

Money or Charity?

– From (women's) social intention to commercial business models

Social entrepreneurship and business entrepreneurship are often said to be two contrasting disciplines that are at best related. Even though there is a lack of consensus on definitions of both social and business entrepreneurship, most definitions of social entrepreneurship commonly state that solving social problems demands a narrow focus while business entrepreneurship is often seen as a driver of economic growth (Martin & Osberg, 2007). Mulgan et al. (2007, p. 8) describe social innovations as “*innovative activities and services that are motivated by the goal of meeting a social need and that are predominantly diffused through organizations whose primary purposes are social*”. Contrastingly the goal of most activities of business entrepreneurship is financial success and “[u]ntil recently, both management and economics scholars assumed that commercial profit was the underlying motive driving entrepreneurial success” (Dacin et al., 2010, p. 44).

On the one hand, it can be argued that business and social entrepreneurship are incompatible given that profit maximization and maximizing social output is not possible at the same time. On the other hand, the compatibility of both is shown in numerous hybrid forms which have practical as well as scientific significance (Wallace, 1999; Johnson, 2000). According to Alter (2004), following social as well as economic goals is not mutually exclusive but rather leads to “double value creation”. Yet most authors focus on the main benefit which business entrepreneurship has for social entrepreneurship, i.e. the use of entrepreneurial concepts to offer sustainable solutions for social problems (Johnson, 2000; Thompson et al., 2000). While in the other direction, very little is written in business entrepreneurship about the economic relevance of social entrepreneurship.

In this context one important factor not yet addressed in academia is the development and imitation of social entrepreneurship ideas. Most business ideas diffuse via imitation or “innovation” (Shenkar, 2011) i.e. by further developing imitated business ideas. According to Mansfield et al. 95-99% of European start-ups are based on adoption or modification of existing business concepts (1981). In his study De (2005) found that 60% of the registered innovations and patents were imitated within less than four years while according to Bhidé (2000) most of the fastest growing start-ups are imitative. This emphasizes the significance of copied, innovative business ideas for overall economic development.

Here we put forward our arguments using theory as well as practical cases to derive several hypotheses, proposing that numerous of today’s commercial business models are based on ideas with a social intention, which strengthens the economic value of social entrepreneurship and has several noteworthy implications. These hypotheses are as follows:¹

H1. *The proportion of socially motivated business ideas is higher than the proportion of social enterprises.*

¹ Within this abstract we focus on briefly introducing two main hypotheses while additional sub-hypotheses will be provided in an outline of the theoretical background in the full paper.

Analyzing the origin of business ideas and the impact of social intention is closely associated with a gender specific view. VanderBrug (2013) reports that the number of female start-ups is rising. *“In 2012, an estimated 126 million women were starting or running new businesses in 67 economies around the world. In addition, an estimated 98 million were running established businesses”* (Kelley et al., 2013, p. 6). Thus female start-ups increasingly contribute to economic growth and job creation (Acs et al, 2005; Langowitz & Minniti, 2007). Additionally Verheul et al. (2006) emphasize the importance of diversity in economic systems. Nevertheless, compared with men, women still tend to found a start-up less and in different areas (Arum & Müller, 2004; Bosma & Levie, 2009; Díaz-García & Jiménez-Moreno, 2010). Kelley et al. warn that *“[f]ew resources are as underutilized in these ecosystems as women: if women are not actively engaged as entrepreneurs, the job creation capacity of half the world’s population is lost”* (2013, p. 2).

This has led to a discussion of reasons for the “gender gap” and various studies on female entrepreneurship (e.g. Carter et al., 2003; Delmar & Davidsson, 2000; Dhaliwal & Kangis, 2006; Kumara, 2012; Walter et al., 2013). Yet in most cases, gender specific entrepreneurship research relates to business and not to social entrepreneurship (De Bruin et al., 2007). This is why authors like Datta and Gailey (2012) or Humbert (2012, p. 6) stress that *“[t]here is a strong need to recognize [gender] diversity among social entrepreneurs.”*

When considering the role of women in social entrepreneurship research it is mostly concerning topics of gender inequalities itself (Kabir et al., 2012; Rarick et al., 2011; Robles, 2013). Thus the focus is often on women receiving help from social entrepreneurship not on women as helpful social innovators or social entrepreneurs. This is somewhat surprising given that women are more often said to act in a supporting role and to work in an emotion-oriented way which, according to Jordan (2010), results in more women than men tending to practice social entrepreneurship. Thus VanderBrug (2013) states *“[e]ntrepreneurial activity creates growth and prosperity – and solutions for social problems. And today’s trends show that women will be a driving force of entrepreneurial growth in the future.”*

Therefore we can assume that women play an important role in developing business ideas with a social intention:

H2. Women have a higher tendency than men to develop socially motivated business ideas.

Within the empirical part of our study we introduce a methodology for analyzing the “socialness” of intentions to develop business ideas, including, within this, a research process for discovering the origins of business models and diffusion processes. We provide empirical evidence for both hypotheses by analyzing a dataset based on 120 origins of business ideas. By presenting descriptive data alongside the results of regression analysis, the importance of socially motivated ideas for economic growth is shown. We also present evidence supporting our assumption that having a higher ratio of women to men in founding teams has a positive impact on the “socialness” of a business idea. We derive several implications from these results without neglecting unfavorable impacts which change the dynamics of social innovations. We therefore discuss the sustainability of social entrepreneurship activities

against the background of development processes. Thus we additionally provide selected case studies dealing with the conception and diffusion of business ideas with a social intention, showing the development of the social focus within the adoption processes and the resulting impact on the economy and society.

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