Social Enterprise Journal

Social enterprise and networks

Guest Editors: David Littlewood and Zaheer Khan
GUEST EDITORIAL

Insights from a systematic review of literature on social enterprise and networks

Where, how and what next?

David Littlewood
*The University of Sheffield, Sheffield, UK, and*

Zaheer Khan
*University of Kent, Kent, UK*

**Abstract**

**Purpose** – This paper aims to contribute to better understanding of where and how network concepts, theories and perspectives, organisational networks, and networking practices, are being studied and deployed in social enterprise research. This is done through a systematic review of social enterprise and networks literature in business and management journals. Key trends and developments in this literature, and gaps and limitations, are identified, culminating in discussion of what next for social enterprise and networks research. The papers in this special issue on “Social Enterprise and Networks” are introduced.

**Design/methodology/approach** – A systematic review was undertaken of social enterprise and networks literature in business and management journals. Journals sampled included all those in the Entrepreneurship and Small Business subject area of the Association of Business Schools (ABS) Academic Journal Guide 2018, the journals in the Financial Times 50 research ranking, and selected wider business and society, non-profit management and public administration journals.

**Findings** – Analysis of publishing patterns of social enterprise and networks research finds that such research is growing, and that varied network perspectives, concepts and theories are being deployed. Social enterprise and networks are also being studied globally, using different methodologies. Nevertheless, there remains scope for deeper theoretical engagement, and for a wider range of network theories to be used. More even geographic coverage is also needed, and further insights can be gained through use of alternative methodologies.

**Research limitations/implications** – Discussions in this paper have implications for research through outlining systematically the state of current scholarship on social enterprise and networks. In so doing, insight is provided on what is known about social enterprise and networks. But also on what is not known and where further enquiry is needed. Direction is thus provided for future social enterprise and networks scholarship.

**Practical implications** – In this paper, how, and the extent to which, social enterprise and networks scholarship offers implications for practice and policy is considered.

**Originality/value** – This paper makes a valuable contribution to social enterprise scholarship. It outlines the state of current knowledge and research on social enterprise and networks, identifying where and how relationships between social enterprise and networks have been studied, whilst also providing insights for what next in future social enterprise and networks research.

**Keywords** Social entrepreneurship, Social innovation, Embeddedness, Social capital, Networks, Actor-network theory, Social enterprise, Social entrepreneur

**Paper type** Editorial
Introduction
This paper, and the wider special issue it introduces, addresses the subject of social enterprise and networks. As will be shown in this paper, through a systematic literature review, this is a burgeoning area of scholarship, but also one in which there remains significant scope for further enquiry.

The Oxford English Dictionary defines a network as “a group or system of interconnected people or things” (Oxford Dictionaries, 2018). However, the term network can also be used to describe an activity of connecting or linking with others. Indeed, when used in this way network may be extended to networking. Individuals and organisations may furthermore be strongly networked, with such a status widely considered to be beneficial in an entrepreneurial context (Birley, 1985; Bruderl and Preisendo, 1998; Chell and Baines, 2000; Witt, 2004; Leyden et al., 2014). The role of networks in entrepreneurship has been the subject of substantial academic study. For reviews of the state of the field in entrepreneurship and networks research, see O’Donnell et al. (2001), Hoang and Bostjjan (2003) and Slotte-Kock and Coviello (2010) among others. Scholars have examined the compositions of entrepreneurs’ networks (Baum et al., 2000), explored the role networks play in entrepreneurial start-up (Butler and Hansen, 1991; Witt, 2004), in growth (Ostgaard and Birley, 1996; Hite and Hesterly, 2001), in resource acquisition (Elfring and Hulsink, 2003; Witt et al., 2008) and for venture performance and survival (Littunen, 2000; Witt, 2004). A range of network approaches and theories have also been deployed, including social network approaches (Greve and Salaff, 2003), often drawing upon related concepts of strong and weak ties (Jack, 2005), social capital (Casson and Della Giusta, 2007) and embeddedness (Jack and Anderson, 2002), as well as Actor-Network Theory (ANT) (Korsgaard, 2011) and network perspectives in institutional theory (Aidis et al., 2008), amongst others.

Over (at least) the past 20 years, the phenomenon of social entrepreneurship has risen to prominence, both in practice and as an evolving subject of academic enquiry. Social entrepreneurship can be understood as a process involving the “innovative use and combination of resources to pursue opportunities to catalyse social change and/or address social needs” (Mair and Marti, 2006, p. 37). In social entrepreneurship, profit is a means to an end rather than an end in itself. Profits, or “surpluses”, are used for the creation of social value, and for the addressing of a social need. Social entrepreneurs, are individuals (or groups of individuals) who identify, evaluate and exploit opportunities for social value creation through commercial activity, and using a range of resources at their disposal (Bacq and Janssen, 2011). Finally, social enterprises are the ventures established by social entrepreneurs and which act as vehicles for addressing social and/or environmental needs (Littlewood and Holt, 2018). Amongst scholars and in practice there remains a lack of consensus about precisely what constitutes a social enterprise. Nevertheless, key characteristics often noted, include: the centrality of a social or ethical mission, with primacy given to social over economic value creation (Dees, 2003; Defourny and Nyssens, 2006a); income generation through commercial activity (Langdon and Burkett, 2004; Smallbone et al., 2001); stakeholder participation in governance (Defourny and Nyssens, 2006; Thompson and Doherty, 2006); limited profit distribution (Langdon and Burkett, 2004); and innovation in addressing social problems (Dees, 2003). However, in some extant literature, the term social enterprise is also deployed more conceptually, and given a broader meaning. It is used as an overarching label for social entrepreneurial/social enterprise activity (Defourny and Nyssens, 2006). In this paper, we embrace this wider notion of social enterprise as not just an organisation but also as an activity.

Networks were identified as an area of promise for future social enterprise scholarship by Dacin et al. (2011, p. 1207). They called for a “greater focus on networks and social entrepreneurship” (Dacin et al. (2011, p. 1207), as part of a wider critique of existing social
enterprise scholarship which they argued was hitherto often descriptive and atheoretical. Dacin et al. (2011) suggested that social enterprise researchers should attend to those network theories and perspectives being deployed in conventional entrepreneurship research. They also saw particular potential for the engagement with social network approaches, for the deployment of concepts of embeddedness and social capital, and for consideration of virtual networks, as well as power in networks, particularly in relation to issues of social enterprise scaling. In a more recent review of social enterprise and network literature, Dufays and Huybrechts (2014) similarly highlight the insights traditional (commercial) entrepreneurship literature provides for developing theoretical arguments relating to the role of social networks in social entrepreneurship. They also make proposals for future research using social network theory to examine the emergence of social enterprise, while critiquing that “social networks are little used so far to explain the emergence of social entrepreneurship” (Dufays and Huybrechts, 2014, p. 231). Finally, further calls for social enterprise scholars to engage more with network theories and perspectives are made by Dacin et al. (2010), and Steyaert and Dey (2010), amongst others.

In this paper, we examine the extent to which social enterprise scholars have responded to these calls from authors such as Dacin et al. (2011) and Dufays and Huybrechts (2014) for more social enterprise and networks research. We assess how far, and in what ways, social enterprise scholars have embraced network perspectives, concepts and theory. The aim of this paper is therefore to provide insight on the state of the field in research on social enterprise and networks, as well as offering direction for future scholarship in this area. We do this through a systematic review of social enterprise and networks literature in business and management journals. Journals sampled included all those in the Entrepreneurship and Small Business subject area of the Association of Business Schools (ABS) Academic Journal Guide 2018, the journals in the Financial Times 50 research ranking, and selected wider social enterprise and business and society journals – further detail is provided in the method section.

This paper contributes to social enterprise literature by providing a much needed summary of the state of play in social enterprise and networks research. Through systematic review it identifies where debates about social enterprise and networks are occurring, signposting this for researchers, as well as where such work has focussed geographically. It further identifies how social enterprise and networks are being researched, the theories being deployed and in what ways, as well as the methodologies that are being used, and how contributions to knowledge and theory and implications for practice are being addressed. Informed by gaps and limitations in the literature identified through the preceding review, we also provide insights on what next for social enterprise and networks research. Finally, in light of these discussions, we introduce the papers in this special issue on “Social Enterprise and Networks”.

The paper’s structure broadly follows that mentioned above. In the next section, we explain the methodology used in our systematic review. The findings of this review are then presented. We then discuss future directions for social enterprise and networks research. Finally, the papers in this special issue are introduced.

Method

Sample and time period
To better understand the state of current research on social enterprise and networks, a systematic literature review was undertaken. We conducted a review of 77 top business and management journals – with a particular focus on the entrepreneurship field. The sample included journals in the Entrepreneurship and Small Business subject area of the Association of Business Schools Academic Journal Guide 2018 (ABS 2018), those in the Financial Times 50
(FT50) research ranking, and selected wider business and society, and non-profit management and public administration journals – these were Business and Society, Business Ethics a European Review, Business Ethics Quarterly, Nonprofit and Voluntary Sector Quarterly, and VOLUNTAS: International Journal of Voluntary and Nonprofit Organizations.

The ABS 2018 sample (30 journals) was selected so that our systematic review captured how social enterprise and networks were being examined and discussed in top entrepreneurship and small business management journals. The FT50 journals (50 journals) were included in the search reflecting their significant use globally in business and management schools for promotion and tenure decisions, as well as for the awarding of research time and/or incentives (after Kolk and Rivera-Santos, 2018). These journals are some of the leading outlets in their respective sub-fields, they are often where key debates are occurring, and making it important capture how, if at all, social and networks are being considered within them. Finally, wider business and society, and non-profit management and public administration journals, were included (five journals) as it was thought possible that the subject of social enterprise and networks were being considered within them. In respect of these journals, an approach was adopted to focus on a limited set of recognised top-tier journals (after Aguinis and Glavas, 2012; Kolk and Rivera-Santos et al., 2018). These were selected on the basis of criteria like their inclusion on Social Science Citation Index (SSCI), their relatively high impact factors, their longevity and their association with prominent and relevant research communities, e.g. Voluntas is the official journal of the International Society for Third-Sector Research, while Business and Society is associated with the International Association for Business and Society.

There was some overlap between the ABS2018 and FT50 sample. As will be further discussed, the Web of Science database was also used in this systematic review, and five journals: International Journal of Entrepreneurship and Small Business; International Journal of Globalisation and Small Business; Journal of Small Business and Entrepreneurship; Manufacturing and Service Operations Management; World Review of Entrepreneurship, Management and Sustainable Development, were found not to be present in this database and were therefore removed, leaving us with 77 journals in total. The search was also restricted by year. We searched for articles on social enterprise and networks since January 2005, which was the first year in which the Social Enterprise Journal was published. The Social Enterprise Journal was the first specialist journal focusing on social enterprise. Its founding was a landmark in social enterprise scholarship, and we thus considered it a fitting starting point for our review.

Analysis
The sample of 77 business and management journals was subjected to an “Advanced Search” using the Web of Science database. This search was refined by document type to exclude book reviews. The “Topic search” option was selected, which searches the following fields within records: Title; Abstract; Author Keywords; Keywords Plus®[1]. The “Topic Search” option was used with the aim of increasing the potential for social enterprise and networks literature to be detected. Boolean operations were used in the search which was based on the following key word string:

\[ TS=(\text{"Social Enterprise" OR "Social Entrepreneurship" OR "Social Entrepreneur" OR "Social Innovation"}) \text{ AND } TS=(\text{"Network" OR "Networks" OR "Networking" OR "Relationship" OR "Relationships" OR "Connection" OR "Connected" OR "Social Capital" OR "Embeddedness"}) \text{ AND } SO=(\text{Academy of Management Journal OR Academy of Management Review OR Accounting Organizations OR Administrative Science Quarterly OR American Economic Review OR Business Society OR Business Ethics A European Review OR...}) \]
As can be seen in the keyword string we searched for instances where, in the sample of 77 journals, "Social Enterprise", "Social Entrepreneurship", "Social Entrepreneur" or "Social Innovation" were present alongside "Network", "Networks", "Networking", "Relationship" or "Relationships" OR "Connection" OR "Connected" OR "Social Capital" OR "Embeddedness". Our initial search resulted in a total of 155 articles. The 155 articles were then each reviewed to determine whether or not social enterprise and networks were significantly addressed. To assess whether an article was included in our sample we used the following criteria: did the article significantly focus on social enterprise, entrepreneurship, entrepreneurs or innovation; was there an empirical focus on a social enterprise network, on social enterprises or entrepreneurs networking, or on networking in processes of social entrepreneurship or innovation; were network theories being deployed to examine social enterprises, entrepreneurship, entrepreneurs or innovation. On the basis of these criteria our sample was further reduced. Additionally while reviewing each paper we used a snowball approach to identify any further potential social enterprise and network articles, within the 77 journals, with these then also reviewed according to the criteria above. Through following this process we were left with 105 articles, in which by our assessment there was some meaningful engagement with the topic of social enterprise and networks. These 105 articles were then coded according to the following dimensions: journal, year,
geographic focus; how networks featured in the paper; network theories deployed – if any, methods used; and contribution and implications.

Limitations in our methodology are acknowledged. First, it is recognized that some may disagree with our choice of journals and the selection criteria for this. For instance, on the basis of the criteria chosen, we did not include journals like the *California Management Review, Journal of World Business, Journal of Business Research* and other similarly well-regarded more general business and management journals that are not FT50, yet in which significant social enterprise research – including special issues – have been published. We recognize that this may also result in some significant works not being recorded. This review is also focused on business and management journals, yet social enterprises are studied in numerous disciplines with research often a cross-disciplinary endeavour. This again may result in significant works and perspectives not being included in our review. Some relevant but quite new journals like *Social Business* were at the time of this review also not searchable through the Web of Science database and so were excluded. We recognize these limitations, nevertheless, boundaries for the review were necessary. We feel that our study as it is still contributes significantly to understanding of how social enterprise and networks have been examined in business and management scholarship. Nevertheless, it is our hope that our review not only provides insights for business and management social enterprise scholars but also wider interested parties.

**Findings**

*“Where” and “when” in social enterprise and networks research*

Table I shows where within our sample of 77 journals social enterprise and network research has been published. As can be seen, social enterprise and network research is concentrated in a relatively small proportion of the journals (26 journals). The top four journals – the *Social Enterprise Journal* (15.2 per cent); *Entrepreneurship and Regional Development* (13.3 per cent); *Journal of Social Entrepreneurship* (12.4 per cent); *Journal of Business Ethics* (10.5 per cent) also account for 51.4 per cent of the total. This suggests that a significant proportion of academic conversation about social enterprise and networks is occurring in these specialist social enterprise and nonprofit management journals, which is

<table>
<thead>
<tr>
<th>Journal name</th>
<th>No. of articles</th>
</tr>
</thead>
<tbody>
<tr>
<td>Social Enterprise Journal</td>
<td>16</td>
</tr>
<tr>
<td>Entrepreneurship and Regional Development</td>
<td>14</td>
</tr>
<tr>
<td>Journal of Social Entrepreneurship</td>
<td>13</td>
</tr>
<tr>
<td>Journal of Business Ethics</td>
<td>11</td>
</tr>
<tr>
<td>Voluntas</td>
<td>10</td>
</tr>
<tr>
<td>International Journal of Entrepreneurial Behaviour and Research</td>
<td>6</td>
</tr>
<tr>
<td>Journal of Management Studies; Nonprofit and Voluntary Sector Quarterly</td>
<td>4</td>
</tr>
<tr>
<td>Entrepreneurship Theory and Practice; International Journal of Entrepreneurship and Innovation;</td>
<td>2</td>
</tr>
<tr>
<td>Administrative Science Quarterly; International Entrepreneurship and Management Journal; Journal of Enterprising Communities – People and Places in the Global Economy; Journal of Small Business and Enterprise Development; Journal of International Business Studies; MIS Quarterly; Organization Science; Research Policy; Small business economics; Small Enterprise Research; Strategic Entrepreneurship Journal</td>
<td>1</td>
</tr>
<tr>
<td>All other journals in sample</td>
<td>0</td>
</tr>
</tbody>
</table>

**Table I.** Number of social enterprise and networks articles by journal
perhaps hardly surprising. Nevertheless, these results highlight that aspiring social enterprise and networks scholars would do well to turn to these journals early on when first approaching this topic.

Something else that can be taken away from these results is the relative paucity of social enterprise and networks research in top entrepreneurship, and wider business and management, journals. This perhaps represents an opportunity for social enterprise scholars, but maybe also suggests that, at least in respect of network theories and approaches, that social enterprise scholars have hitherto struggled to overcome Dacin et al. (2011) criticism of social enterprise research as relatively atheoretical. One challenge here may lie in articulating how social enterprise network research provides fresh insights of relevance to the study and understanding of relationships between conventional entrepreneurship and networks.

We turn next, to the examine trends in the number of articles being published on social enterprise and networks. As can be seen in Figure 1, since 2005 we have seen a growth in such work. This proliferation of research on social and networks perhaps reflects the wider growth we have seen in social enterprise and social entrepreneurship scholarship (see recent reviews by Choi and Majumdar, 2014; and Saebi et al., 2018), as well as rapid developments and expansions in its practice.

In our systematic review, one of the first papers we found to be meaningfully addressing issues of social enterprise and networks was that by Todres et al. (2006). This paper was published in the Social Enterprise Journal, and focused on the development of social enterprise through capacity building. From a networks perspective, the empirical focus of the paper was a social enterprise network organization – the West London corridor-based “WestFocus” Partnership. However, the authors also engaged with notions of strategic networking, and recognized the significance of social capital for wider development of the social venture, as well as the benefits of fostering social capital development in communities for social impact. In this first paper, implications for practice were strongly evident, but the depth of theoretical engagement was more limited.

We can contrast Todres et al.’s (2006) study, with one of the most recent works found in our literature search by Barinaga (2017). In her study, Barinaga examines nascent organising in social entrepreneurial ventures through a framework of, and using an approach inspired by, Actor Network Theory (ANT). Barinaga’s (2017) richly theoretical work offers insights for social entrepreneurship research but also wider organizational scholarship. Further contrasting
with the work of Todres et al. (2006) its discussion of implications for practice is more limited. These two examples suggest that alongside the recent proliferation of work on social enterprise and networks as previously noted, that there has been an evolution in such work, with growing conceptual and theoretical sophistication evident.

Later in this review, we shall explore how contributions and implications are framed in social enterprise and networks scholarship, and whether and how we have seen a change in this over time. However, before that, we will persist in considering the issue of where, but this time in relation to the geographical focus of extant social enterprise and networks studies. Table II shows the geographical focus of social enterprise and network articles, identifying whether they focus on developed economies, emerging economies, developing economies, are cross country studies, or have no explicit geographical focus – for instance if they are purely theoretical, or are literature reviews.

These statistics show that social enterprise and network studies have, to date, particularly focused on developed economies (33.3 per cent), for examples see Vestrum (2014), Christopoulos and Vogl (2015), Pret and Carter (2017), etc. This percentage rises still further if the data for multiple country studies is included, as many of these focus on multiple developed economies, e.g. Jenner (2016) who examines social enterprise sustainability comparing Australia and Scotland. Fewer studies have been conducted focusing on social enterprise and networks in emerging/transition economies (10.5 per cent), see Easter and Conway (2015), Qureshi et al. (2016), Bhatt and Ahmad (2017). Fewer still examine them in developing economies (7.6 per cent). Multiple country studies and studies with no explicit geographical focus comprise 28.6 and 20.6 per cent, respectively. These results highlight the uneven geographical coverage of existing social enterprise and networks research across developed, emerging and developing economies. There is, therefore, a need for further research on social enterprise and networks in institutional complex transition economies, and in developing economies, where the nature and significance of networks in social enterprise may differ, and where network theories may work differently and need to be extended, or else new theories devised, reflecting local contextual factors.

Within these categories certain countries have received much more attention than others. For instance, in the developed economies category, the UK has been the subject of significant academic attention, see for example Christopoulos and Vogl (2015), Ko and Liu (2015) Tasavori et al. (2018), etc. Meanwhile, India has most often been the focus of social enterprise and networks research amongst the emerging economies (Bhatt and Ahmad, 2017; Jammulamadaka and Chakraborty, 2018). In research on social enterprise and networks in developing economies, Kenya has most frequently been the setting, e.g. Bradley et al. (2012). Future social enterprise and networks research may go outside of these better studied country contexts. It might also undertake further comparison of networks across developed, emerging and developing economies, something which has hitherto been quite rare.

“How” in social enterprise and networks research
In this section, we further explore the “how” of social enterprise and networks research. We examine how networks are positioned within social enterprise scholarship, as well as how

<table>
<thead>
<tr>
<th>Geographical focus</th>
<th>No. of articles</th>
</tr>
</thead>
<tbody>
<tr>
<td>Developed economies</td>
<td>35</td>
</tr>
<tr>
<td>Emerging/transition economies</td>
<td>11</td>
</tr>
<tr>
<td>Developing economies</td>
<td>8</td>
</tr>
<tr>
<td>Multiple country studies</td>
<td>30</td>
</tr>
<tr>
<td>No explicit geographical focus</td>
<td>21</td>
</tr>
</tbody>
</table>
this work is engaging with network theories. We furthermore examine how different methodologies are being deployed in social enterprise and networks research. Finally, we consider how social enterprise and network research contributes to knowledge and theory, its implications for practice, and how these are being framed.

Beginning with the positioning of networks in the social enterprise literature, we find four principal ways in which networks feature in such work:

1. the empirical focus is a social enterprise network organisation;
2. the work addresses the networking activities of social entrepreneurs, with skills in this respect regarded as a key characteristics of successful social entrepreneurs (Dufays and Huybrechts, 2014);
3. the focus is on the composition of social enterprises’ networks, and implications of this for organisational growth, social impact, etc.; and
4. network perspectives and theories are deployed to understand processes of social enterprise/social entrepreneurship more broadly.

It should be stressed that these network positionings are not mutually exclusive or exhaustive. For example, an empirical focus on a social enterprise network organisation does not preclude examination of the networking activities of social entrepreneurs in this organisation, or of network composition, or indeed the deployment of network perspectives and theories (or indeed non-network theories) to understand processes of social enterprise/entrepreneurship. Some articles also do not fit strongly within any of these positionings, suggesting a need for further conceptual development. Nevertheless, we find numerous examples of each of these positions across the articles reviewed. Table III shows these four uses of networks, including references and illustrative examples. Finally, it is worth highlighting that in our analysis we do see somewhat of a shift in the literature. Initially, engagement with networks in social enterprise scholarship often came in the form of an empirical focus on say a social enterprise network organisation, or else recognition of the importance of networking for social entrepreneurs. However, more recently, we find more instances of deeper engagement with network perspectives and theory to understand social enterprise/social entrepreneurship processes; this suggests to us a growing maturity of work on this subject.

In the previous discussions, we explored different ways in which networks feature in social enterprise literature. We turn next to consider how, and in particular which, network perspectives and theories have hitherto been applied in social enterprise scholarship. Our analysis finds, quite significant engagement with social networks perspectives, and concepts of social capital (Bourdieu, 1980; Lin, 1999; Portes, 1999) and embeddedness (Granovetter, 1995) and strong and weak ties (Granovetter, 1973). For example, Richards and Reed (2015) explore social capital development in third sectors organisations in the North West of the UK, while Easter and Conway (2015) examine the leveraging of social capital and social ties in a social enterprise in a very different context of Vietnam. Embeddedness meanwhile is a central concept in studies by Kistruck and Beamish (2010), Maclean et al. (2013) and Pret and Carter (2017) amongst others. Nevertheless, there remains significant scope for further research engaging more deeply and in different ways with these perspectives and concepts, as will be expanded upon in the next section.

Looking beyond social network perspectives, engagement in social enterprise literature with other network theories remains relatively modest. We found a few scholars applying ANT – Actor Network Theory (Latour, 2005) to the study of social enterprise/entrepreneurship – see Barinaga (2017), Petitgand (2018). Interestingly, in a
different review paper aimed at reimagining the social entrepreneurship research agenda, Steyaert and Dey (2010, p. 247) identified ANT as a perspective that “could offer an effective approach to studying social entrepreneurial projects which are often based on innovations and bricolage”. While it seems that their suggestion has not yet been significantly taken up by social enterprise scholars, this does not make it a bad one, and we therefore feel there is potential for future social enterprise research to deploy ANT perspectives.

Use of other network based theories was also found to be still quite limited, although this did seem to be growing. For instance, recent work was found deploying concepts of network bricolage (Tasavori et al., 2018), as well as stakeholder networks and ecosystems perspectives (Hazenberg et al., 2016). Works combining network perspectives and theory with other theories, e.g. institutional theories, resource-based theories, etc., were also found (Stephan et al., 2015; Slimane and Lamine, 2017), suggesting evolution in, and the growing sophistication of, research on social enterprise and networks.

<table>
<thead>
<tr>
<th>Network as the empirical focus</th>
<th>Social entrepreneur networking activities</th>
<th>Social enterprise network compositions and implications</th>
<th>Networks and social enterprise/social entrepreneurship processes</th>
</tr>
</thead>
<tbody>
<tr>
<td>Examples: Seanor and Meaton (2007) examine what they describe as a social enterprise network in Bradford, West Yorkshire. They explore sense-making by various actors within this network. Interestingly in this case, this network is not formalised. This contrasts with the earlier work of Todres et al. (2006) where the network ‘WestFocus’ Partnership was formalised. Finally, more recent work by Tallontire and Nelson (2013) examine developments in the global fair trade movement/network</td>
<td>Examples: Early work by Todres et al. (2006) highlighted the importance of “strategic networking” in developing emerging social enterprises. More recent work by Ghalwash et al. (2017) identifies not only the significance of social entrepreneur’s networks in motivating their activity but also the important role networking activity and domestic and international networks can play for social entrepreneurs to acquire resources, achieve legitimacy and in social value creation</td>
<td>Examples: Smith and Stevens (2010) argue that the embeddedness of the social entrepreneur and social enterprise, which is in turn affected by geographic factors, has implications for their selection of social entrepreneurial pursuits. They also suggest that degree of structural embeddedness influence processes of measuring and scaling social value creation. In a second example, Jenner and Oprescu (2016) examine the social capital of social enterprise and the opportunities stemming from this for collaboration and sustainability</td>
<td>Examples: Hazenberg et al. (2016) examine the emergence of social enterprise ecosystems drawing upon stakeholder network perspectives and biological evolutionary theory. Baringa (2017) explores through a framework of ANT the nascent organising of social entrepreneurial ventures</td>
</tr>
</tbody>
</table>

Table III. Positions of networks in social enterprise literature
We move next to consider how social enterprise and networks have been researched, focusing on questions of methodology. In general, we find a preponderance of work deploying qualitative methods, and often case studies, e.g., Lehner (2014), Easter and Conway (2015), Bhatt and Ahmad (2017). Quantitative studies are still relatively few in number, as remains the case in wider social entrepreneurship scholarship (Rivera-Santos et al., 2015). Instances are found of research deploying alternative and more creative methodologies. For example, Friedman and Desivilya (2010) adopt an action research approach in their work on social entrepreneurship and development in a conflict-affected region, meanwhile Barinaga (2017) deploys an ANT-inspired processual qualitative approach in her study. Studies deploying mixed methods were also found, e.g., Todres et al. (2006), Jenner (2016) and Scott and Laine (2012). Longitudinal work was quite limited. Interestingly, work applying rigorous detailed social network analysis methods (Wasserman and Faust, 1994) was also somewhat limited.

Finally, we examine how contributions and implications are addressed and framed in extant social enterprise and networks literature. We first find that in a significant number of papers in our sample, contributions for research are not explicitly identified, with this particularly the case in early social enterprise and networks scholarship. While over time such explicit identification of research contributions has become more common, often these contributions are more empirical than conceptual and theoretical. Perhaps unsurprisingly, given the predominance we found of qualitative social enterprise and networks studies, theory building in relation to social enterprise and networks was more common than theory testing. It was also relatively rare for authors to link their research contributions to the conventional entrepreneurship field, and wider business and management scholarship, or to explain how (if at all) their work contributed to general theory development.

Regarding treatment of implications for policy and practice, in general, we found this rather limited. Discussions were often – although not always, see for instance Meyskens et al. (2010), Estrin et al. (2013), etc. – woven into conclusions sections rather than being given full attention on their own. Such discussions were also frequently rather short, presented at quite a high level, intangible and at times somewhat of an afterthought. Therefore, we feel that in general, there is scope for social enterprise and network scholars to consider further, and convey more effectively, the real-world implications of their research.

“What next?” in social enterprise and networks research

In the preceding review, we have explored broad trends in publishing on social enterprise and networks, discussed where such work has been and its geographical focus. We have also examined how networks are positioned in the literature, how theory is being engaged with, the methodologies being used, and how contributions and implications are considered and presented. In so doing we have provided an overview of the state of the field, as well as identifying various limitations and gaps in extant literature and research. Building upon this we turn now to consider “what next” for social enterprise and networks scholarship.

We address first the role and use of theory in social enterprise and network scholarship. As outlined previously, social network perspectives and related concepts of embeddedness, social capital, strong and weak ties, are prevalent in the literature. However, frequently, the depth of engagement in literature with these concepts is shallow, and they have been deployed rather unevenly in examining different facets and types of social entrepreneurial activity. For example, future research might consider a phenomena like social enterprise internationalisation drawing upon these concepts and perspectives. Alternatively, they might be deployed in explaining the relative performance (social and/or economic) of social...
enterprises. Social enterprises are also heterogeneous, working in diverse ways to address varied social needs. Therefore, although some social enterprise models and social enterprising activities may have been considered through a lens of these concepts, others have not. These concepts are also multi-dimensional, for instance social capital has been described as an “umbrella concept” (Adler and Kwon, 2002, p. 34), with multiple variants of social capital identified in extant literature e.g. bridging social capital, bonding social capital, linking social capital, structural social capital, relational social capital, cognitive social capital, etc. (Putnam, 2000; Nahapiet and Ghoshal, 1998). There is therefore potential for further social enterprise scholarship unpacking and deploying these concepts in more fine-grained ways. The related concept of trust, itself also multifaceted, and its relationship with social capital and these wider concepts could also receive further attention, as could the concept of “structural holes” (Burt, 1992). Finally, these concepts could be deployed in understanding processes of social enterprise/entrepreneurship in more varied geographies and contexts.

The aforementioned perspectives and concepts have at least received some attention in the literature. Some other network perspectives, concepts and theories have hitherto been engaged with much less. We see promise in more widespread application of ANT, especially given the growing prominence of more processual understandings of, and approaches to studying (social) entrepreneurship/social entrepreneuring. Similarly, we see scope for further application of concepts like network bricolage (Baker et al., 2003), effectual networks/networking (Sarasvathy, 2001) and stakeholder networks (Roloff, 2008), amongst others. If a network is understood as a group or system of interconnected things, then this might also lead to the (further) application of concepts like systems of innovation (Lundvall, 1992), entrepreneurial ecosystems (Isenberg, 2010), and indeed wider systems perspectives, in social enterprise scholarship. Finally, from a theoretical perspective we would encourage scholars to explore opportunities to further combine network concepts, theories and perspectives with wider theories e.g. institutional theories, resource based perspectives, motivational theories, social movement theory, etc., to better understand social enterprise phenomena.

We identify next some promising topics for future social enterprise and networks research, potentially deploying some of the theories and concepts previously mentioned. In recent times, we have seen the emergence of new digital technologies, e.g. blockchain, cryptocurrencies, the rise of social media, and the growing reach and significance of virtual communities. Technology is also transforming the way people work, for instance enabling more remote and virtual working, as well as work in the so called “gig” economy. We have also seen the emergence of innovative financial technologies, e.g. crowdfunding, personal money transfer systems like M-Pesa, etc. These developments create both threats and opportunities for social enterprises. On the one hand, these new technologies may provide solutions to intractable sustainable development challenges. Social enterprise may emerge, or existing ventures may begin leveraging these new technologies to achieve their social missions. On the other hand, there may be unanticipated consequences of the emergence of these new technologies, for instance displacement of jobs, the rise of more precarious working, the phenomenon of “fake news”, etc. We believe that network perspectives and theories provide a useful lens to examine the emergence and application of these new technologies, and as part of understanding the consequences of them, for good and ill.

Following on from the above comments, in general, there is a need for the adoption of more critical perspectives in social enterprise scholarship, including in network studies. Network perspectives and theories may be deployed in exploring negative aspects of social enterprise and innovation. For example, whether and how social entrepreneurs might
exploit or abuse their network positions. A significant literature exists examining the “dark side” of social capital across varied settings (Di Falco and Bulte, 2011). Future research might examine such a dark side in a social enterprise context. Questions of power within and between network actors are also critical, and future scholarship could both examine this, and should remain cognisant of it, as part of developing a more critical and reflexive social enterprise and networks research agenda.

Power is also a central consideration for any future research on flows of knowledge, as well as of more tangible resources, between actors in global social enterprise and innovation networks. In recent times, we have seen a growth in organisations aiming to support social enterprises and entrepreneurs, foster social entrepreneurial activity globally and shape the wider field of social enterprise, e.g. Ashoka, UnLtd, the Skoll Foundation, the Social Enterprise Alliance, etc. (Nicholls, 2010). As yet, these network organisations and the work they undertake remain little studied. Future research could therefore develop a typology of these organisations, could examine the role they play in building global social enterprise networks, we well as the personal networks/social capital of social entrepreneurs. However, critical perspectives might also be applied to the work of such organisations, questioning for example issues of power, the dominance of particular discourses and the nature of knowledge exchange. Similarly, critical questions might also be asked in future research on networks of financial flows, e.g. impact investing in social enterprise, big philanthropy, etc.

Comparison of social enterprises with traditional business ventures, or even other organisational forms e.g. charities, from a networks perspective and drawing upon network theories, is a further possible area for future scholarship. Differences in network composition might be explored, or variation in the action of strong and weak ties, institutional influences, social capital etc. There is also scope for social enterprise and network studies to be conducted focusing on more diverse geographies. As identified in the literature review, such work focussing on developing and emerging economies remains limited. Social enterprise and networks studies in such settings might also draw upon context specific network concepts, for instance “Ubuntu” (Lutz, 2009) if the focus of the research is Africa. Future social enterprise and networks scholarship might also focus in on particular population segments and demographic groups. For example, examining how women social entrepreneurs use their social networks, deploy social capital and assessing whether this is different from male social entrepreneurs.

We turn last to methodology. As noted in the literature review much existing social enterprise and networks research is qualitative, case study based, and deploys fairly standard methods e.g. semi structured interviews. There remains a need for more quantitative, theory testing research, which is also now more possible as the field has matured. In designing such work we would encourage scholars to look to exiting quantitative social enterprise and networks studies but also quantitative network studies in traditional entrepreneurship research. Opportunities should be explored for the adoption of more innovative and alternate methodologies, for example longitudinal studies, processual approaches, mixed-methods, in-depth ethnographic studies and action research, amongst others. Finally, there is scope for more rigorous and concerted application of social network analysis techniques in social enterprise and network studies.

The articles in this special issue
In the previous review, we have explored questions of “where, how and what next?” for social enterprise and networks scholarship. In the context of this review, we now introduce the papers in this special issue on “Social enterprise and networks”. However, before we do, we would like to thank the reviewers who helped us in this endeavour, and without whose
dedication, hard work and constructive feedback, it would not have been possible. Following a workshop at the International Social Innovation Research Conference 2018, and a rigorous and selective review process, four articles were accepted for publication in this special issue.

In the first article, Kokko (2018) considers how the embeddedness of stakeholders in different institutional logics shapes the creation of social value in a social enterprise. She draws upon concepts of institutional logics, structural holes, and strong and weak ties, in exploring the empirical case of Peepoople, a social enterprise which provides biodegradable, self-sanitizing, one-use toilet bags to people lacking sanitation infrastructure. Kokko’s (2018) work contributes to understanding of social value creation by social enterprises and how this may occur through the bridging of structural holes. Linking Kokko’s (2018) work to our literature review we especially welcome her use of structural holes concepts, the developing economy focus of her study, and her rigorous network analysis.

The second article in the special issue by Spiegler and Halberstadt (2018) also has a developing/emerging economy setting. They examine networks and the idea-fruition process of female social entrepreneurs in South Africa. In so doing, they provide insights on women’s social entrepreneurship, and explore how this is shaped by sociocultural context and embeddedness, leading to female entrepreneurs developing particular kinds of networks, which ultimately facilitate idea fruition. Spiegler and Halberstadt (2018) deploy a mixed method approach, including social network analysis. In so doing, they align with our call in the literature review for the adoption of alternative methodologies. Their focus on female social entrepreneurs also chimes with our suggestion for more social enterprise and networks research attending to particular demographic groups and population segments.

The third paper in the special issue has quite a different focus. In it, De Beer (2018) examines social value creation by neighbourhood-based entrepreneurs, drawing upon social networks perspectives and the concept of embeddedness. Her work contributes to debates on the social value of entrepreneurship. She also provides insights on neighbourhood-based entrepreneurs as a relatively understudied type of entrepreneur. In the context of our review, De Beer’s (2018) study speaks particularly to questions of new forms of technology enabled entrepreneurship and ways of working, including in residential neighbourhoods.

In the fourth article, Folmer et al. (2018) explore the importance of networks for the emergence and growth of social enterprise, how social enterprises use their networks throughout their life courses, and compare and contrast social enterprise use of networks to obtain resources and legitimacy with that of conventional commercial enterprises. Similarities are found in relation to the importance of networks for both social and commercial enterprises, but also divergences in how networks are used. This paper aligns strongly with our call for further research comparing social and commercial enterprises and deploying network perspectives, concepts and theories.

Conclusion
To conclude, in this review, we have explored systematically the state of the field in social enterprise and networks research. We have addressed questions of “where”, “how” and “what next” for social enterprise and networks scholarship. While we have found burgeoning social enterprise research examining network organisations and networking practices, as well as studies engaging with networks concepts, theories and perspectives, we have also identified a significant number of gaps and limitations, and areas for further future scholarly attention. The papers in this special issue on “Social Enterprise and Networks” provide a platform for addressing some of these gaps. It is our hope that they, and this special issue, will spur further interest and scholarly activity on this important subject.
Note

1. Keywords Plus® is an additional feature of Web of Science whereby all titles are reviewed, and additional relevant but overlooked keywords that were not listed by the author or publisher, are highlighted. This potentially enables the discovery of more relevant papers in a search.

References


Further reading


**Corresponding author**

David Littlewood can be contacted at: david.littlewood@sheffield.ac.uk

For instructions on how to order reprints of this article, please visit our website: www.emeraldgrouppublishing.com/licensing/reprints.htm
Or contact us for further details: permissions@emeraldinsight.com
Social entrepreneurship: creating social value when bridging holes

Suvi Kokko
Department of Economics, Swedish University of Agricultural Sciences, Uppsala, Sweden

Abstract

Purpose – This paper aims to understand how social value is created in a context characterized by institutional complexity. By identifying stakeholders interacting in a social enterprise and the logics guiding their expected and experienced value, the study describes how social value is created when different institutional logics embedded in strong-tie networks are bridged.

Design/methodology/approach – Concepts of structural holes and institutional logics were applied to the empirical case of a social enterprise. Interviews provided the primary empirical material, but multiple data collection methods were used.

Findings – A shared goal facilitated co-existence of competing value logics, and provided common space forming multiple social value outcomes as products of the different logics.

Research limitations/implications – Limited to one case, this study shows that the interaction of otherwise unconnected stakeholders in a social enterprise, and their embeddedness in different institutional logics, provides one explanation for why and how social value is created.

Practical implications – Acknowledging and addressing gaps in knowledge and resources can lead to social value creation if social enterprises remain open to different logics. This suggests that co-existence of different logics can be a key factor for successful social value creation in social enterprises, if the competing logics are turned into complementary sources.

Originality/value – Dependency on logics from different networks of stakeholders shapes social enterprises to produce outcomes consistent with the different logics. The multiplicity of social value outcomes poses challenges for evaluating the success of social enterprises, especially when the tendency is to use evaluation approaches from the for-profit sector, focusing on the economic logic.

Keywords Social value, Social network, Institutional logics, Social enterprise, Structural holes

Paper type Research paper

Introduction

This study focuses on the creation of social value in social enterprises. Although social value is associated with the mission of social enterprises (Dees, 1998; Mair and Marti, 2006; Shaw and Carter, 2007; Phillips et al., 2008; Dacin et al., 2011; Santos, 2012) and is used to assess the contributions of social enterprises to society, there is little agreement on exactly what social value is and how it may be created (Young, 2006; Lepak et al., 2007; Korsgaard and Anderson, 2011; Ormiston and Seymour, 2011; Lautermann, 2013). For the purpose of this study, social value is defined rather broadly (Dees, 1998; Austin et al., 2006) as the

The author wishes to thank all the people who have participated in the fieldwork for this research project. The author is also grateful for the REG group at the Swedish University of Agricultural Sciences (SLU), Kim Klyver, Puck Hegeman, Isabel Galvis and the anonymous reviewers for their helpful remarks, as well as the participants in the social entrepreneurship track at the RENT conference in 2017 for discussing a draft of this paper. This research was funded by core research funds from SLU.
betterment of society by meeting the social needs of the stakeholders of an organization driven by a social mission (Mair and Martí, 2006). In pursuit of its mission to create social value, the social enterprise tends to reach out in a pro-active and planned manner (Katre and Salipante, 2012) to networks of stakeholders with necessary resources who are embedded in different logics (Wheeler et al., 2005; Doyle Corner and Ho, 2010; Cornforth, 2014). These different logics imply that there are different sources of rationality influencing the development of a social enterprise (Battilana and Dorado, 2010; Pache and Santos, 2010, 2013; Pirson, 2012; Lautermann, 2013; Cornforth, 2014; Dufays and Huybrechts, 2016). With resources being drawn from multiple networks, there is a need to balance multiple logics and their associated rationalities, which may have implications for the intended outcome of social value creation in the enterprise (Battilana and Dorado, 2010; Dufays and Huybrechts, 2016). In the complex social context where different logics must be balanced, one logic may become dominant and possibly create mission drift toward other values than those envisioned by some stakeholders (Cornforth, 2014; Woodside, 2018).

With this contextual complexity in mind, the aim in this study has been to examine how social value is created in a social enterprise that brings together multiple institutional logics. More specifically, the research process has been guided by the research question:

**RQ1.** How does the embeddedness of stakeholders in different institutional logics shape the creation of social value in a social enterprise?

In the following, the concepts of institutional logics (Friedland and Alford, 1991; Kraatz and Block, 2008; Thornton and Ocasio, 2008; Greenwood et al., 2011) and structural holes (Burt, 1992; Besharov and Smith, 2014) are applied to the empirical case of *Peepoople*, a social enterprise which provides biodegradable, self-sanitizing, one-use toilet bags to people lacking sanitation infrastructure. By tracing the social relations of different stakeholders involved in *Peepoople*, the abstract and supra-organizational institutional logics held by different stakeholders could be observed (Skelcher and Smith, 2015) and identified.

The findings in this study show that a heterogeneous group of stakeholders embedded in different strong tie networks and motivated by different institutional logics, bridge between their different networks in pursuit of the goal of solving the sanitation problem. With these bridged strong-tie networks, a social context was created in which a shared goal and interdependence on each other’s logics enabled the co-existence of multiple logics to create social value. However, the multiple logics produced not one but rather a multiplicity of social values, grounded in the different logics of the strong tie networks. These findings contribute to the current understanding of social enterprises and social value (Lautermann, 2013; Dufays and Huybrechts, 2014; Hlady-Rispal and Servantie, 2018), by showing how concepts from social networks in social entrepreneurship (Dacin et al., 2011; Busch, 2014; Besharov and Smith, 2014; Dufays and Huybrechts, 2014) provide insight into how opportunities for social value creation are formed when structural holes between strong tie networks are bridged in a social enterprise. The empirical case illustrates how institutional complexity can be a fruitful context for social value creation and how stakeholders engaged in a social enterprise and carrying multiple logics, produce multiple social value outcomes, contributing to the use of institutional logics in the social enterprise literature (Battilana and Dorado, 2010; Pache and Santos, 2010, 2013; Jay, 2013; Besharov and Smith, 2014; Cornforth, 2014; Dufays and Huybrechts, 2016; Woodside, 2018).

The findings from this study can be useful for practice and policy. By creating spaces for actors with different but interdependent logics to meet, innovative and relevant solutions to societal problems can be developed. A shared goal may facilitate the co-existence of the different logics and offset conflict and mission drift. However, the multiplicity of social value
outcomes as products of the different logics creates challenges for assessing the performance of social enterprises. Applying only one stakeholder's logic, such as the commonly used market-based logics of policy makers (Lautermann, 2013), to understand the outcomes of a social entrepreneurial venture risks overlooking other social value outcomes that may be equally important for whole of society. Moreover, the experience of social value is a cultural and social process not easily generalized, objectified and quantified. This makes the evaluation of social value complex and possibly incompatible with the economic values often used to measure social value.

The following begins with a review of literature on institutional logics (Thornton and Ocasio, 2008; Pache and Santos, 2010, 2013; Greenwood et al., 2011; Thornton et al., 2012; Jay, 2013) and social networks, focusing on the concept of structural holes (Burt, 1992, 2015; Burt et al., 2013). This background provides a framework for identifying patterns of relations between stakeholders and their logics enabling value creation. The methodological approach is then described, including a detailed description of the case. The findings section presents accounts of social value arising from four different logics involved in the case and a summarizing example of analytical development from empirical material to conceptualization. Finally, the empirical material is analyzed in terms of the theoretical framework and the paper ends with a discussion about the implications for theory and practice in the field of social entrepreneurship, as well as limitations and directions for future research.

**Literature review**

*Institutional logics and the social enterprise*

Thornton and Ocasio (1999, p. 804) define institutional logics as:

> Socially constructed, historical patterns of material practices, assumptions, values, beliefs, and rules by which individuals produce and reproduce their material subsistence, organize time and space, and provide meaning to their social reality.

Thus, institutional logics provides a framework for understanding what guides action, for instance to engage in entrepreneurial action. It is a useful concept for making sense of the different rationalities and behavior in organizations (Thornton and Ocasio, 2008), because it embraces the multiplicity and complexity of logics in organizations (Greenwood et al., 2011; Dacin et al., 2011; Besharov and Smith, 2014).

This complexity of institutional logics at play can be beneficial for social enterprises (Pache and Santos, 2013) if different logics are treated as complementarities (Hockerts, 2015) and practices and knowledge from different logics are used strategically (Pache and Santos, 2013). This kind of purposeful mixing and matching of competencies and practices desired by the organization (Battilana and Dorado, 2010) can create a space for innovation (Kraatz and Block, 2008; Jay, 2013). The multiple logics may even become the core of organizational functioning when the compatible or complementary logics guide action and contribute to better attainment of shared goals. This results in uniting the core in the organization, which is reproduced in the goals, values, identities and practices associated with multiple logics (Besharov and Smith, 2014).

Yet, one logic may also come to dominate in the shared mission, strategy, identity and core practices in the organization. This may cause a drift from the original mission (Cornforth, 2014), or may dominate without changing the mission, but the individual stakeholders are influenced by other logics. The compatibility of the logics makes them complementary to the organizational goals and enables co-existence alongside the dominant logic. Consistency with the goals of the organization has been shown to be more important
for compatibility than consistency in the means by which the goals are achieved (Besharov and Smith, 2014).

The ability of the organization to bridge the multiple institutional logics creates an opportunity for entrepreneurial activity to create value because of the new knowledge that is gained (Dufays and Huybrechts, 2016). Therefore, meetings between individuals with different institutional logics may be a source of “good ideas”, and thus entrepreneurial opportunities. The lens of institutional logics thus illuminates the different logics which stakeholders bring along when engaging in a social enterprise. These logics may also guide the stakeholders’ expectations of social value from the venture and how they experience social value, that is, their value logics. The specificities of organizing multiple logics have seldom been discussed (Katre and Salipante, 2012), with a few exceptions, for instance Battilana and Dorado (2010) and Pache and Santos (2010, 2013) and Cornforth (2014).

Institutional logics manifest in social networks

Social networks are contexts for action in which entrepreneurs extend their activities and access resources. They are useful models to understand the organizing of institutional logics, because they provide structure as an indicator of how information and resources are distributed in a system (Burt et al., 2013). The meeting of multiple logics committed to a specific goal in social networks (Meyskens et al., 2010) has been proven to be important for social enterprises (Hulgard and Spear, 2006). The complexity of the network ties (Myers and Nelson, 2010) has been found to have a positive influence on social value creation, whereas the quantity of direct network ties, together with the network’s size (width) and diversity, affect social impact. This suggests that a social network which is open and consists of different stakeholders and structures can enhance the success of social enterprises (Weber and Kratzer, 2013).

Strong and weak ties (Granovetter, 1973) provide a structure to understand the nature of the relationships between different institutional logics in social networks. Strong tie networks can be viewed as representations of different institutional logics (Granovetter, 1973; Besharov and Smith, 2014), because in strong tie networks, the actors share similar opinions, behavior, information, connections and logics. Although multiple institutional logics may reside within a network, when the ties are strong these multiple logics will be aligned. Weak ties are critical in social structures, because they bridge gaps in the information flow between closed, strong tie networks (Granovetter, 1973; Burt, 1992), but are less dependent upon a common logic. These gaps in information flow are structural holes and, when bridged, new ideas and actors emerge (Burt, 2004). Structural holes can be a valuable context for action when a commonplace idea or practice (institutional logic) in one strong tie network becomes a valuable insight in another (Burt, 2015). Value accumulates as an idea moves through the network, so that each transmission from one network to another has the potential to add value to the idea (Burt, 2004).

Method

This study is part of a larger research project investigating the social enterprise Peepople. The project as a whole has collected extensive information from many sources, but this study focuses on the experiences of key stakeholder groups, to better understand social value creation. To do this, a case study approach (Yin, 2003) was applied, strongly influenced by a formative process, in which the research design and forms of inquiry emerged and developed as the study unfolded (Lincoln and Guba, 1986). Moving the unit of analysis from Lee and Battilana’s (2013) individual as the social entrepreneur absorbing institutional complexity, attention in this study was placed on the social enterprise as an
interactive meeting place for multiple logics. The focus was not on the whole of the *Peepoople* organization and its total network, but rather on understanding the ties in the network and how they are used and activated (Jack, 2005) to create social value. The study was limited to the case organization in Kenya and four selected stakeholder groups. Identifying meanings behind the actions of value creation required a qualitative approach. The empirical material, collected over a period of 36 months during five visits to the study site, served as a source of insights into the case and guided the theoretical framing. A short description of the case is presented below, to provide background to the methods selected for collection and analysis of the empirical material.

**The case overview**

*Peepoople* is a social enterprise and displays a typical institutional complexity, with interactions between a variety of stakeholders contributing different resources and taking on different roles in enactment of the venture. The part of the *Peepoople* organization included in this study operates in Nairobi, in the informal settlement of Kibera. *Peepoople* established a local office on the outskirts of Kibera to provide local residents with biodegradable, one-use toilet bags. This bag solution, which is similar to the commonly used "flying toilet" in its functional characteristics, contains urea, which inactivates and breaks down harmful human fecal pathogens into ammonia and carbonates within 2-4 weeks, allowing human waste to be safely used as a fertilizer, and making it optimal for the Kibera slum.

The bags are sold from kiosks and by women micro-entrepreneurs. Each bag costs 3 Kenyan shillings (KSh), of which 1 KSh is refundable on return of a used bag. The toilet bags are marketed through street show theater events and plot parties, where saleswomen and marketing staff together demonstrate use of the bag and provide training in personal hygiene. After use, the bags can be dropped off at a drop point or they are collected by women who have started micro-businesses in collection of used toilet bags. The long-term aim is to develop the business model to process the used bags into a marketable fertilizer to close the nutrient loop and bring much-needed nutrients back into the soil.

To reach children, who are recognized as one of the most vulnerable groups in informal settlements (Magadi, 2004), *Peepoople* started cooperating with schools in 2010. Its School Program has since grown to cover over 100 schools, reaching more than 18,000 children in Kibera daily (*Peepoople*, 2016). Donor funding has allowed provision of the toilet bags free of charge to schools, where they are used in cabins with the help of a specially designed holder, Peepoo-Kiti. The cabins also contain urinals, serving as soak pits, and hand washing facilities with soap are provided outside the cabins. Schools and daycare centers involved in the School Program are provided with the toilet cabins required for privacy and with training in hygiene and hand washing. The hand washing and personal hygiene component of the Peepoo solution is an essential component of the measure to obtain a change in the local community. Staff from *Peepoople* familiarize parents with the sanitation solution as a home toilet, to improve hygiene at home. Any used bags not applied as fertilizer in school gardens are collected by *Peepoople* (*Peepoople*, 2015).

**Data**

Purposeful sampling (Patton, 2002), based on the intimacy of the stakeholder group’s relationship with the value creation process of the social enterprise, was used to select four key stakeholder groups and their representatives. These were the initiating social entrepreneur, a scientist involved in developing the sanitation solution, a donor who provided funding in the early years of the venture and the community as the user of the
sanitation solution. Weight was given to the lived experiences and perceptions of the respondents. Because interest in the study was in the real world, that is, the content of the lived, the focus of the work was on understandings of the value expected and experienced by the stakeholders, through their involvement in the social enterprise. In-depth interviews lasting between 60 and 120 min were conducted with the initiator, the scientist and the donor. A variety of techniques were used to obtain information from the community, because it was both geographically and contextually most distant from the researcher. During field visits to Nairobi, empirical material was collected from the local community, mainly through seven focus group discussions with adults and children, and approximately 50 h of individual interviews with stakeholders with experience of the Peepoo solution in the local context (Table I). The visits to the study site allowed direct observation in the community, schools and households, and provided an opportunity to engage in informal conversations (Patton, 2002) with the local stakeholders.

Interviews with the initiating entrepreneur and other key actors involved in the start-up of the social enterprise provided information about Peepool’s history, its mission and value creation vision and the entrepreneurs behind the venture. This material was supplemented by press articles, reports and filmed interviews available on the Internet (Patton, 2002), providing multiple sources for description of the research theme (Yin, 2003). The majority of the in-depth interviews were recorded and transcribed (Table I). Informal conversations, which often took place during lunch and walking in the settlement, were documented as field notes, because the security situation in the settlement did not permit use of technical devices for recording and filming in public places. Therefore, the majority of the interviews took place in schools, at a church that was hired as an easily accessible interviewing location and at the local Peepool office.

Together, this material provided a rich and deep understanding of how different stakeholders attribute meaning to the Peepool venture in terms of social value. Writing up the accounts for this study provided partial translations of the reality of others’ lived experience, which can therefore be treated as textual representations of the experiences (Alvermann et al., 1996).

Data analysis
The stakeholders’ accounts are presented as summative illustrations combining the diverse empirical material. By assembling this material, stories illustrating the accounts of value logics expressed in the field were drafted. Table II provides a summarizing example of how the analysis of empirical material developed from descriptive category with illustrations from the field to analytical category. Despite the different sources of empirical material used in the study, the aim was not to accumulate data, but rather to find the core in relation to the topic investigated and to uncover this core with sufficient context, as suggested by Alvesson and Sköldberg (2000). The analysis of the material involved inductive analysis of expressions generated by the stakeholders (Skelcher and Smith, 2015), and detection of patterns and themes (Patton, 2002), particularly those identified by the participants as important to understand value they desired and experienced, bearing in mind the theoretical framework of institutional logics (Thornton and Ocasio, 2008). By looking for what was valued by the stakeholders as goals and outcomes, their value logics could be identified.

The detected value logics were constantly compared within stakeholder groups to identify shared logics and across the groups to detect similarities and differences (Eisenhardt, 1989). The data organizing software Atlas.ti was used to organize, code and categorize empirical material. The analysis was a non-linear process, in which different research activities, theory and empirical material were integrated (Dubois and Gadde, 2002).
<table>
<thead>
<tr>
<th>Data collection method</th>
<th>Participants</th>
<th>Network actor group</th>
<th>Type of material</th>
<th>Documentation</th>
</tr>
</thead>
<tbody>
<tr>
<td>Two focus group discussions</td>
<td>10 women and 9 men in Kibera</td>
<td>Community</td>
<td>Association mapping</td>
<td>Notes</td>
</tr>
<tr>
<td>Focus group discussion/Outcomes workshop</td>
<td>12 participants: mothers, teachers, village elder and neighbors with experience of Peepoo-bag use in schools</td>
<td>Community</td>
<td>What users associate Peepoo with?</td>
<td>White board papers, Pictures, Recording</td>
</tr>
<tr>
<td>Most significant change stories (individual semi-structured interviews)</td>
<td>42 stories from school staff and parents with experience of Peepoo in schools</td>
<td>Community</td>
<td>What has changed since Peepoople was introduced at school?</td>
<td>Filled in interview templates, Atlas.ti</td>
</tr>
<tr>
<td>Four focus group discussions</td>
<td>Children in 2 schools with Peepoo solution and 2 without</td>
<td>Community</td>
<td>What children think about school toilets?</td>
<td>Likert scales</td>
</tr>
<tr>
<td>In-depth interviews</td>
<td>Initiating architect and partner, local Peepoople manager</td>
<td>Social Entrepreneur</td>
<td>Collaborations</td>
<td>Recordings</td>
</tr>
<tr>
<td>In-depth interviews</td>
<td>1 Village elders</td>
<td>Community</td>
<td>Value of Peepoople</td>
<td>Notes</td>
</tr>
<tr>
<td>In-depth interviews</td>
<td>2 Heads of schools</td>
<td>Community</td>
<td>Perceptions on sanitation and children</td>
<td>Recordings</td>
</tr>
<tr>
<td>In-depth interviews</td>
<td>3 NGO representatives (2 different NGOs)</td>
<td>Researcher</td>
<td>Collaborations</td>
<td>Notes</td>
</tr>
<tr>
<td>In-depth interviews</td>
<td>Program manager in donor organization</td>
<td>Donor</td>
<td>Value of Peepoople</td>
<td>Recordings</td>
</tr>
</tbody>
</table>

Table I. Summary of empirical material from interviews, focus groups and workshops.
<table>
<thead>
<tr>
<th>Actor group</th>
<th>Network function</th>
<th>Illustrative quotation</th>
<th>This tells us their value logic is</th>
<th>Core to this group is</th>
<th>Social value outcomes</th>
</tr>
</thead>
<tbody>
<tr>
<td>Social entrepreneur (architect)</td>
<td>Initiator</td>
<td>“I focused on solving the problem and the problem was formulated to me by the woman. She asked me to think local - it was about identifying the problem, seeing it, and formulating the problem so that it can be possibly solved” “She was also clear in that it [a toilet] would improve health […] and she brought to my knowledge the dangers women faced when doing it [going to the toilet] outside” “So I was completely focused on the solution, not so much on value at the time, since the value is in the solution” “The solution is global, however. Anyone can use this toilet. The value is in the solution and what it brings about and that it accessible to everyone. I think of value as practical” “This toilet should work for everyone that includes people with few resources. It had then to be cheap and available in the local political system. If it cannot be available, there is no value in it”</td>
<td>Solve the problem of sanitation</td>
<td>Smart design</td>
<td>Problem of sanitation solved</td>
</tr>
<tr>
<td>Scientist</td>
<td>Provide technical knowhow</td>
<td>“We wanted to fix the sanitation problem, but it was also interesting to be part of commercialization of research. As a researcher you have seldom the resources or knowledge to commercialize your research and other parties are needed to drive that part” “It was evident to us that the product must go back into the cycle, it must be bio-degradable and provide nutrients for the soil” “Getting the patent was important”</td>
<td>Solve the problem of sanitation Commercialize research results Close the nutrient loop</td>
<td>Application of academic research</td>
<td>Commercialization Environmental sustainability</td>
</tr>
<tr>
<td>Community</td>
<td>Customer</td>
<td>“If you enter a such a dirty toilet (pit latrine) barefooted with cracks [in your feet], urine and feces enter the cracks and you can become sick, even get worms” (mother) “Having toilets outside the school areas makes it problematic since it takes about 10-20 minutes to go to the toilets with a group of children. Children not going to the toilet must be left at school and can become chaotic and make a mess in class”</td>
<td>Obtain access to and use a clean and safe toilet Toilet on school grounds Avoid diseases Future outlook</td>
<td>Daily challenges of life</td>
<td>Meeting basic human needs Good learning environment for children</td>
</tr>
</tbody>
</table>

(continued)
<table>
<thead>
<tr>
<th>Actor group</th>
<th>Network function</th>
<th>Illustrative quotation</th>
<th>This tells us their value logic is</th>
<th>Core to this group is</th>
<th>Social value outcomes</th>
</tr>
</thead>
<tbody>
<tr>
<td>Donor</td>
<td>Economic resources Organizational knowhow</td>
<td>“Our core value is basic health for all. Basic health is the first step out of poverty [...]. Besides supporting sanitation activities on the ground, we really wanted to strengthen the local organization; we believed that to be sustainable we needed to build local capacity” “We are interested in the behavior change aspect, that’s where you really make a change. We discuss the methodology aspects and the software issues, like training and education” “We like Peepoo since it looks at the whole sanitation cycle and it provides a business model and it addresses our target group, the bottom of the pyramid people who were not reached by the government”</td>
<td>Help the most marginalized people Behavior change</td>
<td>Local solution Business model Self-sustaining venture</td>
<td></td>
</tr>
</tbody>
</table>

Source: table format inspired by McKeever et al. (2015)
The evolving preliminary analytical framework of social networks guided the search within the empirical material and the interpretations by the researcher, when tracing the stakeholders in the Peepoople organization and their network relations to and from the organization. This led to expanding the theoretical framework to the concept of structural holes, when the distinct understandings of value and the nature of the stakeholders’ network relations evolved around the social enterprise. The lens of institutional logics proved useful in developing a theoretical explanation of the multiple understandings of expected and experienced value, the value logics. This back-and-forth movement between theory and interpretation of empirical material followed the systematic combining approach and meant that theory could be confronted with the empirical world to find a match, which provided an illustration of the case (Dubois and Gadde, 2002).

Findings
Four logics in the case were considered: those of the initiating entrepreneur, a scientist, a community member and a donor.

The architect of a new idea
A Swedish professor in architecture took a group of students to Bombay, where they met with a group of women and children who were living on the streets. A woman told the architect that neither she nor anyone else in her situation needed help from architects:

- They were capable of building their own houses from materials they could find.
- They could get electricity by making their own connections to the grid.
- Water for washing and cooking was available from a near-by pumping station.
- Drinking water could be bought from street vendors.

The only real problem, according to the woman, was personal hygiene. The woman's description of crowded living conditions, with little privacy, overflowing toilets and sewage in open ditches that had nowhere to go is a story shared by millions in the world’s impoverished informal settlements.

This initiated a problem-solving process in the architect’s mind, and once home, the architect turned to researching and developing a solution to the sanitation problem. He began by defining the actual problem to be solved and concluded that it was not an issue of access to conventional toilets, but rather a need for a contemporary toilet system that was affordable and would work for poor people in places with weak infrastructure, that is, an adaptable global solution to a local problem. With the open sewers and lack of treatment facilities common in impoverished urban settings, the problem of personal hygiene was not only a question of access to toilets but also what to do with the excrement. The architect saw potential for value creation if the sanitation solution could comprise a contemporary technical design for a completely new toilet system adapted to locally available resources.

The architect set about solving the problem through a structured design process, starting with assessing all available solutions on the market. After four months of study and thinking, he came up with the idea of a single-use, portable, degradable toilet bag – the Peepoo bag! These bags would eliminate the need for costly infrastructure with sewer mains and pumping stations, water to facilitate waste flow and treatment plants, yet would provide users with a sanitary and flexible solution to their toilet needs. At this point, the architect was aware that access to a toilet could have health-improving effects, but his driving focus was on developing a practically useable toilet system, and thereby solving the toilet problem articulated by the woman in India.
With this drive, a venture called Peepoople started to develop around the sanitation bag. Together with his living partner, the first step the architect took after framing the idea was to find the technical expertise to develop the bag. An appraisal of scientists working with chemical issues in the sanitation sector revealed good potential of research at the nearby Swedish University of Agricultural Sciences (SLU), where scientists were in an early stage of developing a suitable chemical solution. After meeting with the scientists, the architect and his partner became convinced that this was the solution, and the scientists proved to be key actors in the early stages of the process.

The scientists who brought the idea into existence
For the scientists, the idea of a toilet bag was new, but feasible:

We were a bit surprised by the idea of a toilet bag, but it made sense to us since we had been storing and transporting human waste in small plastic bags.

The scientists saw value in the cooperation with Peepoople as an opportunity to contribute to solving the sanitation problem[2], attracting them to the venture. Moreover, because innovations from universities often require help and expertise in commercialization, this cooperation would provide an opportunity to get research results into use.

A driving idea for the scientists from the beginning was to return the used product to nature, to improve soil fertility. The development process was conducted in close collaboration between SLU and Peepoople, with all individuals involved contributing to research and development, providing a variety of skills and taking on multiple roles. A milestone in the development process was obtaining a patent for the bag. For one of the scientists involved in Peepoople since 2006, the joint work led to employment at Peepoople and becoming an owner of the company. The scientist learned about how an idea can be brought to the field and obtained a broader understanding of sanitation and its “connections”, poverty, the impossibility of building toilets in specific areas and the extreme infection rates in children living in informal settlements, including those living in Kibera. This led the scientist to enter new research areas.

A user of the idea
Mary is one of the thousands of schoolchildren in Kibera using the Peepoo bag. Since Peepoople came to her school, she has started to prioritize sanitation and thinks differently about disposal of her waste. Mary enjoys the cleaner school environment, where her school now has toilets and pupils perceive them as clean. Mary’s mother reported that her daughter is not sick as often as she used to be, which has enabled the family to save money on medication and medical visits and to save time on taking care of sick family members. This in turn has allowed the mother to earn income and spend more money on food and school fees. The cleanliness of the Peepoo-bag makes both Mary and her mother feel happy and comfortable with the sanitation situation at school. Mary’s mother also suggested that the privacy that Peepoo use provides has increased Mary’s self-esteem and dignity. Mary has participated in training in personal hygiene through the School Program and she now washes her hands before eating and after using the toilet. She has even educated her family members in personal hygiene.

Overall, the users see value in the Peepoo solution. Using it has led to an overall increase in well-being, both physically and mentally. It has also enabled families to save time and money on daily living, which can be considered an improved standard of living in the context of extreme poverty. Improved health and ability to stay on school premises to use a
Toilet have led to increased school attendance, which may have long-ranging positive consequences of improved well-being at individual, household, and community level.

A donor Peepoople has relied on donor funding since start-up. One donor entered the venture early with financial help to strengthen Peepoople’s local organization in Nairobi, with the aim of making the organization sustainable. The donor assessed the local organization’s staff capacity, governance and financial management. Through this, the donor saw that it could provide capacity building of the local Peepoople organization and share its experiences from supporting other similar organizations. The aim was to help Peepoople improve its overall operations to obtain a behavior change in sanitation issues in the local community.

The donor identified potential for social value creation in Peepoople’s structural and sustainable solution to a problem in a specific context. The Peepoople value chain also provided a solid business model that reached the donor’s group of interest at the bottom of the pyramid, as well as other marginalized people. The Peepoo solution was considered to meet the needs of its beneficiaries, by adding value to the users by means of access to sanitation. The donor also saw strong local ownership of the sanitation solution, which seemed a suitable option, because people in Kibera were already accustomed to using bags as toilets and infrastructure for other types of toilets was lacking. Proof of ownership was that people were willing to pay for the bags.

The donor saw also value in the rights-based perspective that the Peepoo solution provides, as well as its characteristics that empower communities, especially women, children, the elderly and the disabled. The toilet solution as a whole was considered to challenge taboos and increase equal opportunities. However, meeting the goal of the business case and economic sustainability was a challenge.

Interpretation and analysis
The purpose of this study has been to understand how social value is created in a context characterized by institutional complexity. The findings show that different stakeholders became engaged in the social enterprise because of the common interest in solving the sanitation problem. To solve the problem, however, they needed resources from the other networks, leading them to bridge out beyond their own strong-tie networks.

The need for a range of resources, including knowledge, knowhow and understanding of the problem (i.e. smart design, closing the nutrient loop with applications from research, a safe and clean toilet, helping the most marginalized people through a locally embedded business model) made the different logics of the strong-tie networks complementary, instead of creating conflict in which one logic dominated over the others (Pache and Santos, 2013). The essential knowledge, practices and beliefs from each logic were combined at the social enterprise level, by strategic mixing (Battilana and Dorado, 2010) or selective coupling (Pache and Santos, 2013). Rather than hybridizing each practice carried out in the organization, which would have meant making compromises in the practices advocated by the different stakeholders, the different logics held by the stakeholders were endorsed. This led to mobilizing different means to solve the sanitation problem at a practical level (Pache and Santos, 2013), in the actions of the different stakeholders.

This mixing of different means from the different logics of stakeholders is illustrated for instance in: the staff capacity building and business model development logic of the donor, which was adopted in the management and organizational set-up of the social enterprise; the natural science logic of closing the nutrient loop in the practices of product design; the community’s logic of a better life by creating an accessible and safe toilet and the initiating
entrepreneur’s logic of smart design, making the toilet applicable to many different contexts. The stakeholders’ evolving shared goal to solve the sanitation problem and the interdependence of the institutional logics to obtain the goal facilitated co-existence of the competing logics in which the stakeholders were embedded. It also made it possible for the social enterprise as a meeting place, instead of an individual social entrepreneur, to bridge the structural holes between the different strong tie networks and their logics, as suggested by Dufays and Huybrechts (2014). The role of the shared goal in facilitating competing logics in this case has similarities with findings by Pache and Santos (2013) and Besharov and Smith (2014) on the role of goals in contexts of institutional complexity.

The findings also show that bridging across structural holes between the strong-tie networks of stakeholders led to multiple social values experienced differently by the different stakeholders. By analyzing the accounts provided by different stakeholders, it was possible to identify distinct representations of realities experienced and understood by each stakeholder group. These realities reflected the stakeholders’ institutional logics and thereby also the value-logics guiding their expectations for and perceptions of value from their involvement in the social enterprise. These logics also shaped the social enterprise to produce outcomes consistent with the multiple value logics of solving a problem: The architect believed in contemporary design; the scientists in environmental sustainability and commercialization of research results; the users in improved well-being and the donor in development of the local community with the help of a self-sustaining venture. These value logics are direct expressions of relationships to the culture, society and institutions in which they had been reproduced (Fletcher, 2006, p. 434; Thornton et al., 2012), namely architecture, academia, international donor community and the local community of users.

These findings shows that bridging across structural holes not only enables a social enterprise to succeed in organizing an opportunity for a new solution to an existing social need in the local community, but also creates a multiplicity of social value outcomes that are perceived by the different value logics of different stakeholders. This suggests that social value should not be viewed as singular, but rather as multiple, shaped by purposeful mixing of practices, beliefs and logics from different strong tie networks (Burt, 2004; Battilana and Dorado, 2010) (Figure 1).

Like previous studies in social entrepreneurship, this study suggests that the value created by social enterprises is experienced subjectively (Guclu et al., 2002; Austin et al.,

---

**Figure 1.**
Structural holes, value logics and social value outcomes in the Peepoople venture (inspired by Dufays and Huybrechts, 2016)
implying subjective, context-driven and potentially competing understandings of what is valuable to the different stakeholders (Lepak et al., 2007, p. 183). Different social values in the case were realized within different value logics. For instance, the original idea of the architect to solve the problem of lack of toilets moved across different networks of stakeholders, creating social values in the form of, for example, improved soil fertility, hygiene, education possibilities and well-being in general.

Complementing previous research, this study provides an assessment of how multiple value logics are operationalized in practical terms (Pache and Santos, 2013), to create social values in a social entrepreneurial venture. It also offers one type of structure for understanding social value creation, by embracing the multiplicity of networked stakeholders enacting the social entrepreneurial venture.

Overall, this study makes a theoretical contribution by extending theory of social value creation in social enterprises by using institutional logics and social networks to explain how and why social values are created in a social enterprise. It offers an empirical extension of the conceptualization by Dufays and Huybrechts (2014) of embeddedness of social enterprises in multiple network relations, characterized by previously unconnected networks drawing on distinct institutional logics. By strategically bridging value logics from architecture, science, the local community and international development aid, the social enterprise created an opportunity to identify a need and provide a solution to a social problem, and thereby created social values as outcomes of the multiple value logics.

Institutional complexity (Battilana and Dorado, 2010; Pache and Santos, 2010, 2013) and bridging of structural holes in the social enterprise context (Dufays and Huybrechts, 2016) provided a description of how a shared goal and interdependence of value logics created a space for combining several institutional logics to create social value. This adds to our understanding of social value creation in the social enterprise context. The network perspective on social value creation presented in this study also adds to the conceptualization by Hlady-Rispal and Servantie (2018) of social value creation as value generation by networked actors, drawing on each other’s capabilities and resources.

The practical contribution of this study resides in the strength of weak ties. Acknowledging and addressing structural holes, as suggested by Katre and Salipante (2012), can lead to social value creation through innovative and relevant solutions to societal problems. For this, social enterprises need to integrate knowledge and resources from different networks. Moreover, the complementarity and co-existence of different logics can be a key factor for successful social value creation in social enterprises. Therefore, government and private support for developing eco-systems and networks that enable interactions between actors from different sectors is essential for solving social and environmental problems, to create social values. Following Jay (2013), in this study the social enterprise is viewed as a catalyst of innovative action when multiple value logics meet. Openness to different perspectives can be essential for releasing the innovative potential in social enterprises. The tensions between logics and the resulting outcomes (such as success and failure) need to be recognized to avoid undesirable outcomes such as inaction, mission drift and conflict. Alignment of common goals or building a shared organizational identity around a goal (Battilana and Dorado, 2010) can be one way of enabling multiple value logics to co-exist and produce social value outcomes.

On another more practical note, when talking about value, its links with exchanges and worth should not be overlooked (Ormiston and Seymour, 2011). This relates closely to the normative framing of institutional logics, in which worth and value are allocated differentially (Skelcher and Smith, 2015, p. 439). Different value logics imply different orders of worth and are cultural and social processes (Lamont, 2012; Skelcher and Smith, 2015).
Different stakeholders will value the outcomes differently, making evaluation of social value outcomes complex. Whose experiences of value should be taken into account when evaluating the impact or performance of a social enterprise? What are the consequences of the often-applied monetarist, quantifiable, market-oriented associations of value and evaluation (Rotheroe and Richards, 2007; Nicholls et al., 2009; Vatin, 2013; Pathak and Dattani, 2014) on these cultural and social processes of creation and experiencing of social value? The results of this study also question the use of traditional economic values in understanding social value. The endeavor to achieve objectivity and generalizability across samples by using predefined variables for understanding, measuring and evaluating social value outcomes of social entrepreneurial ventures is not compatible with how the social is often understood and experienced, as subjective, multiple and context-specific. Economic value offers a common measure among stakeholders in a “business” enterprise, whereas the multiplicity of social values created by social enterprises vary in quality and character, and are perceived and valued quite differently by different stakeholders (Young, 2006; Ruebottom, 2011). Evaluation of social value outcomes by using methods and approaches from the conventional business (Somers, 2005; Rotheroe and Richards, 2007) sector may overlook the underlying perceptions of social value creation.

Concluding discussion
Social networks, especially the framework of structural holes, are pertinent to improving understanding of social entrepreneurship (Dufays and Huybrechts, 2014). Examining the specificities of networks and institutional logics in social enterprises also extends understanding of mainstream entrepreneurship. Social enterprises, often functioning in resource-deprived settings, most likely depend more on networks than for-profit entrepreneurs (Trivedi and Stokols, 2011). The need for diverse assets (Wheeler et al., 2005; Doyle Corner and Ho, 2010) drives social entrepreneurs to build ties with a multitude of stakeholders. The ability to draw on different logics from the stakeholders, either by creating new bridges or enforcing existing bridges to obtain many wide-actor networks, has been seen as a critical factor for the success of social enterprises (dal Forno and Merlone, 2009). Mainstream entrepreneurship can learn from social entrepreneurs, for instance in how to draw on social network relations and handle multiple logics for successful venture development and how innovative entrepreneurial opportunities can be created and pursued. Understanding these social processes of creating and experiencing social values within the value logics of strong tie networks may help in negotiating and facilitating competing institutional logics also in for-profit organizations, opening the way to multiple interpretations of value beside economic value and thereby increasing their relevance for the wider society.

This study is limited to one case and focused on the organization-level interactions of multiple logics. It also focused on only four actors, although many others have been engaged in the Peepoople enterprise over the years. Comparisons across several social enterprises offering pro-poor solutions could provide a more systematic assessment of how the conditions for multiple institutional logics and social networks contribute to social value creation in similar contexts, and the value logics and value outcomes they produce. In this regard, it would be interesting to compare the types of logics that dominate when innovative products and services are developed for the poor and the relationships of the logics in organizations, for example, the power dynamics of these relationships. In a longitudinal study of a social enterprise, it would be useful to understand how logics and relationships change across stakeholders and across the different phases of the entrepreneurial process, and even what happens when social enterprises fail. Moreover, with specific relevance to
policy, future research could include institutional logics from the field, including the competing players and the state, and look at how multiple institutional logics are practiced in the field, beyond the organization. It could also compare this to the practice of organization-level logics, to identify similarities and differences of logics between the two different levels of analysis, for the success and failure of social value creation, and possibly provide some causal explanations.

Notes
1. Polythene bag used for defecation, especially in slum areas, and disposed of in the approximate environment (drainage, roadides, rooftops, etc.), often causing an environmental and health hazard when in contact with drinking water supply and humans.
2. Worldwide, 2.1 billion people lack basic sanitation and 892 million people practice open defecation. Lack of sanitation is one of the world’s most serious health risks (WHO and UNICEF, 2017).

References


Further reading


Corresponding author

Suvi Kokko can be contacted at: suvi.kokko@slu.se

For instructions on how to order reprints of this article, please visit our website: [www.emeraldgrouppublishing.com/licensing/reprints.htm](http://www.emeraldgrouppublishing.com/licensing/reprints.htm)

Or contact us for further details: permissions@emeraldinsight.com
Networks and the idea-fruition process of female social entrepreneurs in South Africa

Jantje Halberstadt and Anna B. Spiegler
Faculty of Sustainability, Leuphana University, Lüneburg, Germany

Abstract

Purpose – This paper aims to contribute to the lack of research on female social entrepreneurs and their social and contextual embeddedness, promoting women’s social entrepreneurial activity as promising, specifically in the South African context.

Design/methodology/approach – By analyzing the founding process and networks of 11 female social entrepreneurs in South Africa using a mixed-method approach consisting of semi-structured interviews, media analysis and egocentric network analysis, this paper seeks to discover the idea-fruition process of female social entrepreneurs. This approach enables us to analyze contextual factors with a focus on personal networks and their influence on the processes of idea-generation and development.

Findings – The results indicate that social networks are an important part of the personal context which influences the idea-fruition process of female social entrepreneurs. The paper identifies specific actors as well as group outcomes as particular relevant within this context.

Research limitations/implications – While the results enable the generation of a structure based on the authors’ first insights into how social relational networks influence female social entrepreneurship, it remains unclear if these results can be specifically traced to women or social entrepreneurial aspects, which suggests that further attention is needed in future studies.

Practical implications – Practical implications can be derived from the results concerning the support of female social entrepreneurs by, for example, optimizing or using their (social entrepreneurial) environment. Contrary to studies on business idea-generation, the results stress that women can make use of certain network constructions that are often considered to be obstructive.

Originality/value – This study introduces an innovative gender perspective on social entrepreneurship in South Africa and offers new directions for future research on the opportunity recognition process of female social entrepreneurs.

Keywords South Africa, Emerging markets, Social network analysis, Contextual embeddedness, Female social entrepreneurship, Mixed-method approach

Paper type Research paper

1. Introduction: “Nothing is done in isolation”[1]

Social entrepreneurship aims at generating social impact or solving social problems using entrepreneurial approaches. In contrast to business entrepreneurs, social entrepreneurs (SEs) focus on social missions instead of maximizing profit (Dacin et al., 2010). Thus, SE is recognized as an important instrument to improve social and economic wellbeing in developing countries inasmuch it addresses several of the critical challenges of the new century such as social inequality, poverty, education and environmental exploitation. This holds true for sub-Saharan countries where governments struggle to solve these problems. Political insecurity and instability, supplemented by a lack of financial resources, hinder the development of proper support systems. In particular, in South Africa, there has been recent
However, despite the growing practical relevance and scholarly attention, SE remains a new area of research with numerous unanswered questions (Littlewood and Holt, 2015b). This is especially important for female social entrepreneurship, as we have identified a lack of research in this field, despite the fact that female social entrepreneurs (FSEs) seem to have particular potential.

The first step in this direction is to understand how female social entrepreneurship has developed in the South African context. In this regard, it is important to identify the idea-recognition process of FSEs and the corresponding (social) environmental settings that have enabled them to cultivate these social ideas. This also contributes to the SE research in general because “[r]elatively little is known about the start-up process for African Social Enterprises” (Littlewood and Holt, 2015a, p. 35). Within this field, the authors have stressed the importance of investigating the influence of context, environment and networks on social and environmental entrepreneurship as important future research areas (Bitzer and Hamann, 2015; Littlewood and Holt, 2015a). Our paper represents one of the first attempts to answer this call from a gender-based perspective.

By defining the initial starting-point of female social entrepreneurship within the idea-fruition process as the basis of idea-generation and development (Griffiths-Hemans and Grover, 2006), our main research question is as follows:

**RQ1.** How do social networks influence the idea-fruition process of FSEs in South Africa?

In the following section, we theoretically elaborate on the potential of female social entrepreneurship in general and for South Africa, as well as the country-specific political and cultural settings with a specific focus on FSEs’ networks. Then, we introduce our qualitative mixed-method approach and a sample of 11 FSEs. After presenting the results, a discussion follows, ending in a conclusion with a summary and an outlook including implications for practice and future research.

### 2. Background

#### 2.1 The potential of connecting social and female entrepreneurship

Littlewood and Holt (2015b, p. 28) discuss “the role of entrepreneurship as a catalyst for societal transformation, and a fuel for global sustainable development”. Taking the increasing relevance of SE into account, many authors stress the significant potential of and the need for further research in this relatively new area. The topics of interest already cover a variety of perspectives (Choi and Majumdar, 2014; Kraus et al., 2017). “Yet there remains much about SE that we still do not know” (Littlewood and Holt, 2018, p. 1). One example is the missing link between FE and SE.

This is astonishing given FSEs seem to play a central role in social entrepreneurial practice: First, studies already stress the importance of female entrepreneurs (FEs) and their growing impact on economics and society (Brush, 2006; Terjesen and Lloyd, 2015). Although this leads to growing scholarly interest and activity in the field of FE (Poggesi et al., 2016), there has been virtually no gender-specific debate with regard to SE. Second, the potential of women to generate social entrepreneurial ideas and to run social businesses should be stressed. Several studies have focused on women’s attitudes and characteristics, and they note that women place a stronger emphasis on emotions and social aspects than men, which supports a preference for social projects. Financial motives have been found to be less important for females than making a social contribution (Buttner and Moore, 1997).
and “helping people” is much more relevant than “getting rich” (Morris et al., 2006). Moreover, according to Huysentruyt (2014), women are more likely to push social innovations. This can explain the high number of practical examples of successful FEs who developed their entrepreneurial activity in response to social issues. Third, women are less underrepresented in management in the third- than in the first- and second sectors (Kelley et al., 2013), and a higher percentage of women is employed in the management of social start-ups (Humbert, 2012). We thus claim that women are especially important with regard to social entrepreneurial activity.

2.2 Female social entrepreneurship in light of the embeddedness approach

In the entrepreneurship literature, there is an ongoing discussion on the structural, institutional and mainly social embeddedness of (social) enterprises and the influence on their development (Breitenecker et al., 2017). Taking this perspective, personal networks seem to play an important role, for example, in terms of the influence of local communities as well as households and family (Alsos et al., 2014; Anderson et al., 2005). Most of these concepts rely on the embeddedness approach of Granovetter (1973). He proclaimed to set individual economic decisions, such as the creation of new enterprises, in the socio-structural embedding of the actor. This embeddedness in a social network of relationships can restrain or promote the emergence of economic institutions. Networks [as a set of actors linked by some set of relationships (Hoang and Antoncic, 2003)] can offer important resources (often referred to as social capital), and they are identified as essential in facilitating or hindering the identification and exploitation of opportunities. This social capital can open doors to entrepreneurial ideas and their realization. It can be used, for example, to gain information about relevant topics concerning a new venture or provide access to gatekeepers (Burt, 2004) such as business angels or specific suppliers. Granovetter (1973) called this “the strength of weak ties” in which he saw the discovery of the general principle of the emergence of (conventional business) enterprises: Actors are then particularly successful when they have the most social contacts in different areas or clusters, which are not connected to one another. According to Granovetter, “weak ties” are relationships with others to whom an actor is not strongly connected, for example, in terms of intensity, duration of contact or multiplexity of conversation content. As time is limited, the more connections an actor has in his or her network, the weaker such individual relational contacts will be. These “weak ties” enable the actor to combine information from different areas or clusters in the network and develop new ideas derived from them. However, relational networks can also show adverse incentive effects and, under certain circumstances, complicate the entrepreneurial process (Nguyen and Nordman, 2017). Networks can, for example, represent a wide range of responsibilities within a community, for example, when entrepreneurs can barely gain income because of expectations of responsibility for others’ wellbeing. Other studies show similar effects, which underscores that entrepreneurial intention can decrease because family members aim to benefit from entrepreneurs’ success, and the (potential) entrepreneur fears sharing with too many people with no chance of opting out of such kin structure (Fafchamps et al., 2011; Hoff and Sen, 2006).

As Hanson and Blake (2009, p. 137) stated, “gender shapes the ways that networks are put together and used”. Women’s relational networks are said to be more emotionally and kinship-oriented than men’s more functionally oriented and broader networks (Greve and Salaff, 2003). In women’s relationship networks, the household as well as the family thus plays a more important role. Referring to Granovetters’ traditional network theory, this can explain a disadvantage for FEs. Family ties can also have a negative effect when family
pressures are obtained from following traditional role models that emphasize women’s (main) role as housewife and caretaker of the children and older generations (Bradley and Boles, 2003). However, the household structure can also have positive impacts on entrepreneurial activity, for example, when there are (former) entrepreneurial experiences in the family (Greene et al., 2013) or an all-day entrepreneurial spirit that is lived by family members (Alsos et al., 2014).

Some studies also underscore that women’s networks are more geographically restricted and neighborhood-based with close connections to each other (Hanson and Pratt, 1991). While this, again, may be seen as an entrepreneurial restriction at first sight, there is also evidence on how neighborhoods can foster entrepreneurial activity by sharing knowledge or providing emotional and financial support and thus contribute to discovering spaces of entrepreneurial opportunities (Kleinhans et al., 2017). This seems to hold explicitly true for social entrepreneurial work, for example, by directly referring to certain communities’ problems (community entrepreneurship), as, for example, studied by Seelos et al. (2010). Intimate communication patterns within a community can thus lead to a higher awareness of (local) social pressures and intention to solve such pressures.

However, the issue of how community, neighborhood and family networks influence female social entrepreneurship depends on the place because entrepreneurial activity is embedded in place-based social, economic, cultural and political structures that influence entrepreneurs’ identities and constrain or facilitate access to resources (Hanson and Blake, 2009), and thus identities (and networks) are not solely constructed by the alters in an individual’s network (Emirbayer and Goodwin, 1994). Thus, research on FE through networks should include the larger social and cultural environments.

2.3 Female social entrepreneurs’ activity in South Africa

South Africa still struggles with several relics from many decades of the apartheid system, such as gender inequality, enormous socio-economic imbalances and discrimination (Karanda and Toledano, 2012). In addition, it faces typical challenges for the sub-Saharan region, for example, corruption, poverty, unemployment or lack of access to health care and electricity (Herrington et al., 2017; Littlewood and Holt, 2015a). This underscores the need of and potential for SE.

However, entrepreneurial activity is influenced by specific contextual factors. On the one hand, perceived opportunity and capability levels are said to be substantially low compared to other African countries, and entrepreneurial intentions are decreasing (Gwija et al., 2014; Mahadea, 2014). On the other hand, the common attitude concerning entrepreneurial activities is still positive in South African society, which can be traced to media attention, support programs and consideration of the topic in higher education (Herrington et al., 2017; Nabi et al., 2017). Thus, despite the above-mentioned barriers, “South Africa remains a frontier and market with great potential for entrepreneurship and job creation” (Mary et al., 2015, p. 133). This seems to be especially the case for SE, which has quite a long history in South Africa. However, there is little academic literature elaborating on SE and the effect of environmental factors and settings on social entrepreneurial outcomes in South Africa (Claeyé, 2017; Littlewood and Holt, 2015a, b).

The role of women in South Africa is also ambivalent. South Africa still registers a strong imbalance between men and women. In some communities, women play the role of breadwinner (for their family’s survival), and they carry the “added burden” of family and domestic responsibilities (Singh, 2012). According to Ruiner (2013), this familial heritage in combination with the cultural endowment can either be supportive or an additional hindrance in terms of leading and growing entrepreneurship. In addition, women in general
face negative prevailing social and cultural attitudes, for example, a lack of education and training as well as general gender discrimination (Akhalwaya and Havenga, 2012). Regarding the process of venture creation, FEs face several, often interrelated challenges, like limited or no access to financial resources (O’Neil and Viljoen, 2001).

Nevertheless, FE, meanwhile, is recognized as important and plays a critical role in economic development (Akhalwaya and Havenga, 2012), although they tend to be active in specific sectors with typically lower entrance requirements such as service sectors, retail or arts and crafts (Mandipaka, 2014).

The literature on females’ social entrepreneurial activity in the South African context is still scarce. Interestingly, with regard to the combination of FE and SE, studies mainly focus on social entrepreneurial activity that fosters FE, for example, motivates or helps women in founding their own (small) business to ensure or contribute to the family income (Fotheringham and Saunders, 2014; Halberstadt and Kraus, 2016). In sum, women are mainly represented as those receiving help as opposed to the social innovators or SEs providing help. A gender-specific debate on the role of the social entrepreneur is missing.

### 2.4 The importance of relational networks for female social entrepreneurship in South Africa

In African informal economies, relational networks are of particular relevance for economic and social change, as “[t]he comparatively poor performance of contemporary African economies is attributed to excessive or inappropriate state regulation that has impeded the development of networks” (Meagher, 2005, p. 223). However, at the same time, in the sub-Saharan African context, former studies have described a wide range of networks dependent of place, race and religion, which can lead to facilitating or restraining effects on entrepreneurial options and activity. Many Africans, especially the youth, the poor and women, are restricted in their opportunities to exit, diversify or globalize their social (regional) networks (Freidberg, 2001). When narrowing the focus on SE and networks to a gender-perspective, there are, to the best of the authors’ knowledge, no data on the structure, composition and social capital of women’s networks in South Africa in general. Nevertheless, our literature review shows that the networks can mainly be influenced by two factors: time (history) and place. First, concerning the influence of time, we noted an ambivalent description of females’ social embeddedness in dependence of generational belonging. The networks of former generations, often influenced by the patriarchal apartheid system and former homelands, might strongly depend on race, place and sex as well as the resulting (dis)advantages corresponding to this. Women of these generations, especially the African natives and those living in rural areas, follow traditional role models (Botha, 2006). We presume that their networks would mainly show kinship and local-based friendship or neighborhood ties from similar ethnic backgrounds that are strongly bonded to them. With regard to entrepreneurial activity, females are often engaged in founding (informal) micro-enterprises similar to their household duties and obligations (O’Neil and Viljoen, 2001), which might but do not essentially have to be social-oriented, and they are mainly affected by economic and educational restrictions (Botha, 2006). This bourgeoning entrepreneurship can be referred to as (social) household entrepreneurship. Conversely, it is documented that high-level educated elite women of the new generation (of South African entrepreneurs) have well-established business networks, are globally oriented and often rely on previous experience in formal-economy firms (McDade and Spring, 2005). Similar to men, but with greater emphasis on relationships and personal service, they form networks and use them to enhance business relationships (Ndhlouvu and Spring, 2009) and can, therefore, also be regarded as being well-equipped for social entrepreneurial activities.
Second, space seems to play a critical role. Especially in rural areas, the traditional role of the female as caretaker of children and older relatives endures (Botha, 2006), and women are still strongly dependent upon men. Owing to high HIV infection rates in some rural areas, women have to take over the role of men (Meagley et al., 2016). This could lead to women-dominated support networks in rural areas because other feasible forms of support structures (e.g. official institutions) are lacking and might also lead into (social) ideas of how to overcome these challenges. Here again, we find a productive opportunity space linking to the above-noted phenomenon of (social) household or community entrepreneurship.

3. Methodology

3.1 Sample

We based our definition of FSEs on Mair and Marti (2006) and Littlewood and Holt (2015a). FSEs in our study are defined as women who have created ventures with an ambition to address societal imbalances in the environmental or/and social area, with two key characteristics:

1. the centrality of a social purpose or mission; and
2. the requisite that an organization engages in some form of trading activity without quantifying a certain amount of income that must be earned by an organization by trading.

By using snowball- and gatekeeper sampling, we identified 11 appropriate FSEs for our study. The face-to-face interviews and network analysis were conducted between June and December 2015 and were all hold in English, which is the official but mainly second spoken language in South Africa. Half of the idea-recognition processes started within the previous ten years (before the interviews) and operated in different sectors. Most of the social businesses focused on social empowerment issues, and several focused on both environmental and social issues within their core business model or their mission. Three FSEs founded their businesses on their own; five were founded by two persons, with three of them having female cofounders; and two were founded by a mixed team. One was founded by a mixed team of three persons and another by four females.

3.2 Mixed-method approach

As this paper is one of the first investigations on the idea-fruition process of FSEs in general and in the South African context in particular, we chose a qualitative approach to gain a deeper understanding of the phenomenon and of how it begins. Based on theoretical literature-driven considerations, we work with a qualitative multilevel-perspective mixed-method approach consisting of ego-centric network analysis and semi-structured interviews supplemented by the analyses of media information on the women and their social entrepreneurial work. This combination of qualitative methods enables discovery of the social embeddedness of the FSEs during the idea-fruition process and the individual paths that led to it. In addition, the triangulation within the conducted multiple-method construction increases the reliability of our analysis. Former studies (Hoang and Antoncic, 2003) have already emphasized the importance of qualitative methodologies for network research because they deliver “richer and deeper data of the dynamics, processes and complexities” (Anderson et al., 2005, p. 143).

We started with a semi-structured in-depth interview that lasted up to one-and-one-half hours, which comprised five main areas: personal and professional background, founding motivation, challenges and general opinions. The semi-structured interview was followed by
a time-reflection to prepare the FSEs for generating their individual network cards. Within this time-reflection, the interviewees were asked to remember the beginning of their venture, their feelings about their activities in the respective field, former circumstances and surrounding personal contacts. In addition, they were asked to write down the approximate point of idea-recognition and realization on a paper-based timeline. This visual preparation enabled the reduction of subjective recall-bias. This is especially useful because relational networks tend to change over time (Ledbetter et al., 2007). The semi-structured interviews were then transcribed and analyzed according to Mayring’s (2014) inductive development of categories and deductive application of them. Beyond the interviews, we collected media information available in the internet. Based on a systematic searching process, a research team collected information from (online) newspaper articles as well as the social ventures’ websites and social media appearances.

The next step formulated the egocentric network analysis. It was developed in three main parts:

1. Identification of all personal relationships within the network at the time of opportunity-recognition;
2. Identification of all relationships that had an influence on the idea-generation; and
3. Identification of all relationships that had an influence on the idea-realization.

Following Antonucci and Kahn (1980), we used paper-based egocentric network cards whereby the interviewee (called ego) was signed in the middle of three concentric circles. The circles symbolized the emotional bonding of the network contacts of the ego (referred to as alters). For mental support and clarification within the analyzing process, we used four sectors within the network cards: friends and acquaintances, family members, colleagues and organizations/institutions. By means of a name-generator, in line with Wellmann’s (1979) affective approach, the interviewee was asked to sign in persons with whom they felt closely connected, corresponding to the circles and appropriate sectors. Every part (common network, idea-identification and idea-realization) inhered an interpretation of some of the alters, following a prior random-selection of alters. Here we elaborated on several additional characteristics of these identified alters, for example, gender, spatial distance or conversation context. Within the analyzing process, we first visualized the network cards with EgoNet.QF. Through the interpretation and the semi-structured interviews, we then identified the constructions of the network cards, which show the relationships that influenced the process of idea-fruition. Thus, by conducting a combination of the interview sections, the media research and the network analysis, it became possible to identify and evaluate the biographical and contextual circumstances in which the FSEs operated and the relational alters who directly or indirectly influenced the idea-identification and formulation.

To improve the objectivity of our study, we used a separate research team of two for the conduction of our interviews and three for the analyzing process. Additionally, the latter research team was involved in group-interpretation sessions for the results of both the semi-structured interviews and the network cards.

4. Findings
4.1 Contextual personal backgrounds

In the following section, we present the contextual factors that have had either a direct influence on the idea-recognition process or an influence on the development of particular networks and their relational influence. Corresponding to the literature review and the studies mentioned in Section 2, we investigate generational belonging (time/history), as well
as place (of childhood) and former occupations and experiences. A summary of the contextual background is given in Table I.

Concerning time/history, we found some interesting clues with regard to the founders’ age. Half of the FSEs were aged over 45 years when they were interviewed and thus had grown up and lived in the apartheid system. Regardless of ethnic background, the women identified certain occasions related to the apartheid period having influenced their later work, mainly experiencing or observing poverty and injustice. Role models also seem to play a critical role: “My grandfather was [...] very involved in the community. [...] there was always a social hub” (CC1120) or:

[My mother was sort of somebody who helped a lot with the sick people, brown and black people who were sick. She would go into their houses and help them (TW0907).]

All had different types of prior job experiences, and if they mentioned it in connection with their founding, they described them as useful but not directly determining their idea-recognition process or decision-making. The older women mainly grew up in traditional family settings and underlined perceived differences between men and women in society and discrimination with negative effects on the founding (process). However, improvement over time was also mentioned: “Meanwhile self-employed females are more accepted. There is a mindset that women can also do it!” (CC120). A severe difficulty was the securing of adequate financing. The FSEs either stressed that they were not able to further develop the idea without the knowledge of how to obtain financial support – in our cases, from their family or friends – and/or they complained about lacking access to financial resources or governmental support. “I think the main problem is trying to find the finance.” (LH0910) “We do all this [...] But we don’t get government subsidy” (CC 1120).

Except one, the younger FSEs also experienced at least their early childhood during apartheid system (and the afterward enduring consequences); thus, it is not surprising that they also mentioned history effects having an impact on their social entrepreneurial intentions. In this generation, those suffering from ethnical repression mainly stated that their own experiences sharpened their sense of social problems. However, all stressed a strong connection to the country. These statements often were in line with a wish for a better future for the country/community and the people living there (FB_AS_01-04; FB_NK_10, 14ff.; TW_CC_01). The interviewed women described themselves as having a responsibility for future developments. As one interviewee stated, “I can see myself as an ambassador of South Africa”; and more idealistic:

I believe that change will happen when good people do something to improve the world they live in. I believe we should become the change we want to see in the world around us (NK1115).

While role models also played an important role, the younger women mainly refer to certain people shaping their entrepreneurial rather than their social intention, for example, TV0910 stating:

It was pretty great growing up with my grandmother. [...] I used to sell sweets at school, in primary school. [...] It wasn’t my business. It was by my grandma [...] and it was a fine exercise for me.

Another example is AS1120 underscoring that she was proud of her brother who “came out of poverty and created his own business through hard work”. The younger FSEs also described a surrounding where women face more difficulties than men – especially concerning self-employed work, for example, “I think, it’s harder for women [...] especially when you are in your own small business, you know, you got to work harder, try harder and
<table>
<thead>
<tr>
<th>No.</th>
<th>FSEs</th>
<th>Year of birth</th>
<th>Place of birth</th>
<th>Family status</th>
<th>Education</th>
<th>Social direction</th>
<th>Entrepreneurial direction</th>
<th>Abroad experiences</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>AS1120</td>
<td>1983</td>
<td>Johannesburg</td>
<td>Unmarried, no children</td>
<td>University degree</td>
<td>✗</td>
<td>✓</td>
<td>Traveled a lot, lived in London and Japan</td>
</tr>
<tr>
<td>2</td>
<td>CC1120</td>
<td>1960</td>
<td>Port Elizabeth</td>
<td>Married, two children, one grandchild</td>
<td>Restricted because of the apartheid system</td>
<td>✓</td>
<td>✓</td>
<td>Traveled around Africa while doing youth mission work, lived in London</td>
</tr>
<tr>
<td>3</td>
<td>LH0910</td>
<td>1963</td>
<td>Port Elizabeth</td>
<td>Married, two children</td>
<td>University degree</td>
<td>✓</td>
<td>✗</td>
<td>Went to England</td>
</tr>
<tr>
<td>4</td>
<td>NK1115</td>
<td>1978</td>
<td>Port Elizabeth</td>
<td>Divorced, three children</td>
<td>n.a.</td>
<td>✓</td>
<td>✗</td>
<td>None (plans to travel in the future)</td>
</tr>
<tr>
<td>5</td>
<td>TW0907</td>
<td>1937</td>
<td>Allaware North</td>
<td>Widowed, four children, six grandchildren</td>
<td>University Degree</td>
<td>✓</td>
<td>✗</td>
<td>Traveled to Holland, Australia and worked all over the country</td>
</tr>
<tr>
<td>6</td>
<td>TV0911</td>
<td>1991</td>
<td>Small town near Mthatha</td>
<td>Boyfriend, no children</td>
<td>University Degree</td>
<td>✗</td>
<td>✓</td>
<td>n.a.</td>
</tr>
<tr>
<td>7</td>
<td>NS0907</td>
<td>1980</td>
<td>Durban</td>
<td>Unmarried, no children</td>
<td>Degree</td>
<td>✓</td>
<td>✓</td>
<td>Traveled to England, Switzerland and South Africa</td>
</tr>
<tr>
<td>8</td>
<td>MN1103</td>
<td>1951</td>
<td>Swaziland</td>
<td>Married, two children</td>
<td>University degree</td>
<td>✓</td>
<td>✗</td>
<td>Master in Wales and lived in Scotland before living in the USA</td>
</tr>
<tr>
<td>9</td>
<td>NS1115</td>
<td>1981</td>
<td>Oldenburg, Germany</td>
<td>Unmarried, no children</td>
<td>University degree</td>
<td>✓</td>
<td>✗</td>
<td>Came to South Africa in 2009 for volunteering, traveled a lot with her parents through Europe</td>
</tr>
<tr>
<td>10</td>
<td>ALO0908</td>
<td>1969</td>
<td>80 kilometers from Johannesburg</td>
<td>Unmarried, no children</td>
<td>University Degree</td>
<td>✓</td>
<td>✗</td>
<td>None</td>
</tr>
<tr>
<td>11</td>
<td>EN1125</td>
<td>n.a.</td>
<td>Near Queenstown</td>
<td>Widowed, two daughters, three grandchildren</td>
<td>No education (could not afford it)</td>
<td>✓</td>
<td>✗</td>
<td>None</td>
</tr>
</tbody>
</table>

Table I. Contextual personal backgrounds of social entrepreneurs in South Africa.
you know” (AS1112). All of the females have university degrees and indicated early experiences with (creative) entrepreneurial activities in social and/or conventional business directions. In some cases, this was said to have had a positive influence on the idea-fruition process. Concerning their future expectation of being FSEs, the younger women also underscored the importance of family as well as the fear of lacking financial resources or lacking governmental support. Some underscored that today there are attempts to provide support, for example, “There are a lot of organizations that really support women and also the government as well. They do. Well, they do at least try to support women” (TV0911).

In terms of place, five of the FSEs grew up in rural, mostly very poor areas. In most cases, the FSEs’ families earned enough income to meet their basic needs, and some grew up very poor so that the FSEs’ parents were not even able to afford (further) school attendance. With regard to occupation, the parents were employed in farming, teaching or working in the mining industry, and they were mostly not described as well-educated people. In addition, the women underscored missing infrastructure, for example, “Where I come from I understand how it feels like to not even have electricity” (TV0911). Although they grew up under restricted conditions, most hold a university degree and thus had to move to a bigger city for their studies; however, they stress a strong relationship and frequent contact with their families. Only some mention further experiences abroad. With one exception, all of the FSEs grew up in a large family with several siblings and often grandparents living in the same house or neighborhood following traditional family roles (especially the older FSEs). With one exception, all mentioned their mother as an inspiring, strong person who guided them along their path. Community involvement started early for several FSEs, and religion, especially the Christian faith, was emphasized by two FSEs from rural areas.

The other six FSEs grew up in urban areas. Three can be described as growing up in a well-situated middle- or even upper-class family, reporting several long holidays and individualistic leisure activities such as reading or participating in many sports activities. The parents mostly worked in typical middle-class occupations such as a police officer, school principal or nurse. Two FSEs described their families at not very wealthy, and one grew up in very poor surroundings with several experiences of violence and hunger. Four of the FSEs in urban areas grew up with at least two siblings and, in some cases, in the same house with their grandparents, which were sometimes also described as important role models. However, except one, all of the FSEs from rural areas hold a university degree and have experiences traveling and/or studying abroad, which, in some cases, was underscored as critical for their future social entrepreneurial activity, as, for example, it made them more sensitive to certain problem areas or strengthened their entrepreneurial self-efficacy.

While the skills and competencies gained at work or university were overall mainly counted as indirectly important for their social entrepreneurial activity by pushing their self-esteem, the women from urban areas with advanced experiences abroad also describe direct influences on their social venture decision. “I see myself as someone who is creative, and I learned to be a good project manager and implementer as well” (AS1112). NK1115 derived societal responsibility from having received a proper education: “So, that is the legacy that we got: the importance of education.” In their leisure time, from childhood they had often been involved in community work and, similar to the FSEs from rural areas, some were strongly influenced by Christian foundations, for example, one interviewee stating that she “was taught to respect all human beings as God’s creation and equally” (NK1115).

4.2 Relational network influences
4.2.1 Direct network influencing factors (first-order network influences). When elaborating on the conducted network cards (Figure 1), we identified several network factors that
directly influenced the recognition of a particular idea. The particular ties were strongly involved in the idea-development. These relationships were mainly based in the sector friends and family members but were sometimes also defined as former colleagues or acquaintances from an institution. Most of them were assigned to the first and second circles, which represented strong connections with high emotional bonds and trust. The FSEs often described the idea-recognition process as coming out of daily interactions and communication patterns with these alters; for example, in case of LH0910, the idea of the two co-founders “pile up and pile up” within many conversations while waiting for their daughters at school. Often we noticed the importance of sharing the same socially oriented values and a strong emotional basis, as was the case for TW0907 who mentioned “we have the same heart”. In many cases, the cofounders were peer-groups with similar socio-economic backgrounds and family settings. In addition, in some cases, former employers or official institutional actors were mentioned as types of initiators in starting the idea-fruition process.

Concerning gender, the networks in general showed mainly female relationships, although the idea-fruition was influenced by both female and male friends and family
members or colleagues (mostly with an additional role as a friend). In addition, when organizations were involved in the idea-fruition process, institutional relationships were also put into the first and second concentric circles showing that they also developed a highly emotional bond with these institutions or the people working there. Thus, even institutions were defined as strong ties by the FSEs in our sample. However, in most cases, institutions appeared later in the founding process, offering financial or consultative support to the FSEs. Additionally, the women often stressed team development and spoke in the plural form, for example, “We saw the need” (CC120) or “You are a sum of all the different parts of the people that have shaped you”, “We operate as a collective” (AS1120).

4.2.2 Indirect network influencing factors (second-order network influences). The FSEs also highlighted the importance of indirectly influencing network effects. These influences concerned the (actual) support in developing the idea and (former) network influences on the intention to develop a social entrepreneurial idea. One very important driver can be found in social capital support structures. Even cofounders who had each other in the idea-recognition process mentioned that “you need supporters” (LH0910) and “people that support [your] intentions which makes [you] push harder” (NK1115). Two dominating areas of such social capital support were identified: family and community. Another indirect network influence can be found within family’s imprinting, especially kin role models.

Moreover, the own children were mentioned as having especially influenced the intention to develop a social idea to improve their future. These strongly intergenerational ties were mostly not described as sparring partners, but instead identified as the initial motivational factor in developing an idea to improve the future environmental circumstances of their next generation relations. LH0910 stated:

“So for me, I want to be able to say to my daughter when she says to me: Mummy, look at the state of the world. I can go: Look I did this bit trying – that was my bit trying to make it different – to make it, to help [. . .] You want to try to make things better for the future”.

Similarly, TV0911 generalized, “Especially women who have kids like they really think about their future – about the future of their kids and how will that effect the future”.

5. Discussion
Based on the results, we are able to reconstruct the socialization circumstances and sociocultural context in dependent of general belonging and place (of childhood) as well as network-specific characteristics and their influence on the fruition process. Combining both leads to an influence framework as shown in Figure 2.

5.1 How sociocultural context influences network development and directions of occupation
We were able to capture several baselines that could have had an influence on the development of later network structures and compositions, leading to or facilitating the creation or recognition of social entrepreneurial ideas and their realization. These baselines can be found in (early) socialization, for example, in family imprinting, and in experiences (abroad) made in occupational and/or educational settings. Within our analysis of the contextual personal backgrounds, two directions of socialization and former imprinting became obvious: Influences fostering entrepreneurial activities and networks enabling this direction as well as those fostering social activities and networks that enabled this direction.

Entrepreneurial activities were often fostered by family settings. Our findings indicate that they were mainly activated by role models within one’s own family, and an active family life fostering (cultural) diversity. This effect was stronger, the larger the (extended) family was. An additional influence factor was the former need to be entrepreneurially
active to earn families’ income or family members who forced the women in our sample to be entrepreneurially active in their childhood (e.g. TV0910).

Early involvement in entrepreneurial activities (either necessity- or opportunity-driven) leads to the development of a more pronounced entrepreneurial mindset and improved entrepreneurial skills and knowledge. Higher education, especially with a focus on economics or related areas, also seems to have a positive impact. Interestingly, various other educational and job experiences influenced later network compositions, for example, through the inherence of student friends, and at the same time, can also explain the entrepreneurial behaviour of the FSEs in our sample. This is in line with studies stating that people with a balanced and diversified set of competences, gathered from various fields, are more likely to become entrepreneurs than those who are experts in a certain field (Stuetzer et al., 2013; Hartog et al., 2010). As Tegtmeier et al. (2016) put it, FEs could thus be referred to as “Jaquelines of all trades” (p. 77).

The roots for later social activities were also laid by family settings and specifically fostered by role models. In addition, an important influence came from an early involvement in the community where the FSEs lived during childhood. This involvement was even stronger when the interviewees grew up in a religious environment and were imprinted by religious norms and attitudes. While one’s own affliction caused some of the entrepreneurial experiences and intention of the FSEs, the social intention also seems to arise out of experiencing the needs of others which goes in line with Mair and Noboa (2006), stating that empathy can influence social entrepreneurial intentions. All this created the basis for a strong connection with the community where the FSEs grew up and a sense of trust in people. The former research has already highlighted the effect of living in the same geographic territory, which affects the sharing of identity, expectations and interests in similar fields (Marquis and Battilana, 2009). Studies show that, under certain circumstances, this facilitates the creation of symbolic relationships between SEs and the local community

---

### Table: First- and second-order influences on the idea-fruition process of FSEs

<table>
<thead>
<tr>
<th>1st order influencing ties</th>
<th>2nd order influencing ties</th>
</tr>
</thead>
<tbody>
<tr>
<td>- Strong bonded family and friendship ties</td>
<td>- Families imprints/ early socialisation</td>
</tr>
<tr>
<td>- Homophily and peer (groups) / women-women ties</td>
<td>- Social capital support structures</td>
</tr>
<tr>
<td>- Neighbourhood cohabitation</td>
<td></td>
</tr>
<tr>
<td>- Strongly bonded instutions / existing infrastructure</td>
<td></td>
</tr>
</tbody>
</table>

---

### Figure 2.
First- and second-order influences on the idea-fruition process of FSEs
in which they are embedded (Seelos et al., 2010); we argue that this also fosters the establishment of relational networks that enable the creation and recognition of the social ideas themselves.

With regard to experiences the FSEs made after leaving school, subject-related connections between the interviewees’ work/studies and their latter social activity can be found. However, the more surprising result is that the FSEs’ actual entrepreneurial work mainly addresses social issues in fields other than their former occupation. In some cases, the women saw the need for a social entrepreneurial solution in the job context or made use of their competences gained from former experiences. Regardless of their geographical origin (rural or urban), the women underscore openness to recognizing societal problems and the ability to analyze existing structures as a crucial factor for social opportunity-recognition and tracing these competences to their experiences abroad.

In contrast to our expectations based on the cited literature, we did not find great differences of network development in rural and urban areas. With regard to generational belonging, we identified two influencing directions on the network development of the FSEs. First, we identified influences of the apartheid system, which may have led to restrictions in the establishment of the FSEs’ own relational networks. Second, the older women described remaining traditional roles that they had to fulfill, which often were in line with missing support structures, leading to women–women connections to adjust this. In contrast, the younger ones did not mention a relationship or having children. It remains unclear if this was due to too much work or an emphasis on the social business because entrepreneurship often requires enormous personal commitment (Bruni et al., 2004). In addition, this may hold specifically true for SEs being strongly involved in their work and intrinsically motivated. That would contradict studies showing that women often especially choose self-employed work to use the flexibility to manage both family life and work (McGowan et al., 2012).

5.2 How networks influence social entrepreneurial idea-fruition and support structures

With regard to the network analysis, we identified first- and second-order (network) influences. While the former (the direct influences on the idea) can mainly be found within direct network contacts during the time of idea-recognition, the latter (enabling the idea-recognition and development) can be traced to an early socialization and social capital support structures.

Concerning first-order influences, the network cards showed especially strong emotionally bonded family and friendship ties and neighborhood settings as important for idea-recognition. The relevant ties were identified as being (often homogeneous) peers or even peer-groups, with women-to-women connections being of particular relevance. Additionally, we identified influences of certain institutions, often represented by a special strongly bonded person. These influencing alters were complemented by existing infrastructures that allowed the FSEs particular starting points for their idea-development, for example, existing social government projects.

While some studies underscore the fear that closely bonded family or community members will try to take advantage of success, our study shows opposite effects whereby the alters positively influence social entrepreneurial idea-development. For one thing, this could be because SEs do not focus on profit-generation but rather on gaining societal impact; either potential “exploiters” do not expect to obtain financial benefits or the FSEs are not afraid of feeling financially responsible for their family or community in the case of financial success, or they would not mind sharing. The finding on the importance of strongly bonded family and friendship ties with regard to idea-recognition contradicts the research that has identified SEs as “boundary spanning actors, linking the community they are trying to help
to outside networks” (Seelos et al., 2010, p. 8). Instead, our study illustrates the importance of a particular sense of commitment that is established over several years and enables an implicit community knowledge that leads to a collective idea-fruition process.

The general network structure and composition is in line with studies showing that women’s networks usually consist of a high share of friends and family-related alters who are strongly emotionally bonded and a high share of women–women connections (Klyver, 2011; Greve and Salaff, 2003). While this is often underscored as an entrepreneurial disadvantage of women compared to men who can make use of a more diversified network with loose bonds (see the gate keeper argumentation in Section 2), our results underscore that this women-specific characteristic can be particularly useful with regard to the social entrepreneurial idea-fruition process. We identified that the idea came out of daily interaction and communication settings over a long period of time, leading to a sense of pressure problems and themes that were put into words and action by the FSEs and certain trusted alters. In a similar way, Seelos et al. (2010) argued for the importance of cognitive influences within this process, specifically, cognitive structures guiding action through systems of shared understandings, meanings and expectations. Shared values among local actors can, over time, lead, as Jack and Anderson (2001) showed, to interwoven and complex social networks that enable local-based communities to develop cohesive identities. As a supplement for entrepreneurial activity, the understanding of cultural tradition has been legitimized for business engagement (Seelos et al., 2010). Within our study, we found the origins of both within early family imprinting and sociocultural contextual embeddedness during childhood and growing up.

The second-order network influences vary in their origin. Again, closely related alters provide the main influences. Especially kin role models and families imprinting set the basis for social entrepreneurial thinking and self-efficacy. However, role models were described in either entrepreneurial or social way, but surprisingly no social entrepreneur was mentioned. This could, for example, be explained by too little (media) attention on SE or alternative alters simply having a stronger impact on the FSE’s idea-fruition. Furthermore, social support structures play a significant role in both further developing the initial idea and in terms of assumed future support. This support can include offering resources, for example, expertise, emotional support or financial support. Relevant alters are again closely related such as the husband taking charge of the family’s income or the children providing “back-up service” by taking over household duties so that the FSEs can concentrate on idea-fruition. While, at first glance, this could also easily be explained by the importance of close relationships in general, it should also be taken into account that this may be due to a lack of alternative support, especially for women and SEs, as criticized by the FSEs and as underscored in the recent literature (Orser et al., 2006; Mwobobia, 2012).

To conclude this discussion and to return to figure two, we can summarize that sociocultural context, socialization and family imprinting lay the baseline for later network development at an early stage of life. In addition, these factors influence later occupational directions and experiences as well as the following network development. Social networks enable or restrict the possibilities that socialization itself can offer, for example, having no siblings restricts the possibility of having entrepreneurial or social-oriented role models within one’s own family. This baseline-developed network, with its particular structure and composition, can directly foster the recognition or creation of social entrepreneurial ideas and their development. Social networks can accordingly act as a direct (first-order) influence or as an indirect (second-order) influence. Thus, we identified an interplay between context, network and the idea-fruition process.
6. Conclusion
In this paper, we underscored the specific potential of women, as SEs in South Africa and emphasized the lack of research on the embeddedness of social entrepreneurial activity from a gender-perspective. To contribute to closing this gap, we provided an empirical study that showed the importance of the sociocultural context for the development of particular networks, which themselves enable the fruition of social entrepreneurial ideas. The FSEs emphasized a very early strong orientation toward and identification with the community setting in which they were embedded. This was complemented by a strong family imprinting in the social and in the entrepreneurial direction. In addition, we were able to illustrate the influence of highly emotionally bonded family and (homogeneous) friendship ties, located in a low-spatial distance, on the idea-fruition process. These findings contradict the assumption of the importance of networks in terms of their heterogeneity and information delivery obligations out of the personal relational network (see, e.g., the recommendation of bridging structural holes by Singh et al., 1999). Instead, the results of our study are in line with first attempts to understand commitment and trust (Gupta and Beninger, 2015) and the “fundamental desire to make a contribution to their community” (Boluk and Mottiar, 2014, p. 62) as the ultimate basis for social entrepreneurial activities in South Africa and the potential of females’ relational networks in this regard.

Various practical implications can be derived from our results: To foster social entrepreneurship, the (thus-far untapped) potential of women generating and implementing social entrepreneurial solutions should be tapped. This could lead to the development of women-specific or at least gender-sensible idea-generating approaches and entrepreneurship consulting. Considering that the fruition process seems to be mainly influenced by friends and family, formats such as social entrepreneurial idea jams, could be explicitly designed for application within community contexts. Although most of the FSEs experienced entrepreneurial activity in the family context and emphasized kin role models, this may be due to a lack of other role models in their scope of awareness. Therefore, we also call for enhanced (mass) media attention to FEs in general and specifically FSEs.

In addition to improved general attention to the topic and concrete FSEs, we suggest integrating successful women and their approaches into (higher) education. By personally including FSEs, they could not only act as potential role models but also become alters in the students’ networks, probably influencing their later social entrepreneurial ideas. Taking into account the importance of broad experiences, the FSEs could also be integrated by implementing experience-based teaching formats, for example, service learning whereby subject-specific education is combined with community service (Bowen, 2018). This would not only allow direct interaction with FSEs but also provide an experience of real-world problems and entrepreneurial solutions. As our study has also shown, entrepreneurial solutions can be developed with regard to one’s own problems but also to solve the problems of others (mainly experienced in one’s own environment, e.g., community contexts). This leads to the fact that the field of social entrepreneurship can be divided into two forms of necessity entrepreneurship. While in the business context, necessity entrepreneurs choose to be self-employed to secure their own financial situation, SEs can combine both approaches. This should also be considered when developing formats fostering female social entrepreneurship.

However, while diversity in experiences and competences seem to have a positive impact on social entrepreneurial outcome, the opposite is shown for network development and the influence on the idea-fruition process. This, again, leads to another implication for formats with a focus on social entrepreneurial idea-generation. In contrast to the established practices and studies that emphasize the specific potential of heterogenous and interdisciplinary groups (Zhou et al., 2015), a focus on groups with similar characteristics
and strong connections may also yield surprising results – especially concerning social entrepreneurial activities. We suggest a combination of similarities concerning shared values and problems and a variety in terms of knowledge and competences leading to innovative and sustainable entrepreneurial solutions.

Our study also contributes to the limited research on social entrepreneurship in developing and emerging markets, especially in the sub-Saharan African context, on the importance of contextual embeddedness and relational networks for SEs and on FSEs in general. In addition, our research aims to encourage practicing and potential FSEs in the South African context to rely on their origins and sociocultural embeddedness and to work with what has long been imprinted through their relational networks. To foster this aim and help the establishment of institutional settings that enable females to cultivate social entrepreneurial ideas, we strongly call for future research on female social entrepreneurship in general and with a focus on sub-Saharan African countries in particular. Comparative studies are needed with varying cultural settings as well as related to both FE and SE. Our study delivers first insights into the importance of women for social entrepreneurial activity because of their particular social networks and sociocultural embeddedness and can, therefore, be used as a basis for future investigations.

Note
1. Statement by female social entrepreneur AS1120.

References


Botha, M. (2006), “Measuring the effectiveness of the women entrepreneurship programme, as a training intervention, on potential, start-up and established women entrepreneurs in South Africa”, Doctoral thesis, Faculty of Economic and Management Sciences, University of Pretoria etc.


**Corresponding author**
Anna B. Spiegler can be contacted at: anna.spiegler@leuphana.de
Local social value creation by neighborhood-based entrepreneurs

Local embeddedness and the role of social networks

Marianne de Beer

Economic Geography, Utrecht University, Utrecht, The Netherlands

Abstract

Purpose – This paper aims to explore local social value creation by entrepreneurs located in residential neighborhoods, what drives their behavior and the influence of their local social networks therein, both as a direct effect and through fostering local embeddedness.

Design/methodology/approach – In-depth interviews are conducted with 18 neighborhood-based entrepreneurs in the Netherlands to explore whether these entrepreneurs are active in local social value creation and the different drivers of their behavior in that regard (personality, organizational, contextual and issue characteristics) in relation to their local social networks. The research neighborhoods are selected based on social cohesion and collective efficacy scores.

Findings – Most interviewees are active in social value creation. Personality characteristics are the main drivers of local social value creation. Local social networks have a direct, indirect and moderating effect, but are not prerequisites for local social value creation to occur. Local embeddedness through emotional attachment to the neighborhood also drives local social value creation.

Research limitations/implications – The findings suggest that neighborhood-based entrepreneurship is a source of local social value, indicating the need for additional and large-scale quantitative research on this type of entrepreneurial activity.

Social implications – The findings of this study can motivate policymakers to promote entrepreneurship in neighborhoods as a means of stimulating bottom-up local social value creation.

Originality/value – This study contributes to the debate on the social value of entrepreneurship and considers the understudied group of neighborhood-based entrepreneurs. Furthermore, the paper offers a conceptual contribution by focusing on the local social networks as a driver of local social value creation.

Keywords In-depth interviews, Social networks, Behavioural drivers, Entrepreneurship in neighborhoods, Local embeddedness, Local social value creation

Paper type Research paper

1. Introduction

For more than a decade, urban residential neighborhoods in the Western world have been rediscovered as important economic areas (Folmer and Kloosterman, 2017). Information communication technology developments and sectorial shifts toward service- and knowledge-based economic activities have facilitated the rise of businesses in homes and neighborhoods. Many of these entrepreneurs often live at the same address as or in close proximity to their firms, making the local environment an important context in their private
daily lives (Steyaert and Katz, 2004). Furthermore, by being located in the neighborhood, interaction between these entrepreneurs and other local businesses and residents is stimulated, which may lead to the creation of strong local social networks and to the entrepreneurs becoming locally embedded (Boschma, 2005). This, in turn, is likely to influence their actions toward the neighborhoods in which they are located. As such, local entrepreneurs may not only provide local economic benefits, e.g. through the provision of employment or goods and services, but also local social benefits, such as philanthropic giving or the creation of meeting places in the neighborhood (Andersson and Larsson, 2016; Campin et al., 2013). Here, entrepreneurs are considered who run commercial and often small-sized firms located in residential areas in The Netherlands. This paper argues that these entrepreneurs not only contribute to their neighborhood economy but also are involved in also addressing social problems and creating social value (Campin et al., 2013).

Different drivers of social value creation are found in the literature. Broadly speaking, these can be divided into four groups: personality, organizational (or firm), context and issue characteristics. The paper puts forward a fifth factor as part of the contextual characteristics: the local social networks of neighborhood-based entrepreneurs. On the one hand, neighborhood-based entrepreneurs may become locally embedded through their local networks, and this local embeddedness may lead to social value creation (Kummitha, 2017; Reuschke et al., 2017). On the other hand, these local social networks strengthen and influence the four groups of social value creation drivers, thereby influencing the relationship between these drivers and local social value creation. The following research questions are therefore explored:

\textbf{RQ}. To what extent are neighborhood-based entrepreneurs involved in local social value creation, and what is the role of their (local) social networks, both in influencing the different drivers of social value creation and in leading to local embeddedness?

Next to this paper’s the conceptual contribution by focusing on the effects of local social networks on local social value creation, this paper also makes two empirical contributions. First, the growing presence of entrepreneurial activities in residential neighborhoods and their potential for local social value creation may motivate policymakers to promote the combination of working and living in residential neighborhoods, especially in times of decreasing government investments and economic austerity (Lumpkin et al., 2013). However, there is little empirical research on the group of entrepreneurs located in residential neighborhoods who may be civically engaged (Korsgaard and Anderson, 2011; Steenbeek et al., 2012; Zahra et al., 2009). Second, this paper explores the different drivers of social entrepreneurial activities which are also empirically understudied (Omorede, 2014). The empirical analyses are based on 18 in-depth interviews with neighborhood-based entrepreneurs in the Dutch cities of Amersfoort and ’s-Hertogenbosch.

This paper is structured as follows. Section 2 discusses the theoretical foundations of the study and focuses on the different drivers of social value creation and the role of local social networks therein. In Section 3, the research design and participant selection strategy are explained, followed by the findings based on the interviews in Section 4. The paper finishes with a conclusion and discussion together with avenues for future research.

\section{Social value creation and entrepreneurship}

\subsection{The social value of entrepreneurship}

There is an ongoing academic debate on the social value of entrepreneurship to society (Austin et al., 2006; Zahra and Wright, 2016). The literature often distinguishes between
traditional or commercially driven entrepreneurship and social entrepreneurship (Boluk and Mottiar, 2014). When social value creation is purposeful and explicitly anchored in a firm’s business model, the literature usually speaks of a social enterprise (Austin et al., 2006; Zahra et al., 2009). If this is not the case, the entrepreneurial endeavor is considered traditional or commercially driven entrepreneurship. Recently, however, it has been argued that every form of entrepreneurship entails social value creation, although entrepreneurial activities may differ in their goals and outcomes (Boluk and Mottiar, 2014; Korsgaard and Anderson, 2011). This paper follows this line of reasoning through its focus on the local social contribution of commercial entrepreneurs located in residential neighborhoods.

When considering local social value creation, in broad lines, a distinction can be made between direct and indirect forms. Direct forms include pecuniary and material contributions, such as cash donations, sponsorships or the offering of free goods and services. Furthermore, certain actions of entrepreneurs (and their employees) can also directly lead to local social value, for example through volunteering activities in local organizations or community service such as holding local office (Kilkenny et al., 1999; Santana, 2015). Indirect ways in which entrepreneurs can contribute to local social value creation is through local business cooperation and by boosting the local environment’s image. Through their presence, the entrepreneurs can act as role models, which may lead to the creation of an entrepreneurial culture (Andersson and Larsson, 2016; Malecki, 2009), firms may become local meeting places thereby stimulating social interaction (Schutjens and Völker, 2010) or firms may be actors in controlling and preventing disorder in their local neighborhood context (Steenbeek et al., 2012).

Thus, although some examples of local social value creation by local entrepreneurs exist, additional and more recent illustrations are necessary to get a clear insight into the ways neighborhood-based entrepreneurs in particular may have a social impact on their local environment and what drives their behavior.

2.2 Drivers of social value creation

In discussing relevant factors that drive social entrepreneurial behavior, the four types mentioned by Lepoutre and Heene (2006) form a suitable starting point. These authors have adopted the four factors from previous studies, as described in their literature review of the international literature on small business social responsibility (SBSR). The authors discuss the following four antecedents of SBSR behavior: the personality characteristics of the entrepreneur, the organization (i.e. the firm), contextual factors and the social issue at hand (Lepoutre and Heene, 2006). In what follows, each of these drivers is briefly discussed.

2.2.1 Personality drivers. First, an entrepreneur’s personality and personal beliefs are considered. In their often-cited model of social entrepreneurial intention, Mair and Noboa (2006, p. 126) mention the following four antecedents: empathy, moral judgment, self-efficacy and social support. The first two antecedents are drivers of the perceived desirability of social action, whereas self-efficacy and social support are enabling factor for this type of behavior (Hockerts, 2015; Mair and Noboa, 2006).

Furthermore, a large stream of literature exists focusing on common traits entrepreneurs tend to have, such as the propensity for risk taking and individual responsibility, and how these traits differ between traditional and social entrepreneurs (Smith et al., 2014). For instance, Omorede (2014) talks about “an intentional mindset” when discussing the personality features which drive an individual’s social entrepreneurial behavior. These personality traits may also be important drivers of the local social behavior of entrepreneurs.
2.2.2 Organizational drivers. Firm characteristics form the second group of determinants of social value creation. The literature on corporate social responsibility (CSR) is a useful source of information on the specific firm characteristics that drive the social value creation of businesses (Zahra and Wright, 2016). Previous studies show that small-sized firms are less prone than larger firms to have a CSR strategy because of the perceived costs and their own limited resource availability (Kechiche and Soparnot, 2012). Therefore, many small- and medium-sized enterprises (SMEs) are willing to contribute to (local) social value creation only when they can obtain some firm benefits (Santana, 2015). Other organizational characteristics that are of interest in explaining SBSR include the firm’s business sector, the role of the owner-manager within the firm and the firm’s role within its value chain (Campin et al., 2013).

2.2.3 Contextual drivers. Contextual factors simultaneously shape and are shaped by entrepreneurs and their firms (Kummitha, 2017; McKeever et al., 2014). Lepoutre and Heene (2006) distinguish between economic, institutional and social contexts. The economic context, such as the general welfare level or level of (un)employment, may be a driver of social value creation because these circumstances lead to opportunities or the need for the delivery of social value or social change (Lepoutre and Heene, 2006). Governmental practices and initiatives, as well as industry culture, mores and stakeholders’ pressure, especially at the local level, are examples of the institutional environment that influences social value creation by entrepreneurs (Hazenberg et al., 2016).

Finally, the social contextual factors are formed by the social relationships a firm has. Social network contacts provide access to resources and useful information for a firm, often called social capital, which can be used for opportunity recognition, firm survival and firm development (Hoang and Yi, 2015). Moreover, firm networks are important factors in recognizing opportunities for social value creation or social change. In their chapter on local social entrepreneurship, Bosma et al. (2016) study the role of neighborhood level social capital in stimulating social entrepreneurial behavior by using measures of the collective efficacy and social cohesion present at the neighborhood level. Collective efficacy resembles (individual) self-efficacy; however, because the latter involves the individual perceptions of individual goal achievement, the former is measured by individual perception of collective goal achievement (Bosma et al., 2016). Social cohesion is concerned with a strong sense of community, trust and organization within the local context (Bosma et al., 2016). Whereas communities with high levels of efficacy and cohesion may stimulate social entrepreneurship, the lack of community action can also lead to the development of social entrepreneurial initiatives.

2.2.4 Social issue characteristics. The fourth group of factors is features of the social issue at stake. Social problems range from local issues, such as litter or vandalism, to broader societal issues, such as structural unemployment or poverty (Trivedi and Stokols, 2011, p. 25). It is often debated whether small-size firms recognize and experience similar or different social issues compared to their larger counterparts. On the one hand, it has been argued that SMEs have less resources and capacity to spend on discovering and solving local social issues (Campin et al., 2013). On the other hand, SMEs may be more “alert” to certain issues because they act upon their own experiences with a particular issue (Omorede, 2014).

2.3 Local social network contacts as a fifth behavioral driver
However, whereas Lepoutre and Heene (2006) and, later, Campin et al. (2013) consider all four groups of characteristics equally important, this paper argues differently by placing more emphasis on the role of the local social networks of neighborhood-based entrepreneurs...
because social networks are important explanatory factors of social entrepreneurial behavior (Aragón et al., 2016; Dufays and Huybrechts, 2014; Omorede, 2014). In their literature review of previous work on SBSR, Aragón et al. (2016) conclude that differences in SBSR are caused by the social networks and social capital of SMEs. As previous studies have demonstrated that neighborhood-based entrepreneurs rely on and benefit from their local social networks (Mason et al., 2014; Sleutjes and Schutjens, 2012), it is interesting and informative to explore the influence of these local social networks on the local social value creation by these entrepreneurs. For the neighborhood-based entrepreneurs in this study, their local social networks are assumed to influence their local social value creation a direct, indirect and moderating fashion. The direct effect has already been discussed as part of the social contextual characteristics. The indirect influence is linked to the way local social networks may lead to local embeddedness, which is discussed below. The moderating effect is related to the way local social networks may influence the relationship between the four types of drivers (i.e. personality, organizational, contextual and issue characteristics) and local social value creation behavior. This is discussed in the final paragraph of this theoretical perspective.

2.3.1 The indirect effect of local social networks. Next to their direct influence, the local social networks are also considered to indirectly drive social value creation in another way: through local embeddedness.

Jack and Anderson (2002, p. 463) identify embeddedness as “the nature, depth, and extent of an individual’s ties into the environment.” In addition, “social networks provide the mechanism for becoming embedded” (Jack and Anderson, 2002, p. 483). For neighborhood-based entrepreneurs, the local context is likely to form an important source of network contacts because this is where they spend both their business and private daily lives (Dufays and Huybrechts, 2014; Steyaert and Katz, 2004). Due to their local presence, neighborhood-based entrepreneurs are able to build strong local relationships, as spatial proximity facilitates face-to-face contact and consequently the building of trust between the entrepreneur and local network contacts (Boschma, 2005). Therefore, neighborhood-based entrepreneurs are expected to have many local contacts and interactions, leading them to become increasingly embedded in the local social structures.

Local embeddedness is the process of becoming part of and interacting with the local social context. Additionally, it can be related to the feeling of attachment and belonging to a certain place. Korsgaard et al. (2015) call this “placial embeddedness.” This “placial embeddedness” affects the way local social issues are perceived and has a positive effect on the way entrepreneurs leave their mark on the contexts in which they are present (Dufays and Huybrechts, 2014; Korsgaard et al., 2015; Reuschke et al., 2017). As Kummitha (2017, p. 45) argues “embeddedness offers a crucial mechanism to understand the constructs about the value creation mechanism in social entrepreneurship.” Therefore, this paper argues that neighborhood-based entrepreneurs are locally embedded through their close local connections with residents and other firms and that this local embeddedness is an additional driver of their local social value creation.

2.3.2 The moderating effect of local social networks. The local social networks of the neighborhood-based entrepreneurs also influence the relationship between the four different behavioral drivers and local social value creation in a moderating fashion. Regarding the personality characteristics, the moderating effect of the entrepreneurial social network can be related to the notion of social support (Mair and Noboa, 2006). The propensity of an individual to create social value is positively influenced by the expected or received social support and also drives one’s “passion for the cause” (Hockerts, 2015; Omorede, 2014). In other words, supportive social networks “interact” positively with other personality
characteristics in driving social value creation. Thus, social networks are assumed to indirectly influence social value creation through their effect on personality drivers.

The firm’s social relations also moderate some of the organizational drivers of local social value creation. This especially holds true for firm features that link a firm to the local environment. Examples of such features are a local market orientation, the hiring of local employees and the extent to which firms are active in local cooperation networks (Schutjens and Steenbeek, 2010). Entrepreneurs and firms with one or more of these features are likely to have many local connections and interactions, which in turn may stimulate local social value creation. As such, local social networks act as a moderating force, strengthening the effect of organizational features as drivers of local social value creation.

The influence of the economic, institutional and social contexts on local social value creation by entrepreneurs also depends on the level to which an entrepreneur is connected to a specific socio-spatial context. Thus, entrepreneurial (local) social networks are thought to strengthen the effect of the other contextual characteristics driving social value creation.

Finally, the characteristics of a social issue have a direct effect on an individual’s social value creation, but this relationship also works in positive interaction with the entrepreneurial (local) social networks. Through social connections with their employees, business partners and local (business) communities, firms become more sensitive to local issues. Thus, neighborhood-based entrepreneurs with many local network contacts may be more aware of local social issues, which positively influence their local social value creation (Campin et al., 2013).

In an attempt to combine the aforementioned insights (Figure 1), this paper expects that neighborhood-based entrepreneurs are active in some form of local social value creation. Different personality, organizational, contextual and issue characteristics are thought to directly influence their behavior (the solid arrows in Figure 1), with local social networks moderating the effects of these groups of characteristics (the dashed arrows in Figure 1). Furthermore, local social networks lead to local embeddedness and thereby indirectly drive local social value creation (the horizontal dashed arrow in Figure 1). The empirical research presented in this paper sheds more light on these matters and explores the extent to which the argumentation holds.

3. Methodology
To explore the local social value creation by entrepreneurs located in residential neighborhoods and the driving forces associated with their behavior, qualitative empirical research has been conducted.

![Figure 1. Research diagram of the factors influencing the local social value creation of neighborhood-based entrepreneurs](image-url)
3.1 Participant selection

In-depth interviews have been conducted with 18 entrepreneurs whose firms are located in residential neighborhoods in The Netherlands. Because this is an understudied group (Reuschke and Houston, 2016), especially in relation to their social value creation, the empirical research presented here is primarily explorative. In-depth interviews were deemed the most suitable method for the empirical research, following previous work on drivers of social entrepreneurial behavior (Boluk and Mottiar, 2014; Campin et al., 2013; Omorede, 2014). Moreover, interviewing leads to the collection of rich data and allows for the exploration of individuals’ interest, beliefs and motivation, thereby fitting the aims of this study (Hennink et al., 2011; Neergaard and Ulhoi, 2007).

It was decided to compare neighborhoods in two different Dutch cities to exclude potential city-level influences. Based on comparative desk-research, the cities of Amersfoort and ‘s-Hertogenbosch were ultimately selected. Both cities share some common features, such as their central location in The Netherlands. Both cities are also comparable in terms of population in general (approximately 154,000 inhabitants) and business population specifically (Gemeente Amersfoort, 2018; Gemeente ‘s-Hertogenbosch, 2018).

Next, the aim was to select entrepreneurs located in neighborhoods with different social contextual features because the social context is thought to directly influence social value creation. Therefore, a maximum variation sampling strategy is used because it allows for comparisons between different social contexts (Neergaard and Ulhoi, 2007). For this purpose, data on neighborhood social cohesion and neighborhood collective efficacy were used (Bosma et al., 2016). These data were obtained from the third wave (2014) of the Survey on the Social Networks of the Dutch (SSND), which focuses on the social networks of inhabitants in Dutch neighborhoods (Völker and Flap, 2002).

Based on comparisons between neighborhood scores on social cohesion and collective efficacy and desk research, five neighborhoods were ultimately selected (Figure 2). For ‘s-Hertogenbosch, the research areas “de Muntel” and “de Rompert” were selected. “De Muntel” had a lower score on collective efficacy than “de Rompert”, but “de Muntel” scored more positively on social cohesion than “de Rompert” did. In Amersfoort, three
neighborhoods were selected because it proved difficult to find participants in the “Wiekslag” area. Therefore, “Bloemenbuurt-Oost” was added as a research area. Both areas scored rather low on social cohesion and collective efficacy. The scores of these neighborhoods contrasted with the “Utrechtseweg” area, which had a relatively high score for collective efficacy and social cohesion.

Next, firm address data were used to select the potential interview participants. From these data, large organizations were excluded, such as educational and health institutes or subsidiaries of larger companies because these firm types were assumed to have a different, if any, relation with the local neighborhood environment compared with the small-scale economic activities this paper focuses on. After checking whether the firms were still in business, a total of 100 potential participants were left in the five research neighborhoods. From June to August 2017, all potential participants were contacted by email first and subsequently received reminders via postal mail and telephone. Eventually, 18 neighborhood-based entrepreneurs were interviewed. In each neighborhood at least two entrepreneurs were willing to participate, with a maximum of seven interviews per neighborhood (for de Muntel, ’s-Hertogenbosch).

3.2 Participant description
Although there is no general definition of “the neighborhood-based entrepreneur”, the 18 interview participants show many commonalities (Table I). Most of the entrepreneurs worked full-time, in only four cases did the participants also have another employed position in addition to their firms’ activities. This characteristic gives a sense of whether an entrepreneur may have had the time and the opportunity to be active in local social value creation. Regarding their firm’s economic sector, six participants worked in business services, five participants worked in personal services and private education, and the others were active in retail, manufacturing or the catering industry.

As the building of (local) social networks takes time, some features related to firm age and residency duration are added in Table I. Interestingly, the majority of the entrepreneurs who also lived in the neighborhood had been residing there for quite some time, with an average of 12 years. This is comparable to the presence of the firms in the neighborhood; on average, the participants’ firms had been in the neighborhood for 14 years. The years of existence of the firms ranged from 1 and half years to 96 years, with the latter being the exception. When excluding this firm, the average firm age is around 11 years.

3.3 Data collection and analysis
Before each interview, the participants were informed about the purpose of the interview and the anonymized handling of the data for analyses. Informed consent was obtained from all participants. The design of the interviews was semi-structured, which left sufficient room for the participants to voice their own ideas, opinions and notions (Neergaard and Ulhoi, 2007). A topic list was used in order to ensure uniformity between the different interviews (Appendix). The interviews started by asking the entrepreneurs what they considered their local environment (with regard to the location of their firm) by demarcating this on a map of their city. This map was used during the rest of the interview, as an explanatory tool for the interviewees.

As seen from the topic list, local social value creation was primarily explored in an open way by asking the entrepreneur to what extent he or she felt involved with the local environment and, as a follow-up question, whether and how this involvement resulted in specific activities in regard to local social value creation. In doing so, there was little interference of the researcher with regard to the definition of local social value creation and
<table>
<thead>
<tr>
<th>Interview</th>
<th>Business sector</th>
<th>Home-based (yes/no)</th>
<th>Time present in the neighborhood (residency and firm location)</th>
<th>Years of existence of the firm</th>
<th>Fulltime or part-time entrepreneurship</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Catering and hospitality</td>
<td>Registered at home, works outside neighborhood</td>
<td>Entrepreneur: 10 years</td>
<td>2 years</td>
<td>Part-time</td>
</tr>
<tr>
<td>2</td>
<td>Manufacturing and building</td>
<td>No, but rents office space in same neighborhood</td>
<td>Entrepreneur: 2 years</td>
<td>5 years</td>
<td>Fulltime</td>
</tr>
<tr>
<td>3</td>
<td>Personal services and private education</td>
<td>Registered at home, works outside neighborhood</td>
<td>Entrepreneur: 4.5 years</td>
<td>5.5 years</td>
<td>Fulltime</td>
</tr>
<tr>
<td>4</td>
<td>Business services</td>
<td>Yes</td>
<td>Entrepreneur: 13 years</td>
<td>2 years</td>
<td>Fulltime</td>
</tr>
<tr>
<td>5</td>
<td>Personal services and private education</td>
<td>Registered at home, works outside neighborhood</td>
<td>Entrepreneur: 27 years</td>
<td>29 years</td>
<td>Fulltime</td>
</tr>
<tr>
<td>6</td>
<td>Personal services and private education</td>
<td>Yes</td>
<td>Entrepreneur: 13 years</td>
<td>6 years</td>
<td>Part-time</td>
</tr>
<tr>
<td>7</td>
<td>Business services</td>
<td>No, but rents office space in same neighborhood</td>
<td>Entrepreneur: 10 years</td>
<td>6 years</td>
<td>Fulltime</td>
</tr>
<tr>
<td>8</td>
<td>Business services</td>
<td>No and resides elsewhere</td>
<td>Entrepreneur: Not applicable</td>
<td>18.5 years</td>
<td>Fulltime</td>
</tr>
<tr>
<td>9</td>
<td>Personal services and private education</td>
<td>Registered at home, works outside neighborhood</td>
<td>Entrepreneur: 3 years</td>
<td>11 years</td>
<td>Part-time</td>
</tr>
<tr>
<td>10</td>
<td>Business services</td>
<td>Yes</td>
<td>Entrepreneur: 8 years</td>
<td>4 years</td>
<td>Fulltime</td>
</tr>
<tr>
<td>11</td>
<td>Retail</td>
<td>Yes</td>
<td>Entrepreneur: 11 years</td>
<td>20 years</td>
<td>Fulltime</td>
</tr>
</tbody>
</table>

(continued)
<table>
<thead>
<tr>
<th>Interview</th>
<th>Business sector</th>
<th>Home-based (yes/no)</th>
<th>Time present in the neighborhood (residency and firm location)</th>
<th>Years of existence of the firm</th>
<th>Fulltime or part-time entrepreneurship</th>
</tr>
</thead>
<tbody>
<tr>
<td>12</td>
<td>Retail</td>
<td>Yes</td>
<td>Entrepreneur: less than 1 year</td>
<td>96 years</td>
<td>Fulltime</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>Firm: 96 years</td>
<td></td>
<td></td>
</tr>
<tr>
<td>13</td>
<td>Personal services and private education</td>
<td>Yes</td>
<td>Entrepreneur: 6 years</td>
<td>1.5 years</td>
<td>Part-time</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>Firm: 1.5 years</td>
<td></td>
<td></td>
</tr>
<tr>
<td>14</td>
<td>Business services</td>
<td>Yes</td>
<td>Entrepreneur: 48 years</td>
<td>22 years</td>
<td>Fulltime</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>Firm: 22 years</td>
<td></td>
<td></td>
</tr>
<tr>
<td>15</td>
<td>Catering and hospitality</td>
<td>No and resides elsewhere</td>
<td>Entrepreneur: Not applicable</td>
<td>1.5 years</td>
<td>Fulltime</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>Firm: 1.5 years</td>
<td></td>
<td></td>
</tr>
<tr>
<td>16</td>
<td>Other</td>
<td>No and resides elsewhere</td>
<td>Entrepreneur: Not applicable</td>
<td>18.5 years</td>
<td>Fulltime</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>Firm: 18.5 years</td>
<td></td>
<td></td>
</tr>
<tr>
<td>17</td>
<td>Manufacturing and building</td>
<td>No, but rents office space in same neighborhood</td>
<td>Entrepreneur: 9 years</td>
<td>8 years</td>
<td>Fulltime</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>Firm: 4 years before renting office space</td>
<td></td>
<td></td>
</tr>
<tr>
<td>18</td>
<td>Business services</td>
<td>No and resides elsewhere</td>
<td>Entrepreneur: Not applicable</td>
<td>26 years</td>
<td>Fulltime</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>Firm: 26 years</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
corresponding activities. Also, probing questions were used to ensure no forms or examples of value-creating activities were missed. In line with the enumeration by Santana (2015, p. 778), these activities are the following:

- corporate giving or corporate philanthropy;
- volunteerism by business owners and firm employees;
- sponsorships or practices whereby the business contributes to a social agency in return for the right to use the organization’s name in its advertising;
- “cause-related marketing”, the advertisement of the firm’s own product or services by supporting a social initiative;
- the donation of equipment;
- civic-society partnerships as a response to an “institutional void”;
- public–private partnerships; and
- the sponsoring of foundations by a firm.

Next, the participants were asked why they undertook specific actions or showed specific behavior, in to obtain an understanding of their behavioral drivers.

The interviews generally lasted approximately 60 min and were recorded using audio equipment. The data were analyzed with the use of the NVivo software. Several rounds of coding were conducted, either based on the actual interview data (inductive coding) or on notions from the literature discussed in the theoretical framework (deductive coding) (Hennink et al., 2011). The contextual characteristics of each of the five research areas, as approximated through local cohesion and efficacy scores from the SSND survey, were interpreted with the use of information from additional desk-research on secondary data, such as statistics and policy documents from the local municipalities. Furthermore, expert-interviews have been conducted.

3.3.1 Expert interviews. In both Amersfoort and 's-Hertogenbosch, interviews have been held with policymakers who are responsible for the functioning of the local business climate and stimulating entrepreneurship. Furthermore, each of the five neighborhoods had its own social worker, and these experts have been interviewed on the social climate and social characteristics of the research neighborhoods. The insights from these seven expert-interviews are not discussed in-depth here; instead, they are used in the interpretation of the data from the interviews with the neighborhood-based entrepreneurs.

4. The role of local social networks in local social value creation
Based on the 18 interviews with neighborhood-based entrepreneurs, an image can be drawn of their involvement in the creation of local social value and the factors underlying their behavior.

4.1 Social value creation in two groups
Broadly speaking, the interviewees can be categorized into two groups regarding their local social value creation: the first consists of entrepreneurs not active in creating social value in any way, whereas the second group is active in different forms of local social value.

The first and by far the smallest group of entrepreneurs stated that they simply had no interest, time or financial possibility to be active in any form of social value creation. These entrepreneurs focused on their ongoing business activities, firm development and, in some cases, even firm survival. This group saw all forms of social value creation as a cost that they could not carry on top of other business-related costs. Therefore, these entrepreneurs
were not active in creating social value. All of these entrepreneurs had a non-local market focus, meaning that they had no local customers. This was an important reason why they also had no interest in interacting with their local environment. As one entrepreneur stated:

[...] it is not my goal to focus on the local environment for customers. Therefore, up to this day, I have not thought about what I could contribute to the neighborhood with my business activities.

On the whole, this group comprised entrepreneurs who lived and ran their businesses in a specific neighborhood for practical reasons, such as because they were already living there when they started their firm or because they found suitable business premises in that neighborhood. Besides this, their interaction and thereby local embeddedness with the local environment remained limited, which is also reflected in their lack of social value creation activities.

4.2 Examples of local social value creation

The majority of the participants (15 out of 18 entrepreneurs interviewed) stated that they were active in some form of social value creation. Although their behavioral drivers differ (see below), the interviewees mentioned similar examples of their local social value behavior.

Most often, entrepreneurs mentioned contributing to local livability through social control and the improvement of the physical environment. Regarding the former, several participants “kept an eye” on their local surroundings with regard to suspicious situations or disorder in the neighborhood. Concerning improvement of the physical environment, different entrepreneurs actively kept their local surroundings clean and neat through small actions, such as picking up litter, or larger improvements, such as maintaining public green spaces. This positive contribution to local livability was most common with entrepreneurs who received customers, both local and non-local, at their business location.

A second often-mentioned example of local social value creation concerns sponsorships, both in terms of philanthropic giving and as a form of “cause-related” marketing (Santana, 2015). For example, one entrepreneur who owns a mobile coffee truck regularly served free coffee at charity events in the neighborhood.

Other social value creation practices were mentioned in only a few cases. Several participants became involved with local politics only when they felt personally involved with the local social issue at hand, either through their role as a resident or as a neighborhood-based entrepreneur. This is also related to the finding that none of the interviewees was active in organizing local activities themselves. However, half of the participants stated that they would like to contribute to local activities as long as they were not the primary organizers.

4.3 Drivers of local social value creation

For the participants who were active in local social value creation, a number of main findings stand out. First, personality characteristics were found to be the main drivers of their behavior. Second, with regard to the social context characteristics, only their local social networks were found to influence local social value creation, in a direct, indirect and moderating fashion. Third, local social creation was also found to be driven by local embeddedness originating from emotional attachment to the local environment. These three main findings are discussed below.

4.3.1 Personality characteristics as primary driving force. As regards to the four groups of main drivers studied in this paper (Figure 1), the personality characteristics are the most often mentioned by the participants. Multiple interviewees mentioned that their social actions were primarily driven by their personal interest in “doing good.” They explained that
they had a clear and profound personal motivation to make a positive social contribution to their local environment. One entrepreneur explained that he “genuinely wishes others to do well and to get a second chance if they need it.” This is why he often employed interns who had dropped out of school or even had a criminal record, which made it difficult for them to find a job. This and other examples from the interviews showed that personality characteristics, such as empathy and moral judgment, were the most important drivers for these entrepreneurs, which is in line with previous work on this subject (Mair and Noboa, 2006; Omorode, 2014).

Turning to the remaining three groups of drivers, organizational characteristics and the local social networks were mentioned as driving forces by the participants. The latter driver is discussed in the following section. Regarding the former, several interviewees stated that they were active in sponsoring local social activities or contributing in kind to local foundations or activities as a means of “sharing” their business success with the local environment. However, the interviewees sometimes also used these actions to promote and generate local goodwill for their firms. For instance, the previously mentioned entrepreneur with the mobile coffee truck not only gave away free coffees to support a particular cause or charity but also got some free publicity for his firm. Thus, in some cases, the local social value creation actions of the entrepreneurs were also driven by them gaining benefits for their firms, which is in line with findings by Santana (2015).

The other types of characteristics researched, i.e. the economic context, the institutional context and the social issue characteristics, did not serve as drivers of local social value creation for the neighborhood-based entrepreneurs interviewed here. The absence of these drivers may be the result of the fact that the behavioral drivers were explored in an open way. As such, the interviewees may simply have not thought of the institutional or issue characteristics as factors influencing their behavior. Therefore, it would go too far to state that these drivers play no role whatsoever, but it is clear that these drivers are less important for the participants.

4.3.2 The threefold effect of local social networks. The propensity of the interviewees to create local social value was found to be both driven and strengthened by their local social networks. Several interviewees were stimulated by local network contacts, such as their neighbors, to become active in local social value creation, which can be seen as a “direct effect” of their local social networks in that regard. For example, an entrepreneur who owns a communication firm had become a voluntary editor of a local online news platform because she was asked by a neighbor. She explained that as a volunteer, she can put her “professional skills to good use and help the platform become more businesslike.” So, although the entrepreneurs themselves were not the initiators of organizing activities in their neighborhoods, once they were asked by neighbors to participate, they often got involved.

Next to the direct influence of the entrepreneurs’ local social networks, an indirect effect, via local embeddedness, was also found. Several participants said they felt that they were part of the “local social community” through their presence in the neighborhood and the fact they knew many local people. As one entrepreneur explained, “As an entrepreneur, I feel connected to the local neighborhood. (...) And I therefore want to do my bit.” For these participants, having local network contacts leads them to become locally embedded, which enhanced their willingness to create local social value.

Furthermore, a moderating influence of local social networks on the personality, organizational and social contextual drivers has been found in the interviews. Although it proved to be difficult to clearly “disentangle” these different drivers from each other, it became apparent from the interviews that having local social network contacts influenced the stance and actions of the entrepreneurs with regard to local social value creation. For
example, serving a local market area is the most important firm characteristic that drives local social value creation. Entrepreneurs who are dependent on local customers state to feel more responsibility toward “giving back” than those without a local market area focus. For these entrepreneurs, local customers are important firm stakeholders. Thus, organizational characteristics of neighborhood-based firms were strengthened by the entrepreneurs’ social links to the local environment in driving their local social value creation. This was, for instance, apparent in the research area ‘Utrechtseweg’. According to the neighborhood’s social worker, most businesses located in that area only had a small number of local customers, limited local contact and, consequently, were not involved in local social value creation. However, the behavior of the two interviewees in that area is in contrast with that of the general business population there. These entrepreneurs stated that they want to keep their local environment clear and safe, not only because they had clients coming to their business locations but also because they felt connected to their neighborhood through this local market focus.

A second example of the moderating effect of local social networks can be found in the fact that multiple participants stated that they felt a moral obligation as entrepreneurs to contribute beyond the economic dimension. They did so by, for instance, buying products and services from other local businesses, as a means of stimulating the local economy. One entrepreneur mentioned that he “knows how hard it can be for these businesses to stay in business and that he is happy to contribute to their survival if possible.” This moral obligation shows similarities with the “passion for the cause” found by Omorede (2014), as it originates from personality characteristics which are strengthened (i.e. moderated) by the entrepreneurs’ commitment toward their local community (Kilkenny et al., 1999).

4.3.3 The power of an emotional connection. Interestingly, the effect of local embeddedness on local social value creation was also mentioned by participants who stated that they had few local network contacts. Although their local social interaction was limited, they nevertheless felt connected to their local environment. In other words, the presumed effect of local social networks leading to local embeddedness and consequently to local social value creation does not hold for these entrepreneurs. Furthermore, this feeling of local emotional attachment was expressed both by entrepreneurs who were also local residents as well as by entrepreneurs who resided elsewhere. Both groups expressed the wish to “be a good neighbor.” In the words of one entrepreneur, “You are part of your neighborhood, so you also have to participate in that neighborhood, of course.” Others explained that they viewed their neighborhood as “their home” and “as a place with which they felt emotionally connected.” This finding may be related to the previously discussed notion of “placial embeddedness” (Korsgaard et al., 2015). These entrepreneurs attach emotional meaning to their neighborhood. This emotional connection to the local environment reinforces their personal beliefs that it is important to “do good” and be active in creating social value. Thus, in these cases, a moderating effect seems to be present with local embeddedness interacting with the entrepreneurs’ personality characteristics, making them more prone to local social value creation.

4.4 Neighborhood-level differences
In this study, five neighborhoods were selected based on the differences in their social cohesion and collective efficacy scores, as a means to explore the effects of the local social context. However, the qualitative analyses rendered no clear-cut conclusions regarding the impact of either collective efficacy or social cohesion on local social value creation by the interviewees. Neither of the two types of neighborhood (low or high levels of social cohesion or collective efficacy) showed more or less social value creation by the participants of this
study. However, it is still likely that the local social context had an influence on local social value creation through its effect on the level of local interaction. The “Wiekslag” area provides an illustrative example of this potential influence. As explained by this area’s social worker, groups with different cultural backgrounds reside there. These groups have strong internal social links, but are not inter-connected, leading to low scores on social cohesion and collective efficacy. Furthermore, many people residing in this area struggle with making ends meet, which leaves little room for them to be either active in local social value creation or to afford some of the services or product neighborhood-based entrepreneurs offer. In the words of the social worker: "these residents cannot afford to visit a beauty salon or get a massage.” Entrepreneurs located in this neighborhood are therefore often focused on the non-local market, which also limits their connection to the neighborhood.

In two cases, the participants mentioned that they felt there was “too much” social cohesion and efficacy among local groups, making them feel like “outsiders” in their neighborhood, as they were not part of these social groups. This, in turn, made them less inclined to be involved in the creation of local social value.

Thus, no commonalities were found regarding the effects of either high or low levels of local social cohesion or local collective efficacy on the local social value creation by the interviewees located there.

5. Conclusion and future research

Residential neighborhoods are increasingly becoming places of both living and working (Folmer and Kloosterman, 2017). For neighborhood-based entrepreneurs, the local context may be an important, if not the most important, business environment, making them likely to interact with other firms, entrepreneurs and local residents on a daily basis. These local network contacts may be an important reason why entrepreneurs located in residential neighborhoods are active in creating local social value. This paper examined the following questions: To what extent are neighborhood-based entrepreneurs involved in local social value creation, and what is the role of their (local) social networks, both in influencing the different drivers of social value creation and in leading to local embeddedness? This paper contributes on three dimensions. First, this paper explores social value creation by commercially driven entrepreneurs, thereby connecting to the debate on the social dimension of entrepreneurship (Boluk and Mottiar, 2014; Lumpkin et al., 2013). Second, the paper gives interesting empirical insights into the local social value creation of an understudied group of entrepreneurs (Reuschke and Houston, 2016). As demonstrated here, neighborhood-based entrepreneurs have a role to play in local social value creation, albeit often only modest. Third, this paper offers an extension of previous research on the drivers of social responsibility by small-sized businesses, by exploring the influence of local social networks (Aragón et al., 2016; Omorede, 2014).

Based on 18 interviews with neighborhood-based entrepreneurs in the Dutch cities of Amersfoort and ‘s-Hertogenbosch, two groups of entrepreneurs can be distinguished: a group that is not active or interested in creating social value in any way and a group that does create local social value.

Regarding the drivers, the qualitative analyses suggest that the personality of the entrepreneur, such as beliefs, empathy and moral judgment, is the primary direct driver of local social value creation. This finding is in line with previous work on social value creation by small-sized local entrepreneurs and firms (Campin et al., 2013; Hockerts, 2015; Kilkenny et al., 1999). Furthermore, this paper shows that the entrepreneurial local social networks influence local value creation in a direct, indirect and moderating way. These findings
demonstrate that the previous work on behavioral drivers of local social value creation has been incomplete with regard to the role of local social networks. Local social networks were found to strengthen the personality and organizational characteristics of entrepreneurs and their firms driving their local social value creation. Through their local social contacts, entrepreneurs feel connected to and embedded in their neighborhoods. This, in turn, makes them wanting to “give back,” “share their success” and strengthen the local economy.

However, it should be noted that, although local embeddedness plays an important role in driving local social value creation, some participants of this study also feel locally embedded without having strong local social networks. These entrepreneurs do attach emotional meaning to their neighborhood, which shows strong similarities with the notion of “placial embeddedness” (Korsgaard et al., 2015; McKeever et al., 2014; Reuschke et al., 2017). This seems to suggest that local embeddedness in its own right, without being fostered by local social networks, can also lead to local social value creation. This is an interesting addition to the embeddedness literature, which views social networks as the mechanism through which persons become embedded. This paper demonstrates that local embeddedness can also be the result of an emotional attachment to a certain spatial context without social network playing a role.

Thus, this study’s empirical analyses provide reasons to further explore the effects and influence of the social context in which firms are active as well as their local embeddedness in relation to their social value creation.

5.1 Limitations and future research
The number of interview participants forms this study’s main limitation. Although each of the potential participants was approached multiple times and via different ways, in the end 18 in-depth interviews with entrepreneurs have been conducted. This obviously limits the representativeness of this study, which therefore should be primarily viewed as an explorative study.

Furthermore, local social value creation has been studied here in both an open way, by letting the interviewees explain what they considered to be local social value creation, as well as by drawing on previous literature on this subject (Santana, 2015). This may have led to interpretative differences between the participants or to some forms of social value creation being “missed.” Although there is an ongoing academic debate on ways to “measure” social value creation, the use of other, generally excepted definitions in future work may lead to less variance in the outcomes.

Finally, the definition of “local” in local social value creation differed between the interview participants. Although they could all clearly explain what they considered their local environment at the beginning of their interview (by demarcating this on a map), each of the participants’ definition of local was different. More strictly defined methods to demarcate the local environment may be used in future research to ensure similarity between the definitions used.

The group of neighborhood-based entrepreneurs on which this paper focuses is relatively unknown in terms of their relationship with the local environment and their potential for social value creation (Reuschke et al., 2017; Reuschke and Houston, 2016). As this paper shows, these entrepreneurs may be important sources of local social value. Therefore, additional and more comparative research is necessary on this large (and growing) group of neighborhood-based entrepreneurs, whether home-based or residing elsewhere, in relation to their propensity for local social value creation. Future research should include comparisons between different firm sectors, between firms with or without local market orientations and between entrepreneurs who both work and reside in a neighborhood and
the ones that only work there. However, for each of these avenues for future research, qualitative methods would still be preferred over quantitative methods because the complex and multi-interpretable notions of social value creation and social embeddedness are best studied by intensive and in-depth “conversations” with participants.

One of the practical implications of this paper is the realization that a rise in the number of entrepreneurs located in residential neighborhoods will not automatically lead to an increase of initiatives toward local social value creation. For these entrepreneurs to contribute to their local environment, they need to be embedded, for instance through their personal and business-related local networks. For policymakers, this process of local embedding can be facilitated in several ways, such as through the establishment and promotion of local (business) networks, because being located in a neighborhood does not ensure interaction with other local firms or residents. Also, entrepreneurs should be made aware of the potential benefits of interacting with other firms or joining business networks, which they still often see as costly or unnecessary. Additionally, local embedding can be enhanced by more flexible legislation regarding the business activities allowed in residential neighborhoods and the growth of these firms. Because the process of local embedding takes time, it would be preferable to offer entrepreneurs the possibility to remain and grow at their original business location in the residential neighborhood, which is now sometimes in conflict with local legislation. For the presence of entrepreneurs to lead to sustainable and livable residential neighborhoods, these entrepreneurs need to be or feel connected to their local environment. Only then may their full potential as actors in local social value creation be achieved.

References


## Appendix

<table>
<thead>
<tr>
<th>Topic</th>
<th>Explanation</th>
</tr>
</thead>
<tbody>
<tr>
<td>Local environment</td>
<td>Self-reported demarcation of the entrepreneur’s local environment (with use of the map of the neighborhood and surrounding areas where the firm is located)</td>
</tr>
<tr>
<td>Characteristics of the entrepreneur</td>
<td>Personal background (age, education, prior experience with entrepreneurship, etc.) Length of residency in the neighborhood (if applicable) Reasons for starting the firm</td>
</tr>
<tr>
<td>Characteristics of the firm</td>
<td>Firm sector and specific activities Firm age Firm location = home-based: reasons for choosing business location, pros and cons of current location (if applicable) Firm location = external business location (non-home-based): reasons for choosing business location, pro’s and con’s (if applicable) Current business location: length of time located there and contentment with the location</td>
</tr>
<tr>
<td>Local social value creation (open)</td>
<td>Self-reported involvement with the local environment Examples of specific activities for local social value creation</td>
</tr>
<tr>
<td>Reasons for behavior</td>
<td>Self-reported reasons for local social value creation (if applicable) Self-reported reasons for not being active in local social value creation (if applicable)</td>
</tr>
<tr>
<td>Social value creation</td>
<td>Corporate giving or corporate philanthropy Volunteerism by business owners and firm employees Sponsorships or practices of social practice in return for advertising Cause-related forms of marketing Donation of equipment Civic–society partnerships as a response to an “institutional void” Public–private partnerships Sponsoring of foundations by a firm</td>
</tr>
<tr>
<td>Reasons for behavior</td>
<td>Self-reported reasons for local social value creation (if applicable) Self-reported reasons for not being active in local social value creation (if applicable)</td>
</tr>
<tr>
<td>Local embeddedness</td>
<td>Contact with neighbors and explanation of what this contact entails Help and support from the neighborhood; residents and other entrepreneurs Use of local amenities; reasons for doing/not doing so</td>
</tr>
<tr>
<td>Local embeddedness</td>
<td>Importance of local context as source of clients/partners/suppliers, etc. Contact with neighboring firms Cooperation with local firms Cooperation with non-local firms Use of local amenities; reasons for doing/not doing so</td>
</tr>
</tbody>
</table>

### Table AI

*Topic list*

**Corresponding author**
Marianne de Beer can be contacted at: M.deBeer@uu.nl

For instructions on how to order reprints of this article, please visit our website: [www.emeraldgrouppublishing.com/licensing/reprints.htm](http://www.emeraldgrouppublishing.com/licensing/reprints.htm)

Or contact us for further details: [permissions@emeraldinsight.com](mailto:permissions@emeraldinsight.com)
Purpose – The purpose of this paper is to understand how important networks are for the emergence and growth of social enterprises as well as how social enterprises use their networks throughout the life course of their organisation. A comparative approach is used by contrasting social enterprises with traditional commercial enterprises along the dimensions of obtaining resources and legitimacy through their networks.

Design/methodology/approach – An abductive approach is used starting from existing knowledge on how commercial enterprises use networks during the start-up and growth of their enterprise. Qualitative interviews with 23 entrepreneurs were conducted. Using a matched-pairs design, the network importance and use of social and commercial enterprises is compared.

Findings – It is found that networks are highly important for both commercial and social enterprises throughout their life course. However, they substantially diverge in how they use their networks. Social enterprises tend to access more intangible resources through their networks than do commercial enterprises. Moreover, social enterprises rely more strongly on their networks for legitimacy in both the start-up and growth phase of the enterprise.

Originality/value – This paper takes a novel approach by empirically comparing the networks of social and commercial enterprises. New insights are offered in the resource flows within networks and how entrepreneurs use resources obtained from their networks.

Keywords Networks, Social enterprise, Comparative approach, Enterprise life course, Resource mobilisation, Legitimacy

Paper type Research paper

Introduction

The importance of social capital and specifically networks to new enterprise formation and the subsequent firm life course is undisputed. Overall, entrepreneurship and management scholars agree that entrepreneurs use networks for opportunity identification, legitimization and resource mobilisation (Aldrich and Zimmer, 1986; Brüderl and Preisendorfer, 1998; Adler and Kwon, 2002; Brass et al., 2004). Entrepreneurs use their network contacts to obtain crucial resources to successfully enter the market and move to subsequent phases in the business life course. Based on the notions of resource-based theory (Penrose, 1959), the theory of strong and weak ties (Granovetter, 1973), Burt’s (1992) structural hole theory, Coleman’s (1988) network closure theory and Lin’s (2001) social resource theory, many scholars have found evidence of the benefits of social capital and network resources to firm creation, firm growth or in general, firm success.
However, the literature on the specific role of networks and networking for social enterprises is still in its infancy (Battilana and Lee, 2014), mainly because of two factors. First, the existing literature on networks and social capital does not incorporate the hybrid nature of social enterprises and their social goals. Studies on network effects on enterprises have their roots in the economics and management literature, with its predominant focus on commercial entrepreneurship. The main motive for commercial entrepreneurs is to increase revenues and to improve financial performance. As such, traditional literature focuses on the resources entrepreneurs mobilise to gain market information and access to financial and practical support related to financial performance and survival in the market place. However, these traditional mechanisms to obtain legitimacy and resources may have limited use for social enterprises. Social enterprises have a “double bottom line” where creating social value is equally or more important than creating economic value. Social enterprises may therefore be sourcing other benefits from their networks or trying to include a highly diverse set of stakeholders in their networks to progress both social and economic goals. Moreover, in the social enterprise sector with its complex and multiple stakeholders, legitimacy in terms of building reputation does not follow commercial market rules. Profits, sales and market share are not the main drivers of legitimacy for social enterprises. These two aspects are likely to set social enterprises apart from commercial ones in how they use social networks. Although recently, scholars studying networks and entrepreneurship have called for a broadening of the subject to social enterprises, empirical studies are still scarce (Dacin et al., 2011).

Second, most attempts to empirically study social capital in relation to social entrepreneurship analyse this relationship at the macro level. Conceptualising social capital as interpersonal trust at the country level, these studies argue that socially supportive culture and generalised social trust play a role in the supply of social entrepreneurs by inducing caring behaviour (Pathak and Muralidharan, 2016; Stephan et al., 2015). At the same time, being indicative of weak-tie social capital, high levels of generalised social trust can reduce transaction costs and ease access to resources (Estrin et al., 2013; Stephan et al., 2015). Recent advances in terms of large-scale data collection on social entrepreneurship, for example, in the Global Entrepreneurship Monitor, have facilitated this research. Despite providing valuable insights, these studies do not shed light on how social entrepreneurs use their networks and how this may differ from mainstream commercial entrepreneurs.

For the purpose of this paper, we define social enterprises as organisations with an embedded social purpose that engage in market exchange (Austin et al., 2006; Lumpkin et al., 2013; Mair and Marti, 2006). Social enterprises aim to solve complex social problems such as poverty, limited employment opportunities of vulnerable groups or homelessness. Because they pursue a social mission by making use of market-based strategies, social enterprises are often seen as “hybrid” organisations – the “hybirdity” materialises in combining elements of for-profit and non-profit organisations in one single business model (Battilana and Lee, 2014). We argue that the hybrid nature of social enterprises influences the importance of their networks and how they make use of their networks. Our approach therefore highlights networks as the outcome of particular organisational characteristics and processes (Hoang and Antonicic, 2003).

In this paper, we compare the network importance and network use of commercial and social enterprises in their start-up and growth phase. The most important determinant of network utilisation investigated to date is the firm life course – as the development stage of an organisation necessitates different uses of network resources (Évald et al., 2006; Hite and Hesterly, 2001; Larson and Starr, 1993; Stam et al., 2014). We therefore argue that when
comparing social networks between social and commercial enterprises, the life-phase of the organisation needs to be considered (Garnsey, 1998; Wright and Stigliani, 2013). Most existing literature on entrepreneurial networks looks at the effect of network size or network position on new enterprise emergence and survival. Our paper offers novel insights into the importance and use of networks throughout the enterprise life course. Moreover, contrasting this role of networks between social and commercial entrepreneurs will provide new insights in the social entrepreneurial process and how it differs from mainstream entrepreneurship. The research question we put forward is as follows:

**RQ1.** How does the importance and use of networks differ between social and commercial entrepreneurs in specific life course phases of the enterprise?

Following the literature review, we will present two propositions that guide our empirical investigation.

The remainder of this paper is organised as follows. The next section provides an overview of the existing literature on how entrepreneurs use networks in different life-phases of their organisation. We also set out why we expect social enterprises to use their network differently compared to mainstream commercial enterprises. We then present our data and methodology. The subsequent results section is followed by a conclusion and discussion of our research findings.

**Literature review**

*The network approach to entrepreneurship*

Networks are extremely valuable to entrepreneurs and their organisations because they provide access to social capital (Stam *et al.*, 2014). Social capital essentially refers to the “goodwill” contained in a relationship allowing for the transformation of that relationship into valuable resources (Adler and Kwon, 2002, p. 18). In addition to resource access, networks can also provide legitimacy to new organisations that have not built a reputation in the marketplace yet (Hite and Hesterly, 2001). An organisation is seen as legitimate when its actions are deemed “desirable, proper, or appropriate within some socially constructed system of norms, values, beliefs, and definitions” (Suchman, 1995, p. 574). Legitimacy is important for the extent to which audiences understand organisations and perceive them as meaningful and trustworthy (Suchman, 1995; Delmar and Shane, 2004). Resource mobilisation and legitimacy are closely connected, as legitimacy helps organisations gain access to resources. Although in general, social capital is regarded as something positive, it can also have its dark side for at least four reasons (Portes, 1998; Gedajlovic *et al.*, 2013). Closed, strong and tight entrepreneurial networks may bring a high burden of reciprocity demands, a loss of freedom to do business with partners outside the network, the exclusion of others, and the perceived need to conform to group norms that may limit entrepreneurial innovativeness. Existing research suggests that these issues may also apply to social enterprises (Richards and Reed, 2015).

Scholars have investigated the role of entrepreneurial networks in the start-up phase and the development phase of new ventures (Stam *et al.*, 2014; Hoang and Antoncic, 2003). In the start-up phase, individual-level social capital contained in entrepreneurs’ personal networks extends to the level of the new venture. In this phase, entrepreneurs are directly involved in daily operations, are personally involved in all decision making, and “perform key boundary-spanning roles” (Stam *et al.*, 2014, p. 156). As enterprises grow and develop, the properties of the founders’ interpersonal networks transfer to the firm level and become inter-organisational networks that do not need to be personally maintained by the founder (Larson and Starr, 1993; Hoang and Antoncic, 2003).
Networks throughout the enterprise’s life course

Previous research has shown that personal contacts facilitate firm emergence by providing the (nascent) entrepreneur with access to social, emotional and material support (Stam et al., 2014). The first two can be labelled “intangible”, comprising information on industry and market trends as well as feedback on the entrepreneurial idea (Shah and Tripsas, 2007). Several studies have found that in the initial stages of new venture establishment, the founders’ personal network also provides access to crucial “tangible” resources such as start-up capital, material goods or (cheap) business premises. Relating to start-up capital in particular, close personal ties such as family and friends often become investors in the very early stages (Brüderl and Preisendörfer, 1998; Lechner et al., 2006). Founders’ personal networks can help new enterprises overcome the so-called liabilities of newness and smallness that makes institutional and private investors hesitant to invest in new ventures (Stinchcombe and March, 1965; Hite and Hesterly, 2001). To increase their legitimacy and decrease the liability of newness caused by information asymmetries between themselves and potential investors, entrepreneurs may also seek endorsement from high-status individuals and organisations in their network (Hoang and Antoncic, 2003).

As enterprises mature, the importance of networks remains but the utilisation of networks shifts from providing access to financial resources and legitimacy to providing access to advanced knowledge and new markets (Brass et al., 2004; Stam et al., 2014). Lechner and Dowling (2003) proposed that in the growth phase, reputation and legitimacy become less important, as the enterprise has overcome the initial liability of newness. However, growing enterprises still need resources to expand, and their acquired legitimacy enables them to mobilise resources from weak ties more easily (Evald et al., 2006; Hite and Hesterly, 2001). In this phase, collaborative networks between competitors and strategic partnerships become more important, as these offer opportunities to share research and development costs or open up access to new markets. The well-known model of network evolution by Butler and Hansen (1991) suggests that because enterprises move from the start-up to the growth phase they rely less on personal networks and more on professional and eventually on strategic networks. This model stresses the importance of taking a dynamic perspective on networks. Considering entrepreneurship as a process, we need to take into account that throughout their life course, organisations have different needs and ambitions and are at least partly able to develop their networks to meet those needs (Schutjens and Stam, 2003).

The importance of networks for social enterprises

The overview above stems from existing research on mainstream commercial enterprises, but how might the hybrid nature of social enterprises influence the importance and use of their social networks? We argue that the social mission of social enterprises increases their need for legitimacy, as they are not easily understood in terms of existing legitimate forms of organisation. The hybrid nature of social enterprises also constrains their access to resources, as they are less attractive to outside investors.

New organisations are faced with high legitimacy demands (Aldrich and Fiol, 1994). Although social enterprises often operate in established industries such as education and healthcare, they often try to implement new ways of working within those industries. Whereas legitimacy is important for every organisation, social enterprises tend to “violate the boundaries” of existing legitimate forms of organisation such as business and charity, which considerably increases their complexity (Battilana and Lee, 2014, p. 14). Their hybrid form makes social enterprises less recognisable and less familiar to outside observers, including potential funders, contractors and customers. Suchman (1995, p. 575) distinguishes between
organisations seeking “passive acquiescence” or “active support”. For the former, it is enough for organisations to “make sense” to be seen as legitimate in the marketplace. However, when organisations seek active support from their environment, they need to meet a higher threshold of legitimacy: they also need to be seen as worthy and valuable (Suchman, 1995). Because social enterprises constitute a new organisational form, serve new types of markets and often try to transform established industries, they need active support to be seen as legitimate. This leads social enterprises to rely more strongly on their networks to reach the higher legitimacy demands.

Social enterprises need to convince a multitude of different stakeholders of their appropriateness and trustworthiness (Perrini et al., 2010; Shaw and Carter, 2007). Particularly in the early phase of social enterprise formation, their activities need to be deemed valuable by outside evaluators to obtain access to funding. The hybridity of pursuing social and financial goals often hampers easy interpretation of value generated by the organisation. Sarpong and Davies (2014) found that social enterprises can extract legitimacy from their networks by convincing influential contacts to make a philanthropic contribution in the form of taking a seat on the board or lobby on their behalf. In later life-phases of the organisation, social enterprises continue to face legitimacy challenges because of their hybridity. Social enterprises therefore continuously seek endorsement or association with actors and organisations that possess a certain authority or standing in their field. Moreover, when social enterprises seek to develop a higher-level social impact, in terms of institutional or “systemic” change, over time they may rely more strongly on collaborative networks than commercial enterprises. Involving stakeholders for social impact results in “momentum” and leverage on a policy level to provide scalable solutions to social problems (Montgomery et al., 2012; Stephan et al., 2016).

In the start-up phase, social enterprises suffer, just as commercial enterprises do, from a liability of newness. They face financial resource constraints and need to mobilise start-up funding. Social enterprises do not perfectly “fit” in existing organisational categories, making it difficult for investors to gauge their reliability and trustworthiness (Battilana and Lee, 2014). Moreover, the social mission embedded in social enterprises ensures that the majority of the generated surpluses will be reinvested in the social mission. For outside investors therefore, the economic gain from investing in social enterprises is limited compared to investing in commercial enterprises (Austin et al., 2006). Moreover, many social enterprises have beneficiaries that are not able to pay (fully) for the goods or services rendered (Dorado and Ventresca, 2013; Lumpkin et al., 2013; Mair and Marti, 2006). Difficulties in securing external investment as well as limits to the generation of cash flow in early phases cause new social entrepreneurs to rely on a mix of income sources. Social enterprises often have income from trade, government grants and subsidies, donations and loans from social investment organisations (Lumpkin et al., 2013). In contrast to commercial enterprises, which may use financial reserves and positive cash flow to generate growth in later life-phases, social enterprises are likely to continuously rely on a mix of stakeholders to access funds for scaling up.

Social enterprises’ need for intangible resources is influenced by the multi-agency environments in which they operate. A social enterprise that tries to tackle homelessness has to engage with issues of housing, employment and health care and the public and private organisations active in these fields. A large and diverse network with actors from various sectors will help social enterprises gain access to support, information and know-how (Sud et al., 2009; Richards and Reed, 2015). In its early life-phase, a social enterprise may use its networks to acquire knowledge and information from cross-sectoral networks to identify opportunities for innovative solutions to social needs (Austin et al., 2006). Social
enterprises can use their networks to verify that the opportunity they identified will gain traction with funders, beneficiaries and other stakeholders such as community members (Lumpkin et al., 2013; Rao-Nicholson et al., 2017).

When social entrepreneurs seek to grow their organisation, their reliance on diverse stakeholders is likely to become even stronger. Scaling up products and services through process development and process efficiency, using financial resources generated by profits, applies only to a limited extent to social enterprises. In the process of scaling-up, social enterprises are likely to need new collaborations to access resources. For example, collaborations may be an effective way for social enterprises to bid for contracts for outside funding, as these processes generally take up considerable time and manpower (Montgomery et al., 2012).

In the preceding sections, we have provided a (non-exhaustive) overview of the existing literature on the importance of networks throughout the enterprise life course. This literature suggests that the importance of networks for entrepreneurs is likely to change over the firm’s life course. However, we do not know much on how entrepreneurs actually use their networks, let alone how this may differ between social and commercial enterprises and in different development phases. Existing knowledge on the hybrid nature of social enterprises provides some insights on how they might be using their networks. Overall, we expect that this hybrid nature of social enterprises causes them to value and use their networks differently from commercial enterprises, in both the start-up and growth phase.

Based on the literature overview above, we expect to encounter the following differences between social and commercial enterprises:

- Social enterprises rely more strongly on their networks to reach legitimacy demands than commercial enterprises do, in both the start-up and growth phase.
- In the firm growth phase, social enterprises rely on their networks more strongly for acquiring resources than commercial enterprises do.

**Methodology**

Taking the first steps in understanding the diverging importance and use of networks between social and commercial enterprises throughout their life-course, we take an abductive approach. Abduction sits between deduction and induction. In an abductive approach, one starts from the likeliest explanation to understand “missing observations”. In our case, this implies taking established knowledge on the importance and use of entrepreneurial networks to the case of social entrepreneurship. As evidence is collected, this explanation is continuously adapted until one settles on the best fitting explanation. We collected data using qualitative methods. Because our research is concerned with the perceptions of network importance and use of both social and commercial entrepreneurs, semi-structured interviews were most effective.

We studied social and commercial entrepreneurs in an area demarcated as Greater Birmingham. The area is covered by the Greater Birmingham and Solihull Local Enterprise Partnership – GBSLEP; a partnership between local authorities, businesses and the public sector, created by the UK government in 2011 (GBSLEP, 2016). Their purpose is to create economic opportunities and to support economic growth and job creation in the local area. Birmingham and Solihull are the main metropolitan cores in Greater Birmingham. Both places have a growing population of social enterprises, forming an interesting backdrop for this study.
Sample

We sampled respondents according to a matched-pairs design. We purposefully sampled social enterprises in a limited number of industries in which we were likely to find commercial counterparts (Appendix). The matched pairs approach ensures that the social and commercial enterprises in our study are comparable in terms of age, size and the industry in which they operate. This design also makes it more likely that the differences found between social and commercial enterprises are because of the firm being social or commercial instead of other firm characteristics. We conducted semi-structured interviews with the entrepreneurs between October 2016 and January 2017. Sampling social enterprises is notoriously difficult because they do not have a shared legal form and there is no pre-existing sampling frame (Lyon and Sepulveda, 2009; Dart et al., 2010). Initial respondents were found by contacting local social enterprise support organisations. Further interviewees were selected through referrals from initial interviewees. Social enterprises had to meet the following criteria to be selected. They

- operate in a market by selling goods or services; and
- consider their social mission to be equally or more important than generating financial value for the company.

Both criteria were checked at the beginning of the interviews with the social enterprises. The matched commercial enterprises were found using the Fame directory (Bureau van Dijk, 2017), containing information on UK and Irish companies. The Fame directory enables searches on multiple criteria, such as postcode, standard industrial classification, size and year of incorporation.

We used the same interview format for both social and commercial entrepreneurs. Where possible, we interviewed owner-founders. In some cases, interviews with higher-level management were conducted. Respondents were asked about the importance and use of networks in the start-up and growth phase of their organisation. When the respondents’ organisation was still in the start-up phase, we asked about their plans for the growth phase. We collected 23 interviews in total; 14 with social entrepreneurs and nine with commercial entrepreneurs. The interviews lasted between 30 and 60 min. All enterprises can be classified as small businesses[1]. All interviews were recorded and fully transcribed.

Data analysis

To gauge the importance of networks, the respondents were asked to rank the value of networks relative to other conditions that are deemed as important in the entrepreneurial ecosystem. The ecosystem approach stems from the ecology literature emphasising favourable breeding grounds for specific species. Applying this idea to entrepreneurship, the entrepreneurial ecosystem literature states that entrepreneurship thrives in an environment that meets a set of conditions (Isenberg, 2010; Stam, 2015). In general, six key conditions that play a role in enabling entrepreneurial activity are recognised, which are networks, leadership, new knowledge, finance, talent and support services (Stam, 2015).

Respondents used visual cues to rank these six key conditions. For each condition, the individual rankings of the respondents were aggregated and divided by the number of observations. For example, if three entrepreneurs conducted a ranking and respectively scored the condition “networks” as rank 1, 3 and 5, the overall average score for this condition would be 3 (ranking 9 in total/3 observations). The condition with lowest score is most important. Not every respondent created a ranking of the conditions for both the start-up and (planned) growth phase, because of several reasons. First, in a few cases a change in management or a very high firm age impeded asking about the start-up phase. Second, some
enterprises were very young, thus finding it difficult to talk about the (planned) growth phase. Table I shows how many entrepreneurs created a ranking for each specific life phase, where one observation is one ranking. Because there are more observations for social entrepreneurs than for commercial entrepreneurs, the overall scores were weighted, so that social and commercial entrepreneurs had the same share in the overall scores. We analysed the rankings for our sample overall and for commercial and social entrepreneurs separately.

To understand how our respondents used their networks, we conducted an interpretative analysis of all interview transcripts. All three authors independently coded the interviews using the same coding scheme. Our data analysis followed a two-step process. Because we followed an abductive approach, the first step was to apply the existing explanatory framework of network use for commercial enterprises to our data. This meant that we looked for instances where respondents referred to the use of networks to mobilise resources or obtain legitimacy. In the second step, we followed a process of pattern matching, highlighting instances where the existing explanatory framework did and did not “fit” our empirical data (Alvesson and Karreman, 2007; Richards and Reed, 2015). This step resulted in a second set of codes highlighting differences between social and commercial enterprises. The full coding scheme is presented in Figure 1. The authors crosschecked each other’s coding and only the themes that all authors agreed upon were used in the final analysis to improve the rigour of the analysis.

Results

Importance of networks

Table I, pane 1 below shows how the respondents ranked the six key enabling conditions they were presented with in the interviews. For each key condition, the average score is

<table>
<thead>
<tr>
<th>Rank</th>
<th>Social enterprise</th>
<th>Commercial enterprise</th>
<th>Overall (weighted)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Networks (2.65)</td>
<td>New Knowledge (2.87)</td>
<td>Networks (2.79)</td>
</tr>
<tr>
<td>2</td>
<td>Finance (3.35)</td>
<td>Networks (2.93)</td>
<td>New knowledge (3.40)</td>
</tr>
<tr>
<td>3</td>
<td>Leadership (3.45)</td>
<td>Support services (3.46)</td>
<td>Leadership (3.52)</td>
</tr>
<tr>
<td>4</td>
<td>Support services (3.80)</td>
<td>Leadership (3.60)</td>
<td>Support services (3.63)</td>
</tr>
<tr>
<td>5</td>
<td>Talent (3.85)</td>
<td>Talent (3.67)</td>
<td>Talent (3.75)</td>
</tr>
<tr>
<td>6</td>
<td>New knowledge (3.95)</td>
<td>Finance (4.33)</td>
<td>Finance (3.83)</td>
</tr>
<tr>
<td>N</td>
<td>20</td>
<td>15</td>
<td>35</td>
</tr>
</tbody>
</table>

Pane 2: start-up phase average ranking

<table>
<thead>
<tr>
<th>Rank</th>
<th>Social enterprise</th>
<th>Commercial enterprise</th>
<th>Overall (weighted)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Networks (2.75)</td>
<td>Networks (2.86)</td>
<td>Networks (2.80)</td>
</tr>
<tr>
<td>2</td>
<td>Finance (3.13)</td>
<td>Leadership (3.00)</td>
<td>Leadership (2.99)</td>
</tr>
<tr>
<td>3</td>
<td>Leadership (3.13)</td>
<td>Support Services (3.42)</td>
<td>Support services (3.42)</td>
</tr>
<tr>
<td>4</td>
<td>Support services (3.38)</td>
<td>Talent (3.57)</td>
<td>Finance (3.77)</td>
</tr>
<tr>
<td>5</td>
<td>New knowledge (4.38)</td>
<td>New knowledge (3.71)</td>
<td>Talent (3.97)</td>
</tr>
<tr>
<td>6</td>
<td>Talent (4.38)</td>
<td>Finance (4.28)</td>
<td>New knowledge (4.04)</td>
</tr>
<tr>
<td>N</td>
<td>8</td>
<td>7</td>
<td>15</td>
</tr>
</tbody>
</table>

Pane 3: (planned) growth phase average ranking

<table>
<thead>
<tr>
<th>Rank</th>
<th>Social enterprise</th>
<th>Commercial enterprise</th>
<th>Overall (weighted)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Networks (2.58)</td>
<td>New knowledge (2.13)</td>
<td>Networks (2.79)</td>
</tr>
<tr>
<td>2</td>
<td>Finance (3.50)</td>
<td>Networks (3.00)</td>
<td>New knowledge (2.90)</td>
</tr>
<tr>
<td>3</td>
<td>Talent (3.50)</td>
<td>Support Services (3.50)</td>
<td>Talent (3.63)</td>
</tr>
<tr>
<td>4</td>
<td>New knowledge (3.67)</td>
<td>Talent (3.75)</td>
<td>Support services (3.79)</td>
</tr>
<tr>
<td>5</td>
<td>Leadership (3.67)</td>
<td>Leadership (4.25)</td>
<td>Finance (3.88)</td>
</tr>
<tr>
<td>6</td>
<td>Support services (4.08)</td>
<td>Finance (4.25)</td>
<td>Leadership (3.96)</td>
</tr>
<tr>
<td>N</td>
<td>12</td>
<td>8</td>
<td>20</td>
</tr>
</tbody>
</table>

Table I. Comparative importance ranking of networks
In the start-up phase, networks are crucial for both social and commercial enterprises (Table I, pane 1). Both groups rank networks as the most important condition. Entrepreneurs mentioned that when starting the enterprise, they needed to establish new relationships with other organisations, businesses and stakeholders that could provide resources and support services to successfully take off.

Social and commercial entrepreneurs agree on the importance of most other conditions that influenced the enterprises’ start-up (Table I, pane 2). Both types of entrepreneurs argue that in the start-up phase, “talent” and “new knowledge” did not particularly affect their enterprise at that time. In contrast, in the start-up phase, all entrepreneurs ranked “leadership” and “support services” quite high, as entrepreneurs felt that they could learn a lot from a leader, mentor or role model. Regarding the start-up phase, we observe differences in the importance of “finance”, which social entrepreneurs value much higher. This is quite remarkable, as we expected commercial entrepreneurs to rank this higher than social entrepreneurs. Possibly, this difference is because of commercial entrepreneurs having easier access to financial resources through mainstream channels compared to social

**Figure 1.**

Coding scheme

listed in brackets. Based on all rankings, networks were perceived to be by far the most important condition.
entrepreneurs. In other words, the difficulty to access finance may have caused social entrepreneurs to perceive “finance” as a vital condition.

According to most entrepreneurs, in the (planned) growth phase as well, networks remain highly important to the further development of their enterprise (Table I, pane 3). For commercial entrepreneurs, networks move down in importance, as they value “new knowledge” somewhat higher. Still, also for them, networks remain highly important. Thus, we see a persistent importance of networks while we observe different rankings across most of the other conditions. For social enterprises, access to financial resources remains a crucial factor over the firm’s life course. This is in sharp contrast with commercial enterprises, where “finance” does not rank very highly in the (planned) growth phase.

In short, relative to other conditions for enterprise start-up and development, both social and commercial entrepreneurs perceive “networks” as vital to their enterprise. But do social and commercial entrepreneurs differ in the way they use these networks to obtain legitimacy and mobilise resources?

**Network use**

*Using networks to gain legitimacy.* Existing studies have identified two main ways for entrepreneurs to gain legitimacy for their enterprise. First, entrepreneurs can obtain “conforming legitimacy” if the enterprise is seen to confirm to widely accepted standards in terms of organisational capabilities, processes and operations (Suchman, 1995; Tornikoski and Newbert, 2007). Second, organisations can obtain “strategic legitimacy” by manipulating their audiences and “proactively extracting legitimacy from their environment” (Tornikoski and Newbert, 2007, p. 315). Our results indicate that the hybrid nature of social enterprises makes it more difficult for them to obtain conforming legitimacy while they may actually leverage their hybridity to gain strategic legitimacy.

When referring to the start-up phase of their organisation, both social and commercial entrepreneurs in our sample indicate that they have used networks to obtain legitimacy. Compared to commercial entrepreneurs, relatively many social entrepreneurs clearly mention instances of obtaining legitimacy from their network. We have identified three distinct ways in which our respondents obtain legitimacy through their networks; legitimacy through association, legitimacy through community building and legitimacy through partnerships. Of these three strategies, the last one (legitimacy through partnerships) is exclusively used by social enterprises.

**Legitimacy through association** means that emerging organisations associate themselves with bodies, organisations or institutions that are well regarded in their respective industries or communities. For the social enterprises in our sample, this usually meant that these organisations would “champion” them. Their social mission provides social enterprises with the necessary traction to associate themselves with a wide range of community organisations. Some social enterprises talked about how the local church or the local community leader would send customers their way:

I think in help from the church itself, that made a massive difference towards the support we have been given from the community and the customers that come our way really. (SE11)

Other instances involved established community organisations organising meetings and events on the premises of the newly emerging social enterprise. Two social enterprises mentioned membership of social enterprise support organisations as important in the start-up phase. For the commercial enterprises in our sample, this strategy consisted mostly of obtaining conforming legitimacy by joining trade federations or formal networks to become part of a larger community. By joining these formal networks, the emerging enterprises
were signalling to their environment that they were aware of industry norms and standards and able to meet the “right” people:

The (anonymised) is a federation that I joined. It didn’t do loads for me. I still had to be proactive, but it gave me the right people in the industry. You do understand when you learn who is who and where do they come from - and who is controlling the crafting world. (CE9)

*Legitimacy through community building* occurs both offline and online. For both the social and the commercial entrepreneurs in our sample, this strategy starts with their personal contacts. In the offline sense, entrepreneurs interact with initial customers and personal contacts to spread information through word of mouth and to “start a brand”. Both commercial and social entrepreneurs mention that their networks delivered them their first customers. Consequently, legitimacy established through these initial network ties is used to expand networks and build ties to other stakeholders:

So it took two years of not really earning my way probably. It was more about making contacts and getting little scraps of work. In 2010, my film helped change that kind of speed of things. After that film, my name was around; I was a bit more plugged in with the film making community and the TV-making community. (CE2)

An online presence allows fledgling businesses to present oneself as a fully functioning organisation (Tornikoski and Newbert, 2007). Both social and commercial entrepreneurs also use online networking tools such as social media and review sites to create online communities:

Networks, we use Facebook for promotions; they do play a role in getting it out and letting people know, because then a lot people know us through Facebook. Us getting on local sell groups or any local groups has helped a lot. (SE12)

*Legitimacy through partnerships* partly resembles legitimacy through association. However, the important difference is that the organisations involved in a partnership obtain mutual gains from the partnership, monetary or otherwise and that the partnership is formalized through a contract or memorandum of understanding. Particularly for social enterprises, partnerships with organisations that have a high profile in the industry grant them legitimacy. Although this type of relationship can involve an aspect of “mentoring”, the relationship is based on more than just goodwill. Only social enterprises in our sample mentioned these types of partnerships as important for obtaining legitimacy in the start-up phase. One respondent recalls that working in partnership with a well-known social enterprise support organisation granted them much “credit” in the social enterprise community. Other examples involve obtaining contracts with local authorities as “proof” of legitimacy. Indeed, several social enterprises in our sample actively leveraged their hybrid nature to secure partnerships with well-known commercial players in their industry:

One of our customers over time found that we were outperforming their existing suppliers in the private sector, and they were happy with the quality of work and happy with the turnaround times, so that was quite important. (SE13)

Legitimacy is referred to as crucial for emerging organisations. The literature has mostly assumed that once legitimacy is built in the start-up phase, organisations no longer proactively seek legitimacy in later phases (Aldrich and Fiol, 1994; Delmar and Shane, 2004). In accordance with the literature, we did not find any commercial enterprises that mentioned obtaining legitimacy in the growth phase of their organisation. In contrast, we find that legitimacy through networks is of continuing importance for social enterprises. Six social enterprises in our sample indicated that obtaining legitimacy through networks remains
important in the growth phase. There are two main functions of this continued legitimacy building through networks. First, social enterprises continue to build their legitimacy to grow their customer base and increase their social impact. Second, social enterprises build legitimacy not only for their individual organisation but also for the general social enterprise community. The strategy that was used by the social enterprises in our sample in this (planned) growth phase was legitimacy through partnerships. One example is a social enterprise that is currently involved in a partnership with the local authority reaching out to the local authority’s social care and economic development departments to “educate” them about their social impact. Another example is a social enterprise that explicitly works in partnership with new and small social enterprises to give them a presence in the social enterprise community:

We work together with other social enterprises a lot of the time. We try to represent the underdogs, so the people that don’t necessarily get heard. But if we think their project is great, then we work with them. (SE4)

Using networks to mobilise resources
In our comparison of how social and commercial entrepreneurs access resources through their networks, we distinguish between tangible resources (finance and material goods) and intangible resources (knowledge, practical support and emotional support). Our analysis shows that social and commercial enterprises access different resources through their networks. Moreover, they typically rely on different types of networks to access those resources. We find that social and commercial entrepreneurs rely differently on personal, associative, professional and institutional networks of relationships (Hernández-Carrión et al., 2017). Personal relationships are contacts with relatives, friends and neighbours. Associative network relationships refer to links with co-members of volunteer associations, such as cultural, sports, civic and professional groups. Professional relationships relate to the business’ value chain, and encompass exchange relationships with business partners, suppliers, customers and employees. Finally, institutional networks of relationships link the entrepreneur to representatives of formal public and private institutions, that is, governments, media, public authorities or financial organisations.

The vast majority of entrepreneurs in our sample mentions networks to be important for resources in the start-up phase. Social entrepreneurs rely on their network for intangible resources such as information about funding opportunities and business and motivational support. The network “buzz” helped them to acquire knowledge, advice and ideas on how to position their enterprise, whom to contact and where to look for funding:

One person will say […] Oh you need to speak to so and so. And I will go and say oh I tried them last year. And they will say oh they have changed, or somebody moved on. They will know stuff that I don’t. And they will tell me because they want to share knowledge. (SE5)

Social enterprises mostly use their associative networks to access this type of information and support. For example, social entrepreneurs use their relationships with other social enterprises and charities in the community to collect information on how to incorporate their organisation and to apply for start-up grants. Regarding tangible resources, many social enterprises access institutional networks of public and private institutions to obtain initial funding for their ventures, mostly grant-making organisations or local authorities:

Last year we started going to a lot of events and networking and places, like, we went to a social enterprise awards event, and there was a flyer for support organisation X there. So, we took the
flyer and then looked online. Support organisation Z was less visible, but then when you spoke to people, it was very recommended, but it had to come more through word-of-mouth. (SE10)

Funding from grant-making organisations often comes in conjunction with intangible support such as accounting and business advice. Furthermore, winning initial funding builds legitimacy, as the receiving social enterprise associates itself with the grant-making organisation.

In contrast, relatively many commercial entrepreneurs recall having benefitted from tangible resources and in-kind support through their personal network in the start-up phase. In the start-up phase, commercial enterprises rely more strongly on relationships with family and friends and professional relationships. Tangible resources or financing opportunities have often been derived from their personal network or early business (buyer-seller) relationships, which some entrepreneurs might not have labelled “networking”, but instead, either a family issue or simply market yield. Although some commercial entrepreneurs in our sample do mention membership of associative networks, these mostly serve legitimacy goals, and less often resources are obtained through these networks. This commercial entrepreneur recalls how they obtained their business premises through their personal network:

I know the people that own this building, so I was able to just ring them off and ask do you mind if I turn your office into a café? So I didn’t have to go through any formalities. (CE8)

The social entrepreneurs in our sample often cross-referenced each other, when asked about network support and advice, indicating cohesive networks. In assessing the value of networks in the start-up phase, some social entrepreneurs explicitly refer to the importance of interlinkages and “mix” of actors in the social enterprise arena. In the start-up phase, social enterprises indeed have a more diverse array of network members compared to commercial enterprises. In light of the hybrid nature of social enterprises, this is indicative of the need to connect to multiple stakeholders in a multi-agency environment.

In the (planned) growth phases of their enterprise, both social and commercial entrepreneurs continuously mention the importance of networks. In this phase, they access different resources through network relationships. To grow, social enterprises use both their professional and associative networks for general support and knowledge, but mostly, to obtain information about new business and funding opportunities. One social enterprise mentions how they strategically recruit key expertise needed through their board of directors. Very often they also mention reciprocity – social enterprises help each other out and as such, they collectively benefit from exchanging knowledge and (practical) support. Indeed, in their (planned) growth phase, social enterprises are keen to build professional networks with other social enterprises out of interest in growing the local social enterprise community as a whole:

The one way of reinvesting is also by helping out other community interest companies, and obviously, as I said before about the staffing in the local area. (SE11)

The commercial entrepreneurs in our sample have more instrumental relationships. A few commercial enterprises share information about market opportunities, with the purpose of setting up formal collaborations or strategic partnerships. Interestingly, the commercial entrepreneurs in our sample rarely mention obtaining any tangible resources from their network that can be used for growth. This may be indicative of them reinvesting their own (financial) resources generated in the earlier firm life course phases. The networks that they mention as important in the growth phase are mostly professional relationships in their
value chain that can help them grow and access new markets both nationally and internationally.

With respect to the type of network relationships, social entrepreneurs, already having a rather diverse network at time of start-up, continually invest in partnerships with other social enterprises, local institutions and community organisations, local authorities and (former) customers. However, some social entrepreneurs mention that the necessity to maintain original links to social enterprise support organisations wanes when the business grows. In contrast, their relationships with commercial enterprises clearly gain importance in this phase, making the networks of social enterprises even more diverse over time. Several social enterprises state that without reaching out to the private sector, social enterprises will remain in their “bubble”, limiting their development and growth:

I would also say that it is important that the social enterprise doesn’t just have its own little bubble. And I think the kind of success of the future of social enterprise rests on the ability to engage with the private sector and not just to rely on the third sector. (SE8)

Finally, we find evidence of blurring boundaries between associative and professional networks for social enterprises. Over time, social entrepreneurs stay in close touch with multiple stakeholders in their network, either professional contacts from former collaborations, or members of associative groups. In some cases, members of their associative networks become customers, suppliers and collaborative partners, and vice versa. Table II below presents an overview of our most important findings.

**Conclusion**

Our research question was: *How does the importance and use of networks differ between social and commercial entrepreneurs in specific life course phases of the enterprise?* Because the literature has thus far conceptualised and analysed the value of networks for commercial entrepreneurs only, we start from the knowledge that the importance and use of networks may change over the enterprises’ life course. We also incorporate existing knowledge on the hybrid nature of social enterprises and explore how this hybridity influences how social enterprises use their networks. We found empirical evidence for both similarity and differentiation between commercial and social enterprises.

We found that networks are equally highly valued in the start-up and (planned) growth phase by both social and commercial enterprises. However, we did find that social and commercial entrepreneurs *use* their networks differently. The major differences are captured by the type of resources mobilised through networks as well as the legitimacy function of networks. In the start-up phase, social enterprises mobilise intangible resources in the form of business support through their associative networks. During this phase of the enterprises’ life course, social enterprises rely mostly on formal institutional relationships for tangible resources. They obtain grants or start-up funding through social enterprise support organisations, local authorities and social finance organisations. In sharp contrast, commercial entrepreneurs mostly rely, in addition to their personal funds, on financing accessed through informal personal relationships.

For social enterprises, obtaining legitimacy through network contacts is an on-going issue throughout the enterprise’s life course. We therefore find support for our first proposition. In the start-up phase, social enterprises extract strategic legitimacy from their environment by engaging in partnerships with a variety of stakeholders in both the public and the private sector. This is where legitimacy and resources are closely connected. Lacking the resources to scale independently, growing social enterprises seek partnerships with organisations that increase their access to resources as well as their legitimacy and
<table>
<thead>
<tr>
<th>Type of enterprise/phase</th>
<th>Networking activity</th>
<th>Networking purpose</th>
<th>Networking outcome</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Start-up phase: Social enterprises</strong></td>
<td>Association (informal) and associative networks</td>
<td>Legitimacy through being championed by community members and SE support organisations</td>
<td>Gaining traction through referrals</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Intangible resources: knowledge, advice and ideas</td>
<td>Getting your name “out there”</td>
</tr>
<tr>
<td></td>
<td>Community building</td>
<td>Legitimacy by establishing “the brand” of the organisation offline and online</td>
<td>Acquiring crucial information for setting up the SE</td>
</tr>
<tr>
<td></td>
<td>Partnerships</td>
<td>Legitimacy through formal partnership with renowned organisation</td>
<td>Obtaining initial customers</td>
</tr>
<tr>
<td></td>
<td>Institutional networking</td>
<td>Resources – mostly tangible (financial)</td>
<td>Network expansion</td>
</tr>
<tr>
<td><strong>Start-up phase: Commercial enterprises</strong></td>
<td>Association (formal)</td>
<td>Legitimacy through joining formal trade associations, showing awareness of industry standards</td>
<td>Obtaining initial customers</td>
</tr>
<tr>
<td></td>
<td>Community building</td>
<td>Legitimacy by establishing “the brand” of the organisation offline and online</td>
<td>Network expansion</td>
</tr>
<tr>
<td></td>
<td>Personal networks</td>
<td>Resources: tangible (financial, material and labour)</td>
<td>Surviving liability of newness</td>
</tr>
<tr>
<td></td>
<td>Partnerships</td>
<td>Legitimacy through formal partnership with other organisations, including newer social enterprises</td>
<td>Increasing social impact</td>
</tr>
<tr>
<td><strong>Growth phase: Social enterprises</strong></td>
<td>Associative networks and professional networks</td>
<td>Resources: Information and access to new business and funding opportunities</td>
<td>Legitimacy for general social enterprise community</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Exchanging resources in SE supply chain</td>
<td>Increasing market reach and social impact</td>
</tr>
<tr>
<td><strong>Growth phase: Commercial enterprises</strong></td>
<td>Professional and strategic networks</td>
<td>Resources: information about new markets and new opportunities</td>
<td>Strengthening the SE community as a whole</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>Access to new markets nationally and internationally through collaboration or strategic partnership</td>
</tr>
</tbody>
</table>
thereby their access to additional grants and funding. This is in contrast with commercial enterprises, which obtain initial conforming legitimacy by joining formal trade organisations, and as they grow, they become more self-reliant in terms of both legitimacy and financial resources. To enable their firms to grow, commercial enterprises reinvest their profits to increase process efficiency, develop new products and invest in market development. When commercial enterprises exchange intangible resources in the growth phase, this is mostly information exchange aimed at building formal and strategic partnerships. As social enterprises rely more strongly on their network for resources in both the start-up and the growth phase, we find support for our second proposition.

In addition, if social and commercial enterprises seek partnerships in the (planned) growth phase, the former seem to reach out to more diverse network contacts, explicitly including the private sector. Moreover, in our sample, social enterprises were more inclined to seek partnerships that benefit the community of social enterprises by, for example, working with new or emerging social enterprises. In contrast, commercial enterprises mainly seek partners in their own sector and supply chain to strengthen their own market position.

Because the existing literature on how networks add value to the social enterprise process is thus far limited, we sought refuge in insights from general (commercial) entrepreneurship studies to inform our analysis and as a base for comparison. We contribute in three ways to this existing literature. First, our findings indicate that networks are equally important to social enterprises in both the start-up and growth phase of their enterprise’s life course, yet these networks have distinct evolutionary patterns. The networks of commercial enterprises follow a traditional evolutionary pattern from personal to professional and strategic networks (Butler and Hansen, 1991). However, we find that social enterprises rely more on institutional and associative networks in the start-up phase and on associative and professional networks in the growth phase. This implies that in future studies on the emergence and development of social enterprises, we should take the configuration of their networks into account. Our second contribution is that our research demonstrates that the hybrid nature of social enterprises has an impact on how these enterprises use their networks. Because of their hybridity, social enterprises need to appeal to different audiences. Our results indicate that social enterprises indeed use highly diverse networks through which they can access a variety of information on opportunities regarding finance, business development and growing their impact (Montgomery et al., 2012; Austin et al., 2006; Lumpkin et al., 2013). Moreover, social enterprises are more likely to continuously expand and diversify their networks. We propose that this is because of two main mechanisms. First, the lack of cash flow and financial investment in social enterprises limits endogenous enterprise growth. The lack of internal investment “pushes” social entrepreneurs to reach out to old and new networks. Second, a “pull” mechanism is in place; as for social enterprises, scaling up means creating and increasing the social impact. To this end, social entrepreneurs need diverse partnerships with other people and organisations: to spread the word, to increase and diversify the customer base and to open up new markets and applications. As a third contribution, we build on the existing network approach to entrepreneurship. Thus far, the existing literature has mostly focused on how network size and position influence firm performance and survival (Stam et al., 2014; Hoang and Antoncic, 2003). The actual content of networks, how they are used and the specific resources exchanged between network members, are hardly investigated empirically. Our paper offers novel insights into the use of networks by comparing the actual resources mobilised and the channels through which this occurs between social and commercial enterprises.

One of the limitations of our study is that the distinction between legitimacy and resource mobilisation is mostly an analytical one and that in reality these two dimensions of
networks may be blurred. Not only does legitimacy help to mobilise resources from the network, legitimacy itself can be regarded as a “resource” that entrepreneurs may accrue from their network. In that sense, legitimacy can also be “mobilized”. However, because in the context of social enterprises their legitimacy is often questioned by outside observers, this is a key dimension that needs to be considered separately. Another limitation of our study is its relatively small sample size. Because we used matched-pairs sampling, the actual number of social enterprises in our study is limited. To obtain a deeper understanding of the strategic networking of social enterprises, one would have to include a larger sample of social enterprises. Finally, our findings show that in the GBSLEP area, there are several social enterprise support organisations for social enterprises to build sustainable relationships with. Social enterprises elsewhere may not have access to this type of support infrastructure, and hence, their networks may be configured differently.

Our study has implications for social networks, social enterprises and policy. Notwithstanding the theorized dark side of social networks, almost all entrepreneurs mention positive network effects on enterprise creation and development. However, social enterprises have more diverse networks, with more stakeholders and thus more sources through which resources can be retrieved. Commercial enterprises tend to stick to existing networks, whereas social enterprises benefit from continuously expanding and diversifying networks. It may be fruitful, for both social and commercial enterprises, to actively strive for diverse networks, even when time and energy is limited. From a policy perspective, one of the implications of this study is that gaining legitimacy for social enterprises is, thus far, mostly a bottom-up story. Social enterprises must work hard at making the right connections to organisations that can grant them legitimacy. We suggest that policymakers can facilitate the way social enterprises are or feel legitimate, in two specific ways. First, standards on the quality of business processes can be developed to which social enterprises can conform, and which can be used in marketing, communication and knowledge exchange, which increases legitimacy (“conforming legitimacy”). Second, local policymakers can strategically advocate, market and promote social enterprises by commissioning to social enterprises and lobbying on their behalf to higher-level government officials. This effort would include increasing definitional clarity of the concepts of social value and social impact from a policy perspective. This can reinforce the implementation of the Social Value Act (2014), which was meant to stimulate commissioning to social enterprises by local authorities. This top-down strategy increases awareness and recognition of social enterprises and their (community-wide) impact. It is important to recognise that when investments are made in social enterprise organisations, these will benefit not just a single organisation but are likely to generate positive spill-over effects for the social enterprise community through their networks.

Note
1. Please see appendix for an overview table listing all respondents.

References


## Appendix

<table>
<thead>
<tr>
<th>Type</th>
<th>Sector</th>
<th>Founded in</th>
<th>No. of employees</th>
<th>ft = fulltime jobs; pt = parttime jobs</th>
</tr>
</thead>
<tbody>
<tr>
<td>SE 1</td>
<td>Media and marketing</td>
<td>2009</td>
<td>3 ft, 18 pt</td>
<td></td>
</tr>
<tr>
<td>SE 2</td>
<td>Media and marketing</td>
<td>2009</td>
<td>2</td>
<td></td>
</tr>
<tr>
<td>SE 3</td>
<td>Media and marketing</td>
<td>2007</td>
<td>3 ft, 4 pt</td>
<td></td>
</tr>
<tr>
<td>SE 4</td>
<td>Event management</td>
<td>2009</td>
<td>1</td>
<td></td>
</tr>
<tr>
<td>SE 5</td>
<td>Selling of produce</td>
<td>2016</td>
<td>1</td>
<td></td>
</tr>
<tr>
<td>SE 6</td>
<td>Café/restaurant</td>
<td>2014</td>
<td>10</td>
<td></td>
</tr>
<tr>
<td>SE 7</td>
<td>Business consultancy</td>
<td>2015</td>
<td>1</td>
<td></td>
</tr>
<tr>
<td>SE 8</td>
<td>Light manufacturing</td>
<td>1963</td>
<td>6</td>
<td></td>
</tr>
<tr>
<td>SE 9</td>
<td>Landscaping</td>
<td>2011</td>
<td>12</td>
<td></td>
</tr>
<tr>
<td>SE 10</td>
<td>Cycle retail</td>
<td>2016</td>
<td>2</td>
<td></td>
</tr>
<tr>
<td>SE 11</td>
<td>Café</td>
<td>2013</td>
<td>5</td>
<td></td>
</tr>
<tr>
<td>SE 12</td>
<td>Online retail</td>
<td>2015</td>
<td>1</td>
<td></td>
</tr>
<tr>
<td>SE 13</td>
<td>Light manufacturing</td>
<td>2012</td>
<td>20</td>
<td></td>
</tr>
<tr>
<td>SE 14</td>
<td>Community centre</td>
<td>2012</td>
<td>11 ft, 30 volunteers</td>
<td></td>
</tr>
<tr>
<td>CE 1</td>
<td>Media and Marketing</td>
<td>2007</td>
<td>8</td>
<td></td>
</tr>
<tr>
<td>CE 2</td>
<td>Media and Marketing</td>
<td>2008</td>
<td>1</td>
<td></td>
</tr>
<tr>
<td>CE 3</td>
<td>Media and Marketing</td>
<td>2012</td>
<td>3 ft, 10 pt</td>
<td></td>
</tr>
<tr>
<td>CE 4</td>
<td>Event management</td>
<td>2010</td>
<td>3</td>
<td></td>
</tr>
<tr>
<td>CE 5</td>
<td>Selling of drinks</td>
<td>2016</td>
<td>3</td>
<td></td>
</tr>
<tr>
<td>CE 6</td>
<td>Landscaping</td>
<td>2012</td>
<td>12</td>
<td></td>
</tr>
<tr>
<td>CE 7</td>
<td>Cycle retail</td>
<td>1990</td>
<td>1</td>
<td></td>
</tr>
<tr>
<td>CE 8</td>
<td>Café</td>
<td>2014</td>
<td>1 ft, 1 pt</td>
<td></td>
</tr>
<tr>
<td>CE 9</td>
<td>Online retail</td>
<td>2014</td>
<td>1</td>
<td></td>
</tr>
</tbody>
</table>

### Table A1.

**Overview of interview respondents**

- **SEJ 14,4**

**Corresponding author**

Emma Folmer can be contacted at: e.c.folmer@rug.nl

---

For instructions on how to order reprints of this article, please visit our website:  
[www.emeraldgrouppublishing.com/licensing/reprints.htm](http://www.emeraldgrouppublishing.com/licensing/reprints.htm)  
Or contact us for further details: permissions@emeraldinsight.com
Emerald is excited to announce a recent partnership with Peerwith, a platform that provides authors with a variety of services.

The Emerald Peerwith site can be found here: https://authorservices.emeraldpublishing.com/

Peerwith connects academics seeking support for their work with a relevant expert to get their research submission-ready. Peerwith experts can help with the following: language editing, copy editing, scientific editing, translation services, statistical support, funding application support, visuals, video, publication support, literature search, peer review and indexing services. Authors post their assignments on the Peerwith site, experts provide a quote, and the fee and conditions are then agreed upon directly between the author and the expert.

While we are not, of course, guaranteeing publication upon use of Peerwith, we hope that being able to direct academics to this resource either before submission or during the peer review process will help authors further improve the quality of their papers and increase their chances of positive reviews and acceptance.

Academics with relevant expertise can sign up as an expert on the Peerwith system here: https://www.peerwith.com/services/offer
Over 160,000 articles from more than 300 journals by end of 2017, Emerald eJournals combine research rigour with practical relevance to showcase the most relevant topics from the leading thinkers within their field.

Visit emeraldinsight.com