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SOCIAL ENTREPRENEURSHIP:  
HOW INTENTIONS TO CREATE A SOCIAL  
ENTERPRISE GET FORMED

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## **SOCIAL ENTREPRENEURSHIP: HOW INTENTIONS TO CREATE A SOCIAL ENTERPRISE GET FORMED**

### **Abstract**

Social entrepreneurship has raised increasing interest among scholars, yet we still know relatively little about the particular dynamics and processes involved. This paper aims at contributing to the field of social entrepreneurship by clarifying key elements, providing working definitions, and illuminating the social entrepreneurship process. In the first part of the paper we review the existing literature. In the second part we develop a model on how intentions to create a social venture –the tangible outcome of social entrepreneurship– get formed. Combining insights from traditional entrepreneurship literature and anecdotal evidence in the field of social entrepreneurship, we propose that behavioral intentions to create a social venture are influenced, first, by perceived social venture desirability, which is affected by attitudes such as empathy and moral judgment, and second, by perceived social venture feasibility, which is facilitated by social support and self-efficacy beliefs.

**Keywords:** entrepreneurship; social enterprise

## **SOCIAL ENTREPRENEURSHIP: HOW INTENTIONS TO CREATE A SOCIAL ENTERPRISE GET FORMED**

### **Introduction**

Entrepreneurship aiming at social benefits has become ubiquitous. Social entrepreneurship (SE) involves innovative approaches to address issues in the domains of education, environment, fair trade, health and human rights and is widely regarded as an important building block of the sustainable development of countries. According to Peter Drucker, a prominent contemporary business philosopher, SE is likely to become even more important than for-profit entrepreneurship (Gendron 1996).

Although entrepreneurial initiatives aimed at social and economic wealth creation are not new, they only recently raised increasing interest among scholars (Wallace, 1999). Thus, we still know relatively little about the particular dynamics and processes involved in SE. The few existing papers are mainly descriptive and rely on anecdotal evidence, and studies based on rigorous empirical and theoretical research approaches are rare. This paper aims at clarifying important concepts and illuminating the process of SE. We depart from the traditional “for-profit” entrepreneurship literature in order to identify potential differences and highlight the particularities of SE.

We believe that the core of entrepreneurship –in Schumpeter’s words, “the carrying out of new combinations”–is context free, i.e., it is the same regardless of where it takes place. Yet SE is different in several aspects. First, social entrepreneurs are moved by different motivations to discover and exploit a distinct category of opportunities; second, the way they pursue opportunities might diverge from typical business approaches; and third, the outcome social entrepreneurs aim for involves both social and economic aspects. In sum, the distinct characteristics of social entrepreneurs, the particular category of opportunities they pursue, and the outcomes of their initiatives invite to discuss whether SE stands as a distinct field of investigation (Prabhu, 1999).

SE has been previously defined as the “creation of viable socioeconomic structures, relations, institutions, organizations and practices that yield and sustain social benefits” (Fowler, 2000: 649). While this definition provides an answer to what SE aims at, it lacks a description of how to achieve the intended results. We view SE as a set of interlocking opportunity-based activities by competent and purposeful individuals who –through their actions– can make a difference in society and are bounded by context (1). We conceptualize SE as a process that involves individuals (social entrepreneurs) engaging in a specific

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(1) As Stevenson & Jarillo (1990) suggest, any opportunity “has to be pursued by the individual” and “it is individuals who carry out entrepreneurial activities, no matter how they are defined”.

behavior (social entrepreneurial behavior) and tangible outcomes (social venture or enterprise). For the purpose of this paper we define it as the innovative use of resource combinations to pursue opportunities aiming at the creation of organizations and/or practices that yield and sustain social benefits. We deliberately do not delimit the definition to initiatives in the non-profit sector and imply a notion of altruism or helping behavior.

In the first part of the paper we review the existing literature to clarify key constructs. We elaborate on the distinguishing features of social entrepreneurs and identify key antecedents of the SE intention formation process. Subsequently we address how behavioral intentions to create a social venture get formed and present a model of social entrepreneurial intentions. We complement established intention models by adding context –SE– specific insights. We deliberately focus our analysis on intention formation, as we expect differences between traditional (for profit) entrepreneurship and entrepreneurship in a social context to be accentuated in this part of the process. We conclude by discussing implications for future research and contributions.

### **Mapping social entrepreneurship**

Despite the vast amount of articles published in specialized journals on entrepreneurship over the last decade, no consensus has been reached upon the key concepts and /or fundamental research questions. It has been argued that the field of entrepreneurship still lacks the theoretical rigor needed to establish itself as a “legitimate” academic discipline (Gartner, 1990; Fiet, 2000). Moreover, “entrepreneurship topics”, with the exception of discovery/idea generation, draw heavily from other established fields or disciplines (e.g. strategy, small business management, organization theory, finance, economics, and psychology) (Fiet, 2000). Newly emerging phenomena, such as the start-up boom induced by new technologies, add to the complexity of entrepreneurship as a field of study. Recently, entrepreneurship has been increasingly associated with initiatives in the public and social sectors (public and social entrepreneurship).

We argue that studying entrepreneurship in its various forms is indispensable to understand the essential aspects of the phenomenon that make it unique and that will help scholars reach consensus on the fundamental research question and develop a unifying paradigm (Prabhu, 1999). A review of the literature reveals several field-specific and unifying characteristics (the entrepreneur, innovation, uniqueness, and growth) and outcomes (creating value, for-profit, and owner-manager) (Gartner, 1990). We claim that studying SE –its antecedents, processes and outcomes– contributes to a more holistic understanding of entrepreneurship in general. We start by detecting possible differences between traditional for-business entrepreneurship and SE.

A number of researchers have argued that differences between for-profit and SE exist with respect to motivations, opportunities, and outcomes. First, according to the literature, social entrepreneurs are –unlike for-profit entrepreneurs– mainly motivated by a strong desire to change society, by discomfort with the status quo, by altruistic feelings, and by a need to be socially responsible (Bornstein, 1998; Prabhu, 1999). Second, in addition to for-profit opportunities, social entrepreneurs are sensitive to another –social– category of opportunities. Social entrepreneurs attribute different types of value to opportunities. While in the context of traditional entrepreneurship the value of an opportunity is the economic gain (mainly to the entrepreneur) that results from the innovative use of resources compared to the use of resources in the traditional form (Eckhardt & Shane, 2003), in the context of SE the value of an opportunity also includes all other forms of social benefits generated by the

initiative, e.g. a higher level of ecological awareness or education. In the case of socially inspired opportunities, the person who creates value (the social entrepreneur) is different from the one who appropriates it (a social group). For example, social entrepreneur Fabio Rosa found an innovative way, an opportunity, to bring electricity to 25,000 low income people in Brazil (the targeted social group) in a three-year period at only 10% of the cost of the traditional national electrification system, increasing his clients' productivity and income levels (Bornstein, 1998). Finally, social entrepreneurs differ from for-profit entrepreneurs in their focus, i.e. while the former concentrate on social value creation, the latter focus on economic wealth creation (Hibbert, Hogg & Quinn, 2002) (2).

A comparison of various existing definitions of SE and the social entrepreneur (often referred to as civic entrepreneurs and social entrepreneurial leaders) (Table 1) further illustrates that the person of the social entrepreneur, the nature of social innovations/opportunities, and the distinct outcomes represent key distinguishing factors between traditional for-profit and social entrepreneurship.

**Table 1. Conceptualizations**

| <i>Author/s &amp; Year</i>                  | <i>Definition suggested</i>  |
|---|--|
|   | <i>SOCIAL ENTREPRENEURSHIP</i>   |
| Fowler (2000)                               | Social entrepreneurship is the creation of viable (socio-) economic structures, relations, institutions, organizations, and practices that yield and sustain social benefits.  |
| Hibbert, Hogg et al. (2002)                 | Social entrepreneurship is the use of entrepreneurial behavior for social ends rather than for profit objectives, or alternatively, that the profits generated are used for the benefit of a specific disadvantaged group.   |
| The Institute for Social Entrepreneurs      | Social entrepreneurship is the art of simultaneously pursuing both a financial and a social return on investment.  |
| Canadian Centre for Social Entrepreneurship | Social entrepreneurship falls into two categories. First, in the for-profit sector it encompasses activities emphasizing the importance of a socially-engaged private sector and the benefits that accrue to those who do well by doing good. Second, it refers to activities encouraging more entrepreneurial approaches in the nonprofit sector in order to increase organizational effectiveness and foster long-term sustainability. |
|   | <i>SOCIAL ENTREPRENEURIAL LEADERS</i>  |
| Prabhu (1999)                               | Are persons who create and manage innovative entrepreneurial organizations or ventures whose primary mission is the social change and development of their client group.   |

(2) Social value creation could be defined in different ways. A common one is solving or alleviating a social problem. However, with a more sophisticated one, Porter (1999) claims social value creation occurs when a nonprofit organization "achieves an equivalent social benefit with fewer dollars or creates greater social benefit for comparable cost" (pg. 126).

|   | SOCIAL ENTREPRENEURS  |
|---|---|
| Dees (1998a)                                | <p>Social entrepreneurs play the role of change agents in the social sector by:</p> <ul style="list-style-type: none"> <li>– Adopting a mission to create and sustain social value (not just private value);</li> <li>– Recognizing and relentlessly pursuing new opportunities to serve that mission;</li> <li>– Engaging in a process of continuous innovation, adaptation, and learning;</li> <li>– Acting boldly without being limited by resources currently in hand;</li> <li>– Exhibiting a heightened sense of accountability to the constituencies served for the outcomes created.</li> </ul> |
| Brinckerhoff (2000)                         | Social entrepreneurs are people who take risks on behalf of the people their organization serves.   |
| Waddock & Post (1991)                       | Social entrepreneurs are private sector citizens who play critical roles in bringing about catalytic changes in the public sector agenda and the perception of certain social issues.   |
| Thompson, Alvy & Lees (2000)                | Social entrepreneurs are people who realize where there is an opportunity to satisfy some unmet need that the state welfare system will not or cannot meet, and who gather together the necessary resources (generally people, often volunteers, money, and premises) and use these to “make a difference”.   |
| Boschee (1998)                              | Social entrepreneurs are nonprofit executives who pay increasing attention to market forces without losing sight of their underlying missions, somehow balancing moral imperatives and the profit motive – and that balancing act is the heart and soul of the movement.  |
| Bornstein (1998)                            | A social entrepreneur is a path breaker with a powerful new idea who combines visionary and real-world problem-solving creativity, has a strong ethical fiber, and is totally possessed by his or her vision for change.  |
| The Institute for Social Entrepreneurs      | A social entrepreneur is an individual who uses earned-income strategies to pursue social objectives, simultaneously seeking both a financial and social return on investment.  |
| Canadian Centre for Social Entrepreneurship | Social entrepreneurs are leaders in the field of social change and can be found in the private, public, and nonprofit sectors.  |
| LaBarre, Fishman et al. (2001)              | Social entrepreneurs are dedicated innovators who are determined to tackle some of society’s deepest challenges by embracing new ideas from business.   |

|                       |   |
|-----------------------|---|
|                       | <b>CIVIC ENTREPRENEURS</b>  |
| Morse & Dudley (2002) | Civic (or social) entrepreneurs are those who combine the spirit of enterprise and the spirit of community to build social capital in the process of community improvement. |

The review of existing definitions (Table 1) illustrates that researchers distinguish between three different forms of SE. One group of researchers refers to SE as the initiatives of nonprofit organizations in search of additional revenues after facing cuts in governmental support, cuts in individual and corporate giving, increased competition, more social needs, and pressure from fund providers to merge or downsize (Dees, 1998; Weisbrod, 1998; Boschee, 1995). A second group of researchers refers to SE as the initiatives of independent social entrepreneurs aiming to alleviate a particular social problem (Alvord, Brown & Letts, 2002). And a third group of researchers understands it as the socially responsible practices of commercial businesses engaged in cross-sector partnerships (Wilkinson, 2002; Sagawa & Segal, 2000; Waddock, 1988).

For the purpose of this paper we emphasize the importance of integrating characteristics and outcomes in a single definition (Gartner, 1990) and view SE as the innovative use of resource combinations to pursue opportunities aiming at the creation of organizations and/or practices that yield and sustain social benefits.

### **What is special about the social entrepreneur?**

In very practical terms, social entrepreneurs –also known as social entrepreneurial leaders and civic entrepreneurs– are “ordinary people doing extraordinary things” (LaBarre, Fishman et al., 2001: 84), yet we still do not know much about them (Prabhu, 1999).

### ***Traits and skills***

Although research on social entrepreneurs is still scarce, anecdotal evidence suggests a few distinguishing traits and skills. Thompson, Alvy et al. (2000) suggest that vision and fortitude are necessary traits to implement a social venture. Drayton (2002) describes social entrepreneurs as creative individuals with a “powerful new, system change idea” (pg. 123). Other characteristics include the ability to recognize opportunities, a collaborative leadership style, a long-term community-oriented motivation, and teamwork capability (Morse & Dudley 2002). Finally, Boschee (1998) considers candor, passion, clarity of purpose, commitment, courage, values, customer focus, willingness to plan, ability to think like a business, strategy, and flexibility, required in social entrepreneurs as critical success factors to successfully embark on social entrepreneurial activities.

However, many of these characteristics may not be exclusive to social entrepreneurs but may very well be shared by non-entrepreneurs. In addition, social entrepreneurs who share the same traits may very well differ in the social impact of their initiatives. Hence, Drayton (2002) claims that the factor that distinguishes the average from the successful entrepreneur is “entrepreneurial quality” (pg. 124). Entrepreneurial quality is a very special and scarce trait. It is much more than altruistic motivation, or much more than the previously mentioned traits. It is the relentless motivation to change the whole society shared by only a very small percentage of the population.

## ***Behavior***

We still know very little about the content and behavior of entrepreneurial initiatives aimed at social objectives. The main sources so far for enhancing our knowledge are foundations such as Ashoka or the Schwab Foundation, which provide support to SE initiatives. Having worked with hundreds of social entrepreneurs, these organizations have provided descriptive accounts of their characteristics, motivations, and experiences (Bonbright, 1997). Nevertheless, a more rigorous approach is needed to map the SE process.

So far, several behavioral attributes have been associated with SE: courage to accept social criticism, less failure-anxiety, receptivity to others' feelings, perseverance, communication skills, ability to appear trustworthy, creativity, ability to satisfy customers' needs, goal oriented, and working capacity (McLeod, 1997; Prabhu, 1999). However, similar to the traditional debate on the use of trait-based approaches (Gartner, 1988), many of these attributes may equally apply to for-profit entrepreneurial behavior, with one exception, receptivity to others' feelings, or put differently, empathy. According to the Webster's dictionary, empathy is defined as the ability to share in another's emotions or feelings. Although it is not yet clear whether empathy is a trait (dispositional empathy) or a behavior (situational empathy), we consider empathy as a cognitive and emotional antecedent in our model of social entrepreneurial intentions discussed in the next section.

## ***Context and background***

In addition to traits and behaviors, context and background are important aspects to understand entrepreneurs and their initiatives (Bird, 1988). The background of the social entrepreneur is critical for triggering the desirability to launch a social enterprise (Prabhu, 1999). "I was raised in the spirit of charity and giving", "I grew sensitive to other people's feelings", and "I felt uneasy about the problems of the poor" are typical responses of social entrepreneurs that indicate that social, moral and educational background play a vital role in forming entrepreneurial intentions aimed at fulfilling a social objective (Bonbright, 1997). Another aspect of background, i.e. previous entrepreneurial experience (Prabhu, 1999), is also central to understanding SE as a process. Such experience facilitates self-beliefs –social entrepreneurs' perceived capability to act social entrepreneurial– and the creation of supporting networks. Both self-efficacy and social support "enable" the entrepreneur to view the social venture as something feasible and therefore are important elements in the process of formation of SE intentions.

Social entrepreneurs' context, i.e. their involvement with the social sector or their exposure to social issues, not only allows them to recognize social opportunities, but also seems to turn them into altruistic citizens unsatisfied with the status quo; loyal to their values and philosophy; motivated to act socially responsibly; who value other social entrepreneurs' lifestyles, respect, and success (Prabhu, 1999).

Overall, we argue that background and context explain a large part of social entrepreneurs' enhanced level of loyalty to their values and philosophy, which is typically associated with an elevated level of moral judgment (discussed in detail in the following section). Given the established empirical relationship between moral judgment and pro-social behavior (see Comunian & Gielen, 1995), we assume that moral judgment is a relevant parameter in distinguishing social from traditional entrepreneurs. Needless to say, we do not imply that for-profit entrepreneurs are incapable of moral judgment. We are only suggesting that moral judgment acts as a discriminating variable at the moment of taking the decision to



become a social entrepreneur. Thus, we consider moral judgment as a cognitive antecedent of social entrepreneurial intention.

In sum, anecdotal evidence suggests that the background and context of social entrepreneurs has an important effect on the development of certain skills and/or behaviors. We suggest that empathy and entrepreneurial quality may induce entrepreneurs to combine resources in innovative ways to pursue opportunities aiming at the creation of organizations and/or practices that yield and sustain social benefits. Furthermore we argued that moral judgment is a discriminating variable amid social and traditional entrepreneurs at the moment of making career choices.

### *A model of social entrepreneurial intentions*

In the previous section we have identified a number of discriminating variables that suggest that the SE process might be distinct from the traditional (for-profit) entrepreneurship process. To explore further whether there exist fundamental differences between both types we focus on one particular aspect of the SE process: intentions. More in particular we will illustrate how the two previously identified discriminating variables –namely empathy and moral judgment– in combination with self-efficacy and social support, make the SE process different from traditional (for-profit) entrepreneurship and propose a model on how behavioral intentions to create a social venture get formed.

Intentions and the intention formation process are a well established sub-field within the entrepreneurship literature and therefore constitute a suitable topic for comparison. The link between intentions and behavior is very well explained in social psychology. Intentions reflect the motivational factors that influence behavior and are a reliable indicator of how hard a person is willing to try and how much effort he/she makes to perform a behavior (Ajzen, 1991:181). As a result, intentions are widely seen as powerful predictors of behavior, especially in the case of purposive, planned, and goal oriented behavior (Bagozzi, Baumgartner, & Yi, 1989).

Entrepreneurial behavior is typically seen as purposive behavior directed towards a specific entrepreneurial event, such as the creation of a new company or new products. These intentions are seen as central in understanding the entrepreneurial process (Bird, 1988; Katz & Gartner, 1988; Krueger Jr., 1993; Krueger Jr. & Reilly, 2000). It can be argued that in the context of SE the degree of purpose is even more pronounced. Investigating the sources and antecedents of the behavioral intentions to set up a social venture therefore seems an important first step towards a comprehensive theory of SE.

The model presented here draws from existing work on intention formation in the context of for-profit entrepreneurship. A number of authors have developed intention-based models to explain entrepreneurial processes. Bird (1988) was one of the first authors to emphasize the importance of intentions for studying entrepreneurial phenomena, claiming that they are key for distinguishing entrepreneurial activity from strategic management. Based on qualitative data her model suggests that intentions develop from both rational and intuitive thinking, which in turn are affected by the entrepreneur's social, political, and economic context, and his/her perceived history, current personality, and abilities.

Learned (1992) proposed a model of new venture formation which depicts intentions as one of three critical dimensions that determine whether a new venture is formed or not. He viewed intentions as “a conscious state of mind which directs attention toward the goal of

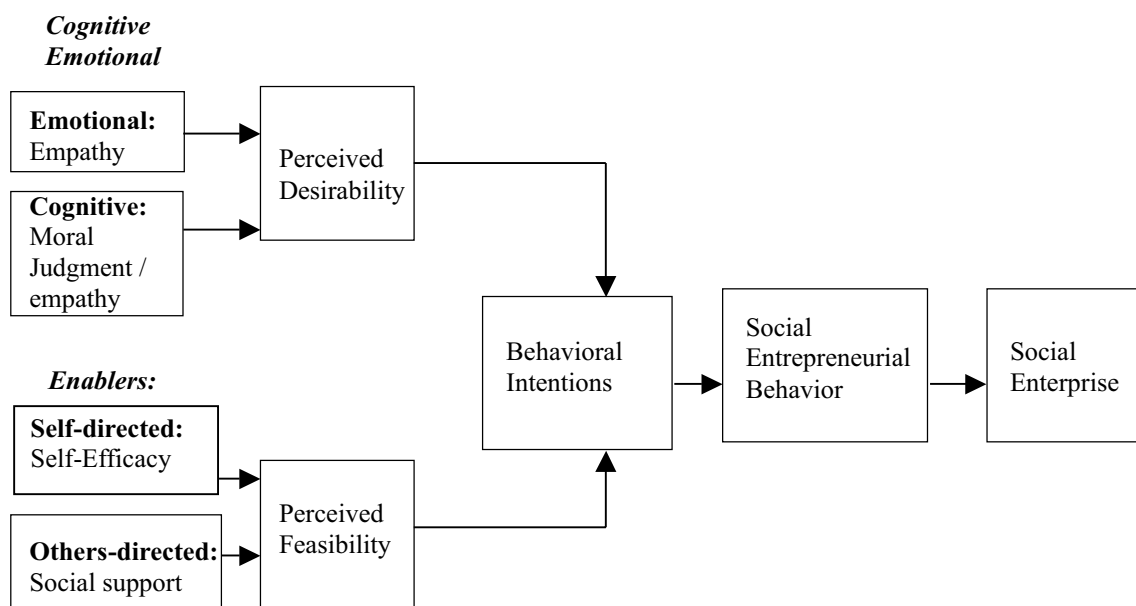
establishing the new organization”, which are a “function of dispositional, background, and situational factors, and their interactions” (Learned, 1992: 42-43).

Krueger Jr. (1993) defined intentions as the degree of commitment toward some future behavior, which is targeted at starting a business or an organization (pg. 6). Combining Ajzen’s theory of planned behavior and Shapero & Sokol’s work on the formation of entrepreneurial events, he emphasized perceived feasibility and desirability, social norms and precipitating events as important antecedents of intentions (Krueger Jr., 1993; Krueger Jr. & Reilly, 2000)

In sum, traditional models in the entrepreneurship literature typically depict intentions as a reliable predictor of entrepreneurial activity that culminates in the formation of new ventures. The majority of models argue that both individual and situational variables are important to determine intentions to behave entrepreneurially. Situational variables include the social, economic and political factors (Bird, 1988) and are often discussed in the context of precipitating or trigger events (Greenberger & Sexton, 1988; Krueger Jr. & Brazeal, 1994; Shapero & Sokol, 1982). Most authors also agree that in order to trigger the intention or decision to act, situational factors or precipitating events interact with individual variables (Hornsby, Naffziger, Kuratko, & Montagno, 1993; Learned, 1992). The most prominent individual-based factors discussed as antecedents of entrepreneurial intentions are personality, background, dispositions, and proactiveness, which represent rather stable traits or characteristics (Bird, 1988; Krueger Jr., 1993).

While we acknowledge the importance of situational factors and interaction effects in predicting behavioral intentions, in this paper we focus on individual-based differences. Building on cutting-edge literature in organizational behavior that has increasingly emphasized malleable individual variables –dynamic in space and time– as key influencers of behavior, we confine our analysis to a specific set of dynamic and malleable variables. In a nutshell, our model suggests that intentions to set up a social venture develop from perceptions of desirability, which are affected by emotional and cognitive attitudes (empathy and moral judgment), and from perceptions of feasibility, which are instigated by “enabling” factors such as self-efficacy and social support. Figure 1 summarizes our model.

**Figure 1. A Model of Social Entrepreneurial Intentions**



Aiming at a parsimonious model of intention formation, we build on Ajzen's work on the origins of planned behavior and Shapero & Sokol's seminal work on entrepreneurial event formation. In contrast to previous studies that have integrated these streams of research (Krueger Jr., 1993; Krueger Jr. & Reilly, 2000), this paper identifies and examines a specific set of variables that affect perceived desirability and feasibility in the context of SE. We believe that this approach has the potential to identify differences between the traditional entrepreneurship process and the SE process.

In the next paragraphs we elaborate on the different elements in our model. Again, our model aims at a parsimonious representation of the process involved in forming intentions aiming at the creation of social ventures. The selection of variables is by no means exhaustive. We are well aware that the actual process of how intentions and entrepreneurial event are formed is far more complex and that no single factor can determine the outcome of this process. A number of variables are necessary, but no one is sufficient (Shapero & Sokol, 1982). They work in combination rather than as single predictors. We will also briefly discuss how variables used in traditional intention models fit with our approach.

### ***Perceived Social Venture Desirability and Feasibility***

In their seminal work on the formation on entrepreneurial events Shapero & Sokol identified perceived desirability and feasibility as important elements in the company formation process (Shapero & Sokol, 1982). Perceived desirability refers to the attractiveness of generating the entrepreneurial event, i.e., forming a company; while perceived feasibility refers to the degree to which one believes that he or she is personally capable of forming a company.

Their model suggests that individuals vary in their perceptions of what they find feasible and what desirable. These perceptions, which are shaped by the individuals' cultural and social environment, largely determine which actions are taken in order to set up a company (Shapero & Sokol, 1982). While not explicitly referring to intentions, intentions are embedded in the behavior that produces the entrepreneurial event.

Krueger incorporated the term intention into Shapero's model by establishing a link with Ajzen's theory of planned behavior (TPB) (Krueger Jr., 1993). TPB suggests that behavioral intentions are affected by attitudes towards the behavior, subjective (social) norms and perceived behavioral control (Ajzen, 1991). Krueger aligned terminology in a simplifying way and proposed that perceived desirability corresponds to social norms and attitudes, while perceived feasibility relates to self-efficacy beliefs, a concept associated with behavioral control (Krueger Jr. & Brazeal, 1994). In short, his model proposes that stable individual traits and situational factors do not exert a direct effect on intentions and behavior but indirectly through perceptions of desirability and feasibility (Krueger Jr. & Reilly, 2000).

We build on this and specify the antecedents of perceived desirability and feasibility in the context of SE. Although we are conscious of the complexity of the phenomenon and the reciprocal nature of relationships, we confine our analysis to a restricted number of variables and links. We believe that the links chosen are illustrative of the particularities of SE. Thus, in the following paragraphs we first discuss two attitudinal antecedents of perceived social venture desirability (empathy and moral judgment), which embrace both an emotional and cognitive dimension. Second, we elaborate on two factors, one self-directed (self-efficacy) and one other-directed (social support), that affect perceptions of social venture feasibility and therefore "enable" the formation of corresponding behavioral

intentions. Our model highlights the particularities of the SE process and at the same time is aligned with the basic thrust of TPB, as the primary antecedents of behavioral intentions –attitudes, social norms and behavioral control– are reflected in the antecedent variables in our model.

### *Antecedents of Perceived Desirability*

A meta-analysis by Kim and Hunter empirically shows that intentions predict behavior but also that attitudes predict intentions (Kim & Hunter, 1993). TPB emphasizes attitudes towards behavior as powerful antecedents of intentions. In the context of entrepreneurship Krueger has related these attitudes directly with perceived desirability (Krueger Jr. & Brazeal, 1994). In this paper we stress an additional set of attitudes, namely empathy and moral judgment. We believe that these attitudes, involving a cognitive and emotional dimension, are helpful in understanding the SE process.

*Empathy.* While it is widely agreed upon that empathy represents a multifaceted concept (Davis, 1980), no consensus seems to exist on a single definition (Chlopan, McCain, Carbonell, & Hagen, 1985). Traditionally the literature has distinguished between affective (emotional) and cognitive empathy (López, Apodaka et al., 1994; Mehrabian & Epstein, 1972). Authors following the former approach refer to empathy as an affective response, as something to be aroused. Oswald provides a very straightforward definition, and refers to empathy as a feeling, a “vicarious affective arousal” (Oswald, 1996: 614). Others provide more indirect definitions but feelings still represent the common denominator. For example, Barnett, Howard et al. (1981) state that “empathizing, or vicariously experiencing the distress of another individual, enhances the expression of helping behaviors directed toward that individual”. (Barnett, Howard et al., 1981: 125). Authors that agree with the latter approach refer to empathy as the ability to adopt the perspective, or point of view, of other people and regard it as a basic requirement of all social behavior (Hass, 1984).

We recognize the multidimensionality of empathy and conceive it as something beyond the mere recognition of another’s feelings. For the purpose of this paper we define empathy as the ability to intellectually recognize and emotionally share the emotions or feelings of others.

Empathy has been studied extensively in the context of helping behavior, a concept that is related to the spirit of SE. While Oswald (1996) reports ambiguous results on whether empathy triggers helping responses –a finding he mainly attributes to measurement issues– several studies do support the positive link between empathy and helping responses. Barnett et al., e.g., found that perceived helping skills increased the likelihood that empathy triggers a helping response (Barnett, Thompson, & Pfeifer, 1984). Following a similar line of thinking, Goldman et al. proposed that direct requests for help also positively affect the empathy –helping response link (Goldman, Broll, & Carrill, 1983). Building on this evidence that empathy is positively associated with helping responses, we suggest that a person who is capable of intellectually recognizing and emotionally sharing another person’s emotions and feelings will develop a desire to help and do whatever is necessary to avoid another’s suffering.

Another dimension of this multifaceted concept is the dichotomy amid situational and dispositional types of empathy (López, Apodaka et al. 1994), that is, the discussion of whether empathy is aroused through a particular situation or whether it is more of a stable personality trait.

Supporting the situational type of empathy, and relevant for SE research, López, Apodaka et al. (1994) identified certain conditions regarding the beneficiary (who receives help) and the provider (who offers help) that facilitate empathy. The greater the amount of help needed, and the closer the ties between the beneficiary and the provider, the greater the likelihood the beneficiary will receive help. And, the more positive the provider's psychological state, the more familiar the beneficiary's problems, and the lower the cost of helping, the greater the likelihood the provider will offer help. Goldman, Broll et al. (1983) also found that a direct request for help, i.e. explicitly asking someone to help, is more likely to obtain an empathic response than an indirect one.

On the other hand, supporting the dispositional type of empathy, transferability is considered an important empathy characteristic also relevant for social entrepreneurs (Barnett, Howard et al., 1981). Past research supports the fact that empathy felt towards a particular group of people may be transferred towards individuals belonging to a different target group. This implies that the dispositional empathy the social entrepreneur developed through his/her background and experiences is likely to be transferred later in life in favor of a particular group of people, e.g. disabled citizens.

Although previous research seems to favor situational empathy over dispositional, and suggests an important interaction between empathy and trigger events, it is also true that individuals with a high degree of dispositional empathy show more altruistic behavior than those with a low degree (López, Apodaka et al., 1994). For this reason, we argue that both types of empathy are crucial to SE.

Specific research in SE indicates that sensitivity to others' feelings motivates social entrepreneurs to create social enterprises (Prabhu, 1999). However, not everybody with the ability to experience empathy is a social entrepreneur. Thus, we consider empathy as a necessary but not sufficient condition in the SE process. Furthermore, we expect a minimum threshold in this attitudinal antecedent. In other words, a certain level of empathy is needed in order to trigger perceived social venture desirability, which in turn will lead to intentions to create a social venture.

In sum, we claim that empathy represents an important attitudinal element in the SE process affecting perceived social venture desirability. Furthermore, we see empathy as one of the few discriminating variables between social and for-profit entrepreneurs. Accordingly, we propose,

*Proposition 1: Empathy is positively associated with perceived social venture desirability.*

*Moral judgment.* Moral judgment represents an additional concept that is frequently employed to explain helping responses (Kohlberg & Hersh, 1977; Comunian & Gielen, 1995). Under the assumption that moral norms regulate the actions of individuals, López, Apodaka et al. (1994) define moral judgment as the reasoning an individual follows to justify his/her actions in the face of a moral dilemma (page 18). For the purpose of this paper we build on the two important elements in this definition –reasoning and moral norms– and define moral judgment as the cognitive process that motivates an individual to help others in search of a common good.

Kohlberg and Hersh (1977) claim that moral judgment develops in human cognition through a sequential series of six stages, which increasingly demonstrate a higher capacity for empathy and justice. The most basic form of moral judgment (stage 1) is when individuals consider the goodness or badness of actions depending on their physical consequences

regardless of their human meaning or value (punishment-and-obedience orientation). As an individual educates his/her moral judgment, he/she passes through more sophisticated stages of moral reasoning until reaching the sixth stage (the universal-ethical-principle orientation), the most developed form of moral judgment:

“Right is defined by the decision of conscience in accord with self-chosen ethical principles appealing to logical comprehensiveness, universality, and consistency. These principles are abstract and ethical (the Golden Rule, the categorical imperative); they are not concrete moral rules like the Ten Commandments. At heart, these are universal principles of justice, of the reciprocity and equality of human rights, and of respect for the dignity of human beings as individual persons” (Kohlberg & Hersh, 1977: 55).

Among others, the following important factors have been found to affect the level of an individual’s moral judgment. First, the exposure to social experiences that make an individual deal with the needs, values, and viewpoints of others (Comunian & Gielen, 1995); and second, the perceived magnitude of the consequences (i.e. the perceived harm or good done to an individual) and the social consensus (the level of agreement on the goodness or evil of a proposed act) (Morris & McDonald, 1995). Whereas religious affiliation does not seem to develop moral judgment, Wahrman (1981) found that dogmatism positively correlates with moral judgment development.

Furthermore, higher levels of moral judgment positively correlate with anti-authoritarian attitudes, high tolerance towards minority groups, and moderate political beliefs (van Ijzendoorn, 1987); age (Freeman & Giebink, 1979); altruistic orientation (Keung Ma, 1992); and pro-social activities (Comunian & Gielen, 1995). Comunian and Gielen (1995), in their study of 284 adolescents and adults with various degrees of volunteer experience, found support for the hypothesis that involvement in pro-social volunteer activities is associated with higher levels of moral judgment.

It should not be surprising to find that social entrepreneurs are individuals who display a high level of moral judgment. Prabhu (1999) found that social entrepreneurs are motivated by a need to be loyal to their own principles, and to be socially responsible. By the same token, Johnson (2000) claimed that social entrepreneurs crave for social justice.

Conversely, not everybody with moral judgment is a social entrepreneur. For this reason, as with empathy, we consider moral judgment as a necessary but not sufficient condition in the SE process. Also in the case of moral judgment we expect that a minimum threshold is necessary in order to trigger perceptions of social venture desirability, which induce behavioral intentions.

We present moral judgment as a second attitudinal element in the SE process that affects the formation of behavior intentions through its impact on perceived social venture desirability. We also view it as an additional variable to discriminate between social and (for-profit) entrepreneurs. We propose,

*Proposition 2: Moral judgment is positively associated with perceived social venture desirability.*

It is important to note that empathy and moral judgment are related concepts (López, Apodaka et al., 1994). Hogan, for example, defines empathy as a daily “disposition to adopt a moral perspective, to take the ‘moral point of view’” (Hogan, 1969: 309). In other words, we recognize that interactions exist between the two concepts.

### *Antecedents of Perceived Feasibility*

In the context of this paper perceived feasibility refers to whether an individual believes that he/she is able to create a social venture. Based on anecdotal evidence in the field of social entrepreneurship and existing literature in relevant fields, we suggest two important antecedents. First, we propose that perceived feasibility is affected by the person's perceived ability to perform the specific behavior required for setting up the social venture (self-efficacy beliefs); and second, that it is influenced by the person's social capital, i.e., by the social support he/she generates from the social network. We conceive the former antecedents as a "self-directed" and the second antecedent as an "others-directed" enabling factor in the SE process.

*Self-efficacy.* In a broad sense self-efficacy refers to "people's belief in their capabilities to mobilize the motivation, cognitive resources, and courses of action needed to exercise control over events in their lives" (Wood & Bandura, 1989: 364). It is considered as highly relevant to entrepreneurial phenomena (Liles, 1974; Stevenson & Jarillo, 1990), and various authors provide empirical evidence for the positive relationship between entrepreneurial self-efficacy beliefs and performance (Baum, 1994; Krueger Jr. & Dickson, 1994). Moreover, self-efficacy beliefs have been considered an anchor of formal theory-driven models of entrepreneurial intentions (Krueger Jr. & Brazeal, 1994) and have been shown as powerful predictors of actual entrepreneurial behavior (Mair, 2002).

Self-efficacy has been conceived as a central construct in examining behavioral self-regulation (Gist & Mitchell, 1992). In a more narrow and behavioral sense self-efficacy therefore refers to the perceived ability to perform a specific task. In the context of SE a high level of self-efficacy allows a person to perceive the creation of a social venture as feasible, which positively affects the formation of the corresponding behavioral intention. Thus, we propose:

*Proposition 3: Self-efficacy beliefs are positively associated with perceived social venture feasibility.*

However, not all individuals who believe that they are able to set up a social venture are social entrepreneurs. As in the case of all the variables in our model, self-efficacy beliefs trigger perceptions of social venture feasibility only in combination with the other antecedent variables.

*Social support.* Entrepreneurs do not and cannot succeed alone, i.e. they need support. It has been demonstrated that –depending on the particular context– successful entrepreneurs rely on efficient networks. Networks include all the persons connected by any kind of relationship (Aldrich & Zimmer, 1986) and can refer to venture capital, suppliers, facilities, clients, etc. (Reynolds, 1991). The social support they need is typically based on their social capital, a term commonly associated with trust, civic spirit, solidarity. Thus, we conceive social support as trust and cooperation derived from social networks (Backman & Smith, 2000).

Social support relates to tangible outcomes such as the "actual and potential resources individuals obtain from knowing others, being part of a social network with them, or merely from being known to them and having a good reputation" (Baron, 2000: 107). We view social support –trust and cooperation through a social network– as an enabling factor in the SE process. It facilitates the provision of resources needed to engage in SE and implement a social enterprise (Aldrich & Martinez, 2001).

The link between social support and entrepreneurship is well established in the traditional literature on entrepreneurship. Aldrich and Zimmer (1986), e.g., consider entrepreneurship as rooted in networks of recurrent social relations, which can act as a facilitator but also as a constraint. And it is widely agreed upon that entrepreneurial networks and networking activities affect the entrepreneurial process (Starr & Fondas, 1992).

In the SE context, Shore, an experienced social entrepreneur himself, claimed that “ambitious civic projects can’t be achieved by government, business, or religious institutions alone. They require all of civic society” (Shore, 1999: 20). As a result, the presence of different stakeholders in the process not only increases the perception of feasibility, but also facilitates the birth of a social venture.

Also in this case we suggest that a minimum amount of social support is needed to affect perceptions of feasibility, which trigger the formation of behavioral intentions to set up a social venture. We propose:

*Proposition 4: Social support is positively associated with perceived social venture feasibility.*

We don’t perceive social support as a discriminating element amid social entrepreneurs, entrepreneurs and/or managers. Yet we consider it as a vital element in the SE process, a necessary but not sufficient condition for the development of perceptions regarding the feasibility of a social venture. Social support represents a second enabling force in this process. While self-efficacy implies a self-directed enabling process, social support refers to an others-directed process. As a result, we introduce social support as the second variable to influence perceived social venture feasibility.

## **Future decisions**

This paper represents a first modest step towards a theory of the SE process and points to a number of promising topics for future research. We have argued that empathy and moral judgment are antecedents of perceived venture desirability, which positively affect the intention to behave entrepreneurially. But a gap still exists between behavioral intentions and actual behavior, which could be explored by introducing recent developments in the field of behavioral self-regulation. Kuhl’s theory of action control might provide a fruitful conceptual and empirical base (Kuhl, 1994). Building on this paper, future research could also attempt to bridge the gap between conventional approaches and the dynamic approach advanced in this paper. We see a huge potential for research explaining behavior and intentions in the context of SE that links situational antecedents and stable individual traits with the more malleable variables as emphasized in this paper.

Additionally, we do not yet know the relationships between emotional and cognitive empathy and moral judgment. How do they influence each other? Does increasing capacity to feel empathy help social entrepreneurs advance through Kohlberg and Hersh’s stages of moral judgment? What is the relationship between cognitive empathy and moral judgment? We believe that SE provides researchers with the proper context to answer these questions.

Trigger events might also play an important role in the social sector, interacting with the emotional and cognitive variables proposed in this paper. It is reasonable to assume that a person with a minimum level of empathy and/or moral judgment will choose to become a



social entrepreneur after being exposed to a particular social problem (the trigger event). Why, then, do some individuals become social entrepreneurs after being exposed to a trigger event while others do not?

To date, very little is known about the relationship between opportunity recognition and intentions development. Does one precede the other? By the same token, little is known about the way social entrepreneurs discover and exploit social opportunities, and we suspect that the understanding of this process in the social sector will also give us new and richer insights into entrepreneurship per se. From the entrepreneurship literature we know that “opportunity” is a multifaceted word. Do social entrepreneurs search for opportunities or suddenly discover them? Do they show an above-normal level of entrepreneurial alertness? What prior information is relevant for the discovery/ exploitation of social opportunities? To what extent do social entrepreneurs rely on gut feeling to evaluate social opportunities?

Last but not least, additional empirical research is needed to support the idea that the antecedents discussed in this paper function according to a threshold model.

## **Conclusion**

This paper aimed at contributing to the field of entrepreneurship by exploring the phenomenon of SE. In the first part of the paper we reviewed the literature of SE and social entrepreneurs and identified relevant constructs to explain the origins of social entrepreneurial intentions. In the second part we developed a model on how intentions to create a social venture get formed. Combining insights from traditional entrepreneurship literature and anecdotal evidence in the field of SE, we proposed that behavioral intentions to create a social venture are influenced, first, by perceived social venture desirability, which is affected by attitudes such as empathy and moral judgment; and second, by perceived social venture feasibility, which is facilitated by social support and self-efficacy beliefs. We concluded with implications for future research.

Given the early stage of the field, we aimed at providing a parsimonious rather than a comprehensive model on intention formation. We are well aware that the approach chosen is not free of controversy. First, we adopted the key assumption of TPB that intentions almost automatically lead to behavior and that behavior is purposive and planned. We recognize that entrepreneurship embraces unconscious and unintended behavior; however, in this paper we focus on behavior which is directed towards the formation of a social venture and assume that creating a social venture indicates purposive and planned behavior.

Second, we focused on a particular –individual based– set of variables to explain behavioral intentions. In contrast to previous studies, we did not rely on situational variables or stable traits in predicting intentions but introduced a set of dynamic variables, malleable in space and time, which act as facilitators and catalysts of behavioral intentions. Thus, instead of following the rather deterministic research tradition prevailing in previous studies, we chose a more proactive, almost volitional, approach. It is important to note that the variables chosen are by no means exhaustive in explaining intentions. However, we speculate that they are important in illuminating differences in the entrepreneurship process that may exist in the for-profit and the non-for profit context.

Third, the paper integrates knowledge from existing intention-based models with insights of SE and presents a conceptual account of only one particular part—the intention

formation part—of the SE process. Additional conceptual and empirical work is needed to enhance our understanding of the whole process. □

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