

If not for profit,
for what and how?

S O C I A L
E N T E R P R I S E

**The social entrepreneurial process:
discerning hybrid arrangements**
*Qualitative research among social entrepreneurs
in The Netherlands*

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Abstract

This article addresses the entrepreneurial process of social entrepreneurs. In order to distinguish the phases of this process and the transitions from one phase into another, we use the focus of discernment, a practice from spiritual tradition. We combine this focus with the analysis of previous scientific research into the entrepreneurial process, in order to design a phased model of the process and to research the crossroads where the transition from one phase into another takes place. Furthermore we have tested this model on empirical data using discourse analysis. The data consist of 20 in-depth interviews with Dutch social entrepreneurs, conducted in the last two years. This testing shows that the phased model is useful for the coding of the interviews and leads to relevant propositions to be discussed. Moreover, the phasing of the entrepreneurial process is relevant information for those who want to support social entrepreneurs, be it in training, coaching and consultancy, be it in supportive policy and legislation.

Keywords: *entrepreneurial process, discernment, hybridity, authoring, justification.*

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1. INTRODUCTION

1.1. Current situation of research

In recent years, various researchers have made an effort to order and chart the multi-coloured and heterogeneous field of social entrepreneurship (Nicholls & Cho, 2006; Ridley-Duff & Bull, 2011; Hoogendoorn 2011; Seymour 2012). The introductory document of the ICSEM-project (2013) as well, gives an overview of the state of the research into social entrepreneurship. At the same time Hoogendoorn offers an important contribution to the discussion in her dissertation "Social Entrepreneurship in the Modern Economy. Warm glow, cold feet". In it, she distinguishes four schools of thought which can be considered as four different approaches to the phenomenon of "social entrepreneurship". These schools of thought are:

- The Innovation School of thought. Paradigm: social entrepreneurs as individuals who attempt to tackle social problems in an innovative way.
- The Social Enterprise School of thought. Paradigm: social enterprise as a profitable enterprise that simultaneously pursues a social mission.
- The EMES approach. Paradigm: social enterprise as an organisation of citizens, who by means of democratic governance, pursues social goals.
- The UK approach. Paradigm: organisations that, in an enterprising way, achieve social impact, within the policies of British legislation.

The first two schools of thought are dominant in the USA, the latter two in Europe. The main differences between the four are:

- the focus on either micro level (entrepreneur) or meso level (the enterprise);
- more or less emphasis on income generation and/or on democratic governance;
- more or less emphasis on innovation and social impact (macro level) (Hoogendoorn 2011: 37-42).

Hoogendoorn categorises topics of research into social entrepreneurship, grouping them into three levels (Hoogendoorn 2011: 24-29):

- Micro level: Individual.

We give some examples of articles categorised as being on this level: research into the definition of the social entrepreneur (e.g. Dees, 1998), define typologies of entrepreneurs (e.g. Zahra et al. 2009) and/or research typical characteristics of social entrepreneurs (e.g. Elkington & Hartigan, 2008).

- Meso level: Organisational.

We give some examples of articles categorised as being on this level: research the specific characteristics of a social enterprise (e.g. Austin et al. 2006; Bacq et al. 2011), the way in which value is being created (e.g. Di Domenico et al. 2010), and the possibilities and limitations of social enterprises (e.g. Weerawardena & Mort, 2006).

- Macro level: Social enterprises in society.

We give some examples of articles categorised as being on this level: research the societal problems that social enterprises address (e.g. Mair, 2007), as well as the impact (e.g. Santos, 2012) and the legitimacy (e.g. Dart, 2004) of social enterprises.

In other research approaches aimed at narrative research and discourse analysis, researchers focus on the connections between these three levels. Hjorth and Steyaert have paid much attention to this approach for entrepreneurship (Hjorth & Steyaert, 2004, 2009; Steyaert & Hjorth, 2003, 2006; Hjorth, 2004, 2007 and 2009). One of their books (Steyaert & Hjorth, 2006) explicitly pays attention to social entrepreneurship. Also Seymour (2012) addresses the entrepreneurial process and the interaction between entrepreneur, enterprise and society, and points out that “values” are exchanged within this process. A value is not a property, but something that is allocated during the exchange. Values can be associated with different domains, such as the economic, social, cultural, and environmental, as well as the spiritual or sacred. In the process of social entrepreneurship, values are exchanged. This exchange takes place between the entrepreneur, her¹ enterprise, and society. The exchange is concrete in the relations with clients, suppliers, financiers, employees, and other stakeholders, but can also have an abstract character: exchange in favour of the wellbeing of society (Seymour 2012: 12-14). The value exchange in social entrepreneurship, then, is aimed at change. Change is an important criterion for deciding which values are to be exchanged in which way. Seymour gives the following description of a social enterprising activity: “an enterprising human action in pursuit of the generation of change, through the creation or expansion of economic activity, by identifying and exploiting new products, processes or markets.” (Seymour 2012: 20). The author recommends focusing the research on the multiple exchanges of value, as well as on the processes rather than the outcomes of entrepreneurial activity. Doing so, insight will be gained into the ways in which social entrepreneurs find opportunities for change, and grasp these. In this paper we adopt this recommendation.

1.2. Research question and relevance

When we consider the entrepreneurial process of social entrepreneurs as a quest for an exchange of values such that social change comes about – a description many social entrepreneurs will identify with – then we can define this process as a recurrent interaction between the three levels: entrepreneur, enterprise, and society.

Our research question for this paper therefore is: can we set up a phased model of the social entrepreneurial process in which the exchange between these three levels shows up, and which can be tested by means of empirical data, specifically testimonies from social entrepreneurs. The goal of this research is to identify the phases of the process and the transitions between them.

This research question is scientifically relevant because much research on social entrepreneurship is, in our view wrongly, based on economic and management sciences. That way, the relationship and interaction between the entrepreneur, her enterprise and society are largely ignored and, too one-sidedly, the emphasis is put on efficient management of the enterprise as well as on the economic utility of the company. On the other hand in the testimony - the entrepreneurial story - the entrepreneur elaborates on the relation between person, enterprise and society, combining these three levels in the goal, mission and results of her enterprise. The story serves as a framework for the vision of the entrepreneur and her enterprise towards societal change. If the story is coherent and attractive, it appeals to stakeholders to join and contribute to that vision of change. Research into the entrepreneurial process will help us to analyse and evaluate this entrepreneurial story. In doing so, we take input from the social entrepreneurs very seriously. For our research we will use insights from both studies in spirituality and discourse analysis.

This research is socially relevant because social entrepreneurship in this paper is considered to be a social phenomenon that occurs in a specific time and place. Social entrepreneurs and their enterprises respond to the society they live in and the problems they find there. The interaction between entrepreneur, enterprise and society will expose the social constraints the entrepreneurs

¹ In our research among social entrepreneurs in The Netherlands we met as many female social entrepreneurs as male ones. For that reason, we choose to use female pronouns in this paper when discussing the social entrepreneur.

witness and the social reforms they propose and bring into practice. Insights into the entrepreneurial process will help us to recognize and, where necessary, influence the conditions under which this process takes place. At the same time, this research aims at the possibility of identifying phases in the entrepreneurial process. When the phases of the process can be determined, consequently these can then be cultivated through education, coaching and consultancy, and these can be stimulated through incentives and policy.

1.3. Outline

This paper has the following outline:

- The concept of discernment as a focus for the analysis of the entrepreneurial process
- Literature review of scientific research into social entrepreneurial processes
- Construction of a phased model
- Social entrepreneurship in The Netherlands
- Research approach and results, summarized into four propositions
- Conclusions and discussion

2. DISCERNMENT AS A FOCUS

2.1. Introduction

When we consider the entrepreneurial process as an adventure and a quest by the social entrepreneur to find out how to relate to society and to her enterprise, and how to determine the contribution to social change, then it becomes clear that this quest brings along moments of doubt, tension, paradox and dilemmas. Throughout the process, the social entrepreneur deals with considerations, judgements, decisions and choices. All sorts of factors play a role in these decisions. They are dictated by trends in society, by the daily routine of the enterprise, and also by experiences, insights and intuitions of the entrepreneur. In the entrepreneurial process a number of crossroads can be distinguished, moments of discernment, where decisions and choices are made. These crossroads are, in hindsight, indicated by the entrepreneurs as guiding for the process. On the basis of these crossroads, the entrepreneurial process can be charted and its route can be (re)constructed.

In order to answer our research question, we use the concept of *discernment*, originating in spirituality studies, to focus on these crossroads. Researching these crossroads, these moments of discernment in the entrepreneurial process, will provide insight into the different phases of this process, the ways in which values are exchanged and choices are made, and the way in which the three levels – macro, meso, micro – are being related to each other.

2.2. Elaboration of discernment

Discernment is a concept from the philosophical and spiritual tradition (Hense, 2010; Hense 2013). It is already mentioned by the Greek philosopher Philo of Alexandria and the stoic Epictetus. Paul of Tarsus introduced the concept in the Christian tradition and called it a gift of the spirit, a spiritual ability to reach a soundly based judgment. Later religious groups have systematically expanded this skill into a guide for decision-making processes. Ignatius of Loyola, the founder of the Jesuit order, devoted a lot of attention to the process of discernment in *The Spiritual Exercises* (see Lonsdale 1992a; 2000). The Jesuits have ever since practiced, elaborated, and examined this spiritual capability². Also for the Quakers, a protestant movement in England and the USA, the process of discernment was and is an important characteristic of their religious life, both individually and as a community (Steere 1984; Birkel, 2004).

² The University of Tilburg, Faculty of Systematic Theology and Philosophy, has a Xaverius-chair for theology and spirituality from an Ignatian perspective. This chair has been held since 2010 by extraordinary professor dr. H. P. J. Witte.

It is important to mention that spiritual practices are not scientifically supported methods but practices sustained by inspiration, intuition and experience. These practices contribute to the quest for "eudaimonia", the state of having a good indwelling spirit, a good genius that shows the way to a good life. The search and shaping of this good life are nurtured by age-long experiences and are passed on from generation to generation. Many spiritual practices, such as discernment, have been systematically researched and described. This knowledge is available for everyone and can be applied in a secular context and in our time where people - in their roles of citizens, managers or entrepreneurs - encounter dilemmas, tensions and paradoxes (compare Liebert 2008; Cavanagh & Hazen, 2008). The practice of discernment provides insight into the crossroads of such processes, where doubts and uncertainties are expressed, where values are exchanged, decisions and choices are made and positions are taken that are guiding for the continuation of the process. These decision-making processes are quests but with a clear aim. People who are involved in processes of discernment are striving for a good, prosperous and flourishing life for everyone involved.

Discernment can express itself in different ways (Hense, 2012): it can show in experiences of sudden, bright insight, a flash or a spark that leads to an experience of great certainty: "this is what I will do, that is the direction I must take." Discernment can also be a more time-consuming process, of weighing pros and cons, evaluating, researching and judging. When discernment is practiced as a systematic process of clarification and choice, this happens in a community. This process evolves through a number of phases. In the first phase, members of the community are gathered because of a dilemma or tensions. The participants are invited because of their expertise, wisdom and experience, or their involvement with the case. In the subsequent phases, the process of discernment consists of an alternation between hard work and reflection. In the phase(s) of hard work, all possible information about the case is collected so as to get to the heart of the matter. A search for connections and interests takes place in order to untangle and, if necessary, unmask the complexities of the case. In the phase(s) of rest and reflection, the participants take their time to think and meditate. For example they take a walk or go out on a bike; they search for silence, communicate with a friend or a coach about what moves them, or stare at the ceiling and wait patiently for more clarity. In all phases of the process, the participants strive for detachment and openness, also called "holy indifference", in order to free themselves from preconceived opinions, standpoints, biases and interests. In more modern terms: the participants strive for out-of-the-box thinking and a mind that is open to all options.

The discernment process can be about choices that lead to exclusion (*yes to this and therefore no to that*), but also about choices that lead to inclusion (*yes to this and also to that*). With each consideration and exchange of ideas in the discernment process, everyone is aware of signals coming from themselves or other people. These signals regard physical, emotional and rational responses. When it comes to decision making, the goal is to reach well based consensus. Consensus is more important than haste. Once a decision has been made, everyone remains alert for some confirmation. This can be experienced in feelings of happiness, satisfaction, hope and harmony. Lack of confirmation will express itself in feelings of sorrow, sadness, fear and discomfort. In modern terms: "it either feels right, or it doesn't." This confirmation is valuable but not absolute. Any feeling or signal of confirmation remains subject to critical reflection and evaluation.

Confirmation can also be sought in a test consisting of questions like:

- Would this be the decision I would advise to someone else if they asked me?
- How will I look back on this decision at the end of my life?
- Can I justify this decision if, for example, my children were to ask me about it?

Every discernment process results in action, concrete deeds as a result of the decision. The execution and application of the decision implies its real evaluation. The result of the discernment process is *relative clarity*, that is: (just) enough vision and insight to take the next step. Participants in practices of discernment can convert sensations of powerlessness into agency and empowerment. They know that in due time a new discernment process will be needed. Therefore, discernment is a repeating process that prospers through continuous dialogue, negotiation, reflection and evaluation. In our times,

processes of discernment are applied to e.g. management situations (De Jongh, 2011; Benefiel 2005, 2008).

The social entrepreneurs we have interviewed did not explicitly make use of this systematic and group-based practice of discernment. However, they do experience in their entrepreneurial process moments that can be considered as discernment, crossroads where they determine their position toward society and toward their enterprise. In this paper we will explore these crossroads in more detail, their characteristics and their consequences. Before we move to that, we will discuss relevant existing research into the entrepreneurial process of social entrepreneurs.

3. LITERATURE REVIEW

In this section we discuss a number of scientific studies that analyse the entrepreneurial process as an interaction between micro-, meso- and macro level. Next, we will compare the results from these studies. On the basis of this literature review and applying the focus of discernment, we aim to construct a generally applicable model that describes the entrepreneurial process of social entrepreneurs, its phases and the relevant crossroads. The model provides insight into the ways values are exchanged and social change is brought about.

3.1. Society - entrepreneur

When discussing social entrepreneurship, the position of the entrepreneur towards the social context is very important in the literature. This position is by no means neutral, but rather an important reason for creating one's own enterprise. The pursuit of change is often mentioned, as well as engagement in innovation of products, processes and markets (e.g. Bornstein 2004; Nicholls 2006; Mair et al. 2006; Ziegler 2009). It is stated that social entrepreneurs respond to market failures or governmental failures.

Grenier (2006) mentions the consequences of globalization as an important reference for the rise of social entrepreneurship. Globalization leads to agent-less processes, which evoke feelings of anonymity and elusiveness. Citizens feel that important decisions are being made without them and outside of their control. On the other hand, globalisation opens the possibility to sustain contacts all over the world, to gather information and develop a personal identity independent from family, village, region, state, ethnicity or religion. Grenier views social entrepreneurship as a phenomenon that is linked to globalization developments. Social entrepreneurs respond to these developments by taking a specific position. This position is initially fed by dissatisfaction, according to Grenier. "They operate at the edges of institutional paradox and failure, where there is "endemic dissatisfaction" with how things are done, and from where they attempt to change or create new institutions and practices." (Grenier 2006: 132). At the same time the social entrepreneur is empowered by agency, faith in personal strength, personal capacities and personal values. In this context, Grenier speaks of a personal journey of the entrepreneur in which she searches for the most appropriate exchange of values, of which Seymour spoke. Social entrepreneurs consider it their mission to convert their dissatisfaction with a particular social situation into an activity or project that brings change. In this process the personal journey of the entrepreneur connects with the social situation and the entrepreneur formulates a response/responsibility regarding this situation. Grenier describes this as follows: "They often operate where there are paradoxes and tensions, where existing institutional systems do not work or where people are no longer prepared to put up with such levels of disadvantage" (Grenier 2006: 131). This description refers to a situation that gives rise to discernment, as has been discussed in the previous paragraph of this paper.

When it comes to the rise of ecopreneurship, Pastakia (2010) points out that both internal and external forces affect the ecopreneur. Internal forces are, according to Pastakia, the vision of the entrepreneur and the experience of "value dissonance". The internal forces are reinforced by external ones such as the power of discerning consumers and investors as well as the power of activism in civil society and regulatory governments.

Pastakia observed this value dissonance in his research among Indian farming communities. These farmers experience a dissonance between the values of their Hindu lifestyle which emphasises the integral care for the community and the environment, and the values of industrial production concentrated on scale, efficiency and the segregation of family and business.

The terms *dissatisfaction* and *dissonance* both address situations in which an individual, group or community perceive certain social circumstances as not neutral nor obvious, but rather feel a conflict of conscience and take a critical stand (See also Dagevos, 2009). This position comes about through an evaluation of values. Some values and accomplishments of the modern society are embraced and utilised, others are rejected. Such judgment does not imply a complete rejection or withdrawal from society, but can be the start of a creative reorganisation of values (see also Stark, 2009). The step from dissatisfaction to reorganisation can be described as a discernment process.

3.2. Entrepreneur(s) – mission/venture creation

Haugh (2007) researched the social venture creation led by communities, and developed a phased model to describe this venture creation process. In these phases, she describes the interaction between the entrepreneurs and the community in and for which they work. The phases are named as follows: opportunity identification; idea articulation; idea ownership; stakeholder mobilisation; opportunity exploitation and stakeholder reflection (Haugh 2007: 170-on).

According to Haugh, there is a marked moment in the process of venture creation where the group of entrepreneurs determine that, out of the existing social issues, they will tackle a specific one and claim ownership of it. This is how she describes this: "A group takes ownership of the idea, actively sharing information. Formal meetings begin to take place. A decision is made to act together as a community group (*intentionally*)" (Haugh 2007: 170). This description can be seen as the result of a discernment process that the entrepreneurs have consciously gone through. After that, the venture can be released, stakeholders can be recruited, products and services sold, employees hired and all that is necessary to create a venture, can be done.

Rindova et al. (2009) use the rise of Google to make a stylized description of the process of entrepreneuring. The researchers emphasise the emancipatory character of entrepreneuring. Entrepreneurs who want to achieve change, experience constraints from which they want to break free: "a dream to break free from perceived technological constraints and cultural constraints" (Rindova 2009: 481). They want autonomy and emancipation: "taking ownership - of oneself, of one's acts, and of becoming a trader. (...) He or she must, in effect, become his or her own author, inscribing and authorizing not only him/herself but also others in the exchange relationships required to pursue change." (Rindova 2009: 483). In this line of reasoning, authoring is an essential precondition for creating new or different relationships with stakeholders and for launching and shaping the exchange (of values).

These researchers distinguish three phases in the emancipatory process of entrepreneuring: seeking autonomy, authoring, and making declarations (Rindova 2009: 480).

In the third phase: "making declarations", Rindova et al. emphasise the strong personal involvement of entrepreneurs with their mission and venture creation and their commitment to engage stakeholders and convince them. Authoring refers to the potential and capacity of entrepreneurs to be author and authority of a reorganisation of positions, values and interests: "the idea of authoring

refers to the acts of taking ownership and changing the positions of power in the trading process." Authoring does not mean that entrepreneurs want to disrupt all social positions or that they would overestimate their own potential, but rather that they pursue arrangements with all necessary stakeholders to bring about the desired change. Authoring is expressed in the declarations of the entrepreneur for justifying the mission and strategy of the venture. The more consciously the process of authoring develops, the stronger the declarations in the entrepreneurial story will be, Rindova suggests.

3.3. Entrepreneur - enterprise

Haugh (2007) indicates "stakeholder mobilization" and "opportunity exploitation" as the phases in which the enterprise is shaped. These general terms are further elaborated upon in the articles by Mair et al. (2012) and Battilana (2012).

Mair et al. (2012) did a quantitative empirical research into entrepreneurial processes of social entrepreneurs. They analysed 200 business plans submitted to Ashoka and the Schwab Foundation³. These documents indicate that social entrepreneurs construct their plans based on conscious decisions, both about the interpretation of the social issue they want to address, about the identification of stakeholders and target constituencies and about the selection of activities. Mair et al. analyse that four phases can be distinguished in the plans. These phases are described as follows: (1) The issue domain: (re)defining the problem; (2) identifying the target constituencies; (3) selecting activities; (4) justifying the proposed solution (Mair 2012: 355).

In the first phase, the social problem is acknowledged. Research into this problem, leads to an issue, this can be a revision of the existing interpretations and problems. Concerning the issues, social entrepreneurs can choose out of many, such as the environment, education, health, food, culture, trade and technology. Their possible stakeholders are multiple as well: young or old, male or female, healthy or disabled, citizens, teachers, public officers or business men. Finally, the activities to select from are nearly infinite: from project organization and consultancy to training, education, networking, production, facilitating and supporting. Thus it is of utmost importance that social entrepreneurs make a well reflected choice from amongst all these options, in order to reach the social change that they author. These choices are explained and justified in their business plans: "it is the way of organizing that is the pivotal independent variable in research on how organizations seek to impact society". (Mair 2012: 364). Shaping and arranging the organization is an important phase of the entrepreneurial process. This phase is inspired by and prepared in the previous phases of dissatisfaction and authoring and builds on the knowledge and experience of the entrepreneur in the domains of market, state and civil society (see also Nyssens, 2006). Mair et al. observe that social entrepreneurs have a preference for hybrid organizations. Battilana et al. (2012) elaborate on that observation. Their article is a report on a research into 3500 fellowship applications of start-up social entrepreneurs in the USA. From this research an increasing preference for hybrid business models emerges, a combination of a social welfare model and a revenue generation model (Battilana 2012:51). The researchers point out that this preference is not without risk: "the vectors of social value and commercial revenue creation can reinforce and undermine each other" (Battilana 2012: 52). Nonetheless, the researchers tend to present the hybrid model as an ideal model, because: "in the hybrid ideal, managers do not face a choice between mission and profit, because these aims are integrated in the same strategy. This integration enables a virtuous cycle of profit and reinvestments in the social mission" (Battilana 2012:52). A hybrid arrangement of activities and a hybrid organization model seem characteristic for social enterprises and appear to be both an opportunity and a threat. For that reason, the explanation and justification of the potential of the arrangement must be translated into a strong presentation to stakeholders in order to engage them.

³ Ashoka (USA) en Schwab Foundation (Europe) are supporting organizations for social entrepreneurship. Ashoka was founded in the 80s by Bill Drayton, www.ashoka.org and has a high reputation among social entrepreneurs all over the world. The Schwab Foundation was founded by Klaus and Hilde Schwab, as a spin-off of the World Economic Forum. www.schwabfound.org Both organizations are centres of expertise on the support and promotion of social entrepreneurship.

3.4. Enterprise – society

Haugh (2007) already mentions a type of justification in the last phase of her description of the entrepreneurial process: “stakeholder reflection”. This phase refers to the communication with the stakeholders, the evaluation and possible adjustments of the venture. “Stakeholder reflection informs the future development of the venture that is then reported back in a continuous cycle of cooperation and adaptation” (Haugh 2007: 176). The process of stakeholder reflection thus is cyclical in nature. Mair et al. pay much attention to the phase of justification in social entrepreneuring.

They refer to the publication “On justification” (2007) by Boltanski and Thévenot, a contribution from sociological economics. In this book the authors design “orders of worth”, i.e. principles of evaluation through which we perceive and judge the world⁴. These orders of worth are presented as six worlds, all being of a moral nature. In this view, the “world of the market” is just as morally based as the “world of inspiration” or the “world of fame”. “These different orders of worth represent evaluative and coordination devices, and constitute the principles for making judgments and taking action.” (Mair 2012: 356). Mair et al. state that social entrepreneurs, who strive for the exchange of multiple values, will prioritise specific worlds in their justification but, in all cases, they will combine elements from different worlds. That way, they justify the hybridity of the enterprise, their preference to cross borders and break new grounds, while entrepreneuring. Precisely in the space that opens up when different orders of worth (e.g. the world of the market and the collective world) co-exist simultaneously, perhaps competing but not excluding each other, there emerge opportunities for entrepreneurs to make a personal, *authored* contribution to social change (see also Stark, 2009).

3.5. Recapitulation literature review

The entrepreneurial process descriptions in the articles reviewed above differ in the number of phases and the naming of phases they distinguish. Yet apart from these differences, there is also overlap across the researchers’ results. This overlap can be found in the following items:

- Four out of the five descriptions present a cause that launches the process of social entrepreneuring. This cause always is associated to a constraint, a deficiency, a failure and the corresponding sense of dissatisfaction or dissonance.
- Five out of the five process descriptions refer more or less explicitly to a moment of authoring or ownership.
- In three out of the five process descriptions the phase of authoring is followed by the phase of the branding/arrangement of the enterprise. In the other two descriptions that phase is outside the scope of the research.
- In the three descriptions about the branding phase, this phase is followed by a phase of reflection, explanation and justification.

⁴ Boltanski & Thévenot design six orders of worth based on the work of moral philosophers and present them as constructed worlds. These worlds are

- The market world (Adam Smith)
- The industrial world (Saint Simon)
- The civic world (Rousseau)
- The domestic world (Bossuet)
- The world of fame (Hobbes)
- The inspired world (Augustine)

In the table below we gather the results of the various researches in a synopsis.

	Cause	Ownership	Branding of enterprise	Justification
Grenier (social entrepreneur)	Dissatisfaction Institutional tension, paradox	Agency, personal approach, personal journey		
Pastakia (ecopreneur)	Dissonance	Pursuing sustainable values		
Haugh (community led)	Opportunity identification	Idea articulation Idea ownership	Stakeholder mobilization Opportunity exploitation	Stakeholder reflection
Rindova (entrepreneur)	Autonomy	Authoring	Making declarations	
Mair (social entrepreneur)		Redefining the problem	Identifying the target constituencies Selecting activities	Justifying the proposed solution

Figure 1

All researches acknowledge the phase of ownership or authoring. The term authoring refers to both author and authority. An author tells or writes a story, in this case the entrepreneurial story. In this story the author creates connections between the personal story, the social story and the story of the enterprise. In the crucial phase of authoring, where all levels come together and where the exchange of values takes place on conditions as set by the author/authority. In the authoring phase the entrepreneur, through a process of discernment, decides to incorporate a social problem and a business concept into her personal story and to become the author of the venture. Of course, the entrepreneurial story can be the story of an individual, a group or a community. However, it is essential that the story begins at a certain point and gets into its own course, its own coherence and colour. The way the process of authoring has worked out, becomes visible in the fourth phase, when the justification, evaluation and reflection are expressed in words. When it turns out during this phase of justification that there are inconsistencies in the exchange of values, a new process of discernment will start in order to adjust the story. These inconsistencies appear when some values exclude each other and others values in practice, appear very hard to combine. These can also be a source of innovative, hybrid arrangements. They can be mapped by comparing the entrepreneurial stories to the orders of worth in the six worlds of Boltanski and Thévenot.⁵

4. CONSTRUCTION OF A PHASED MODEL

In this part of the paper we connect the research findings from the literature review with the focus on discernment. In all articles reviewed, processes of choice, decision and selection are mentioned. They are not explicitly indicated as discernment processes but can be recognized as such. By gathering the results in the synopsis presented above, four crossroads appear, four moments of discernment and exchange of values, which take place during the entrepreneurial process. The four crossroads can be described as follows:

⁵ More research into the process of justification of social entrepreneurs and the relationship with Boltanski & Thévenot's six worlds as orders of worth will be the subject of a next article.

- Society – entrepreneur. Crossroads: dissatisfaction/dissonance (beginning of discernment)
- Entrepreneur – mission. Crossroads: authoring (practice of discerning)
- Entrepreneur – enterprise. Crossroads: branding, arrangement, may later on be followed by adjusting, re-arrangement (action following the discernment)
- Enterprise – society. Crossroads: justification (possible new beginning of discernment).

In the crossroads of justification, the entrepreneur will refer to the three levels: society (macro), enterprise (meso) and entrepreneur (micro) and their contribution to realize social change.

In the model below we show the interaction between the three levels: entrepreneur, social enterprise and society. We indicate the four crossroads mentioned above. The model also shows the cyclic structure of the entrepreneurial process.

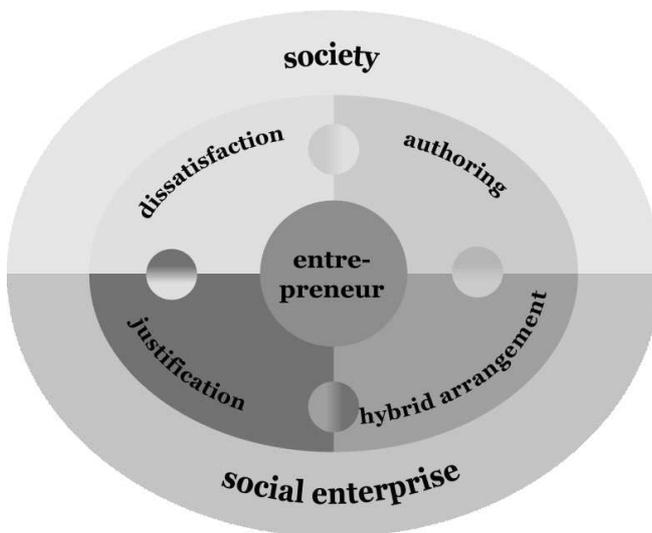


Figure 2

5. SOCIAL ENTREPRENEURSHIP IN THE NETHERLANDS

5.1. Introduction

Social entrepreneurship in The Netherlands is still in its infancy.⁶ It is estimated that there are about 4000 social entrepreneurs in The Netherlands (source: Kennisland 2013 www.kennisland.nl/filter/nieuws/kl-wil-versterking-impact-door-sociale-ondernemingen) but it is unclear if these are fulltime or part-time entrepreneurs or if they work as entrepreneur or as employee. In The Netherlands there is no specific policy to support or stimulate social entrepreneurship (see also Smit et al. 2008; Smit et al. 2011). Nevertheless, there are a number of factors in The Netherlands that are potentially beneficial for the rise of social entrepreneurship. For example, in our country there is a remarkably large civil society which is involved in social activities that improve the wellbeing of society (Brandsen & Karré, 2010). In most cases civil society organizations are both subsidised and monitored by the state. This basis of subsidy has a number of side effects such as bureaucracy, loss of autonomy and the risk of funding cuts and of (forced) reorganisation through changes in policy priorities. Hybridity is a well-known phenomenon in Dutch civil society (see Van de Donk & Brandsen 2005; Brandsen et al. 2006). In public administration, the concept of hybridity means that the tasks which are idealtypically in the remit of either the state or the market, are now carried out by civil society organisations. These organisations may have other sources of income on top of the state subsidy, and operate both as an institution and as a project organisation. A hybrid type of organisation with multiple goals and multiple sources of income is

⁶ Since 2012, The Netherlands has its own supporting organisation and platform for social entrepreneurship: Social Enterprise NL. www.socialenterprise.nl This organisation currently has about 120 members.

therefore quite well-known in The Netherlands. The idea to tackle social problems in an entreprenuring way is also common in The Netherlands among the WISE (Work Integrating Social Enterprises). These companies acquire assignments in the market and receive subsidy from the municipalities. Besides, many companies in The Netherlands are familiar with the concept of corporate social responsibility (CSR). An increasing number of companies apply a triple bottom line (people, planet, profit) and adopt not only economic but also social and ecological goals in their business strategy. CSR – MVO in Dutch – is stimulated in The Netherlands by a subsidised expertise centre: MVO Nederland. However, The Netherlands have no legislation concerning CSR.

In the Netherlands a large number of small and medium enterprises (SME) are present in the economic sector and there is also a rapidly growing group of self-employed individuals⁷, who quit their steady employment to work for their own account. Amongst these self-employed are many highly educated people who offer expert services and who set up projects in order to achieve turnover. This group also includes social entrepreneurs. On top of that, The Netherlands has a long tradition of volunteer work. Some 5.5 million volunteers are active in The Netherlands, that is: about 44% of all adult Dutch people volunteer occasionally or regularly. These are some of the highest numbers in Europe.⁸ (See also Van den Brink, 2012, about contemporary idealism in The Netherlands).

6. EMPIRICAL RESEARCH

In 2011 and 2012 we have done empirical, qualitative research among social entrepreneurs in The Netherlands. We used the research approach as described by Smaling & Hijmans (1997) and Hijmans & Van den Hoogen (2002). In this approach, the emphasis is on the guiding and meaningful experiences that respondents point out in their life story. For this research we focussed the interviews on the entrepreneurial story, but have encouraged intertwining the personal and the professional experiences. The social entrepreneurs we have interviewed have all been active as an entrepreneur for at least two years and are not employed, besides being an entrepreneur.

In total, we interviewed 20 people, 9 female and 11 male.⁹

Via in-depth interviews we asked them about their experiences as a social entrepreneur and how they would describe their entrepreneurial process. These interviews have been transcribed and coded based on the four phases represented in the model above. After all, the goal of our research is to test the model using empirical data. These data consist of the testimonies of Dutch social entrepreneurs in the second decade of the 21st century.

Next, we have aggregated the responses per phase, determining common subthemes, and analysing the results. In the aggregation we have not only summarized the coded information but also attempted to interpret it. The results are presented below. The analysis of every phase will be concluded with a proposition.

⁷ In The Netherlands, 760.000 people are registered as self-employed in 2012. That is more than 10% of the working population and this number is growing. Source: Verwey Jonker Institute and CPB. See <http://nos.nl/artikel/453380-aantal-zppers-groeit-naar-1-miljoen.html>

⁸ Source: http://vrijwilligerswerk.nl/?content=/247/%27Nederland_mag_trots_zijn_op_vele_vrijwilligers%27

⁹ In the appendix is the list of social entrepreneurs who have participated in our research.

In the analysis we paid special attention to remarks of entrepreneurs which refer to processes of discernment. As described in paragraph 2 of this paper, these processes can be recognized by the following characteristics:

- experiences of tension, dilemmas, doubts and dissatisfaction
- reactions of a physical, emotional and rational nature
- periods of hard work, research, untangling, alternated with periods of rest and reflection
- the result of the process is a concrete and in many cases surprising choice and action
- the mission remains orientated towards the good life and human flourishing.

6.1. Test of the model, results of empirical research

6.1.1 Phase A: Dissatisfaction, dissonance

Quotes

A number of representative quotes as illustration:

"They are all institutions concerned with conserving themselves. It's about keeping what's already there, rights already acquired."

"Many problems are mentioned, it's all reported. But nothing happens."

"We have organised sustainability away from the people. We have turned sustainability into a domain of the state and top sectors and innovation platforms – professionalised."

"I was missing something for my friends who do worry about environmental problems but the traditional environmental movement does not appeal to them at all."

"The current social model, financial-economic, is worn out, regulated-out. We need to move on to a different model, a collaborative model."

"The people here are quite fearful, I feel. They crave certainty."

"I think that the demand based approach is very dramatic."

"It's unbelievable how everything is connected yet no one really understands it anymore. Nobody can tell how the economic crisis started and nobody is taking responsibility for it."

"It's the same with legislation: something has happened, new rules – something else happens, same thing."

Phase A: Dissonance aggregated

Evidently, social entrepreneurs have a vision on society. Sometimes this vision is more general and evaluative; sometimes it addresses specifically a certain sector or institution. Much of the dissonance that social entrepreneurs experience can be traced back to the social orders of market, state, and civil society. The entrepreneurs do not object to the principle of order and division of tasks, but do object to the effects that this division has in practice. The effects they name are: needless complexity, bureaucracy, long and anonymous supply chains, waste of talent and materials and loss of empowerment of ordinary people. The older the entrepreneurs are, the more explicit and outlined this dissonance is. The younger entrepreneurs are more inspired by ideals and positive examples, the older ones more by experiences of how things should not be done. Some entrepreneurs manifest themselves as sharp critics and activist, others are milder and more empathic. In all cases the entrepreneurs describe experiences of dissatisfaction and dissonance which proved guiding for the branding of their enterprise and the principles on which they base their business.

Proposition 1

Implicit or explicit experiences of dissatisfaction with the current practices in the social order (state, market, civil society) are the basis for social entrepreneurship. Social entrepreneurs explicitly choose to apply this experience and design an alternative order in their enterprise.

6.1.2 Phase B: Authoring

Quotes

A number of representative quotes as illustration:

"I no longer supported it and noticed that I myself kept making different choices. Sooner or later you will draw your own conclusions from that. It doesn't happen quickly, but eventually it does happen."

"Personal experience is still the best teacher. You learn so much from yourself."

"First you think: that is not what I want, and then at some point you realise: then I have to take action right now, then I have to make other decisions."

"Now I have to do it myself. All those things I saw around me, that I criticised, I have to take action, take responsibility."

"My passion for beautiful products and my passion for a better world, they had to be integrated in one passion. That is where those things came together."

"This was a consideration for me: you want to be author of you own life but you also want to add something."

"That is when I started turning everything around. I thought: I do not focus on the organisation and the needs of that organisation, but I focus on the people and I ask: what do you want to do?"

"I turn it around: I apply work processes to people."

"This is not a job anymore; it's your thing, your passion. I think it is like having a child. You're always thinking about it, even if you're not there, it's in the back of your mind."

"It can start with a very small idea or a very tiny feeling: I want to do something different or I want to do something for others."

Phase B: Authoring aggregated

Every social entrepreneur describes moments where she makes an estimation of her own strength, potential and mission. These moments are sometimes connected to a personal crisis or drastic experience and sometimes to the generic existential question: what do I want to do with my life? Entrepreneurship offers the option to tackle issues in a concrete way while still maintaining freedom and creativity. Unsatisfactory practices in society and/or in other organisations, can be corrected within the own enterprise. Ideals can become within reach. In the phase of authoring choices are made, both excluding: "I will no longer do this" and including: "I will do this just as well as that". Entrepreneurs link their capacities and their passion with a social issue and they link their own competences with the competences of one or more (business) partners. In the process of authoring the shaping and branding of the social enterprise is prepared and the options for a hybrid arrangement and network are tested. Selection criteria for this hybrid arrangement are: personal experiences and visions, personal competences and work experience, feeling and intuition, trends in society, and reactions from the outside world. In the process of authoring, the entrepreneurs do not overestimate themselves: they believe in their own strength and capabilities but they are also modest and realistic about what they can achieve. They know that reputation and impact take time and effort.

Proposition 2

Processes of authoring and ownership are turning points in the entrepreneurial process. Social entrepreneurs use these processes as an "incubator" to prepare the shaping and branding of the enterprise. As a result of this process, the social entrepreneur succeeds in claiming her own position in the social order, often a ground-breaking and pioneering position, characterised by hybridity.

6.1.3 Phase C: Branding, Arranging

Quotes

A number of representative quotes as illustration:

"We shorten the chain. We show the retailer how nature works. We show the consumers who makes their food. We make sure that the farmer is able to stand out."

"You have to recognise when to take a step back and let others do the work because you cannot do everything yourself."

"We have put an enormous amount of time and attention into making sure that every aspect of our organisation is right. There has to be integrity, it must be transparent, it must be right for everybody."

"In the beginning it gave me a lot of unrest, uncertainty, instability, hassle."

"At first it was really difficult to create a good team."

"We work together with the people that we like. It is all quite informal."

"We work according to the principle "learning by doing", we just go. Many things that I was involved in when I was employed, we can bring into practice in the enterprise."

"We see our participants as a community, as co-owner and co-creator of the company. We ask them to co-operate, be an ambassador of the project and make use of word-of-mouth publicity."

"As start-ups we were the best to tell the story of the enterprise. We went to trade fairs and trade events. We had no experience in the retail world at all. We learnt it all by doing, by trial and error."

Phase C: Branding, arranging, aggregated

Social entrepreneurs are very inventive and creative when it comes to arranging their business concept. In this concept elements which traditionally belong to the market or to civil society are intertwined. In the concept, awareness and education are often combined with fun, humour, imagination and innovative and trendy elements. The entrepreneurs often work in pairs, divide the tasks and keep up each other's motivation. Many social enterprises excel in attracting media attention. The positive news stories often conceal the fact that in many cases the entrepreneurs work hard for low or even non-existent income. The financial constraints oppress the pioneers. Many entrepreneurs find out that investors, funds and governments do not acknowledge their business concept and that they end up falling between the cracks. Financing often comes from their network or family and friends, via funds and informal investors, and via crowd funding. Investments by banks are a lot more complicated to achieve.¹⁰ Volunteers, project staff, self-employed people and employees all work together in the organisation. The legal structure depends in part on the stakeholders that the social entrepreneur wants to collaborate with. Some choose for a foundation or an Ltd. with a foundation, others choose to start a sole proprietorship business or a general partnership. Social entrepreneurs want to share the results of the authoring process with their stakeholders such as: employees, customers, suppliers and clients. These stakeholders in many cases operate as co-creators, they help to align and adjust the business.

Proposition 3

Social entrepreneurs show that both internally (organisation branding and management) and externally (market potential and interaction market-state-civil society) they choose for a hybrid and ground-breaking way of entrepreneuring in which no method or partnership is rejected in advance. However, all activities and partnerships are checked to meet the company principles. Depending on the reactions of stakeholders as co-creators, many social entrepreneurs in time adjust their arrangement and align their strategy.

¹⁰ See also the recent survey done by Social Enterprise NL. www.social-enterprise.nl/social-enterprise-monitor

6.1.4 Phase D: Justification

Quotes

A number of representative quotes as illustration:

Macro level

"Commerce to me means that you are needed. That someone needs you and that is why you get up in the morning."

"The real essence of life is simple: everyone desires decent food and drink, sleeping well, love and attention."

"I don't want distrust. I always want to face my fellow men with faith and trust. Then you may be disappointed but usually you are not."

"I want the consumer to understand what is going on so that they can decide by themselves whether or not to do it."

"For me, sustainable development means that you allow people to do what they really want to do. From their heart's desire, so to say."

Meso level

"It is so much more fun, everything becomes meaningful, and there are often beautiful stories behind products. You miss all that if you just buy for the sake of buying."

"It is very powerful to do the entrepreneuring together. Sometimes one has to keep the other motivated, and the next time it is the other way around."

"Our concept is very accessible, cute and cuddly. It is very imaginative, and you can easily get the picture. I believe that works quite well."

"With us you always get a chance, not a disadvantage. But you have to grab that chance; you have to do it yourself."

"That is so standard in entrepreneurship: growth is good. Thankfully we don't fall into that trap, we are the owners, and we are in charge. Not a turnover-freak who only looks at the charts and thinks of growth. Indeed that is something close to our intuition."

"To keep the company healthy you have a norm. That is also the financial account, it is not the goal. But it has to be in order as a matter of housekeeping."

"The commercial side gives the company structure, the social side makes you feel good."

"It is becoming a real community, these people are our ambassadors. There are so many people who want to help us, which is quite amazing."

Micro level

"If you remain true to yourself and stick with your own ideas and if you can make it clear why you do the things you do, then people will join spontaneously and the movement grows."

"You never know if you're doing something innovative. You've got an idea and that is different from what exists. But that's not the reason. You believe in something. You always have to believe in what you are going to do."

"Here, you can truly add something beautiful which is the essence. Because of that you can help people, I believe in that."

"Through a different approach, I can make partners enthusiastic. It's not indoctrination but enthusiasm."

"You can never reach a success in a limited time; it takes a certain effort and sacrifice. You have to realise that, whether you are a conventional or a social entrepreneur."

"You cannot change everything immediately. You also have to be patient."

Phase D: Justification aggregated

In the justification phase the entrepreneur explains and testifies what she has been learning in the entrepreneurial process. These learning points cover the three levels: society, enterprise and personal development. The social entrepreneur gains insight into the opportunities and limitations of these three levels in order to achieve multiple goals and reach social change.

The justification phase is also a response to the reactions of the stakeholders to the business concept. If there is positive media attention, if fans and ambassadors join in and if the concept yields a virtuous cycle of positive side effects (not predicted in advance), then the justification tends to be very positive and euphoric. This justification can mask the situation of tension and possible burnout of the entrepreneur because of the hard work, and the disappointing financial results. In that case a new entrepreneurial cycle has to start beginning with the phase of dissatisfaction, in order to bring more balance into the hybrid arrangement. The same can happen if the response of society does not match the expectations.

Justification on macro level

Social entrepreneurs wish to spread and share a vision of society as a community where people form partnerships on the basis of trust, simplicity and common sense. Commerce and business activity are considered to be fine instruments for correcting issues that have gotten derailed in our complex society. However the business is grounded on quality, interpersonal contact and transparency.

Justification on meso level

The social enterprise has an innovative business concept and (explicit) business principles. These contribute to the branding; the social goals are integrated in the brand and used as a promotional asset. The social enterprise is presented as a community that appeals to people. Stakeholders can join in many ways: as an ambassador, fan, contributor, consumer, client, employee, volunteer, coach or consultant. The social enterprise management is in many aspects informal, emphasizing fairness and transparency. An important part of the justification is the virtuous cycle of positive side effects that were not initially predicted but come to the fore along the way. These side effects matter greatly when social entrepreneurs draw up the balance. It is the reason they often remain very positive about the entrepreneurial process. They see entrepreneuring as satisfying, a source of many new and surprising lessons and experiences.

Justification on micro level

Social entrepreneurs have a positive outlook on life, they mainly see opportunities and challenges and they have faith in people. They are willing to help other people to help themselves. They experience life as an adventure, a quest and a learning process and they are committed to sharing their enthusiasm with others. They are good at presenting and telling their story. Many of them like to be involved in training and education, always with a playful twist. They are not afraid of risks, yet not reckless either and aware of their own limitations. Moreover, they tend to draw attention to the positive results of their work and omit the difficulties. Finally, social entrepreneurs like to be in touch with "kindred spirits", *fun* people who have the same ideas and who experience life in a similar way. Enjoyment, positive energy and informal contacts are a source of inspiration to keep doing what they are doing.

Proposition 4

Social entrepreneurs justify their entrepreneurial process by means of an integrated vision of society, their enterprise and their personal involvement. This vision emerges by outlining and connecting experiences and learning points. In the justification, social entrepreneurs underline the virtuous cycle of the positive side effects, both internally (qualitative improvement of management) and externally (qualitative improvement of society).

7. CONCLUSION AND DISCUSSION

In this paper we report on a research into the entrepreneurial process of social entrepreneurs in The Netherlands. The goal of the research was to describe the entrepreneurial process in phases and to order these into a model which gives insight in the interactive relations between macro level (society), meso level (enterprise) and micro level (entrepreneur). A second goal of the research was to test the model by aligning it with results of empirical research among social entrepreneurs in The Netherlands. This test – if positive - reinforces the usefulness of the model in support of sustainable and effective social change. To answer the research questions, we introduced the concept of “discernment” which is known as a practice from spiritual tradition. If we focus on the processes of discernment of the entrepreneur, we gain insight into the crossroads of the entrepreneurial process and the ways the entrepreneur determines her course (time and again). These crossroads are transitions from one phase into another. At these crossroads it becomes clear which values are predominant for the entrepreneur, which exchange of values takes place, and at which points she either trusts her own intuition or asks for support and advice.

By means of applying this focus and analysing previous scientific research, we were able to construct a model of the entrepreneurial process which we could test. For this testing we used empirical data that we collected ourselves. These data have been derived from 20 in-depth interviews with Dutch social entrepreneurs. The four phases in the model were used as codes for discourse analysis. This coding produced a significant amount of quotations from which we could deduce four propositions. Similarly, it showed that the phases of authoring and justification function as transition stages, processes of discernment, in which the social entrepreneur consciously chooses position toward society and toward the enterprise, making decisions and eventually taking action. These processes of discernment lead to the arranging and re-arranging of the enterprise and of the values to be exchanged. Already in previous research (Van de Donk & Brandsen, 2005; Battilana et al. 2012) it is suggested that hybrid arrangements have the potential to achieve innovation and social change, that are not possible in other ways. In this research it is shown that the selections and choices that have to be made to reach a hybrid arrangement are prepared in the authoring phase and evaluated and explained in the justification phase. Therefore it is our advice that entrepreneurs take their time and relax in these phases in order to make the transitions, using practices of discernment. Moreover, they can ask for support, coaching and training to make the transitions even more consciously and to improve the coordination and the direction of the quest toward their entrepreneuring contribution to social change.

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APPENDIX

List of social entrepreneurs who have participated in our research.

Age structure; born in:

1950-1959: 4

1960-1969: 5

1970-1979: 8

1980-1989: 3

- 1) Yolande van Wijk, Commundo. Fair travel agency
- 2) Wim van Dijk, Klostermann. Sustainable installation company
- 3) Peter van Luttervelt, TAO Advies. Consultancy in sustainable development
- 4) Beate Bouwman, Ecoscala. Consultancy & Training in Ecological Construction
- 5) Hergen van der Starre, De Vegende Hollander. Fair Trade Brooms
- 6) Elena Simons, Wonder. Conceptdevelopment in sustainability and social cohesion
- 7) Mette te Velde, Strawberry Earth. Platform for sustainable lifestyle
- 8) Martijn Messing, Duurzaam Dongen. Consultant in energy cooperatives
- 9) Janneke Smeulders, Fair Mail. Fair Trade Cards
- 10) Samuel Levie, Brandt&Levie. Organic sausage production
- 11) Bart van Olphen, Fishes. Retail and promotion of MSC-fish
- 12) Sandra Ballij, Ctaste, WISE. Restaurant, eating in the dark with blind waiters
- 13) Toine van Bijsterveld, De Verbinding. WISE. Construction company for deaf employees
- 14) Henk Smit, Driekant. WISE. Organic bakery
- 15) Drees Peter van den Bosch, Willem & Drees. Local fruit & vegetable wholesale
- 16) Helene van der Vloed, Antropia. WISE. Conference centre & restaurant
- 17) Rinske van Noortwijk, Greenwish. Consultancy for world improving initiatives
- 18) Revinh Ramnandanlall, B4Concepts. Consultancy for sustainable development and diversity
- 19) Jip Pulles, Granny's Finest. Production and retail of trendy fashion knitwear made by grannies
- 20) Marieke Hart, Thuisafgehaald. Online platform to share meals