been working at the tax administration for many years. He has a widespread knowledge about financing as well as legal acts. Finally, *Dra. A. Marcucci*, she was born in the Netherlands and received her bachelor's degree of science in Psychology at the Radboud university of Nijmegen, followed by a Master of Science in Psychology and Law at the university of Maastricht. Currently, she is living in Portugal for 6 years and also received her PhD in Applied Psychology at Universidade do Minho.

#### A: The benchmark between Portugal and the Netherlands

It was stated by Dr. P. C. Seixas, that historically, care has always been given by family members and/or churches, it was never paid for. Nowadays there is a higher need for help and in particular for professional help. As the table of cultural differences from Geert Hofstede was also discussed, he confirmed that Hofstede was correct when he said that there is a big distance within the Portuguese culture between the ones in power and citizens. Additionally, he stated that there is too much judgement and prejudice between people in Portugal. This could be caused by the fact that there is still the same social structure as there was during the dictatorship of Salazar. Portuguese people in general prefer people who are very sure of themselves and that is also why they often present themselves that way.

Furthermore, Dra. A. Marcucci shared her view on the differences and similarities in both countries, she firstly explained that in Portugal there is a different approach to become a psychologist then in the Netherlands. Both countries require a bachelor and a master. However, whereas in the Netherlands you can start working after you receive your diploma, in Portugal you, additionally, need to be approved by the order of psychologist.

#### B: The financial mechanism

Dr. Seixas stated:

There is little availability to go to a psychologist in the general public system. People don't have another choice but to go to the private sector, which in most cases will be too expensive. Finding a solid (financing) model for a social business could be an essential to professionalise the expertise and increase the sustainability of the profession.

In the experience of Dr. A. Marcucci, it was stated that in the Netherlands there was an increase of businesses, since the new WMO (Wet Maatschappelijke Ondersteuning/Social Support Act) act was implemented in 2015. This act allowed citizens to receive financial support from the government, so they have the opportunity to make their own decision in where they wished to receive the care they need. As a result, private initiatives popped up left and right, giving all different types of social care. There can be business with an expertise in children with autism or a business that goes to elderly with a dog and provides animal therapy. Each citizen can choose the care they consider to be most fitting.

#### C: The Portuguese social care system

During the interview Dr. Seixas explained that there is a lot space for improvement within the terms of psychology and social care. The Portuguese culture tends to use medication in order to solve or cope with problems. He stated that there is not enough sufficient importance given to psychology in general.

There is a prejudice, there is much more importance to psychiatry due to the value behind prescriptions.

Dr. J. Marques, stated the current system is under a lot of pressure, because nowadays, every household contains of two working parents, fewer children are being born and church is often playing a smaller role in the people's life. There are fewer resources available to provide care:

You cannot say that there is an organised system to help everyone. However, at the end the day every situation has a solution, but just not a standardised one.

There is an opportunity here to build a system that provides security in a sustainable manner. On the other hand, he shared the thought that the overall mind-set of Portuguese is "If I want to help someone to do social care, I would do it to someone that does not want to earn money". Currently, there are many suppliers that offer care without asking money, let alone make money, this indicates a strong market competition with them.

#### D: The target group

According to Dr. Seixas there is a high need for care in the elderly sector, due to the fact that there is less time available for citizens to deliver care on a goodwill base. This statement was also supported by Dr. Marques and Dra. Marcucci. Looking further in the market segment, Dr. Marques could confirm that there are, currently, very few profitable companies within sector of social care in Portugal.

E: The critical success factors

Prof. Seixas:

Elderly homes are often seen as bad places, they prefer to stay in their own homes. Conversely, families don't have time and resources to take care of the elderly at home and this becomes more and more a problem.

On the other hand, families exist of two working parents and there is less time available to deliver care. Both indicate that there is a lot of demand and little supply in this sector.

Complemented by Dr. Marques:

Differentiation can be achieved by offering the service of going to people's homes and empathise the benefits of professionalism: preventive methods, education, standardised methods and individual care.

Dr. Marques edified that the contradiction in general is that people say and recognise the need for this type of care, but they are not capable of agreeing with the way they would receive it. This demonstrates the tension between history and culture, but also demonstrates a gap and opportunity for a company with a renewed vision. People want to receive care, but they are not sure how to receive it. Complying with their needs can be critical success factor and that in combination with delivering quality can make a new business in this sector successful.

### 5.3. The professionals

In the top level of the Delphi method, there now will be an analysis of the interviews with two professionals. One of the professionals is an experienced Portuguese psychologist that would like to remain anonymous. She has many years of experience in the profession with a specific interest for preventive methods and improvements. The final interview took place with Dr. Pedro. R. Almeida. He is a research professional with a Master of Science (MS) focused in Psychology. Furthermore, he has a PhD in cognitive neuroscience, and he started his own international business four years ago.

A: The benchmark between Portugal and the Netherlands

As was stated by Dr. Marcucci in an earlier interview there is an order of psychologists within the profession to maintain quality. During these interviews this order was further discussed, and the following statements were made:

The professionals on the other hand, try to maintain the quality and the borders of its profession by implementing an order that can allow or deny people to execute their profession. As a result, psychology has been stagnating over the years and the same therapies have been applied repeatedly.

The order has been protecting the profession for years in the same way and no further research has been done in order to find new methods.

Furthermore, culturally, the psychologist stated that people in Portugal like to stick with what they know, which confirms Geert's Hofstede's model that states that there is a 99% uncertainty avoidance in Portugal.

#### B: The financial mechanism

A professional Portuguese psychologist, who wished to remain anonymous, stated that there is a high need for innovation in the current social care system of Portugal. The downside is that there are little to no financial resources. On one hand this leads to a stagnation of the care system, which, as result, also leads to a decrease of quality in current proceedings and on the other hand, it leads to not having enough governmental financial support for the implementation of new businesses. Also, Dr. Pedro R. Almeida, confirmed that the Portuguese system is set in stone and the main reason is the little availability money. According to him there should be more financial support from the government to support private business. Based on his experience with psychology in the UK a comparison was made and he stated:

When you recognise that psychology and the different domains around psychology can be technical areas, then it gets much more interesting to show what you have to show, which is return on investment. For each euro that put here, this will save 20 euros to the state treasure.

These statements indicate that both professional are supportive of more financial support from the government in order to increase the quality as well as the sustainability of the profession. According to them, this could be achieved by investment in private initiatives, which complies with the current Dutch system.

#### C: The Portuguese social care system

Initially the psychologist shared that the national mind-set is that only people with a mental disorder seek help, they don't want to be associated with them and at the same time, when it escalates and they have no other option, but to go to a professional.

Usually they think that just talking about their problems it is not going to solve anything. Therefore, they have a higher feeling of satisfaction, when received a prescription for medication. This was supported by Dr. Almeida:

People prefer to go to a psychiatrist to receive medication. Ideally, they would take care of only the pharmacological part and let a psychologist do the psychological work. However, as psychiatrists have studied psychology as well, they tend to keep it to themselves and exclude the other party.

However, the psychologist also stated that nowadays, stigmas are changing due to the boom of social media and people follow online coaching as it has a different name and it is easily accessible. The international perspective is growing and the level of self-reflection is increasing by comparison with other nationalities. It is the responsibility from the government to acknowledge that citizens ask for help within the social sector and that the current model is not sustainable and they should thus invest in this sector of care in order to improve on the long run.

#### D: The target group

On all levels it was agreed that an appropriate target group could be elderly. There is a high demand for extra help within this sector and only little supply. On top of that there is a lot of research going on in this area, there are a lot of elderly and there is a lot of money going around in regard to Alzheimer. Hence, there is a higher level of recognition for the need of this company. Finally, as there a high amount of elderly in Portugal and there will always be elderly, it is a sustainable target group set up.

#### E: The critical success factors

Considering the fact that stigmas are changing, this could give the opportunity to implement a new business in this sector. As the vision is being broadened, an opportunity is created to reach people with new business ideas and spike their interest.

To set up a new company a decision needs to be made, whether it will be public as a non-profit organization or private. In order to set up a private practice, Dr. Pedro. R. Almeida, suggested to start a social entrepreneurship and reach out to a known company and ask them to make a corporate social responsibility investment in the company. This would offer financial stability during the start-up phase and offers a win-win situation for both parties. This was also supported by the third level interviews, but also a risk was indicated by Dr. Almeida:

It is however doubtful whether insurance companies are willing to cooperate with this company as it offers social support to elderly in their homes, which is a grey area and therefore a risk.

## 5.4. Final evaluation

To clarify the results of the field research, they have been summarized in the table below.

	Layer 1: UFP professors	Layer 2: Related field experts	Layer 3: Professionals
Category A The benchmark	<ul style="list-style-type: none"> <li>- Limited budget for the Beveridge model in PT.</li> <li>- ADSE option.</li> <li>- Obligated insurances due to Bismarck model in NL.</li> </ul>	<ul style="list-style-type: none"> <li>- Historically, care was given not paid for and there is still a social structure from the Salazar era.</li> <li>- Need for professional help.</li> <li>- Culturally: big power difference and much judgement and prejudice.</li> <li>- Order of psychologists.</li> </ul>	<ul style="list-style-type: none"> <li>- Order of psychologists meant to maintain quality, but causes stagnation.</li> </ul>
Category B The financial mechanism	<ul style="list-style-type: none"> <li>- Public/Private sector.</li> <li>- “Free” public care.</li> <li>- Private sector too expensive.</li> <li>- €1, - start capital online.</li> </ul>	<ul style="list-style-type: none"> <li>- Little public care available.</li> <li>- Citizens cannot afford private care.</li> <li>- Need for solid financial model to expertise profession.</li> <li>- NL: WMO act since 2015.</li> </ul>	<ul style="list-style-type: none"> <li>- Insufficient financial resources that are causing decrease of quality.</li> <li>- Return of investment.</li> </ul>
Category C The Portuguese social care system	<ul style="list-style-type: none"> <li>- Mind-set that care should be given, not paid for.</li> <li>- Current system based on goodwill from citizens.</li> </ul>	<ul style="list-style-type: none"> <li>- High usage of medication.</li> <li>- Psychological care undervalued.</li> <li>- Current system under a lot of pressure.</li> <li>- Not all types of care are distributed.</li> </ul>	<ul style="list-style-type: none"> <li>- People wish to receive prescriptions.</li> <li>- Currently many chances due to globalization.</li> <li>- Government responsible to respond to these changes.</li> </ul>
Category D The target group	<ul style="list-style-type: none"> <li>-Recognised areas: elderly, youth &amp; domestic violence.</li> </ul>	<ul style="list-style-type: none"> <li>- High need in elderly sector, due to fewer time to deliver goodwill care.</li> <li>- No profitable businesses yet in this sector.</li> <li>- Elderly homes are seen as bad places.</li> </ul>	<ul style="list-style-type: none"> <li>- Elderly, because the need here is recognized, it is sustainable and there is a high demand with low supply.</li> <li>- Many ongoing researches.</li> </ul>
Category E The critical success factors	<ul style="list-style-type: none"> <li>-Differentiation is key.</li> </ul>	<ul style="list-style-type: none"> <li>- Differentiate by going to their homes and help families that don’t have the time.</li> <li>- Empathise professionalism.</li> </ul>	<ul style="list-style-type: none"> <li>- Stigma’s are being changed, which gives opportunities for new businesses.</li> <li>- Fill the gaps, where people need help, but not sure how.</li> </ul>

Table 3: Table of evaluation

## 5.5. Conclusion

The Delphi method was applied by indicating the three levels of the pyramid with its categories. This led to the main results that are shown in the final evaluation, demonstrated in table 3. Each category has its own outcome, in general, there is little financial support, which causes the sector to stagnate. Also, there is an ongoing social stigma on looking for professional help, which could also contribute to stagnation. Furthermore, elderly is a group that is recognised as in need of help and there is a lot of ongoing research towards this target group, which could be a possible strength for the business. In conclusion, it became clear that there is need for a change within the social sector of Portugal. However, there are many ideas on how this could be achieved and on what this change should be focused. These results will now be used as an information source to fill in the tools to execute the environmental analysis in chapter VI.

## Chapter VI - Environmental analysis

To conclude the environmental analysis, the four layers, described in chapter II, will be analysed together with the individual tool for each layer. During the analysis the 5 categories that have been determined in chapter IV will be used as a base for each tool.

### 6.1. The Macro Environment

The first layer, the macro-environment, ranks the highest level, consisting of the general and global (or national) factors which might influence the lower layers in the economic activities (NA, 2015).

#### PESTEL- tool

First, there is a focus on macro-level by applying the PESTEL-tool. The key drivers for change are environmental factors that are likely to have a high impact on the success or failure of strategy (NA, 2015). The categories have been set up in a table that defines the impact of the key drivers. Each key driver has a grade/value of impact, where 10= high impact and 0= low impact, which is based on the gathered data. The first row will focus on both Portugal and the Netherlands, whilst performing the benchmark process. After, the table will focus on Portugal.

	<b>Politics</b>	<b>Economical</b>	<b>Social</b>	<b>Technological</b>	<b>Environmental</b>
<i>The benchmark</i>	PT: Salazar 1932-1974. Cuts on social support from 2005. NL: multiple social acts implemented 1850- 1965	PT: limited economic growth Bail out in 2011 NL: steady growth	PT: high level of uncertainty avoidance, high medication use. NL: individualism and long-term orientation	Most used in both counties: Google Docs.	PT: Beveridge model. Care should be given, not paid for. NL: Bismarck model High social responsibility
<i>The financial mechanism</i>	Little investment in social sector.	Little investment in social sector.	Care should be given not paid for.	Little investment needed.	Ideal set up: partly public, partly private.

<i>The System</i>	Centre-left Socialist Party Centre-right Social Democratic Party.	Economic stability gives opportunity to investment in social care.	Historically, care was based on goodwill.	Computer; Security platform; Media.	Conservative and hierarchal approach.
<i>The target group</i>	There is political recognition that elderly require care.	Elderly go to elderly homes, higher capital cost.	Stigma on seeking care.	Little to no use of technology.	Families plays a big role and should thus be involved.
<i>The critical factors</i>	Support innovation and approach collective problem.	Return on investment through sustainable social system.	High grade of responsibility for others.	Respect target group, not a main platform for communication.	Need to align with order of psychologists.
<i>Value of impact</i>	10	8	6	4	7

Table 4: Applied PESTEL-tool

Source: NA Strategic analysis.

Portugal utilizes a proportional system, where two parties have been dominating since 1975, the centre-left Socialist Party (Partido Socialista) and the centre-right Social Democratic Party (Partido Social Democrata). Party leader António Costa has helped Portugal overcome the financial crisis from 2011 and, according to some, brought back economic growth and financial and and political stability (Brito, 2019 ). Despite having a socialist government, it was claimed that by rebuilding the Portuguese economy, there was an underfunding of public services of amongst other things the healthcare sector. Dr. Seixas shared his opinion: *“Even the left ones are quite on the right wing, they are very conservative. Our left wing is very elitist. They think they are the owners of the truth.”* Dr. Marques added that for this private practice, a right wing would be ideal, as they are open to innovations and they are supportive of social work. The value of impact, which is visible in the bottom row of the Table, is considered to be a 10. The government and the politics have the power to make a change in the system and should take responsibility to make change and face the ongoing collective problem. This transformation could be beneficial for success.

As for the economical segment, the desk research indicates that the admission to the EU 1980's was a turning point for Portugal. It meant access to substantive financial, cognitive and strategic resources. Even so, it is not comparable with the Dutch economics.

Post-war the Netherlands experienced a significant economic growth for 30 years, whereas Portugal was still under dictatorship of Salazar and as a result, they could not take advantage of the post-war economics.

Economic conditions in Portugal have improved markedly over the past few years. GDP is now back to its pre-crisis level and the unemployment rate has declined 10 percentage points since 2013 to below 7%, one of the largest reductions in any OECD country over the past decade. Nevertheless, legacies of the crisis remain, with the poverty rate of the working age population still elevated and perceptions of subjective wellbeing below pre-crisis levels (OECD, 2019). Most of the investments go to improvement of infrastructure and touristic attractions. As the tourist sector brings in a lot of money, it is only logical for the government to invest in this sector. On the other side, as indicated in figure 3, Portugal only invests a small percentage in the long-term social care. A report from the OECD (2019) states that the health of public finances and the financial system need to be further improved. In addition, during the interviews, each professional stated, individually, that there is a high need for more resources in the care sector. Thus, it can be confirmed that need for improvement was opted from two sides. According to the interviewees, the social care has been stagnating over the years due to little financial resources, for that reason, it could be debated that the government has its responsibility towards their citizens and should invest more within this sector. In category D, the target group, it is shown that citizens that are most in need of receiving extra care are elderly. It indicates a common, collective and social problem, which requires a common, collective and social solution. This cannot be given by an individual, but has to be provided by the government as knowledge in regards to culture and history should also be considered. The OECD report (2019) confirms that the country is facing an aging problem and for that reason, this company could offer a sustainable solution. However, social care resources must be met from the collective recourses that increase as a result of collective economic growth. That way the economic factor can have a great impact on the pricing, revenues and costs of the business. Therefore, the value of impact is considered to be an 8. The economic growth brings the responsibility to invest in the citizens and their collective well-being.

This investment can lower the prices for the company and increase the chances of success. On the other hand, without this investment it could be detrimental to the success of the company.

Socially, there are a lot of aspects that need to be taken into consideration. The general idea within the Portuguese culture is that care should be given and not paid for. To quote Dr. Seixas:

For instance, our president. He has a very important speech about volunteers and assisting. That it is in our culture and it is as an appeal to help others. Not an appeal to be an entrepreneur in this area. I think it is in our nature, that we don't want to be related with the profitable area. We want to be helpful in a voluntary manner.

This is a beautiful statement; however, the sustainability of this method can be questioned. It should be considered that due to economic growth, social structures are changing. Looking at the history of the Netherlands, it indicates that the economic growth boosted the countries welfare, which could imply that one goes along with the other. Nowadays, as stated before, households are consisting of two working parents, fewer children and there is less time for religion or providing goodwill care.

The psychologist stated that Portuguese will try anything before they are open to seek help of a psychologist.

Supported by the figure 6, it indicates that Portuguese have a high usage of medication. Finally, as the model of Model of Geert Hofstede also indicates, the Portuguese culture has a high level of uncertainty avoidance. This was discussed with anthropologist, P. Seixas and he responded that the population prefers to stick with what they are familiar with. On the other hand, there is a high need for care and as Dr. Almeida stated *“People don't need a product until they get convinced that they need it.”* Starting this business now could lower the risk of social damage, because there is such a high need. If the government would be willing to work together with companies in the private sector, it could relief some financial tension on them and lower financial risk due to cooperation. The value of impact is considered to be a 6, because even though the mindset needs a shift, the ability to do so will depend on the system that is created by the government and made possible by the economy. It is important to keep the customers values and beliefs in mind in order to anticipate and increase the chances of success for the business.

Technologically, there are not many needs. It is important to have a computer in order to write the reports and a mobile phone to communicate. Additionally, a safe platform where documents can be kept in a secure manner. The value of impact is considered to be a 4, this a very low number. The reason why is because the target group will not be reached through technology and therefore it has a lower impact on the strategy.

The environment of professionals maintains a conservative and hierarchal outlook. Since the beginning there is an order of psychologist. Apart from the general bachelor and master diploma, every psychologist needs to be approved by this order in order to execute the profession. In order to be approved, an internship must be concluded together with a code of ethics. As a result, this order has the power to decide, who is going to be working within the field and who is not. This selection may limit the availability of resources as well as the invention of new methods. Setting a bar this high explains the high amount of low educated care workers in figure 9. In the Netherlands 69 % of the workers is medium educated, whereas in Portugal 64% of the workers is low educated. If the threshold would be lower, more opportunity to deliver professional social care would be created.

An example provided by Dr. Almeida. He explained that the element of coaching is under attack right now. The order of psychologists is stating that most people that are giving these coaching sessions have not studied psychology and as personal development is considered to be a psychological act, they are not qualified to give coaching under the Portuguese law. Implementing new methods, would give the opportunity to also implement new names, that don't have the stigma. Professional groups could be introduced under the name of social workers or social caregivers. Using this method could increase the opportunities of the business by leaving old hierarchal patrons behind. The value of impact is considered to be a 7, it can have a significant impact on the company and should be taken into consideration. Nevertheless, the possibility to create a company is not depending on the environment and therefore the value of politics and economy is higher.

## 6.2. Industry or sector

Continuing with the second force of evaluating the strategic capability. On a micro level the attractiveness of the sector in terms of competitive forces will be identified by using Porter's five forces. The goal is to identify the attractiveness of the sector. The stronger the force, the more difficult it will become to make the profitable.

### Porter's five forces instrument

These forces will be evaluated on a scale from 0 to 10, 0 being the lowest and 10 the highest. The goal is to achieve competitive advantage and superior performance by analysing the competitors.

<b>The Power of suppliers</b>	<b>The Threat of entry</b>	<b>The Threat of substitutes</b>	<b>The Power of buyers</b>	<b>Rivalry among existing competitors</b>
Few suppliers; High differentiation; Few alternatives.	Multiple barriers to entry. Governmental policies. Easy to enter online. Little to no regulations for company.	Low number of substitute products available. Differentiation by selling new type of care: professionalism at home. Medication as substitute.	There is a high need, but there is no money. High price sensitivity. Low personal buyer's info available in advance.	Not many similar services available. Little financing from government available for healthcare and social care. Rivalry with associations, mostly non-profit. Order of psychologists.
<b>4</b>	4	5	8	7

*Table 5: Applied Porter's 5 forces-tool*

During the interviews it was stated by Dr. Almeida that the care of elderly is a huge gap in the social care sector Portugal. Due to the high number of elderly and often both parents in families are working nowadays, many are left without care. This is demonstrated in figure 10, where it is shown that Portugal has a total population of 17,151,228 and 19.1% is 65 years and over.

Portugal is still in the beginning of social business, but I think elderly home care is one of the social businesses that is growing. It is one of the businesses of the future.

Is the forecast of Dr. Seixas. Figure 8 indicates the long-term care given to elderly in their homes.

The Portuguese numbers have increased from 2007 until 2017, but they are still low compared with other countries. This could indicate a possible opportunity in the sector. Overall, the forces are average. The main forces to take into consideration are the power of buyers, because citizens must be willing to pay in order to receive care, which goes together with the force of government. Receiving financial support for this business could be a collective solution that would lower the number of all forces and increase the attractiveness for the business.

Furthermore, innovation plays an important role for organisations to gain a competitive advantage and should be understood as an influence that motivates industry competition (Gerard & Bruijl, 2018). For example, within this sector are little to no commercial businesses, as pointed out earlier on. In case this business becomes a success, other people will notice and also start building their business, which would ultimately lead to a higher competition within the industry.

### Power-interest matrix

		Level of interest	
		low	high
P o w e r	↑	A. Minimal effort Accountant Tax office	B. Keep informed Colleagues of social work
		↓	C. Keep satisfied Order of psychologists Investors
	high		

Table 6: Applied Power-interest Matrix-tool

This matrix is considering the initial phase before and during start-up. The level of interest and power is dynamic and therefore it can decrease or increase during the process.

For example, if the methods have proven to be successful the interest of the government can grow as well as the interest of the order of psychologist. The power of investors could decrease if the company is growing and becoming more independent. It is important to keep this tool up to date and treat the key players appropriately. According to Ackermann & Eden (2011), culture also plays a significant role on the process of approaching stakeholders.

Especially for this research, the benchmark between Portugal and the Netherlands, indicated in chapter III, shows the table of Geert Hofstede. This table demonstrates a high individualism for the Netherlands and a high uncertainty avoidance for Portugal. When approaching and indicating the stakeholders, these cultural differences can be essential. Where in the Netherlands, businesses have a higher level of freedom due to the social responsibility, in Portugal, businesses might need to explain their work in more detail in order to declare their importance.

### 6.3. Competitors/Markets

Direct competitors within the sector are those with similar strategic characteristics. The data demonstrated there are currently no profitable businesses in the social sector. For that reason, the view could be extended to other companies within the social sector. In order to differentiate the company, it is key to focus on one target group. The group of customers with similar needs would be elderly that would like to receive care at home. Within this market segment there is no competition with elderly homes, but there could be competition with public services that also go to people's homes. In that case, the business could differentiate itself by offering help on a professional scale. As demonstrated in figure 18 there is a high amount of care workers with a low education level, which could create an opportunity for this business. Furthermore, the public system is currently under a lot of pressure and there is a high level of dissatisfaction as demonstrated in figure 8. Due to the role of Portuguese history, citizens are not used to paying for care and as they make use of the public system, there is a too much demand in comparison with the supply. Starting a private business with this expertise could respond to the needs of the customers on a professional level and add the extra service of care at home.

### 6.4. Conclusion

Three tools were applied in order to analyse the first three layers of the environment. The PESTEL-tool focused mainly on the macro layer by conducting a benchmark between Portugal and the Netherlands and focussing on the financial model. By applying Porter's the attention was moved to the sector, which demonstrated that overall, the forces are on an average level. The main forces to take into consideration are the power of buyers, because citizens must be willing to pay in order to receive care, which goes together with the force of government through receiving financial support. Additionally, the power-interest matrix indicated the main key players, which gave the insight that they key players are the customers and the government.

## Chapter VII: The organisation – SWOT analysis

Finally, the force or evaluation of strategic purpose. This focuses on the final layer of the environmental analyses: the organisation. Here, the SWOT tool is applied in a diverse and dynamic way. Firstly, it is focused on the organisation itself. After, it focused on the government and its significant role. Finally, on future perspectives of the company and the sector.

### 7.1. SWOT-tool applied on the organisation

The gathered data resulted in a clear outcome: there is a high demand and low supply. There is a need for a business, due to the high need for another form of social care in the area of elderly. A lack of professionalism within this area, often causes family and/or volunteers to take responsibility and deliver care. The key issues from the business environment and the strategic capability of the organisation, which are ought to most likely impact the strategy development, will now be further explained in the SWOT table below. A positive (+) signifies that environmental change would boost the strength of the business and a negative (-) signifies that the environmental change could reduce the strength or prevent the organisation from overcoming problems associated with that change.

		Environmental change (opportunities and threats)												
		Financial investment from government	Removal of stigma	Less medication intake	Social investment	Economic stability	More movement in social system	High uncertainty avoidance	Citizens cannot afford service	Order of psychologists	Non-profit/public services	+	-	Overall intensity
Strengths														
Differentiation		+	-	+	+	+	-	-	0	-	0	4	4	0
Preventive methods		+	+	+	+	+	+	-	-	-	-	6	4	2
Sustainable system		+	+	+	+	+	0	-	-	-	-	5	4	1
Non-saturation		-	+	+	+	0	+	+	+	-	+	6	3	3
Return of investment		+	+	-	+	+	+	0	+	-	-	7	2	5
Weaknesses														
Commercial business		0	-	-	0	0	-	0	-	-	-	0	7	-7
Insufficient understanding		-	0	0	-	-	-	-	0	-	-	0	7	-7
Environmental impact scores	+	5	4	4	5	4	3	1	2	0	1			
	-	1	2	2	1	1	3	4	3	7	5			
Overall intensity		4	2	2	4	3	0	-3	-1	-7	-4			

Table 7: SWOT-analysis applied on company.

As there are not a lot of competitors, one of the strengths was stated as “**non-saturation**”. Figure 1.3 of chapter IV indicates that, despite a small increase between 2007 and 2017, there are only 1.9% businesses that deliver care at home in Portugal. Whereas the Netherlands had a huge decrease between 2007 and 2017, but still ended up with 13% in 2017 (Health at a glance 2019: OECD indicators. , 2019).

Furthermore, when analysing the table above, it stands out that the order of psychologist only scores negative and for that reason forms considerable threat for the success of the business. In addition, the biggest weakness can be considered to not be recognised. This new type of care at home by a professional, could not be understood by the Portuguese people. The numbers of figure 11 indicate that in 2017 Portugal had a number of 97 out of 150 for the usage of anti-depressant drug consumption, which is more than double than the 44 of the Netherlands. This confirms the statement that Portuguese people experience a higher level of satisfaction when they receive a prescription. If the clients are apprehensive about new methods, this could also strength the weakness of making the business **commercial**. To increase the success rate, the government could, or as it was stated by some interviewees: should provide a solution. Figure 10 shows a long-term care expenditure by government and compulsory insurance schemes in 2017, it shows a 0.5 % for Portugal and a 3.7% for the Netherlands. One is significantly above the average of 1.7% and the other is significantly below. It proves that there has been little to no investment made in this sector and therefore it could be considered that a **collective solution** should come from the government. It is called collective, because it refers to a solution for a group of entities that share or are motivated by at least one common issue or interest. The government should address this growing issue rather sooner than later. The current system that is mainly based on good will or low education care (figure 15), is **not sustainable** on the long run. There has been an **economic stability** and, because of that, now could be the time for a **social investment**. Of course, this has its barriers and cannot be done overnight. Benchmarking with the Netherlands indicated that it takes many years to build a solid social system. Paragraph 4.2 also indicated that social responsibility plays a big role to keep it sustainable and that it is the government that plays a big role by investment and implementation of acts.

## 7.2. SWOT-tool applied on the government

To achieve this, the government should make a **financial investment**, so the system, that is currently ‘set in stone’, can have space for **movement and improvement**. Figure 10 indicates the long expenditure that the Portuguese government made and the timeline of chapter 4 indicates that, from 2005 until 2012, cuts needed to be made to stimulate economic growth. An investment could create the opportunity for new businesses and those businesses create a lot of opportunities for the care sector.

**Prevention and education** can help solve problems faster and eventually save money for the government by treating problems before escalation, which could also **lower the high amount of usage of medication** as indicated in figure 11. Additionally, as Dr. Marques stated:

Each situation has a solution, but it is not a standard solution.

Developing a **standardized solution** could add to that education and prevention as well. Preventive and standardised methods score high within the SWOT model and thus indicates a strength for the business.

Finally, also the cultural aspect refers back to the influence of governmental support. In paragraph 4.3, the model of Geert Hofstede indicates a high level of uncertainty avoidance within Portuguese culture. As stated before, it is the government's responsibility to come up with a **collective solution** that will also give its citizens trust to try new experiences and financially support those that need it, but cannot effort it. The model of Geert Hofstede also indicates a number of 67 for the long-term orientation in the Netherlands against a number of 28 in Portugal, which designates that the level of sustainability and long-term orientation differs. Furthermore the third biggest difference within this cultural benchmark is the level of individualism, the Netherlands have a number of 80 and Portugal has a number of 27 (Hofstede G. , 2019). In the Netherlands, the government opted for the citizens to take responsibility of their own care. By increasing their responsibility, there is also an increase in individualism. In Portugal there is a public system, which limits the amount of resources for the citizens and therefore restrains their own contributions and decisions regarding the amount and type of care they need. If they wished to receive governmental free care, they are highly depending on a few provided resources without having the opportunity to make their own choice in what care they think would be best.

Which takes this to the final statement, the implementation of a **sustainable system** should also start with raising public awareness. Aside from the financial support, there also needs to be a paradigm shift among citizens. As the SWOT demonstrates, a removal of stigma would have a positive effect on the sustainability, preventive methods and return of investment. People would know it is okay to seek help and this would have positive effect on the society. An idea would be by communication through media channels that social problems are a serious issue, for which the government wants and can provide care. Citizens should not hesitate to make use of this as it will benefit their well-being and the well-being of society. For now, there is still the treat of other associations that deliver care for free.

Finally, there is the order of psychologists, as coaching is currently also under attack, it should also be sorted out whether this order might block new inventive methods and therefore prevent the care sector of improvement. As the government is a stakeholder that holds a lot of power for the success or failure of this business, it was chosen to apply an extended SWOT table on the opportunities and threats for the government when they make a social investment.

One final factor that was not earlier discussed, but should not be forgotten. An article written by Carrilho & Perista (2016) indicates that Portugal has the highest emigration rate as a proportion of population in the European Union. More than two million Portuguese people (20% of the population) now live outside the country. It is estimated that more than 485,000 workers left Portugal between 2011 and 2014 to seek better living and working conditions. Looking from a government’s perspective, this does not only mean that young capable people leave the country and do not contribute to its economics, it also means that within the social care model that is based on family and friends taking care of elderly, a gap might appear, when people leave and elderly stay behind. That gap can be filled with professional care and give the opportunity to build a sustainable system and raise public awareness. Undoubtedly there are also threats. Having to invest in this sector, means having to cut back in another sector. With little money available, this could be considered difficult. Yet, looking at the long-term orientation, it might be sacrifice worthwhile. Having an improved social system, might also lower the number of emigrations.

The table is a combination of the models designed by Kangas, Pesonen, Kurttila, Kajanus (2001) and the model of Kisi (2019). It is reformed to make it most applicable for this research. The intensity of relative importance is defined by a grade from 1 until 9, see table below.

<b>Intensity of Relative Importance</b>	<b>Definition</b>
1	Equal importance
3	Moderate importance of one over another
5	Essential or strong importance
7	Very strong importance
9	Extreme importance
2, 4, 6, 8	Intermediate values between the two adjacent judgments

*Table 8: Scale of relative importance.*

The overall intensity is based on the average grade for each factor per group. The first column indicates each of the four SWOT-groups with, in the second column, the appropriate factors.

<b>SWOT GROUP</b>	<b>ENVIRONMENTAL FACTORS</b>	<b>INTENSITY OF RELATIVE IMPORTANCE</b>	<b>OVERALL INTENSITY</b>
<b>STRENGTH</b>	Return of investment	9	5.4
	Raising public awareness	5	
	Sustainable system	4	
	Improve satisfaction amongst elderly	6	
	Follow European union standards	3	
<b>WEAKNESS</b>	Cutting from other sectors	5	6.2
	Less emphasize on goodwill system	7	
	Large investment needs	9	
	Long preparation & implementation time	6	
	Public/Private system set in stone	4	
<b>OPPORTUNITY</b>	Increase long-term orientation	7	6.4
	Decrease migration	8	
	Job creation	6	
	Improvement of overall social sector	9	
	Paradigm swift	4	
	Prevention & education	6	
	Lower drug consumption	5	
<b>THREAT</b>	Risk economic stability	8	5.9
	Waste of money	6	
	Negative attitude from citizens	5	
	Wrong implementation	4	
	Insufficient understanding	7	
	Conservative methods	6	
	Order of psychologists	5	

*Table 9: SWOT-tool applied on government*

Evaluating this table, it becomes clear that implanting a new method, holds high risks for the government. Even though the weaknesses and threats tend to outweigh the strengths and weaknesses, according to this table, it should nevertheless be considered. Having this knowledge in advance, can also be considered to be a strength, because it can be anticipated upon.

### 7.3. SWOT-tool applied on foresight studies

So far, the SWOT analysis has been applied on the organisation itself, on the government's perspectives. To give it yet another dimension, it will also be applied through foresight studies. SWOT analysis in foresight projects is defined as an analytical tool that should be used to categorize the important factors determining the development of different types of phenomena, making it easier to designate desired most important directions of action. Characteristics of the SWOT analysis in the context of foresight are: i) not a purely foresight approach but a good starting point for the discussion on current and future challenges; ii) organises the results of environmental scan into internal and external issues; iii) good way of mapping out key success factors and vulnerabilities of the studied object; iv) SWOT analysis is scalable, collaborative, integrable, simple and cost efficient. Assessment of the internal environment and the external is an important step in the process of foresight. Internal factors (e.g. industry, company, region or sector) may be classified as strengths and weaknesses, while external factors (e.g. social, economic, technological, and legal, etc.) represent opportunities and threats (Nazarko, et al., 2017).

The model below is based on the highest overall intensity indicated by earlier SWOT models above. Combined in table 10 and 11:

Highest overall intensity		
	Organisation	Government
<b>S1</b>	Preventive methods	Return of investment
<b>S2</b>	Return of investment	Improve satisfaction amongst elderly
<b>W1</b>	Commercial business	Large investment needs
<b>W2</b>	Insufficient understanding	Less emphasize on goodwill system
<b>O1</b>	Financial investment from government	Improvement of overall social sector
<b>O2</b>	Social investment	Decrease migration
<b>T1</b>	Order of psychologists	Risk economic stability
<b>T2</b>	Non-profit/public services	Insufficient understanding

Table 10: SWOT-factors with highest overall intensity.

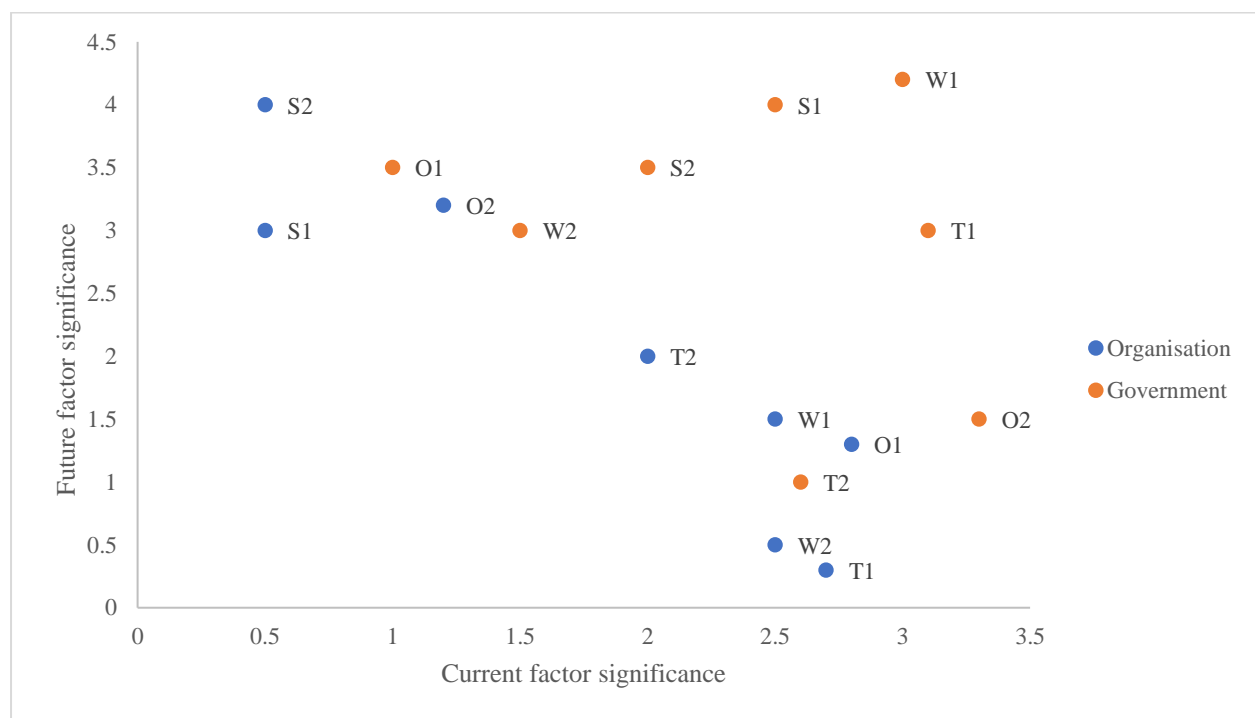


Table 11: SWOT-tool containing future significance.

The table above clearly indicates that for the organisation a lot of factors that are currently significant will lose some that significance in the future, when things become more 'regular'. This confirms that the organisation is working on a new and innovative method.

As for the government, it indicates that most factors hold a significance in the current sector and will keep that high level of significance in the future.

#### 7.4. Conclusion

The main focus of this chapter was applying the SWOT-analysis in multiple ways to define the essence of the organisation. Where it was first applied on the organisation, it became clear that biggest opportunities lie within the social investment. Ultimately, this is closely connected to the big factor of financial investment from the government. Furthermore, the order of psychologist turned out to be one of the bigger threats. This was based upon the fact that they could prevent innovations with their conservative manners. The other threat would be to commercialise the business, as the essence was not yet recognised by its customers.

When going back to the biggest opportunity and its success depending for a major part on the government, it was decided to apply an adjusted SWOT-tool on the government and its governmental choices. Table 9 indicates that there are more opportunities and threats than strengths and weaknesses, which indicates that there is a lot of space for innovation and improvement. Overall, the highest intensity lied within opportunities for the government and in particular the opportunity to improve the overall social sector and increase that level of satisfaction amongst citizens.

To bring these two elements together, table 11 shows future significance for the government as well as the organisation. If you would take one factor, for example the return of investment for the organisation, the table indicates it is currently not yet important, but in the future it will be. The reason why, is because right now there are still many factors that could form a threat, such as the stigma and the low financial support. For that reason, there first needs to be a collective solution. Which leads us to the government, most of the factors have proven to be important now as well as in the future. What stands out is the threat of insufficient understanding. Currently, this threat is very high, but as there is more understanding from the citizens and the stigma on care decreases, so will importance of this factor in the future. Overall, the dynamic SWOT-tool gave a clear vision on the organisation as well as the government and its future significance. It can be concluded that, when working together, great opportunities can be accomplished for the social sector of Portugal.

## VIII: Recommendation and conclusion

Before going to the final recommendation and conclusion, there will be a short review of the first chapter. Here, a strategic analysis was described. To bring this research back to its beginning, the gathered data was used in order to perform a short, but sufficient strategic analysis.

### 8.1. Strategic analysis

Based on the gathered data, the best-case scenario would be to have financial support from the government to set up this business. Whilst performing this strategic analysis, having governmental support will be assumed. In the first chapter, it was stated that strategic analysis refers to the process of conducting research on a company and its environment to formulate a strategy. To formulate a strategy, three steps, described by Johnson, Scholes and Wellington (2008), need to be evaluated.

1. Strategic position;
2. Strategic choices;
3. Strategy in action.

For this company, the aim will be to pay close attention to the differentiation strategy, the company will seek to provide a service that offers benefits that are different from those of competitors and that are widely valued by buyers. The best way to achieve this would be to make the following strategic choices:

- Make a switch and cooperate with health insurances to make the businesses partly public and partly private. It would create a system to work alongside its competitors.
- Make the scope smaller to reach the clients by indicating the essence of the services you are selling. First of all, by reinsuring the importance of professionalism within care and make your business easily accessible by going to client's houses.
- Focus on the elderly, because not only is Portugal an aging country, the elderly are recognised as a target group in need and there is a high demand for more care due to the high number of emigrants the and growing number 2 of workers within a household.
- Pursue the strategies by maintaining communication with other professionals of the field and the government in order to share the results and outcomes from this new

service. It is a manner to also reinsure them of the quality and the effect that innovative methods can bring and how it can eventually lead to return of investment.

The final step would be to make the strategy happen. As was stated earlier on in the research, this would not necessarily need to be a big obstacle. Anybody can start a business online with a start capital of €1, -. Before starting though, it is of the essence to first clarify all the doubts in regard to this innovative company. Also, it would be interesting to reach out to the government and share the findings and ideas regarding this business plan.

## 8.2. Recommendation

Further research could consider also conducting interviews in the Netherlands as this dissertation is mainly focused on the Portuguese care system and culture. It is compared with the general Dutch WMO (The Dutch Social Act) approach, but it could be further refined by also comparing it with other social care approaches from the Netherlands and focus more on the element of the Dutch culture.

Additional research could also mean conducting a survey amongst Portuguese citizens to either confirm or deny ideas about the Portuguese culture that have been discussed during the gathering of data. Outside of interviews with experts of the field, it could be interesting to interview business analytics that focus their main attention on innovation to also hear their perspective and ideas on this organisation.

Furthermore, an interesting follow-up research could be about the drug use of Portuguese citizens and, in particular, the anti-depressants. Where this high number comes from, the effectiveness, the entire process, etc. By creating a clearer picture on the drug use, it could be monitored better and based on the results, improvements could be set in place. This could be the set up to improve the methods by implementing preventive methods instead of using medication as a solution.

### 8.3. Conclusion

In chapter I, based on multiple studies, a common understanding to what should be considered a strategic analysis was described in order to better understand what an environmental analysis to should lead to. Performing an environmental analysis on the social sector of Portugal begun by gaining a deeper understanding on this process and its appropriate tools. Chapter II, first, demonstrates the four layers of the environmental analysis: the macro environment, the industry or sector, the competitors and the organisation, based on the theory of Johnson, Scholes and Whittington (2008) and after it indicates the appropriate tools for each layer. These tools are: PESTEL, Porter's 5 forces, Power-interest matrix and the SWOT, Throughout the research it became clear that certain concerns, that seemed to be important at the beginning, such as determining the target group, appeared to be less vital in a later stage. On the other hand, points that seemed to be unimportant, such as the governmental role, turned out to be rather significant. After explaining the tools that would be applied, in chapter II and presenting the methods in chapter III, the data gathering begun. The desk research indicated that there are several noteworthy differences between Portugal and the Netherlands. The Netherlands has been working on its social acts for a longer period of time and Portugal has fewer financial resources to support its social sector. Factors that were taken into consideration here, were: the financial mechanism, history, culture and current graphics. During the gathering of secondary data, rather than being locked into one set of questions for all the interviewees, it was chosen to adjust the questioning to each individual. They were asked about the particularities of a subject that they knew best. Eventually, this led to a dynamic research where multiple levels were explored and many ideas and opinions were shared. When combining these outcomes with secondary data, the credibility increased and it allowed the tools and models to be processed, based upon a complete and extensive amount of data. Eventually, this led to a clear conclusion in order to answer the research problem: to determine the possibilities of starting a successful commercial business within the social welfare sector of Portugal.

The research shows that there is a need and urgency to strengthen the social care in Portugal. The current generation of elderly can still rely on the historical Portuguese model of social support from family, neighbours and denominations. However, due to the economic, cultural political and social developments, this social care system, does not appear to be sustainable.

This creates a business opportunity for a new type of business that responds to the high demand within the social sector, especially focussing on the elderly in this aging country. The main threat, however, would be the financial mechanism. As there is a collective problem due to limited financial resources, the government can be held responsible. It is called a collective problem, because not only do the public systems appear to be overloaded, the satisfaction levels of Portuguese citizens are low and the medication usage is high.

For that reason, it could be considered to be the right time for a shift in the sector. A commercial business that provides a high level of professionalism can be a great opportunity for both the organisation and the government. It does, however, require financial support from the government as citizens have little financial possibilities.

As the critical success factor for this business is highly depending on an external factor, the government's financial support, it can be considered that it is still too early to start a commercial business in the social care sector of Portugal today. There are too few financial recourses available and there is still too little recognition of value to start within the private sector. The option right now would be to start this business as an association in order to build reputation and test how it is received by the people. After a couple of years and an increase in stability, it can be decided to make it commercial. By that time, perhaps there also has been a drastic change of the care system, which could create new opportunities to commercialize this business.

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