



UHASSELT

KNOWLEDGE IN ACTION

Faculty of Business Economics

Master of Management

Master's thesis

Social entrepreneurship: the quest for ideas that create impact

Lotte Eerdekens

Thesis presented in fulfillment of the requirements for the degree of Master of Management, specialization Strategy and Innovation Management

SUPERVISOR :

Prof. dr. Wim LAMBRECHTS



UHASSELT

KNOWLEDGE IN ACTION

www.uhasselt.be
Universiteit Hasselt
Campus Hasselt:
Martelarenlaan 42 | 3500 Hasselt
Campus Diepenbeek:
Agoralaan Gebouw D | 3590 Diepenbeek

2020

2021



Faculty of Business Economics

Master of Management

Master's thesis

Social entrepreneurship: the quest for ideas that create impact

Lotte Eerdeken

Thesis presented in fulfillment of the requirements for the degree of Master of Management, specialization Strategy and Innovation Management

SUPERVISOR :

Prof. dr. Wim LAMBRECHTS

Disclaimer COVID-19 Crisis

This master thesis was written during the COVID-19 crisis in 2020-2021. This global health crisis might have had an impact on the (writing) process, the research activities and the research results that are at the basis of this thesis.

Summary:

Social entrepreneurship: The quest for ideas that create impact.

Master thesis:

Eerdekens Lotte

Prof. dr. Lambrechts Wim

Hasselt University

June 2021

Introduction:

Social entrepreneurship (SE) is a rather young research topic, but is getting more attention due to the rising awareness on Social and Ecological problems. Both in research and in the real-life entrepreneurial process, there is a need for a better defined framework on the subject. Unfortunately many research gets stopped by the limitation of a universal definition, and the scattering of research over different fields. This results in limited studies, focusing primarily on the existing literature and restricted case studies. This results in scattered research that is not able to aid the actual Social Entrepreneurs in their actions.

This study zooms in on the transferability of literature between the field of business economic and traditional entrepreneurship to Social Entrepreneurship. Focusing on one specific theory, we examine the literature on the topic of opportunity recognition, idea creation and knowledge creation, and test the transferability using a mixed qualitative research method. The interviews consisted of (I) a qualitative questionnaire, (II) a life-story analysis, and (III) a timeline analysis. This method allowed us to examine 15 Social Entrepreneurial processes, both in depth and over a wide variety of subjects.

Results:

The literature study compared the idea generation, opportunity recognition and knowledge creation studies of the limited SE research and compared it to the research done in traditional entrepreneurship (TE). Specifically focusing on the 2006 framework of McMullen & Shepherd, who indicated that opportunity recognition and idea generation are two separate 'phases' in the entrepreneurial process and are in relation to each other. Other authors indicate transition between the phases is characterized between elements of 'Knowledge Creation', or the active search for information by the entrepreneur. While there has been some research indicating the sources of motivation and opportunities for SE, little is mentioned about the interaction and relation about these 'phases' and their interaction. More specifically, most SE authors indicate that all ideas and motives there are to start a SE result from the recognition of a social need. However, these results are mostly based on limited and regenerated case studies. Therefore we analyzed these topics using the above mentioned qualitative research methodology.

From this data we found that two major variables that had an impact on the decision to start an organization with the main goal being social value creation. First, whether or not one (or both) of the parents of the entrepreneurs had started a company before seems to influence the

entrepreneurial spirit. Secondly, whether or not the entrepreneur has a degree of higher education was found to have an impact on the motivation as well.

Furthermore we found that the indicated sources of opportunity recognition for social value creation indicated by the literature (social need, social asset, personal experience and change), did not correspond to the answers the Social Entrepreneurs gave. So did the indication of a social need rarely result in a motive for social entrepreneurship, while the literature appointed it as the main source. The major source of motivation as indicated by the participants was the personal experience. Other sources like education and 'social needs expressed by other organizations' were remarkable findings of our data. The principle of an idea (without opportunity recognized before) leading to the start of a SE was confirmed by our data, therefore acknowledging the interaction of the phases in the framework of McMullen and Shepherd indicated by different authors.

Knowledge creation was the alignment of the two phases of opportunity recognition and idea generation. This interaction was confirmed by our data as important in the Social Entrepreneurial process and was even found as a source of motivation for one participant.

These results indicate an overlap between the models used in the different fields but does emphasize the caution of blind copying as some statements were not supported.

Conclusion:

This study was performed to indicate whether or not a specific model could be transferred from TE to SE. These findings cannot be transferred to other models since each model needs to be tested individually. However it does indicate the need for more research on SE, since only little models in SE are provided and much research is scattered over different fields (e.g. psychology, politics, etc.).

At last we would like to address the need expressed by the Social Entrepreneurs who participated in the study for more research. They expressed their need for more understanding, a better framework, guidance and education of the subject to enlarge their social impact on society: *"The work you do now is very important because it really provides a platform. ... It should also be a subject at business schools. It should be an approach that if you draw up a business plan that you also pay attention to that social impact. So the pioneer work you are doing is really necessary."* (interview 9).

Social entrepreneurship: The quest for ideas that create impact.

Master thesis:

Eerdekens Lotte

Prof. dr. Lambrechts Wim

Hasselt University

Master of Management, Strategy and Innovation Management

June 2021

1. Abstract

Social entrepreneurship (SE) is a rather young research topic, but is getting more attention due to the rising awareness on Social and Ecological problems. Both in research and in the real-life entrepreneurial process, there is a need for a better defined framework on SE. Unfortunately many research gets stuck on the limitation of a universal definition and scattering of research over different fields. This results in limited studies, focusing primarily on the existing literature and restricted case studies. This study zooms in on the transferability of literature between the field of business economic and traditional entrepreneurship to Social Entrepreneurship. Focusing on one specific theory, we examine the literature on the topic of opportunity recognition, idea creation and knowledge creation, and test the transferability using a mixed qualitative research method. This method allowed us to examine 15 Social Entrepreneurial processes and partially disprove the transferability while raising more opportunities for future research.

Keywords: Social entrepreneurship, idea creation, opportunity recognition, social value creation

2. Introduction

Today's biggest societal issues: poverty, climate change, social injustice, etc., are mostly attributed to traditional businesses pursuing economic wealth (Porter & Kramer, 2019). Governments and civil societies have over-emphasized this 'trade-off' that companies are supposed to make, for example: economic wealth vs. societal wealth, safe working environments vs. faster production times, etc. According to Harvard University, Professor M. Porter and McKinsey Award winner M.R. Kramer this assumption of a 'trade-off' is completely wrong. Instead, embracing these challenges and reconnecting the company processes will not just result in

economic wealth, but also create value for society (2019). The authors call this result of dual value creation: Shared Value. According to them: "*Creating shared value holds the key to unlocking the next wave of business innovation and growth*" (Porter & Kramer, 2019; p77). And this is exactly what Social Entrepreneurship (SE) strives to achieve, breaking the tension between economic welfare and gaining social value. Interconnecting them to unleash new business models, entrepreneurial opportunities and growth (Porter & Kramer, 2019; Dees, 1998; Bacq & Janssen; 2011; Mair & Marti, 2006).

3. Problem statement

SE is not a new phenomenon, but is 'new' as a subject of research in the academic field (Bacq & Janssen, 2011; Mair & Marti, 2006; Saebi, Foss & Linder, 2019). The main topic of discussion since the beginning of the academic research on SE is the agreement on one universal definition of Social Entrepreneurship. Many authors stress the need for one clear definition of the concept of SE. (Saebi e.a., 2019, Dacin e.a., 2011; Alter, 2007). At the same time, these authors acknowledge the difficulty of finding 'one' suitable definition for *all* fields and interpretations (Darcin, e.a., 2011; Saebi e.a., 2019; Peredo & McLean, 2006; Pless, 2012). Peredo & McLean write in their 2006 report that this definition might be impossible to find. Chell e.a. sum it up nicely: "*Social Entrepreneurship is by no means a simple concept*" (Chell e.a., 2016; p620). The one statement all authors agree on is the fact that for Social Enterprises, social value creation is mission-critical (Dees, 1998; Darcin, e.a., 2011; Saebi e.a., 2019; Peredo & McLean, 2006; Pless, 2012; Bacq & Janssen, 2011; Alter, 2007).

The lack of a definition results in unclear boundaries of the playing field in which SE can be researched. SE is currently being researched in many different fields, for example in: psychology (Ploum, Blok, Lans & Omta, 2018; Yitshaki & Kropp, 2016; Lambrechts, Caniëls, Molderez, Venn & Oorbeek, 2020; Haugh & Talwar, 2016; Lumpkin, Bacq & Pidduck, 2018), sociology (Haugh & Talwar, 2016; Lumpkin, Bacq & Pidduck, 2018) or political sciences (Dey & Steyaert, 2010; Horn, 2013). The entanglement of SE in these and many more different fields creates new research

questions. The most controversial question, stated by Mair and Marti (2011), is the classification of SE as an independent field of study, or the allocation of the field as a 'subcategory' in the field of business economics and entrepreneurship.

Ploum, Blok, Lans & Omta (2018) go deeper into this question of whether or not SE is an independent field of study, and question what exactly it is that differentiates the two fields. The authors specifically question the differentiations in the 'opportunity recognition', because according to them: "*Opportunity recognition lies at the heart of entrepreneurial research, as the entrepreneurial process always starts with the identification of a potential business idea*" (Ploum e.a., 2018, p1582). From this we can conclude that some authors see SE and TE as one field.

The opportunity recognition stage as part of the start of an SE is recognized and discussed by different authors. So did Glucu e.a. (2002) create the opportunity recognition process for social entrepreneurs or did many researchers study the motives of people starting SEs (Yitshaki & Kropp, 2016; Lambrechts e.a., 2020; Ploum e.a., 2018). But the empirical data remains limited. The current research is mostly based on limited case studies (Mair & Matri, 2006), focuses on traits of the individual entrepreneur (Ploum, Blok, Lans & Omta, 2018; Yitshaki & Kropp, 2016; Lambrechts, Caniëls, molderez, Venn & Oorbeek, 2020) or gives different attempts for a universal definition (Bacq & Janssen, 2011; Aliaga-Isla & Huybrechts, 2018). Nevertheless a first indication if the opportunity recognition process is the same for social as for traditional entrepreneurs (TE) is not given.

This study attempts to indicate the above mentioned debate based on empirical research. We will start by isolating a model used in the field of SE but that originates in the TE literature. Next, a literature study will be done to analyze what models and theories on opportunity recognition have already been studied in the field of social entrepreneurship. We will compare the TE model with the research done on the same topic in SE and create an overview in the form of a cognitive framework. Afterwards, we will test the framework using a qualitative study. The difficult question whether SE is an independent field of study or if we can classify SE as a form of TE, creates many topics for debate.

On the topic of opportunity recognition, different authors in both TE and SE have different arguments on the process. Discussions on different motives, competencies and individual traits of the entrepreneur and whether or not Social and Traditional entrepreneurs differ in these characteristics (e.g. Lambrechts e.a. (2020) on empathy). The fact that no clear overview on the 'social entrepreneurial process' is given only complicates the discussion.

Summarized, this paper hopes to clarify the opportunity recognition process in Social Entrepreneurship literature, and test whether or not different answers arise than from TE literature.

4. Literature review

Ploum e.a. (2018) pulls the cognitive framework of McMullen & Shepherd (2006) on 'traditional' entrepreneurship into the field of SE. Ploum e.a. recognized in their recent study of 2018 that the framework of McMullen

& Shepherd (2006) provides an opportunity for debate in not just Traditional Entrepreneurship, but also in the field of Social Entrepreneurship. Ploum e.a. do focus more on sustainable entrepreneurship but since we focus on Social Entrepreneurship covering all types of Societal value, we do not make a distinction in this theory. This is the distinction between the two phases in the opportunity recognition process. According to the authors, both phases are very interlinked. Many authors focus on the motives of people to start organizations with social motives (Yitshaki & Kropp, 2016; Lambrechts e.a., 2020; Ploum e.a., 2018) but do not emphasize these different stages. The first phase is also referred to as the 'third person opportunity' and concerns "*The formation of the subjective belief that an opportunity exists for those with the relevant abilities and means to exploit it*" (Ploum e.a., 2018; p1583). The second phase, or the 'first-person opportunity' is described by Ploum e.a. as: "*An individual's evaluation of the opportunity insofar as it relates to him/herself, that is, whether he/she means and motivates to act upon the opportunity*" (Ploum e.a., 2018; p1583). These phases correspond to the antecedents 'A' and 'B' described in the framework of Saebi e.a. (2019) as research opportunities still requiring a lot of research in the field is SE (see annex 10.1., Figure 5).

The Framework of Saebi e.a. (2019) describes the future opportunities of research in the process of Social Entrepreneurship (Figure 5). It focuses on the Micro, Meso, and Macro level and zooms in on different stages, facets and actions within the Social Entrepreneurial process. Building block 'A' focuses on the content in which a SE is started, and 'B' highlights the SE as an individual (Saebi e.a., 2019).

When we go one step further and look at the 'first-person opportunity' (McMullen & Shepherd, 2006), which can be linked to the building block 'b' (Saebi e.a., 2019), we see that little research in the field of SE focusses on this topic. Other fields than TE or SE do link to this topic but the point of view is mostly from a different perspective. An example from the field of psychology is Yitshaki & Kropp (2016) addressing the individual motives to start a SE or Lambrechts e.a. (2020) emphasizing the importance of the personal characteristic 'empathy'. We will put the focal point of this study in the field of business economics.

The first phase of the opportunity recognition model of McMullen & Shepherd or 'Third person opportunity' (McMullen & Shepherd, 2006) and the building block 'A' of Saebi e.a. (2019) both focus on *the recognition of an opportunity to create (social) value*. Glucu e.a. (2002) has already indicated these opportunities in a SE setting. His theoretical indication of sources for opportunities supplements the complements the theory of McMullen & Shepherd and identifies the sources needed to test our discussion later.

The 'First-person opportunity' (McMullen & Shepherd, 2006) and the second building block 'b' (Saebi e.a., 2019) form the foundation for the following chapter in this literature review. The direction of these two components is set at *the personal evaluation of the opportunity for entrepreneurship*. This evaluation is very extensive and concludes many different variables. So can research on this topic focus on personal characteristics (e.g. the level of empathy of the entrepreneur (Lambrechts e.a., 2020), personal beliefs (Shepherd e.a., 2007), different motives (Lambrechts e.a., 2020; Yitshaki & Kropp,

2016), etc. We will focus on a more business economic topic and look into how an idea that fits the opportunity for social value creation is created. Afterwards, we will focus on the link between these two phases. Once all literature is processed we will summarize this in a cognitive framework to make a visual representation.

4.1. The recognition of an opportunity to create (social) value

Both frameworks (Saebi e.a., 2019; McMullen & Shepherd, 2006) start their analysis by saying that there needs to be a market discomfort or gap in the market that needs to be recognized by a person. By solving this gap, the value will be created. In the specific context of Social Entrepreneurship, this value creation will be for society or a specific group of people. This difficulty to measure social value creation of a social enterprise is the main goal of existence and is more important than financial value creation (Dees, 1998; Zahra & Wright, 2016). Chell, Spence, Perrini & Harris (2016) state the research of Austin e. a. (2006) who indicates that social entrepreneurship differs from traditional entrepreneurship by "the nature of emergent opportunities". Meaning that the impact of the value created by the organization will impact society rather than just be financial.

The Opportunity Creation Process

An opportunity is the possibility to do something, to act upon a failure or gap in the economy to create value (Ploum e.a., 2018). These possibilities to act for SE mostly come from Macro-level pains in a society or a segment. While it looks like most entrepreneurs recognize these opportunities without much thought, Guclu, Dees, and Anderson (2002) state that this thought

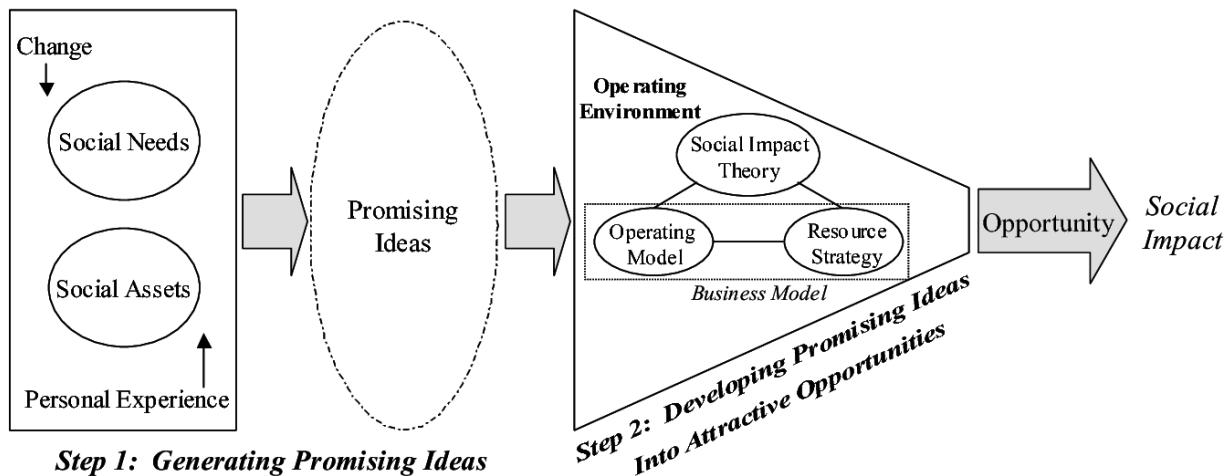


Figure 1: The Opportunity Creation Process
 Source: Guclu e.a., 2002; p2; Figure 1

process requires a lot of effort, creativity, and development. The recognition of opportunities for (social) entrepreneurship is the starting point for every potential business idea that can be further developed in a process, product, or service (Ploum, Blok, Lans & Omta, 2018). Ploum e.a. (2018) refers to Dimov (2007) and Davidson (2015) by stating that due to this reason much literature describes this process, but little empirical research is done in the field of business economics and even less in the field of Social Entrepreneurship, enlarging the gap between theoretical concepts and research practices.

Saebi e.a. refer to Corner & Ho (2010) and Thompson, Alvy & Lees, (2000) when defining Social opportunity recognition: "*Social opportunity recognition is the ability to identify a solution to a social problem, hereby shifting the focus away from future economic return and towards the potential to meet the social need.*" (Saebi e.a., 2019; p78). The focus in the article clearly states that an opportunity is recognized in the macro-level environment of the social entrepreneur (also described as the social and institutional context surrounding the SE (Saebi e.a., 2019)). The entrepreneur then internalizes

the problem to motives and emotions that allow a person to act upon the opportunity.

In contrast with this philosophy, other authors like Glucu e.a. (2002), Lambrechts, Caniëls, Molderez, Vann & Oorbeek (2020), and Zahra & Wright (2016) state that an opportunity for Social Entrepreneurship can come from the Micro or individual level. More specifically an opportunity can be generated from personal experience according to these authors. SE can find an idea in problems, frustrations, conveniences, or events they have encountered personally (Glucu e.a., 2002). Glucu e.a. emphasize their statement by giving the example of the National Foundation for Teaching Entrepreneurship. Founder Steve Mariotti had experienced the sense of empowerment entrepreneurship had first hand and decided to share his lessons with youth at risk (2002).

To describe the identification of these opportunities Guclu, Dees and Anderson created a theoretical framework (Figure 1) that presents the process from a variety of social factors to the opportunity for social value creation (2002). The model is called 'The opportunity creation process and is

staged in two steps: (1) generating promising ideas and (2) developing promising ideas into attractive opportunities. Because the names of these stages can be a cause for the confusion we will just refer to them as 'steps 1 and 2'. In this study, we will only include the first step of the Opportunity Creation Process, as this step helps to define the third person opportunity. The second step of this process is more aligned with the Meso (Social Enterprise) level of the 2019 Social Entrepreneurship Framework of Saebi e.a. and will therefore not be discussed in this study.

The need for social value

The first step focuses on where a need for social impact or value can be found. This need can be recognized from the personal experience of the SE or their surroundings. The personal experience can be seen as the entrepreneurs' work, free time activities, education, or personal events. All of their experiences can be positive or negative to spark the interest in creating social value (Guclu e.a. 2002).

Besides personal experiences Guclu e.a. say that the surroundings of the SE can also give opportunities for social impact (2002). These surroundings can be (a) social needs, (b) social assets, or (c) change. These needs opportunities come from a local perspective, but can also be a global need (Zahra, Rawhouser, Bawe, Neubaum & Hayron, 2008).

a. Social needs

When a socially desirable state does not correspond with reality there is a gap. This gap can also be defined as a social need (Guclu e.a., 2002). These social needs are grounded in a personal perception of society

and can therefore be different for everybody. For a Social Enterprise to become successful at creating social impact there must be a large group of stakeholders that also express this gap as a social need (Guclu e.a., 2002). A clear example of a social need recognized by a rising number of entrepreneurs is the need that can form an opportunity for ecological value creation (Andersson & Ford, 2015).

b. Social assets

Social needs represent a gap in our societal structure and processes. This gap is often an emphasis on the problems and negativity in our surroundings (e.g. crime, unemployment, abuse, etc.). Social assets, on the other hand, are described by Guclu e.a. as a more positive resource of our society (e.g. local businesses, schools, health centers, etc.) (2002). These tangible and intangible assets of a community can give a different perspective to the SE and provide him/her with other ideas for social value creation (Guclu e.a., 2002).

c. Change

The last aspect described by Guclu e.a. (2002) as an opportunity for idea generation is (c) 'change'. A change in the environment of an SE can reveal interesting opportunities for social impact (Haugh & Talwar, 2014). These changes can occur in demographics, culture, technologies, policies, etc. They will reveal and influence current/new needs, assets, or both (Guclu e.a., 2002).

Saebi e.a. (2019) refers in their paper to Zahra, Rawhouser, & Bhawe's research of 2008 when stating that the idea for SE can also come from the interaction of the surroundings and his/her' personal experience. With this they mean that Social Entrepreneurs can see a possibility for social

impact because they have a personal connection to the group they want to create value for. Link (2017) summarizes this and states that a person's experience influences their outlook on different aspects. Most authors do mention that besides personal experience also certain personal characteristics of the individual (on Micro-level) can aid in this recognition process, in example: the level of empathy, sympathy and compassion of the individual entrepreneur (Saebi e.a., 2019; Glucu e.a., 2002; Lambrechts e.a., 2020; Zahra & Wright, 2016).

4.2. *The process of idea generation*

McMullen and Kier (2017) refer to the impressive statement of Brown (2009) who says that research indicates that it takes 3 000 initial ideas to get to 'one' successful idea or product. The second phase, or the 'first person opportunity' is described by Ploum e.a. as: "*an individual's evaluation of the opportunity insofar as it relates to him/herself, that is, whether he/she means and motivates to act upon the opportunity*" (Ploum e.a., 2018; p1583). This phase from the cognitive framework from the Traditional Entrepreneurship research aligns nicely with the second building block (Figure 1: 'b') as described by Saebi e.a. (2019) which explains that when discussing the possibilities for research in Social Entrepreneurship. This building block describes the need for research of the SE's personal motives, beliefs, skills, ideas, etc. that will encourage him/her to start up a social company.

Like the typology of Social Entrepreneurship, the process of idea generation brings along a strong debate. There is not 'one' framework used to describe this process. McMullen and

Kier describe the research gaps and debates on the topic of ideation nicely: "*Most people think that entrepreneurs are especially skilled at coming up with ideas for new businesses, but whether this is true and why is far from clear*" (McMillen & Kier, 2017; p456).

One statement different authors do agree on is that within the process of idea generation there are different phases. The emphasis of this separation is on the difference between the phases of idea generation and idea evaluation (McAdam, 2004; McMullen & Kier, 2017; Kornish & Hutchison-Kurpat, 2017). McAdam states in his 2004 article that this division of phases would improve the quality of ideas and stimulate creativity. In this article, we will only focus on the first phase. We would like to see what ways on how ideas arise and test if the same methods are used in the setting of Social Entrepreneurship. It's emphasized by Zagorac-Uremovic (2015) and McMullen & Kier (2017) that this process of idea generation is a creative process and the personal characteristic of being creative is important in the search for novel ideas.

MacMillan & Thompson (2013) say in their book: '*The Social Entrepreneur's Playbook*', that ideas can be created by studying the segment, brainstorming, talking about your idea or opportunity with others, etc. Slavic adds thinking about the future, mind maps, analogy, attribute analysis, and gap analysis to the list (2020). The first step in idea generation will mostly be a form 'brainstorming', McAdam (2004) refers to the rules developed by Osborn in 1963 and the research of Waller (1996) and Rickards (1999) to state that brainstorming needs to resolve in a larger quantity of possible ideas. This larger quantity of ideas will result in more creativity

which leads to a better quality of ideas (McMullen & Kier, 2017). McAdam refers to different methods of brainstorming used to facilitate this process like described by Evans and Linsay (1999): 'wording changes', shifting negatives into positives and a switch in the focus of value creation.

Many larger companies have structures and processes in place to create new ideas (McAdam, 2004). Examples of these structures are 'crowdsourcing' and 'lead user innovations' (Kornish & Hutchison-Kurpat, 2017; McAdam, 2004). But since our research focuses on the creation of new businesses, we will not study these mechanisms.

When searching for an idea, the authors of *'the Social Entrepreneur's Playbook'* give the tip to set criteria that the idea or the opportunity must meet for you to believe in it and how to pursue it. This technique will according to the authors differentiate successful ideas from implausible ones (MacMillan & Thompson, 2013). Even though every measure can be taken to generate the best ideas, this does not mean the best ideas are selected and produced (McMullen & Kier, 2017).

4.3. Knowledge creation

In the literature, when talking about ideation or idea creation, the topic of knowledge creation (KC) is highly discussed (McAdam, 2004; Schulze & Hoegl, 2008; Link, 2017; McMullen & Shepherd, 2006; Zagorac-Uremovic, 2015). Ideas cannot be developed without a sufficient amount of knowledge on the subject. Mitchell e.a. (2002) is stated by Zagorac-Uremovic (2015) to define the topic of entrepreneurial cognition as "*Knowledge structures that people use to make*

assessments, judgements or decisions involving opportunity evaluation, venture creation and growth" (Mitchell e.a., 2002, p97). Hence, KC can be described as the process of collecting that knowledge.

Starting a company comes with many risks and uncertainties (McMullen & Shepherd, 2006). Many authors stress that starting a company with a social goal comes with even higher levels of risk and uncertainty (MacMillan & Thompson, 2013) due to the lower amount of resources available and specific market the company tries to create value for. To decrease these risks the advice is given to start learning. Knowledge creation will support the idea generation process or help to identify a specific opportunity (McAdam, 2004)

The creation and gathering of this knowledge is not a fast task, it's a long-term process (Slavic, 2020). This is because most knowledge is scattered between different resources (McAdam, 2004). This knowledge can be gathered using different techniques. Some of them are described by Slavic (2020), e.g.: associating, researching, observing, testing and networking. The process of KC is very individualized. Every person learns at a different rate. KC does not need to be a formal process, individuals gain knowledge by experimenting in day-to-day activities (Link, 2017), being in different contexts and experiencing critical events (Lambrechts e.a., 2020)

4.4. From opportunity to business idea

The many debates, differentiating views and overlining fields of study make this topic scattered and difficult to follow. In this subchapter, we try to summarize the studied literature and frameworks into a cognitive

model. This model is made, based on the frameworks and models used before in this literature review. Let's start with the research available in the field of Social Entrepreneurship and add the findings of other fields afterwards.

In the SE literature, many studies discuss where an opportunity for social value creation can be found. The "places" where these social opportunities can be found (social needs, social assets, change & personal experience) is widely discussed by Glucu e.a. (2002) but are seen as separate 'entities'. Saebi e.a. makes the indication that these different opportunities for social value creation can be separated into different levels; the Macro- and Micro level. With the first referring to all influences surrounding the individual, and the latter indicating all personal incentives (Saebi e.a., 2019). Other authors like Saebi e.a. (2019) and Zahra e.a. (2008) state the importance of these different 'entities' interacting and reacting to each other and their environment (due to changes) for opportunities to arise. We emphasized this by using arrows in our cognitive framework (Figure 3) that represents these interactions. When examining the SE literature, many authors focused entirely on this first aspect of

(social) opportunity creation / recognition or aspects that align with this subject (e.g.: personality traits, individual characteristics, etc.) and assumed that once this opportunity was identified a social business idea would automatically follow. There is little emphasis on other topics like for example on how this idea is generated. This is presented in figure 2 as the simple arrow that leads directly to the social entrepreneurial idea that they can be developed into a company.

Because the SE literature is so limited on this second part of the SE idea and how to get there, this study examines the literature of 'traditional' entrepreneurial studies to find a deeper understanding of these processes. More specifically, we focus on the theory of McMullen & Shepherd (2006) who indicated that this process is two stages. While the first stage (third person opportunity) is researched before, we would like to indicate if this theory of TE is also applicable to SE like Ploum e.a. (2019) indicates.

The first finding of this analysis showed that the process of reaching any entrepreneurial idea is characterized by two steps: Idea creation and idea evaluation (McAdam, 2004). Both of these steps are continuously

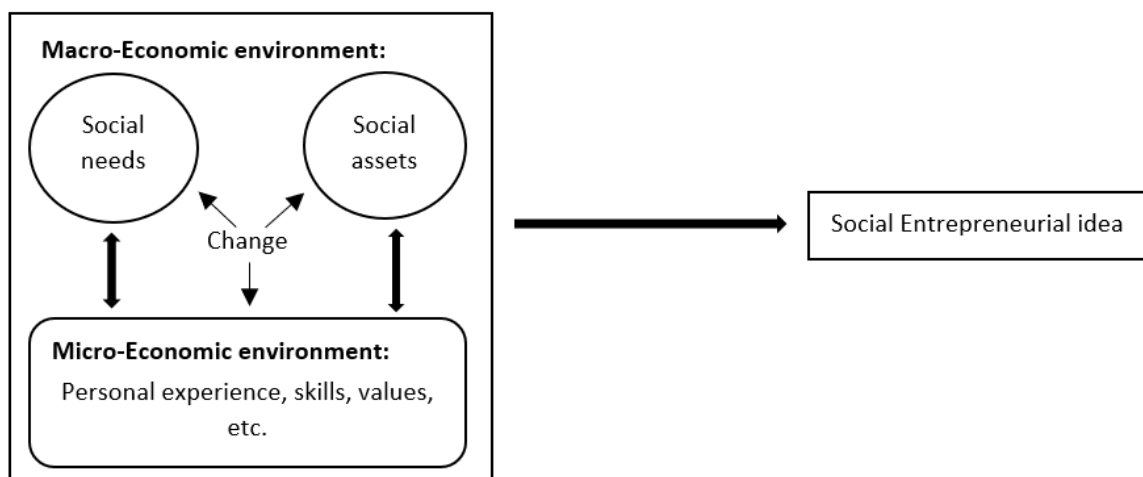


Figure 2: Cognitive framework of the research on opportunity recognition and idea creation in SE literature.

influenced by the personal experiences and beliefs of the entrepreneur him/herself. These steps are in *figure 3* indicated on the right side and the relationship is shown with the double arrow. We have narrowed this study down to researching the first step of idea creation. But it is useful to situate the topic in the broader perspective and to indicate where further research can be exploited.

Now that the difference between opportunity recognition and idea generation is stated, we noticed it was not clear how to go from one phase to the other. The 'traditional' entrepreneurial research indicated that this connecting process is Knowledge Creation. By gaining an understanding of all facilitating factors, problems, markets, etc. around the opportunity and idea to generate value could be developed.

While examining the literature, another interesting debate arose. In the paper of Zagorac-Uremovic (2015) on business ideation and opportunity creation, Alvarez and Barney (2007) are stated on the two views with the start of a company. First, the *Kinznerian view* states that the opportunities subsist in the ecosystem surrounding the entrepreneur. In other words, an opportunity

needs to be found and an idea to fill in this opportunity has to be developed accordingly. On the other hand, the *Schumpeterian view* is stated by the authors as the theory that emphasizes the entrepreneurial actions, ideas and decisions will create opportunities for value creation (Wise, Fils & Sacca, 2017). In other words, the opportunity is a consequence of an idea. Because there is no research in the field of SE studying the 'route' from idea to opportunity, we can assume that SE literature always started from an opportunity perspective. We indicate this debate by adding an arrow in our framework starting from the idea to result in an opportunity. Also in this direction, KC facilitates the process from one side to the other.

In the next phase of this research, we will study, using a combined research approach, if the factors added from the traditional entrepreneurial studies align with the reality of Social Entrepreneurship.

5. Methodology

As the definition of what classifies as a SE is not clearly determined by the literature. We will start by clarifying the different types of Social organizations and which are the focus

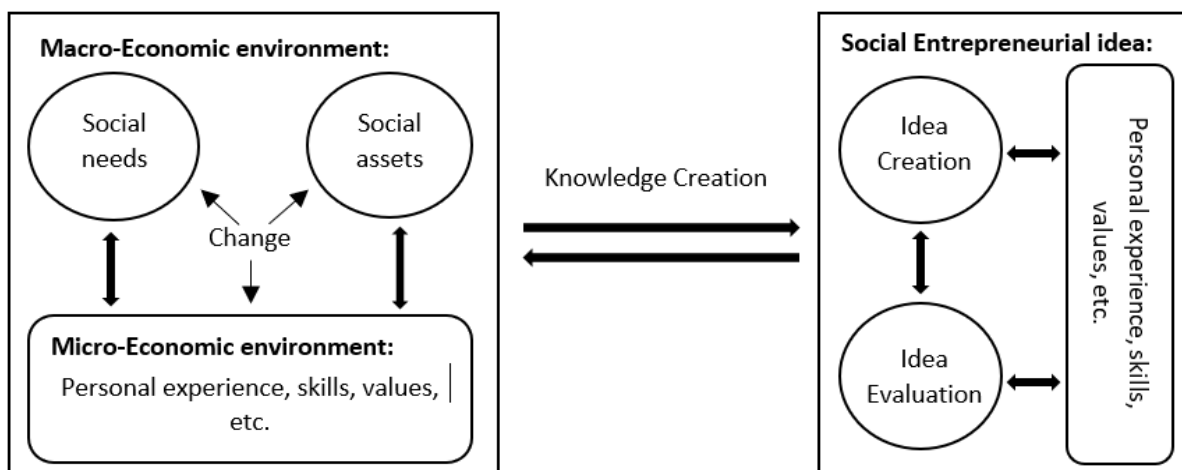


Figure 3: Extended cognitive framework of the research on opportunity recognition and idea creation in SE literature complemented with 'traditional' entrepreneurial research.

of this study. Afterwards, the research setup and data processing will be discussed.

5.1. Sample

Like mentioned before, there are different schools of thought and interpretations on what exactly SE is and how it needs to be defined. Most research classifies the studied organizations in the categories: not-for-profit (e.g. Springplank vzw), profit (e.g. Helpper), or hybrid organizations (e.g. Livingstones) (Peredo and McLean, 2006; Zahra and Wright, 2016; Lepoutre, Justo, Terjesen and Bosma, 2013). The notion must be made that the type of economic activity is not defined by the legal entity of the company. All different organizational types can have various legal entities. This mostly depends on the activity necessary to gain access to resources needed to fulfil the organizations' mission (Bacq and Janssen, 2011). The combination of not-for-profit, profit, and hybrid organizations in the sample size could impact the validity of results and is not always an accurate representation of the activities of the organization. For this reason, we decided to limit ourselves to SE's that meet certain requirements rather than focusing on the legal entity.

To define what organizations classify as 'Social enterprises' for this study, we based our research criteria on those suggested by Bacq and Janssen in 2011. These authors suggested that Social Entrepreneurial Organizations need to meet three criteria:

- *"First, its social mission must be explicit and central. It can be initiated by citizens, individually or in groups.*
- *Second, its market orientation must be consistent with its social mission. It takes the form of a continuous productive activity of goods and/or*

services that generates earned income.

- *Third, SEVs (social economic venture) should not be defined by their legal framework. Some forms of social entrepreneurship can be found in the private for-profit sector and in the public sector."*
(Bacq & Janssen, 2011; p388)

5.2. Data collection

From these above-mentioned criteria, a profile description was written to send out to organizations supporting and training social entrepreneurs of social investment funds. The organizations: 'de Sociale InnovatieFabriek', Ashoka, CoopCity, and Impact Capital all reached out to their network to introduce us to social enterprises who met the conditions that preceded this study.

A personalized email was set out to 32 qualifying organizations by the researcher. A participation request via mail was sent out via the supporting organizations and posted on the Social Media of one of the supporting organizations. In Total 27 organizations responded to the request and 18 organizations agreed to participate. Eventually, due to language barriers and time restrictions, 16 respondents participated in this study. Eventually 15 interviews were analyzed and used in the results. One interview was not included since the participants' experience was about the reformation of an existing product to survive the COVID-19 pandemic, more than the creation of a new (daughter) organization. To qualify as a Social Enterprise representable for this study these organizations had to meet the following criteria:

- The organization must have a societal and/or ecological mission as its main goal or purpose;
- There must be a continuous economic activity that supports the mission (no sporadic fundraising);
- The organization can be of any legal entity;
- The organization's headquarters must be located in Belgium.

Once the organizations were qualified, the interviewee must meet the criteria of being either (I) the (co-)founder of the SE or (II) the director with the experience of founding new solutions.

5.3. Research setup

To prevent steering of the answers by the researcher we developed a research set-up where we allow the interviewee to freely tell their story and go into specific details of the idea creation and opportunity recognition phase, without the researcher interference. Room for clarification questions was left to the end of the study. To guarantee this data validity, a combined qualitative research method was used. The data collection of this study is divided into three parts. All different parts were done in the same interview and were planned to be done in a Computer-Assisted Personal Interview (CAPI) but due to COVID-19 restrictions, only the first two interviews were in a CAPI format. The remaining 13 interviews were conducted in a Computer-Assisted Telephone Interview (CATI) format. First, (I) a qualitative, structured questionnaire was filled in to gather background information and get knowledge about any other variables that might influence the results. Next, the word was given to the interviewee as a (II) life story analysis was conducted. At last, (III) a timeline analysis

was conducted where the entrepreneur listed different keywords according to his or her experience.

I. Qualitative structured questionnaire:

To ease into the conversation, we started the interview with some introductory questions. These questions would not just ease the conversation but also allow us to record other independent variables (e.g.: legal entity, gender, size of the organization, etc.) that might be interesting for analysis. It has been mentioned by Dileo and Garcia Pereiro (2019) that these variables could influence the entrepreneurial intentions and outcomes. These questions covered the topics: The entrepreneur, the enterprise and the economic activity. As they do not concern the topic of analysis directly, these questions can easily be asked without influencing the entrepreneur in any way.

II. Life story analysis

"A life story is a fairly complete narrating of one's entire experience of life as a whole, highlighting the most important aspects." (Atkinson, 1998; p8).

The second part of this research is meant to isolate the reasoning and motives of the entrepreneur. Because of too much interference from researchers and steering questions when conducting a regular interview, we chose to go with a life story analysis. This allows us to gather data first-hand and uncompromised by the interviewer (Atkinson, 1998). This research methodology is not commonly used in a business economic setting but provides the best way to collect data for this study, as it provides in-depth data about events, experiences, and feelings over the entire life of the entrepreneur. The major advantage of this methodology is that

it provides us with data that is transferable across different fields of study (business economics, psychology, etc.) which is important as SE crosses different research borders.

The life story interview consisted of 'one' question: "*Can you tell us the story of how and why you founded your company? Please start as early in your life as necessary.*"

III. Timeline analysis

While the life story analysis provides us with high-quality data. There might still be a lot of specific information missing. That's why we completed the gathered data with a timeline analysis. The interviewee was provided with small cards that contain keywords. He/she needed to order these words according to when they occurred/were of interest in their own experience. Blank cards were provided for when the interviewee wanted to add additional information/phases/etc., cards inapplicable according to the interviewee could easily be left out. First, all of these cards are put in the right order according to the personal experience of the interviewee. Afterwards, they were asked to explain their timeline and clarify what these words represented in their story. Once the interviewee was done clarifying the researcher asked additional questions if necessary. This part of the interview could vary slightly depending on the interview set-up. If the interview was conducted live in the form of a personal interview (CAPI), the interviewee was asked to make the timeline with physical cards. During the interviews via video conference (CATI), a Google Jamboard containing the cards was shared. In all interviews, the researcher was able to follow both the interviewee and the cards live.

The keywords used in the last part of this study were retrieved from the previous literature review and completed with other keywords important for the start of a company. This to get the full story and not restrict the interviewee to certain topics. The keywords available were: prototype, personal skills, target audience analysis, idea evaluation, personal environment, start, social asset, professional guidance, personal investment, change, literature, external investment, personal experience, idea creation, social need, market research, and idea spark (Glucu e.a., 2002; Shaw & Carter, 2007; Dileo & Garcia Pereiro, 2019). Do note that all participants were allowed to add, remove or change keywords during the full length of this interview.

5.4. Data processing

These interviews were then transcribed and coded. 13 interviews were conducted in Dutch, the remaining two interviews were done in English due to the interviewees having French as a native language. All transcriptions were done in the language of the interview. The coding itself was done in English and by the qualitative analysis program 'Quirkos'. The results were translated into English. Some codes were determined before the start of the interviews, these were corresponding with the key words previously determined in the timeline analysis. New codes were added during the coding process, more specifically: Existing project, team and entrepreneurial spirit.

6. Empirical results

6.1. Descriptive statistics: sample & independent variables

Interview #	Interview set-up	Year of birth	Gender	Nationality	Degree	Years of work experience before start of SE	Parents entrepreneurs?	Year of founding	Founder?
Interview 1	CAPI	1973	Male	Belgian	Postgraduate	24	No	2017	Yes
Interview 2	CAPI	1978	Male	Belgian	Master	9	No	2021	Yes
Interview 3	CATI	1967	Male	Belgian	Master	7	Yes	1999	No
Interview 4	CATI	1978	Female	Belgian	Bachelor	15	No	2020	Yes
Interview 5	CATI	1969	Male	Belgian	Master	13	Yes	2007	Yes
Interview 6	CATI	1983	Female	Belgian	Master post master	8	Yes	2019	Yes
Interview 7	CATI	1989	Male	Belgian	Master post master	11	Yes	2017	Yes
Interview 8	CATI	1959	Male	Belgian	Master	24	Yes	2010	Yes
Interview 9	CATI	1979	Female	Belgian	Bachelor	14	Yes	2015	Yes
Interview 10	CATI	1973	Male	Belgian	Master	2	Yes	2000	Yes
Interview 11	CATI	1995	Male	Belgian	Master	0	Yes	2019	Yes
Interview 12	CATI	1975	Male	Belgian	Highschool	2	Yes	2000	Yes
Interview 13	CATI	1980	Female	French	PhD	12	Yes	2020	Yes
Interview 14	CATI	1978	Female	Belgian	Graduate after Master	16	No	2016	Yes
Interview 15	CATI	1971	Male	Belgian	Bachelor	8	Yes	2005	Yes

Table 1: Socio-demographic data of the respondents

Interview #	# of people in the company	Industry	Offering	Goal	Legal entity	Subsidies	Kind of subsidies
Interview 1	1	Healthcare	Service	Social	part-time self employed	No	
Interview 2	3	Agriculture	Product & service	Social & ecological	private company	No	
Interview 3	170	Retail	Product & service	Social & ecological	not-for-profit	Yes	Structural
Interview 4	2	Design	Product & service	Social	not-for-profit	Yes	Structural
Interview 5	0	Finance	Financiering	Social & ecological	cooperative	No	
Interview 6	0	Finance	Financiering	Social & ecological	not-for-profit	No	
Interview 7	10	Healthcare	Service	Social	private company	Yes	Project-based
Interview 8	10	Construction / real-estate	Service	Social & ecological	not-for-profit	Yes	Project-based
Interview 9	2	Food	Product	Social	cooperative	No	
Interview 10	12	Education	Service	Social	not-for-profit	Yes	Project-based
Interview 11	5	Food & Education	Product & service	Social & ecological	not-for-profit	Yes	Project-based
Interview 12	6	Agriculture	Product	Social & ecological	private company	Yes	Project-based
Interview 13	2	Food	Product & service	Social	cooperative	Yes	Project-based
Interview 14	50	Education	Service	Social	not-for-profit	Yes	Project-based
Interview 15	0	Construction / real-estate	Product & service	Social	cooperative	Yes	Project-based

Table 2: Organizational characteristics of the respondents

Tables 1 and 2 give an overview of the participants and the variables of their organizations.

In total 15 cases were included in this study. 93% (n=14) of participants were founders of an organization that had a social or ecological purpose. One participant was the director of

Cummulative overview	# of participants (n=15)	%
Gender		
Female	5	33
Male	10	67
Parents entrepreneurs		
Yes	11	73
No	4	27
Higher education (min Bachelors)		
Yes	13	87
No	2	13

Table 3: Absolute and relative frequency table for the variable gender, parents entrepreneurs, and higher education

Note: by rounding the numbers, the percentages may not be displayed correctly

the SE but had founded new solutions, divisions, and daughter organizations within the company. The organizations varied from different fields and industries, from 'soft or human' industries like healthcare and education to 'hard or product' industries like agriculture and real-estate. As well as a variety in legal entities (private, not-for profit or cooperative). One participant organization under the label 'private' organization. 'For profit', 'profit' and 'private' organizations are used as synonyms in this study.

The variety in entities and industries contributed to a nice variety of offerings (product, service, financing, etc.) across different fields. Allowing us to study the opportunity recognition across different fields, legal entities, and offerings of social organizations (Figure 2). When looking at the individuals questioned, we noticed two major variables that can have an impact on whether or not somebody starts a company to create a social impact. These variables were: (I) whether or not one (or both) of their parents was (were) entrepreneur(s) and (II) whether or not the entrepreneur has a degree of higher education. (I) So did 73% (Figure 3) of interviewees indicate that their parents had

started a company before. Some participants even stated that they were directly influenced by their parents or spouse to start a company: "Even before the idea arose, I came from a very entrepreneurial family. Besides my parents, I have brothers and sisters who all founded a company in their own industry. I know I wanted to start something, I just didn't know what." (Interview 7). (II) The second variable that seemed to be highly indicative for the motivation for social value creation was the level of education of the entrepreneur. 13 out of the 15 interviewees had a minimum of a bachelor's degree.

6.2. Opportunity recognition

Only three participants started their timeline with the recognition of the social need as the direct motivation for starting the SE. But after analyzing the story of interviewees 1 and 3 further, even these two participants recognized the social need only after a personal experience or the need being expressed by another organization. So did interviewee 1 state: "Or you do this because you know someone. Or you do it because you are searching for yourself. Or you do it because you have a 'backpack'. and I started

because I have had a backpack in the past.” And did interviewee 3 say the following: *“The city indicated that there was a social need’.* Only participant 14 clearly stated that the recognition of the social need gave the direct indication to look for a solution.

Just like interview 1, about 53% (n=8) of the participants indicated their idea rose out of previous personal experiences: *“We had found the perfect solution for our own problem and we thought: ‘We can’t be the only one in this situation?’ And that was the seed for our organization”* (interview 7).

Our data shows that 3 SEs found their initial inspiration to provide an answer to the social need came from a different entity: *“The project X was initiated from the city. From there on we experienced a need in different social employment companies.”* (Interview 4)

6.3. Idea creation

Interviewees 2 and 9 both stated that the idea for the organization naturally came to them, without any earlier experience or recognition of a social need beforehand. These 13% of answers indicate that the idea for the start of an SE can come from the third person opportunity. *“I am an idea machine, I can’t help it. (...) 99.9% of ideas are -of course- not good. Some get picked out and developed and then they are tested to see if there is a social need.”* (interview 2). Remarkable is that both of these companies have the legal entity as a profit organization.

Most participants described the idea creation as the creation of their business plan. They would have the specific idea for the product or service already made up: *“Idea creation for me is the first time that I wrote down my*

ideas.” (interview 4). Besides the business plan also the creation of the business model was presented with the term ‘idea creation’: *“We started to think about business models how we could become self-sustaining”* (interview 8), *“You imagine the project in your head: how is it going to work? You do some financial projection, you do a business plan. You have an idea but is it going to work financially?”* (interview 13).

The ‘idea evaluation’ in this study is interpreted by 10 out of 15 participants as a validation of the market and/or personal validation after a testing period on the market: *“... evaluation is only after the first pilots.”* (interview 14), *“The first year is tough. and then the second it is starting to take off. The evaluation is at the end of it all: Do I get a return out of everything that I do? Can I make a difference?”* (interview 1). The main inspiration for the start of the organization was analyzed from the interviews. Nevertheless, many participants listed multiple factors as contributors to the opportunity recognition or idea creation. They had a difficult time isolating individual phases and mentioned that it is not an isolated given: *“... personal skills, that’s something permanent, isn’t it? It is permanently supplemented. You start with experience, but you acquire new skills every day. Well, I still learn every day.”* (interview 8)

6.4. Knowledge creation

14 out of 15 interviewees indicated that they had done some search for knowledge to create their idea. This knowledge creation was questioned in the form of consulting literature, external guidance, market research, or target audience analysis. 20% (n=3) of the participants stated that this knowledge

creation was done to sculpt the idea: "Then I just went to investigate. Yes, talk to people, do some research online. Erm, yes a target group analysis might be too much for what I did, but, I did talk to befriended entrepreneurs, to find out what they could use best." (interview 6). 67% (n=10) indicated that they had already created an idea and knew how they were going to deliver social value but expanded their knowledge on the subject to complete the business model: "... prototype, market research, etc. They all came back later. For example, because every three years we conducted a market research among the public." (interview 10).

There was one participant who indicated that the recognition of the social need came through the literature and knowledge creation he did for his education: "First I didn't know what to do when I was studying. And I had a lot of classes on X and also other classes on Y. So I was very inspired by those classes. And

then I had the motivation to read books about it." (Interview 11).

6.5. Further analysis

The used methodology allowed to gather data over the entire start-up process. While this study primarily focuses on the opportunity recognition, the idea generation and the knowledge creation in the story of the entrepreneur, we noticed other findings that might generate further opportunities for research. Therefore we highlight them in the next paragraphs.

Analysis of the independent variables indicates that the gender of the entrepreneur had an impact on the choice of legal entity of the SE. So did none of the female entrepreneurs chose for a private entity (Figure 4). Furthermore, we found that whenever you have been exposed to the entrepreneurial process via a parent, you are more likely to create social impact via a

Cummulative overview	# of participants (n=15)	% of total (n=15)	% of # of participants
Gender (/legal entity)			
Female	5	33	100
Not-for-profit	3	20	60
Cooperation	2	13	40
Private	0	0	0
Male	10	67	100
Not-for-profit	4	27	40
Cooperation	2	13	20
Private	4	27	40
Parents entrepreneurs (/legal entity)			
Yes	11	73	100
Not-for-profit	5	33	45
Cooperation	4	26	36
Private	2	13	18
No	4	27	100
Not-for-profit	2	13	50
Cooperation	0	0	0
Private	2	13	50

Table 4: Absolute and relative frequency table for the variable gender and legal entity, parents entrepreneurs and legal entity

Note: by rounding the numbers, the percentages may not be displayed correctly

corporation or not-for-profit organization type (59% or n=9) rather than via a private organizational entity (Figure 4).

All of the woman (n=5) highlighted the importance of their personal environment was a factor taken into consideration very early on in their entrepreneurial process. They all had emphasized that their family and current personal situation was taken into account from the beginning when creating the idea, organization and business plan.

In contrast, when analyzing the stories and timelines from the male entrepreneurs, we see that only half of them (n=5, Total=10) indicate the impact of their direct personal environment on the creation of the idea or business. Three of the male participants included the impact or situation of their personal environment but only after the start or founding of the company. While the remaining two male interviewees didn't include this factor in their timeline.

Other variables like age, number of years of work experience or industry did not seem to have any effect on the intention to create social value. Further analysis of the timeline and individual stories did not highlight any other findings. It seems that the decisions made 'how' to further develop the organizations were mostly impacted by the personal experience and individual choices of the entrepreneurs.

7. Discussion

7.1. Descriptive statistics:

As mentioned before, the mostly limited to single case studies, defines SE or focuses on characteristics traits of the social entrepreneur. Therefore it is difficult to link

the impact of external independent variables to previous findings in SE literature. However, some variables have been studied in the field of traditional entrepreneurship. We do not indicate that therefore the effects withing social entrepreneurship are the same. More research in SEs is necessary to make these claims. But we do want to highlight these findings and possible answers from TE to indicate future research questions.

When looking at the independent variable 'parents entrepreneurs' we see that in the field of TE, Ayogyan (2012) finds a direct impact of the career path of the parents as entrepreneurs on the choice of the kids to found a company.

The second independent variable effecting the choice to start a social company is the level of education. This study showed that one entrepreneur found their motivation to become a social entrepreneur in their higher education. Indicating that the education itself can be an inspiration. Nevertheless, Neither Saebi e.a. (2019), McMullen & Shepherd (2006) or Glucu (2002) e.a. include literature as a source of inspiration for opportunity recognition or idea creation. TE literature already concluded that courses specifically on entrepreneurship have a causal effect on whether or not somebody start a company (Mohamad, Lim, Yusof, Soo & Maltay, 2015; Diaz-Garcia, Saez-Martinez & Jimenez-Moreno, 2015)).

7.2. Opportunity recognition

The first step according to Saebi e.a. (2019) and McMullen & Shepherd (2006) is the recognition of a gap in the market. In SE this gap is defined, like mentioned before, as a social need (Glucu e.a., 2002). Remarkably

only one participant was in agreement with this statement. When comparing the results to the possibilities of opportunity recognition sources defined by Glucu e.a. (2002), none of the participants stated 'Change' or 'Social Asset' as their indication for the recognition of an opportunity. Many participants state the concepts in their overall story but do not directly mention it as the first source of opportunity. The main sources for recognizing an opportunity according to our data seems to be the personal experience of the social entrepreneur. In the literature, this experience is highlighted but not exposed as the main source of inspiration, which is inconsistent with our findings.

Surprisingly none of the literature speaks about a project or existing organization being the initial trigger for the start of a SE. According to our data one out of five social entrepreneurs recognize a social need out of an existing project or the need is indicated by an existing organization. Therefore it should be considered as a valuable source of ideas and motivation when starting a SE.

7.3. Idea creation

The first-person opportunity is the second phase described by McMullen & Shepherd. It's a phase where the idea to capture the (social) value is created. As indicated in the literature review, the idea creation can also be the start of the motive for starting an SE. We did find evidence to support this statement. However, the evidence is limited since it was only found in 13% of cases. As mentioned in the results, we should note that both of the entrepreneurs who indicated to agree with this statement have chosen to create social value via a private organization. This might indicate that social entrepreneurs who generate an idea for

social value creation like this might have indicate more individual traits that are similar to a traditional entrepreneur.

If we analyze the data further we can see that most entrepreneurs define 'idea creation' differently than the literature of traditional entrepreneurship. The business plan and the creation of the business model was presented with the term 'idea creation'. While in the literature on traditional entrepreneurship, the term is defined as the actual development of the idea itself (Engen & Magnusson, 2015).

The idea evaluation on the other hand is defined in almost the same way by the participants but is placed on a different part of the timeline than the TE literature specifies. In that literature 'idea evaluation' is placed after the idea creation. In this step the ideas are discussed, evaluated and (minimally) tested before the company is founded (Ulrich & Nielsen, 2020). While our study showed that 10 out of 15 participants interpreted 'idea evaluation' as a validation of the market and/or personal validation after a testing period on the market.

7.4. Knowledge creation

From the data we can conclude that knowledge creation is present in the process of social entrepreneurship as well. The KC describes in the literature of TE therefore has potential be transferrable to the SE literature. We would like to add that our data also showed evidence of KC as a source of ideas and motivations to create social value like mentioned before.

7.5. Cognitive framework

The main inspiration for the start of the organization was analyzed from the interviews. Nevertheless, many participants listed multiple factors as contributors to the opportunity recognition or idea creation. They had a difficult time isolating individual phases and mentioned that it is not an isolated given. This indication made by the participants is represented in the data. Therefore we like to indicate that the framework displayed in figure 4 is not complete.

The literature in both SE and TE suggest these processes are very phased. While in reality the participants indicated that many different factors influence the person making the decision to start a company to create social value. Many stages will even interfere or overlap, making it difficult to individualize these different stages. The order of these 'stages' does also not seem to be specific or in a repetitive pattern. Most participants also indicated that different antecedents influence each other.

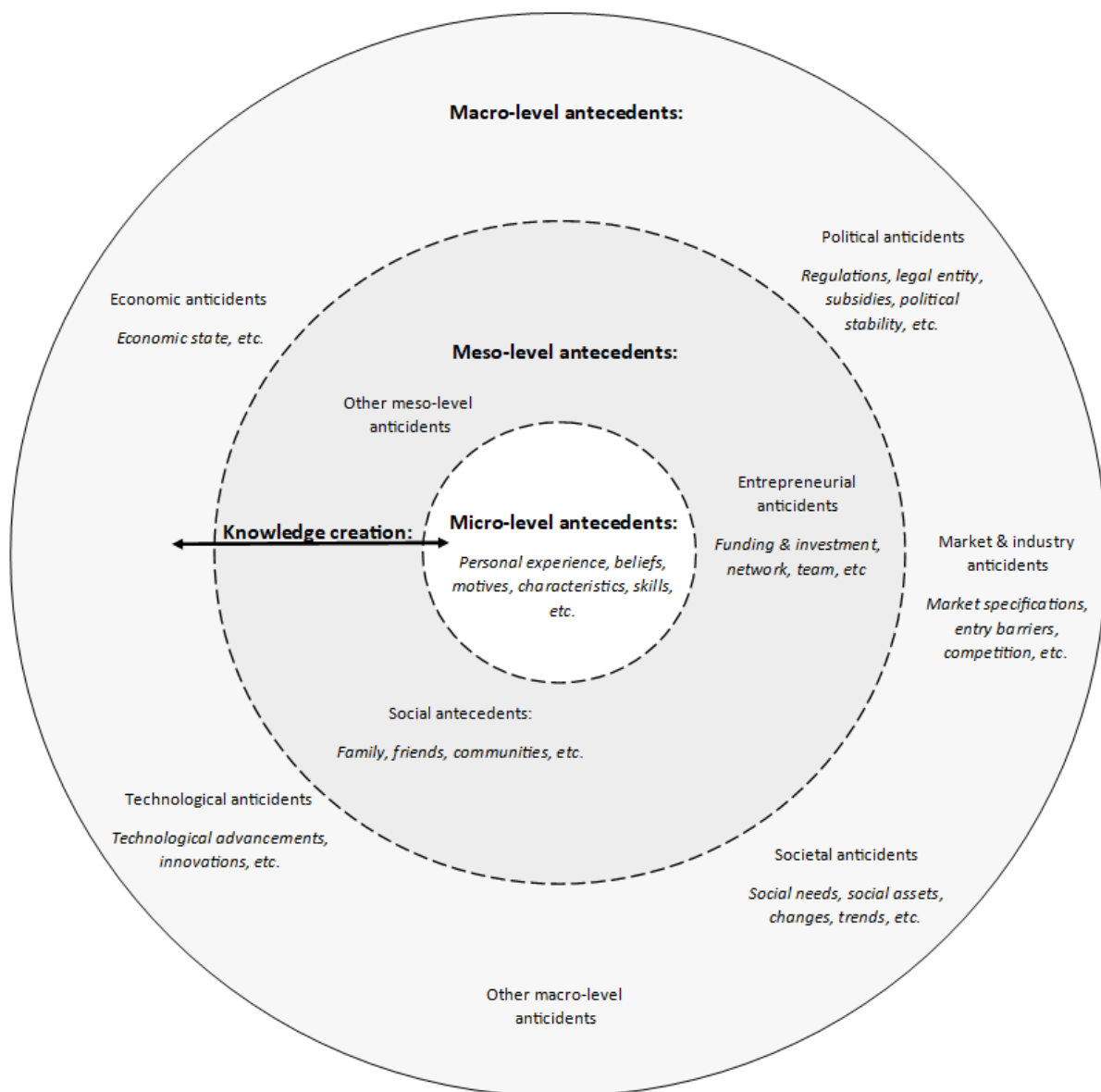


Figure 4: New conceptual framework, motives and opportunities for social value creation

Therefore we suggest a cognitive framework in a network structure focusing on the sources and antecedents for opportunities and motives rather than the stages they occur in, since these stages will be highly individualized. This framework covers all influencing factors being connected and with the individual antecedents as the center node. We also suggest indicating the antecedents on the different levels: micro, meso and macro, as Saebi et al. (2019) indicated. Though, we do emphasize the importance of the interaction of these three levels at all times, not just at different stages of the social entrepreneurial process.

In figure 4 we display this cognitive framework. All antecedents presented were retrieved from the interviews. More antecedents may occur when more research is done in the future. We suggest this framework as an alternative to the speculated framework presented earlier in figure 3. We would like to highlight the use of the dotted lines to indicate the overlapping nature of the different levels. The double arrow across the three levels indicates the constant evolution of the antecedents and the effect of their interaction with each other. This learning process was referred to in the literature as Knowledge creation and covers the different forms of how interaction this may occur (McAdam, 2004; Schulze & Hoegl, 2008; Link, 2017).

7.6. Further analysis

The fact that woman chose to start a company with a non-private legal entity is consistent with previous research. The SE research focusing on the more psychological topics assumes the causation for this finding is due to (overall) gender specific characteristics. In example, Lambrechts, et al. (2020) studies the

level of empathy in Social Entrepreneurs and finds that woman indicate higher levels of empathy. Therefore we can conclude that the entrepreneurial process of woman is – generally speaking – more focused on the social value creation and do men tend to need to validate financial value creation as well. The same reasoning can be followed when reviewing the finding of our female entrepreneurs highlighting their involvement of personal environment more than our male participants.

While we do have evidence to state the influence of the career path of the parents on the entrepreneurial process, like mentioned above. We do not have a an explanation for the impact of the parent's career on the choice of legal entity.

8. Conclusion

The main goal of this study is to give a first indication of whether or not theories from traditional entrepreneurship can be used to substantiate theories and practices in Social Entrepreneurship. We tested this discussion by focusing on one specific theory in TE that was already used to substantiate research in the field of SE. The theoretical framework presented in Figure 3 summarized the used theory of McMullen & Shepherd on opportunity recognition and idea generation merged with the literature and research available on the same topics in SE. After testing this framework in a qualitative research setting, questioning 15 founders and directors of Social Enterprises, we found that the specific theories could not be copied blindly. We even found contradictory findings to the current literature available on the topic in SE. This can be due to the young age of SE research in the

academic field, resulting in a lack of empirical studies.

The main critiques on the literature on SE opportunity recognition and idea creation resulting from our study is that 'change' and 'social assets' are no direct source of ideas or motives to start an SE. They are however important in the further development of the business plan of the SE. Even the indication that a social need is the main resource to value creation is not supported by this study, as only one interviewee indicated this as the direct source of motivation. 'Personal experience' on the other hand, has a way larger influence than indicated by the literature. The majority of the participants indicated that the initiative for social value creation rose directly from their personal experiences.

The TE literature and more specifically the model of McMullen and Shepherd indicated the different stages in starting a company. Besides the 'opportunity recognition stage' that was described as well in SE, there is a stage dedicated to 'idea creation'. Different authors however criticized the theory by stating that the motive to start value creation can be found in both faces and that the sequence is dependent on the founder. Our study supported this critique and found that also companies that aspire to create social value find their ideas before a social need is indicated. Our data showed that the phases these models emphasize are highly individualized by each entrepreneur. We therefore suggest replacing the phased model with a model focused on the sources of motives and intentions of the entrepreneurs.

Another critique is mentioned by McAdam (2004) who stated that the stages are interlinked by knowledge creation. We found that knowledge creation is very much used by social entrepreneurs to define and develop their business further. However, it can also be a source of ideas or a medium to recognize a social need. We did find evidence of Knowledge creation being the relation between different stages and levels of the social entrepreneurial process.

At last, we made the remark that other projects or organizations can be a source of ideas or indicating a social need for social value creation. This opportunity indicated by another organization should be taken into account in future studies as a resource.

With these results, we can conclude that the specific theory of McMullen & Shepherd cannot be copied blindly to the field of social entrepreneurship. However, the theories used above do provide a good starting point for future research. We would like to stress that these findings are focused on one specific model and that more research is needed to conclude whether or not a theory can be transferred. We also like to stress the need for more empirical data to support the already existing theories in the literature of Social Entrepreneurship since currently these are mostly based on limited case studies.

9. Limitations and future recommendation (end)

A number of limitations need to be taken into consideration when discussing the results of this research article. The limited time frame of one year resulted in a restriction of data collection in the number of interviews done.

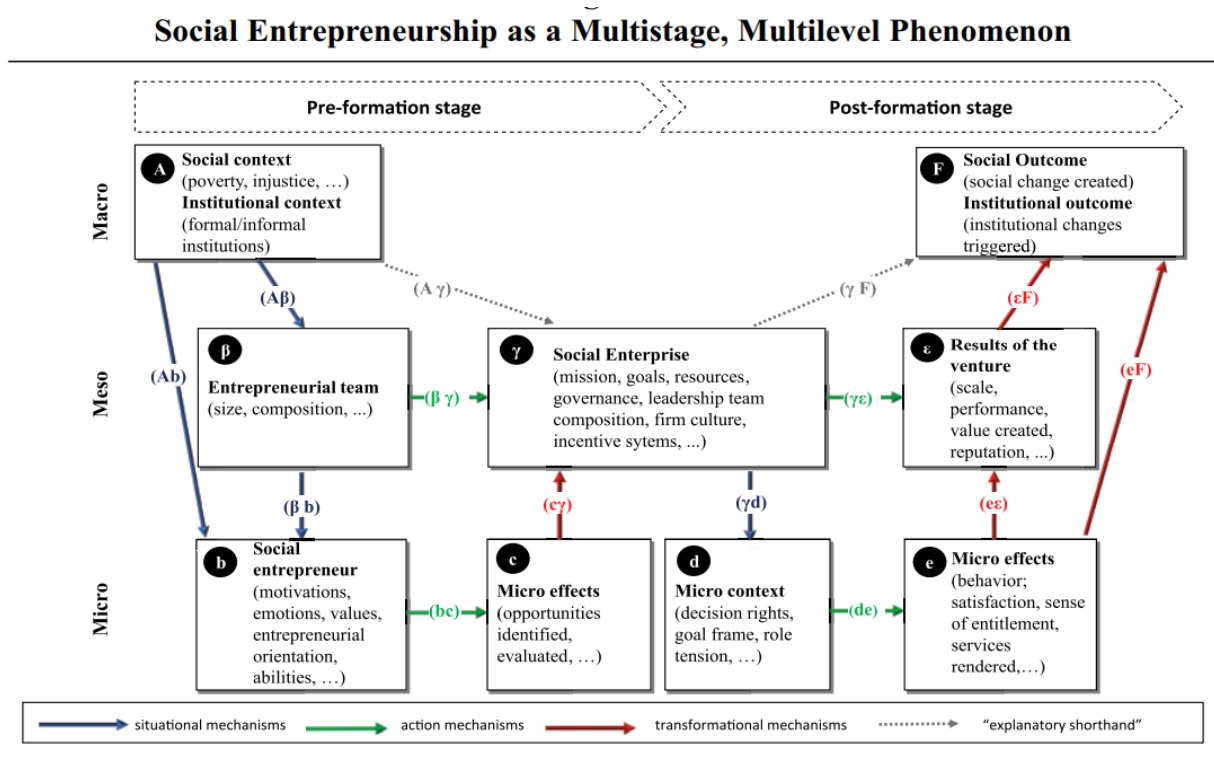
This study focuses on a specific theory, therefore the results cannot be transferred to different theories or discussions within the field of Social Entrepreneurship. The same mindset arises for the expansion of the findings to different stages with the start of an organization.

With regards to further research, we hope to indicate that more data is necessary to find a well-grounded and complete answer to our research question. Since SE is still very young as a research field many related questions remain unanswered. As indicated throughout this paper, our data showed opposite results to previous research as well as proposed new research questions based on this dataset. More research is required to confirm our results and support our findings. The need for more research is supported and expressed by the researchers as well as the entrepreneurs who participated in this study: *"The work you do now is very important because it really provides a platform. ... It should also be a subject at business schools. It should be an approach that if you draw up a business plan that you also pay attention to that social impact. So the pioneer work you are doing is really necessary."* (interview 9).

10. Appendix

10.1. Figure 5: Social Entrepreneurship as a Multistage, Multilevel Phenomenon

Source: Saebi et al. (2019)



11. Literature (end)

- Alter, Kim. 2007. *Social Enterprise Typology*. Virtue Ventures LLC.
- Atkinson, Robert. 1998. *The Life Story Interview*. SAGE Publications.
- Ayogyam, Alexander. 2012. "Parent Entrepreneurs: To What Extent Can They Influence Their Children to Become Entrepreneurs?" *Acta Universitatis Danubius: Oeconomica* 8(3):62–75.
- Bacq, S., and F. Janssen. 2011. "The Multiple Faces of Social Entrepreneurship: A Review of Definitional Issues Based on Geographical and Thematic Criteria." *Entrepreneurship & Regional Development* 23(5/6):373–403. doi: [10.1080/08985626.2011.577242](https://doi.org/10.1080/08985626.2011.577242).
- Chell, Elizabeth, Laura J. Spence, Francesco Perrini, and Jared D. Harris. 2016. "Social Entrepreneurship and Business Ethics: Does Social Equal Ethical?" *Journal of Business Ethics* 133(4):619–25. doi: [10.1007/s10551-014-2439-6](https://doi.org/10.1007/s10551-014-2439-6).
- Dacin, M. Tina, Peter A. Dacin, and Paul Tracey. 2011. "Social Entrepreneurship: A Critique and Future Directions." *Organization Science* 22(5):1203–13. doi: [10.1287/orsc.1100.0620](https://doi.org/10.1287/orsc.1100.0620).
- Dees, J. Gregory. 1998. "The Meaning of Social Entrepreneurship 1 , 2." Pp. 22–30 in *Case Studies in Social Entrepreneurship and Sustainability*, edited by J. Hamschmidt and M. Pirson. Routledge.
- Dey, Pascal, and Chris Steyaert. 2010. "The Politics of Narrating Social Entrepreneurship." *Journal of Enterprising Communities* 4(1):85–108. doi: <http://dx.doi.org/10.1108/17506201011029528>.
- Díaz-García, Cristina, Francisco Sáez-Martínez, and Juan Jiménez-Moreno. 2015. "Assessing the Impact of the 'Entrepreneurs' Education Programme on Participants' Entrepreneurial Intentions." *International Journal of Educational Technology in Higher Education* 12(3):17–31. doi: [10.7238/rusc.v12i3.2146](https://doi.org/10.7238/rusc.v12i3.2146).
- Dileo, Ivano, and Thaís García Pereiro. 2019. "Assessing the Impact of Individual and Context Factors on the Entrepreneurial Process. A Cross-Country Multilevel Approach." *International Entrepreneurship and Management Journal* 15(4):1393–1441. doi: [10.1007/s11365-018-0528-1](https://doi.org/10.1007/s11365-018-0528-1).
- Engen, Marit, and Peter Magnusson. 2015. "Exploring the Role of Front-Line Employees as Innovators." *Service Industries Journal* 35(6):303–24. doi: [10.1080/02642069.2015.1003370](https://doi.org/10.1080/02642069.2015.1003370).
- Guclu, A., J. G. Dees, and B. Anderson. 2002. "The Process of Social Entrepreneurship: Creating Opportunities Worthy of Serious Pursuit." *Undefined*. Retrieved November 2, 2020 ([/paper/The-Process-of-Social-Entrepreneurship%3A-Creating-of-Guclu-Dees/0c2bef26f70f2601d32baea6a38be38b19bcb98f](https://paperkit.net/paper/The-Process-of-Social-Entrepreneurship%3A-Creating-of-Guclu-Dees/0c2bef26f70f2601d32baea6a38be38b19bcb98f)).
- Haugh, Helen M., and Alka Talwar. 2016. "Linking Social Entrepreneurship and Social Change: The Mediating Role of Empowerment." *Journal of Business Ethics* 133(4):643–58. doi: [10.1007/s10551-014-2449-4](https://doi.org/10.1007/s10551-014-2449-4).
- Horn, Denise M. 2013. *Democratic Governance and Social Entrepreneurship: Civic Participation and the Future of Democracy*. London, UNITED KINGDOM: Taylor & Francis Group.
- Kornish, Laura J., and Jeremy Hutchison-Krupat. 2017. "Research on Idea Generation and Selection: Implications for Management of Technology." *Production and Operations Management* 26(4):633–51. doi: <https://doi.org/10.1111/poms.12664>.
- Lambrechts, Wim, Marjolein C. J. Caniels, Ingrid Molderez, Ronald Venn, and Reinke Oorbeek. 2020. "Unraveling the Role of Empathy and Critical Life Events as Triggers for Social Entrepreneurship." *Frontiers in Psychology* 11. doi: [10.3389/fpsyg.2020.579500](https://doi.org/10.3389/fpsyg.2020.579500).

- Lepoutre, Jan, Rachida Justo, Siri Terjesen, and Niels Bosma. 2013. "Designing a Global Standardized Methodology for Measuring Social Entrepreneurship Activity: The Global Entrepreneurship Monitor Social Entrepreneurship Study." *Small Business Economics* 40(3):693–714. doi: [10.1007/s11187-011-9398-4](https://doi.org/10.1007/s11187-011-9398-4).
- Link, Albert N. 2017. "Ideation, Entrepreneurship, and Innovation." *Small Business Economics* 48(2):279–85. doi: [10.1007/s11187-016-9782-1](https://doi.org/10.1007/s11187-016-9782-1).
- Lumpkin, G. T., Sophie Bacq, and Robert J. Pidduck. 2018. "Where Change Happens: Community-Level Phenomena in Social Entrepreneurship Research." *Journal of Small Business Management* 56(1):24–50. doi: [10.1111/jsbm.12379](https://doi.org/10.1111/jsbm.12379).
- MacMillan, Ian C., and James D. Thompson. 2013. *The Social Entrepreneur's Playbook, Expanded Edition: Pressure Test, Plan, Launch and Scale Your Social Enterprise*. Chicago, UNITED STATES: Wharton School Press.
- Mair, Johanna, and Ignasi Martí. 2006. "Social Entrepreneurship Research: A Source of Explanation, Prediction, and Delight." *Journal of World Business* 41(1):36–44. doi: [10.1016/j.jwb.2005.09.002](https://doi.org/10.1016/j.jwb.2005.09.002).
- McAdam, R. 2004. "Knowledge Creation and Idea Generation: A Critical Quality Perspective." *Technovation* 24(9):697–705. doi: [10.1016/S0166-4972\(02\)00169-4](https://doi.org/10.1016/S0166-4972(02)00169-4).
- McMullen, Jeffery S., and Alexander S. Kier. 2017. "You Don't Have to Be an Entrepreneur to Be Entrepreneurial: The Unique Role of Imaginativeness in New Venture Ideation." *Business Horizons* 60(4):455–62. doi: [10.1016/j.bushor.2017.03.002](https://doi.org/10.1016/j.bushor.2017.03.002).
- McMullen, Jeffery S., and Dean A. Shepherd. 2006. "Entrepreneurial Action and the Role of Uncertainty in the Theory of the Entrepreneur." *Academy of Management Review* 31(1):132–52. doi: [10.5465/AMR.2006.19379628](https://doi.org/10.5465/AMR.2006.19379628).
- Mohamad, Noorkartina, Hock-Eam Lim, Norhafezah Yusof, and Jan-Jan Soon. 2015. "Estimating the Effect of Entrepreneur Education on Graduates' Intention to Be Entrepreneurs" edited by P. Harry Matlay. *Education + Training* 57(8/9):874–90. doi: [10.1108/ET-03-2014-0030](https://doi.org/10.1108/ET-03-2014-0030).
- Peredo, Ana Maria, and McLean. 2006. "Social Entrepreneurship: A Critical Review of the Concept." *Journal of World Business* 41(1):56–65. doi: [10.1016/j.jwb.2005.10.007](https://doi.org/10.1016/j.jwb.2005.10.007).
- Pless, Nicola M. 2012. "Social Entrepreneurship in Theory and Practice—An Introduction." *Journal of Business Ethics* 111(3):317–20. doi: [10.1007/s10551-012-1533-x](https://doi.org/10.1007/s10551-012-1533-x).
- Ploum, Lisa, Vincent Blok, Thomas Lans, and Onno Omta. 2018. "Exploring the Relation between Individual Moral Antecedents and Entrepreneurial Opportunity Recognition for Sustainable Development." *Journal of Cleaner Production* 172:1582–91. doi: [10.1016/j.jclepro.2017.10.296](https://doi.org/10.1016/j.jclepro.2017.10.296).
- Porter, Michael E., and Mark R. Kramer. 2019. "Creating Shared Value." Pp. 323–46 in *Managing Sustainable Business: An Executive Education Case and Textbook*, edited by G. G. Lenssen and N. C. Smith. Dordrecht: Springer Netherlands.
- Saebi, Tina, Nicolai J. Foss, and Stefan Linder. 2019. "Social Entrepreneurship Research: Past Achievements and Future Promises." *Journal of Management* 45(1):70–95. doi: [10.1177/0149206318793196](https://doi.org/10.1177/0149206318793196).
- Schulze, Anja, and Martin Hoegl. 2008. "Organizational Knowledge Creation and the Generation of New Product Ideas: A Behavioral Approach." *Research Policy* 37(10):1742–50. doi: [10.1016/j.respol.2008.07.002](https://doi.org/10.1016/j.respol.2008.07.002).

- Shaw, Eleanor, and Sara Carter. 2007. "Social Entrepreneurship: Theoretical Antecedents and Empirical Analysis of Entrepreneurial Processes and Outcomes." *Journal of Small Business and Enterprise Development* 14(3):418–34. doi: <http://dx.doi.org/10.1108/14626000710773529>.
- Shepherd, Dean A., Jeffery S. McMullen, and P. Devereaux Jennings. 2007. "The Formation of Opportunity Beliefs: Overcoming Ignorance and Reducing Doubt." *Strategic Entrepreneurship Journal* 1(1–2):75–95. doi: <https://doi.org/10.1002/sej.3>.
- Slávik, Štefan. 2020. "Business Ideas in Start-Ups." in *SHS Web of Conferences; Les Ulis*. Vol. 83. Les Ulis, France, Les Ulis: EDP Sciences.
- Ulrich, Frank, and Peter Axel Nielsen. 2020. "Chaos and Creativity in Dynamic Idea Evaluation: Theorizing the Organization of Problem-Based Portfolios." *Creativity and Innovation Management* 29(4):566–80. doi: <https://doi.org/10.1111/caim.12400>.
- Wise, Sean, Brad Feld, and Chris Sacca. 2017. *Startup Opportunities: Know When to Quit Your Day Job*. New York, UNITED STATES: John Wiley & Sons, Incorporated.
- Yitshaki, Ronit, and Fredric Kropp. 2016. "Motivations and Opportunity Recognition of Social Entrepreneurs." *Journal of Small Business Management* 54(2):546–65. doi: [10.1111/jsbm.12157](https://doi.org/10.1111/jsbm.12157).
- Yunus, Muhammad, Bertrand Moingeon, and Laurence Lehmann-Ortega. 2010. "Building Social Business Models: Lessons from the Grameen Experience." *Long Range Planning* 43(2):308–25. doi: [10.1016/j.lrp.2009.12.005](https://doi.org/10.1016/j.lrp.2009.12.005).
- Zagorac-Uremovic, Zorica. 2015. "Opportunity Recognition and Business Ideation from a Cognitive Perspective." Pp. 1–12 in *ISPIM Conference Proceedings; Manchester*. Manchester, United Kingdom, Manchester: The International Society for Professional Innovation Management (ISPIM).
- Zahra, Shaker A., Hans N. Rawhouser, Nachiket Bhawe, Donald O. Neubaum, and James C. Hayton. 2008. "Globalization of Social Entrepreneurship Opportunities." *Strategic Entrepreneurship Journal* 2(2):117–31. doi: <https://doi.org/10.1002/sej.43>.
- Zahra, Shaker A., and Mike Wright. 2016. "Understanding the Social Role of Entrepreneurship." *Journal of Management Studies* 53(4):610–29. doi: [10.1111/joms.12149](https://doi.org/10.1111/joms.12149).