Supporting Social Entrepreneurs - The effects of organizational maturity and business model on perceived support needs

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Supporting Social Entrepreneurs – The effects of organizational maturity and business model on perceived support needs

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Introduction

Social Entrepreneurs tend to be characterized as “unusually resourceful in being relatively undaunted by scarce assets in pursuing their social venture” (Peredo/McLean 2006: 64) or “acting boldly without being limited by resources currently in hand” (Dees 2001: 4). Still, social entrepreneurs do not operate in a vacuum. They depend on various forms of support and resources to establish and grow their ventures and impact. Hence, the question of how to support social entrepreneurs and their initiatives becomes of increasing relevance (Lyon/Sepulveda 2009). In spite of the growing call for measures to enable social entrepreneurship on a broad scale (e.g. by the World Economic Forum, Skoll Foundation and others) and increasing political support for the topic, little is known about the actual activities and resources required for incubating and sustaining social ventures.

As of now, the support needs of social entrepreneurs have received limited attention in organizational and entrepreneurship research. Studies that touch upon the topic are mostly of qualitative or narrative nature (Thompson 2002: 429). Also, while it is a common understanding that “there is no one type of social entrepreneur” (Barendsen/Gardner 2004: 47), current perspectives rarely take into consideration that the needs of social entrepreneurs may be heterogeneous and vary over time. The approach of value creation can create different support demands, depending on the business model and the scale and scope of the intended impact (e.g. Zahra et al. 2009). Distinctive research still remains to be conducted in order to answer where, when, whom and how to best support within the social entrepreneurship spectrum. Against this background, this paper is guided by the following research questions:

(1) What are the support needs of social entrepreneurs?

(2) How are these support needs influenced by (a) organizational maturity and (b) the way, value is created by the organization

In an attempt to answer these questions this paper presents an explorative empirical investigation of these the support needs of a heterogeneous sample in seven countries. Our focus is firstly set on conceptualizing relevant support needs. Based on a literature review and 22 semi-structured interviews, seventeen support needs are identified with regards to the individual development (Thompson et al. 2000: 337), organizational resources (Austin et al. 2006: 13), the entrepreneurial process (Sharir/Lerner 2006: 15) and the environment (CASE 2008: 14). Moreover, two potential determinants of support needs are being identified:
varying stages of organizational maturity (herein referred to as “stages”) as well as different business and income models (“models”). The levels of these support needs and the influence of stages and models are then tested among 112 social entrepreneurs in seven countries.

Support Needs of Social Entrepreneurs

Becoming an entrepreneur is not an easy path. Whether it is the acquisition of resources, the creation of a new organization or the achievement of impact (Austin et al. 2006: 13) - it is one certainly marked by a severe need for support. Though only addressing the issue at the periphery as of now, academic findings already indicate the importance of taking a closer look at these support needs. In comparison to commercial entrepreneurs it is assumed that “social entrepreneurs are often faced with more constraints” (Austin et al. 2006: 12). Consequently, the idea of social entrepreneurs being supported by board members (Dees 2001) or consultants and foundations (Zietlow 2001: 22-23), is at times present in social entrepreneurship literature. Furthermore, some researchers conclude that there is an inherent “need to learn more about what it takes for socially entrepreneurial efforts or endeavors to succeed” (CASE 2008: 7), whereas others observe that there is a multitude of advices, yet a lack of evidence-based insights on support needs of social entrepreneurs (Light 2006: 50).

Currently there is no distinct study on the support needs of social entrepreneurs. Nevertheless, a plethora of potential indicators can already be found across and be concluded from existing literature. In the following, we summarize what has so far been found or assumed to be a support need of social entrepreneurs. While some factors were specifically mentioned as support needs by the respective authors, others were concluded and reformulated from postulated support means, identified sector challenges or distinct success factor.

As the purpose of supporting social entrepreneurs lies in the enablement of innovations and new ventures, Gartner’s conceptual and widely accepted (Hoogendoorn et al. 2010: 11) framework of variables in new venture creation (Gartner 1985: 702) is chosen and adapted to cluster these findings. Hereby “individual” encompasses the personal support needs; “organization” indicates the support needs in building the organization; “process” includes the support needs for running the intended activities and “environment” refers to contextual support needs within the sector.

Whereas across these dimensions, general success factors of social entrepreneurship may also be identified (compare e.g. Boschee 2006; Sharir/Lerner 2006: 10) research herein solely lists those aspects that may cause a need for support.
Individual: The individual or team is often considered to be at the core of social entrepreneurship, where intentions are formed, responsibilities lie and pressure is perceived. Consequently, support needs of individuals are manifolds and encompass a wide spectrum ranging from personal aspirations to specific skills or knowledge. Particularly on the former, the value of supporting the crystallization of a personal vision (Bloom 2006: 292), as well as the importance of ensuring maintained commitment, belief (Bornstein 2007: 291) and dedication (Sharir/Lerner 2006: 13) is being noted in existing literature. Beyond moral support and personal affirmation (Kramer 2005: 41), however, developing financial independence (CASE 2008: 21) and thereby securing needed personal income (Drayton 2002: 127) are also cited as areas where support ought to be provided. Finally, the aspects of building up management skills (Thompson et al. 2000: 337) as well as getting insight and experience in the field can be identified (Kramer 2005: 41).

Organization: On an organizational level, repeatedly highlighted areas include the involvement of new team members and/or volunteers (Thompson 2002: 428-429), building a strong network for professional advice (John 2006: 11) or facilitation of introductions (Kramer 2005: 41). With regards to both ensuring financial resilience and achieving the desired impact, the challenges of defining a sustainable business model (CASE 2008: 20) as well as initiating collaborations and partnerships (Austin et al. 2006: 13) are additional summarizing factors to be addressed and supported.

Process: Acknowledging the dynamic nature of entrepreneurship, a process perspective shifts our attention from the actors of entrepreneurial behavior to the actual activities performed along the process of identifying and exploiting entrepreneurial opportunities (Shane/Venkataraman 2000). In the beginning of this process, the actual development of the products, services and solutions (Perrini et al. 2010: 521) as well as securing physical and financial resources and infrastructures (Schwab Foundation 2002; Nicholls 2008: 6) are posing significant challenges to the entrepreneur. Several authors also identified the access to (new) markets, clients and beneficiaries (Sharir/Lerner 2006: 15) as important and consequently impactful if supported. Furthermore, gaining recognition and visibility (Light 2006: 51) for activities, attaining heightened legitimacy and credibility (Schwab Foundation 2002: 8) and impact measurement (Nicholls 2008: 8) are perceived as relevant for the further development of the venture.
Environment: While aspects within the variables of the individual, organization and process tend to be diverse and numerous, the dimension of environmental and contextual support can be largely summarized in the needs for better policy frameworks and market conditions (CASE 2008: 14) as well as access to the right form of financial capital (Nicholls 2006: 407). Both have been repeatedly identified as factors in academia as well as received attentions from administrations such as in the former Labour Government (Blair in Thompson et al. 2000: 328) or the recent endowment of the Social Innovation Fund1.

The influence of organizational stages

As the later assessment of support needs will largely center on the entrepreneur as a person, principles of the behavioral approach and “focus on the process by which new organizations are created” (Gartner 1988: 26) are being applied. Thereby the findings above as well as further research on social and commercial entrepreneurship are integrated and combined into a new distinctive framework for the stages of social entrepreneurs. In line with the postulation of Gartner (1988), it is thus modeled around the new creation phases of “intention formation”, “idea development”, “start-up initiative”, “running operations” and “impact scaling”, each defined and described as follows:

(1) Intention Formation – Looking for opportunities and ideas to create something new: The formation of entrepreneurial intent represents the first step of the venture process (Krueger/Brazeal 1994). Entrepreneurial intent formation can precede opportunity recognition, forming a lens, “focusing decision makers’ attention on a target behavior” (Bird 1988; Krueger/Brazeal 1994: 93) or parallel the process of identifying and evaluating a third-person opportunity (McMullen/Shepherd 2006). Given the impact orientation of social entrepreneurs, and the typically very high and often personal involvement with their topic (Barendsen/Gardner 2004; Austin et al. 2006: 12) individual commitment often stands at the beginning of the process (Perrini/Vurro 2006: 78) in order to be open and identify a relevant opportunity (Stevenson/Gumpert 1985: 87).

(2) Idea Development – Deciding on an idea and developing its concept and business plan: Turning intention into actions, social entrepreneurs need to define their theory of change with the desired impact (Bloom/Dees 2008: 48) and start to advance their initial ideas into an attractive opportunity (Perrini et al. 2010: 516). Thus, at this stage of nascent entrepreneurship mere intentions have already been overcome (Davidsson/Honig 2003: 304)

1 See: http://www.whitehouse.gov/blog/what-is-the-social-innovation-fund/
and serious activity to culminate in a start-up has been initiated (Reynolds/White 1997 in Aldrich/Martinez 2003: 360).

(3) **Start-up Initiative – Starting first activities and building the structures around it:** At this stage of the process an organization and team tend to form around the initial idea (Haugh 2007: 170), first activities are being offered and the viability of the solution with beneficiaries and/or clients is to be assessed (Sharir/Lerner 2006: 15). Furthermore, this phase is largely marked by first legal formalizations such as contracts, the need for internal operating structures and responsibilities as well as the focus on (further) financing (Haugh 2007: 170).

(4) **Running Operations – Having regular activities and running an established organization:** Upon advancing through the threshold of the start-up stage, social entrepreneurs enter a phase of running operations marked by certain regularity in operations and activities as well as a proof-of-concept (Nicholls 2008: 19). With a clear portfolio and established market position, this stage may furthermore be marked by wider organizational development and institutionalization as well as attempts to implement the solution on a broader scale (Hauser Center for Nonprofit Organizations in Schwab Foundation 2002: 3).

(5) **Impact Scaling – Actively expanding to new regions or fields to grow in size and impact:** With proven organizational set-up and visible first impact, social entrepreneurs at this stage are confronted with a decision on whether and how to scale their impact. The identification of strategies and acquisition of resources for scaling (Dees et al. 2004: 28-29) as well as the development of new capabilities in the organization (Bloom/Chatterji 2009: 116) are typical support fields for organizations that aim to spread the impact into new territories or fields.

With the dynamics of such outlined processes, skills and support required are likely to vary (Leadbeater 1997: 68) and distinct support profiles can be expected for each stage in the development and maturity of the social entrepreneur. It is thus proposed that the stage may have significant effects on the support needs of social entrepreneurs.
The influence of income sources

Social entrepreneurship is an emerging field with a variety of understandings of what approach value creation constitutes a social enterprise (Light 2006; Hoogendoorn et al. 2010 and many more). One of the essential disagreements about social entrepreneurship is the question whether in order to attain relevance as a distinct field outside the non-profit sector social entrepreneurs do not only need to have new ideas in pursuing the envisioned impact and take entrepreneurial risks, but also apply earned income models in doing so. Earned income can be for instance captured as consisting “of payments received in direct exchange for a product, service or privilege (Bielefeld 2009: 73) or as “fees for services provided (from either direct or third-party sources); revenue from direct product sales; payment of service contracts; course fees/tuition; consulting contracts; rent or lease payments; etc.” (National Center for Social Entrepreneurs 2000, in: Zietlow 2001: 30). While some authors emphasize the role of market oriented, self-sustaining revenue models (e.g. Boschee/McClurg 2003; Yunus 2007; Boschee 2008), others apply more flexible approaches to revenue models, and stress the role of innovative value creation (e.g. Dees 2001; Dees 2003; Martin/Osberg 2007).

Seeking to distinguish between these aspects, the earned income spectrum ranging from 0% to 100% is being considered separately and contrasted with subsidies. Hence, we grouped income sources in two categories: earned income models and subsidy models, allowing for a simplified classification of income sources (table 1).

<table>
<thead>
<tr>
<th>Earned Income</th>
<th>Subsidy</th>
</tr>
</thead>
<tbody>
<tr>
<td>Licensing fees</td>
<td>Private donations</td>
</tr>
<tr>
<td>Membership fees</td>
<td>Private/Corporate sponsoring</td>
</tr>
<tr>
<td>Product sales</td>
<td>Public grants and funding</td>
</tr>
<tr>
<td>Service fees</td>
<td></td>
</tr>
</tbody>
</table>

If Earned Income > Subsidy classified as “Earned Income”
If Subsidy > Earned Income classified as “Subsidy”

Table 1: Distinction of Social Entrepreneurs based on Income Sources

Whereas it is noted that several solutions offered by social entrepreneurs may not be operated solely, largely or even partly with earned income strategies and the spectrum thus is not intended to be judgmental upon the model, such distinctions nonetheless are considered to be relevant within the field. Furthermore, with aspects such as self-sufficiency, sustainability or
resources for scalability being both present in practice and recognized in academia (Anderson/Dees 2006: 146) and the difference e.g. in stakeholder focus and market accessibility between the categories apparent, it is thus also proposed for this study that the source of income may have significant effects on the support needs of social entrepreneurs.

There are a number of ways how income models influence the support needs of social entrepreneurs: First, different sources of income require different resources and skill sets. Attracting grants and philanthropic funds require the ability to communicate, measure and report the impact of the organization. An enterprise with an earned income model, on the other hand, will need the ability to develop and produce marketable products, be able to balance financial goals and mission (Dees 2001) and to successfully place these products on the market.

Second, earned income-generation activities are perceived as a more reliable funding source than donations and grants (Dees 2001). They reduce the dependency on a single donor. Also, they can provide a higher degree of freedom in using funds for whatever the entrepreneur finds them suitable as “operating surpluses from earned income activities are the most flexible form of financing an organisation can have. There are no restrictions on the use of these funds, no repayment obligations and no issues of outside investors exercising control” (Williams 2003: 120). At the same time, the recurring effort and attention involved in donor fundraising “makes sense only if the new venture provides sufficient direct mission impact to justify the additional fundraising and the time commitment by agency management” (Dees 2004: 11). With less strict regulations on the particular usage of resources, commercially earned financial resources can be invested in the organization to build up slack, organizational capacity and knowledge. Such investments could reduce the overall need of an entrepreneur for external support.

**Method**

In order to investigate the research questions, an explorative quantitative survey was conducted with 112 social entrepreneurs in seven European countries. The aim of the study was to identify the most relevant needs for external support of social entrepreneurs and to test whether organizational stage and income model have an effect on perceived needs for support. Table 2 outlines the key variables and the respective answer sets provided within the online survey.
Variables

In order to operationalize “support needs”, findings from literature were integrated with empirical evidence from the field which was collected in a pre-study with 17 social entrepreneurs and 5 supporters of social entrepreneurship. The interviews were conducted in person through the means of semi-structured individual interviews, aiming at identifying the most important support needs from the perspective of the research subjects as well as to find appropriate phrasings resp. categories to describe the particular needs (Mayring 2010). Interview partners were first openly asked to define support needs their venture has faced. When saturation was reached, they were provided with a list of support needs that had been previously identified in literature, serving as input for the identification of additional relevant items. The codification of interview answers resulted in 170 articulated support needs, which were clustered into 23 initial categories. After discussion and integration with literature, we concluded and defined 17 final activities for the final survey as areas where social entrepreneurs seek external assistance.

In the online survey, entrepreneurs were asked to indicate the degree, to which they currently face each of the 17 support needs on a five point Likert-type scale ranging from “low support need” (1) to “high support need” (5). In addition, an aggregated variable was calculated by adding up all individual needs, indicating the overall need of a respondent to receive external support (“Support Need Total”) as well as by a single item, asking respondents to state their need to be supported as entrepreneurs in general (“Support Importance”).

Of course, not every activity that is important for a venture’s success can be supported externally. Needs that involve very individual dimensions and decisions (e.g. finding motivation to pursue the venture) might be more difficult to support than needs that represent learning opportunities (e.g. impact measurement). In order to capture such differences, respondents were also asked to assess the current importance of each of the 17 activities for their ventures success on a 3 point scale ranging from “low priority” (1) to “high priority” (5), allowing as to measure “Activity Importance” for each item and “Activity Importance Total” as the sum of all 17 variables.
Key variables

**Organizational Stage:** “How would you describe the current stage of your activities in these fields?”

1. Intention Formation: Looking for opportunities and ideas to create something new.
2. Idea Development: Deciding on an idea and developing its concept and business plan.
3. Start-up Initiative: Starting first activities and building the structures around it.
4. Running Operations: Having regular activities and running an established organization.
5. Impact Scaling: Actively expanding to new regions or fields to grow in size and impact.

**Income Model:** “How much of your overall revenues do you generate from each of the following sources?” (Total of all entries must equal 100)

1. Earned Income
2. Private Sponsoring
3. Public Grants

**Support Needs**

**Support Importance:** “How important is it generally for you to be supported in your activities?”

1. Not Important
2. Rather Not Important
3. Neutral
4. Rather Important
5. Very Important

**Support Need:** “Please indicate [...] how much support you currently receive or would need to conduct each of them successfully.”

1. Low Support Need
2. Rather Low Support Need
3. Medium Support Need
4. Rather High Support Need
5. High Support Need

Note: Sum of 17 individual items added and included as new item "Support Need Total"

**Support Needs (ctd.)**

A. Advocating for better policy frameworks and market conditions
B. Building up management knowledge and skills
C. Creating a sustainable business model and strategy
D. Crystallizing personal intentions and ideas
E. Developing (new) products and services
F. Ensuring personal income for work on activities
G. Entering the market and accessing (new) clients or beneficiaries
H. Establishing a network of advisors, experts and peers
I. Evaluating the impact of current activities
J. Finding (new) team members, staff or volunteers
K. Gaining visibility, recognition and credibility
L. Getting further insight and knowledge in addressed issues
M. Initiating partnerships and collaborations
N. Maintaining personal commitment and motivation
O. Obtaining equity, debt or grant financing
P. Securing resources and facilities for activities
Q. Setting up organizational structures and processes

A. Advocacy
B. Management Skills
C. Business Model
D. Crystallizing Intent
E. Product Development
F. Personal Income
G. Market Access
H. Network Building
I. Impact Assessment
J. Team & Staffing
K. Visibility
L. Field Insight
M. Partnerships
N. Motivation
O. Finance & Investment
P. Resources
Q. Organizational Set-up

Table 2: Independent and Dependent Variables of the Empirical Study

The organizational “Stage” was defined by a single-choice question requesting self-assessment and categorization of the current stage of activities, based on the stages as described in section 2.1 (See Table 2). Next, participants were asked to indicate the percentage split of income sources (“Model”) for their venture².

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² In the survey, income was defined as recurring financial flows and was therefore coined “revenue”, indicating that we “hereby refer to income received from regular conduct of activities. It does not include financial capital as required for financing.”
Finally, the survey also included additional demographic items such as age, gender, educational background, previous work and entrepreneurship experience, and further characteristics of the pursued initiatives.

**Sampling**

Entrepreneurs were contacted through the mail list of the global social entrepreneurship network “The HUB”. This approach context has been chosen as The HUB hosts not only a high number, but also a vast diversity of social entrepreneurs with regards to their characteristics, sectors and income models. Unlike sampling approaches that focus on already successful entrepreneurs and may be confounded by memory and survivor effects (Davidsson/Honig 2003), the sample of the HUB network contains social entrepreneurs in all stages of organizational development, from earliest steps of opportunity recognition to large scaled operations.

The Hub is currently present in more than 30 cities and holds a global membership of over 4,000 people. Given the explorative intent of this study, research has been focused on a smaller set of 7 Hubs in the cities of Amsterdam, Bergen, Madrid, Prague, Stockholm, Vienna and Zurich. The survey was made available in English and structured in 5 main sections with 28 questions. Prior to distribution, it had been pre-tested in two iterations by a group of 8 managers and members of the Hub Vienna. For the main study Members were repeatedly contacted via internal newsletter and/or mailing lists of their local Hubs during a three week period in September and October 2011. Recognizing the reading rate of this communication channel, around 600 members were thereby contacted and with 112 completed surveys an overall response rate of approximately 18.7% reached. Upon elimination of those answer sets indicating an above 75% focus on financial return a final sample of 104 respondents was attained.

**Results**

The sample was particularly comprised by members of Hub Vienna (28.8%), Hub Zurich (20.2%) and Hub Madrid (16.3%) and furthermore characterized by a total of 26 nationalities. On average, respondents were 32h per week involved in their reported activities. The majority of surveyed initiatives was either less than two years (42.3%) or between three and five years (27.9%) in existence. Nonetheless, average team sizes already reached around 3.5 regular and 2.6 supporting staff members, with significant further supporters in the wider network.

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5 50.43% assumed based on provided statistics of Hub Vienna
6 Total reported membership of the selected Hubs: 1,193 (30 September 2011), internal document
Despite the rather early maturity of the ventures, these indicators and the largely national (29.8%) or even international (50.0%) scope already support the entrepreneurial and growth-oriented nature of the sample.

On average, entrepreneurs in the sample generated 67.0% of their revenues as earned income, followed by only 21.9% through sponsoring and 10% through grants. With regards to the stage of their development, the previously outlined maturity of activities was also reflected herein with 65.4% in first stages until start-up, 30.8% in running operations and only 3.8% already at the stage of scaling their impact.

<table>
<thead>
<tr>
<th>Stage</th>
<th>n</th>
<th>%</th>
<th>Founder</th>
<th>n</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td>Intention Formation</td>
<td>16</td>
<td>15.4%</td>
<td>Yes, Sole Founder</td>
<td>38</td>
<td>36.5%</td>
</tr>
<tr>
<td>Idea Development</td>
<td>19</td>
<td>18.3%</td>
<td>Yes, Co-Founder</td>
<td>34</td>
<td>32.7%</td>
</tr>
<tr>
<td>Start-up Initiative</td>
<td>33</td>
<td>31.7%</td>
<td>No</td>
<td>16</td>
<td>15.4%</td>
</tr>
<tr>
<td>Running Operations</td>
<td>32</td>
<td>30.8%</td>
<td>N.A.</td>
<td>16</td>
<td>15.4%</td>
</tr>
<tr>
<td>Impact Scaling</td>
<td>4</td>
<td>3.8%</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Income Source (average)</th>
<th>n</th>
<th>%</th>
<th>Innovativeness (self assessed)</th>
<th>n</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td>Earned Revenue</td>
<td>67.0%</td>
<td></td>
<td>Low</td>
<td>11</td>
<td>10.6%</td>
</tr>
<tr>
<td>Sponsoring</td>
<td>21.9%</td>
<td></td>
<td>Medium</td>
<td>57</td>
<td>54.8%</td>
</tr>
<tr>
<td>Grants</td>
<td>11.1%</td>
<td></td>
<td>High</td>
<td>31</td>
<td>29.8%</td>
</tr>
<tr>
<td>N.A.</td>
<td></td>
<td></td>
<td>N.A.</td>
<td>5</td>
<td>4.8%</td>
</tr>
</tbody>
</table>

Table 3: sample descriptives

The empirical results of the study are presented in three sections. Firstly, we provide an overview of the general findings upon the support needs of social entrepreneurs, including a ranking of overall support needs as well as further analysis around the relation of importance of an activity and the perceived need for support. Secondly and thirdly, we separately assess the effect of development stage and income model.

**The Support Needs of Social Entrepreneurs**

As can be seen in table 4, the support needs “gaining visibility, recognition and credibility”, “entering the market and accessing (new) clients or beneficiaries” (3.15) and “creating a sustainable business model and strategy (3.14) were ranked highest. Interestingly, while almost all participants indicated a fairly pronounced need for support, (average 2.73 for all 17 needs; average total support need 46.39, SD: 9.328), means between individual needs vary only little (3.17 for the strongest need, 2.19 for the weakest). This already indicates that almost all participants could identify areas, where they currently demand external assistance.
Yet, there is no one sort of particular support need within the sample, but rather a number of needs that are more or less equally important when the entire lifecycle of an entrepreneurial venture is considered. Standard deviations suggest however substantial differences behind the relevance of each need for individual projects.

<table>
<thead>
<tr>
<th>Support Need</th>
<th>N</th>
<th>Min</th>
<th>Max</th>
<th>Mean Value</th>
<th>Standard Error</th>
<th>Standard Deviation</th>
<th>Variance</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Visibility</td>
<td>104</td>
<td>1</td>
<td>5</td>
<td>3.17</td>
<td>.118</td>
<td>1.202</td>
<td>1.445</td>
</tr>
<tr>
<td>2. Market Access</td>
<td>104</td>
<td>1</td>
<td>5</td>
<td>3.15</td>
<td>.129</td>
<td>1.320</td>
<td>1.743</td>
</tr>
<tr>
<td>4. Partnerships</td>
<td>104</td>
<td>1</td>
<td>5</td>
<td>3.12</td>
<td>.114</td>
<td>1.160</td>
<td>1.346</td>
</tr>
<tr>
<td>5. Network Building</td>
<td>104</td>
<td>1</td>
<td>5</td>
<td>3.08</td>
<td>.110</td>
<td>1.121</td>
<td>1.256</td>
</tr>
<tr>
<td>6. Personal Income</td>
<td>104</td>
<td>1</td>
<td>5</td>
<td>2.79</td>
<td>.123</td>
<td>1.252</td>
<td>1.566</td>
</tr>
<tr>
<td>7. Finance &amp; Investment</td>
<td>104</td>
<td>1</td>
<td>5</td>
<td>2.75</td>
<td>.145</td>
<td>1.480</td>
<td>2.189</td>
</tr>
<tr>
<td>8. Product Development</td>
<td>104</td>
<td>1</td>
<td>5</td>
<td>2.75</td>
<td>.108</td>
<td>1.104</td>
<td>1.218</td>
</tr>
<tr>
<td>9. Team &amp; Staffing</td>
<td>104</td>
<td>1</td>
<td>5</td>
<td>2.69</td>
<td>.125</td>
<td>1.270</td>
<td>1.613</td>
</tr>
<tr>
<td>10. Field Insight</td>
<td>104</td>
<td>1</td>
<td>5</td>
<td>2.64</td>
<td>.119</td>
<td>1.214</td>
<td>1.474</td>
</tr>
<tr>
<td>11. Management Skills</td>
<td>104</td>
<td>1</td>
<td>5</td>
<td>2.60</td>
<td>.111</td>
<td>1.137</td>
<td>1.292</td>
</tr>
<tr>
<td>12. Crystallizing Intent</td>
<td>104</td>
<td>1</td>
<td>5</td>
<td>2.59</td>
<td>.120</td>
<td>1.220</td>
<td>1.488</td>
</tr>
<tr>
<td>13. Advocacy</td>
<td>104</td>
<td>1</td>
<td>5</td>
<td>2.49</td>
<td>.129</td>
<td>1.315</td>
<td>1.728</td>
</tr>
<tr>
<td>14. Impact Assessment</td>
<td>104</td>
<td>1</td>
<td>5</td>
<td>2.46</td>
<td>.130</td>
<td>1.329</td>
<td>1.765</td>
</tr>
<tr>
<td>15. Organizational Set-up</td>
<td>104</td>
<td>1</td>
<td>5</td>
<td>2.39</td>
<td>.123</td>
<td>1.257</td>
<td>1.581</td>
</tr>
<tr>
<td>16. Resources</td>
<td>104</td>
<td>1</td>
<td>5</td>
<td>2.38</td>
<td>.127</td>
<td>1.295</td>
<td>1.676</td>
</tr>
<tr>
<td>17. Motivation</td>
<td>104</td>
<td>1</td>
<td>5</td>
<td>2.19</td>
<td>.117</td>
<td>1.191</td>
<td>1.419</td>
</tr>
</tbody>
</table>

**Table 4: Overall Ranking of Support Needs of Social Entrepreneurs**

In order to investigate the interplay of activity importance and support needs, respondents were asked to rate the current importance of each activity on a 3 point scale ranging from “low priority” (1) to “high priority” (5). Priority ratings and support needs for all measured items were positively correlated, reaching a Pearson correlation of .551, p<0.001 for Support Need Total and Activity Importance Total, suggesting that ventures overall had the perception that they can be assisted in the activities that are currently most crucial for their ventures.
performance. This is also reflected in the fact that the six activities which were assessed to be most crucial for current venture performance were also rated as most relevant support needs. However, as Figure 1 shows, exceptions occur especially on the level of the individual. The activity “Maintaining personal commitment and motivation” clearly stands out with a fairly high assessment of relevance for the project (3.3) but a low perceived need for external assistance (2.19). Similarly, crystallizing personal intentions and ideas was defined as very important area with a medium need for support. One possible explanation for this could be the role of self-efficacy and inherent motivations of social entrepreneurs and the understanding that such personality traits can only be influenced by externals to a limited degree (Peredoa, McLean (2006), p. 64).

Figure 1: Relative Activity Importance and Support Need - Activity importance represents the x-axis, support need the y-axis. The axes cross at the average mean value (3.34/2.73) and the number of answer sets with high positive correlations indicates the size of the circles.

**Effects of Stage on Support Needs**

For investigating research question 2, analyses of variance (ANOVA) of support needs were conducted across the five stages of intention formation, idea development, start-up initiative, running operations, and impact scaling. In spite of small subsample sizes between 4 and 33 some differences could be identified. Whereas surprisingly, there is no difference in overall
support need across all stages, the specific results per stage indicate that there is a need for different forms of support as the social entrepreneur advances.

In total, 6 of the 17 support were found to be significantly influenced by a change in stage; most notably “Crystallizing Intent” around its maximum value in the first stage. This finding is in congruence with the understanding of entrepreneurship as intentional activity, with intention preceding (e.g. Krueger, Reiller, Carsrud, 2000, Krueger, Brazeal, 1994) or paralleling (McMullen, Shepard, 2008) entrepreneurial action.

<table>
<thead>
<tr>
<th>Dependent Variable</th>
<th>(A) Stage</th>
<th>(B) Stage</th>
<th>(A-B) Mean Difference</th>
<th>Significance</th>
</tr>
</thead>
<tbody>
<tr>
<td>Advocacy</td>
<td>(1): 1.94</td>
<td>(5): 3.75</td>
<td>-1.81*</td>
<td>.014</td>
</tr>
<tr>
<td></td>
<td>(2): 2.32</td>
<td>(5): 3.75</td>
<td>-1.43*</td>
<td>.046</td>
</tr>
<tr>
<td>Crystallizing Intent</td>
<td>(1): 3.44</td>
<td>(2): 2.42</td>
<td>1.02*</td>
<td>.012</td>
</tr>
<tr>
<td></td>
<td>(1): 3.44</td>
<td>(3): 2.52</td>
<td>0.92*</td>
<td>.011</td>
</tr>
<tr>
<td></td>
<td>(1): 3.44</td>
<td>(4): 2.47</td>
<td>0.97**</td>
<td>.008</td>
</tr>
<tr>
<td></td>
<td>(1): 3.44</td>
<td>(5): 1.50</td>
<td>1.94**</td>
<td>.004</td>
</tr>
<tr>
<td>Market Access</td>
<td>(2): 2.79</td>
<td>(3): 3.61</td>
<td>-0.82*</td>
<td>.032</td>
</tr>
<tr>
<td>Impact Measurement</td>
<td>(1): 2.69</td>
<td>(2): 1.79</td>
<td>0.90*</td>
<td>.041</td>
</tr>
<tr>
<td></td>
<td>(2): 1.79</td>
<td>(4): 2.75</td>
<td>-0.96*</td>
<td>.011</td>
</tr>
<tr>
<td></td>
<td>(2): 1.79</td>
<td>(5): 3.75</td>
<td>-1.96**</td>
<td>.006</td>
</tr>
<tr>
<td></td>
<td>(3): 2.30</td>
<td>(5): 3.75</td>
<td>-1.45*</td>
<td>.035</td>
</tr>
<tr>
<td>Visibility</td>
<td>(1): 2.94</td>
<td>(3): 3.79</td>
<td>-0.85*</td>
<td>.016</td>
</tr>
<tr>
<td></td>
<td>(2): 2.63</td>
<td>(3): 3.79</td>
<td>-1.16**</td>
<td>.001</td>
</tr>
<tr>
<td></td>
<td>(3): 3.79</td>
<td>(4): 3.00</td>
<td>0.79**</td>
<td>.006</td>
</tr>
<tr>
<td>Finance &amp; Investment</td>
<td>(3): 3.21</td>
<td>(4): 2.28</td>
<td>0.93*</td>
<td>.011</td>
</tr>
</tbody>
</table>

* P < .05     ** P < .01     *** P < .001    n = 104

1 Stages: 1 = Intention Formation, 2 = Idea Development, 3 = Start-Up Initiative, 4 = Running Operations, 5 = Impact Scaling

Table 5: T-Test on Differences of Selected Support Needs between Stages

“Impact Measurement” displays a u-shaped relationship with stage, with a clear dip in the phase of idea development and peak at the stage of scaling. The heightened role of impact measurement in the later two stages comes as no surprise: in order to access necessary funds required for keep operations running and growing impact measurement becomes important, an increased number of grant givers require quantitative measures of the societal benefits of an organization (Ebrahim/Rangan 2010). Also, with an increasing number of activities and complexity in a growing organization, measuring impact gains importance as management tool, as founders are less and less capable of being in touch with all stakeholders in the
organization personally (Greiner 1997). Finally, a clearly communicated impact is a necessary step for influencing policy and market conditions; which is another support need that peaks in this last stage.

The activities “visibility”, “market access” and “financing” require most support in the actual start-up phase, when the first operations are undertaken that are visible for outside actors. In this phase, the main support needs center on the further set-up and establishment of the venture, yet also see a slight shift from potentially more conceptual and assisting needs such as business model, partnership and network towards significant importance being given to gaining visibility and recognition as well as entering the market.

**Correlations of Income Model with Support Needs**

As indicated in Table 6, there is a significant overall effect of the income source (herein represented by the item “Earned Income” as the complementary to “Subsidy”) on total support need, perceived support importance as well as several selected individual support needs. Most notably herein is the negative correlation of “Earned Income” with “Support Need Total” with a Pearson Coefficient of -.380 at p = .0006. The more a

Furthermore, the results of a linear regression also support the significance of this effect with a Corrected $R^2$ of .133 and Beta Value of -.380 at p < .001.

<table>
<thead>
<tr>
<th>Earned Income</th>
<th>Business Model</th>
<th>Impact Measure</th>
<th>Finance &amp; Investment</th>
<th>Resources</th>
<th>Organ. Set-Up</th>
<th>Support Need Total</th>
<th>Support Importance</th>
</tr>
</thead>
<tbody>
<tr>
<td>Pearson</td>
<td>-.254*</td>
<td>-.282*</td>
<td>-.293**</td>
<td>-.416***</td>
<td>-.340**</td>
<td>-.380***</td>
<td>-.273*</td>
</tr>
<tr>
<td>Significance</td>
<td>.026</td>
<td>.013</td>
<td>.010</td>
<td>.000</td>
<td>.002</td>
<td>.001</td>
<td>.016</td>
</tr>
</tbody>
</table>

* P < .05     ** P < .01     *** P < .001

n = 77 (no answers if “Intention Formation” selected as stage or “No revenue generated” selected in previous item on income source)

*Table 6: Correlation of Income Source with selected Support Needs and Support Importance*

Within the individual support needs, “Business Model”, “Impact Measurement”, “Finance & Investment”, “Resources” and “Organizational Set-Up” yield significant negative correlations with Pearson coefficients ranging from -.254 to -.416 and levels of significance varying between p < .05 and p < .001. These are thereby the main indicators explaining the strong overall effect of needing and seeking less support the more of an earned income model is being deployed.
In order to identify implications of these results, an additional test of the effects of the income source on the perceived importance of an activity provides a good starting point: First, there is no significant overall effect of the income source on the importance of an activity. Second, even without considering the level of significance thereof, there is no coherent correlation or trend around the relation of the two variables. In other words: Social entrepreneurs applying an earned income model do not generally consider activities to be less important, yet require significantly less support therein.

Discussion

Social entrepreneurs are frequently displayed as strong, independent personalities, “relentless in the pursuit of their vision” (Bornstein 2007: 1) and “undaunted by scarce assets” (Peredo/McLean 2006: 64). Following the widespread narrative of heroism (Nicholls 2010), these “social heros with entrepreneurial talent” (Seelos/Mair 2005) seem to bring unite all the skills and capabilities required to build and grow a successful social venture. The here presented explorative study intended to challenge this assumption of social entrepreneurs as “jack-of-all-trades” and investigated the areas in which they seek external support. After a qualitative pre-study with 22 entrepreneurs and experts, 112 social entrepreneurs were surveyed in 7 countries on their organizational stage, business models and the support needs.

The preliminary results of this study paint a rich picture of social entrepreneurs and their need for external support: In contrast to the image of resourcefulness, data suggests that social entrepreneurs consistently request external support for the generation of their ventures. Participants expressed a strong general need for support (3.99, SD. 0.96 on a 1-5 Likert scale), while not a single respondent indicate an absolute absence of support needs. For activities such as developing a business model, gaining visibility on the marketplace or building networks and partnerships, the majority of respondents expressed a moderate or high need for external assistance. Overall, 17 support areas activities were identified on four analytical levels as defined by Gartner (1985). The articulated support needs corresponded (Pearson corr. of .551, p<0.001) largely with the activities that were perceived as relevant for venture success. Overall, these findings suggest that social entrepreneurs are not operating in an institutional vacuum, but rely on exchanges of tangible and intangible resources with their environment.
On Stage: Not more, but different

One of the key findings of this study lies in the tested effect of the stage of organizational development and the amount of support needed. As indicated earlier, there is no significant effect of organizational stage on the overall support need. On the contrary: across all stages, respondents express fairly equal desires for external resources.

Some differences emerge however on the level of individual support needs. Particularly “Advocacy”, “Crystallizing Intent”, “Market Access”, “Impact Measurement”, “Visibility” and “Finance & Investment” display such internal difference. Herein, “Advocacy” and “Crystallizing Intent” take contrary development with the former over time gaining and the latter decreasing in importance. A similar path can also be observed for the ascribed to importance of these activities. Analysis of the observed development around “Impact Measurement” can follow a similar route as it may only be brought to awareness and thus gain attention as a need at later stage. Nonetheless, considering the current discourse hereon as well as the increasing opportunities of attracting investment based on clearly articulated impact propositions (Saltuk et al. 2010: 11), focus, support and eventually mastery hereof may make a significant difference for the development of the social entrepreneur from the very beginning.

This finding challenges the idea of incubators that typically focus their activities on the start-up phase after entrepreneurs have formed a clear intention and have a idea of the opportunity they pursue (Peters et al. 2004). At least for the social entrepreneurs in this sample, this would not seem to be a particularly meaningful strategy for support.

Earned Income reduces external support needs

One of the main choices of social entrepreneurs involves the decision which income streams to target. Our findings suggest that this decision does not only affect the way that mission is linked to financial goals and what groups of beneficiaries can be addressed, but also the need for external assistance of an organization. Within the sample, the degree to which an earned income model is pursued, is negatively correlated with the total support needs and five of the 17 individual support needs. This finding is particularly noteworthy, not only as this may provide another dimension and further significance to the evolving discourse on business models or investment propositions of social entrepreneurs, but also as within this explorative study, it is the single most important determinant tested for its effect.
As further testing shows, the effect is not a consequence of different perceptions of success factors. Social entrepreneurs applying an earned income model do not generally consider activities to be less important, but require significantly less support therein. Acknowledging that neither traits nor skills of the respondents have been assessed in this survey the results can be interpreted at least on two levels: (i) Earned income models might provide more resources for the organization: social entrepreneurs can deal with important areas themselves instead of putting fundraising in the center of their attention, they might build up higher amounts of slack in their organizations and are less tied up in demands of donors, grant givers or venture philanthropists. (ii) Earned income models might be easier to implement, as less stakeholders are involved and financial and social goals are closer tied together.

This finding is coherent with the observation that business modeling continuously ranks amongst the main support needs and in fact is the only variable that always is part of the top 5 support needs per stage (table 7). Furthermore, with an average rating of 3.88 out of 5.00 points it is also considered the most important activity across the continuum. Combining thus the potential effect of applying an earned income model with the expressed openness towards and need for support in the definition of such model allows for a potentially impactful support strategy.

<table>
<thead>
<tr>
<th>Support Need</th>
<th>Intention Formation</th>
<th>Idea Development</th>
<th>Start-Up Initiative</th>
<th>Running Operations</th>
<th>Impact Scaling</th>
</tr>
</thead>
<tbody>
<tr>
<td>Business Model</td>
<td>3.44 (1)</td>
<td>3.00 (2)</td>
<td>3.36 (3)</td>
<td>2.81 (5)</td>
<td>3.50 (3)</td>
</tr>
</tbody>
</table>

Table 7: Importance of Business Model Support

Particularly in early stages when ideas need to be translated into feasible business models and strategies, understanding and recognition of the later effects may support such efforts. Although initially likely to be more difficult to identify, such solutions may well be worth the effort in the long-run. Furthermore, as the descriptive results and distribution of the sample are indicating, earned income and subsidy are not a dichotomy yet a continuous spectrum. Undoubtedly, many challenges in society may not allow for an earned income model to be deployed, yet letting these findings trigger at least the attempt to seek certain direct revenue streams in to potentially lower the need for support at later stages may already be one helpful practical implication.
Definitions matter

An often-heard lament among social entrepreneurship scholars is the lack of a shared understanding of the nature of its research subject, the social enterprise. Our findings clearly display the relevance of this debate for practitioners and policy makers. Depending on the particular understanding of the social enterprise, we face very different organizations, pursuing different tasks, having different support needs. Whether we understand social entrepreneurs as forming start-ups or as successfully scaling organizations (e.g. Bornstein, 2007), as triple-bottom line organizations or as innovative non-profits, this has serious implications on how these organizations can be supported.

Limitations

As previously indicated in the respective sections, this study has certain limitations that are to be considered when interpreting and further building on the results.

Although the sample size of 22 qualitative interviews and 112 selected survey responses from 7 difference countries and the depth of information therein contained compares considerable well to the overall status quo of research in the field of social entrepreneurship⁵, it certainly does not allow for generalization of its findings. Whereas embedding the study in the context of The Hub proved to ensure a broad representation and particularly a diversity of stages, models and types of social entrepreneurs, no quota has been applied within the sample and no reference data to allow for proportionate stratified random sampling (Diamantopoulos/Schlegelmilch 1997: 236) is available about the sector. Furthermore, with an internal response rate of 18.7% it is yet a sub-sample within the larger overall Hub membership.

Within the provided answers, the risks of a social desirability bias has been largely avoided given that respondents remained anonymous and no direct interaction took place. Furthermore, the survey was framed neutrally and all relevant items to select the final answer sets (i.e. particularly return focus) were only indirectly assessed. Information was, however, self-reported and could not be triangulated by an independent rater. Furthermore, as no reference data has been available potential demographic biases particularly on age and gender have not been tested.

⁵ e.g. Sharir and Lerner (2006) conducted a qualitative field study of 33 social ventures to identify their success factors, Meyskens et al. (2010) applied content analysis to 70 available online profiles of Ashoka Fellows, several further and well-cited studies are based on case studies.
The central dependent variable of support needs was derived and validated from both current research and qualitative pre-study interviews. All of the independent variables were either based on integrating academic findings to date (e.g. stage) or based on previously applied answer sets (e.g. innovation). Nonetheless, given the overall scope of information requested in the survey validity of specific constructs remains limited and for further distinct studies may need to be reviewed.

Finally, analyses have so far been conducted only on a preliminary level. The use of more sophisticated statistical methods, including more variables and controls will likely allow deeper insights into the patterns of social entrepreneurial support.

References


