

**Leading from the ground up:
Correlates of social entrepreneurship in the US**

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Abstract

One theme of contemporary public administration is an increased recognition of and reliance on the institutions of civil society, rather than traditional public bureaucracies, to provide public services and satisfy social needs. This devolution of leadership and innovation, from the bureaucracy to the grassroots, inevitably depends on the existence or creation of a class of social entrepreneurs – individuals willing to create and lead projects or organizations that solve social problems or fulfill public purposes. But how widespread is the propensity for social entrepreneurship in the general population? And, perhaps more fundamentally, what factors predict or explain who in society is likely to be (or become) a social entrepreneur?

This paper empirically explores the correlates of social entrepreneurship in the US. Specifically, it looks at such diverse factors as age, race, gender, education, socioeconomic status, region, type of community (urban, suburban, rural), religiosity, political ideology, trust, civic engagement, and even personality traits as potential predictors of the social entrepreneur. Although exploratory, the findings of this study help describe the phenomenon of social entrepreneurship and suggest ways in which this form of grassroots leadership can be identified, understood, and perhaps cultivated.

Background

One theme of contemporary public administration is an increased recognition of and reliance on the institutions of civil society, rather than traditional public bureaucracies, to provide public services and satisfy social needs (Osborne & Gaebler 1992; Savas 1999). This devolution of leadership and innovation, from the bureaucracy to the grassroots, inevitably depends on the existence or creation of a class of social entrepreneurs – individuals willing to create and lead projects or organizations that solve social problems or fulfill public purposes (Borstein 2004).

Social entrepreneurship is an area that converges with the literature on leadership, civic engagement, and civil society (Johnson 2000). It is a concept which describes the creative propensity of individuals or groups to address social issues in imaginative and innovative ways, often using the tools of business within the context of philanthropy and nonprofit organizations

Dees 2001). Underlying social entrepreneurship is awareness of community issues, the individual utilization of leadership skills and abilities, as well as social and civic responsibility (Johnson 2000). According to the international social entrepreneurship nonprofit Ashoka, “The job of a social entrepreneur is to recognize when a part of society is stuck and to provide new ways to get it unstuck. He or she finds what is not working and solves the problem by changing the system, spreading the solution and persuading entire societies to take new leaps” (Ashoka 2007).

Increasingly, communities in the United States and Europe insist on taking a more active role with public officials in shared governance. No longer satisfied with allowing professional public administrators or public officials to make key decisions, communities are coming together to insist on working with government entities to address problems and challenges (Leighninger, 2006). Citizens of the developed world are better educated and more insistent on having a voice on community issues than ever in history.

An important factor may be the policies of the federal government to devolve social service provision to community organizations, including faith-based organizations. While there are numerous issues raised with this policy, one consequence is that such devolution unavoidably engages more citizens in the social concerns of their communities.

At the same time, colleges and universities, as well as high schools, are using service-learning as a pedagogy. The use of service-learning, youth philanthropy, and other methods of engagement, provides awareness of social and community issues, an arena in which to develop key social entrepreneurial skills, as well as expectations of appropriate behavior once one leaves school.

As an example, business and management comprise over fifty percent of all undergraduate majors in colleges and universities in the United States. Professor John Miller of Bucknell University is a leader in business management education that uses service-learning and business tools to teach social responsibility. His Management 101 course requires students to work in teams to set up companies, make a profit which is then used in the community in a socially responsible way (Comas, Hiller, and Miller, 2005). The convergence of business tools and social

concerns in management education in the collegiate curricula provides an important force for the advancement of social entrepreneurship.

But how extensive is the propensity for social entrepreneurship in the general population? And, perhaps more fundamentally, what factors predict or explain who in society is likely to be (or become) a social entrepreneur?

Data and method

The data for our analysis come from an online survey conducted in January 2007 of participants in the eTownPanel project, an opt-in email panel of approximately 8,056 participants (at the time of the study). The eTownPanel project is a university-affiliated, foundation-funded online research resource created to provide a general population of volunteers to participate in surveys about government and public affairs, in particular surveys sponsored by nonprofit organizations and academic researchers. Volunteers are recruited from various online notices and email lists and are not a random sample of the US population. Invitations were sent via email to the entire panel, and a total of 1,327 completed the online questionnaire, for a panel response rate of 16.5 percent. But given the voluntary nature of the panel to begin with, the important question concerns the representative ness of the respondents compared to known characteristics of the population. Table 1 compares 2000 US Census figures with both the weighted and unweighted demographic profile of respondents. Compared to the Census, the unweighted study sample contains substantially more women, and fewer African-Americans, Hispanics, and adults 65 years of age and older. The weighted results reflect simple post-stratification weighting by Census region, gender, race, and age. Because weighting brings the sample more in line with the basic demographic profile of the US population, all analytical results are based on the weighted data (with the sum of the weights set equal to the sample size for purposes of statistical significance testing). Of course, weighting does not eliminate other sources of bias that may be present in a voluntary sample and are unrelated to these basic demographic variables. While not statistically projectable, the sample nevertheless remains very useful for purposes of examining the potential correlates of social entrepreneurship in a large group of respondents recruited from a broad cross-section of the US.

Dependent variable

To measure social entrepreneurship, our dependent variable, we replicated questions from the Social Entrepreneurship Monitor, a project of the London School of Business that is modeled on the more established methodology of their Global Entrepreneurship Monitor (GEM). The GEM regularly tracks entrepreneurship in the business sector (Harding 2006). Following the GEM methodology, social entrepreneurship is measured as answering “yes” to at least one of the following three questions:

Are you alone, or with others, currently trying to start any kind of social, voluntary or community service, activity or initiative? This might include providing subsidized or free training, advice or support to individuals or organizations; profit making activity, but where profits are used for socially oriented purposes; or self-help groups for community action. (Yes/No)

Are you alone, or with others, currently trying to start any kind of social, voluntary or community service, activity or initiative as part of your job? This might include providing subsidized or free training, advice or support to individuals or organizations; profit making activity, but where profits are used for socially oriented purposes; or self-help groups for community action. (Yes/No)

Are you alone, or with others, currently managing any such social, voluntary or community service, activity or initiative? This might include providing subsidized or free training, advice or support to individuals or organizations; profit making activity, but where profits are used for socially oriented purposes; or self-help groups for community action. (Yes/No)

In our survey, 21.7 percent of the respondents were classified as social entrepreneurs using this measure, a surprisingly high percentage (see Table 2). The London Business School survey, for example, found that only 3.2 percent of UK adults could be classified as social entrepreneurs (Harding 2006, p. 3). It is important to note, however, that our sample is not a probability sample of the US adult population, and thus is not directly comparable to the UK results. Moreover, our voluntary sample likely includes a disproportionate number of socially-conscious adults, as the eTownPanel project appeals to those interested in community issues and public affairs. Moreover, it is very likely that respondents were further self-selected by an interest in the topic of the survey, perhaps in part because many of them consider themselves to be social entrepreneurs. While not projectable to the US population, the 21.7 percent classified as social

entrepreneurs in our survey does have the advantage of providing a better distribution for examining the correlates of social entrepreneurship in the US.

Independent variables

To examine the potential correlates of social entrepreneurship, our survey analysis includes a variety of independent variables. First, we include a set of background factors, in particular age, gender, race (white vs. non-white), foreign born (vs. US born), and health. Table 2 provides the variable names, definitions, and descriptive statistics. We also include a set of socioeconomic variables, in particular college graduate, hours of work in a typical week, income, and whether or not the respondent ever owned or managed their own business (again see Table 2). To examine and control for geographic factors, we include the type of community the respondent lives in (big city, suburb, or small town / rural area) and region of the US.

We also include a diverse set of attitudes that may, potentially, correlate with social entrepreneurship. These include: whether respondents think things in the country are headed in the right direction, or are off on the wrong track (a common tracking question in political opinion polls); whether the respondent finds life exciting, pretty routine, or dull (the General Social Survey's happiness measure); whether the respondent believes most people can be trusted, or that you can't be too careful in dealing with people (the General Social Survey's trust question and an indicator of social capital); political ideology (from very liberal to very conservative); interest in politics (from not at all interested to very interested); trust of national government (from hardly ever to just about always); trust of local government (hardly ever to just about always); charitable giving (dollar amount given to charities in the last 12 months); and TV watching as a primary form of entertainment (disagree strongly to agree strongly).

Finally, we include concise measures of the so-called Big Five personality domains, which are extraversion, agreeableness, conscientiousness, emotional stability, and openness to experiences (Gosling, Rentfrow, & Swann, 2003). Each of these domains is measured with two items, each on a 7-point agree-disagree scale, and the items are then added and averaged to form five indices of these personality traits. (Again see Table 2.)

Analysis and results

Table 3 shows the results of our regression analysis, which estimates the effects of the above-mentioned independent variables on the probability of being a social entrepreneur. We first enter background variables (Model 1), followed by socioeconomic variables (Model 2) and next geographic variables (Model 3). The attitudinal and personality variables are entered stepwise, with the coefficients for the selected variables shown (Model 4). Although we also estimated these same models using logistic regression (not shown), we present the OLS results for ease of interpretation (all of the same variables were significant in the logistic regression models, and the same variables were selected in the stepwise procedure as well). The linear probability interpretation of the OLS coefficients in Table 3 is straightforward: the change in the probability of being a social entrepreneur, given a one unit increase in the independent variable.

The results in Table 3 are fairly clear and consistent. Older people are less likely to be social entrepreneurs, while women and non-whites are more likely to be social entrepreneurs. College educated people are also more likely to be social entrepreneurs, as are those who work more hours and those who ever owned or managed a business. Big city residents are more likely to be social entrepreneurs as well. In terms of attitudes and personality domains, social entrepreneurs are happy people, interested in politics, giving to charities, and extroverted.

It is interesting to note the probability of being a social entrepreneur does not appear to be influenced at all by income or by political ideology.

Discussion and implications

Following are some of our preliminary ideas for discussion as well as possible implications for future research and policy. We look forward to the comments and suggestion of the 3TAD workshop participants as we work to expand this develop and expand this discussion.

- The fact that women and minorities are more likely to be social entrepreneurs is an interesting finding. Perhaps social entrepreneurs are motivated to some extent by their own life experiences with injustice and inequality. In addition, nonprofit

organizations may be more open to hiring women and minorities in leadership roles.

- Education and business experience correlate with social entrepreneurship, suggesting that *human capital* is an important factor or prerequisite for the formation of social enterprises.
- Big city residents may be exposed to more social problems and needs in their local community, and they may have more access to funding and government support for social enterprises. Our finding is consistent with Korosec and Berman (2006), who also discovered high levels of social entrepreneurship in larger cities.
- Although Putnam (2000) and others have observed that older people are more civically engaged and possess more social capital, it appears from our findings that social entrepreneurship may follow a different pattern. Whether because of their life stage or because they find new forms of expressing civic engagement, younger people appear more, not less, likely to be social entrepreneurs. Interestingly, the aging of the population in the US and Europe, if our finding holds into the future, might imply some future downward pressure on the level of social entrepreneurship in society.
- That social entrepreneurs in our study were found to be happier, extroverted, and more interested in politics comports with much that has been assumed or observed anecdotally about social entrepreneurs (Ashoka 2007, Borstein 2004; Johnson 2000). Thus, our study lends empirical support to some these assumptions about the personality profile of the social entrepreneur.
- Finally, regarding implications for future research, it would be instructive to investigate the extent to which the characteristics that emerged as important correlates in our study – age, gender, education, business experience, optimism and extroversion – also predict social entrepreneurship in other social and political contexts, such as in the countries of the European Union.

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Table 1. Comparison of weighted and unweighted profile of respondents

	US Census	Weighted survey data	Unweighted survey data
Northeast	19.0	20.6	28.0
South	35.6	35.0	30.3
Midwest	22.9	21.1	24.8
West	21.9	23.3	16.9
White, non-Hispanic	69.1	69.9	85.4
Black or African American	12.3	11.0	6.1
Asian or Pacific Islander	12.5	11.8	4.2
Hispanic or Latino	3.7	4.7	2.5
Other	2.4	2.6	1.9
Female	51.0	51.2	73.2
Male	49.0	48.8	26.8
18 to 24 years	13.4	13.8	5.4
25 to 44 years	40.7	41.4	48.0
45 to 64 years	29.6	29.1	41.9
65 years and over	16.7	15.6	4.7
Less than \$25,000	28.7	17.4	15.9
\$25,000-\$49,999	29.3	33.5	33.0
\$50,000-\$74,9999	19.5	24.5	25.7
\$75,000 or more	22.5	24.6	25.4

Note: Census figures from American FactFinder, 2000 Census Quick Tables, available at www.census.gov.
Weighted results reflect post-stratification adjustments for region, race, age, and gender. Unweighted n = 1327.

Table 2. Variable definitions and descriptive statistics

Name	Definition	N	Min	Max	Mean	SD
SE	Social entrepreneur=1, other=0	1327	0.00	1.00	0.22	0.41
AGE	Age in years	1322	18.00	80.00	44.20	16.25
FEMALE	Female=1, male=0	1318	0.00	1.00	0.51	0.50
WHITE	White, non-Hispanic=1, other=0	1320	0.00	1.00	0.70	0.46
FOREIGN	Foreign born=1, other=0	1321	0.00	1.00	0.12	0.33
HEALTH	Self-rated health, with 1=poor to 5=excellent	1315	1.00	5.00	3.41	1.02
COLLEGE	1=college graduate, 0=other	1315	0.00	1.00	0.39	0.49
HRSWORK	Hours usually worked in a week	1318	0.00	50.00	22.84	19.16
INCOME	Yearly income in thousands	1322	8.00	175.00	57.66	37.26
OWNBUS	1=own(ed) or manage(d) a business, 0=other	1313	0.00	1.00	0.35	0.48
BIGCITY	1=lives in a big city, 0=other	1321	0.00	1.00	0.29	0.45
SMALTOWN	1=lives in a small town or rural area, 0=other	1321	0.00	1.00	0.38	0.49
NORTH	1=lives in the North, 0=other	1269	0.00	1.00	0.21	0.40
MIDWEST	1=lives in the Midwest, 0=other	1269	0.00	1.00	0.21	0.41
WEST	1=lives in the West, 0=other	1269	0.00	1.00	0.23	0.42
WRONGTRK	1=things in this country off on wrong track, 0=going in right track	1320	0.00	1.00	0.68	0.47
LIFEXCIT	1=life is exciting, 0=life is pretty routine or dull	1326	0.00	1.00	0.35	0.48
TRUST	1=most people can be trusted, 0=can't be too careful	1326	0.00	1.00	0.39	0.49
IDEOLOGY	Political ideology, with 1=very liberal to 5=very conservative	1325	1.00	5.00	2.96	0.98
INTEREST	Interest in politics, with 1=not at all interested to 4=very interested	1325	1.00	4.00	3.07	0.86
NATTRUST	Trust national government, with 1=hardly ever to 4=just about always	1318	1.00	4.00	1.98	0.75
LOCTRUST	Trust local government, with 1=hardly ever to 4=just about always	1325	1.00	4.00	2.18	0.73
GIVING	Contributions to charity in last 12 months (in thousands)	1324	0.00	6.00	0.60	1.25
TV	TV is primary form of entertainment (with 1=disagree strongly to 7=agree strongly)	1324	1.00	7.00	4.48	1.84
EXTRAVER	Extraverted (1-7 scale)	1312	1.00	7.00	4.01	1.35
AGREEABL	Agreeableness (1-7 scale)	1304	1.00	7.00	5.26	1.15
CONSCIEN	Conscientiousness (1-7 scale)	1310	1.00	7.00	5.54	1.18
EMOTSTAB	Emotional stability (1-7 scale)	1302	1.00	7.00	4.82	1.34
OPENNESS	Openness to experiences (1-7 scale)	1307	1.00	7.00	5.17	1.18
Valid N (listwise)		1140				

Note: Means and SD above are weighted as described in the text.

TABLE 3. Regression analysis (linear probability models)

	Model 1	Model 2	Model 3	Model 4
Background factors				
AGE	-0.001	-0.001 *	-0.002 **	-0.003 ***
FEMALE	0.011	0.052 **	0.061 ***	0.057 ***
WHITE	-0.179 ***	-0.159 ***	-0.145 ***	-0.140 ***
FOREIGN	0.051	0.042	0.019	0.028
HEALTH	0.054 ***	0.023 *	0.020 *	-0.002
Socio-economic factors				
COLLEGE	---	0.145 ***	0.128 ***	0.086 ***
HRSWORK	---	0.003 ***	0.003 ***	0.003 ***
INCOME	---	0.000	0.000	0.000
OWNBUS	---	0.131 ***	0.146 ***	0.117 ***
Geographic factxtors				
BIGCITY	---	---	0.122 ***	0.114 ***
SMALTOWN	---	---	0.020	0.030
NORTH	---	---	0.042	0.027
MIDWEST	---	---	0.030	0.040
WEST	---	---	-0.068 **	-0.058 *
Attitudes and personality factors (selected stepwise)				
WRONGTRK	---	---	---	---
LIFEXCIT	---	---	---	0.100 ***
TRUST	---	---	---	---
IDEOLOGY	---	---	---	---
INTEREST	---	---	---	0.054 ***
NATTRUST	---	---	---	---
LOCTRUST	---	---	---	---
GIVING	---	---	---	0.035 ***
TV	---	---	---	---
EXTRAVER	---	---	---	0.034 ***
AGREEABL	---	---	---	---
CONSCIEN	---	---	---	---
EMOTSTAB	---	---	---	---
OPENNESS	---	---	---	---
Constant	0.163 ***	0.080	0.044	-0.136 *
R-square	0.077 ***	0.172 ***	0.196 ***	0.255 ***

Note: All results shown are weighted. Listwise n = 1140.