

Social Enterprises: How to turn a problem into an opportunity?

Proactiveness as a determinant of societal impact creation of social enterprises

Master Thesis

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Abstract

This research investigates the effect of proactiveness, type of social entrepreneur, and issue complexity on societal impact, moderated by the type of social enterprise. It builds on previous literature on the social enterprise sector, but investigates potential determinants of societal impact creation. Data is retrieved from the Dutch annual social enterprise monitor 2014 and an additional survey on proactiveness and issue complexity. Findings show that all social enterprises in the sample portray a high level of proactiveness. The type of social entrepreneur furthermore significantly relates to the level of societal impact and is indeed moderated by the type of social enterprise, indicating that a better alignment between the type of social entrepreneur and type of social enterprise leads to more societal impact creation. Moreover, a new classification that specifically suits the Dutch social entrepreneurs is found, consisting of *Social Nurturers*, *Social Traders*, *Social Connectors*, and *Social Innovators*. Each type has different drivers and barriers to societal impact and should thus receive a different type of support to maximize their societal impact.

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1. Introduction

“Social business can be indeed a very powerful agenda for change. To deliver better outcomes for the common good. To show that it is possible to do things more responsibly and more fairly, whilst still being a success on the market.”

This quote by José Manuel Barroso, chairman of the European Committee, illustrates the importance and potential impact of the social enterprise sector (Kennisland, 2013), in creating triple value: social, ecological, and economic. While the potential of social enterprises is widely recognized, there is still much ambiguity regarding their definition and the optimal way to achieve the highest possible multiple value. This ambiguity results from the difficult position that social enterprises occupy between commercial businesses, charities, and governments. Social enterprises represent the missing middle between the state, civil society and the market. They are able to address social concerns more efficiently than the state, more sustainable and creatively than civil society, and more generously than the market.¹ However, they struggle to have the highest possible societal impact and at the same time be financially independent. The social enterprise’s position in the middle of the three societal spheres is thus exactly where their strength and potential to create multiple value lie. Nonetheless, to overcome the obstacles they face and to create this multiple value most effectively, an entrepreneurial mindset, and more specifically, a high degree of proactiveness in the mindset of social entrepreneurs is needed.

The positive relationship between entrepreneurial orientation and performance is widely accepted in literature (e.g. Wiklund, 1999; Zahra, 1991, Kraus et al., 2012). More specifically, the concept of proactiveness has oftentimes been positively and significantly linked to firm performance (Chen and Hsu, 2013; Wang and Yen, 2013; Larsen and Korneliusson, 2012; Kraus et al., 2012; Obloj et al., 2010; Frishammar & Andersson, 2009; Hughes et al., 2008; Aktan & Bulut, 2008; Li et al., 2008; Hughes and Morgan, 2007; Rhee and Mehra, 2006). However, literature found this link for

¹ www.se-alliance.org/why

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commercial enterprises, but academics have never investigated the link between proactiveness and performance in the case of social enterprises. Next to this, performance is often measured in financial terms or general management terms, such as job performance, but it has never been linked to societal impact, the performance measurement for social enterprises. Furthermore, the definition of proactiveness is rather unclear and cannot be applied to social enterprises. As there is evidence in literature for a positive link between proactiveness and performance, it is interesting to investigate whether this link also exists for proactiveness in the context of social enterprises creating societal impact. The research question of this study is thus: does a higher degree of proactiveness among social entrepreneurs lead to more societal impact?

The link between proactiveness and societal impact is interesting to investigate, because it may be the missing link for social entrepreneurs to maximize their social value creation. States all over the world face big, complex social, ecological, and economic challenges, such as an ageing population, loneliness, poverty, resource depletion, and increasing income inequality. The ageing population is an increasing issue in a large part of the Western world. Just in the Netherlands will the population of elderly people (aged > 65) grow from 2.7 million in 2012 to 4.7 million in 2041 (Nationaal Kompas, 2013). This brings severe issues for the health care sector regarding costs and lack of (qualified) personnel. Next to this, the growing elderly population also increases loneliness. In 2012, 200.000 elderly people in the Netherlands were lonely (Rijksoverheid, 2012). With the ageing population almost doubling the coming years, this number will most likely grow. On a global level, one of the major issues is poverty. Even though the number of people living in extreme poverty has decreased in the past 20 years, still 1.2 billion people live below the poverty line of \$1.25 a day (UN, 2013). These people will stay in poverty if states do not manage to combat unfair trade, a practice that hurts the poorest people in the world the most (Fairtrade, 2011). Governments are increasingly less capable in solving these complex societal issues. This raises the need for new allies. Allies that are involved, entrepreneurial, and responsible. Allies that create direct social value, be it engaging in

fair trade, reducing loneliness among the ageing population, or increasing social cohesion in less affluent neighborhoods. Allies in the form of social enterprises.

1.1 The emerging social enterprise sector

Social enterprises are rapidly emerging. A movement that can be explained by several societal trends. On one hand, the increasing social enterprise sector can be attributed to the liberalization of the state, receding from several social services, for example in the healthcare sector. The remaining gap is filled by social entrepreneurs. On the other hand, decreasing donations to charities raise the importance to search for new business models. More and more often, this takes the form of social enterprises. Next to this, entrepreneurs starting a new business increasingly see the gaps left by the government and become more aware that just making money is not enough. Instead, they focus on a social goal and thereby create a social enterprise.

Most of the social enterprise literature argues that social enterprises emerge because the social entrepreneur personally experiences a situation in which his values are being ignored and where he sees a societal gap, for example in cases where the local government fails. In order to fill this gap, the social entrepreneur creates a social enterprise (Bosma and Levie, 2010). Hoogendoorn (2011) argues that the development of the social enterprise sector in the Western world can be explained from a societal point of view. As advances in industrial societies face diminishing returns in terms of happiness, well being, and life expectancy in their economic development, other things become more important. When this happens, quality of life, environmental protection, belonging, and self-expression are gaining priority. Social enterprises can thus be seen as a search for meaning by the social entrepreneur, where just making money is not enough. These tendencies are illustrated in figure 1:

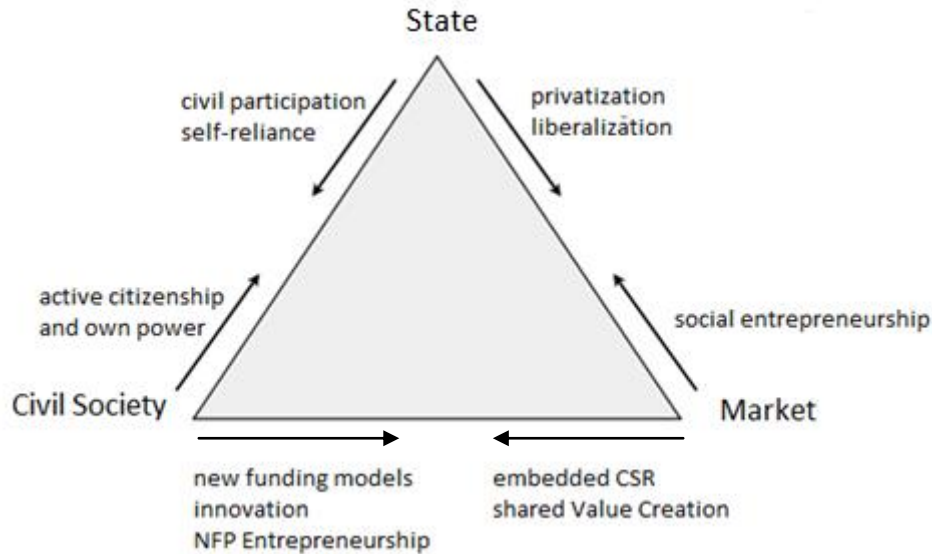


Figure 1: Societal Trends. Adapted from NSOB (2013)

One of the main reasons that social entrepreneurs experience societal gaps is because of the receding governments in the Western states. The receding function of the state can be explained by several shifts in society in the past decades. The welfare states in the 1980s and 1990s revealed the weaknesses of large state involvement, such as bureaucracy, rigidity, and growing budget deficits. These states thus deregulated certain areas, mostly by selling or outsourcing non-core activities in order to improve efficiency. Next to this, the fragmentation of society, caused by increased individualization, with fewer people going to church or being a member of a political organization, resulted in the decline of the government’s moral authority (van Tulder with van der Zwart, 2006).

This trend in society results in several challenges for all three spheres in society: the state, civil society, and the market. First of all, “the absence of an adequate public infrastructure with regards to innovation, education, healthcare, and transport leads to sub-optimal outcomes and competitive disadvantage for companies” (van Tulder with van der Zwart, 2006: 127). Secondly, “technological and economic developments hardly seem conceivable without a non-profit and informal sector, its social capital and the input and efforts of its volunteers” (idem). Thirdly, “the hybridization of technologies, the overlap of formerly separated sectors, and the integration of production systems, lead to many challenges for the company. Technologically feasible innovations need not be socially desirable and a socially desirable innovation technology may not yet be feasible”

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(idem). Finally, “societal developments require that entrepreneurs critically reflect on their technologies, the sector and the location in which they operate. This requires that discussions about corporate vision and leadership are re-introduced” (idem).

It is suggested in literature that these challenges can be overcome by being proactive and increasing the cooperation between the three societal spheres of state, civil society and the market (van Tulder with van der Zwart, 2006). This can be achieved by creating social enterprises, as they operate at the interface of the three societal spheres and can connect other actors in all three spheres. Social enterprises have the potential to tackle the challenges in society that were previously addressed by the government or charities, such as the ageing population, loneliness, poverty, and unfair trade. Additionally, social entrepreneurs were found to be disproportionately effective in the creation of jobs (Harding, 2004). In doing so, social enterprises can create multiple value: social, environmental, and economic (Jonker et al., 2012). So far, however, social enterprises have faced many difficulties in balancing the pursuit of societal impact with being financially self-sufficient (e.g. Austin et al., 2006). Looking at the potential of the emerging social enterprise sector, it does appear more and more important to assure that these social enterprises can have the highest possible level of societal impact and at the same time be economically viable and literature can contribute to this.

1.2 The role of literature

In the past decade, literature on social entrepreneurship has gained attention. Most of the discussion focuses on the characteristics of social entrepreneurship and how they are different from ‘commercial’ entrepreneurship (Hoogendoorn, 2011), charities (Helm and Anderson, 2010), or governments (Schulz, van der Steen, and van Twist, 2013). One of the main problems with the discussion on social enterprises in literature is that a common definition is still not found, causing conceptual ambiguity. Because of this lack of one common definition, the boundaries with other literature fields are blurry. Next to this, there are a limited number of empirical studies, which provide a modest base for theory building and testing. The main focus of attention has furthermore been on case studies of successful entrepreneurs (Hoogendoorn, 2011).

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One of the reasons for the lack of a common definition in literature is that social enterprises operate at the interface between the state, market, and civil society, which makes them difficult to detect and define. Next to this, in most countries, there is not yet a separate legal entity for social enterprises. Social enterprises furthermore employ many different business models in many different sectors. All definitions do focus on one common aspect: the mission of the social enterprise is to create societal impact. Social entrepreneurs start an enterprise, because they want to solve a societal issue. They will see an opportunity where others only see a problem. This key characteristic defines their value creating potential. A potential that is yet to be fully recognized, especially as social enterprises are able to create more societal impact, when they are proactive in addressing a more complex issue.

1.3 Conceptual Model

This study will thus aim to provide more clarity regarding the definition of social enterprises and will particularly focus on the link between motivation of the social entrepreneurs in starting a social enterprise and their ability to create social value. This motivation is embedded in the proactive attitude of the social entrepreneurs, which in turn is hypothesized to be the main determining factor for social enterprises successfully addressing societal issues and thus creating societal impact. Social entrepreneurs respond to societal issues with different levels of complexity. The complexity of the issue determines the degree of proactiveness needed of the entrepreneur, but the individual level of proactiveness also influences the decision to tackle a more or less complex issue. The degree of proactiveness is moreover a determinant for the type of social entrepreneur and its way to address the societal issue chosen and the type of entrepreneur says something about the degree of proactiveness that will be present at the individual level. These three concepts thus mutually influence each other and form the basis of proactiveness. The higher the degree of proactiveness, the higher the level of societal impact the social entrepreneur can create, moderated by the type of social enterprise chosen. In general, the better aligned the different concepts are, the higher the level of societal impact. Thus, if an entrepreneur is less proactive and chooses to tackle a less

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complex issue in the most suitable type of social enterprise, it can still achieve a high level of societal impact, even though never as high as a proactive social entrepreneur addressing a highly complex issue in the right type of social enterprise. Figure 2 demonstrates this conceptual model:

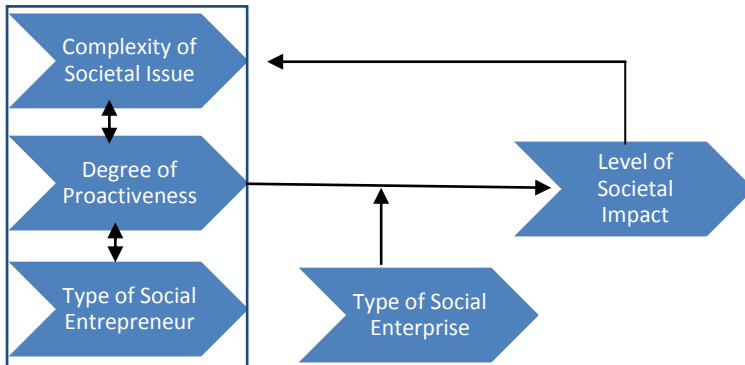


Figure 2: Conceptual Model

The main research question of this study is therefore: *Does a higher degree of proactiveness among social entrepreneurs lead to the creation of more societal impact?*

Answering this research question will be aided by the following sub-questions:

1. *What are social entrepreneurs?*
2. *What is proactiveness and how can you measure it for social entrepreneurs?*
3. *What is societal impact and how do you measure it for social enterprises?*
4. *What is the relationship between the complexity of the societal issue, the degree of proactiveness, and the type of entrepreneur?*
5. *What is the effect of the type of social enterprise on the relationship between the complexity of the societal issue, the proactiveness of the entrepreneur, the type of social entrepreneur, and the level of societal impact (consisting of social impact, economic impact, and continuity).?*

The answers to these questions will be sought by performing a literature review on social enterprises, proactiveness, and societal impact. The concept of social enterprises will be discussed in more depth first: the definition of social enterprises, the area in which they are situated, and their

business models. Then, the ambiguous definition of proactiveness will be analyzed by performing an extensive literature review. The importance of proactiveness for social entrepreneurs, especially in relation to the complexity of the societal issues involved will be investigated. Finally, a definition of proactiveness that suits social enterprises will be provided. After this, we will link proactiveness to performance and, for the field of social enterprises more specifically, to societal impact. In order to assess the assumed relationships found in literature, a quantitative study among social entrepreneurs will be executed. The results will be portrayed and discussed, the limitations will be discussed, and finally conclusions will be drawn.

2. Literature Review

This study investigates if the impact of social enterprises is still limited due to a lack of proactiveness in the mindset of the social entrepreneurs. Based on the research questions formulated, the literature review of this study will thus focus on three areas: social entrepreneurship, proactiveness, and societal impact, which will be linked and explained in the following sections. First, the emerging concept of social enterprises will be discussed, a definition will be given, and the area in which they operate will be defined. Next, proactiveness will be defined by performing a literature review of its definition. Finally, the concept of societal impact will be discussed and explained in relation to social enterprises and the degree of proactiveness of the social entrepreneur.

2.1 Social Enterprises

Social enterprises are definitely not a new phenomenon. The most famous example of a historical, social enterprise was Robert Owen's cotton mill in New Lanark. In the 18th century in the UK, Owen built a village for the people working in his cotton mill, where the living conditions were much better than elsewhere in the UK. The profit made by the cotton mills was invested in social services, such as education for the children living in the village (Shaw and Carter, 2007).

The existence of social enterprises is thus centuries old, but is -as a term- a rather recent phenomenon, both in practice and literature (Mair and Noboa, 2003). Many enterprises may operate

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as a social enterprise, but do not call it accordingly, as still many organizations have never heard of the term social enterprise. This is, in part, because of the area in which they operate. The activities performed by a social enterprise are rather similar to the activities performed by charities, governments or commercial businesses (Harding, 2004). Another issue is that social enterprises operate under many different business models and in a wide variety of sectors, which makes them difficult to detect. These issues will be discussed further in section 2.1.1 and section 2.1.2.

Next to this, the term social enterprise is associated with corporate social responsibility on one hand and with charities on the other hand. The main difference between social enterprises and commercial businesses with a corporate social responsibility program can be found in the mission of the firm. A social enterprise will aim for impact first, while corporate social responsibility is a means to do no harm, responding to laws or external pressures, with the main goal to make a profit. The main difference between social enterprises and charities, on the other hand, is its way of funding. Whereas a charity depends mainly on external funding, a social enterprise is financially self-sufficient. These differences are illustrated in figure 3 below:

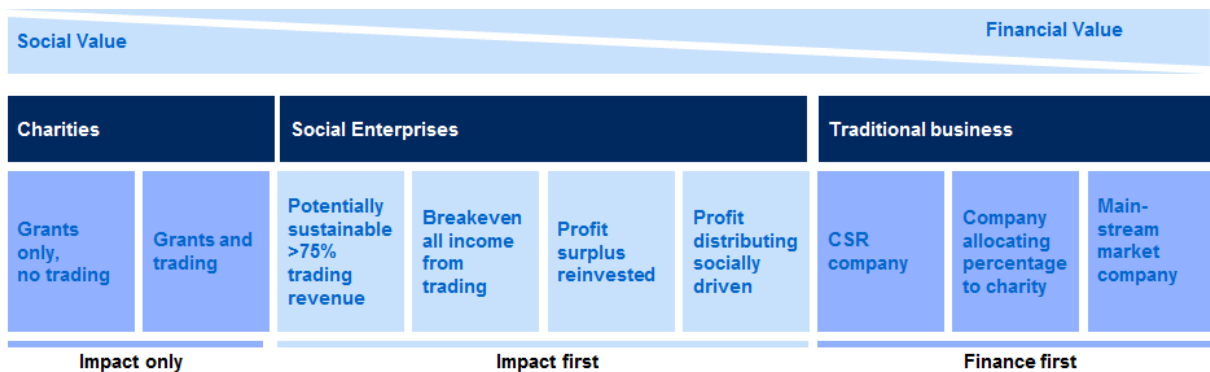


Figure 3: Charities, Social Enterprises and Traditional Business. Source: Social Enterprise NL

Social enterprises are thus situated between charities and traditional businesses. Social enterprises strive for impact first and income revenue is a means to achieve this societal impact. In the following section, the definition of a social enterprise will be given, the different business models will be explained, and the position in which social enterprises find themselves will be addressed.

2.1.1 Defining Social Entrepreneurship

Academics face difficulties in defining social entrepreneurship as a common definition is still not found in literature. Many authors have defined social entrepreneurship rather vaguely. According to Hoogendoorn (2011), “social” in social entrepreneurship is “a desire to benefit society in some way, without any normative restrictions” (p. 12). Bosma and Levie (2010) argue that social entrepreneurship concerns “individuals or organizations engaged in entrepreneurial activities with a social goal” (p. 7). Zahra et al. (2009) state that “social entrepreneurship encompasses the activities and processes undertaken to discover, define, and exploit opportunities in order to enhance social wealth by creating new ventures”(p. 519).

A reason for defining social enterprises rather broadly may be attributed to the broad area in which social enterprises operate. Some authors argue that social enterprises operate in the public domain; others argue that their main operating area is the private sector, while others include both. According to Borins (2000), social enterprises are leading innovators in public sector organizations. While Cornwall (1998) argues that all entrepreneurs have a social responsibility to improve their communities. Dees (1998) sees social enterprises as non-profit organizations, discovering new funding sources and strategies. Cook, Dodge, and Mitchell (2001) define social enterprises as social partnerships between public, social and business sectors designed to harness market power in the public interest (Weerawardena and Mort, 2006: 24). The Canadian Centre for Entrepreneurship includes both the public and private sector in its definition: “Innovative dual bottom line initiatives emerging from the private, public and voluntary sectors. The ‘dual bottom line’ refers to the emphasis placed on ensuring that investment generates both economic and social rates of return” (Weerawardena and Mort, 2006: 24).

Another aspect of debate in defining social enterprises is whether or not social enterprises make profit. Helm and Anderson (2010) see social enterprises as non-profit enterprises and define this as non-profit entrepreneurship, which is “the catalytic behavior of nonprofit organizations that engenders value and change in the sector, community and industry through the combination of innovation, risk taking and proactiveness” (p. 263). Austin et al. (2006) define social entrepreneurship

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as an “innovative, social value creating activity that can occur within or across the nonprofit, business, or government sectors” (p. 2).

Weerawardena & Mort (2006) argue for a multidimensional model of social entrepreneurship. They state that social entrepreneurship is "deeply rooted in an organization's social mission, its drive for sustainability and highly influenced and shaped by the environmental dynamics" (p. 22). Social entrepreneurship is, according to Hoogendoorn (2011) concerned with the “process of value creation. The exploitation of opportunities is primarily aimed at the creation of social value by addressing social needs” (p. 13), but does not exclude the creation of economic value.

In practice, agreement was reached to describe social enterprises based on four criteria, as defined by The Social Business Initiative Commission. This commission “uses the term 'social business' to cover an enterprise:

- whose primary objective is to achieve social impact rather than generating profit for owners and shareholders;
- which operates in the market through the production of goods and services in an entrepreneurial and innovative way;
- which uses surpluses mainly to achieve these social goals and
- this is managed by social entrepreneurs in an accountable and transparent way, in particular by involving workers, customers and stakeholders affected by its business activity.”²

Based on these criteria, the following definition will be used in this paper: social enterprises are enterprises that operate as an independent organization in the market, with the primary objective to achieve a social mission through a financially self-sufficient business model that is managed in an accountable and transparent way.

2.1.2 Social Enterprise Models

In defining social entrepreneurship in literature, no attention is paid to the wide variety of business models under which they operate. An attempt at classifying these models is made by Alter (2007).

² http://europa.eu/rapid/press-release_MEMO-11-735_en.htm?locale=en

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She argues that social enterprises can be classified into three business models, based on their mission and the degree of overlap between their social and financial activities. These models are (1) embedded, (2) integrated, and (3) external. These three types of social enterprises have different characteristics and different operating models, as summarized in table 1 below:

Type	Embedded	Integrated	External
Mission	Mission-centric	Mission-related	Unrelated to mission
Economic and Social Activities	Social and economic activities are unified	Overlap between social and economic activities	The economic and social activities are linked via their nonprofit ownership and funding relationship
Economic vs. Social Activities	Social mission is the central purpose for the business	Synergies exist between the social activities and the economic activities, such as cost-sharing, asset leveraging, enhancing systems, and expanding or strengthening the mission	The motivation for economic activities is as a funding mechanism for social activities
Target Population	Integrated into the model as direct recipients of social services	The direct beneficiary of income earned from the social enterprise	The direct beneficiary of income earned from the social enterprise, but infrequently involved in the enterprise's operations
Operating Models	<ul style="list-style-type: none"> • Entrepreneur support model • Market intermediary model • Employment model • Fee for service model • Low income client as market model • Cooperative model • Market linkage model 	<ul style="list-style-type: none"> • Market linkage model • Service subsidization model 	<ul style="list-style-type: none"> • Organizational support model

Table 1: Three types of social enterprises

The most holistic type of social enterprise is the embedded social enterprise. In this type of organization, the "social programs and business activities are one and the same" (p. 26). Both its business activities and social programs are central to the firm's mission and the "social programs are self-financed through enterprise activities and (...) function as a sustainable program strategy" (idem). This type of social enterprise employs operational models in which the "social and economic activities are unified, the social mission is the central purpose to the business, and the target

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population (or the clients) is integrated to the model as direct recipients of social services (beneficiaries) and either the market (customers) or employees are owners of the enterprise” (idem).

The second type of social enterprise, the integrated social enterprise, has some overlap between their social programs and business activities, often sharing costs and assets. The social enterprises are created as “a funding mechanism to support the nonprofit’s operations and mission activities” (p. 28). These social enterprises are mission-related, “their business activities are connected to the organization’s mission” (idem). Characteristics of this type are the overlap between social and economic activities, the synergies that exist between the social activities and the economic activities, such as cost-sharing, asset leveraging, enhancing systems, and expanding or strengthening the mission, and the target population (clients) is a direct beneficiary of income earned from the social enterprise vis-à-vis the financing it provides to social programs.

The final type of social enterprise is the external social enterprise, in which the social programs are distinct from business activities, that are solely used to cross-subsidize the social programs. These are nonprofits that create an “external social enterprise to fund their social services and/or operating costs” (p. 30). The enterprise activities are “external from the organization’s operations, but support its social programs through supplementary financing” (idem). These business activities are usually unrelated to the mission, only generating an income. Characteristics of this type of social enterprise are: the economic and social activities are linked via their nonprofit ownership and funding relationship and the economic activities serve as a funding mechanism for its social activities.

These types of social enterprises furthermore portray different operating models that can be classified into nine types: The entrepreneur support model, the market intermediary model, the employment model, the fee for service model, the low income client as market model, the cooperative model, the market linkage model, the service subsidization model, and the organizational support model (Alter, 2007). For a description of each of the nine operating models, please see Appendix A.

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Another way of classifying social enterprises is categorizing them based on their financial models. Elkington and Hartigan (2008), focus in their classification of social enterprises on the different financial models employed. According to them there are three social enterprise models, namely the leveraged non profit ventures, the hybrid non profit ventures, and the social business ventures. It is possible for the business models to morph from one model to another. For the characteristics of each of the financial models see Appendix B.

According to the Elkington and Hartigan (2008), most experimentation happens with hybrid non profit ventures, as most innovativeness is required in balancing the social mission and the financial sustainability. These business models reveal the tension that social enterprises may be faced with and the trade-off underlying this. On one hand, a social enterprise strives for continuity and it will thus have to assure income by selling products and services, which may put its social mission under pressure. On the other hand, social enterprises strive for impact, but may face difficulties in doing so, because of the need to generate income. The leveraged non profit venture can face continuity issues, because it is too much focused on achieving its social mission and generates insufficient income to reinvest into the firm. The social business venture, conversely, may suffer from mission drift: “a situation where activities to meet financial goals begin to dominate or change social mandates” (Bielefeld, 2009). However, the risk of mission drift decreases when the mission is realistically framed. Figure 4 illustrates this trade-off between creating economic value and social value, or continuity and impact.

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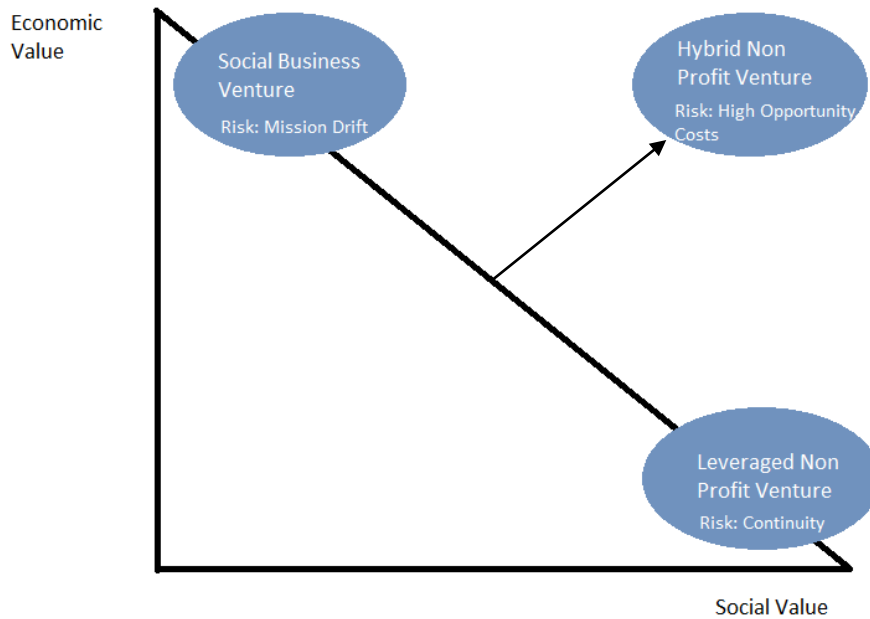


Figure 4: Trade-off Social Value and Economic Value

As appears from this extensive classification of social enterprise business models, social enterprises can undertake an extremely wide range of activities, which makes its definition rather complex and problematic; therefore it appears important to also look at the position of social enterprises

2.1.3 The position of social enterprises

Social enterprises are in a position between charities and traditional businesses, but social enterprises are in fact located on several interfaces. Social enterprises are situated between the three societal spheres of civil society, the market, and the state (van Tulder with van der Zwart, 2006). Next to this, they find themselves between the three types of sustainability, namely social, environmental, and economic sustainability (Jonker et al., 2012), see figure 5 below:

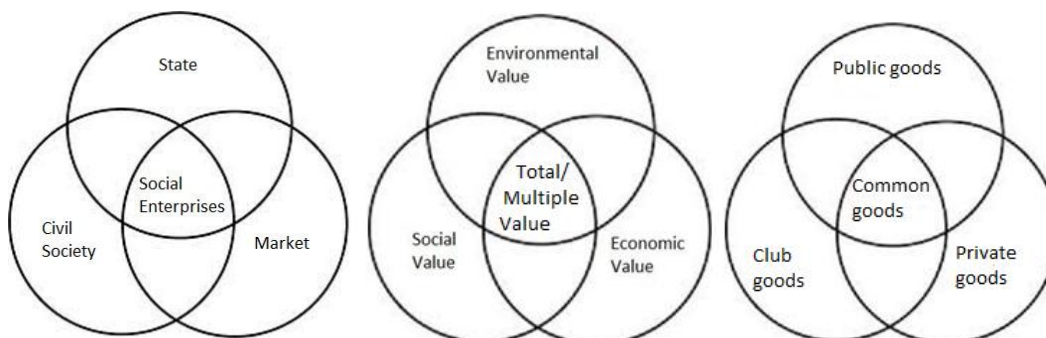


Figure 5: Position Social Enterprises, Type of Value Creation, and Type of Good

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These different societal spheres provide different types of goods. In general a distinction can be made between private, public, common and club goods (Kaul et al., 1999). Private goods are exchanged through a market transaction in which the ownership of the good is transferred. There are two characteristics of private goods: they are excludable and rival in consumption, which means that a private good cannot be enjoyed by someone else once consumed by the owner of the good. Public goods are the opposite of private goods. Its main properties are the “nonrivalry in consumption and nonexcludability” (Kaul et al., 1999: 3). This means that the consumption of the good will not prevent someone else to also consume the same good, for example in the case of air. Some goods fall in between pure public goods and pure private goods and these goods can be classified as either club goods or common goods. Club goods are nonrivalrous in consumption. The consumption of the good by one person does not mean that another person cannot use it (for example a gym or a pool), but it is excludable (for example by asking a membership fee to gain access). Common goods, also called common pool resources or merit goods, are nonexcludable, but rivalrous in consumption, for example art or biodiversity. Social enterprises can provide each of the four types of goods, thereby taking the position of the state (in case of public goods), the market (in case of private goods), or civil society (in the case of club goods) or the position in between all three societal spheres (in case of common goods).

This reveals the complexity in defining social enterprises, as their activities need to be counter positioned against the activities that are already initiated by either one of the three societal spheres or sustainability spheres. For example, a social enterprise can never be as much dedicated to a social cause as a charity or the government, because it will also have to generate an economic income. In a similar vein, a social enterprise will never make as much profit as a commercial enterprise, as it will have to spend more to pursue its social and economic goals.

The comparison of social enterprise against any other organization based on only one type of value creation is thus never fair. However, when assessing social enterprises based on their total value created (the sum of their social, environmental, and economical value), they will be able to

'win' from charities, governments, or commercial businesses, because they are better able at balancing all three values in order to maximize the total value created. Eliminating this unfair competition for social enterprises means finding a suitable definition of social enterprises on one hand and a suitable way to measure impact (or total value created) on the other hand. This study attempts to address both these issues.

2.2 Social Entrepreneur

At the organizational level, the mission or motivation of the social enterprise appeared to be an important distinguishing factor (Austin et al., 2006; Sullivan Mort et al., 2003). Whether the social goal is put at the core of the mission, and economic value creation is subjacent and in support of its social goals, differentiates a social enterprise from a 'commercial' enterprise. However, within the social enterprise sector there are differences in the motivations of the various social entrepreneurs.

Therefore, it is important to also look at the individual level, the mindset of the social entrepreneur. At this individual level, the motivation of social entrepreneurs is found to be based on social aims (Shaw & Carter, 2007). Mirvis and Googins (2006) for example, found that the CEO of a firm is "typically leading the firm's position on social and environmental issues" (p. 105). Brettel & Rottenberger (2013) found in their investigation of SMEs, that they were highly dependent on the specific capabilities and knowledge of their owner. Reidenbach and Robin (1991) argue that top management vision determines corporate culture, which in turn determines the stage of moral development in which the organization falls. Lee and Rhee (2007) furthermore argue that "top management has been shown to be one of the most influential factors in determining the environmental proactiveness of a firm" (p. 201). This is, according to them, highly connected to the amount of resources dedicated towards societal and/or environmental issues, as top management is generally responsible for making investment decisions.

Several behavioral characteristics appeared to be present among social entrepreneurs. The entrepreneurial spirit in general was also found important among social entrepreneurs: the ability to detect opportunities, drive to innovate, willingness to bear risk, and socio-moral motivation (Nicholls,

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2006; Shaw & Carter, 2007; Bacq and Janssen, 2011). Mort et al. (2003) found that social entrepreneurs possess six characteristics, namely judgment capacity, social opportunity recognition, entrepreneurial virtuous, risk tolerance, proactiveness, and innovativeness. According to Weerawardena and Mort (2006) social entrepreneurs possess distinct leadership characteristics, namely personal credibility, integrity, and the ability to generate followers' commitment and to frame in terms of social values. Austin et al. (2006) furthermore mention the social entrepreneurs' perspective on market failure, its mission; the way resource mobilization is organized; and their approach towards performance measurement to be the main difference between social and commercial entrepreneurs. Mair and Noboa (2003) find that social entrepreneurs must have vision, fortitude, creativity, "the ability to recognize opportunities, a collaborative leadership style, a long-term community-oriented motivation, and teamwork capability" (p. 5).

2.2.1 Type of Social Entrepreneur

Zahra et al. (2009) investigated social entrepreneurship on an individual level and found that social entrepreneurs can be classified into three types based on their societal impact, namely the Social Bricoleur, the Social Constructionist, and the Social Engineer. Even though these archetypes provide some guidance in the wide variety of social entrepreneurs that exist, the authors do argue that the three types "do not capture all potentially observable varieties of social entrepreneurship" (p. 523).

The first type is the Social Bricoleur. This type of social entrepreneur starts local initiatives, independently of others, is rather informal, uses improvised strategies, and has no attempt (nor resources) at up scaling (Zahra et al., 2009). According to Kickul and Lyons (2012) "personal experiences are a common source of entrepreneurial ideas" (p. 43). This is especially true for the Social Bricoleur, who often reacts to a societal issue it sees in its close environment and who is driven by "first-hand exposure to problems" (Smith and Stevens, 2010: 578). This makes their solutions to the societal issues encountered mostly small in scale and scope. The local focus of the Social Bricoleur makes them "relatively resource-poor, as larger resource pools may only open up should

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they expand their local focus” (idem). Therefore, its ability to expand is limited, but when it does, it usually scales through dissemination (Dees et al., 2004).

The second type, the Social Constructionist, demonstrates alertness to opportunities, exploits market failures, and introduces a systemic change in expectations concerning ends and means. Its business models are furthermore scalable. The social constructionist sees a gap left by the government or commercial businesses and attempts to fill it (Zahra et al., 2009). The solution found is much more scalable than the solution found by the Social Bricoleur and can be adapted and applied in different contexts. If the Social Constructionist decides to scale up, it will most likely do so through affiliation: building networks of like-focused initiatives, committed to share information and access pooled-resources to increase social value (Smith and Stevens, 2010).

The final type is the Social Engineer. This type attempts to tackle complex problems that are unable to be challenged by existing institutions. They identify systemic problems within the social systems and structures, thereby bringing revolutionary change and changing public attitudes. They try to form catalytic alliances and partnerships and thus maximize total wealth creation by engaging in a transition (Zahra et al., 2009). This type “focuses on deconstructing and reconstructing the engines of society to achieve broad social aims. Social Engineers seek to implement social ventures to replace those solutions currently provided by the existing institutions.” (Smith and Stevens, 2010: 581). The main challenge for the Social Engineer is their “quest for legitimacy, as the broad scale and scope of their entrepreneurial ventures require mass support” (p. 581). This type of social entrepreneur focuses on issues that are widely recognized, such as poverty. However, the solutions these entrepreneurs propose are less-self-evident and innovative, and more difficult to get support for. “While resources are important to Social Engineers, these resources may be already in existence, held by the institutions these individuals seek to replace. Thus, the most important resource for them is the legitimacy of the masses, and the associated political capital, which provides access to existing/required resources.” (idem). Up scaling usually occurs in a more formalized approach: branching, in order to maintain tight control over the procedures (Dees et al., 2004).

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According to Smith and Stevens (2010), “one important difference across the types of social entrepreneurs is the variance in the geography where it occurs” (p. 576). Next to this, the geographic scope determines the social entrepreneur’s degree of embeddedness in social networks. The main differences between the three types of social entrepreneurs are summarized in table 2 below:

	Social Bricoleur	Social Constructionist	Social Engineer
Mindset	Reactive	Active	Proactive
Problem definition	Narrow	Medium	Broad
Scale	Small	Small to Large	Very Large
Scope	Local, community-wide level	Regional or National	Transnational or Global level
Timing	Episodic	Institutionalized to address an ongoing social need	Builds lasting structures that will challenge the existing order
Activities	Perceive and act upon opportunities to address a local social need they are motivated and have the expertise and resources to address	Build and operate alternative structures to provide goods and services addressing social needs that governments, agencies, and businesses cannot	Creation of newer, more effective social systems designed to replace existing ones when they are ill-suited to address significant social needs.

Table 2: Types of Social Entrepreneurs. Adapted from Zahra et al. (2009: 523) and Smith & Stevens (2010)

The type of social entrepreneur may say something about the motivation of the social entrepreneur. It may be that the Social Bricoleur has a reactive mindset, solving existing problems, while the Social Constructionist has a more active mindset, looking at how to improve the market, and the Social Engineer is proactive in addressing the social system by engaging in partnerships. This idea will be further investigated in this paper, based on the thought that these different types of social entrepreneurs may demonstrate different degrees of proactiveness. As Hoogendoorn (2011) states, the contextual variables influencing the different types of social entrepreneurs are their motivations, personal characteristics and actions to problems. It can thus be argued that the motivations, personal characteristics and therefore their respective actions to the identified

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problems differ among social entrepreneurs, which in turn makes social entrepreneurs more complex to define.

In order to bring more clearness into the blurry field of social entrepreneurs, a way to identify social entrepreneurs needs to be found.

2.2.2 Identifying Social Entrepreneurs

As the previous section has shown, the main distinguishing factor between social and 'commercial' entrepreneurs is their mission or motivation (e.g. Austin et al., 2006). Venkataraman (2002) argues that "the connection between private wealth seeking and social wealth creation is the distinctive and legitimate domain of entrepreneurship." Mair and Marti (2006) also argue that all entrepreneurial forms are social as they create social value, such as jobs and products. However, the motivation of social entrepreneurs to do so is distinctive from 'commercial' entrepreneurs (Dacin et al., 2010; Zahra et al. 2009).

Oftentimes entrepreneurship is measured using the entrepreneurial orientation (EO) scale, consisting of innovativeness, proactiveness, and risk-taking. This measurement scale is used both at an organizational and an individual level. As Lumpkin et al. (2013) argue "[The] conceptualization of EO is thus consistent with classical economics where the firm and individual entrepreneur are interchangeable, allowing for the study of the individual/firm/performance relationship within an NFP [Not For Profit] context where individual executives/directors play a significant role in the setting/achieving of objectives through an organizational level setting" (p.10). Several authors argue that the entrepreneurial orientation scale applies to social entrepreneurs in a similar vein as it applies to 'commercial' entrepreneurs (e.g. Shaw et al., 2002; Prabhu, 1998; Mort et al., 2003; Covin & Slevin, 1989).

Especially proactiveness is deemed important in the entrepreneurial orientation scale, as it is argued to be the driver of the other two constructs. Lumpkin & Dess (1996) found that the components of entrepreneurial orientation move independently from each other in varying circumstances. Several authors found that proactiveness drives the other two constructs of

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entrepreneurial orientation. Research by Kwak et al. (2013) shows that proactiveness, defined as “the ability to take the initiative, especially at the opportune moment” (p. 143), leads to risk taking, which will lead to innovation. The data collected by Tang et al. (2009) from 227 organizations in four countries also suggests that innovation and risk-taking behaviors are fundamentally driven by proactiveness and the perceived availability of opportunities in an industry. As such, proactiveness appears to be the leading and the primary factor in encouraging and enabling the other dimensions of entrepreneurial orientation. Akman and Yilmaz (2008) also argue this, stating that: “proactiveness is the most effective factor of innovative capability” (p. 97).

Next to this, proactiveness appears to be even more important in the actual act of value creation. The fact that social enterprises are situated at the interface of the three societal spheres and aim to create triple value, challenge social entrepreneurs to be more flexible, adaptive and anticipative, all characteristics of proactiveness. Where this is deemed an important characteristic of commercial entrepreneurship, it seems to be even more important for social entrepreneurs. According to Peredo and McLean (2006), the only difference between ‘commercial’ entrepreneurship and social entrepreneurship is that value creation is more broadly measured and includes the social aspect. As Fontela et al. (2006) argue: “In dealing with this dynamic situation of bounded rationality, the entrepreneur’s decision-making is dependent on (...) motivation, ambition, innovation, cooperation, and proactiveness. Among these, ‘proactiveness’ and ‘innovation’ are positioned here as being the most important—because individuals with these qualities are able to accept and utilize unstructured information and intuition with greater alacrity than those who lack these qualities” (p. 8). Lumpkin et al. (2013) confirm this: “Proactiveness may increase because social missions tend to both reflect and create a greater sense of urgency than do their commercial counterparts, which will push firms to act early and act fast when needs are identified” (p. 770). More specifically they argue that this can be attributed to a variety of reasons: their “social missions often create a significant sense of urgency, forcing firms to be more proactive (...) [their] heightened awareness of social problems could contribute to anticipating future needs; volunteers, diverse funders, and other

“loose ties” provide information about trends and future demand; resource constraints foster opportunity seeking and differentiating behaviors; more voices may provide better ability to anticipate future needs and challenges; [and a] wider network of stakeholders may increase their ability to influence” (p. 771). Because proactiveness is found to be the most important dimension of entrepreneurial orientation and in particular for the creation of social value, proactiveness will be the core focus of this study and will be further elaborated upon in the next section. The definition of proactiveness will be addressed, as well as the main characteristics of proactiveness and the way to measure it.

2.3 Proactiveness

Proactiveness is a widely used term in both literature and practice (e.g. Lumpkin et al., 2013; Brettel and Rottenberger, 2013; Chen and Hsu, 2013). Its meaning is rather ambiguous as each person has another association with the term. Recruiters for example extensively use the term proactiveness in their list of requirements for future employees. Businesses are very fond of the term in their communication efforts, to emphasis whatever action they take. Literature also adores the term to describe strategy, leadership, or organizational behavior, but lacks a common definition.

Most scholars copy the definition of the term proactiveness from one of the early academics on the topic, Miller (1983). His definition of proactiveness is “to shape the environment by introducing new products, technologies, administrative techniques, etc.” (p. 234). He also positions proactiveness as “the attempt to lead rather than to follow competitors” (p.222), which is opposite to reactivity. This also means that proactiveness is, in this definition, relative to others, in this case the competitors, as a firm can only be proactive and lead, if other firms are more reactive and follow. This definition is widely accepted in literature on entrepreneurial behavior and has not really been debated or refuted.

Miller (1983) also designed a questionnaire to measure entrepreneurial orientation, including one question for proactiveness, which reads as follows: In dealing with its competitors the firm resorts much more to a live and let live philosophy (one side of the scale) vs. in dealing with its

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competitors the firm has become more aggressive (other side of the scale). Miller's (1983) one question for proactiveness is extended in the widely cited article by Covin and Slevin (1989). Even though their questions are more elaborated than the initial one question measurement by Miller (1983), they still do not cover the entire concept of proactiveness. Next to this, empirical evidence has often directed attention to the lack of validity and reliability of the questions. Proactiveness is often measured using only one or two questions, because it had to skip one or two of the questions for proactiveness, due to their lack of validity. That is why Lumpkin and Dess (2001) argued that the dimension of proactiveness had to be divided into proactiveness and competitive aggressiveness. This however resulted in a rather similar questionnaire, consisting of 3 items for proactiveness. This idea of a separate dimension for competitive aggressiveness is adopted by some (e.g. Maritz, 2010), but also rejected by others (e.g. Morris et al., 2007).

Only once, was the measurement scale for entrepreneurial orientation translated to suit social enterprises more specifically. Innovation, proactiveness, and risk taking are argued by Helm and Anderson (2010) to be determinants of non-profit entrepreneurial behavior, which they define at the organizational level. Proactiveness is explained as "the implementation of a program, service, policy, or process before other organizations in the industry, sector, or community, in response to opportunities that cannot be proved in the present but are expected to influence change in the future" (p. 6). Based on this definition, they defined a measurement tool consisting of three questions for proactiveness, specifically for non-profit social entrepreneurship.

The different measurement scales for proactiveness are summarized in table 3 below:

Covin & Slevin, 1989	Lumpkin & Dess 2001	Helm & Anderson 2010
On a scale from 1 to 7		On a scale from 1 to 8
In dealing with its competitors, my firm...		Presently and during the last five years my organization:
Typically responds to actions which competitors initiate. // Typically initiates actions which competitors then respond to.	In dealing with competitors, my firm typically initiates actions which competitors then respond to.	Is very seldom the first organization to introduce new products/ services, administrative techniques, operating technologies etc. // Is very often the first organization to introduce new products/ services, administrative techniques, operating technologies etc.
Is very seldom the first to introduce new products/services, administrative techniques, operating technologies, etc. // Is very often the first to introduce new products/services, administrative techniques, operating technologies, etc.	In dealing with competitors, my firm is very often the first business to introduce new products/services, administrative techniques, operating technologies, etc	Has been reticent to exploit changes in the field. // Exploited changes in the field.
Typically seeks to avoid competitive clashes, preferring a 'live and let live' posture // Typically adopts a very competitive 'undo-the-competitors' posture	In general, the top managers of my firm have a strong tendency to be ahead of others in introducing novel ideas or products.	Followed the lead of similar service providers // Provided the lead for similar service providers in the field

Table 3: Measurement Scales Proactiveness

2.3.1 Systematic Literature Review

As proactiveness is linked to firm performance in most of the research performed on this topic (see also section 2.5), it is interesting to assess the underlying characteristics of proactiveness, in order to develop guidelines on how to improve proactiveness. It is thus beneficial to develop a new scale for proactiveness, both in order to improve validity of the construct and actually measure what need to be measured and in order to identify the underlying characteristics to be able to define potential areas for improvement to increase proactiveness among firms.

To this end, I performed a literature review on the term proactiveness. This literature review was performed using the Scopus database, searching for the term proactiveness in either the title,

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abstract or keywords of the article for articles from 2000 until 2013, which I limited to actual journal articles (excluding conference papers, articles in press, book chapters, reviews, or notes) written in English. This yielded 133 articles. After reviewing these articles for relevance to business, a total of 88 articles remained. These articles were searched for their definition of proactiveness, of which an overview can be found in Appendix C.

All definitions of proactiveness were assessed using Nvivo in order to abstract the key elements that return in the definitions. Interesting to notice is that some authors do not even use a definition, because proactiveness apparently seems rather straightforward. The most found keywords to describe proactiveness are (in order of importance) “opportunities”, “competitors”, “scan”, “future”, “anticipation”, “introducing new products, services, technologies etc.”, “market”, “wants and needs”, “act”, “seeking change”, “environment”, “initiative”, “innovation”, “first mover”, “influence environment”, “leading”, “skills”. Please refer to Appendix D for a full list of all keywords found.

Interesting to notice is that “competitors” is the second most important keyword in defining proactiveness. This says something about how proactiveness is viewed: always relative to competitors. Seven definitions refer to proactiveness as opposite to reactivity. Another six definitions refer to proactiveness as opposite to passiveness. Next to this, words such as “market”, “wants and needs”, “environment”, and “first mover”, define proactiveness in a rather responsive manner. First mover will always be relative to what others do and referring to the market, the environment or to wants and needs, means responding to what is already happening. Other (less frequently mentioned) keywords are: “initiative”, “innovation”, “influence environment”, and “leading”. These keywords seem to demonstrate a more intrinsic motivation or mindset to be proactive. Especially when positioning proactiveness as opposite to reactive, these intrinsic characteristics of proactiveness define the concept better and more accurate.

Next to this, it seems that the current definitions of proactiveness include both an external proposition of proactiveness, anticipating on what competitors will do and what customers may want

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or need and the intrinsic motivation of proactiveness. This makes proactiveness rather difficult to define and explains the ambiguity of the concept both in practice and literature. Therefore, it seems appropriate to define proactiveness again, this time specifically focused on social enterprises and their aim to create societal impact. Proactiveness is furthermore defined at different levels of analysis, namely at the individual, team-level, top-management level, and organizational level. Also, it is argued to be a skill (or capability) versus a mindset. Consistency is thus much needed in literature to provide a better base for future research.

Furthermore, the current definition of proactiveness does not seem to suit social enterprises. Proactiveness is now defined as a stance towards competitors to be the first to market a product or service in order to gain a competitive advantage and make the largest profit. Even though social enterprises operate in a competitive market and need some competition as an incentive to innovate, they also aim to balance competition and collaboration. This will require a new definition towards proactiveness. One that is not necessarily focused on creating favorable business opportunities, because social enterprises are not primarily profit seeking. Rather, the definition should focus on the motivation to innovate and to create a societal impact. In order to identify this new definition, we will first have to look at the range of proactiveness that is currently defined and accepted in literature and its underlying characteristics.

2.3.2 Proactiveness versus reactivity

Many authors agree to the conclusion by Miller (1983) that proactiveness is the opposite of reactivity. However, a wide variety of names for similar, but not equal constructs is used to describe proactiveness. Most authors clearly identify different stages of proactiveness, but focus on slightly different aspects of proactiveness. Reidenbach and Robin (1991), for example focuses on the ethical dimension of the firm, based on the moral development theory by Kohlberg (1964). Reidenbach and Robin (1991) argue that a firm or business units within a firm can position itself somewhere in the range of amoral, legalistic, responsive, emerging ethical, or ethical in their moral development. Proactiveness is thus measured based on their stage of moral development at firm

level, but can differ among business units. Mirvis and Googins (2006) agree with the notion that firms can find themselves at several stages simultaneously and that firms can skip stages or regress to a lower stage. The view Mirvis and Googins (2006) take on proactiveness is however more integrated than Reidenbach and Robin's view. They define corporate citizenship into different stages, which in their opinion ranges from elementary, engaged, innovative, integrated, and transforming.

Most attention in the proactiveness literature is devoted to environmental issues. Hart (1995) for example contends that a firm can take three approaches towards its natural environment. The first approach is pollution prevention, with its main aim to reduce costs. The second strategy is product stewardship, which integrates stakeholders with the advantage of being ahead of its competitors. The final approach is sustainable development, in which shared vision is created and which gives the firm a longer term competitive advantage. Unlike Reidenbach and Robin's moral development theory, these stages are consecutive, meaning that sustainable development cannot be reached without a good pollution prevention and product stewardship strategy. Lee and Rhee (2007) also take an environmental perspective, arguing that the environmental strategy a firm adopts can range from reactive, focused, opportunistic, to proactive. Claver-Cortés et al. (2007), only measure proactiveness from an environmental point of view, categorizing environmental strategy into reactive, intermediate, or proactive. Aragón-Correa (1998) also takes an environmental view, proposing that firms can take four different postures regarding their natural environment. These postures range from non-compliance, compliance, compliance-plus, to leading edge.

Other authors take a more contingent perspective and argue that the stage of proactiveness in which the firms find themselves, highly depends on contextual factors. Azzone and Bertelè (1994) argue that there are five contexts -in terms of industry norms, public opinion, and technology- in which the firm can operate: stable, reactive, anticipative, proactive, and creative, which in turn define their environmental strategy. Zadek (2004) argues that companies can position itself at different stages of corporate responsibility, namely the defensive, compliance, managerial, strategic, or civil stage. These stances of the firm depend largely on the maturity of the issue, which can range

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from latent, emerging, consolidating, or institutionalized. Zadek argues that companies should move to a higher stage of corporate responsibility when the issue matures, in order to stay ahead. Van Marrewijk and Werre (2003) also take a contingency approach, focused on corporate sustainability (CS), which can range from Pre CS, Compliance-driven CS, Profit-driven CS, Caring CS, Synergistic CS, and finally Holistic CS. These corporate sustainability initiatives are matched with the companies' values of respectively, power and energy, order, success, community, synergy, or holistic life system. According to Jeswani et al. (2008) the strategy that is adopted by a firm can range from indifferent, beginner, emerging, and active and are depend on the main drivers for the adoption of such a strategy, which are respectively cost savings, compliance to regulations, corporate targets, and management commitment.

It can be seen that most literature defines proactiveness as the opposite of reactiveness in terms of moral development, environmental strategy, or responsiveness to contextual variables, even though mentioned under different names. Next to that, some of the authors mention proactiveness in terms of actual behavior, while others focus more on attitude. Table 4 depict these degrees of proactiveness.

Van Tulder with Van der Zwart (2006)	Inactive	Reactive	Active	Proactive
Reidenbach & Robin (1991)	Amoral	Legalistic / Responsive	Emerging Ethical	Ethical
Azzone & Bertelè (1994)	Stable	Reactive	Anticipative	Proactive/ Creative
Hart (1995)		Pollution prevention	Product Stewardship	Sustainable Development
Aragón-Correa (1998)	Noncompliance (defenders)	Compliance (analyzers)	Compliance Plus (analyzers)	Leading Edge (prospectors)
Henriques & Sadorsky (1999)	Defensive	Reactive	Accommodative	Proactive
Bansal & Roth (2000)	Competitiveness	Legitimation		Ecological Responsibility
Marrewijk & Werre (2003)	Pre CS	Compliance-driven CS Profit-driven CS	Caring CS	Synergistic CS Holistic CS
Zadek (2004)	Defensive	Compliance/ Managerial	Strategic	Civil
Mirvis & Googins(2006)	Elementary	Engaged	Innovative/ Integrated	Transforming
Lee & Rhee (2007)		Reactive	Focused/ Opportunistic	Proactive
Claver-Cortez et al. (2007)		Reactive	Intermediate	Proactive
Jeswani et al. (2008)	Indifferent	Beginner/ Emerging	Active	
Murillo-Luna (2008)	Passive	Attention to legislation	Attention to stakeholders	Total Environmental quality
Maon et al. (2010)	CSR reluctance	CSR grasp		CSR embedment

Table 4: Ranges of Proactiveness

The main weakness of the literature on proactiveness is that it is mainly based on theoretical articles. Azzone and Bertelè (1994) include a descriptive case study, but do not test any hypotheses. Empirical research was performed by Aragón-Correa (1998), who executed a survey among 105 CEOs. Another empirical study was performed by Henriques and Sardorsky (1999) with their survey among 400 firms. Lee and Rhee (2007) also executed a survey among 113 South Korean firms. The empirical evidence for these different stages of proactiveness is therefore rather limited. Next to this, limited attention is devoted to the link between proactiveness and the environmental or social impact of the firm. There is attention for the firm level benefits in the literature on proactiveness, but overall literature could benefit from more focus on the societal impact that the different stages of proactiveness may bring.

Literature on proactiveness could first of all benefit from more empirical evidence on the different degrees of proactiveness. In order to do this, a higher level of integration of the range of proactiveness that is now fragmented into slight differences in each articles, is needed. A common definition of each of the possible levels of proactiveness would be beneficial. Van Tulder and Van der Zwart (2006) have already made an attempt at achieving this by proposing a framework and measurement tool for businesses to assess their level of proactiveness, but before proceeding to the measurement of proactiveness; the underlying characteristics of proactiveness are addressed first.

2.3.3 Characteristics of proactiveness

Several characteristics of a proactive firm emerge in the literature; considered most important are degree of cooperation, degree of top-management commitment and degree of anticipation.

Cooperation

Cooperation was deemed an important determinant of proactiveness by Mirvis and Googins (2006), both cross industry and multi sector. Van Marrewijk and Werre (2003) found public-private partnerships to be a characteristic of proactiveness and Buysse and Verbeke (2003) argue that voluntary cooperation between firms and governments is an important determinant. Stakeholder engagement is an important aspect of cooperation. Shepard et al. (1997) mention extended

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stakeholders to be the main characteristic of proactiveness. More specifically, they argue that the ability to address the interests of the stakeholders, the resources dedicated to stakeholder concerns, and the volume of communication about these concerns to be the main determinants of proactiveness. Buysse and Verbeke (2003) mention a deeper and broader coverage of stakeholders as the main factor of proactiveness. Next to this, they argue that integrating the stakeholder interests into the core of the business of a firm defines proactiveness. Important in this respect is that the firm takes an internal as well as an external perspective towards its stakeholders (Claver-Cortés et al., 2007). Van Tulder et al. (2004) argue that the pursuit of a strategic stakeholder dialogue could be considered proactive. A stakeholder dialogue is, according to Van Tulder et al. (2004), a mechanism to identify all stakes involved and to bring them in congruence with each other. A strategic stakeholder dialogue aims to come with innovative, widely supported solutions for realistic societal issues. A dialogue with stakeholders can take three forms: dialogue, stakeholder dialogue, and strategic stakeholder dialogue. See table 5 for an overview of the main characteristics of each.

Information exchange	Dialogue	Stakeholder dialogue	Strategic stakeholder dialogue
Attitude	Reactive	Active	Proactive
Number of conversation partners	Usually one	Several	The most relevant (multi-) stakeholders
Nature conversation	Empathy, informative	Problem- investigating, creating support	Problem solving, creating new solutions and directions
Prime justice orientation	Corrective, retributive justice	Distributive justice	Procedural justice
Timeline	Short term	Medium term	Long term
Mutual Commitment	Indifferent	Medium	High
Willingness to change/learn	Indifferent	Medium	High
Basis of relationship	Communication	Articulation of interest	Partnership, mutual ambition
Necessary Transparency	Low	Medium	High
Need for Management Expectations	Low	Medium	High
Clear rules of the game necessary	Somewhat	Yes	To a large extent
Nature Problem	Inter-sectoral problem	Cross-sectoral problem	Wicked problems

Table 5: Characteristics Strategic Stakeholder Dialogue. Adapted from Van Tulder et al. (2004: 44) and Van Tulder et al. (2013:126-127)

Top Management Commitment

The second characteristic of proactiveness, degree of top management commitment, is determined by two elements: vision and leadership role. Mirvis and Googins (2006) found that proactiveness was characterized by environmental activism central to the firm's mission. Sharma et al. (2007) furthermore added that next to the willingness of top management to pursue sustainable practices, the organization should also possess the organizational capabilities to develop capacity for pro-activity. Torugsa et al. (2012) argue that shared vision is one of the main determinants of pro-activity. Zadek (2004) furthermore argues that top management attempts to promote collective action to address society's concerns and to promote broad industry proactivity. According to van Tilburg et al. (2012), vision is highly important to create support for being proactive in innovation, especially when the business case is still ambiguous. Communication regarding the strategy is vital in order to get support both from inside the organization and from society at large. Taking a leadership role is furthermore identified by looking at the degree of integration of sustainability into the firm's strategy and its partnerships with social organizations or NGOs (Van Tilburg et al., 2012). A leading role can also be identified when the firm is undertaking activities from the start of the emergence of an issue (Van Tulder with Van der Zwart, 2006).

Anticipation

The final indicator of proactiveness is its degree of anticipation. This is, according to Shepard et al. (1997) the most important organizational design feature of a proactive firm. Aragón-Correa (1998) argues that a prospector (or proactive) firm operates in a broad business field; it has flexible and innovative technologies, and an open planning system in order to be able to adapt to changes in the environment. Zadek (2004) found that pro-activity is characterized by the ability of the firm to predict and respond to society's changing awareness of particular issues that go through an issue life-cycle (from latent, to emerging, to consolidating, and institutionalized). This also includes that the firm has characteristics of a learning organization (Shepard et al., 1997; Zadek, 2004).

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For social enterprises, cooperation, top management commitment, and anticipation seem evident, but in fact different social enterprises portray different degrees of these characteristics. The next section will describe which measurement tools are used to assess proactiveness on an individual level.

2.2.4 Measuring Proactiveness

At the individual level, or mindset level, proactiveness can be measured using the proactive personality scale as developed by Bateman and Crant (1993). They argue that a proactive personality is “relatively unconstrained by situational forces, and effects environmental change. Proactive people scan for opportunities, show initiative, take action, and persevere until they reach closure by bringing about change. They are pathfinders (...) who change their organization’s mission or find and solve problems. They take it upon themselves to have an impact on the world around them” (p. 105).

Prieto (2010) found, based on planned behavior theory and theory of reasoned action, that the central factor of social entrepreneurial behavior is the individual’s intention, motivation, or mission. This intent is based on the person’s attitude towards the action, the subjective norm, or social pressure to perform the action, and its perceived behavioral control over the action. These motivational factors in turn result from attitudes formulated through life experiences, personal characteristics, and perceptions drawn from these experiences. This intent was found to positively relate to (school) performance. Among a sample of 214 students, Prieto (2010) found that students with a proactive personality were more inclined to become social entrepreneurs due to their desire to challenge the status quo and bring about meaningful change. This is in line with Crant (1996), who found that proactive college students tend to have intentions to become (commercial) entrepreneurs.

In order to assess the proactiveness of the social entrepreneur, three constructs thus need to be investigated in interaction with each other. The level of proactiveness of the social entrepreneur can be assessed through a measurement scale for the personality of the social entrepreneurs, but

also through looking at the type of social entrepreneur (as defined in section 2.2) and by examining the complexity of the issue, which will be discussed in the next section.

2.4 Complexity of Societal Issues Involved

As mentioned earlier, one important distinguishing factor between social enterprises and 'commercial' enterprises is their ability to turn problems into opportunities. Social entrepreneurs are characterized by seeing opportunities where others only see problems. According to Elkington and Hartigan (2008), social entrepreneurs are able to turn major societal issues -be it demographic, financial, nutritional, resource, environmental, health, gender, educational, digital, or security problems- into opportunities to create value. However, some problems are more complex than other problems. Whether or not a social entrepreneur addresses a highly complex problem depends on their level of proactiveness and reversely, the higher the complexity of the issue, the more proactiveness is needed. According to Weerawardena and Mort (2006), "the social entrepreneurial organization's response to environmental complexity and turbulence has been argued to create the need for innovativeness, proactive behaviour and risk management" (p. 29).

Van Tulder and van der Zwart (2006) have made a classification on three types of issues that can arise, all because of a lack of unambiguous legislation, but with different characteristics. The first type of issues is institutional. These issues arise because of institutional voids, which leave the rules of the game unspecified. The legal framework is poorly developed and the issue leaves considerable room for interpretation. This first type of issue requires "a search for clarity on the assignment of responsibilities" (p. 157). The second type of issues entails stretch issues. As the boundaries between state, market and civil society have changed and shifted, there is increasing room for interpretation, regarding where one's responsibilities lie. Usually there are well defined legal frameworks, but there is some stretch in how they should be applied. This type of issue thus needs "a search for the correct interpretation of existing rules" (p. 158). The final type of issues consists of agenda-setting issues. These issues arise because of new (economic, ecological, social, or technological) developments. There is thus no legal provision to regulate the issue yet, but they will be put on the agenda through

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protest actions and critical reports. The issue demands “a search for new institutions that should trigger further change, but also define the responsibilities of actors” (idem).

The complexity of these issues increases when there is a lack of stakeholder support for solving the issue. In the case of an institutional issue, there will be more stakeholder (especially government) support for the issue. Stretch issues become a little more complex, and may face more stakeholder opposition, because the legal framework is already in effect and the government will thus have little discretion to do anything, while other parties, especially the market will oppose the issue. The agenda-setting issues, can be considered most complex, as they lack any kind of legal provision, and are new to all stakeholders. Support will come from civil society, as especially NGOs will address the issue.

Agenda-setting issues can take the form of wicked problems, sometimes called messy problems, defined as “complex systems of strongly interaction problems” (Ackoff, 1999: 13). These problems reach beyond organizational boundaries and often have a global scope and are coupled to other problem areas in a complex manner (Van Tulder et al., 2004). This makes assigning responsibilities increasingly complex, and thus all actors involved should step up and take responsibility simultaneously. However, these wicked problems are called accordingly, because they represent issues in society that “are persistent despite considerable efforts to solve them” (Van Bueren et al., 2003: 193).

According to van Bueren et al. (2003), these societal issues are wicked because of the uncertainty and risk they inhabit. Actors refuse to step forward, because of three types of uncertainty they face: cognitive uncertainty, strategic uncertainty, and institutional uncertainty. Cognitive uncertainty come from the fact that wicked problems arise at the boundaries of natural and social systems, where scientific knowledge often lacks. Strategic uncertainty is caused by the involvement of many different actors with diverging views on how to solve the issue. Institutional uncertainty arises because decisions are made in different places. The main issue here is that

decisions are made without any type of interaction between the various actors involved. As van Bueren et al. (2003) argue, “decisions can only adequately be handled by enhancing and intensifying interactions between stakeholders” (p. 194).

A factor hindering this interaction can be explained by the concept of expectational gaps. According to Jacoby (1971) a social problem is “a gap between society’s expectations of social conditions and the present social realities” (pp. 35-36). Tulder and van der Zwart (2006) argue that issues arise because different stakeholders have varying views on how to address societal issues. In fact, three types of gaps can be identified: factual gaps, conformance gaps, and ideals gaps. Factual gaps are based on a “doubt or disagreement about the facts that lie at the basis of an issue” (van Tulder with van der Zwart, 2006: 158). The gap represents a perception issue, where the actual facts about an issue are at question. These can be illustrated with the question of what is versus what is (Wartick and Mahon, 1994). For example, the dispute about whether or not CO2 output accelerates global warming. Conformance gaps are gaps that arise from disputes regarding consequences of an action and who should bear responsibility. They can be illustrated with the question of what is versus what ought to be. Ideals gaps represent inconsistencies between norms, values and ideals. This type of gaps are most difficult to address, because it poses the more fundamental question of what ought to be versus what ought to be.

Another determinant of the complexity of the issue is the stage of the issue life cycle the issue is positioned in when the organization starts addressing it. According to Van Tulder and Van der Zwart (2006) there are four stages: Birth, Growth, Development, and Maturity. An issue in the birth stage is characterized by changing societal expectations. This is usually addressed by a single societal grouping with concerns over a certain topic. There is usually a regulatory void, due to a lack of government involvement with the issue. At this point, the expectational gap that is experienced is an ideals gap; different views on how to solve the issue are present. The issue can be framed as an agenda-setting issue, because it is still new to all stakeholders involved. Organizations that address

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the issue in the birth stage can be considered proactive. During the growth stage, the societal discontent grows further and the issue can be defined and framed in media with a popular name. In the growth stage, the expectational gap is a conformance gap, where the need for change is addressed. The issue may have morphed towards a stretch issue, where legislation needs to be adapted to more effectively address the issue. If an organization deals with the issue in the growth stage, it can be regarded active. The development stage of the issue depicts demands from various, important stakeholders to change something in the situation, and the issue enters the public debate in order to convince the government to enforce legislation. The expectational gap addressed in this phase is often a factual gap, where one of the parties involved denies wrongdoing. The issue has become an institutional issue, where new legislation is needed to solve the issue. Organizations acting up in this stage of the issue life cycle can be classified as reactive. The final stage, maturity, is characterized by the settlement of the issue, so there is no need any more for organizations to start addressing the issue at this point, which makes all organizations that were not involved in the issue, inactive.

The complexity of the issue can thus be assessed on five parameters: attitude, stage of issue life cycle, expectational gap, type of issue, and type of uncertainty, as depicted in table 6 below:

Problem Complexity	None	Low	Medium	High
Attitude	Inactive	Reactive	Active	Proactive
Stage of Issue Life Cycle	Maturity	Development	Growth	Birth
Expectational Gap	None	Factual Gap	Conformance Gap	Ideals Gap
Type of Issue	None	Institutional Issue	Stretch Issue	Agenda-setting Issue
Type of Uncertainty	None	Institutional Uncertainty	Strategic Uncertainty	Cognitive Uncertainty

Table 6: Parameters for Problem Complexity

The only way to overcome complex issues is through the execution of multi-stakeholder processes. The more complex the issue involved, the larger the expectational gap (and the more

likely the gap is based on ideals), the higher the need to be proactive and to engage in a strategic stakeholder dialogue to find a solution. One of the dilemmas social enterprises face is the extent to which they should take responsibility for the issue, because it takes away responsibility from other actors, such as local governments, which may hinder a sustainable solution in the long term. Therefore, when social entrepreneurs are more proactive, they will collaborate more in strategic stakeholder dialogues and are thus able to create a higher level of societal impact.

2.5 Societal Impact

A positive link between proactiveness and firm performance is widely accepted in the literature (Chen and Hsu, 2013; Wang and Yen, 2013; Larsen and Korneliussen, 2012; Kraus et al., 2012; Obloj et al., 2010; Frishammar & Andersson, 2009; Hughes et al., 2008; Aktan & Bulut, 2008; Li et al., 2008; Hughes and Morgan, 2007; Rhee and Mehra, 2006). Hughes & Morgan (2007) for example argued that proactiveness is a cornerstone in the relationship between entrepreneurial orientation and performance. They found that proactiveness shows a consistent and important contribution to firm performance regardless of market turbulence. Fitzsimmons et al. (2005) found that proactiveness was positively related to growth and profitability. Lado et al. (2004) argue that a higher degree of proactiveness lead to an increased sales volume. Lumpkin and Dess (2001) and Sarkar et al. (2001) found that proactiveness led to increased market-based performance. Only one study in our examined sample found that proactiveness did not significantly relate to performance. This was the research by Frishammar and Hörte (2007) about new product development.

It is argued that specifically for social enterprises, proactiveness is an important determinant for achieving societal impact. As Dees (1998) argues: proactiveness is “the recognition and ‘relentless’ pursuit of new opportunities to further the mission of creating value” (p. 4). The link between proactiveness at an individual level and firm level performance is especially deemed important. “As individual CEOs and management teams have considerable control and influence in the function of [Not For Profit] organizations, it is assumed that their orientations will have considerable impact upon outputs and performance” (Lumpkin et al., 2013: 15). Becherer & Maurer

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(1999) found that the CEOs proactive behavior leads to increased sales growth. Their findings furthermore show that the company's president level of proactiveness is significantly associated with three types of entrepreneurial behaviors: starting vs. not starting the business, the number of start-ups, and the types of ownership. According to Parker (2000), proactive personality is positively and significantly associated with participation in organizational improvement activities.

It thus appears evident from literature that proactiveness is positively linked to firm performance, but its link to societal impact is not yet established. As Gamble and Moroz (2013) argue, "measures of [Not For Profit] success are too often linked to typical profit-based motivations, objectives or outcomes. Thus, 'high growth' as an outcome is not often explored with respect to social impact in [Not For Profits]. This may contribute to the confounding nature of measuring success: an adequate understanding of how social mission may be optimized through a balanced entrepreneurial approach to growth and social value creation has not yet been adequately studied" (p. 8).

Societal Impact means creating multiple value, which includes all three values as identified before: social, ecological, and economic (Jonker et al., 2012). Multiple value is what Porter and Kramer (2011) call shared value, in their widely cited HBR article 'Creating Shared Value'. According to them, "Shared value (...) is about expanding the total pool of economic and social value" (p. 5). As they argue: "[O]ur recognition of the transformative power of shared value is still in its genesis. Realizing it will require leaders and managers to develop new skills and knowledge—such as a far deeper appreciation of societal needs, a greater understanding of the true bases of company productivity, and the ability to collaborate across profit/non-profit boundaries. And government must learn how to regulate in ways that enable shared value rather than work against it" (p. 4). According to Zahra et al. (2009) the impact of a firm can be assessed by looking at the total value created, which in turn consists of economic value – (economic costs + opportunity costs) and social value – social costs. This results in the following formula:

$$TV = (EV - (EC + OC)) + (SV - SC)$$

2.5.1 Measuring Societal Impact

That total value, multiple value, or shared value is important to take into account in assessing impact is clear, but the accurate way to measure the societal impact of firms is under debate. According to Austin et al. (2006) “The social purpose of the social entrepreneur creates greater challenges for measuring performance than the commercial entrepreneur who can rely on relatively tangible and quantifiable measures of performance such as financial indicators, market share, customer satisfaction, and quality (...) The challenge of measuring social change is great due to nonquantifiability, multicausality, temporal dimensions, and perceptive differences of the societal impact created” (p. 3). The most used method is social return on investment (SROI), frequently employed to measure societal impact by consultancy firms (e.g. PwC, Avance, Social E-valuator). Other methods that are used to assess societal impact are the balanced scorecard, quality assurance focused approaches, and sequential process frameworks (McLoughlin et al., 2009).

Even though these methods were used successfully by consultants and firms, these different measurement tools still face several practical challenges. First of all, it appears rather complex to attribute a certain financial value to outcomes of the outputs from activities performed by the firm. Next to this, it becomes complex to estimate the percentage of each outcome that can be attributed to the actions performed by the firm. Developing a framework to accurately measure total value will thus be a first step. Therefore the three types of value: social, ecological, and economic need to be included to measure total value. Economic value should definitely be included in the assessment, because it will give a holistic view, as economic value may reinforce the social and environmental aspects (Sharma, 2000; Lee and Rhee, 2007). Without having economic impact a firm’s continuity will be at risk and is therefore key for continuous value creation. However, as argued previously, only when balancing all three values, will the total value be maximized, and are commercial enterprises fair competition for social enterprises. Using the formula by Zahra et al. (2009) will allow for this, as economic value will be decreased if the firm creates negative externalities.

Authors that take into account these concerns are McLoughlin et al. (2009). They argue “for a holistic practical societal impact model, one which combines impact measurement with overall

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strategic decision-making considerations, accommodating internal and external dimensions of impact, as well as mission (and vision) and stakeholder perspectives; and one that embeds impact as a dynamic issue for management in SE organizations” (p. 159). The measure tool they developed (SIMPLE), thus takes the mission and vision of the social enterprise as the starting point of the impact assessment, as it provides most guidance in where the firm is aiming to have an impact. The complete model is depicted in figure 6 below.

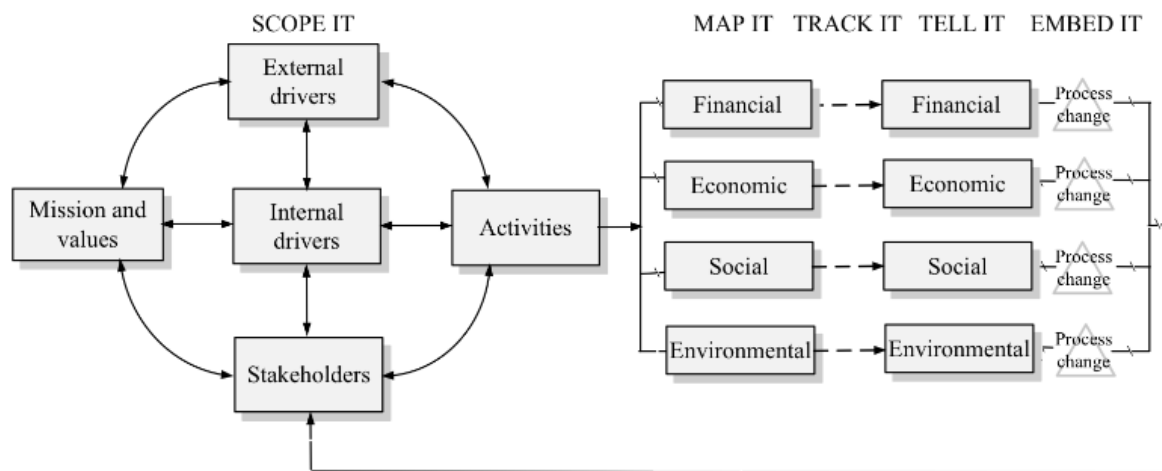


Figure 6: Impact Measurement. Source: McLoughlin et al. (2009: 161)

The SIMPLE model of societal impact measurement of social enterprises consists of five stages. Especially the first stage is different from traditional SROI measurement tools and more specifically adapted to social enterprises. This first stage, SCOPE IT, attempts to conceptualize what impact means for the firm and understand its drivers. Important is that this model allows for the integration of the firm’s mission, which was determined to be a key distinctive feature of social enterprises in comparison to ‘commercial’ enterprises. Based on its mission, the firm has certain objectives that portray more specific commitments. These commitments in turn will consist of a list of intended impacts and can be viewed as the central driver of impact measurement. Next to this, the first stage of the SIMPLE model allows for the inclusion of stakeholder-driven impact, especially in considering which impacts have priority for stakeholders and should thus be selected for measurement. Other factors to take into account at the first stage of the model are internal drivers,

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which involve strategic decisions; and external impact drivers, consisting of the macro and micro contextual influences on the firm.

The second stage, MAP IT, is aimed at identifying impacts to measure. Following the first stage in which impacts were prioritized, this stage will classify the impacts into four categories: financial, economic, social, and environmental. Instead of the most common used triple bottom line, this model thus used a quadruple bottom line. As they reason: “When an organization has a discernible impact on local GDP or employment, with multiplier effects, then the financial impacts fail to capture these effects” (p. 165). This second stage uses the logic model that is used in many traditional impact measurement tools. This model is illustrated in figure 7 below.

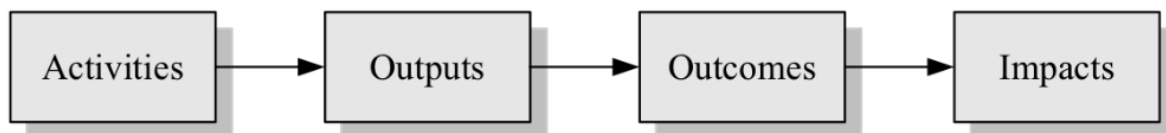


Figure 7: Logical Model. Source: McLoughlin et al. (2009: 165)

In the third stage, TRACK IT, indicators to measure impact are developed. This stage consists of four steps: determining the outcomes and impacts; designing indicators to collect impact data; developing a data collection strategy; and implementing a data collecting strategy). The first step involves determining the outcomes and impacts that will be measured, based on the priorities of the impacts assessed in stage 1 and the categorization of the impacts into financial, economic, social, and environmental in stage 2. The second step will develop key impact indicators in order to collect relevant impact data. Important is that these key impact indicators should be “specific, measurable, achievable, realistic and (along a) timeline” (p. 168). After this, a strategy to actually collect the necessary data should be established and implemented.

The final two steps, TELL IT and EMBED IT, are not particularly relevant for this study, as they involve the process of impact measurement in the long term for a firm. The fourth step, TELL IT, consists of reporting on the impact measured. This includes reporting on the changes before and after a certain program is implemented. The final stage, EMBED IT, aims at a cultural change within

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the organization in order “to ensure that the impact measurement processes are fully integrated into the organization, at all levels, and that data collection and reporting becomes the norm” (p. 170).

This model, while showing a rather practical approach to measuring impact, also reveals the need for a tailored measure for each different firm. Therefore it will be chosen to employ a more simplified model. This simplified model only includes step 2 and step 3. The simplified model is illustrated in figure 8:

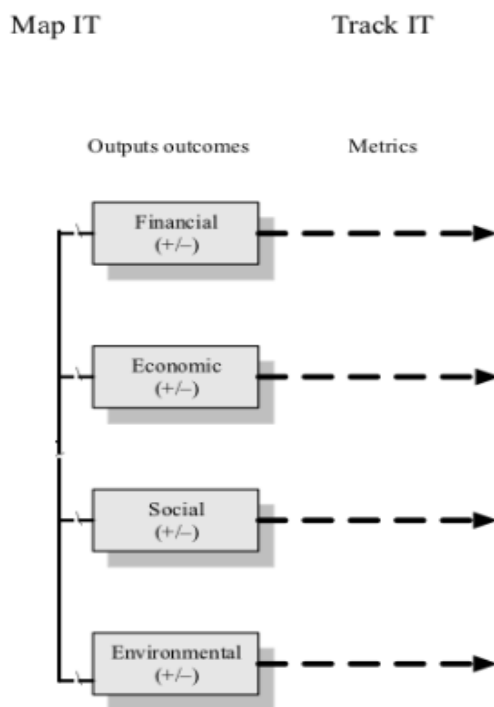


Figure 8: Simplified SIMPLE model, adapted from McLoughlin et al. (2009: 162)

2.6 Conceptual Model

Based on the literature review of past studies on social enterprises, proactiveness, and societal impact, it can be argued that social enterprises take a wide variety of forms that are highly dependent on the motivation of the social entrepreneur starting the social enterprise. Their motivation is embedded in their aim to solve a societal issue. The complexity of the issue tackled determines the degree of proactiveness needed of the social entrepreneur, but the degree of proactiveness of the mindset of the entrepreneur also influences the decision to address a more or less complex issue. The degree of proactiveness of the mindset also predicts the type of social entrepreneur, while the type of social entrepreneur says something about the degree of

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proactiveness of the mindset of the social entrepreneur. These three constructs combined influence the level of societal impact the social enterprise is able to achieve, which is moderated by the type of social enterprise. It can be argued that a more proactive mindset results in the social entrepreneur creating a more embedded social enterprise and will be able to have a bigger impact. If a social entrepreneur with a reactive mindset starts an embedded social enterprise it will be likely to have less societal impact. Thus, the alignment between the type of social entrepreneur, the proactiveness of its mindset, the complexity of the issue, and the type of social entrepreneur is key. In case of a misalignment, the level of societal impact will be much lower, than when there is a good alignment between the different elements. This idea is illustrated in figure 9:

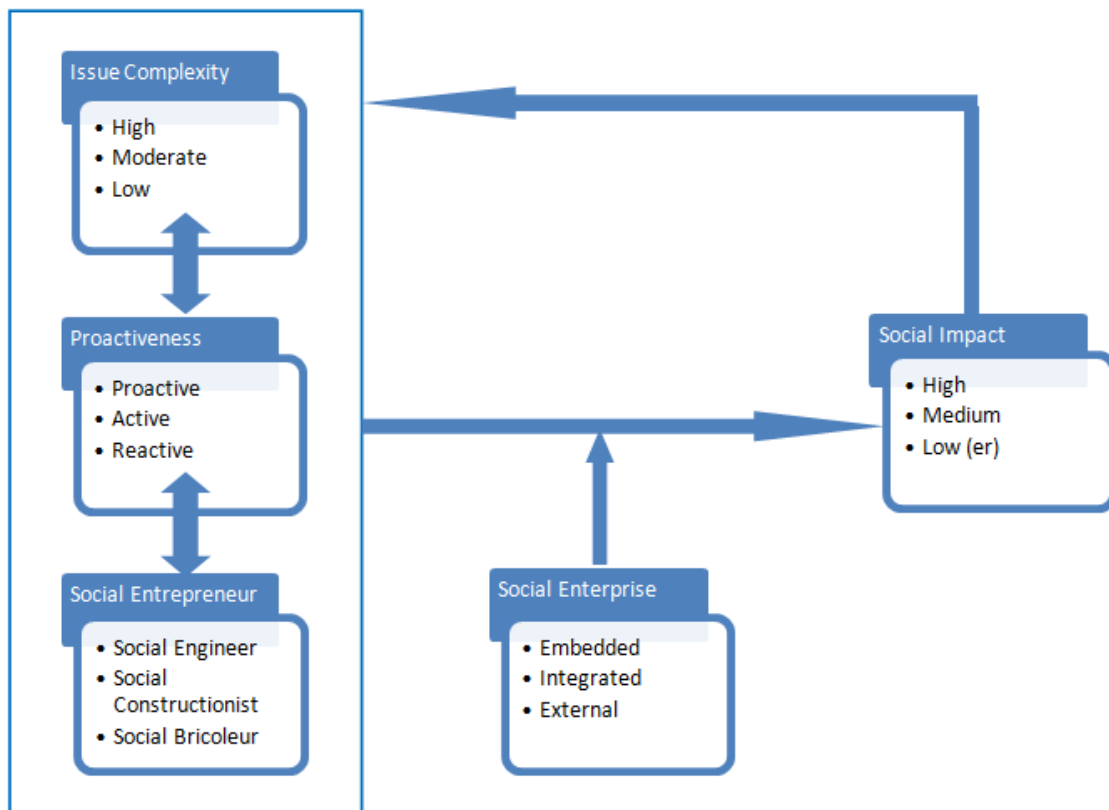


Figure 9: Extended Conceptual Model

As previously mentioned, whether or not a social entrepreneur addresses a highly complex problem depends on their level of proactiveness and reversely, the higher the complexity of the issue, the more proactiveness is needed. According to Weerawardena and Mort (2006), “the social entrepreneurial organization’s response to environmental complexity and turbulence has been

argued to create the need for innovativeness, proactive behaviour and risk management” (p. 29). The first two hypotheses are thus:

H1: The complexity of the issue influences the degree of proactiveness needed of the entrepreneurial mindset.

H2: The degree of proactiveness of the entrepreneurial mindset influences the complexity of the issue addressed.

As argued in this paper, the type of social entrepreneur says something about the motivation of the social entrepreneur. It is argued that the Social Bricoleur has a reactive mindset, solving existing problems, while the Social Constructionist has a more active mindset, looking at how to improve the market, and the Social Engineer being proactive in addressing the social system by engaging in partnerships. Therefore, it is hypothesized that these different types of social entrepreneurs demonstrate different degrees of proactiveness. The third hypothesis is thus:

H3: The type of social entrepreneur influences the degree of proactiveness of the entrepreneurial mindset and vice versa

In order to assess the proactiveness of the social entrepreneur, three constructs need to be investigated in interaction with each other. The level of proactiveness, the type of social entrepreneur, and the complexity of the issue. As proactiveness was found to be positively and significantly related to performance, it is hypothesized to also have an effect on societal impact, as this is the performance measurement for social enterprises. The fourth hypothesis is as follows:

H4: The complexity of the issue, the type of social entrepreneur and the degree of proactiveness of the entrepreneurial mindset combined influence the level of societal impact the social enterprise achieves.

It is argued that the type of social enterprise plays a major role in the effective achievement of societal impact. When the type of social enterprise is not congruent with the degree of proactiveness of the social entrepreneur, it is argued that the social enterprise will have less societal impact. The fifth hypothesis is thus:

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H5: The relationship between the complexity of the issue the type of social entrepreneur and the degree of proactiveness of the entrepreneurial mindset combined and the level of societal impact is moderated by the type of social enterprise.

Finally, if the social entrepreneur achieves a high level of societal impact, it will be more likely to adopt a more complex issue in the future. The successfulness in addressing an issue, may give the entrepreneur the confidence that a more complex issue is also attainable in the future. Therefore the last hypothesis is:

H6: The level of societal impact the social enterprise achieves has an influence on the complexity of the issue the social entrepreneur is willing to address in the future.

3. Method

This study on proactiveness among social entrepreneurs is a causal- predictive research, as it aims to investigate whether individual level proactiveness positively influences the level of societal impact created by a social enterprise. In order to assess the causal relationships as predicted in the conceptual model presented in section 2.6, quantitative research was performed. The data was obtained by using an existing database that consists of data from the annual Dutch social enterprise monitor performed by Social Enterprise NL. This data was complemented by a short online survey. The following sections will elaborate on the sample, instrumentation of the dependent and independent variables, the data collection, and the data analysis.

3.1 Sample

The target population for this research consists of social entrepreneurs in general. Considering the constraints of both time and personal network, it was decided to focus on the Dutch social enterprise sector. In the Netherlands, this sector is represented by the national platform for social enterprises, Social Enterprise NL. Currently, they have 180 associated social enterprises. These social enterprises are selected based on the criteria presented in section 2.1.1.

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There are several sample biases to be taken into account by this selection. First of all, because of the capacity of the team of Social Enterprise NL and because of the continuity and strength of the platform, Social Enterprise NL has chosen to only include social enterprises with at least 1,5 FTE and a proven business model. In practice, this means that social enterprises have to exist for at least 3 years before they can obtain membership of Social Enterprise NL. For the sample this has an important consequence. The social enterprises included in the sample are not in the start-up phase of their life cycle anymore, they have proven to survive the first two years of their existence, and they are thus relatively successful, as 25% of all Dutch sole proprietorships cease to exist within the first three years of their existence (CBS, 2013). The sample thus excludes these unsuccessful new ventures, which may distort the data obtained.

Secondly, Social Enterprise NL already selects its members based on their impact. Therefore, all social enterprises in the sample will aim for impact first and are probably already pre-selected on their level of proactiveness. Furthermore, the social enterprises that are members of Social Enterprise NL are the more visible social enterprises, aware of the fact that they are considered a social enterprise, and eager to profile themselves as a social enterprise. The smaller, less visible initiatives that are unaware of their position as a social enterprise are thus excluded in the sample.

The inclusion of solely Dutch social enterprises also has some implications for a possible selection bias. Kerlin (2006) found several differences between social enterprises in different regions. US-based social enterprises were found to be more focused on revenue generating activities (among nonprofits), whereas Western European social enterprises are more focused on the creation of social impact (within the social economy). In Europe, except for the UK, the use of the word social enterprise in most cases refers to the creation of employment opportunities for disadvantaged people or the provision of social services as a substitute for government failure. This also means that there are many more business models under which the US-based social enterprise operates, because they engage in a wider range of activities. Since the classification of the business models is from an

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American point of view (Alter, 2007), not all business models are represented in the Dutch sample. In fact, an overrepresentation can be seen for the employment model (embedded social enterprise business model) and almost no social enterprise takes the form of the organization support model (external social enterprise business model). Furthermore, most social entrepreneurs in this Dutch sample are active on a much smaller scale than their American counterparts. These sample biases can potentially distort the conceptual model and are thus important to consider.

Out of the 180 members of Social Enterprise NL, only the 115 members that participated in the annual social enterprise monitor were included in the selection to participate in the survey, because without the data from the monitor, the survey data would be useless. These 115 members are in general the more active members and have been a member of Social Enterprise NL for a longer period.

3.2 Instrumentation

In order to test the conceptual model as presented in section 2.6, two different methods have been employed to obtain data for the independent and dependent variables. Most of the data was obtained from the database that consists of data from the monitor that is performed annually by Social Enterprise NL among all of its members. The data from the monitor provides information on the dependent variable (societal impact), the moderating variable (type of social enterprise), and one of the independent variables (type of social entrepreneur). The remaining data for the other two independent variables, degree of proactiveness and complexity of the issue, was assessed through a survey that was held among the previously defined sample of social entrepreneurs. The reason to employ two methods was to decrease the length of the survey in order to obtain a higher response rate.

3.2.1 Monitor

The degree of proactiveness of the individual social entrepreneurs needed to be compared to the firm-level data on the social enterprises. All firm-level data was taken from the Social Enterprise Monitor 2014. This monitor contains data obtained by Social Enterprise NL from all affiliated social

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enterprises to provide an overview of the Dutch enterprise sector. The monitor includes firm level data, for example about the size and revenue of social enterprises, but also data about the social entrepreneurs, such as education level and age. The monitor provided data on the dependent variable (level of societal impact), the moderating variable (type of social enterprise), one of the independent variables (type of social entrepreneur), and also provided information on the control variables and the links that exist between the various variables. Appendix E gives an overview of the questions posed in the social enterprise monitor and the variables for which the questions can be used.

In order to determine the type of social enterprise, the most important question to look at in the monitor is question 15 (Which business model do you deploy to help your target population?). This question provides some insight into the business model being used and based on this the social enterprise can be categorized into being embedded, integrated or external. Next to this, a few other questions are deemed important to assess the type of social enterprise: question 8 tells something about the age of the social enterprise, which gives insight in the continuity and successfulness of the social enterprise, but also about the life stage it is positioned in. Question 10 provides information on the sector in which the social enterprise operates and question 11 says something about whether the social enterprise delivers a product or a service. Question 16 and question 23 provide some data on the scale of the social enterprise. Question 16 tells something about the number of employees, while question 23 gives insight in the total revenue, another determinant of the size of the social enterprise.

The impact of the social enterprise can also be assessed using the data from the monitor. Question 19 tells something about the area in which impact is achieved, which gives some insight in where to look for the specific impact of a particular social enterprise. The economic impact can be assessed by looking at question 16 and question 23, which gives information on the number of employees and the revenue. In this respect, it is argued that the more people are employed by the social enterprise and the higher the revenue (contribution to GDP), the bigger the economic impact.

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Important in assessing true economic impact is not only looking at the current size of the social enterprise, but also assessing whether or not continuity of the social enterprise can be assured. This will be evaluated by looking at question 24, question 26, question 27, question 28, and question 29. Question 24 gives an answer on profitability, which is important for the continuity of the social enterprise. Question 26 gives an answer on the extent to which the social enterprise is dependent on subsidies and donations. Questions 27 to 29 provide information on debt versus equity. It is argued that the ability to attract debt means that the continuity of the social enterprise is assumed. Question 28 and question 29 provide an answer to the ability of the social enterprise to attract external funding.

The social impact was assessed looking at question 17 and question 18 (number of people employed in certain disadvantages position and number of volunteers, respectively). Here, it is argued that the more volunteers and the more people employed in vulnerable positions, the higher the level of social impact.

The type of social entrepreneur was assessed by looking at the scale, scope, timing, and activities performed by the social enterprise. The decisions made by the social entrepreneur regarding these four elements, influence their degree of proactiveness, while these decisions also determine the degree of proactiveness needed. The questions that provide answers to this are question 16 (number of employees), question 23 (revenue), question 19 (area of impact).

Then, there are some questions left that provide insight on the relationships between the various variables. Question 12, question 13, question 14, question 32, and question 33, for example, provide information on the link between the complexity of the issue and the degree of proactiveness of the entrepreneur. When innovativeness is high, it is argued that the complexity of the issue and the degree of proactiveness of the social entrepreneur are aligned. Question 12 to 14 can be used to obtain information on the degree of innovativeness. Whether or not the social enterprise sees many obstacles preventing them from creating societal impact (question 32) and whether or not the social enterprise needs help from Social Enterprise NL (question 33), determine a (mis)alignment between

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the degree of proactiveness and the complexity of the issue. Seeing many obstacles may for example indicate that the SE has chosen an issue that is too complex.

Question 20 tells something about the feedback loop between impact and proactiveness. It is argued that the better the social mission is secured in the organization, the better the feedback loop is working.

The final link that can be assessed based on the questions in the monitor is the link between proactiveness and impact. Question 21 and question 22 can say something about this. Whether or not the impact is measured and which method is used, tells something about an interest in revealing the relationship between the company and its impact.

Finally, there are some questions that can be used as control variables, these questions are: question 3, question 4, question 5, question 6, question 7, and question 9 (gender, age, position within the organization, years of working experience, education level, and juridical entity of the firm, respectively). Question 1 and question 2 are furthermore needed to link the data from the survey to the data from the monitor

3.2.2 Survey

The survey consists of two elements, a scale to assess the individual degree of proactiveness and two additional questions to assess the complexity of the issue that is being addressed. In order to measure proactiveness at the individual level, the proactive personality scale as developed by Bateman and Crant (1993) is adapted to include aspects, previously defined as important indicators of proactiveness for social entrepreneurs, about the creation of social value, cooperation with relevant stakeholders, (transformational) leadership, anticipation, and commitment. The items for impact were adapted to include societal impact. The items for cooperation were added based on the criteria for a strategic stakeholder dialogue (see section 2.3.3). The items for leadership were slightly adapted and fewer questions were included than in the original scale, in order to keep the questionnaire as brief as possible. The items for anticipation and commitment remained unchanged, but only two instead of three questions were included for both items. The questions have been

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answered using a 7-point Likert scale, ranging from strongly disagree to strongly agree. The adapted questionnaire reads as follows:

Elements	Bateman & Crant (1993)	Adapted Questionnaire Proactiveness
Societal Impact	<ul style="list-style-type: none"> I am constantly on the lookout for new ways to improve my life I feel driven to make a contribution in my community and maybe the world 	<ul style="list-style-type: none"> I am constantly on the lookout for new ways to create social, ecological and economic value I feel driven to make a contribution in my community and in the world as a whole
Cooperation		<ul style="list-style-type: none"> I always cooperate with all relevant stakeholders when I start a new project The conversations I have with stakeholders, always focus on problem solving, thereby creating new solutions and directions
Leadership	<ul style="list-style-type: none"> I love being a champion for my ideas, even against others' opposition Wherever I have been, I have been a powerful force for constructive change 	<ul style="list-style-type: none"> I love being a champion for my ideas and inspire others with my vision Wherever I have been, I have been a powerful force for constructive change
Anticipation	<ul style="list-style-type: none"> I am great at turning problems into opportunities I can spot a good opportunity long before others can 	<ul style="list-style-type: none"> I am great at turning problems into opportunities I can spot a good opportunity long before others can
Commitment	<ul style="list-style-type: none"> If I believe in an idea, no obstacle will prevent me from making it happen When I have a problem I tackle it head-on 	<ul style="list-style-type: none"> If I believe in an idea, no obstacle will prevent me from making it happen When I have a problem, I tackle it head-on

Table 7: Questionnaire Proactiveness

Two additional questions attempt to measure the complexity of the issue. The first question asks for a description of the problem that is aimed to be addressed and the second is the self-perceived complexity of the issue. The complete questionnaire can be found in Appendix F.

3.3 Data Collection

The survey was sent to all social entrepreneurs that have responded to the annual social enterprise monitor 2014. 110 social entrepreneurs had left their e-mail address in the monitor, which was used to send the invitation for this survey. The invitation was sent by Social Enterprise NL, as they had collected the e-mail addresses. This was argued to ensure confidentiality of the personal

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details of the participants and was thought to increase the response rate. The invitation to participate includes a web link to a web-based survey in Survey Monkey, where all data was saved. A reminder to fill in the survey was sent one week after the initial invitation.

After the reminder, a total of 45 social entrepreneurs responded (41% response rate) of which 59% male and 41% female and an average age of 44. Since the monitor includes data for the whole sample, the difference between the respondents and non-respondents was investigated through a comparison analysis in SPSS. An independent samples t-test was performed in SPSS for the continuous control variables, and no significant difference were found between the non-respondents ($N=69$) and the respondents ($N=45$) regarding the age of the social enterprise, the number of employees, the number of volunteers, revenue, and the number of people employed with a distance to the labour market. The only significant difference was found in the age of the entrepreneur ($p = .022$; $F=5.42$). However when inspecting the mean age for the respondents ($M=46.5$; $SD=11.06$) and the mean age for the whole sample ($M=42.2$; $SD=8.73$) no serious deviation could be seen. The nominal control variables were tested using the Pearson Chi-Square test. The distributions of gender, tenure, education level, and whether the participant was the founder of the social enterprise or not, were not significantly different among the respondents to the survey as compared to the whole sample. One control variable was found to be significant different among the survey respondents: juridical structure. The respondents of the survey were much more often operating in the form of a foundation (without a profit objective) than the non-respondents ($p=.000$; $\chi^2=12.49$).

Next to this, it was deemed interesting to investigate the difference between the respondents and non-respondents in terms of their innovativeness, as this may give insight on whether their degree of proactiveness would differ. Three questions in the monitor are related to Innovation, whether or not their product or service was new when they entered the market, whether they introduced a new product or service, and what type of product or service this was. None of the answers for innovation were significantly different for the respondents. This was also checked for the

type of business model and the dependency on subsidies and no significant difference was found. Therefore, the respondents are considered representative for the sample and any relations found between the variables for these respondents can thus be considered representative for the entire sample. A small sample size ($N=45$) is thus not a problem for this research.

3.4 Data Analysis

To analyze the relations in the conceptual model between the independent and dependent variables, a moderated multiple regression analysis was performed. In order to do this, each of the variables was coded first, because each of the variables represented an accumulation of several items.

The survey consists of a 12-item 7- point Likert scale, of which 11 items are for *proactiveness* and 1 item is for *complexity of the issue*. All data is thus ordinal and can be used to perform a multiple regression analysis. The monitor, however, consists of many different types of data. The items for *societal impact* that can be derived from the monitor can be found in Appendix E. Four of these items represent ratio data (question 16, 17, 18, and 23, number of employees, number of volunteers, number of people employed with a distance to the labour market, and revenue, respectively) and five items consist of nominal data (question 24, 26, 27, 28, and 29, whether or not a profit is made, (in)dependency on subsidies, way of financing the organization, and the ability to attract external finance). It was chosen to transform all nominal data into either ordinal or dummy variables. Please inspect the table below for the coding procedure.

Question	Meaning	Type of Variable	Answer	Code
24	Whether or not profit is made	Dummy	Profit	1
			Break-even	0
			Loss	0
26	Dependency on subsidies	Ordinal	76-100%	1
			51-75%	2
			26-50%	3
			1-25%	4
			0%	5
27	Way of financing organization	Dummy	Externally financed	1
			Not externally financed	0
28 & 29	External finance sought and found	Dummy	External finance found	1
			No external finance sought or found	0

Table 8: coding societal impact

The questions with a nominal scale for societal impact say something about whether or not continuity of the social enterprise can be guaranteed. If the social enterprise is profit making (question 24), the continuity of the social enterprise can be better guaranteed. If the social enterprise is highly dependent on subsidies (question 26), it may not be able to guarantee its continuity if these subsidies are withdrawn. Whereas if the social enterprise does not need subsidies, it will be better able to assure its continuity. Therefore this variable is treated as an ordinal variable. Question 27 says something about the way the social enterprise is funded. It is argued that when the company is financed with external investors or external loans (excluding loans from relatives/acquaintances), it will be better able to assure continuity. Finally, questions 28 and 29 are combined, in order to test whether the firm was able to attract external finance. If external investment is sought and also found, the company is probably in a good financial position and can ensure its continuity.

The independent variable *complexity of the issue* was included in the model, by using the self-reported grade that the social entrepreneur had to assign in the survey for the issue their social enterprise aims to solve.

The independent variable *type of social entrepreneur* is based on the number of employees, the revenue of the firm and the area in which societal impact is achieved. This variable was hand-coded and each of the social entrepreneurs was assigned one type, based on the criteria as defined in section 2.2.1. This variable was coded for SPSS as a dummy variable, with Social Bricoleur as the reference category and Social Constructionist and Social Engineer as dummies.

The moderating variable *type of social enterprise* is based on the questions about the business model, the age of the social enterprise, the sector in which the social enterprise operates, and whether the social enterprise provides a service, a product, or both. This variable was also hand-coded to assign the type of social enterprise to each firm, based on the criteria defined in section 2.1.2. This moderating variable was also coded as a dummy variable to use in SPSS, with the

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embedded social enterprise as the reference category and external social enterprise and integrated social enterprise as dummies.

Since the survey is a newly developed scale and is not tested before, the internal consistency of the 11-item survey is examined using Cronbach's alpha, which showed a high reliability of the scale ($\alpha=0.912$). Therefore the mean score for the eleven items of proactiveness is calculated in SPSS and used in the model.

The scale for *societal impact* was more challenging to determine. As previously mentioned, *societal impact* was assumed to consist of three constructs, namely, social impact, economic impact, and continuity. Social impact was hypothesized to consist of number of volunteers and number of people employed in disadvantaged positions. Economic impact was expected to contain number of employees and revenue. Continuity exists of whether or not a profit is made, the percentage of subsidies the social enterprise is dependent on, the way the social enterprise is financed, and whether or not it has attracted external finance.

The internal reliability of the three different factors was statistically tested using the Cronbach's alpha. The first factor, *economic impact*, consists of SI-1 (number of employees) and SI-6 (revenue) and has a Cronbach's alpha based on standardized items of 0.88. The two items will be multiplied to compute the new variable *economic impact*.

The second factor, *social impact*, can only be measured by two items from the monitor, namely SI-3 (number of volunteers) and SI-5 (number of people employed with a distance to the labour market). This factor has a Cronbach's alpha of 0.34 and when checking the Cronbach's alpha for the entire sample (N=114), it was even found to be negative ($\alpha=-0.07$). However, as the aim is to assess the entire social impact, it was decided to sum up the number of people employed with a distance to the labour market and the number of volunteers, as these represent the total number of people helped.

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The final factor, *continuity*, based on SI-8 (whether or not a profit is made), SI-10 (dependency on subsidies), SI-11 (externally financed), and SI-12 (ability to attract external investment) had a Cronbach's alpha based on standardized items of 0.32. When inspecting the correlations between the four items, some interesting results were found. SI-8, whether or not a profit was being made, negatively correlated with both SI-11, whether the company was externally financed, and SI-12, the ability to attract external investment. This could imply, that social enterprises that are profit making have no need to attract external finance, because they can finance the organization with own money. SI-10, dependency on subsidies, also negatively correlated with SI-12, which could mean that the more dependent on subsidies, the better able to attract external finance. However, when inspecting individual cases, it was found that under external finance, some social entrepreneurs also understood bank loans, or even overdraft lines of credit, which is something different from investors, who carefully check the risks and returns for an investment. Therefore, it was decided to exclude SI-12, as it did not measure what it should measure. Investigating SI-8, SI-10, and SI-11 closer, it was found that there may be a moderator effect of SI-8 on the relation between SI-10, and SI-11. So a lower dependency on subsidies would increase the likelihood of the social enterprise being externally funded, moderated by whether or not a profit is being made, because as mentioned before, if a profit is made, the need for external funding decreases. The interaction effect of SI-8 and SI-10 was added to the model and the Cronbach's alpha improved to 0.61. The new variable *continuity* was computed by taking the mean of SI-8, SI-10, and SI-11.

4. Results

4.1 Descriptives

For the survey, the total number of respondents was 45. Of the three different types of social entrepreneurs that were analyzed in this research, the largest group consisted of social bricoleurs ($n= 24$). Eighteen social constructionists participated in this study and only three social engineers. Most social entrepreneurs furthermore operated under the embedded social enterprise model

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($n=24$), nineteen employed the integrated social enterprise model and two social entrepreneurs are organized in an external social enterprise model. The sample shows a high level of proactiveness ($M=5.76$) for all respondents and also a rather high score for self-perceived complexity of the issue ($M=4.93$). Regarding societal impact, the social entrepreneurs mainly focus on labor participation or poverty reduction and economic development.

In general four groups can be distinguished within the sample. The first group ($n=22$) portrays a moderate level of proactiveness ($M=5.76$) and a lower perceived level of complexity ($M=4.93$). These are mainly social bricoleurs (68%) and operate under the embedded social enterprise model (72%). The second group ($n=7$) portrays a slightly lower level of proactiveness ($M=5.69$) and a moderate level of perceived complexity of the issue ($M=5.33$). They are mainly social constructionists (86%) and operate under the integrated social enterprise model (86%). The third category ($n=13$) has a moderate level of proactiveness ($M=5.77$), and their perceived issue complexity is also moderate ($M=5.12$). This group comprises of both social bricoleurs (62%) and social constructionists (38%). They operate under all three business models, but interesting to notice it that the two social enterprises operating under the external social enterprise model fall into this category. The three entrepreneurs in the final category have the highest level of proactiveness ($M=6.33$) and the highest level of perceived issue complexity ($M=5.57$). They are all social engineers and operate under the integrated social enterprise business model. Please see table 9 for the descriptive statistics.

Variable	Sample	Group 1	Group 2	Group 3	Group 4
N	45	22	7	13	3
Proactiveness	5.76	5.75	5.69	5.77	6.33
Issue Complexity	4.93	4.86	5.33	5.12	5.57
Social Bricoleur	24	15	1	8	0
Social Constructionist	18	7	6	5	0
Social Engineer	3	0	0	0	3
Embedded	24	16	1	7	0
Integrated	19	6	6	4	3
External	2	0	0	2	0

Table 9: Descriptive Statistics

4.2 Moderated multiple regression analysis

In order to test whether *proactiveness*, *complexity of the issue* and *type of social entrepreneur* have an effect on *societal impact*, moderated by *type of social enterprise*, several multiple regression analyses were performed. Since the dependent variable *societal impact* is build up by three factors, *social impact*, *economic impact*, and *continuity*, the effect of the independent variables on each of the dependent variables was tested. Therefore three separate moderated multiple regression analyses were performed to assess the relationship between *societal impact* and *type of entrepreneur*, *proactiveness*, and *complexity of the issue*, moderated by the *type of social enterprise*.

Before the regression analyses were performed, the assumptions for sample size, normality, linearity, homoscedasticity, absence of multicollinearity, and outliers were tested for each of the dependent variables. The minimum sample size was not achieved ($N > 50 + 8 * \text{number of variables}$). However as stated before, the sample is representative for the target population, and the violation of the assumption is not considered to be a problem. Normality was assumed for *continuity* and *economic impact*. For *social impact* the normality assumption was violated and found to be positively skewed (Skewness 1.24, $SD=0.35$; Kurtosis 1.27, $SD=0.69$). Linearity was not optimal for all variables, but did not show major issues. Homoscedasticity was assumed for all three dependent variables as well as the absence of multicollinearity. One outlier was found that caused problems for all variables and was therefore removed to improve the model fit.

The first multiple regression model with *economic impact* as the dependent variable is significant with $R^2=0.99$, $F(11, 22)=186.39$, $p=.000$. Table 10 summarizes the descriptive statistics and analysis results. As can be seen, only the social engineer is positively and significantly related to *economic impact*. This positive relation signifies that Social Engineers have more economic impact than either Social Bricoleurs or Social Constructionists. This relationship is furthermore significantly negatively moderated by the *type of social enterprise*. If the social entrepreneur operated under an integrated social enterprise business model, rather than an embedded social enterprise business model, its economic impact decreases. Neither *proactiveness* nor *complexity of the issue* significantly

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related to *economic impact*. However, as can be seen in table 10, *proactiveness* has a rather high mean (5.76 out of 6.82) and a small standard deviation (0.92). This means that all of the respondents are rather proactive and that this may thus not really be a variable, but rather a pre-selection of the sample. Therefore the fact that no significant relationship was found is not surprising. *Complexity of the issue* has a lower mean (4.93 out of 7) and a higher standard deviation (1.34), so some relation was still expected. It should therefore be noted that this variable has an almost significant correlation with *economic impact* ($p=.051$), but no causal effect was found. Therefore, it is possible that a higher economic impact enables a social enterprise to tackle a more complex issue.

The second moderated multiple regression model with *social impact* as the dependent variable is not significant, with $R^2=0.38$, $F(11, 32)=1.81$, $p=.095$. Table 11 summarizes the descriptive statistics and analysis results. As can be seen only *type of social entrepreneur* is positively and significantly related to *social impact*, indicating that the social engineer is able to create a higher level of social impact than social constructionists or social bricoleurs. This relationship is furthermore moderated by the *type of social enterprise*. If the social engineer operates under an integrated social enterprise business model, it will have less social impact. Both *proactiveness* and *complexity of the issue* were not a significant predictor of *social impact*, even though *complexity of the issue* significantly correlates with *social impact*, which may indicate that firms with higher levels of social impact are better able to address more complex issues. The overall model is however not significant.

The final multiple regression model, with *continuity* as the dependent variable and *type of social entrepreneur*, *complexity of the issue*, and *proactiveness* as independent variables, is not significant, with $R^2 = 0.27$, $F(11, 32) = 1.05$, $p= .429$. Table 12 summarizes the descriptive statistics and analysis results. As can be seen none of the independent variables correlates significantly with *continuity*. Moreover, none of the hypothesized relationships are significant and also a moderator effect is not found.

As only the moderated multiple regression analysis of *economic impact* was significant, it was decided to look at each item of *societal impact* separately. Therefore, six moderated multiple

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regression analyses were run, for each of the remaining items. Four items of societal impact are still not significantly influenced by *proactiveness*, *type of social entrepreneur* and complexity of the issue, moderated by the *type of social enterprise*. The multiple regression model with *number of volunteers* as the dependent variable resulted in $R^2=0.18$, $F(11, 32)=0.65$, $p=.769$. The multiple regression analysis with *whether or not a profit is made* yielded $R^2=0.09$, $F(11,32)=0.30$, $p=.980$. The multiple regression with *dependency on subsidies* as the dependent variable is also not significant, with $R^2=0.35$, $F(11,32)=1.54$, $p=.166$. Neither is the multiple regression model with *whether or not the social enterprise is externally financed* as the dependent variable, with $R^2=0.37$, $F(11,32)$, $p=.121$.

Two items of *societal impact* (next to *economic impact*) were found to be significant. The multiple regression analysis with *number of people employed with a distance to the labour market* as the dependent variable is significant, with $R^2=0.63$, $F(11,32)=5.04$, $p=.000$. Table 13 summarizes the descriptive statistics and analysis results. As can be seen only the social engineer is positively and significantly correlated with the *number of people employed with a distance to the labour market*. Furthermore, the *type of social enterprise*, does moderate this relationship, although negatively. This signifies that Social Engineers have more people employed with a distance to the labour market than either Social Bricoleurs or Social Constructionists, but if they operate under an integrated business model, this relationship will be affected negatively. Neither *proactiveness* nor *complexity of the issue* correlates significantly to *number of people employed with a distance to the labour market*.

The multiple regression analysis with *ability to attract external finance* is also significant with $R^2= 0.47$, $F(11,28)=2.29$, $p=.038$. Table 14 summarizes the descriptive statistics and analysis results. As can be seen *complexity of the issue* has a significant negative relationship with *the ability to attract external capital* and this relationship is positively moderated by the *type of social enterprise*. This means that if a social entrepreneur has a highly complex issue to tackle, it will be less likely to attract external capital. However, if it operates under an integrated social enterprise model, its chances of attracting external capital increases. The *degree of proactiveness* has a positive significant relationship with the *ability to attract external capital*. This is negatively moderated by the

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type of social enterprise. Thus, if a firm is more proactive it will be better able to attract external capital, but this ability decreases if the firm operates under an integrated social enterprise model.

The *type of social entrepreneur* also has an effect on the *ability to attract external finance*. Both the social constructionist and the social engineer are better able to attract external finance than the social bricoleur, but this relationship is slightly stronger and more significant for the social engineer.

Variables	Mean	Std	Correlation with economic impact	B	β
Economic Impact	48180191	209223801			
Complexity	4.97	1.29	.285	586489.43	0.00
Proactiveness	5.77	0.90	-.089	2336851.64	0.01
Social Entrepreneur					
Social Engineer	9%		.577***	1217815074	1.68***
Social	38%		-.105	22942583.61	0.05
Constructionist	53%				
Social Bricoleur					
Proact*ExtSE	0.37	1.49	-0.06	-1010341.34	-0.01
Comp*ExtSE	0.18	0.72	-0.06	-	-
Const*ExtSE	0.03	0.17	-0.04	-22262440.7	-0.02
Engi*ExtSE	0.00	0.00	-	-	-
Engi*IntSE	0.06	0.24	-0.02	-1184992437	-1.35***
Const*IntSE	0.12	0.33	-0.07	-16025326.5	-0.03
Comp*IntSE	1.71	2.59	-0.13	-176006.55	-0.00
Proact*IntSE	1.81	2.76	-0.12	-2085659.17	-0.03
Type of social enterprise					
External SE	6%		-0.06		
Integrated SE	32%		-0.13	7689799.87	-1.71
Embedded SE	62%				

Table 10: Summary statistics, correlations and results of the regression analysis for Economic Impact

***p<.001

Variables	Mean	Std	Correlation with social impact	B	β	Variables	M	SD	Correlation with continuity	B	β
Social Impact	11.09	15.40				Continuity	1.49	0.54			
Complexity	4.93	1.34	.318*	4.56	0.40	Complexity	4.93	1.34	0.01	0.13	0.32
Proactiveness	5.76	0.92	-.074	-5.88	-	Proactiveness	5.76	0.92	-0.12	-0.26	-0.45
Social Entrepreneur						Social Entrepreneur					
Social Engineer	7%		.164	16.92	0.62	Social Engineer	7%		0.09	-0.07	-0.03
Social Constructionist	39%		.012	7.44	0.34	Social Constructionist	39%		0.20	0.41	0.38
Social Bricoleur	54%					Social Bricoleur	54%				
Proact*ExtSE	0.28	1.31	-0.09	1.75	-	Proact*ExtSE	0.28	1.31	-0.14	-0.03	-0.08
Comp*ExtSE	0.14	0.63	-0.09	-	-	Comp*ExtSE	0.14	0.63	-0.13	-	-
Const*ExtSE	0.02	0.15	-0.09	-16.07	-	Const*ExtSE	0.02	0.15	-0.05	0.40	0.11
Engi*ExtSE	0.00	0.00	-	-	-	Engi*ExtSE	0.00	0.00	-	-	-
Engi*IntSE	0.05	0.21	-0.15	-49.16	-	Engi*IntSE	0.05	0.21	0.07	0.09	0.04
Const*IntSE	0.18	0.39	-0.15	-13.13	-0.02	Const*IntSE	0.18	0.39	0.01	-0.60	-0.44
Comp*IntSE	2.18	2.70	-0.12	-3.51	-	Comp*IntSE	2.18	2.70	0.03	-0.27	-1.61
Proact*IntSE	2.41	2.91	-0.16	6.58	1.24	Proact*IntSE	2.41	2.91	0.10	0.24	1.29
Type of social enterprise						Type of social enterprise					
External SE	5%		-0.09			External SE	5%		-0.13		
Integrated SE	43%		-0.16	-18.63	-	Integrated SE	43%		0.11	0.29	0.28
Embedded SE	52%					Embedded SE	52%				

Table 11: Summary statistics, correlations and results of the regression analysis for Social Impact

* $p < .05$

Table 12: Summary statistics, correlations and results of the regression analysis for Continuity

** $p < .01$

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Variables	Mean	Std	Correlation with SI-5	B	B	Variables	Mean	Std	Correlation with SI-12	B	β
Number of people employed with a distance to the labour market (SI-5)	4.77	9.27				Ability to attract external finance (SI-12)	0.30	0.46			
Complexity	4.93	1.34	0.23	0.76	0.11	Complexity	4.93	1.39	0.36	-0.26	-0.77**
Proactiveness	5.76	0.92	-0.04	-4.27	-0.43	Proactiveness	5.82	0.85	-1.53	0.40	0.74*
Social Entrepreneur						Social Entrepreneur					
Social Engineer	7%		0.361**	42.22	1.16***	Social Engineer	8%		0.23	1.61	0.93**
Social Constructionist	39%		-0.01	2.56	0.14	Social Constructionist	38%		0.17	0.39	0.41*
Social Bricoleur	54%					Social Bricoleur	54%				
Proact*ExtSE	0.28	1.31	-0.09	0.41	0.06	Proact*ExtSE	0.31	1.38	-0.15	-0.14	-0.423
Comp*ExtSE	0.14	0.63	-0.09	-	-	Comp*ExtSE	0.15	0.66	-0.15	-	-
Const*ExtSE	0.02	0.15	-0.08	-7.01	-0.11	Const*ExtSE	0.03	0.16	-0.11	-0.22	-0.08
Engi*ExtSE	0.00	0.00	-	-	-	Engi*ExtSE	0.00	0.00	-	-	-
Engi*IntSE	0.05	0.21	-0.10	-45.56	-1.04***	Engi*IntSE	0.05	0.22	0.10	-1.16	-0.55
Const*IntSE	0.18	0.39	-0.07	-3.19	-0.13	Const*IntSE	0.15	0.36	0.31	0.00	0.00
Comp*IntSE	2.18	2.70	-0.13	-0.15	-0.05	Comp*IntSE	1.90	2.67	0.00	0.33	1.87**
Proact*IntSE	2.41	2.91	-0.12	5.59	1.76	Proact*IntSE	2.14	2.88	-0.11	-0.58	-3.59**
Type of social enterprise						Type of social enterprise					
External SE	5%		-0.09			External SE	5%		-0.15		
Integrated SE	43%		-0.16	-31.70	-1.71	Integrated SE	38%		-0.06	-1.62	-1.71
Embedded SE	52%					Embedded SE	57%				

Table 13: Table 12: Summary statistics, correlations and results of the regression analysis for the number of people employed with a distance to the labor market

p<.01 *p<.001

Table 14: Summary statistics, correlations and results of the regression analysis for ability to attract external finance

*p<.05 **p<.01

5. Discussion and conclusion

This explorative research has provided some tools for the social enterprise sector in the Netherlands. Even though this study has by far investigated all possible angles from which social enterprises can be seen, it has provided some guidance. This study has furthermore made an attempt at identifying potential societal impact amplifiers for social enterprises.

The framework presented in this paper provides a tool for future research on this topic. A widely accepted definition for social enterprises was presented, but some observations were placed, because of its broad scope. Different types of entrepreneurs and their most suitable business models were portrayed as well as the potentially differing degrees of proactiveness for these different types of social entrepreneurs. Also, the degree of complexity of various types of issues was assessed. Next to this, the concept of societal impact was explained. It was assumed that the degree of proactiveness in combination with the type of entrepreneur and the complexity of the issue would influence the level of societal impact that was achieved, moderated by the type of social enterprise. In order to test this relationship a measurement tool was developed for proactiveness, type of social entrepreneur, type of social enterprise and societal impact. Even though none of the proposed hypotheses were fully supported in this research, some evidence was found for the relationship between the different types of social entrepreneurs, complexity of the issue and proactiveness on societal impact, moderated by the type of social enterprise. The results showed that especially the type of social entrepreneur has an effect on societal impact, moderated by the type of social enterprise, supporting the assumption that the better aligned the social enterprise with the social entrepreneur, the higher the level of societal impact. Next to this, based on the quantitative research performed, four categories of social entrepreneurs could be identified.

The following sections provide a discussion of the findings for the hypotheses, give a new classification of social entrepreneurs, based on the Dutch social enterprise sector, recommend a

possible way to measure societal impact more accurately, present the limitations of this research, and will offer recommendations based on this study for both literature and practice.

5.1 Discussion of Hypotheses

5.1.1 Type of Social Entrepreneur

The most interesting and most significant relationship found throughout the model was the effect of *the type of social entrepreneur* on the level of *societal impact*, moderated by the *type of social enterprise*. A significant negative moderation effect of the *type of social enterprise* was found for the relationship between the *type of social entrepreneur* and *economic impact*. In this case, the social engineer will have a higher economic impact than the social constructionist or the social bricoleur, but this relationship will be negatively influenced if the type of social enterprise chosen is an integrated social enterprise. For *social impact*, the same moderator effect was found for *type of social enterprise*, but unfortunately was the model not significant. The moderator effect was however found again in the model with the *number of people employed with a distance to the labour market* as the dependent variable.

This is in line with the assumption that the better aligned the social entrepreneur with its business model, the higher the impact it is able to achieve. The most suitable business model for the social engineer is the embedded social enterprise. If the social engineer is operating under the integrated social enterprise model it is less capable of achieving a high level of economic and social impact, and it will employ less people with a distance to the labour market. Unfortunately, the combination external social enterprise and social engineer does not exist in our sample and is therefore not taken into account, but it would be interesting to see if this combination decreases the relationship with economic and social impact even further. These findings thus partly support hypothesis 4 and hypothesis 5:

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H4: The complexity of the issue, the type of social entrepreneur and the degree of proactiveness of the entrepreneurial mindset combined influence the level of societal impact the social enterprise achieves.

This hypothesis can be partially confirmed as it is true for *societal impact* as measured in terms of *economic impact*, *social impact* (in terms of number of people employed with a distance to the labour market) and *continuity* (in terms of ability to attract capital. Moreover this relationship was mainly found for *the type of social entrepreneur*.

H5: The relationship between the complexity of the issue the type of social entrepreneur and the degree of proactiveness of the entrepreneurial mindset combined and the level of societal impact is moderated by the type of social enterprise.

This hypothesis is true for the social engineer and the level of societal impact in terms of economic impact and number of people employed with a distance to the labor market, negatively moderated by the integrated type of social enterprise. This relationship was furthermore found for complexity and proactiveness, respectively positively and negatively moderated by the integrated type of social enterprise on the ability to attract external capital.

5.2.2 Proactiveness

No relationship was found between proactiveness and any of the factors of societal impact for this sample of social entrepreneurs. Furthermore, no correlation was found between proactiveness and complexity of the issue. These insignificant results can be attributed to the finding that the sample of social entrepreneurs can be separated into four different categories. The first category has a low issue complexity combined with a moderate level of proactiveness, whereas the second group has combines a moderate issue complexity with a lower level of proactiveness and the third type has both a moderate issue complexity and a moderate level of proactiveness, while the final sort had a high level of proactiveness and a high level of issue complexity. Moreover, the types of social entrepreneurs are dispersed over the four groups. It is thus not surprising that a correlation between these three constructs was not found and this non significant correlation in fact emphasizes the need

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to address these four different groups separately. The first three hypotheses therefore need to be adapted to better suit the four categories of social entrepreneurs.

H1: The complexity of the issue influences the degree of proactiveness needed of the entrepreneurial mindset.

H2: The degree of proactiveness of the entrepreneurial mindset influences the complexity of the issue addressed.

H3: The type of social entrepreneur influences the degree of proactiveness of the entrepreneurial mindset and vice versa

The lack of significant relations for proactiveness can, as previously mentioned, also be explained by the high mean value of proactiveness among the respondents and the low standard deviation. It is probable that the respondents are already pre-selected on proactiveness, which is possible since literature argues that a higher degree of proactiveness is demanded from social entrepreneurs as they face a more complex environment with many different stakeholders. It is thus interesting to notice that in fact social entrepreneurs have a high (self-reported) degree of proactiveness. Furthermore, as the respondents to the survey are all members of Social Enterprise NL, they are pre-selected to be the more successful social entrepreneurs, as they have survived the start-up phase. Therefore, it would be interesting to perform a longitudinal study on social entrepreneurs, following them from the start of their business to see whether higher degrees of proactiveness lead to a higher survival rate. Next to this, it would be interesting to investigate whether social entrepreneurs score significantly different on their (self-reported) degree of proactiveness than for example non-social entrepreneurs, either in SMEs or maybe also in larger MNEs. The only significant relationship was found for the positive effect of proactiveness on the ability to attract capital, in particular when taking into account the negative moderating effect of the integrated type of social enterprise business model. This is also in line with the initial assumption that the more proactive, the better performance, in this case the ability to attract external capital. However when there is a

misalignment in the business model, in this case a high level of proactiveness and an integrated social enterprise, instead of an embedded social enterprise, this relationship is negatively influenced.

5.2.3 Complexity of the issue

Complexity of the issue was only found to have a significant predictor of *societal impact* for the *ability to attract external capital was complexity of the issue*, indicating that the more complex the issue of the social enterprise is, the more difficult it is to access external capital. However, it is positively moderated by the integrated type of social enterprise. This may mean that when the social entrepreneur chooses a “safer” social enterprise model, that is less difficult to manage and in general easier to make a profit, it is better able to attract external capital. So whereas the complexity of the issue increases the risk for an external investor, the integrated social enterprise business model may decrease this risk. Again, the external type of social enterprise was left out in the model, because no variance was seen regarding their self-reported level of complexity (the two entrepreneurs operating under the external social enterprise model all indicated their complexity of the issue to be 3 on a scale from 1-7). It would be interesting to see if the external social enterprise model also has a positive moderator effect on the ability to attract capital, as the external social enterprise may even be seen as less risky. In general, after the analyses, the relationship between *complexity of the issue* and *societal impact* could also be reverse. Social enterprises with higher levels of societal impact are expected to be better able to tackle a more complex issue, because they have established themselves already and may have gained sufficient knowledge to start addressing a more complex issue, which in fact may provide support for H6.

H6: The level of societal impact the social enterprise achieves has an influence on the complexity of the issue the social entrepreneur is willing to address in the future.

Both for *economic impact* and *social impact* was a correlation found with *complexity of the issue*. It is possible that the degree of economic and social impact the firm is able to achieve has an effect on the complexity of the issue the social entrepreneur is willing to take on. This relationship is interesting to investigate further, as this could also imply that entrepreneurs in their start-up phase

choose a less complex issue to start their enterprise, and once they become more profitable they will take on more complex issues.

5.2 A new classification of social entrepreneurs

Based on the quantitative research performed, four categories of social entrepreneurs could be identified, the social nurturers, social traders, social connectors, and social innovators. Interesting to see is that the categorization of social entrepreneurs by Zahra et al. (2009) proves to be also valid for the sample of social entrepreneurs in The Netherlands. However, their classification can be expanded, by also including the level of societal impact these different types of entrepreneurs are able to achieve. Also, their classification could be slightly adapted to suit the Dutch social enterprise sector more specifically. In general, the sample showed four different types of social entrepreneurs, namely the *social nurturers*, the *social traders*, the *social connectors*, and the *social innovators*.

The *social nurturers* contains of the largest group of social enterprises and mainly operates under the employment model, providing people with a distance to the labour market an opportunity to work. This type is similar to the *social bricoleur*, as defined by Zahra et al. (2009), but can have a bigger scale and a wider range. In fact one of the largest social enterprises (in number of employees and revenues) falls under the *social nurturers*. They are usually highly dependent on government subsidies, mainly in the form of personal budget (pgb) and thus rely on the policy of the (local) government. Since this personal budget is currently under debate, the *social nurturers* are rather vulnerable if policy changes are made, because this usually comprises over 50% of their income. *Social nurturers* thus have particularly a large social impact, employing many people with a distance to the labour market, but their continuity is at risk. Next to this, they often do not have a profit objective and operate as a foundation. The *social nurturers* consider their issues no too complex, as the creation of job positions is at their core mission. Their level of proactiveness is moderate and probably also needed in order for them to collaborate with different stakeholders. Therefore, their network is highly important, through which they can advocate their way of doing business and secure their license to operate. They do not have the most innovative business models, because usually they

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implement an existing business model that is new to the target group. Furthermore, *social nurturers* face difficulties explaining what they do to the public, as they have to defend the commercialization of a previously state-provided service. They provide public goods and therefore they can particularly benefit from state acknowledgment of their activities, especially if this also involves procurement. In order to enable *social nurturers* to sell their products or services to (local) governments the procedures for procurement have to be adapted. Next to government support, the *social nurturers* can be helped by developing new business models that can make them more independent from (local) governments.

The *social traders* are similar to the social constructionists, as defined by Zahra et al. (2009). Their scope is broader than for the *social nurturers*, usually engaging in international activities. Their main business is providing a market in The Netherlands for products that are produced internationally. The issue they aim to tackle is slightly more complex, because they operate in an international arena, often trying to combat unfair trade. The business models under which they operate (usually the market-linkage model) are usually less complex. An international network is crucial for *social traders* to be able to cooperate with all stakeholder. Their license to operate in The Netherlands is much less difficult to defend than for the *social nurturer*, because their mission - usually economic development or poverty reduction- is easier to explain. Moreover, they sell private goods, but with a social aim, which is easy to accept for the public. The risk for them is to take away responsibility from the local governments, which may hamper long-term sustainable local development. Their business model does usually not depend on subsidies, rather they make enough money by selling their products. Support is needed for the *social trader* mainly in international relations. Trade agreements will help them and they will also benefit from more knowledge on the best way to scale up their business model and to have a sustainable, lasting impact in the countries they operate in.

The *social connectors* is not a type of social entrepreneur as classified by Zahra et al. (2009). It is a relatively new phenomenon and little literature has been devoted to it. However, the *social*

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connectors have large potential, because they use the power of the crowd, by providing platforms. *Social connectors* foster the sharing economy by providing a stage for supply and demand. This can indeed be in the form of sharing, such as meals, houses, cars, or other things. But it can also be in the form of sharing knowledge about certain topics or it can involve bringing together supply and demand more directly, for example for agricultural products or even healthcare. The complexity of the issues they face are considered less complex than for the *social traders*, but more complex than for the *social nurturers*. They are moderately proactive, which particularly shows in their innovativeness, as they make connections that were previously nonexistent. This is especially true for the *social connectors* that are frontrunners in this field. Their societal impact is difficult to define, because essentially they remove some middle man who makes profit (e.g. a car dealer, a restaurant, a hotel, manufacturers of products etc.). Therefore, it could be argued that economic loss is made. However, welfare increases because negative external effects are reduced (less waste and less products produced) and products or services can be offered at a lower price. The goods they provide are club goods, but their viability is at risk, because the revenue model often proves to be difficult, as most revenues come from advertising and membership or user fees. Also, the *social connectors* need a large crowd for the platform to work. Therefore, most support is needed for this type in the start-up phase and in developing innovative revenue models. Furthermore, most oppression is faced (once they become bigger) for the *social connectors* from multinationals, as they fear a decrease in the sale of new products. Here, interesting partnerships may be formed between the various platforms, possibly in collaboration with multinationals.

The *social innovators* are consistent with the social engineer as defined by Zahra et al. (2009). This type is highly innovative, introducing products or services (usually common goods) in ways that are new to the world. *Social innovators* are far less common than the other three types. It aims at changing existing systems by providing innovative ways to solve highly complex issues. Usually their scope is international and their size is bigger than any of the other three types. Their license to operate is clear for the public, because they tackle widely accepted, but wicked problems, so not

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much oppression is faced. This type specifically needs support in the start-up phase, as quite some research and development is needed before this type can apply its innovative business model to solve these wicked issues. Also, much more collaboration in the form of public-private partnerships is needed to solve the issues most effectively. As this type has most potential to have the largest societal impact, and be financially independent, it is the most interesting type of social enterprise. However, only few social enterprises operate under this model. This can be explained by the higher upfront investment that is needed for this type. Another interesting thing to notice is that this type is by far the largest (in number of employees and revenue) type, which can be either because this type has most growth potential, or because a certain size is needed to be able to address wicked problems. The *social innovator* can be supported especially during the start-up phase, for example subsidizing the research and development phase. It can also be helped by creating public private partnerships and stimulating co-creation to help solve the wicked problems they address.

These four types each have their own drivers and barriers to create societal impact. Therefore, it is important to not take all of them as one group, but treat them as separate groups to provide tailored measures and to allow them to maximize their societal impact. In order to do so, it is suggested to perform further research to identify the most suitable approach to simulate the societal impact of each type of social entrepreneur. This will allow the social enterprise sector to be the change agents for a social economy and to have the highest possible societal impact, while also being financially sustainable.

The four types can be positioned in two of the previously shown models. First of all, they each occupy a different position on the trade-off between social impact and continuity. They also each occupy a different field of social enterprises, providing different goods to the public. These are shown below in figure 10:

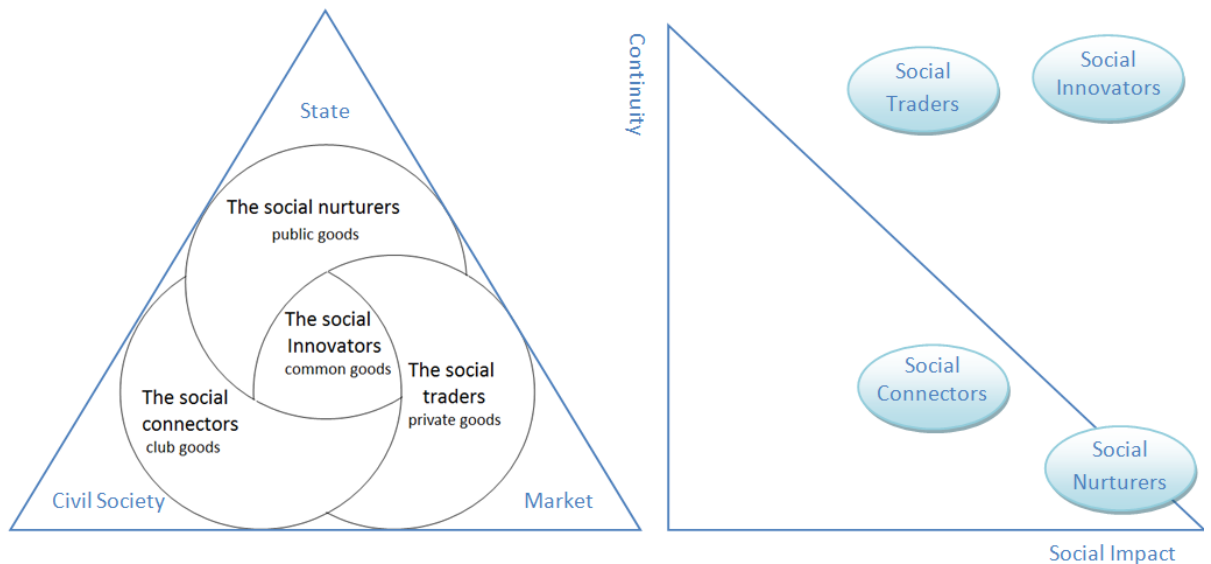


Figure 10: Position of the different types of social entrepreneurs

5.3 A new measurement of societal impact

Societal Impact is extremely difficult to define for social enterprises, but research showed that it is extremely important for social enterprises to measure their societal impact in order to make a business case and to secure their license to operate. Therefore, it is even more important for social entrepreneurs to define and measure the issue they aim to tackle. Future research should take this into account when developing a suitable measurement tool for societal impact.

As the model showed, difficulties were found when trying to code the variables for societal impact. Literature has struggled and has not yet found a measurement tool that can be easily applied to practice in order to measure societal impact. Even though this study aimed to provide a broader measure of performance, the only significant relationship was found for economic impact (revenue and number of employees), basically confirming previous studies. However, interesting results were also found for number of people employed with a distance to the labour market and the ability of the social enterprise to attract external capital. Nonetheless, in order to really test the effect of proactiveness, complexity of the issue, and type of social entrepreneur on societal impact, a better measure for societal impact needs to be developed. This measure could build on the SIMPLE model by McLoughlin et al. (2009) as illustrated in section 2.5.1, but should include standardized quantifiable metrics for each of the output outcomes of the model. An attempt at doing so has been

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made to quantify the metrics for the SIMPLE model. The first step, scope it, can be done by looking at the (self-reported) type of social impact the social enterprise creates. Next, for each social enterprise the four types of impact can be assessed: financial, economic, social, and environmental. The first two are most straightforward to quantify. The financial impact can be measured using the firms' (self-reported) revenues. The economic impact will be assessed by looking at the number of people employed times the average annual income per person, which is €32.500 in The Netherlands (Rijksoverheid, 2013).

The other two types of impact are more complex to measure, as it depends on the type of impact created by the social enterprise. For social enterprises that aim to increase the participation rate of the number of people with a distance to the labor market, their social impact can be assessed by looking at the total number of people with a distance to the labor market employed times the average costs of unemployment, which is estimated to be €30.000,00 annually (KRO, 2011). For social enterprises with a different mission, their social or environmental impact should be measured using a different measurement. Countering climate change can for example be assessed by looking at the CO2 reduction achieved, if data is available. Social cohesion can for example be assessed by looking at the number of people reached times the value this social cohesion is worth. A complete overview of all quantifiable measures for each area of impact can be found in table 13 below:

Type of Social Impact	Social/ Environmental	Indicator	Value
Increasing participation rate of people with a distance to the labor market	Social	Number of people with a distance to the labor market employed	Average annual cost of one unemployed person (€30.000,-)
Countering Climate Change	Environmental	CO2 reduction	Value of each ton CO2 reduction
Social Cohesion	Social	Number of people affected	Value of increased social cohesion
Poverty Reduction	Social	Number of people helped out of poverty	Additional annual income generated
Economic Development	Social	Number of businesses developed locally	Revenue generated locally
Healthcare and wellbeing	Social	Number of people helped	Reduced costs government
Education &	Social & Environmental	Number of people	Additional annual

Development		educated	income that can be generated after education
Cleaner Environment	Environmental	Reduced Pollution (Air/ Soil/ Water)	Costs to clean air/ soil/ water
Stimulating Sharing Economy	Social & Environmental	Number of Products Shared	Reduction of new products purchased

Table 15: Quantifying Social Impact

All four measures -financial, economic, social, and environmental- can be totaled after which the total score will be divided by the amount reported for the financial impact in order to control for firm size.

5.4 Limitations

The most important limitation of this study is the small sample size, and the pre-selection of the sample for proactiveness. This decreases the significance of the model and the relationships found. Furthermore, some issues for the quantifiability of societal impact were found, which also limits the value of the results. Other things to take into account are the fact that both proactiveness and complexity of the issue are both self-reported, which may especially cause some bias for complexity of the issue, as this only represented by one question. The fact that some social entrepreneurs reported a highly complex issue, whereas this may not be a complex issue relative to the issues that other social enterprises tackle, may indicate a lower level of proactiveness.

5.5 Recommendations

5.5.1 Recommendations for literature

Considering the small sample size, it is recommended to duplicate the study with a bigger sample size, which may increase both the significance and strength of the relationships. Next to this, it would be interesting to perform a longitudinal study of start-up firms, following them 5-10 years, to investigate whether the degree of proactiveness increases their survival rate. Furthermore, a study could be performed to check whether there is a significant difference between the degree of proactiveness for social entrepreneurs and non-social entrepreneurs, either in SMEs or for MNEs. However, most improvement could be obtained by using a different measure of societal impact. The re-coding of some of the items did not improve the model and should therefore be reconsidered. The

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method as provided in section 5.1.3 gives some guidance, but should be developed further and the new measurement method should also include opportunity costs. It should furthermore be easily applicable for research and simple to duplicate for different firms, so it should include standardized metrics. Also, considering the self-reported assessment of the degree of proactiveness and complexity of the issue, it would be recommended to develop a more objective measurement of both proactiveness and complexity of the issue in order to use it simultaneously with the self-reported assessment. For complexity of the issue, the framework as presented in table 6 (section 2.4) could be used. For proactiveness some further research has to be performed to provide objective parameters. Also, the social enterprise sector is highly variable and innovative, and therefore it is very possible that new forms occur and others may disappear or morph in the coming years, so research should be aware of that and continue investigating the various forms of social enterprises. Especially the drivers and barriers of the four different types should be investigated further as this may help the social enterprise sector to reach their full potential.

5.5.2 Recommendations for practice

Regarding recommendations for practice, it is important to take into account the varying needs of each of the different types of social enterprises identified. Therefore, policy makers should not treat all social enterprises in a similar vein, as each type of social entrepreneur may benefit from different measures. More research has to be performed regarding the specific barriers and drivers for each of the four types of social entrepreneurs.

Social entrepreneurs may benefit from the underlying characteristics of proactiveness, as they may want to apply these in their social enterprise. First of all, cooperation was found to be an important distinguishing factor for proactive firms. They engage more in public-private partnerships and engage all of their stakeholders. In particular, they engage in strategic stakeholder dialogues, which becomes more crucial when these firms aim to tackle wicked problems. Considering the time constraints for social entrepreneurs, it may be advisable to check the type and complexity of the issue they aim to address as this may have implications for the type of dialogue that needs to be

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performed. For a relatively simple issue, it may not be necessary to have a dialogue with all stakeholders, as this will be often time-consuming and costly. However, when intending to scale up and address a more complex issue, it is highly recommended to do engage in a strategic stakeholder dialogue.

Also vital when addressing highly complex issues is top management commitment, in particular articulating a strong vision and taking a leadership role. All social innovators have a strong leader that advocated the vision of the social enterprise. Someone that is widely present in the media and who can link important industry ambassadors to the social enterprise in order to increase their license to operate and to stress the urgency of the issue.

Another highly important characteristic of proactive firms is their degree of anticipation. This is crucial for all social enterprises, as they operate in a highly unpredictable and changeable environment. *Social nurturers* are the most dependent on external actors (in this case the government) and their continuity will be at risk if they do not anticipate on policy changes. However, the same is true for the three other types, as they will have to anticipate rather than react to changes in their environment in order to ensure continuity and the maximization of societal impact creation.

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Appendix A

Different operating models social enterprises employ

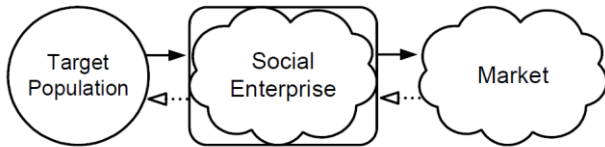
Entrepreneur support model

The entrepreneur support model sells business support and financial services to its clients, to enable them to sell their products and services to the market. Services include microfinance and business development services.



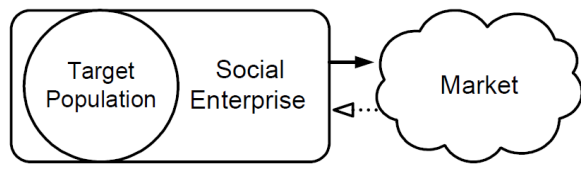
Market intermediary model

The social enterprises with a market intermediary model provide services to its clients to help them enter markets. These services are product development, production and marketing assistance, and credit, but also include selling products made by their client to the market, such as fair trade.



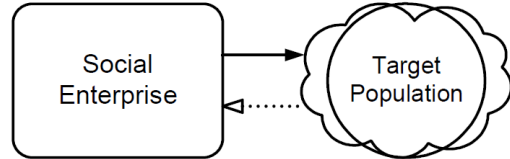
Employment model

Social enterprises operating under the employment model provide employment opportunities to people with a distance to the labor market, such as disabled, homeless, youngsters without education or ex-offenders.



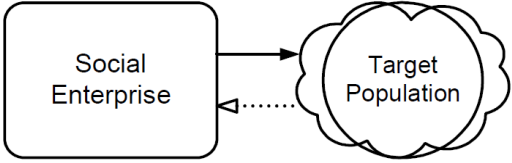
Fee-for-service model

The fee-for-service model offers social services for a (limited) fee to recover its costs. This model usually addressed gaps in government services, for example in the health or education sectors.



Low-income-client-as-market model

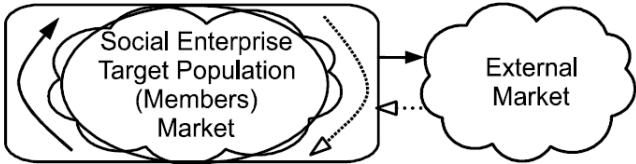
Social enterprises with a Low-Income Client as Market Model aim to provide access to goods and



services to poor and low-income clients, where the commercial price, distribution, or product features restrain access to these products for this group. Examples include healthcare, health and hygiene products and utility services for which they pay a limited price.

Cooperative model

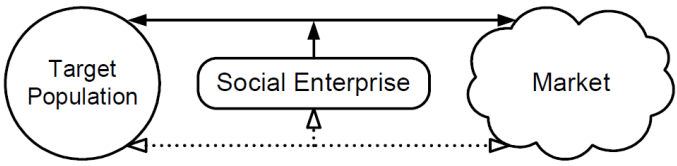
The cooperative model of social enterprises provides services to its cooperative members, such as “market information,



technical assistance/ extension services, collective bargaining power, economies of bulk purchase access to products and services, and access to external markets for member-produced products and services” (Alter, 2007: 40).

Market linkage model

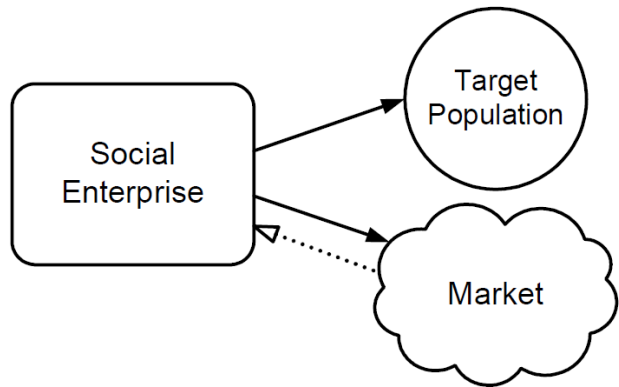
The market linkage model facilitates trade relationships between buyers and producers, especially between small



producers, local firms, or cooperatives and the external market. The social enterprises can function as import-export firm, market research organization, or broker service.

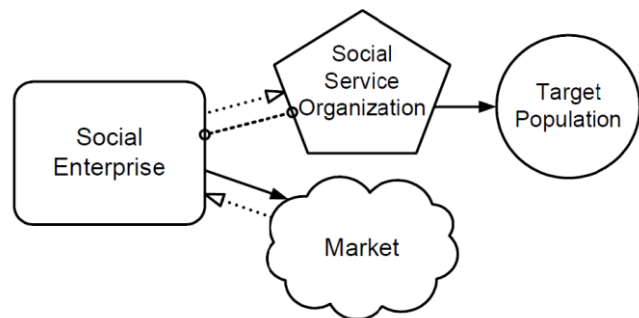
Service subsidization model

The social enterprises organized as the service subsidization model “sells products or services to an external market and uses the income it generates to fund its social programs” (p. 44). Its business activities and social programs furthermore overlap, sharing costs, assets, or income and often program attributes, increasing its efficiency.



Organization support model

The final model of social enterprises, the organization support model, “sells products and services to an external market, businesses or general public. In some cases the target population is the customer” (Alter, 2007: 45). The difference with the service subsidization model is thus that in this case its “business activities are separate from social programs, net revenues from the social enterprise provide a funding stream to cover social program costs and operating expenses of the non-profit parent organization” (idem).



Appendix B

Classification of the different financial models of social enterprises by Elkington & Hartigan (2010):

Leveraged nonprofit venture

The leveraged non profit venture tackles market failures through a non profit model. They attempt to meet needs that are currently ignored by businesses, because there is no mainstream market (yet). The leveraged non profit venture portrays the following characteristics: “a public good is being delivered to the most economically vulnerable” (p. 33), the central goal is to enable “direct beneficiaries to assume ownership of the initiative, enhancing its longer-term sustainability (...) multiple partners are actively involved in supporting the venture financially, politically, and in kind” (idem). One major issue with this type of model is that it is much harder to scale than a for profit venture. Since no profits are made, there is usually little money to reinvest into the venture, which puts its continuity at risk.

Hybrid non profit venture

The second type, the hybrid non profit venture is the model in which most innovation and experimentation happens. This model has the potential to “reach new levels of social or environmental value creation”. The hybrid non profit venture delivers goods and services to a target group underserved by mainstream markets, while also making and reinvesting profits. The venture can recover part of its costs through selling its goods and services. This type of venture is also able to attract funds from public, private or philanthropic organizations to sustain its activities.

Social business venture

The social business venture is set up as a for profit business with the mission to drive social or environmental change. Their main goal is not to maximize financial return to shareholders, but instead seek investors that look for both financial and social return. They usually have better access to capital markets, because their business model is easier to scale up and better explainable to

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investors. The social business venture does have more succession issues, because of the strong leadership and mission and vision of the founder.

Appendix C

Authors	Definition
Brettel, M., Rottenberger, J.D. (2013)	Proactiveness refers to a forward-looking mentality and the ability to change the environment by introducing new products or technologies (Covin and Slevin 1989). Therefore, proactive firms are able to act in anticipation of future problems and opportunities (Lumpkin and Dess 1996).
Kirkman, D.M. (2013)	Proactiveness reflects a forward-looking perspective where companies actively seek to anticipate opportunities to develop and introduce new products to obtain first-mover advantages and shape the direction of the environment (Hughes and Morgan, 2007).
Lotz, H.M., Van Der Merwe, S.P. (2013)	According to Madsen (2007: 187), Proactiveness refers to a posture of anticipating and acting on future wants and needs in the marketplace, thereby creating a first-mover advantage vis-à-vis competitors. As first movers, businesses can control access to markets by dominating distribution channels, charge high prices and "skim" the market ahead of competitors (Wiklund & Shepherd, 2005: 75), secure access to rare resources, gain new knowledge of key factors and issues, carve out market share and be in a position that is easy to defend and costly for rivals to overtake (David, 2007: 200). First movers are, however, not always successful. The introduction of novel products or breakthrough technologies is not always accepted by the market. Therefore, careful analysis of the environment and extensive feasibility research are needed for a proactive strategy to lead to a competitive advantage (Dess & Lumpkin, 2005: 151).
Chen, H.L., Hsu, C.-H. (2013)	Proactiveness focuses on looking for new opportunities in accordance with customers' future needs, to stay ahead of competition, according to Rowley et al. (2011), is a position innovation. Proactiveness means firms anticipate future customer needs and introduce new products or services to keep ahead of their competitors (Miller, 1983). A proactive firm also seeks changes in operations (Dess & Lumpkin, 2005).
Kwak, H., Jaju, A., Puzakova, M., Rocereto, J. (2013)	Proactiveness is the ability to take the initiative, especially at the opportune moment. It refers to a forward-looking perspective and a firm's tendency to "tak[e] initiative by anticipating and pursuing new opportunities and by participating in emerging markets" (Lumpkin and Dess 1996, p. 146; see also Dimitratos, Lioukas, and Carter 2004). Miller and Friesen (1978) and Venkatraman view proactiveness as "seeking new opportunities which may or may not be related to the present line of operations, introduction of new products and brands ahead of competition, strategically eliminating operations which are in the mature or declining stages of life cycle" (1989, p. 949).

<p>Eggers, F., Kraus, S., Hughes, M., Laraway, S., Snycerski, S. (2013)</p>	<p>Proactiveness means acting in anticipation of future problems, needs, and changes. Proactiveness refers to efforts to take initiative, anticipating and enacting new opportunities, and creating or participating in emerging markets (Entrialgo et al., 2000). A proactive company is one that “is first to come up with ‘proactive’ innovations”. Proactiveness thereby includes the tendency to be the first to market with new products or services. A proactive company is often the initiator of actions or events that the competition must then react to, leading the way in products and services. Taking the initiative through participating in up-and-coming markets, for example, plays a critical role in entrepreneurship (Lumpkin and Dess, 1996), making proactiveness a central dimension of EO</p>
<p>Kreiser, P.M., Marino, L.D., Kuratko, D.F., Weaver, K.M. (2013)</p>	<p>proactiveness is an opportunity-seeking perspective that involves acting ahead of the competition in anticipation of future market demand (Lumpkin and Dess 2001)</p>
<p>Gil-Pechuan, I., Exposito-Langa, M., Tomas-Miquel, J.-V. (2013)</p>	<p>Proactiveness shows a firm’s aggressive pursuit of market opportunities and a strong emphasis on being among the very first to undertake innovations in its industry. Proactiveness is the opposite of reactivity and relates to aggressive posturing relative to competitors, with emphasis on execution and follow-up of tasks in pursuit of the firm’s objectives.</p>
<p>Lumpkin, G.T., Moss, T.W., Gras, D.M., Kato, S., Amezcua, A.S. (2013)</p>	<p>Proactiveness is an opportunity seeking, forward-looking perspective characterized by the introduction of new products and services ahead of the competition and acting in anticipation of future demand.</p>
<p>Wang, H.-K., Yen, Y.-F. (2012)</p>	<p>Venkatraman (1989, p. 949) defined proactiveness as ‘seeking new opportunities which may or may not be related to the present line of operations, introduction of new products and brands ahead of competition, strategically eliminating operations which are in the mature or declining stages of life cycle’. Proactiveness includes initiative endeavor and applying existing advantages to shape the environment and respond to the competitive challenges (Chen & Hambrick, 1995).</p>
<p>Tajeddini, K., Mueller, S.L. (2012)</p>	<p>Proactiveness involves taking initiative by anticipating and pursuing new opportunities and by participating in emerging markets (Lumpkin and Dess 1996). It entails the attitude and capabilities that allow implementation and control of the new products, s</p>
<p>Behnoosh, S. (2012)</p>	<p>proactiveness refers to the extent to which organizations attempt to lead rather than follow competitors in such key business areas as the introduction of new products or services, operating technologies and administrative techniques</p>
<p>Liu, Y., Wang, L., Yuan, C., Li, Y. (2012)</p>	<p>Proactiveness capability, however, is different. According to Bhuian et al. (2005), entrepreneurial orientation is a kind of dynamic capability. As one important dimension of entrepreneurial orientation, proactiveness refers to an opportunity-seeking, forward-looking perspective involving active market development, and acting in anticipation of future demand to create change and shape the environment (Lumpkin and Dess 1996). Thus, proactiveness capability is defined as the firm’s ability to explore market opportunities through active market research and first-mover actions.</p>

<p>Santos, F.J., Romero, I., Fernández-Serrano, J. (2012)</p>	<p>This reflects the ability of entrepreneurs to find and exploit new products and market opportunities in advance of any competitors (Miller and Friesen, 1978; Stevenson and Jarillo, 1990), and hence, proactiveness implies the need to be permanently alert. Passiveness would be the opposite behavior and would imply indifference or inability to grab opportunities, or take the lead in the markets (McMullen et al., 2007). From among the habitual activities of proactive entrepreneurs, business planning is identified as a strategic policy that facilitates the growth of firms (Guzman and Santos, 2001).</p>
<p>Larsen, N.M., Korneliusen, (2012)T.</p>	<p>Proactiveness can be described as processes aimed at anticipating and acting on future needs and suggests a forward-looking perspective accompanied by a response to marketplace opportunities in form of innovative or new-venturing activity (Lumpkin and Dess, 1996). Lumpkin and Dess (2001) emphasize that firms with a strong proactive tendency have the ability to anticipate market changes and thereby be among the first to act upon them. According to Venkatraman (1989, p.949), proactiveness is expected to be manifested in terms of “seeking new opportunities which may or may not be related to the present line of operations, introduction of new products and brands ahead of competition, strategically eliminating operations which are in the mature or declining stages of life cycle”. Proactiveness is therefore an important dimension of EO (Lumpkin and Dess, 1996).</p>
<p>Doucette, W.R., Nevins, J.C., Gaither, C., Kreling, D.H., Mott, D.A., Pedersen, C.A., Schommer, J.C. (2012)</p>	<p>Proactiveness refers to processes designed to scan and react to the current environment to anticipate future needs. (Lumpkin & Dess, 1996)</p>
<p>van der Heijden, G.A.H., Schepers, J.J.L., Nijssen, E.J. (2012)</p>	<p>Employee proactiveness skills, that refers to the ability to make changes to work conditions and accept new work approaches and methods (Parker, 2000). Proactiveness refers to the employee’s ability to act on the environment in a self-directed way, aimed at changing or improving the current work circumstances (Parker, 2000; Warr & Fay, 2001). Although past research conceptualizes proactivity as a stable individual disposition towards proactive behavior (Bateman & Crant, 1993), recent research shows that proactive orientations can also be enhanced by managerial interventions such as training (Parker, 2000; Porath & Bateman, 2006).</p>
<p>Vora, D., Vora, J., Polley, D. (2012)</p>	<p>Proactiveness refers to attempts to prepare for the future by “seeking new opportunities which may or may not be related to the present line of operations, introduction of new products and brands ahead of competition, strategically eliminating operations which are in the mature or declining stages of life cycle” (Venkatraman, 1989, p. 949). In other words, firms attempt to discover future opportunities, even when these opportunities may be somewhat unrelated to existing operations. Firms characterized by proactiveness identify and exploit opportunities to meet demand, possibly through their own innovation; adopting existing products, services, or practices; or entering new markets with existing products, services, or products. Proactiveness is somewhat similar to</p>

	<p>Miles and Snow's (1978) category of prospector, those who often initiate change within their industries. Thus, proactiveness concerns the search for and seizure of future opportunities.</p>
<p>Nag, R., Gioia, D.A. (2012)</p>	<p>Scanning proactiveness. This mode of scanning/ search behavior captures the tendency of an executive to be a critical observer, to use multiple sources to "triangulate" information, and/or to experiment with innovative ways of collecting information. Scanning proactiveness thus represents not just time and energy devoted to information search and acquisition, but the tendency to actively seek qualitatively different or better knowledge than one's rivals.</p>
<p>Bolton, D.L., Lane, M.D. (2012)</p>	<p>"An opportunity-seeking, forward-looking perspective characterized by new products and services ahead of the competition and acting in anticipation of future demand"</p>
<p>Sundqvist, S., Kylaheiko, K., Kuivalainen, O., Cadogan, J.W. (2012)</p>	<p>proactiveness refers to an ability to anticipate and sense weak signals and act on future needs in the markets ahead of the competition, by means of effective arbitrage, thus enabling a firm to gain competitive advantages (e.g. first mover advantages) (Lumpkin and Dess, 1996; Teece, 2007). However, the exploitation of profit opportunities also alerts rivals and draws in imitators (Shane and Venkataraman, 2000), since Kirznerian markets are so called red-oceans (cf. Kim and Mauborgne, 2005). Thus, after finding a new market opportunity via proactive behavior, the firms must also be able to rapidly and aggressively seize that opportunity.</p>
<p>Kraus, S., Rigtering, J.P.C., Hughes, M., Hosman, V. (2012)</p>	<p>Proactiveness refers to processes which are aimed at "seeking new opportunities which may or may not be related to the present line of operations, introduction of new products and brands ahead of competition and strategically eliminating operations which are in the mature or declining stages of the life cycle" (Venkataraman 1989, p. 949). Indeed proactiveness concerns the importance of initiative in the entrepreneurial process. A firm can create a competitive advantage by anticipating changes in future demand (Lumpkin and Dess 1996), or even shape the environment by not being a passive observer of environmental pressures but an active participant in shaping their own environment (Buss 1987).</p>
<p>Acca, V., Topal, Y., (2012)Kaya, H.</p>	<p>The term proactiveness is defined differently by various researchers. According to Lumpkin and Dess (1996), the importance of being first-mover or pioneer has been frequently emphasized in the entrepreneurial process since Schumpeter. Some researchers accentuate the advantages of being the first and acting first in the market as the best strategy especially for exploiting the asymmetric market opportunities. Proactive firms are likely to be first movers when they face threats and/or opportunities in their environment. Proactiveness involves being active rather than passive to the</p>

	developments in the firms' internal and external environments. In the business world, proactive firms tend to be leaders rather than followers of other corporations (Lumpkin and Dess 1996).
Zellweger, T., Sieger, P. (2012)	Proactiveness refers to a firm's efforts to seize new opportunities. Lumpkin and Dess (2001, p. 431) define proactiveness as an "opportunity seeking, forward-looking perspective involving introducing new products or services ahead of the competition and acting in anticipation of future demand to create change and shape the environment." It involves not only recognizing changes, but also being willing to act on those insights ahead of the competition (Dess and Lumpkin 2005). Similarly, Stevenson and Jarillo (1990) conceptualize proactiveness as the organizational pursuit of favorable business opportunities. Proactive behavior can lead to first-mover advantages and higher economic profits (Lieberman and Montgomery 1988).
Acedo, F.J., Galán, J.L. (2011)	According to Crant (2000: 436), proactive behaviour '... takes the initiative in improving the present situation, or in the creation of new situations'.
Udovic• , B. (2011)	In contrast to reactiveness
Ravichandran, T., Liu, Y. (2011)	Proactiveness, a concept borrowed from the strategy literature, assesses the extent to which a firm acts on rather than reacts to emerging technology investment opportunities. Proactive firms are often labeled as prospectors (Miles & Snow, 1978) or entrepreneurial firms (Collins & Moore, 1970) whereas firms reacting to their environments are reactors (Miles & Snow, 1978) or stagnant firms (Miller & Friesen, 1984). With respect to IT investing, proactiveness can manifest in two dimensions, technology creation and technology adoption. Technology creation refers to the extent to which a firm's IT investments are targeted toward developing novel technologies in-house. Technology adoption refers to how quickly a firm invests in new and emerging technologies and hence its risk-taking posture with IT investing.
Kalargyrou, V., Woods, R.H. (2011)	Being proactive was suggested as the best approach to adapting to technological changes, customers' increasing demands, and to new training expectations. Being proactive signified forecasting the trends of the market, and trying to keep ahead of the competition. The importance of being proactive to stay one step ahead of their customers' needs and competition.
Atanasova, Y., Senn, C. (2011)	Although many GCM activities result from customer demands, the potential for a cooperative and synergistic relationship is greatest when the supplier adopts more proactive behaviors (Harvey, Myers, 2003; Homburg et al., 2002). Consequently, proactive team behaviors that actively seek areas for continuous improvement identify opportunities and innovative solutions to problems, and address issues before they become major problems represent a critical success factor (Bateman & Crant, 1993; Hyatt & Ruddy,

	1997).
Dimitratos, P., Plakoyiannaki, E., Pitsoulaki, A., Tä¼selmann, H.J. (2010)	Proactiveness towards opportunities concerns the level to which the firm aims at anticipating and acting on future needs by seeking new prospects (Venkatraman, 1989).
Xaba, M., Malindi, M. (2010)	Proactiveness, according to Maas and Fox (1997:64), implies a willingness to be the first to respond to needs for new or better products and services. Burns (2005:28) sees proactiveness as seeking out opportunities, acting quickly and decisively to make the most of an opportunity before somebody else does. In that sense, proactiveness means being restless and being unwilling to wait for others to complete tasks. Therefore proactiveness is related to pioneering and initiative-taking in pursuing new opportunities or entering new markets (Lumpkin & Dess, 1996:148). In this sense, proactiveness signifies aggressive posturing relative to competitors and, as Morris and Kurakto (2002:4) contend a proactive organisation is inclined to take risks through experimentation and is bold and aggressive in pursuing opportunities, thus attempting to lead rather than to follow competitors.
Maritz, A. (2010)	There is a significant relationship between networking and productivity. Entrepreneurship also portrays such significance, albeit varying between dimensions of autonomy, innovativeness, risk taking, proactiveness and competitive aggressiveness.
Kim, Y. (2010)	Proactiveness defined as an aggressive behavior (Stevenson & Jarillo-Mossi, 1990) focuses on the future by anticipating and preventing problems, communicating effectively with internal and external environments, and preserving implementation of the new process or new product (Morris & Kuratko, 2002). Organizations can exercise a proactive propensity to be placed in a more competitive position than others because proactiveness involves seizing the initiative in an effort to shape the environment to one’s own advantage (Lumpkin & Dess, 2001). Proactiveness in the public sector implies “the active search for creative solutions, service delivery, taking the initiative to introduce change, implementation, and responding rapidly to opportunities and employing the best resources, not passiveness or reactivity” (Salazar, 1992, p. 33). Therefore, this study defines proactiveness as the willingness to be aggressive for implementing actions in pursuit of changes and improvement in inefficient organizational settings, rather than simply responding to events as they occur.
Kreiser, P.M., Marino, L.D., Dickson, P., Weaver, K.M. (2010)	The preponderance of research that has been conducted on proactiveness has centered on the organizational pursuit of favorable business opportunities (Knight, 1997; Lumpkin & Dess, 2001; Stevenson & Jarillo, 1990). Knight argued that the emphasis of proactiveness is on the pursuit of environmental opportunities and the achievement of a firm’s objectives by any means necessary. Mitchell et al. (2004) posited that culture plays a fundamental role in explaining how organizations proactively discover, evaluate, and

	exploit such opportunities. Thus, it is likely that cultural values will play an important role in influencing the willingness of SMEs to display proactive firm behaviors.
Schilke, O., Goerzen, A. (2010)	Sarkar, Echambadi, and Harrison (2001) subsume organizational sensing routines for the alliance context under the concept of alliance proactiveness. They denote alliance proactiveness as “efforts to identify potentially valuable partnering opportunities” (p. 702)
Schmelter, R., Mauer, R., Barsch, C., Brettel, M. (2010)	Proactiveness is the third constitutional characteristic of an entrepreneurial company (Stopford & Baden-Fuller, 1994). It implies taking initiative by anticipating and pursuing new opportunities and by participating in emerging markets (Lumpkin & Dess, 1996).
Kreiser, P., Marino, L., Davis, J., Tang, Z., Lee, C. (2010)	Proactiveness in the pursuit of favorable business opportunities. “opportunity-seeking, forward-looking perspective involving introducing new products or services ahead of the competition and acting in anticipation of future demand to create change and shape the environment” (Lumpkin and Dess, 2001).
Lumpkin, G.T., Brigham, K.H., Moss, T.W. (2010)	Whereas innovativeness refers to a company’s efforts to discover potential opportunities, proactiveness refers to a company’s efforts to recognize and seize them. Proactiveness involves tracking and monitoring changes in the business environment, consumer tastes and technologies (Lumpkin and Dess 2001). It also refers to acting on opportunities ahead of the competition and taking action in anticipation of emerging problems or future demand (Venkatraman 1989).
Casillas, J.C., Moreno, A.M. (2010)	Proactiveness refers to the advantages derived from being the first mover as a source of growth (Lumpkin and Dess 1996). Thus, Miller and Friesen (1978) understand proactiveness to be the inherent attitude of the leader, as opposed to that of the follower. Similarly, Venkataraman (1989, 949) suggested that proactiveness is ‘seeing new opportunities which may or may not be related to the present line of operations, introduction of new products and brands ahead of competition, strategically eliminating operations which are in the mature or declining stages of the life cycle’. Equally, proactiveness is related to the exploration of opportunities (March 1991) through entrepreneurial behaviour in search of new market niches ahead of one’s competitors. According to Lumpkin and Dess (2001, 434), ‘exploration is far riskier, but offers potentially higher payouts’.
Tang, Z., Kreiser, P.M., Marino, L., Weaver, K.M. (2010)	Proactiveness is defined as the process where companies anticipate future needs by seeking new opportunities and introducing new products ahead of their competition (Venkatraman 1989).
Sebora, T.C., Theerapatvong, T. (2010)	Proactiveness is an “opportunity-seeking, forward-looking perspective involving introducing new products or services ahead of the competition and acting in anticipation of future demand to create change and shape the environment” (Lumpkin and Dess 1996).

<p>Obloj, T., Obloj, K., Pratt, M.G. (2010)</p>	<p>Proactiveness is based upon experiments, innovativeness, and clear priorities. And as results are fed back into the process, organizations may learn to adopt more refined courses of proactive action.</p>
<p>Bhattacharyya, S.S. (2010)</p>	<p>The first screen is the “Intent Screen.” It segregates those CSR initiatives that are reactive and unplanned in nature from the proactive and planned CSR activities. Any activity that an individual or an organization undertakes can be of two types proactive or reactive. One can argue that some individual or organization would not act (choose inaction) in certain circumstances. Even inaction could also be a proactive decision (that is not to act; sometimes organizations choose not to act). Any firm activity which is a knee jerk response is a non-strategic action as it is strategically not planned (or well thought out before hand). Such CSR initiatives lack strategic connotation. Thus, for any CSR activity which is not planned or not anticipatory in nature (or in other words, not considerate of the dynamic socio economic and political contexts) is not strategic in a true sense. Thus, for any CSR initiative to become a strategic CSR initiative it has to be a proactive and an anticipative step then it can pass the “Intent Screen.”</p>
<p>Gilbert Jr., A.H., Reid, R.C. (2009)</p>	<p>Proactiveness has long been identified as an important element in strategy research. Miles and Snow (1978), Porter (1980), and Venkatraman (1989) addressed its role in their respective typologies. The success of the Prospector strategic type in the Miles and Snow framework (1978) is dependent on finding and exploiting new product and market opportunities before the competition discovers them. To accomplish this, the Prospector must conduct broad, continuous environmental scanning in order to quickly identify these opportunities. This requires the Prospector to invest in mechanisms which allow it to monitor a wide range of environmental conditions, trends, and events (Miles and Snow, 1978). Venkatraman (1989) viewed the proactiveness dimension of strategy as being characterized by early participation in emerging industries, continually searching for market opportunities, and experimenting with potential actions in response to changing trends. This behavior is also indicated by the introduction of new products ahead of the competition. Conversely, proactive behavior is also evidenced by the timely elimination of operations which are in the mature or declining phases of their life cycles.</p>
<p>Salaran, M.M., Maritz, A. (2009)</p>	<p>Entrepreneurial orientation which is often referred to as proactiveness. Social capital embedded in social interactions results in proactiveness by helping in the detection and identification of environmental threats and opportunities as well as in taking action to exploit or neutralize the environmental uncertainty (Kohli and Jaworski 1990).</p>
<p>Cañón-de-Francia, J., Garcès-Ayerbe, C. (2009)</p>	<p>Many firms, therefore, are channeling their behaviour towards voluntary or proactive pollution prevention strategies by anticipating rather than reacting to requirements and demands. Environmental responsiveness is proactive if it exhibits a consistent pattern of environmental practices that go beyond compliance with environmental regulations or standard business practices in response to isomorphic pressures within the industry.</p>

<p>Tang, Z., Kreiser, P.M., Marino, L., Dickson, P., Weaver, K.M. (2009)</p>	<p>To compete aggressively with other firms (the proactiveness dimension)" (Covin and Slevin 1988: 218) Covin and Slevin (1988, 1991) defined proactiveness as consisting of an aggressive competitive stance towards other firms. Proactiveness refers to the process of anticipating and acting on future needs by "seeking new opportunities which may or may not be related to the present line of operations, introduction of new products and brands ahead of competition, strategically eliminating operations which are in the mature or declining stages of the life cycle" (Venkatraman 1989: 949). Thus, proactive firms act in anticipation of future business situations (Lumpkin and Dess 1996). In the environmental screening and opportunity identifying processes, proactive firms are more motivated to thoroughly check the environment in order to recognize and identify the opportunities that are hidden from most firms (Keh et al. 2007; Lumpkin and Dess 2001).</p>
<p>Liu, H., Chen, C. (2009)</p>	<p>The term strategic proactiveness was first used by Miles and Snow (1978), who identified four types of strategy makers, namely prospector, analyzer, defender and reactor. Strategic proactiveness is a unique attribute of the prospector type. In comparison with others type, "prospectors are more flexible. They can constantly adjust their products or market positions, utilize market opportunities, and enhance the flexibility of technology system and administrative system, so as to quickly fulfill organizational goals...Although this organization management style also brings along certain risks, it enables organizations to get used to future demands."</p>
<p>Monsen, E., Wayne Boss, R. (2009)</p>	<p>proactiveness is an opportunity-seeking, forward-looking perspective involving introducing new products or services ahead of the competition and acting in anticipation of future demand to create change and shape the environment" (Lumpkin & Dess, 2001, p. 431).</p>
<p>Frishammar, J., Andersson, S. (2009)</p>	<p>Proactiveness relates to "forward looking, first-mover advantage-seeking efforts to shape the environment by introducing new products or processes ahead of competition" (Lyon et al. 2000, p. 1056). According to Lumpkin and Dess (1996), proactiveness is important since it implies a forward-looking stance accompanied by new-venturing activity. According to these authors, the conceptual opposite of proactiveness is passiveness (i.e., an inability to seize opportunities). Thus, as Lumpkin and Dess (1996) suggest, a proactive firm is a leader rather than a follower since it has the will and foresight to seize new opportunities. Furthermore, proactive firms are often the ones to come up with new products (Miller 1983) and often introduce new products ahead of competition (Dess and Lumpkin 2005; Venkatraman 1989).</p>
<p>Hughes, P., Morgan, R.E., Kouropalatis, Y. (2008)</p>	<p>Strategic proactiveness, according to Mintzberg (1973), implies the continuous search for new opportunities and initiation of improvement projects designed to capitalize on such opportunities. Firms with strong strategic proactiveness have been associated with a propensity for competitive and innovative actions (Covin and Slevin, 1989; Miller, 1987). Such propensity to strategize proactively and hence act before the competition requires firms to constantly</p>

	scan for, disseminate, and apply timely market intelligence to decision-making processes.
Aktan, B., Bulut, C. (2008)	Firms try to make the first-move to gain competitive advantage (Khandwalla 1977; Miller 1983; Barringer and Bluedorn 1999). Particularly, in emerging and transition economies, being the leader is more beneficial than wait and see strategies. Following the competitors cause to fight for some pie in less market share against the first-mover (Narver, Slater and MacLachlan 2004; Olson, Slater and Hult 2005). Instead of dealing in saturated markets, being fast and the first by finding out the new demands or introducing new product/services frequently helps firms to take new position on the way of sustainable competitive advantage (Porter 1980).
Akman, G., Yilmaz, C. (2008)	Proactiveness refers to seeking new opportunities created by the changes and developments in the environment, creating new opportunities, and making innovations by exploiting these opportunities (Lumpkin and Dess, 1996). Thus, proactiveness is the ability to create opportunities or the ability to recognize or anticipate and act on opportunities (Johannessen et al., 1999). Proactive firms support radical, inventive innovations than others. Riskiness is a critical parameter in various resource allocation decisions as well as choice of new products (Venkatraman, 1989). Riskiness encourages the behaviour of market opportunity — seeking and transforming of these opportunities into innovative products and processes (Morgan and Strong, 1998). Innovation is inherently risky. Innovation without taking some reasonable level of risks has a very low chance of success (Jaworski and Kohli, 1993).
Li, Y., Zhao, Y., Tan, J., Liu, Y. (2008)	Proactiveness often associated with a forward looking perspective and an effort to be the first mover.
Frishammar, J., Hörte, S.Å.... (2007)	Proactiveness relates to ‘forward-looking, first mover advantage-seeking efforts to shape the environment by introducing new products or processes ahead of competition’ (p. 1056). ⁴⁴ According to Lumpkin and Dess, ⁴⁵ proactiveness is important since it implies a forward-looking stance accompanied by innovative or new-venturing activity. According to these authors, the conceptual opposite of proactiveness is passiveness (i.e. an inability to seize opportunities).
Hughes, M., Morgan, R.E. (2007)	Proactiveness relates to a forward- looking perspective where companies actively seek to anticipate opportunities to develop and introduce new products to obtain first-mover advantages and shape the direction of the environment.
Sandberg, B. (2007)	proactive behavior towards customers in terms of anticipating and influencing their needs
Fontela, E., Guzmán, J., Pérez, M., Santos, F.J. (2006)	The term ‘proactiveness’ refers to the anticipation of future needs and the taking of dynamic initiatives to energize the business (Lumpkin and Dess, 1996). Proactiveness is obviously related to innovation and ambition, but the distinctive nature of proactiveness is its association with creative dynamic action to ‘energize’ the

	business—such as the active seeking of information and opportunities, the procurement of investment capital, a commitment to the training of employees, and the initiation of long-term planning.
Walter, A., Auer, M., Ritter, T. (2006)	Taking initiative by anticipating and pursuing new business opportunities and by participating in emerging markets is often referred to as proactiveness.
Poon, J.M.L., Ainuddin, R.A., Junit, S.H. (2006)	Proactiveness refers to the extent to which a firm is a leader or follower; and risk taking is the extent to which a firm is willing to make large and risky resource commitments (Lumpkin and Dess, 1996).
Fitzsimmons, J.R., Douglas, E.J., Antoncic, B., Hisrich, R.D. (2005)	The proactiveness dimension “refers to the extent to which organizations attempt to lead rather than follow competitors in such key business areas as the introduction of new products or services, operating technologies, and administrative techniques” (Covin and Slevin, 1986, p. 631).
Lado, N., Martínez-Ros, E., Valenzuela, A. (2004)	Katsikeas and Piercy (1993) and June and Collins-Dodd (2000) used the categorization proactive/reactive in terms of a company’s motivations to export in order to discern the strategic orientation of the firm. According to Czinkota and Johnston (1981), a proactive exporter performs better in terms of sales volume, follows more cohesive export marketing strategies, performs more firm’s sales-seeking and information-seeking activities, and is more likely to be service oriented than are reactive firms. Prior studies have also reported that the motivation to export is a consistent predictor of strong export performance (Dean et al., 2000). Proactive firms seek information about new markets, plan their activity, and allocate sufficient resources to execute their plan (Gripsrud, 1990; Diamantopoulos and Inglis, 1988).
Lindsay, N.J. (2004)	Proactiveness is an opportunity seeking, forward-looking perspective that involves introducing new products/services and acting in anticipation of future demand. It does not necessarily mean ‘first to market’ (Lumpkin and Dess 1996).
Buyse, K., Verbeke, A. (2003)	Proactive environmental strategies, thereby taking into account a variety of forces other than government regulation (Schot and Fischer, 1993). More specifically, the inclusion of environmental issues into corporate strategy beyond what is required by government regulation could be viewed as a means to improve a company’s alignment with the growing environmental concerns and expectations of its stakeholders (Garrod, 1997; Gladwin, 1993; Steadman, Zimmerer, and Green, 1995).
Pitt, L.F., Ewing, M.T., Berthon, P.R. (2002)	See section 1.2
Lumpkin, G.T., Dess, G.G. (2001)	Proactiveness refers to how firms relate to market opportunities by seizing initiative in the marketplace. Proactiveness is an opportunity-seeking, forward-looking perspective involving introducing new products or services ahead of the competition and acting in anticipation of future demand to create change and shape the environment.

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<p>Antoncic, B., Hisrich, R.D. (2001)</p>	<p>The proactiveness dimension reflects top management orientation in pursuing enhanced competitiveness and includes initiative and risk-taking, and competitive aggressiveness, and boldness. Proactiveness—is related to aggressive posturing relative to competitors (Knight 1997). A proactive firm is inclined to take risks by conducting experiments (Stopford and Baden-Fuller 1994). It takes initiative (Lumpkin and Dess 1996) and is bold and aggressive in pursuing opportunities (Covin and Slevin 1991). The concept of proactiveness “refers to the extent to which organizations attempt to lead rather than follow competitors in such key business areas as the introduction of new products or services, operating technologies, and administrative techniques” (Covin and Slevin 1986, p. 631).</p>
<p>Sarkar, Echambadi, & Harrison (2001)</p>	<p>Alliance proactiveness is defined as the extent to which an organization engages in identifying and responding to partnering opportunities.</p>
<p>Zahra & Garvis, (2000)</p>	<p>Proactiveness shows a firm’s aggressive pursuit of market opportunities and a strong emphasis on being among the very first to undertake innovations in its industry.</p>

Appendix D

Keyword	Number of Counts
Opportunities	64
Competitors	40
Scan	38
Future	37
Anticipation	36
Introducing new products, services, technologies, etc.	35
Market	34
Wants and needs	32
Act	25
Seeking change	21
Environment	17
Initiative	16
Innovation	16
First mover	15
Influence environment	15
Leading	14
Skills	13
View	12
Aggressiveness	10
First-mover advantage	10
Competitive advantage	9
Strategic	9
Entrepreneurial orientation	8
Responding	8
Changes	7
Opposite of reactiveness	7
Problems	7
Customers	6
Identify	6
Opposite of passiveness	6
Improving	5
Research	5
Mindset	4
Quick	4
Experiment	3
Goal	3
Knowledge	3
Planning	3
Recognizing changes	3
Risk-taking	3
Stance	3
Beyond compliance	2
Creativity	2
Energize	2
Forecasting	2
Initiative	2
Motivation	2
New prospects	2
Partnering	2

Rare resources	2
Solution	2
Trends	2
Accepting	1
Acts	1
Adapt	1
Advantage	1
Alertness	1
Allocate resources	1
Ambition	1
Arbitrage	1
Boldness	1
Charge high prices	1
Clear priorities	1
Commitment to the training of employees	1
Communication	1
Control	1
Critical observer	1
Decision-making	1
Dominate	1
Flexibility	1
Initiation of long-term planning	1
Intrinsic	1
Invest	1
Learn	1
market share	1
Monitor	1
Multiple sources of information	1
Preparation	1
Preventing	1
Procurement of investment capital	1
Profit	1
Refine	1
Requirements	1
Restlessness	1
Results	1
Right moment	1
Seek information	1
Skim	1
Stakeholders	1
Top management	1
Uncertainty	1
Work conditions	1

Appendix E

Database Social Enterprise NL		Variable for which the question can be used:
1	Personal details: Name Surname	To link survey to database
2	Company details: Name E-mail address Website	To link survey to database
3	Gender	Control variable
4	Age (Birth year):	Control variable
5	Position in the enterprise:	Control variable
6	Years of working experience before starting the social enterprise:	Control variable
7	Educational level:	Control variable
8	Year of establishment:	Type of social enterprise
9	Juridical entity	Control variable
10	Which sector is your enterprise active in?	Type of social enterprise
11	Does your enterprise deliver a product or a service?	Type of social enterprise
12	Was your product/service already available at the Dutch or foreign market before the establishment of the enterprise?	Link between issue complexity and proactiveness
13	Did you introduce a new or improved product or service since 2009?	Link between issue complexity and proactiveness
14	What was the type of new product or service you introduced?	Link between issue complexity and proactiveness
15	Through which business model do you help your target population?	Type of social enterprise
16	Number of employees in 2012, number of employees now (beginning of 2014), and the number of employees you expect to have by 2018?	Type of social enterprise, type of social entrepreneur, and level of societal impact
17	Number of different employees in the following categories? <ul style="list-style-type: none"> • People with a mental disability • People with a physical disability • Long-term unemployed people • Homeless people • Ex- drug addicts • Youngsters with a disadvantage on the labor market • People without education • None of the above categories 	Level of societal impact
18	How many volunteers did your organization have in 2012, currently (beginning of 2014) and do you expect to have by 2018?	Level of societal impact

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19	Social impact of your enterprise: <ul style="list-style-type: none"> • Increasing employment rate of the target population • Social cohesion • Poverty reduction within the Netherlands • Poverty reduction and economic development • Healthcare and wellbeing • Education and development • Reducing climate change • Cleaner environment • Stimulating sharing economy 	Level of societal impact
20	How do you guarantee the social mission of your enterprise?	Feedback loop between level of societal impact and proactiveness
21	Do you measure the social impact of your organization?	Link between proactiveness and societal impact
22	Which method do you use to measure social impact? <ul style="list-style-type: none"> • Social Return on Investment • Theory of Change • Story Telling • Own Method 	Link between proactiveness and societal impact
23	What was the annual revenue in Euros for 2012 and 2013 and what do you expect the revenue to be for 2018?	Type of social entrepreneur, type of social enterprise, level of societal impact
24	Is your enterprise profitable in 2013?	Level of societal impact
25	Do you expect your enterprise to grow in the future? In which way?	Level of societal impact
26	Which percentage of your income currently comes from donations and grants? Which percentage do you expect this to be for 2018?	Level of societal impact
27	With which forms of capital do you finance your enterprise? Which forms of capital do you expect to be using in 2018?	Level of societal impact
28	Did you seek external investment in 2013?	Level of societal impact
29	If you sought external investment, what was the result of it?	Level of societal impact
30	Which organization provided you with capital?	Excluded
31	What is your relationship with the investor?	Excluded
32	What are the biggest obstacles for your enterprise to increase social impact?	Link between proactiveness and issue complexity
33	How could these obstacles be removed by Social Enterprise NL?	Link between proactiveness and issue complexity

Appendix F

Beste sociaal ondernemer,

Alvast heel veel dank voor uw deelname in dit onderzoek dat gaat over de persoonlijkheid van sociaal ondernemers. Dit onderzoek staat onder auspiciën van de vakgroep business-society van de Erasmus Universiteit Rotterdam en zal mede van invloed zijn op de manier waarop in de komende jaren onderzoek gedaan zal worden naar sociale ondernemers – u dus!

Lees alstublieft aandachtig de stellingen door alvorens een score toe te kennen die uw mening het best weergeeft. Het invullen van de totale vragen lijst zal niet meer dan 5 minuten van uw tijd in beslag nemen. Mocht u vragen of opmerking over de vragen hebben, vermeldt dit dan alstublieft aan het einde. De antwoorden zullen strikt vertrouwelijk worden behandeld en alleen in geaggregeerde vorm naar buiten worden gebracht. Indien u een kopie van het onderzoek wenst te ontvangen, laat dan aan het einde van de vragenlijst uw e-mail adres achter.

Jiske Kiers
Rotterdam School of Management
Erasmus Universiteit Rotterdam

Naam social enterprise:.....

Geef aan op een schaal van 1 tot 7 in hoeverre u het eens bent met de volgende stellingen:

1. Ik ben goed in het transformeren van problemen naar kansen

Helemaal mee oneens			Neutraal				Helemaal mee eens	Weet niet	Begrijp de vraag niet
1	2	3	4	5	6	7		0	0

2. Ik ontdek een goede kans ver voordat anderen deze zien

Helemaal mee oneens			Neutraal				Helemaal mee eens	Weet niet	Begrijp de vraag niet
1	2	3	4	5	6	7		0	0

3. Als ik in een idee geloof, is er niets dat me tegen houdt om het gedaan te krijgen

Helemaal mee oneens			Neutraal				Helemaal mee eens	Weet niet	Begrijp de vraag niet
1	2	3	4	5	6	7		0	0

4. Als ik een probleem heb, pak ik het meteen aan

Helemaal mee oneens			Neutraal				Helemaal mee eens	Weet niet	Begrijp de vraag niet
1	2	3	4	5	6	7		0	0

5. Ik ben graag een voorvechter van mijn ideeën en inspireer anderen met mijn visie

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Helemaal mee oneens			Neutraal					Helemaal mee eens	Weet niet	Begrijp de vraag niet
1	2	3	4	5	6	7		0	0	

6. Ik ben altijd een sterke kracht geweest voor opbouwende verandering

Helemaal mee oneens			Neutraal					Helemaal mee eens	Weet niet	Begrijp de vraag niet
1	2	3	4	5	6	7		0	0	

7. Ik ben altijd op zoek naar nieuwe manieren om sociale, ecologische en economische waarde te creëren.

Helemaal mee oneens			Neutraal					Helemaal mee eens	Weet niet	Begrijp de vraag niet
1	2	3	4	5	6	7		0	0	

8. Ik voel me gedreven om iets bij te dragen in mijn omgeving en de wereld als geheel

Helemaal mee oneens			Neutraal					Helemaal mee eens	Weet niet	Begrijp de vraag niet
1	2	3	4	5	6	7		0	0	

9. Ik werk altijd samen met alle relevante belanghebbenden als ik een nieuw project start

Helemaal mee oneens			Neutraal					Helemaal mee eens	Weet niet	Begrijp de vraag niet
1	2	3	4	5	6	7		0	0	

10. De gesprekken die ik voer met belanghebbenden zijn altijd gefocust op het oplossen van problemen en het creëren van nieuwe oplossingsrichtingen.

Helemaal mee oneens			Neutraal					Helemaal mee eens	Weet niet	Begrijp de vraag niet
1	2	3	4	5	6	7		0	0	

11. De gesprekken die ik voer met belanghebbenden zijn altijd gefocust op inventariseren van dilemma's en het creëren van onderling draagvlak.

Helemaal mee oneens			Neutraal					Helemaal mee eens	Weet niet	Begrijp de vraag niet
1	2	3	4	5	6	7		0	0	

Beschrijf alstublieft in maximaal 2 zinnen het probleem dat u met uw social enterprise probeert aan te pakken:

.....

.....

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Hoe complex is dit probleem?

Heel erg complex	Complex		Redelijk overzichtelijk		Niet zo complex (uitsluitend tech- nisch probleem)		Weet niet	Begrijp de vraag niet
1	2	3	4	5	6	7	0	0

Opmerkingen vragenlijst:

.....
.....

E-mail adres:.....

Heel veel dank voor uw deelname!