



# What Do We Know about Social Entrepreneurship? An Analysis of Empirical Research

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**Abstract:** Despite the growing attention to social entrepreneurship as a scholarly field of research, it is still in a stage of infancy. Research in the past two decades has been primarily dedicated to establishing a conceptual foundation, which has resulted in a considerable stream of conceptual papers. Empirical articles have gradually appeared since the turn of the century. Although they are still outnumbered by conceptual articles, empirical articles are of considerable significance for the evolution of social entrepreneurship as a field of scientific inquiry. The purpose of this paper is to gauge the current state of empirical research by reviewing 31 empirical research studies on social entrepreneurship, classifying them along four dimensions and summarising research findings for each of these dimensions. To serve this purpose in a meaningful fashion requires discriminating between different perspectives on social entrepreneurship. Hence, a conceptual overview with four different schools of thought is presented, and the articles in our sample are analysed accordingly.

**Keywords:** social entrepreneurship, empirical research.

## 1. Introduction

“The idea of ‘social entrepreneurship’ has struck a responsive chord”, wrote Dees in 1998 (Dees, 1998, p. 1). One may conclude that in the ten years since Dees’ statement, the “responsive chord” has only become more responsive, given the growing attention from business, government and the educational and research fields. In the recent decade, new social ventures have appeared and disappeared; support organisations (such as the Skoll Foundation and the Schwab Foundation) for social entrepreneurs have been founded; targeted university research centres and teaching programs for future social entrepreneurs have been established at universities including Harvard (the Social Enterprise Initiative at the Harvard Business School) and Oxford (the Skoll Centre for Social Entrepreneurship at the Said Business School); articles and special issues on social entrepreneurship have appeared in scholarly journals such as the *International Journal of Entrepreneurship Education* (2003), the *Journal of World Business* (2006), and the *International Journal of Entrepreneurial Behaviour and Research* (2008); and

policies with a regulatory or supportive aim in regards to social enterprise have been developed.

Despite the growing attention to social entrepreneurship and similarities between various theories, no agreement exists on what it is or is not. It is a multi-interpretable concept, and although the use of the label is widespread, its meaning often varies. Moreover, the positive societal connotation of the term social entrepreneurship also seems not to have been helpful as a starting point for scholarly endeavours (Cho, 2006; Nicholls & Cho, 2006; Zahra et al., 2009). Not surprisingly, a considerable amount of scholarly effort is devoted to defining the key constructs of social entrepreneurship (Dees, 1998; Mair & Martí, 2006; Mort, Weerawardena, & Carnegie, 2003; Peredo & McLean, 2006; Perrini & Vurro, 2006). An additional number of studies is dedicated to describing the commonalities and distinctions with closely related fields such as commercial or conventional entrepreneurship (Austin, Stevenson, & Wei-Skillern, 2006; Dorado, 2006; Mair & Martí, 2006; Roberts & Woods, 2005), nonprofit enterprises (Boschec & McClurg, 2003), social activism, and social service provision (Martin & Osberg, 2007). At first glance, social entrepreneurship is a mixture of related but different phenomena. Several authors approach social entrepreneurship from a nonprofit perspective and define the term as bringing business expertise and market-based skills to the nonprofit sector (Boschec & McClurg, 2003; Fowler, 2000; Sharir & Lerner, 2006; Weerawardena & Mort, 2006). This approach includes an emphasis on earning income independent from subsidies and grants and sometimes includes nonprofits running small for-profit businesses like gift shops or service centres to help offset organisations' costs. In addition, these nonprofits adopt private sector management techniques in order to become more efficient in providing and delivering their social services. Others focus on bringing about social change and view social entrepreneurship as an intersectoral domain where legal structure and sectoral belonging are less important and social change prevails (Mair & Martí, 2006; Nicholls, 2006; Peredo & McLean, 2006). Within this view, "[s]ocial entrepreneurship represents an umbrella term for a considerable range of innovative and dynamic international praxis and discourse in the social and environmental sector" (Nicholls, 2006:5).

In spite of numerous contributions, the scholarly field of social entrepreneurship is still in a stage of infancy (Dees & Battle Anderson, 2006; Dorado, 2006; Light, 2008; Short, Moss, & Lumpkin, 2009). Like the entrepreneurship field in its early days, it is mainly phenomenon-driven, its boundaries with respect to other fields of research are fuzzy, and it lacks a unifying paradigm (Mair, Robinson, & Hockert, 2006). As a result, most publications consist of a conceptual setup with an intuitive touch and aim to define key constructs and explore why and how these constructs are related. At the same time, articles on social entrepreneurship based on empirical research are slowly appearing, but they are still outnumbered by conceptual articles. Although small in number, empirical research is obviously of considerable significance for

social entrepreneurship as a field of scientific inquiry. Research connected to empirical reality allows for the development of a testable and valid theory (Eisenhardt, 1989) and is indispensable for the evolution of any field of research. Our overview addresses the emergence and importance of empirical research by exclusively considering empirical studies and analyzing the actual insights that they reveal. Hence, the purpose of our paper is to gauge the current state of *empirical* research on social entrepreneurship and to highlight potential areas for future theory building and theory testing. After all, these are the insights that allow for theory building and testing and enable research in this particular field to evolve beyond descriptive purposes towards more predictive purposes (Snow & Thomas, 1994). We can only gauge the current state in a meaningful fashion by discriminating between different perspectives of the research. Therefore, based on an extensive literature review, the aim of our paper is fourfold. *First*, to identify different perspectives on the phenomenon of social entrepreneurship and to classify the articles in our sample as belonging to four distinct schools of thought—namely, (1) the Social Innovation School, (2) the Enterprise School, (3) the Emergence of Social Enterprise (EMES) school, and (4) the UK approach. *Second*, to identify the different methodological approaches followed by the papers in our sample. *Third*, to classify the insights that these articles reveal along two lines: four components of Gartner's (1985) framework for new venture creation (i.e. individual, process, organisation, and environment) and four schools of thought (i.e.: Social Innovation School of thought, Social Enterprise School of thought, EMES approach, and the UK approach). Finally, the classification of the articles and their empirical insights allow for an inventory of research gaps. Hence, the *fourth* purpose is to identify research omissions and to generate suggestions for future research.

Our emphasis on empirical publications together with the different classifications makes this review paper different from existing overviews. Our overview is an extension of existing literature reviews that focus on conceptualization and dominant domains in which social entrepreneurship occurs (Weerawardena & Mort, 2006) by discriminating between different perspectives, and it goes beyond existing reviews that emphasize methodological approaches like Short, Moss, and Lumpkin (2009) by examining and summarizing the content of the articles.

The first section of this paper discusses the various schools of thought on social entrepreneurship and can be considered a conceptual overview. The second section explains our sample selection process and describes the characteristics of the selected empirical studies from a general and methodological perspective. The third section consists of the analysis of the content of the articles. The articles are classified along the four dimensions; the findings are analyzed; and the insights are summarized along emerging themes. The paper continues in section four with a discussion of the analysis and an inventory of future research opportunities. The final section provides our conclusions.

## **2. Social Entrepreneurship Explained**

While the label “social entrepreneur” has only a short history, the practice of social entrepreneurship is far from new. Florence Nightingale, who revolutionized the theory of hospital conditions in the late 1900s (Bornstein, 2007), and John Durand, who started working with mentally retarded people in the early 1960s (Alter, 2007), are just two examples of exceptional persons bringing about social change whom we may label today as social entrepreneurs. According to Nicholls (2006), the term “social entrepreneur” was first introduced in 1972 by Banks, who noted that social problems could also be deployed by managerial practices. Even though social entrepreneurship, albeit under different headings, gained practical relevance during the 1970s and 1980s, it was not until the 1990s that the subject attracted attention from both governments and academia. The Italian government created the first social firm model by adopting a specific legal form for social co-operatives in 1991. The UK government followed in 2004 by introducing the Community Interest Company, a second juridical form for social enterprise within Europe (Nyssens, 2006). In that same period, a stream of research on the subject slowly appeared in academic work (Boschee, 1995; Dees, 1998; Leadbeater, 1997). From the turn of the century onwards, the stream of publications became more substantial. At the same time, some highly successful social entrepreneurs attracted considerable media attention, amongst them: Muhammad Yunus, founder of the Grameen Bank for microfinance and recipient of the Nobel Peace Prize in 2006, and Jeffrey Skoll of eBay, who founded the Skoll Foundation supporting social entrepreneurship and was included among Time Magazine's 100 People of the Year in 2006.

The growing attention paid to social entrepreneurship from both a practitioner's and an academic point of view can be explained by several general developments in recent decades. These developments, to which we now turn, gave rise to dissimilar approaches to social entrepreneurship in the different contexts of the United States and Western Europe and resulted in various schools of thoughts.

### **2.1. Interest in Social Entrepreneurship**

The growing attention paid to social entrepreneurship on a global scale can be explained by several mutually reinforcing economic, social, and political changes in recent decennia. Two types of developments can be distinguished: first, persisting problems that call for innovative approaches (i.e., demand side), and second, developments that increase the chances for those problems to be solved (i.e., supply side) (Nicholls, 2006). These general developments contextualize the rise of social entrepreneurship.

On the demand side, the awareness of the ever-growing inequality in wealth distribution (World Bank, 2007) and concern for the environment are two important drivers. At the same time, governments have been decreasing their funding in face of free market ideology. A more neoliberal approach by governments worldwide, with an emphasis on market forces as a primary mechanism for the distribution and redistribution of resources, has led to shrinking funds, resulting in fewer interventions by the public sector. In addition, the number of nonprofit organisations has grown exponentially, which has resulted in competition between nonprofits for funding (Johnson, 2000; Salamon, Sokolowski, & List, 2003). Finally, there is an increasing demand for improved effectiveness and efficiency for both the social sector and nonprofit institutions (Zahra et al., 2009). In this light, nonprofit organisations are severely challenged to demonstrate organisational effectiveness. In more popular terms, Boschee summarizes the demand side as follows: “[o]perating costs have soared, resources available from traditional sources have flattened, the number of nonprofits competing for grants and subsidies has more than tripled, and the number of people in need has escalated beyond our most troubling nightmares.” (Boschee & McClurg, 2003:3).

On the supply side, there are chances and circumstances in favour of alternative approaches in dealing with societal, economical, and environmental problems. First, the increasing concentration of wealth in the private sector is promoting calls for increased corporate social responsibility and more proactive responses to complex social problems (Zahra, Rawhouser, Bhawe, Neubaum, & Hayton, 2008). Second, people are earning fortunes at younger ages than the previous generation. Many of them are devoting their time and resources to philanthropy earlier in life (Reis & Clohesy, 2001). Third, a growing sense of uneasiness with an increasingly powerful market sector and ineffective and inefficient sector institutions and nonprofit-organisations makes some people more proactive. “Smart nonprofit managers and board members realize they must increasingly depend on themselves to insure their survival . . . and that has led them naturally to the world of entrepreneurship.” (Boschee & McClurg, 2003:3). Fourth, a new group of philanthropists is emerging, a group of young innovators from diverse backgrounds who are challenging old assumptions about charitable giving. Bill Gates, founder of Microsoft, serves as a salient example of this group. He began devoting his life and capital to enhancing healthcare and reducing extreme poverty before he turned forty by creating The Gates Foundation, today the largest private foundation in the world. In particular, this new group of philanthropists argues that traditional philanthropy has focussed too much on donor satisfaction and not enough on producing measurable results (Reis & Clohesy, 2001). Finally, organisations are influenced by a strong Corporate Social Responsibility movement, rethinking the assumption that doing social good and making a profit are mutually exclusive (Zahra et al., 2008). Being socially responsible is no longer an exception embodied by a few classical cases

like Ben and Jerry's and The Body Shop but has become a mainstream opinion; having a social conscience is also good for business.

## 2.2. American and European Traditions

The general developments described in the previous paragraph help to explain an increasing consideration of social entrepreneurship, mainly from a practitioner's point of view in the last three decades. These developments gave rise to dissimilar approaches to social entrepreneurship in the different regions throughout the world. Although social entrepreneurship is clearly a global phenomenon (Bosma et al., 2010; Nicholls, 2006; Zahra et al., 2008), two regions dominate the academic discourse: the United States and Western Europe. Within the particular context of these regions, two specific geographical traditions evolved and resulted in several approaches or schools of thought. Before describing the schools of thought, we introduce the two geographical traditions that gave rise to these schools<sup>1</sup>.

**American tradition.** The economic downturn in the late 1970s and 1980s brought large cutbacks in federal funding and confronted nonprofits operating in poverty programs, education, health care, the environment, and community services with a severe financing problem. Expanding or introducing commercial activity was a popular way to deal with these cutbacks in an attempt to guarantee the continuity of services already provided. The term social enterprise was used to describe these activities. This background explains why, in the American context, revenue-generating activities are emphasised (Kerlin, 2006). Hence, within the American approach, social entrepreneurship refers above all to market-oriented economic activities that serve a social goal irrespective of the legal structure and sector (Nyssens, 2006). Social entrepreneurship is considered a sub-field of entrepreneurship that results in scholarly attention from both business schools and social sciences. Strategic development such as the promotion of social entrepreneurship and the creation and improvement of sector infrastructure is orchestrated by private foundations, of which Ashoka and the Skoll Foundation are probably the most well known. The American approach resulted in two separate schools of thought: the Social Enterprise School and the Social Innovation School.

**European tradition.** Like the American social enterprises, European social enterprises arose against the background of the crises of the 1980s. In contrast to the American approach, the European approach is rooted in the third sector (or the social economy) and addresses services from which the welfare state had

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1. The description of the American and European approaches draws on Kerlin (2006) and Nyssens (2006).

retreated or where no adequate public services were provided at the time. This resulted in new social enterprises founded by civil society actors, whereas in the American tradition, organisations that were already in place launched social enterprises. The European social enterprises address services such as housing for increasingly marginalized groups, childcare, urban regeneration, and employment programs for the long-term unemployed (Kerlin, 2006). Within the European approach, social enterprises are generally of the nonprofit or cooperative type, are dedicated to the creation of social impact for the community, and combine revenue generation with the work or participatory activity of program beneficiaries (Defourny, J. 2009; Nyssens, 2006). Strategic development is initiated on a regional, national, and European Union-wide level by governments rather than by private foundations. In contrast with the American tradition, social entrepreneurship mainly attracts scholarly attention from the social sciences. Although considerable national differences exist within Europe in terms of services provided by social enterprises, welfare states, and legal structures, two main and distinct approaches emerged within the European tradition: the EMES approach and the UK approach.

### 2.3. Four Distinct Approaches to Social Entrepreneurship<sup>2</sup>

In the next sub-section we will explore two American schools of thought and two European approaches. Although the approaches are often mixed in popular discourse, they reveal different perspectives and research preferences. In order to compare the schools of thought, the main distinctions and commonalities are summarized in the final part of this section.

**The Innovation School of thought.** The Innovation School of thought focuses on the social entrepreneurs as individuals who tackle social problems and meet social needs in an innovative manner. According to one recent examination, “[t]he school is focused on establishing new and better ways to address social problems or meet social needs” (Dees & Battle Anderson, 2006:41). Social entrepreneurs do so by either establishing a nonprofit enterprise or a for-profit enterprise. For both schools of thought within the American tradition, the private foundations that promote the strategic development of the sector and their founders have contributed significantly to the fundamentals of the schools. For the Social Innovation School of thought, Bill Drayton, founder of Ashoka, is considered the leading figure. This school of thought on social entrepreneurship is rooted in the body of knowledge of commercial entrepreneurship on the

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2. This paragraph draws on work of Dees and Battle Anderson who can be credited with the distinction between the Social Innovation School of thought and the Social Enterprise School of thought (Dees & Battle Anderson, 2006) and Bacq & Janssen (forthcoming), Degroote, (2008), and Kerlin, (2006).

discovery, evaluation, and exploitation of opportunities. In the case of social entrepreneurship, these opportunities are found in social needs exploited by innovative means to satisfy those needs.

**The Social Enterprise School of thought.** Within the Social Enterprise School of thought, the main subject of study is the enterprise, described as an entrepreneurial, nonprofit venture that generates “earned-income” while serving a social mission. In order to guarantee continuity of service provision, this school focuses on generating income streams independent from subsidies and grants. In addition to the theme of funding, this school also promotes the idea that adopting business methods is a successful way to improve the effectiveness of nonprofit organisations and make them more entrepreneurial. Edward Skloot is one of the pioneers of this school of thought. He founded New Business Ventures for Nonprofit Organisations in 1980, the first consultancy firm working exclusively for non-market companies, thus acknowledging a new niche and a relevant topic of interest for the third sector. The National Gathering of Social Entrepreneurs, led by Jerr Boschee and Jed Emerson, amongst others, became an influential private initiative promoting the development of a more effective and independent nonprofit sector. Like the Social Innovation School, the Social Enterprise School of thought also has a commercial knowledgebase equivalent. The Social Enterprise School is embedded in the commercial entrepreneurship tradition that defines entrepreneurship as the process of creating and managing (new) organisations.

**The EMES approach.** The Emergence of Social Enterprise in Europe (EMES) Research Network began in 1996 and consists of scholars cooperating in order to investigate the social enterprise phenomenon and establish a broad definition that allows for the national differences within the European Union. The main objective of the research of the EMES network is the emergence and growth of social enterprises within the European Union. The ‘ideal typical’ definition used by the EMES Network defines the characteristics of the social enterprise within this approach. As in the Social Enterprise School, the unit of observation is the enterprise. In the case of the EMES approach, the social enterprise has an explicit aim to benefit the community, is launched by a group of citizens, enjoys a high degree of autonomy, is participatory in nature, and does not base decision-making power on capital ownership. In general, the organisations within this approach consist of the following types: associations, co-operatives, mutual organisations, and foundations. In contrast to the Social Enterprise School, which applies a non-distribution constraint to profits, the EMES approach allows for some profit distribution due to the inclusion of co-operatives. Although such co-operatives

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3. In 2002, The National Gathering of Social Entrepreneurs was renamed Social Enterprise Alliance after merger with SeaChange, a foundation with comparable aims.



exist within the United States, they are not subject to the social enterprise discourse.

**UK approach.** Despite the broadness of the definition applied by the EMES Research Network, the UK approach to social entrepreneurship is distinct from the EMES approach and the American tradition and therefore allows for a separate approach. When the Labour Party came to power in the UK in the late 1990s, it proactively tried to stimulate partnerships between civil society, the public sector, and the private sector. In order to promote the establishment of social enterprises throughout the country, the Blair government launched the Social Enterprise Coalition and created the Social Enterprise Unit within the Department of Trade and Industry (DTI). The DTI defined social enterprise as being comprised of “businesses with primarily social objectives whose surpluses are principally reinvested for that purpose in the business or the community, rather than being driven by the need to maximize profits for shareholders and owners”<sup>4</sup>. In 2004, a new legal form was introduced, the Community Interest Company. Since 2006, all social enterprise affairs have been the responsibility of a newly established ministry of the Third Sector dedicated to improving the professionalism of the sector, ameliorating access to financial sources, and refining the legal framework in favour of sector growth. UK social enterprises are subject to a limited distribution of profits and can be initiated by individuals, groups of citizens, or by legal entities. In contrast to the EMES approach, the goods and services provided can be related, unrelated, or central to the venture’s mission. In addition, the social enterprises in the UK are trading within the market.

Although the different schools of thought and approaches are distinct from each other, there are no strict boundaries between them, and any attempt to classify articles along the different approaches is partly arbitrary. In fact, the different approaches are still evolving, a point well illustrated by a recent argument proposing to converge the two American schools of thought into a single concept called “Enterprising Social Innovation” (Dees & Battle Anderson, 2006). Despite this blurring of boundaries, exploring the distinctions and commonalities contributes to an understanding of conceptual differences, to an interpretation of the emphasis on or the absence of certain research topics, and to the translation of research findings into recommendations. The approaches, as described above, share one main commonality: their emphasis on the creation of social value. Their distinctions are described along seven lines and are summarised in Table 1. Taken together, the ideas behind these distinctions and the creation of social value reveal a broad overview of the main research subjects within the field.

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4. See [www.socialenterprise.org.uk](http://www.socialenterprise.org.uk)

Table 1: Distinctions between schools of thought on social entrepreneurship.

Distinctions	American Tradition		European Tradition	
	Social Innovation School	Social Enterprise School	EMES Approach	UK Approach
Unit of observation	Individual	Enterprise	Enterprise	Enterprise
Link mission - services	Direct	Direct / indirect	Direct	Direct / indirect
Legal structure	No constraints	Nonprofit	Some constraints	No constraints
Innovation	Prerequisite	Not emphasised	Not emphasised	Not emphasised
Profit distribution	No constraint	Constraint	Limited constraint	Limited constraint
Earned income	Not emphasised	Prerequisite	Not emphasised	Important
Governance	Not emphasised	Not emphasised	Multiple stakeholder involvement emphasised	Multiple stakeholder involvement recommended

**Unit of observation.** The Social Innovation School assigns the social entrepreneur an important role. Illustrative is the following quotation from Bill Drayton: “People understand this field by anecdote rather than theory, so a fellow we decide to elect becomes a walking anecdote of what we mean by a social entrepreneur.” (Bornstein, 2007:120). For the other approaches, the enterprise is the central unit of observation, and attention shifts from the individual to teams of entrepreneurs. In addition, the initiator of the social enterprise differs between the various approaches. Within the Innovation School, the initiation of a social venture is mainly associated with a single individual, whereas within the EMES approach the initiator is by definition a group of citizens. The remaining two approaches are less explicit in this respect, and individuals, groups of citizens, or legal entities can initiate the establishment of a social enterprise.

**Relationship between mission and services.** A second dissimilarity is the connection between the mission and the products and services provided. Within the Social Enterprise School and the UK approach, a direct link between mission and activities is not a necessity. Goods and services provided can be related, unrelated, or central to the venture’s mission. This allows for more flexibility in running for-profit ventures aiming to generate an independent income stream. In both of the other approaches, the connection is either central or related.

**Legal structure.** The Social Innovation School and the UK approach put no limitation on legal structure. The Social Enterprise School exclusively considers nonprofits. Within the EMES approach, it is the degree of autonomy of the venture that is important, a focus that allows for certain restrictions on the juridical form. Social enterprises are not to be managed directly or indirectly by public authorities or other organisations.

**Innovation.** Innovation is clearly one of the defining features of the Innovation School. The level of innovativeness is one of the main criteria for Ashoka in the decision process of supporting a social entrepreneur. “Ashoka cannot elect someone to the Fellowship unless he or she is possessed by a new idea—a new solution or approach to a social problem—that will change the pattern in a field, be it human rights, the environment, or any other.”<sup>5</sup> For those involved in this school of thought, fundamental change or Schumpeterian change is considered a prerequisite. The other approaches acknowledge the importance of creativity and innovativeness, but neither principle is fundamental to the basis of any of these approaches.

**Profit distribution.** The Social Innovation School leaves the entrepreneur free to choose whatever is necessary to achieve her goals; this means no constraints on the distribution of profits. In contrast, for the Social Enterprise School, a non-distribution constraint on profits is one of the fundamental principles and is inherent to the nonprofit status of the enterprises within this particular school. Social enterprises within the EMES and the UK approaches encompass enterprise types that are subject to a total non-distribution constraint as well as those, such as co-operatives, that may distribute profits to a limited extent as long as profit maximizing behaviour is avoided (Nyssens, 2006).

**Earned income.** The Social Enterprise School, and to a lesser extent the UK approach, emphasise the importance of raising commercial income independent of grants and subsidies to secure sustainability and financial viability. Within the EMES approach, “financial viability depends on the effort of its members to secure adequate resources to support the enterprise’s mission” (Nyssens, 2006:12). The viability is irrespective of the amount of income generated by the enterprise. Hence, income generation is not an important issue within this approach.

**Governance.** Governance is an important subject within the EMES approach. Multiple stakeholder involvement, democratic management, and the participative nature of the ventures are all fundamental to this approach. Within the UK approach, governance is considered an important topic, but direct or indirect involvement of stakeholders can vary in accordance with the legal structure of the enterprise. It is by no means as fundamental for the UK approach as for the EMES approach. The Social Innovation School is in favour of involving stakeholders by creating partnership and networks through which ideas, knowledge, and expertise can flow between organisations aiming to achieve the same social objective. Democratic management is not considered an issue. The Social Enterprise School is in favour of leaving the founders of the enterprise complete freedom to achieve

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5. See [www.ashoka.org](http://www.ashoka.org)

their goals. From this perspective, multiple stakeholder involvement is to be discouraged if it hinders the effective management of both economic and social goals.

It should be clear from the preceding examination that the various approaches are distinct from each other and that when these distinctions are not made explicit, discussion can drift into conceptual fuzziness. Therefore, in our consideration of the empirical research on social entrepreneurship in the remaining of this paper, we will repeatedly refer to the various schools of thought as presented above. Section 2 explains our sample selection process and describes the characteristics of the selected empirical studies from a general and methodological perspective. Section 3 consists of the review of the content of the articles and summarizes the insights gleaned from the articles in our sample.

### **3. Research on Social Entrepreneurship**

For the selection of articles used in our analysis, we reviewed the academic peer-reviewed journals incorporated in the Social Science Citation Index (SSCI)<sup>6</sup>, an interdisciplinary database that covers about 1,950 leading journals of social sciences. We selected articles from this database in October 2009 and included all papers published in SSCI journals until 1 October 2009. Our selection includes articles that make explicit use of one or more of the following terms: “social entrepreneurship”, “social entrepreneur”, “social enterprise”, and “social venture”<sup>7</sup>. This resulted in 67 conceptual and empirical articles. Subsequently, conceptual articles and articles based on experience and illustrations were omitted, leaving us with 31 empirical articles for further analysis. A list of these articles is included in the appendix. All empirical articles in our selection were codified to detect the type of research, research method, data collection, sample size, and school of thought. These characteristics are summarized in Table 2 and are briefly described below.

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6. Available via <http://apps.isiknowledge.com>. Using the SSCI database has two shortcomings: it includes only English language journals and does not include journals that have been recently launched in the database.

7. Using these explicit terms as selection criteria entails that research not using these terms but employing closely related terms (such as sustainable enterprise, indigenous enterprise, community-based entrepreneurship, and the fair trade movement) are omitted.

Table 2: Characteristics of the empirical articles on social entrepreneurship.

Number of empirical articles (N=31)		
Characteristic		Count
Type of research	Qualitative	27
	Quantitative	4
	Proposition generating	3
	Hypotheses testing	2
Methods of qualitative articles (N=27) *	Case study	23
	Grounded theory	3
	Discourse analysis	2
	Not specified	2
Methods of quantitative articles (N=4) *	Correlations	3
	Descriptive statistics	1
	Factor analysis	1
	Structural equation modelling	1
	T-tests	1
Data collection (N=31) *	Interviews	22
	Secondary data	11
	Observation	9
	Not specified	6
	Survey	5
Case study sample size (N=23)	Single case	9
	2 - 5 cases	5
	6 - 10 cases	4
	11 – 20 cases	3
	More than 21 cases	1
	Not specified	1
School of thought	Innovation School of thought	6
	Enterprise School of thought	9
	EMES approach	2
	UK approach	9
	Unknown	5

\* Articles are classified under more than one heading when relevant.

Conceptual papers aiming to describe and explain social entrepreneurship as a phenomenon appeared from the early nineties onwards, with a strong increase at the end of the decade. The first empirical studies appeared just before the turn of the century, with a strong increase in the second half of the first decade. In all, less than 50% of the articles in our initial selection of 67 are empirical. This proportion is comparable to the one found by Short, Moss, and Lumpkin (2009) in their literature review. The limited number of empirical studies on this subject in general and scarcity of studies that apply a quantitative research approach in particular, are two indicators of social entrepreneurship being a young or even embryonic field of scientific inquiry. Despite the increase in the number of empirical studies, hypothesis testing and proposition generation are still very scarce, revealing a current lack of scientific rigour and another indication of a scientific field in its relative infancy (Short et al., 2009).

As for the research methods of the qualitative studies, a case study approach is by far the most common and was applied by 23 out of 27 studies. The case study approach is apparently perceived as a suitable method for describing and explaining this rather new phenomenon. Other methods found in our review are a grounded theory methodology (3 out of 27) and discourse analysis (2 out of 27). The quantitative papers used basic statistical methods such as correlations (3 out of 4), descriptive statistics (1 out of 4), and factor analysis (1 out of 4). More advanced statistical methods such as regression analysis for predictive purposes were not found among the methods used.

As far as the data collection methods are concerned, it turns out that the use of primary data prevails, and secondary data, although applied by 11 out of 31 cases, are used only in addition to primary sources. Observation and, in some cases, participant observation proved to be common ways to gather data. All quantitative studies used surveys as their data collection strategy.

In terms of the samples used for these studies, some remarks are worth making. In the first place, the sample size of the qualitative studies is small, with a large proportion of single case studies (9 out of 27) and a very small proportion of studies having a sample size of more than ten cases (4 out of 27). The studies are characterized by rich descriptions and are suitable for, once again, descriptive, and explanatory purposes. Second, the samples used are very diverse in terms of scope. Some of the samples are comprised of broadly defined social enterprises, while others, such as community enterprises and work-integration social enterprises, are more narrowly defined. Some focus on social enterprises in the early stage of development; others focus more on established and successful enterprises. Some are located in developing countries, while others originate in developed countries. Therefore, the articles lack generalisability, and comparing the results of these studies is a risky pursuit. Each similarity should be interpreted with great caution.

Finally, we classified the articles within the different schools of thought based on the definition of social enterprise used and the purpose of the article. In five cases, the fundamental characteristics of the different schools were not clearly identifiable, and therefore these articles were assigned to a residual category. For the other papers, our review shows that the EMES approach is underrepresented in the list, despite some extensive empirical research conducted by the EMES research network since the turn of the century (Borzaga & Defourny, 2001; Nyssens, 2006). The Enterprise School of thought and the UK approach account for the lion's share of the perspectives used.

#### **4. What We Know From Research On Social Entrepreneurship**

We will now shift our focus to the content of the articles and provide an overview of the main findings of the selected articles in our sample. We will present these

findings along two lines: (1) along the four perspectives of the framework for new venture creation by Gartner (1985) and (2) along the four schools of thought from our conceptual review.

#### 4.1. Studies Classified

For the presentation of the main findings of the empirical studies in our review, we first classified the articles along the four components of Gartner's framework for new venture creation: individual, process, organisation, and environment (Gartner, 1985). We used this particular framework because it is widely accepted in entrepreneurship, it is parsimonious, and it subscribes the multidisciplinary character of entrepreneurship. "The four dimensional conceptual framework can be seen as a kaleidoscope, as an instrument through which to view the enormous varying patterns of new venture creation" (Gartner, 1985:701). The framework utilizes contributions from several fields of research such as economics, personality psychology, and strategy (Mitchell et al., 2002:94). Here, the framework offers a comprehensive and appropriate structure for our purpose of grouping the findings of the reviewed articles. The classification of the articles through the Gartner framework is based on the research questions and main themes of each article. Studies that are substantially focused on several components of the framework are classified under more than one heading.

Second, we classified the articles along the above mentioned schools of thought based on the definition and the purpose of the articles. Table 3 summarizes our classification. Before turning to the overview of the findings, we would like to make two additional remarks. First, the classification of the articles and themes is for analytical purposes only, and it is not absolute. Second, the overview comprises of those findings that are addressed as such by the authors. We did not analyze the articles to arrive at additional conclusions ourselves.

*Table 3: Research on social entrepreneurship classified with respect to the components of Gartner's framework on new venture creation and school of thought.*

<b>School of thought</b>	<b>Individual (N=8)</b>	<b>Process (N=11)</b>	<b>Organisation (N=12)</b>	<b>Environment (N=11)</b>
Innovation School (N=6)	Alvord et al., 2004 Purdue, 2001 Thompson et al., 2000	Alvord et al., 2004 Mair & Marti, 2009 Raufflet, 2007	Alvord et al., 2004	Pastakia, 1998
Enterprise School (N=9)	Dart, 2004 Van der Scheer, 2007 Sharir & Lerner, 2006	McDonald, 2007 Sharir & Lerner, 2006 Weerawardena & Mort, 2006	Dart, 2004 Sharir & Lerner, 2006	Anderson et al., 2006 Korosec&Berman, 2006 Ndemo, 2006 Phillips, 2005 Sharir & Lerner, 2006 Weerawardena&Mort, 2006
UK approach (N=9)	Turner & Martin, 2005	Dixon & Clifford, 2007 Haugh, 2007 Tracey & Jarvis, 2007 Turner and Martin, 2005	Darby & Jenkins, 2006 Dixon & Clifford, 2007 Leeming, 2002 Thompson & Doherty, 2006 Turner & Martin, 2005	Haugh & Rubery, 2005
EMES approach (N=2)			Spear, 2006 Vidal, 2005	
? (N=5)	Parkinson & Howorth, 2008	Nel & McQuaid, 2002	Luke & Verreyne, 2006 Memberetti, 2007	Leeming, 2002 Nwanko et al., 2007 Biggs, 2008

#### 4.2. Individual: Social Entrepreneur

The idea that entrepreneurs are different from non-entrepreneurs is commonly held<sup>8</sup> and justifies the body of literature that evolved from exploring and explaining abilities, personality traits, and preferences at the level of the individual entrepreneur (Birley & Westhead, 1994; Blanchflower & Meyer, 1994; Evans & Jovanovic, 1989). Compared to the amount of research within conventional entrepreneurship concerning this perspective, the empirical evidence of the social entrepreneur being different from its commercial counterpart or non-entrepreneurs is scarce. As may be expected from our conceptual review in the first section of this paper, a number of studies within the tradition of the Social Innovation School are dedicated to the individual perspective. More precisely, all three contributions from this school of thought

8. Although this view is commonly held, does not mean everybody agrees, see for example Koppl and Minniti (2008).



with regard to the individual perspective address the skills of the social entrepreneur and in particular networking skills. The Social Enterprise tradition represented by three contributions within this perspective, takes more individual characteristics into account. Besides skills these three contributions also consider background and experience, motives, and discourse. With the exception of Turner and Martin (2005), the contributions of the EMES approach and the UK approach in our sample did not provide any empirical insights with regard to the individual characteristics of the social entrepreneur.

In the remaining of this subsection, we cluster the empirical findings along five themes, irrespective of the social entrepreneurship tradition of the studies. A further elaboration on the combination of empirical findings and conceptual traditions is subject of the discussion section. The five themes that are subject to the individual perspective are skills, background, discourse, demographics, and motives.

**Skills.** The study by Turner and Martin (2005), which focuses on the capacities that community-based projects need in order to cope with a changing policy environment, makes a distinction between managerial and entrepreneurial skills. Managerial skills are comprised of skills such as managing budgets, monitoring outcomes, and administrating a funded program, while entrepreneurial skills incorporate skills such as taking risks, raising funds, partnership and networking, and delivering innovative work. For the success of the community-based projects in the sample used by Turner and Martin, it seemed important for their managers to have both managerial and entrepreneurial skills, although not necessarily all manifest in one individual. Other individuals could equally provide the necessary skills, drawing on networking abilities. In the same vein, Thompson, Alvy, and Lees (2000) conclude that it is recommendable to foster more social entrepreneurship by bringing people who have the necessary leadership skills and confidence together with people who possess innovative ideas. Three studies explored networking skills as necessary skills needed to run a social venture. Alvord, Brown, and Letts (2004) stress the importance of strong networking abilities for social entrepreneurs given the wide variety of stakeholders with whom they have to cope. In most of the cases in their study of successful social entrepreneurs, it was the background and experience of these entrepreneurs that enabled them to build effective links with their stakeholders. Similarly, Sharir and Lerner (2006) emphasise the importance of networking skills. They conclude from their research that, out of eight variables identified as being central in contributing to the success of a social venture, only two can be defined as necessary conditions: total dedication and networking skills. They envisage two situations with regard to the networking skills. In the first, the entrepreneur starts out depending on the resources of the network to which he belongs. In the second situation, the entrepreneur proactively creates a network and has to invest time and effort in its construction. Therefore, both using and building networks are of

significance to a social entrepreneur. From a slightly different angle, Purdue (2001) investigates whether community leaders as social entrepreneurs can play an effective role in their neighbourhoods and in regeneration partnerships. The effective development of their role requires the accumulation of social capital, defined as “networks of mutual obligations for outstanding favours, flows of information and enforceable shared norms” (Purdue, 2001:2214). Effective community leadership requires internal communal social capital (i.e., networking with a wide range of community groups) and external collaborative social capital (i.e., networking with partners from private and public sectors).

**Background / experience.** Two of the examined enquiries investigate the roles of background and experience for the social entrepreneur. Sharir and Lerner (2006) examine previous experience in management, former project initiation, and expertise in the venture area of each of the 33 social entrepreneurs in their sample. They conclude that having experience in managing a venture is one of the success-related variables for social ventures. Van der Scheer (2007) also examines the role of background and experience as Dutch health-care executives are confronted with a new sort of public management that is less governmental and more market-oriented. It is hypothesized that the quality of being entrepreneurial, defined as a combination of role perception and managerial practice, is shaped by the managerial background. The results of this study show that “to have attended several managerial courses” and “to have acquired experience in a range of management positions” are indicators for an entrepreneurial mind. Entrepreneurial-minded executives are more likely to behave in an entrepreneurial way that is described by Van der Scheer as an active management style, an external orientation, and a greater attention to strategic issues. The outcomes support the hypothesis that entrepreneurship is likely to be shaped by the managerial background.

**Discourse.** The ways in which concepts like “social entrepreneurship” and “being entrepreneurial” are used in spoken or written communication are explored by three studies. According to Parkinson and Howorth (2008), the collective logic that dominates the discourse on social entrepreneurship is that business and entrepreneurship are the way forward for social enterprises. Their study investigates whether or not this dominant logic is reflected in the actual discourse of people ‘doing’ social entrepreneurship. They find that the use of key words and concepts underlines an emphasis of social entrepreneurs on collective agency. Moreover, they draw their legitimacy from social and moral sources rather than the entrepreneurship discourse. At odds with conventional entrepreneurship, social entrepreneurs seem to be driven by obligations and need rather than opportunity. Their attention is directed towards collective need-driven action for local change, with little emphasis on outcomes and more on the process of doing something. The collective logic that dominates the discourse on social

entrepreneurship, as discussed by Parkinson and Howorth, seems to be reflected in the studies by Van der Scheer (2007) and Dart (2004). Both studies explore in more detail what it means to be business-like in a nonprofit setting (Dart) and for health-care executives in the transition from a public to a private setting (Van der Scheer). Dart concludes that being business-like can be understood in at least four distinct manners, with rhetoric being one of them. He found in his single case study that when business language was used, it was organisationally neutral; business language was used without consequences for decision making or behaviour. In contrast, Van der Scheer concludes that, although the ideal of entrepreneurship remains vague, executives understand that the discourse is not meant to exist without engagement, and they try to prepare for their new role. She adds that the discourse has an important function as a “catalyst by making executives rethink their role, their function, their personal qualifications, which position to take, and which actions to make” (Scheer, 2007: 62).

**Demographics.** Due to the small sample sizes of most of the studies in this examination, demographic exploration of individual characteristics such as age, education, and gender is practically absent. Only Alvord, Brown, and Letts (2004) remark that within their sample, which is comprised of seven highly successful social entrepreneurs, no immediately obvious and highly visible characteristics distinguish the leaders of social enterprises (Alvord et al., 2004).

**Motives.** Although the motives of social entrepreneurs to engage in a social venture are described for several individual cases, conclusions are drawn by only one study. This particular study investigates the existence of common and unique motives between commercial and social entrepreneurs. Like commercial entrepreneurs, social entrepreneurs are driven by combinations of different motives. Some of these motives are comparable to those of their commercial counterparts (i.e., self-fulfilment, achievement, and occupational independence), while other motives are specific to the case of the social entrepreneur (i.e., personal rehabilitation, search for solutions to individual distress, and fulfilment of obligations to one’s community by meeting local needs or addressing social issues) (Sharir & Lerner, 2006).

#### 4.3. Process: Social Entrepreneurship

The process dimension describes how entrepreneurship is undertaken. In the original framework of Gartner, this dimension entails the process by which a new venture is created (Gartner, 1985). For the purpose of our review, we adopt a broader view of this dimension and include a second perspective that examines how opportunities to create future goods and services are discovered, evaluated, and exploited (Shane & Venkataraman, 2000). The distinctions between the four

schools of thought as described in Table 1, reveal that five out of seven distinctions are related to the organisational characteristics of the social ventures (i.e. the link between the mission and services, legal structure, profit distribution, earned income strategies, and governance). The level of innovativeness is the only distinction that draws on the process dimension of the Gartner framework, a subject of importance within the Social Innovation School of thought. From this point of view we may expect innovation to be a well researched subject attracting considerable attention from the Social Innovation tradition. In fact only four of the studies in our sample address innovation, of which a single study represents the Social Innovation School. Overall, our analysis of empirical findings within this perspective reveals that, with the exception of the EMES approach, all three social entrepreneurship traditions are equally contributing to the process perspective without any theme being explored in more depth by a single tradition.

Within the process perspective seven themes emerged; stages, opportunity identification, innovation, scaling, networking, process traits, and risk. The empirical findings of these are summarised below.

**Stages.** Within our sample, one study that considers the entrepreneurial process as the process of venture creation is that of Haugh (2007). She adopts a stage model approach to venture creation, and although this is a widespread approach in conventional entrepreneurship, it is an exception within our sample. Haugh observes the process of five non-profit, community-led social ventures and identified six stages: (1) opportunity identification, (2) idea articulation, (3) idea ownership, (4) stakeholder mobilization, (5) opportunity exploitation, and (6) stakeholder reflection. Even though social venture creation may appear similar to that of a commercial venture, Haugh identifies several dissimilarities, i.e., the use of resources not available for for-profits, the longer timescale, the greater number of stakeholders involved, the absence of financial loss for stakeholders, the management of volunteer labour, and a nondistribution constraint inherent to nonprofits (Haugh, 2007).

**Opportunity identification.** Of the six stages identified by Haugh, other authors explicitly mention opportunity identification. Weerawardena and Mort (2006) describe opportunity identification as a separate activity in which social entrepreneurs actively seek opportunities to create social value. According to their study, the process of opportunity identification and evaluation is simultaneously influenced by the social mission of the venture, organisational sustainability, and environmental dynamics. Concerning sources of opportunity identification, Thompson, Alvy, and Lees (2000) find that opportunities could arise from an individual's vision or out of necessity. Mair and Marti (2009) identify institutional voids, defined as "situations where institutional arrangements that support markets are absent, weak, or fail to accomplish the role

expected of them”, as opportunities for social entrepreneurs (Mair & Martí, 2009:419).

**Innovation.** Innovation is acknowledged as an important topic and has been the subject of several empirical inquiries in our sample. Weerawardena and Mort (2006) present an empirically derived framework of social entrepreneurship, with innovativeness featuring as one of three core behavioural dimensions (along with proactiveness and risk management). These core behavioural dimensions are bounded by the organisation’s social mission, its drive for sustainability, and by environmental dynamics. According to Weerawardena and Mort, not-for-profit ventures are forced to be innovative in all their social value-creating activities due to increasing competitiveness. In addition, they find that the majority of interviewees perceived their organisations as innovative. A similar result is obtained by McDonald (McDonald, 2007), who subsequently shows 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 with competitors. Where Weerawardena and Mort discuss social entrepreneurship from a broad spectrum, the focus of McDonald’s study is smaller and considers the relation between innovation and the (nonprofit) organisation’s mission. The main finding of the research is that the mission influences the development and adaptation of innovations. Mission-driven nonprofit organisations are more likely to develop and adopt innovations faster than competitors. Turner and Martin (2005) focus on different levels of orientation towards innovation: (1) pioneers, i.e., cases that had developed new ways of working with disaffected young people; (2) early adopters, i.e., cases that tended to be highly receptive to innovative approaches developed by others; (3) risk adverse projects, i.e., cases that were slow to adopt new ways of working and tended to minimize efforts; and (4) resisters, i.e., cases that actively opposed innovations being imposed on them. A final study arrives at a categorization of three types of innovations from a comparative analysis of established and successful social entrepreneurs. The types of innovation include (1) increasing the capacities of local actors in solving their own problems; (2) disseminating a package of innovations to serve a widely distributed need; and (3) building a movement to challenge the structural causes of social problems (Alvord et al., 2004).

**Scaling.** Alvord, Brown, and Letts (2004) find three scaling patterns—describing the increasing impact of a social venture—that correlate with the above-mentioned innovation types. Organisations that apply the first type of innovation (i.e., capacity building) are increasing social value creation by expanding coverage to provide services and benefits to more people. The second type of innovation, package-disseminating programs, is concerned with expanding functions and services to their initial target groups. Finally, movement-building initiatives tend to scale impact indirectly by initiating activities that change the

behaviour of other actors with wide impact (Alvord et al., 2004). Another scaling strategy is franchising, which is the subject of a study by Tracey and Jarvis (2007). According to this study, social venture franchising, like business format franchising, is mainly driven by a shortage of resources for expansion. Franchising allows for increased access to resources including capital, managerial expertise, and local knowledge. Like their business counterparts, social venture franchisors are unlikely to repurchase outlets over time due to a preference for local ownership. Finally, the study's findings suggest that the cost of selecting franchisees and the cost for dual goal alignment will be higher for social venture franchising than those of business format franchising (Tracey & Jarvis, 2007). The case study of Dixon and Clifford (2007) considers social franchising as a social venture strategy to create an economically viable business whilst retaining environmental and social values. The model facilitates rapid dissemination of the vision at relatively low risk and minimizes the acquisition of expensive assets at the same time (Dixon & Clifford, 2007).

**Networking.** The importance of networking was already addressed at the individual level and re-occurs as a theme at the process level. Several studies pay significant attention to this subject. The Sharir and Lerner study identifies long-term co-operation as one of the variables that contribute to a venture's success. In the same vein, Nel and McQuaid (2002) stress the importance of overall levels of social capital required to sustain and develop local economic development initiatives. Dixon and Clifford (2007) recognize in their single case study the formation of symbiotic relationships with a range of organisations as an integral part of the business model. Similarly, Spear (2006) acknowledges in his analysis of six UK cases that external stakeholders (including customers) are closely and essentially involved. Whereas the former three studies primarily highlight the importance of networks and social capital, Haugh (2007) highlights in her stage model approach that both resource acquisition and network creation precede formal venture creation. She distinguishes between two networks that both contribute resources to the new community-led social venture and assist progression through the stages: a formal support network and a tailor-made support network. The formal network consists of organisations with economic development responsibilities such as central government, local authority, and community development workers in other communities. The tailor-made support network operates as a network filter and refines the network to members that are useful in terms of their contributions to furthering the organisation's purpose. This latter network consists of those involved in the community enterprise who contribute something of value, such as resources, knowledge, information, or expertise (Haugh, 2007).

**Process traits.** Three studies conclude that the entrepreneurial process is not a predetermined or fixed one and use expressions like "bricolage", "make do"

(Mair & Martí, 2009), and “learn as you go” (Raufflet & Gurgel do Amaral, 2007). In particular, Mair and Marti address the exploitation of opportunities as “the continuous combination, re-combination and re-deployment of different practices, organisational forms, physical resources, and institutions.” (Mair & Martí, 2009:431). This process of “making do” or “bricolage” consists of three under-explored aspects. First, the work of the social entrepreneur continuously requires one to make sense of the “contradictions, ambiguities and gaps”. Second, the work of social entrepreneurs is seldom accepted without resistance from various actors at different stages of the process. Mair and Marti conclude that the process is inherently political in nature. Third, they draw attention to the existing (and often overlooked) unintended and potentially negative consequences of the process of opportunity exploitation. According to Raufflet and Gurgel do Amaral (2007), the flexibility and the “learn as you go” approach are key elements in the success of the investigated case study. “From the beginning, adopting a ‘learn as you go’ approach, coupled with a truly entrepreneurial culture – business people, experts on children’s issues, and artists, all linked by the desire to change the status quo – made it possible for the Foundation to achieve and implement a modern approach to social programs. The Foundation’s strategic orientation and its roles emerged, one by one, along the way.” (Raufflet & Gurgel do Amaral, 2007:127). Finally, Nel and McQuaid (2002) consider the process of a local economic development initiative as one that evolves and alters as contextual and localized factors change and the initiative matures. In addition, a key lesson these latter authors discern is that the process of the creation of local development initiatives is to be considered as a long-term, drawn-out, and time-consuming one. This lesson is in line with one of the findings of Leeming (2002), who states that the development of a community-based enterprise is not a quick fix and that it can take ten years to become properly established and produce tangible results (Leeming, 2002).

**Risk.** Although risk and bearing risk rank among the key defining features of entrepreneurship, they are hardly subject to investigation in the selection of articles analyzed herein. Only Weerawardena and Mort (2006) and Vidal (2005) explicitly address the subject of risk. Both studies find that social entrepreneurs’ behaviour towards risk has a clear focus on the sustainability of the organisation. According to Weerawardena and Mort, this focus involves both attracting resources and resource commitments to employees and customers. The focus on the viability of the venture distinguishes not-for-profit entrepreneurs from their for-profit counterparts. While for-profit entrepreneurs have access to multiple sources of funding, social entrepreneurs are constrained in generating funds, which makes managing risk to sustain the organisation a crucial operational activity (Weerawardena & Mort, 2006). In the same vein, Vidal (2005) finds that work-integration social entrepreneurs are aware that the sustainability of the

company depends greatly on their own efforts, as banks are reluctant to lend to them.

#### 4.4. Organisation: Social Enterprise

The social enterprise can be considered as the outcome of entrepreneurial behaviour; it encompasses what is being created. This component of Gartner's framework entails characteristics of social enterprises or social ventures such as internal organisation, structure, strategy elements, and governance. The findings of the studies in our sample that have the organisation component as one of their major research themes are presented along two lines: (1) strategy elements (i.e., mission, goals, and impact) and (2) internal organisational characteristics (i.e., governance, resources, legal form, learning, and monitoring). As remarked in our conceptual review, the main commonality between the different schools of thought is that they all stress the importance of the creation of social value and impact. The empirical findings concerning social value creation and social impact are described below and labelled 'strategy elements'. It seems that studies from the Social Enterprise tradition dominate empirical research under this label. Although this may not be that surprising taking the origins of this tradition (i.e. trying to guarantee continuity of operations) into account, it is surprising to observe that studies exploring the availability of resources and resource strategies are not dominated by the Social Enterprise tradition for which this theme is one of the defining features. With regard to organisational characteristics, some of the themes that emerged from our analysis of empirical findings are closely related to the distinguishing features of the different traditions such as governance, legal structure and resources. Despite the limited number of studies from the EMES tradition within our sample, it is in line with our expectations that they consider governance.

The empirical findings regarding strategy elements and internal organisational characteristics are summarised below.

##### 4.4.1. Strategy Elements

**Mission.** Despite the differences between the various schools of thought within the field of social entrepreneurship, there is agreement on the emphasis on the social mission as the *raison d'être* of a social enterprise. The case study by Dixon and Clifford (2007) illustrates this and gives a role of great significance to the organisation's mission, which "acts a lodestar for determining the company's overall direction and its culture" (Dixon & Clifford, 2007:341). This equally holds for the relation between the role of the nonprofit organisation's mission and innovation, as discussed earlier. In contrast with the long held view that the social



mission is sacred, the role of the mission must be understood within the competitive environment within which the organisations operate. The entrepreneurial process is indeed responsive to and bounded by the social mission, but the mission must simultaneously be understood within its competitive environment and the drive for a sustainable enterprise (Weerawardena & Mort, 2006).

**Goals.** In turning our focus from mission to goals, it is remarkable to see that within this theme, the aim to sustain the enterprise receives the most attention and that any findings on social goals are lacking. The theme of sustainability and viability emerged earlier with regard to the social entrepreneurs' behaviour towards risk (Vidal, 2005; Weerawardena & Mort, 2006). Apparently, this theme is of significance to social enterprises and may be explained by a high number of nonprofits and publicly owned enterprises in the samples of the reviewed articles. Being dependant on funding arrangements that subsidize the venture entails the risk of failure once funding stops and the need to avoid the loss of funding develops. Sharir and Lerner (2006) identified "standing the market test", i.e., reducing the dependence on government as well as on other single stakeholders by generating independent revenue streams, as one of the success factors of a social enterprise. Being more "business-like" or entrepreneurial seems, once again, to be the ultimate aim. Understanding what business-like behaviour comprises in a nonprofit organisation is the purpose of a study by Dart (2004). The study concludes that being business-like is broader than pursuing business-like goals such as generating revenues, profit, or financial surpluses to guarantee an independent revenue stream. Other business-like behaviour may come in terms of (1) service delivery, i.e., how service delivery was (re)structured in order to become more effective and efficient; (2) organisational-level management, i.e., how managers manage their agendas and are fully accountable for the results; and (3) rhetoric, i.e., how business terminology is used. Luke and Vereynne (2006) explored a government's approach to fostering entrepreneurship within the public sector and identified six themes that have contributed to the success of establishing and sustaining the aim of being entrepreneurial. These themes are operational excellence, cost minimization, transfer and application of knowledge, confidence, people, and branding. Except for the last one, all of these themes involve organisational elements.

**Impact.** Even though the impact of social enterprises has attracted attention within research on social entrepreneurship, this is not reflected in the empirical studies of our sample. Only the study by Alvord, Brown, and Letts (2004) explores the primary areas of impact of the social enterprises under study. They distinguish between three areas of social impact: economic, cultural and political. The most common areas of social impact for the target groups are the economic and cultural arenas, while impact in the political arena is less common.

#### 4.4.2. Internal Organisational Characteristics

The internal organisational characteristics explored in the different articles are clustered around five themes: governance, resources, legal form, learning and monitoring.

**Governance.** The governance of the fifteen work-integration social enterprises in a study by Vidal (2005) is mainly based on the “one person, one vote” principle and, to a lesser extent, on consensus. She discovered that ownership of capital is important but that other stakeholders such as collectives and interest groups participate in the decision-making process. The governance differs between different types of work-integration social enterprises. In type A enterprises, ventures that act as an intermediary between disadvantaged workers and the normal labour market, it is common for their professionals and managers not to form part of their governing bodies. In contrast, in type B enterprises, ventures that carry on productive activities themselves and thereby provide stable jobs for disadvantaged people, it is common for workers to form part of an enterprise’s governing body. Sharir and Lerner (2006) measure governance by the involvement of board members in planning, decision-making, personal financial investment, and expanding the social network. They conclude that the lion’s share of enterprises in their sample suffered from poor governance board performance and suggest that this was caused by the attempts of the social entrepreneur to retain implementative power (Sharir & Lerner, 2006).

**Resources.** Conventional entrepreneurs are said to not be confined by obstacles in regards to their aims. They will not limit their options because of insufficient resources, but rather they will creatively combine multiple sources. This seems to hold equally true for social entrepreneurs regarding resource scarcity. As expressed by Peredo, “social entrepreneurs decline to accept limitations in available resource” (Peredo & McLean, 2006:56). Dees concurs, finding that “social entrepreneurs act boldly without being limited by resources currently in hand” (Dees, 1998:4). Several studies in our analysis confirm the resource scarcity circumstances facing social entrepreneurs. Part of the discussion on risk and the orientation of goals towards the sustainability and viability of social ventures is explained by resource scarcity. The study by Sharir and Lerner (2006) confirms the belief that social enterprises are hindered during their start-up stage by lack of access to capital. According to Purdue (2001), lack of resources hampered community leaders seeking to engage actively in connections with an extensive range of local community networks, which made it difficult for them to accumulate communal and social capital. Where some authors mainly stress the lack of resources, two studies look at resources from a different angle. First, Alvord, Brown, and Letts (2004) discover creative resource strategies applied by social entrepreneurs, probably in reaction to perceived resource scarcity. Instead

of using outside resources, social entrepreneurs tend to mobilize local, existing assets of their clients, often marginalized groups, to improve their situation. Second, Haugh (2007) acknowledges that (nonprofit) social enterprises are able to draw on resources that are unavailable to for-profit enterprises such as volunteers and assets received by donation. Only one study in our selection considered the type of resources at hand for social entrepreneurs, making a distinction between human resources and financial resources. Vidal (2006) observes a variety of formal and informal relations and types of contracts amongst her cases of work-integration social enterprises. First, from a human resource perspective, the study finds a direct relationship between the type of work-integration social enterprise and the need for voluntary resources. The more market-oriented social enterprises (type B) have greater professional resources and fewer volunteers in terms of both time and money. Social enterprises providing care-based and training services (type A) turned out to have a greater presence of volunteers in the workforce. In the latter type of enterprises, the user normally has a temporary relationship with the social enterprise, and a part-time working week is the norm. In contrast, in type B enterprises, indefinite full-time employment contracts are the norm. Second, from a financial resource perspective, the same study finds that 80% of the income from the fifteen examined cases comes from the sale of goods and services, the remainder deriving from grants, subsidies, and fixed asset disposals. In addition, two thirds of the revenue stream generated by selling goods and services comes from the private sector with the remaining revenues coming from the public sector. These proportions vary with the type of social enterprise. The more market-oriented social enterprises mainly serve the conventional private sector, and the more care-based and training social enterprises supply local and regional authorities.

**Legal form.** Both Spear (2006) and Vidal (2005) found that social enterprises choose diverse legal forms. According to Vidal, who investigated Spanish social enterprises, the choice depends on local legislation. In addition, Vidal found that the legal form of the enterprise is not an indicator of single or multiple stakeholder structure. Spear determined that the choice for a legal form is not always rational and mediated through professionals, advisers, or support organisations. In the case of enterprises in transition from public to private forms, the choice for a legal form can even be an involuntary one.

**Learning.** Both Spear (2006) and Alvord, Brown, and Letts (2004) anticipated finding learning milieus in their respective samples of enterprises. All the initiatives investigated by the latter authors did indeed emphasise learning by their staff and clients. Organisations with the largest staff also turned out to have strong commitments to staff development in terms of resources devoted to organisational arrangements such as management systems, staff development, and performance evaluation systems (Alvord et al., 2004). In contrast, Spear

found that the learning networks were less well developed than expected and depended more on social capital within normal trading relations as well as on sympathetic stakeholders (Spear, 2006).

**Monitoring.** The social enterprise sector is increasingly subject to the need for greater professionalization and is expected to submit to intensive performance monitoring. According to the Sharir and Lerner study, monitoring and evaluation (e.g., the quality of planning and business plan formulation) are poorly developed in social enterprises. The lack of monitoring and evaluation even constrains the development of the sector (Sharir & Lerner, 2006). Turner and Martin (2005) conclude that the social enterprises in their sample face a significant challenge in relation to a fast-changing policy environment in improving their performance monitoring, which requires managerial skills that have not traditionally been seen as one of their strengths. It is interesting to note, in this respect, the article by Darby and Jenkins (2006), which is devoted to the process of developing and applying indicators to improve monitoring. Although the process entails both positive and negative aspects, their main findings concern problems with organisational capacity affecting adaptability to change. Two capacity limitations mentioned by the authors are (1) internal communication between management and other staff members and (2) the need for new methods of record keeping and extraction. Opportunities are likely to arise from the development of monitoring indicators in the form of new and improved information to be used for purposes such as strategic decision making.

#### 4.5. Environment

The fourth and last component of the Gartner framework is the environment in which a social enterprise is embedded and in which potential social entrepreneurs are attempting to establish new ventures. In strategy literature, two perspectives on the relationship between environment and organisation exist: environmental determinism and strategic choice. Given the emphasis of the Social Innovation School on structural social change, questioning and changing the patterns and structures that caused social problems in the first place, one might expect that the strategic choice perspective would prevail. From our analysis, however, it shows that none of the analysed studies that are classified under the heading “environment” takes a strategic choice perspective. The article by Mair and Martí might have been a potential exception since it addresses institutional arrangements as a source of opportunity identification and, simultaneously, as an object of change. As the focus of the article is on the process dimension, we did not classify this along the environmental dimension (Mair & Martí, 2009). All of the studies in this sub-section employ a more deterministic view that is clearly illustrated by Weerawardena and Mort (2006), who consider social

entrepreneurship as highly responsive to and constrained by environmental dynamics. Our analysis of this perspective revealed two themes: environmental dynamics and support structures. The Social Enterprise tradition dominates the former theme. The latter theme is represented by a combination of the Social Enterprise tradition and the UK tradition. The remainder of this section is summarising the findings from these two themes.

**Environmental dynamics.** Four studies address the interaction between social entrepreneurship and its environment. The first one mentioned herein is the study by Sharir and Lerner (2006) that argues that the acceptance of the idea of the social venture in the public discourse is one of the vocal variables that influence the success of a social entrepreneur. Lack of acceptance would imply a serious hurdle for a social enterprise to overcome. A second study is the one by Anderson, Dana, and Dana (2006) that explores business development activities of the indigenous people of Canada in their attempt to reassert their nationhood by claiming their traditional lands and the right to use the resources of those lands. The authors state that a shift in the policy of the Canadian federal government from contesting to negotiating indigenous claims to land, resources, and some form of “nationhood” opened opportunities for business development by indigenous people. The authors conclude that social entrepreneurship may be “an effective way for states to address the socioeconomic circumstances of its indigenous people while at the same time addressing their ‘national aspirations’” (Anderson et al., 2006:54). A third study within this theme is that of Phillips (2005), which explores the benefits and risks of applying social entrepreneurship as a strategy for NGO’s in the Ukraine. One of the main conclusions is that “replicating” programs that have proven to be successful in Western countries need not be successful in a transforming an economy like Ukraine’s. “Without the local discourse of citizen entitlement and gender stereotypes, or the hostile business climate it is difficult to apply this strategy in the Ukraine environment.” (Phillips, 2005:260) Although the study concludes that training NGO leaders in developing business enterprises may benefit individual activists and NGOs in significant ways, social business is not a realistic option for certain types of organisations serving citizens that have already been marginalized in a liberal economy. A fourth protection of intellectual property rights, which results in a disincentive for innovators. Strategies applied by the entrepreneurs to overcome these barriers varied depending on the intensity of the barriers (Pastakia, 1998).

**Support structures.** Five studies pay attention, albeit from different angles, to the support of social enterprises and social entrepreneurs. Korosec and Berman (2006) focus on municipal support, Ndemo (2006) on support from church networks, Leeming (2002) on the necessity of advice structures (public or private), Sharir and Lerner (2006) on the need for a supportive network for access to capital, and Haugh and Rubery (2005) on support from the academic sector. In

a quantitative study, Korosec and Berman find that cities vary greatly in their level of support for community social enterprises. Of the cities included in this study, one-third of them are classified as actively supporting private organisations (through activities such as information and community awareness building, coordination and support program implementation, and assistance in resource acquisition). One-fifth of the cases are classified as providing very little support. The authors find two problems that cities or jurisdictions that intend to increase their support face: (1) lack of data on the current support for social enterprises and (2) legal questions (e.g., is it appropriate to support faith-based enterprises with public funds?) and propriety questions (e.g., would support of this organisation give the appearance of favouritism?) (Korosec & Berman, 2006). Ndemo explored the support structures provided by church networks or faith-based enterprises in Kenya and found two different strategic incubator models. Faith-based enterprises that support profit-making enterprises as alternatives to providing relief efforts either give rise to satellite centres or build individual subsistence centres. The faith-based enterprises provide support structures to both models through marketing (local and international), micro-finance, and training through church networks (Ndemo, 2006). One of the main lessons Leeming draws from her examination of business development experiences of two deprived communities in the UK is that social entrepreneurs suffer from a lack of a support infrastructure. More specifically, social entrepreneurs lack the support of skilled advisors who disseminate information about best practice models and are able to tailor such models for local conditions. Like the lack of resources addressed in the previous section, this lack of infrastructure hinders entrepreneurs in their development and makes them “reinvent the wheel” time and again (Leeming, 2002). Although the cases of Sharir and Lerner are drawn from a different context, the authors arrive at a seemingly similar conclusion: there is a need for the establishment of a supportive environment. This incubator environment may “fulfil an intermediary function by providing training, technical advice, networking or financial planning to compensate for the social entrepreneur’s limited knowledge and expertise” (Sharir & Lerner, 2006:16). Finally, Haugh and Rubery (2005) identify the types of support available from the academic sector to help social entrepreneurs make the most of their community-based enterprises. They find that there is a need for targeted courses for the sector, given that community enterprises employ a combination of business skills, self-help, and community involvement methods to tackle problems of poverty, social exclusion, and deprivation and that such skills are not necessarily included in standard management and leadership courses. The authors review a wide range of courses available for community enterprise leaders in the UK and identify a gap in the provision of rigorous evidence-based learning. According to Haugh and Rubery “[t]here is virtually nothing on assessment of effectiveness or on the theoretical framework that might underpin entrepreneurial activity in the sector.” (Haugh & Rubery, 2005:891). Although this type of education and learning program can be

developed, as the authors illustrate, a funding mechanism for higher education in the sector is still required.

## **5. Discussion and Implications for Future Research**

In the first section of this paper, we provided a conceptual review by exploring four schools of thought on social entrepreneurship aiming to unveil definitional ambiguities. The conceptual review together with our review of 31 empirical studies, offers a structure to reflect on the current state of empirical research of social entrepreneurship both on a methodological level and on content level and to discuss underexplored topics and future research opportunities.

### **5.1. Gauging the State of Empirical Research on a Methodological Level**

Social entrepreneurship is a young field of study (Dees & Battle Anderson, 2006; Dorado, 2006; Short et al., 2009), and our review confirms its current stage of infancy. Having reviewed the extant empirical research, we discuss our findings that confirm this formative stage from a methodological perspective.

We observe a strong increase in the number of articles on social entrepreneurship that is both conceptual and empirical since the turn of the century, although the absolute and relative number of empirical studies remains limited. Two decades of conceptual exploration resulted in valuable contributions and gave rise to the emergence of different schools of thought, but this exploration did not provide unity in concept definition and boundary setting. Although the lack of unity may be considered a hindrance for the development of social entrepreneurship as a field of scientific inquiry, it is debatable whether a single unified construct may ever be attained. As long as agreement on the concept is lacking, it is worth paying considerable attention to the explication of what social entrepreneurship entails when applying the concept. Surprisingly, this is not the case in all of the studies in this review. An inventory of the definitions used throughout the articles left us with several gaps, articles that did not provide a description of what was meant by social entrepreneurship, social entrepreneur, or social enterprise. Even though the lack of unity in concept formation is a hindrance for rigorous theory testing and theory building, the formulation of a systematized concept suitable for empirical research can be improved by explicating the defining characteristics, such as the ones used to describe the different schools of thought (Adock & Collier, 2001).

Concerning the type of research applied in our sample, a qualitative research approach is evidently dominant. New insights might be gained by applying a quantitative research approach more frequently. Doing this calls for at least two requirements. The first requirement (continuing our previous argument) is the

formulation of a systematized concept. Although both qualitative and quantitative research requires unambiguous formulation of key concepts, operationalisation of these concepts into measurable indicators is a necessity for quantitative research. A second requirement is the availability of data and, this is still rather problematic, a difficulty we have experienced ourselves. Not surprisingly, all four quantitative studies in our sample are based on primary data. The perceived absence of secondary data can be considered another indicator for the current stage of development of social entrepreneurship, and this might change when policymakers and researchers start to collect and disseminate data. Until that time, a data availability bias may be unavoidable.

In addition to the type of research, inquiries suffer from a uniformity of methods, and a case study design reigns. Consider as an illustration the limited number of studies that applied a grounded theory methodology. It is surprising to see that in a relatively new research field, only three of the studies apply a grounded theory methodology. Applying more grounded theory could divulge unique aspects of social entrepreneurship. Instead, most of the studies emphasise strategic management and entrepreneurship as their knowledge foundation (Short et al., 2009). Approaching social entrepreneurship from these perspectives may restrict the research domain and limit what we observe to what we already know. Overall, applying more diversity in research design may stimulate the field of social entrepreneurship to move forward.

## 5.2. Gauging the Content of Empirical Research and Implications for Future Research

At this point, we will reflect on our analysis of the content of the 31 empirical studies in our sample and use each of the schools of thought and its corresponding key distinctions as a point of departure for our discussion. In addition, future research topics are identified and summarized in Table 4.

The defining characteristics of the Innovation School of thought are twofold: (1) the individual social entrepreneur who is assigned a series of exceptional qualities and (2) innovation in order to bring about structural social change. The empirical results on the individual level neither confirm nor deny the presence of exceptional qualities that the Social Innovation School tends to assign to social entrepreneurs. Apart from some specific motives and use of language, social entrepreneurs do not seem to be very different from their commercial counterparts. In fact, current research provides little insight on the individual entrepreneur compared with the findings obtained for popular themes in research on conventional entrepreneurship such as demographics, personality characteristics, attitudes towards risk and financial rewards, and educational experiences. The typology of social entrepreneurs as suggested by Zahra et al. (2009) can serve as a means to further distinguish between different types of



social entrepreneurs. An additional research opportunity is the exploration of the specific motives of social entrepreneurs (i.e., meeting collective needs and obligations to the community) in more detail. These motives seem to be at odds with the rational self-interest paradigm that dominates conventional entrepreneurship literature. The knowledge that true altruism (i.e. acting with the goal of benefiting another), exists as a part of human nature has not yet altered entrepreneurship theories (Van de Ven, Sapienza, & Villanueva, 2007). Examining the behaviour and motives of social entrepreneurs offers an opportunity to test and enrich such theories as rational choice and explore the simultaneous pursuit of self- and collective interests. Furthermore, a closer look at the samples of the studies in our review reveals that they all use active social entrepreneurs as their subject of inquiry. None of the studies explore potential social entrepreneurs, entrepreneurs who tried to start a social enterprise but gave up, or former social entrepreneurs. Including these categories in empirical research would enrich our knowledge of the individual and could be beneficial to policymakers attempting to stimulate social entrepreneurship.

With regard to innovation (the second defining characteristic of the Social Innovation School), some studies captured this topic, but extensive empirical research remains scarce. Especially within this particular school, the absence of research on disruptive change, addressing and changing the structures that caused social and environmental problems in the first place, is a glaring omission. Addressing this void is of considerable practical relevance. More than ever, we are confronted with persistent problems—such as widespread disparity of income, extreme poverty, and environmental problems—in need of the alternative approaches that social entrepreneurs are said to provide but of which we know very few. Studying successful cases of entrepreneurs who have been able to affect disruptive and incremental innovations, create the factors promoting change, or stimulate the diffusion of innovations are just a few of the topics at hand.

When it comes to the Social Enterprise school of thought, our analysis reveals that this school is well represented in our sample (9 out of 31 studies) and covers all four perspectives of the framework of Gartner. Two defining characteristics of this research tradition are again interesting to compare to our research findings: (1) earned income strategies and (2) the non-distribution constraint. Earning a commercial income in the market and becoming or staying independent from grants and subsidies is one of the fundamentals of the Social Enterprise school of thought. Surprisingly, earned income and income strategies seem to be completely absent from the reviewed articles irrespective of their research tradition. Vidal (2005) is the exception and presents some statistics on the proportions of earned incomes as compared to grants and subsidies. Reflecting on this subject from a broader perspective leads to an additional under-examined subject concerning funding and revenue streams. Several authors in our sample mentioned the lack of access to start-up capital, but examination of institutional

forces at play and alternative financial resources for social entrepreneurs is left aside. In this respect, it is worth mentioning the recently introduced “social stock exchanges”, capital markets that connect donors and investors with nonprofit and for-profit businesses with a social mission. Brazil’s Social and Environmental Stock Exchange, for example, is connected with the Bovespa Index, the traditional São Paulo market, and has raised more than \$5 million for dozens of social initiatives (Elkington and Hartigan, 2008; Paskin, 2009). Similar initiatives are in place in Europe, North America, and South Africa. The emergence of this new type of capital market raises questions about the malfunctioning of traditional markets for both investors and entrepreneurs, in general, and for social entrepreneurs and social investors, in particular, and suggests a direction for future research.

We encounter another gap when considering the second key characteristic of the Social Enterprise School, namely, limited or complete profit distribution. None of the empirical studies pay attention to this subject, despite the fact that the effects of the constraints on otherwise presumed profit-maximizing behaviours are interesting, especially in light of the current discussions on misconduct in profit maximizing behaviour by commercial enterprises. Theoretical work on a profit non-distribution constraint and the survival and competitive edge of social enterprises, such as the contributions of Francois (2003) and Glaeser and Shleifer (2001), could serve as a basis for empirical assessment.

As for the EMES approach, governance is a distinction of great importance as is reflected in their definition of social enterprise: an initiative launched by a group of people; characterized by a high degree of autonomy or independence from public subsidies or other organisations; decision-making power not based on capital ownership; and involving various parties affected by the activities of the enterprise. We foresee in this particular topic an interesting opportunity for non-social enterprises to learn from their social counterparts. Commercial enterprises are increasingly confronted with stakeholder issues and stakeholder influence on decision making, for example, from a corporate social responsibility perspective. The interrelatedness of simultaneously serving multiple stakeholders and multiple goals offers great challenges for both conventional and social entrepreneurs. These issues are by definition incorporated in social enterprises as far as the EMES approach is concerned and can serve as fruitful sources for theory building and theory testing purposes (examining, for example, the agency theory and goal setting theory).

The defining distinction of the UK approach is not a single characteristic that sets it apart from the other schools of thought. The wide scope of the construct and, hence, the flexibility of the approach is what makes it distinct from other traditions. The discussion so far in this final section has focussed on an individual and on an organisational level of analysis. With regard to the UK approach, we would like to switch to a macro or aggregate level of analysis. Research on a national, regional, and even a sectoral level is completely lacking in our inventory

of research findings, and the achievement of the UK in putting “social entrepreneurship” successfully on top of the agenda offers a chance to address this void. Evaluation of current UK policies, the factors obstructing and promoting policy implementation, and possibilities for replication are particularly relevant for policymakers. Even on a more basic level, it is worthwhile to explore the actual degree of social entrepreneurial activity in a country, as well as potential differences and determinants that might explain these differences. Although some insights regarding the level of social entrepreneurial activity are available for the UK (Harding & Cowling, 2006), this is not the case for other countries. Actually, the macro level of analysis opens a new field of unexplored research opportunities concerning subjects such as employment, investments, policy formation, and service provision.

In all, it is an understatement to say that the emerging field of social entrepreneurship offers a fertile source for future research opportunities. In our discussion, we have provided structure for some of these opportunities by concentrating on the key characteristics of the various schools of thought and emphasising potential topics that are appropriate for empirical assessment.

Table 4: Research opportunities organised by defining characteristics of the various schools of thought.

School of thought	Key distinction	Potential topics
Social Innovation School of thought	Level of observation; individual	Basic demographics including educational experiences Attitudes versus risk and financial rewards Self vs. collective interests
	Innovation	Sources of innovation Factors stimulating the diffusion of innovation Disruptive vs. incremental innovation
Social Enterprise school of thought	Earned income strategies	Types of income strategies and effectiveness Institutional and cultural forces at play that cause a lack of access to capital Emergence and functioning of social stock exchanges
	Non-distribution constraint	Effectiveness of the non-distribution constraint on (profit -maximizing) behavior Workability of constraints Use of surplus income
EMES approach	Multiple stakeholder involvement	(Team-based) leadership in social enterprises Decision-making dynamics not based on capital ownership Multiple stakeholder- multiple goals Involving clients or beneficiaries in the primary organisational processes
UK approach	Macro level	Evaluation of current UK policies Replicable and unique elements of UK policies Cross-country comparison of level of social entrepreneurial activity and determinants

## 6. Conclusions

The primary objective of this paper is to gauge the current state of *empirical* research on social entrepreneurship and to highlight potential areas for future theory building and theory testing. We review 31 articles and performed an analysis on a general methodological level and on a content level. In addition, we explore four schools of thought on social entrepreneurship to unveil definitional ambiguities and to provide a background against which to interpret the articles. Our final objective is to identify research omissions and to generate suggestions for future research.

The analysis of our sample confirms the stage of infancy of social entrepreneurship research as a field of scientific inquiry. The findings at this level can be summarized as follows: there are a limited number of empirical studies with a limited quantitative research approach mainly of an exploratory type; rigorous hypothesis testing is lacking; little variety in research design is applied; the use of primary data prevails; and research is based on relatively small sample sizes.

On a content level, we review the inquiries in our sample and classify them along two lines: four dimensions (i.e. individual, process, organisation, and environment) and four schools of thought (i.e.: Social Innovation School of thought, Social Enterprise School of thought, EMES approach, and the UK approach). Within each dimension, the empirical insights from the articles are clustered along emerging themes. We observe that none of the dimensions are underrepresented and that each of them reveals several themes. This indicates that the present body of empirical knowledge on social entrepreneurship covers a broad spectrum of subjects. At the same time, most of the themes are addressed by only a few studies that use very different samples. This implies that the current state of empirical research offers a modest basis for further theory building and testing purposes. Obviously, a young field of study such as social entrepreneurship needs rigorous empirical assessments to evolve, while this necessity suggests an abundance of research opportunities. After two decades of conceptual exploration that has resulted in valuable contributions and distinguishable schools of thought, we have sufficient input to construct an unambiguous definition that can serve as a foundation for future empirical research. An undeveloped domain that has the potential for this research field to advance is quantitative research. Since “conceptualization stands prior to quantification” (Sartori, 1970), the time seems ripe for a next step in the lifecycle of social entrepreneurship as a research field.

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