

# Giving Selflessly and Building Oneself: A Study of Social Entrepreneurial Motives and Rewards

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## **Thesis Abstract**

Social entrepreneurs employ market-based methods to fill gaps in the provision of social goods or services. In the growing field of academic research on social entrepreneurship, surprisingly few studies investigate the factors that drive social entrepreneurs to create value for others. This thesis presents two qualitative studies and one quantitative study that examine motives experienced by social entrepreneurs and the rewards they receive.

The first two studies are based on a qualitative, phenomenon-driven case study exploring the motives and rewards for social entrepreneurship. In contrast to the social entrepreneurship literature, findings from these studies suggest that social entrepreneurs experience both self- and other-oriented motives. Further, the distinct emotions of passion and frustration precede self-oriented motivation, while the emotions of sympathy and empathy precede other-oriented motivation. Having a successful venture is a key reward for social entrepreneurs and awareness that the venture is achieving social aims contributes to social entrepreneurs' experience of personal growth and well-being. Although financial rewards are not primary drivers of social entrepreneurship, there seems to be a threshold of financial returns, below which it is difficult to sustain engagement in the venture.

The third study is a quantitative enquiry of social entrepreneurial motivation. Data from an online survey of 193 social and commercial entrepreneurs show strong, direct relationships between self-oriented motivation and value placed on financial rewards, and between other-oriented motivation and the intrinsic rewards of hedonic and eudaimonic happiness. Moreover, entrepreneurs in ventures with high social emphasis place more importance on intrinsic rewards.

As social entrepreneurship becomes an increasingly important part of the economy's third sector, it is critical to understand what drives and maintains engagement in social ventures. Having a better understanding of social entrepreneurial motivation may enable social entrepreneurs to build satisfying ventures that sustain engagement. From an academic perspective, new frameworks for understanding social entrepreneurial motivation contribute to this emerging field of research.

## Statement of Original Authorship

I certify that the work embodied in this thesis entitled *Giving Selflessly and Building Oneself: A Study of Social Entrepreneurial Motives and Rewards* has not been submitted for a higher degree to any other university or institution. To the best of my knowledge and belief, the thesis contains no material previously published or written by another person except where it is appropriately acknowledged.

The research presented in this thesis was approved by the Macquarie University Human Ethics Committee (Ethics approval for case study: 5200903494 (D)-Ruskin on 18 January 2010; Ethics approval for survey: 5201300195-Webster on 9 April 2013).

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### **Why Create Value for Others? An Exploration of Social Entrepreneurial Motives**

Jennifer Ruskin	60%
Cynthia M. Webster	30%
Richard G. Seymour	10%

### **Social Impact and the Value of Intrinsic and Extrinsic Rewards for Social Entrepreneurs**

Jennifer Ruskin	70%
Cynthia M. Webster	30%

### **What's in it for Me? Impact of Social Venture Emphasis on Rewards Entrepreneurs Value**

Jennifer Ruskin	70%
Cynthia M. Webster	15%
Erik Lundmark	15%

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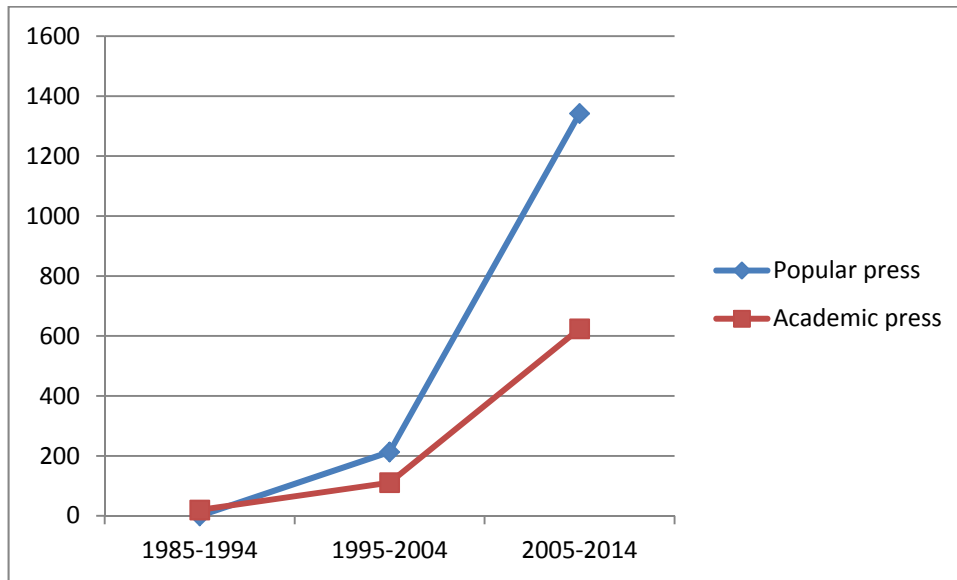
## **Chapter 1: Thesis Introduction**

There is recent and growing interest in the non-financial benefits of entrepreneurship. Non-financial rewards range from public recognition (Powell & Eddleston, 2013) to enjoyment (Dunkelberg, Moore, Scott, & Stull, 2013) and higher well-being (Shepherd & Haynie, 2009; Uy, Foo, & Song, 2013). Diverse groups of entrepreneurs have goals for a variety of financial and non-financial rewards from their ventures (Mahto, Davis, Pearce, & Robinson, 2010). For social entrepreneurs, who value having a social impact over accruing personal financial returns (Dorado, 2006), the balance may be particularly skewed toward non-financial aims. Exploring entrepreneurial motivation in the context of social entrepreneurship offers new insights that are relevant to building a better understanding of what keeps different types of entrepreneurs engaged in the work they do. This thesis explores the factors that drive social entrepreneurs to build and remain engaged in ventures that are primarily intended to benefit others.

Social entrepreneurs have captured the attention of the media and academia over the last twenty years. A search on the term ‘social entrepreneur’ in the popular press (Ebsco Host holdings of Web News, Newspaper Source Plus, and Newswires) yields zero articles for the period 1985–1994, 213 articles for 1995–2004, and 1,342 articles for the last decade. In a similar proliferation, a search of only peer-reviewed articles in academic journals (Ebsco Host holdings for Academic Search Premier, Business Source Premier, Humanities International Complete, and the Psychology and Behavioral Sciences Collection) results in 20 articles for the decade ending in 1994, 111 articles for the decade ending in 2004, and 624 articles in the last decade. This is a remarkable increase in the reporting on, and exploration of, the topic (Figure 1.1). Of course, some of the increase is likely due to the increased popularity of the term, rather than an actual increase in social entrepreneurship. Nonetheless, the practice of

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social entrepreneurship is on the rise as a result of an increase in both the number of people with sufficient education and resources to engage in social change and the ever-expanding number of social problems not adequately addressed by governments or non-governmental organizations (Bornstein, 2012).



*Figure 1.1.* Proliferation of the Term Social Entrepreneur in the Press.

### Defining Social Entrepreneurs

Entrepreneurs identify and exploit opportunities (Shane & Venkataraman, 2000) to generate value in the economy through innovation of new products, processes, or markets (Schumpeter, 1934). In return for their efforts and investments, entrepreneurs assume the potential to gain rewards (Acs & Phillips, 2002). Like other entrepreneurs, social entrepreneurs identify an opportunity—a market-based gap in the provision of a social service—and act creatively, innovatively, and resourcefully to fill the gap (Austin, Stevenson, & Wei-Skillern, 2006; Nicholls, 2006). In contrast to other entrepreneurs, social entrepreneurs organize their ventures around a social mission to benefit a target community in need (Bacq & Janssen, 2011). The community in need is an “underserved, neglected, or highly disadvantaged population that lacks the financial means or political clout to achieve”

social change without intervention (Martin & Osberg, 2007, p. 35). Furthermore, although social ventures can be organized as for-profit or non-profit organizations (Townsend & Hart, 2008), social entrepreneurs tend to structure their ventures to ensure that any financial gains from the enterprise are reinvested in the venture (Bacq & Janssen, 2011; Boschee & McClurg, 2003).

Similar to the broader field of entrepreneurship, a single, comprehensive definition of social entrepreneurs eludes researchers despite substantial attention to the subject over the last decade (Bacq & Janssen, 2011; Nicholls, 2010). Definitions of social entrepreneurs can be categorized as broad or narrow (Austin, et al., 2006). Broad definitions tend to focus on the primacy of the social entrepreneur's intention to create social value as the central theme, differentiating social entrepreneurs from others (Bacq & Janssen, 2011; Dees, 1998). Apart from that central tenet, broad definitions are non-prescriptive such that anyone who applies business techniques to address a mission-related social issue is a social entrepreneur (Boschee & McClurg, 2003). By contrast, narrow definitions add stipulations about the scope and scale of impact achieved by social entrepreneurs. Social entrepreneurial activities are innovative and result in the creation of something new (Austin, et al., 2006). Social entrepreneurs offer "added social value" to communities in need by bringing higher returns to "intended beneficiaries for comparable resources expended than other ventures" (Young, 2006, p. 66). Martin and Osberg (2007) take these ideas a step further, suggesting that activities do not qualify as social entrepreneurship unless systemic change occurs.

Defining social entrepreneurs either too broadly or too narrowly may have negative repercussions. One risk of defining social entrepreneurs too broadly is that the field can become diluted (Martin & Osberg, 2007). Researchers may miss opportunities for relevant, interesting observations. On the other hand, a definition that is too narrow risks excluding small, local social ventures on the basis that they are not sufficiently innovative or impactful.

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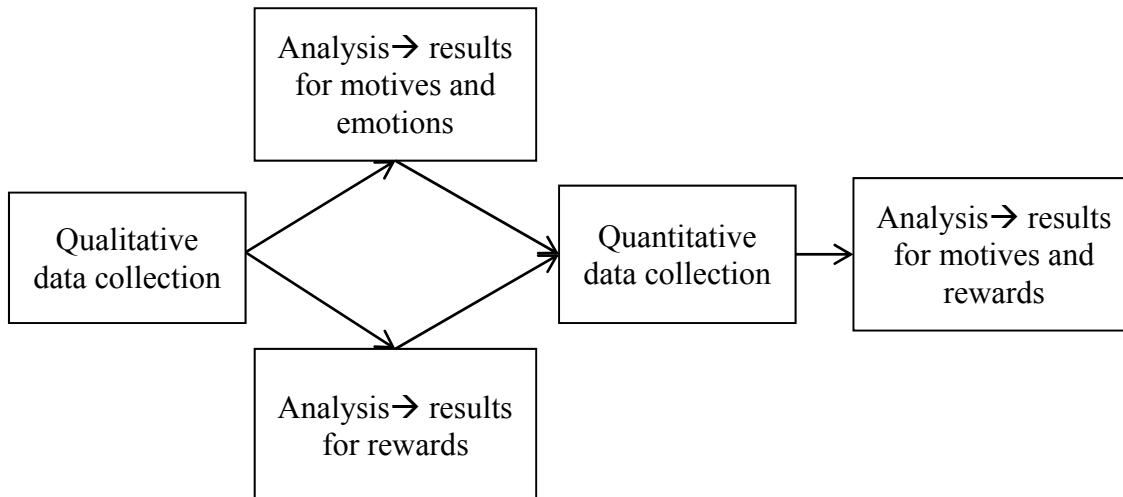
Some social ventures may not demonstrate new social value because systemic change takes time (Young, 2006) or their donors do not require systematic measurement of social value creation (Smith & Stevens, 2010). A typology of social entrepreneurs begins to bridge the gap between narrow and broad definitions by arguing that social entrepreneurs range from social bricoleurs, who bring about small scale change at a local level, to social engineers, who create systemic change at a national or international level (Zahra, Gedajlovic, Neubaum, & Shulman, 2009). Regardless of the definition, there is agreement that social entrepreneurs create change to address social issues (cf. Austin, et al., 2006; Dees, 1998; Haugh, 2006; Martin & Osberg, 2007). Considering entrepreneurs more generally, they can be positioned along a continuum anchored by a primary focus on social outcomes at one end, a balance of social impact and financial aims in the middle, and a heavy focus on financial performance at the other end (Dees, 1998; Peredo & McLean, 2006).

Social entrepreneurship has influenced recent policy both in terms of organizational structures and program development. For example, in the United Kingdom and the United States, new legal structures have been created to accommodate the hybrid nature of social enterprises. A Community Interest Company (CIC) is a special form of limited liability company in the United Kingdom that is organized to benefit the community rather than maximize profit for shareholders ("Setting up a social enterprise", 2013). In the United States, organizations can form as low-profit limited liability companies (L3Cs), which allows them to accept investments while also placing the social mission ahead of profits (Strom, 2011). In some cases, social enterprise solutions are so effective that they are adopted by governments. For example, the social enterprise City Year was the original inspiration for AmeriCorps, the United States Government's national service program (Bornstein, 2012).

### **A Gap in Understanding and an Approach to Addressing It**

Despite the increase in both practice and study of social entrepreneurship, relatively little is known about social entrepreneurial motivation. Academics are beginning to understand processes of social entrepreneurship (cf. Austin, et al., 2006; Corner & Ho, 2010; Di Domenico, Haugh, & Tracey, 2010) but know less about why people engage in social ventures. Surprisingly, few empirical investigations of social entrepreneurial motivation exist, in spite of several calls for research in this area (Austin, et al., 2006; Haugh, 2005; Miller, Grimes, McMullen, & Vogus, 2012). The few recent studies that explore social entrepreneurial motivation tend to focus on prosocial motivation without consideration for other drivers of social entrepreneurship (cf. Bargsted, Picon, Salazar, & Rojas, 2013; Miller, et al., 2012; Renko, 2013). To address this gap in knowledge, the thesis explores two fundamental questions: why do social entrepreneurs engage in ventures that are primarily designed to help others, and how do social entrepreneurs benefit from being involved in their ventures?

The lack of a theoretical foundation for understanding social entrepreneurial motivation points toward the application of a mixed-method research design (Creswell & Plano Clark, 2007; Miles, Huberman, & Saldana, 2014). Building theory from cases is a particularly good way to consider how and why questions, but when it comes to assessing the relative importance of different constructs, other types of data are needed (Eisenhardt & Graebner, 2007). As depicted in Figure 1.2, a mixed-method research design allows for qualitative data collection and analysis to inform the quantitative data collection. The qualitative phase of the research identifies the specific emotion, motive, and reward constructs that seem relevant to social entrepreneurs. The scales included in the quantitative survey are based on the findings of the qualitative research.



*Figure 1.2.* Overview of the Mixed Method Study.

The focus of this thesis is on increasing our understanding of social entrepreneurial motivation. As such, the individual social entrepreneur is the unit of analysis. There is some tension in the growing academic literature around framing either the individual or the venture as the appropriate unit of analysis. On one side, many social ventures emerge when community groups take action to address a local problem—their very existence depends on the presence of a group of concerned community members (Haugh, 2007). This approach cautions against placing undue focus on individual personalities rather than the issues addressed through social entrepreneurship (Light, 2006) to avoid giving hero status to individual entrepreneurs (Nicholls, 2010). A different approach is to consider the social entrepreneur as an actor who has the passion and perseverance to transition an idea into a venture that offers a solution to a social ill. From this perspective, there would be no entrepreneurship without the individuals who drive the process (Baron, 2007; Uy, et al., 2013). An exploration of motivation necessarily considers individuals and the factors that drive them to take action (Shane, Locke, & Collins, 2003). This thesis focuses on individual social entrepreneurs while recognizing that any single social entrepreneur acts with the support of others, whether they are co-founders, community members, or other actors addressing the same social issue.

## Thesis Structure

The thesis is composed of three inter-related studies conducted in the Australian context that are each prepared for submission to highly ranked journals in the field of entrepreneurship or management. The first study is an instrumental, phenomenon-driven case study of social entrepreneurs. The aim of the study is to provide empirical evidence that social entrepreneurs experience both self-oriented motives, similar to commercial entrepreneurs, and other-oriented motives, as indicated in the emerging social entrepreneurship literature. The study identifies both self- and other-oriented motives and emotional antecedents that play a role in social entrepreneurial motivation. Drawing from the same data set as the first study, the second study explores the rewards of social entrepreneurship. The second study aims to understand the role of extrinsic and intrinsic rewards both in social entrepreneurs' experience of satisfaction and continued motivation. The third study is quantitative and builds on the qualitative findings of the first two studies. Data are collected from both social and commercial entrepreneurs to test the effect of increased social emphasis in the venture on the types of rewards valued by entrepreneurs. The three studies are supported by seven appendices. Appendix A provides the survey instrument and shows the development of scales employed in the online survey. Appendix B is a technical appendix that details the steps taken in the partial least squares analysis that are not included in the third study. Appendix C is a paper titled *Motivations and Value Creation: A Comparison of Commercial and Social Entrepreneurs*, which was presented at the Australian and New Zealand Academy of Management Conference (ANZAM) in 2009. Appendix D is a paper titled *Creating Value for Others: An Exploration of Social Entrepreneurs' Motives*, which was presented at ANZAM 2011. Together, the papers included in Appendices C and D form the foundation for the first study in the thesis. Appendix E includes a paper presented at ANZAM 2013 titled *Money Can't Buy Happiness:*

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*Intrinsic Rewards of Social Entrepreneurs*. This paper is an early version of the second study. Appendix F presents a paper titled *Measuring Other-oriented Aspects of Social Entrepreneurial Motivation*, which was discussed at the Australian Centre for Entrepreneurship Paper Development Workshop in 2012. This paper proposes and discusses scales for inclusion in the survey. Appendix G is a paper titled *Beyond Prosocial and Altruistic: Identifying Other-oriented Motives of Social Entrepreneurs* that was presented at the Australian Centre for Entrepreneurship Research Exchange (ACERE) in 2014. This paper forms the basis of the third study.

### **Significance of the Research**

Gaining a better understanding of social entrepreneurial motivation is important both for academics and practitioners of social entrepreneurship. For academics, understanding why social entrepreneurs establish ventures to benefit others is a platform for further exploration in an emerging field. Entrepreneurs' motives can help explain which ventures get launched and the extent to which they are successful (Baum & Locke, 2004; Baum, Locke, & Smith, 2001). In the emerging field of social entrepreneurship, scholars have been limited in their capacity to explore social entrepreneurial motivation in two primary ways. First, motives, such as prosocial and altruistic motivation, are discussed in the literature, but they are often poorly defined and empirical testing is limited. The few researchers who address social entrepreneurial motivation empirically either employ qualitative approaches (Shaw & Carter, 2007) or adopt a small number of questions from an existing, large-scale survey and identify particular responses as a proxy for prosocial motivation (Renko, 2013). Second, the social entrepreneurship literature tends to consider other-oriented motives of social entrepreneurship without regard to self-oriented drives. Social entrepreneurs are people who employ business methods to address a social issue. It seems reasonable to consider the possibility that social entrepreneurs experience both self-oriented motives, similar to other



types of entrepreneurs, and other-oriented motives. Potential contributions include a more complete conceptual understanding of social entrepreneurial motivation.

For practitioners of social entrepreneurship, a better understanding of social entrepreneurial motives offers three important benefits. First, ventures can be structured in ways that maximize important rewards. For example, knowing that a lower threshold of acceptable financial rewards exists, social entrepreneurs, and those who support their work, can focus on ensuring reasonable salaries closer to the outset of the venture. Alternatively, if observation of venture success is critical for unlocking certain intrinsic rewards, then social entrepreneurs can find ways to document the progress made through their venture's contribution to the target community. Second, structuring ventures in ways that maximize valued rewards fosters continued motivation. When a particular activity results in a valued reward, people continue to engage in the behavior based on the belief that their effort will again lead to the same result (Bandura, 1986). With an ever-growing array of social issues that are not adequately addressed by other sectors of the economy (Austin, et al., 2006; Miller, et al., 2012), attracting and maintaining interest in social entrepreneurship is important. Third, a better understanding of social entrepreneurial motivation can alter what constitutes venture success. In contexts where the primary aim of entrepreneurship is to maximize profits, there are standard measures of venture success (Ucbasaran, Westhead, & Wright, 2001). If the primary aim of an entrepreneurial venture is not financial, however, determining venture success depends more on the entrepreneur's goals for the venture (Cooper & Artz, 1995; Mahto, et al., 2010). For social entrepreneurs, their perception of success in the venture is influenced both by the goals they have for the venture, the achievement of social aims, and the individual benefits they receive.

### **Conclusion**

This introduction offers background for the research in the remainder of the thesis. Social entrepreneurs are defined. There is a brief introduction to the gap in understanding and how it is addressed in the thesis. Moreover, the aims of the research and structure of the thesis are introduced. Finally, there is a discussion of potential contributions of the thesis to future academic research and practice associated with social entrepreneurship. Chapter two presents the first of the three studies and explores the motives for social entrepreneurship.

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## Chapter 2: Introduction to Study I

*Why Create Value for Others? An Exploration of Social Entrepreneurial Motives* explores the emotions and motives experienced by social entrepreneurs. Starting with a broad framework of self- and other-oriented motivation drawn from the psychology and entrepreneurship literatures, the aim of the paper is to explore the types of self- and other-oriented motivation relevant to social entrepreneurs. A better understanding of the motives associated with social entrepreneurship provides a conceptual foundation for future quantitative exploration.

The qualitative data for the thesis is a phenomenon-driven, instrumental case study of social entrepreneurial motivation. The data gathered to generate the case is explored in two qualitative papers. The first paper addresses motives and is presented in this chapter of the thesis. The second paper focuses on the rewards associated with social entrepreneurial motivation and is presented in the next chapter.

*Why Create Value for Others? An Exploration of Social Entrepreneurial Motives* has been accepted for publication in the Journal of Small Business Management. As such, the paper in this thesis is presented in the journal's required publication format. Two preliminary papers presented at the Australian and New Zealand Academy of Management Conference, 2009 and 2011 provide the foundation for the final thesis paper. The first conference paper (Appendix C) is authored by Jennifer Ruskin, Richard G. Seymour, and Cynthia M. Webster with the same contribution ratio that is outlined in the Acknowledgements. The second conference paper (Appendix D) is authored by Jennifer Ruskin and Cynthia M. Webster with a contribution ratio of 70% and 30%, respectively.





## Chapter 2: Study I

### Why Create Value for Others? An Exploration of Social Entrepreneurial

#### Motives

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#### Abstract

*Social entrepreneurs create value for and with target communities in need. This paper responds to calls for research addressing social entrepreneurs' drive to benefit others. We draw from psychology to augment the understanding of motives in entrepreneurship before conducting a phenomenon-driven, instrumental case study of social entrepreneurs' motives. We find some emotions, such as entrepreneurial passion and frustration, lead to self-oriented motives, while sympathy and empathy are precursors for other-oriented motivations, such as altruism and social justice. This work provides a theoretical platform for future studies in entrepreneurial motivation that addresses the importance of non-financial motives and associated rewards for fostering engagement in the sector.*

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#### Introduction

In the young field of social entrepreneurship, even the definition of social entrepreneurs is contentious, despite substantial attention to the subject over the last decades (Bacq & Janssen, 2011; Nicholls, 2010). Regardless of whether the perspective taken is narrow, viewing social entrepreneurs as social bricoleurs who bring about small scale change at a local level, or broad, considering social entrepreneurs as social engineers who create systemic change at a national or international level (Zahra, Gedajlovic, Neubaum, & Shulman, 2009), most agree that social entrepreneurs create value for and with vulnerable segments of the population (Austin, Stevenson, & Wei-Skillern, 2006; Dees, 1998b; Martin & Osberg, 2007).

## CHAPTER 2: STUDY I

Like commercial entrepreneurs, social entrepreneurs identify opportunities, leverage resources, and establish ventures. Rather than creating new ventures with the primary purpose of capturing financial gain, social entrepreneurs act creatively, innovatively, and resourcefully to fill a market-based gap in the provision of a social good or service to a target community (Austin, et al., 2006; Nicholls, 2006). The community in need typically is an “underserved, neglected, or highly disadvantaged population that lacks the financial means or political clout to achieve” social change without intervention (Martin & Osberg, 2007, p. 35). Although social entrepreneurs’ activities involve the economic, they prioritize non-financial outcomes (Austin, et al., 2006; Dees, 1998b; Mort, Weerawardena, & Carnegie, 2003), including cultural, social, and natural values (Seymour, 2012). The balance of financial and non-financial goals varies among different types of entrepreneurs (Mahto, Davis, Pearce, & Robinson, 2010). We focus on social entrepreneurs in an effort to off-set the heavy emphasis on financial motivations in prior research (Haugh, 2006; Ucbasaran, Westhead, & Wright, 2001). With clear social goals, social entrepreneurs offer an interesting context for exploring non-financial motivations that may have relevance for other entrepreneurs.

Social entrepreneurs are a distinctive community of practitioners. We argue that extant literature explores how they operate social ventures (cf. Austin, et al., 2006; Corner & Ho, 2010; Di Domenico, Haugh, & Tracey, 2010) without sufficiently understanding why they operate their social ventures. Despite several calls for research addressing why social entrepreneurs do what they do (Austin, et al., 2006; Haugh, 2005; Miller, Grimes, McMullen, & Vogus, 2012), surprisingly little empirical research to date investigates social entrepreneurial motivation. To

address this gap in knowledge, we ask what motivates social entrepreneurs to concentrate their resources and efforts on creating value for and with disadvantaged groups. In addition, we build on recent scholarly interest in the influence of emotions on entrepreneurial motivation and behavior (R. A. Baron, 2008; Cardon, Wincent, Singh, & Drnovsek, 2009) to consider whether particular emotions precede social entrepreneurial motivation. Given government, industry, and academic scholars' acknowledgement of the important role social entrepreneurs play in addressing increasingly complex social challenges (Bacq & Janssen, 2011), a better understanding of social entrepreneurial motivation may assist social entrepreneurs, policymakers, and impact investors to build ventures that both create value for target communities *and* offer satisfying returns to social entrepreneurs.

Following the recommendation of Shane and colleagues (2003), this paper draws on the psychology literature to inform our understanding of entrepreneurial motivation. We begin with a discussion of emotions as antecedents to motivation followed by an overview of self- and other-oriented aspects of motivation from the field of psychology. After introducing each emotional antecedent and motive, we return to the entrepreneurship literature to review the current understanding of emotions and motives in the context of entrepreneurship. From this theoretical foundation, we gather data from social entrepreneurs to understand the factors that drive them. We discuss the results, embed them in the motivation and entrepreneurship literatures, and conclude with a conceptual model of social entrepreneurial motivation.

### **Human Motivation**

Over a century of academic research addresses why people do what they do (Forbes, 2011). Researchers alternately address motives (White, 1959), needs (Deci & Ryan, 1985; Maslow, 1943; McClelland, 1985), drives (Maslow, 1943), desires (Reiss, 2004), instincts (McDougall, 1918), and goals (Kasser & Ryan, 1993; Sheldon, Ryan, Deci, & Kasser, 2004). For the purpose of this research, we use the terms motive, need, and drive interchangeably. We avoid using instinct, which is somewhat archaic (Carsrud & Brännback, 2011), and desire, which conveys conscious decision-making. We reserve goal for addressing rewards associated with acting on motivations (Sheldon, 2002). Researchers of entrepreneurial motivation tend to consider intentions (Carsrud & Brännback, 2011) and personal characteristics that influence motivation, such as risk taking, locus of control, and tolerance for ambiguity, alongside motives (Shane, et al., 2003). We focus on motives.

Motivation is formed by a number of factors, including emotions (Batson & Shaw, 1991), intentions (Krueger, Reilly, & Carsrud, 2000), and past experience (Delmar & Wiklund, 2008). We consider emotional antecedents to motivation in this study for three reasons. First, emotions may be particularly important for understanding the behavior of social entrepreneurs. For example, the social emotions of compassion and empathy enable one person to perceive the experience of others (Batson et al., 1988), and these emotions tend to be associated with social entrepreneurs (Dees, 1998a; Prabhu, 1999; Thake & Zadek, 1997). Furthermore, a social entrepreneur's emotional connection to a social issue and/or target community can make it difficult to act in the strategic interests of their venture (Austin, et al., 2006) even though emotions can also increase

engagement and commitment to the work (Renko, 2013). Second, the relationship between emotions and entrepreneurial motivation is an under-researched area of interest in entrepreneurship in general (Cardon, Foo, Shepherd, & Wiklund, 2012), and in social entrepreneurship, in particular (Miller, et al., 2012). Recent studies suggest emotions play a role in entrepreneurs' experience of entrepreneurship (Morris, Kuratko, Schindehutte, & Spivack, 2012) and their perceptions of success (R. A. Baron, Hmieleski, & Henry, 2012), but research to date does not offer empirical evidence of associations between emotions and social entrepreneurial motivation (Miller, et al., 2012). Third, social emotions have long been associated with helping behavior (Batson & Shaw, 1991; Cialdini, 1991; Cialdini, Schaller, Houlihan, Arps, & Fultz, 1987) but have received limited attention in the context of social entrepreneurship. The emotion-motivation connection may be of particular interest in social entrepreneurship, a context in which people establish ventures to benefit others.

A useful distinction in the motivation literature is between self- and other-oriented needs. Table 1 presents some of the major motivation theories categorized according to their identification of self- versus other-oriented motives, or both. The psychology and commercial entrepreneurship literatures tend to address self-oriented drives without much consideration for other-oriented motives (Batson, 1990; Van de Ven, Sapienza, & Villanueva, 2007). In departure from this tradition, the social entrepreneurship literature addresses other-oriented motivation with little attention to self-oriented motives. Recently, Miller and colleagues (2012) propose specific factors that foster other-oriented motivation in social entrepreneurship, focusing particularly on an emotional connection to the

Table 1. Sample of Self- and Other-Oriented Motivation Theories

Self-oriented Motivation Theories		Other-oriented Motivation Theories	
Authors and theories	Self-oriented motives	Authors and theories	Other-oriented motives
Maslow 1943 Hierarchy of needs	physiological, safety, love, esteem, self-actualization	Kant 1788 principled motivation	morality
Herzberg 1965 Motivator-hygiene theory	achievement, recognition, work itself, responsibility, advancement, company policy and administration, supervision, supervisor relationship, peer relationships, working conditions, personal life	Bar-Tal 1985, Piliavin & Charng 1990 altruism	altruism
McGuire 1976 psychological motivations	consistency, attribution, categorization, objectification, autonomy, stimulation, teleological, utilitarian, tension-reduction, expressive, ego-defensive, reinforcement, assertion, affiliation, identification, modeling	Batson et al. 1981, 1988, 1989 Empathy-altruism hypothesis	altruism
McClelland 1953, McAdams 1980, Winter 1992 Human social motive theory	achievement, affiliation, power	Dawes et al. 1988 collective motivation	cooperation
Ryan & Deci 1995 Self-determination theory	autonomy, relatedness, competence	Tyler 2000 social justice	social justice

(continued)

Table 1. Sample of Self- and Other-Oriented Motivation Theories

Authors and theories	Theories that include both Self- and Other-oriented Motives	
	Self-oriented motives	Other-oriented motives
McDougall 1918 Instinct theory	flight, repulsion, curiosity, pugnacity, self-abasement, self-assertion, reproduction, gregarious instinct, acquisition, construction	parental instinct
Murray 1938 Theory of psychogenic needs	dominance, deference, autonomy, aggression, abasement, sex, sentience, exhibition, play, affiliation, rejection, infavoidance, defendance, counteraction, achievement, acquisition, blamavoidance, cognizance, construction, exposition, harmavoidance, order, recognition, retention, understanding	succorance, nurturance
Erikson 1982 stages of psychosocial development	hope, will, purpose, competence, fidelity, love, wisdom	care
Cialdini et al. 1987, Batson 1991 Egoistic prosocial motivation	Egoism	altruism
Max-Neef 1991 human scale development	subsistence, affection, understanding, participation, idleness, creation, identity, freedom	protection
Kasser & Ryan 1993 goals and well-being	self-acceptance, affiliation, financial success	community feeling
Reiss 2004 Theory of sixteen basic desires	power, curiosity, independence, status, social contact, vengeance, honor, physical exercise, romance, order, eating, acceptance, tranquility, saving	idealism, family
Forbes 2011 framework of human motivation	security, identity, mastery, empowerment, engagement, achievement, belonging	nurturance, esteem

target community. We consider both self- and other-oriented aspects of social entrepreneurial motivation and the emotional precursors for each.

### **Emotional Antecedents.**

Emotions and motivations move people, in fact, both words originate from the Latin verb to move, *movere*, indicating a fundamental connection between the concepts (Bradley, 2000). Emotional responses influence the direction, intensity, and persistence of motivated behavior (Seo, Barrett, & Bartunek, 2004). Recent research suggests emotions precede entrepreneurial motivation and behavior with different emotions having distinct behavioral responses (Cardon, et al., 2009; Hahn, Frese, Binnewies, & Schmitt, 2012). Positive emotions, like joy, tend to influence judgments of entrepreneurial opportunities and increase the likelihood of pursuit (Welppe, Spörrle, Grichnik, Michl, & Audretsch, 2012), whereas negative emotions, like shame, tend to reduce entrepreneurial motivation (Doern & Goss, 2013). However, other negative emotions, such as anger, seem to incline entrepreneurs toward action (Welppe, et al., 2012).

Emotions can be either personal or social in nature. Personal emotions do not depend on the emoting individual's perception of others. Most of the entrepreneurial emotion research addresses personal emotions, such as joy, anger, fear, and positive affect (R. A. Baron, 2008; R. A. Baron, et al., 2012; Welppe, et al., 2012). Other emotions are social emotions, as they are experienced by a person when considering another person's situation (Batson & Shaw, 1991). The emotions of sympathy and empathy are social emotions principally associated with other-oriented motivations (Bar-Tal, 1985; Batson, et al., 1988). Sympathy is the capacity to feel concern for others, while empathy is the ability to assume another person's emotional state (Eisenberg & Miller, 1987). Past research in psychology associates the social emotion of empathy with the other-oriented motive of altruism (Batson & Shaw, 1991). Among social entrepreneurs, compassion is identified as an emotion that



augments other-oriented motivations to pursue social entrepreneurship (Miller, et al., 2012). Compassion is similar to empathy, but compassionate people identify with those who are suffering and empathic people may experience either the positive or negative emotions of others (Miller, et al., 2012). Miller and colleagues (2012) propose that the processes of integrative thinking, prosocial cost-benefit analyses, and the commitment to help others transform compassion into social entrepreneurship.

Thus, evidence suggests that emotions can impact motivation. Further, personal and social emotions exist as distinct types of emotions, and specifically, the social emotion of empathy is associated with altruistic motivation. The link between emotions and motivation has not been extended to other-oriented motivation in general or between personal emotions and self-oriented motivation. In the next section, we explore the literature on self-oriented motivation.

### **Self-oriented motivation**

Many of the psychological theories of motivation assume people act in their own interest and emphasize the self-oriented nature of human drives (Batson, 1990). Personal needs lead people to seek safety, freedom, love, and success. For example, Maslow's (1943, 1954) hierarchy of needs framework proposes that people meet their most basic physiological needs first, such as food and shelter, before moving up the hierarchy to satisfy higher order needs, such as belongingness, and culminating with self-actualization.

In parallel with the psychology literature, the commercial entrepreneurial motivation literature focuses on self-oriented motivation (Van de Ven, et al., 2007). Commercial entrepreneurship research acknowledges both financial and non-financial motivations for entrepreneurship but tends to focus on venture performance and personal benefits associated with entrepreneurship (Renko, 2013). Need for achievement, the drive to complete challenging tasks to a high standard (McClelland, 1953), is correlated both with the choice to

become an entrepreneur (Stewart & Roth, 2007) and the likelihood to perform successfully as an entrepreneur (Collins, Hanges, & Locke, 2004). The need for autonomy, having control over one's own behavior (Deci & Ryan, 2002), and independence, acting on one's own volition (Ryan & Deci, 2001), also motivate the pursuit of an entrepreneurial career (Carter, 2011; Kuratko, Hornsby, & Naffziger, 1997). A common thread of these motives is the focus on benefits to the individual. Despite social entrepreneurs' motivation to create value for others, autonomy and independence drive some social entrepreneurs (Shaw & Carter, 2007). Additional self-oriented goals of social entrepreneurship include personal satisfaction (Shaw & Carter, 2007) and economic returns (Certo & Miller, 2008; Peredo & McLean, 2006).

### **Other-oriented motivation.**

Motivation is other-oriented if the primary intention is to benefit another individual or group of people and personal rewards for the behavior are secondary (Van de Ven, et al., 2007). Although academic research addressing other-oriented motivation is relatively limited (Batson, 1990), recent research considers the inter-play between prosocial motivation and both job design (Grant, 2007) and creativity (Grant & Berry, 2011). In a review of the motivation literature, Forbes (2011) identifies just four explanations of prosocial motivation: the anticipation of personal benefits, the emotional response to people in need, the drive to help a target community, and the motivation to uphold a principle, such as social welfare. Egoistic prosocial motivation suggests that people help others to gain personal satisfaction (Batson, et al., 1988) or to relieve their own discomfort from watching others suffer (Cialdini, et al., 1987). Alternatively, collectivist motivation (Dawes, Van De Kragt, & Orbell, 1988; Van de Ven, et al., 2007) and other-oriented motivation based on principles (Forbes, 2011; Kant, 1788) appear more genuinely focused on the needs of others.

Although commercial entrepreneurship research focuses more on self-oriented motivation, other-orientated motivation appears to play a role for at least some commercial

entrepreneurs. At a basic level, the concept of self extends to seeking benefits for the entrepreneur's family (Buttner & Moore, 1997; Kuratko, et al., 1997). At a slightly broader level, entrepreneurs may have aspirations to benefit non-family members of their community (Peterson, 1995) or non-family employees of a family firm (Zellweger, Nason, Nordqvist, & Brush, 2011). Research shows that while women entrepreneurs seek to help others across their careers, their male counterparts are more likely to have other-oriented motivations later in their careers (Wasserman, 2008). Overall, entrepreneurs appear to experience a mix of self- and other-oriented motives that vary by gender and across time.

A continuum of organizational motivation distinguishes social from commercial ventures (Dees, 1998a), with social ventures characterized by social mission taking precedence over financial aims (Austin, et al., 2006; Dees, 1998b; Mort, et al., 2003). Social entrepreneurs' focus on an other-oriented mission affects their choice of organizational structure (Townsend & Hart, 2008), access to financial resources (Miller & Wesley II, 2010; Tracey & Jarvis, 2007), and likelihood of venture success (Renko, 2013). Scholars alternately describe social entrepreneurial motivation as prosocial (Miller, et al., 2012; Renko, 2013) or altruistic (Mair & Noboa, 2006; Nicholls, 2006). Both prosocial motivation and altruism refer to the voluntary, intentional desire to help others (Bar-Tal, 1985; Grant, 2008). Altruism is the narrower concept with the additional stipulation that there cannot be expectation of an external reward (Bar-Tal, 1985).

In summary, there is some recognition of the role emotional antecedents play in forming entrepreneurial motivation, but the influence of particular emotions on self- and other-oriented social entrepreneurial motivation is unclear. Researching self-oriented motivation is common in psychology and commercial entrepreneurship research tends to follow suit, but the extant literature on self-oriented motives among social entrepreneurs is quite limited, mainly examining matters of achievement and autonomy. While a range of

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other-oriented motives are considered in psychology, the entrepreneurship research does not substantially address this area. The limited social entrepreneurship literature on other-oriented motivation discusses altruism and prosocial motivation but provides insufficient empirical evidence of their existence. With this clear gap in the extant literature, we seek data and evidence from social entrepreneurs to discover emotional antecedents, self-oriented motives, and other-oriented motives that drive the pursuit of social entrepreneurship.

### **Methodology**

We take a qualitative case study approach to explore the poorly understood phenomenon of social entrepreneurial motivation (Yin, 2009), seeking to enrich conceptual understandings and generate theory (Chetty, 1996). To learn from social entrepreneurs willing to share their stories (Thompson, Alvy, & Lees, 2000) and generate an instrumental case of social entrepreneurial motivation, we probed the perspectives of a number of social entrepreneurs operating separate ventures. Small business case studies often focus on a single venture, examining an intrinsic case selected for its own merit (cf. Fuller & Cummings, 2003; Gardet & Fraiha, 2012; McGovern, 2006). In our study, individual social entrepreneurs are the unit of analysis, and social entrepreneurial motivation is the phenomenon-driven case under investigation (Eisenhardt & Graebner, 2007). In the following paragraphs, we discuss our approach, data collection, and analysis.

With little prior empirical evidence of social entrepreneurial motives, we designed our study to gather data on motives that occur throughout founding and management. We controlled for the environment by including only social entrepreneurs within Australia (Shane, et al., 2003). We defined social entrepreneurs broadly to include people who established ventures, either individually or as part of a start-up team, with the primary aim of achieving a social impact (Bacq & Janssen, 2011). All study participants were recommended by agencies that support social entrepreneurs, and when asked, all participants indicated that

addressing a social issue was the primary reason for establishing their ventures. The ventures included for-profit, non-profit, and hybrid organizations (Townsend & Hart, 2008). In almost all cases, the social entrepreneur founded a new organization although one initiated a new project within a 129 year old non-profit organization. In that instance, the social venture had its own leadership team and staff. We included a range of venture stages, entrepreneurship processes, and social purposes. The two Australian agencies from which we sourced our cases distributed an invitation to participate in the study to approximately twenty social entrepreneurs listed in their databases. From the resulting pool of seventeen, we selected four social entrepreneurs with active social ventures who were accessible, willing to participate, and operated ventures that addressed distinct social issues (Stake, 1995). After the first four interviews, we selected nine additional social entrepreneurs to include a range of venture profiles in terms of field of work, organizational structure, individual- versus team-founded, and years in operation in our sample (Patton, 1999; Stake, 2006). We included all three men who were part of the pool of potential participants. See Table 2 for a description of the social entrepreneurs who participated in the study.

Table 2. Overview of Social Entrepreneurs (SE)\*

SE	Field of Work	Region Served	Org. Form	Founder	Gender	Age	Years of Operation
SE1	career development	Sydney, Melbourne	NP	individual	M	25-29	1
SE2	community development	Sydney	NP	team	M	30-34	9
SE3	Nutrition	Sydney	NP	individual	F	35-39	1
SE4	career development	Sydney, Brisbane	FP	team	F	25-29	3
SE5	financial services	Victoria	NP	team	F	35-39	15
SE6	health care	Australia, New Zealand	NP	individual	F	35-39	6
SE7	career development	Sydney	NP	team	F	20-24	<1
SE8	cultural awareness	international	FP	individual	F	40-44	2
SE9	environmental educ.	international	NP	team	F	40-44	18
SE10	arts education	international	NP	individual	F	50-54	6
SE11	youth leadership	Melbourne, Sydney	NP	individual	F	25-29	7
SE12	domestic violence	New South Wales	FP	team	F	35-39	2
SE13	nutrition, career development	Sydney	FP	team	M	35-39	<1

\*Adapted from earlier work presented at ANZAM Conference (Ruskin & Webster, 2011)  
Abbreviations: Org. Form = organizational structure, NP = non-profit, FP = for profit, Age = age at venture founding

Data obtained to explore social entrepreneurial motivation consisted of in-depth, semi-structured interviews, follow-up emails, and additional documentation, such as brochures and web profiles. In line with a qualitative approach, we gathered data from and about social entrepreneurs until no new meaningful information emerged (Guest, Bunce, & Johnson, 2006). Semi-structured interviews took place over five months, either in-person or via Skype. The interviewer asked six primary questions and allowed interviewees to speak freely. Table 3 offers an overview of the main questions asked, including sample probing questions used to prompt more complete responses and examples if required.

*Table 3. Overview of Interview Questions*

Primary Questions	Sample Follow-up Questions
Please describe your organization.	How did you initially assess the need for your organization's activities?
Who benefits from your venture's activity, and how do they benefit?	What value does your venture create?
How are your personal needs met by the organization?	Do the benefits you receive fit your expectations from before you became involved?
How do you measure and report performance?	Do your indicators include financial, social, cultural, and/or environmental performance?
What are the typical transactions associated with your venture's activity?	Are the exchanges balanced in terms of the value of what is exchanged?
Do you describe yourself as a social entrepreneur?	What drew you to become a social entrepreneur?

Interviews were transcribed and both transcriptions and emails were entered in NVivo 8 (QSR International, 2008) to code passages relevant to motivation. An initial round of open coding identified lists of emotions, self-oriented motives, and other-oriented motives. A coding frame was established to include emotional antecedents and both self- and other-oriented motives. Then, we returned to the transcripts and coded all motivation-related comments a second time (Spiggle, 1994). This selective coding process allowed us to analyze the data from different perspectives (Patton, 1999). The first pass of the data occurred without a frame to anticipate particular motives, while the second coding process allowed us to search for additional statements that would confirm or refute the emotions and motivation constructs that we initially found. This information was triangulated with other documentation from brochures and websites.

Following two rounds of initial coding, we categorized the coded data into themes and sub-categories (Corbin & Strauss, 1990). Comments by theme and sub-category were entered into a matrix format and reviewed to identify patterns and linkages across themes (Miles &

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Huberman, 1994). Although some techniques for qualitative data analysis were drawn from Corbin and Strauss (1990), this research is not grounded theory (Eisenhardt & Graebner, 2007). Our data gathering and analysis were guided by conceptual knowledge drawn from the extant psychology and entrepreneurship literatures (Sutton & Rafaeli, 1988). Thus, in contrast to grounded theory, we entered our data collection phase with a framework of types of motivation that have emerged in other contexts to assess their potential for extending theory in social entrepreneurship. Table 4 outlines both the coding frame of emotions and motives as well as the constructs that were identified through further analysis. Specifically, we categorized passages according to the type of emotion or motivation referenced, then we employed an abstraction process to group related drives under a single motivational construct (Spiggle, 1994). For example, the need to reciprocate and experiencing a sense of calling were clustered together under the motive that results from feelings of obligation. These processes of open coding, identifying patterns, and comparing across themes outside the context of grounded theory research have been employed in past entrepreneurship research (Dyer & Ross, 2000).



Table 4. Overview of Findings

<b>Passion</b>	<b>Emotional Antecedents</b>		<b>Empathy</b>
	<b>Frustration</b>	<b>Sympathy</b>	
<ul style="list-style-type: none"> <li>• “I’m in love with the concept, I’m in love with the people involved. I just love it.” (SE7)</li> <li>• “The joy of sharing stories, the joy of knowing that...That’s a huge buzz for me; it’s so exciting...That really excites me.” (SE8)</li> <li>• “When I [think about how to describe what I’m doing] I think—gosh, I’m just doing what I love.” (SE11)</li> </ul>	<ul style="list-style-type: none"> <li>• “Just got really fed up with the unfulfilling nature of what I was doing.” (SE1)</li> <li>• “We were getting sick of seeing exported goods and mass-produced fashion being sold off cheap” (SE4)</li> <li>• “I was really disheartened and felt helpless...I remember feeling frustrated and overwhelmed.” (SE4)</li> </ul>	<ul style="list-style-type: none"> <li>• “I had an experience as an 18 year old...I experienced racism for the first time and I was horrified... It was a really strong response for me, and a really strong life experience, and I think deep-down I was just really passionate about social justice after that.” (SE8)</li> </ul>	<ul style="list-style-type: none"> <li>• “I can’t possibly be alone with this; no one is such a special snowflake that their thoughts are all their own. There have to be other women out there who feel like this.” (SE6)</li> <li>• “My experience with mental health issues and violence and coming from a messed-up family background...I’ve had some messed up stuff that I’ve experienced, so I kind of related.” (SE7)</li> </ul>

(continued)

Table 4. Overview of Findings

Achievement	Self-oriented Motives		Influence
	Autonomy	Relatedness	
<ul style="list-style-type: none"> <li>• “It’s possible [to tackle education challenges in remote communities]... if I can do it [and]... I haven’t got a team of 10 people, I’ve got no space, I’ve got no money... why can’t people in power [do it]?” (SE10)</li> <li>• “Part of it could be looking back and seeing that I’ve been able to do that, set up an organization and go through all of the ups and downs that go along with that” (SE11)</li> <li>• “I’ve always been someone that really likes seeing a problem, trying to solve it and then let other people run the solution.” (SE13)</li> </ul>	<ul style="list-style-type: none"> <li>• “This allows me to run my own business, set up my own business, make my own mistakes.” (SE1)</li> <li>• “[My wife and I] get a stipend, but that stipend is only equivalent to one of us. That’s our choice; that’s our lifestyle.” (SE2)</li> <li>• “I get to choose what goes in.” (SE10)</li> <li>• “I can sleep at night knowing that I’m doing something...I’m not sitting on my hands.” (SE6)</li> </ul>	<ul style="list-style-type: none"> <li>• Awareness of the issue through personal relationships (SE3 and SE4)</li> <li>• Moved to the target community “to <i>be</i> [there]. We call it incarnational living, because we’re completely in the midst of everything...that’s how these girls are allowing me to have an input into their lives. They trust me and they listen to me and they ask for my advice.” (SE7)</li> <li>• “I became a farmer...because I wanted to be able to look those farmers that I had been dealing with in the eye and say, ‘I know for a fact that this is possible.’” (SE13)</li> </ul>	<ul style="list-style-type: none"> <li>• Offer people a community as an alternative to “cocooning” (SE2)</li> <li>• “I [have the right to] control over whether I choose to have children... and where and how I choose to birth those children.” (SE6)</li> <li>• “we’re not harming the environment in any way whatsoever...That’s a pretty good feeling.” (SE8)</li> <li>• The Vietnam War was a wake-up call and became a driving force to encourage a more sustainable “way of living and being in the world.” (SE9)</li> <li>• “My youngest daughter didn’t really get much of an education for a whole lot of reasons...not being able to influence what happened with her ...part of this is that I can do this for other kids.” (SE10)</li> </ul>

(continued)

Table 4. Overview of Findings

Other-oriented Motives			
Altruism	Nurturance	Social justice	Sense of obligation
<ul style="list-style-type: none"> <li>• “I just feel that the wage part of it is not so important as the change.” (SE3)</li> <li>• “I think that people thought I was crazy because I was basically working for free and for other people, and not for myself.” (SE4)</li> <li>• “Nothing economic was driving me. I was driven by the social benefits I knew this product could give.” (SE8)</li> <li>• “My biggest aim now is to get [my one part-time employee] full-time employment, even before I get full-time employment.” (SE8)</li> </ul>	<ul style="list-style-type: none"> <li>• “We were told we could either put him on the...drug for ADHD or take the path of...changing the diet, and I thought, I can’t just give him that drug without knowing that I’ve done everything I could do.” (SE3)</li> <li>• “Holding [my grandchild] in my arms for the first time, [I thought] what about this beautiful being that I’m now responsible for?...becoming a grandma has quadrupled that drive...I wonder, ‘What’s it going to be like for them when they’re my age?’” (SE9)</li> </ul>	<ul style="list-style-type: none"> <li>• “We’ve got the 13<sup>th</sup> largest company in the world...and we don’t have a single indigenous employee. Something’s wrong.” (SE1)</li> <li>• “Unbelievable inequity between people currently living here on the earth... I just find that gap irreconcilable and obscene.” (SE9)</li> <li>• “Because, if education is important for kids, then it doesn’t actually matter where they live, what their religion is, what color they are, what sort of community they’re living in.” (SE10)</li> <li>• “We have a fundamentally unfair food system at both ends...the system’s not great for the farmers and at the other end, the food is expensive for consumers.” (SE13)</li> </ul>	<p><b>Destiny</b></p> <ul style="list-style-type: none"> <li>• “This is exactly what I’m meant to do.’ ... I had a very strong feeling that this was some kind of destiny for me.” (SE8)</li> <li>• “It’s almost filling a call to action.” (SE9)</li> </ul> <p><b>Reciprocity</b></p> <ul style="list-style-type: none"> <li>• “I’m using a tool that changed my life to change other people’s lives.” (SE1)</li> <li>• “It’s not just because I’m amazing that I pulled myself out of it. It’s because I had people around me...so I just decided that I wanted to do the hard yards with other people.” (SE7)</li> <li>• “There were many people along the way who held my hand and loved me anyway and supported me...What do I want that to feel like for other people?” (SE12)</li> </ul>

### **Findings**

The results are organized according to whether constructs are emotional antecedents, self-oriented motives, or other-oriented motives. We draw on the rich psychology and entrepreneurship literatures to situate emotional antecedents and self- and other-oriented motives visible in the data. First, we define constructs not identified in the literature review and consider how they have been understood in past commercial and social entrepreneurship studies. Then, we discuss unique aspects of each construct, employing direct quotes from social entrepreneurs to clarify and enrich the findings.

#### **Emotional Antecedents**

The importance of emotions as antecedents to entrepreneurial motivation surfaces as a dominant finding. Although there are clear references to links between emotions and entrepreneurship in the literature (cf. Cardon, et al., 2009; Hahn, et al., 2012; Welpe, et al., 2012), our interview questions do not specifically investigate emotions as antecedents to social entrepreneurial motivation. Of their own accord, participants describe their strong emotional involvement in response to various questions about their ventures including questions about venture structure, need assessment, team members, and prior experiences that led to venture formation. Participants refer to passion, frustration, sympathy, and empathy as emotions associated with their social entrepreneurial motivation. *Passion* is feeling drawn toward an activity that one enjoys, finds important, and chooses to do (Vallerand et al., 2003). Entrepreneurial passion involves similar intense positive emotions directed toward engaging in meaningful entrepreneurial activities and is associated with increased motivation (Cardon, et al., 2009). Some of the social entrepreneurs in this study use words like “love” (SE7, SE8, SE11) and “joy” (SE8) to explain why they do what they do. SE8 comments that one aspect of her venture is “a huge buzz for me...[it] really excites me.” Similarly, SE7 says she’s “in love with the concept, I’m in love with the people involved.”

In contrast, other participants are drawn to social entrepreneurship as a means to address a source of *frustration*. Frustration in a work context refers to feelings of stress, irritation, and annoyance (Hart & Staveland, 1988) associated with constraints that prevent achievement of valued goals (Peters & O'Connor, 1980). A tendency toward negative affective experience among entrepreneurs limits the scope of goals set and increases the likelihood of dissatisfaction with outcomes (Delgado-García, Rodríguez-Escudero, & Martín-Cruz, 2012). Some social entrepreneurs in this study are drawn to establish their ventures as a means to reduce a source of frustration. For example, SE1 says he “just got really fed up with the unfulfilling nature” of his work and left his former job to establish his social venture. SE4 expresses her frustration with the available opportunities for new, independent designers when she says she is “sick of seeing exported goods and mass-produced [items] being sold off cheap.”

*Sympathy* and *empathy* appear to reflect the type of emotional connection that social entrepreneurs feel toward their target communities, either as sympathetic observers or as members of the target community. SE8 indicates the role sympathy played to ignite her interest in social issues by saying she became interested in addressing issues of prejudice when she observed racism for the first time as a young adult. She explains, “I was ‘horrificed... it was a really strong response for me.’” In contrast, SE6 and SE7 suggest they experience the same challenges faced by their target communities with comments, such as “I can’t possibly be alone” (SE6) and “I’ve had some messed up stuff that I’ve experienced, so I kind of related” (SE7). We use the term ‘empathy’ instead of compassion to conform with the long-standing association between empathy and altruism in academic research (Batson, et al., 1988; Cialdini, Brown, Lewis, Luce, & Neuberg, 1997) and because comments by social entrepreneurs in this study are consistent with the definition of empathy.

### **Self-oriented motives.**

*Need for achievement* is a motivation for almost all social entrepreneurs in our study as they talk about their desire to challenge themselves and find solutions to social issues. For example, SE13 enjoys “seeing a problem, trying to solve it, and then let[ting] other people run the solution.” SE11 describes the satisfaction of looking back and seeing that she has “been able to do that, set up an organization and go through all of the ups and downs that go along with that.” While achievement surfacing as an entrepreneurial motive is not surprising, as achievement has long been associated with the choice of an entrepreneurial career (Collins, et al., 2004; McClelland, 1965; Shane, et al., 2003), the focus of the achievement drive differs. For social entrepreneurs, achievement appears to center on creative processes that solve entrenched societal problems. SE10 is a prime example. She notes that her venture demonstrates that “it’s possible [to tackle education challenges in remote communities]” and of her efforts, she comments, “if I can do it [and]... I haven’t got a team of 10 people, I’ve got no space, I’ve got no money... why can’t they do it?... why can’t people in power [do it]?”

This study confirms that *autonomy*, having the freedom to determine how to manage their ventures, appears to be at least part of the motivation for social entrepreneurs. For example, SE1 says being a social entrepreneur “allows me to run my own business, set up my own business, make my own mistakes,” and SE10 comments, “I get to choose what goes in.” Our findings highlight that autonomy among social entrepreneurs extends to both choosing how to live one’s life and having the social impact one values. When asked about the minimal salary that he and his wife take from their business, SE2 replies that “it’s our choice, that’s our lifestyle.” He acknowledges that it is “a lot of hard work” but identifies several large, inter-connected societal problems that he and his wife are committed to addressing. SE6’s venture is part of her search for meaning in life as is evident in her statement: “I can sleep at night knowing that I’m doing something... I’m not sitting on my hands.”

*Relatedness*, the drive for warm, close connections with other individuals (Deci & Ryan, 2002; McAdams, 1980; Murray, 1938), becomes apparent as a motive for some social entrepreneurs in the study. People seek companionship with peers (Reiss, 2004) and membership in a community (Deci & Ryan, 2002; Maslow, 1943). The time and efforts devoted to building social networks (Cromie & Birley, 1992; Jack, 2010; Zhang, Souitaris, Soh, & Wong, 2008) suggest entrepreneurs act to meet their need for relationships. None of the social entrepreneurs in our study purposefully started their ventures to increase their social connections. Instead, personal relationships seem to make them aware of serious problems in need of solutions. For example, SE3 considers her son, who faces a health challenge, as the primary inspiration for her venture that makes healthy food affordable. Similarly, SE4 identifies her relationships with other designers as contributing to her awareness of the disadvantages faced by emerging, independent designers in a marketplace dominated by mass production. Relatedness also appears to offer a form of legitimacy. SE13 says, “I became a farmer... because I wanted to be able to look those farmers that I had been dealing with in the eye and say I know for a fact that this is possible.” SE7 chooses to live in her target community and calls it “incarnational living, because we’re completely in the midst of everything.” In both cases, social entrepreneurs who come from outside their target communities build trust with the community. SE7 comments, “That’s how these girls are allowing me to have an input into their lives. They trust me and they listen to me and they ask for my advice,” attributing some of her venture’s success to the relationships.

Power, or *influence*, is the drive to alter the behavior of others (Winter, 1992), and it motivates the social entrepreneurs in the study. Many of the social entrepreneurs in our study engage in their ventures to shape the actions of people in their target communities in ways that promote the participant’s personal values. For example, SE9 built a venture that educates and trains communities around Australia and internationally to identify ways they can be

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more sustainable at individual, community, and regional levels. She sees her venture as an opportunity to encourage a more sustainable “way of living and being in the world.”

Similarly, SE2 encourages community engagement, SE8 promotes cultural understanding, and SE10 fosters arts education. These participants have built a venture through which they have the capacity to influence others and bring about social change. This is consistent with evidence that power-motivated people seek careers in which they have legitimate authority to guide the behavior of other individuals (Winter, 1992).

### **Other-oriented motives.**

As anticipated, *altruism* is evident as a motive in this study. Participating social entrepreneurs indicate that they help unknown others without anticipating external rewards. For example, SE3 comments, “I just feel that the wage part of it is not so important as the [social] change,” and SE4 says “people thought I was crazy... [to be] working for free and for other people and not for myself.” When SE8 considers the reasons for establishing her venture, she states quite directly, “nothing economic was driving me. It was driven by the social benefits I knew this product could give” to the target community.

Comments from social entrepreneurs in the study also reflect *nurturance*, the need to care for, encourage, and foster the development of familiar others (Murray, 1938; Reiss, 2004). Nurturance as a motive for entrepreneurship is consistent with research suggesting that commercial entrepreneurs build businesses to offer a secure future for their family members (Kuratko, et al., 1997). Social entrepreneurs appear less focused on meeting family responsibilities through their ventures (Shaw & Carter, 2007). Nonetheless, SE3 affirms that she built a venture that supports lifestyle changes to address her son’s health challenges while simultaneously improving access to healthy, affordable food for other community members. SE9’s venture addresses sustainable lifestyle issues, and she describes becoming a grandparent as “quadrupling” her drive to engage in her venture wondering “what’s [the



world] going to be like for [my grandchildren] when they're my age?" Two aspects of nurturance are indicated in the above statements: caring for known others and providing for future generations (Erikson, 1982). Nurturance is coupled with altruism when SE8 explains her aim is "to get [my one part-time employee who is a member of the target community] full-time employment, even before I get full-time employment," thus placing the creation of value for a known other over her own personal returns.

*Social justice*, equitable access to opportunities and resources (Tyler, 2000), emerges as the strongest finding, evident for all social entrepreneurs in the study. Social justice is similar to other concepts of motivation including idealism, working to improve society (Reiss, 2004), and seeking to create a better place (Kasser & Ryan, 1993). With a small number of exceptions (Zhao, 2013), social justice is not addressed to a great degree in the commercial entrepreneurship literature. Social entrepreneurs, on the other hand, are perceived to seek equitable access to opportunities and resources for marginalized segments of the population (Martin & Osberg, 2007; Thake & Zadek, 1997). One of the few empirical studies of social entrepreneurial motivation finds that 79% of social entrepreneurs cite creating social change as an influential factor leading them to establish a social venture (Shaw & Carter, 2007). All of the social entrepreneurs in this study discuss the drive to promote equity in their target communities. SE9 refers to the "unbelievable inequity between people currently living here on the earth," which she calls "irreconcilable and obscene." Other social entrepreneurs discuss a lack of access to employment (SE1 and SE2), financial services (SE5), markets (SE4 and SE8), education (SE10), healthy food (SE3 and SE13), and other opportunities in life (SE6, SE7, SE11, and SE12). People motivated by social justice seek to eliminate or change situations that result in disadvantage for a particular group of people. For example, SE10 comments that "if education is important for kids, then it [should not]... matter where they live, what their religion is, what color they are, [or] what sort of community they're

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living in.” SE13 identifies “a fundamentally unfair food system at both ends:” farmers have difficulty covering the cost of growing healthy, organic food, and “the food is expensive for consumers.”

While altruism and social justice are similar, there are two clear distinctions. First, altruism motivates behavior to help an individual facing a personal crisis, such as offering extended paid leave to an employee dealing with the sudden onset of a long-term disability. In contrast, social justice motivates behavior to alleviate a source of systemic disadvantage, such as a lack of employment options for people with disabilities. Second, a motive is not altruistic if the actor expects to receive an external reward (Bar-Tal, 1985), but people motivated by social justice may expect to benefit personally if they reduce disadvantage in their own community.

Although a *sense of obligation* receives relatively little attention in the psychology literature, two aspects of this motive emerge from the data. In some cases, people perceive their work as a calling. A modern experience of work as a calling involves fulfilling one’s destiny, doing one’s duty for society, and even feeling drawn to a particular type of work by fate (Bunderson & Thompson, 2009). Consistent with this aspect of obligation, some of the social entrepreneurs in our study feel a sense of obligation to the target community as their “destiny” (SE8) or a “call to action” (SE9). The other aspect of feeling obligated stems from the need to reciprocate. Delayed reciprocity refers to returning a favor at a later point in time (Funk, 2012) and generalized exchange suggests that favors may be repaid to society at large (Yamagishi & Cook, 1993). Evidence from past studies confirms that feeling a need for reciprocity drives employees to engage in prosocial behavior (Korsgaard, Meglino, Lester, & Jeong, 2010) and family businesses to support their communities (Niehm, Swinney, & Miller, 2008). A number of social entrepreneurs in this study feel the need to reciprocate an earlier advantage. SE12, for instance, feels a personal obligation to close friends and family: “there

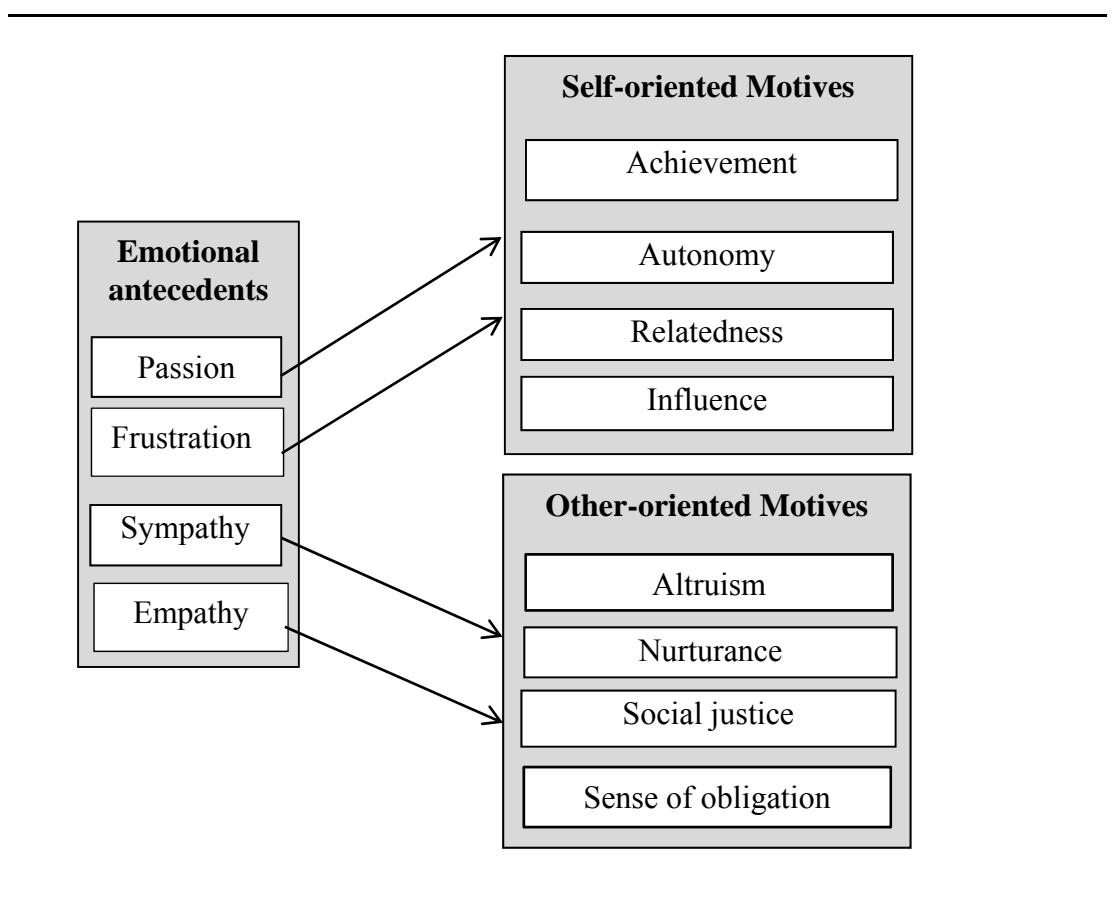
were many people along the way who held my hand and loved me anyway and supported me.” SE7 refers to an adopted community in her comment, “It’s not just because I’m amazing that I pulled myself out of it. It’s because I had people around me... so I just decided that I wanted to do the hard yards with other people.” At an even broader level, SE1 appreciates that although his social venture is in a different community and country from the program in which he participated as a youth: “I’m using a tool that changed my life to change other people’s lives.” At different levels of engagement from individual to community and nationally to internationally, these social entrepreneurs are expressing a sense of obligation to give back to the target community as a driving force for their ventures.

To summarize, the study findings suggest passion, frustration, sympathy, and empathy as emotional precursors to social entrepreneurial motivation. It seems that slight variations on the self-oriented needs of achievement, autonomy, relatedness, and influence are present among social entrepreneurs. In addition to altruism, which is commonly identified in the literature, our data indicate social entrepreneurs experience three other-oriented motives: nurturance, social justice, and a sense of obligation. Taken together, these four other-oriented motives may be components of what is frequently referred to as prosocial motivation. Building on these findings, we now propose a conceptual model of social entrepreneurs’ motives.

### **Discussion**

Our results suggest that passion and frustration are emotional antecedents of self-oriented social entrepreneurial motivation, while sympathy and empathy are emotional antecedents of other-oriented drives of social entrepreneurs. The self- and other-oriented motives identified are consistent with prior assumptions that social entrepreneurs strive both to help others and achieve personal fulfillment (Mair & Martí, 2006). In this section, we

present three key findings that are represented graphically as a conceptual model of social entrepreneurial motivation in Figure 1.



*Figure 1. Conceptual Model of Social Entrepreneurs' Motives.*

The social entrepreneurs in our study discuss passion, frustration, sympathy, and empathy in response to questions about their motivations. They are either drawn toward social entrepreneurship to pursue personal passions or pushed away from prior employment to alleviate the experience of frustration. For example, SE10 and SE11 express passion when describing why they engage in their ventures. These same study participants experience self-oriented motives, including achievement, autonomy, and influence. Similarly, for SE1 and SE4, the emotion of frustration is prevalent in stories about why they founded their ventures, and they discuss the self-oriented motives of autonomy and relatedness. In this way, passion

and frustration appear linked to self-oriented motives. The social emotions of sympathy and empathy seem to precede other-oriented motives. SE8 reveals sympathy in telling formative life experiences that eventually led to becoming a social entrepreneur. Altruism and a sense of obligation appear to be strong motivating forces for her. Comments by SE7 indicate that she empathizes with her target community and is motivated by a sense of obligation. As these associations are drawn from qualitative data, further quantitative research is required to assess whether the proposed model associations are appropriate (cf. Anderson & Vastag, 2004; Dick, Heras, & Casadesus, 2008; Mithas & Krishnan, 2009). Nevertheless, this key finding indicates that passion is associated with maximizing personal satisfaction, frustration is linked to minimizing personal dissatisfaction, and further, both sympathy and empathy foster the drive to help others.

Our study identifies four self-oriented motives for social entrepreneurship: achievement, relatedness, autonomy, and influence. All four motives receive substantial attention in the psychology literature (cf. Deci & Ryan, 2002; McAdams, 1980; McClelland, 1953; Winter, 1992), and achievement is firmly established in the entrepreneurship literature (Carsrud & Brännback, 2011; Collins, et al., 2004; Shane, et al., 2003). Revisiting the literature after analyzing our data reveals a nuanced expression of each motive among social entrepreneurs. Achievement-motivated social entrepreneurs apply creativity to resolve challenging social problems in addition to a more general drive to complete difficult tasks to a high standard. Autonomy is acting on one's own volition (Ryan & Deci, 2001) in order to manage ventures and live life meaningfully. Relatedness-motivated social entrepreneurs seek strong, supportive connections with others (Deci & Ryan, 2002; McAdams, 1980). These relationships both expose social entrepreneurs to the problems they address and establish their legitimacy with target communities. For social entrepreneurs, influence is not the drive to

dominate others but rather to guide the actions of others (Winter, 1992) to bring about social change.

The other-oriented motives that are apparent in our data include nurturance, altruism, social justice, and a sense of obligation. Each of these motives is identified and studied in the psychology literature (cf. Davis, Panksepp, & Normansell, 2003; Korsgaard, et al., 2010; McCrae, Costa, & Martin, 2005; Pozzebon, Visser, Ashton, Lee, & Goldberg, 2010) but not significantly in the context of entrepreneurship. Our sample of social entrepreneurs expresses other-oriented drives in ways that adhere closely to the constructs as they are defined in the literature. What is interesting and important is that much of the recent research in management and entrepreneurship collapses other-oriented motivation into prosocial motivation (Grant, 2007; Grant & Berry, 2011; Miller, et al., 2012). A key finding of this study that warrants further investigation is the presence of four specific types of other-oriented motivation among social entrepreneurs.

Of the four other-oriented motives identified in our data, only altruism receives attention in the entrepreneurship literature (Karra, Tracey, & Phillips, 2006; Patzelt & Shepherd, 2011). Currently in the context of social entrepreneurship, altruism is vaguely defined as unselfish behavior with little empirical evidence (D. P. Baron, 2007; Mair & Martí, 2006; Nicholls, 2010). This study considers altruism specifically as the voluntary drive to help others without expecting extrinsic rewards and finds supporting data from several participants who place the creation of social value for others ahead of their own financial returns. Although not specifically identified, a return to the literature suggests some experience of nurturance, social justice, and feelings of obligation among social entrepreneurs. Choi and Kiesner's (2007) teaching case of a priest establishing a training and employment social venture for youths as an alternative to gang membership mirrors the concept of nurturing. The priest's motivation appears based in deep-seated, caring

relationships with the youth beneficiaries. The drive for social justice is apparent in social entrepreneurs' striving for social change to address unjust disadvantages facing their target communities (Martin & Osberg, 2007). Prior research, however, associates social justice with community-level pursuit of social change, rather than as a motive that drives individuals (Nicholls, 2010). Although obligation is not prominent in the social entrepreneurship literature, emerging evidence shows an effective strategy for encouraging socially responsible behavior is to establish the need to reciprocate (Griskevicius, Cant, & Vugt, 2012). Thus, additional other-oriented motives may be present, but overlooked, among social entrepreneurs.

Results of this study indicate some similarities with, and differences from, prior entrepreneurial motivation research. Recent reviews of the commercial entrepreneurial motivation literature identify the need for achievement and independence as common among commercial entrepreneurs (Carsrud & Brännback, 2011; Shane, et al., 2003). Our findings suggest that social entrepreneurs are motivated similarly to succeed at the challenges of establishing a new venture and to have the autonomy to work and manage their ventures without external control. Following from motivation research that distinguishes entrepreneurs who pursue an opportunity from those who become entrepreneurs out of necessity (Carsrud & Brännback, 2011), our data suggest that most study participants are opportunity entrepreneurs. They see potential to have a social impact in an area that is important to them, and they establish a venture to take advantage of the opportunity to create social change. In contrast, other participants indicate feelings of destiny or a calling to establish their ventures. Rather than a necessity for survival, there is a component of needing to fulfill one's purpose in life. One of the few studies of social entrepreneurial motivation finds that social entrepreneurs principally seek to have a social impact, and experience less drive to be independent or attain financial security than their commercial counterparts (Shaw & Carter, 2007). Our findings

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not only emphasize other-oriented motives but also recognize the fundamental relevance of self-oriented motives to social entrepreneurs.

Our study has both the strengths and limitations of a sample of thirteen social entrepreneurs in Australia. Although we attempted to include as much variation as possible, in terms of venture stages, social issues, entrepreneurship process, and founder demographics within the parameters of Australian social entrepreneurs, it is possible that a larger sample of social entrepreneurs or social entrepreneurs from different countries would reveal additional motives not captured in our study. At this exploratory phase of studying social entrepreneurial motivation, the strength of rich, deep, in-depth interviews with a diverse cohort of social entrepreneurs outweighs the limitations of a small sample. The primary data complements a broad review of the entrepreneurship and psychology literatures.

It is important to note that at the time of the interviews, all study participants were operating successful ventures, which introduces the risk of recall and survivorship bias (Cassar, 2004; Cassar & Craig, 2009). This is qualitative research exploring the breadth of motives for starting and continuing operation of social ventures. Including participants in a range of operational phases enables us to gain understanding of the motives associated with both start-up processes and on-going engagement in social ventures. Whether the participants had been in business for several months or eighteen years, none of the social entrepreneurs in our sample represent failed ventures. Thus, our data is limited to emotions and motives associated with the establishment of successful social ventures. In reality, many entrepreneurial ventures fail (Gimeno, Folta, Cooper, & Woo, 1997; Jenkins, Wiklund, & Brundin, 2014; Shepherd, Wiklund, & Haynie, 2009), and it is possible that there are emotional and motivational differences between successful and unsuccessful social entrepreneurs. For example, if social entrepreneurs are too passionately connected with the social issue they are trying to address, might it lead them to make decisions that doom the



venture to failure? Alternately, is it possible that the exclusive presence of other-oriented motives without any self-oriented motivation can cost a venture its long-term viability?

### **Conclusion**

This study identifies emotional antecedents and motives that drive social entrepreneurs to establish social ventures. We draw on the more developed psychology literature (Shane, et al., 2003) for a framework of motivation. Results from our case study of social entrepreneurs are situated in the psychology and entrepreneurship literatures, revealing implications for both practice and theory. For practitioners, having a better understanding of social entrepreneurial motivations can aid both people involved in social ventures and policy development. For example, if social entrepreneurs understand that they are motivated by relatedness, then it will be important to make organizational decisions that maximize their time working with members of the target community rather than sitting behind a desk or overly engaging with funders. Similarly, policy-makers who are aware of social justice as a motive may seek to support monitoring and evaluation guidelines that encourage deep and regular feedback on community impact. More generally, business policy makers and tertiary educators can reduce barriers and support business structures that maximize motivation for social entrepreneurs. To the extent that other entrepreneurs are driven by non-financial motivations, all types of entrepreneurs can benefit from an increased awareness of a broader range of motivations to engage in entrepreneurial activities.

At an academic level, this paper develops multiple aspects of our understanding, including identifying the two types of motivation, the relationships between emotions and motivations, and explaining the conceptual relationships among these constructs. First, this paper contributes to the entrepreneurship literature by identifying that social entrepreneurs experience both self- and other-oriented motivations. This is significant as entrepreneurship literature has tended to characterize social entrepreneurs as being driven to help others while

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painting their commercial cousins as seeking personal gains. Second, there have been recent calls to better understand the role of emotions in the entrepreneurial process (Cardon, et al., 2012), such as identifying the connections between emotions and opportunity identification (Welppe, et al., 2012), and between emotions and the probability of being satisfied with entrepreneurial outcomes (Morris, et al., 2012). This paper contributes to these debates by suggesting that particular emotions are associated with social entrepreneurs' self- and other-oriented motivation. Finally, we have created a model that gives researchers the tools to understand the complexity of entrepreneurial motivation and provides them with a platform for further research and theoretical developments.

The model can be used to inspire multiple areas for future research. For example, academics could better understand how emotions and motives are associated with rewards. This could include researching how motivations impact the individual's decision-making or opportunity identification, as well as structuring the exploration of how an entrepreneur's motivations relate to firm-level performance and outcomes for target communities. At a regional level, studies could explore how entrepreneurial motivations differ across countries or cultures. Finally, quantitative studies could be developed to allow testing and refining of our model.

In conclusion, this study builds on the motivation research from psychology and entrepreneurship to advance our understanding of social entrepreneurial motivation. A phenomenon-driven, instrumental case study of social entrepreneurial motivation gives a rich picture of the emotional precursors to both self and other-oriented motivation. Exploring the factors that drive social entrepreneurs to create value for others offers some preliminary insights into what motivates and sustains engagement in social ventures. It may also provide a useful framework for better understanding the non-financial motives of people who choose other careers, including commercial entrepreneurs.

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## **Chapter 2: Conclusion to Study I**

The first paper provides a foundation for understanding social entrepreneurial motivation. Results suggest that social entrepreneurs experience both self- and other-oriented motives that are preceded by personal and social emotions. The findings offer some preliminary insights that may be useful for social entrepreneurs and their supporters, as they explore different ways to structure ventures that maximize satisfaction from engaging in social entrepreneurship.

Although the first qualitative paper offers some key insights into the emotional and motivation side of entrepreneurial motivation, this is only part of the motivation story. The second qualitative paper explores the role that rewards play in keeping social entrepreneurs engaged in their ventures.



### Chapter 3: Introduction to Study II

The second paper in the thesis, *Social Impact and the Value of Intrinsic and Extrinsic Rewards for Social Entrepreneurs*, draws from the instrumental case study data to explore rewards of social entrepreneurship. Expectancy theory suggests the effort people invest in an activity is associated with the rewards they anticipate receiving. Different types of entrepreneurs are motivated to establish ventures of diverse sizes that generate a range of rewards. This study explores the intrinsic and extrinsic rewards received by social entrepreneurs.

*Social Impact and the Value of Intrinsic and Extrinsic Rewards for Social Entrepreneurs* has been submitted to the Strategic Entrepreneurship Journal. At an earlier stage of development, part of this paper was presented at the Australian and New Zealand Academy of Management Conference in 2013 (Appendix E). Both the thesis and conference papers are authored by Jennifer Ruskin and Cynthia M. Webster with an author contribution ratio of 70% and 30%, respectively.

## Chapter 3: Study II

### Social Impact and the Value of Intrinsic and Extrinsic Rewards for Social Entrepreneurs

Jennifer Ruskin and Cynthia M. Webster

Earlier versions of this work were presented at the Australian and New Zealand Academy of Management (ANZAM) in 2011 and 2013. We would like to acknowledge valuable feedback from Dean Shepherd, Dev Jennings, and other participants at the Australian Centre for Entrepreneurship (ACE) Paper Development Workshop in 2012. An earlier paper exploring the motives of social entrepreneurship (Ruskin, Seymour, & Webster, in press) draws from the same data source as this paper.

#### Abstract

*Social entrepreneurs establish ventures to benefit others, but our knowledge about rewards they receive is limited. We draw on psychology and entrepreneurship literature to review rewards from an expectancy theory perspective. A phenomenon-driven, instrumental case study of thirteen social entrepreneurs reveals that for social entrepreneurs the extrinsic rewards of having social impact and receiving positive feedback lead to the intrinsic rewards of personal growth as well as eudaimonic and hedonic happiness. Although social entrepreneurs place minimal value on monetary rewards, a minimum threshold of financial returns is required to sustain the venture and the social entrepreneur's continued engagement in it.*

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#### Generation and Capture of Rewards in Social Entrepreneurship

Entrepreneurship researchers seek to understand how a broad range of factors impact performance. Such factors include: initial capital (Audretsch, Bönte, & Keilbach, 2008; Cooper, Gimeno-Gascon, & Woo, 1994), entrepreneurial orientation (Lumpkin & Dess, 2001; Wiklund & Shepherd, 2005), innovation (Jennings, Jennings, & Greenwood, 2009; Rosenbusch, Brinckmann, & Bausch, 2011), gender differences (Robb & Watson, 2012), and start-up processes (Brinckmann, Grichnik, & Kapsa, 2010; Read, Song, & Smit, 2009). A fundamental assumption of past research is that entrepreneurs are motivated primarily to achieve personal financial gains (Jennings, Jennings, & Sharifian, 2014). Consequently, performance tends to be assessed based on firm survival or financial returns (Ucbasaran,

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Westhead, & Wright, 2001). Measuring financial returns is consistent with the idea that entrepreneurs choose opportunities based on their financial potential (Shane, Locke, & Collins, 2003; Shepherd & DeTienne, 2005).

Recent research suggests that financial returns are not significant motivating factors for all entrepreneurs (Amit, MacCrimmon, Zietsma, & Oesch, 2001; Walker & Brown, 2004). Social entrepreneurs are notable for their de-emphasis of personal financial returns (Dorado, 2006; Jayawarna, Rouse, & Kitching, 2013). Such socially-minded entrepreneurs operate in the space between charities and traditional businesses by employing market-based mechanisms to address entrenched social challenges (Bacq & Janssen, 2011). Among many social impacts, social entrepreneurs facilitate access to credit, affordable healthcare, and employment for populations that face systemic disadvantages (R. L. Martin & Osberg, 2007). As social entrepreneurs primarily aim to create value for others (Austin, Stevenson, & Wei-Skillern, 2006; Dees, 1998), they prioritize benefits for their target communities over accumulating personal financial returns (Dorado, 2006). If social entrepreneurs do not seek high financial returns, what rewards do they anticipate?

While researchers are beginning to explore the prosocial nature of social entrepreneurial motivation (Miller, Grimes, McMullen, & Vogus, 2012; Renko, 2013), the literature to date does not specify what social entrepreneurs expect to receive in return for their efforts. Indeed, scholars call for a better understanding of the role that both financial and non-financial rewards play in social entrepreneurial motivation (Austin, et al., 2006), yet surprisingly, little empirical research investigates the types of rewards that accrue to social entrepreneurs. The aim of this paper is to discover the rewards of social entrepreneurship both to understand what social entrepreneurs gain from their involvement in social ventures and to explore whether rewards meet their expectations. Identifying rewards that are relevant and valuable in social entrepreneurship may help social entrepreneurs structure ventures in



ways that are personally meaningful and foster continued engagement in this important sector of the economy.

Drawing on psychology and entrepreneurship literature, we consider rewards anticipated and achieved through entrepreneurial activities. In particular, the expectancy theory of motivation offers useful insights into the relationships between effort, performance, and value placed on rewards. We begin with a brief review of the current understanding of anticipated and valued rewards. Next, we turn to social entrepreneurs for their insights into the benefits they receive from their ventures. Based on the empirical evidence, we propose a conceptual model of the rewards sought and received by social entrepreneurs. The model is conceived as a platform for further research investigating relationships among rewards received through social ventures, the contribution of different rewards to social entrepreneurs' continued motivation, and the extent to which valued rewards differ between social and commercial entrepreneurs.

### **Expectancy Theory and Entrepreneurial Rewards**

The expectancy theory of motivation suggests that the anticipation of valued rewards plays a key role in motivation (Vroom, 1964). In the context of work, people choose to invest their efforts based on the rewards they anticipate receiving. Three critical relationships between effort and performance, performance and rewards, and the value placed on rewards form the underpinnings of expectancy theory (Gatewood, Shaver, Powers, & Gartner, 2002). People invest more effort at work when they believe the benefits both to themselves and their organization will be high (De Clercq, Castañer, & Belausteguigoitia, 2011). Expectancy theory proposes that people act based on the information they have available to them at the time of decision-making (Vroom, 1964), which can include preconceptions or actual experience with past outcomes. Positive feedback on past work raises peoples' expectations for future outcomes (Gatewood, et al., 2002; Manolova, Carter, Manev, & Gyoshev, 2007).

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Turning to entrepreneurs, expectancy theory offers a lens for understanding the rewards they value.

In entrepreneurship, where there is both uncertainty and a time-lag between actions taken and outcomes achieved (Patzelt & Shepherd, 2009), anticipating rewards enables entrepreneurs to persist in the challenging activities associated with establishing and operating new ventures (Carsrud & Brännback, 2011). Anticipating specific rewards has a strong correlation both with effort invested in new ventures and success in founding an operational venture (Renko, Kroeck, & Bullough, 2012). In particular, pursuing socio-emotional wealth increases the likelihood of firm survival (Wilson, Wright, & Scholes, 2013). Entrepreneurs employ different strategies in ventures depending on the rewards they seek (Chrisman, Sharma, Steier, & Chua, 2013; Hofer & Schendel, 1978). For example, entrepreneurs who prefer independence and recognition in their ventures tend to gravitate toward lower growth strategies, while entrepreneurs who strive for financial returns aim for high business growth (Edelman, Brush, Manolova, & Greene, 2010). There is a link between anticipating and achieving rewards such that small business managers who aim for high growth in their ventures are more likely to achieve high growth (Delmar & Wiklund, 2008; Wiklund & Shepherd, 2003). The process of working toward anticipated rewards influences people's perceptions of their work as meaningful (Barrick, Mount, & Li, 2013), and actually receiving rewards impacts entrepreneurs' on-going motivation (Naffziger, Hornsby, & Kuratko, 1994).

There is increasing recognition that financial success is not the primary focus for all entrepreneurs (Amit, et al., 2001; Dorado, 2006; Jennings, et al., 2014; Zellweger, Nason, Nordqvist, & Brush, 2013). Recent studies find that non-financial rewards of entrepreneurship include receiving public recognition (Gorgievski, Ascalon, & Stephan, 2011; Powell & Eddleston, 2013; Zellweger, et al., 2013), working as part of a team (Powell & Eddleston, 2013), developing personal skills (Haugh, 2006; Hitt, Ireland, Sirmon, & Trahms,

2011), having work-life balance (Gorgievski, et al., 2011; Morris, Miyasaki, Watters, & Coombes, 2006), feeling personal satisfaction (Gorgievski, et al., 2011; Haugh, 2006), as well as gaining confidence and enhancing self-esteem (Haugh, 2006). One study that explores non-financial rewards in the context of social entrepreneurship finds that social and environmental benefits accrue to individuals (i.e., social entrepreneurs, volunteers, and employees), enterprises, communities, and regions where social ventures operate (Haugh, 2006).

In summary, entrepreneurs who establish and manage ventures expect certain rewards. The anticipation of particular rewards influences how they operate their ventures. Entrepreneurship research tends to focus on financial rewards, but the pertinence of non-financial rewards is increasingly acknowledged. There is little empirical evidence of the rewards that are sought and valued in the context of social entrepreneurship. Next, we turn to psychology and entrepreneurship literature to gain further insights into the various types of rewards social entrepreneurs seek from their ventures.

### **Extrinsic and Intrinsic Rewards of Entrepreneurship**

The field of psychology offers a useful distinction between extrinsic and intrinsic rewards. Extrinsic rewards originate outside the individual and may be tangible, such as financial wealth, or intangible, as in public recognition (McDougall, 1918; Vallerand, 1997). Intrinsic rewards are associated with the inherent satisfaction of being involved in an activity (Deci & Ryan, 1985; Vallerand, 1997), experiencing a sense of purpose (Ryff, 1989), and contributing to a heightened sense of well-being (Csikszentmihalyi, 1999). In this study, we concentrate on rewards received by social entrepreneurs and do not consider benefits gained by employees and the broader community, such as providing a comfortable work environment (Powell & Eddleston, 2013) and giving back to the community (Gorgievski, et al., 2011; Morris, Kuratko, Schindehutte, & Spivack, 2012). Past entrepreneurship research tends to

distinguish financial from non-financial rewards (cf. Hitt, et al., 2011; Mahto, Davis, Pearce, & Robinson, 2010; Powell & Eddleston, 2013; Zellweger, et al., 2013) or tangible from intangible rewards (Kuratko, Hornsby, & Naffziger, 1997; Manolova, Brush, Edelman, & Shaver, 2012). Viewing rewards as either extrinsic or intrinsic offers a frame for considering whether the rewards depend on others or can be acquired primarily through the process of being an entrepreneur. Table 1 provides an overview of rewards received by entrepreneurs, classified according to whether they are extrinsic or intrinsic and monetary or non-monetary in nature.

### **Extrinsic Rewards**

The most commonly studied rewards of entrepreneurship are extrinsic, firm-level financial returns (Ucbasaran, et al., 2001), such as: return on assets, profit margin on sales, market share growth, stock market performance, profitability, return on investment, and revenue growth (cf. Brinckmann, et al., 2010; Gupta & Govindarajan, 1984; Powell & Eddleston, 2013; Read, et al., 2009; Rosenbusch, et al. 2011). Measuring firm-level financial performance as an outcome of entrepreneurship suggests that commercial entrepreneurs benefit personally when their ventures are financially successful. A review of entrepreneurship literature indicates that, in reality, entrepreneurs have lower and less stable incomes than people employed in similar positions in established organizations (Van Praag & Versloot, 2007), but some of this may be due to income under-reporting by entrepreneurs (Åstebro & Chen, 2014). Although commercial entrepreneurs seem to accumulate financial wealth over their careers (Carter, 2011), in the short run, most should not expect high financial returns from their entrepreneurial endeavors.

*Table 1. Classification of Rewards that Accrue to Entrepreneurs*

	Extrinsic	Intrinsic
Monetary	<p><b>Personal financial gain</b> (Bengtsson &amp; Hand, 2011; Benzing, Chu, &amp; Kara, 2009; Carter, 2011; Dunkelberg, Moore, Scott, &amp; Stull, 2013; Goldsby, Kuratko, &amp; Bishop, 2005; Haugh, 2006; B. C. Martin, McNally, &amp; Kay, 2013; Morris, et al., 2006; Powell &amp; Eddleston, 2013; Shepherd &amp; DeTienne, 2005)</p> <p><b>Increased standard of living</b> (Bengtsson &amp; Hand, 2011; Carter, 2011; Florin, 2005; Hitt, et al., 2011; Villanueva &amp; Sapienza, 2009)</p> <p><b>Job security</b> (Benzing, et al., 2009; Villanueva &amp; Sapienza, 2009)</p> <p><b>Financially successful business</b> (Dunkelberg, et al., 2013; Gomez-Mejia, Haynes, Nickel-Nunez, Jacobson, &amp; Moyano-Fuentes, 2007; B. C. Martin, et al., 2013)</p>	
Non-monetary	<p><b>Socially successful business</b> (Emerson, 2006; Lane &amp; Casile, 2011; McLoughlin et al., 2009; Young, 2006)</p> <p><b>Public recognition</b> (Gorgievski, et al., 2011; Kuratko, et al., 1997; Polo Peña, Frías Jamilena, &amp; Rodríguez Molina, 2011; Powell &amp; Eddleston, 2013)</p> <p><b>Social status</b> (Powell &amp; Eddleston, 2013; Villanueva &amp; Sapienza, 2009; Zellweger, et al., 2013)</p> <p><b>Goodwill in community</b> (Zellweger, et al., 2013)</p>	<p><b>Independence</b> (Benzing, et al., 2009; Douglas &amp; Shepherd, 2000; Dunkelberg, et al., 2013; Goldsby, et al., 2005)</p> <p><b>Lifestyle benefits</b> (Eddleston &amp; Powell, 2012; Gorgievski, et al., 2011; Haugh, 2006; Morris, et al., 2006; Polo Peña, et al., 2011)</p> <p><b>Personal learning</b> (Cope, 2011; Gattiker &amp; Larwood, 1988; Haugh, 2006; Hitt, et al., 2011; Shepherd, Patzelt, &amp; Wolfe, 2011)</p> <p>Self-confidence (Haugh, 2006)</p> <p><b>Eudaimonic Happiness</b></p> <p>Psychological well-being (Chay, 1993; Parasuraman, Purohit, Godshalk, &amp; Beutell, 1996; Shepherd &amp; Haynie, 2009, 2011; Uy, Foo, &amp; Song, 2013)</p> <p>Deep sense of meaning in life (Schindehutte, Morris, &amp; Allen, 2006)</p> <p><b>Hedonic Happiness</b></p> <p>Enjoyment (Fagenson, 1993; Puri &amp; Robinson, 2013)</p> <p>Personal and job satisfaction (Goldsby, et al., 2005; Gorgievski, et al., 2011; Haugh, 2006; Hmieleski &amp; Corbett, 2008)</p> <p>Subjective well-being (Binder &amp; Coad, 2013)</p>

Individual level, extrinsic rewards that accrue to entrepreneurs include: personal financial gains (Bengtsson & Hand, 2011; Carter, 2011; Florin, 2005), the presence of a successful venture (Hitt, et al., 2011; Villanueva & Sapienza, 2009), public recognition (Gorgievski, et al., 2011; Kuratko, et al., 1997), social status (Powell & Eddleston, 2013), job

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security (Benzing, et al., 2009; Villanueva & Sapienza, 2009), and good will in the community (Zellweger, et al., 2013). Personal financial returns take the form of either current income from the business or other types of wealth accumulation, including consumption of business-related goods (Carter, 2011), founder's stock (Bengtsson & Hand, 2011; Florin, 2005), and family wealth (Habbershon, Williams, & MacMillan, 2003; Villanueva & Sapienza, 2009). In contrast to commercial entrepreneurs, social entrepreneurs place more emphasis on creating social value for target communities in need than on accumulating personal financial gains (Dorado, 2006). It is common to organize social ventures so that financial gains are reinvested (Bacq & Janssen, 2011; Morris, Webb, & Franklin, 2011). For these reasons, social entrepreneurs' financial success is typically reflected in salary increases rather than in substantial profits generated by their ventures (Morris, et al., 2011).

Having a successful venture is a second extrinsic reward of entrepreneurship. In entrepreneurship literature, the presence of a successful venture is either measured as the continued existence of the firm (Gomez-Mejia, et al., 2007; B. C. Martin, et al., 2013) or, more specifically, the on-going presence of a *successful* business (Dunkelberg, et al., 2013). In commercial entrepreneurship, the successful operation of a firm is operationalized financially (Ucbasaran, et al., 2001). On the contrary, in social entrepreneurship where venture goals are social, it is more appropriate to measure success in terms of value creation for the target community (Young, 2006). Measuring social performance in ways that provide insights for future management and strategy is challenging (McLoughlin, et al., 2009) at least in part, because time is required to determine whether social change has occurred (Young, 2006). Nonetheless, frameworks for measuring social value creation are beginning to emerge (cf. Lane & Casile, 2011; McLoughlin, et al., 2009; Young, 2006).

A third extrinsic reward of entrepreneurship is public recognition. Public recognition is confirmation that others are aware of one's social status or achievements (McDougall,

1918; Murray, 1938; Reiss, 2004). Some people seek respect (Maslow, 1943), while others want to be famous (Grouzet et al., 2005). Some entrepreneurs value social status (Powell & Eddleston, 2013) or the goodwill they receive from their communities (Zellweger, et al., 2013). The importance of public recognition for entrepreneurs is unclear. Entrepreneurship literature indicates that both commercial and social entrepreneurs experience public recognition as confirmation that their target market and, more broadly, society accept their ideas, products, or services (Kuratko, et al., 1997; Prabhu, 1999). However, public recognition ranks eighth out of 10 criteria that business owners use to assess their success (Gorgievski, et al., 2011).

All of the abovementioned rewards rely on sources outside the entrepreneur. Investors and clients boost financial returns and contribute to the continued success of the venture. The persistence of the venture, in turn, allows for job security. Customers, investors, other entrepreneurs, and the broader community may offer public recognition, good will, or the experience of higher status. Next, we consider intrinsic rewards that entrepreneurs experience through engaging in the process of entrepreneurship.

### **Intrinsic Rewards**

Despite receiving less attention, entrepreneurship literature suggests that entrepreneurs benefit intrinsically from increased satisfaction and personal well-being associated with their ventures. Satisfaction is considered in two ways. First, researchers assess entrepreneurs' satisfaction with both firm- and individual-level outcomes of their ventures (Brouthers, Brouthers, & Werner, 2000; Cooper & Artz, 1995). Entrepreneurs are asked the extent to which they are satisfied with the levels of sales, profitability, market share (Brouthers, et al., 2000; Mahto, et al., 2010), personal financial returns, and social status (Powell & Eddleston, 2013) they receive from their ventures. This first type of satisfaction is an assessment of satisfaction with extrinsic business outcomes. The second type of satisfaction measured in

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entrepreneurship research is intrinsic personal satisfaction, which results from achieving life outcomes that are important to the entrepreneur, such as overcoming challenges and being creative or having independence (Gorgievski, et al., 2011). Gaining satisfaction from work contributes to an individual's personal well-being (Diener, 2006). In some studies, small business owners rank achieving personal satisfaction as a more important determinant of success than achieving high financial returns (Gorgievski, et al., 2011; Walker & Brown, 2004).

Similarly, two aspects of personal well-being (Aristotle, 1982/c. 350 BCE) are considered in entrepreneurship literature. Eudaimonic happiness addresses the deep fulfillment of accomplishing challenges to reach one's true potential, and hedonic happiness refers to the enjoyment of simple pleasures (Waterman, 1993). Eudaimonic happiness is equated with psychological well-being, which is a state of positive functioning that is fostered by meeting one's psychological needs for autonomy, competence and relatedness (Ryan & Deci, 2001). The presence of personal growth, purpose in life, mastery, autonomy, positive relationships and self-acceptance reflect psychological well-being (Ryff, 1989). Hedonic happiness is associated with subjective well-being, which is a person's judgment of their satisfaction with particular life domains, such as work, family, and health (Diener, Suh, Lucas, & Smith, 1999). Subjective well-being is an overarching and durable assessment of life satisfaction (Spreitzer, Sutcliffe, Dutton, Sonenshein, & Grant, 2005). There is some debate in the psychology literature about whether people's subjective or psychological well-being is more important (Ryan & Deci, 2001), but there is evidence that the two constructs are both distinct and complementary (Waterman, 1993).

Entrepreneurship literature provides evidence of both types of well-being as outcomes of entrepreneurship. Personal growth (Gattiker & Larwood, 1988) and mastery, such as the development of leadership skills (Powell & Eddleston, 2013), self-awareness, networking



abilities, and management skills (Cope, 2011) as entrepreneurial outcomes, suggest entrepreneurs benefit from eudaimonic happiness. Additionally, autonomy is reflected by entrepreneurs' increased independence (Benzing, et al., 2009; Carter, 2011; Douglas & Shepherd, 2000). The presence of eudaimonic happiness can foster the pursuit of entrepreneurial activities (Hahn, Frese, Binnewies, & Schmitt, 2012). Research shows supportive relationships (Chay, 1993) and experiencing a deep sense of meaning and purpose in their ventures contribute to entrepreneurs' psychological well-being (Schindehutte, et al., 2006). When entrepreneurs experiences stress (Uy, et al., 2013) or venture failure (Shepherd & Cardon, 2009; Shepherd & Haynie, 2009, 2011), the entrepreneur's response to the situation influences whether there is an increase or decrease in eudaimonic happiness. Research finds domain-specific subjective well-being in the form of personal and job satisfaction as entrepreneurial outcomes (Hitt, et al., 2011; Hmieleski & Corbett, 2008; Polo Peña, et al., 2011). Lifestyle benefits, such as having work-life balance (Eddleston & Powell, 2012; Gorgievski, et al., 2011), indicate entrepreneurs benefit from hedonic happiness. Some evidence suggests that the process of becoming an entrepreneur actually reduces a person's hedonic happiness (Karlan & Zinman, 2011) though people who choose entrepreneurship as an opportunity, rather than out of necessity, benefit from subjective well-being (Binder & Coad, 2013; Naudé, Amorós, & Cristi, 2014). Over the long term entrepreneurs seem to derive enjoyment from their work (Puri & Robinson, 2013), perhaps because they value achievement and independence over immediate gratification (Fagenson, 1993). Although most of the prior research suggesting well-being as an outcome of entrepreneurship does not specifically address social entrepreneurship, there is evidence that social entrepreneurs benefit from personal empowerment and personal satisfaction (Haugh, 2006) as a result of their focus on issues that are deeply meaningful to them (Shaw & Carter, 2007).

A review of psychology and entrepreneurship literature supports the distinction between extrinsic and intrinsic rewards of entrepreneurship. Extant research suggests that in addition to financial outcomes, extrinsic rewards include both public recognition and venture success. Many intrinsic rewards identified in past research are represented by the two aspects of well-being, eudaimonic and hedonic happiness. Although there are indications of this range of extrinsic and intrinsic rewards from entrepreneurship, there is insufficient empirical evidence of personal rewards received by social entrepreneurs. We turn to data from social entrepreneurs to examine rewards that result from social ventures.

### **Methodology**

This study implements a qualitative case study approach to explore the rewards of social entrepreneurship to strengthen our understanding of relevant concepts and generate theory (Chetty, 1996; Yin, 2009). Social entrepreneurs at the individual level are the unit of analysis, and rewards sought for engaging in social entrepreneurship is the phenomenon-driven case under investigation (Eisenhardt & Graebner, 2007). In keeping with recommendations to control for the environment in entrepreneurial motivation research (Shane, et al., 2003), we gather data on rewards received by social entrepreneurs only in Australia. Within that boundary, we define social entrepreneurs broadly as people who established ventures with the principal purpose of having a social impact, regardless of venture stage, entrepreneurship process, social purpose or venture structure (Bacq & Janssen, 2011; Townsend & Hart, 2008). We employ data analysis techniques commonly used in grounded theory (Corbin & Strauss, 1990), but we enter the data collection phase with a framework of intrinsic and extrinsic rewards taken from psychology and entrepreneurship literatures (Sutton & Rafaeli, 1988). The empirical evidence stems from a dataset previously employed to explore the motives of social entrepreneurship.

### **Participant Selection**

To recruit participants, we contacted two Australian organizations that offer training and support to social entrepreneurs, and they invited approximately 20 of their members to participate in our study. From the initial pool, we selected four social entrepreneurs based on their accessibility, willingness to participate and founding of ventures with distinct social purposes (Stake, 1995). Following the initial interviews, we selected nine additional social entrepreneurs to maximize variation in the sample based on social issues addressed, organizational structure, founding team, and years in business (Patton, 1999; Stake, 2006). Participant fields of work were as diverse as financial services, health and well-being, cultural awareness, arts education, youth leadership, community development, domestic violence, environmental education, and career development. Associated ventures included both non-profit and for-profit organizations established between several months and eighteen years prior to the time of the case study.

All 13 participants were located primarily in the Greater Sydney region or Melbourne, although they served communities throughout Australia and internationally. Most participants founded new organizations (Gartner, 1988), and in one instance, the social entrepreneur founded an independent project within a long-standing non-profit organization. Some participants were members of a founding team of two or more individuals, and all were managers of their ventures. Three participants were men and 10 were women. Participant names were coded to protect confidentiality and referred to as SE1 through SE13 in the findings and discussion sections of the paper.

### **Data Collection and Analysis**

Data gathered to explore the rewards of social entrepreneurship consisted of email exchanges, brochures, documentation on websites, and in-depth interviews. Semi-structured interviews took place over a five-month period either in-person or via Skype. The interviewer

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employed six primary questions, each of which had several follow-up questions to prompt examples or more complete answers. The questions covered the social entrepreneurs' expectations and experience of benefits received through their work. For example, one primary question asked, "How are your personal needs met by the organization?" An associated follow-up query was, "Do these benefits fit your expectations from before you became involved?" Data collection continued until no new rewards emerged (Guest, Bunce, & Johnson, 2006).

Data analysis began with coding interview transcriptions and emails using NVivo 8 (QSR International, 2008). A systematic coding process allowed the data to be analyzed from different perspectives (Patton, 1999). First, preliminary open coding identified lists of intrinsic and extrinsic rewards associated with social entrepreneurship. From the initial lists of intrinsic and extrinsic rewards, we established a coding frame, which we then used to search for passages that would confirm or refute the initially identified rewards (Spiggle, 1994). We then triangulated the data with documentation from brochures and websites to verify the coding frame. Subsequently, we categorized the coded data into themes and sub-categories (Corbin & Strauss, 1990) and placed them in a matrix format to detect patterns and linkages across themes (Miles & Huberman, 1994). Related rewards were grouped together in this final part of the analysis. For example, skill development and increased sense of self were clustered together under the intrinsic reward of personal growth.

### **Findings**

The findings of our qualitative data analysis show that social entrepreneurs benefit from both extrinsic and intrinsic rewards related to their ventures. Extrinsic financial rewards seem to increase in importance over time. The presence of a successful venture and public recognition are other extrinsic rewards valued by social entrepreneurs. Intrinsic rewards include personal growth and eudaimonic and hedonic happiness. Although there is some

evidence of each of these rewards in extant entrepreneurship literature, there are some interesting distinctions that may result from differences between social and commercial entrepreneurs. In the following sections, we present our results related to extrinsic and intrinsic rewards. For each reward, we present quotes from social entrepreneurs in the study to provide context and clarity. We then consider how the finding compares with related findings in the literature.

### **Extrinsic Rewards**

All study participants mention the importance of material rewards and almost all discuss *financial returns* at some level. Comments indicate that financial compensation ranges from insufficient to reasonable. For example, SE8 indicates that the “very small” salary she receives from her venture is inadequate and she has a supplemental job. SE9, on the other hand, perceives financial compensation from her venture as reasonable and fair: “I don’t earn anywhere near what I could if I’d stayed teaching, for example, but certainly we do draw a living wage.” Some social entrepreneurs in the study have established ventures without an adequate salary, and for them, the importance of fair compensation seems to increase over time. SE10 comments, “I can’t afford to run it any longer without having an income,” and SE4 says, “We always saw ourselves as volunteers...until...we were getting burnt out and said we can’t do this all for free.” For social entrepreneurs who reported receiving adequate compensation at the time of the study, some of them started their ventures without a sufficient income. SE11 says, “I do receive a salary, [but] it took a while to get to that,” and SE13 worked without pay for ten months before he was able to begin paying himself. The idea that financial returns are important in entrepreneurship is not new. What is interesting is that, in a departure from the perception that social entrepreneurs focus on social impact rather than financial returns (Dorado, 2006), the social entrepreneurs in this study appear to have a minimum threshold of financial returns they require in order to continue as

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social entrepreneurs. In contrast to recent findings that socially-oriented entrepreneurs tend to be dissatisfied with the profit from their businesses (Jayawarna, et al., 2013) results of this study suggest that financial compensation becomes increasingly important in its absence. Social entrepreneurs focus on social impact, and some of them initially underestimate the value of financial sustainability as a necessary foundation for achieving social aims.

Having a *successful venture* also appears as a valued reward for social entrepreneurs. Observing program success contributes to the perception that the desired impact is taking place. For example, SE3 facilitates a women's community group that is organized to empower women in different areas of their lives, and it includes a financial component. She describes watching the women progress from struggling to pay their bills to learning some budget tools and eventually being in a position to raise funds for a cause. SE3 takes note of a successful outcome of her work when she mentions, "Seeing them step up and do a community event...we raised \$2,000...I see a lot of [progress] there." SE13 says that he benefits, "because this big picture I see is starting to materialize." Participants indicate that their perception of venture success is related to being at least partially responsible for the social change. For example, SE9 states, "knowing that that wouldn't have been happening without us doing what we were doing just gives me immense joy." SE6 explains that for her, success "is not about my personal circumstances, it's about growing better communities." The continued presence of a commercial venture, considered an indicator of venture performance (Brinckmann, et al., 2010; Gomez-Mejia, et al., 2007), suggests a venture is achieving its aim of turning a profit or has potential to do so. In contrast, the primary aim of a social venture is to create value for communities in need. Social entrepreneurs appear to value, not simply the continued financial viability of the venture, but confirmation that the desired social change is taking place.

Awards, positive feedback, and feeling accepted by the target community are types of *public recognition* received by social entrepreneurs in the study. SE3 discusses an award she received within the regional community of social entrepreneurs. Despite the existence of formal awards, participants especially seem to value the recognition of their work that they receive from members of their target communities, including both gratitude and acceptance. For example, SE4 shares the story of a program participant for whom “everything turned around...she was really thankful for the support,” and relays that such recognition “means the world” to her. Similarly, SE2 comments that hearing “statements like, ‘where I’m at musically today is because of [the social venture],’ that’s sweet.” SE6 expresses the value of being accepted by her target community: “I also get love in spades...the support shown to me and my family as part of this community has been incredibly beautiful and very touching.” SE7 asserts, “I’ve never felt more loved than I do by these people. I feel more loved and accepted by these people than I do by my family.” Although public recognition ranks relatively low as a success criterion for entrepreneurs in past research (Gorgievski, et al., 2011), these findings suggest recognition, in the form of feedback and goodwill in the target community, is a particularly valued reward in social entrepreneurship.

These findings indicate that social entrepreneurs receive and value some of the same extrinsic rewards identified in past entrepreneurship research, but in different ways. Financial returns are important for the social entrepreneurs in this study specifically because they enable continued involvement with the venture. The success of the venture is valued, not simply for its existence or profitability, but rather for the positive impact it has on the target community. Public recognition, in the form of positive feedback from the target community, plays a significant role among social entrepreneurs. Positive feedback serves to confirm the venture is successfully achieving its social aims.

### **Intrinsic Rewards**

The data suggest that, similar to their commercial counterparts, social entrepreneurs benefit from the intrinsic rewards of personal growth and experiencing both eudaimonic and hedonic happiness. The reward of *personal growth* is apparent when SE1 says, “I’ve really learned a lot personally” and SE4 comments that she is “learning so much about business.” In addition to learning new skills, the data suggest that participants benefit from increased self-confidence. For instance, SE3 comments that “the program...is bringing out the best in people, and...I see that they do that for me as well. All my good qualities are coming out.” Similarly, SE4 mentions, “Doing this kind of work has given me a lot more faith and hope in what I do. It’s building my confidence again.” Together, the development of new skills and an associated increase in self-confidence lead to personal growth (Kashdan, Rose, & Fincham, 2004). Personal growth is related to enhanced sense of self, self-concept, and self-esteem (Flury & Ickes, 2007). Research suggests individuals who set challenging business goals tend to experience personal growth (Kerr & Landauer, 2004), and setting goals to benefit others strengthens one’s sense of self (Canevello, 2011). Other studies acknowledge the importance of the entrepreneur’s self-concept, but focus on the relationship between the founder’s self-concept and firm performance (Poon & Junit, 2006) or market orientation (Fauchart, 2011), rather than personal growth as a venture outcome. Interestingly, personal growth is associated with both entrepreneurial successes (Bann, 2009) and failures (Shepherd, et al., 2011).

Comments from study participants suggest they derive feelings of accomplishment and life purpose fulfillment from doing what they do. This combination of outcomes is associated with the experience of *eudaimonic happiness* (Waterman, 1993). For example, SE3 indicates a sense of accomplishment when she says that “stopping and taking action on one of [my many ideas] is a huge feat for me.” SE13 reports “there’s lots of tough and



challenging times, but they're tough and challenging for really good reasons...it's deeply satisfying." SE12 states, "I love knowing now that I have purpose and that I'm living with my own truth." SE11 delves further into the idea of purpose with her comment that "I'm living toward my purpose in life...[having] purpose encompasses a lot of my personal values like social justice and compassion and inclusiveness and equality."

At a more superficial level, *hedonic happiness* is the immediate gratification associated with pleasure seeking (Waterman, 1993) and feeling satisfied with different areas of life (Diener, et al., 1999). Most participants discuss the enjoyment they gain from working in their ventures. For example, SE13 informs, "It's cool! I just enjoy it," SE10 comments that "I get all these amazing experiences," and SE7 observes that "you'll never see me happier than when I'm" doing this work." Further, SE13 indicates that he is content in the domain of work when he reports feeling "enormous satisfaction in knowing that I'm doing something that I enjoy *and* is helping other people." Both hedonic and eudaimonic happiness are likely to be impacted by engaging in entrepreneurship (Shepherd & Cardon, 2009).

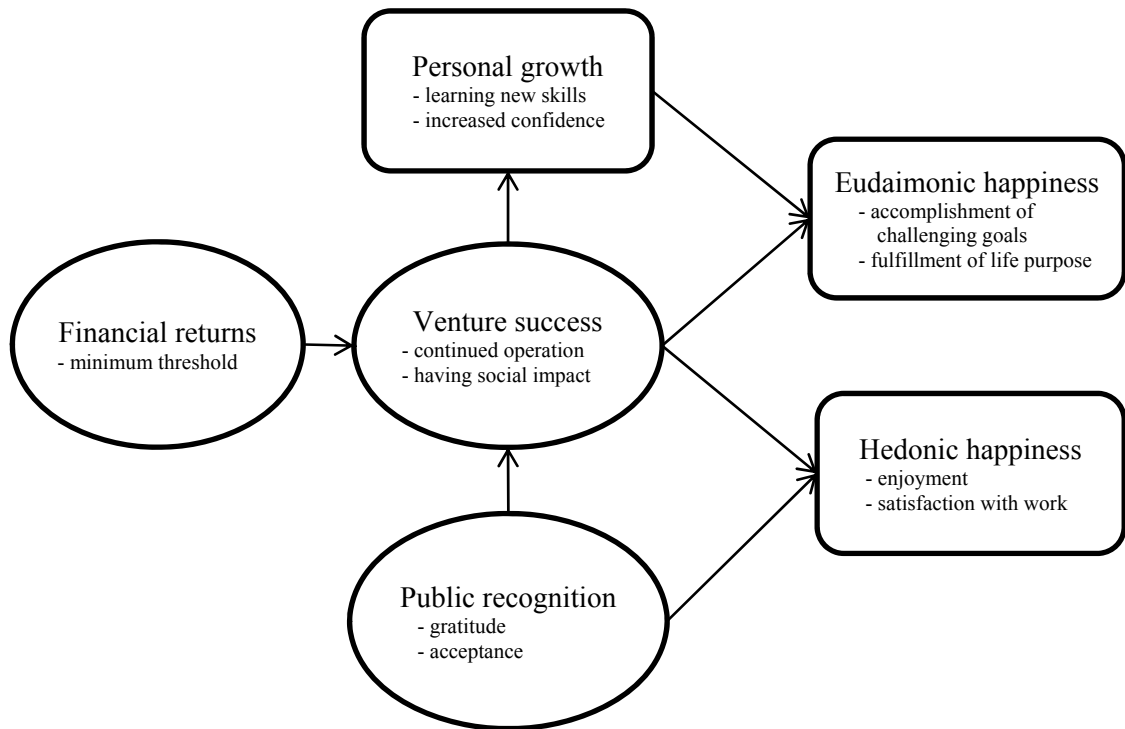
Building on existing entrepreneurship literature, data from this study suggest that social entrepreneurs benefit from personal growth, eudaimonic happiness, and hedonic happiness. Our findings confirm earlier evidence that entrepreneurial ventures serve as training grounds for developing new skills and building confidence. Further, we suggest that the experience of personal growth as an outcome of a social venture contributes to psychological well-being. Although the presence of both eudaimonic and hedonic happiness as outcomes of entrepreneurship is not new, the sources of heightened well-being appear to be slightly different in the context of social entrepreneurship. Social entrepreneurs derive psychological well-being from engaging in challenging work that is consistent with their values and from achieving success in that work. They benefit from their observations of, and

contributions to, social change. Similar to other entrepreneurs, social entrepreneurs receive hedonistic enjoyment from their ventures.

### **Discussion**

Drawing from the data, we identify four key findings that contribute to the literature on social entrepreneurship. First, venture success is a central reward of social entrepreneurship that contributes to social entrepreneurs' sense of well-being. Second, the primary role of financial returns is to ensure that the social entrepreneur has sufficient resources to remain engaged with the venture. Third, public recognition serves as confirmation from the target community that the venture is achieving its aims. Fourth, intrinsic rewards of personal growth and eudaimonic and hedonic happiness depend on the critical extrinsic reward of venture success. Specifically, knowing that the desired change is taking place, developing new skills, and having heightened self-confidence result in enhanced eudaimonic happiness. Observing social impact contributes to the social entrepreneur's experience of hedonic happiness. These relationships are presented in Figure 1. In the remainder of this section, we discuss these findings in light of extant literature on entrepreneurship outcomes.

The data suggest that, similar to commercial entrepreneurs, the presence of a successful venture is a valued outcome for social entrepreneurs. Our first key finding is that social entrepreneurs assess venture success on the basis of social impact, rather than in financial terms. There are challenges associated with measuring social outcomes (McLoughlin, et al., 2009; Young, 2006). Study participants compensate for this difficulty by assessing social value creation, at least in part, based on their observations of change in the target community and reports of improvements from target community members. The social entrepreneur's perception that positive social impact is occurring is central to the experience



*Figure 1. Conceptual Model of Rewards Received by Social Entrepreneurs*

of other extrinsic and intrinsic rewards. This finding contrasts with recent research that suggests entrepreneurs benefit from personal learning (Shepherd, et al., 2011) and well-being (Shepherd & Cardon, 2009; Shepherd & Haynie, 2011) even when their ventures fail. Additional research would be required to investigate the effect that failing to bring about social change might have on social entrepreneurs' receipt of intrinsic rewards.

Financial returns do not emerge from the data as a reward that social entrepreneurs strive to attain. Nonetheless, our second key finding is that social entrepreneurs appear to have a minimum threshold of financial rewards. Accruing financial returns above that minimum level is necessary to continue in the venture. Perhaps it is not surprising that participants overlook their need for financial rewards, given social entrepreneurs' primary focus on creating social value (Austin, et al., 2006; Dees, 1998; Prabhu, 1999). However, several participants who do not receive personal financial compensation from their ventures begin to question their capacity for long-term engagement and satisfaction with the enterprise.

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Consistent with motivator-hygiene theory, social entrepreneurs find insufficient financial compensation demotivating (Herzberg, 1965). This aligns with the notion that money is a tool for building a successful business rather than being an end in itself (Timmons, 1978). Participants are not motivated to earn high financial returns, but do need some minimum level of financial rewards to sustain continued engagement with the social venture. If social entrepreneurs reach a point where the lack of financial returns detracts from their motivation, they may adjust their goals to include a higher level of financial compensation (Morris, et al., 2012). This finding contributes to the debate in literature regarding the importance of generating economic returns in social entrepreneurship (see Seymour, 2012 for a review).

Our third key finding is that in the context of social entrepreneurship, feedback from the target community seems to constitute the key element of public recognition. The entrepreneurship literature tends to focus on social status associated with prestige and being highly regarded (Powell & Eddleston, 2013). The data in this study suggest that social entrepreneurs' observations of change in the target community alongside feedback from community members serve as confirmation that the venture is achieving its desired aims. Further research may indicate that social entrepreneurs value public awards and prestige in their own right, but the preliminary indication is that these returns are valued as proxies for venture success.

The fourth key finding is that the receipt of extrinsic rewards contributes to participants' experience of the intrinsic rewards of personal growth and well-being. Specifically, hearing about success from target community members (public recognition) affirms the success of the venture. Perceiving their work as successful garners both enjoyment and satisfaction with work (hedonic happiness), while accomplishing challenging and meaningful goals fosters the experience of eudaimonic happiness for social entrepreneurs. The development of new skills and enhanced self-confidence (personal growth) boosts

eudaimonic happiness. For social entrepreneurs, who measure their success based on the creation of value in the target community (Dees, 1998), the perception that the venture is achieving its social aims seems to play a significant role in their experience of intrinsic rewards. This finding is consistent with past studies that indicate people attain personal growth and happiness when they participate in activities and meet goals that are consistent with their values (Canevello, 2011; Kasser & Ryan, 1993; Sheldon, 2002).

### **Conclusion**

This study offers insights into the rewards social entrepreneurs receive from their ventures, which are organized to provide benefits for others. Their activities can lead to financial rewards, perceptions of venture success, positive feedback, personal growth, and enhanced well-being. This study has implications for both research and for practice. At an academic level, this paper contributes a more nuanced understanding of the rewards received by social entrepreneurs. There appear to be some differences between the intrinsic and extrinsic rewards received by social entrepreneurs and the rewards identified in entrepreneurship literature. Based on our findings, we propose a model of extrinsic and intrinsic rewards that can serve as a platform for researching the presence of, and relationships between, rewards for social entrepreneurship.

At a practical level, a better understanding of the mix of returns on social entrepreneurship might inform new and current social entrepreneurs (and their stakeholders) as they structure their social ventures. It appears that social entrepreneurs benefit from the knowledge and feedback that the intended social change is taking place. This awareness contributes to their enjoyment of the work. At the same time, they develop personally through the process of being social entrepreneurs, which contributes to a deep sense that they are being the best they can be and fulfilling their purpose in life. Nonetheless some financial returns are important for social entrepreneurs to maintain long-term engagement with their

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ventures. Furthermore, greater insight into rewards offers social entrepreneurs a framework for monitoring the extent to which their business is meeting their personal needs.

The small sample size and scope of the research offer both strengths and limitations of this study. Data from thirteen social entrepreneurs allow for rich, qualitative exploration of the relevance of a range of rewards that accrue to social entrepreneurs from engaging in social entrepreneurship. We consider only rewards received by the social entrepreneur, not target community benefits. It is possible that additional rewards would become apparent in a larger, or more diverse, sample of social entrepreneurs. However, any disadvantages of a small sample and narrow scope are outweighed by the contribution of rich data to our knowledge of rewards valued by social entrepreneurs.

Interesting areas for future exploration include relationships between social entrepreneurs' motives and rewards, the identification of a minimum threshold of financial rewards and relationships between different rewards accrued by social entrepreneurs. Exploration of the extent to which social entrepreneurs driven by diverse motives may be satisfied by different rewards offers potential for better understanding how particular social entrepreneurs benefit from the work they do. Building on this research, it may be possible to identify a threshold of financial rewards below which social entrepreneurs become less motivated. Although social entrepreneurs are not driven to achieve financial rewards, a better understanding of the material returns they require may support fostering continued engagement in this important and growing sector of the economy. Future research in social entrepreneurship may contribute to the growing interest in the impact of venture failure on the individual entrepreneur. In particular, deeper exploration of hedonic and eudaimonic happiness as outcomes of social ventures is warranted. The accrual of these rewards to social entrepreneurs may vary with different venture outcomes, such as local community impact, systemic change, or venture failure.

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### **Chapter 3: Conclusion to Study II**

The second study in the thesis extends the findings of the first paper by exploring the rewards received by social entrepreneurs. The analysis suggests that perceiving the success of the venture is a key extrinsic reward. Financial rewards enable the social entrepreneur to remain engaged in the venture, while public recognition, in the form of feedback from the target community that the desired change is taking place, is a valued reward. The social entrepreneur's perception that social change is occurring contributes to the experience of hedonic happiness, while personal growth associated with the venture and satisfaction from accomplishing goals that are both challenging and important facilitate the experience of eudaimonic happiness.

Together, the findings of the first and second qualitative papers provide a conceptual model of social entrepreneurial motivation (Figure 5.1 in the Thesis Conclusion). The contributions to the literature include the identification of specific emotions, motives, and rewards that are relevant to social entrepreneurs and some indication of how they interact to contribute to continued motivation to engage in social ventures. The third study of the thesis tests associations between different types of motives and the value placed on rewards as a first step toward gaining better insights into social entrepreneurial motivation.



## Chapter 4: Introduction to Study III

The third study of the thesis, *What's in it for Me? Impact of Social Venture Emphasis on Rewards Entrepreneurs Value*, is a quantitative paper that tests some of the findings of the first two studies. A survey, based on the conceptual model, is employed to gather data from both social and commercial entrepreneurs. Commercial entrepreneurs are included in this study for two principal reasons. First, we can only learn so much about social entrepreneurs in isolation. Some of what is interesting about social entrepreneurial motivation is how it differs from motivation that leads to other types of entrepreneurship. Second, there is some tension in the social entrepreneurship literature regarding whether social entrepreneurs are a wholly distinct subset of entrepreneurs or whether there is a continuum from social to commercial entrepreneurs. A continuum of entrepreneurs suggests that, while some entrepreneurs focus primarily on social impact and are clearly social entrepreneurs, others may be situated in a gray area at the middle of the continuum, where they juggle competing priorities of social impact and profitability. Both commercial and social entrepreneurs are included in the data in order to assess the influence of social emphasis in the venture on the rewards valued by entrepreneurs.

A thorough search of the psychology and entrepreneurship literatures reveals existing scales to measure each of the motive, reward, and emotion constructs from the qualitative studies. In many cases, a sub-set of the items from the original scale are selected, and items are re-worded for consistency across scales. The scales are modified based on feedback from a panel of six academics with experience in psychology or entrepreneurship engaged to review the proposed scales for consistency with the construct definitions and face validity. Venture emphasis and demographic questions round out the survey. The survey is pilot tested

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with 10 entrepreneurs. The survey instrument, scale sources, modifications, and development process are outlined in Appendix A.

*What's in it for Me? Impact of Social Venture Emphasis on Rewards Entrepreneurs Value* has been prepared for submission to the Journal of Management Studies. In earlier phases of development, parts of the paper were presented at the Australian Centre for Entrepreneurship Paper Development Workshop in 2012 (Appendix F) and the Australian Centre for Entrepreneurship Research Exchange in 2014 (Appendix G). The 2012 workshop paper is authored by Jennifer Ruskin and Cynthia M. Webster with a contribution ratio of 70% and 30%, respectively. Both the thesis paper and the 2014 research exchange paper are authored by Jennifer Ruskin, Cynthia M. Webster, and Erik Lundmark with a contribution ratio of 70%, 15% and 15%, respectively.

## Chapter 4: Study III

### What's in it for Me? Impact of Social Venture Emphasis on Rewards

#### Entrepreneurs Value

Jennifer Ruskin, Cynthia M. Webster and Erik Lundmark

#### Abstract

*Entrepreneurs have different aims for their ventures, ranging from exclusively profit-oriented to a pure focus on social impact. In this paper, we employ an expectancy theory perspective to examine the moderating role of social venture emphasis on entrepreneurs' motivations and their valued rewards. We analyze survey responses from 193 entrepreneurs to assess relationships between the experience of self- or other-oriented motivation and the value placed on extrinsic or intrinsic rewards. Results suggest entrepreneurial motivation includes elements of both self- and other-oriented motivation. In the baseline structural models, self-oriented motivation is linked to extrinsic rewards, while other-oriented motivation is associated with intrinsic rewards. Considering specific intrinsic rewards separately, we find hedonic enjoyment is important to those with self-oriented motivation, and other-oriented entrepreneurs value meaningful and challenging work. The moderating effect of social emphasis reduces the importance of financial returns, public recognition, and hedonic enjoyment for self-oriented entrepreneurs.*

**Key words:** Entrepreneurial motivation, social entrepreneurs, venture rewards, well-being

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#### Introduction

Entrepreneurs apply innovative solutions to market-based problems (Austin, Stevenson, & Wei-Skillern, 2006). For example, Pierre Omidyar of eBay connects second-hand markets, Fred Smith of FedEx transports overnight packages, and Muhammad Yunus of the Grameen Bank makes credit available to the poor (Martin & Osberg, 2007). Entrepreneurial solutions can be large or small, local or global, and oriented more toward profit or social impact. One way to characterize entrepreneurial ventures is to position ventures along a continuum from those with a heavy focus on financial performance to those with a balance of

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social and financial impact to others with primarily social aims (Dees, 1998; Peredo & McLean, 2006). Commercial entrepreneurs solve market-based problems for which clients pay market rates for the solution (Martin & Osberg, 2007), whereas social entrepreneurs seek to address a range of social issues and are defined by their involvement in ventures that place more importance on a social mission than financial returns (Beckmann, Zeyen, & Krzeminska, 2014). Other entrepreneurs may exist closer to the middle of the continuum and consequently be more difficult to categorize (Peredo & McLean, 2006). Rather than forcing observations into either side of a dichotomy, we explore the possibility that incremental changes in venture emphasis from social impact to profitability differentially influence how entrepreneurs value rewards gained.

Considering venture emphasis along a continuum separates entrepreneurial ventures from the individual entrepreneur in the sense that an entrepreneur may be involved in multiple ventures, either simultaneously or serially, each with different levels of social emphasis. Extant literature offers few insights into how the degree of social emphasis in a venture influences the relationship between an entrepreneur's motivation in a particular venture and their valuation of different rewards. For example, a self-oriented entrepreneur who achieves personal financial success through a commercial venture may be motivated to start a second venture with high social emphasis to benefit others and would presumably anticipate different types of rewards from each venture. Despite the entrepreneur experiencing motives that are relatively stable over time (Carney, Jost, Gosling, & Potter, 2008; Gordon Francis & Taylor, 2006), the unique environment and distinct purpose of the venture may foster the expectation of a different suite of rewards.

Much of entrepreneurial literature focuses on the drive for financial returns (Amit, MacCrimmon, Zietsma, & Oesch, 2001). Recent research explores other-oriented entrepreneurial motivation such as prosocial motivation (Miller, Grimes, McMullen, & Vogus, 2012; Renko, 2013), as well as other returns, including public recognition (Gorgievski, Ascalon, & Stephan, 2011; G. N. Powell & Eddleston, 2013), independence (Benzing, Chu, & Kara, 2009; Dunkelberg, Moore, Scott, & Stull, 2013), and psychological well-being (Shepherd & Haynie, 2009, 2011; Uy, Foo, & Song, 2013). Some work examines the role context plays in the valuation of particular rewards. For example, non-financial goals are important in a family firm context (Zellweger, Nason, Nordqvist, & Brush, 2013), and entrepreneurs in failed ventures manage their image to maximize psychological well-being (Shepherd & Haynie, 2011). Extant entrepreneurial literature offers few insights into how the degree of social emphasis in a venture influences the relationship between entrepreneurial motives and the importance of entrepreneurial rewards. To address this gap, we ask how social venture emphasis influences the value entrepreneurs place on different rewards. A better understanding of the rewards valued in distinct types of ventures may foster additional understanding of what keeps entrepreneurs engaged in their ventures. We are particularly interested in expectations beyond start-up and how personal rewards influence continued motivation.

In the remainder of the paper, we develop a theoretical framework and hypotheses and then test the model with survey data from 193 entrepreneurs. Our findings contribute to the entrepreneurial motivation literature by suggesting that intrinsic and extrinsic rewards are important to all entrepreneurs, but the focus on which specific intrinsic rewards varies with different types of motivation.

Additionally, increased social venture emphasis is associated with higher valuation of intrinsic rewards.

### **Entrepreneurial Motivation**

Drawing on the psychology literature, we categorize motivation as either driving behavior to benefit oneself or to benefit others (Batson, 1990; Forbes, 2011). Both psychology and entrepreneurship research tend to focus on self-oriented motivation (Batson, 1990; Van de Ven, Sapienza, & Villanueva, 2007). Studies of entrepreneurial motivation assess the need for achievement, entrepreneurial intentions, goal setting, independence, locus of control, risk taking, self-efficacy, and tolerance for ambiguity (Carsrud & Brännback, 2011; Shane, Locke, & Collins, 2003). To the extent motivation is considered among social entrepreneurs, researchers address other-oriented aspects of motivation (cf. Miller, et al., 2012; Renko, 2013; Shaw & Carter, 2007). Despite the inclination to consider motivation as an either/or proposition, it is likely that both commercial and social entrepreneurs experience a mix of self- and other-oriented motivation (Mair & Martí, 2006). This is consistent with past research that indicates people benefit personally from engaging in work that helps others (Grant, 2007).

### **Self –Oriented Motivation**

Two prominent motivation theories, human social motive theory (HSMT) (Hofer, Chasiotis, Friedlmeier, Busch, & Campos, 2005; McClelland, 1985) and self-determination theory (SDT) (Deci & Ryan, 1985; Ryan & Deci, 2000), propose a set of three psychological needs to explain behavior. These two theories provide the underpinnings for recent research on entrepreneurial motivation (Douglas, 2013; Lam, 2011; Ripoll, Rodriguez, Barrasa, & Antino,



2010; Shepherd & Cardon, 2009). Although HSMT and SDT are distinct, each theory proposes three constructs that are relevant for understanding self-oriented aspects of entrepreneurial motivation. Similar to SDT's competence, applying one's talents to achieve aims (Deci & Ryan, 2002), the need for achievement in HSMT drives people to complete challenging tasks to a high standard (McClelland, 1953). Both theories include a drive to build gratifying, close relationships that is referred to as relatedness in SDT and as the need for affiliation in HSMT (McAdams, 1980; Ryan & Deci, 2000). The needs for autonomy (or independence) and power (or influence) both address an individual's efforts to be in control, but the target of control differs. Autonomy from SDT refers to having control over one's own behavior and actions (Deci & Ryan, 2002), while HSMT's power typically is defined as influencing the behavior or emotions of others (Winter, 1992). Two of the motives from HSMT and SDT overlap substantially (achievement/competence and relatedness/affiliation), and the third motive from each theory is complementary (autonomy and power). We focus on achievement from HSMT because of its prominence in the entrepreneurial motivation literature and relatedness from SDT somewhat arbitrarily because relatedness and affiliation are defined so similarly. We draw on the definition of power to refer to the construct as influence due to its softer tone. Thus, the four distinct self-oriented motives identified in the literature are achievement, relatedness, autonomy, and influence.

Academic studies indicate that all four self-oriented motives are relevant to commercial entrepreneurs. The achievement motive is associated with venture growth (Stewart & Roth, 2007), while the drive for autonomy, often operationalized as being one's own boss (De Clercq, Honig, & Martin, 2013;

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Kuratko, Hornsby, & Naffziger, 1997), can limit the extent to which entrepreneurs pursue growth in their ventures (Clarke & Holt, 2010; Douglas, 2013). The need for influence is relevant to entrepreneurs who seek economic gains and personal prestige (Jayawarna, Rouse, & Kitching, 2013), but it seems to limit their experience of subjective well-being (Srivastava, Locke, & Bartol, 2001). Entrepreneurs' drive for relatedness impacts their decisions regarding when and with whom to establish relationships (Griskevicius, Ackerman, Van den Bergh, & Li, 2011; Ripoll, et al., 2010).

An emerging body of research suggests self-oriented motivation may additionally be relevant to social entrepreneurs, but the evidence is less clear. Social entrepreneurs seem to value achievement and stimulation in their work (Bargsted, Picon, Salazer, & Rojas, 2013). Findings regarding autonomy among social entrepreneurs are inconsistent. One study finds that social entrepreneurs place relatively little emphasis on achieving independence through their ventures (Shaw & Carter, 2007). Another comparative study finds that social entrepreneurs experience a significant drive for autonomy that is lower than commercial entrepreneurs, but higher than philanthropists (Bargsted, et al., 2013). A study of different motive combinations that are relevant to entrepreneurs finds that influence has limited importance for social entrepreneurs (Jayawarna, et al., 2013). Although relatedness is not specifically identified in the social entrepreneurship literature, recent qualitative research suggests that social entrepreneurs experience nuanced forms of all four self-oriented motives (Ruskin, Seymour, & Webster, in press).

### **Other –Oriented Motivation**

Turning to other-oriented aspects of motivation, a recent review of the psychology literature identifies four reasons people seek to help others: 1) people act in their own self-interest; 2) they are driven by an emotional connection with those they help; 3) they have a particular affinity for the target community; and 4) by helping, they are upholding a universal principal, such as social welfare (Forbes, 2011). None of these motives receive substantial attention among commercial entrepreneurs (Van de Ven, et al., 2007) although there is some evidence of other-oriented motivation in family businesses and ventures that address environmental issues (Patzelt & Shepherd, 2011; Zellweger, et al., 2013). Among social entrepreneurs, prosocial motivation, the drive to help others (Grant, 2008), and altruism, which motivates people to help others without expectation of an extrinsic reward (Bar-Tal, 1985), are identified.

Drawing from the fields of social psychology and social exchange theory, we identify additional other-oriented motives that may be relevant to entrepreneurs. Nurturance is the drive to care for and foster the development of familiar others (Murray, 1938; Reiss, 2004). Social justice motivates efforts to achieve equitable distribution of opportunities and resources (Tyler, 2000). Generalized reciprocity drives people to return benefits to another individual, a community or society at large (Korsgaard, et al. 2010; Yamagishi & Cook, 1993) and possibly at a later date (Funk, 2012; Offer, 1997).

Research suggests each of these types of other-oriented motivation is present in entrepreneurship, although the evidence is sparse and drawn from diverse entrepreneurial contexts, or even more broadly from management. In one study, almost 80 per cent of social entrepreneurs demonstrate prosocial

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motivation when they identify bringing about social change as one of the reasons they started their ventures (Shaw & Carter, 2007). Altruism is identified conceptually as a motive for social entrepreneurship but without empirical evidence or a clear definition (cf. Mair & Martí, 2006; Nicholls, 2006; Prabhu, 1999). Research suggests that altruism motivates at least some types of entrepreneurs. Altruistic motivation helps sustainable entrepreneurs identify opportunities that support the environment (Patzelt & Shepherd, 2011), enables family business owners to benefit both family and non-family staff (Karra, Tracey, & Phillips, 2006), and influences the way some who operate private practices handle ethical dilemmas (Calnan, Silvester, Manley, & Taylor-Gooby, 2000). Nurturance is not named as a motive in entrepreneurship, but there is some evidence that green entrepreneurs, who address environmental issues and are sometimes considered a subset of social entrepreneurs (Beckmann, et al., 2014; Hockerts, 2006), are aware of how their ventures impact the children of their communities and future generations (Allen & Malin, 2008; Salome, van Bottenburg, & van den Heuvel, 2013). It seems that nurturance may be a motive for social entrepreneurs, who foster positive social change in communities they know well, or of which they are members (Tapsell & Woods, 2010). Social justice may drive entrepreneurs who raise awareness around issues of inequity and bring about related social change (Allen & Malin, 2008; Martin & Osberg, 2007). There is some evidence that people help others in organizations when they feel an obligation to reciprocate (Korsgaard, Meglino, Lester, & Jeong, 2010). Social entrepreneurs may establish ventures as a way to give back to communities based on earlier advantages they received. Thus, there is some foundation for

exploring other-oriented motives beyond prosocial motivation and altruism as potential drivers of entrepreneurship.

In conclusion, studies of commercial entrepreneurship tend to focus on self-oriented aspects of motivation, while social entrepreneurship research considers primarily other-oriented motivation. There is no compelling theoretical reason or empirical evidence to suggest that social entrepreneurs do not experience self-oriented aspects of motivation or that commercial entrepreneurs are completely without other-oriented motivation. For this reason, theoretical models of entrepreneurial motivation should include both types of motivation.

### **Extrinsic and Intrinsic Rewards of Entrepreneurship**

Individual rewards that accrue from entrepreneurship can be classified as extrinsic, originating outside the individual, or intrinsic, which is the inherent satisfaction one gains from participating in an activity (Vallerand, 1997). Two prominent extrinsic rewards commonly associated with entrepreneurship include monetary returns and public recognition (cf. S. Carter, 2011; Dunkelberg, et al., 2013; Gorgievski, et al., 2011; G. N. Powell & Eddleston, 2013). Personal financial returns associated with entrepreneurship include salaries and bonuses, as well as financial wealth accrued over the lifetime of the entrepreneur (S. Carter, 2011). Public recognition for entrepreneurs takes the form of social status (G. N. Powell & Eddleston, 2013; Villanueva & Sapienza, 2009), having a good reputation, winning awards (Gorgievski, et al., 2011), or goodwill in the community (Zellweger, et al., 2013).

Recent research reveals a growing list of intrinsic rewards that accrue to entrepreneurs. Entrepreneurs benefit from personal and job satisfaction (cf. S. Carter, 2011; Hmieleski & Corbett, 2008; Polo Peña, Frías Jamilena, &

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Rodríguez Molina, 2011), increased independence (Benzing, Chu, & Kara, 2009; Carter, 2011, Douglas & Shepherd, 2010), greater empowerment (Haugh, 2006), being leaders (G. N. Powell & Eddleston, 2013), and new skills developed through involvement in their ventures (Cope, 2011; Hitt et al., 2011). All of these indicators point to personal satisfaction and well-being which derive from entrepreneurs' involvement in their ventures (Cooper & Artz, 1995) and rank at the top of a list of factors entrepreneurs use to evaluate their success (Gorgievski, et al., 2011).

Two aspects of personal well-being include hedonic and eudaimonic happiness (Aristotle, 1982/c. 350 BCE). Hedonic happiness is pure pleasure associated with participating in activities for the love of it, while eudaimonic happiness is associated with feeling fulfilled by investing substantial effort to achieving challenging goals that are consistent with one's values (Waterman, 1993). Hedonic happiness is commonly conceptualized as subjective well-being, which is the extent to which people perceive different life domains positively (Diener, 2006). Eudaimonic happiness is equated with psychological well-being, which refers to the actualization of one's full potential (Ryan & Deci, 2001).

### **Expectation of Rewards**

A process theory of entrepreneurship is helpful to understand relationships between motives for engaging in entrepreneurial behaviors and anticipated outcomes. The expectancy theory of motivation suggests that people are motivated by hope and the prospect that their actions will result in particular valued rewards (Vroom, 1964). The central relationships in expectancy theory include: (1) effort and performance, (2) level of performance and particular outcomes, and (3) the value placed on the outcome (Gatewood, Shaver, Powers,

& Gartner, 2002). Expectancy theory suggests people pursue entrepreneurial careers (Fitzsimmons & Douglas, 2011; Gatewood, et al., 2002; Renko, Kroeck, & Bullough, 2012) because they expect their activities to lead to such intrinsic and extrinsic rewards as self-realization, public recognition, and financial success (De Clercq, Castañer, & Belausteguigoitia, 2011; Edelman, Brush, Manolova, & Greene, 2010). Expectancy theory offers a frame for understanding the relationship between motives entrepreneurs experience and the rewards they value.

### **Self-oriented Motivation and Extrinsic Rewards**

At a basic level, self-oriented motivation drives behavior to benefit oneself, while other-oriented motivation drives behavior to benefit others (Batson, 1990). In assessing past research, we consider both whether there is an indication of a self- or other-oriented motive at play and whether the primary intended beneficiary seems to be the self or others. Reviews of the entrepreneurial motivation literature identify the self-oriented motives of achievement and autonomy (Carsrud & Brännback, 2011; Shane, et al., 2003). The authors of one of these reviews present two competing scenarios examining the identification of opportunities, and both scenarios suggest that entrepreneurs choose among opportunities based on the potential to gain personal financial rewards (Shane, et al., 2003, p. 260-263), indicating a strong association between self-oriented motives and financial returns. A tempered view suggests that entrepreneurs who aim for high growth in their ventures, which is often associated with higher financial returns to the individual, may necessarily let go of some degree of independence in running their business (Douglas, 2013; Wiklund & Shepherd, 2003). Taking these two accounts into perspective implies

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that self-oriented motivation is associated with valuing financial returns, but there may be a point at which seeking ever-higher financial returns requires a compromise to independence.

Public recognition is a second extrinsic reward of entrepreneurship. Studies show that some sub-sets of entrepreneurs place more importance on public recognition than others. For example, entrepreneurs high in masculinity (Eddleston & Powell, 2008) and rural tourism operators in Spain (Polo Peña, et al., 2011) particularly value public recognition. Self-oriented motivation may be associated with some aspects of status-seeking behavior, while other aspects of public recognition can be more about building the venture (Gorgievski, et al., 2011).

Based on this discussion, self-oriented motivation in entrepreneurship seems to have a strong association with extrinsic rewards. Past research indicates the prominent extrinsic rewards of financial returns and public recognition are valued by entrepreneurs who experience self-oriented motivation. Considering the relative value of extrinsic rewards, an entrepreneur with self-oriented motivation could be expected to value financial returns higher than public recognition for two reasons. First, the heavy emphasis of personal financial returns in the entrepreneurship literature (S. Carter, 2011; Ucbasaran, Westhead, & Wright, 2001) may reflect their value among entrepreneurs. Second, only the personal aggrandizement element of public recognition seems particularly associated with benefits to self. Other aspects of public recognition seem to be more about building a successful venture than receiving personal attention.

In some cases, an entrepreneur with substantial self-oriented motivation might establish a social venture. In a social venture, the focus is on creating



value for others rather than the entrepreneur. This shift in focus to creating value for others seems likely to reduce the strength of the relationship between self-oriented motivation and extrinsic rewards, particularly personal financial gains. Our first set of hypotheses follow from this discussion. The model of proposed relationships between motives, rewards, and venture emphasis is shown in Figure 1.

*Hypothesis 1:* Self-oriented motivation has a strong, positive association with extrinsic rewards.

*Hypothesis 1a:* Self-oriented motivation has a stronger association with financial returns than with public recognition.

*Hypothesis 1b:* Social emphasis in the venture moderates (weakens) the association between self-oriented motivation and financial returns.

### **Other-oriented Motivation and Extrinsic Rewards**

When people focus on building benefits for others, they tend to place higher value on non-pecuniary rewards than financial rewards (Austin, et al., 2006). Although people in ventures that provide social benefits receive salaries (Haugh, 2006), financial benefits are not perceived as a reward to maximize. Rather, financial returns indicate that a venture is viable (Mair & Martí, 2006). Public recognition is a non-financial, extrinsic reward that is valued by entrepreneurs (Timmons, 1978), at least in part because it can indicate that products or services offered are valued in the target market (Kuratko, et al., 1997; Prabhu, 1999). When it is difficult to measure the actual value created for others (Austin, et al., 2006; Young, 2006), public recognition can serve as an indicator

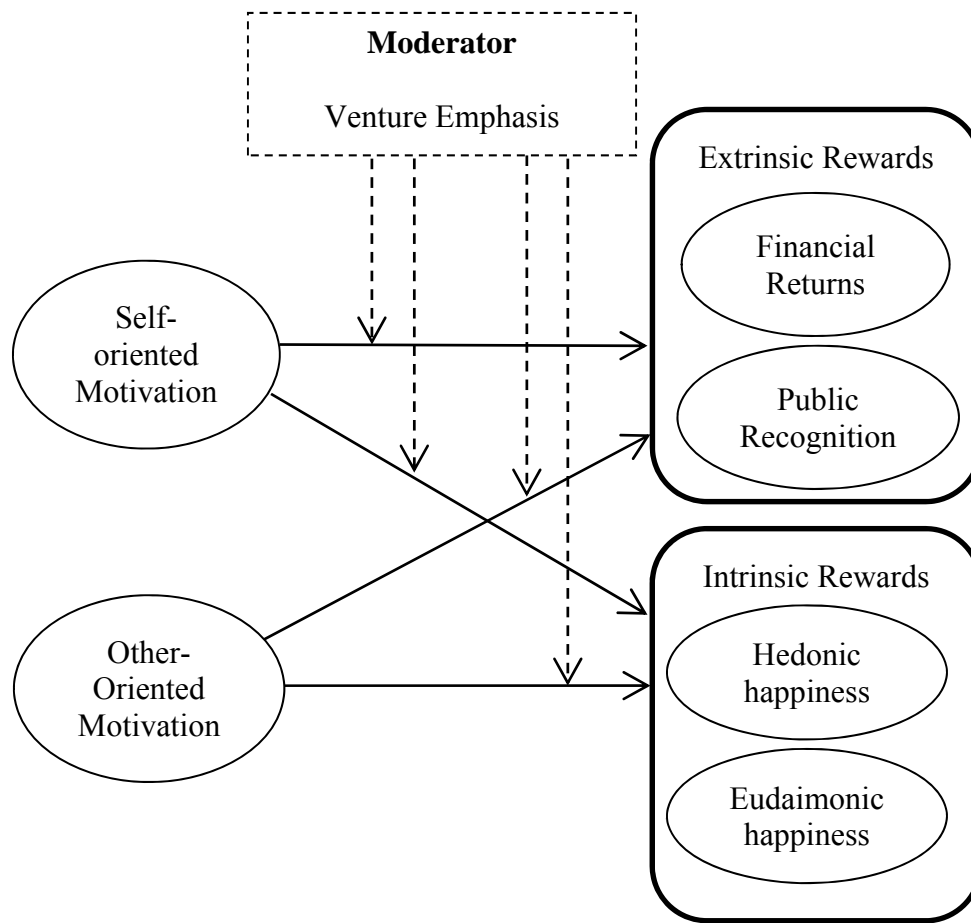


Figure 1. Proposed Framework Linking Motivation (IVs) to Rewards (DVs).

that the venture is achieving its aims. Following from this discussion, there is no reason to expect a strong relationship between other-oriented motivation and extrinsic rewards, in general, but the specific reward of public recognition may be valued as confirmation that value is being received by others. Following from this discussion, we propose our second hypothesis.

*Hypothesis 2:* Other-oriented motivation has a weak, positive association with public recognition.

### **Self-oriented Motivation and Intrinsic Rewards**

Both hedonic and eudaimonic happiness are important benefits of entrepreneurship (Shepherd & Cardon, 2009). Entrepreneurs value the enjoyment they gain from their work (Puri & Robinson, 2013) and having an exciting life (Fagenson, 1993). Several studies suggest that context plays a role in determining whether hedonic happiness is an outcome of entrepreneurship. For example, people who choose to pursue an entrepreneurial opportunity, rather than being forced by necessity, benefit from increased hedonic happiness (Binder & Coad, 2013; Naudé, Amorós, & Cristi, 2014). In addition, entrepreneurs in developing countries who receive micro-loans experience slightly reduced subjective well-being in the period after receiving a loan (Karlan & Zinman, 2011).

The process of being an entrepreneur impacts eudaimonic happiness. When projects fail, they have a negative impact on entrepreneurs' psychological well-being (Shepherd & Cardon, 2009). How entrepreneurs respond to difficult outcomes in their ventures alters the impact on their psychological well-being. Both separating their individual identity from the venture (Shepherd & Haynie, 2009) and actively addressing the challenge (Uy, et al., 2013) enhance eudaimonic happiness. Specifically, the self-oriented motive of relatedness is associated with the accrual of psychological well-being. Having supportive relationships (Chay, 1993) and connecting with people following firm failure (Shepherd & Haynie, 2011) can boost eudaimonic happiness.

Thus, past research suggests that both hedonic and eudaimonic happiness are important entrepreneurial outcomes. Nonetheless, when people pursue pleasure, the primary goal is to benefit oneself even though others may benefit as

a side effect (Rocha & Ghoshal, 2006). Based on this, we expect self-oriented motivation to be more closely associated with hedonic than eudaimonic happiness. The higher the social emphasis in the venture, the more the focus of venture outcomes shifts from the self to the creation of value for others. In this way, a high social emphasis in the venture decreases the value placed on the experience of pleasure. Drawing on this discussion, we propose our third set of hypotheses.

*Hypothesis 3:* Self-oriented motivation has a positive association with intrinsic rewards.

*Hypothesis 3a:* Self-oriented motivation has a stronger association with hedonic happiness than with eudaimonic happiness.

*Hypothesis 3b:* Social emphasis in the venture moderates (weakens) the association between self-oriented motivation and hedonic happiness.

### **Other-oriented Motivation and Intrinsic Rewards**

People who experience other-oriented motivation and value intrinsic rewards are likely to be persistent and perform at high levels (Grant, 2008). Entrepreneurs who seek to create value for others benefit from personal satisfaction (Mair & Martí, 2006). Achieving success in entrepreneurial ventures requires both planning and sustained engagement in the venture (Krueger, Reilly, & Carsrud, 2000). This line of research suggests that when entrepreneurs with other-oriented motivation receive intrinsic rewards, they feel satisfied, and it contributes to their sustained engagement in the venture.

Entrepreneurs with other-oriented motivation appear to value eudaimonic happiness more than hedonic happiness. Other-oriented motivation drives entrepreneurs to pursue opportunities because they feel a strong emotional

connection to the target community (Miller, et al., 2012) and the issue at hand is linked to their values (Bargsted, et al., 2013). This element of acting in accordance with one's core values and becoming the best one can be is central to the experience of eudaimonic happiness (Waterman, 1993). In this sense, other-oriented motivation seems closely associated with eudaimonic happiness, despite hedonic happiness, as represented by enjoyment, being associated with venture involvement (Shaw & Carter, 2007). High social emphasis in the venture indicates more emphasis on creating value for others than venture profitability. This emphasis is consistent with other-oriented motivation and seems likely to strengthen the relationship between other-oriented motivation and eudaimonic happiness. Our fourth set of hypotheses follow from this discussion.

*Hypothesis 4:* Other-oriented motivation has a strong, positive association with intrinsic rewards.

*Hypothesis 4a:* Other-oriented motivation has a stronger association with eudaimonic happiness than with hedonic happiness.

*Hypothesis 4b:* Social emphasis in the venture moderates (strengthens) the association between other-oriented motivation and eudaimonic happiness.

## **Method**

We employed an online survey to collect data from entrepreneurs within Australia to gain a better understanding of how social emphasis in the venture influences the rewards they value. Initial steps included scale identification, survey development and pilot testing. Respondent recruitment and data collection followed. Analytics included basic descriptive statistics and correlations, factor analysis of the motivation and rewards constructs, and path analysis of the relationships among the different types of motives, rewards, and

venture emphasis. The remainder of this section describes each of these steps in greater detail.

### **Survey Development and Pilot Testing**

A review of the psychology, management, and entrepreneurship literatures identified existing valid and reliable scales to measure self- and other-oriented motives and extrinsic and intrinsic rewards. We chose scales based on the fit between the scale items and the definition of the model constructs. Three to five items from each scale were selected (Begley & Boyd, 1987; Chiou, Hsieh, & Yang, 2004) and the wording adjusted for consistency across scales (Grant, 2008). A panel of six academics with backgrounds in psychology or entrepreneurship assessed the face validity of the modified items and scales (Shepherd, Patzelt, & Wolfe, 2011). A few items were removed or modified based on input from the academic panel. All finalized items used a 5-point Likert-type scale from strongly disagree to strongly agree. Questions were added to gather background information about the entrepreneurs and their ventures. Finally, 10 entrepreneurs pilot tested the survey and offered feedback about the length, flow, and readability of the survey.

### *Moderating Variable: Venture Emphasis*

Respondents were prompted to focus on the main venture they were involved in at the time of the survey. The first of two indicators of venture emphasis was a ratio of two sliding scales. The first asked, “To what extent do you focus on profitability as an outcome for the venture?” and the second asked “To what extent do you focus on social impact as an outcome for the venture?” Respondents rated on a scale from 1–100 for each question. We then created a ratio using the formula  $\text{Log}(P/(1-P))$  such that higher venture emphasis indicates

more focus on social impact. The second indicator of venture emphasis was the question “When forced to choose between profitability and social impact, which aim takes precedence in decision-making and resource allocation?” to which respondents could select either social impact (1) or profitability (0).

*Dependent Variables: Extrinsic and Intrinsic Rewards*

For rewards the survey asked respondents to consider the value they place on a range of rewards associated with their main current venture. Accordingly, an entrepreneur involved in multiple ventures provided answers focused on their principal activity only. Extrinsic rewards included financial returns and public recognition. Items from the Aspiration Index were used, three items from the financial success subscale and three from the public recognition subscale (Kasser & Ryan, 1996). Intrinsic rewards included hedonic happiness and eudaimonic happiness. Hedonic happiness was measured using two hedonism items from the cross-cultural Aspiration Index (Grouzet et al., 2005) and eudaimonic happiness was measured with three items adapted from the Steger et al. (2006) Meaning of Life Questionnaire.

*Independent Variables: Self and Other-Oriented Motivation*

Self-oriented motivation incorporated achievement, autonomy, relatedness and influence. All of the self-oriented motives were measured using the Edwards Personal Preference Schedule (Edwards, 1959): three items from the achievement subscale, four items from the autonomy subscale, three items from the affiliation subscale to measure relatedness, and four items from the dominance subscale to measure influence.

Other-oriented motivation was composed of prosocial motivation, altruism, nurturance, social justice, and reciprocity. Grant’s (2008) four item

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scale was used to measure prosocial motivation-. Three items from Wrightsman's (1964) altruism scale were retained after feedback from the academic panel. To measure nurturance, we kept three items from the Davis (2003) caring scale. For social justice, four items from the observer sensitivity subscale were used (Schmitt, Gollwitzer, Maes, & Arbach, 2005). Three items from the Goei and Boster (2005) obligation scale measured reciprocity.

### **Online Data Collection**

Thirty-seven agencies that support entrepreneurs in Australia agreed to distribute an announcement to their membership base with a link to an online survey. According to agency preference, the announcement and link were sent by direct email, embedded in an electronic newsletter or posted to social media. Several weeks after the initial links were sent out, we re-contacted the organizations to ask them to resend the announcement and link either by the same method, or preferably, by multiple methods. Between the initial distribution of the link and follow-up distributions, we received 168 responses. Without knowing the exact membership base of each agency or which members receive communications through the various channels, it is difficult to calculate the response rate. The agencies estimated having membership bases that range from 200 to 5,000. We approximate 250 members on average, and assume that 50 per cent of the membership base might have been reached through the combination of distribution channels. Two to six per cent of people click-through via online ads (Yang & Ghose, 2010). Given that our link was sent by organizations to their membership base, we take a high estimate that 20 per cent of those who received the newsletter would have clicked through to see our invitation. In this way, we come up with an estimated 925 entrepreneurs who received the invitation to



participate in the survey. This gives us a response rate of 18.2 per cent, which is higher than response rates attained in other recent online survey studies (Christodoulides, de Chernatony, Furrer, Shiu, & Abimbola, 2006; Simsek, Veiga, & Lubatkin, 2007).

In a second round of survey distribution, we targeted social entrepreneurs directly to increase the number of survey responses from social entrepreneurs. We developed a list of social enterprises from online directories. One of the authors worked with a research assistant to call each social enterprise and invite a social entrepreneur to respond to the survey. Calls to 413 social enterprises yielded 143 survey responses, or a response rate of 35 per cent. Of the 311 responses from the two rounds of data collection, 47 respondents were removed because they did not respond to all of the motivation and reward items possibly due to the length of the survey. A further 71 respondents were removed because they did not identify themselves as a founder, owner, successor, or CEO of the enterprise. This resulted in 193 usable responses. Respondents were evenly split by gender. Respondents were 2.1 percent younger than 25, 21.4 percent in the age range 25-39, 70.1 percent in the age range 40-64 and 6.4 percent 65 and older. Respondent ventures were 4.8 percent less than one year old, 47.6 percent between one and five years old, 19.7 percent between six and ten years old, 23.6 percent 11-25 years old and 4.3 percent more than 25 years old. Respondent industries include retail (15 percent), education, health and community services (13.5 percent), property and business services (13 percent), wholesale (9.3 percent), culture and recreational services (6.7 percent), personal and other services (6.2 percent), agriculture (5.7 percent) and other (30.6 percent).

### **Analytical Approach**

We used partial least squares (PLS) analysis which is a variance-based approach to structural equation modeling (SEM) for analyzing models with latent variables and multiple dependent variables (Haenlein & Kaplan, 2004). The PLS technique was first introduced to build theory rather than testing hypotheses, but it is now commonly used to confirm proposed models (Hair, Sarstedt, Pieper, & Ringle, 2012). Some of the principal features of PLS are its ability to handle data that are not normally distributed (Vilares, Almeida, & Coelho, 2010) and identify relationships between latent variables even with relatively small sample sizes (Hair, et al., 2012). These strengths make it appropriate for exploratory research to extend existing theory (Barroso, Carrion, & Roldan, 2010; Hair, et al., 2012).

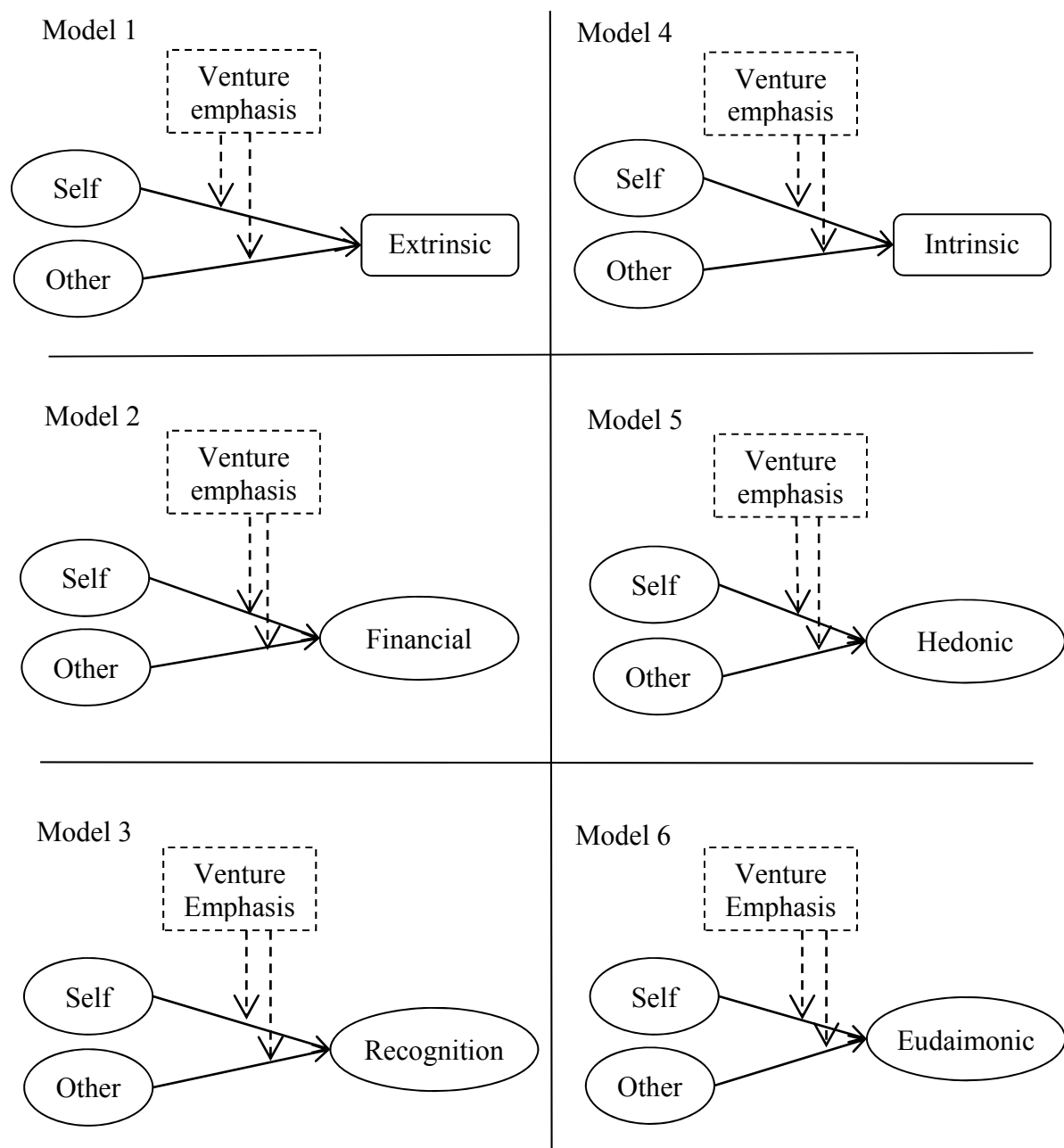
In PLS, there are two components of a model, the measurement model which includes the manifest items and the latent variables, and the structural model which is the set of relationships between the latent variables (Hair Jr, Hult, Ringle, & Sarstedt, 2014). The data analysis was a two-step process of analyzing reliability and validity of the measurement model at both the lower- and higher-order construct levels, followed by an analysis of the structural relationships, including interaction effects (Wilson, 2010). Our model included the second order factors of self- and other-oriented motivation. Second order factors were those that include latent variables that underlie a higher-order construct (Wilson, 2010). In our data, the latent variables were reflective, rather than formative, in the sense that the scale items were designed to be a series of interchangeable statements that reflect the presence of the underlying construct (Williams, Vandenberg, & Edwards, 2009). In this way, the items in the achievement scale, for example, reflected both an underlying need for achievement and, alongside the indicators

of autonomy and influence, the broader construct of self-oriented motivation. To build a hierarchical model in PLS, the indicators were loaded on both the first and second order factors (Chin, Marcolin, & Newsted, 2003).

A moderating variable distinguishes among sub-groups of the independent variable (Baron & Kenny, 1986). We were interested in the degree of social emphasis in a venture as a moderating variable that effectively created a continuum of entrepreneurs from those who focused purely on social impact to those who prioritized commercial outcomes. In PLS, moderating effects can be assessed using the indicator product approach, a two-stage approach, a hybrid approach or an orthogonalizing approach (Henseler & Chin, 2010). We chose the indicator product approach because our independent variables and moderator are both metric (Henseler & Fassott, 2010) and it is the appropriate choice for hypothesis testing (Hair Jr, et al., 2014, p. 265). The variables were mean-centered before multiplication to minimize the correlation between the interaction and first order effects (Henseler & Chin, 2010). We used Cohen's (1988) formula for calculating effect size ( $f^2$ ), where 0.02 is a weak effect, 0.15 is a moderate effect, and 0.35 is a strong effect (Henseler & Fassott, 2010; Wilson, 2010).

Interaction effects with one independent variable, one dependent variable and one moderator become complex, three-way interaction models in PLS (Henseler & Fassott, 2010). Our model includes two independent variables, two dependent variables and one moderating variable. Although our theoretical perspective required keeping both independent variables in the model simultaneously, we conducted the analyses on a series of six models, each with a

single dependent variable (Figure 2). First, we included only self-oriented motivation, other-oriented motivation, and the dependent variable. Then, we



Note: H = hypothesis, ++ = strong positive, + = weak positive, - = negative.

Figure 2: Models with Moderation Effects Employed for Hypothesis Testing.

added the interaction term (venture emphasis) and included the interaction effect with self-oriented motivation, other-oriented motivation, both self- and other-

oriented motivation and interaction among self- and other oriented motivation, and venture emphasis to create a three-way interaction (Henseler & Fassott, 2010). Thus, in each case, we tested a baseline model without the interaction effect, and then included the interaction effect in the model (Sarala & Vaara, 2009).

## **Results**

Table 1 presents descriptive statistics for each of the model constructs and correlations between them. The preliminary analysis of normality and reliability indicate the data are not normally distributed. Of the 11 constructs, only achievement has skewness greater than two, while achievement and venture emphasis show kurtosis greater than three (Gómez, Salinas, & Bolfarine, 2006). The Cronbach's alpha scores, a test of scale reliability, are also shown in Table I. Convention suggests an alpha coefficient of 0.7 as a lower threshold of internal reliability (Cortina, 1993; Nunnally & Bernstein, 1994, pp. 264-265). Consistent with other entrepreneurship studies (N. M. Carter, Gartner, Shaver, & Gatewood, 2003; Jennings, Jennings, & Sharifian, 2014), we keep four items with alpha scores below 0.7 for further analysis. Venture emphasis, public recognition, autonomy, and influence are retained both because the literature supports their relevance to entrepreneurial motivation and they are critical for analyzing the model.

*Table I. Correlation Matrix and Descriptive Statistics and (n = 193)*

	1	2	3	4	5	6	7	8	9	10	11
1. Achievement	1										
2. Autonomy	0.45	1									
3. Eudaimonic happiness	0.20	0.07	1								
4. Financial returns	0.38	0.30	0.03	1							
5. Hedonic happiness	0.33	0.30	0.51	0.20	1						
6. Influence	0.04	0.50	0.10	0.21	0.15	1					
7. Social justice	0.06	0.04	0.25	-0.01	0.05	0.09	1				
8. Nurturance	0.24	0.16	0.34	0.16	0.26	0.19	0.38	1			
9. Prosocial motivation	0.14	0.14	0.57	-0.07	0.20	0.09	0.48	0.50	1		
10. Public recognition	0.30	0.28	0.19	0.49	0.23	0.32	0.01	0.26	-0.01	1	
11. Venture emphasis	-0.14	-0.19	0.26	-0.50	0.00	-0.19	0.18	0.10	0.36	-0.16	1
Mean	4.63	4.11	4.30	3.47	4.56	3.67	3.95	3.99	4.26	3.13	0.06
Standard deviation	0.54	0.67	0.74	1.06	0.58	0.71	0.64	0.67	0.64	1.09	0.53
Skewness	-2.25	-0.82	-1.31	-0.59	-1.4	-0.39	-0.39	-0.39	-0.62	-0.19	0.81
Kurtosis	9.87	1.46	2.10	-0.50	1.91	0.24	0.80	-0.13	-0.55	-0.89	6.25
Cronbach's alpha	0.80	0.68	0.75	0.87	0.75	0.69	0.76	0.73	0.81	0.65	0.64

### **Measurement Model**

To assess the measurement model, we use SmartPLS (Ringle, Wende, & Will, 2005) with the manifest items and latent model variables identified in the reliability analysis. Tables II and III present the final model factor loadings for venture emphasis, rewards, and motives. Loadings for individual items on the associated first order construct are shown alongside loadings on the second order construct. With one exception, the second public recognition item, the items load on the latent constructs at or above the 0.7 factor loading threshold. The latent constructs of relatedness, altruism and reciprocity do not load adequately on the higher order constructs. Thus, we remove these items one at a time. After removing these items, the first autonomy and influence items fall below the 0.7 threshold, so we remove these one at a time before creating the second measurement model. We then conduct tests for composite reliability and discriminant validity. The reliability analysis reveals clean factors at the first order factor level with items that load above the 0.7 level. At the higher order, the reward factors are adequate, but the motive factors fall just below 0.7 with self-oriented motivation at 0.65 and other-oriented motivation at 0.68. The discriminant validity analysis indicates limited cross-loading between first order factors. Just one item, the third prosocial item, cross-loads on nurturance with less than 0.2 difference between the primary and cross-loaded factors, so we remove it from further analysis and re-test to confirm acceptable composite reliability and discriminant validity in the third and final measurement model.

Table II. Measurement Model Results: Venture Emphasis and Rewards

	<i>1<sup>st</sup> Order Loading</i>	<i>2<sup>nd</sup> Order Loading</i>
<i>How important are these outcomes to you?</i>		
<b>Venture Emphasis (CR = .85, AVE = .74)</b>		
To what extent do you focus on profitability or social impact as an outcome for the venture?	0.856	
When forced to choose between profitability and social impact, which aim takes precedence in decision-making and resource allocation?	0.859	
<b>Financial returns (CR = .92, AVE = .79)</b>		<b>0.938</b>
Having a high salary.	0.897	
Being financially successful.	0.866	
Earning money.	0.904	
<b>Public recognition (CR = .85, AVE = .74)</b>		<b>0.762</b>
Being known by people in connection with my work.	0.872	
Having frequent media mentions associated with my work. <sup>a</sup>	--	
Gaining social status as a result of my work.	0.847	
<b>Eudaimonic happiness (CR = .86, AVE = .67)</b>		<b>0.912</b>
Knowing my work has a clear purpose.	0.802	
Discovering work that is consistent with my life purpose.	0.802	
Knowing my work is meaningful.	0.845	
<b>Hedonic happiness (CR = .89, AVE = .80)</b>		<b>0.826</b>
Enjoying my work.	0.902	
Gaining pleasure from doing my work.	0.885	

Note. CR = construct reliability, AVE = average variance extracted, <sup>a</sup> removed from analysis.



Table III. Measurement Model Results: Motives

	<i>1<sup>st</sup> Order Loading</i>	<i>2<sup>nd</sup> Order Loading</i>
<i>To what extent do the following factors motivate your involvement in the venture?</i>		
<b>Achievement (CR = .91, AVE = .84)</b>		<b>0.745</b>
I like to do my very best in my work.	0.913	
I like to solve puzzles and problems that other people have difficulty with. <sup>a</sup>	--	
I like to be successful in my work.	0.914	
<b>Autonomy (CR = .82, AVE = .61)</b>		<b>0.838</b>
I like to manage my own time. <sup>a</sup>	--	
I like to have autonomy when making decisions.	0.779	
I like to be in control of my own actions.	0.797	
I like to do things in my own way.	0.768	
<b>Influence (CR = .83, AVE = .62)</b>		<b>0.816</b>
I like to supervise and direct others. <sup>a</sup>	--	
I like to be a leader in organizations and groups.	0.761	
In a group of people, I like to make the decisions about what we do.	0.785	
I like to persuade and influence others.	0.809	
<b>Prosocial motivation (CR = .89, AVE = .73)</b>		<b>0.869</b>
I like to help others through my work.	0.814	
I want to help others through my work.	0.887	
I want to have a positive impact on others. <sup>a</sup>	--	
It is important to me to do good for others through my work.	0.855	
<b>Nurturance (CR = .88, AVE = .79)</b>		<b>0.740</b>
I often feel a strong need to take care of others. <sup>a</sup>	--	
I frequently do things for others that make them feel good.	0.865	
I like to help people feel better.	0.908	
<b>Social Justice (CR = .86, AVE = .68)</b>		<b>0.778</b>
It disturbs me when someone receives fewer opportunities than others.	0.782	
It bothers me when someone gets something they don't deserve. <sup>a</sup>	--	
It disturbs me when someone is treated unfairly.	0.849	
I am upset when one person is treated worse than others.	0.837	
<b>Relatedness<sup>a</sup></b>		
I like to form close relationships.		
I like to have strong relationships with people.		
I like to be a member of groups that interact socially.		
<b>Altruism<sup>a</sup></b>		
I often help people and expect no reward.		
I like to volunteer my help.		
I am sincerely concerned about the problems of others.		
<b>Reciprocity<sup>a</sup></b>		
I feel obligated to help others because of the advantages I have.		
I give back because I feel indebted.		
After the support I have received, I feel obliged to do something in return.		

Note. CR = construct reliability, AVE = average variance extracted, <sup>a</sup> removed from analysis.

### **Structural Model**

Table IV shows path coefficients associated with testing the hypotheses in the structural model. The first set of hypotheses refers to self-oriented motivation and extrinsic rewards. Analysis of Model 1 indicates a significant and positive direct relationship between self-oriented motivation and extrinsic rewards, suggesting support for the first hypothesis. Models 2 and 3 indicate a slightly higher correlation between self-oriented motivation and financial returns ( $\beta = 0.367$ ) than public recognition ( $\beta = 0.363$ ), offering marginal support for hypothesis 1a. Introducing the moderating effect of venture emphasis in the second structural model reduces the path coefficient between self-oriented motivation and financial returns from 0.367 to 0.188. This is a large interaction effect and offers support for hypothesis 1b.

The second hypothesis refers to other-oriented motivation and the extrinsic reward of public recognition. Model 3 indicates the relationship between other-oriented motivation and public recognition is not significant, providing no support for the second hypothesis.

The third set of hypotheses refers to self-oriented motivation and intrinsic rewards. Model 4 shows no significant relationship between self-oriented motivation and the higher order construct of intrinsic rewards, offering no support for our third hypothesis. When we consider first order intrinsic rewards, Models 5 and 6 show support for hypothesis 3a. There is a weak, positive significant relationship between self-oriented motivation and hedonic happiness and no significant relationship between self-oriented motivation and eudaimonic happiness. When we include the moderating effect in Model 5, we find that the relationship between self-oriented motivation and hedonic happiness is reduced from 0.283 to 0.197. The size of the interaction effect is medium, offering support for hypothesis 3b.

Table IV. Path Coefficients for the Six Structural Models

Mod.	Independent Var.	Dependent Var.	Baseline Model Beta	Baseline Model R <sup>2</sup>	Model with Moderation Beta	Model with Moderation R <sup>2</sup>	f <sup>2</sup>
1	Self-oriented motivation	Extrinsic rewards	0.399***	0.158	0.237**	0.329	0.2458 (medium)
	Other-oriented motivation		-0.013		0.177*		
	Venture emphasis				-0.373***		
	Self * Venture				-0.090		
	Other * Venture				0.177		
	Self * Other				0.054		
	Self * Other * Venture				0.117		
2	Self-oriented motivation	Financial returns	0.367***	0.132	0.188*	0.360	0.3563 (large)
	Other-oriented motivation		-0.045		0.128*		
	Venture emphasis				-0.427***		
	Self * Venture				-0.117		
	Other * Venture				0.176		
	Self * Other				0.085		
	Self * Other * Venture				0.132		
3	Self-oriented motivation	Public recognition	0.363***	0.136	0.241*	0.167	0.0372 (small)
	Other-oriented motivation		0.029		0.061		
	Venture emphasis				-0.132		
	Self * Venture				-0.041		
	Other * Venture				-0.119		
	Self * Other				0.081		
	Self * Other * Venture				0.088		

(continued)

Table IV. Path Coefficients for the Six Structural Models

Mod.	Independent Var.	Dependent Var.	Baseline Model		Model with Moderation		f <sup>2</sup>
			Beta	R <sup>2</sup>	Beta	R <sup>2</sup>	
4	Self-oriented motivation	Intrinsic rewards	0.167	0.209	0.142*	0.398	0.3140 (medium)
	Other-oriented motivation		0.401***		0.383***		
	Venture emphasis				0.025		
	Self * Venture				0.094		
	Other * Venture				-0.042		
	Self * Other				-0.361		
	Self * Other * Venture				0.205		
5	Self-oriented motivation	Hedonic happiness	0.283**	0.121	0.197*	0.258	0.1846 (medium)
	Other-oriented motivation		0.164		0.179*		
	Venture emphasis				0.015		
	Self * Venture				-0.030		
	Other * Venture				-0.042		
	Self * Other				-0.334		
	Self * Other * Venture				0.130		
6	Self-oriented motivation	Eudaimonic happiness	0.046	0.263	0.151	0.421	0.2729 (medium)
	Other-oriented motivation		0.504***		0.405***		
	Venture emphasis				0.076		
	Self * Venture				0.107		
	Other * Venture				-0.091		
	Self * Other				-0.275		
	Self * Other * Venture				-0.243		

Note. Mod. = model #, Var. = variable, VE = venture emphasis, \*\*\* p < .001, \*\* p < .01, \* p < .05.

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The fourth set of hypotheses addresses the relationship between other-oriented motivation and intrinsic rewards. Model 4 results show the relationship between other-oriented motivation and intrinsic rewards is positive and highly significant, giving support for hypothesis four. Models 5 and 6 illustrate that other-oriented motivation has a stronger relationship with eudaimonic happiness (0.504) than hedonic happiness (not significant). This finding supports hypothesis 4a. The introduction of the interaction effect in structural model six reduces the path coefficient between other-oriented motivation and eudaimonic happiness from 0.504 to 0.405. This medium-sized moderation effect suggests that the interaction is the opposite of the relationship proposed in hypothesis 4b.

### **Discussion**

Following our analysis, we discuss the measurement model first. Most of the items and constructs load in the way we would expect based on the theory. The main exception is that altruism falls out of the analysis altogether. This is surprising given the prominence of altruism in the social entrepreneurship literature (cf. Douglas, Weaven, Bodey, & Balan-Vnuk, 2014; Mair & Martí, 2006; Prabhu, 1999). A few possible explanations exist. A first possibility is that a different altruism scale would offer sufficiently reliable and valid results. It is challenging to identify an appropriate scale that is both brief and represents the precise definition of helping others without expecting extrinsic rewards. A second possibility is that the construct identified as altruism in the social entrepreneurship literature is a more generic motive for helping others, and the self-sacrificing element of earlier (and biological) definitions is irrelevant.

There is much less discussion in the entrepreneurship literature of the other two constructs removed from the analysis: relatedness and reciprocity. In both cases, a conceivable reason for the result is that the scales selected do not measure relatedness or

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reciprocity in the way they are experienced among entrepreneurs. Another potential explanation is that despite evidence that a need to build relationships plays some role in entrepreneurial motivation (Griskevicius, et al., 2011; Langan-Fox & Grant, 2007; Ripoll, et al., 2010), the needs for achievement, autonomy, and influence play a more significant role in entrepreneurs' self-oriented motivation than relatedness. Similarly, despite limited evidence that undergraduate business students help others because they feel obligated to do so (Korsgaard, et al., 2010), reciprocity is not a significant driver of other-oriented motivation relative to prosocial motivation, nurturance, and social justice.

A review of the structural model analysis reveals three key findings. First, as anticipated based on prior literature, self-oriented motivation is associated with valuing extrinsic rewards, and other-oriented motivation is associated with the importance of intrinsic rewards. This finding complements earlier work suggesting that self-oriented motivation can reduce the experience of well-being, while other-oriented motivation has positive impacts on one's own well-being (Canevello, 2011). Despite increasing attention to intrinsic rewards for engaging in entrepreneurship (Hmieleski & Corbett, 2008; Polo Peña, et al., 2011; G. N. Powell & Eddleston, 2013), we find only two circumstances in which self-oriented motivation is associated with valuing intrinsic rewards. Entrepreneurs with self-oriented motivation value enjoyment and immediate gratification associated with their ventures. With higher social emphasis in a venture, self-oriented motivation is associated with value placed on intrinsic rewards. Both of these cases are explored in conjunction with the second and third key findings.

When we consider the influence of self- or other-oriented motivation on the importance of intrinsic rewards, we discover variation in the value of eudaimonic and hedonic happiness. It is no surprise that entrepreneurial motivation is associated with intrinsic rewards in general. Personal satisfaction, lifestyle benefits, and personal learning are thought to be

relevant to both commercial and social entrepreneurs (Eddleston & Powell, 2012; Haugh, 2006; Hitt, Ireland, Sirmon, & Trahms, 2011; Mair & Martí, 2006). This study's second key finding is that self- and other-oriented motivations have distinct associations with the two intrinsic rewards included in the study. While self-oriented motivation is associated with the importance of hedonic happiness, there is a relationship between other-oriented motivation and value placed on eudaimonic happiness. Self-oriented entrepreneurs tend to value the pleasure associated with hedonic happiness. Complementing literature that suggests people benefit fundamentally from engaging in work that helps others (Grant, 2008), other-oriented entrepreneurs in this study indicate the importance of deep fulfillment associated with succeeding at things they value in life.

When we include the interaction effects in the structural models, the moderator does not always act in the way we anticipated. Our third key finding is that when entrepreneurs who experience self-oriented motivation are involved in ventures with high social emphasis, it reduces their focus on both extrinsic rewards and hedonic happiness. This finding indicates that the more a venture is organized to benefit others, the less the entrepreneur focuses on personal benefit from wealth, public recognition, or enjoyment. It is interesting to note that when the moderating effect of social venture emphasis is included in the model, self- and other-oriented entrepreneurs place close to the same value on hedonic happiness. This result suggests that, regardless of motivation type, entrepreneurs in social ventures want to enjoy the process of being an entrepreneur.

For an other-oriented entrepreneur, involvement in a venture with high social emphasis actually reduces the value placed on eudaimonic happiness. The path coefficient declines from 0.504 to 0.405. Although this is a reduction, it is worth noting that these are still the highest two path coefficients in any of the models. The reason for the slight decline in value of eudaimonic happiness is unclear. One possible explanation is that there is some

competition between the individual's value of eudaimonic happiness and the pressures to make decisions that make the venture more sustainable but benefit the target community less. Further research is needed to understand this tempering effect more fully.

There is increased attention to non-financial rewards of entrepreneurship in recent research (Dunkelberg, et al., 2013; Goldsby, Kuratko, & Bishop, 2005; E. E. Powell & Baker, 2013). These findings contribute to a broader understanding of the importance of different types of non-financial rewards valued by entrepreneurs in ventures with a more social or commercial emphasis. As the emphasis on social outcomes increases, the value placed on intrinsic rewards in general, and eudaimonic happiness in particular, increases.

Commercial entrepreneurship has long been recognized as a source of job creation and economic growth (Van Praag & Versloot, 2007). Social entrepreneurship is increasingly recognized as important for filling gaps in products and services offered by governments and charities (Miller, et al., 2012). Having better insight into the rewards that entrepreneurs value may enable them to structure their ventures to maximize valued rewards. Receiving valued rewards contributes to ongoing motivation to engage in entrepreneurial ventures. Being able to discern the value of a range of rewards in different entrepreneurial contexts can help with both predicting venture sustainability and developing new ways to measure venture success.

### **Limitations and Future Research**

Despite offering some important contributions, this study does have several limitations. First, a higher number of respondents would allow for different analytical techniques. The study includes Australian commercial and social entrepreneurs. Apart from being in Australia and operating an entrepreneurial venture, few parameters limited participation. It is possible that the rewards valued by entrepreneurs in the study are influenced by other aspects of the venture, such as industry, venture age, or the entrepreneur's age or gender. Future research may target entrepreneurs in a single industry and/or who



operate ventures in the same lifecycle phase with comparisons across ranges of entrepreneur age and gender to control for this potential variation. Our data do not allow us to consider how the receipt of particular rewards actually impacts the experience of future motivation (a feedback loop). A longitudinal design would allow for assessing this relationship in future research.

Existing scales for public recognition tend to focus on media attention and social status. With one such scale in our survey, public recognition tends to be more associated with self-oriented motivation than other-oriented motivation. There are other types of public recognition. For example, in the context of social entrepreneurship, feedback from the target community may be important. Future research can identify or develop scales that measure public recognition in different ways. This would enable researchers to consider the value of a range of aspects of public recognition to different types of entrepreneurs.

## **Conclusion**

In conclusion, we propose a framework of entrepreneurial motivation that distinguishes self- and other-oriented motivation and valued rewards. Rather than testing the model with sets of commercial or social entrepreneurs, we consider the degree of social emphasis in the venture as a moderating variable that influences the relationship between the type of motivation and the rewards valued. We offer two principal contributions to the literature. First, the (commercial) entrepreneurial motivation literature tends to consider self-oriented aspects of motivation, while the emerging social entrepreneurial motivation literature addresses primarily other-oriented motivation. We submit a more complete picture of self- and other-oriented aspects of motivation that is relevant to all entrepreneurs. Second, interest in non-financial rewards associated with entrepreneurship is increasing. We consider how the context influences the value placed on three non-financial rewards: public recognition, hedonic happiness, and eudaimonic happiness. We reveal that in ventures with higher social

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emphasis, the value placed on intrinsic rewards increases, particularly for entrepreneurs who are high in self-oriented motivation.

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## **Chapter 4: Conclusion to Study III**

The third and final study of the thesis is a quantitative study of social entrepreneurial motivation. It is integrative at two levels: the study includes data from both social and commercial entrepreneurs, and it considers the relationship between types of motivation and rewards valued. The findings first suggest that there are strong relationships between self-oriented motivation and extrinsic rewards, and between other-oriented motivation and intrinsic rewards. Second, self-oriented motivation is associated more with hedonic happiness, and other-oriented motivation is associated more with eudaimonic happiness. This finding contributes to the expanding literature that indicates people benefit fundamentally from doing work for others' benefit. Third, the strong relationships between self-oriented motivation and both extrinsic rewards and hedonic happiness are weakened by high social emphasis in the venture. Thus, self-oriented entrepreneurs benefit more from psychological well-being associated with accomplishing personally meaningful goals when they are involved in socially oriented ventures. In contrast, other-oriented entrepreneurs seem to benefit from eudaimonic happiness regardless of the degree of social emphasis in their venture. These findings form a basis for future research exploring how the combination of experiencing particular motivations and rewards influences continued motivation in entrepreneurship.

This study integrates and tests part of the conceptual model (Figure 5.1 in the Thesis Conclusion) developed in the first two studies. One sub-construct, destiny, is removed prior to analysis. The other-oriented motive of obligation is operationalized as the need to reciprocate and feelings of destiny. Although it is not identified in the scale development or panel review process, results show participating in an activity because it feels like 'my fate' or

## CHAPTER 4: STUDY III

‘my destiny’ is more self- than other-oriented. To avoid the risk of compromising the measurement of other-oriented motivation, destiny is excluded prior to analysis.

Several individual items and full constructs are removed during the analysis process. Some do not pass reliability testing, while others are removed in the development of the measurement model (Appendix B1). Neither personal growth nor venture success is sufficiently reliable to justify keeping them in the final structural analysis. The measure of venture success is operationalized financially and socially. Although financial performance of ventures is commonly measured, it tends to be measured with either documentation from the business or self-reports from business managers rather than as survey items for analysis as a reflective latent variable. Few studies measure social venture success. There are tools for assessing social impact, but they are designed for organizational use, rather than survey data collection. The Social Venture Success Scale in the survey draws on a recent proposal for different types of social impact. The resulting scale may be more formative than reflective because the combination of items would indicate social impact and the individual items are not interchangeable. Although an attempt is made to adapt financial and social measures of venture success as scales for the survey, neither measure passes the reliability analysis. See Appendix B1 for a discussion of the three constructs (relatedness, altruism, and reciprocity) that do not load sufficiently on the relevant higher order construct to be retained in the analysis. Appendix B2 presents some background on the partial least squares (PLS) analysis techniques.

Further research is needed to consider elements of social entrepreneurial motivation that are outside the scope of this thesis. For example, future projects can assess the relationships between emotional antecedents and different types of motivation or the presence of altruism, reciprocity and/or relatedness as elements of social entrepreneurial motivation.

## **Chapter 5: Thesis Conclusion**

Social entrepreneurs build ventures to benefit others because they gain personal satisfaction from helping people who face systemic disadvantages. The social entrepreneurship literature discusses the unselfish drive to help others, referred to as prosocial motivation and altruism (cf. Bargsted, Picon, Salazer, & Rojas, 2013; Douglas, Weaven, Bodey, & Balan-Vnuk, 2014; Miller, Grimes, McMullen, & Vogus, 2012; Renko, 2013). This thesis digs deeper for a more precise understanding of what drives social entrepreneurs to do what they do. Considering motives as either self- or other-oriented reveals that social entrepreneurs experience a combination of both types of motivation. Similar to their commercial counterparts, social entrepreneurs are driven to achieve, have autonomy, and influence the behavior of others. Extending the social entrepreneurship literature, social entrepreneurs are specifically motivated to help others who face unequal access to opportunities and resources.

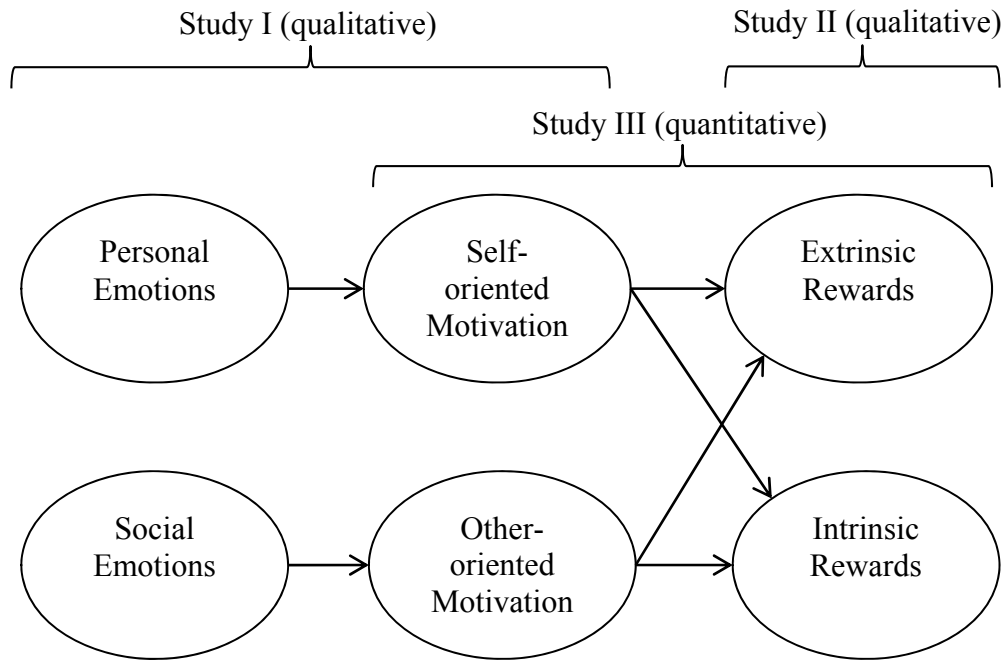
Social entrepreneurs are motivated by the rewards they anticipate receiving for being involved in their ventures. The literature suggests that social entrepreneurs receive personal satisfaction (Haugh, 2006; Mair & Martí, 2006). The findings of this thesis indicate more specifically that social entrepreneurs benefit from personal satisfaction in the form of both hedonic happiness and eudaimonic happiness. Further, they value the deeper satisfaction they receive from doing work that is consistent with their life's purpose more than the simple pleasures associated with doing that work. It seems that extrinsic rewards, in particular the knowledge that the venture is successful, contribute to social entrepreneurs' experience of personal satisfaction. Positive feedback from the target community contributes both to the awareness that the venture is succeeding in its aims and to the experience of hedonic happiness. The social entrepreneurship literature tends to de-emphasize the importance of

## CHAPTER 5: CONCLUSION

financial returns from social ventures (cf. Austin, Stevenson, & Wei-Skillern, 2006; Bacq & Janssen, 2011; Dorado, 2006; Nicholls, 2006), but financial returns play the important role of enabling social entrepreneurs to remain engaged in their ventures.

The progression from qualitative to quantitative research in this thesis allows for a more thorough exploration than would have been possible with the employment of either method in isolation (Creswell & Plano Clark, 2007). Starting with qualitative research makes sense in light of the limited understanding of social entrepreneurial motivation at the outset (Miles, Huberman, & Saldana, 2014). The qualitative case study affords an open-ended opportunity to hear from social entrepreneurs about the factors that influence their motivation. The findings of the first two qualitative studies suggest a conceptual model of social entrepreneurial motivation (Figure 5.1). Emotional antecedents emerge as a dominant finding alongside motives and rewards. A range of strong emotions come through when social entrepreneurs discuss why they do what they do. Following from the results, emotions are integrated as antecedents to self- and other-oriented motivation. Personal emotions are precursors to self-oriented motivation, while social emotions are antecedents of other-oriented motivation. Social entrepreneurs are expected to experience a combination of self- and other-oriented motivation and value both intrinsic and extrinsic rewards. The conceptual model forms the basis for survey development and data collection. Quantitative analysis enables an assessment of the proposed relationships between the constructs identified in the preliminary research.





*Figure 5.1.* Proposed Conceptual Model of Social Entrepreneurial Motivation.

As highlighted in the Conclusion to Study III, a surprising finding of the quantitative study is that the analysis does not retain altruism as a construct of social entrepreneurial motivation. When specifically defined, altruism refers to helping others at one's own expense. The expectation of extrinsic rewards precludes an act from being altruistic (Bar-Tal, 1985). Findings from the qualitative study suggest that social entrepreneurs place the benefit of others ahead of their own financial needs. Following from this, the items in the altruism scale refer to acts of volunteerism. There are at least two reasons that altruism may not hold together as a construct in the analysis. The first reason is theoretical. The experience of altruism among social entrepreneurs may be a less austere form of helping others that is not necessarily at one's own expense. For example, altruism can alternately be defined simply as unselfish behavior (Douglas, et al., 2014). This definition places altruism in the realm of prosocial motivation, the drive to help others (Grant, 2008), which is commonly associated with social entrepreneurs. The second reason has more to do with survey development. Just three items are retained in the analysis from an original altruism scale of 14 items. Many of

## CHAPTER 5: CONCLUSION

the items are inappropriate for the survey as a result of being outdated, having Biblical references, or overlapping to some extent with nurturance (see Appendix A2). It is possible that a more succinct and current scale might reflect a more precisely defined altruism among social entrepreneurs.

Although the primary goal of the thesis is to gain a better understanding of social entrepreneurial motivation, some of the findings have implications for commercial entrepreneurs. First, positioning survey respondents along a continuum from purely profit-oriented to exclusively focused on social impact suggests a gray area where it is difficult to distinguish social from commercial entrepreneurs. While much of the social entrepreneurship research to date identifies social entrepreneurs as a distinct group (cf. Austin, et al., 2006; Bacq & Janssen, 2011; Martin & Osberg, 2007), this thesis lends support to the theoretical basis for considering the degree of social emphasis in a venture as a factor that positions entrepreneurs along a continuum (Dees, 1998; Peredo & McLean, 2006). Additional research from this perspective can draw attention away from definitional discussions, and instead augment the richness of understanding associated with the precursors, processes, and impacts of entrepreneurship that has social benefits. Second, research on commercial entrepreneurial motivation tends to focus on self-oriented aspects of motivation, but these results suggest that some types of other-oriented motivation may be relevant to commercial entrepreneurs. At some level, all entrepreneurs help others by developing products or services that fill unmet market needs (Austin, et al., 2006). Exploring other-oriented motives of commercial entrepreneurs may offer new insights that are useful for understanding entrepreneurial motivation.

These findings have several implications for practitioners of social entrepreneurship. Social ventures are increasingly perceived as mechanisms for solving unmet social needs that are not adequately addressed by other sectors (Austin, et al., 2006; Miller, et al., 2012). If

social entrepreneurship is filling gaps in the provision of social services, then understanding what keeps social entrepreneurs engaged in the work they do is important business. An adequate salary for social entrepreneurs emerges as an important reward for enabling continued engagement in social ventures. The qualitative findings of the second study indicate that some social entrepreneurs are able to structure their ventures to have sufficient salaries from the outset, while others struggle to pay themselves even after five years or more in a venture. Other findings suggest, for example, that social entrepreneurs particularly value addressing issues of justice, receiving feedback from target communities, and experiencing their work as meaningful. If social entrepreneurs, organizations that offer training and support to social entrepreneurs, and impact investors have a better understanding of the factors that foster continued engagement, they are in a position to structure ventures and reporting requirements in ways that social entrepreneurs invest more of their time doing things from which they gain personal well-being.

The measure of social venture success in Study III is based on an in-depth exploration of value creation in social ventures (Young, 2006). Although the measure does not load as a reflective construct, it is a preliminary attempt to quantify social value creation at three levels: observing change in the target community, offering a unique and effective approach to addressing a social issue, and seeing that new approach work so well it is adopted by others. Further development of simple measures to assess whether or not, and how extensively, social change is occurring is a much-needed development. Current measures of social impact tend to be time-consuming for organizations (Lane & Casile, 2011; Lingane & Olsen, 2004), focused on financial performance (Emerson, 2006), or so tailored for a particular type of social impact that they are difficult to compare across organizations (Nicholls, 2006).

Although the thesis provides important new insights into why social entrepreneurs create value for others, this issue is explored with a relatively small sample of Australian

## CHAPTER 5: CONCLUSION

entrepreneurs. It is possible that different conclusions would be drawn about the nature of social entrepreneurial motivation if the sample were broadened to encompass a larger sample of social entrepreneurs in multiple countries. As an exploratory study, the thesis purposefully includes a range of different types of entrepreneurs, including variation in industry, years in operation, venture emphasis, etc. This broad exploration supports a new understanding of the breadth of social entrepreneurial motivation, which needs to be tested internationally. Future studies may determine whether there are nuances in social entrepreneurial motivation or discrepancies in different contexts by limiting the focus to social entrepreneurs in a particular industry or at a specific stage of venture development.

Future research can extend the insights discussed in this thesis by addressing questions raised in the findings. First, financial returns appear to play an important role in social entrepreneurial motivation. Future studies may investigate how a threshold of financial returns limits or retains engagement in social ventures. Second, there are implications that feedback from target communities regarding the success of the venture is an important contributor to on-going motivation. Researchers might explore the impact of different kinds of feedback, such as reports from beneficiaries, observation of change, service awards and media attention, on a social entrepreneurs' perception of success, intrinsic rewards, and motivation to continue working in the venture. Third, quantitative analysis of the role emotional antecedents play in the formation of social entrepreneurial motivation is warranted.

A second area for future research is additional testing to understand why the scales for altruism, relatedness, reciprocity, venture success, and personal growth do not perform as anticipated in the analysis. It is possible that these constructs are not relevant to social entrepreneurial motivation in the ways indicated by findings of the qualitative research presented in Studies I and II. Alternatively, it is possible that these factors are relevant to social entrepreneurial motivation, but the selected scales do not accurately reflect the

motivation experienced by social entrepreneurs. Future research is required to tease out the reasons these motives and rewards fell out of the analysis.

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## Appendix A: Survey Instrument and Scale Development

### Appendix A1: Entrepreneurial Motivation Survey Instrument

#### Information and Consent for Entrepreneurial Motivation Survey

You are invited to participate in a study of entrepreneurial motivation. The purpose of the study is to identify motives and rewards associated with entrepreneurship. This study is being conducted by Jennifer Ruskin to meet the requirements of a PhD in the Department of Marketing and Management at Macquarie University under the supervision of Associate Professor Cynthia Webster (Chief Investigator) and Dr Erik Lundmark. We are interested in obtaining a better understanding of how entrepreneurs benefit from taking risks and investing their energy and resources to build ventures.

If you choose to participate, you will continue to an online survey that will take about 15 minutes to complete. We will ask you to rate the extent to which you agree or disagree with different statements and whether or not you find a range of outcomes from your venture satisfying and/or important. At the end of the survey, you will be asked to answer some background questions about yourself and your business.

We do not anticipate any discomfort associated with this survey, and you may choose to withdraw from completing the survey at any time without reason or penalty. Your privacy will be respected. All information collected is anonymous and maintained confidentially. Researchers who assist with data analysis will only see the anonymous data. In no way will your answers be linked to you. All results will be presented in a combined form. The information from all completed surveys will be stored securely. If you have any concerns or would like to receive a summary of the project results, please contact Associate Professor Cynthia Webster ([Cynthia.Webster@mq.edu.au](mailto:Cynthia.Webster@mq.edu.au), 02-9850-4857).

Thank you for considering this invitation. By clicking 'next' below, you are affirming that you have read this information and consent to participating in the survey.

Kind regards and thank you for your time,

Cynthia Webster ([Cynthia.Webster@mq.edu.au](mailto:Cynthia.Webster@mq.edu.au), 02-9850-4857)

Jennifer Ruskin ([Jennifer.ruskin@mq.edu.au](mailto:Jennifer.ruskin@mq.edu.au), 02-9850-4814)

Erik Lundmark ([Erik.Lundmark@mq.edu.au](mailto:Erik.Lundmark@mq.edu.au), 02-9850-8479).

The ethical aspects of this study have been approved by the Macquarie University Human Research Ethics Committee. If you have any complaints or reservations about any ethical aspect of your participation in this research, you may contact the Committee through the Director, Research Ethics (telephone (02) 9850 7854; email [ethics@mq.edu.au](mailto:ethics@mq.edu.au)). Any complaint you make will be treated in confidence and investigated, and you will be informed of the outcome.

NEXT
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**In this survey, we are asking about why you are involved in an entrepreneurial venture. As you go through the survey, please answer the questions with regard to the main venture you are currently involved in. Whether you label the venture an enterprise, organisation, company, business or something else, we use the term 'venture' throughout the survey for consistency.**



## Part 1—Venture Structure and Purpose

Which of the following best describes the industry in which the venture operates? ☐ Retail trade, ☐ Accommodation, Cafes and Restaurants, ☐ Education, Health and community services, ☐ Culture and recreational services, ☐ Personal and other services, ☐ Manufacturing, ☐ Wholesale trade, ☐ Transport and storage, ☐ Communications services, ☐ Finance and insurance, ☐ Property and business services, ☐ Other, please specify \_\_\_\_\_

What is the structure of the venture? ☐ not-for-profit, ☐ sole trader, ☐ partnership, ☐ company limited by guarantee, ☐ company, ☐ trust, ☐ other, please specify \_\_\_\_\_

In what year was the venture founded? \_\_\_\_\_

In what year did you join the venture? \_\_\_\_\_

How many employees does the venture have? \_\_\_\_\_

**How would you characterise your role in the venture? Please tick all that apply.**

☐ founder, ☐ owner, ☐ successor, ☐ manager, ☐ other, please specify \_\_\_\_\_

If you are a founder, did you start this venture alone or as part of a start-up team? ☐ Alone, ☐ Team, ☐ N/A

To what extent do you focus on profitability as an outcome for the venture?  
[sliding scale, 0-100]

To what extent do you focus on social impact as an outcome for the venture?  
[sliding scale, 0-100]

When forced to choose between profitability and social impact, which aim takes precedence in decision-making and resource allocation?  
☐ Social impact    ☐ Profitability

Do you have any comments about the above questions? \_\_\_\_\_

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## Part 2—Motivating Factors

In the next two sets of questions, think about why you are an entrepreneur—why you do the work you do and why you are in an entrepreneurial venture?

To what extent do you agree or disagree that the following factors **motivate your involvement in the venture?**

*Please rate on the scale: 1 (strongly disagree), 2 (disagree), 3 (neither agree nor disagree), 4 (agree), 5 (strongly agree)*

I like to manage my own time.	1	2	3	4	5
I like to supervise and direct others.	1	2	3	4	5

## APPENDIX A

I like to do my very best in my work.	1	2	3	4	5
I like to form new relationships.	1	2	3	4	5
I like to have autonomy when making decisions.	1	2	3	4	5
I like to be a leader in organisations and groups.	1	2	3	4	5
I like to solve puzzles and problems that other people have difficulty with.	1	2	3	4	5
I like to have strong relationships with people.	1	2	3	4	5
I like to be in control of my own actions.	1	2	3	4	5
In a group of people, I like to make the decisions about what we do.	1	2	3	4	5
I like to be successful in my work.	1	2	3	4	5
I like to be a member of groups that interact socially.	1	2	3	4	5
I like to do things in my own way.	1	2	3	4	5
I like to persuade and influence others.	1	2	3	4	5

Do you have any comments about the above questions? \_\_\_\_\_

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**To what extent do you agree or disagree that the following factors motivate your involvement in the venture?** *Please rate on the scale: 1 (strongly disagree), 2 (disagree), 3 (neither agree nor disagree), 4 (agree), 5 (strongly agree)*

I care about benefiting others through my work.	1	2	3	4	5
I often feel a strong need to take care of others.	1	2	3	4	5
I often help people and expect no reward.	1	2	3	4	5
It disturbs me when someone receives fewer opportunities than others.	1	2	3	4	5
I feel obligated to help people because of the advantages I have.	1	2	3	4	5
Doing this work feels like my calling in life.	1	2	3	4	5
I want to help others through my work.	1	2	3	4	5
I frequently do things for others that make them feel good.	1	2	3	4	5
I like to volunteer my help.	1	2	3	4	5
It bothers me when someone gets something they don't deserve.	1	2	3	4	5
I give back because I feel indebted.	1	2	3	4	5
It sometimes feels like I was destined to do this work.	1	2	3	4	5
I want to have positive impact on others.	1	2	3	4	5
I like to help people feel better.	1	2	3	4	5
I am sincerely concerned about the problems of others.	1	2	3	4	5
It disturbs me when someone is treated unfairly.	1	2	3	4	5
After the support I have received, I feel obliged to do something in return.	1	2	3	4	5
I was meant to do this work.	1	2	3	4	5
It is important to me to do good for others through my work.	1	2	3	4	5
I am upset when one person is treated worse than others.	1	2	3	4	5

Do you have any comments about the above questions? \_\_\_\_\_

-----Page Break -----

### Part 3 – Emotional Responses

In the next two sets of question, please continue to think about the same venture and why you are involved in it. In this section, we are interested in *how you feel* about your work.

To what extent do you agree or disagree that the following statements **describe your feelings about being involved in the venture**? Please rate on the scale: 1 (strongly disagree), 2 (disagree), 3 (neither agree nor disagree), 4 (agree), 5 (strongly agree)

It is exciting to figure out new ways to solve unmet market needs that can be commercialized.	1	2	3	4	5
Establishing a new venture excites me.	1	2	3	4	5
I really like finding the right people to market my product/service to.	1	2	3	4	5
I am passionate about creating positive change for people.	1	2	3	4	5
I feel passionate about searching for new ideas for products/services to offer.	1	2	3	4	5
Owning my own venture energizes me.	1	2	3	4	5
Assembling the right people to work for my venture is exciting.	1	2	3	4	5
It is exciting to make a difference in people's lives.	1	2	3	4	5
Scanning the environment for new opportunities really excites me.	1	2	3	4	5
I feel passionate about nurturing a new venture through its emerging success.	1	2	3	4	5
I feel passionate about pushing my employees and myself to make the venture better.	1	2	3	4	5
Having a social impact energizes me.	1	2	3	4	5

Do you have any comments about the above questions? \_\_\_\_\_

-----Page Break -----

**To what extent do you agree or disagree that the following statements describe how you feel about the situation faced by your target market?** Please rate on the scale: 1 (strongly disagree), 2 (disagree), 3 (neither agree nor disagree), 4 (agree), 5 (strongly agree)

When I see someone being taken advantage of, I feel protective toward them.	1	2	3	4	5
I tend to get emotionally involved with other people's problems.	1	2	3	4	5
I feel frustrated with the situation faced by my target market.	1	2	3	4	5
When I see someone being treated unfairly, I sometimes feel pity for them.	1	2	3	4	5
Seeing people at a disadvantage upsets me.	1	2	3	4	5
I feel angry about the problems people face.	1	2	3	4	5
I often have tender, concerned feelings for people less fortunate than I.	1	2	3	4	5
I cannot continue to feel okay if people around me are at a disadvantage.	1	2	3	4	5
Sometimes I feel sorry for other people when they are having problems.	1	2	3	4	5

Do you have any comments about the above questions? \_\_\_\_\_

-----Page Break -----

### Part 3 – Rewarding Outcomes

In the next set of questions, we are interested in both the **importance of the outcomes** of the venture and the extent to which you **currently receive these outcomes**. Importance scale: 1 (not very), 2 (somewhat), 3 (moderately), 4 (quite important), 5 (very important)  
Satisfaction scale: 1 (not at all), 2 (a little), 3 (some), 4 (quite a bit), 5 (a lot)

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How important are these outcomes to you?						Do you currently receive these outcomes?				
1	2	3	4	5		1	2	3	4	5
1	2	3	4	5	Having a high salary	1	2	3	4	5
1	2	3	4	5	Realising the on-going operation of the venture	1	2	3	4	5
1	2	3	4	5	Observing the intended change in the target market	1	2	3	4	5
1	2	3	4	5	Being known by people in connection with my work	1	2	3	4	5
1	2	3	4	5	Enjoying my work	1	2	3	4	5
1	2	3	4	5	Knowing my work has a clear purpose	1	2	3	4	5
1	2	3	4	5	Feeling self-reliant	1	2	3	4	5
1	2	3	4	5	Being financially successful	1	2	3	4	5
1	2	3	4	5	Increasing sales	1	2	3	4	5
1	2	3	4	5	Seeing my unique approach to the challenge is working	1	2	3	4	5
1	2	3	4	5	Having frequent media mentions associated with my work	1	2	3	4	5
1	2	3	4	5	Gaining pleasure from doing my work	1	2	3	4	5
1	2	3	4	5	Discovering work that is consistent with my life purpose	1	2	3	4	5
1	2	3	4	5	Knowing I can handle challenges	1	2	3	4	5
1	2	3	4	5	Earning money	1	2	3	4	5
1	2	3	4	5	Increasing the number of employees	1	2	3	4	5
1	2	3	4	5	Knowing my approach is working so well, it's being adopted by others	1	2	3	4	5
1	2	3	4	5	Gaining social status as a result of my work	1	2	3	4	5
1	2	3	4	5	Knowing my work is meaningful	1	2	3	4	5
1	2	3	4	5	Discovering I'm more capable than I thought I was	1	2	3	4	5

Do you have any comments about the above questions? \_\_\_\_\_

-----Page Break -----

### Part 5 – Background Information

In the final section of the survey, we are interested in some information about you and the main venture in which you are involved. These questions are used in aggregate and for comparison purposes only.

What kind of work did you do prior to your involvement with this venture?

- ☐ I worked as an employee for an established organisation.
- ☐ I was involved in a different entrepreneurial venture.
- ☐ I was a student.
- ☐ I was a volunteer.
- ☐ Other, please specify \_\_\_\_\_

Considering the work you did before joining this venture, to what extent do you agree or disagree that the following statements **describe how you felt about that work?**

*Please rate on the scale: 1 (strongly disagree), 2 (disagree), 3 (neither agree nor disagree), 4 (agree), 5 (strongly agree)*

I was irritated in the work I was doing.	1	2	3	4	5
I enjoyed the experience.	1	2	3	4	5
I felt frustrated in my prior employment.	1	2	3	4	5
I found the work fulfilling.	1	2	3	4	5
I was bored.	1	2	3	4	5

What is your gender? ☐ Male, ☐ Female

What is your current age? \_\_\_\_\_

What is the highest level of education you have completed? ☐ Some secondary, ☐ High school,

☐ Bachelor's degree, ☐ Master's degree, Other \_\_\_\_\_

What is your annual income from the venture? ☐ <\$20,000, ☐ \$20,001–\$50,000,  
☐ \$50,001–\$80,000, ☐ \$80,001–\$120,000, ☐ >\$120,000

Is the venture located in a regional or urban area? ☐ Regional, ☐ Urban

In what state is the venture located? [Drop down menu of states]

Do you have any further comments? \_\_\_\_\_

## Appendix A2: Scale Development

### Motives

#### Construct Autonomy

#### Survey Items

- ~~I like to manage my own time.~~
- I like to have autonomy when making decisions.
- I like to be in control of my own actions.
- I like to do things in my own way.

#### Influence

- ~~I like to supervise and direct others.~~
- I like to be a leader in organizations and groups.
- In a group of people, I like to make the decisions about what we do.
- I like to persuade and influence others.

#### Original Items

Edwards 1959, 4 of 6 items, forced choice comparison.

- I like to be able to come and go as I want to.
- I like to be independent of others in deciding what I want to do.
- I like to feel free to do what I want to do.
- I like to do things in my own way and without regard to what others may think.
- I like to avoid situations where I am expected to do things in a conventional way.
- I like to do things that other people regard as unconventional.

Edwards 1959, 4 of 8 items, forced choice comparison.

- I like to supervise and to direct the actions of other people whenever I can.
- I like to be one of the leaders in the organizations and groups to which I belong.
- When with a group of people, I like to make the decisions about what we are going to do.
- I like to be able to persuade and influence others to do what I want.
- When serving on a committee, I like to be appointed or elected chairman.
- I like to tell other people how to do their jobs.
- I like to be called upon to settle arguments and disputes between others.
- I like to be regarded by others as a leader.

**Achievement**

- I like to do my very best in my work.
- ~~I like to solve puzzles and problems that other people have difficulty with.~~
- I like to be successful in my work.

Edwards 1959, 3 of 9 items, forced choice comparison.

- I like to do my very best in whatever I undertake.
- I like to solve puzzles and problems that other people have difficulty with.
- I like to be successful in things undertaken.
- I like to be able to say that I have done a difficult job well.
- I like to be able to do things better than other people can.
- I like to accomplish tasks that others recognize as requiring skill and effort.
- I like to work hard at any job I undertake.
- I would like to accomplish something of great significance.
- I would like to be a recognized authority in some job, profession or field of specialization

**Prosocial motivation**

- I like to help others through my work.
- I want to help others through my work.
- ~~I want to have a positive impact on others.~~
- It is important for me to do good for others through my work.

Grant 2008, 4 of 4 items, 7-pt Likert scale

Why are you motivated to do your work?

- Because I care about benefiting others through my work
- Because I want to help others through my work
- Because I want to have positive impact on others
- Because it is important to me to do good for others through my work

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### Nurturance

- ~~I often feel a strong need to take care of others.~~
- I frequently do things for others that make them feel good.
- I like to help people feel better.

Davis et al. 2003, 4 of 14 items, 4-item Likert scale

- I often feel a strong need to take care of others.
- I do not like to feel "needed" by other people (-).
- I frequently do little things for others that make them feel good.
- I like taking care of children.
- I think it is ridiculous the way some people carry on around baby animals (-).
- Caring for a sick person would be a burden for me (-).
- I love being around baby animals.
- I do not especially enjoy being around children (-).
- I often feel softhearted towards stray animals.
- I would generally consider pets in my home to be more trouble than they're worth (-).
- I feel sorry for the homeless.
- I do not especially want people to be emotionally close to me (-).
- I am a person who strongly feels the pain of other people's losses.
- I am not particularly affectionate (-).



**Social justice**

- It disturbs me when someone receives fewer opportunities than others.
- ~~It bothers me when someone gets something they don't deserve.~~
- It disturbs me when someone is treated unfairly.
- I am upset when one person is treated worse than others.

Schmitt et al. 2005, 5 of 10 items, 6-point Likert scale

- It disturbs me when someone receives fewer opportunities to develop his/her skills than others.
- I am upset when someone is undeservingly worse off than others.
- It bothers me when someone gets something they don't deserve.
- It gets me down to see someone criticized for things that are overlooked with others.
- I am upset when someone is treated worse than others.
- I am upset when someone does not get a reward he/she has earned.
- I cannot easily bear it when someone profits unilaterally from others.
- I can't forget it for a long time when someone else has to fix others' carelessness.
- It worries me when someone has to work hard for things that come easily to others.
- I ruminate a long time when someone is being treated nicer than others for no reason.

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<b>Relatedness</b>	<ul style="list-style-type: none"> <li>• I like to form close relationships.</li> <li>• I like to have strong relationships with people.</li> <li>• I like to be a member of groups that interact socially.</li> </ul>	<p>Edwards 1959, 3 of 8 items, forced choice comparison.</p> <ul style="list-style-type: none"> <li>• I like to form new friendships.</li> <li>• I like to have strong attachments with my friends.</li> <li>• I like to participate in groups in which the members have warm and friendly feelings toward one another.</li> <li>• I like to make as many friends as I can.</li> <li>• I like to write letters to my friends.</li> <li>• I like to be loyal to my friends.</li> <li>• I like to do things with my friends rather than by myself.</li> <li>• I like to show a great deal of affection to my friends.</li> </ul>
<b>Altruism</b>	<ul style="list-style-type: none"> <li>• I often help people and expect no reward.</li> <li>• I like to volunteer my help.</li> <li>• I am sincerely concerned about the problems of others.</li> </ul>	<p>Wrightsman 1964, 4 of 14 items, 6-pt Likert scale</p> <ul style="list-style-type: none"> <li>• Most people do not hesitate to go out of their way to help someone in trouble.</li> <li>• Most people will act as "good samaritans" if given the opportunity.</li> <li>• The typical person is sincerely concerned about the problems of others.</li> <li>• People are usually out for their own good.</li> <li>• Most people try to apply the Golden Rule even in today's complex society.</li> <li>• "Do unto others as you would have them do unto you" is a motto most people will follow.</li> <li>• Most people with a fallout shelter would let their neighbors stay in it during a nuclear attack.</li> <li>• The average person is conceited.</li> <li>• It's only a rare person who would risk his own life and limb to help someone else.</li> <li>• It's pathetic to see an unselfish person in today's world because so many people take advantage of him.</li> </ul>

<b>Sense of obligation (reciprocate)</b>	<ul style="list-style-type: none"> <li>• I feel obligated to help others because of the advantages I have.</li> <li>• I give back because I feel indebted.</li> <li>• After the support I have received, I feel obliged to do something in return.</li> </ul>	<ul style="list-style-type: none"> <li>• People pretend to care more about one another than they really do.</li> <li>• Most people inwardly dislike putting themselves out to help other people.</li> <li>• Most people exaggerate their troubles in order to get sympathy.</li> <li>• People are usually out for their own good.</li> </ul> <p>Goei and Boster 2005, 3 of 4 items, 7-pt Likert scale</p> <ul style="list-style-type: none"> <li>• I felt obligated after receiving the favor.</li> <li>• I felt indebted to the favor-doer.</li> <li>• After receiving the favor, I felt pressure to do something in return.</li> <li>• I had no choice. I simply had to do something for the other.</li> </ul>
<b>Sense of obligation (destiny)</b>	<ul style="list-style-type: none"> <li>• Doing this work feels like my calling in life.</li> <li>• It sometimes feels like I was destined to do this work.</li> <li>• I was meant to do this work.</li> </ul>	<p>Bunderson and Thompson 2009, 3 of 6 items, 7-pt Likert scale</p> <ul style="list-style-type: none"> <li>• Working with animals feels like my calling in life.</li> <li>• It sometimes feels like I was destined to work with animals.</li> <li>• I was meant to work with animals.</li> <li>• Working with animals feels like my niche in live.</li> <li>• I am definitely an animal person.</li> <li>• My passion for animals goes back to my childhood.</li> </ul>

Notes: strikethrough = item excluded during survey development, gray shading = construct removed during analysis, (-) = reverse scored item

## Rewards

Construct	Survey Items	Original Items
<b>Material returns</b>	<ul style="list-style-type: none"> <li>• Having a high salary</li> <li>• Being financially successful</li> <li>• Earning money</li> </ul>	<p>Kasser and Ryan 1996, 3 of 4 items, 5-pt Likert scale</p> <ul style="list-style-type: none"> <li>• You will have a lot of expensive possessions.</li> <li>• You will have a job that pays well.</li> <li>• You will have a job with high social status.</li> <li>• You will be financially successful.</li> </ul>
<b>Public recognition</b>	<ul style="list-style-type: none"> <li>• Being known by people in connection with my work</li> <li>• <del>Having frequent media mentions associated with my work.</del></li> <li>• Gaining social status as a result of my work</li> </ul>	<p>Kasser and Ryan 1996, 3 of 5 items (third item drawn from financial success scale above), 5-pt Likert scale</p> <ul style="list-style-type: none"> <li>• Your name will be known by many people.</li> <li>• You will be famous.</li> <li>• You will be admired by many people.</li> <li>• Your name will appear frequently in the media.</li> <li>• You will do something that brings you much recognition.</li> </ul>
<b>Hedonic happiness</b>	<ul style="list-style-type: none"> <li>• Enjoying my work</li> <li>• Gaining pleasure from doing my work</li> </ul>	<p>Grouzet et al. 2005, 2 of 3 items 9-pt Likert scale</p> <ul style="list-style-type: none"> <li>• I will have a lot of excitement in my life.</li> <li>• I will experience a great deal of sensual pleasure.</li> <li>• I will have a great sex life.</li> </ul>

**Eudaimonic  
happiness**

- Knowing my work has a clear purpose
- Discovering work that is consistent with my life purpose
- Knowing my work is meaningful

Steger et al. 2006, 3 of 10 items, 7-pt Likert scale

- My life has a clear sense of purpose.
- I have discovered a satisfying life purpose.
- I am searching for meaning in my life (-).
- I understand my life's meaning.
- I am looking for something that makes my life feel meaningful (-).
- I am always looking to find my life's purpose (-).
- I have a good sense of what makes my life meaningful.
- I am always searching for something that makes my life feel significant (-).
- I am seeking a mission or purpose for my life (-).
- My life has no clear purpose (-).

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<b>Personal growth</b>	<ul style="list-style-type: none"> <li>• Feeling self-reliant</li> <li>• Knowing I can handle challenges</li> <li>• Discovering I'm more capable than I thought I was</li> </ul>	Tadeschi and Calhoun 1996, 3 of 4 items, 6-pt Likert <ul style="list-style-type: none"> <li>• A feeling of self-reliance</li> <li>• Knowing I can handle difficulties</li> <li>• I discovered I'm stronger than I thought I was.</li> <li>• Being able to accept the way things work out</li> </ul>
<b>Venture success (financial)</b>	<ul style="list-style-type: none"> <li>• Realising the on-going operation of the business</li> <li>• Increasing sales</li> <li>• Increasing the number of employees</li> </ul>	Gartner and Liao 2012 <ul style="list-style-type: none"> <li>• Continued operation of the business</li> </ul> Wiklund and Shepherd 2005, venture growth measure: <ul style="list-style-type: none"> <li>• Sales</li> <li>• Number of employees</li> </ul>
<b>Venture success (social impact)</b>	<ul style="list-style-type: none"> <li>• Observing the intended change in the target market</li> <li>• Seeing my unique approach to the challenge work</li> <li>• Knowing that my approach is working so well, it's being adopted by others</li> </ul>	Young 2006, framework of social value <ul style="list-style-type: none"> <li>• Empowerment and social change</li> <li>• Social innovation</li> <li>• Systemic change</li> </ul>

Notes: strikethrough = item excluded during survey development, gray shading = construct removed during analysis, (-) = reverse scored item

## Emotional Antecedents

Construct	Survey Items	Original Items
<b>Entrepreneurial passion</b>	<ul style="list-style-type: none"> <li>• It is exciting to figure out new ways to solve unmet market needs that can be commercialized.</li> <li>• I feel passionate about searching for new ideas for products or services to offer.</li> <li>• Scanning the environment for new opportunities really excites me.</li> <li>• Establishing a new company excites me.</li> <li>• Owning my own company energizes me.</li> <li>• I feel passionate about nurturing a new business through its emerging success.</li> <li>• I really like finding the right people to market my product or service to.</li> <li>• Assembling the right people to work for my business is exciting.</li> <li>• I feel passionate about pushing my employees and myself to make the company better.</li> </ul>	<p>Cardon et al. 2013, 9 of 13 items, 5-pt Likert scale</p> <ul style="list-style-type: none"> <li>• It is exciting to figure out new ways to solve unmet market needs that can be commercialized.</li> <li>• Searching for new ideas for products/services to offer is enjoyable to me.</li> <li>• I am motivated to figure out how to make existing products/services better.</li> <li>• Scanning the environment for new opportunities really excites me.</li> <li>• Inventing new solutions to problems is an important part of who I am.</li> <li>• Establishing a new company excites me.</li> <li>• Owning my own company energizes me.</li> <li>• Nurturing a new business through its emerging success is enjoyable.</li> <li>• Being the founder of a business is an important part of who I am.</li> <li>• I really like finding the right people to market my product/service to.</li> <li>• Assembling the right people to work for my business is exciting.</li> <li>• Pushing my employees and myself to make our company better motivates me.</li> <li>• Nurturing and growing companies is an important part of who I am.</li> </ul>

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<b>Passion for a social cause</b>	<ul style="list-style-type: none"> <li>• I am passionate about creating positive change for people.</li> <li>• It is exciting to make a difference in people's lives.</li> <li>• Having a social impact energizes me.</li> </ul>	Three proposed items to complement above entrepreneurial passion scale (suggested in personal correspondence with Cardon).
<b>Frustration</b>	<ul style="list-style-type: none"> <li>• I was irritated in the work I was doing.</li> <li>• I felt frustrated in my prior employment.</li> <li>• I feel frustrated with the situation faced by my target market.</li> <li>• I feel angry about the problems people face.</li> </ul>	<p>Watson and Clark 1994, 5-pt Likert scale</p> <p>To what extent have you felt this way during the past few weeks (time frame ranges from in the moment to in the last year): angry, hostile, irritable, scornful, disgusted, loathing?</p>
<b>Sympathy</b>	<ul style="list-style-type: none"> <li>• When I see someone being taken advantage of, I feel protective toward them.</li> <li>• When I see someone being treated unfairly, I sometimes feel pity for them.</li> <li>• I often have tender, concerned feelings for people less fortunate than I.</li> <li>• Sometimes, I feel sorry for other people when they are having problems.</li> </ul>	<p>Davis 1980, 4 of 7 items, 5-point Likert scale</p> <ul style="list-style-type: none"> <li>• When I see someone being taken advantage of, I feel kind of protective toward them.</li> <li>• When I see someone being treated unfairly, I sometimes don't feel very much pity for them. (-)</li> <li>• I often have tender, concerned feelings for people less fortunate than me.</li> <li>• Sometimes, I don't feel sorry for other people when they are having problems (-).</li> <li>• I would describe myself as a pretty soft-hearted person.</li> <li>• Other people's misfortunes do usually not disturb me a great deal (-)</li> <li>• I am often quite touched by things that I see happen.</li> </ul>



<b>Empathy</b>	<ul style="list-style-type: none"> <li>• I tend to get emotionally involved with other people's problems.</li> <li>• Seeing people at a disadvantage upsets me.</li> <li>• I cannot continue to feel okay if people around me are at a disadvantage.</li> </ul>	<p>Mehrabian and Ksionzky 1974, 3 of 33 items, 9-pt Likert scale</p> <ul style="list-style-type: none"> <li>• I tend to get emotionally involved with a friend's problems.</li> <li>• Seeing people cry upsets me.</li> <li>• I cannot continue to feel OK if people around me are depressed.</li> <li>• It makes me sad to see a lonely stranger in a group.</li> <li>• People make too much of the feelings and sensitivity of animals (-).</li> <li>• I often find public displays of affection annoying (-).</li> <li>• I am annoyed by unhappy people who are just sorry for themselves (-).</li> <li>• I become nervous if others around me seem to be nervous.</li> <li>• I find it silly for people to cry out of happiness (-).</li> <li>• Sometimes, the words of a love song can move me deeply.</li> <li>• I tend to lose control when I am bringing bad news to people.</li> <li>• The people around me have a great influence on my moods.</li> <li>• Most foreigners I have met seem cool and unemotional (-).</li> <li>• I would rather be a social worker than work in a job training center.</li> <li>• I don't get upset just because a friend is acting upset (-).</li> <li>• I like to watch people open presents.</li> <li>• Lonely people are probably unfriendly (-).</li> <li>• Some songs make me happy.</li> <li>• I really get involved with the feelings of the characters in a novel.</li> <li>• I get very angry when I see someone being ill-treated.</li> <li>• I am able to remain calm even though those around me worry (-).</li> <li>• When a friend starts to talk about his problems, I try to steer the conversation to something else (-).</li> <li>• Another's laughter is not catching for me (-).</li> <li>• Sometimes at the movies, I am amused by the amount of crying and</li> </ul>
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sniffing around me (-).

- I am able to make decisions without being influenced by other people's feelings (-).
- It is hard for me to see how some things upset people so much (-).
- I am very upset when I see an animal in pain.
- Becoming involved in books or movies is a little silly (-).
- It upsets me to see helpless old people.
- I become more irritated than sympathetic when I see someone's tears (-).
- I become very involved when I watch a movie.
- I often find that I can remain cool in spite of the excitement around me.
- Little children sometimes cry for no apparent reason.

Notes: strikethrough = item excluded during survey development, gray shading = construct removed during analysis, (-) = reverse scored item

## Appendix B: Partial Least Squares (PLS) Analysis

### Appendix B1: Development of Measurement Model

	Model 1		Model 2		Model 3	
Item	1 <sup>st</sup> order	2 <sup>nd</sup> order	1 <sup>st</sup> order	2 <sup>nd</sup> order	1 <sup>st</sup> order	2 <sup>nd</sup> order
Extrinsic Rewards						
Financial 1	0.897	0.916	0.897	0.938	0.897	0.938
Financial 2	0.867		0.866		0.866	
Financial 3	0.904		0.904		0.904	
Recognition 1	0.804	0.789	0.872	0.763	0.872	0.762
Recognition 2	0.677		--		--	
Recognition 3	0.838		0.847		0.847	
Intrinsic Rewards						
Eudaimonic 1	0.803	0.910	0.802	0.913	0.802	0.912
Eudaimonic 2	0.802		0.802		0.802	
Eudaimonic 3	0.845		0.845		0.845	
Hedonic 1	0.902	0.829	0.902	0.826	0.902	0.826
Hedonic 2	0.885		0.885		0.885	
Self Motives						
Achievement 1	0.920	0.754	0.913	0.745	0.913	0.745
Achievement 3	0.907		0.914		0.914	
Autonomy 1	0.711	0.798	--	0.838	--	0.838
Autonomy 2	0.726		0.779		0.779	
Autonomy 3	0.806		0.797		0.797	
Autonomy 4	0.699		0.768		0.768	
Influence 1	0.707	0.797	--	0.816	--	0.816
Influence 2	0.786		0.761		0.761	
Influence 3	0.740		0.785		0.785	
Influence 4	0.727		0.809		0.809	
Relatedness 1	0.930	0.594	--	--	--	--
Relatedness 2	0.938		--		--	
Other Motives						
Prosocial 1	0.765	0.831	0.771	0.907	0.814	0.869
Prosocial 2	0.874		0.876		0.887	
Prosocial 3	0.772		0.775		--	
Prosocial 4	0.836		0.827		0.855	
Altruism 1	0.893	0.587	--	--	--	--
Altruism 2	0.823		--		--	
Nurturance 2	0.868	0.768	0.864	0.764	0.865	0.740
Nurturance 3	0.905		0.909		0.908	

## APPENDIX B

Social justice 1	0.791	0.726	0.777	0.735	0.782	0.778
Social justice 3	0.850		0.852		0.849	
Social justice 4	0.827		0.839		0.837	
Reciprocity 1	0.852	0.565	--	--	--	--
Reciprocity 2	0.842		--		--	
Reciprocity 3	0.802		--		--	
Venture Emphasis						
Emphasis 1	0.850	--	0.856	--	0.856	--
Emphasis 2	0.865		0.859		0.859	

### Discussion of Constructs Removed from the Measurement Model

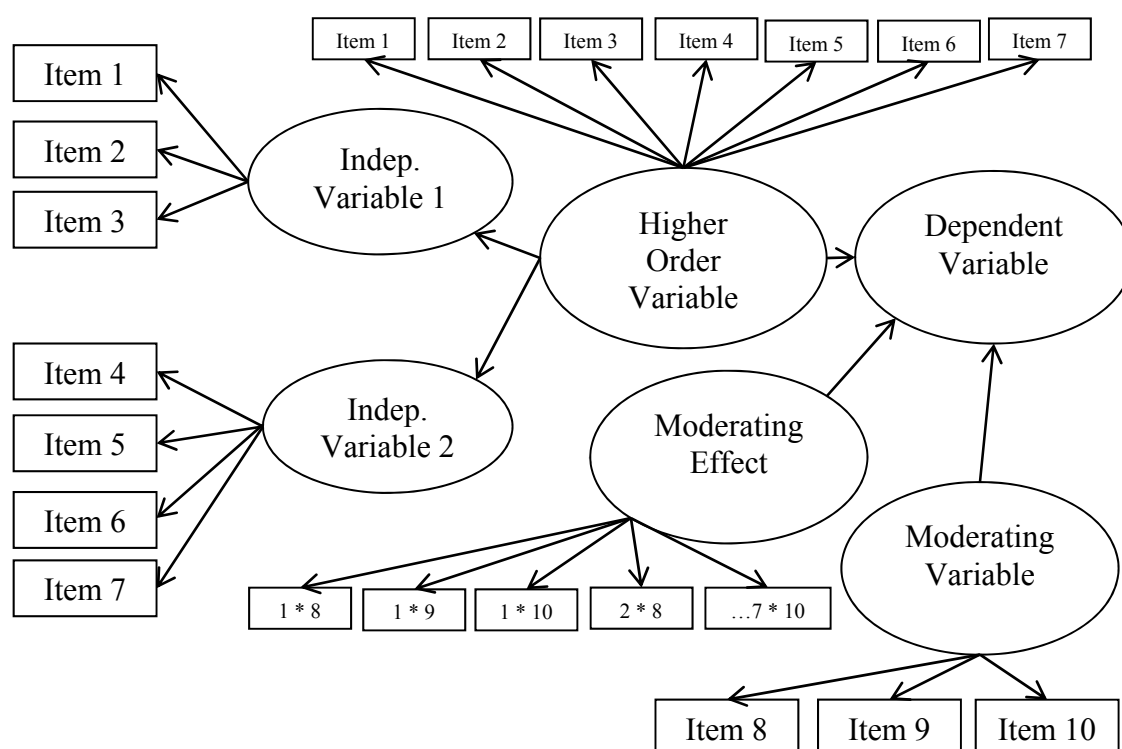
Prior to developing the first measurement model, the following items were removed because they did not load adequately on the associated construct in the preliminary reliability analysis: Achievement 2, Relatedness 3, Altruism 3, Nurturance 1 and Social justice 2. In the ensuing measurement model analysis, items are dropped from several constructs, but only three of the constructs are dropped from analysis altogether: reciprocity, altruism, and relatedness. Reciprocity and altruism do not load adequately on the second-order factors of other-oriented motivation. Alongside destiny, reciprocity represents only half of the operationalization of feeling obligated. In this sense, what was measured does not follow directly from the qualitative research findings, and perhaps losing reciprocity in the analysis could be expected. On the other hand, it is surprising that altruism does not load on other-oriented motivation as anticipated for two main reasons. First, altruism is prominent in the budding literature on social entrepreneurial motivation, and second, the findings of the qualitative research suggest the presence of altruism. Finally, relatedness does not load on the second-order factor of self-oriented motivation. This is an unexpected outcome both because the qualitative data suggest the importance of strong relationships and because social entrepreneurs seem to accomplish a lot of what they do by building relationships. For example, Sally Osberg, president and CEO of the Skoll Foundation, comments that “the social that characterizes [social entrepreneurs’] purpose also characterizes their way of working. In other words, social entrepreneurs don’t just pursue a social end, they pursue that end in a fundamentally communal way” (Bornstein, 2012). Additional research will be required to determine the role that reciprocity, altruism, and relatedness might play in social entrepreneurial motivation, but they are excluded from the analysis for the third study.

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## Appendix B2: PLS Techniques Employed in PLS Analysis

Partial Least Squares (PLS) analysis is a variance-based approach to structural equation modeling (SEM) that is appropriate for analyzing data with multiple dependent variables, non-normal distribution, and relatively small sample sizes. PLS accommodates higher order variables by loading indicators on both the first and second order factors (Chin, Marcolin, & Newsted, 2003) as illustrated in the figure below. The “10 rule” in PLS suggests that one needs 10 respondents for the number of items on the latent variable with the highest number of items plus the number of other latent variables that point to that latent variable (Hair, Sarstedt, Pieper, & Ringle, 2012). One hundred and twenty respondents would be the minimum required to analyze the sample model below, based on 12 items in the interaction effect.



Moderating effects can be assessed in PLS using the indicator product approach, a two-stage approach, a hybrid approach, or an orthogonalizing approach (Henseler & Chin, 2010). The indicator product approach is appropriate for the data in this thesis because the independent variables and moderator are both metric (Henseler & Fassott, 2010), the latent variables are reflective, and it is the appropriate choice for testing hypotheses (Hair Jr, Hult, Ringle, & Sarstedt, 2014, p. 265). The variables are mean-centered before multiplication to minimize the correlation between the interaction and first order effects (Henseler & Chin,

2010). When there are two independent variables, a moderator and a dependent variable, a three-way interaction is required to test the moderation effect in the model. Modeling the interaction term requires direct effects for independent and moderating variables, as well as direct effects for each product term, such that a three-way interaction requires three direct effects and four interaction terms (Hair Jr, et al., 2014, pp. 262-263). Henseler and Fassott (2010) propose the following formula for testing three-way interactions:

$$Y = aX + bM + cN + d(X \times M) + e(X \times N) + f(M \times N) + g(X \times M \times N)$$

Effect size can be calculated effectively with Cohen's (1988) formula (below). This  $f^2$  calculation is recommended for calculating the size of moderating effects in PLS, where 0.02 is a weak effect, 0.15 is a moderate effect, and 0.35 is a strong effect (Henseler & Fassott, 2010; Wilson, 2010).

$$f^2 = \frac{R^2_{\text{model with moderator}} - R^2_{\text{model without moderator}}}{1 - R^2_{\text{model with moderator}}}$$

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## Appendix C: Paper Presented at ANZAM 2009

### Motivations and Value Creation: A Comparison of Commercial and Social Entrepreneurs

Jennifer Ruskin, Richard G. Seymour and Cynthia M. Webster

#### Abstract

*All entrepreneurs recognise opportunities, invest resources, engage in exchange relationships and face substantial risk of failure in an attempt to create, capture and share value. Differences between commercial and social entrepreneurs appear when the focus and orientation of entrepreneurial motivations are considered. While both commercial and social entrepreneurs are driven by intrinsic motivations to satisfy basic psychological needs and both are motivated by extrinsic rewards, past research indicates that only social entrepreneurs seek to create value and achieve tangible benefits for disadvantaged segments of society. We offer a conceptual foundation for comparing commercial and social entrepreneurial motivations. We also consider value creation using a social exchange perspective to facilitate better understanding of who benefits from the value that is created.*

*Keywords:* social entrepreneurship, characteristics of entrepreneurs, entrepreneurs

Social entrepreneurship exists at the intersection of non-profit organisations, that leverage some percentage of earned income, and commercial ventures, with a strong sense of social purpose alongside their profit motive (Townsend & Hart, 2008). Distinguishing between commercial and social ventures can be difficult, because most commercial ventures have some social goals, and most social ventures create some economic value (Austin, Stevenson, & Wei-Skillern, 2006). Consider what differentiates social ventures from both charitable and commercial ventures. In contrast to charities, social enterprises create social value that has longevity beyond the involvement of the individual social entrepreneur (Martin & Osberg, 2007). The services offered by a charity, a homeless shelter for example, would no longer be available if the organisation lost funding and closed its doors. A social venture, on the other hand, creates lasting value in the community even if the enterprise leaves. A second-hand shop that employs homeless people, for example, offers opportunities for people to develop employment skills and envision their potential to regain independence.

What draws people to social entrepreneurship? What motivates an individual to create social value? Perhaps what drives social entrepreneurs is no different from what motivates any other entrepreneur. All entrepreneurs recognise opportunities, invest resources, and engage in exchange relationships over a sustained period of time with substantial risk of failure (Acs & Phillips, 2002). At a basic level all entrepreneurial efforts attempt to create, capture and share value. This value is captured, exchanged or gifted to others inside and outside the firm. Before any venture can prosper, value in the venture's product or service must be recognised by potential customers. If potential consumers do not value, purchase or utilise the products or services offered by an entrepreneurial venture, then the enterprise is not likely to succeed. Despite these obvious similarities, dramatic differences exist between social entrepreneurs and other commercially oriented entrepreneurs. Social entrepreneurs serve the needs of marginalised, underserved groups within the community and engage in value creation for the greater good (Martin & Osberg 2007).

As the primary aim of social entrepreneurship is to tackle social issues and affect change to benefit the broader community, in what ways do social entrepreneurs benefit? Do social entrepreneurs seek to benefit personally from their ventures? Or are they offering straightforward, humanitarian gifts of resources and opportunities to a community? In other words, are their actions mainly altruistic in nature? Do social entrepreneurs have “a general predisposition to selflessly seek to help others” (Mowen & Sujan, 2005: 173). What about when people transition to social ventures following successful careers as commercial entrepreneurs? Can their actions be seen as a repayment to the community that offered them support early in life or earlier in their careers? Are they really straightforward acts of reciprocity? Or do some social entrepreneurs act out of a sense of duty, responsibility and obligation?

Research to date has emphasised the differences between social and commercial entrepreneurs with regards to opportunities pursued, access to human resources, their value propositions and their target markets (Austin, et al., 2006). As an ever larger number of social issues arise and social needs are not met, it is increasingly important to understand what drives social entrepreneurs and how they benefit. There has been a call for research focusing on the motivations of social entrepreneurs and the processes by which social value is created and shared (Austin, 2006). We can use an exchange theory perspective to explore both the motivations and the value creation and capture associated with entrepreneurship. Direct exchange offers insight into some returns on commercial and social entrepreneurship, most notably tangible returns. Other value gained through entrepreneurship, such as public recognition or social benefit for communities, are harder to quantify. A generalised exchange perspective enables us to consider value captured over time and value captured by groups of beneficiaries. Using a combination of direct and generalised exchange, we may gain deeper understanding of entrepreneurial outcomes from the perspective of the entrepreneur.

This paper examines entrepreneurial motivations and the benefits that accrue to individuals and their communities as a result of social entrepreneurial activity. Our aim is to offer a conceptual foundation for entrepreneurial motivations that specifically considers the activities of social entrepreneurs and benefits that result. We first discuss existing literature on entrepreneurial motivations and then expand on the literature by introducing self-determination theory from psychology. Next, we turn to value creation using a social exchange perspective to facilitate better understanding of social entrepreneurial ventures and who benefits from the value that is created. Finally, future research potential and managerial implications are considered.

### **Entrepreneurial Motivations**

Entrepreneurial motivations have been classified as either ‘push’ or ‘pull’ motivations (Amit & Muller, 1994; Minniti, Bygrave, & Autio, 2006). That is, some individuals actively pursue entrepreneurship because they find it inherently rewarding, for example they enjoy the challenge, while others become entrepreneurs as an exit strategy from a less desirable situation, such as unemployment. Alternatively, building on earlier work in entrepreneurial motivations (Kuratko, Hornsby, & Naffziger, 1997), and borrowing from the psychology literature, we can conceptualise entrepreneurial motivations as intrinsic or extrinsic. Intrinsic motivation is an individual’s tendency to engage in challenging activities for their own personal fulfilment (Ryan & Deci, 2000; Webster, 2008). People perform certain activities because they enjoy it not because they wish to acquire money or approval. Extrinsic motivation, by contrast, is the tendency to be driven by factors outside the self, such as external rewards or positive evaluations by others (Schmuck, Kasser, & Ryan, 2000). Both

motivations and rewards can be either intrinsic or extrinsic. For example, the drive for public recognition is an extrinsic motivation, fame is an extrinsic reward, the drive for competence is an intrinsic motivation, and satisfaction with a job well-done is an intrinsic reward.

Motivation theories address a range of needs from basic survival needs, such as the need for food and shelter, to higher order needs, such as personal fulfilment. Maslow (1954) proposed a hierarchy of needs such that an individual pursues activities that fulfil their needs at each level before moving on to activities that fulfil their needs at the next higher level. It may be that commercial entrepreneurs who turn to social entrepreneurship later in life have fulfilled some of their extrinsic needs, such as earning a substantial income, and are beginning to address more of their intrinsic needs, such as assisting those less fortunate. Conversely, people who begin their careers as social entrepreneurs may perceive fewer extrinsic needs, and focus their full career on meeting intrinsic needs.

Entrepreneurial motivations identified in past research support the distinction between intrinsic and extrinsic. In one of the few studies of social entrepreneurial motivations, Shaw and Carter (2007) identified that social entrepreneurs are motivated intrinsically by their belief in the work of the enterprise, to achieve personal satisfaction, and by their desire to make a difference. Social entrepreneurs also reported extrinsic motivations, such as meeting local needs (Shaw & Carter, 2007). This confirmation of intrinsic and extrinsic motivations for entrepreneurship is also found in the more substantial commercial entrepreneurship literature. Intrinsically motivated entrepreneurs include those who seek challenges and personal growth (Buttner & Moore, 1997; Kuratko, et al., 1997), those who want to be their own boss (Burke, FitzRoy, & Nolan, 2002; Kuratko, et al., 1997), and those interested in enhanced work-life balance (Doub & Edgcomb, 2005; Schindehutte, Morris, & Brennan, 2003). Extrinsic motivations include financial drivers (Kuratko, et al., 1997) and escaping unemployment (Thurik, Carree, van Stel, & Audretsch, 2008).

Much work remains to be done in identifying and classifying motivations for social entrepreneurship. As a starting point, we can review motivations that have been found for commercial entrepreneurship, and consider whether these might also be found to motivate social entrepreneurs. See Table 1 for examples of entrepreneurial motivation classified as either intrinsic or extrinsic. For motivations that were identified in a commercial entrepreneurship context, we indicate whether these motivations might be found in the context of social entrepreneurship as well. Seeking public recognition, for example, may very well lead people to either commercial or social entrepreneurship. Although few empirical studies have identified motivations for social entrepreneurship, there is potential for substantial overlap in motivations. It is worth noting that the intrinsic/extrinsic dichotomy does not distinguish social and commercial entrepreneurs, as both types of entrepreneurial activity are motivated by a mix of intrinsic and extrinsic forces.

Table 1: Intrinsic and Extrinsic Motivations for Entrepreneurship

Motivation	Context of Study	Examples	Potential Consistency
Intrinsic	Commercial	<b>Seek challenge and personal growth</b> (Buttner & Moore 1997; Kuratko et al. 1997)	✓
		<b>Passion for process</b> (Kuratko et al. 1997)	✓
		<b>Prove one can do it</b> (Kuratko et al. 1997)	✓
		<b>Enjoy the excitement</b> (Kuratko et al. 1997)	✓
		<b>Be one's own boss</b> (Kuratko et al. 1997)	✓
		<b>Control over time</b> (Buttner & Moore 1997)	✓
		<b>Maintain personal freedom</b> (Kuratko et al. 1997)	✓
		<b>Enhance work-life balance</b> (Doub & Edgcomb 2005; Schindehutte, Morris & Brennan 2003)	✓
	Social	<b>Belief in the work of the enterprise</b> (Shaw & Carter 2007)	
		<b>Personal satisfaction</b> (Shaw & Carter 2007)	
		<b>To make a difference</b> (Shaw & Carter 2007)	
		<b>Help other people</b> (Burke et al. 2002)	
		<b>To tackle a social issue</b> (Shaw & Carter 2007)	
Extrinsic	Commercial	<b>Increase personal income</b> (Kuratko et al. 1997)	
		<b>Acquire personal wealth</b> (Kuratko et al. 1997)	
		<b>Secure future for family</b> (Kuratko et al. 1997)	✓
		<b>Build business to pass on</b> (Kuratko et al. 1997)	✓
		<b>Gain public recognition</b> (Kuratko et al. 1997)	✓
		<b>Increase opportunities</b> (Kuratko et al. 1997)	✓
		<b>Avoid blocks to career advancement, e.g. discrimination</b> (Buttner & Moore 1997)	✓
		<b>Escape unemployment</b> (Thurik et al. 2008)	✓
		<b>Explore opportunities</b> (Thurik et al. 2008)	✓
		<b>Grow the business</b> (Delmar & Wiklund 2008)	✓
		<b>Achieve job security</b> (Burke et al. 2002)	✓
	Social	<b>Benefit the environment</b> (Burke et al. 2002)	
		<b>To meet local needs</b> (Shaw & Carter 2007)	

Self-determination theory is an intrinsic motivation theory that suggests individuals are motivated to achieve well-being by fulfilling three basic psychological needs: autonomy, competence and relatedness (Samman, 2007; Webster, 2008). The need for competence is fulfilled by having the opportunity to ‘exercise and express one’s capacities,’ the need for autonomy is met by having control over one’s behaviour, and the need for relatedness is satisfied by feeling connected to others both at the individual and community level (Deci & Ryan, 2002: 7-8). For example, proving that one can do it (Kuratko, et al., 1997) is a motivation that is expected to fill the basic need for competence, having control over one’s time (Buttner & Moore, 1997) is expected to meet the need for autonomy, and enhancing

work-life balance (Doub & Edgcomb, 2005; Schindehutte, et al., 2003) is expected to enable entrepreneurs to fulfil their basic need for relatedness. We anticipate that entrepreneurs who meet more of their basic psychological needs are more likely to achieve a higher state of personal well-being.

Another aspect of motivation is the anticipated beneficiary of the activity. All entrepreneurial activity creates value for others in the sense that an entrepreneur whose products or services are not valued by potential customers is not likely to succeed. In addition to clients, the value created by entrepreneurial ventures can benefit a range of stakeholders, including the entrepreneur, shareholders, employees, the entrepreneur's family, a particular community, or society at large (Mintzberg, Simons, & Basu, 2002). We will consider these beneficiaries in two groups: the entrepreneur and all other potential beneficiaries.

An entrepreneur can benefit from both intrinsic and extrinsic rewards of entrepreneurial endeavours. The nature of intrinsic motivation (rising to challenges to achieve self-fulfilment) is that the value is created for the entrepreneur. Pursuing entrepreneurship because one enjoys the excitement, for example, is expected to have intrinsic value for the entrepreneur. Extrinsic rewards of entrepreneurship may also benefit the entrepreneur. Tangible rewards, such as an increase in personal wealth, or intangible rewards, such as public recognition can both accrue to the entrepreneur.

Some of the value created through entrepreneurship is intended for capture by stakeholders other than the entrepreneur. Both tangible and intangible extrinsic rewards (Deci, Ryan, & Koestner, 1999) can accrue to others. An entrepreneur may work to build economic value for shareholders, a business to pass on to the family, or previously non-existent services for a community. See Figure 1 for an illustration of the dimensions and beneficiaries of entrepreneurship. Do entrepreneurs receive some intrinsic benefit from the value they create for others? That is, does meeting their extrinsic goals enhance their personal well-being? In the figure, this possibility is represented by dashed lines between family, community and society, and the entrepreneur's well-being.

Both social and commercial entrepreneurs are expected to benefit from some combination of extrinsic rewards and enhancement of personal well-being. We anticipate motivational differences between social and commercial entrepreneurs as a result of the drive to create wealth for shareholders in commercial entrepreneurship and the drive to create social value for targeted communities in social entrepreneurship (Dees, 1998). It appears that social entrepreneurs are driven by extrinsic other-oriented motivations, such as meeting local needs, but it is not clear to what extent commercial entrepreneurs may be driven to benefit the broader community. This issue is worth exploring empirically as it could be a critical distinction between motivations for social and commercial entrepreneurship.

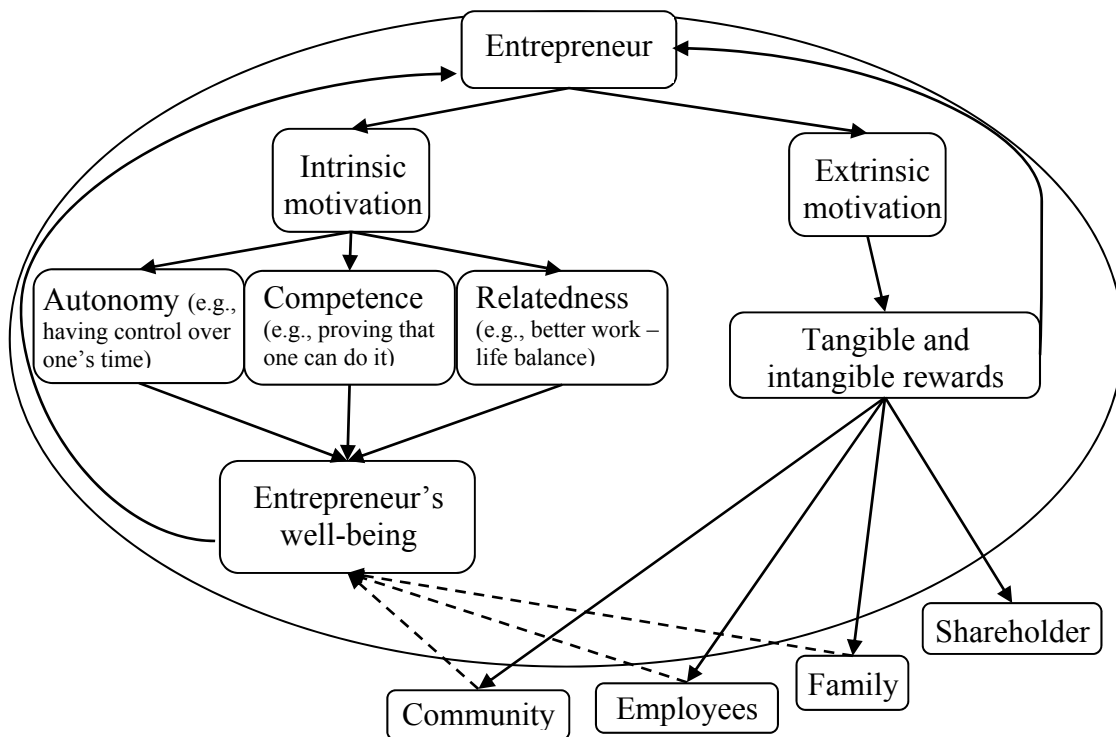


Figure 1. Dimensions and Orientations of Intrinsic and Extrinsic Motivation.

### Value Creation & Social Exchange

The significance of value creation and capture in the practice of management is recognised, “[y]et there is little consensus on what value creation is or how it can be achieved” (Lepak, Smith, & Taylor, 2007: 180). This omission may result from a lack of consensus as to the meaning of value, it may also be because of the difficulties associated with researching and measuring the construct (Lepak, et al., 2007). Theorists have acknowledged that it is only in the marketplace that objects, labour and work have ‘value’ and that ‘value’ cannot be *possessed* by a thing, as it is only acquired the moment the thing appears in public (Arendt, 1958). As such, ‘value’ arises from the possibility of exchange (Shackle, 1903/1992) and ‘valued things have relative but not absolute value’ (Emerson, 1982: 13). Take, for instance, a bottle of water that is worth less than a dollar in a supermarket, it is worth three times that at the cinema, and it might be worth hundreds of dollars to an individual who has been lost in the bush without water for a few days. The circumstances of the exchange and of the individuals involved determine the value of resources exchanged.

It has been noted that Adam Smith in *The Wealth of Nations* (1776) was the first to “distinguish between value in use of a commodity, being its power to satisfy human wants, and value in exchange, being the quantity of other goods and services that someone would be prepared to give up in order to acquire a unit of the commodity” (Throsby, 2001: 20). From

this perspective, the issue of reciprocity is emphasised with value derived from direct give and take between two parties. The resources that one actor gives are directly contingent on the resources that the other gives in return (P. M. Blau, 1964; Ekeh, 1974; Emerson, 1976; Lévi-Strauss, 1949/1969; Takahashi, 2000). Consequences of exchange transactions, however, can be explored on multiple levels in relation to: (a) the nature of the exchange relationships (whether restricted or generalised), (b) the nature of value exchanged (whether asynchronous or synchronous and equitable or inequitable), and (c) the value derived from the exchange transaction.

Restricted exchange interactions, also referred to as ‘direct exchange’ and ‘balanced reciprocity’ (Sahlins, 1972), are those in which the actors exchange resources *directly* with each other. Restricted transactions can be exclusive, such that parties transact uniquely, or inclusive in which parties transact with multiple parties. Restricted transactions are associated with stipulated returns of commensurate worth and utility within a finite and narrow period (Sahlins, 1972). This situation of balanced reciprocity suggests that people are motivated by direct returns and assumes that individuals conduct a cost-benefit analysis of exchange relationships (Yamagishi & Cook, 1993). Individuals are likely to remain in an exchange relationship when the value of what they receive outweighs or is commensurate with the cost of what they give (Homans, 1958). This type of exchange appears to be consistent with entrepreneurs who are motivated by self-interests and tangible rewards.

In contrast, the concept of *generalised* exchange recognises that the significance of the economy lies in the transactions of which it is composed ‘and therefore in the quality of relationships which these transactions create, express, sustain, and modify’ (Firth, 1967: 4). Generalised exchange is characterised by unilateral resource giving, one’s giving is reciprocated not by the recipient, but by a third party (Bearman, 1997; Ekeh, 1974; Emerson, 1982; Granovetter, 1993; Mauss, 1950/1969; Takahashi, 2000; Yamagishi & Cook, 1993). Two types of generalised exchanges exist. With the chain (or circle) type of generalised exchange, each participant provides benefits to another who does not return benefits directly, but instead passes benefits to a different participant who continues the chain with benefits eventually coming full circle flowing to the initial participant. In the net (or group) type of generalised exchange, participants receive shares of total benefits of resource pooling or contribute to a group (Ekeh, 1974; Yamagishi & Cook, 1993). In both types, benefits received by a participant are not tied directly to the resources that are offered, and the timeframes associated with reciprocity can be indefinite (Sahlins, 1972). As such, the return is much less certain but definitely still anticipated. The group exchange situation where resources are pooled and only certain participants benefit at any one time comes close to reflecting the social entrepreneurial situation where resources are devoted to the social venture and the benefits are shared amongst a set of others.

Considering social entrepreneurs and their motivations raises two interesting issues related to generalised exchange. First, rewards for intrinsic motivation, such as satisfaction with a job well done (Anderson, 1998) or spiritual fulfilment (Ahmad & Seymour, 2008), may require us to look to the self for the return gift. Exchange theory generally addresses relationships between two actors or among a group of actors. An entrepreneur who seeks spiritual fulfilment through their engagement with a disadvantaged community, however, may not seek a return gift that could come from another individual. Their return gift, as it were, may come from within. It may be the enhanced well-being they experience as a result of meeting their basic psychological needs. The second issue is the idea that there is always an expectation of some eventual return which at some level negates the possibility of altruistic

motives. Is there an exchange context within entrepreneurship in which a ‘pure’ gift is created and shared or is there always intrinsic value as a return to the entrepreneur?

Non-reciprocated transactions are considered with reference to the ‘gift’. Significant confusion exists in the literature when referencing the gift. The gift has been viewed as a commitment that awaits acceptance and (eventual) return. The notion of reciprocity is reflected in the earliest anthropological conceptualisations of the gift (including Lévi-Strauss, 1949/1969; Lévi-Strauss, 1966; Mauss, 1950/1969) and in the social exchange theory of marketing (Bagozzi, 1975a, 1975b; J. R. Blau, 1993; P. M. Blau, 1964; Homans, 1958). ‘Gift’ in this sense emphasises the obligation to give, the obligation to receive and the obligation to make a return for the gifts received (Mauss, 1950/1969). Alternative conceptualisations are of the ‘pure gift’ (Weiner, 1980, 1985, 1992). Theorists such as Derrida (1992) Pireddu (2002) and Godelier (1999) would argue that in the *truest* meaning of the word, a ‘gift’ is an un-calculating donation that awaits or expects no return or benefit, it is something one gives willingly with no expectation of repayment. An exchange that is not reciprocated may be how many social entrepreneurs view their efforts. These issues of motivation, value creation and social exchange are ripe for empirical investigation.

### **Conclusion**

This paper has offered a framework for exploring the differences in motivations, value creation and value capture between commercial and social entrepreneurial activities. There is substantial overlap in motivations that drive the two types of entrepreneurship, but it is the differences that offer insight into the factors that lead social entrepreneurs to create positive change at the community level through their entrepreneurial activities. An analysis of social ventures from an exchange theory perspective offers a structure for understanding which stakeholders benefit from the value created by social ventures. Researchers may need to look beyond reciprocal exchange theory and integrate the concept of the pure gift to understand the motivations and contributions of social entrepreneurs more fully.



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## Appendix D: Paper Presented at ANZAM 2011

### Creating Value for Others: An Exploration of Social Entrepreneurs' Motives

Jennifer Ruskin and Cynthia M. Webster

#### Abstract

*Entrepreneurs are catalysts for job creation, wealth creation and community development, so understanding their motivations is critical. But what motivates entrepreneurs to create social and economic value for themselves and others? We address this question by proposing a conceptual model for understanding social entrepreneurial motivations and rewards. We evaluate the model using data gathered from in-depth interviews with social entrepreneurs. Results show that social entrepreneurs identify with their target communities and generally are motivated by a commitment to social justice. Social entrepreneurs attain intrinsic rewards such as pleasure and participating in activities consistent with their values. By contrast, extrinsic rewards, including positive feedback and monetary compensation, appear to contribute to continued satisfaction with the venture*

*Keywords:* social entrepreneurship, motivation

Entrepreneurs are important catalysts for job creation, wealth creation and community development, so their motivations for starting and growing businesses are important to the broader economy. Many studies focus on understanding financial motivations of entrepreneurs. Some evidence suggests that entrepreneurs have the potential to achieve higher net financial worth over their careers (Carter, 2011). Other research, however, indicates that entrepreneurs often earn lower salaries (Van Praag & Versloot, 2007), work longer hours (Cooper & Artz, 1995), and take on greater personal financial risk (Acs & Phillips, 2002). Clearly, entrepreneurs are driven by more than just financial rewards.

Recent work suggests that a combination of financial and social motivations better explains why some individuals decide to take on the risks associated with new business ventures (Ruskin, Seymour, & Webster, 2009). The balance of social and financial motivations likely differs among sub-sets of entrepreneurs, including those who establish family businesses (Mahto, Davis, Pearce, & Robinson, 2010), commercial entrepreneurs and social entrepreneurs. Our understanding of the social motivations that encourage entrepreneurial activity currently is quite limited and requires far greater attention (Austin, Stevenson, & Wei-Skillern, 2006). While all entrepreneurs are motivated to create value for others, the defining characteristic of social entrepreneurs is that they establish ventures primarily to create social value for target communities in need (Haugh, 2006; Martin & Osberg, 2007). As such, social entrepreneurship offers an ideal context for exploring social motivations. The aims of the paper are twofold: 1) to distinguish the different reasons that social entrepreneurs are motivated to create value for others, and 2) to identify the benefits social entrepreneurs receive from ventures that are not necessarily intended to reap substantial economic gains.

To address these issues, we begin with a brief review of recent literature on social entrepreneurs and motivations. Next we propose a conceptual model identifying potential factors that motivate social entrepreneurs and the possible rewards that encourage them to continue investing in their ventures. Theories from psychology, including Maslow's (1943)

hierarchy of needs and Ryan and Deci's (2000b) self-determination theory, form the basis of the model. A set of in-depth interviews with social entrepreneurs provides evidence to assess the relevance of the model. Understanding social entrepreneurs' motivations and the rewards they receive is important to explain why people become and remain social entrepreneurs.

### **Social Entrepreneurs and Motivation**

The field of social entrepreneurship is in its infancy (Bacq & Janssen, 2011; Dorado, 2006) and social entrepreneurial motivations have not been investigated thoroughly (Austin, et al., 2006). Nonetheless, findings from research in related areas offer some insights into social entrepreneurial motivations. Social enterprises balance a combination of social and economic goals (Townsend & Hart, 2008), but social entrepreneurs place higher priority on the social goal of creating value for the target community (Austin, et al., 2006; Dees, 1998; Martin & Osberg, 2007; Prabhu, 1999). Further, social entrepreneurs tend to measure success by the benefits they offer the communities they serve (Dees, 1998). While acknowledging such apparently altruistic motives of social entrepreneurs, some scholars suggest that social entrepreneurs may experience a drive for self-fulfilment as well (Mair & Noboa, 2006). Evidence indicates that people who work for social enterprises benefit personally from increased independence, satisfaction and self esteem, as well as economically from employment income (Haugh, 2006). Notwithstanding some economic returns, social entrepreneurs' drive to create social change supersedes any motive for personal financial returns (Dorado, 2006; Mair & Martí, 2006; Perrini & Vurro, 2006), and financial returns are largely reinvested in the social venture (Bacq & Janssen, 2011). Thus, recent social entrepreneurship research indicates that social entrepreneurs may be motivated to create both social value for communities in need and social returns for themselves.

### **Conceptual Model of Social Entrepreneurial Motivation**

Motivation is about understanding the needs that drive individuals to act. A useful distinction often made within the motivation literature is between needs that require external fulfilment and needs that are satisfied within the individual (Guay, Vallerand, & Blanchard, 2000; Ryan & Deci, 2000a). Extrinsic motivation is the propensity to be driven by external rewards (Grouzet et al., 2005; Schmuck, Kasser, & Ryan, 2000). External rewards can be either tangible or intangible—money is the reward for seeking wealth, and positive feedback is a reward for wanting recognition. By contrast, intrinsic motivation is the tendency to seek internal rewards obtained by participating in challenging activities (Deci & Ryan, 2002). Intrinsic rewards tend to be less tangible—personal satisfaction can be the result of seeking independence, and a feeling of exhilaration can be the reward for overcoming a challenging task. Arguably, social entrepreneurs experience both intrinsic and extrinsic motivations (Ruskin, et al., 2009), but it appears that we need more than one theory of motivation to explain why social entrepreneurs are motivated to create value for others.

Self-determination theory (SDT) is a prominent theory of intrinsic motivation (Ryan & Deci, 2000b). SDT argues that individuals are driven to enhance personal well-being by fulfilling three psychological needs: autonomy, competence and relatedness. The need for autonomy is met by having control over one's behaviour, competence is fulfilled by having the opportunity to 'exercise and express one's capacities,' and relatedness is satisfied by feeling connected to others both at the individual and community level (Deci & Ryan, 2002: 7). SDT appears consistent with social entrepreneurship in the sense that social entrepreneurs' activities are expected to fulfil the psychological needs for autonomy, competence and relatedness. For example, we anticipate that social entrepreneurs' drive to work independently

(Shaw & Carter, 2007) is associated with the psychological need for autonomy. When social entrepreneurs use personal skills and expertise to identify opportunities and build programs, they presumably meet their psychological need for competence. It seems likely that the psychological need for relatedness is behind social entrepreneurs' drive to bring about change either by having or building a relationship with members of their target population.

While SDT seems suitable, it is specifically a model of intrinsic motivation and thus does not explain any of the possible extrinsic aspects of social entrepreneurial motivation, such as 'social justice,' financial returns and public recognition. Social justice is a socially constructed concept of a fair distribution of opportunities and resources (Tyler, 2000). Social entrepreneurs perceive an unfair outcome for a target community and take action to help the community in need (Martin & Osberg, 2007), thereby demonstrating a commitment to social justice. In the motivations literature, social justice is similar to the concept of 'idealism,' working to improve society (Reiss, 2004), and 'community feeling,' helping people and seeking to create a better place (Kasser & Ryan, 1993). Pursuing social justice is an extrinsic motivation in that the desired change occurs outside the self. While monetary rewards may not be a driving force for social entrepreneurs, presumably most social entrepreneurs need some financial compensation from their ventures to support ongoing involvement. Many social entrepreneurs also receive public recognition in the form of awards and public speaking opportunities. The extent to which any of these extrinsic motivations, social justice, financial rewards or public recognition, motivate social entrepreneurs has yet to be explored.

When people act on their motivations, they anticipate certain rewards. Social entrepreneurial activities that meet psychological needs are expected to contribute to personal well-being, which has been conceptualised in different ways. Aristotle (1982/c. 350 BCE) was the first to distinguish hedonic from eudaimonic happiness as two aspects of well-being. Hedonic happiness refers to relatively accessible pleasures such as enjoying oneself, while eudaimonic happiness is associated with having clear goals, feeling challenged, and investing substantial effort (Waterman, 1993). People drawn to entrepreneurship by a motivation for independence, for instance, expect the freedom to work in the way that suits them best. Most likely social entrepreneurs attain both eudaimonic and hedonic happiness through their ventures. Having relationships with people in the target community might be enjoyable, while behaving autonomously may result in a sense of personal achievement. Some motivations, for example demonstrating competence, seem likely to result in both intrinsic rewards, such as feeling satisfied, and extrinsic rewards, including monetary compensation. Similarly, pursuing social justice can lead to both extrinsic rewards for the community in need and intrinsic rewards for the social entrepreneur. Only rewards to the social entrepreneur are considered here. Figure 1 is the conceptual model derived from the review of SDT, social justice and intrinsic and extrinsic aspects of social entrepreneurial outcomes.

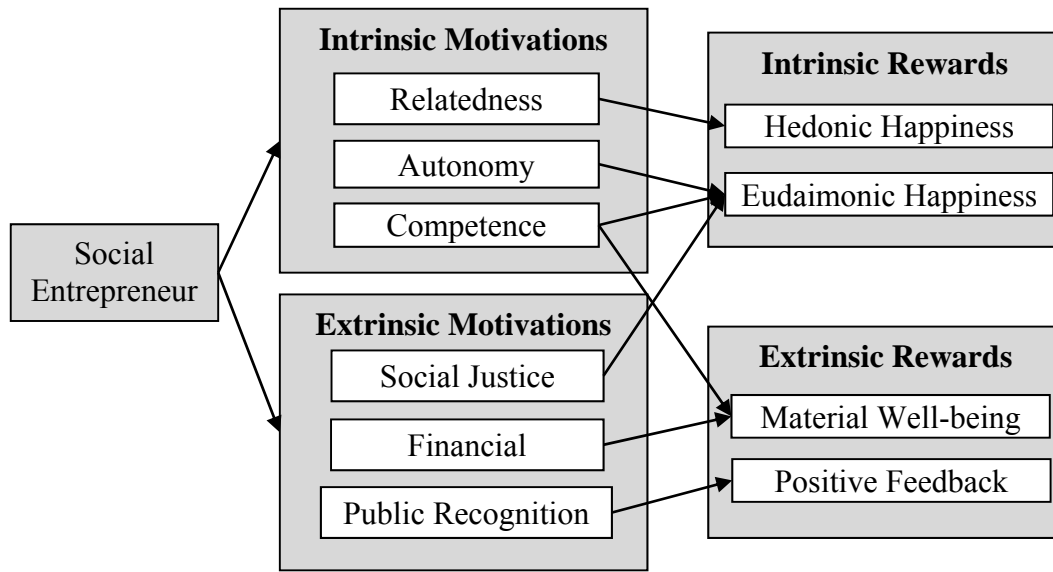


Figure 1. Social Entrepreneurs' Motivations and Rewards.

## Methodology and Data

We used a set of qualitative interviews to explore social entrepreneurial motivation (Stake, 2006). Thirteen social entrepreneurs participated in the study. All participants were members of one of two agencies that support social entrepreneurs in Australia. Some of the social entrepreneurs provided additional documentation including brochures, product information and web profiles. In several cases, follow-up emails provided further clarification. We transcribed all of the interviews and used NVivo 8 (QSR International 2008) to code passages relevant to the motivations and rewards of social entrepreneurs. After initial coding, we returned to the interview transcripts and recoded all comments (Spiggle, 1994) to ensure we analysed the data twice from different perspectives (Patton, 1999). In an iterative process, we categorised the coded data into themes and sub-categories (Corbin & Strauss, 1990; Spiggle, 1994). Comments by theme and sub-category were entered into a matrix format and reviewed to identify patterns and linkages across themes (Miles & Huberman, 1994; Spiggle, 1994).

## Results

Consistent with previous empirical papers on entrepreneurship, most participants are venture founders (Van Praag & Versloot, 2007). One social entrepreneur's social enterprise exists within an established not-for-profit organisation. The social entrepreneurs are primarily in the greater Sydney region or Melbourne, although they serve communities throughout Australia and internationally. Some of the social entrepreneurs are members of a founding team of two or more individuals, and all are the current managers of their ventures. Table 1 offers an overview of the fields of work, organisational structures, gender, age and years of involvement of participants and their ventures. Participants are identified with code numbers to protect their confidentiality.



Table 1 Overview of Interview Participants

SE	Field of Work	Region Served	Org. Form	Founder	Gender	Age	Years of Operation
SE1	career development	Sydney, Melbourne	NFP	individual	M	<30	1
SE2	community development	W. Sydney	NFP	team	M	>30	9
SE3	nutrition	W. Sydney	NFP	individual	F	>30	1
SE4	career development	Sydney, Brisbane	FP	team	F	<30	3
SE5	financial services	Victoria	NFP	team	F	>30	15
SE6	health care	Aus, NZ	NFP	individual	F	>30	6
SE7	career development	W. Sydney	NFP	team	F	<30	<1
SE8	cultural awareness	international	FP	individual	F	>30	2
SE9	environmental educ.	international	NFP	team	F	>30	18
SE10	arts education	international	NFP	individual	F	>30	6
SE11	youth leadership	Melbourne, Sydney	NFP	individual	F	<30	7
SE12	domestic violence	NSW	FP	team	F	>30	2
SE13	nutrition, career development	Sydney	FP	team	M	>30	<1

Note. Org. Form = organisational structure, NFP = not-for-profit, FP = for profit, Age = age at venture founding.

### Social Entrepreneurs' Motives

Analyses of the interviews reveal three types of motivation: autonomy expressed as a desire to be in control, commitment to the target community including a drive for social justice, and two types of unanticipated emotional motivations (Table 2). The findings that participants are intrinsically motivated to express their autonomy and extrinsically motivated to achieve social justice for a target community are consistent with our conceptual model.

#### *Desire to be in control*

Social entrepreneurs are motivated to be in control both to express their autonomy and to promote their values. SE1 exhibits a drive to control his own behaviour when he says, 'this allows me to run my own business, set up my own business, make my own mistakes.' It appears he is drawn to social enterprise, at least in part, to fulfil his psychological need for autonomy. SE9 reports beginning to formulate values while participating in a peace movement as a youth that continue to guide her actions as an adult. She calls it a 'wake-up call' which is a 'driving force' to find a different 'way of living and being in the world.' Her social enterprise is an opportunity to promote her values. Both of these examples demonstrate

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the social entrepreneur's effort to establish some control over how things move forward, either personally or for the wider community.

Table 2: Overview of Social Entrepreneurial Motivations

<b>Commitment to Community</b>		
<b>Sense of obligation</b> Not a choice—destiny, call to action Reciprocity—‘I’m using a tool that changed my life to change other people’s lives’ Responsibility—‘It’s alright to be thinking about it for me, but wow, what about this beautiful being that I’m now responsible for?’	<b>Social justice</b> Social equality— ‘unbelievable inequity between people currently living here on the earth...I just find that gap irreconcilable and obscene.’ Equal access to education, employment, financial services Fair deal for producers (farmers) and consumers	<b>Identify with the community or issue</b> Empathy, personal experience Sympathy, affected by observation Acquired experience by living or working in the target community
<b>Emotional motivation</b>		
<b>Enjoyment</b> ‘Have fun’ ‘Doing exactly what I love’	<b>Frustration</b> with the issue— disheartened, helpless with prior role	
<b>Desire to be in control</b>		
<b>Autonomy</b>	<b>Promote own values</b> Peace Environmental sustainability	

### *Commitment to community.*

Three aspects of social entrepreneurs' commitment to the communities they serve emerge from the interviews: a sense of obligation, striving for social justice and identification with the target community. Some social entrepreneurs feel obligated in the sense that they do not perceive their entrepreneurial decision as an active choice; rather they feel drawn to fulfil their ‘destiny’ (SE8) or a ‘call to action’ (SE9). Others feel obligated to reciprocate an advantage they received earlier in life. For example, SE1 comments ‘I’m using a tool that changed my life to change other people’s lives.’ Social entrepreneurs also feel a responsibility to themselves, their families or their communities to engage in the work they do. For example, SE3’s social enterprise offers the tools necessary for a lifestyle change to resolve her son’s health problem, which she feels compelled to pursue as an alternative to putting him on medication. Social entrepreneurs also express a strong drive for social justice as a foundation for their commitment to the community in need. SE9 comments that the ‘unbelievable inequity between people currently living here on the earth...I just find the gap irreconcilable and obscene.’ Thus, social entrepreneurs are motivated to establish social enterprises in an effort to achieve a more equitable distribution of opportunities and resources.

Identifying with the community or issue addressed is a third foundation for being committed to the target community. Many, if not most, social entrepreneurs are members of their target population, i.e., they experience empathy toward the community in need. SE6, for instance, says that prior to founding her social enterprise, she knew there had to be ‘other

women out there who feel like this.’ Other social entrepreneurs have some experience that arouses sympathy for their target population. SE8, for example, observed racism for the first time as a young adult, and she was ‘horrificed...it was a really strong response for me.’

These different types of commitment to the community are interrelated. Some social entrepreneurs identify with the target population and feel an obligation to right a wrong facing the community. For other social entrepreneurs, it is their commitment to social justice that leads them to find a way to identify with the community in need. SE7, for instance, chooses to live in her target community, and SE13 ‘became a farmer’ to experience the challenges they face. The understanding of the community’s perspective that results from these acquired experiences appears to reinforce the social entrepreneur’s sense of commitment.

#### *Emotional motivation.*

In an unanticipated finding, social entrepreneurs discuss two types of emotional motivation: enjoyment and frustration. Enjoyment is evident from words like ‘fun’ (SE4), ‘love’ (SE7, SE8, SE11) and ‘joy’ (SE8) when social entrepreneurs talk about why they do what they do. SE8 explains, ‘I’m doing exactly what I love, love it, love every aspect of it.’ As, perhaps, the antithesis of enjoyment, social entrepreneurs also experience frustration as a motive. Some are disturbed by the issue they address and others are frustrated with former jobs. SE5, for example, says she was ‘getting sick of seeing exported goods and mass-produced fashion being sold off cheap’. Speaking of his prior employment, SE1 says he ‘just got really fed up with the unfulfilling nature of what I was doing.’

### **Returns to Social Entrepreneurs**

Returns to social entrepreneurs include several aspects of intrinsic well-being and extrinsic rewards (Table 3). Consistent with the conceptual model, intrinsic benefits of being a social entrepreneur include both hedonic and eudaimonic happiness. An unexpected finding is that social entrepreneurs perceive competence and relatedness as additional intrinsic rewards of social entrepreneurship. As anticipated by the conceptual model, social entrepreneurs receive a mix of tangible and intangible extrinsic rewards.

#### *Intrinsic rewards and personal well-being.*

Social entrepreneurs enjoy being social entrepreneurs—they benefit at the relatively superficial level of hedonic happiness. Asked what he gets from being a social entrepreneur, for example, SE13 responds ‘it’s cool! I just enjoy it.’ Similarly, SE10 comments ‘I get all these amazing experiences.’ Interview responses suggest that social entrepreneurs also benefit from several aspects of the relatively deeper eudaimonic happiness: feeling satisfied, doing something consistent with their values and fulfilling their life purpose. Social entrepreneurs appear to have two sources of satisfaction. They are satisfied with the outcomes of their venture and they feel a sense of accomplishment from their achievements. SE6 comments that for her ‘satisfaction in life is not about my personal circumstances. It’s about growing better communities.’ SE3 says that ‘stopping and taking action on one of [my many ideas] is a huge feat for me.’ SE11 indicates that she’s fulfilling her life purpose through her work when she says ‘I love knowing now that I have purpose, and that I’m living with my own truth.’ SE8 discusses the benefit of doing work that is consistent with her environmental values: ‘I know that we’re not harming the environment in any way whatsoever...That’s a pretty good feeling.’

Table 3. Overview of Social Entrepreneurs' Benefits

<b>Intrinsic rewards</b>		
Self-determination Relatedness, part of target community Competence, new knowledge	Eudaimonic happiness Satisfaction—sense of accomplishment, satisfaction with outcomes Doing something consistent with values Fulfilling life purpose Achieving change is worth the sacrifice	Hedonic happiness Pleasure
<b>Extrinsic rewards</b>		
Tangible Financial compensation—minimal is okay, need to increase Gifts, privileges Same benefits as target community—‘use the [healthy, affordable food] packet for my own family’	Intangible Recognition, positive feedback Same benefits as target community—‘doing this kind of work...[is] building my confidence again’	

*Intrinsic motivations perceived as rewards.*

Competence and relatedness are motivation constructs in SDT, but social entrepreneurs identify acquiring new knowledge (competence) and feeling part of a community (relatedness) as intrinsic benefits of their ventures. Social entrepreneurs enjoy relationships with members of the target community, whether they are motivated by sympathy, empathy or acquired experience with the target community. SE6, who is a member of her target community, says ‘I also get love in spades...the support shown to me and my family as part of this community has been incredibly beautiful and very touching.’ SE7 acquired experience with her target community and says ‘I’ve never felt more loved than I do by these people. I feel more loved and accepted by these people than I do by my family.’ Competence as a reward is evident in comments from SE1 and SE4, respectively: ‘I’ve really learned a lot personally,’ and ‘I’m learning so much about business.’

*Extrinsic rewards.*

Many interviewee comments refer to the tangible, extrinsic reward of financial compensation. Some participants appear to be at peace with expected lower financial returns, as is evident in SE2’s comment that his partial stipend is ‘our choice; that’s our lifestyle.’ When SE3 comments that ‘the wage part of it is not so important as the change,’ she indicates the higher value she places on intrinsic over extrinsic rewards of social entrepreneurship, which was a sentiment expressed by several participants. For social entrepreneurs who establish their ventures with a minimal or absent salary, however, it appears some reach a point when being paid becomes important. SE10 says, ‘I can’t afford to run it any longer without having an income,’ and SE4 says ‘we always saw ourselves as volunteers...until...we were getting burnt out and said “we can’t do this all for free.”’ Regardless of when financial compensation for the social entrepreneur is built in, it appears that many social entrepreneurs can earn more money doing something else. SE9 puts it succinctly: ‘I don’t earn anywhere near what I could if I’d stayed teaching, for example, but certainly we do draw a living wage.’

Other extrinsic rewards of social entrepreneurship that accrue in some cases include gifts, privileges and the same benefits as the target community. SE1 mentions a gift his target community gave him, and SE2 talks about complimentary beverages from his enterprise. SE3 benefits from the same access to healthy, affordable food for her family that she offers her target community. In some cases, social entrepreneurs also receive the same intangible rewards as the target community. For example, SE4 comments that ‘doing this kind of work has given me a lot more faith and hope in what I do. It’s building my confidence again,’ which is similar to the outcomes she pursues for her target community.

Other extrinsic, intangible rewards include positive feedback, much of which comes from the target community. SE2 comments that hearing ‘statements like, “where I’m at musically today is because of [the social venture],” that’s sweet.’ SE3 recalls receiving recognition via an award within the regional community of social entrepreneurs.

## **Discussion**

The results of the case study confirm some of our expectations about social entrepreneurial motivations and reveal several aspects of our conceptual model that need refinement. First, social entrepreneurs perceive competence and relatedness as rewards rather than motivations. To explain this discrepancy, study participants indicate that although they did not enter into their venture because of a need to gain knowledge or to improve their social relationships, they see learning and being part of a community as rewards in and of themselves.

A second aspect of our model that needs refinement is that social justice appears to be only one of three foundations for commitment to a community in need. In addition, social entrepreneurs may feel a sense of obligation to, and identify with, the target community. A social entrepreneur’s past experience with the target community may be just as important for motivation as it is for spotting the opportunity (Corner & Ho, 2010) and assembling the necessary resources (Di Domenico, Haugh, & Tracey) to establish a viable social venture.

A third limitation of the conceptual model is that social entrepreneurs do not mention money as a motivation. Perhaps this is not surprising given the primacy of social entrepreneurs’ focus on social value. Interestingly, if social entrepreneurs do not build personal financial rewards into their ventures, it appears to have a negative effect on their long-term satisfaction with the enterprise. This finding mirrors Herzberg’s (1965) theory that the factors that motivate people in their work, such as having responsibility and enjoying the work, are distinct from those factors, like a low salary, that lead to dissatisfaction with work. While this idea is not new, it has not previously been considered in the context of social entrepreneurship. Perhaps some attention to social entrepreneurs’ need for financial compensation is warranted.

A fourth limitation of the conceptual model is that public recognition is not identified as a motivation, but interview respondents discuss the motivating force of positive feedback from the community in need. It appears that social entrepreneurs appreciate confirmation from the target community regarding the efficacy of the intervention. An entrepreneur’s motivation to continue as an entrepreneur is thought to be linked to the extent to which actual venture outcomes align with expected outcomes (Naffziger, Hornsby, & Kuratko, 1994). It may be that a social entrepreneur’s satisfaction with the social venture is influenced by whether or not the intervention is successful for the target community. Thus, some of the social entrepreneur’s intrinsic rewards of social entrepreneurship may depend on the target

community's receipt of extrinsic rewards. A revised conceptual model might integrate a feedback loop of social entrepreneurial motivation. A feedback loop would illuminate the motivating force of confirmation that social value has been created, receipt of necessary financial returns, and hedonic and eudaimonic happiness.

### **Conclusion**

Using self-determination theory and some types of extrinsic motivations and rewards, we can begin to explain why social entrepreneurs help others. Our conceptual model is useful for understanding why social entrepreneurs create value for others. Social entrepreneurs are intrinsically motivated by a drive for autonomy and extrinsically motivated by their commitment to the target community. The process of resolving challenges for the target community results in intrinsic and extrinsic rewards. Social entrepreneurs appear to place more value on intrinsic rewards, such as hedonic and eudaimonic happiness, while extrinsic rewards seem to contribute to continued satisfaction with the venture.

This paper contributes to the social entrepreneurship literature by synthesising several motivation theories with our understanding of social entrepreneurs and offering a foundation for a model of social entrepreneurial motivation. The paper is limited by a small sample size. In addition, the scope of the paper only allowed us to consider rewards received by the social entrepreneur, not benefits received by the target community. Future research may build on the conceptual model and test it with a bigger sample of social entrepreneurs. Other areas to explore are social entrepreneurs' needs for financial compensation and the possibility of a link between target community outcomes and benefits derived by social entrepreneurs.

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## APPENDIX D

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## Appendix E: Paper Presented at ANZAM 2013

### Money Can't Buy Happiness: Intrinsic Rewards of Social Entrepreneurs

Jennifer Ruskin and Cynthia M. Webster

#### Abstract

*What rewards do social entrepreneurs anticipate when they create value for communities in need? This paper offers insights into possible rewards social entrepreneurs receive in return for investing their time and resources creating value for others. Following a review of intrinsic returns from entrepreneurial activities, we employ a goal-directed behavior lens to conduct a qualitative, instrumental case study of thirteen social entrepreneurs. Similar to commercial entrepreneurs, social entrepreneurs report gaining personal satisfaction and growth from their ventures. In contrast, social entrepreneurs place emphasis on successful change in target communities rather than achieving independence and work-life balance. This work offers a starting point for continued research into non-financial rewards of entrepreneurship.*

**Keywords:** entrepreneurs, social entrepreneurship, motivation, characteristics of entrepreneurs

Entrepreneurship researchers seek to understand how a broad range of factors, such as initial capital (Audretsch, Bönte, & Keilbach, 2008; Cooper, Gimeno-Gascon, & Woo, 1994), entrepreneurial orientation (Lumpkin & Dess, 2001; Wiklund & Shepherd, 2005), innovation (Jennings, Jennings, & Greenwood, 2009; Rosenbusch, Brinckmann, & Bausch, 2011), gender differences (Robb & Watson, 2012) and start-up processes (Brinckmann, Grichnik, & Kapsa, 2010; Read, Song, & Smit, 2009) impact performance. A fundamental assumption of past research is that entrepreneurs are motivated primarily to achieve personal financial gains (Amit, MacCrimmon, Zietsma, & Oesch, 2001). Consequently, performance tends to be assessed based on firm survival or financial returns (Ucbasaran, Westhead, & Wright, 2001). These indicators of performance are consistent with the perception that potential entrepreneurs choose whether or not to pursue opportunities based on anticipated financial returns (Shane, Locke, & Collins, 2003).

Recent research suggests that financial incentives are not significant motivating factors for all entrepreneurs (Amit, et al., 2001; Walker & Brown, 2004). Social entrepreneurs are one group notable for their de-emphasis of personal financial gain (Dorado, 2006). Such socially-minded entrepreneurs operate in the space between charities and traditional businesses by employing market-based mechanisms to address entrenched social challenges (Bacq & Janssen, 2011). Among many social impacts, social entrepreneurs facilitate access to credit, affordable healthcare and employment for populations that face systemic disadvantages (Martin & Osberg, 2007). As social entrepreneurs primarily aim to create value for others (Austin, Stevenson, & Wei-Skillern, 2006; Dees, 1998), they prioritize benefits for their target communities over accumulating personal financial returns (Dorado, 2006). If financial gains are not sought by social entrepreneurs, what rewards do they anticipate?

While researchers are beginning to explore the prosocial nature of social entrepreneurial motivation (Miller, Grimes, McMullen, & Vogus, 2012; Renko, 2013), the literature to date does not indicate what social entrepreneurs expect to receive in return for their efforts. Indeed, scholars call for a better understanding of the role non-financial rewards

play in social entrepreneurial motivation (Austin, et al., 2006), yet surprisingly little empirical research to date investigates rewards that accrue to social entrepreneurs. The aim of this paper is to determine the intrinsic rewards of social entrepreneurship both to gain insights into how social entrepreneurs benefit from the process of being involved in social ventures and to assess whether actual rewards meet their expectations. Assessing rewards that social entrepreneurs value and are relevant to their goals (Chrisman, Chua, Pearson, & Barnett, 2012) may help social entrepreneurs structure ventures in ways that are personally satisfying and foster continued engagement in this important sector of the economy.

Drawing on the entrepreneurship and psychology literatures, we consider intrinsic rewards anticipated and achieved through entrepreneurial activities. In particular, the theory of goal-directed behavior and equity theory offer useful insights into the relationships among goals, outcomes and satisfaction. We begin with a brief review of the current understanding of goal-seeking behavior and rewards in entrepreneurship. Next we turn to social entrepreneurs for their perspectives on the venture outcomes they find rewarding. Finally, we compare the findings of this study with intrinsic rewards discussed in the entrepreneurship literature.

### **Goal-Directed Behavior and Entrepreneurial Rewards**

Goals are stated outcomes people strive to attain (Sheldon, Ryan, Deci, & Kasser, 2004) while rewards are fair returns for actions taken (Grant, 1999). Thus, people receive rewards when they achieve goals. Equity theory indicates people compare rewards with the effort required to achieve them (Adams, 1963), and they are satisfied when there is a balance between investment and rewards (Grant, 1999). Goal-setting theory suggests that anticipating rewards encourages actions to achieve goals (Locke & Latham, 1990), while interim rewards help people monitor their progress toward goals (Locke & Latham, 2006). The theory of trying outlines that people have both intermediate and long-term goals (Bagozzi & Warshaw, 1990), which enables people to set challenging goals, and receive rewards at milestones along the way.

The entrepreneurship literature offers some insights into how entrepreneurs' goals and rewards influence entrepreneurial activities and outcomes. Having goals enables entrepreneurs to persist in the challenging activities associated with establishing and operating new ventures (Carsrud & Brännback, 2011). The nature of goals impacts how entrepreneurs operate their firms, such that entrepreneurs with non-financial goals spend more time working in their firms and entrepreneurs with financial goals tend to hire more employees (Dunkelberg, Moore, Scott, & Stull, 2013). Small business managers who set high growth goals are more likely to achieve high growth in their firms (Delmar & Wiklund, 2008). Entrepreneurs compare the rewards they receive with those they anticipated, and a favorable comparison encourages persistence in entrepreneurship (Naffziger, Hornsby, & Kuratko, 1994).

Past entrepreneurship research focuses on financial success as the key anticipated reward for engaging in entrepreneurial activities (Amit, et al., 2001). One implication of measuring firm-level financial performance is that commercial entrepreneurs benefit personally from financially successful ventures. A review of the entrepreneurship literature indicates that in reality entrepreneurs have lower and less stable income than people employed in similar positions (Van Praag & Versloot, 2007). Although commercial entrepreneurs seem to accumulate financial wealth over their careers (Carter, 2011), in the short run most entrepreneurs should not expect high financial returns from their entrepreneurial endeavors.

Not all entrepreneurs focus on financial goals for their firms (Dorado, 2006; Zellweger, Nason, Nordqvist, & Brush, 2013). A number of recent studies find that non-

financial rewards of entrepreneurship include receiving public recognition (Gorgievski, Ascalon, & Stephan, 2011; Powell & Eddleston, 2013; Zellweger, et al., 2013), working as part of a team (Powell & Eddleston, 2013), developing personal skills (Haugh, 2006; Hitt, Ireland, Sirmon, & Trahms, 2011), having work-life balance (Gorgievski, et al., 2011; Morris, Miyasaki, Watters, & Coombes, 2006), feeling personal satisfaction (Gorgievski, et al., 2011; Haugh, 2006) and gaining confidence (Haugh, 2006). Just one of these studies explores non-financial rewards in the context of social entrepreneurship by drawing on the experiences of volunteers and employees alongside social entrepreneurs (Haugh, 2006). There is little empirical evidence of social entrepreneurs' goals and the rewards they anticipate. Next we draw on the psychology literature to gain further insights into possible returns social entrepreneurs seek from their ventures.

### **Rewards of Entrepreneurship**

The field of psychology offers a useful distinction between extrinsic and intrinsic rewards. Extrinsic rewards originate outside the individual and may be tangible, such as financial wealth, or intangible, as in public recognition (McDougall, 1918; Vallerand, 1997). Intrinsic rewards are associated with the inherent satisfaction of being involved in an activity (Deci & Ryan, 1985; Vallerand, 1997), experiencing a sense of purpose (Ryff, 1989) and contributing to a heightened sense of well-being (Csikszentmihalyi, 1999). The standard distinction in the entrepreneurship literature is between monetary and non-monetary rewards (see for example Hitt, et al., 2011; Mahto, Davis, Pearce, & Robinson, 2010; Powell & Eddleston, 2013; Zellweger, et al., 2013). Viewing rewards as either extrinsic or intrinsic offers a lens for considering whether the rewards depend on others or can be acquired simply through the process of being an entrepreneur.

Extrinsic rewards are extensively studied in entrepreneurship. The majority of outcomes identified in the entrepreneurship literature are firm-level measures of financial performance (Ucbasaran, et al., 2001), such as return on assets (Powell & Eddleston, 2013), return on investments (Read, et al., 2009) and profitability (Brinckmann, et al., 2010). Recently, researchers have begun to address individual-level financial rewards that accrue to entrepreneurs (see for example Carter, 2011; Florin, 2005; Hitt, et al., 2011; Powell & Eddleston, 2013). Non-financial extrinsic rewards identified in the literature include social status (Powell & Eddleston, 2013; Villanueva & Sapienza, 2009; Zellweger, et al., 2013), public recognition (Gorgievski, et al., 2011; Polo Peña, Frías Jamilena, & Rodríguez Molina, 2011; Powell & Eddleston, 2013) and the existence of a successful organization (Dunkelberg, et al., 2013; Gomez-Mejia, Haynes, Nickel-Nunez, Jacobson, & Moyano-Fuentes, 2007). We focus on intrinsic rewards for entrepreneurs to address an under-researched area of the literature.

Despite receiving less attention, intrinsic rewards such as personal and job satisfaction (Carter, 2011; Hmieleski & Corbett, 2008; Polo Peña, et al., 2011), independence (Benzing, Chu, & Kara, 2009; Carter, 2011), having work-life balance (Eddleston & Powell, 2012; Gorgievski, et al., 2011; Haugh, 2006), empowerment (Haugh, 2006), being a leader (Powell & Eddleston, 2013) and personal learning (Cope, 2011; Hitt, et al., 2011) are identified in the entrepreneurship literature. Personal satisfaction and personal learning may be relevant for social entrepreneurs. Entrepreneurs build knowledge through the process of establishing a new venture (Hitt, et al., 2011). One study of the outcomes of social entrepreneurship identifies improved personal skills and personal satisfaction as individual outcomes that can accrue to entrepreneurs, employees and volunteers associated with social ventures (Haugh, 2006).

Satisfaction is perceived in two ways in the entrepreneurship literature. First researchers assess entrepreneurs' satisfaction with the outcomes of their ventures (Brouthers, Brouthers, & Werner, 2000). Firm-level outcomes that have been measured by the entrepreneur's satisfaction include sales, profitability and market share (Brouthers, et al., 2000; Mahto, et al., 2010), as well as personal financial returns and having high social status (Powell & Eddleston, 2013). This first type of satisfaction is essentially an alternate method for assessing business outcomes which may be financial, non-financial, extrinsic or intrinsic. The second type of satisfaction measured in entrepreneurship research is personal satisfaction. Personal satisfaction results from obtaining life outcomes that are important for the entrepreneur (Gorgievski, et al., 2011). In identifying intrinsic rewards of entrepreneurship, we are interested in the second type of satisfaction. In some studies, small business owners rank achieving personal satisfaction as a more important determinant of success than achieving high financial returns (Gorgievski, et al., 2011; Walker & Brown, 2004).

Other intrinsic rewards of entrepreneurship are not relevant to the study of rewards gained by entrepreneurs. For example, providing a comfortable work environment (Powell & Eddleston, 2013) and giving back to the community (Gorgievski, et al., 2011; Morris, Kuratko, Schindehutte, & Spivack, 2012) are benefits that accrue to employees and the broader community, respectively. In this study, we focus on intrinsic rewards received by social entrepreneurs. See Table 1 for a review of entrepreneurs' intrinsic rewards identified in recent research.

Entrepreneurs make decisions regarding whether or not to pursue entrepreneurial ventures based at least in part on the outcomes they anticipate receiving from their ventures (Amit, et al., 2001). Most research to date focuses on firm performance and associated personal financial rewards (Hitt, et al., 2011), despite evidence that some entrepreneurs prioritize non-financial outcomes of entrepreneurship (Gorgievski, et al., 2011; Walker & Brown, 2004). Social entrepreneurs place higher value on outcomes for target communities than on their personal financial returns (Dorado, 2006), but there is insufficient empirical evidence of personal rewards that social entrepreneurs do seek. We turn to data from social entrepreneurs to address this gap in the social entrepreneurship literature.

## **Methodology**

We take a qualitative case study approach to exploring rewards of social entrepreneurship (Yin, 2009). In keeping with recommendations to control for the environment in entrepreneurial motivation research (Shane, et al., 2003), we designed our study to gather data on rewards received by social entrepreneurs within Australia. Two Australian organizations that offer training and support to social entrepreneurs invited approximately twenty of their members to participate in our study. From the pool of twenty, we selected four social entrepreneurs based on their accessibility, willingness to participate, and founding of ventures that address distinct social issues (Stake, 1995). Following the initial interviews, we selected nine additional social entrepreneurs to maximize variation in the sample based on social issues addressed, organizational structure, founding team, gender, and years in business (Patton, 1999; Stake, 2006).

*Table 1. Intrinsic Rewards that Accrue to Entrepreneurs as Identified in Recent Research*

<b>Study</b>	<b>Aim</b>	<b>Data</b>	<b>Individual Intrinsic Rewards</b>
Powell and Edelston, 2013	Compare family-to-business enrichment and support between male and female entrepreneurs.	Survey of 253 founders of small to medium sized enterprises	Being a leader, working as part of a team
Dunkelberg, Moore, Scott and Stull, 2013	Examine the impact of owners' monetary and non-monetary goals on resource allocation in new businesses	Survey of 2994 new business owners	Job satisfaction, independence
Eddleston and Powell, 2012	Investigates indirect effects of entrepreneur gender on satisfaction with work-life balance	Survey of 258 male and female entrepreneurs	Work-life balance
Carter, 2011	Consider how scholars understand rewards of entrepreneurship, propose future research directions	Theoretical (entrepreneurs)	Job satisfaction, independence, flexibility
Cope, 2011	Explores the learning process following firm failure	Qualitative, interpretive phenomenological analysis of 8 entrepreneurs with failed businesses	Personal learning
Hitt, Ireland, Sirmon, Trahms, 2011	Propose a new model of strategic entrepreneurship	Theoretical (strategic entrepreneurs)	Personal learning
Gorgievski, Ascalon, Stephank, 2011	Explore how small business owners evaluate their success based on their values	Survey of 150 Dutch business owners	Personal satisfaction, work-life balance,

(continued)

*Table 1. Intrinsic Rewards that Accrue to Entrepreneurs as Identified in Recent Research*

<b>Study</b>	<b>Aim</b>	<b>Data</b>	<b>Individual Intrinsic Rewards</b>
Polo Peña, Frias Jamilena and Rodriguez Molina, 2011	Assess market orientation as a competitive strategy for small, rural service enterprises	10 semi-structured interviews, 108 telephone surveys with rural tourism business managers	Job satisfaction, quality of life
Benzing, Chu and Kara, 2009	Identify motivations, success factors and challenges of entrepreneurs	Survey of 139 Turkish entrepreneurs	Independence
Hmieleski and Corbett, 2008	Examine the moderating role of self-efficacy on the relationship between entrepreneurial improvisation and outcomes	159 founders and leaders of new ventures	Job satisfaction
Shaw and Carter, 2007	Explore the antecedents of social enterprise and its current practice	80 in-depth interviews with social entrepreneurs	Personal satisfaction, life experience
Morris, Miyasaki, Watters and Coombes, 2006	Explore the reasons women-owned firms tend to be lower growth than male-owned firms	Survey of 103 women entrepreneurs, interviews with 50 of the survey respondents	Independence, work-life balance
Haugh, 2006	Examine the financial, social and environmental outcomes of social enterprise at multiple levels	Qualitative, longitudinal case study of 6 social enterprises	Personal satisfaction, quality of life, personal learning, confidence, empowerment
Goldsby, Kuratko and Bishop, 2005	Examine the relationship between exercise and achievement of personal and professional goals	Structured interviews with 366 small business owners	Personal satisfaction, independence

The data collected in this study included both motives and rewards for social entrepreneurship. Thirteen social entrepreneurs participated in the study. Participant fields of work were as diverse as financial services, health and well-being, cultural awareness, arts education, youth leadership, community development, domestic violence, environmental education and career development. Associated ventures included both non-profit and for-profit organizations established between several months and eighteen years prior to the time of the case study. Participants were located primarily in the greater Sydney region or Melbourne, although they served communities throughout Australia and internationally. Some participants were members of a founding team of two or more individuals, and all were managers of their ventures. Three participants were men and ten were women. Participant names were coded to protect confidentiality, and they are referred to as SE1 through SE13 in the findings and discussion sections of the paper.

Data gathered to explore the rewards of social entrepreneurship consisted of email exchanges, brochures, documentation on websites and in-depth interviews. Semi-structured interviews took place over a five month period either in-person or via Skype. The interviewer employed six primary questions, each of which had several follow-up questions to prompt examples or more complete answers. We continued to collect data from and about social entrepreneurs until no new motives or rewards were emerging (Guest, Bunce, & Johnson, 2006).

The data analysis began with coding interview transcriptions and emails using NVivo 8 (QSR International, 2008). Preliminary open coding identified lists of intrinsic and extrinsic rewards associated with social entrepreneurship. Next, we established a coding frame to include intrinsic and extrinsic outcomes of social entrepreneurship. A two-step coding process allowed us to analyze the data from different perspectives (Patton, 1999). Initially, we had no frame to anticipate particular rewards, and then we searched for passages that would confirm or refute the initially identified rewards (Spiggle, 1994). We triangulated the data with documentation from brochures and websites. Next, we categorized the coded data into themes and sub-categories (Corbin & Strauss, 1990). Comments were formatted in a matrix and reviewed for patterns and linkages across themes (Miles & Huberman, 1994). Related rewards were grouped together in this final part of the analysis. For example, skill development and increased sense of self were clustered together under the intrinsic reward of personal growth.

## Findings

Consistent with the broader entrepreneurship literature, the findings of our qualitative data analysis confirm that social entrepreneurs benefit from and value the intrinsic rewards of their ventures. As anticipated, we find the intrinsic rewards of personal satisfaction and learning. Each of these rewards can be anticipated by a review of the entrepreneurship literature, but the expression of each reward varies somewhat from the way it has been observed previously among entrepreneurs. In the following section, we present our findings. For each reward, we discuss how it differs from entrepreneurial rewards identified in past research, in some cases drawing on the psychology literature to define the construct. Quotes from social entrepreneurs in the study provide context and clarity for the findings.

Establishing social ventures offers the social entrepreneurs in this study the intrinsic rewards of pure pleasure and well-being. Hedonic and eudaimonic happiness (Aristotle, 1982/c. 350 BCE) receive substantial attention in the psychology literature (Bradburn, 1969; Diener, 2006; Ryan & Deci, 2001; Ryff, 1989) and seem to be reflected in the experiences of the social entrepreneurs studied here. *Hedonic happiness* is the simple pleasure of feeling relaxed and enjoying oneself (Waterman, 1993). Reflecting hedonic happiness, social



entrepreneurs refer to the aspects of working in their ventures that they enjoy. SE13 says ‘it’s cool! I just enjoy it,’ SE10 comments that ‘I get all these amazing experiences,’ and SE7 observes that ‘you’ll never see me happier than when I’m’ doing this work.

Feelings of accomplishment, satisfaction and fulfilling one’s life purpose are three components of *eudaimonic happiness*, which results from activities that are challenging, and require both effort and a high level of concentration (Waterman, 1993). Surprisingly little research relates entrepreneurship to any aspect of well-being, but recent work finds that eudaimonic happiness can foster the pursuit of entrepreneurial activities (Hahn, Frese, Binnewies, & Schmitt, 2012). Comments from the social entrepreneurs in the study suggest that they benefit from several elements of eudaimonic happiness: a sense of accomplishment, feeling satisfied, and fulfilling one’s life purpose. SE3 indicates a sense of accomplishment when she says that ‘stopping and taking action on one of [my many ideas] is a huge feat for me.’ SE13 reports feeling ‘enormous satisfaction in knowing that I’m doing something that I enjoy *and* is helping other people.’ SE11 says ‘I love knowing now that I have purpose and that I’m living with my own truth.’ Although measuring personal satisfaction as an outcome of entrepreneurial ventures receives attention in the literature, the emergence of hedonic and eudaimonic happiness as outcomes of social entrepreneurship is a new contribution.

Social entrepreneurs in the study also seem to benefit from *personal growth* as an outcome of their ventures. Development of new skills and an associated increase in self-confidence is part of personal growth (Kashdan, Rose, & Fincham, 2004). Personal growth is related to enhanced sense of self, self-concept and self-esteem (Flury & Ickes, 2007). Research suggests individuals who set challenging business goals tend to experience personal growth (Kerr & Landauer, 2004) and setting goals to benefit others strengthens one’s sense of self (Canevello, 2011). Other studies acknowledge the importance of the entrepreneur’s self-concept, but focus on the relationship between the founder’s self-concept and firm performance (Poon & Junit, 2006) or market orientation (Fauchart, 2011), rather than personal growth as a venture outcome. Interestingly, personal growth is associated with both entrepreneurial successes (Bann, 2009) and failures (Cope, 2011; Shepherd, Patzelt, & Wolfe, 2011). In this study, SE3’s increase in self-confidence is apparent when she says, ‘the program...is bringing out the best in people, and...I see that they do that for me as well. All my good qualities are coming out.’ Similarly, SE4 comments ‘doing this kind of work has given me a lot more faith and hope in what I do. It’s building my confidence again.’ Other statements indicate that social ventures serve as training grounds for developing new skills. For example, SE1 says ‘I’ve really learned a lot personally’ and SE4 comments that she is ‘learning so much about business.’

These data suggest that some of the intrinsic rewards identified in the entrepreneurship literature also accrue to social entrepreneurs. Social entrepreneurs appear to benefit from the valued rewards of personal satisfaction and personal learning. A nuanced form of each of these rewards seems to be present in the context of social entrepreneurship. Personal satisfaction emerges as hedonic and eudaimonic happiness. Personal learning is composed of increased self-confidence and the development of new skills, which together reflect personal growth. At the same time, the social entrepreneurs in this study do not indicate that they benefit from either work-life balance or independence.

## Discussion

Drawing from the data, there appears to be a gap between the intrinsic rewards valued by the social entrepreneurs in this study and rewards identified in past entrepreneurship research. Past studies describe satisfaction, independence and work-life balance as the fundamental non-financial rewards entrepreneurs seek to achieve by establishing and building

their ventures (Dunkelberg, et al., 2013; Goldsby, Kuratko, & Bishop, 2005; Morris, et al., 2006). Entrepreneurship researchers discuss these three factors as intrinsic rewards of entrepreneurship, alongside personal learning and being a leader (Cope, 2011; Haugh, 2006; Powell & Eddleston, 2013). Findings in this case study suggest that personal growth, happiness and well-being are key rewards for social entrepreneurs. See Table 2 for a detailed comparison of the different goals and intrinsic rewards represented in the literature and in the present study.

*Table 2: Comparison of Study Findings with the Literature*

<b>Intrinsic Rewards from the Literature</b>	<b>Intrinsic Rewards Identified in this Study</b>
Personal and job satisfaction (Carter, 2011; Dunkelberg, et al., 2013; Goldsby, et al., 2005; Gorgievski, et al., 2011; Haugh, 2006; Hmieleski & Corbett, 2008; Polo Peña, et al., 2011; Shaw & Carter, 2007)	Well-being, including both hedonic happiness, eudaimonic happiness
Personal learning, confidence, empowerment (Cope, 2011; Haugh, 2006; Hitt, et al., 2011; Shaw & Carter, 2007; Shepherd, et al., 2011)	Personal growth, encompassing increased self-esteem and development of new skills
Flexibility, independence (Benzing, et al., 2009; Carter, 2011; Dunkelberg, et al., 2013; Goldsby, et al., 2005; Morris, et al., 2006)	
Work-life balance, enjoyment of the lifestyle (Eddleston & Powell, 2012; Gorgievski, et al., 2011; Haugh, 2006; Morris, et al., 2006; Polo Peña, et al., 2011)	
Being a leader (Powell & Eddleston, 2013)	

One explanation for the discrepancy in intrinsic rewards found in this study relative to findings of past research may be due to the context. It is possible that rewards for social entrepreneurs are substantially different from those of commercial entrepreneurs. Some support for this explanation may be found in studies conducted in a social enterprise context. A multiple case study of social enterprises in Scotland identifies elements of well-being and personal growth as individual-level outcomes for entrepreneurs, employees and beneficiaries associated with social enterprises (Haugh, 2006). Furthermore, a study of the factors that attract people to social entrepreneurship finds that well-being and life experience engage social entrepreneurs, while work-life balance, flexibility and independence rank relatively low on a list of priorities (Shaw & Carter, 2007).

## Conclusion

At an academic level, this study contributes both to the budding body of social entrepreneurship research and the broader field of entrepreneurship. We offer some insights into the personal rewards social entrepreneurs attain when they establish ventures to help others. Their activities can lead to happiness and personal growth. More broadly, this study offers a review of the intrinsic and non-financial rewards of entrepreneurship. This area of research has received minimal attention in the past. As entrepreneurship researchers increasingly acknowledge that entrepreneurs experience non-financial motivations (Amit, et al., 2001), a better understanding of intrinsic rewards for entrepreneurship becomes increasingly important. At a practical level, a better understanding of the intrinsic rewards that accrue to social entrepreneurs might inform new and current social entrepreneurs (and their stakeholders) as they structure their social ventures. It appears that social entrepreneurs gain satisfaction from work that is consistent with their values. Greater insight into rewards offers social entrepreneurs a framework for monitoring the extent to which their business is meeting their personal needs. This may be important as anecdotal evidence suggests social entrepreneurs focus their attention on managing the health of the social venture and the community rather than their own well-being.

The small sample size is a limitation of this study. Data from thirteen social entrepreneurs allow for exploration of the intrinsic rewards that accrue to social entrepreneurs from engaging in social entrepreneurship. It is possible that additional rewards would present themselves in a larger, or more diverse, sample of social entrepreneurs. Further research is needed to confirm whether social entrepreneurs value rewards not identified. Another interesting area for future exploration is a more structured comparison of rewards valued by social and commercial entrepreneurs.

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## **Appendix F: Paper Presented at ACE Bootcamp 2012**

### **Measuring Other-oriented Aspects of Social Entrepreneurial Motivation**

Jennifer Ruskin and Cynthia Webster

#### **Introduction**

Social entrepreneurs establish for-profit, non-profit or hybrid ventures (Townsend & Hart, 2008) with the primary purpose of providing social goods or services (Austin, Stevenson, & Wei-Skillern, 2006; Nicholls, 2006) to disadvantaged target communities (Dees, 1998; Martin & Osberg, 2007). Although social ventures can be profitable, most are structured to ensure that profits are reinvested in the business (Bacq & Janssen, 2011). If social entrepreneurs do not tend to seek financial rewards, why do they invest time and resources to help others, and what returns do they receive?

Research to date emphasizes financial motivations and rewards for entrepreneurship (Haugh, 2006). Research on commercial entrepreneurs suggests they experience a mix of financial and non-financial motivations (Buttner & Moore, 1997; Hamilton, 2000; Kuratko, Hornsby, & Naffziger, 1997). Given social entrepreneurs' clear emphasis on non-financial motivations and returns, social entrepreneurship is a context with great potential for advancing our understanding of non-financial motivations in entrepreneurship. Additionally, a better understanding of the associations between social entrepreneurs' motives and rewards may encourage increased engagement in the sector and enable social entrepreneurs to build satisfying ventures.

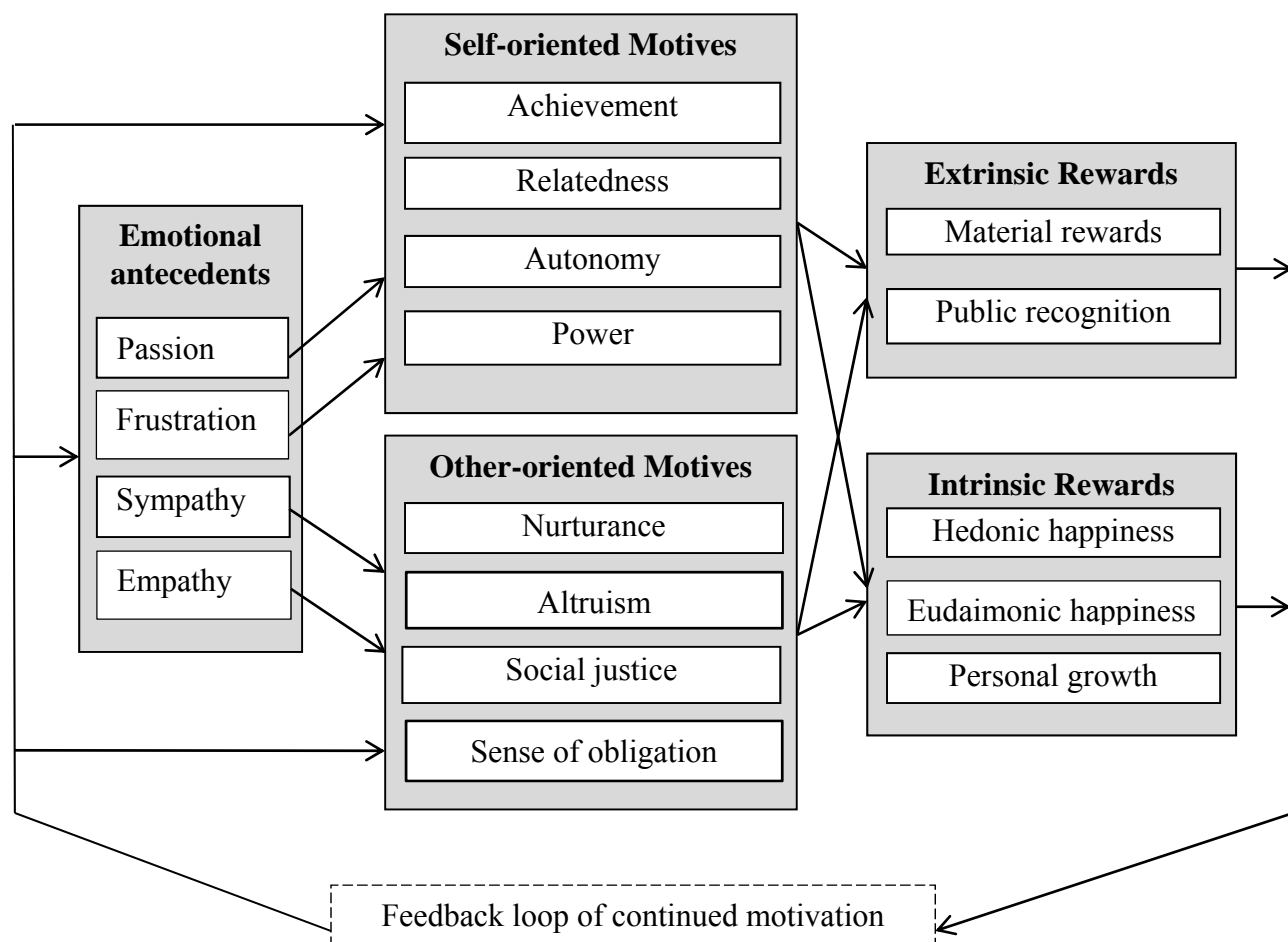
Research to date does not sufficiently theorize or explore the motives of social entrepreneurs (Austin, et al., 2006; Haugh, 2005; Perrini, Vurro, & Costanzo, 2010). Although a limited number of studies explores social entrepreneurial motivation through observation and interviews (Haugh, 2007; Shaw & Carter, 2007), researchers have not conducted surveys of social entrepreneurs' motives. To begin to address this gap, we start with a proposed model of social entrepreneurial motivation (Ruskin, Seymour, & Webster, in press). Then we identify potential scales for measuring social entrepreneurs' motives and rewards. Next, we determine which items are most appropriate for measuring the different aspects of social entrepreneurial motivation. Finally, we discuss the implications for future research.

#### **Model of Social Entrepreneurial Motivation**

The extant entrepreneurship literature theorizes and measures entrepreneurial motivation to some degree, but there is a tendency to focus on self-oriented drives (Renko, 2013; Van de Ven, Sapienza, & Villanueva, 2007) and firm-level financial rewards (Carter, 2011). One model of commercial entrepreneurial motivation proposes that a range of personal characteristics, goals and environmental factors influence a person's initial decision to become an entrepreneur (Naffziger, Hornsby, & Kuratko, 1994). Other researchers identify push and pull as the primary dimensions of entrepreneurs' motivation; entrepreneurs either enter entrepreneurship to pursue an opportunity or necessity drives them to escape unemployment or poverty (McMullen, Bagby, & Palich, 2008; Minniti, Bygrave, & Autio,

2006). Naffziger et al. (1994) suggest that an entrepreneur's satisfaction and continued motivation to persist in the venture is influenced by the entrepreneur's comparison of actual to expected rewards. Although most entrepreneurial motivation research addresses self-oriented motivations and rewards, Van de Ven (2007) argues that pursuing collective interests can facilitate achieving self-interested goals.

Building on entrepreneurial motivation research, scholars are beginning to explore the unique non-financial, other-oriented nature of social entrepreneurial motivation. A recent study of the performance of new ventures finds that having other-oriented motivation delays the likelihood of starting a venture by four years and reduces the chances of successfully introducing new products (Renko, 2013). More recently, Ruskin, Seymour and Webster (in press) draw on the psychology and entrepreneurship literatures and a qualitative study of thirteen social entrepreneurs to propose a conceptual model of social entrepreneurial motivation (Figure 1).



*Figure 1.* Model of Social Entrepreneurial Motivations and Rewards

Note: Adapted from Ruskin et al., in review

The conceptual model of social entrepreneurial motivation includes emotional antecedents, self-oriented motives, other-oriented motives, extrinsic rewards and intrinsic rewards. Passion and frustration are emotions that encourage self-oriented motives, while sympathy and empathy tend to precede other-oriented motivation. A combination of self- and other-oriented motives drives social entrepreneurs to establish social ventures. Self-oriented

motives include achievement, the drive to complete challenging tasks to a high standard (McClelland, 1953; Murray, 1938), relatedness, the need for strong close relationships (Deci & Ryan, 2002; McAdams, 1980; Murray, 1938), autonomy, the motivation to control one's own behavior (Deci & Ryan, 2002), and power, the drive to control the behavior or emotions of others (McClelland, 1985; Winter, 1992). Other-oriented motives comprise nurturance, the need to care for related others (Murray, 1938; Reiss, 2004), altruism, the voluntary desire to help others without expecting an extrinsic reward (Bar-Tal, 1985), social justice, the drive to promote equitable access to opportunities and resources (Tyler, 2000), and a sense of obligation to reciprocate benefits received earlier in life or to fulfill a sense of fate (Korsgaard, Meglino, Lester, & Jeong, 2010). Both self- and other-oriented motives connect to extrinsic and intrinsic rewards. Extrinsic rewards of social entrepreneurship encompass both material rewards, such as financial returns and having a successful venture, and public recognition including positive feedback from the target community (Dorado, 2006; Kuratko, et al., 1997; Prabhu, 1999). Intrinsic rewards include enjoyment, fulfilling one's life purpose (Waterman, 1993), having increased confidence and building new skills (Kashdan, Rose, & Fincham, 2004). In a feedback loop of on-going motivation, extrinsic and intrinsic rewards contribute to social entrepreneurs' experience of emotional antecedents and continued motivation to engage in the venture.

A particular emphasis on creating value for others is a distinguishing feature of social entrepreneurs (Martin & Osberg, 2007). Although social entrepreneurs seem to experience both self- and other-oriented motives, we focus on other-oriented motivations to address aspects of social entrepreneurs' motivation that the literature suggests make them unique. Figure 2 outlines associations between other-oriented motivations and both intrinsic and extrinsic rewards identified in recent qualitative research (Ruskin, et al., in press). All four other-oriented motivations seem to be associated with material rewards, which appear to emphasize the importance of building a successful venture. In addition to material rewards, social entrepreneurs motivated by nurturance and feelings of obligation may benefit from positive feedback and acceptance by the target community. Additionally social entrepreneurs motivated by a sense of obligation may benefit from an increase in confidence and development of new skills. Being motivated by altruism is associated with the experience of enjoyment. Feelings of accomplishment and a sense of fulfilling their life purpose may accrue to social entrepreneurs motivated by either altruism or social justice.

Scholars are beginning to have a better theoretical grasp of social entrepreneurs' motives, but social entrepreneurship researchers have yet to gather quantitative data on the relevant psychological constructs. With the benefit of a conceptual model of social entrepreneurial motivation, we can begin to identify scales from the psychology and entrepreneurship literatures that may be appropriate for measuring the motives of social entrepreneurs.

## Methodology

We began with an extensive review of the literature to identify appropriate scales. Our initial criteria were that the scale or sub-scale should be accessible, designed for self-report on a survey, formatted for responses on a Likert-type scale, and past empirical use, ideally in the context of entrepreneurship, demonstrated internal consistency and reliability. We were not able to find complete scales or sub-scales that were consistent with all aspects of our construct definitions. Instead, we decided to select individual items to draft modified sub-scales for measuring social entrepreneurial motivation. We aimed to include six items in each sub-scale.

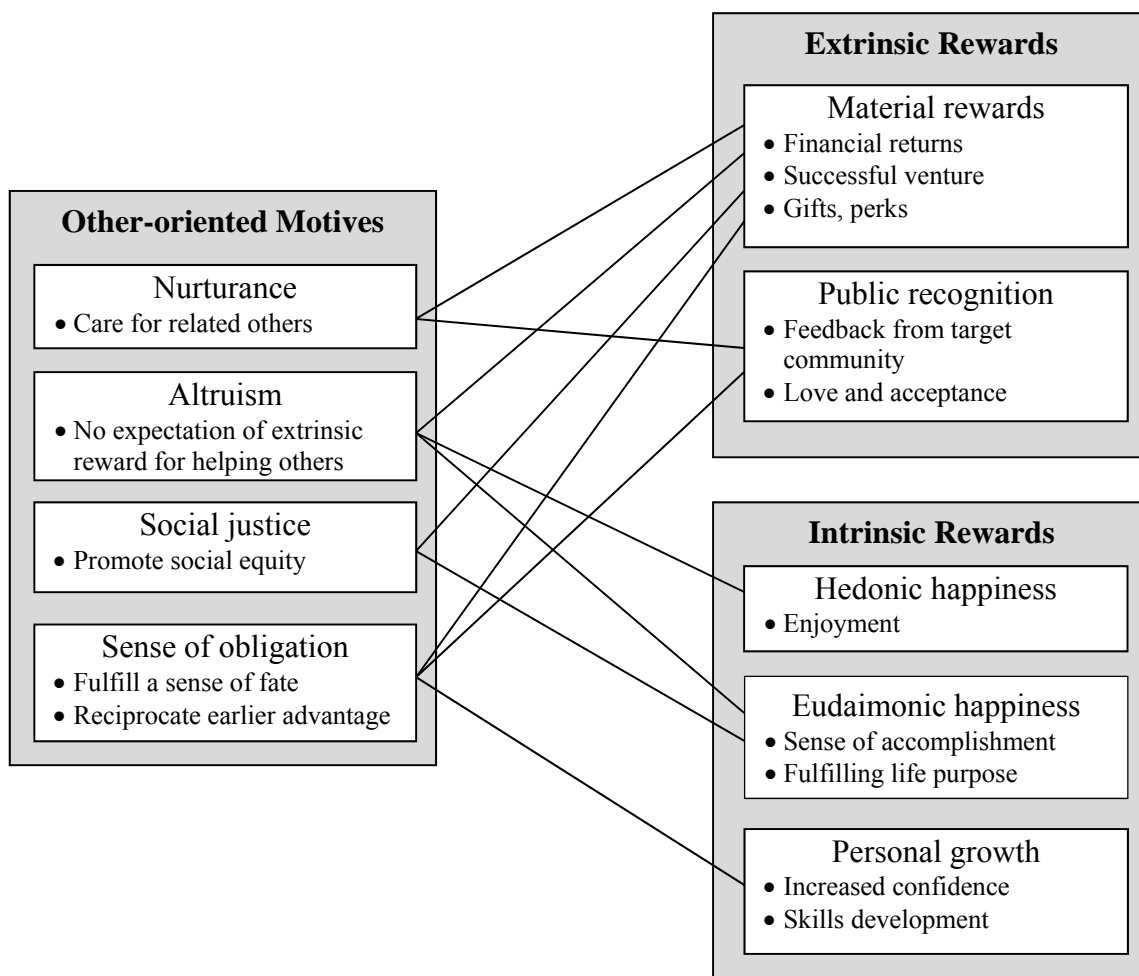


Figure 2. Extrinsic and Intrinsic Rewards Associated with Other-oriented Motives

Note: Adapted from Ruskin et al., in review

## Other-Oriented Motive and Rewards Scales

### Scales to Measure Other-Oriented Motives

Identifying scales to measure the four other-oriented motives is complicated by several factors. Most motivation research focuses on self-oriented aspects of motivation (Batson, 1990). The smaller body of research that does consider other-oriented motivation tends to employ experimental research design (see for example Batson et al., 1988; Cialdini, Schaller, Houlihan, Arps, & Fultz, 1987; Dawes, Van De Kragt, & Orbell, 1988) or gather qualitative data (Karra, Tracey, & Phillips, 2006), rather than using surveys. In addition, researchers frequently refer to prosocial motivation, rather than identifying distinct aspects of other-oriented motivation (Forbes, 2011; Grant, 2008). For the purposes of this research, we identify several possible scales for each motive and reward. Table 1 shows only the items that best fit with our understanding of the construct in the context of social entrepreneurship. In the following paragraphs, we identify our selected scales and discuss the reasons for including or excluding particular items in a survey of social entrepreneurs.

Table 1. Overview of Items Identified to Measure Social Entrepreneurial Motivations

Author, year	Scale or sub-scale	Items
<b>Nurturance</b>		
Davis et al. 2003	Caring	I often feel a strong need to take care of others. I do not like to feel "needed" by other people (-). I frequently do things for others that make them feel good.
Pozzebbon et al. 2010	Altruism	I am interested in helping others learn new ideas. I want to provide comfort and support to others.
Jackson 1974	Nurturance	I often take people under my wing.
<b>Altruism</b>		
Mabry 1998	Civic attitude scale	I feel the need to give time for the good of my community. Regardless of whether I've been successful or not, I feel I ought to help others. I believe it is important to help others even if you don't get paid for it.
Grouzet et al. 2005	Community sub-scale	I assist people who need it, asking nothing in return.
Johnson et al. 1989	Altruism	I feel a need to do volunteer work.
Wrightsmann 1964	Altruism	Most people inwardly dislike putting themselves out to help other people (-).
<b>Social justice</b>		
Kasser and Ryan 1996	Community feeling	I work for the betterment of society. I help others improve their lives. I help people in need.
McCrae, Costa and Martin 2005	Tender-mindedness	When making laws and social policies, we need to think about who might be hurt. I don't worry much about the homeless (-).
Mabry 1998	Civic attitude scale	Individuals have a responsibility to help solve our social problems.
<b>Sense of obligation</b>		
Bunderson and Thompson 2009	Neo-classical calling	Working with this community feels like my calling in life. It sometimes feels like I was destined to do this work. My passion for this work goes back to my childhood.
Bunderson and Thompson 2009	Moral duty	I have an obligation to give this community the best possible care. I consider it my duty to do all I can for this community.
Kolyesnikova and Dodd 2009	Gratitude and obligation	I do this work because it is socially proper Feelings of indebtedness prompt me to do this work I chose my work to repay advantages I received in the past.

(continued)

Table 1. Overview of Items Identified to Measure Social Entrepreneurial Motivations

Material rewards		
Kasser and Ryan 1996	Financial success	I have a lot of expensive possessions. I have a job that pays well. I am financially successful.
Amabile et al. 1994	Outward sub-scale	I seldom think about my salary and promotions (-). As long as I can do what I enjoy, I am not that concerned about my pay (-)
Chandler and Hanks 1993	Satisfaction with performance	I am satisfied with the sales growth in my venture. I am satisfied with the cash flow in my venture. I am satisfied with the return on investment in my venture. I am satisfied with the net profits in my venture.
Young 2006	Social value creation	I am satisfied with the social change outcomes of my venture. I am satisfied with the social innovation outcomes of my venture. I am satisfied with the systemic change outcomes of my venture.
Public recognition		
Kasser and Ryan 1996	Social recognition	As a result of my work, I am known by many people. My name appears frequently in the media in connection with my work.
Kasser and Ryan 1996	Financial success	I have a job with high social status.
Ryff	Affect Balance Scale	I am proud when people compliment my work.
Amabile et al. 1994	Outward sub-scale	I am not that concerned about what other people think of my work (-).
Hedonic happiness		
Grouzet et al. 2005	hedonism	I have a lot of excitement in my life. I experience a great deal of pleasure.
Amabile et al. 1994	Enjoyment	What matters most to me is enjoying what I do. It is important to me to be able to do what I most enjoy.
Eudaimonic happiness		
Steger, Frazier, Oishi and Kaler 2006	Meaning in life	My life has a clear sense of purpose. I have discovered a satisfying life purpose. I am searching for meaning in my life (-).
Amabile et al. 1994	Enjoyment	My work is so absorbing that I forget about everything else.
Ryff 1989	Affect balance scale	I am pleased about what I accomplish through my work.

Note: (-) denotes reverse-scored items.

(continued)

*Table 1.* Overview of Items Identified to Measure Social Entrepreneurial Motivations

Personal growth		
Shepherd, Patzelt and Wolfe 2011	Learning from project failure-project dimension	I have learned to better execute a project's strategy. I can more effectively run a project. I have improved my ability to make important contributions to a project. I now recognize and can avoid past mistakes
Tadeschi and Calhoun 1996	Personal strength	A feeling of self-reliance. Knowing I can handle difficulties. I discovered I'm stronger than I thought I was.

Drawing on the psychology and vocational interests literatures, we are able to modify a scale to measure **nurturance** in social entrepreneurs. The caring sub-scale of the Affective Neuroscience Personality Scale (ANPS) includes items such as, "I often feel a strong need to take care of others," which seems fitting (Davis, Panksepp, & Normansell, 2003, p. 61). The original fourteen item Davis et al. (2003) scale includes several items that address caring for pets or stray animals, however, which do not seem relevant to social entrepreneurs. Drawing from the altruism sub-scale of the Oregon Vocational Interest Scales, we include items such as "I am interested in helping others learn new ideas," which appears to measure the drive to foster the development of others (Pozzebon, Visser, Ashton, Lee, & Goldberg, 2010, p. 173). Finally, Jackson's (1974) item "I often take people under my wing" suggests caring for others in the context of an on-going relationship.

Identifying an appropriate scale to measure **altruism** among social entrepreneurs is a daunting task. A large number of scales have been proposed over the last half century with altruism defined in different ways. Nonetheless, items such as "I believe it is important to help others even if you don't get paid for it" from a civic attitude scale seem adept to measure altruism in social entrepreneurs (Mabry, 1998, p. 46). One item from the civic attitude scale refers to solving social problems, thus suggesting social justice and limiting the potential to use the full five-item scale. We draw from a community sub-scale to reinforce the idea of helping without the expectation of an extrinsic reward (Grouzet et al., 2005). We turn to long-established altruism scales for items to address the motivation to volunteer time and effort (Johnson et al., 1989) and a reverse-scored item about a dislike for helping others (Wrightsman, 1964).

The foundation for a scale to measure the drive for **social justice** in social entrepreneurs is found in the community feeling sub-scale of the aspiration index (Kasser & Ryan, 1993). Three items from the scale address social change, helping individuals improve their circumstances and helping those in need. For our purposes, there are two drawbacks of the scale. First, it is designed to measure goals to be obtained, so the items are written in future tense, and second, one item evokes altruism more than social justice. We address the limitations by rephrasing the items in the future tense and seeking complementary items in other scales. Two items from McCrae et al.'s (2005) tender-mindedness scale contribute the drive to minimize the negative impact of social policies and a reverse-scored item about a lack of concern for the homeless. Finally, we select an item from the civic attitude scale to address an individual's "responsibility to help solve" social challenges (Mabry, 1998, p. 46).



The principle scales to measure a **sense of obligation** among social entrepreneurs come from Bunderson and Thompson's (2009) neo-classical calling and moral duty scales. Several items seem appropriate to measure social entrepreneurs' feeling that they are destined to do the work they do. Both scales are written to measure zoo keepers' calling, and thus, specifically refer to animals. If the reference community in the items is changed from "animals" to "this community" or "this work," then the scales seem fitting to measure social entrepreneurs' feelings of fate. In addition, items from the moral duty scale seem more appropriate if words like "moral" and "sacred" are removed. Items from a different scale are necessary to capture social entrepreneurs' feelings of obligation to reciprocate advantages received earlier in life. A gratitude and obligation scale provides items that seem appropriate as long as the wording is revised to address social entrepreneurs, rather than wine-tasting tourists (Kolyesnikova & Dodd, 2009).

### Scales to Measure Extrinsic Rewards

We now turn our attention to extrinsic rewards and begin the search for ways to measure material rewards and public recognition among social entrepreneurs. Material rewards for social entrepreneurs include both financial rewards and the existence of a successful venture, while public recognition encompasses feedback from the target community (Dorado, 2006; Kuratko, et al., 1997).

Financial success is one aspect of **material rewards**. The financial success sub-scale of the aspiration index measures the extent to which people set goals for monetary rewards (Kasser & Ryan, 1993). Similar to the social justice scale, we can re-word the items to refer to social entrepreneurs' satisfaction with the financial rewards from their work. Two items from Amabile et al.'s (1994) outward sub-scale of the work preference inventory contribute reverse-scored items that address the emphasis placed on receiving financial rewards. To capture social entrepreneurs' perception of their venture's success as a reward of their efforts, we turn to the entrepreneurship literature. Chandler and Hanks' (1993) self-report measure of satisfaction with venture performance may be an appropriate start for measuring venture success in social entrepreneurs. Respondents indicate their satisfaction with several financial indicators, such as sales growth and return on investment. As social entrepreneurs' primary focus is to create value for target communities in need, it seems reasonable that their perception of social outcomes is an integral aspect of success. Drawing on a framework of social value creation, we propose three items to assess social entrepreneurs' satisfaction with the social outcomes of their venture (Young, 2006).

A couple of items from the social recognition sub-scale of the aspiration index are fitting to measure **public recognition** as a reward of social entrepreneurship, as long as wording is adjusted to present tense and focuses on work-related recognition (Kasser & Ryan, 1993). Unfortunately, the full scale is not appropriate, because two of the items address recognition that is not a likely outcome of entrepreneurial activities. Furthermore, the social status and achievements aspects of public recognition are not addressed by the scale. Thus, we round out our proposed public recognition scale with an additional item from the financial success sub-scale of the aspiration index (Kasser & Ryan, 1993), one item from Ryff's (1989) affect balance scale, and one reverse-scored item from Amabile et al.'s (1994) outward scale.

### Scales to Measure Intrinsic Rewards

A recent study of the association between happiness and entrepreneurial initiative measures **hedonic happiness** as satisfaction with life (Hahn, Frese, Binnewies, & Schmitt,

2012). The satisfaction with life scale is not suitable for our purposes, because it assesses an overall sense of well-being, which is not domain-specific and is open to the interpretation of the respondent (Pavot & Diener, 1993). In contrast, our definition of hedonic happiness as enjoyment emphasizes the distinction between simple pleasure and deeper feelings of living to one's life purpose as two aspects of well-being (Waterman, 1993). The hedonism sub-scale of the cross-cultural aspiration index evokes excitement and pleasure as rewards, but items require rewording to exclude sexual references and to refer to current rewards rather than future goals (Grouzet, et al., 2005). Amabile et al.'s (1994) enjoyment sub-scale of the work preference inventory complements the hedonism sub-scale with items that refer to enjoyment specifically as a reward for work. Taken together these items may constitute a reasonable, albeit short, sub-scale to measure hedonic happiness as a reward of social entrepreneurship.

Hahn et al. (2012) measure vigor, a positive feeling of aliveness and energy, to represent **eudaimonic happiness** among entrepreneurs. Our conceptualization of eudaimonic happiness as deep engagement in activities to advance personal goals and fulfill one's life purpose is not consistent with a scale that measures vigor. Steger et al.'s (2006) meaning in life scale seems appropriate to measure some aspects of eudaimonic happiness among social entrepreneurs. Items, such as "my life has a clear sense of purpose" and the reverse-scored "I am searching for meaning in my life" address the concept of living to one's purpose (Steger, et al., 2006, p. 93). Two elements of eudaimonic happiness, engaging in activities that require a high level of concentration and achieving personal goals, however, are not represented. We select an item from the enjoyment scale that refers to being absorbed by one's work (Amabile, et al., 1994) and an item that refers to feelings of accomplishment from the affect balance scale (Ryff, 1989) to address these deficiencies.

**Personal growth** encompasses both an increase in confidence and acquiring new skills (Kashdan, et al., 2004). A scale developed to measure entrepreneurs' learning from project failure seems to measure the development of new skills through entrepreneurship, such as executing strategy and learning from mistakes (Shepherd, Patzelt, & Wolfe, 2011). The items need to be re-worded without specific references to project failure to be appropriate to measure skill development as a reward of social entrepreneurship. A personal strength sub-scale appears to complement the new skill items with items to measure increased self-confidence (Tedeschi & Calhoun, 1996). Respondents rate the extent to which they experience feelings of self-reliance and the new perception that they can achieve more than they thought possible.

Our initial intention to identify existing scales to measure social entrepreneurs' motives and rewards comes up short. Unfortunately, our search of the literature does not uncover appropriate scales to measure social entrepreneurial motivation for a variety of reasons. Some scales integrate distinct constructs in a single scale. In other cases, nuanced construct definitions require entrepreneurship-specific scales. To address the lack of fitting scales or sub-scales, we draw on multiple existing scales, re-phrasing as necessary, to propose modified sub-scales to measure social entrepreneurial motivation.

## Discussion and Conclusion

Our search for existing, appropriate scales to measure social entrepreneurial motivation indicates that few, if any, existing sub-scales are suitable for measuring the motives and rewards of social entrepreneurs. Although, the experience of other-oriented motives by social entrepreneurs appears consistent with how the constructs are defined in the motivation literature, many existing scales measure multiple distinct other-oriented motives in

a single scale. Once we separate the distinct types of other-oriented motivation, items from psychology and other non-entrepreneurship literature seem fit to measure other-oriented motives in social entrepreneurs. In contrast, some reward constructs have domain-specific definitions in the context of social entrepreneurship, and are thus, difficult to measure with scales developed in other fields. In particular, material rewards encompass an element of benefiting from the existence of a successful venture, and personal growth integrates both a general increase in self-confidence and the development of new skills associated with entrepreneurship. It appears that a combination of items developed within and outside the entrepreneurship context is needed to measure the nuanced rewards of social entrepreneurs.

Now that we have identified between four and twelve items we believe are appropriate for each sub-scale to measure social entrepreneurs' other-oriented motives and rewards, three steps are necessary to validate the proposed scales. The first step is to format the proposed scales as a survey. The second step is to recruit a panel of five academic experts and five entrepreneurs who are willing to pilot test the survey and offer feedback regarding content validity, ambiguous items, double-barreled items, survey flow and survey length (see for example Kolyesnikova & Dodd, 2009; Shepherd, et al., 2011). In step three, a revised survey goes out to a panel of small business owners with an aim to achieve two hundred responses. We test the responses for test-retest reliability, equivalence reliability, construct validity, and discriminant validity (Amabile, et al., 1994; Johnson, et al., 1989; Mabry, 1998; Wrightsman, 1964). Once we have a valid scale for measuring social entrepreneurial motivation, we will be in a position to test the model of social entrepreneurial motivation. The increased capacity to study non-financial motivations among social entrepreneurs may have broader applicability to entrepreneurs in general.

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## Appendix G: Paper Presented at ACERE 2014

### Beyond Prosocial and Altruistic: Identifying Other-oriented Motives of Social Entrepreneurs

Jennifer Ruskin, Cynthia M. Webster, Erik Lundmark

#### Abstract

*Social entrepreneurs create new ventures to fill market-based gaps in the provision of social goods or services. The young academic field of social entrepreneurship lacks a theory of social entrepreneurial motivation. Both prosocial motivation and altruism are identified as foundations for social entrepreneurial activities, but they are poorly defined and supported by limited empirical evidence. We propose nurturance, social justice and reciprocity as additional other-oriented motives for social entrepreneurs. Based on 217 responses to an online survey, we conduct exploratory and confirmatory factor analyses. Our findings suggest that while nurturance is not a distinctive motivating factor, social entrepreneurs are influenced by prosocial motivation, altruism, social justice and reciprocity. A better understanding of what drives social entrepreneurs to invest resources in ventures that benefit others may offer insights into ways to encourage continued engagement in this important and growing sector of the economy.*

#### Introduction

Entrepreneurs start ventures for a variety of reasons, some pursue wealth and fortune, some seek basic financial security, some aim to help others and some simply want to keep busy (Mair & Martí, 2006; Miller, Grimes, McMullen, & Vogus, 2012; Naffziger, Hornsby, & Kuratko, 1994). Understanding the motivations that drive entrepreneurship is important not only because they influence whether or not new ventures are launched, but also because underlying motivations may influence the outcomes of new ventures (Baum & Locke, 2004; Baum, Locke, & Smith, 2001). In fact, the motivations underlying a new venture may be an important parameter in determining whether the venture is successful in the eyes of the founding entrepreneur(s) (cf. Carter, 2011; Hamilton, 2000; Kuratko, Hornsby, & Naffziger, 1997). However, research on entrepreneurial motivation tends to neglect or downplay social entrepreneurship, and few empirical studies of social entrepreneurial motivation exist.

Social entrepreneurs create new ventures to fill market-based gaps in the provision of social goods or services (Austin, Stevenson, & Wei-Skillern, 2006). Social entrepreneurs behave entrepreneurially in the sense that they identify opportunities, innovate, take risks and earn income through trade (Peredo & McLean, 2006). The social aspect of social entrepreneurs lies in their aim to bring about positive social change for target communities in need (Martin & Osberg, 2007). It is the presence of both a social and entrepreneurial element that differentiates social entrepreneurs from other entrepreneurs (Seymour, 2012).

As a subset of entrepreneurs, it seems that social entrepreneurs may have some motives that are similar to those of commercial entrepreneurs, but the factors that drive them to act socially may differ. The literature on entrepreneurial motivation tends to either omit social entrepreneurs altogether or to claim that social entrepreneurship is likely to be driven by entrepreneurial activities as ends in themselves or by general and unspecific social motives (cf. Baum & Locke, 2004; Carsrud & Brännback, 2011). Social or other-oriented motives are

particularly important as they drive behavior to help others (Batson, 1990). The literature focusing specifically on social entrepreneurship suggests both prosocial motivation and altruism are key other-oriented motives and the foundations for social entrepreneurial activities (Mair & Martí 2006; Miller, Grimes, McMullen, & Vogus 2012). The empirical work addressing prosocial motivation as a driver of entrepreneurship relies on coded, qualitative responses to open-ended questions in the Panel Study of Entrepreneurial Dynamics II (Renko, 2013).

While prosocial motivation and altruism might be important drivers of social entrepreneurship, they do not exhaust the spectrum of other-oriented motivations that may underlie entrepreneurial ventures. Moreover, scales for measuring other-oriented motivation have yet to be developed and tested in the field of social entrepreneurship. Consequently, there is a gap in our understanding of what types of other-oriented motivation are experienced by social entrepreneurs and how to measure them. A better understanding of other-oriented social entrepreneurial motivation may be useful in three ways. First, it can offer insights into ways to encourage continued engagement on the part of social entrepreneurs in an important and growing sector of the economy. Second, being able to measure other-oriented motivation in social entrepreneurs will enable us to assess the impact different mixes of other-oriented motivation have on ventures. Third, it may foster a better understanding of how similar or different commercial and social entrepreneurs actually are.

This paper has two aims: 1) to draw on the psychology literature to extend the conceptual foundation for other-oriented motivation in social entrepreneurship and 2) preliminary development and testing of constructs for possible inclusion in a scale to measure social entrepreneurs' other-oriented motivation. The remainder of the paper is organized as follows. We review the study of motives in entrepreneurship. We then draw from the psychology literature both to distinguish self- and other-oriented motivation and to propose that social entrepreneurs may be motivated by three other-oriented motives in addition to altruistic and prosocial motivation. Next, we describe our methodology for collecting data and analysis. Finally, we present our results and a discussion.

### **The Study of Motives in Social and Commercial Entrepreneurs**

Recent research suggests that particular motives can distinguish non-entrepreneurs from entrepreneurs, and can even allow for predictions of performance (Baum & Locke, 2004; Collins, Hanges, & Locke, 2004; Stewart & Roth, 2007). Motives that have consistently been linked with entrepreneurs include the needs for achievement (Carsrud & Brännback, 2011; Deshpande, Grinstein, Kim, & Ofek, 2013; Shane, Locke, & Collins, 2003) and autonomy (De Clercq, Honig, & Martin, 2013; Douglas, 2013; Lam, 2011). Both of these motives are self-oriented to the extent that acting on them is in one's self-interest (Batson, 1990). A person who pursues achievement, for example, may benefit both from the personal satisfaction of completing a challenging task to a high standard as well as extrinsic rewards associated with their performance. In contrast, other-oriented motives drive behaviors that benefit others (Van de Ven, Sapienza, & Villanueva, 2007).

Guided by our interest in social entrepreneurs, we focus on other-oriented motives. It seems reasonable that social entrepreneurs, whose primary aim is to help a target community in need (Bacq & Janssen, 2011), experience other-oriented motivation. While entrepreneurship research focuses almost exclusively on self-interest, evidence suggests that entrepreneurs who consider self- and collective interests are more likely to recognize opportunities and generate resources (Tiessen, 1997; Van de Ven, et al., 2007). Academics

identify social entrepreneurial motivation as either altruistic (Mair & Martí, 2006; Miller & Wesley Ii, 2010) or prosocial (Miller, et al., 2012; Renko, 2013). Studies to date that consider social entrepreneurial motivation tend to be either conceptual (Mair & Martí, 2006; Miller, et al., 2012; Nicholls, 2006) or qualitative (Prabhu, 1999; Shaw & Carter, 2007). One quantitative study relies on coded, qualitative responses in the Panel Study of Entrepreneurial Dynamics II survey to determine whether or not entrepreneurs are prosocially motivated (Renko, 2013, p. 1054). These limitations in the existing literature suggest a need for expanded understanding and better measurement tools associated with other-oriented motivation in social entrepreneurship.

### **Other-oriented motives in Social Entrepreneurship**

A recent review of the psychology literature identifies four reasons people seek to help others: 1) people act in their own self-interest, 2) they are driven by an emotional connection with those they help, 3) they have a particular affinity for the target community and 4) by helping they are upholding a universal principal, such as social welfare (Forbes, 2011). Yet, only two individual constructs, prosocial motivation and altruism, are discussed in the social entrepreneurship literature.

**Prosocial motivation** is the drive to benefit others (Grant, 2008). It seems intuitive that people who act entrepreneurially to benefit a target community in need are driven by the relatively generic prosocial motive. In one study, almost eighty percent of social entrepreneurs demonstrate prosocial motivation when they identify bringing about social change as one of the reasons they started their ventures (Shaw & Carter, 2007). At the same time, having prosocial motivation may reduce the likelihood that a social venture will get off the ground, possibly because of a lack of support for innovative social ideas (Renko, 2013). It is perhaps not surprising that many social entrepreneurs are motivated to help others, but it is unclear whether they anticipate receiving material returns.

**Altruism** motivates people to help others without expectation of an extrinsic reward (Bar-Tal, 1985). Altruism is identified conceptually as a motive for social entrepreneurship, but without empirical evidence or a clear definition (cf. Mair & Martí, 2006; Nicholls, 2006; Prabhu, 1999). There is some acknowledgement that social entrepreneurs may benefit from intrinsic rewards (Mair & Martí, 2006), which does not preclude the presence of altruism. Expansive definitions of social entrepreneurs encompass both individuals who focus exclusively on social impact and those who balance goals of social impact and profitability (Peredo & McLean, 2006). Social entrepreneurs who seek profit are not acting on altruism, because they anticipate financial rewards for their actions. Research suggests that altruism motivates at least some types of entrepreneurs. Female entrepreneurs are motivated relatively consistently by altruism across their lifespans, while male entrepreneurs' altruistic motivation tends to increase as they age (Wasserman, 2008). Altruistic motivation helps sustainable entrepreneurs identify opportunities that support the environment (Patzelt & Shepherd, 2011), enables family business owners to benefit both family and non-family staff (Karra, Tracey, & Phillips, 2006), and influences the way some who operate private practices handle ethical dilemmas (Calnan, Silvester, Manley, & Taylor-Gooby, 2000). Although evidence in the context of social entrepreneurs is lacking, it seems that social entrepreneurs who focus on bringing about social change without striving for financial returns or other extrinsic rewards are motivated by altruism. Social entrepreneurs, then, seem driven to help others, and at least some sub-set of social entrepreneurs appears not to anticipate extrinsic rewards.

Drawing on the psychology literature, we identify some further reasons that social entrepreneurs might help others. First, **nurturance** is the drive to care for and foster the development of familiar others (Murray, 1938; Reiss, 2004). Erikson's (1982) lifecycle analysis suggests that people are motivated to care for others across generations. Although it is not referred to as nurturance, there is some evidence that green entrepreneurs are aware of how their ventures impact the children of their communities and future generations (Allen & Malin, 2008; Salome, van Bottenburg, & van den Heuvel, 2013). It seems that nurturance may be a motive for social entrepreneurs, who foster positive social change in communities they know well, or of which they are members (Tapsell & Woods, 2010). Second, as a motive, **social justice** drives efforts to achieve equitable distribution of opportunities and resources (Tyler, 2000). Through their ventures, entrepreneurs can both raise awareness of social justice issues and bring about related social change (Allen & Malin, 2008). Social justice may play a role in social entrepreneurs' motivation when they support social impact in disadvantaged communities that are unable to bring about change without intervention (Martin & Osberg, 2007). Generalized **reciprocity** is an exchange in which person A offers a gift to person B, and person B offers a reciprocal gift to person C, rather than directly back to person A (Yamagishi & Cook, 1993). An individual may reciprocate a gift at a later date (Offer, 1997). A study of the factors that sustain organizational citizenship behaviour suggests that people do, indeed, help others when they feel an obligation to reciprocate (Korsgaard, Meglino, Lester, & Jeong, 2010). Social entrepreneurs may establish ventures as a way to give back to communities based on earlier advantages they received. Thus, there is some evidence to suggest that additional motives for social entrepreneurs to help others may include nurturance, social justice and reciprocity.

## Methodology

We employed a multi-phase process to gain a better understanding of the types of other-oriented motivation that are relevant to social entrepreneurs. Initial steps included survey development, scale identification, modification and pilot testing. We used an online survey with the finalized scales to collect data from entrepreneurs within Australia. An exploratory factor analysis (SPSS 21) using principal axis factoring with a pro max rotation (Schmitt, Gollwitzer, Maes, & Arbach, 2005), enabled us to develop an appropriate measurement model to articulate which items of prosocial motivation, altruism, nurturance, social justice and reciprocity are factors of other-oriented motivation (Cardon, Gregoire, Stevens, & Patel, 2013; Chrisman, Chua, Pearson, & Barnett, 2012). Finally, we conducted a confirmatory factor analysis (Amos 21) to assess the existence of specific types of other-oriented motivation.

### Phase 1: Survey Development, Scale Identification, Modification and Pilot Testing

First, we did an extensive review of the psychology, management and entrepreneurship literatures to identify existing valid and reliable scales to measure prosocial motivation, altruism, nurturance, social justice and reciprocity. We chose scales based on the fit between the scale items and the definition of the constructs we wanted to measure. We selected three to five items from each scale (Begley & Boyd, 1987) and adjusted the wording for consistency across scales (Grant, 2008). Second we engaged a panel of six academics with backgrounds in psychology or entrepreneurship to assess the face validity of the modified items and scales (Shepherd, Patzelt, & Wolfe, 2011). All finalized items used a 5-point Likert-type scale from strongly disagree to strongly agree. Questions were added to gather background information about the entrepreneur and their venture. Finally, ten entrepreneurs

pilot tested the survey and offered feedback about the length, flow and readability of the survey.

### *Measures of other-oriented motivation*

We included all four items of a four-item scale to measure **prosocial motivation** with an alpha coefficient of .91 (Grant, 2008). All four items were adopted verbatim. We nominated four items from the fourteen item Wrightsman (1964) **altruism** scale, which had reliability coefficients ranging from .60 to .91 with different sample populations. One item was dropped based on feedback from the academic panel. In keeping with other measures adopted for the survey, all items were modified from third person to first person. For example, “most people do not hesitate to go out of their way to help someone in trouble” became “I often help people and expect no reward.” To measure **nurturance**, we selected four items from the fourteen-item Davis (2003) caring scale, which had a Cronbach’s alpha ranging from .65 to .86. Following panel review, we dropped one item for a final three-item scale. Two items were adopted verbatim. The third was adapted to be less limiting in terms of the fields of work undertaken by social entrepreneurs. “I like taking care of children” was changed to “I like to help people feel better.” For **social justice**, we proposed five items from the ten-item observer sensitivity subscale of the justice sensitivity inventory, which had a reliability coefficient of .97 (Schmitt, et al., 2005). Items were adapted to be more general. For example, “It disturbs me when someone receives fewer opportunities to develop his/her skills than others” became “It disturbs me when someone receives fewer opportunities.” One item was removed on recommendation of the academic panel for a final four-item scale. To measure **reciprocity**, we identified three items from the four-item Goei and Boster (2005) obligation scale with a standardized item alpha of .88. The items were modified both to be in present tense and to reflect reciprocity from earlier advantages, rather than simply returning favors. For example, “I felt obligated after receiving the favor” was adjusted to “I feel obligated to help others because of the advantages I have.”

### **Phase 2: Online Survey**

Thirty-seven agencies that support entrepreneurs in Australia agreed to distribute an announcement to their membership base with a link to an online survey. According to agency preference and the communication channels they tend to use, the announcement and link were sent by direct email, embedded in an electronic newsletter or posted to social media. Several weeks after the initial links were sent out, we re-contacted the organizations to ask them to resend the announcement and link either by the same method, or preferably, by multiple methods. Between the initial distribution of the link and follow-up distributions, we received 168 responses. Without knowing the exact membership base of each agency or which members receive communications through the various channels, it is difficult to calculate the response rate. The agencies estimated having membership bases that range from two hundred to five thousand. If we use an estimate of 250 members on average, and assume that fifty per cent of the membership base might have been reached through the combination of distribution channels, we come up with an estimated 4,625 entrepreneurs who received the link. This gives us a low response rate of 3.6 per cent.

In a second round of survey distribution, we targeted social entrepreneurs directly to increase the number of survey responses from social entrepreneurs. We developed a list of social enterprises from online databases that seem likely to have a high percentage of social enterprise listings. One of the authors worked with a research assistant to call each social enterprise and invite a social entrepreneur to respond to the survey. Calls to 524 social

enterprises yielded 142 survey responses, or a response rate of 27 percent. Of the 310 responses from the two rounds of data collection, twenty-two respondents were removed because they did not respond to all of the motivation items. A further seventy-one respondents were removed, because they did not identify themselves as a founder, owner, successor or CEO of the enterprise. This resulted in 217 complete responses for the final analysis.

### **Results**

#### **Descriptive Statistics**

The total number of entrepreneurs with complete responses to the survey was 217. When presented with a situation in their venture that forces a choice between social impact and profitability, 92 respondents report they would choose social impact, while 125 would ensure profitability. It is interesting to note that the distribution of firms by industry, venture structure and number of employees is quite similar across firms focused on social impact and profitability. Younger, female entrepreneurs with more education appear to be more focused on social impact than their older, male counterparts with less formal education. The higher percentage of profit-focused entrepreneurs with higher incomes could be associated with their attention to profitability or it may be associated with the profit-focused firms being in business for longer on average. For a summary of firm and entrepreneur demographics by focus on social impact or profitability, please see Table 1.

*Table 1.* Firm and Entrepreneur Demographics By Focus on Social Impact or Profit

	Social Impact N = 92	Profitability N = 125
Industry		
Property and business services	13.0%	15.2%
Retail trade	9.8%	16.8%
Education, community and health services	15.2%	11.2%
Wholesale trade	8.7%	8.8%
Culture and recreation services	12.0%	1.6%
Personal services	5.4%	6.4%
Agriculture	4.3%	7.2%
Venture structure		
Company	29.3%	38.4%
Sole trader	32.6%	29.6%
Non-profit	19.6%	8.8%
Partnership	13.0%	12.0%
Venture age in years		
< 1	2.2%	7.2%
1-5	47.8%	44.0%
6-15	37.0%	27.2%
16-50	13%	21.6%
Number of employees		
0	13.0%	15.2%
1-10	71.7%	74.4%
11-25	9.8%	4.0%
25+	5.4%	6.4%
Entrepreneur's age		
20-25	4.3%	2.4%
26-45	42.4%	27.2%
46-65	34.8%	51.2%
66+	5.4%	4.0%
Entrepreneur's gender		
Male	41.3%	45.6%
Female	47.8%	40.8%
Entrepreneur's education		
School	13.0%	22.4%
Trade, some college	10.9%	12.0%
University degree	64.1%	52.0%
Entrepreneur's income from venture		
< \$20,000	42.4%	21.6%
\$20,001 – 50,000	26.1%	24.8%
\$50,001 – 80,000	4.3%	17.6%
\$80,001 – 120,000	9.8%	8.0%
\$120,001+	6.5%	14.4%

### Exploratory Factor Analysis

The initial exploratory factor analysis indicates a significance of .000 on Bartlett's test of sphericity, suggesting that the set of variables is appropriate for an exploratory factor analysis. The preliminary test based on Eigenvalues over one indicates that four factors explain 52.3 percent of the variance. Two nurturance items, one altruism item and one social justice item cross-loaded substantially. We ran a second exploratory factor analysis without the items that were cross-loading and specified a four-factor solution. The result was a clean four-factor solution including the original four prosocial items as the first factor, a second factor with the original three reciprocity items, a third factor including three of the four social justice items, and a fourth factor combining one nurturance item with two altruism items (Table 2). For simplicity, we refer to the fourth factor as altruism in the remainder of the paper, because the three factors that loaded together adhere more to the definition of altruism than nurturance. The second factor model indicates that the four factors explain 56.3 percent of the variance.

Table 2. Pattern Matrix for Four Other-oriented Motives

Items	Initial Eigenvalues for each factor	Factors			
		1	2	3	4
Prosocial_1	4.912	.695			
Prosocial_2		.948			
Prosocial_3		.666			
Prosocial_4		.719			
Nurturance_1	1.059				.448
Altruism_1					.872
Altruism_2					.620
Social Justice_1	1.229			.582	
Social Justice_3				.829	
Social Justice_4				.739	
Reciprocity_1	1.795		.583		
Reciprocity_2			.841		
Reciprocity_3			.760		

### Confirmatory Factor Analysis

In the next step of analysis, we conducted a confirmatory factor analysis (Amos 21) with the four factors identified in the exploratory factor analysis (Figure 1). The CMIN/DF ratio is 2.414, which is well within the outer limit of five. The GFI and CFI, which should both be close to one, are good at .904 and .923, respectively. The PCLOSE, which should be above .05 is a bit low, but the RMSEA, which should be below one is tolerable at .081. These statistics suggest that the model is a reasonable fit. In addition, most of the factor loadings for each item of the four other-oriented motives are good. Three items, two from the altruism factor and one from the social justice factor, fall below the .7 ideal threshold. These results suggest that altruism is the weakest of the four constructs and not as well-defined.



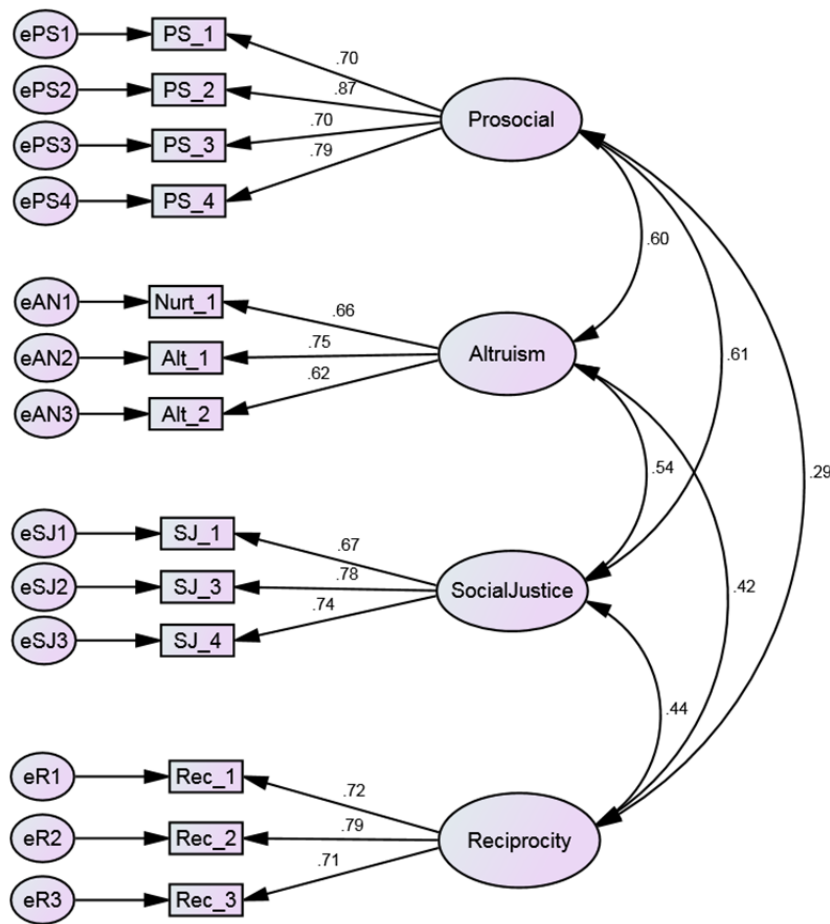


Figure 1. Confirmatory Factor Analysis for Four Other-oriented Motives.

## Discussion and Conclusion

Other-oriented motivation has historically received less attention than self-oriented motivation (Batson, 1990). There is gradually increasing recognition of the importance of other-oriented motivation in the context of entrepreneurship (Tiessen, 1997; Van de Ven, et al., 2007). The findings of this study offer strong empirical evidence for prosocial motivation among social entrepreneurs, but less so for altruism. Additionally, we extend the literature by showing that social justice and reciprocity may also play a role in motivating social entrepreneurs. Although further research is needed, these findings have some academic and practical implications.

At an academic level, we offer empirical evidence of four types of other-oriented motivation among social entrepreneurs. Further research is needed to assess whether these four motives contribute to the experience of other-oriented motivation. It is possible that social entrepreneurs experience prosocial motivation, altruism, social justice and reciprocity, but only a subset of these motives influence the drive to help others. Thus, our findings offer preliminary support for the idea that a conceptual model of other-oriented social entrepreneurial motivation includes social justice and reciprocity alongside prosocial motivation and altruism.

At a practitioner's level, social entrepreneurs, themselves, may benefit from a better understanding of what drives them. If further research substantiates the presence of additional types of other-oriented motivation among social entrepreneurs, this knowledge may facilitate the work of social entrepreneurs, impact investors and agencies that train social entrepreneurs. For example, if social entrepreneurs know they are motivated by reciprocity, they can structure their ventures to ensure direct or generalized exchanges with communities from which they receive support. In an arena where the decision-making processes of social venture financiers receives attention (Miller & Wesley Li, 2010), understanding other-oriented motives may facilitate appropriate matches. If, for instance, a donor seeks equity of opportunities and resources for a particular community, he/she may be more likely to fund a social entrepreneur who is motivated by social justice. Social entrepreneurship educators can tailor their coursework to train social entrepreneurs to structure their ventures in ways that offer rewards that correspond with their motives to establish the venture. For example, a social entrepreneur who is motivated prosocially can structure outcome reporting to ensure they get feedback on how the target community is benefiting from the venture's interventions. Such adaptations may ensure that individual social entrepreneurs receive rewards that are appropriate to their motivations, thus fostering their continued engagement in the sector. Although these examples are speculative, they illustrate the kinds of impact a better understanding of social entrepreneurial motivation might have on the practice of social entrepreneurship at several levels.

Some areas for future research include further confirmatory factor analysis regarding the extent to which the four motives contribute to the experience of other-oriented motivation. It will also be interesting to explore the presence of self-oriented motives among social entrepreneurs. Although self-oriented motives have been neglected in social entrepreneurship research, social entrepreneurs, like other entrepreneurs, may be motivated by the needs for achievement and autonomy. Finally, as motives have been identified as a valid way to distinguish social from commercial entrepreneurs (Renko, 2013), it will be interesting to assess whether social and commercial entrepreneurs fall into two distinct categories according to their motivations, or whether they exist along a continuum from pure social focus to pure profit focus as has been suggested in prior research (Austin, et al., 2006; Peredo & McLean, 2006).

In conclusion, we offer a set of four distinct other-oriented motivation factors that are present among social entrepreneurs. In addition to empirical evidence of altruism and prosocial motivation as identified in the literature, social entrepreneurs appear to be motivated by social justice and reciprocity. This extended understanding of social entrepreneurial motivation has implications for researchers, donors, educators and social entrepreneurs.

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## Appendix H: Ethics Approval Letters

### Appendix H1: Approval for Interviews

MACQUARIE  
UNIVERSITY



**Ethics Secretariat**

MACQUARIE UNIVERSITY NSW 2109 AUSTRALIA

**Phone** +61 (0)2 9850 9186

**Email** [patricia.clifford@efs.mq.edu.au](mailto:patricia.clifford@efs.mq.edu.au)

18 January 2010

Ms J Ruskin  
Faculty of Business & Economics  
Building E4A  
Macquarie University NSW 2109

**Reference: 5200903494 (D) - Ruskin**

Dear Jennifer

**RE: FINAL APPROVAL**

**Title of project: "Social Entrepreneurs' Motivations to Create, Capture and Exchange Value"**

Thank you for your recent correspondence. Your response has addressed the issues raised by the Ethics Review Committee (Business & Economics) and you may now commence your research.

Please note the following standard requirements of approval:

1. Approval will be for period of twelve (12) months. At the end of this period, if the project has been completed, abandoned, discontinued or not commenced for any reason, you are required to submit a Final Report on the project. If you complete the work earlier than you had planned you must submit a Final Report as soon as the work is completed. The Final Report is available at: [http://www.research.mq.edu.au/researchers/ethics/human\\_ethics/forms](http://www.research.mq.edu.au/researchers/ethics/human_ethics/forms)
2. However, at the end of the 12 month period if the project is still current you should instead submit an application for renewal of the approval if the project has run for less than five (5) years. This form is available at [http://www.research.mq.edu.au/researchers/ethics/human\\_ethics/forms](http://www.research.mq.edu.au/researchers/ethics/human_ethics/forms). If the project has run for more than five (5) years you cannot renew approval for the project. You will need to complete and submit a Final Report (see Point 1 above) and submit a new application for the project. (The five year limit on renewal of approvals allows the Committee to fully re-review research in an environment where legislation, guidelines and requirements are continually changing, for example, new child protection and privacy laws).
3. Please remember the Committee must be notified of any alteration to the project.

## APPENDIX H

4. You must notify the Committee immediately in the event of any adverse effects on participants or of any unforeseen events that might affect continued ethical acceptability of the project.
5. At all times you are responsible for the ethical conduct of your research in accordance with the guidelines established by the University  
[http://www.research.mq.edu.au/researchers/ethics/human\\_ethics/policy](http://www.research.mq.edu.au/researchers/ethics/human_ethics/policy)

If you will be applying for or have applied for internal or external funding for the above project it is your responsibility to provide Macquarie University's Research Grants Officer with a copy of this letter as soon as possible. The Research Grants Officer will not inform external funding agencies that you have final approval for your project and funds will not be released until the Research Grants Officer has received a copy of this final approval letter.

Yours sincerely



Julie Zetler  
Chair, Ethics Review Committee  
(Business & Economics)



## Appendix H2: Approval for Survey

4/9/13

Macquarie University Mail - Approved - Ethics Application 5201300195 - Webster



Jennifer Ruskin &lt;jennifer.ruskin@mq.edu.au&gt;

### Approved - Ethics Application 5201300195 - Webster

1 message

Mr Mikael Peck &lt;mikael.peck@mq.edu.au&gt;

Tue, Apr 9, 2013 at 10:07 AM

To: Associate Professor Cynthia Webster &lt;cynthia.webster@mq.edu.au&gt;

Cc: Ms Jennifer Ruskin &lt;jennifer.ruskin@students.mq.edu.au&gt;, Dr Erik Lundmark &lt;erik.lundmark@mq.edu.au&gt;

Dear Associate Professor Webster,

Re: 'Understanding social entrepreneurial motivation.'

Reference No.: 5201300195

The above application was reviewed by the Faculty of Business & Economics Human Research Ethics Sub Committee. Approval of the above application is granted, effective 09/04/2013 and you may now proceed with your research.

This research meets the requirements of the National Statement on Ethical Conduct in Human Research (2007). The National Statement is available at the following web site:

[http://www.nhmrc.gov.au/\\_files\\_nhmrc/publications/attachments/e72.pdf](http://www.nhmrc.gov.au/_files_nhmrc/publications/attachments/e72.pdf).

The following personnel are authorised to conduct this research:

Associate Professor Cynthia Webster

Ms Jennifer Ruskin

Dr Erik Lundmark

NB. STUDENTS: IT IS YOUR RESPONSIBILITY TO KEEP A COPY OF THIS APPROVAL EMAIL TO SUBMIT WITH YOUR THESIS.

Please note the following standard requirements of approval:

1. The approval of this project is conditional upon your continuing compliance with the National Statement on Ethical Conduct in Human Research (2007).
2. Approval will be for a period of five (5) years subject to the provision of annual reports.

Progress Report 1 Due: 09/04/2014

Progress Report 2 Due: 09/04/2015

Progress Report 3 Due: 09/04/2016

Progress Report 4 Due: 09/04/2017

Final Report Due: 09/04/2018

NB. If you complete the work earlier than you had planned you must submit a Final Report as soon as the work is completed. If the project has been discontinued or not commenced for any reason, you are also required to submit a Final Report for the project.

Progress reports and Final Reports are available at the following website:  
[http://www.research.mq.edu.au/for/researchers/how\\_to\\_obtain\\_ethics\\_approval/human\\_research\\_ethics/forms](http://www.research.mq.edu.au/for/researchers/how_to_obtain_ethics_approval/human_research_ethics/forms)

<https://mail.google.com/mail/u/1/?ui=2&ik=d3beb021c8&view=pt&search=inbox&th=13dec1ed54429dc>

1/2

## APPENDIX H

4/9/13

Macquarie University Mail - Approved - Ethics Application 5201300195 - Webster

3. If the project has run for more than five (5) years you cannot renew approval for the project. You will need to complete and submit a Final Report and submit a new application for the project. (The five year limit on renewal of approvals allows the Committee to fully re-review research in an environment where legislation, guidelines and requirements are continually changing, for example, new child protection and privacy laws).

4. All amendments to the project must be reviewed and approved by the Committee before implementation. Please complete and submit a Request for Amendment Form available at the following website:

[http://www.research.mq.edu.au/for/researchers/how\\_to\\_obtain\\_ethics\\_approval/human\\_research\\_ethics/forms](http://www.research.mq.edu.au/for/researchers/how_to_obtain_ethics_approval/human_research_ethics/forms)

5. Please notify the Committee immediately in the event of any adverse effects on participants or of any unforeseen events that affect the continued ethical acceptability of the project.

6. At all times you are responsible for the ethical conduct of your research in accordance with the guidelines established by the University. This information is available at the following websites:

<http://www.mq.edu.au/policy/>

[http://www.research.mq.edu.au/for/researchers/how\\_to\\_obtain\\_ethics\\_approval/human\\_research\\_ethics/policy](http://www.research.mq.edu.au/for/researchers/how_to_obtain_ethics_approval/human_research_ethics/policy)

If you will be applying for or have applied for internal or external funding for the above project it is your responsibility to provide the Macquarie University's Research Grants Management Assistant with a copy of this email as soon as possible. Internal and External funding agencies will not be informed that you have final approval for your project and funds will not be released until the Research Grants Management Assistant has received a copy of this email.

If you need to provide a hard copy letter of Final Approval to an external organisation as evidence that you have Final Approval, please do not hesitate to contact the FBE Ethics Committee Secretariat, via [fbe-ethics@mq.edu.au](mailto:fbe-ethics@mq.edu.au) or 9850 4826.

Please retain a copy of this email as this is your official notification of final ethics approval.

Yours sincerely

Parmod Chand  
Chair, Faculty of Business and Economics Ethics Sub-Committee