

The effect of altruism on social entrepreneurship

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ABSTRACT

Purpose – In recent years, the phenomenon of social entrepreneurship has gained more importance in modern society. So far, literature remains ambiguous whether social entrepreneurship might be triggered by altruism. However, no empirical evidence for this relationship exists. Therefore, this paper aims to investigate the relationship between social entrepreneurship and altruism by means of a quantitative study.

Aim & Method – Based on literature, this paper identified the antecedents of social entrepreneurship. In order to provide empirical data to investigate the relationship between the level of altruism in a society and the percentage of people involved in Social Entrepreneurship in a country, a cross-sectional study across 49 countries was done through a combination of several datasets.

Results – No significant relationship between the total level of altruism and the percentage of people involved in social entrepreneurship was found. However, the results showed a significant correlation between the percentage of the population of a country that indicates to help a stranger and the percentage of people involved in new SE in a country. Moreover, the study showed that altruism is positively related to the total revenue in a country created in social entrepreneurship and is positively related to the social orientation of a social enterprise in a country.

Conclusion & Recommendations – The results do not confirm all assumed relations derived from literature concerning the relationship between altruism and social entrepreneurship activity. However, it can be said that altruism appears to be related to the revenue created in SE as well as the social orientation in SE.

Practical Implications - Researchers need to take altruism into account when investigating SE. Also, social entrepreneurs, or people considering to start a social enterprise should reflect on their altruistic behavior and put it into the context of their business. In addition to this, the research is especially valuable for managers who consider to engage in social entrepreneurship in a country with a lower altruism score, since they might need to evaluate their decision with respect to the altruism. Also, governmental institutions from low-altruism countries might consider stimulating altruism through teaching it in their country.

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Keywords:

Altruism, Social Entrepreneurship, World Giving Index, Global Entrepreneurship Monitor, Unemployment,

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1. INTRODUCTION

Recently the field of social entrepreneurship (SE) has gained more importance in scientific literature as well as in practice (Martin et al., 2007). The definition, however, raises discussions and issues, which are still not settled (Mair and Marti, 2006; Mueller et. al, 2013). Certo et al. (2007) state that future research should examine the characteristics of SE. Literature suggests that SE might be altruistic (Mair, 2005; Tan et. al; 2005; Christopoulos & Vogl, 2015), but no empirical evidence for this relationship exists. Therefore, this research will define SE, review its antecedents through literature and investigate the motivation of SE, which seems to be unique: altruism.

The definition of the term SE offers a lot of challenges. Tan et al. (2005) even argue that SE cannot be properly defined since no clear definition for entrepreneurship exists. However, it is possible to say that SE adds a social mission to an opportunity, which is usually exploited in entrepreneurship (Dees, 1998). Therefore, the social entrepreneur differs from the commercial entrepreneur in that he does not only create value for himself or his business, but also for the community and society (Zahra et al., 2009). Moreover, it is difficult to define the boundaries for SE, since many commercial enterprises can also have a social impact.

Due to the fact that this research is based on the data provided by the Global Entrepreneurship Monitor (GEM), this research is tied to work with their definition of a social entrepreneur:

"A person, alone or with others, currently trying to start or currently owning and managing any kind of activity, organization or initiative that has a particularly social, environmental or community objective. (*Charities Aid Foundation, 2009, p. 5*)"

Altruism is a concept which not only raises a lot of discussion in Literature, even its pure existence is questioned. But it is for example suggested that altruism might be the reason why people donate (Andreoni, 1990; Harbaugh et al., 2007). Also, some people assume that it even influences social entrepreneurship (Tan et. al, 2005; Christopoulos and Vogl., 2015) . However, literature argues that pure altruism cannot exist, since it is always driven to some extent by the warm-glow. (Andreoni, 1990). Moreover, Harbaugh et. al (2007) found that giving donations activates parts of the brain, which are linked to the processing of rewards. Therefore, being intrinsically rewarded diminishes the pure selflessness of an altruistic act. This research will not be able to answer to what extent true altruism exists in society, but it assumes that it exists at least to an extent which can impact SE.

Additionally, from a business perspective, altruism is not rational (Andreoni & Miller, 2008). Therefore, it is interesting that altruism still can be found in business. The most altruistic entrepreneur is, according to Tan et al. (2005, p.358), a "Person who attempts to innovatively profit society alone, in a way that

involves that society, at risk of personal loss." The. In this research altruism is defined as:

"behaviour that benefits another organism, not closely related, while being apparently detrimental to the organism performing the behavior, benefit and detriment being defined in terms of contribution to inclusive fitness (Trivers, 1970, p.1..)"

1.1 Research Question

This paper aims to investigate the relationship between altruism in a country and a set of indicators for SE. The main research question is formulated as:

To what extent does the level of altruism in a society effect the social entrepreneurship in a country?

The research question will be answered with three hypothesis which will be introduced later during this paper.

2. THEORY

2.1 Social Entrepreneurship

The focus of this research lies on social entrepreneurship. Due to this, main features and antecedents will be mentioned through a literature review.

The first main key feature for SE is the *social mission*, which is the core of SE (Dees, 1998). This is also what mainly distinguishes it from commercial entrepreneurship, since its success is not defined over the wealth creation in terms of profit, but in terms of social value. Peredo and McLean (2006) state that it is not possible to assume that there might be no selfish motives at all for SE next to the social mission. This assumption seems similar to the discussion in literature whether altruism might be influenced by selfishness, which also gives also a good reason for a investigating the relation of altruism and SE.

Second, Mair and Marti (2006) state that although the main intention in SE lies in not-for profit aims, social enterprises include a *business model*. In addition to this, the business model includes how much the focus is set on striving for generating profit or generating social value. They even argue that an "earned income" strategy should be followed by an social entrepreneur in order to be able to successfully sustain. Martin and Osberg (2007) even argue that the new business models in SE might be able to replace the current existing entrepreneurial models.

2.2 Antecedents of Social Entrepreneurship

Literature suggests that for SE historical, theoretical and cognitive antecedents can be found (Shaw & Carter, 2007). Moreover, in their research it becomes obvious that social entrepreneurs tend to have various antecedents with commercial entrepreneurs in common (Kirby, 2004; Mort et al., 2003; Austin, 2006).

The first antecedent is *education and life experiences* (Shaw & Carter, 2007). The consensus in literature is that *education and life experiences* are regarded with high importance for the entrepreneurial intention (Mair & Noboa, 2006; Fayolle et al., 2006; Shaw & Carter, 2007). Not only that *education and life experiences* influences the choice of becoming an entrepreneur, but it is also positively related to the success as an entrepreneur (Sharir & Lerner, 2006; Dickson et al., 2008).

The second antecedent, *networking or social capital* (Granovetter, 1985; Aldrich & Zimmer, 1986; Johannisson, 1986; Curran et al., 1993; Chaston, 2000) was also found to be positively related to the success of the social enterprise as well as of the commercial enterprise (Sharir & Lerner, 2006). Network support, however, is not able to reimburse for lack of human and financial capital (Brüderl & Preisendörfer, 1998). Literature reveals that gaining social capital is connected to the social skills of the entrepreneur (Baron & Markman, 2000).

The third antecedent, *financial capital*, is obviously needed for both, commercial entrepreneurship and SE. However, the capital givers differ. According to Shaw and Carter (2007) only 2 percent of the social entrepreneurs started their business on their own capital, while the rest indicated to have received money from charity or governments. In commercial entrepreneurship different funding streams are counted, e.g. banks, ventures, business-angels (Wickham, 2006). Another difference can be found in the expectations of the investors. While investors in commercial enterprises mostly expect only profit, investors in social enterprises do not expect turnover primarily and particularly (Shaw & Carter, 2007). Their focus shifts to the social value created through the social enterprise (Dees, 1998).

The fourth antecedent, *creativity and innovation* (Thompson et al., 2000; Guclu et al., 2002; Mort, 2003; Shaw & Carter, 2007; Martin & Osberg, 2007;) is widely valued of high importance to SE. The creation of value through innovation was recognized early in entrepreneurship literature (Schumpeter, 1951; Drucker, 1985) and is still regarded as essential for entrepreneurship today (Beaver & Prince, 2002, Windrum & Koch, 2008; Szirmai et al., 2011). However, research has shown that innovations are not necessarily the key to success, and different situations or industries require different approaches (Martin, 1994).

However, despite all these shared antecedents in entrepreneurship, there is one difference: *Altruism* is almost exclusively associated with SE (Mair, 2003), even though it has not been empirically investigated how altruism influences SE. So far, literature is describing the relationship carefully. For example Tan et al. (2005, p.1) state that "entrepreneurship may be altruistic". In addition to this Christopoulos and Vogl (2015, p.1) state that "economic activity of social entrepreneurs is presumed altruistic". It becomes obvious that further research is needed to clarify the relationship between SE and altruism. Therefore this research aims to investigate the relationship between altruism and SE. Moreover, Ehrenhard (2014, p.7) suggests that altruism "may be the strongest motivator of all for

studying SE". Therefore this research investigates whether it is also a motivator for doing business in SE.

Additionally, social entrepreneurs are often driven by their passion to meet the needs of a population (Bornstein, 2004), or by their personal values (Drayton, 2002; Hemingway, 2005), charisma (Roper & Cheney, 2005), and leadership skills (Thompson, Alvy, & Lees, 2000; Certo et al., 2007).

2.3 Model

A relationship between altruism and SE has been assumed in previous research (Tan et al. Christopoulos & Vogl, 2015). Since the business model of an enterprise is concerned with a social mission (Zahra et al., 2009) the assumption exists that it is influenced by altruistic intentions. On the other hand this would mean that if the *altruism* in a country is higher, the *SE activity* might also be higher. Therefore, the first hypothesis suggested for this research is:

H1: The level of altruism has a positive effect on the activity of social entrepreneurship.

Moreover, since a social enterprise is a type of business, one way of measuring its success is by taking into account the revenue it generates. Since only two percent start their SE with their own capital (Shaw & Carter, 2007) most of the entrepreneurs are connected to the expectations of the investors. Literature shows that their investors differ (Shaw & Carter, 2007) from commercial entrepreneurship investors (Wickham, 2006). This means that the investor expectations might be slightly more focused on societal impact than on revenue, but revenue might be still an important indicator for investors in SE. Therefore, this research supposes to further investigate the following hypothesis:

H2: The level of altruism in a society has a positive effect on the revenue created in SE.

In addition to this, Zahra et al. (2009) state that the social entrepreneur does not only strive for profit, but also strives to create a social impact. This is what distinguishes social from commercial entrepreneurship. So far, the literature does not seem to offer an appropriate approach for measuring the social impact of a social enterprise, leading to following hypothesis:

H3: The level of altruism has a positive effect on the type of social entrepreneurship in a country.

Derived from this, a model was created which illustrates the goal of this research. In this model, on the left side the independent variable altruism can be found. Through this variable the other three dependent variables should be related. The "plus" shows that the relation is expected to be positive. The elements on the right side of the model show the dependent variables *SE activity*, *SE revenue* and *type of social entrepreneurship*"

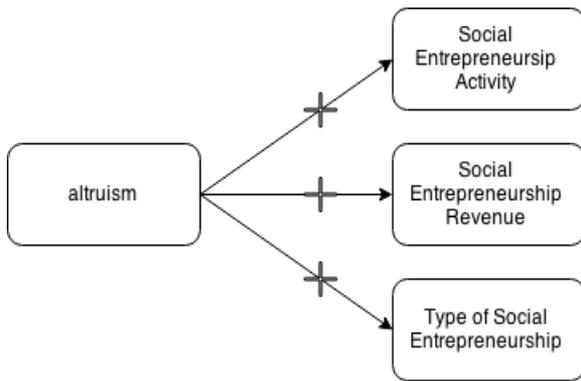


Figure 1. The effect of altruism on social entrepreneurship

3. METHODS

3.1 Design

A global comparison of SE creates a lot challenges due to different law and tax regulations in different countries. Therefore, this research will be conducted in the frame of four datasets.

The first unit of measurement for the independent variable will be the World Giving Index, which is a cross-border comparison in the donation-behavior in 95% of the world population in 2010. This dataset was chosen, because literature states that donations might be the consequence of altruism (Andreoni, 1990; Harbaugh et al., 2007). Since this dataset captures the giving behavior over various countries, it delivers a measure for altruism. For the dependent variable, i.e. SE, three datasets will be combined. These datasets were chosen because they offer a global comparison of 49 countries based on the same measurements.

3.2 Dependent Variable: Social Entrepreneurship

The first dataset is the GEM, which is the largest ongoing assessment of entrepreneurial activity. Hereby, the version of 2009 with the expansion for SE will be used. This sample was collected by more than 85 national teams.

The GEM (Global Entrepreneurship Monitor) was developed to enable a cross-country comparison of social entrepreneurial activity by applying an equal measurement of different countries. It investigates whether the respondents plan to start an organization in the next three years. This index shows the percentage of a population, which is active in:

- Early stage social entrepreneurship (less than 42 months of existence)
 - nascent social entrepreneurship (individuals who have, during the past 12 months, taken tangible action to start a new business)
 - new social entrepreneurship (individuals who own a business with less than 42 month existence)
- Established social entrepreneurship (more than 42 months of existence)

Hereby, the study shows in which phase the respondents would consider them to be in. This dataset will serve as a measure for the amount of people employed in SE in 2009. Also the variable *Total SE* was created by taking the average of the total entrepreneurship in a country.

In addition to this, the income per capita is taken from the World Development Index of 2009. The World Development Index (WDI) is regarded as the most accurate and current data concerning global development available. The data of 2009 was collected by officially-recognized sources in 153 economies

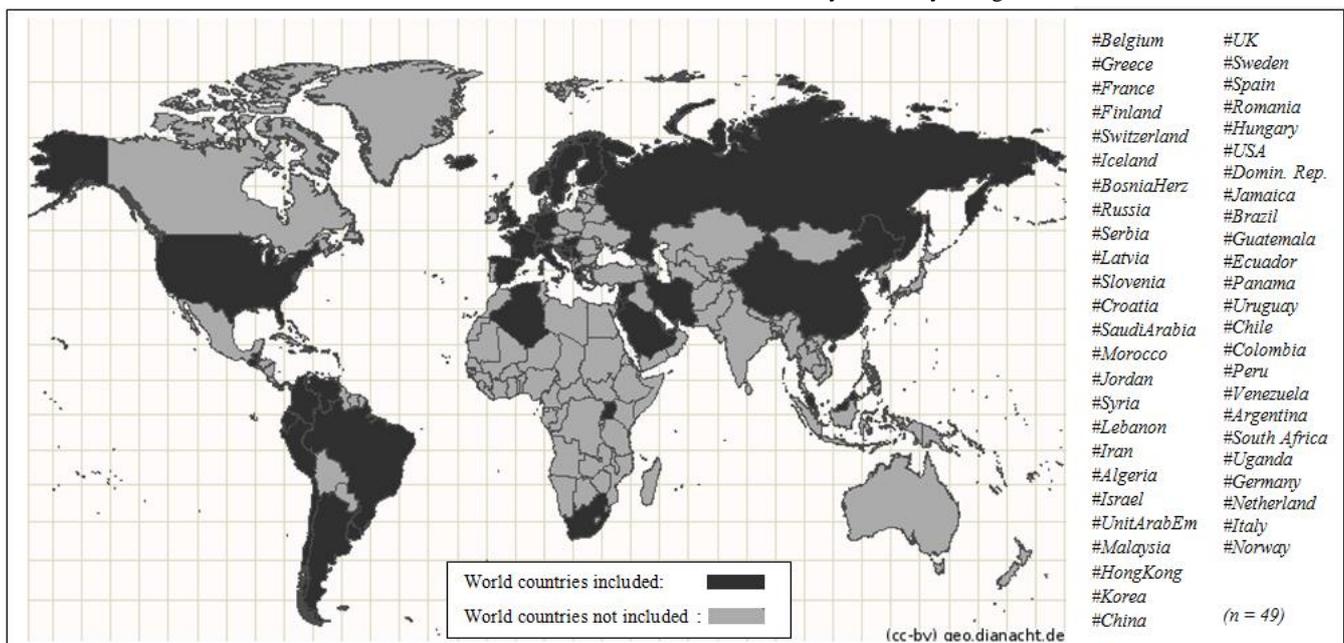


Figure 2. Countries included in the research

that consist of a population of more than 1 million people. The data included in this research is the Gross Net Income per capita, which is derived from the Atlas conversion factor, which lowers the impact of the exchange rate for a cross-border comparison of national income. The GNI will be multiplied with the Social Entrepreneurship Activity (*Total SE*) in order to create the variable *SERevenue*, which is the estimated profit created through SE per capita for a country.

Moreover, the GEM collected data whether the objectives are economically driven or socially driven and created the variables *economically-driven SE* and *socially-driven SE*. The variables represent the percentage of socially or economically driven SE in a country.

3.3 Independent Variable: Altruism

The World Giving Index is a report authored by the Charities Aid Foundation based on data retrieved from Gallup's WorldView World Poll of March 2010. The data provided by Gallup are from 2009, since they update every country once a year. It is an ongoing research project that investigates 153 countries through surveys, which ask for many different aspects concerning charitable behavior. The size of the samples of the study, which is carried out by telephone or face-to-face, reaches a number that is statistically representative for the overall population of the specific countries. The respondents were asked whether they took part in the following in the past month:

- donated money to an organization?
- volunteered time to an organization?
- helped a stranger, or someone they didn't know who needed help

Derived from this, the variable *altruism* is created, which is created by multiplying the variables (*donatedmoney*, *givingtime*, *helpingastranger*) and dividing them by three. The variable *altruism* serves as the unit of measurement for the independent variable.

3.4 Control Variable: Total Entrepreneurship

The GEM data also collected data about the Entrepreneurship in a country. This was conducted in the same approach like the SE data. Therefore it is possible to work with the percentage of people involved in early stage entrepreneurship (nascent, new) and the established entrepreneurship. Derived from this the variable *EntreTotal* will be created.

As a control variable, it will be investigated whether the total entrepreneurship in a country adds explanatory value to the relationship between *altruism* and *SE*.

3.5 Control Variable: Unemployment rate

The unemployment rate is taken from the 2009 data of Trading Economics. Trading Economics provides its users with a large amount of economic and governmental information for 196

countries. Furthermore, the organization is headquartered in New York but its employees are located all over the world.

As a control variable, it will be investigated whether the unemployment rate adds explanatory value to the relationship between *altruism* and *SE*.

3.6 Control Variable: Continent

The Control variable *continent* was developed in order to investigate whether the average altruism per Continent adds explanatory value to the regression analysis. Valuable information could be received through accessing the impact of the altruism on a large scale, which is indicated on a continent level. Unfortunately, no data for Australia was available, hence it is not included in the study. Since Russia belongs to Asia, as well as Europe, it was taken as an individual continent. In addition to this, America was divided in south and north America since the two parts differ immensely. Again, the variable *continent* will be taken as a control variable, from which it will be investigated it adds explanatory value to the relationship between *altruism* and *SE*.

3.7 Analysis

The data of 49 countries was available for each relevant variable derived from the four datasets. For all analyses the version 22 of SPSS was used. First, the descriptives are given in order to provide the reader with a clear overview of the variables. Furthermore, three analyses were performed. The correlation was analyzed with Pearson's *r* to measure the degree of the linear connection between the variables. Then, regression analyses were used to describe the relation between the variables. Finally, a hierarchical regression was included to investigate whether the aforementioned control variables add significant explanatory value to the relationship between *altruism* and the dependent variables. The analyses work with a significance level of .05.

4. RESULTS

4.1 Descriptives

Descriptives were made for variables displaying one or more correlations with another relevant variable. Just from comparing the means of the sample, it is possible to gain several insights about the variables (Table 1). In the first column the means and the standard deviations are presented. Since the variables *helping a stranger* and *SEnew* show a correlation, they were included in the table. Moreover, they seem to be the most interesting connection between *altruism* and social entrepreneurship, which will be further explained in the discussion. The other sub-variables of *altruism* (*donating money*, *volunteering time*) did not correlate with any of the sub-variables of *SE* (*nascent entrepreneurship*, *established entrepreneurship*). Further, the descriptives show that the mean of helping a stranger is generally about 11.47% higher than the mean of the overall *altruism*. Moreover, the data shows that the *new social enterprises* (0.85%) form about 30% of the *total social enterprises* in a country (2.8%). Also, the results show

Table 1.
Descriptives and correlation matrix

	Scale	Mean (SD)	1.	2.	3.	4.	5.	6.	7.	8.	9.
1. Altruism	1-100%	32.63 (11.01)									
2. Helping a stranger	1-100%	44.10 (10.92)	0.71**								
3. SEnew	1-100%	0.85 (0.67)	0.23	.33*							
4. Total SE	1-100%	2.80 (1.83)	0.20	0.22	0.84**						
5. SE Revenue		753.62 (1318.57)	0.50	0.19	0.1	0.84					
6. GNI_ALTLAS		19546.20 (19475.68)	0.53**	0.17	0.11	0.12	0.94**				
7. Economic Oriented SE	1-100%	1.12 (1.01)	-0.15	0.16	0.42	0.50**	-0.53	0.99			
8. Social Oriented SE	1-100%	0.74 (0.65)	0.35*	0.29*	0.65	0.67**	0.21	0.26	0.36*		
9. Continent Altruism	1-100%	31.75 (4.45)	0.30*	0.12*	0.10	0.01	0.28	0.44	0.29*	0.44	

*=Significant at the 0.5 level (2-tailed)

** = Significant at the 0.1 level (2-tailed)

that the mean of *economic orientation in SE* (1.12%) is generally higher than the *social orientation* of the country (0.65%). In addition to this, Altruism significantly positively correlates with the GNI Atlas (Pearson's $r = .53$; $p < .01$). Moreover, a correlation between *helping a stranger and SE new was found* (Pearson's $r = .23$; $p < 0.5$) as well as *helping a stranger and social oriented SE* (Pearson's $r = .294$; $p < .05$). Another interesting correlation is that the *economic oriented SE* correlates with the *social oriented SE* (Pearson's $r = .362$; $p < .05$).

4.2 Altruism on Social Entrepreneurship Activity

Table 2. shows the model summary of the regression analyses. For this research, three univariate regression analysis were conducted. Also for every research the control variables were included in a hierarchical regression analysis. The spss syntax for this test can be found in the appendix.

The first regression analysis investigates the effect of the independent variable altruism on the dependent variable *social entrepreneurship activity* in model 1. Hereby, the control variables in model 2 are *the total entrepreneurship activity*, the *unemployment rate* and the *altruism per continent*.

The second regression analysis shows the effect of altruism on *SE revenue* in model 1. Again, the control variables in model 2 are *the total entrepreneurship activity*, the *unemployment rate* and the *altruism per continent*.

The third regression analysis shows the effect of altruism on the *type of SE* in terms of *social orientation* in model 1. However, the control variable for the relationship is the amount of *economical orientation* in a country in model 2.

The regression analysis (Table 2) does not show a statistical significance for model 1 ($R^2 = .02$; $\Delta F (1;42) = 1.03$; $p = .314$). Due to this it is possible to conclude that the altruism in a society is not related to the *SE activity* in a country. Moreover, the model 2 ($R^2 = .09$; $\Delta F (3;39) = 1.31$; $p = 0.28$) includes the control variables: the *percentage of people involved in entrepreneurship*, the *unemployment rate* and the *continent altruism*. Since no statistical significance was found it is possible to conclude that the control variables do not add any predictive explanatory value to the relationship between *altruism* and *SE activity*.

Hypothesis 1 can be answered with these results by stating that altruism is not related to the activity of SE in a country.

Table 2.
Regression analysis of relation between altruism and the dependent variables

	Model I ^a					Model II ^b				
	R ²	N	Coef. (b)	s.e.	Sig.	R ²	N	Coef. (b)	s.e	Sig.
1. Social entrepreneurship activity	.02	42	1.38	1.31	.31	.11	39	-1.10	1.29	.28
2. Social entrepreneurship revenue	.28	42	-1319.83	1157.77	.00**	.31	39	234.68	1177.47	.66
3. Type of social entrepreneurship	.12	46	.07	.61	.01*	.26	45	-0.20	.57	.06

Note: * $P < 0.05$. (two-tailed) ** $p < 0.01$ (two-tailed)

Social Entrepreneurship Activity: a OVtest F (df 1,42)= 1.039; b OVtest F (df 3,39)=.282;

Social Entrepreneurship Revenue: a OVtest F (df 1,42)= 16.64; b OVtest F (df 3,39)=.35;

Type of Social Entrepreneurship: a OVtest F (df 1,46)= 6.57; b OVtest F (df 3,45)= 8.18;

4.3 Altruism on Revenue in Social Entrepreneurship

The regression analysis shows that altruism is positively related to *SE revenue* ($R^2 = .08$; $\Delta F (1;42) = 16.64$; $p < .05$). A 95% confidence interval shows that a 1% change of altruism approximates a change in the *SE revenue* between 3265.89 and 9660.17 Euro per Capita. This shows that the more altruistic people are in a country, the more revenue per head is generated in SE. The second model summary shows that neither the percentage of population involved in entrepreneurship, the unemployment rate and the continent level add a significant predictive value to the model explaining the interplay between altruism and revenue created in SE ($R^2 = .29$; $\Delta F (3;39) = .66$; $p = .47$).

Hypothesis 2 can be answered with these results by stating that altruism is positively related the revenue created in SE.

4.4 Altruism on Orientation in Type of Social Entrepreneurship

The model summary ($R^2 = .13$; $\Delta F (1;46) = 6.57$; $p = .14$) shows that it is possible to state that the percentage of social oriented enterprises is related to altruism. Moreover, the results for the second model summary ($R^2 = .26$; $\Delta F (1;45) = 8.18$; $p < .05$) shows that economic orientated SE adds a significant explanatory value to the relationship between altruism and the percentage in social oriented SE. Additionally, a 95% confidence interval displays that a 1% increase in *altruism* will approximately lead to an change in *social oriented SE* about 0.00 to 0.04 percent. Moreover, for 1% change in *economic oriented SE* the 95% confidence interval indicates that a change from 0.07 to 0.40 in *social oriented SE* appears to be generated. From this it is possible to conclude that altruism in a society is related to the the *social orientation in SE* in a country. The relation is positive, but only to a small extent.

Hypothesis 3 can be answered with these results by stating that altruism is not related to the type of social entrepreneurship.

All in all it is possible reject or accept the following for the Hypotheses:

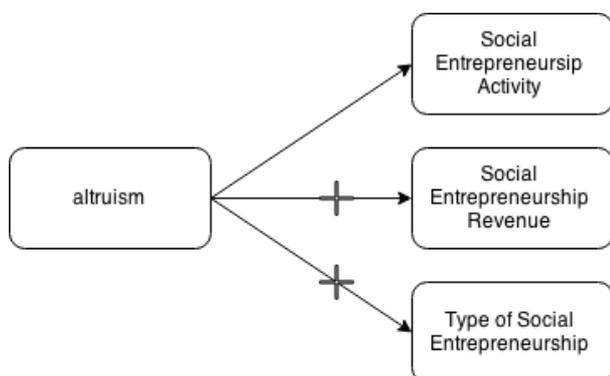


Figure 3. The effect of altruism on social entrepreneurship

5. DISCUSSION

5.1 Altruism and the Activity in Social Entrepreneurship

The results mainly reject the hypothesis that altruism is associated with high activity in SE. Only between *helping a stranger* and *New SE* a correlation could be found in the sample. Between the other variables of altruism (*donating money, volunteering time*) and the variables of SE (*nascent SE, established SE*) no correlation was found. These findings are unexpected, however, several reasons can be found that the results might not reflect what is derived from literature. First of all, no empirical research has investigated the relation between altruism and SE before. Reason for this might be the challenges connected with this research, since SE is difficult to define and datasets are not perfectly, nor readily available. This is also why the relation might not be found in this sample and will be further discussed in the limitations. Moreover, it is important to mirror that there was no clear statement for the influence of altruism on (the study of) SE mentioned in literature (Tan et al. 2005; Ehrenhard, 2014; Christopoulos & Vogl, 2015). Previous researchers only used a terminology based on assumptions. However, since a correlation between *helping a stranger* and *new SE* was found the variables might be somehow related. A reason might be that the ability of approaching a stranger has the most in common with the other character traits, which are needed to become a social entrepreneur. For example, people who are concerned with social well-being tend to help more (Levine et. al, 2001) and are also more likely to become a social entrepreneur (Thompson et. al, 2000; Peredo & McLean, 2006). Moreover, helping and becoming a social entrepreneur might be driven by their passion to meet the needs of a population (Bornstein, 2004), or by their personal values (Drayton, 2002; Hemingway, 2005). The reason that it only correlates with *New SE* might be, because the entrepreneurs, who are helpful, are more interested in new challenges than in participating in something which already exists. This might explain why the correlation exists, however further study could shed light onto this.

5.1.1 Control Variables: Percentage of People involved in Entrepreneurship, Unemployment Rate, Continents

None of the control variables add statistically significant explanatory value to the relationship between *altruism* and *SE Activity*. First of all, the percentage of people involved in *commercial entrepreneurship* is not related to the percentage of people involved in SE. This might be the case because of the differences between the two types of entrepreneurship, namely in market failure, mission, resource mobilization, performance and the primary focus (Austin et. al, 2006). While commercial entrepreneurs mainly target economic return, social entrepreneurs target social return.

Second, *unemployment* did not add significant explanatory value to the relationship, either. This would confirm the

statements that *SE* does not relate to unemployment problems in a country (Cook et. al., 2003). However, many articles state that *SE* addresses *unemployment* (Haugh, 2005; Nicholls, 2006), which is not represented by the results of this research. However, the issue in literature requires a more focused research for this specific relationship.

Third, the control variable *continent* did not add significant explanatory value to the relationship, either. From this it is possible to conclude that it does not make a difference whether the relationship between *altruism* and *SE* is compared on a country level or a continent level.

5.2 Altruism and the Revenue in Social Entrepreneurship

The results support the hypothesis that altruism has an influence on the revenue created in *SE*. Our results agree with the investigation of Harding (2004) who states that social entrepreneurs have a generally higher income per employee than commercial employees. In the given sample, the income is directly related to the amount of altruism in that country. Derived from this it might be possible to conclude that the more altruistic an entrepreneur is, the more income he is able to generate. However, generating revenue is only one indicator for the value of the social enterprise (Dees, 1998; Peredo & McLean, 2006). Therefore it might be possible to state that being altruistic serves the business model of a social entrepreneur.

5.3 Altruism and the Type of the Social Enterprise

The results support the hypothesis that altruism has an effect on the type of the social enterprise. It is possible to conclude that in countries where people are more altruistic, the social enterprises focus more on the social than economic goals. This agrees with Mair and Noboa (2006) as well as Baron (2007) who suggest that the desire to create social change is developed from altruism. The results also concur with Tan et al. (2005) who pose that different degrees of altruism could be found in *SE*. Moreover, they distinguish between the terms altruism and social behavior in *SEs*. Our results show that these terms are directly correlated. A focus on either one of these translates onto the other.

5.4 Contribution to Theory & Practice

The research contributes to theory through empirically giving foundation for future statements in literature regarding the relationship between altruism and *SE*. The previous mentioned assumptions of Tan et al. (2005) as well as Christopoulos and Vogl (2015) unfortunately cannot fully be confirmed. However, a correlation between altruism and a derivate success measure of *SE* seems to suggest that altruism, if directionality is assumed, predicts financial success of *SE*. If there is indeed directionality between altruism and financial success of *SE* it could be beneficial to consider educating on altruism. Studies reveal that education on altruism is actually possible (Chu, H.

T., & 朱可達, 2011). This could mean that through altruism also success in *SE* can also be supported. This would be especially interesting for governments or managers in low-scoring altruism countries. Also, managers who are thinking of starting a social enterprise might need to consider that the altruism might influence their business.

5.5 Conclusion

The aim of this study is to answer the research question: "To what extent does altruism in a society influence the level of *SE* in a country."

All in all, although altruism does not necessarily impact on the percentage of people involved in *SE* in a country, it does affect the income as well as the social orientation. Our main finding therefore is that altruism has indeed an important influence on *SE*. Even though the results do overall confirm what is suggested in literature other experimental procedures are needed in order to provide deeper insights. For future research, *SE* requires better empirical datasets for a global comparison. My conversations with other researchers not only showed that there is a high demand for this in *SE* research, but also that there are some people trying to raise valuable data for a cross-sectional country comparison.

6. LIMITATIONS AND FURTHER RESEARCH

First of all, the research was conducted with two variables, which offer difficulties to define. The definition of *SE* raises issues in literature, which are still not settled. In addition to this, the concept of altruism is theoretically challenging to determine. On the one hand, because altruism is not rational and on the other hand, because some researchers argue that true altruism does not exist, since it always includes egoism. However, in order to conduct a valuable research a frame is needed to be given. Therefore, different researchers might argue that the frame taken in this research is inaccurate. Hereby, a more in depth research with more specific variables could lead to more powerful results.

Secondly, although the GEM dataset is considered representative for a cross-country comparison in *SE*, its definition of *SE* is broad: "Are you, alone or with others, currently trying to start or currently owning and managing any kind of activity, organization or initiative that has a particularly social, environmental or community objective?". However, after search through an extensive amount of datasets and literature it is possible to state that this might be the best sample available for the research.

Furthermore, taking the World Giving Index as a measurement for altruism might seem inappropriate to some scientists, since the acts undertaken in the WGI (Donating, Helping, Volunteering) might arise from other motivations than altruism.

For this research the SELUSI report seemed a satisfying approach, but since it is only conducted in 5 countries it is not

yet applicable. It offered two measurements, which could be of high value for future research. Namely, the revenue created in SE and the social impact of the SE's was measured. If the SELUSI report would contain data of more countries research such as the one at hand and other interesting projects could greatly benefit from these insights.

Moreover, the statistical creation of the variable "SE Revenue" (Percentage of People in SE * Gross Net Income per Capita) might be arguable. Due to the fact that there is no data available for the income created in SE this seemed the best solution possible at the given time. However, since the GNI per Capita also significantly correlates with the altruism in a country this implies that there might be an influence in that direction or the other.

Finally, another limitation influencing the results might be the fact that many social entrepreneurs move from America or Europe to developing countries in order to start a Social Enterprise there. This could influence the results, since their altruism might be affected from their origin country, but they might affect the SE in the developing country.

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