


Spring 2018

# Foregrounding the Role of the Consumer in Social Entrepreneurship

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Foregrounding the Role of the Consumer in Social Entrepreneurship

April M. Wyatt

SIT Graduate Institute

Date: May 1, 2018

Advisor: Professor Mokhtar Bouba

## ABSTRACT

The research purpose of this study initiates the need for describing the role consumers have in social entrepreneurship. Current research remains primarily dedicated to the leadership and organizational structures of entities operating as a social enterprise – while overlooking the role of consumers. This style of entrepreneurship requires specific attention on the social aspect of consumers and beneficiaries in order to create and implement ethics in this growing field. This research examines the current role of the participants in the social-mission driven organizations they support; data collection indicates that, at the present, most consumers support organizations without engaging in direct input for organizational decision-making. Implications for further research should be dedicated to understanding the role of consumers and beneficiaries in the growing field of social entrepreneurship.

ACKNOWLEDGMENTS

To my family...

To my friends...

To my teachers...

To my heroes...

Thank you for lighting the path of this journey. You have my deepest appreciation.

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Student Name: April M. Wyatt

Date: May 1, 2018

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## INTRODUCTION

### **Introduction and Statement of the Research Question**

This study focuses on better understanding the role of the consumer in social entrepreneurship. As this is an emerging field, great amounts of attention and contributions are being made to shape the direction and potential of this philanthropic and opportunistic field. Past research focuses on organizations and leaders operating within the field of social entrepreneurship while customers and beneficiaries of social enterprises receive little attention. A research gap exists in the literature regarding the influence the consumer and the beneficiaries possess within the field. In order to respect the integrity and dignity of beneficiaries within this realm, this project specifically examines the role of the customer within social enterprises and foregrounds research on this role as the field continues to grow. For context, the author is a researcher based in California on the west coast of the United States. This project completes the requirements for an M.A. of Intercultural Service, Leadership, and Management at SIT Graduate Institute. This project started in January of 2018 and determined complete in May of 2018.

Social entrepreneurship is an emerging field challenged by competing definitions and conceptual frameworks, gaps in the research literature, and limited empirical data (Mair & Marti, 2006; Nicholls, 2006). While ethics and best practices are being created, the practice of social entrepreneurship requires both achieving capital gain and social benefit in order to be successful. For without one, the other will also be in short supply which will lead to the discontinuation of business activity. Adding metrics for social value is not traditional to entrepreneurial endeavors but emerges with social entrepreneurship. Social entrepreneurs maintain a vision of social change, take risks, utilize their creativity, and tap into leadership skills as a means to create their

desired outcome whereas, social entrepreneurship focuses primarily on the process, organization, and its collective components (Petrella, 2014). The field of social entrepreneurship lacks: published best practices, one single legal incorporation status, and universally accepted definitions. Multiple points of ambiguity lead to complexity, which becomes difficult to share with consumers. Due to the interdisciplinary approach of social enterprises, the constant state of global change, the complexity of anticipated and unanticipated outcomes, the frameworks created and the best practices for social impact assessment cannot be standardized but remain reliant upon the individual stakeholders--all subjects interested in the actions of the organization (Migliavacca, 2016, p. 4). So far, the research of social impact measurement focuses on governance: “the structures, systems, and processes that define who sets the aims and direction of production activities, who executes, and who controls and monitors outcomes” becomes problematic if the personal and collective social impacts are addressed independently of each other (Borzaga & Sacchetti, 2015, p. 4). While customers, beneficiaries, and key influencers remain vital to the success of the social enterprise (Stevenson, 2011), studies on social entrepreneurship neglect focusing on these integral contributors. This can lead to stakeholder exclusivity which increases the risk of having an undesirable impact as an enterprise dedicated to a positive mission.

In a research study conducted in 2015, Roberta Frances Hardt-Shchultz notices the lack of general understanding for the metrics within the businesses for social good realm and determines standards to be necessary for the industry. Social entrepreneurs are working to create a new business standard involving financial gain with social, environmental, and ethical responsibility but lack clearly defined standards to lead organizations. As Dambisa Moyo shares



in her book titled *Dead aid*, good intentions can have devastating and damaging effects on the communities that struggle the most (2009). In 2014, Somyot Wattanakamolchai highlights that customers are increasingly making purchasing decisions aligned with their social responsibility values; Wattanakamolchai states “[n]o company can survive if it is not responsible to its stakeholders, particularly its shareholders, employees and customers” and that customer satisfaction is directly linked to how well companies can fulfill the customer’s perceived expectations (2014, p.27). This research, in particular, guided my thoughts and investigations as a researcher. In an emerging field focused on financially sustainable altruism void of best practices, standards, legal classification, and universally-accepted vocabulary, there is a noticeable gap in the research regarding stakeholders within social enterprises. In a social enterprise, stakeholders can be considered investors, donors, consumers, and beneficiaries. However, much of the research remains dedicated to the entrepreneur and the enterprise. This research being conducted begins examining the role of the consumer as a means to better understand the growing field of social entrepreneurship.

**Research Question:**

Within the field of social entrepreneurship, what is the role of the consumer in directing what issues social enterprises work to solve and how the organizations do their work?

**Sub Questions**

1. Do consumers have a direct impact on the direction, methods, and scope of the field?
2. How do consumers affect organizational decision-making within this field?

3. How is success within social enterprises decided, how is it understood, and how is this information shared?

## LITERATURE REVIEW

### **Defining the Field of Social Entrepreneurship**

This section specifically discusses the growing trend of social entrepreneurship by sharing the current climate of social entrepreneurship and analyzing the research with the purpose of describing the current accomplishments, obstacles, and challenges within the field.

The need for service-oriented work is not a new concept. Abraham Maslow's hierarchy of needs (1943) shares that feeling loved, sensing belongingness, and needing inclusion immediately follow the need for food, water, rest, and shelter. These are the first emotional needs of humans. As social beings, when we can provide for ourselves, we do. When we cannot, we rely on others to provide. If we cannot meet our own needs and someone else cannot provide for us, our life span is negatively affected. Organizations with a social-mission traditionally procure recognition as nonprofit entities in the United States. This legal classification of nonprofit was introduced in the United States relatively recently dating back less than 50 years (Renz & Herman, 2010). Although the nonprofit status helped identify organizations dedicated to social benefit, the existence of churches, educational institutions, and other charitable entities dates back thousands of years throughout world history. Therefore, it is difficult to accurately describe the historical, current, and future scope of nonprofit organizations (Renz & Herman, 2010).

In the United States, nonprofit legal classification signifies a publicly owned, mission driven organization which reinvests income back into the organization itself and remains associated with the possibility of tax exemption (Fritz, 2018). The expectation for nonprofit

organizations centers on contributing to society in a positive way; nonprofits are expected to serve a social mission. Considered social sector organizations, nonprofits exist to provide dedicated service to aid people throughout the world. For profit organizations differ greatly: they possess no tax exemption, they share income with shareholders, and they see no necessity for a social mission. The emergence of social entrepreneurship changes the expectations of for profits and nonprofits by allowing any organization – regardless of legal classification – to dedicate itself to a social mission by becoming a social enterprise, “A social enterprise is an organization that marries the social mission of a non-profit or government program with the market-driven approach of a business” (Social Enterprise Alliance, 2018). Therefore, social enterprises can be registered as a nonprofit, for profit, low profit, or one of the emerging legal statuses such as a benefit corporation. Social entrepreneurs use innovation and take risks to generate profits for society in a way that involves society (Tan, 2005). Thus, social entrepreneurs can work in a variety of different fields, careers, and with varying approaches. Social enterprises and entrepreneurs, dedicated to meeting the needs of society, make up the emerging field known as social entrepreneurship. Despite recent attention in the US and Europe on the practice of social entrepreneurship and building the theoretical foundation, the first works on social entrepreneurship emerged in the 1980’s (Petrella, 2014). Since then, social entrepreneurship has grown to be an important economic reality at large due to its ability to fulfill private interests and create social value.

All types of organizations hold the power to impact significant change in society “[b]ecause profit- and nonprofit-seeking social ventures create jobs and develop the institutions and infrastructures needed for development, they can be the engine of economic and social

development on a global scale” (Zahra, Rawhouser, Bhawe, Neubaum, Hayton, 2008, p. 118). Business efforts focused on affecting society in a positive way have an incredible power to maximize social impact. With non-profit, for profit, and everything in between, social entrepreneurship is beginning to be recognized for its diversity and ability to exceed expectations. In an examination of the debate on whether or not capital gain and social good can exist together, social progress and profit are complimentary (Rosengard, 2004). Adding to the interdisciplinary nature of the field, practitioners and academics take differing approaches in this field. Entrepreneurs create innovative approaches to solve a problem; whereas, researchers review and identify best practices for the field (Hand, 2014). One of the social enterprises, B Lab, created a way to assess social impact based on the individual profile of each organization and despite its popularity, it is not considered an industry standard or best practice (Bcorporation.net, 2018). Mission drift and sacrifices to ethics are at great risk without best practices and standards established within the field which is why more attention needs to be dedicated to the creation and critiques of social entrepreneurship (Chell, Spence, Perrini, Harris, 2014). During the interim as the creation of ethics and best practices forms, success in both achieving capital gain and social benefit is necessary for both exist codependently; a decrease in either can lead to either the discontinuation of business activity or the continuation of a misguided goal. For the field to continue growing in number and impact, social entrepreneurs need to be motivated to start and support social enterprises.

In a study published in 2005, researchers observed cultural differences in motivation by “promoting success or preventing failure” and making a connection to individualistic or collectivistic cultural norms (Lockwood, Marshal, Sadler). For example, an individual can be

motivated by seeing someone achieve their goal. Alternatively, someone can be motivated by seeing someone fail--not achieve their goal. This research sits on the foundation of Geert Hofstede's Cultural Dimensions in Management and Planning in which national cultures were scored based on 4, later revised to 6, dimensions. Hofstede's 6 dimensions are:

1. Power Distance Index
2. Individualism Vs. Collectivism
3. Uncertainty Avoidance Index
4. Masculinity Vs. Femininity
5. Long-Term Orientation Vs. Short-Term Orientation
6. Indulgence Vs. Restraint (1984).

Hofstede created this tool for intercultural communication to be used in business and the dimensions are still used to understand and communicate cultural differences. Hofstede's model helps us understand our individual motivations, communications, and preferences for social interactions. However, Hofstede's model received criticism in 2002 from Brendan McSweeney stating that the sample size only included IBM employees, and that identifying culture based on national data should not be used to assume or place identity to an individual. Similarly, the GEM (Global Entrepreneurship Monitor) reports nation-based data used to represent individual entrepreneurial opportunities and individual fear of failure: "regional characteristics, rather than economic development level, [...] tends to weigh more heavily on [the fear of failure]" (GEM website, Feb. 6, 2018). Perceived economic opportunity and the ways in which individuals are motivated towards success can either aid or hinder one's motivation of starting a business. This information highlights that motivating future social entrepreneurs will require continuous

dedication. Both success and failure will be necessary in inspiring more social entrepreneurs to continue the practice of the field.

Motivating new social entrepreneurs remains vital to the success of this field. As noted previously, social entrepreneurs use innovation and take risks to generate profits for society in a way that involves society (Tan, 2005). Social entrepreneurship differs from traditional entrepreneurship because it blends individualistic and collectivistic behavior with a value proposition. Entrepreneurial endeavors are representations of individualistic behavior, “Individualist values such as achievement, pleasure, self-direction and an exciting and stimulating life are related to entrepreneurial intention and activity, at both the cultural and personal levels” (Linan, Moriano, Jaen, 2015). Meanwhile collectivist behavior is defined by sociologists and psychologists as:

1. Prove the effectiveness of an innovative model
2. Lay the foundation for scaling and expanding
3. Convince policy-makers
4. Improve internal accountability and motivate staff
5. Attract good partners
6. Differentiate opportunities from other players in the field
7. Meet the demands of donors and/or investors (Hui & Triandis, 1986).

Through integration, social entrepreneurship provided a way to satisfy individual achievement and address social problems in an entrepreneurial capacity. Therefore, social entrepreneurship, by definition, requires people, and their work, to be devoted to the common and communal good.

The social sector focuses on social innovation, “Social innovation is the process of developing and deploying effective solutions to challenging and often systemic social and environmental issues in support of social progress” (Defining Social Innovation, 2018).

Community involvement in all aspects of the development and deployment of solutions

determines success. When local populations take on the role as natural resource managers or owner managers, it results in effective community (Chirenje et al, 2012). Inputs, outcomes, and social impacts have been measured through monitoring and evaluation. Mirjam Schöning and Pamela Hartigan (2013) argue that the main reasons social enterprises are adopting monitoring and evaluation practices is to:

1. Prove the effectiveness of an innovative model
2. Lay the foundation for scaling and expanding
3. Convince policy-makers
4. Improve internal accountability and motivate staff
5. Attract good partners
6. Differentiate opportunities from other players in the field
7. Meet the demands of donors and/or investors.

However, there is little to no direct attention on the key stakeholders which includes consumers.

The involvement of customers, beneficiaries, and key influencers in the practices of a social enterprise determine whether a social enterprise will be social or merely an enterprise. The involvement of the social sector separates entrepreneurship from social entrepreneurship.

Annual reports share the ventures and financial activities of the year for profit and nonprofit organizations; they are self-designed public documents. Social enterprises continue moving away from self-assessment and self-reporting initiatives to frameworks designed by networks of organizations in the field. In the field of social entrepreneurship, networks are “increasingly calling for a harmonized approach to measure and value their interactions with people and society” (WBCSD, 2018). The Social Capital Protocol, Global Responsibility Initiative, and the Natural Capital Protocol are examples of collaborative-network created frameworks for measuring social impact. These frameworks work across industries to build credibility and create best practices of measuring the social impact on people and the

environment (Natural Capital Coalition, 2018). A fellowship of organizational leaders created these collaborative-network built frameworks. Ashoka, the Schwab Foundation, the Social Enterprise Alliance, amongst other organizations, persist in building collaborative networks for social entrepreneurs and social enterprise leaders to learn, seek funding, and combine resources to increase impact. This field continues growing but without best practices or agreed upon metrics, questionable approaches can emerge.

As one of the organizations dedicated to a social mission using innovation on a global scale since 2002, Monsanto's growth and presence in the agricultural world market has epic impact on society. The company website clearly states the organizational mission: "We develop products and tools to help farmers around the world grow crops while using energy, water, and land more efficiently. We believe innovation has the potential to bring humanity's needs in balance with the resources of our planet" (Monsanto, 2018). Monsanto's purpose exists as social by nature. Though not touted as a social enterprise, this organization set out to solve social and environmental issues through innovative methods. Throughout Monsanto's history, it has received great scrutiny and criticism for its approach involving genetically modified organisms and poor treatment of individual farmers (Anderson, 2014). Nonetheless, the 2017 Annual Report shares a reported \$14.6 billion in revenue and showed the practices and approaches of Monsanto include nine of the seventeen United Nations Sustainable Development Goals (Monsanto, 2018). Monsanto uses the Global Responsibility Initiative Standards which are the "first global standards for sustainability reporting" (GRI Standards Download Homepage, March 6, 2018). Monsanto operates on an international level and works to solve the social problem of



hunger. Without agreed upon definitions, best practices, or one unified tax structure it is difficult to determine Monsanto's status as a social enterprise or merely, an enterprise.

Stanford developed an "impact compass" to aid in identifying personal decision making to maximize social impact. It shares that organizations that utilize unethical practices have a negative impact on society and should not be supported on any level. If an organization is considered to be doing good and is ethical, 6 dimensions are used to evaluate what organizations would be the best fit to support. The Impact Compass's six identified characteristics:

1. address a dire societal need
2. design effective interventions
3. address the issue in depth
4. deliver at scale
5. anchor their mission through organizational features that will carry them for the long haul
6. operate in a way that adds value to all constituents involved ([www.gsb.stanford.edu/faculty-research/centers-initiatives/csi/impact-compass](http://www.gsb.stanford.edu/faculty-research/centers-initiatives/csi/impact-compass), March 6, 2018).

This Impact Compass is a free and internet-based resource for individuals to use and it shares a power with the consumer in order to have an impact on the field of social entrepreneurship.

Wattanakomolchai and the Impact Compass both recognize that consumer behavior has been affected by the growth of social enterprises. Wattanakomolchai (2016) shares that some consumers are evaluating service quality based on social responsibility and Stanford's Impact Compass encourages consumers to continue and/or begin making purchasing decisions based on the social benefit provided by the organization.

## METHODOLOGY

This research project is classified as an Independent Practitioner Inquiry Capstone (IPIC) at SIT Graduate Institute and has an interdisciplinary approach using mixed methods. The study was conducted through electronic surveys available online and interviews conducted over the phone. All survey participants were recruited via social media. All survey participants are above the age of 18 and were required to provide written consent before participation in this study.

### **Participants and Ethical Considerations**

Survey participants answered anonymously to protect their personal identities. After signing the required consent form, there will be no collected data on name, birthdate, or other identifying information. This is to trim the research to the role that the consumers have in the social-mission driven organizations that they support. Some consumers can also be considered as beneficiaries of the organizations they support financially but this research specifically views their role as customers. The term social-mission driven organization was used instead of social enterprises because of the clear definition provided in the former and the ambiguity inherent in the latter. In addition, doing research within a field where definitions and best practices have not been defined would be difficult and flirts with ethics as they have yet to be established within social entrepreneurship. If the participant indicated via the survey that they did not know of any social-mission driven organizations, their responses were removed from the survey responses, and the responses are not included in the overall total of survey responses. The survey was first opened on Friday, March 23, 2018. The survey was closed on April 5, 2018 after receiving 58 entries. One survey was removed from all data analysis to leave 57 participants being included in the data. All survey participants were required be over the age of 18. The link to the consent form and survey was posted to Facebook and LinkedIn and made available to the general public

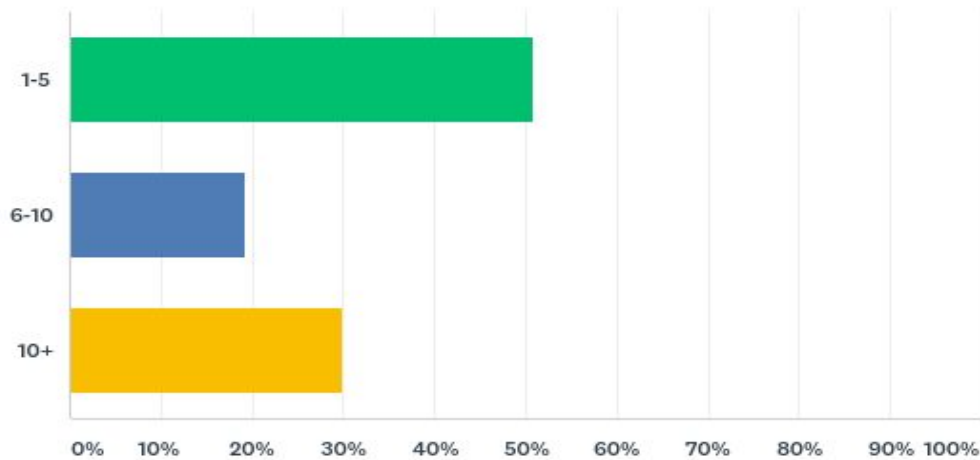
through a shareable feature. The consent forms were collected through a Google form available online and the survey responses were collected through Survey Monkey. All participants for the survey had access to the internet and answered questions in English.

Participation in this research project was completely voluntary and there were no incentives for participation. All responses were anonymous and no demographic or identifying information was collected.

### DATA ANALYSIS

The first question of the survey is regarding the number of known social-mission driven organizations for the participant. The term social-mission driven was used instead of social enterprise because a clear definition has not been agreed upon for social enterprise. The term social-mission has a finite definition as it is specifically regarding the mission statement of the organization. This question is utilized to remove any participants that are not familiar with social-mission driven organizations and refocus on those that have familiarity within this realm. There was one participant that indicated that they did not know of any social-mission driven organizations. Their responses were removed from all questions (including question 1) as their participation in this survey was disqualified. For this and all remaining questions, there will be 57 participants that are included in the data and the analysis.

## Q1 How many social-mission driven organizations do you know of?

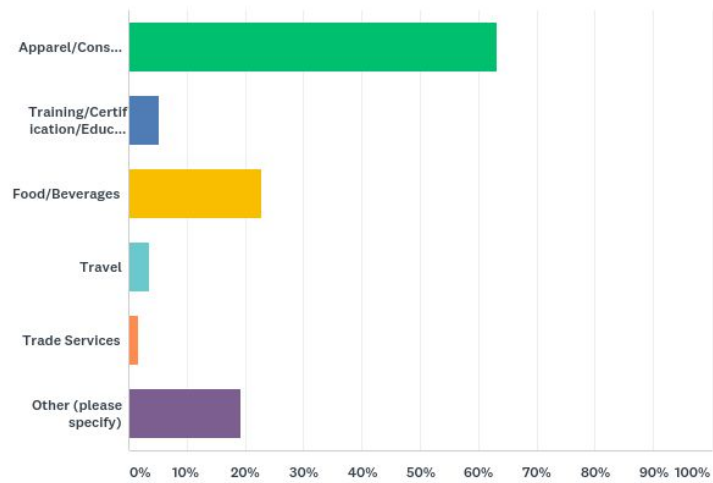


Of the 57 participants, 29 participants (50.9%) indicated that they knew of 1-5 social-mission driven organizations. 11 participants (19.3%) indicated that they knew of 6-10 social-mission driven organizations. 17 participants (29.8%) indicated that they knew over 10 social-mission driven organizations.

Question 2 requires the participant to share a social-mission driven organization that they have supported by serving as a customer. 5 of the 57 organizations did list an organization that seemingly did not have a social-mission driven. This question is not only concretizes Question 1 but also leads to Question 3. No participants were ruled out in the process of Question 2 nor any remaining questions.

Question 3 was regarding the type(s) of goods that the participant purchased from the organization they listed in Question 2. The purpose is to gain a broad understanding of the consumer's purchasing habits and the organizational traits represented in the survey.

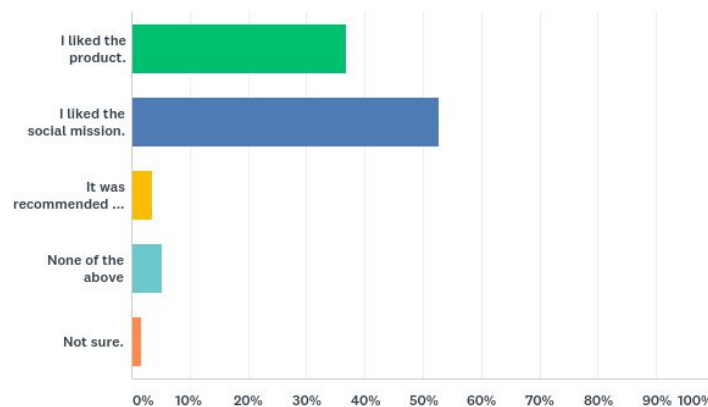
Q3 What type(s) of goods did you purchase from this organization (mark as many that apply)?



Of the 57 participants, 36 (63.2%) participants indicated that they purchased apparel/consumer goods, 3 (5.3%) participants indicated that they purchased Training/Certification/Education, 13 (22.8%) participants indicated that they purchased food/beverages, 2 (3.5%) participants purchased travel, 1 (1.8%) participant purchased trade services. There were 11 (19.3%) participants that selected “other” for this question and all 11 wrote in the responses. Of those 11, 6 indicated a type of good not listed in the other options that they purchased from the organization, 2 indicated that they made a donation (instead of buying something), and 3 participants listed that their participation with the organization was that they received a service or good from the organization to describe their consumer role.

Question 4 specifically addresses the motivation for the purchase/involvement in the organization that the participant indicated in Question 2.

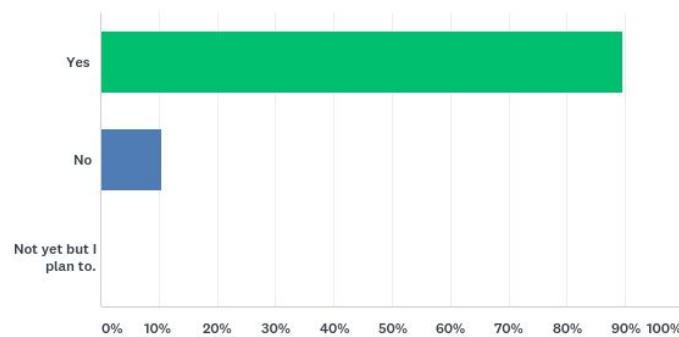
## Q4 What was your motivation in making this purchase?



Of the 57 participants, 21 (36.8%) said their motivation was that they liked the product. 30 (52.6%) shared that their motivation was the social mission. 2 (3.5%) shared that their motivation was based on it being recommended to them. 3 (5.3%) indicated that their motivation was not linked to any of the above. 1 (1.8%) participant shared that they were not sure what their motivation was for the purchase.

Question 5 asks the participant about recommendations given to others regarding that organization's offerings. The purpose is to view the level of satisfaction that the customer has with their purchasing decision.

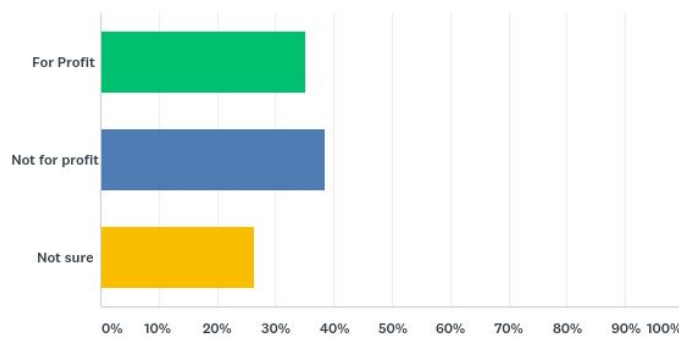
Q5 Have you recommended this organizations product or services to someone else?



Of the 57 participants, 51 (89.5%) indicated that they have recommended this organization’s products or services to someone else. 6 (10.5%) indicated that they have not. No participants shared that they have not yet made a recommendation but plan to do so.

Question 6 asks the participant to share the legal status of nonprofit or for profit of the organization that they indicated. This Question is similar to Question 2 in that its purpose is to learn more about the organizations that are represented in this survey.

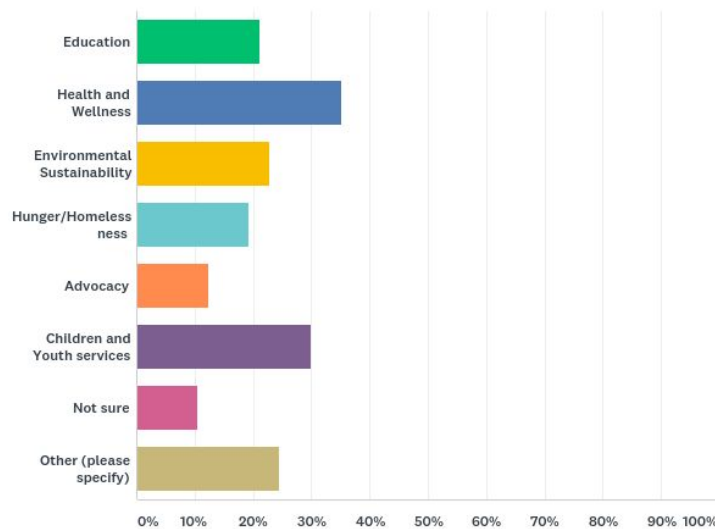
Q6 Type of organization:



Of the 57 participants, 20 (35.1%) participants shared that their indicated organization was for profit. 22 (38.6%) shared that their indicated organization was not for profit. 15 (26.3%) participants were not sure if their indicated organization was not for profit or for profit.

Question 7 also engages the participant in an effort to understand the demographics of the organizations represented by asking what industry is served with the proceeds of the organization.

Q7 The proceeds of my purchase go to what industry:

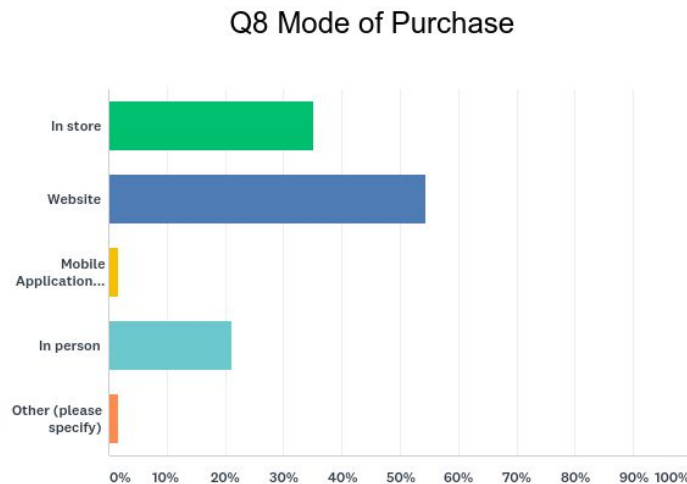


For Question 7, participants could select as many industries as applied to their specified organization. 12 (21.1%) responses indicate that the organization they selected is dedicated to education. 20 (35.1%) responses indicate that the organization they selected is dedicated to health and wellness. 13 (22.8%) responses indicate that the organization is dedicated to environmental sustainability. 11 (19.3%) responses indicate that their specified organization is dedicated to hunger and homelessness. 7 (12.3%) responses indicate that their specified organization is dedicated to advocacy. 17 (29.8%) responses indicate that the organization they



selected is dedicated to children and youth services. 6 (10.5%) responses were not sure what industry receives the proceeds of their specified organization. 14 (24.6%) responses selected “other” and responded with an industry that was not listed in the original selection. For these 14 “other” selections, 3 are dedicated to animals or conservation, 1 is for fighting human sex trafficking, 3 are for women empowerment, 2 are for fair trade, 1 is for community development, 1 is for people with disabilities, 1 is for victims of abuse, and 1 is for independent commerce. The last one that selected other shares that the organization donates shoes.

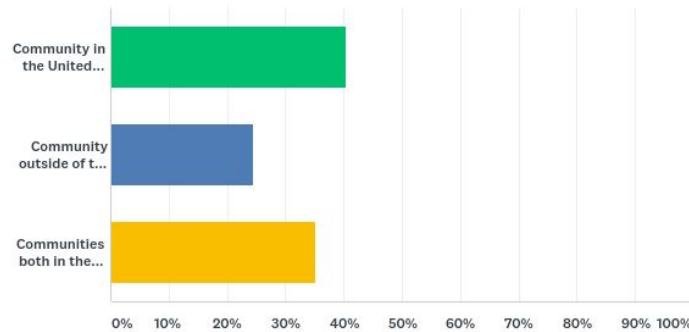
Question 8 involves the mode of purchase. This Question is to share purchasing habits of the survey participants.



For Question 8, the participant could select as many as applied. The responses were broken with 20 (35.1%) purchases made in the store, 31 (54.4%) purchases via their website, 1 (1.8%) purchase made via the mobile application, and 12 (21.1%) purchases made in person. There was 1 (1.8%) purchase listed as other. The specification was that the product was free.

Question 9 is designed to gain additional information regarding the organizational goals indicated by the participants.

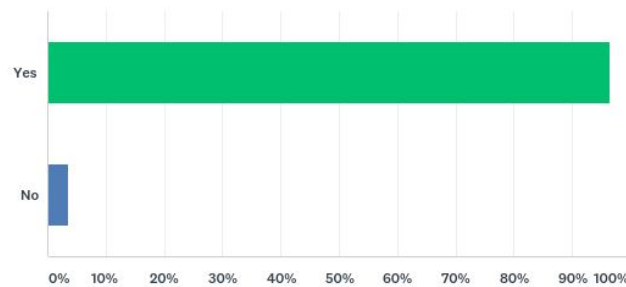
Q9 In general, where are the benefits of this social mission going?



Of the 57 participants, 23 (40.4%) participants indicated that the social benefit of the organization will serve communities in the United States. 14 (24.6%) participants indicated that the social benefit of the organization will serve communities outside the United States. 20 (35.1%) participants indicated that the social benefit of the organization will serve communities both in and outside of the United States.

Question 10 begins to engage the participant in qualitative research by asking for their opinion regarding the success of the organization they indicated.

Q10 Do you think this organization is successful?



Of the 57 participants, 55 (96.5%) participants indicated that they do think that their indicated organization is successful. 2 (3.5%) participants indicated that they do not think that their indicated organization is successful.

Question 11 allows the participant to share what their criteria is for determining the success of their indicated organization.

Q11 Why or why not?

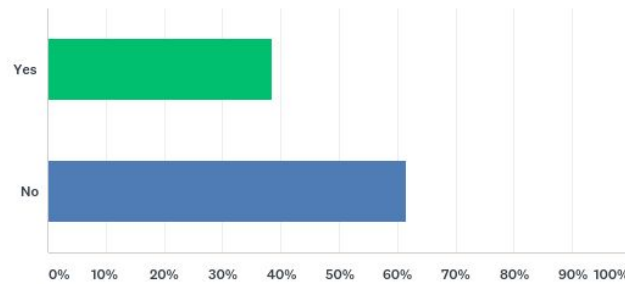


A word cloud of responses to Question 11. The words are arranged in a roughly rectangular shape and vary in size. The largest words are 'Business', 'Mission', 'Companies', and 'Products'. Other words include 'Organizations', 'Communities', 'Youth', 'Cause', 'Events', 'Place', 'Children', 'Shoes', 'Services', 'Animals', and 'Proceeds'.

Participants responses here varied. Participants determined success based on how long an organization has been in business, how profitable the organization is, or how much social benefit the organization has. In the word cloud above the largest fonts indicated that those words were used the most. The words in smaller print were used more than once by different participants but were not used commonly.

Question 12 continues this qualitative approach to understanding the participant.

Q12 Do you think you, as a customer, should be asked for their direct input about how to make this organizations successful?



Of the 57 participants, 22 (38.6%) participants think that they, as a customer, should be asked for their direct input about how to make their specified organization successful. 35 (61.4%) participants do not think that they, as a customer, should be asked for their direct input about how to make their specified organization successful. The majority of participants do not think their input should be used which supports social enterprises in continuing the practice of not engaging consumers directly.

Question 13 allows the participant to expand their answer from Question 12.

Q13 Why or why not?

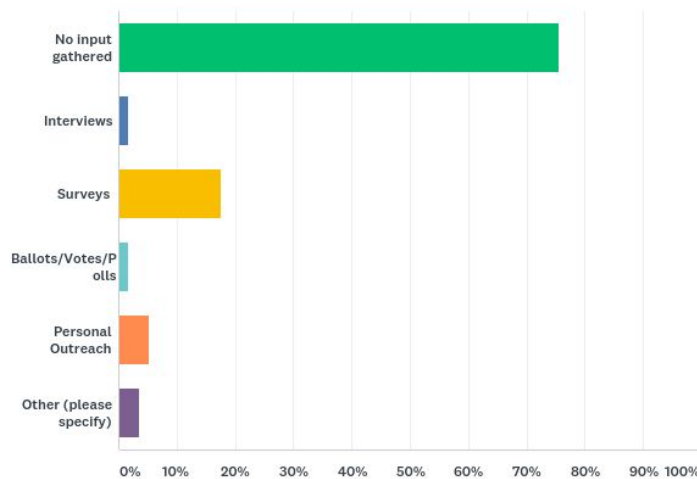
Successful Opinions Business Hand Customers  
 Goals Organization Money Goes  
 Consumer Experience Mission Nice Think  
 Service Cause

Participant’s responses here varied. Participants that thought the organization should ask for their direct input shared that gaining varying perspectives would help the organization solve problems more effectively. Participants that did not think the organization should ask for their

direct input said that they did not have the business acumen, that the organization was doing fine without it, and that if the participant didn't like the organization's decision, the participant has the choice to go purchase elsewhere. The word cloud above shares the most common words used in the responses. The largest fonts indicated that those words were used the most. The words in smaller print were used more than once by different participants but were not used commonly. The most common words in this cloud were used 11 times. The least amount of times that one of the words in this clouds was used was 2 times.

Question 14 asks the participant to share if their input has been requested by their specified organization.

**Q14 Has the organization you listed above asked for your direct input/opinion about the ways in which they are fulfilling their social mission? If so, how has your input been collected? Check all that apply:**

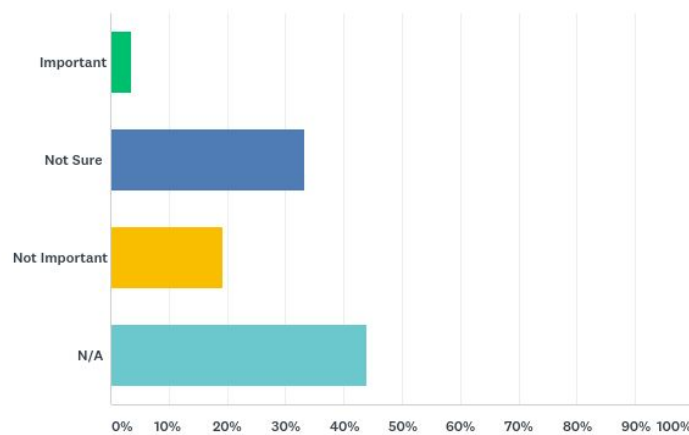


Of the 57 participants, 43 (75.4%) participants indicated have not had their input gathered for the organization they listed. 1 (1.8%) participant indicated that they were asked for their input by interview. 10 (17.5%) participants indicated that they were asked for their input by way of

survey. 1 (1.8%) participant indicated that they were asked for their input by way of a ballot/vote/poll. 3 (5.3%) participants indicated that they were asked for their input by way of personal outreach. There were 2 (3.5%) participants selected “other” ways in which their input was gathered. Their responses were specified with a specific location for sharing/peer learning and feedback forms within the organization’s website.

Question 15 continues the qualitative aspect of this research by asking how the input, if any, is used.

Q15 How important was/is your direct input/opinion was for the direction of the organization :



Of the 57 participants, 2 (3.5%) believe that their direct feedback was/is important for the direction of the organization. 19 participants are not sure if their direct feedback was/is important for the direction of the organization. 11 participants believe that their direct feedback was/is important for the direction of the organization. 25 participants selected the N/A option for this question.

Question 16 and the final question of this survey allows the participant to expand on their response to Question 15.

Q16 How do you think your input has been used by this organization? Fill in the blank (150 characters or less).

Not Applicable Money Surveys Unknown Mission  
Follow Input Carry Social Organization

As indicated in the responses to Question 14, the overwhelming majority of participants were not engaged for their direct input by the organizations. For the participants that said that their direct input was requested, they shared that the input was used to increase leadership capacity and increase the mission of the organization. Some participants were engaged for their input but did not think that their opinion mattered to the organization and that was more for show. Others believed that their direct input was based on the purchases made at specific organizations. The word cloud above shares the most common words used in the responses. The largest fonts indicated that those words were used the most. The words in smaller print were used more than once by different participants but were not used commonly. The largest word in this cloud was used 14 times. The least amount of times that one of the words in this clouds was used was 2 times.

## CONCLUSION

Within the field of social entrepreneurship, the current role of the consumer is vital to entrepreneurial endeavors but remains vastly underutilized as a means to serve society. With 75.4% of research participants in this study not being asked for their direct input within the social-mission driven organizations they support, this leaves the decision-making power to the entrepreneurs and organizational leaders. As the Impact Compass delivered by Stanford

suggests, the purchasing habits of individuals provides a way for consumers to support organizations doing social good without engaging the individual for direct input. This kind of decision making provides the individual consumer with an indirect contribution to the direction of the field. Based on the 8.8% of “other” responses in Question 3, the consumers of social enterprises can sometimes be considered customers but can also be considered donors and beneficiaries as well. However, the majority of organizations persist in not engaging consumers in their decision-making processes.

Like entrepreneurship, the definition of success within social entrepreneurship can vary based on the perspective of the consumer. Revealed in the responses to Questions 10 and 11, participants in this research project greatly attributed success based on their ability to see the good work or product of the organization or based on the years of existence. If the organization closed or ceased to provide the product or service, it was not considered successful. However, many social enterprises set out to solve a social problem. If the problem ceases to exist, perhaps we can attribute, at least some, of the success to the social-mission driven organizations dedicated to solving that problem. Success is subjective and within the growing field of social entrepreneurship lacking best practices and universal definitions, each individual is choosing how success is determined in the field.

At this time, social entrepreneurship and entrepreneurship have many commonalities and few differences. As research continues and as the field of social entrepreneurship continues to be shaped, it is important for organizations to engage stakeholders as they are vital to the organizations and to the social benefit promised. The social aspect is, in fact, the only identifying factor that separates social entrepreneurship from traditional entrepreneurship. As organizations



continue to network together to solve social issues, it will be important to engage all stakeholders in the process as a way to better serve communities. This research can be used as a base and a reminder to engage consumers and beneficiaries in the decision-making process for social enterprises.

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## APPENDIX

## Appendix A: Consent Form for Online Survey

**Consent Form for Online Survey**

You are invited to participate in a web-based online survey on the consumer's role in social entrepreneurship (business for social good). This is a research project being conducted by April Wyatt, a student at SIT Graduate Institute. It should take approximately 10-15 minutes to complete.

## PARTICIPATION

Your participation in this survey is voluntary. You may refuse to take part in the research or exit the survey at any time without penalty. You are free to decline to answer any particular question you do not wish to answer for any reason.

## BENEFITS

You will receive no direct benefits from participating in this research study. However, your responses may help us learn more about entrepreneurship for social benefit.

## RISKS

There are no foreseeable risks involved in participating in this study other than those encountered in day-to-day life. You may feel a little uncomfortable answering sensitive questions. Please note that your responses are anonymous and your participation is voluntary.

## CONFIDENTIALITY

Your survey answers will be sent to a platform called Survey Monkey where data will be stored in a password protected electronic format. This survey does not collect identifying information such as your name, email address, or IP address. Therefore, your responses will remain

anonymous. No one will be able to identify you or your answers, and no one will know whether or not you participated in the study.

## CONTACT

If you have questions at any time about the study or the procedures, you may contact my research supervisor, Professor Mokhtar Bouba via via email at [mokhtar.bouba@sit.edu](mailto:mokhtar.bouba@sit.edu).

If you feel you have not been treated according to the descriptions in this form, or that your rights as a participant in research have not been honored during the course of this project, or you have any questions, concerns, or complaints that you wish to address to someone other than the investigator, you may contact the SIT Graduate Institute Institutional Review Board at 1 Kipling Road Brattleboro, VT 05301 or email [IRB@sit.edu](mailto:IRB@sit.edu).

ELECTRONIC CONSENT: Please select your choice below. You may print a copy of this consent form for your records. Clicking on the “Agree” button indicates that

- You have read the above information
- You voluntarily agree to participate
- You are 18 years of age or older

Agree

Disagree

Signature: \_\_\_\_\_

Date: \_\_\_\_\_

Name (print): \_\_\_\_\_



## Appendix C: Survey Questions

**Survey Questions**

1. How many social-mission driven organizations do you know of?
  - a. 0 [Conditional--if selected, no further questions needed]
  - b. 1-5
  - c. 6-10
  - d. 10+
  
2. Please provide the name of a social-mission driven organization that you have supported by purchasing something from as a customer (30 character limit):
  
3. What type(s) did you purchases from this organization? (Mark as many that apply.)
  - a. Apparel/Consumer Goods
  - b. Training/Certification/Education
  - c. Food/Beverages
  - d. Travel
  - e. Trade Services
  - f. Other \_\_\_\_\_
  
4. What was your motivation in making this purchase? (Mark as many that apply.)
  - a. I liked the product.
  - b. I liked the social mission.
  - c. It was recommended to me.
  - d. None of the above
  - e. Not sure.
  
5. Have you recommended this organizations product or services to someone else?
  - a. Yes
  - b. No
  - c. Not yet but I plan to.
  
6. Type of organization:
  - a. For Profit
  - b. Not for profit
  - c. Not sure
  
7. The proceeds of my purchase go to what industry:

- a. Education
  - b. Health and Wellness
  - c. Environmental Sustainability
  - d. Hunger/Homelessness
  - e. Advocacy
  - f. Children and Youth services
  - g. Not sure
  - h. Other \_\_\_\_\_
  
8. Mode of Purchase:
  - a. In store
  - b. Website
  - c. Mobile Application order
  - d. In person
  - e. Other \_\_\_\_\_
  
9. In general, where are the benefits of this social mission going?
  - a. Community in the United States
  - b. Community outside of the United States
  - c. Communities both in the United States and outside of the United States
  
10. Do you think this organization is successful?
  - a. Yes
  - b. No
  
11. Why or why not?
  
12. Do you think you, as a customer, should be asked for their direct input about how to make this organizations successful?
  - a. Yes
  - b. No
  
13. Why or why not?
  
14. Has the organization you listed above asked for your direct input/opinion about the ways in which they are fulfilling their social mission? If so, how has your input been collected?  
Check all that apply:
  - a. No input gathered [Conditional skip question 15]
  - b. Interviews

- c. Surveys
- d. Ballots/Votes/Polls
- e. Personal Outreach
- f. Other \_\_\_\_\_

15. How important was/is your direct input/opinion was for the direction of the organization :

IMPORTANT                      NOT SURE                      NOT IMPORTANT                      N/A

16. How do you think your input has been used by this organization? Fill in the blank (150 characters or less).