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# Exploring the background and motivations of social entrepreneurs

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*George Fox University*

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EXPLORING THE BACKGROUND AND MOTIVATIONS OF  
SOCIAL ENTREPRENEURS

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Exploring the Backgrounds and Motivations of Social Entrepreneurs

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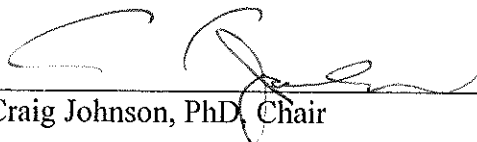
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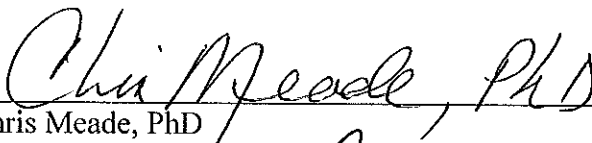
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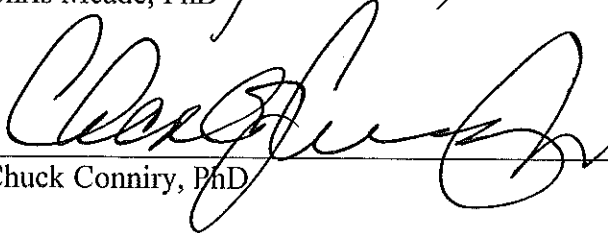
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### **Abstract**

The purpose of this study was to explore the background and motivations of social entrepreneurs. The research specific to social entrepreneurship indicates that solving a social need is the entrepreneur's dominant motivational factor. The business literature research suggests that business entrepreneurs are motivated by the tradeoff between risk and profit. While the social entrepreneur does have a self-sustaining, revenue generating mechanism in the business model, profit is not the overarching goal. This study addresses the question of how social entrepreneurs' motivation and background influence how they identified opportunities, launched their ventures and structured their businesses. Structured interviews were conducted with fifteen social entrepreneurs and included participants who have experienced both successful and failed projects.

The study found that the social entrepreneur is motivated by an intrinsic calling or vocation, due to past crucible moments or leadership passages. This suggests that social entrepreneurs have other motivations than their nonprofit or commercial counterparts. Religious motivation was also significant among the sample and is an area largely ignored in the literature. Previous business experience was deemed as helpful and confidence inducing among the sample, though there was no direct link between the business background of the social entrepreneur and the social problem they chose to address, suggesting that social entrepreneurs gain some business experience or education prior to launching their ventures.

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## Definition of Key Terms

### ***Social Enterprise***

An organization that implements its mission to address a social need through a business format. The business model need not be original, innovative or unique.

### ***Social Entrepreneurship***

Refers to the study or practice of a unique form of entrepreneurship differentiated from other forms of entrepreneurship by two distinct elements: (1) a self sustaining, revenue-generating, innovative and unique approach to solving a social problem where (2) profits are both distributed and reinvested as a means to sustain the mission. This can include either nonprofit or commercial enterprises or ventures.

### ***Social Entrepreneurial Venture (SEV)***

A specific entity whose mission fits the above definition of social entrepreneurship. This includes either nonprofit and commercial enterprises or ventures.

### ***Social Entrepreneur (SE)***

An entrepreneur distinguished by his or her passion for addressing a social need as an inherent component of the venture they launch per the above definition of social entrepreneurship.

***Commercial or Business Entrepreneurship***

A form of entrepreneurship where a key element is that an opportunity is exploited for the purpose of profit.

***Commercial or Business Enterprise***

A for-profit entity that is created to exploit an opportunity for the purpose of profit.

***Nonprofit***

A tax exempt corporation that is not a private foundation and is organized under Section 501 (C) of the Internal Revenue Service Code (McLaughlin, 2009)

## **Chapter One**

### **Introduction**

Social entrepreneurship is a form of entrepreneurship differentiated from traditional business entrepreneurship by its overarching commitment to achieving a social benefit or purpose over profit (Austin, J., Stevenson, H., & Wei-Skillern, J.,2006). Further research related to the social entrepreneurial process itself is warranted (Barendsen & Gardner, 2004; Dorado, 2006). This research is important given the social entrepreneur 's (SE) emphasis on mitigating systemic social problems, as opposed to limiting the business strategy to the pursuit of profit. Thus, the motivation of the social entrepreneur differs from the underlying motivations linked to the traditional commercial entrepreneurial construct. This is where research may deviate from existing commercial entrepreneurship theory.

#### *Purpose of the Study*

The purpose of this study was to investigate the backgrounds and motivations of social entrepreneurs. The research specific to social entrepreneurs indicate that solving a societal need discovered through personal experience or volunteer work, for example, is the entrepreneur's primary motivating factor. The business literature research suggests business entrepreneurs are motivated by profit. Their subsequent selection of opportunity

is found to be primarily derived from, but not limited to, experience in a problem area or industry tenure (Dorado, 2006).

### *Statement of the Problem*

This study addresses the problem of gaps in the literature related to why social entrepreneurs are motivated to address a societal need and how this relates to their backgrounds. This study will analyze the link between the social entrepreneurs' experience with a systemic societal problem, specific industry or other factors, and their decision to include solving a social issue in their business model. The purpose of this study is to contribute to the understanding of how social entrepreneurs identify opportunities, launch their ventures and structure their businesses. This study will attempt to answer several questions. First, do social entrepreneurs choose opportunities based on personal or work experience, passion for a social cause, or other reasons such as religious motivation? Second, to what degree is profit a motive? Lastly, where do these motivations originate and how do they evolve?

### *Research Context*

The form that a social enterprise can take is multifaceted. Examples include nonprofit organizations generating revenue to add to their funding, for-profit businesses selectively creating a specific business unit to further a social benefit, or a hybrid model of profit generating corporations with its core mission of social benefit over profitability (Sinha, 2008). Within this domain is the construct of social entrepreneurship. Social entrepreneurship is loosely defined in the literature, and has been referred to by educators

and researchers as a profession, field or movement (Bornstein, 2007). A discussion related to definitions is included in this project (see also terms and definitions). This paper refers to a business that fits the definition of a social entrepreneurship as “SEV” (social entrepreneurial venture). Additionally an individual who fits the definition of a social entrepreneur is referred to as “SE” (social entrepreneur). When discussing the study or practice of social entrepreneurship, no abbreviation is used.

### *SE and SEV Examples*

One of the most prevalent examples of a successful SE is India’s Nobel Peace Prize winner Muhammad Yunus. In 1976 he created The Grameen Bank in Bangladesh, a SEV that provides micro loans to poor citizens typically not eligible for traditional business loans (Bornstein, 2007; 2009; Clinton, 2007; Dik, Eldridge, & Duffy, 2009; Light, 2008).

Ashoka, a leading association that promotes the field of social entrepreneurship, defines the role of the SE as one who addresses the systemic problems facing society rather than relying on business or government (Bielefeld, 2009). Likewise, the Skoll Foundation identifies SEs as innovators who enhance systems or create new approaches to improve society ("Background on social entrepreneurship," 2009). Definitional aspects of social entrepreneurship are a component of Chapter Two’s review of the literature.

### *Method*

This study employed a qualitative research design utilizing a responsive interviewing approach. Rudenstam & Newton (2007) describe qualitative research as

comprehending experiences from the perspective of the participants. The research format consisted of a cross sectional study asking SEs about their endeavors. Nineteen questions were formulated to gain further insight into their motivations and how they deviated from the traditional entrepreneurial profit motive. Fifteen participants were interviewed (Rudenstam & Newton, 2007). The method of research was comprised of fifteen structured interviews that included participants identified as SEs vis-à-vis the definitional parameters set forth in this study. The definitional parameters are addressed in this literature review. The sample selection criteria, along with specific interview questions, are found in the methodology section and related appendixes. The intent of the interviews was to gain insight into how SEs can better understand the value and limitations of individual background in the pursuit of becoming more effective SEs.

The interviews included questions that asked the participants if they have experienced setbacks or failure as SEs. The inclusion of failure is relevant in the research process given the gap in the existing literature which emphasizes successful ventures (Dorado, 2006). Bornstein and Davis (2010) also addressed the inclusion of failure in their overview of the field. They reference examples of successful SEs, including Yunus, who viewed initial failures as relevant in the process of developing a successful entrepreneurship venture, and integral to the learning curve. More specifics regarding the methodology are included in the methodology section in Chapter 3.

### *Significance of the Study*

This study is relevant given the gaps in the literature regarding the background and motivations of SEs and how this information may contribute to existing literature

dedicated to the field. The intent of the interviews was to gain insight into how SEs can better understand the value and limitations of their individual backgrounds in the pursuit of becoming more effective SEs. One example of where this data can be applied pertains to challenges in determining the best corporate structure for the venture and financial matters, such as generating and managing funds. Commercial entrepreneurs obtain financing for their ventures based on the identification of an opportunity expected to provide a return for investors. The SE, on the other hand, must modify business plans to include the social benefit aspect and address a potentially diluted or unconventional return on investment. Additionally, the SE may have to justify other expenses that a commercial entrepreneur may not require. SEVs generate revenue and are self-sustaining; however, the motivations of the SE differs from that of the traditional commercial entrepreneur. Understanding the basis of SEs motivations and investigating their backgrounds is the primary validation for this study.

A fundamental element inherent in this study is an analysis of why social entrepreneurship is an evolving niche, filling a void between nonprofit and commercial ventures (Dik, et al., 2009; Dotlich, Noel, & Walker, 2004). What is the common denominator that distinguishes social entrepreneurship as its own unique construct? The concept of a nonprofit organization generating its own revenue in support of the mission is not a new phenomenon. Nonetheless, there is a population of entrepreneurs who are not satisfied with the traditional nonprofit or commercial settings for venture creation (Dotlich, et al., 2004). Moreover, the current social entrepreneurship research is limited. New research pertaining to the SEs background and motivation may identify strengths, weaknesses and insight otherwise not addressed. It is the purpose of this paper to discern



the backgrounds and motivational factors that lead entrepreneurs to engage in social entrepreneurship instead of adopting other business or nonprofit models.

Further validation for this research is that the construct of social entrepreneurship is a growing field of study in higher education. As more institutions of higher education develop degree programs specific to social entrepreneurship, curriculum development is dependent upon current and accurate research (Dorado, 2006). A survey of 317 students at a comprehensive four-year university revealed there is a growing demand for entrepreneurship education from nonbusiness students (Stearns, 2010). Moreover, a case study review of socially-oriented ventures by Mars and Garrison (2002) discerned that “more students studying entrepreneurship are expressing interest in socially oriented ventures, which challenge the established instructional methods and strategies that faculty have used in teaching entrepreneurship courses” (p. 290). The authors also find that venture finance courses are particularly challenging for entrepreneurship students pursuing a socially-oriented venture.

The financial aspects detailed above exemplify information relevant to the budding SE that can be taught in the classroom. The constraints associated with some forms of nonprofit funding imply varying capital structure options that must be understood by the SE. Capital structures change as a result of organizational development and lifecycles (Miller, 2003). This can be addressed through curricula developed specifically to aid an individual who may be familiar with a problem area but lacking in other business related experience. This is key to investigating the background and motivation of SEs.

Likewise, SEs must understand how to address the needs and demands of customers, investors and other stakeholders that may lack applicable business experience or knowledge (Bryce, 2007). For example, how an enterprise manages its inputs and outputs and conveys this to the public has an impact on potential revenue sources, including donations and purchases. Building and maintaining the brand is a means to maintain the core business and facilitate progress (Collins, 2005). These are important academic constructs that can be taught to those interested in pursuing a business within the domain of social entrepreneurship.

#### *Research Question*

This study sought to answer this research question:

***What are the motivations and background that lead individuals to engage in social entrepreneurship instead of adopting other business or nonprofit models?***

Specifically, where does the motivation to become a social entrepreneur originate and how does it evolve? How does this motivation differentiate the social entrepreneur from other entrepreneurs? Is religious motivation a factor? Are there significant background differences between social entrepreneurs and other entrepreneurs? Understanding the backgrounds and motivations of social entrepreneurs will contribute to a better understanding of the field and help define it.

## Chapter Two

### Review of the Literature

This research study, through an analysis of existing literature, seeks to provide an overview of commercial and social entrepreneurship, including (a) a recommended definition of social entrepreneurship, and an overview of (b) motivations and backgrounds of business or commercial entrepreneurs, (c) motivations and backgrounds of nonprofit founders, (d) motivations and backgrounds of the social entrepreneur (SE) as a means to provide a context for evaluating the thought process of the social entrepreneur, and (e) gaps in the literature.

#### *Overview of Commercial and Social Entrepreneurship*

##### *Commercial Entrepreneurship*

The business literature research suggests that the business entrepreneur's motivation for venture launch is primarily derived from his or her experience in a problem area or from industry tenure (Dorado, 2006). The research specific to SEs indicates that familiarity with a specific societal need through personal experience or volunteer work, for example, is the dominant factor related to SE background and motivation. SEs may lack the business experience and business education of their commercial counterparts. As a result, constructs that borrow from the business literature may need to be modified to fit the social entrepreneurial field. Therefore it is important to

emphasize important business aspects rooted in commercial entrepreneurship and their relevance to the social entrepreneurship model. Thus, a brief discussion related to the commercial entrepreneurship elements of creative destruction, profit motive and risk is warranted. The foundation for this review is the premise that the commercial entrepreneur's motivation is grounded in the potential to exploit a perceived market opportunity for a satisfactory tradeoff between risk and profit.

To illustrate, Martin and Osberg (2007) call for a more specific definition for social entrepreneurship that distinguishes itself from its commercial roots. They provide a concise history of the commercial entrepreneurship and stress the need to consider commercial entrepreneurship as a cornerstone for the development of the social entrepreneurship construct. Therefore, significant contributions from the literature that frame the model of commercial entrepreneurship are discussed next. Specifically, the concept of creative destruction and the elements of profit and risk are reviewed.

Schumpeter (2008) is credited with the concept of creative destruction and is one of the pioneering economists known for his economic theories detailing the entrepreneurial function and entrepreneurship. Schumpeter defined the function of entrepreneurship as follows:

...the function of entrepreneurs is to reform or revolutionize the pattern of production by exploiting the invention or, more generally, an untried technological possibility for producing a new commodity or producing an old one in a new way, by opening up a new source of supply of materials or a new outlet for products, by reorganizing an industry...(p. 132)

Schumpeter views entrepreneurship as vital to capitalism and addresses the constant destruction of existing structures and their replacement with new ones as paramount to a free market society. He links the process of how capitalism and free markets operate to the importance of business strategy and stresses the necessity by managers and entrepreneurs to understand the dynamic and ever changing nature of industry. According to Schumpeter (2008), "...Creative Destruction is the essential fact about capitalism" (p. 83). Understanding this basic premise, in addition to the role and purpose of profits as a means to sustain the venture, is a fundamental element in the SEs formal educational needs. Another element of entrepreneurship that Schumpeter contributes to the literature is the concept of risk. While entrepreneurs exploit opportunities in new ways, they need not be inventors. Also, risk is not necessarily borne entirely by the entrepreneur. While risk is not a main topic for this review, it is relevant to acknowledge its significance as a key entrepreneurial element. Likewise, the concept of economic profit is important for the social entrepreneur to understand and identify and its relevance is addressed in the following discussion.

Formaini (2001), in his review of noted entrepreneurs in the economic theory literature, posits that the concept of entrepreneurship has significant relevance for the 21<sup>st</sup> century U.S. economy. He emphasizes that the disposition of entrepreneurs in the free market economy has a timely and far reaching impact on the overall macro economy. Specifically, entrepreneurs play a key role in the direction and pace of economic activity. He lists three primary elements related to economic performance as 1) the existence of profit, 2) causes of economic growth and 3) resource allocation in a market economy. Formaini alludes to risk as inherent in the entrepreneurial process. He credits Schumpeter

(2008) with addressing the role of financial intermediaries and the flow of funds throughout the economy as a component of entrepreneurial activity. According to Formaini, "...entrepreneurs are rewarded by markets when they are right and show superior judgment, but punished when they are wrong, a process that rearranges resources continuously in search of greater use efficiency" (p. 7). He goes on to explain that the key to this premise is the uncertainty in the markets and the constant states of flux as firms strive for equilibrium. The SE is tasked with two missions: social benefit and profit. Reinforcing the business foundations of economic principles such as profit and risk, with regard to the market, will aid the SE in his/her goal of achieving a social benefit. SEs must also identify the risks inherent in their endeavors given the potential societal impact and repercussions to individuals they are attempting to help.

Montanye (2006), surveyed entrepreneurship definitions from the economic literature and derived his own definition: "Entrepreneurship is the process by which individuals acquire ownership [property rights] in economic rents of their creation" (p. 549). This definition echoes Sowell's (2004) and reinforces the role of profits in the entrepreneurial construct. According to Montayne, "Pure profit is the accounting residual that remains after payment is made to all production factors..." (p. 552). Sowell and Montanye provide a foundation from which the SE can identify the commercial aspect of their endeavors as they build their businesses. The SE must understand the complexities of incorporating the business components of profit and loss into the social benefit mission. How much profit is acceptable for a business known as a social entrepreneurship while competing in the commercial sector is an example of the challenges that the entrepreneur must be prepared to address. What are the quantifiable and non-quantifiable

risks to stakeholders if the venture fails? A core understanding of the entrepreneurial function in a market economy will prepare the SE to address this type of unique paradox.

Entrepreneurial orientation (EO) is a construct prevalent in the business literature and one that provides a model for analyzing an entrepreneurial firm's strategic path (Lumpkin & Dess, 1996). By assessing the processes, actions and bureaucratic activities of such a firm, EO encapsulates the ability of firms to operate entrepreneurially (Dess & Lumpkin, 2005). Therefore, case study profiles of commercial entrepreneurial organizations and founders are a necessary component to include in academic research (and course curriculums specific to social entrepreneurs). How do entrepreneurs get started? What are their backgrounds? How do they select their businesses? Next, an overview and definition of social entrepreneurship is provided.

### *Social Entrepreneurship*

The term social entrepreneurship is often credited to William Drayton, who founded Ashoka in 1980, an organization dedicated to promoting the field (Barendsen & Gardner, 2004). This literature review supports the premise that original research dedicated to the field is within the timeframe of 1980 to present. Moreover, as noted above, there has yet to be an overarching definition of social entrepreneurship common among researchers or a consensus in the current literature regarding an accepted industry construct.

As stated previously, social entrepreneurship is a form of entrepreneurship differentiated by its overarching commitment to achieving a social benefit or purpose in conjunction with generating profit (Austin, et al., 2006). Light (2008) distinguishes social entrepreneurship from social enterprise by designating the attributes of systemic

alterations to the social equilibrium as the overarching goal pertaining to social entrepreneurship. Also, distribution of profit is not solely limited to reinvestment in the entity as is the case with social enterprise. It is the combination of the two elements of social benefit and profit generation that distinguishes social entrepreneurship from other constructs. The identification of social benefit, or purpose, over profit will be adhered to in this study and be used as a starting point to identify social entrepreneurship in the interview process. This review will define social entrepreneurship in the context of both the need for addressing a societal problem and the designation of profit. Institutions relying solely on donations or grants are not included in the construct of social entrepreneurship. While this review addresses the topic of social entrepreneurship as opposed to social enterprise, it bears noting that a social enterprise organization may also achieve the status of social entrepreneurship depending upon the interpretation of revenue generation and profit distribution.

While there is some definitional consistency regarding the desired outcome of social entrepreneurship as benefiting society through systemic change, the process itself is where academics and practitioners have yet to reach an overarching agreement. This lack of a consensus among academics and practitioners about what social entrepreneurship is, and what constitutes a social entrepreneur, supports a need for further research. The need for a more unified definition related to the process of social entrepreneurship is exemplified by Roberts and Woods' (2005) review of the literature. They identify social entrepreneurship as a practitioner-led field of study still in its infancy. They also recognize a need for a practical definition that both increases awareness and credibility of the field for research purposes in addition to promoting the



practice. Much of the existing research regarding SEs is within the past twenty years and is limited due to the fact that it either borrows from studies pertaining to business entrepreneurs, or consists of cross sectional studies focused primarily on successful enterprises (Dorado, 2006; Light, 2008; Roberts & Woods).

#### *Definition of Social Entrepreneurship Based on Current Literature*

Roberts and Woods (2005) identify social entrepreneurship as an evolving field of study and recognize a need for a practical definition that purposefully increases awareness and credibility of the topic. They support the need for a strong definition that both promotes the practice and creates a definitional benchmark for research purposes. To achieve a working definition based on their research, they conducted a review of the literature related to both commercial and social entrepreneurship. They compared their findings with available literature and case studies of active SEs to posit a definition that bridges both the academic and practitioner perspectives. From this review Roberts and Woods derived the following definition, “Social entrepreneurship is the construction, evaluation and pursuit of opportunities for transformative social change carried out by visionary, passionately dedicated individuals” (p. 49). This definition addresses the individual aspects of the SE; however it does not specifically address the social benefit versus profit dynamic that distinguishes the SE from the commercial entrepreneur. Therefore, this study will limit participants to SEs only and focus on the element of transformative social change. The business aspect of social entrepreneurship is included in this review as a means to further define the specific motivational differences between social and commercial entrepreneurs. This is in addition to the background characteristics

that distinguish a social entrepreneur from a commercial entrepreneur. As noted previously, there is a distinction between social entrepreneurship and social enterprise; however, much of the available literature dedicated to social entrepreneurship is derived from studies of commercial entrepreneurship and social enterprise.

Harding (2007) provides a working definition of social entrepreneurship from the Global Entrepreneurship Monitor (GEM) report that addresses both the business and social aspects of the field:

Social entrepreneurship is any attempt at new social enterprise activity or new enterprise creation, such as self-employment, a new enterprise, or the expansion of an existing social enterprise by an individual, team of individuals or established social enterprise, with social or community goals as its base and where the profit is invested in the activity or venture itself rather than returned to investors. (p. 74)

This definition provides a context from which to identify social entrepreneurship as distinct from commercial entrepreneurship by emphasizing social or community goals. From this context, a framework delineating the process of social entrepreneurship creation can be modeled. The delineation of profit is an area where there is not conclusive agreement in the current literature and is an element of this research study.

A hybrid of Harding's definition, and Robert's and Wood's definition, has been developed by this researcher:

*Social Entrepreneurship: A unique form of entrepreneurship differentiated from other forms of entrepreneurship by two distinct elements: (1) a self*

*sustaining, revenue-generating, innovative and unique approach to solving a social problem where (2) profits are both distributed and reinvested as a means to sustain the mission. This can include both nonprofit and commercial enterprises.*

A revenue-generating portion of the business may sustain the nonprofit portion of the business. Likewise, an individual may create two separate entities to accomplish the social benefit, one nonprofit and one revenue-generating, to support the nonprofit. Also, some profits may be distributed to shareholders as dividends, or owners as income. This hybrid definition was used when approaching subjects for the interview selection process and allowed for subjects from both the nonprofit and commercial sector. To be clear, nonprofits that rely on donations for start-up, or as a component of continuing operations, are included in this definition. The qualifier is that their motive fits the above hybrid definition and there is a self-sustaining mechanism. The distinction of what constitutes an approach as innovative follows the criteria set forth by Martin and Osberg (2007). Their article profiled successful commercial entrepreneurs in an effort to gain insight into the distinction between commercial and social entrepreneurship. Specifically, they posit that the SE is enticed by a "...suboptimal equilibrium, seeing embedded in it an opportunity to provide a new solution, product, service or process" (p. 32). Investigating the root cause (background) and motivations behind the process of SEs is the main focus of this research project. The entrepreneurial process is discussed in the next section.

This definition compliments Light's (2008) identification of social entrepreneurial organizations as intent on achieving systemic alterations to the social equilibrium as the

overarching goal. The magnitude of change delimiters are intentionally not included in the working definition.

*The Stages of the Entrepreneurial Process*

Brooks (2009), borrowing from the literature related to business entrepreneurs, explains the concept of social entrepreneurship as a process beginning with opportunity identification and the pursuit of identified opportunities not hindered by a lack of current available resources. Similar to Light (2008), Brooks describes a process identified with commercial entrepreneurship that includes the following: opportunity recognition, concept development, resource determination and acquisition, launch and venture growth, and goal attainment (see Table 1).

Table I

*Brooks' Stages of Entrepreneurial Process*

<ol style="list-style-type: none"> <li>1. Opportunity recognition.</li> <li>2. Concept development.</li> <li>3. Resource determination and acquisition</li> <li>4. Launch and venture growth.</li> <li>5. Goal attainment.</li> </ol>
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This study will focus on the background and motivations of the SE as a lens to view the subsequent stages of the entrepreneurial process. For example, the first step is opportunity recognition. Whereas a business entrepreneur perceives that a potential opportunity exists that can lead to profitability, the SE perceives that an opportunity

exists to solve a social problem and create wealth. Exploration of this difference was considered in the formulation of the questions asked of the interview subjects.

The second step, concept development, refers to the idea that an opportunity must manifest itself into a sound business concept. For example, drawing from Professor Yunis and the development of the Grameen Bank, the need for affordable loans to the working poor of India translated into the business concept of micro loans (Bornstein, 2007; Brooks, 2009; Clinton, 2007).

Resource determination and acquisition involves the methods with which entrepreneurs identify and secure funding and human resource support for their ventures (Brooks, 2009). This links to the relevance of the background and motivations of SEs and could have potential for further research opportunities regarding their abilities to obtain resources.

The final steps are launch and venture growth, and goal attainment. These steps address the business aspects of taking the social entrepreneurial venture from the idea and funding phase to the execution and growth of the ongoing venture.

Brooks (2009) applies the five stages described above to the SE and creates a foundation from which to evaluate the social entrepreneurial process. This study, through structured interviews with SEs, further investigates the process espoused by Brooks in an effort to discern what motivates individuals to become SEs. Inherent in this categorization of entrepreneurial background is information regarding personal characteristics common to the SE. This will be analyzed in the following sections first by addressing the motivations, background and related personal characteristics of the

commercial entrepreneur, followed by the nonprofit founder, and then the social entrepreneur.

*Commercial Entrepreneur: Founder Personal Characteristics, Motivation, and Background*

Siric and Mocnik (2010) segmented psychological and non-psychological motivation factors as determinants of the entrepreneur’s personal characteristics. Their study identified the personal characteristics of Slovenian entrepreneurs and the impact of these characteristics on venture growth (See Table II).

Table II

*Psychological and Non-Psychological Factors for Entrepreneurial Motivation*

Psychological Motivation Factors	Non-Psychological Motivation Factors
<ol style="list-style-type: none"> <li>1. The need to achieve.</li> <li>2. Risk tolerance.</li> <li>3. Need for autonomy/independence.</li> <li>4. Self esteem/self-efficacy.</li> <li>5. Locus of control.</li> <li>6. Vision.</li> </ol>	<ol style="list-style-type: none"> <li>1. Human capital (explicit knowledge, tacit knowledge and experience, age, marital status).</li> <li>2. Social capital (structural capital, relational capital, &amp; cognitive capital).</li> <li>3. Business growth expectations.</li> </ol>

Siric and Mocnik (2010) indicate that a cross-disciplinary approach is necessary to understanding entrepreneurial motivation bridging the domains of psychology, sociology, and economics. They find that a balanced combination of the entrepreneur’s intention,

business abilities and environmental opportunities are necessary for venture growth. The ‘need to achieve’ and ‘risk tolerance’ are cited as two primary psychological motivating factors.

Wheelen and Hunger (2010) recommend that an assessment of a new ventures’ strengths and weaknesses focus on the founders’ personal characteristics including their assets, expertise, and abilities. Further, Wheelen and Hunger’s extensive research on the subject of new venture performance cites founders’ competencies, motivations, and connections as reliable predictors of a new entrepreneurial venture’s growth and success. Competencies include an ability to identify potential opportunities beyond that of the general population. They also include a need for achievement and a sense of urgency, or need to act, as important entrepreneurial characteristics. Wheelen and Hunger find that successful entrepreneurs are better educated, and have significant work experience within the domain of the new business they start. Finally, adaptive skills are confirmed to be predictors of entrepreneurial success

As previously discussed in this paper, the literature specific to commercial entrepreneurship cites profit and risk as the primary motivations of entrepreneurs. Baumol (2004) defines entrepreneurs as “promoters of innovation” (p. 319) and finds that the motivations of the majority of entrepreneurs are derived from three primary goals: 1) attainment of wealth, 2) power, and 3) prestige. According to Baumol, commercial entrepreneurs are motivated to exploit opportunities as a means to achieve these ends. Further, Buomol notes that a significant population of entrepreneurs selects opportunities based on the greatest return with no concern for the social impact. Motivations related to

the backgrounds of the entrepreneurs, both commercial and social, have an impact on decision-making.

Pistrui, Huang, Oksoy, Zhao and Welsch (N.D.) conducted in-depth survey interviews in 2000 with 56 Chinese entrepreneurs in China's Wuhan province. They noted personal achievement as the main general motivation for launching a new venture and 'having fun' as the top reason or motive for becoming an entrepreneur. A need to directly contribute to venture success and family security were named as the other top motivations.

The literature also suggests a strong link between motivation and decision-making, specifically in relation to opportunity evaluation. Miao and Liu (2010) explain entrepreneurial decision making as "choices made by entrepreneurs when faced with entrepreneurial opportunities" (p. 357). Miao and Liu, in their review of the literature, identify profitability recognition and feasibility recognition as the two main components of the entrepreneurial opportunity recognition schema. Further, they confirm that prior knowledge is widely accepted as the cognitive foundation of opportunity recognition. Identifying the commonalities and differences between commercial and social entrepreneurs motivations and backgrounds may help isolate other generic, cultural or situational criteria specific to social entrepreneurs.

Commercial entrepreneurship research focused on the entrepreneurial process also provides insight into the risk tolerance and risk perception levels of entrepreneurs. One theme common in the literature related to risk and opportunity recognition is that entrepreneurship is a process of decisions leading to a single decision point (Baron, 2006; Cave & Minty, 2004; Dimov, 2011). Baron identifies a pattern opportunity framework



that has significant repercussions to the field of entrepreneurship. Baron describes three primary factors inherent in the opportunity recognition stage for new business attempts: 1) inertia, or initiating an active search for new opportunities, 2) alertness to opportunities, and 3) prior knowledge of the domain, participants and market as a foundation for recognizing opportunities in specific industries or markets.

For example, a survey of members of the Chicago area Entrepreneurship Hall of Fame gleaned that entrepreneurs are less likely to discover opportunities from the public domain (Baron, 2006). Further, the Chicago study gleaned that entrepreneurs are more likely to succeed tapping sources of inspiration from private contacts and industry specific publications. Baron cites prior knowledge, a heterogeneous business background, and dynamic work experiences as significant influences of entrepreneurial success. Baron furthers this argument by suggesting that knowledge specific to the problem area or industry provides an edge over those without such experiences. Dorado (2006) finds that while the “research on EO’s does establish a connection between entrepreneurs backgrounds and the opportunities they create” (p. 331), the research does not “specify whether entrepreneurs with backgrounds in a particular problem area versus those with backgrounds in a particular industry have a differentiated advantage when identifying and exploiting an entrepreneurial opportunity” (p. 331). A broader background implies both more opportunities and a higher likelihood of higher quality opportunity recognition. Baron also suggests that the connection between the three primary aspects of opportunity recognition be considered in the study and practice of entrepreneurship.

Table III summarizes the above findings related to commercial entrepreneurial motivation and background characteristics and is provided as a means to compare and

contrast the findings in the following sections for nonprofit founders and social entrepreneurs.

Table III

*Findings Related to Motivations and Background Characteristics of Commercial Entrepreneurs*

<b>Motivations</b>	<b>Background Characteristics</b>
Wealth	Prior Knowledge
Power	Risk Tolerant
Prestige	Inertia
Security/Need to Achieve	Alertness to Opportunities
Fun	Use of Existing Networks

Supporting the decision to limit the project population to SEs at the exclusion of business entrepreneurs, Dorado (2006) cautions against borrowing from the literature specific to business entrepreneurs. She also recommends more research specific to SE's and the link between profit and the social benefit or service. Dorado also recommends examining if there is a link between the values served due to the inception of a new venture, and the process of the venture development. She suggests further inquiry into whether background attributes such as experience with a problem area or industry experience have determining effects on the success of the venture. To illustrate, Dorado references one perspective of entrepreneurial activities as a set of activities leading to the identification, review and exploitation of opportunities to develop potential goods or services. Dorado's use of the term 'exploit' provides an indication of the difficulty in

determining agreed upon metrics for social entrepreneurship among practitioners and scholars. The word exploit in the social sector typically denotes victimization and the idea of generating profits from social benefit organizations is not universally accepted across all sectors (Pallotta, 2008).

Shane and Cable (2002) find a direct link between opportunity and background in their study of 50 potential entrepreneurial cases centered on a specific technology. Specifically, Shane and Cable find that upon discovery of an opportunity, the ability to raise capital for start-up is limited to the entrepreneur's social ties to investors. Given that investors lack knowledge in the specific industry, they rely on the entrepreneur's past reputation in the field or use social contacts to gain more knowledge. The entrepreneur utilizes his or her networking capabilities to transfer information to the investor. Likewise, a cross sectional study by Schoonhoven and Romanelli (2001) confirms a close connection between the subject matter expertise and related background of founders of 17 successful *Inc. 500* corporations and the companies they started between 1982 and 1999.

#### *Summary of Commercial Founder Motivations and Background*

The above discussion supports the need to compare and contrast the motivations and background characteristics of SEs with other business constructs. Commercial entrepreneurs are motivated by profit and possess an innate ability to identify opportunities. Motivations include wealth, power, prestige and family security. Opportunity recognition is linked to, though not entirely dependent upon previous industry experience or familiarity with a social problem to launch their ventures. They are known for their networking abilities and ability to draw on previous experience and both

formal and informal social networks. Commercial entrepreneurs are more educated than the general population and typically have a strong business background. They are described as self-starters and are achievement oriented. Next, given the link between nonprofits and social entrepreneurship, a discussion focusing on the nonprofit model and the motivations and characteristics of nonprofit founders is provided in the following section.

### *Nonprofit Sector Overview*

According to Drucker (1990), the distinguishing factors of a nonprofit are its specific social mission that addresses a human need(s) and its desired outcome of a changed individual. Further, nonprofits are distinguished from commercial entities due to the absence of shareholders and subsequently profit distribution (Hines, Horwitz, & Nichols, 2010). A fundamental element inherent in this study is an analysis of why social entrepreneurship is an evolving niche filling a void between nonprofit and commercial ventures. What is the common denominator that distinguishes social entrepreneurship as its own unique construct? Collins (2005) cites four distinct segments of the nonprofit sector delineated by two primary revenue sources: charitable donations or private grants and business revenues. The four sectors are designated by their reliance on donations versus revenue: 1) heavily supported by government funding, 2) heavily supported by private individuals, 3) supported by a blend of charitable donations with business revenues, and 4) rely heavily on business revenue. Cooney (2006) cites statistics from the nonprofit sector reflecting that revenues from commercial endeavors increased from 36% in 1980 to 54% in 1996, while revenues from the government sector decreased to 36%

from 48% during the same time frame. Cooney indicates a trend in nonprofits “launching business ventures to generate unrestricted funds that cross subsidize other agency activities” (p. 143). Cooney refers to the format of such nonprofits as a hybrid model and addresses the issue of how these hybrids organize their hierarchy between the revenue generating business element and the mission focused social services element. This model can be interpreted as a direct link and catalyst to the growth of the social entrepreneurship sector. The nonprofit sector is not disappearing; nonetheless, as referenced above, there is a population of entrepreneurs not satisfied with the traditional nonprofit settings for venture creation (Cooney, 2006; Dik, et al., 2009; Dotlich, et al., 2004). This compliments a trend in the literature emphasizing an overlap between the nonprofit sector and the evolving field of social entrepreneurship. For example, Cooney (2006) acknowledges that SVEs address the tensions that exist in the nonprofit sector between social mission and commercial goals. Elkington and Hartigan (2009) also address the bridge between nonprofits and SVEs and speak to the advantages and disadvantages of the nonprofit model. They identify a trend in new corporate structures, led by SEs, and designate these structures into one of the following three models: 1) “leveraged nonprofit”, 2) “hybrid nonprofit” and 3) “social business” (p. 3).

Within the nonprofit construct there are a myriad of nonprofits, including social organizations, grant makers/funders and direct service providers (McLaughlin, 2009). An entity that is a nonprofit may also be included in the domain of social entrepreneurship provided it meets the parameters set forth in this paper. Specifically, there must be some form of revenue and profit generation linked to the purpose of social benefit and the organization is not entirely dependent on grants and donations. Prior to reviewing the

motivations and background characteristics of the SE in more detail, a brief review and discussion related to nonprofit founders is included.

*Nonprofit Founder: Motivations, Background and Related Personal Characteristics*

Given the mutual transformative elements between nonprofit, commercial and social entrepreneurship, a brief discussion related to the motivations and background characteristics of nonprofit founders is warranted. Article searches using motivation and characteristic specific delimiters for nonprofit founders netted far fewer results than those for commercial entrepreneurs. Articles related to a specific nonprofit founder did provide context and insight into the motivations of the founder related to the launch of the nonprofit. Studies specific to addressing the motivations of nonprofit founders were not prevalent in the literature in contrast to the availability of similar studies targeting the commercial sector. This is confirmed by Stevens (2005), when discussing her doctoral dissertation focused on the motivation of nonprofit arts founders: “there is remarkably little empirical research about nonprofit founders, despite the volumes of research conducted on small business entrepreneurs throughout the 80’s and 90’s” (p. 2). Stevens conducted thirteen qualitative interviews with nonprofit arts founders related to their characteristics and motivations. Steven’s findings pertaining specifically to the motivations of the founders is provided in Table IV, and includes evidence that nonprofit founders share similar “psycho-social traits” as other entrepreneurs such as a high degree of optimism, a tolerance for ambiguity, and dissonance with organizational structure (p. 2).

Table IV

*Steven's Findings on Nonprofit Founder Motivations*

<ol style="list-style-type: none"> <li>1. Similar psycho-social patterns with other entrepreneurs.</li> <li>2. Nonprofit founders view venture creation as vocation.</li> <li>3. Early family experiences create “inner scripts” for later founder behavior.</li> <li>4. Early experiences of hard work and premature responsibility.</li> </ol>
--

Stevens found that a significantly high percentage of nonprofit founders in her study viewed their work as vocation, and described their motivation in terms of a calling. Also, early childhood experiences did significantly influence subsequent founder behavior. Examples include parent's divorce, parental abandonment, lack of parental nurturing, and parental alcoholism. The experiences are linked to the fourth item in the table, early experiences of hard work and premature responsibility. The nonprofit founders were thrust into adult roles as a result of the early childhood experiences. Examples include caring for a sibling, taking on some of the household responsibilities and early employment.

Stevens summarizes her findings thus, “Nonprofit founders have a calling, a mission, an internal mandate, fueled by classic entrepreneurial characteristics: energy, drive, intensity, self-determination, and urgency” (Stevens, 2008, p. 1). While the literature specific to nonprofit founder motivations is limiting, the Steven's study does provide a basis from which to compare and contrast the motivations of commercial, nonprofit and social entrepreneurs. Specifically, Stevens identifies familiarity with the

problem area and founder background as relevant to the motivations of nonprofit founders. She also cites founder expression of vocation and calling as one of her most significant findings.

Article searches for this literature review confirmed the lack of studies specific to the motivations and/or background related characteristics of nonprofit founders as a group. However, article searches did net some results for specific individual nonprofit founders with regard to motivation and background related characteristics and are provided here. Following is a brief discussion pertaining to nonprofit founder motivations and characteristics followed by a table derived from the survey of the literature provided to compliment the Stevens (2005) table. Specifically, a concise overview of the reasons credited for the founding of the following nonprofits is provided to give context to the motivations of the nonprofit founders.

Cicely Saunders is credited as being the founder of the modern hospice movement (Brogan, 2006). A nurse during WWII, Saunders took note of the medical establishment's inattention to the needs of the dying, including pain management and psychological comfort. Similarly, Ethel Percy Andrus was a retired educator who founded the National Retired Teachers Association at the age of 73, which turned into the modern AARP (Hansen, 2008). It is due to her experience witnessing unmet needs in healthcare and other economic concerns of fellow retirees that motivated her to launch the organization. In both cases industry experience is a component in founder motivation and selection of the problem area.

Gandel (2010) profiled ten nonprofit founders and found "the absence of any model to guide them, or even a lack of expertise" as a common theme among the sample



(p. 22). However, Gandel's survey does cite early childhood experiences or familiarity with the problem area as significant influences on nonprofit founders. Likewise, Habitat for Humanity founder Millard Fuller is credited with drawing from previous business experience and leveraging his existing social networks, fueled by a strong religious background, to launch and grow his nonprofit (Lenkowsky, 2009). (Lenkowsky also identifies similar findings with regard to previous experience, social networks, and religious motivation for the founders of the YMCA and Goodwill Industries).

Other examples of nonprofit founders include Lloyd Noble who founded the Samuel Roberts Noble Foundation research center in 1945. The mission of the center was to develop technology to improve farmland harmed by misuse and poor farming practices in the southwestern United States (Smith, 2010). Noble was a ranch owner, successful oil industry drilling contractor, and technological innovator whose passion was stewardship of the land. He noticed the distressed landscape while flying overhead on business trips and was motivated to leverage his technological expertise and business experience to solve a neglected problem. Finally, James and Suzanne Cusack, both recovering alcoholics, founded the nonprofit foundation Veritas Villas, an alcohol and drug treatment center in New York. They were offered an opportunity by Dominican nuns to launch the venture as a means to earn income in order to secure the land owned by the nuns (Enos, 2011).

Table V below summarizes the above referenced findings. A previous business background that proved helpful and awareness of an unfulfilled need were traits consistent with all five founders:

Table V

*Results of 'Motivation of Nonprofit Founders' Article Search*

Name	Nonprofit	Personal Experience	Relevant Business Background	Early Experience	Unfulfilled Need Awareness	Religious Motivation
Saunders	Hospice	No	Yes	No	Yes	No
Andrus	AARP	Yes	Yes	Yes	Yes	No
Fuller	Habitat	No	Yes	No	Yes	Yes
Noble	Research	No	Yes	No	Yes	No
Cusack	Alcohol Treatment	Yes	Yes	Yes	Yes	No

Valentinov (2007) addresses the motivational factors of nonprofit stakeholders in the context of intrinsic and extrinsic motivation. Valentinov identifies an individual as intrinsically motivated if there is no apparent reward from the activity other than the activity itself. Extrinsic motivation can be viewed as acting in response to some incentive, such as administrative responsibilities or monetary payments. Intrinsic motivation is one facet of nonprofit founder motivation that can be linked to the SE. This study seeks to investigate where the intrinsic motivations of nonprofit founders and extrinsic motivations of entrepreneurs' intersect to explain the motivations specific to SEs.

*Summary of Nonprofit Founder Motivations and Background*

The literature suggests familiarity with a problem area and the need to address this problem is a nonprofit founder's key motivation. Few studies were available that

focused specifically on the motivations of nonprofit founders. Stevens (2008) suggests a sense of calling or vocation is common among nonprofit founders. As noted, this is often tied to early childhood experiences, typically involving a traumatic experience or negative family environment. Nonprofit founders often witness the suffering of others at an early age, and also experience employment or other adult responsibilities at an early age. Nonprofit founders also have an awareness of an unfulfilled need, often tied to their childhood experiences. Similar to their commercial counterparts, the nonprofit founder is achievement oriented, exhibits a heightened ability to recognize potential opportunities, and also benefits from a previous business background. Moreover, as noted, religious motivations of either the commercial entrepreneur and to a lesser degree the nonprofit founder are largely absent in the current literature.

### *SEV Founder: Personal Characteristics, Motivations and Background*

#### *Personal Characteristics*

A cross sectional comparative analysis of the founders of seven SEVs found that a number of personal characteristics were common among SEs (Alvord, Brown, & Letts, 2002). This study found that bridging capacity and adaptive skills are important attributes deemed as relevant to success. According to Alvord et al., bridging capacity relates to the element found to be relevant in the success of SE's with regard to working "...effectively across many diverse constituencies" (p. 11). Adaptive skills also relate to a critical element of management found in successful SE's and enables the SE "to recognize and respond to changing contextual demands over a long term" (p. 11). Specifically, the study

found that SEV leaders did have histories that enhanced their ability to build effective networks with very diverse types of people.

Data analyzed from a Social Entrepreneurship Monitor report found that the demographic profile of the SE is younger, more educated and female (Harding, 2007). This is confirmed in an online survey targeting SEs. Specifically, SEs are more likely to be younger, female, especially non-whites, college educated and residents of big cities (Van Ryzin, Grossman, Di-Padova-Stocks, & Bergund, 2009).

### *Motivation*

What can be gleaned from the above findings with regard to what motivates SEs? One of Harding's (2007) findings is that due to the fact that the SE is younger, financing is an issue, and leads to a discussion on the funding challenges for younger SEs. Monetary support as the first major challenge faced by SEs is also confirmed by Vasakaria (2008) through analysis of 65 structured questionnaires sent to SEs in the Indian cities of Hyderabad and Secunderabad. Both studies also showed a large majority of the respondents (66%) were in the age group 25-30. While demographics and related profile delimiters are relevant to the specific studies addressed, it is not necessarily a component of motivation. Nonetheless, basic profile delimiters such as gender and age range were included in the analysis section of this research study for each participant.

Austin et al. (2006), in their exploratory comparative analysis of business and social entrepreneurship, differentiate between social and commercial enterprises with regards to the existence of the financial need itself. One finding of authors from the business literature is that the entrepreneurial enterprise is motivated by a perceived opportunity regardless of the existence of available resources. The distinction is that

commercial enterprises must identify a need, whereas a social enterprise is relatively fluent in needs identification. At issue is the potential to channel resources to help address that need. Where this motivation originates is the focus of this research study. As a result, the Austin study suggests that SEVs are manipulated and pressured into growth and expansion before appropriate time and effort has been dedicated to strategies supporting the growth and expansion endeavors. Austin et al. confirmed that the management of human and financial resources is significantly different between the business and social entrepreneur. This supports the distinction between the commercial venture's exploitation of opportunity for profit versus the SEs emphasis on an opportunity to solve a social need.

Some motivational attributes may be shared among commercial and social entrepreneurs. It should be emphasized that the commercial and social entrepreneur are not mutually exclusive in the attributes that define their characteristics or motivations. Borrowing from the economics literature, some characteristics identified with entrepreneurs do appear to cross both boundaries. For example, Sen refers to human beings as not only agents of progress but as "the primary means of all production" (Sen, 1990, p. 41). Schumpeter (2008) addresses the place and role of the entrepreneur as rooted in an inherent need for personal success and credits virtue, leadership and responsibility as entrepreneurial attributes. It follows that individuals who embody such traits would consider social benefit as a motivating factor to create businesses.

Relevant to the motivation of the SE is research that gleans common themes and background characteristics. While profit is an important motive to the SE, the social benefit motive behind it differs than the motives of their commercial counterparts. While

this discussion delves into philosophy as much as economics and sociology, it bears noting that the motivation of the entrepreneur has a rich history in academic theory and an assessment into the motivations of SEs is a necessary addition to existing literature. Background is explored further in the following section.

### *Background*

Findings specific to SEs background include early childhood trauma, transformative childhood experiences, and financial pressures-which are discussed next. Barendsen and Gardner (2004) conducted a comparative study of three distinct groups using structured interviews and survey to learn if there are specific personality traits indicative of the SE. The three groups were SEs, business entrepreneurs, and a group of young service individuals employed by the Albert Schweitzer Fellowship Program. The business entrepreneur group was used as a control group to measure for entrepreneurial attributes and the service professionals to control for dedication to a social calling.

SEs share common experiences related to their individual backgrounds. According to Barendsen and Gardner (2004), early childhood trauma is a predominant experience of SEs such as the death of a close relative, sexual abuse or violence. Several of those from the same group who did not experience the above mentioned traumas did list some transformative childhood experience, including a sudden uprooting or geographic change, addiction, and service related to underprivileged at-risk youth. Overall, approximately half of the respondents from both the Schweitzer group and the SE group experienced either trauma or a transformative experience at an early age.

Another predominant theme found by the study indicates that financial pressure is the primary obstacle mentioned by the SE with regard to maintaining their operations.

Funding and other financial related matters is one management challenge facing the SE and the literature indicates that background is relevant in determining the skill set required to effectively manage an SEV. The Barendsen & Gardner (2004) study does support the premise that the background of the individual, specifically unusual events, contributes to the development of the SE.

### *Relevance of SE Background*

Investigating SE backgrounds has repercussions related to their ability to launch and manage their ventures. For example, their background may influence the ability to raise the necessary resources to launch their ventures. Janney and Folta (2003) conclude that existing knowledge does have an impact on the entrepreneur's ability to both obtain financial resources and exploit his or her ideas. This suggests that indirectly, either the background of the SE or the industry from where he or she hails has an influence on the ability to raise funds for start up and ongoing operations.

Understanding the link between backgrounds of the SE and problem selection may contribute to further understanding of management challenges facing the SE. The study by Austin et al. (2006) posits that a primary consideration for the SE is to be more thorough in the development of long-term strategy Exploring the link between motivations and background elements, such as familiarity with the problem area and opportunity recognition, may help formulate considerations and strategies specific to the SE.

SEs share as a predictor of success the same characteristics as commercial entrepreneurs in that they are “known by others for their abilities” (Austin, et al., 2006, p.

11). The authors cite advantages from being known for one's abilities, such as having a familiarity with identified vendors, clientele, competitors and the human resources germane to his or her respective organization. Austin et al. make the claim that reputation amongst key players in the sector where one seeks to practice is a determining factor in the competition for attracting finite resources. Their contribution becomes apparent in the context of venture launch, specifically with regard to resource generation, bridging capacity, adaptive skills and skills from related industry experience. How these skills can be assessed in conjunction with previous problem area experience, and as a factor contributing to the success of the venture, is an important contribution to existing SE literature. Austin et al. discuss how the ability to attract both human resources and funding is tied to "the specific social problem or need being addressed" (p. 12).

An analysis of 1,327 survey responses from a 2007 online survey aimed at identifying SEs suggests that social capital manifests itself through social entrepreneurial activities (Van Ryzin, et al., 2009). Their research finds that "social entrepreneurs rely on their connections and networks in the community to carry out their mission" and provides evidence that both education and business experience foster social entrepreneurship "suggesting that human capital also remains an important factor for the creation of a social entrepreneur" (Van Ryzin, et al., 2009, p. 138). Once again, background elements such as previous business experience, bridging capacity and networking are identified as characteristics of the SE.

One feature common in various literature reviews is the SEs motive of social benefit over profit. Vasakaria (2008) summarized the basic qualities and background characteristics germane to the SE based on his literature review. Table VI summarizes the



common themes of the Vasakaria literature review with regard to the SEs background characteristics and motivations.

Table VI

*SE's Background Characteristics and Motivation Patterns*

<p>Common SE Background Characteristics</p> <ol style="list-style-type: none"> <li>1. Bridging capacity.</li> <li>2. Adaptive skills.</li> <li>3. Younger.</li> <li>4. More educated.</li> <li>5. Female.</li> <li>6. Early childhood trauma/transformational childhood experience.</li> <li>7. Initial financial pressure.</li> </ol>
<p>SE Motivations</p> <ol style="list-style-type: none"> <li>1. Industry/problem area related experience.</li> <li>2. Exploitation of opportunity to solve social need.</li> <li>3. Leverages social capital from industry/problem area experience.</li> <li>4. Identifies unmet need or underserved population</li> </ol>

When the social benefit is inherent in the product, there is no conflict between the entrepreneur and the venture capitalist (Harjula, 2006) An agreed-upon business plan addressing both the social benefit and revenue-generating aspect of the venture must be coordinated between the entrepreneur and his/her source of funding. The ongoing relationship with investors could be dependent upon, or directly influenced by, the

entrepreneur's degree of familiarity or expertise with either the social problem area or industry. The background of the entrepreneur may provide insight into the degree of predicting success and failure when formulating investment strategy and used as a base for further research.

### *Conclusion*

The field of social entrepreneurship can benefit by analyzing the primary motives of SEs. Investigating the background of the individual is key to this research. The SE as innovator must be able to understand both the business aspect of the venture and the social problem being addressed, for example. The literature is inconclusive regarding distinctions between the SE and his commercial and nonprofit counterparts. Further, much of the literature borrows from commercial entrepreneurship models. The distinction that separates social entrepreneurship from other forms of entrepreneurship is due to the importance of solving a societal problem versus the generation of profit as the primary motive. Background delimiters and motives of the SE must be identified and evaluated to better understand the field.

Based on the literature, differences between the SE and commercial entrepreneur stem from the profit motive. The commercial entrepreneur exploits opportunities in the pursuit of profit. The profit motive helps explain the commercial entrepreneur's external motivations such as wealth, power, and prestige, and having fun – motivations not associated with the SE. As a result, other underlying internal entrepreneurial characteristics or motivations, such as a need to achieve, differ between the SE and commercial entrepreneur. One explanation explored further in this study is that the SE

has different internal motivations than the commercial entrepreneur. Therefore, while risk and opportunity exist in both the commercial and SE business model, the SE views the tradeoff between risk and reward differently and this may stem from background or motivation factors.

The SE and the nonprofit founder have more in common with regard to background and motivation than between the SE and commercial entrepreneur. For example, similar early childhood experiences appear in both the SE and nonprofit founder background studies. Difficult family backgrounds stories of parental abuse and neglect are common to both the SE and nonprofit founder. Further, the intrinsic motivations of vocation or calling do appear in studies of nonprofit founders. The Stevens (2005) study finds that nonprofit founders view their work as a vocation or calling, rather than a vision, and cites this finding as one of the more significant results from her study. One reason for her emphasis on vocation is the limited presence of this topic in studies related to nonprofit founders. This is also true of the SE literature and confirms the underlying premise of this research study.

There are a number of common background and motivation themes shared among the commercial entrepreneur, nonprofit founder, and SE. They include a familiarity with the industry or social need. They are more educated. They have strong business backgrounds and leverage their experience through networking. They possess strong bridging capacity and adaptive skills. They are self-starters, achievement oriented, and better than most at identifying potential opportunities.

From the above studies, it is clear that elements such as entrepreneurial background, personal characteristics and motivations pertaining specifically to the SE as

well as the subsequent conclusions that can be drawn from them, differ among researchers. Table VII summarizes the findings from this literature review and provides a concise overview of similarities and differences between commercial entrepreneurs, nonprofit founders and SEs. It should be noted that distinguishing between characteristics and motives is subjective. For example ‘familiarity with the problem area’ is arguably both a characteristic and a motivation. Therefore, the table does not distinguish characteristics from motives. Further, The context underlying the motives and characteristics may differ between the three subgroups. It should be also noted that the table exists as a foundation to further explore the motivations and characteristics of SEs.

Table VII

*Summary of Literature Review Findings for Motivations and Characteristics of Commercial Entrepreneurs, Nonprofit Founders and Social Entrepreneurs*

<b>Characteristics and Motivations</b>	<b>Commercial Entrepreneur</b>	<b>Nonprofit Founder</b>	<b>Social Entrepreneur</b>
Prior industry knowledge	X	X	X
Problem area familiarity	X	X	X
Risk tolerant	X	X	X
Alertness to opportunities	X	X	X
Use of existing networks	X	X	X
Bridging capacity	X	X	X
Transformative early experience/Trauma			X
Adaptive skills	X	X	X
Self interest	X		
Initial financial pressure	X	X	X
Intrinsic motivation	X	X	X
Profit Motive	X		
Wealth attainment motive	X		
Power motive	X		
Prestige motive	X		
Social impact motive		X	X
Independence motive	X		
<b>Characteristics and</b>	<b>Commercial</b>	<b>Nonprofit</b>	<b>Social</b>

<b>Motivations</b>	<b>Entrepreneur</b>	<b>Founder</b>	<b>Entrepreneur</b>
Sense of achievement motive	X	X	X
Fun motive	X		
Security motive	X		
Recognized unmet needs	X	X	X
Religious motive		X	X

(Table VII continued)

## Chapter Three

### Methodology

#### *Research Question*

The intent of this study is to discern the relationship between the background of the entrepreneurs and the problem areas they select. This project addresses the following research questions: *What are the motivations and background factors of social entrepreneurs? Where does the motivation to become a social entrepreneur originate and how does it evolve? How does this motivation differentiate the social entrepreneur from other entrepreneurs? Is religious motivation a factor? How does this religious motivation differentiate the social entrepreneur from other entrepreneurs?*

Understanding the motivations of SEs will contribute to a better understanding of the field, help current SEs, and prepare future SEs.

#### *Research Design*

This study employed a qualitative research design using a responsive interviewing approach developed by Rubin and Rubin (2005). Such an approach involves initially preparing transcripts from recorded interviews and then incorporates a systematic strategy to “find, refine and elaborate concepts, themes, and events; and then code the interviews to be able retrieve what the interviewees have said...” (p. 201). The responsive interview approach also allows for a comparison of themes and concepts across interviews. Adding to this is the ability to refine the process with each interview,

the potential for follow-up interviews, and the ability to draw from published research to evoke concepts and themes (Rubin & Rubin, 2005).

Rudestam and Newton (2007) describe qualitative research as comprehending experiences from the perspective of the participants. There is a lack of participant studies in the current literature limited to, and created for, SE's, specifically with regard to motivation and background. The literature borrows predominantly from existing studies of business entrepreneurship. Qualitative research utilizing structured interviews was the best method to approach this study. Few studies have been done exclusive to interviews with relatively unknown SEs. The current literature dedicated to social entrepreneurs focuses on the most successful and recognized examples in the field with less emphasis on those who have experienced failure, setbacks or have yet to achieve a prominent position in the field. This study addressed a gap in the literature by utilizing structured interviews with SEs to address the question of how background influences motivation and how this information is relevant to the field.

### *Participants*

The participant sample was comprised of individuals who have been identified as SEs. Their organizations were identified as SEVs. In some cases participants have experienced failure in a social entrepreneurial endeavor. Including the incidence of failure in the group addresses the gap in the literature involving the perspectives of those with experience in failed as well as successful ventures (Dorado, 2006).

The participants were a homogeneous sample selected initially based on the snowball/referral method of sample selection (Hair, Babin, Money, & Samouel, 2003).

The interviewees were introduced to the researcher through his association with colleagues at a small private Christian university located in the Pacific Northwest.

Homogenous sample refers to participants selected because they have “a phenomenon of interest in common” (Rudestam & Newton, 2007, p. 107). This researcher solicited names and contact information of potential interview subjects from colleagues.

Recommendations were based on some prior knowledge and familiarity with each specific organization and the likelihood that the founders fit within the SE definitional parameters. This includes for-profit businesses or nonprofit organizations that qualify as SEVs.

Respondents were purposively selected to participate in this study (Patten, 2005). The benefit of this purposive sample was to select individuals who fit the definition of the social entrepreneur as provided in this research study. They were likely to respond positively to interview requests in an effort to allow for in-person interviews and potential follow-up interviews. Drawbacks of purposive sampling methods are discussed in the limitations section. The sample participants have been identified as SEs and have experienced successful or failed ventures, or both. They largely reside in the Pacific Northwest, and identify their organizations as addressing a societal need. Individuals not residing in the Pacific Northwest were interviewed via recorded phone interviews.

#### *Pilot interview*

This researcher conducted a pilot interview with an individual who created SEV's in the slums of Thailand for the purpose of reducing the prospect of prostitution as a means of income for local woman. The purpose of the interview was to allow this



interviewer to practice conducting formal interviews and to introduce the interview questions prior to the fifteen participants targeted for this study. The interview gleaned an important revelation that, given the relative obscurity of the concept of social entrepreneurship, individuals who fit the definitional aspects of the construct may not self-identify as SE's. It is therefore specified in this study that individuals who were targeted for interviews were identified by this researcher as SEs; they did not necessarily self-identify as social entrepreneurs. This pilot interview respondent mentioned the relevance of initial failures as an important iterative step toward finding solutions that worked within a particular culture. Some of the interview questions were repetitive and, as a result, the questions submitted in Appendix A have been adjusted due to the experience gleaned from the practice interview. Appendix A reflects the adjustments based on the pilot interview. The initial questions were derived by this researcher based on his review of the literature, and by applying suggestions from interview handbooks (Rubin & Rubin, 2005; Rudestam & Newton, 2007).

### *Sample Size*

Initial sample size was fifteen, based on the narrow scope of the study, the specific nature of the topic, and the single interview per participant design with the opportunity for follow-up interviews (Morse, 2000). This population could expand due to recommendations for further potential interviews from the original population of interviewees. There is no conclusive agreement in the literature related to an ideal sample size. Given the fact that the data is understood to not be generalizable for a larger population, and that repeat interviews allow for further depth of content, the sample size

of fifteen is justified (Blair, n.d.; Conrad, Castellano Ackermann, & Claxton; Morse, 2000).

### *Setting*

The interviews were conducted in person (with the exception of three phone interviews). Interview locations varied from this researcher's office, public coffee shops, and the participant's place of business. The interviewees were given the choice of location. The interviews took between sixty to ninety minutes. The interviews were recorded by tape recorder and a field diary was kept during the entire research process. One interview was not captured on tape due to an equipment malfunction. The interview was transcribed from notes taken during the interview rather than from a voice recording.

### *Data Collection*

Topics were introduced by the interviewer and the interview questions were comprised of "main questions, probes, and follow-ups" (Rubin & Rubin, 2005, p. 13). Questions were derived from a review of the literature and the input of dissertation committee members. The main questions served to initiate conversation directed at the primary subject matter. Follow-up questions were crucial for mining concepts and themes unique to each participant. Probes are a more uniform method to elicit further details and additional depth concerning an area of interest and also serve to motivate further conversation. It is incumbent upon the interviewer to actively listen for, and recognize key words, concepts and themes and provoke expanded dialog from responses to main questions (Rubin & Rubin). While a number of methods may be used to conduct this type

of research, the structured interview using the responsive interviewing technique was selected here to gain first-hand information directly from SE's (see interview questions in Appendix A).

Relevant to the structured interview are research questions that include queries into gaps in existing research in addition to focusing on the development of existing themes (Rubin & Rubin, 2005). The interviews started with a general question pertaining to the participant's chosen field of study and what initially drew him or her to this area. Per the recommendation of Rudestam and Newton (2007), the initial question "is a question of discovery, to identify what is common among the experiences of an aggregate group of individuals" (p. 110). Rudestam and Newton also suggest a general course of questioning but not a specific list of questions, while Rubin and Rubin (2005) recommend the interviewer comprise a specific set of primary questions. The recommendation of a specific set of primary questions was the approach followed by this researcher (see Appendix A). Rudestam and Newton also stress that not all questions may be used during any given interview, and that each interview is unique with regard to its themes, focus and depth. The interviewer should be prepared to include the three question types outlined above during each interview and must listen for prompts that indicate the need for follow-up questions and probes.

The purpose of this iterative approach to questions is to allow the interviewer to adapt to knowledge learned from the initial interviews, as well as to allow for a more customized approach to questioning. This researcher followed the more structured interview format. Thus, a specific set of questions was devised to aid the interviewer during the sessions (see Appendix A).

### *Content Analysis*

The researcher first transcribed the interviews, and wrote a summary for each interview including details such time, location, duration and interviewee name (or pseudonym). Content was analyzed using the web based program “dedoose” (SocioCultural Research Consultants, 2011). Once all of the interviews were transcribed, each transcript was downloaded into this program as a Word document, and descriptors were set for common elements such as participant demographics. Each of the four major topical subsections was set as a primary section in dedoose (background, motivation, resources and obstacles). A subsection was created for each primary section that addressed each specific question. Topics were in columns, and each interviewee was listed in the left most column, forming a matrix.

Each transcript was then evaluated for themes appropriate to each primary and subsection. This researcher was able to open each transcript and search for excerpts and main points that corresponded with each primary and subsection. Excerpts were then placed within the appropriate sections, a feature of dedoose. From this, dedoose created a matrix whereby the researcher could then place the cursor on each segment representing a question, and view the corresponding excerpts. From this, a master spreadsheet was created for each primary and subsection. The program allows the researcher to cut and paste excerpts and create notes/summaries as appropriate, linking each separate interview to a specific primary/sub section. The coding process followed a number of sequential steps designed to systematically develop codes and further subdivide the codes into concepts and themes (Rubin & Rubin, 2005).

The spreadsheet was created to establish themes and concepts inherent in the body of interviews (Hair, et al., 2003). The interview results were analyzed in an effort to determine background and motivation findings. By interviewing social entrepreneurs specifically to gain insight into their backgrounds and motivations the “results...emerge through consideration and analysis of the data” (Patten, 2005, p. 153).

### *Conclusion*

Social entrepreneurship is an area that needs additional applied research to compliment both academic and practitioner led endeavors. The intent of the interviews was to gain insight into how social entrepreneurs, and likewise educators involved in social entrepreneurship programs and curriculums, can better understand the value and limitations of individual background in the pursuit of becoming more effective social entrepreneurs.

## Chapter Four

### Results

This chapter presents qualitative data gathered through in-depth interviews with fifteen social entrepreneurs. First, an overview of the participant demographics is provided. Next, the corporate structure of each entity is identified. Results are presented in the sequence of the questions asked. The purpose of the interviews was to glean where SEs derive their motivation to become social entrepreneurs and the relevance of the SEs background.

The data is linked to the questions listed in Appendix A. In an effort to present the results in an easily understood format for the reader, I have segmented the results into the two primary topical sub-sections: 1) Background, and 2) Motivation. These sub-sections compliment the framework of my interview format. Results not pertinent to the two subsections have been excluded. Key to each topical section is a discussion of the themes revealed as a means to highlight the core findings across the two subsections. An analysis of the themes drawn from the informant's responses is provided in Chapter Five.

#### *Sample Profile*

Participants ages ranged from a twenty-year-old university senior to a retired widow in her mid sixties. Educational backgrounds ranged from high school diploma to Doctorate degree. The participants are listed by the designation "R"-for 'respondent', and numbered sequentially. To avoid repetition, the interview subjects are alternately referred as 'respondents', 'interviewees', 'the sample', or 'participants'.

The fifteen participants had varied backgrounds. For example, as previously mentioned, one of the participants was a twenty-year-old male university undergraduate senior, while another participant was a retired physician's widow in her mid sixties. Six of the participants (40%) were between 50-55 years old. Three (20%) were between 45-50 years of age. All but one of the participants were white, one was an African American male. Three of the participants (20%) were single, the other thirteen (80%) were married. Five of the participants (33%) were female, the other ten (67%) were male. Regarding the highest level of education achieved by each participant, two participants had a high school education, eight had undergraduate degrees, two had Master's degrees, one had a Doctorate degree, and one a Law Degree.

For an overview of the backgrounds of participants, see Table VIII:

Table VIII

*Participant Demographics*

<b>Participant</b>	<b>Gender</b>	<b>Age range</b>	<b>Geographic Location</b>	<b>Type of Endeavor</b>	<b>Years in Business (Current endeavor)</b>
R1	Female	50-55	Lake Oswego, Oregon	Revenue generating Rwandan focused nonprofit	7 years
R2	Female	50-55	Renton, WA	Daycare (Disadvantaged women, local)	21 years
R3	Male	45-50	Seattle, WA	Ferry boat system in S. Africa	9 years
R4	Female	60+		Stoves (3 <sup>rd</sup> World reduce smoke inhalation deaths)	4 years
R5	Male	50-55	Seattle, WA	Consulting (Eastern	7 years

				Europe)	
R6	Male	45-50	Edmonds, WA	Software development: Strengthening military marriages	6 years
R7	Male	20-25	Lakeland, FL	Internet sales	2 years
R8	Male	50-55	Seattle, WA	Wine distributor (local and internet)	4 years
R9	Male	45-50	Kirkland, WA	Recording studio	3 years
R10	Female	50-55	Redmond, WA	Volunteerism (local)	4 years
R11	Male	25-30	Seattle, WA	Foster care related (local)	3 years
R12	Female	40-45	Seattle, WA	Curriculum Development: Preventing abortions	20 years
R13	Male	35-40	Seattle, WA	Legal firm	
R14	Male	50-55	Bellevue, WA	Community Center (local)	10 years
R15	Male	60+	Bothell, WA	Fertility, auto repair (LLC's under Church domain)	20 + years

(Table VIII continued)

### *Entity Structures*

In addition to the above data, Table IX identifies the corporate structure for each SEV and the SEs previous experience.

Table IX

### *SEV Corporate Structure*

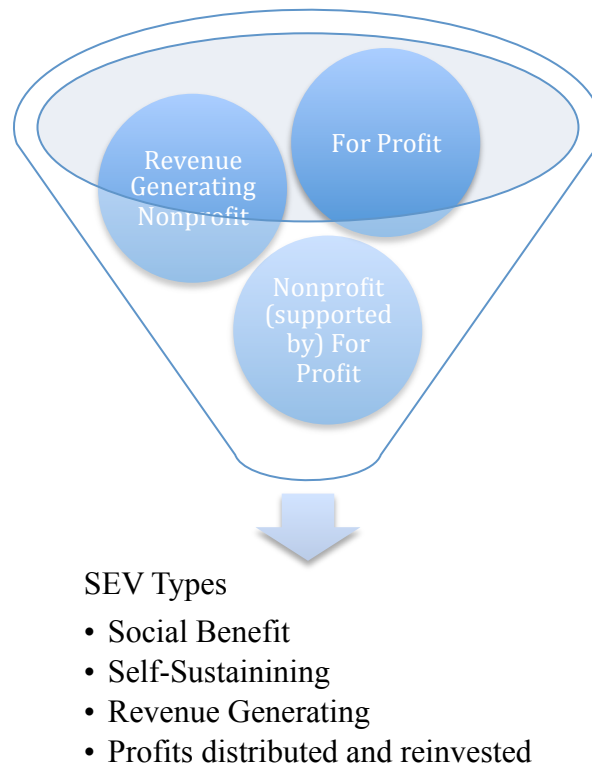


<b>Participant</b>	<b>Previous Experience: Industry, social need area or both)</b>	<b>Type of Endeavor</b>	<b>Corporate Structure</b>
R1	Industry	Revenue generating Rwandan focused nonprofit	Nonprofit/For Profit
R2	Industry	Daycare (Disadvantaged women, local)	Nonprofit/For Profit
R3	Both	Ferry boat system in S. Africa	For Profit
R4	Neither	Stoves (3 <sup>rd</sup> World reduce smoke inhalation deaths)	Nonprofit/Revenue generating
R5	Industry	Consulting (Eastern Europe)	Nonprofit/Revenue generating
R6	Both	Software development: Strengthening military marriages	Nonprofit/For Profit
R7	Social need area	Internet sales	For Profit/Revenue generating
R8	Industry	Wine distributor (local and internet)	For profit
R9	Industry	Recording studio	Nonprofit/For Profit
R10	Industry	Volunteerism (local)	Nonprofit/For Profit
R11	Industry	Foster care related (local)	Nonprofit/NGO
R12	Both	Curriculum Development: Preventing abortions	Nonprofit/For Profit
R13	Industry (Law degree)	Legal firm	For Profit
R14	Industry, volunteerism	Community Center (local)	Nonprofit/Revenue generating
R15	Social need area (Pastor)	Fertility, auto repair (LLC's under Church domain)	For Profit

(Table IX continued)

The corporate structure designation in Table IX includes three possible categories: 1) nonprofits with some revenue generating aspect, 2) for-profit businesses, or 3) a

combination of a nonprofit supported by revenue generated from a separate for-profit business. Each of the three corporate structures compliments the definitional parameters for an SEV as defined in this study (see Figure I for a visual representation of the three entity types). Next, themes related to the respondent's previous experience and background are discussed.



*Figure I:* Visual representation of SEV corporate structure types

*Background Themes**Defining Moments*

The first background theme that emerged among the sample is the existence of defining moments, both positive and negative. The individual backgrounds of the respondents are not similar, however, there are similarities with regard to the occurrence of past defining experiences. Examples include psychologically painful moments, traumatic events, or witnessing the suffering of others. Of the fifteen respondents, thirteen referenced specific events that shaped their worldview and likely contributed to their social ventures. An interesting comment articulated by one of the respondents provides context:

All my pet peeves are being answered by this thing, so I think God just created pet peeves, and I think a lot of people are called based on what bothers them, you know, the sand in the oyster shell.

Participants were asked if there was one defining catalytic moment or traumatic event that led him or her to their current endeavors. None responded that there was one overarching event that triggered a response to solve a social problem. Responses differed regarding the interpretation of how previous experiences correlated to them becoming SEs. Specifically, there was a reluctance to directly link past negative experiences with their current projects. However, most of the respondents acknowledged specific events as contributing factors leading or motivating them to begin their current endeavors.

*Mission or service trips.*

The defining moment, or activity, most common within the sample is connected to experiences from mission or service trips. Exposure to extreme poverty and suffering

while participating in mission trips was revealed by six of the respondents. The physicians widow (R4) accompanied her husband on medical missions. The community center director (R13) accepted an invitation to accompany a mission group to Rwanda while volunteering as a basketball coach for at-risk youth. The others were active in their Christian churches and explained that mission trips were a usual component of church service. One respondent referred to “culture shock” when returning from mission trips as a teenager, “...the culture shock I think is worse coming back to the U.S., and seeing how much people are consumed with themselves, and just furthering themselves, is really what made me want to help overseas more.” Comments regarding the impact of mission trips were plentiful, and included “seeing genocide victims in Rwanda”, and relating a vivid memory of witnessing a reconciliation meeting between a genocide survivor and a perpetrator. Another participant remembered being approached to consider his current endeavor while on a mission trip in Chile, “there was an activation thing going on there from God, [name omitted] knew...about my passion in this area, he approached me and said ‘look there is an opportunity.’ Thus, mission trip experiences did have a contributing influence on the respective worldviews of the aforementioned six participants.

*Potential to relieve the suffering of others.*

An important theme amongst the entire sample is the potential to relieve the suffering of others. This is best summarized by the comment from the widow accompanying her late physician husband on mission trips. She witnessed the difficulty that health care workers had intubating children due to carbon build up in their throats and lungs. The buildup was a result of smoke inhalation from open fire stoves used in

their dwellings: “It made me crazy. So, I tried to find a way to prevent the problems rather than cure them. What happened was we saw a need, we saw a potential solution.”

Participant (R13) recalled working with inner-city youth as a volunteer basketball coach for an at-risk school. There he was exposed to “hearing diversity and needs of working poor, then got a vision for what this place could be”. This is the same individual who accompanied a group from the school on a nonprofit sponsored mission trip to Rwanda. He then joined the boards of both the at-risk school and the nonprofit. He eventually launched his own SEV.

A woman, whose venture is directly related to helping at-risk mothers with small children, mentioned that her two sisters were victims of domestic violence. However, she attributed her SEV idea to a television movie she watched with her husband. The movie was about a woman whose husband (or child’s father) was in prison and who lost custody of her child due to her economic situation. This story resonated with this respondent and her husband and motivated them to launch their venture. This respondent’s husband worked in the corrections department of a law enforcement agency and the high recidivism rate of male criminals was tied to the plot of the movie.

Another participant, whose mission is strengthening military marriages, said his idea was derived from a family album project he began as a gift for a deployed friend. It was only during a follow-up question that he revealed that his father was in the military, his parents were divorced during his childhood, and he was a veteran. Nonetheless, he viewed his friend’s deployment and subsequent family struggles as the catalyst to launch his venture rather than his own family background.

Participant’s who viewed traumatic events as somewhat related to current endeavors include the following: Standing in front of an abortion clinic while in high school “became far more than a mental exercise” for one respondent. Another cited her experience as a guardian conservator and exposure to individuals “who had no hope.” The guardian conservator saw a similar hopelessness in the people of Rwanda and decided to change that. She equated her perceptions of Rwandans with the elderly people she encountered as a guardian conservator. The common element was hopelessness, “waiting to die.” She said she realized that while the elderly may be making peace with their future, this did not have to be the case with the people of Rwanda. Therefore, her previous experience helping a different demographic group and experiencing their suffering reinforced her belief that she could help improve the lives of Rwandans. Another participant cited his parent’s divorce and the role that music played in his childhood: “music was constant, familiar.” Therefore, when the opportunity to begin his music project presented itself, he recalled the positive influence of music in relieving his suffering caused by his parent’s divorce.

Table X summarizes the findings related to catalytic moment or traumatic events.

Table X

*Participants Catalytic Moments/Traumatic Events*

<b>Participant</b>	<b>Type of Endeavor</b>	<b>Catalytic Moments/Traumatic Events</b>
R1	Africa based women’s nonprofit	Guardian conservator experience
R2	Daycare (Disadvantaged women, local)	2 sisters victims of domestic violence TV movie involving a single at-risk mother
R3	Ferry boat system in S. Africa	Struck by poverty when visiting his home country while doing mission work (he was sheltered from this as a youth)

R4	Stoves (3 <sup>rd</sup> World reduce smoke inhalation deaths)	Mission experiences
R5	Consulting (Eastern Europe)	Mission experiences
R6	Software development: Strengthening military marriages	Parents divorced/Father in military
R7	Internet sales	Mission experiences
R8	Wine distributor (local and internet)	Exposed to U.S. poor through volunteering with Young Life
R9	Recording studio	Parents divorced, music one constant
R10	Volunteerism (local)	“Pet peeves”
R11	Foster care related (local)	Mission experiences
R12	Curriculum Development: Preventing abortions Revenue generating	Standing in front of abortion clinic (high school)
R13	Community Center (local)	Mission experiences
R14	Legal firm	Mission experiences/youth pastor
R15	Fertility, auto repair (under Church domain)	Mission experience

(Table X continued)

#### *Previous Industry or Social Problem Area Experience*

Each respondent was asked what previous experience was most helpful to him or her in launching and managing their current endeavors. They were also asked specifically why they started their ventures. (It is important to note the distinction between viewing one’s previous experience as helpful to their current endeavor versus citing it as a reason behind initiating their current endeavor). Regarding previous useful experience, twelve of the respondents cited extensive careers in business. Of the twelve, five have previously owned their own businesses, two held executive level positions, and four had careers in business related fields. Only three had no prior business background or business related

experience. Of these three, one was a full time pastor, one a retired widow with no previous work experience, and the third a recent law school graduate. Following are a few examples of how the respondents viewed previous helpful experience.

The wine distributor described himself as a “serial entrepreneur.” His grandfather was an inventor and he grew up working in, and ultimately managing, the family business. He thought of his idea for the social venture after he began the wine business. The wine business became a vehicle to further his idea for a social venture. In this case, his previous background and latest business venture is relevant to his current SEV endeavor, though not the motivation behind it.

Similarly, the recording studio respondent had extensive experience in business, specifically as a stockbroker and financial analyst. He then transitioned to the nonprofit sector working for the university. This is where the recording studio opportunity presented itself. The specific SEV idea for the recording studio was the result of his grant writing experience for the university, coupled with his need to develop a business plan for his MBA project. The opportunity for the recording studio presented itself through his association with his current employer. Again, previous background is relevant to his current SEV endeavor, though not the motivation behind it.

The sample reflected a trend toward recognizing previous experience as significant, but not the catalyst to launch their businesses. In other words, previous experience, regardless of the link to their current ventures, provided some confidence in the decision to launch their ventures. This reinforces the elements of bridging capacity and adaptive skills mentioned in the literature review. However, this deviates from what the literature pertaining to previous useful experience suggests for both commercial and



social entrepreneurship. Specifically, the sample suggests that the motivation to begin their SEV ventures is derived independent of either previous work experience or familiarity with the problem area. The theme of confidence from previous experience is explored in the next section.

### *Confidence Gained from Business Experience*

The individual working in the foster care arena cited both his experience working for a large corporation and his involvement with nonprofits through mission work as very helpful to his current endeavor. Specifically, he credited “working for a large corporation, seeing how they are run” as “very beneficial.” However, he worked for a large manufacturing company with no relation to foster care or at-risk families. Likewise, an individual with extensive executive level industry experience cited only “project management” and “phone skills” when asked about previously useful experience or training.

The founder of the Rwandan nonprofit cited her background as an accountant and her overall business experience as confidence building: “the whole idea of fiduciary management is not scary to me.” She continued with “...I think my strong business background with an extremely high dose of passion makes me a really good president of a foundation.” She also added “the thought never occurred to me that I would fail.”

Confidence was also cited by the five individuals who owned their own business prior to launching their SEVs. Specific responsibilities inherent with being the business owner were a factor in the decision to launch the SEV. “My background is in building houses and estimating the cost” was given as a reason why the individual who launched the ferryboat project was confident in his abilities to oversee the design and assembly of

the vessels. Another respondent was a partner in an electrical business he founded. This individual also furthered his business skills through volunteerism. He helped build a gymnasium and provided business advice as a volunteer prior to beginning his consultancy SEV. Confidence in both his business skills and his ability to lead projects evolved prior to launching his SEV.

The wine distributor who described himself as a serial entrepreneur conveyed a natural confidence about initiating his SEV and also conveyed enjoyment in the challenge, “I love tying things together, that is what is fun.” He also expressed a realistic approach to the challenges of growing a business “...the (wine) shortage will dry up in five years and we will need a new sourcing model...if we ran out of cash I would put a bullet in it.”

The university recording studio founder “saw an undercurrent of music culture, in spite of the university, not because of it.” Due to his familiarity with the music industry he was confident in the potential for the recording studio within the university. This is particularly interesting due to the fact that dancing is banned on university grounds.

The widow with no previous business experience did identify growing up in a business environment as helpful. Likewise, the undergraduate university student cited his accounting classes and his experience as a manager of an ice cream shop as confidence-inducing elements that compensated for his limited resume.

*Unfulfilled by career success.*

In addition to an underlying confidence gained from previous business experience, another related theme was an expression of feeling unfulfilled by traditional measures of business success. Specifically, mixed feelings regarding the achievement of

monetary rewards and upward career advancement were recognized by ten (67%) of the participants. Examples supporting this theme were numerous. A representative sample is provided in Table XI:

Table XI

*Comments Related to Participants Being ‘Unfulfilled by Career Success’*

R14	“I moved through the chairs pretty (advanced) rapidly... I did not realize Romans 12 at the time, share with God’s people who are in need.”
R9	“I just had a knack for it...I have this title...and my colleagues would call this a prestigious thing...I started really almost resenting my job.”
R10	“I was in marketing, succeeded, made it to the director level, got bored.”
R8	“I don’t want to own anything by the time I die, I like the idea of making lots of money and giving it away.”
R6	“I was one of those guys who for years chased money and had no purpose.”

This concludes the section on background themes. Table XII provides a summary of themes related to background.

Table XII

*Summary of Background Themes*

<u>Defining Moments</u>
Mission trips

Potential to reduce the suffering of others
<u>Previous Industry or Problem Area Experience</u>
Confidence gained from previous business experience
Unfulfilled by career success

(Table XII continued)

### *Motivation*

This section describes the findings related to motivation. First, the more general question “what motivates you” is discussed followed by the more specific question “when did you first get your idea?” Finally, a specific emerging theme focused on religious motivation is discussed.

### *The Need to Initiate Change*

A primary theme that emerged from the data is that every one of the respondents was motivated to improve the circumstances of others. Further, this was achieved by combining their perceived strengths with perceived opportunities to help others. All of the respondents cited “change” in their responses related to what motivates them. This is not surprising in the sense that the concept of social entrepreneurship is predicated upon the idea of solving a social problem or addressing a social need (Austin et. Al., 2006). However, the degree of change and type of change related to each SEV varied within the sample. Some were systemic while others were incremental, for example. Two specific themes related to what motivates the sample with regard to change were revealed through the interviews: 1) an inner need for fulfillment, including enjoyment derived as a result of the process and 2) the timing regarding the launch of their SEV stemmed from an inner

need to initiate change. Rather than spurred by a specific catalytic moment or event, their motivations were vocational. Further discussion of these findings is discussed below.

*Inner need for fulfillment.*

The motivation to effect positive change in the world existed prior to the launch of their SEVs. Their worldview as SEs was not limited to helping only those in distress who benefitted from their ventures or from solving a specific social need. For example, one respondent cited “Seeing staff fulfill their calling” as a prime motivation to launch and grow the venture as much as helping her target group of single mothers. She interacted daily with the staff members and conveyed a feeling of responsibility toward their growth and well-being. In some cases amongst the sample the motivation for change was systemic in magnitude. A passion for elevating entire economic systems or attempting to create new niches in existing problem areas led to their respective SEVs. The SEV endeavors helped fulfill that need.

To illustrate, one respondent cited “my love for people is what drew me back to the crises.” His specific work on a South African Ferryboat system culminated from a more overarching love for the people of his home country. The Ferryboat idea manifested from a need to improve their lives. Another interviewee conveyed a sense of civic responsibility in his motivation for change “If we fail to serve the public, we lose the opportunity.” Regardless of the specificity or origin of the societal change linked to their SEV, the sample communicated that witnessing change in others was linked to their own self-fulfillment. The motivation for change ranged from “Seeing staff fulfill their calling to “want to change the world.”

*Career transitions and vocation.*

In addition to the more general question about motivation, the sample was asked what specifically led them to their current business, and when they first got the idea to start their ventures. It appears that respondents were motivated by the combination of an inner motivation to create positive social change combined with a new opportunity to do so. Further, the inner motivation is tied to carrying out this positive change as a vocation. There was no discernable trend amongst the sample regarding when the SEV opportunities were revealed to them. In other words, the path toward the SEV endeavor was more incremental than catalytic. Comments supporting this are numerous: “A friend invited me to a fundraiser” is how it all began for the SE who launched a nonprofit to help the people of Rwanda. “A friend came back from Liberia, started talking about what \$1 could do to feed an orphan”, and over a glass of wine R-8, the wine distributor, built his SEV around his existing business. The recording studio SE “had lunch with [name omitted] to discuss” a completely separate topic and the idea for the recording studio emerged. The university student SE began his venture after “four guys and I sat down at Starbuck’s one night”, and a brainstorming session led to his current endeavor. Finally, “My motivation started because my best friend deployed in Afghanistan” spurred R6 to develop an idea for a keepsake gift into the mission of his successful SEV. The previous examples are all representative of a seemingly random event that triggered the response to begin a social entrepreneurial business.

The timing of career transitions appears to be as much an element of the decision as any compelling event or urgent social need that presented itself. Timing is different than a specific traumatic event and suggests that each individual was on a path to become

a social entrepreneur. The university student spoke of being motivated to act after being counseled by his campus pastor who spoke of “motivating us to live out our dreams and not wait...this is what motivated me.” This compliments the concerns of the guardian conservator who described a negative connotation to the process and prospect of waiting, specifically “I began to become educated about Rwanda, was appalled by the genocide, decided not to wait and held first fundraiser prior to my first trip to Rwanda.” Again, there was not one catalytic moment or longtime focus on the problem area. Most of the sample became exposed to their respective problem areas through seemingly random introductions that manifested into new career directions. They were ready to move from career to vocation.

Table XIII shows quotes illustrating the theme of intrinsic motivation to effect positive societal change:

Table XIII

*Participants Motivation/Change Opportunity*

<b>Participant</b>	<b>Motivation</b>	<b>Change/Benefit Opportunity</b>
R1	“I love to travel and meet people” “When you serve innocents of the world it has to come from place other than making money”	“It was clear to me the issues and there was no need to wait”
R2	“Seeing staff fulfill their calling”	“Working within your calling and it is your profession”
R3	“I realized my gifting was in creating companies”	“My love for people is what drew me back to the crises”
R4	“Want to change the world” “”What motivates me to do this, is because it keeps my brain churning”	“I see the difference it makes for people...all those people are impacted enormously by what we are doing”
R5	“We decided to answer the call first” “”Find something that you really	“If we fail to serve the public, we lose that opportunity”

	love...if you are passionate you are ultimately going to be more successful”	
R6	“Starts with passion. Person will fail if they do it for opportunity as opposed to passion”. “I chased money for years and had no purpose”	“I know what my purpose is in life, to serve the 1% that serve others”
R7	“Hearing peoples stories” “I am driven by enabling people”	“Hard to ignore the suffering of others”
R8	“I love tying things together, that is what is fun” “Create a systemic model that goes up the hierarchy of needs, food, shelter, clothing etc. by creating an economy”	“Build teams, watch people thrive” “I want to help keep them alive for a purpose more than just becoming another soldier or prostitute”
R9	“What motivates me is a strong desire for music” “Music is a deep part of my value system” “It is like a battle” “Maintenance is when I get bored”	“I see what it does for people” “Love getting to launch day” “I am having a blast”
R10	“People are hurting” “All my pet peeves are being answered by this thing” “Finding how freeing it was to to work doing something you wanted to do”	“You have to create the opportunity”
R12	“”Changing the way people are thinking about their own lives and what makes life worth living”	“That void is what we are filling”
R13	“That is the end-all, I Love what my clients do, and that is what keeps me motivated”	“At the end of the day, I help people structure relationships”
R14	“I am not doing this to make a bunch of money” “It starts by loving kids”	“We are going to change and transform lives”

(Table XIII continued)



*Dissatisfaction with Current Remedy (ies) to Address the Problem Area*

Another theme that emerged was recognition that there was a better way to address the social need than current practices. For example, several of the respondents related the concern that once they were exposed to the problem area, they were not satisfied with attempts by (mostly) nonprofits to address the need or solve the problem. Comments regarding this were numerous. For instance, the following comment exemplifies a frustration with nonprofit strategies:

...saw while working with [name omitted] missions in Cambodia, how they began asking for donations and I don't think that is necessarily right. Because that culture is, they are hard workers and they enjoy working, and now we have turned them into, I don't want to say beggars, you know...

Another saw the shortcoming of larger nonprofits and felt compelled to create another means to achieve the same ends "I thought I could compliment the work of [nonprofit name excluded] with micro loans, get it down to a more individual basis". Others were more critical of the familiar nonprofits "They were providing triage, 'I wanted to prevent...'"

This theme compliments the literature review finding that SEs are not satisfied with the nonprofit model. The following quote illustrates this: "Saw how by doing own manufacturing, how much freedom they had from nonprofit restrictions on revenue. Everything else had grant restrictions."

Finally, "...not in favor of any subsidy or handout, we are forming a free market in that location" exemplified the common perspectives among the sample with regard to

dissatisfaction with current remedies to fix the problem areas. The next section addresses the final major theme, religious motivation.

*Religious Motivation is Relevant to SE's in This Study*

Religious motivation is relevant to the motivations of social entrepreneurs in this study. Interview questions related to religious motivation were “Is religious faith a factor in your endeavor? What influence does it have?” This is a theme extensively reflected in the sample; all but one of the respondents identified themselves as Christians. Even so, the individual with no particular religious affiliation did respond positively when asked about his or her religious motivation:

I don't belong to any particular religious faith...I was in the Dr.'s office for a routine physical...and [the doctor] asked me what keeps me going, and I said ‘those women down there say God will bless you for this’...and [the doctor] said ‘God has already blessed you.’

Moreover, fourteen SEs identified religious motivation as a key element of their overall ethos and therefore connected to the launch of their SEVs. Nonetheless, of those, ten did not include a religious component to their business models. Three religion based sub-themes emerged from the sample: 1) religious motivation was identified by the fourteen of fifteen in the sample as an inherent motivation to represent Christian ideals in all of their endeavors, 2) religious motivation was not the driving motivation for venture launch or problem area selection, and 3) proselytizing was not a primary motive in any of the respondents, with the exception of the pastor. Put another way, there was no conviction to evangelize as an overt component of the business. The three religious based themes are further discussed below.

While the fourteen of the fifteen in the sample specifically referenced a religious element to their motivation, it was as an intrinsic motivation as opposed to a need to evangelize, or include “a verbal proclamation of the good news of salvation and how it can be received by anyone asking God’s forgiveness and committing his or her life to Christ” (Stearns, 2010, p. 21).

To illustrate this distinction, the nonprofit aimed at helping low income single mothers was described as “a faith based Christian program” by the founder; yet there was no statement of faith required for any of the clientele, only employees. In this case, a statement of faith was required of all employees and only Christians were hired. The mission statement that appears on the website is provided below:

**Our Mission:**

To follow our Lord and Savior Jesus Christ in working with the poor and homeless to promote positive transformation of their lives.

NOTE: Although [Name excluded] was founded on Christian principles and beliefs, there are no mandatory spiritual activities for residents and [Name excluded] does not discriminate against housing applicants on the basis of race, color, religion, national origin, gender, age, familial status, sexual orientation, or physical or mental disability.

In some cases, the secular approach was intentional, despite the strong Christian convictions of the SEs. For example, the SE involved in strengthening military families acknowledged that a large population within this cohort would not look to the church for guidance. He addressed this by including the message that “all denominations” were welcome to utilize his services: “There were faith based organizations, but no faith neutral. Couples didn’t know where to go.” He elaborated that while he believed that

“God has opened a door” for him to serve other through his SEV, it is important that he accept “all denominations. Get them in, it is God’s job to go ahead and work with them.”

Likewise, the SE dedicated to the abortion issue credits her faith as her primary motivation “My faith got me very intrigued in the abortion issue.” Nonetheless, a key component of her business model involves workshops and lectures at public schools. As a result, there is no overt religious component in her interactions with key constituents.

The ferryboat entrepreneur conveyed that his “Christian convictions drew him back to Africa” and that “My religious faith is a factor in everything I do.” However, while he identified that “my businesses here in this country are motivated by religious views”, the businesses did not include a religious component in their approach nor was it reflected in vision or mission statements.

The SE who focused her nonprofit on helping the people of Rwanda expressed that “My work ever since 1982 has been to serve God.” Nonetheless, she intentionally chose not to create a faith based nonprofit or include any type of ministry in her programs. She acknowledged receiving some criticism for the decision, and explained that she believed that a religious based nonprofit would limit her ability to achieve her goals.

Only one of the respondents whose venture was not faith-based included an overtly Christian component to his business model. The consultant focused on Eastern Europe did include prayer sessions before and after his seminars. Also, the SEV organized around volunteerism required the volunteers to be Christian. However, the recipients had no faith requirement and again, evangelism was not a component of the business model.

Table XIV provides an overview of participant's religious motivation and its influence on venture creation.

Table XIV

*Participants Religious Motivation/Influence on Venture*

<b>Participant</b>	<b>Religious Motivation a Factor</b>	<b>Influence on Venture</b>
R1	"In 1982 I became Christian. My work since 1982 has been to serve God"	"I have been blessed, so there is a lot to be asked of me". "Give me ministry in my work, tell me where to serve".
R2	"To me it is a Christian calling"	"It is what God has designed for me, the puzzle piece in my heart that I am designed to do"
R3	"My religious faith is a factor in everything I do"	"My love for people is what drew me back to the crises"
R4	"I don't belong to any particular religious faith"	"I see the difference it makes for people...all those people are impacted enormously by what we are doing"
R5	"May be that you are activated to do something, and it is a movement of God"	"[name omitted] has been a faith journey, it was God activating us to do it".
R6	"... went through boot camp with my faith...lost everything, and still have my purpose. I truly know my purpose in life".	"Turned into so much more, talk about a gap and a hole...God has opened a door". "All denominations. Get them in, it is God's job to go ahead and work with them".
R7	"Definitely. It is seeing the compassion God has for us".	"We are called to love and care for the needy/poor".
R8	Prayer is a big part of it for me, just praying through something". "People come to Jesus because they are served".	"...whole focus is on how do people encounter Jesus in the process, who loved the poor and gave us a model for a profitable business".
R9	"I am always a Christian no matter what I am doing".	"...my only motivation is to help kids be better musician and in the process, and I f I can lead them to Christ in the process, that is awesome".
R10	"It is my only motivation".	"God gave me a mission

	“Evangelism is like try to get people to talk about Christ...buttonhole them...I could never do that”.	statement” while attending a Christina university. “...experiencing Jesus through service in community, not what the churches are doing” “God blessed the decision”.
R11	God nudged him into finding his meaning through prayer. “Thinking through what God was stirring in me”. “...to do the work that God called them to do with their talents and gifts and their resources to do the ministry that they were called to do”.	“He pointed me to the program and He wanted me to use my business background to look at a new means for providing for nonprofit”. “One thing that irritates me, in particular in the Christian way, is to get everything done by asking people for money”.
R12	“My Catholic beliefs and the application of Catholic teaching on the dignity of the person and how abortion completely violates the sacred dignity of the person was very meaningful to me”.	“My faith got me very intrigued in the abortion issue”.
R13	“My faith is what made me dive into social issues of justice from a theological standpoint”.	“...plays well into my theology of justice and that is a natural fit from that standpoint”.
R14	“It is everything”.	“Be Jesus, don’t talk Jesus”. “My passion is to get people up out of the pews and experience the good news”.
R15	Christian	Pastor at a church.

(Table XIV continued)

*Summary of Chapter Four Themes*

Table XV provides a summary for Chapter Four background and motivation themes. Figure II provides a visual illustration of core and secondary themes.

Table XV

*Chapter Four Themes*

<b>Background Themes</b>	<b>Motivation Themes</b>
Defining Moments	Need to initiate change
Mission trips	Inner need for fulfillment
Potential to reduce the suffering of others	Timing and vocation
Previous Industry or Problem Area Experience	Dissatisfaction with current remedies
Confidence gained from previous business experience	Religious motivation
Unfulfilled by career success	

(Table XV continued)

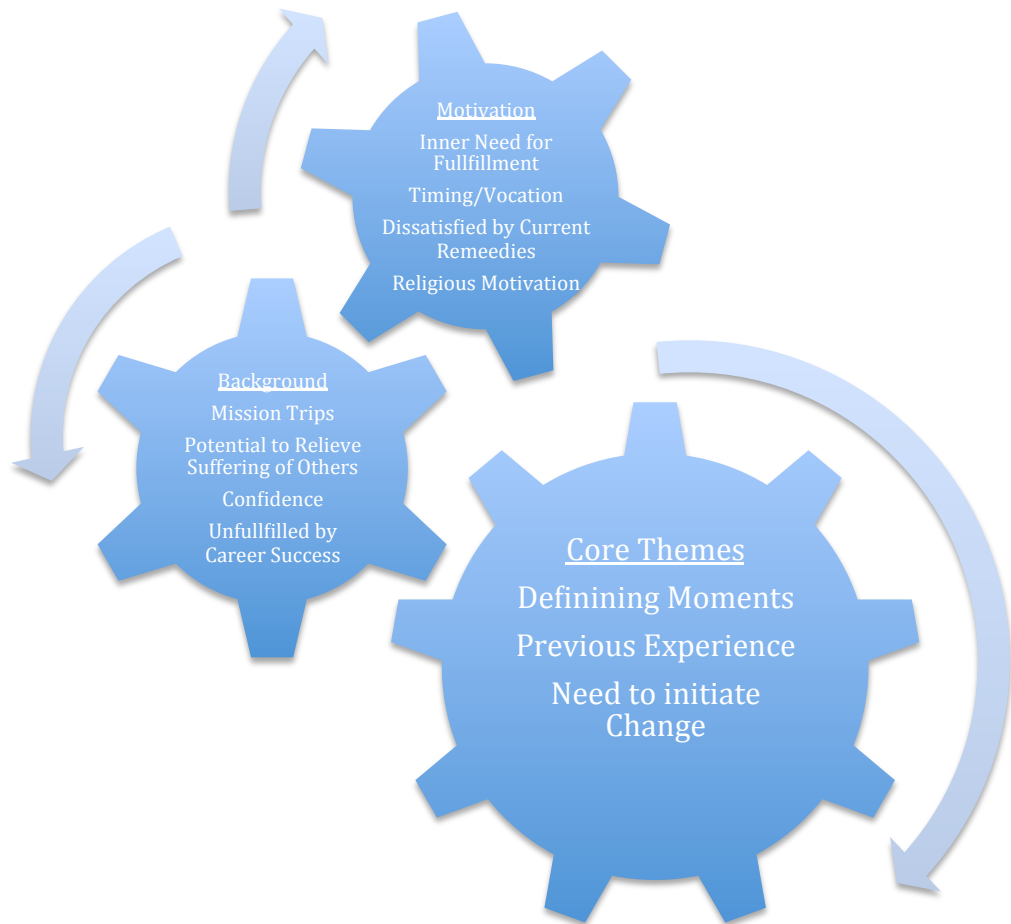


Figure II: SE Background and Motivation: Core and secondary themes

*Summary*

The sample members were predominantly over 40, white, male and well educated. An area explored in this study is how the SEs were motivated to launch their current ventures. A significant finding is that while familiarity with the problem was relevant, it was not directly linked to experience from business or career background. Instead, the social entrepreneurs were exposed to the problem areas through other aspects of their lives, and decided to combine their talents from previous experience to solve a social problem and combine this with a new vocational career. It appears as if business experience combines with exposure to the social problem area. Also, the participants expressed dissatisfaction with current remedies once they were exposed to a social problem.

Other themes include a need to initiate a positive change for others, and an inner need for personal fulfillment. A theme that emerged from the data is that a majority of the participants referenced a calling or vocation as a motivation to become SEs. Also, all but one of the individuals from the sample was a professed practicing Christian. Religious motivation was a significant trend within the group. However, the religious motivation was not predicated on a need to evangelize. Four of the represented enterprises were faith-based. As noted, the faith-based nonprofit dedicated to helping single mothers limited the religious component to the internal staff. The others, with the exceptions of the pastor and the consultant, were intentionally neutral with regard to the inclusion of a religious element to their business model. The SEV related to volunteerism required that the volunteers be Christian. Among the total sample, there was no discernable trend regarding statement of faith requirements for staff members or limiting new hires or



business partners to Christians. An analysis of the above findings is presented in Chapter Five.

## Chapter Five

### Discussion

The SE is a distinct type of entrepreneur. Not satisfied with the traditional entrepreneurial profit motive or the nonprofit model, the SE is called to enact social change and improve the lives of others. Fifteen SEs were interviewed for this research study to determine how the SEs background, experiences and motivations distinguish them from their commercial and nonprofit counterparts. This study addresses the need for further research specific to SEs (Barendsen & Gardner 2004; Dorado, 2006). The results include two new emergent themes not revealed in the literature review: 1) social entrepreneurship as a vocation or calling, and 2) experiences that can be categorized as crucible moments and leadership passages. Crucible moments are defined as “a transformative experience through which an individual comes to a new or an altered sense of identity”(Thomas, 2008, p. 18). Dotlich et al. (2004) define leadership passages as “periods of uncertainty, frustration, and failure” that all successful leaders experience (p. 2).

In addition to vocation, crucible moments, and leadership passages, this chapter also analyzes the key findings and resulting implications drawn from this review. Each topic is discussed in the following sections, comparing the results of this study to the literature review findings and comparing the SE to his or her commercial and nonprofit counterparts.

### *Background*

### *Demographics*

The fifteen SEs were predominantly over forty, educated and white. Sixty percent were males. The literature finds that the SE is younger, educated, predominantly non-white, and female (Harding, 2007, Van Ryzin, et. al., 2009). The only common element between the sample and the existing SE research is that the SE is more educated than the general population. However, this does not indicate that the SE has a business education or if the SE's education is a predictor of success.

This is an area that merits further exploration. For example, Harding (2007) finds that funding challenges are prevalent for SEs due to the fact that the SE is younger. However, when asked what their biggest challenge was, the participants in this study unanimously cited funding and financial considerations. This suggests that a lack of industry experience, problem area experience, or other factors may contribute more to funding issues than age.

### *Entity Structure*

The fifteen SEVs profiled in this study were almost evenly divided between the three corporate structure types listed in this review 1) a nonprofit with a revenue stream (27%), 2) a for-profit business (33%), and 3) a nonprofit supported by a separate for-profit entity (40%). Such variety illustrates the different approaches taken by SEs to address a social problem. This also has repercussions related to obtaining funds for start-up and ongoing revenue distribution. For example, for-profit founders obtain financing via interest bearing loans, equity investors, or by providing their own resources, such as savings or leveraging of their personal assets. Nonprofit founders have very specific government restrictions on start-up funding and often deal with donors or fundraising

activities. The results of this study suggest there is not a 'one size fits all' approach to becoming a SE or launching a SEV. An entrepreneurial finance course designed to address the different types of corporate structure options and respective financing decisions is one specific recommendation for educators. Another is a business plan development course that includes emphasis on how to develop each section of the business plan and also in-class lecture examples from local SEs.

The results also corroborate the experience of this researcher after teaching social entrepreneurship at the Master's level for two years. Student backgrounds and work experience vary widely, as does their ideal of an appropriate SEV entity structure. A polarity exists. On one side, there are those firmly rooted in the belief that a true SEV must be a for-profit business with some sort of a systemic alteration to society as an end goal. On the other end of the spectrum are those who believe an SEV must be a nonprofit with all revenue distributed toward the social cause. Some students with a nonprofit background are unaware that a SEV could be a for-profit entity or of the fundamental concepts related to commercial entrepreneurship. Other students are unaware of the limitations and regulations governing nonprofits. Thus, educators are encouraged to include a more general 'Introduction to Social Entrepreneurship' course that introduces the concept in a broader sense to account for the differences among each cohort. This introductory course will set the framework and provide a foundation for SEs as they focus their individual classroom application to their specific endeavors. Classroom lectures and discussions pertaining to the various corporate structure options as they apply to the specific social problem should be addressed. Another recommendation is for the budding SE to find a mentor and conduct case study research pertaining to SEs and

SEVs. Introductory courses and business plan competitions at the undergraduate level can also be used to prepare students for their roles as SEs.

### *Defining Moments*

#### *Crucible moments.*

The occurrence of defining moments was a common element among the sample. This compliments studies showing similar results from the limited research specific to SEs. Barendsen and Gardner (2004), for example, cite early childhood trauma as a common element among SEs. Examples range from violence and sex abuse to the death of a close relative. Further, Barendsen and Garner find that those who did not experience such volatile occurrences did list some transformative childhood experience, including a sudden uprooting, addiction, or service related to serving underprivileged youth. They link these experiences to the specific problem area. The implication is to determine what influence the traumatic moment has on the SE. While the experiences from this sample did include some childhood trauma, such as parent divorce, the findings from this study suggest that the traumatic moments are often experienced as a result of witnessing the suffering of others. Moreover, there is some deviation from the literature among the sample regarding the interpretation of how these moments or experiences led to the launch of their SEVs. This study finds that while defining moments may contribute to the worldview of the SE, they do not directly relate to the specific social need the SE ultimately pursues. The implication here is that the SE has some other intrinsic motivation other than a traumatic event tying him or her to a specific social cause. The literature suggests that the defining moments are directly related to the launching a specific SEV or selection of the problem area. However, the results from this study show

a more general impact on the SEs worldview and approach to business. This is where the concept of crucible moments applies. Specific examples are discussed below.

*Missions or service trips.*

Results from the sample identify a common occurrence related to serving the underprivileged, specifically as volunteers participating in mission or service trips. Bennis and Thomas (2002) find that the abilities to glean meaning from negative occasions and learn from difficult situations are reliable indicators of leadership. They deem such crucible moments or transformative experiences as key in the development of successful leaders. This can be applied to the social entrepreneur as businessperson. The concept of crucible moments links to the Chapter Four themes of transformative childhood experiences, potential to relieve the suffering of others, and confidence.

In their research, Bennis and Thomas (2002) found that successful leaders attribute the ability to connect unrelated ideas and create completely different approaches to solving problems to crucible moments. This compliments findings from the literature that SEs, commercial entrepreneurs and nonprofit founders also exhibit an enhanced ability for opportunity recognition (Brooks, 2009; Miao & Liu, 2010; Stevens, 2005). In their study of over 40 top leaders in business and the public sector, Bennis and Thomas found that crucible moments were cited as inceptions that strengthened and developed their leadership abilities. The characteristics “were formed, or at least exposed, in the crucible” (p. 3). In the case of the sample, witnessing the misfortune of others through mission experience is cited as a transformative experience by six of the respondents and complements the theme of relieving the suffering of others. Crucible moments and other previous work experience also instilled a sense of confidence that was found to be

common among the sample. Thus, the SE appears to gain motivation due to the experience of crucible moments, as opposed to the more specific cause and effect motivations attributed to the commercial entrepreneur and nonprofit founder.

The implication of this finding is to educate SEs about how to recognize their crucible moments and explore how they relate to their current endeavor. While the existing literature touches on transformative experience, the concepts of crucible moments in the realm of social entrepreneurship should be further explored. Mission or service trip experience resonates with the SEs in this study and participation in a mission or service trip is a recommendation for a potential SE.

#### *Previous Business Experience or Familiarity with the Social Problem*

Existing SE research suggests the SE is similar to the nonprofit founder in that he or she is familiar with the problem area due to a personal experience (Gandel, 2010; Smith, 2010). Further, the SE may lack the business background of his or her commercial counterparts (Dorado, 2006). The results of this study show that previous business experience is recognized as beneficial to the SEs development. Interview results reveal that the previous business experience need not be related to the SEV endeavor nor directly linked to the motivation to launch ventures. It does, however, instill a sense of confidence that was expressed by SEs as a component of their overall motivation.

Neither a lack of previous industry experience or familiarity with the problem area was considered a detriment for the SEs in this study who had at least some previous unrelated business experience. As noted, the SEs with some business related background drew from their skill set and, as a result, had the skills and confidence to launch a new SEV. The SE, therefore, may not rely on existing social or professional networks in the

same way as the commercial entrepreneur or nonprofit founder. The implication of this finding is for budding SEs to gain some business experience or business education prior to launching their ventures.

Adaptive skills stem from existing relationships and networks. The difference between the SE and his commercial and nonprofit counterparts is in the link between previous social or professional networks and the new SEV endeavor. The commercial and nonprofit founders launch ventures that are more familiar to them and their social and professional networks given their personal and work histories. The SE, on the other hand, may launch a venture aimed at a problem area that is new to him or her and from which the SE has no previous background, business connections or related experience. SEs leverage previous networks and utilize existing resources to launch and grow their ventures regardless of familiarity with the problem area. Thus, a broader background is deemed as an asset the SE. However, the SE may lack, and therefore need to compensate for, the same networking and human resource benefits of their commercial and nonprofit counterparts. He or she may also have difficulty raising funds because of being unfamiliar with the problem area.

### *Motivations*

It is not surprising that some motivations associated with the commercial entrepreneur are not shared with the SE. The literature lists the tradeoff between profit and risk as the primary motivations of entrepreneurs (Schumpeter, 2008). Simply put, the commercial entrepreneur is motivated by the potential to exploit an opportunity for the purpose of profit. Baumol's (2004) findings that the commercial entrepreneur is



motivated by wealth, power and prestige are not confirmed through interviews with SEs in this research study. Instead, SEs have more in common with their nonprofit counterparts with regard to internal motivations. An element not emphasized in the literature is the finding from this study that many SEs are also nonprofit founders. The SE and the nonprofit founder are not mutually exclusive.

### *Intrinsic Motivation and Self-Fulfillment*

Among the sample, the SE motivation to effect positive change existed before the launch of their SEVs. This deviates from the literature suggesting that the SE is motivated to solve a problem due to his or her familiarity with the problem area (Dorado, 2006). Instead, an inner need to effect positive change has been established as a motivation in this study. The desire to improve economic systems or eradicate a social problem was also mentioned by respondents. Other motivations include a desire to combine work with an inner need for fulfillment. (See the discussion of vocation or calling below).

One theme touched on in the background section relates to the SEs motivation to relieve the suffering of others due to crucible moments or leadership passages. As mentioned in Chapter Four, six of the fifteen participants stated that the source for this motivation was derived during mission or service trips. The others mentioned some aspect of helping the underprivileged as a motivation to launch their ventures. However, the new ventures did not relate directly to the previous mission or background experiences. The SE is motivated from a more intrinsic or altruistic motivation instead. The implication is that the SE should feel a calling. Also, the rewards are less quantifiable or tangible than they are for commercial entrepreneurs.

*Unfulfilled by Career Success**Leadership passages and career transitions.*

Similar to crucible moments, leadership passages refer to a difficult or trying period that ultimately results in an increase in leadership effectiveness (Dotlich, et al., 2004). Several of the respondents reflected such periods, or passages, that changed their outlook toward their business careers. Examples include the loss of position, loss of income and career disillusionment in their positions. This was a common theme among the participants in this review. In addition, several of the SEs expressed periods where they felt unfulfilled by career success. The SEs from the study launched their ventures based on a transition from career to vocation rather than due to a catalytic moment or experience directly related to the social problem area.

Dotlich et al. (2004) discuss the paradox of balancing work and other concerns, such as continued career mobility. One such leadership passage is referred to as letting go of ambition and requires that the individual contend with what motivates them and how this motivation may have changed over time. They view this passage as a liberating experience that allows the individual to formulate his or her own ideal of future career success. In this study, the sample career passage involves the inclusion of an altruistic component to their meaning of work. Growth with regard to balance as a result of such leadership passages separates the SE from his or her commercial counterpart.

*Dissatisfied With Current Remedies*

This study found that once exposed to the problem area, the respondents were frustrated with current remedies and determined that an opportunity existed to improve current practices. This is another area where some previous business experience is

helpful. The respondents in this study cited a sense of confidence in finding a better solution to solving a social problem due in part to previous business experiences.

### *Vocation or Calling*

The nonprofit founder does exhibit intrinsic motivations shared by the SEs in this study (Stevens, 2008). Specifically, acknowledgement of a calling or vocation appears to be common between SEs and nonprofit founders. Dik et al. (2009) specify that both calling and vocation refer to “one’s ongoing approach to work rather than something to find or discover at a single point in time” (p. 625). They distinguish calling from vocation by describing vocation as strictly an internal motivation while a calling is attributed to having an external motivation, beyond the self, such as “God, a family legacy, or a pressing societal need” (p. 625). Despite this distinction, the authors acknowledge that both terms are commonly used interchangeably, and this practice is adhered to here. This study identifies a connection between leadership passages and crucible moments with the SEs identification with calling or vocation.

### *Religious Motivation*

Religious motivation was prevalent among fourteen of the fifteen participants. Religious motivation in this study refers specifically to a desire to fulfill the roles understood by the participants expected of them as Christians. The participants from this sample reference the examples and teachings of Jesus Christ specifically. Several participants referred to “a calling” or “being called” when asked why they started their ventures. The term calling also has religious connotations in the literature. Scott (2007) refers to calling as “a response to the Creator and as a journey to know God, and to discern His voice rather than the voice of ambition and material success” (p. 264). This

hits upon the theme of religious motivation and is a primary finding of this research study. Religious motivation is an area largely ignored in the existing literature and one of the primary motivations of the sample. While not all SEs are Christian, fourteen of the fifteen participants in this sample were Christians. The connection between Christian ideals and social entrepreneurship cannot be ignored. Further research is warranted to identify Christian SEs and determine where they fit into the overall SE population. Specifically, Christian business schools have an opportunity to include social entrepreneurship in core curriculums.

The religious motivation of members of this sample differs from motivation of founders who launch companies based on ‘Business as Mission’ (BAM) or ‘Great Commission Company’ parameters (Johnson, 2009; Rundle & Steffen, 2003). BAM is:

...broadly defined as a for profit commercial business venture that is Christian led, intentionally devoted to being used as an instrument of God’s mission (Mission Dei) to the world, and is operated in a cross-cultural environment, either domestic or international.” (Johnson, 2009, p. 2)

One recommendation for further research is to further investigate the similarities or differences between SEs and BAM founders.

### *Limitations*

The sample size is relatively small and findings cannot be generalized to a larger population. Respondents were purposively selected to participate in this study, rather than drawn from a larger general population (Patten, 2005). The purposive sample was developed through recommendations from colleagues at a Christian university, and

therefore may have generated a high number of Christian participants. More research is needed, specifically with regard to investigating the significance of SEs religious motivations. Also, there is the potential for error in transcription and interpretation of the interviews. This researcher was solely responsible for the interpretation of the transcriptions.

### *Recommendations for Future Research*

Continued research exploring the motivations and background of the SE is recommended. Social entrepreneurship is an evolving field of study and there is a lack of understanding of who is a SE and what designates a business as a SEV. For example, contrasts between this study's participant demographic and SE demographics from other studies merit a deeper investigation. Also, while this study found that the SE is more educated than the general population, additional research is needed to determine if this is the case. More research also needs to be done on the relationship between previous business experience and SE success.

Leadership passages, crucible moments, calling and vocation are characteristics common to the participants in this study. However, there is a lack of literature related to how these concepts apply to SE motivation. For example, more research on how the SE interprets traumatic moments may help distinguish the impact of the SEs leadership passages or crucible moments from those of the commercial entrepreneur and nonprofit founder. This study also found that the SE feels a sense of calling. More research is recommended to determine if calling is important to other samples of social entrepreneurs..

Finally, religious motivation is an area largely ignored in the SE literature. Further research is warranted to determine if religious motivation is a factor in the SE movement and how this compares and contrasts to BAM founders.

### *Conclusion*

The study finds that social entrepreneurs have a calling and are intrinsically motivated to solve a social problem. Interpretation of why they transition from career to vocation may provide insight into SE motivations and distinguish them from other business types. In addition, the SE is influenced by past crucible moments and leadership passages as a motivation to become a social entrepreneur. Six of the participants had experiences on mission or service trips. Other crucible moments include traumatic events such as parent divorce. The majority of the sample shared common career passages or transitions. Specifically, participants expressed dissatisfaction with current employment positions or a decision to strive for more than material or career success. Also significant is the fact that while the crucible moments and career transitions did influence the SEs in this sample, they were not the catalyst for a specific problem area selection or venture launch. This differs from previous studies suggesting a direct connection between catalytic moments and venture launch (Barendsen and Gardner, 2004),

The fifteen SEs in this study predominantly were older (over 40), educated, white males. With the exception of education, this demographic profile differs from research suggesting that the SE is younger, female and non-white (Harding, 2007, Van Ryzin, et. al., 2009). The types of SEV entity structures were almost evenly divided between the three corporate structure types: 1) a nonprofit with a revenue stream (27%), 2) a for-profit

business (33%), and 3) a nonprofit supported by a separate for-profit entity (40%). This finding suggests that the SE is not constrained to select one specific corporate structure designation.

This study found a lack of an agreed upon definition among academics and practitioners pertaining to the field of social entrepreneurship. Specific delimiters identifying an individual as a SE and a business venture as an SEV should be determined and distinguished between the commercial entrepreneurship and nonprofit models. The lack of a unified definition of social entrepreneurship and the varying forms of SEV corporate structures further reinforces the idea that traditional parameters for defining the SE are thus far inconclusive. This is particularly relevant for younger or recent SEs who may misinterpret potential obstacles and the reasons behind them. Equally important is how to address these obstacles, such as gaining additional education or business experience prior to launching a SEV. In addition to education, SEs should consider finding a mentor and participating in mission or service trips.

Business school curricula should be developed to account for the SEs lack of business experience or education. Specific course recommendations should include business plan development projects and finance related topics such as how to obtain start-up funds and an introduction to the different corporate structure options. This study finds that previous business experience is a predictor of success and a recommendation is that SEs either gain some business experience or business education prior to venture launch. Also, this study finds that SEs are not dependent upon familiarity with the specific problem area prior to launching their venture.

Finally, religious motivation was predominate among the sample. Fourteen of the fifteen participants cited a Christian calling in their SE motivations. Religious motivation is not prevalent in the SE literature and is an emergent theme in this study. The findings from this study suggest that the SE is intrinsically motivated and distinct from the commercial entrepreneur and nonprofit founder.



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## **Appendix A**

### Interview Questions

#### *Ice Breaker*

1. What is your definition of a social entrepreneur?

#### Background

2. Tell me about your background and in particular what elements of your background relate to your work in this particular area?
3. What unfulfilled need did you see and how are you trying to fill it with your organization?
4. When did you first get your idea for your enterprise?
5. Why did you decide to start a new business?
6. What types of previous experience was most help to you in running your organization?

#### Motivation

7. What motivates you in your work?
8. Is religious faith a factor in your endeavor? What influence does it have?
9. Have you thought about starting another organization (social benefit idea)? If so, what would it be?
10. What advice would you give a budding social entrepreneur to best prepare him or her for launching a social entrepreneurship organization?

#### Resources



11. Specifically, what resources were needed to launch your idea, and discuss how you went about obtaining them (link to prior experience)?
12. How did you determine the structure of your organization (LLC, S corp. etc.)
13. Discuss the element of time in your undertaking; were you under time constraints to meet certain benchmarks?
14. Did you initially develop metrics for failure and success? How did this evolve?
15. What skills or abilities would you like to develop more (yourself) to help you in your endeavor?
16. What additional entrepreneurial skills, expertise and knowledge do you wish you had from others or would like to bring (add) to your organization?

Obstacles

17. What was your biggest set-back, obstacle or failure getting your organization launched?
18. What is your biggest challenge facing the development and growth of your organization as it looks to the future?
19. May I contact you again in the future?

