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SOCIAL AND COMMERCIAL ENTREPRENEURSHIP: EXPLORING INDIVIDUAL AND ORGANIZATIONAL CHARACTERISTICS

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Abstract:

This study extends our current knowledge of the social entrepreneur and the activities he/she is involved in and contrasts them with our understanding of commercial entrepreneurs. For the purpose of generating empirically-driven propositions, we bring together insights from current empirical investigations and insights from unique large-scale data from the GEM 2009 survey on social entrepreneurship covering Belgium and The Netherlands. Findings are refined with insights from interviews with key informants in both countries. In general the generated propositions seem to indicate a rather fragile entrepreneurial profile in terms of effort put into the organisation or activity, self-confidence, ambition in terms of employment growth, funding from the sale of products and services and progression to more mature stages of the entrepreneurial process. Furthermore, social entrepreneurs are more likely to be younger, more highly educated and they perceive legitimization of entrepreneurs in society differently than do their commercial counterparts.

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1. Introduction

In recent years, social entrepreneurship has received increasing recognition from the public sector, the media, the population at large, as well as from scholars. This growing interest can be explained by at least two arguments (Bacq & Janssen, 2011, forthcoming). First, the innovativeness of treating social problems that are becoming more and more complex has been advocated by numerous scholars (Johnson, 2000; Mair & Martí, 2004; Nicholls, 2006b; Roberts & Woods, 2005; Thompson, Alvy, & Lees, 2000; Weerawardena & Sullivan Mort, 2006) and has been evident in multiple success stories around the globe (such as Aravind Eye Hospitals, Grameen Bank, Teach for America). Second, social entrepreneurship can be seen as a way to reduce the financial dependence on private donations and government funding of socially oriented organizations by using market-based solutions to address the most intractable social problems of our societies. As a result, hybrid models of enterprises have emerged (Austin, Stevenson, & Weis Skillern, 2006; Johnson, 2000; Wallace, 1999) that apply for-profit and nonprofit elements. This combination of social and financial value creation has led to a consensus according to which understanding social entrepreneurship and its determinants is of primary importance (Dees, 1998b; Weerawardena & Sullivan Mort, 2006).

Together with a growing recognition for this type of entrepreneurship, definitional attempts of it have proliferated. However, given a lack of empirically-grounded evidence – except for some case studies (Jones, Latham, & Betta, 2008; Mair & Schoen, 2007; Mair & Martí, 2009; Vasi, 2009) of social entrepreneurship's defining and distinctive characteristics, social entrepreneurship still has different meanings for different people. Although it has been argued that the social entrepreneur, entrepreneurial process and activities involved differ substantially from their commercial counterparts (Mair & Martí, 2009), the lack of large-scale studies of the phenomenon has prevented researchers from moving forward. Indeed, even though the importance of a quantitative approach has been acknowledged (Hoogendoorn et al. 2010; Short, Moss, & Lumpkin, 2009), exploring social entrepreneurship activities, determinants or consequences resulting in testable hypothetical relationships, is still to be deployed.

In order to address this gap in research this paper adopts a quantitative, exploratory and proposition generating approach to elementary questions about the social entrepreneur and his/her activities and compares these insights to our understanding of commercial entrepreneurs. More precisely, our research objective can be formulated as follows: generate generalizable and testable insights into who social entrepreneurs are and what businesses or activities they are involved in.

For this purpose, we first provide an extensive literature review of individual and organizational characteristics of both entrepreneurship and social entrepreneurship before complementing these views with insights from two sources of empirical data. As our main data source, we draw on the Belgian and Dutch data from the Global Entrepreneurship Monitor (GEM)¹ 2009 special issue, the first worldwide survey on social entrepreneurship. Additionally, we enrich the insights of our quantitative data and the literature review with in-depth interviews with a variety of key informants from both countries, comprised of national experts in social

¹ See also www.gemconsortium.org

entrepreneurship, representatives of the nonprofit/NGO sector, or the Corporate Social Responsibility (CSR) movement. Common patterns, covering both the individual characteristics and perceptions of the social entrepreneur, and also organizational characteristics, such as the firm age, objectives, size, funding sources or degree of innovation, are subsequently formulated as propositions. As such, this micro-level study is exploratory by nature, applies an inductive approach to the subject matter and provides empirically-grounded research propositions to be tested in future research.

This paper aims to contribute in two ways. First, and most important, this study extends current knowledge on social entrepreneurs and the organizations and activities they are involved in by using unique large-scale data in a field that is dominated by case studies. Second, this study not only extends our current knowledge on this subject but also formulates propositions that may serve as a basis for theory building and testing purposes. As such, this study contributes to the development of this particular field of research to move beyond *descriptive* purposes to more *predictive* purposes (Snow & Thomas, 1994). In addition, an increased understanding of the personal and organizational characteristics of social entrepreneurship is highly relevant for those who wish to promote it as a desirable career choice with a higher impact on society, or to create and improve the sector infrastructure, be they public policy-makers, private foundations or support organizations.

The paper proceeds as follows. Section 2 reviews previous conceptual and empirical literature on social entrepreneurship. Section 3 presents the data that we use for our analyses followed by a description of the methodology used to investigate our research question. In line with our methodological choices, Section 4 presents our results in three subsections. First, we present our results of the individual characteristics of social entrepreneurs. Second, we explore various aspects of the organizational dimension of social entrepreneurship. We address to what extent the insights gained from our large-scale survey data add, confirm or contradict the extant literature. Third, we complement our results by qualitative insights gained from interviews with key informants. Using those three subsections, we formulate research propositions. These results and study limitations are discussed in Section 5. Finally, implications for future research and conclusions are presented in Section 6.

2. Theoretical background

In this section we introduce a broad definition of social entrepreneurship as applied throughout this paper that allows the consideration of a wide range of practices captured by this particular concept. Subsequently, we set the stage for further exploration of the individual and organizational characteristics of the social entrepreneur and the activities in which he/she is involved. We do so by reviewing entrepreneurship and social entrepreneurship literature and by addressing some controversial debates.

The label “social entrepreneurship” has generated a large number of definitions that can be classified according to different dimensions of the phenomenon to which they relate, including the individual, the organization, the process and the environment (Bacq & Janssen, 2011, forthcoming). This study focuses on the individual and organizational dimensions of social entrepreneurship. We apply the following definition of social entrepreneurship: social entrepreneurship concerns

individuals or organizations engaged in entrepreneurial activities with a social goal (Bosma & Levie, 2010). This definition reflects some basic assumptions about social entrepreneurship on which the empirical part of this study is based: (1) social entrepreneurship is a process of entrepreneurial activities which includes discovering, evaluating and pursuing opportunities that does not necessarily involve new venture creation; (2) social entrepreneurship includes formally constituted and informal organizations and activities initiated and launched by individuals; (3) social entrepreneurship principally aims to pursue a social goal. Hence, this definition of social entrepreneurship captures an extensive range of praxis: it encompasses nonprofit, for-profit and hybrid forms of organizations and activities, originating from the private, the public or the third sectors without any restriction on their legal form, earning income strategies, scope of activities, or sector in which they operate.

At the individual level, social entrepreneurs have been seen as a ‘sub-species’ of the entrepreneurs’ family (Dees, 1998a). For Mair and Martí (2004), for example, an important element is the “entrepreneurial spirit” that gives social entrepreneurs their entrepreneurial nature. A recent review of social entrepreneurship literature (Bacq & Janssen, 2011, forthcoming) showed that social entrepreneurs share a series of behavioral characteristics with the commercial entrepreneurs, such as: the ability to detect opportunities (Catford, 1998; Dearlove, 2004; Dees, 1998b; Johnson, 2003; Nicholls, 2006b; Peredo & McLean, 2006; Roberts & Woods, 2005; Thompson et al. 2000; Tracey & Phillips, 2007); the drive to innovate (Austin et al. 2006; Dees, 1998b; Mair & Martí, 2004; Roberts & Woods, 2005); the willingness to bear risk (Peredo & McLean, 2006; Zahra, Gedajlovic, Neubaum, & Shulman, 2009) and the display of proactive behavior towards survival, growth and serving the market (Prabhu, 1999; Sullivan Mort, Weerawardena, & Carnegie, 2003; Weerawardena & Sullivan Mort, 2006). However, they show a key difference in terms of motivation to engage in social activities: social entrepreneurs demonstrate a socio-moral motivation in their entrepreneurial initiatives (Nicholls, 2006b; Shaw & Carter, 2007). Shaw and Carter (2007), for example, based on 80 in-depth interviews with social entrepreneurs in the UK, found that they are more likely to be motivated by social aims, such as to affect change and make a difference, to meet local needs or to tackle a social issue. What remains empirically unexplored though, is what determinants are related to the choice of individuals to engage in social entrepreneurial activities *versus* commercial ones.

In microeconomic models of conventional entrepreneurial behavior, a wide variety of factors have been subject to empirical studies related to the choice made by individuals to start a business or not. These factors include both personal characteristics such as psychological traits, demographics, attitudes towards risk, and variables measuring social and human capital as well as environmental factors such as industry characteristics and macroeconomic factors (Parker, 2009). With respect to personal characteristics, both objectively measurable variables (e.g. age, gender, formal education) and subjective preferences and perceptions have been acknowledged as important determinants of entrepreneurial behavior (Busenitz & Barney, 1997; Cooper, Woo William, & Carolyn, 1988; Koellinger, Minniti, & Schade, 2007). On the other hand, and despite an extensive coverage of successful social entrepreneurs in the media, only a few studies have empirically addressed individual characteristics of social entrepreneurs in comparison with other occupational groups. Table 1 provides an overview of the empirical contributions

that concern personal characteristics of social entrepreneurs. What is noteworthy here is that most of these studies apply a qualitative methodology with a case-study design, with the exception of Bosma and Levie (2010) and Harding and Cowling (2006) who use large-scale surveys and descriptive techniques to present results. As a consequence, these studies do indeed, provide valuable insights but they have not yet provided any generalizable results. Insights gained from these empirical studies and conventional entrepreneurship research are presented and compared with our results in Section 4.

Table 1. Overview of empirical studies addressing personal characteristics of social entrepreneurs.

Perceptions and attitudes	Age and gender	Employment status	Goal orientation and motivations	Innovativeness
(Harding & Cowling, 2006) Johnson 2003	(Bosma & Levie, 2010) (Harding & Cowling, 2006) (Shaw & Carter, 2007)	(Harding & Cowling, 2006)	(Bosma & Levie, 2010) (Sharir & Lerner, 2006) (Shaw & Carter, 2007)	(Bosma & Levie, 2010) Mair & Schoen 2007 (Weerawardena & Sullivan Mort, 2006) (McDonald, 2007)

At the organizational level, different elements of social entrepreneurship organizations have been discussed in the extant literature. The issue of their legal organizational form has been debated among scholars as whether the social mission implies that the organization cannot exist under any other legal organizational form than the nonprofit form and, therefore, cannot distribute any profit to its investors. This issue has notably been widely discussed within the European boundaries, where a variety of new legal forms have appeared (e.g. ‘social co-operatives’ in Italy, the ‘Community Interest Company’ in the UK, the ‘social purpose company’ in Belgium) (Defourny & Nyssens, 2006).

Beyond the question of the legal form, social entrepreneurship organizations can be characterized along a series of dimensions, such as their age, their objectives, their size, their source of funding or their innovativeness. Each of these characteristics will be addressed in the remainder of this paper. While little is known about the distribution of social entrepreneurship organizations in terms of age, the social enterprise’s objectives have been widely discussed in the literature. The main divergence among scholars lies in whether the creation of a social value proposition (i.e. non-financial goals) is the primary objective (Austin et al. 2006; Dees, 1998b; Haugh & Rubery, 2005; Sharir & Lerner, 2006; Sullivan Mort et al., 2003) and, as such, the economic value creation represents a necessary but not sufficient condition (Mair & Schoen, 2007) or whether it rather consists of a blended value creation (Emerson, 2003; Nicholls, 2010). Empirically, any findings on social organizations’ objectives are scarce. Exceptions include Nyssens (2006) and Seelos and Mair (2005) who confirm that the long held belief that social enterprises serve multiple goals simultaneously, including at least three different kinds of goals: economic, social and socio-political. However, Nyssens (2006) adds that the social goals are clearly at the core of the mission and that economic goals are in support of the social goals, thereby reinforcing the primacy argument.

When it comes to human resources and size of the organization, social entrepreneurs are working with a wide variety of employees in terms of formal and

informal relations and types of contracts (Nyssens, 2006; Turner & Martin, 2005; Vidal, 2005). A study by Vidal (2006), based on 15 Spanish social enterprises, distinguishes between two types of social organizations: market-oriented versus care and services provider. The former have greater professional resources and fewer volunteers both in terms of time and money, whereas the latter have a greater presence of volunteers in the workforce. In care and services provider type of enterprises, employees normally have a temporary relationship with the social enterprise and a part-time working week is the norm; in market-oriented enterprises indefinite full-time employment contracts prevail. Overall, there has been very little research on the size (in terms of employment base) of these organizations.

Finally, the innovation dimension of social entrepreneurship organizations has been put forward by all the partisans of the so called “Social Innovation School”(Austin et al. 2006; Catford, 1998; Dearlove, 2004; Dees, 1998a; Roberts & Woods, 2005; Schuyler, 1998), according to which social entrepreneurs are primarily driven by vision and innovation. However, this characteristic has been taken for granted as one of social entrepreneurship’s defining elements, rather than being empirically-grounded. Therefore, this issue deserves further exploration. This will be addressed in the paper.

Thus, although the individual and organizational dimensions of social entrepreneurship have raised the curiosity of researchers, empirical investigations aiming to generate generalizable and testable insights have been rare. This paper attempts to address this gap. The next section describes the data used and methodology applied in this study.

3. Data and methodology

3.1. Data source and definitions

The Adult Population Survey (APS) of the Global Entrepreneurship Monitor was used as the main data source to provide insights into social entrepreneurs’ individual characteristics and into the activities and organizations in which these individuals are involved.. More specifically, we used the 2009 micro level data of Belgium and The Netherlands². GEM is an international research program providing harmonized annual data on entrepreneurial activity at the national level. The main objectives of the GEM research program are to enable a cross-country analysis of the level of entrepreneurial activity, uncovering determinants of entrepreneurial activity, identifying policies that may stimulate the level of entrepreneurial activity, and examining special topics of common concern and/or those that are specific to an individual country. GEM teams of researchers collect data in each participating country using a standardized telephone survey among at least 2,000 randomly selected individuals from the adult population (i.e. aged between 18 and 64 years). Within the GEM annual survey, the entrepreneurially active adult population is identified from an initial question that inquires whether the respondent is ‘*alone or with others, currently trying to start a new business or owning and managing a business, including any self-employment or selling any*

² In contrast to the aggregate level data that is available for all the 49 participating countries, the micro level data is available only for the national team of the country concerned; data from the other participating countries is not freely available. Since this study is the result of cooperation between the Belgian and the Dutch teams, we were able to use the data relating to these two countries.

goods or services to others'. We refer to this group as '*commercial entrepreneurs*' throughout the remainder of this paper. In addition, the entrepreneurially active population can be split into the percentage of the adult population that is actively involved in setting up a new business ('nascent entrepreneurial activity'), the percentage of the adult population that is the owner-manager of a business less than 3.5 years old ('young entrepreneurial activity'), and the percentage that is owner-manager of a business that was created more than 3.5 years ago ('established entrepreneurial activity').

In 2009, GEM conducted a special study on social entrepreneurship. Data on social entrepreneurial activity was collected in 49 countries, including Belgium and The Netherlands. In order to identify the socially entrepreneurially active population, GEM asked each respondent the following question: '*Are you, alone or with others, currently trying to start or currently owning and managing any kind of activity, organization or initiative that has a particularly social, environmental or community objective?*'. We refer to this group as '*social entrepreneurs*'. Whether an objective is considered social or not thus depends on the respondents' perception. Note that referring to 'activity, organization or initiative' is broader than 'starting a new business' or 'owning and managing a business'. When a respondent answered positively to both above-mentioned questions, a control question checked whether or not these initiatives are the same³. Similar to commercial entrepreneurship, different phases of social entrepreneurship can be distinguished, including nascent social entrepreneurial activity, young social entrepreneurial activity and established social entrepreneurial activity.

The GEM data set shows considerable variation in the prevalence of social entrepreneurship across countries, ranging from 0.1% in Guatemala to 4.3% in the United Arab Emirates (Bosma & Levie, 2010; Hoogendoorn & Hartog, 2010). With respect to the Belgian and Dutch data, we observe rather low prevalence rates (1.7% and 0.9% of the adult population, respectively). Furthermore, the data reveals that social entrepreneurial activity is less prevalent than commercial entrepreneurship. Whereas, in total, 151 individuals from the pooled Belgian and Dutch adult population (n = 6,122) are involved in social entrepreneurial activities (both starting and owning-managing a social activity, organization or initiative), commercial entrepreneurs are over three times more numerous than social entrepreneurs (n = 553). Although some individuals are involved in both types of entrepreneurial activity, these results indicate that social entrepreneurship accounts for about one-fifth of the total entrepreneurially active population in Belgium and The Netherlands.

The next section presents the methodology applied before presenting the results originating from our research questions.

3.2. Research methodology

In order to address our research question, i.e. generating empirically grounded propositions into social entrepreneurship at the individual and organizational levels, we take the following characteristics into account. At the individual level, we consider those characteristics that may influence the occupational choice of individuals i.e. those characteristics that bear on the decision to engage in social

³ We chose to consider this category of respondents as social entrepreneurs. They are not counted as commercial entrepreneurs.

entrepreneurship: age, gender, education, perceptions and employment status. At the organizational level, we investigate social entrepreneurship organizations' age, objectives, size, sources of funding and innovativeness.

We investigate these characteristics by using combination of quantitative and qualitative techniques. First, for each of the above-mentioned characteristics, a brief overview is provided of current insights from previous research bearing on both entrepreneurship literature and social entrepreneurship literature. Second, the GEM data is explored through descriptive analyses. When the data are available, we consistently assess the descriptives of both commercial and social entrepreneurs. These outcomes are then compared with the literature insights. Subsequently, a qualitative investigation, by conducting face-to-face interviews with key informants in both Belgium and The Netherlands, generates insights to complement our exploratory quantitative findings and sheds light on some apparently remarkable results. Key informants are national experts in social entrepreneurship, representatives of the nonprofit/NGO sector and the CSR movement⁴. Since, as explained in Section 2, literature on the organizational level of social entrepreneurship is scarce, we focused our interviews on organizational characteristics instead of individual characteristics. We purposefully chose key informants coming from different perspectives, various (professional) backgrounds and sectors⁵. Key informants were asked, by means of a semi-open interview guide, to (1) reflect on the descriptive results obtained from our exploratory data analyses and (2) to comment on the questions used by the GEM researchers to identify the socially entrepreneurially active adult population. Given their position on the national landscape, they also contributed in putting our findings into context. Finally, propositions are generated when (a) common patterns between the literature and our descriptive results are identified, or (b) when a combination of the quantitative insights from GEM data and the qualitative insights from the key informants give rise to do so.

4. Results

This section is divided into three subsections. The first section focuses on the individual level, providing characteristics of the social entrepreneur in terms of socio-demographics, perceptions and employment status. The second section reveals characteristics of the organization or initiative these individuals are involved in. Both subsections describe and analyze several characteristics in terms of the current knowledge of commercial and social entrepreneurship and to what extent the insights gained from our large-scale survey data add, confirm or contradict the literature. In the third and final subsection we provide the results of the interviews with key informants concerning the characteristics of the organizations and initiatives social entrepreneurs are involved in. Along those three sections, we frame our findings in testable propositions for future research.

4.1. Characteristics of the social entrepreneur

The characteristics of the social entrepreneur, we consider are the socio-demographic characteristics (i.e. age, gender, and formal education), perceptions (i.e. perceptions with respect to opportunities, self-perceived capabilities, knowing

⁴ All interviews were recorded and their average length was about one hour.

⁵ An overview of key informants, their professions and backgrounds, can be found in Table I.1 in the Appendix.

other entrepreneurs, perceptions of national attitudes, and attitude towards risk) and employment status. We compare each of these characteristics for three distinct groups: individuals who are not entrepreneurially active, commercial entrepreneurs and social entrepreneurs.

▪ Age

With regard to age, empirical research repeatedly found that people in the age group 35-44 years are the most likely to start a mainstream enterprise (Cowling, 2000; Reynolds, Bygrave, Autio, Cox, & Hay, 2002; Williams, 2004). The probability of being or becoming an entrepreneur reveals an inverted U-shape relationship between age and entrepreneurship: the likelihood of being involved in entrepreneurship increases up to a certain age (somewhere around the forties or early fifties) and decreases thereafter (Bates, 1995; Bergmann & Sternberg, 2007). Theoretical arguments for this pattern include that older people are more likely to have experience, access to capital, and personal financial resources. At the same time older people may lack the energy and commitment of younger people (Parker, 2009).

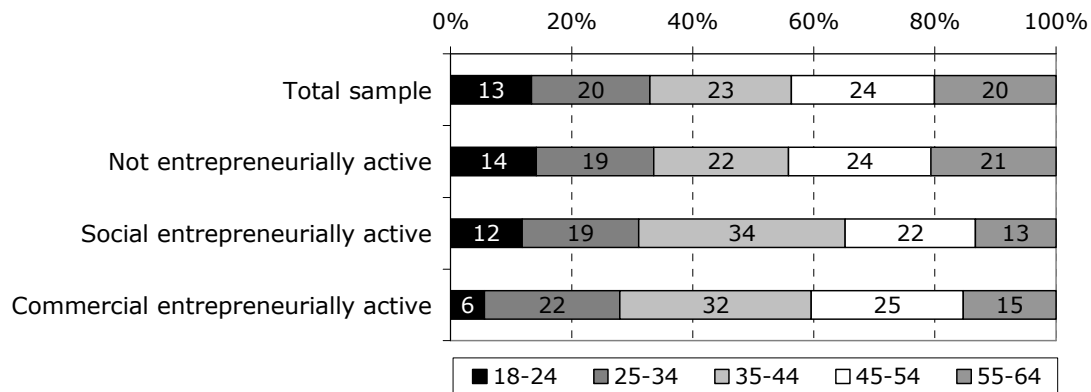
Empirical research that focuses on social entrepreneurs tends to find that the youngest age group has a relatively higher chance of being involved in social entrepreneurship (Bosma & Levie, 2010; Harding & Cowling, 2006; Johnson, 2003; Johnson, 2003; Van Ryzin, Bergrud, & DiPadova-Stocks, May 2007). Van Ryzin, Bergrud and DiPadova-Stocks (May 2007) suggest that, in contrast to the observation that older people are more civically engaged and possess more social capital (Putnam, 2000), young people adopt new forms of expressing civic engagement such as social entrepreneurship. Johnson suggests that young Canadians tend to be more open to adopting socially entrepreneurial approaches compared to older individuals (Johnson, 2003). She argues that, especially among older individuals with a long history of working towards social improvements, the language of the private sector forms barriers to the acceptance of social entrepreneurship in Canada.

A third explanation stems from Hoogendoorn and Hartog (2010) based on a cross-country level study and refers to the degree of postmaterialism i.e. the degree to which the population of a society values non-materialistic life-goals such as personal development, self-expression and the desire for meaningful work above material ones (Inglehart, 1981; Inglehart, 1997; Inglehart, 2000). At the individual level, the preference for non-materialistic values may be of influence on occupational choices and may find expression in social entrepreneurship. Younger birth cohorts who have experienced unprecedented prosperity in their early years attach higher priority to non-materialistic values (2000).

In addition to empirical studies that concern social entrepreneurs and age, Parker (2008) provides a neoclassical life-cycle theory of social entrepreneurs which predicts two dominant types of individuals will engage in social entrepreneurship: idealistic individuals who operate social enterprises when young and wealthy, on the one hand, and individuals who engage in social entrepreneurship later in life after a career in paid employment or as self-employed commercial entrepreneur, on the other hand. As a consequence, this model predicts a U-shaped age distribution of social entrepreneurs.

Turning to our dataset, Figure 1 and Table 2 show the descriptive statistics with regards to the age distribution within the total sample and the three occupational groups (i.e. the non entrepreneurially active population and the social and commercial entrepreneurially active individuals) – Figure 1 – and by phase (i.e. nascent, young, early-stage, and established entrepreneurship) – Table 2.

Figure 1. Age distribution of different groups in the sample (18-64 years of age), The Netherlands and Belgium pooled, relative distribution within each group.



Source: GEM Adult Population Survey 2009.

Looking at the adult population that is entrepreneurially active, it follows from Table 2 that it is the adult population aged between 35 and 44 years that is most involved in social and commercial entrepreneurship. Individuals in the age categories 45-54 years and 25-34 years are also relatively more involved in entrepreneurial activity than individuals in the youngest and oldest age category.⁶ Interestingly, individuals aged between 18 and 24 years are relatively more involved in social entrepreneurship as opposed to commercial entrepreneurship, which seems to be in line with prior research results.

⁶ However it is important to note here that the age distribution of commercial entrepreneurs in Belgium deviated from other years in the sense that normally the age group 25-34 years is mostly involved in entrepreneurship, but in 2009 this was not the case. Since this was also the case in some other countries participating in GEM (e.g. Scotland), the economic crisis may have played a role. Perhaps the crisis made younger people less willing to give up their secure jobs in times of turmoil, while older people might have thought that it was more a matter of ‘now or never’.

Table 2. Age distribution of social and commercial entrepreneurship, by phase, The Netherlands and Belgium pooled, relative distribution within each group.

Phase in the entrepreneurial process		Nascent	Young business	Total early-stage	Established business
Social	18-24 years	12.7	19.2	16.0	5.0
	25-34 years	20.3	27.1	23.9	11.6
	35-44 years	37.6	20.9	30.7	38.3
	45-54 years	24.5	18.8	21.9	23.5
	55-64 years	4.9	14.0	7.6	21.6
Commercial	18-24 years	8.2	10.8	9.5	1.1
	25-34 years	27.6	29.9	28.9	14.8
	35-44 years	30.3	34.2	32.1	31.1
	45-54 years	21.7	16.6	19.2	32.0
	55-64 years	12.2	8.5	10.3	21.1

Source: GEM Adult Population Survey 2009.

Focusing on the age distribution of social and commercial entrepreneurs by phase, it follows from Table 2 that social entrepreneurs are, on average, younger than commercial entrepreneurs. There are some differences by phase of the entrepreneurial process, however. Social established business entrepreneurs, for instance, are relatively older in comparison to social early-stage entrepreneurs. Furthermore, at all phases of the entrepreneurial process, a relatively larger share of individuals aged between 18 and 24 years is involved in social entrepreneurship than in commercial entrepreneurship. Once the business is created (young or established business), the share of the adult population aged 55-64 years is (slightly) higher for social entrepreneurship relative to commercial entrepreneurship. For nascent entrepreneurship however, commercial entrepreneurship involves a relatively larger share of individuals in the oldest age category. As regards the significance of these age differences, a t-test supports that the average age of commercial entrepreneurs (early-stage plus established) is indeed significantly higher than the average age of their social counterparts (42 years and 40 years respectively). However, the average age of early-stage commercial entrepreneurs and early-stage social entrepreneurs are not significantly different (39 years and 37 years respectively). Taking into account the small differences in age that we found combined with findings from previous empirical research, we formulate the following proposition.

Proposition 1: Social entrepreneurs are likely to be younger than commercial entrepreneurs.

▪ Gender

As far as gender is concerned, large-scale survey research shows that in all high income countries a higher proportion of men than women is engaged in entrepreneurship, despite an increase of female participation in entrepreneurship in many of these countries (Minniti, Arenius, & Langowitz, 2005; Parker, 2009; Reynolds et al. 2002). Socio-economic differences between female and male entrepreneurs in terms of age, household income, employment status, education, and country specific economic factors are not able to explain the difference in entrepreneurial engagement (Minniti & Nardone, 2007). Instead, it is suggested that the difference between male and female participation in entrepreneurship is largely attributable to perceptual or ‘subjective’ differences: women are less likely to feel qualified, have a greater fear of failure and judge opportunities more

pessimistically (Langowitz & Minniti, 2007; Minniti & Nardone, 2007; Verheul & Thurik, 2001).

Despite the stream of entrepreneurship literature in general, and entrepreneurship literature in particular, only a limited number of descriptive reports are available when it comes to gender and social entrepreneurship (Bosma & Levie, 2010; Harding & Cowling, 2006). These reports reveal that social businesses and initiatives are more likely to be started by men than by women but that the gender gap (i.e. the difference between the male and female percentage of the adult population involved in entrepreneurial activity) is smaller for social entrepreneurship than for commercial entrepreneurship. This suggests that women are proportionally more likely to become social entrepreneurs rather than commercial entrepreneurs. A recent survey by the Social Enterprise Coalition based on 962 telephone interviews with senior individuals within British social enterprises, shows that 41.1% of all board members are women, which is much larger than the percentage in non-social small businesses. Also, 26% of the social enterprises are owned by women, which sharply contrasts the given 14% in commercial small businesses in the UK (Leahy & Villeneuve-Smith, 2009, p.7). Apparently, social entrepreneurship appeals to women, but as yet no theoretical explanation is available.

Table 3. Gender distribution of different groups in the sample (18-64 years of age), The Netherlands and Belgium pooled, relative distribution within each group.

	Total sample	Not entrepreneurially active	Social entrepreneurially active	Commercial entrepreneurially active
Male	50.4	48.3	69.7	66.8
Female	49.6	51.7	30.3	33.2

Source: GEM Adult Population Survey 2009.

In line with Bosma and Levie(2010) and Harding and Cowling (2006), our data reveals that, while males and females are about equally present in the total sample, relatively more males are involved in entrepreneurial activity as opposed to females (Table 3). In contrast to earlier findings, the gender gap seems slightly larger for social entrepreneurs than for commercial entrepreneurs. Looking at entrepreneurship by phase (Table 4) it follows that the male-female distribution in social entrepreneurship is relatively comparable to commercial entrepreneurship for nascent and established entrepreneurs. For young business entrepreneurs however, the share of males involved is much higher for social entrepreneurship than it is for commercial entrepreneurship.

Table 4. Gender distribution of social and commercial entrepreneurship, by phase, The Netherlands and Belgium pooled, relative distribution within each group.

Phase in the entrepreneurial process		Nascent	Young business	Total early- stage	Established business
Social	Male	59.3	82.3	69.5	70.9
	Female	40.7	17.7	30.5	29.1
Commercial	Male	62.5	60.6	61.7	72.2
	Female	37.5	39.4	38.3	27.8

Source: GEM Adult Population Survey 2009.

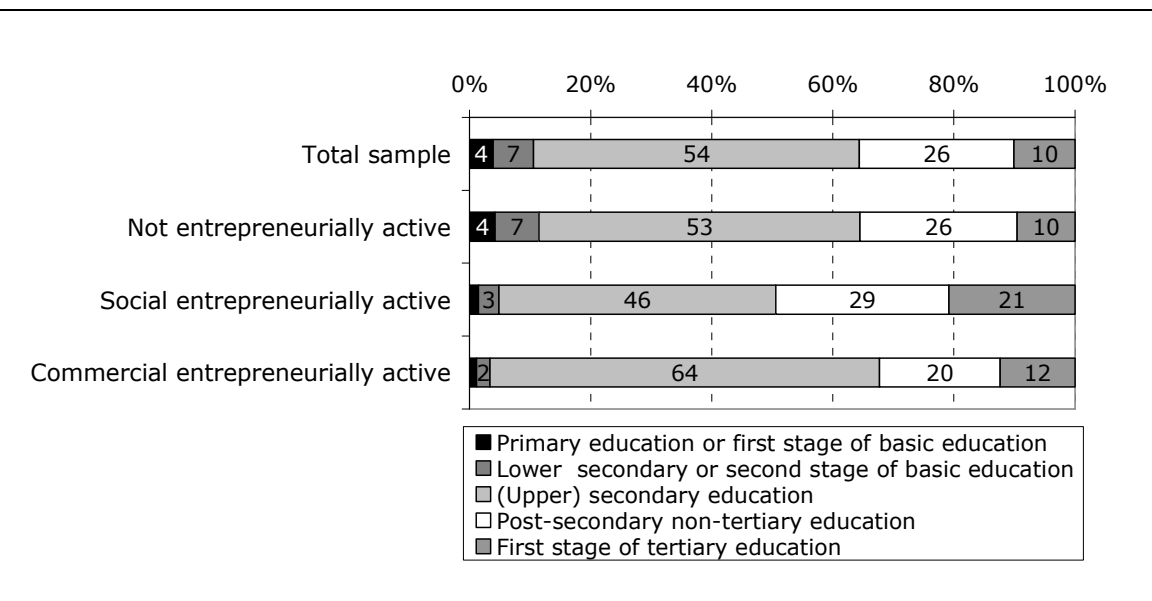
▪ *Education*

Shifting our focus to educational attainment as an individual characteristic, empirical evidence from entrepreneurship literature does not provide an unambiguous picture: results differ from positive, negative and insignificant relationships between entrepreneurship and education (Parker, 2009). From an occupational choice perspective, additional education may increase entrepreneurial knowledge, abilities and skills (Casson, 1995), but it equally increases the value of paid employment as an alternative option which makes the entrepreneurial option less attractive and hence less likely. Despite these ambiguities, various patterns between developing and developed countries have been found (Van der Sluis, Van Praag, & Vijverberg, 2005). In high income countries, education has been shown to be positively related to the probability of being self-employed (Blanchflower, 2004; Reynolds, Autio, & Hay, 2003).

With respect to the relationship between education and social entrepreneurship, the aggregate GEM data, that includes 49 countries at different stages of economic development, suggest that the level of education is positively related to the propensity of being active as a social entrepreneur, irrespective of the level of economic development (Bosma & Levie, 2010). Hoogendoorn and Van der Zwan (2011), who based their analyses on a sample of 36 high-income countries, and Harding and Cowling (2006), who focused on the UK context, confirm this relationship.

Figure 2 and Table 5 represent the results of our data with respect to educational attainment. Figure 2 suggests that social entrepreneurs do indeed have a higher level of education compared to their commercial counterparts. Of all social entrepreneurially active individuals, 50% has at least a post secondary degree, compared to 32% of the commercial entrepreneurially active individuals.

Figure 2. Education level of different groups in the sample (18-64 years of age), The Netherlands and Belgium pooled, relative distribution within each group.



Source: GEM Adult Population Survey 2009.

A specification of these results by phase of the entrepreneurial process can be found in Table 5. This Table reveals that whereas the level of education of

commercially active individuals remains rather stable across the phases in the entrepreneurial process, this is not the case for social entrepreneurs. In the latter case the level of education increases considerably with the level of engagement in the entrepreneurial process. In fact, whereas 30.6% of the nascent social entrepreneurs have a post-secondary or tertiary education, this percentage increases to 55% and 63% for young and established social entrepreneurs respectively. It seems plausible to assume that this effect is related to other variables such as age. A multivariate analysis may increase our understanding of this. For the time being and given previous research it seems legitimate to formulate the following proposition:

Proposition 2: Social entrepreneurs are likely to be more highly educated than commercial entrepreneurs.

Table 5. Education level of social and commercial entrepreneurship, by phase, The Netherlands and Belgium pooled, relative distribution within each group.

Phase in the entrepreneurial process		Nascent	Young business	Total early-stage	Established business
Social	Primary education or first stage of basic education	2.1%	1.4%	1.8%	1.8%
	Lower secondary or second stage of basic education	3.9%	0.8%	2.5%	4.7%
	(Upper) secondary education	63.4%	42.7%	54.7%	30.5%
	Post-secondary non-tertiary education	23.4%	20.4%	21.8%	40.2%
	First stage of tertiary education	7.2%	34.6%	19.1%	22.8%
Commercial	Primary education or first stage of basic education	1.4%	0.4%	0.9%	1.6%
	Lower secondary or second stage of basic education	1.4%	2.1%	1.7%	2.5%
	(Upper) secondary education	61.0%	68.1%	64.8%	64.1%
	Post-secondary non-tertiary education	17.3%	17.6%	17.5%	22.4%
	First stage of tertiary education	18.8%	11.9%	15.0%	9.4%

Source: GEM Adult Population Survey 2009.

▪ *Perceptions*

In addition to *objectively* measurable socio-demographic characteristics, *subjective* and often biased perceptions have an impact on the decision to participate in entrepreneurship (Busenitz & Barney, 1997; Cooper et al. 1988; Koellinger et al. 2007). A set of perceptions has been attributed to entrepreneurs and confirm the belief that entrepreneurs tend to be more overconfident than average, in particular with respect to the assessment of one's own skills, knowledge and abilities to start a business (Camerer & Lovallo, 1999; Koellinger et al. 2007). Other perceptions usually attributed to entrepreneurs, include the perception whether the entrepreneur personally knows someone who recently started a business (i.e. knowing other entrepreneurs), whether there will be good business opportunities for starting a business (i.e. perceived opportunity recognition) and perceptions related to risk-

taking. With the exception of risk, each of these perceptions have been found to have a positive effect on entrepreneurial activity (Arenius & Minniti, 2005).

With respect to the effect of knowing other entrepreneurs on entrepreneurial decisions, it has been argued that the presence of role models is able to reduce ambiguity in the start-up process (Minniti, 2004) and provides a personal network to be used for advice and support (Aldrich, 1999; Arenius & Minniti, 2005). With respect to opportunity perception, both Kirzner (1973; 1979) and Casson (1982) argue that the essence of entrepreneurship is the ability to perceive unexploited opportunities and that different individuals have different perceptions of the environment. Different views about entrepreneurial opportunities may play a role in explaining why some people become entrepreneurs while others do not.

With regard to risk, the ability to bear uncertainty and risk is required for entrepreneurship and is acknowledged to play a significant role in the choice to become an entrepreneur (Knight, 1921). Empirical research supports the idea of a negative effect of risk aversion on the entrepreneurial decision. One measure of risk aversion, used in GEM, is fear of failure⁷ which measures the extent to which fear of failure would prevent someone from starting a business. Several studies using GEM data equally report a negative association between fear of failure and the propensity to be involved in entrepreneurial activities (Clercq & Arenius, 2006; Levie, 2007)⁸. With respect to social entrepreneurship, bearing risk is equally acknowledged to be one of its characteristics which is reflected in several definitions of the concept (Dees, 1998b; Leadbeater, 1997; Peredo & McLean, 2006; Tan, Williams, & Tan, 2005; Zahra et al. 2009). Despite this acknowledgement, very little is known about the risk attitude of social entrepreneurs and whether this attitude differs from the attitude of commercial entrepreneurs.

Not only the above mentioned self-perceptions of entrepreneurial requirements, but also an individual's perception of the degree of 'legitimation' or 'moral approval' of entrepreneurship within a culture may influence the decision to engage in entrepreneurship (Etzioni, 1987; Freytag & Thurik, 2007). A high degree of legitimation expressed, for example, as a high level of social status for entrepreneurs (Parker & Van Praag, 2009, forthcoming), a desirable career choice and extensive media coverage of successful entrepreneurs, is expected to positively influence the preferences of individuals to become involved in entrepreneurship as occupational choice (Freytag & Thurik, 2007).

As far as social entrepreneurship literature is concerned, a single empirical UK based study touches upon the perceptions of social entrepreneurs (Harding & Cowling, 2006). Harding and Cowling conclude that the individual's perceptions with regards to one's own skills, knowledge and abilities to start a business, knowing other entrepreneurs, opportunity recognition and fear of failure are what make social entrepreneurs a distinct group compared to commercial entrepreneurs and the general adult population. However, when it comes to the perception of the degree of 'legitimation' or 'moral approval' of entrepreneurship (i.e. attitudes with

⁷ Fear of failure as a measure for risk aversion is debated. According to Parker (2009), it is unclear whether this variable measures risk aversion or something else, such as anticipated social stigma.

⁸ Although we acknowledge that someone's attitude towards risk is not the same as the actual or perceived level of risk itself, we pay attention to this aspect in the section on perceptions.

regards to entrepreneurship as a good career choice, status and respect and media attention for successful entrepreneurs), commercial entrepreneurs, social entrepreneurs and the general adult population are not significantly different (Harding & Cowling, 2006).

Table 6. Individual self-perceptions and individual perceptions of the legitimization of entrepreneurship, different groups in the sample, The Netherlands and Belgium pooled, percentage of the adult population (18-64 years of age) that agree with the statement.

	Total sample	Not entrepreneurially active	Social entrepreneurially active	Commercial entrepreneurially active
<i>Individual self-perceptions</i>				
Personally knows entrepreneurs	35.4	30.5	67.1	59.5
Perceived business opportunities	25.3	21.1	43.4	44.8
Self-perceived capabilities (knowledge, skills and experience)	46.9	38.6	74.5	89.5
Fear of failure	25.6	27.2	19.6	18.4
<i>Individual perceptions of legitimization of entrepreneurship</i>				
Entrepreneurship perceived as desirable career choice	61.7	58.7	63.7	77.7
Successful entrepreneurs gain high level of status and respect	56.3	55.9	67.8	57.0
Media attention about successful new businesses	44.8	42.9	47.6	55.0

Source: GEM Adult Population Survey 2009.

Making use of our data, Table 6 provides insights into the perceptual indicators for different groups in the sample. Table 6 reveals that the individual perceptions of socially and commercially active individuals are relatively similar, but deviate much from individuals who are not entrepreneurially active. Compared to the non-entrepreneurially active population, entrepreneurially active individuals – whether socially or commercially – relatively more often know other entrepreneurs, are relatively more positive concerning business opportunities and their self-perceived capabilities to start a new business, and are relatively less negative about their fear of failure. Although commercial and social entrepreneurs (early-stage plus established) do not differ significantly in terms of knowing other entrepreneurs, perceiving business opportunities and fearing failure if starting a business, commercial entrepreneurs are significantly more self-confident when it comes to their entrepreneurial skills than socially active individuals.

The different groups in our sample are somewhat more diverse with respect to their perception of the legitimization of entrepreneurship. Table 6 reveals that social

entrepreneurially active individuals are significantly more likely to believe that successful entrepreneurs enjoy a high level of status and respect as opposed to both commercial entrepreneurs and non-entrepreneurially active individuals. Yet, commercial entrepreneurs considerably more often than social entrepreneurs believe that starting a new business is a desirable career choice. The perceptions of social and commercial entrepreneurs are not significantly different when it comes to media attention for successful new businesses.

Given our findings and the observation, from the literature review, that social entrepreneurs share many behavioral characteristics with their commercial counterparts (Hoogendoorn et al. 2010; Short et al. 2009), we formulate the following propositions.

Proposition 3a: Social entrepreneurs are significantly less self-confident of one's own capabilities to start a business than commercial entrepreneurs, but when it comes to perceived business opportunities, risk tolerance and personally knowing entrepreneurs commercial and social entrepreneurs do not differ significantly.

Proposition 3b: Commercial and social entrepreneurs perceive legitimation of entrepreneurs in society differently.

▪ Employment status

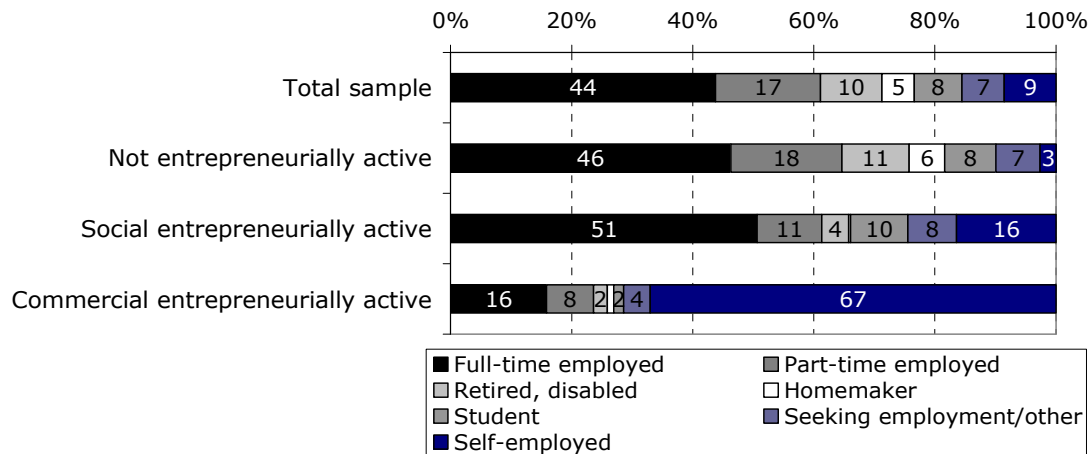
Being actively involved in running or owning and managing a business does not necessarily imply that someone is self-employed. Instead, it is common to mix work time between multiple occupations (Parker, 2009). In particular in mature market economies, it is common to start a business part-time next to a regular wage job (Carter, Gartner, & Reynolds, 1996; Delmar & Davidsson, 2000; Smallbone & Welter, 2001). Part-time business activity may serve as a route into full-time involvement by gradually increasing their involvement in the business over time when opportunities arise, individual circumstances change or confidence grows (Smallbone & Welter, 2001). Empirical evidence from the GEM seems to confirm this pattern: among established business owners the rate of full-time entrepreneurs is higher compared to early-stage entrepreneurs (Bosma & Harding, 2007; Bosma, Jones, Autio, & Levie, 2008; Minniti, Bygrave, & Autio, 2006). More than 80% of established business owners see their business as a full-time occupation whereas this is slightly more than 70% for early-stage entrepreneurs (Bosma et al., 2008)⁹. In addition, working people, both self-employed and in paid employment either full-time or part-time, are more likely to be entrepreneurially active (Arenius & Minniti, 2005). Participation in entrepreneurial activity is much lower among those who are not active in the labor market (e.g. unemployed, students, homemakers, and retired) (Bosma & Harding, 2007).

With respect to social entrepreneurship, some authors hold a view that social entrepreneurs are completely possessed by their vision and, as a consequence, are fully committed to the business or activity on a 24/7 basis (Bornstein, 2007; Drayton, 2002; Light, 2009). In contrast to this view but partly in accordance with the empirical findings from regular entrepreneurship literature, Harding and

⁹ The rate of full-time involvement in entrepreneurial activity differs across countries. With respect to Belgium and The Netherlands, the GEM 2007 report shows that, in Belgium, some 75% of early-stage and established businesses are engaged in their business on a full-time basis. In The Netherlands, about half of all early-stage entrepreneurs see their business as a full-time occupation whereas this percentage is close to 80% for established businesses.

Cowling (2006) find that young social businesses are most likely to be run by someone who is in full-time employment and an established social business is run by someone who is employed part-time. Interestingly, she finds that individuals who are labor market inactive are slightly more likely to be involved in early-stage social entrepreneurship than in early-stage commercial entrepreneurship. In addition, those in full-time employment seem to be most likely of all occupational groups to be involved in starting or running a young social business.

Figure 3. Occupational status of different groups in the sample (18-64 years of age), The Netherlands and Belgium pooled, relative distribution within each group.



Source: GEM Adult Population Survey 2009.

The results of our data with respect to employment status are described in Figure 3 and Table 7. Most remarkable in Figure 3 is the difference between social and commercially active individuals. Whereas by far the majority of commercial entrepreneurs are self-employed, this is true for only 16% of the social entrepreneurs. In contrast, 62% of the social entrepreneurs are involved in paid employment, where this is the case for only 24% of the commercial entrepreneurs. In addition, the percentage of labor market inactive entrepreneurs (i.e. retired, disabled, students, homemakers, and unemployed) is higher for social entrepreneurs than for commercial entrepreneurs.

When considering the various stages of the entrepreneurial process and employment status, Table 7 confirms the assumption that part-time employment combined with part-time business activity may serve as a route into self-employment as suggested by Smallbone and Welter (2001), at least for the commercial entrepreneurs. The percentage of commercial entrepreneurs that is either full-time or part-time employed decreases from 38% for the nascent entrepreneurs to 26% and 14% for the young and established entrepreneurs respectively. At the same time, the level of self-employment increases from 40% to 81% for nascent and established entrepreneurs respectively. For social entrepreneurs, Table 7 reveals a different picture. More than half of the nascent social entrepreneurs retain part-time or full-time employment, and this number is even increasing for young and established social entrepreneurs (66% and 65% respectively). The difference is evident with respect to established business owners. In addition, more than half of the established social entrepreneurs indicate

that they consider their social activity as an activity outside their daily job¹⁰. This suggests that part-time involvement in social entrepreneurship does not serve as a (successful) route into full-time involvement. Possible explanations may include a lack prospects in terms of opportunities and income generating capacity or specific challenges regarding resource mobilization (Dees, 1998b; DiDomenico, Haugh & Tracey, 2010; Haugh, 2006; Peredo & McLean, 2006). In addition, and possibly related to the previous arguments, the activity may also be considered as a hobby, a volunteer activity, or an activity on the side which contrasts the image of the ‘possessed’ and ‘fully committed’ social entrepreneurs as put forward by some authors (Bornstein, 2007; Drayton, 2002; Light, 2009). Based on these findings and previous research we formulate two propositions:

Proposition 4a: Social entrepreneurs are less likely to transit into full-time self-employment than commercial entrepreneurs.

Proposition 4b: Social entrepreneurs are more likely to hold multiple jobs and hence put less effort into their social activity than commercial entrepreneurs.

Table 7. Occupational status of social and commercial entrepreneurship, by phase, The Netherlands and Belgium pooled, relative distribution within each group.

Phase in the entrepreneurial process		Nascent	Young business	Total early-stage	Established business
Social	Full-time employed	43.2	52.6	47.0	56.9
	Part-time employed	9.4	13.4	12.0	8.2
	Retired, disabled	4.1	6.0	4.4	4.3
	Homemaker	0.0	1.0	0.5	0.0
	Student	12.7	11.7	12.6	4.5
	Seeking employment/other	14.0	5.4	9.6	5.3
	Self-employed	16.6	9.8	13.9	20.8
Commercial	Full-time employed	27.0	17.0	22.0	8.8
	Part-time employed	10.6	8.7	9.7	5.3
	Retired, disabled	4.1	1.2	2.6	1.8
	Homemaker	2.3	0.2	1.3	0.7
	Student	4.2	0.8	2.5	0.7
	Seeking employment/other	12.0	2.1	7.0	1.4
	Self-employed	39.8	69.9	54.9	81.3

Source: GEM Adult Population Survey 2009.

When shifting focus from labor market active individuals to those who are not active on the labor market (i.e. retired, disabled, homemakers, students, and unemployed), Table 7 shows that, for every phase, the share of labor market inactive individuals involved in entrepreneurial activity is about three times higher for social entrepreneurs than for commercial entrepreneurs. In particular, social entrepreneurship seems to be an appealing alternative for students and those who are not working compared to commercial entrepreneurship. In line with Harding and Cowling (2006), our data suggests that social entrepreneurship may serve as a way to include these groups in entrepreneurial activities that leads to the following proposition:

¹⁰ Socially entrepreneurially active individuals were asked to indicate whether their activity was their daily job, part of their daily job or an outside job activity. Since this was asked only to the social entrepreneurs and not to the commercial entrepreneurs, these statistics are not displayed here.

Proposition 4c: Those individuals who are inactive on the labor market are more likely to choose social entrepreneurship than commercial entrepreneurship.

Next, we switch from individual characteristics to the characteristics at organization level

4.2. Characteristics of the social organization or initiative

At the organizational level, we focus on the following characteristics: the age of the organization (or initiative), the organizational objectives, the size of the organization (or initiative), the sources of funding and the degree of innovation.

- *Age of the organization or initiative*

Several studies that concern the age of social businesses or activities all point in the same direction: they tend to be young and mainly represented in the early stages of the entrepreneurial process. Hoogendoorn and Van der Zwan (2011), for example, find that social entrepreneurs are mainly engaged in the pre-start-up or infancy stage of creating a social business. Harding and Cowling (2006) found evidence of a relatively high rate of nascent social entrepreneurship, a significantly lower rate of young social business entrepreneurship and a relatively higher rate of social established entrepreneurship (Harding and Cowling, 2006). Again in the UK, another study conducted by the Social Enterprise Coalition found, based on 962 telephone interviews with senior individuals within British social enterprises, that a third of them had been in existence for four years and that 50% of the enterprises began their activities after the year 2000 (Leahy & Villeneuve-Smith, 2009). In other words, there seems to be a large number of recently created social businesses. Hence, we expect the age of social organizations (or initiatives) to be rather modest.

Table 8 presents prevalence rates for social and commercial entrepreneurship by phase for Belgium and The Netherlands.

Table 8. Involvement in social and commercial entrepreneurship, by phase, The Netherlands and Belgium pooled percentage of the adult population (18-64 years of age).

Phase in the entrepreneurial process	Nascent	Young business	Total early-stage	Established business
Social	0.86	0.69	1.52	0.99
Commercial	2.37	2.44	4.79	4.45

Source: GEM Adult Population Survey 2009.

For commercial entrepreneurship, the prevalence rates of established business entrepreneurs are higher than nascent and young business entrepreneurs. Social entrepreneurship, however, seems to be a rather early-stage activity as the prevalence rate of total early-stage entrepreneurship (nascent plus young business entrepreneurs) is relatively higher than the social established business entrepreneurship prevalence rate. This observed pattern of the age of the social entrepreneurial activities by phase confirms previous empirical research findings. According to Hoogendoorn and Van der Zwan (2011), one explanation could lie in the rate of business closure and related challenges social entrepreneurs face when setting up their activities. However, additional insights into why this is the case are

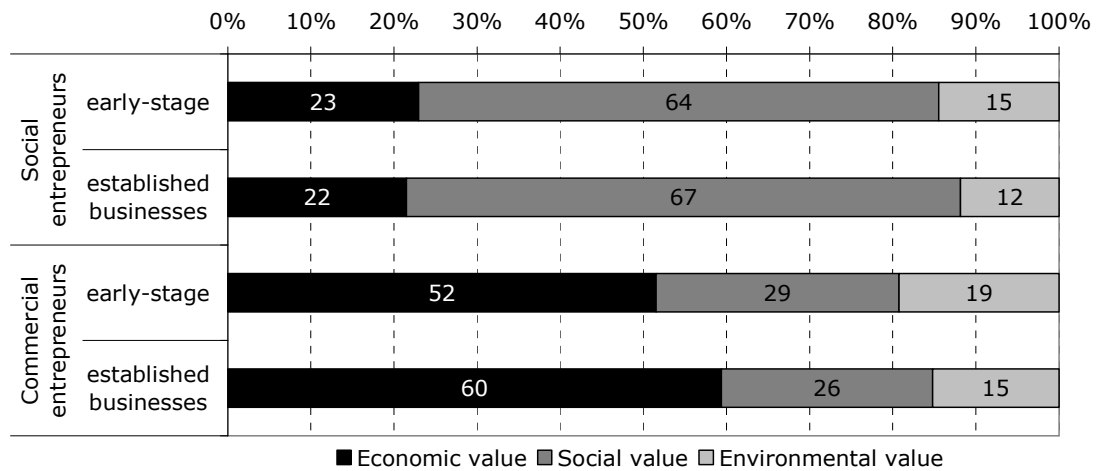
needed. Therefore, this question, along with others, will be addressed in our interviews with key informants (see Section 4.3.).

▪ *Organizational objectives*

Although the difference between commercial and social entrepreneurs may seem unmistakable – i.e. the former being mainly driven by economic goals whereas the latter being driven by social goals – both theoretical and empirical research is more nuanced. The entrepreneur's set of goals may vary for each individual (Naffziger, Hornsby, & Kuratko, 1994) and is likely to be manifested as a combination of economic goals (i.e. monetary rewards such as acquiring personal wealth or increasing personal income), social goals (i.e. fulfilling relationships with other people and benefiting society in some way) and self-developmental goals (i.e., the achievement of intellectual and spiritual satisfaction and growth) (Wickham, 2006). Even though it seems to be commonly held that social entrepreneurs are primarily driven by a social mission, realizing a social vision or the creation of social value (Dees, 1998b; Haugh & Rubery, 2005; Mair & Schoen, 2007; Sharir & Lerner, 2006; Sullivan Mort et al., 2003), a study by Sharir and Lerner (2006) confirms the view of (Naffziger et al., 1994): Similar to commercial entrepreneurs, social entrepreneurs are driven by combinations of motives. Some of these motives are comparable to those of their commercial counterparts (i.e. self-fulfillment, achievement, occupational independence), while other motives are more specific to the case of social entrepreneurs (i.e. personal rehabilitation, search for solutions to individual distress, fulfillment of obligations to one's community by meeting local needs or addressing social issues) (Sharir & Lerner, 2006). In addition, Shaw and Carter (2007), who confirm the multiple goal orientation of social entrepreneurs, found that social entrepreneurs consider profitability and financial wealth in the long and the short term less important than their commercial equivalent. Personal satisfaction and successfully addressing a social issue are instead considered key benefits to the social entrepreneur.

Despite the ongoing conceptual debate, it seems that there is a consensus on the primary motivations of social entrepreneurs and the objectives of social businesses on creating social value. Whereas the above-mentioned studies focus mainly on individual motivations and not on business objectives, it has been shown in the literature that, in an entrepreneurial context, the organization is often an extension of the entrepreneur and that individual and organizational objectives therefore coincide (Parker, 2009). In the GEM survey, individual (social) entrepreneurs were asked to answer about their organization's goals. That is, each respondent of the GEM survey who, at the time of survey, indicated to be currently trying to start a new business, currently owning-managing an existing business, was asked to allocate a total of 100 points across three main categories of goals of his/her organization: the generation of economic, social and/or environmental value. The distribution of the organization's goals as perceived by social or commercial entrepreneurs is presented in Figure 4.

Figure 4. Goals of social and commercial entrepreneurs in terms of economic, social or environmental value, by phase, The Netherlands and Belgium pooled.



Source: GEM Adult Population Survey 2009.

It is important to note that for both types of entrepreneurs there are only small differences in the organization’s goals as perceived by early-stage entrepreneurs and established business owners, in particular for social entrepreneurs. In other words, the hierarchy of objectives seems to remain rather stable across the different phases of the entrepreneurial process. Furthermore, it seems that, on average, the accent for social early-stage and established business entrepreneurs is, as expected, more on social value creation (about two third), while commercial entrepreneurs are much more driven by economic goals (\pm 50-60%). Nevertheless, commercial entrepreneurs also attach value to social and environmental goals, although commercial entrepreneurs seem to consider social value creation as slightly more important than environmental value creation, irrespective of the phase of the entrepreneurial activity. Interestingly, early-stage commercial entrepreneurs seem, on average, to attach more value to environmental goals than do social early-stage entrepreneurs. Social entrepreneurs, on the other hand, attach secondary importance to economic goals before paying attention to environmental value creation. Overall, commercial early-stage entrepreneurs and commercial established entrepreneurs attach significantly higher values to economic and environmental goals than do their social counterparts. Social entrepreneurs (both early-stage and established) however, attach significantly more value to social objectives. In short, Figure 4 confirms the dominant focus of social entrepreneurs on social value creation and undermines the belief that commercial businesses simply pursue economic goals. Before concluding on the mix of objectives of social entrepreneurial organizations and initiatives compared to commercial ones, we discussed this issue with our key informants. Insights gained from these interviews are reported in Section 4.3.

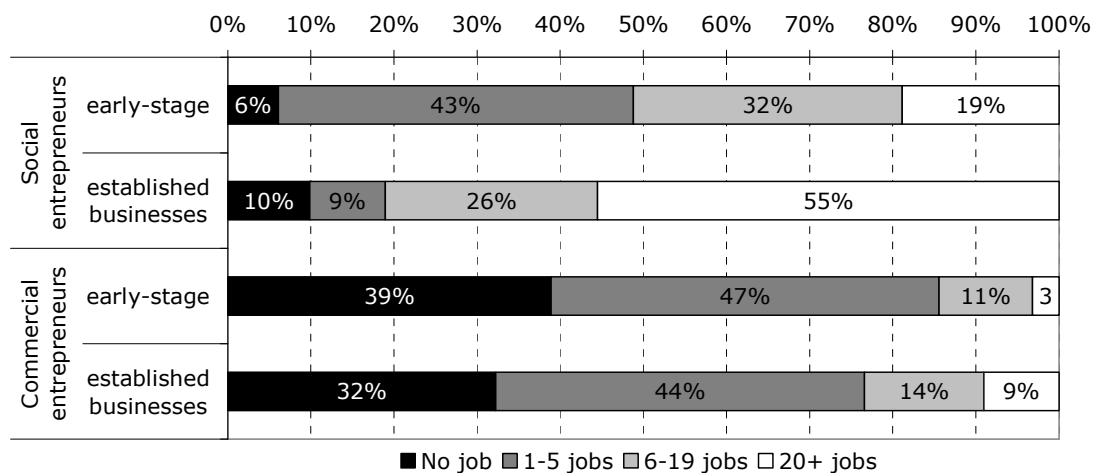
▪ *Size of the organization or initiative*

Given the relatively broad meaning generally attributed to social entrepreneurship organizations, it has been somewhat difficult for researchers to conclude on any trend regarding their size in terms of turnover or numbers of employees. Leahy and Villeneuve-Smith (2009), in their UK based Social Enterprise Survey, concluded that social enterprises are similar to businesses in general in that a large majority is

small and medium sized (that is, turnover below £25 million and/or fewer than 250 employees). However, a more detailed level of analysis is required in order to determine whether social entrepreneurship shows a different pattern from that of commercial entrepreneurship.

Figure 5 provides insights into the current number of people working in social and commercial entrepreneurial activities. Here again, a distinction has been made between early-stage and established activities.

Figure 5. Current number of people working in social and commercial entrepreneurial activities, by phase, The Netherlands and Belgium pooled.



Source: GEM Adult Population Survey 2009.

As the figure illustrates, about 6% and 10% of social early-stage entrepreneurs and social established entrepreneurs respectively have no people working in their activity. Surprisingly, very many social established business entrepreneurs have 20 or more people working in their organization, while the majority of social early-stage entrepreneurs have between 1 to 19 people working in their activity. In comparison, most commercial entrepreneurs (whether involved in early-stage activities or running an established business) employ either no people or 1 to 5 people. One possible explanation for the difference in the number of workers between social entrepreneurial activities and commercial businesses could lie in the number of volunteers. Traditionally, volunteers are well represented in nonprofit, charitable organizations. A Dutch chain of fair-trade shops may serve as an illustration: one third of the 400 retail shops of the ‘Wereldwinkel’ employs a group of 40 volunteers for each shop whereas a regular retail shop employs on average 7,5 (paid) employees (Rijt-Veltman, 2010). Table 9 provides details on the characteristics of workers active in social entrepreneurial ventures and includes the number of volunteers¹¹.

¹¹Data on the number of volunteers and part-time workers are not available for commercial entrepreneurs.

Table 9. Characteristics of workers in social activities, organizations or initiatives, by phase, The Netherlands and Belgium pooled.

	Social <i>early-stage</i> activities	Social <i>established</i> activities
Number of people working (average), of which:	15	44
Number of volunteers (average)	13	18
Number of part-time workers (average)	8	18
Expected number of people working in 5 years (average)	20	43

Source: GEM Adult Population Survey 2009.

As can be seen from Table 9, the average number of people working in a social entrepreneurial activity equals 15 for early-stage activities and 44 for established activities. The number of volunteers working in the social activity, organization or initiative also increases when the organization matures. The same pattern can be observed for part-time workers. Interestingly, the share of volunteers in the total number of workers is relatively higher for social early-stage activities (13 out of 15) than for social established business activity (18 out of 44). This might suggest that once the social business is a lasting activity, there are more opportunities for individuals for a paid job. Given the wide spread in the number of employees and volunteers across social organizations, we are not in a position to formulate a general proposition regarding their size.

Finally, the expected number of people working in five year's time suggests that social early-stage entrepreneurs expect their social activity to grow, whereas social established business entrepreneurs will have about the same number of people working in their activities. This further suggests that social entrepreneurs do not really have high growth ambitions. This finding can be related to our earlier remarks on organizations' lack of prospects in terms of opportunities and income generating capacity or their hobby/voluntary characteristics. Commercial entrepreneurs, however, have more growth ambitions as the expected job growth in a five year period is 17 employees for commercial early-stage activities and 7 employees for established commercial enterprises, as follows from the GEM survey (not shown in Table 9).

Proposition 5: Social entrepreneurs are less ambitious in terms of employment growth than commercial entrepreneurs.

▪ Sources of funding

Social entrepreneurial organizations or initiatives turn to different sources of funding, depending on their profit status, among others. When organized as nonprofits, for example, they are likely to turn to government subsidies and private donations because a non-distribution constraint prevents the distribution of generated profits in the form of stocks and dividends. However, a trend has emerged over the last few years,, especially in the US, in reaction to an increased demand on their services and important cuts in public funding (Phills Jr. Deiglmeier, & Miller, 2008) and against a background of a long tradition of market reliance: the generation of earned income i.e. income resulting from some form of exchange of a product or service (Dees & Battle Anderson, 2006). In Europe, on the other hand, social enterprises use the same resources (i.e. a mix of earned income, fees from users, public subsidies and volunteers (Defourny & Nyssens,

2010) against the background of strong support from the government. However, as noted by Alter (2007) and Armstrong (2006), earned income activities and self-financing schemes have been practiced by nonprofits for a long time in a variety of sectors (e.g. hospitals, universities, arts). But whether earned income strategies need to be directly related to their mission remains the subject of debate¹².

Two approaches to social organizations' funding predominate at the conceptual level. On the one hand, some expect social entrepreneurship organizations to be funded by means of earned income-generating activities (Mair & Martí, 2006; Oster, Massarsky, & Beinhacker, 2004). This is, indeed, the more reliable path to financial sustainability, compared with donations and grants (Dees, 1998a). Accordingly, many researchers (Boschee, 2001; Emerson & Twersky, 1996; Weisbrod, 1998) have advocated the role of earned income in reducing social organizations' dependence on outside sources of funding and allowing cross-subsidization. On the other hand, the opponents of this "earned income approach" (Defourny & Nyssens, 2010) have argued that earned income is not a sufficient condition (Mair & Martí, 2009). Indeed, "social entrepreneurship is about finding new and better ways to create and sustain social value" (Anderson and Dees, 2002, p. 192). Even when organized as for-profits, social organizations' focus should be on the social value proposition rather than on its economic activities. As such, Light (Light, 2005, p.18) insists "social entrepreneurs need not engage in social enterprise or use market-based tools to be successful". This movement considers earned income as one of the *many* options to fund a social organization or initiative. Other options are monetary resources such as subsidies, donations and grants and non-monetary resources such as volunteers, even though some for-profit social organizations now turn to venture capitalists.

At the empirical level, a mix of funding sources has been brought as a response to these conflicting views on social entrepreneurship's means to ensure financial sustainability. A study of the European charities shows that 47% of their sources come from earned income – voluntary workforce representing 45% of their income, and 8% coming from investment (Defourny & Nyssens, 2010). Focusing on the UK context Peattie & Morley, (2006) insist on this funding mix as a unique characteristic of social enterprises. They found that the majority of social enterprises surveyed turned mainly to grant and donation funding, the rest being dependent on earned income. Still in the UK, Smallbone & Welter (2001) found that social enterprises fund their activities by a mix of market, non-market and non-monetary resources such as voluntary work. Vidal (2005) found that 80% of Work Integration Social Enterprises' (WISE) income comes from earned income (2/3 to the private sector, 1/3 to the public sector), the remainder coming from subsidies, grants, and fixed-asset disposals. However, Amin, Cameron, & Hudson, (2002) found that most social enterprises operate on a local scale and only a small proportion managed to make the transition from philanthropy and government subsidy to financial independence through earned income. In addition, a study conducted by Foster and Bradach (2005) showed that earned income counts for only a small share of funding in most nonprofit domains and few ventures actually make money. This could be due to the challenges induced by the tension between implementing earned income strategies while pursuing a social mission (Foster & Bradach, 2005; Pharoah, Scott, & Fisher, 2004; Seelos & Mair, 2005). Therefore,

¹² Different schools of thought have different opinions on the relationship between earned income and mission. See Hoogendoorn et al. (2010) for an overview of different schools of thought and their distinguishing features.

being able to keep a balanced mix between earned income streams, grant funding and/or partnerships with a for-profit organization, has been seen as the key to sustainability (Hare, Jones, & Blackledge, 2007; Reis & Clohesy, 2001).

Returning to our dataset, respondents were asked whether any of the revenue for their activity, organization or initiative with a social, environmental or community objective originated from income, for example through the sale of products or charging for services. If yes, the respondent was then asked what percentage of total income came from the sale of products or services. Table 10 provides an overview of the sources of income of social activities, organizations and initiatives by phase.

Table 10. Sources of income of social activities, organizations and initiatives by phase, The Netherlands and Belgium pooled.

	Social <i>early-stage</i> activities	Social <i>established</i> activities
Any revenue coming from income, for example through sales of products or charging for services? (% yes)	58.0	37.8
Percentage of total income that comes from the sale of products or services?	57.6	79.3

Source: GEM Adult Population Survey 2009.

Table 10 shows that nearly two thirds of the social established businesses (62%) do not derive their income from their activity, organization or initiative. In contrast, the majority of the social early-stage entrepreneurially active generates at least some revenue from income. This counter-intuitive result (one might have thought that, as the social entrepreneurial organization/initiative matures, it relies more on sales than on grants and subsidies) could depict the observation that the GEM survey captures large, long lasting, government-based nonprofits as social established businesses as was suggested by several key informants (see the discussion on size in Section 4.3.). However, of those social organizations and initiatives that indicated that they did, indeed, derive some revenue from sales of products and services, it is evident that the established entrepreneurs depend less on other sources than their early-stage counterparts (21% and 42% respectively). Hence, in line with other studies, our data suggests that social organizations and activities rely on a mix of funding sources. This leads to the following proposition:

Proposition 6: The funding mix of social organizations and initiatives is dominated by other sources than earned income from the sale of products and services.

▪ *Innovativeness of the organization or initiative*

Innovation is considered as a fundamental element of entrepreneurship (Drucker, 1985; Schumpeter, 1934). According to Schumpeter, innovation may involve new products or services, as much as new methods of production, new markets, new sources of raw materials, or the reorganization of an industry. Adopting a Schumpeterian view on social entrepreneurship, numerous scholars have highlighted the innovative behavior of social entrepreneurs (Dees, 1998b; Mair & Martí, 2004; Nicholls, 2006b; Roberts & Woods, 2005; Thompson et al. 2000; Weerawardena & Sullivan Mort, 2006). Weerawardena and Sullivan Mort (2006) suggested that increased competitiveness forces this type of businesses to be

innovative in all its social value creating activities. Others suggested that innovativeness is the result of a general lack of resources (Mair & Schoen, 2007; Roberts & Woods, 2005; Weerawardena & Sullivan Mort, 2006). In addition, Weerawardena and Sullivan Mort (2006), as well as McDonald (2007), found that social entrepreneurs themselves perceived their organizations as innovative. McDonald's research (2007) subsequently showed that self-reported innovativeness is related to the actual number of innovations developed and adopted. This finding indicates that the respondents had a reasonably good idea of how innovative their institutions were in comparison to competitors. The same study also found that mission-driven nonprofit organizations are more likely to develop and adopt innovations faster than competitors. Moreover, in their typology of social entrepreneurs, Zahra et al. (2009) acknowledged that different types of social initiatives are not all equally innovative in terms of social significance. In particular, the social engineers, in comparison to social bricoleurs and social constructionists, are the most likely to achieve social change. Some empirical evidence for this widely shared opinion was provided by Shaw and Carter (2007) who concluded from their case study analyses that innovation and creativity was one of the five main themes of social entrepreneurship to be borrowed from the entrepreneurship literature. However, as the authors state, innovation in the social context involves searching for and applying novel solutions to intractable, long lasting social problems.

In general, as suggested but not tested, social entrepreneurs are expected to show and execute some degree of innovation in their activities. Table 11 displays the degree of innovation offered by the social entrepreneurs' activities, differentiating between early-stage and established ones.

Table 11. Degree of innovation of social activities, organizations and initiatives, by phase, The Netherlands and Belgium pooled, percentage of the adult population (18-64 years of age) involved in social entrepreneurship who agree with the statement.

	Social <i>early-stage</i> activities	Social <i>established</i> activities
Social activity offers new type of product or service	37.4%	24.3%
Social activity offers new way of producing product or service	38.0%	23.0%
Social activity offers new way of promoting or marketing product or service	41.4%	24.5%
Social activity attends new or so far unattended market niche of customer	42.1%	23.9%
If social activity did not exist, the customers' needs would be served elsewhere in the market	48.4%	47.1%

Source: GEM Adult Population Survey 2009.

It follows from Table 11¹³ that social entrepreneurs perceive their social businesses or activities as quite innovative. More precisely, the results underline the innovativeness of social early-stage entrepreneurs relative to social established business entrepreneurs. Social early-stage entrepreneurs not only perceive themselves as relatively more innovative than social established ones in terms of

¹³ These specific measures for innovation are available only for social entrepreneurs, not for commercial entrepreneurs.

providing, producing or promoting a new product/service, but also in terms of entering a new or so far unattended market niche or customer. In other words, irrespective of the type of innovativeness, social early-stage entrepreneurially active individuals are more positive about their innovativeness compared to social established entrepreneurs. The same pattern holds for commercial entrepreneurs: commercial established business entrepreneurs are less positive about their innovativeness compared to their early-stage counterparts (not shown in Table 9). This finding suggests that as (social) entrepreneurial activities mature, they become less innovative. Perhaps new businesses or activities need to be innovative in order to survive in the market while established activities are less driven by this motive. Given the similarities between social and commercial entrepreneurship with regard to innovation, we do not formulate any specific proposition.

In the next section, these quantitative insights are combined with the organizational characteristics of social entrepreneurship with insights gained from interviewing key informants.

4.3. Organizational level insights from interviews

As described in the methodology section, the key informants were asked to interpret some of the descriptive results presented in the previous section. Since little literature is available on the organizational level in relation to social entrepreneurship, this dimension was emphasized in our interviews. Subsequently, valuable insights at the organizational level are framed as propositions. These insights are then combined with quantitative insights in order to generate testable propositions for future research.

As far as the **age** of the organizations is concerned, our data suggests that social organizations and initiatives are relatively younger compared to commercial organizations and, hence, over-represented in the early-stages of entrepreneurial engagement, with about 60% (see Table 8)¹⁴ of all individuals engaged in social entrepreneurship being involved in an early-stage activity while almost 40% is involved in an established activity. For commercial entrepreneurs on the other hand, the distribution over early-stage and established activities is more or less in balance. Reflection of our key informants on this finding reveals at least three interesting suggestions. *First*, it was suggested that a lack of leadership skills and entrepreneurial ability in the hands of social entrepreneurs contributed negatively to the survival prospects: i.e. idealistic social entrepreneurs are motivated ‘to do something social’ but sometimes lack the necessary entrepreneurial skills ‘to do well’. Indeed, the double bottom line of social entrepreneurial initiatives, i.e. serving social and economic objectives simultaneously, is likely to make the conduct of business more complex and, hence, to threaten their survival and growth (Austin et al., 2006; Dorado, 2006; Mair & Martí, 2006; Moizer & Tracey, 2010; Zahra et al., 2009). As a *second* explanation, the intentions of social entrepreneurs and the influence of government subsidies were mentioned repeatedly. In the Belgian and Dutch context, it is likely that a considerable part of social activities are organized as projects subsidized by the government and are, by definition, not meant to last. Subsidies are often granted for a period of no longer than three to four years, which corresponds to the definition of a young business as used in the GEM survey (a business that is less than 3.5 years old). Moreover, if social entrepreneurs are willing but unable to continue their operations without

¹⁴ See Table 8: $1.52/(1.52+0.99)$.

drawing on public sources, they will not turn their efforts into established activities. Whether social entrepreneurs do not have the intention or are unable to turn their activities into lasting actions led one of our key informants to conclude: 'The Netherlands is a cemetery of unfinished projects'. *Third*, the low rate of established social business entrepreneurship could also be explained by the fact that social entrepreneurship is perceived as a relatively young phenomenon. However, it has been argued that, throughout history, social entrepreneurs have always been around but were never addressed as such (Alter, 2007; Bornstein, 2007; Nicholls, 2006b). In addition, the long tradition of private initiatives in both Belgium and The Netherlands (Veldheer & Burger, 1999) and the substantial nonprofit sectors in both countries (Burger, Dekker, Toepler, Anheier, & Salamon, 1999; Mertens et al., 1999) suggest that 'activities, organizations or initiatives that have a particularly social, environmental or community objective' are not particularly new.

These insights, along with the insights gained from our quantitative part in Section 4.2., point in the same direction: social entrepreneurial organizations and initiatives are relatively young and social entrepreneurship may be considered as an early-stage phenomenon. Hence we formulate the following proposition.

Proposition 7a: Social entrepreneurial organizations or initiatives are on average younger than their commercial counterparts and are mainly represented in the pre-start-up or infancy stage of the entrepreneurial process.

Proposition 7b: The age of the social entrepreneurial organization or initiative is positively related to the quality of the leadership and entrepreneurial skills.

Proposition 7c: The age of the social entrepreneurial organization or initiative is negatively related to the involvement of government funding in the sector in which it is active.

When shifting the focus to the **goals** set by social and commercial entrepreneurs, GEM data clearly show that all businesses, whether social or commercial, claim that their business or activity is at least an act of blended value creation. The considerable amount of points allocated to social goals by commercial entrepreneurs (on average more than 25 points out of 100) was explained by the key informants as either a socially desirable answer or social entrepreneurs' perception of having social benefits, mainly by creating jobs and human resource practices. This leads to the following proposition.

Proposition 8: Blended value creation is not what distinguishes social organizations from commercial ones. It is the intention and dominance of perceived social value creation over economic value creation that is a distinguishing feature of social organizations and initiatives.

In terms of **organizational size**, according to some key informants, the data capture at least two different types of organizations. On the one hand, it was suggested that there are, among social early-stage entrepreneurial activities, many publicly financed projects. Given the relatively short lead-time of public funding, those projects are not meant to be large-scale in terms of employment. On the other

hand, established social entrepreneurial organizations are likely to represent the very large, established professional nonprofits or NGOs. These two relatively extreme situations in terms of size do not allow us to draw a proposition regarding social entrepreneurial organizations in general.

To be able to obtain a better, overall understanding of the group of respondents who answered positively to the defining question '*Are you, alone or with others, currently trying to start or currently owning and managing any kind of activity, organization or initiative that has a particularly social, environmental or community objective*'¹⁵, we asked the key informants to reflect on this question from the perspective of the group they represent. That is to say, we gathered key informants' perceptions of how the respondents may have interpreted the question. Two main insights arose, including a mixture of professional language used in the defining question and a certain resistance to social entrepreneurship.

First, it followed from the interviews that the co-existence of different perspectives of social entrepreneurship reflects a mixture of professional language. Social entrepreneurship comes into existence at the intersection of state, market and civil society (Kerlin, 2009; Nicholls, 2006a; Nicholls, 2006b) and hence can be characterized as a mixture of related but different phenomena, each with its own logic of exchange, institutions associated with it, types of goods and services, and their own professional language¹⁶. A mixture of the latter is reflected in the question used in the GEM 2009 survey. It was suggested by the key informants that, at least in Belgium and The Netherlands, the professional language from one sector does not resonate with the language of another sector. In particular, it was indicated that terms used in the first part of the question, such as 'owning and managing', strongly refer to the business environment. On the other hand, the examples used in the second part of the question (e.g. 'providing services or training to socially deprived or disabled persons, using profits for socially oriented purposes, organizing self-help groups for community action') were perceived as being associated with the nonprofit sector, which is heavily government-subsidized in those two countries. As a result, the key informants who shared this understanding of the question stated that respondents from the nonprofit sector would answer negatively to this question because they do not recognize themselves in the business language. The same holds for more business-oriented respondents. Even if we might want to label them as social entrepreneurs, we will not capture them with this question because they cannot identify their activities with the examples used at the end of the question that are more related to traditionally subsidized nonprofit initiatives. Hence, key informants argued that only a very small group of respondents is likely to feel comfortable with the language used in the question and therefore identify themselves as 'social entrepreneur'. This might explain the relatively low rate of social entrepreneurial activity found in Belgium and The Netherlands.

A *second* point of interest emanating from our interviews concerns a certain resistance to social entrepreneurship. According to some of the Dutch interviewees, given the omnipresence of the government in the provision of social

¹⁵ In addition to this question, some examples were provided for the respondent, formulated as '*This might include providing services or training to socially deprived or disabled persons, using profits for socially oriented purposes, organizing self-help groups for community action etc.*'.

¹⁶ The intermediate space at the crossroad of market, state and civil society has been claimed to represent: associations (Streeck & Schmitter, 1985), third sector (Evers & Laville, 2004; Pestoff, 1992), social economy which incorporates social enterprises (Defourny, 2009; Nyssens, 2006), social ventures (Kievit, Dijk, & Spruyt, 2008), and social entrepreneurship (Nicholls, 2006a; Nicholls, 2006b).

services (in practice outsourced to private nonprofits), the Dutch social sector is perceived as over-organized and, as long as there is no lack of resources (i.e. subsidies), *entreprendre* in the social sector is not a natural thing to do. Belgian key informants also put forward this very strong logic of subsidization. . One of them explained the low level of social entrepreneurial activity by the minor presence of financing models in Belgium and that one has to know rich families to leverage funds. Hence, initiatives that blur the boundaries between private and public sectors may cause a certain resistance to social entrepreneurship and may influence the adoption of social entrepreneurship in the Belgian and Dutch context. Johnson (2003) suggests a similar opposition against social entrepreneurship in Canada where the state is the provider by excellence when it comes to social services. However, as detailed by Johnson, this discomfort applies primarily to senior-level individuals and organizations, the young generation feeling less contradiction (Johnson, 2003), which, again, corroborates our results in Section 4.1. (i.e. at all phases of the entrepreneurial process, a larger share of individuals aged between 18 and 24 years is involved in social entrepreneurship than in commercial entrepreneurship).

The next section discusses future research opportunities and limitations of this research.

5. Discussion, research opportunities and limitations

5.1. Discussion and research opportunities

The purpose of this study is to generate empirically-driven propositions relating to a phenomenon that has attracted researchers' attention for almost two decades: social entrepreneurship. This objective was also sketched in response to the observation that research in the emerging field of social entrepreneurship is mainly populated by conceptual and qualitative contributions. For the purpose of generating empirically-driven propositions, we bring together insights from empirical investigations and complement them with insights from GEM 2009's unique large-scale survey data on social entrepreneurship and with insights from interviews with key informants in both Belgium and The Netherlands. Propositions are generated in cases where common patterns between the literature and our results are identified, or when a combination of the data and the insights from the key informants give occasion to do so. Table 12 lists them.

Before we discuss these propositions, the context in which these results are to be interpreted needs explanation. Our current knowledge of this field, based both on conceptual as well as empirical studies (most of them from the UK), draws mainly on contexts that are characterized by a high level of income. This holds equally for the Western European context of our study, which is based on Belgian and Dutch data. That is to say a context that, besides a high level of income and a good functioning market, is characterized by a welfare state regime that delegates a large proportion of public service delivery to private and non-governmental organizations, financed by collective arrangements (Burger et al., 1999; Mertens et al., 1999; Salamon, Sokolowski, & List, 2003). In the case of Belgium and The Netherlands, this resulted in a highly developed nonprofit sector mainly in domains such as health, education and social services. Even though public financial support is increasingly under pressure, support for strategic development of the social enterprise sector remains in the hands of public institutions. These socio-economic-political characteristics differ from other regions in the world,

such as the United States, where social entrepreneurship is characterized by the influence of the market, reflecting a long tradition of market reliance (Mair & Martí, 2009). The strong logic of subsidization was one of the items that were repeatedly put forward by the key informants and that are typically related to the Belgian and Dutch context. This is directly reflected in proposition 7c that suggests a negative relationship between the age of a social entrepreneurial organization or initiative and government funding. In sum, the results of this study need to be interpreted in its proper context.

Table 12. Generated propositions.

Individual characteristics	1	<i>Social entrepreneurs are likely to be younger than commercial entrepreneurs.</i>
	2	<i>Social entrepreneurs are likely to be more highly educated than commercial entrepreneurs.</i>
	3a	<i>Social entrepreneurs are significantly less self-confident of one's own capabilities to start a business than commercial entrepreneurs, but when it comes to perceived business opportunities, risk tolerance and personally knowing entrepreneurs commercial and social entrepreneurs do not differ significantly.</i>
	3b	<i>Commercial and social entrepreneurs perceive legitimation of entrepreneurs in society differently.</i>
	4a	<i>Social entrepreneurs are less likely to transit into full-time self-employment than commercial entrepreneurs.</i>
	4b	<i>Social entrepreneurs are more likely to hold multiple jobs and hence put less effort into their social activity than commercial entrepreneurs.</i>
	4c	<i>Those individuals who are inactive on the labor market are more likely to choose social entrepreneurship than commercial entrepreneurship.</i>
Organizational characteristics	5	<i>Social entrepreneurs are less ambitious in terms of employment growth than commercial entrepreneurs.</i>
	6	<i>The funding mix of social organizations and initiatives is dominated by other sources than earned income from the sale of products and services.</i>
	7a	<i>Social entrepreneurial organizations or initiatives are on average younger than their commercial counterparts and are mainly represented in the pre-start-up or infancy stage of the entrepreneurial process.</i>
	7b	<i>The age of the social entrepreneurial organization or initiative is positively related to the quality of the leadership and entrepreneurial skills.</i>
	7c	<i>The age of the social entrepreneurial organization or initiative is negatively related to the involvement of government funding in the sector in which it is active.</i>
	8	<i>Blended value creation is not what distinguishes social organizations from commercial ones. It is the intention and dominance of perceived social value creation over economic value creation that is a distinguishing feature of social organizations and initiatives.</i>

When considering the propositions derived in this study and reading Table 12, an image of the social entrepreneur and his/her activities emerges which raises questions about the entrepreneurial behavior of this group. Even though social and commercial entrepreneurs do not seem to be different with respect to their self-perception of entrepreneurial requirements (proposition 3a), other characteristics show rather distinct entrepreneurial groups. The socially entrepreneurially active share of the adult population in particular seems to exhibit a rather fragile entrepreneurial profile: they appear to put considerably less effort into their activities than their commercial counterparts (proposition 4a and 4b); they are less confident about their own capabilities to start a business (proposition 3a); they are hardly ambitious in terms of employment growth (proposition 5); the funding mix is dominated by other sources than earned income from the sale of products and services (proposition 6); and they seem to have difficulties to move into more

mature stages of the entrepreneurial process (proposition 7a). In addition, their young age (proposition 1) may also be associated with entrepreneurs who are not (yet) optimally equipped for the complex task of owning and managing a social organization in terms of experience, access to capital, personal funding and social capital. This fragile entrepreneurial profile may also be reflected in the age of the activity (proposition 7b) or, put differently, the survival of the social organization or initiative.

With respect to survival, there are at least two notable findings that contrast the customary image of social entrepreneurs aiming to generate sustainable social impact. *First*, we address the effort that social entrepreneurially active individuals put into their activities. It is remarkable to observe that more than half of the established social entrepreneurs perceive their activity of *owning* and *managing* as an activity outside their daily job. This is in particular worrying given the relationship between the entrepreneurs' effort and output (Carter et al., 1996; Parker, 2009; Rampini, 2004). Devoting time and effort is necessary to start and run a business. If a certain level of effort is not achieved, individuals may find themselves "perennially still trying, rather than succeeding or failing" (Carter et al. 1996). In the case of the social entrepreneur, "perennially" may mean as long as subsidies are provided. *Second*, it is worth noting the low growth ambitions of social entrepreneurs in terms of job creation, in particular for established social entrepreneurs. It is considered a stylized fact of small businesses that those that grow, even at a modest level, are more likely to survive (Phillips & Kirchoff, 1989; Storey & Greene, 2010). Whether or not this also holds for social entrepreneurial organizations is currently under-researched but it seems plausible to assume that those initiatives that are able to grow are more likely to generate higher levels of social wealth or social impact. Evidently, it remains unanswered whether social entrepreneurs are indeed less ambitious than their commercial counterparts or that their prospects in terms of opportunities and income generating make them more realistic and hence modest in their growth ambitions.

Furthermore, one could wonder whether social entrepreneurs' quite frail entrepreneurial profile (an antecedent of survival) reflects the presumed complexities of this type of activity including multiple goals, or whether this type of entrepreneurship appeals to a certain type of individuals, such as idealistic individuals who draw their legitimation from social and moral sources and who are not entrepreneurs *per se*. Our quantitative and qualitative exploration of the phenomenon confirms that what distinguishes social organizations from commercial ones is the intention and dominance of perceived social value creation over economic value creation (proposition 8). This may suggest that the social entrepreneurs' decision to *entreprendre* is not linked to an occupational question or growth issues, but rather suggests that social entrepreneurs could either be activists who want to take action themselves, as much as idealistic, business-type entrepreneurs.

An additional relevant item of interest for this discussion, and in particular for policy makers, is the role of subsidies versus generating revenue by charging for products and services, and the subsequent survival prospects of the social organization. Sources of funding and sustainability or viability of social organizations are recurrent topics in the social entrepreneurship literature (Boschee & McClurg, 2003; Haugh, 2009; Sharir & Lerner, 2006; Weerawardena & Sullivan Mort, 2006). Being dependent on governments and single stakeholders such as

wealthy individuals, private corporations and foundations is associated with lower survival prospects and implies a risk of failure or bankruptcy once funding stops. In addition, if these particular sources of income (e.g. gifts, grants, bequests, and donations) are to be used for predefined purposes only, they will restrict autonomous strategic decision-making and will affect a social venture's long-term success and viability (Haugh, 2009). The collective logic that seems to dominate the discourse on social entrepreneurship is that business and entrepreneurship are the way forward for social organizations (Parkinson & Howorth, 2008) including generating independent sources of earned income. Whereas fewer subsidies and more earned income may increase the survival prospects of social initiatives, it may also leave the most pressing social and environmental needs unaddressed since social organizations purposely locate their activities in areas where markets function poorly (DiDomenico et al., 2010) and with a limited potential to capture the value created (Mair & Martí, 2006). In all, the relationship between subsidies, earned income strategies and performance in terms of impact and social wealth creation offers a promising path for future research.

5.2. Limitations

Of course we acknowledge that this study is not without limitations – limitations that should be taken into account when interpreting the results. In this section we address several empirical limitations concerning measurement, availability of data and generalizability.

First, social entrepreneurship is an ill-defined and not well-understood concept, this is especially true in a cross-country setting but applies equally to a more limited scope such as the Belgian and Dutch context. Combined with relatively recent scholarly attention, this poses serious measurement challenges. We use the first and only large-scale survey available to date that is specifically designed to measure social entrepreneurial activities in a multiple country setting and this is not without empirical limitations. Although the questionnaire is based on earlier versions used in the UK and USA, the initial question used by the GEM consortium to identify social entrepreneurs underlines the broad perspective of the concept and raises questions about what it is that this survey measures. Whereas the traditional measure of the GEM survey adopts an *occupational* notion of entrepreneurship that defines an entrepreneur as someone who owns and manages a business for his/her own account and risk (e.g. business owner and self-employed), this is not the case when social entrepreneurship is concerned. In the latter case, it is not the act of new venture creation or owning and managing a business that is stressed but *any kind of activity, organization or initiative*. In addition, the initial question used by this survey to identify social entrepreneurs does not refer to the *behavioral* notion of entrepreneurship which perceives entrepreneurial behavior in the sense of seizing (economic) opportunity often associated with pro-activeness, innovativeness, and bearing of risk¹⁷. Instead of referring to entrepreneurial behavior, the objective of the activity, organization or initiative is stressed. Confusion about the terms that are customary in entrepreneurship clearly hampers the interpretation of the data. As such, based on our interviews with the field's key informants, we have the impression that the initial question intended to identify the social entrepreneurs does not measure the prevalence of 'social entrepreneurship'

¹⁷ The distinction between the *occupational* notion and *behavioral* notion of entrepreneurship was introduced by Sternberg and Wennekers (2005). In addition, the *functional* notion may be distinguished as a third notion of entrepreneurship and refers to the major functions of entrepreneurship in the economic process.

but rather the active involvement or active leadership in addressing social, environmental or community needs.

Second, and closely related to the previous point, due to a mixture of professional language in the initial question (see Section 4.3), only a small group of respondents are likely to identify themselves with this question, as was suggested by our key informants. Some remarkable findings (e.g. the rather low prevalence of social entrepreneurial activity in Belgium and The Netherlands, social entrepreneurship as an early-stage phenomenon and the low rate of full-time self-employment among social entrepreneurs) could be addressed either as unique characteristics and dynamics of social entrepreneurship or as issues of measurement and formulation. Hence, this limits our interpretation of the data.

In addition to these measurement challenges, a *third* limitation of this study concerns the limited number of social entrepreneurs in our data. Given the fact that social entrepreneurship covers a wide range of practices, we are limited in our possibilities to split our sample into different categories of social entrepreneurs, such as those who start a new venture and those who do not, or distinctions based on legal structure (for-profit and nonprofit), type of industry, size or growth ambition. As such, differentiating the group of social entrepreneurs by these and other criteria offer opportunities for future research. Simultaneously, the limited number of social entrepreneurs restricts us in the methodological options available to explore the data. Therefore, we chose to explore the data by focusing on a wide range of different characteristics and, for this purpose, we limited our analyses to the use of descriptive statistics. Applying a multivariate setting that allows investigating characteristics in relation to each other is a valuable next step and offers an abundance of research opportunities.

Finally, this study has a limited scope using data on two countries. Hence, conclusions cannot be generalized and should be interpreted in the Belgian and Dutch context and most favourably be stretched to a Western European or high-income context. However, let us recall the exploratory status of this study, which therefore does not aim to verify any theory but rather to generate propositions that could be tested in future research.

6. Conclusion

This study adopts a quantitative, exploratory and proposition generating approach to elementary questions about the social entrepreneur and his/her activities and contrasts them with our understanding of commercial entrepreneurs. For the purpose of generating empirically-driven propositions, we bring together insights from current empirical investigations and complement them with insights from unique large-scale data from the GEM 2009 survey on social entrepreneurship covering Belgium and The Netherlands. Subsequently, these combined insights are refined with in-depth interviews with key informants from social entrepreneurship and related fields in both countries. Propositions are generated when common patterns between the literature and our results are identified or when a combination of the data and the insights from the key informants give cause to do so.

In all, thirteen propositions are generated: seven concerning individual characteristics and the remaining six related to organizational characteristics. Although these propositions are still to be thoroughly tested, they seem to indicate a rather fragile entrepreneurial profile in terms of effort put into the organization or activity, self-confidence in capabilities to start a business, ambition in terms of

employment growth, funding from the sale of products and services, and reaching more mature stages of the entrepreneurial process. This fragile profile seems to be in contrast with the heroic social entrepreneur portrayed in the media and successful cases of social entrepreneurs as a subject of scholarly endeavors. Despite this fragile profile, social entrepreneurs also seem to distinguish themselves from their commercial counterparts by sharp social intentions that might give them a different rationale for *entreprendre*. Furthermore, social entrepreneurs are more likely to be younger, more highly educated and perceive legitimation of entrepreneurs in society differently than their commercial counterparts.

Although not without limitations, this study contributes to a field dominated by case studies and sometimes unfounded assertions by surpassing the taken-for-granted idea of the social entrepreneurial hero and by insisting on a series of challenges that may guide future research in order to lead social entrepreneurs and their initiatives toward success and higher social impact. Overall, this study not only extends our current knowledge of the distinguishing individual and organizational aspects of social entrepreneurship, but our empirically grounded propositions will help this particular field to evolve beyond descriptive purposes towards more predictive purposes.

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Appendix

I. Overview of key informants

Table 13. List of key informants and their involvement in SE.

BELGIUM		
Profession	Involvement in SE	Date of interview
Philippson Foundation	Belgian foundation aiming to stimulate sustainable human development in Central and Western Africa through the support of African social enterprises.	June 15, 2010
Ashoka representative in Belgium	Belgian branch of the global organization that invests in innovative social entrepreneurs	June 16, 2010
Researcher in CSR at Louvain School of Management	PhD dissertation on “Toward the stakeholder company: Essays on the role of organizational culture, interaction, and change in the pursuit of corporate social responsibility”	June 16, 2010
Prof. in economics at Université Catholique de Louvain / Founder of the EMES network	Researcher in social economy for numerous years	June 17, 2010
Project manager at <i>SAW-B</i> (Walloon and Brussels Alternatives Solidarity)	<i>SAW-B</i> support the development of an economy based on the respect of human and environmental values	June 18, 2010
Post-doctoral researcher at Oxford University	PhD dissertation on “Explaining Organizational Diversity in Fair Trade Social Enterprises”	June 24, 2010
Coordinator of the Advising Cell of CREDAL (Bank of “solidarity money”)	90% of CREDAL’s clients are nonprofit organizations, the remaining are cooperatives	July 6, 2010
THE NETHERLANDS		
Profession	Involvement in SE	Date of interview
Researcher and account manager for CSR in SME at EIM Business and Policy Research	Researcher and account manager on studies of and advice on environmental policy, effects of environmental legislation, socially responsible enterprising, and sustainable consumption	June 15, 2010
Prof. of Volunteering, Civil Society and Businesses and of Strategic Philanthropy at Erasmus University, The Netherlands	Prof. Since 2003 with research focus on strategic philanthropy, volunteer/nonprofit management, corporate community involvement, and business-society partnerships,	June 25, 2010
Ass. Prof. at the Department of Public Administration and Political Science, Nijmegen University, The Netherlands / EMES representative	Research focus on urban regeneration and housing, government - civil society relationships and innovations in governance.	June 29, 2010
Director SSO (Foundation for social entrepreneurs)	Entrepreneur in the creative industry and director at “Stichting Sociaal Ondernemerschap”.	June 29, 2010

Director Franssen&Scholten consultancy	Author of the book “Sociaal Ondernemen in Nederland” (Social Entrepreneurship in The Netherlands) and one of the founders of SROI method.	July 1, 2010
Consultant Ashoka Netherlands	Dutch branch of the global organization that invests in innovative social entrepreneurs	July 1, 2010
Chairman Social Venture Network Netherlands	Chairman of a support network for entrepreneurs in the field of Social Responsibility and Sustainable Development.	July 1, 2010
Consultant GreenWish and PhD. Social Entrepreneurship and the Business Sector (UVA)	As a consultant at GreenWish, she supports initiators and entrepreneurs who start social initiatives and promotes this type of initiatives at public authorities, and private institutions.	July 2, 2010

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