



## Why Many Women Social Entrepreneurs Avoid Commercial Models

**The presence of women business owners in a community encourages female social entrepreneurs to pursue hybrid ventures.**

While Natalia Oberti Noguera was building up the New York chapter of Young Women Social Entrepreneurs to more than 1,200 members, she made a troubling **discovery**. When women social entrepreneurs shared their ideas with potential supporters, people were enthusiastic about donating to the projects, but often lost interest when told the ventures were for profit.

Oberti Noguera sees a double standard embedded in our collective consciousness. “If a woman is saying she’s going to change the world, the assumption is she’s launching a non-profit. People don’t assume the same for a man,” she said.

A large and growing body of research shows that such social norms mould the entrepreneurship landscape in ways that put women at a disadvantage. Society expects women to be caring, and not to possess the aggressive and disruptive qualities associated with successful business entrepreneurs. Importantly, these attitudes are not limited to men: A recent study found that judges of both genders preferred a business idea pitched by a male entrepreneur, even when a female one read from an identical pitch script.

These social norms don’t just affect how we evaluate entrepreneurs, they affect the behaviours of entrepreneurs themselves. In the paper “**Blurring**

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**the Boundaries: The Interplay of Gender and Local Communities in the Commercialization of Social Ventures**”, we looked at how these gender norms influence the decision of female social entrepreneurs to choose a hybrid business model.

### Why go hybrid?

A hybrid business model is one in which the venture engages in commercial activities in order to support its social mission. Such a model offers several benefits. It can boost scalability by reducing or even eliminating a venture’s dependence on donations and subsidies. A hybrid business model can also give access to a fast-growing “impact investment” market, estimated at **US\$77 billion** in 2016. Moreover, it fosters market discipline – disgruntled customers will give swifter feedback than disappointed charity recipients with not much to lose.

To study these issues, we analysed 584 applications to a prestigious competition for nascent social ventures in the United States. Based on a detailed review of these applications, we rated each venture’s level of commercialisation on a scale from 1 (no commercial activities) to 5 (only commercial activities).

Our data showed that women-founded social

ventures were more likely to rely entirely on donations and charity. Ventures that included some form of commercialisation, no matter how minimal, were more likely to have a man at the helm.

### **A spillover effect**

Consistent with stereotypes about gender and business, female founders of social ventures were much less likely to choose a hybrid model than their male counterparts. But we also found that the difference was significantly less in the case of ventures founded in communities with a high proportion of female-led businesses.

The presence of businesswomen seemed to act as a beacon to female social entrepreneurs deciding whether to pursue a commercial business model. The presence of women leaders in other sectors, for example in Congress or non-profit organisations, had no such spillover effect. Our findings are consistent with other recent **research** by Stanford's Raj Chetty and colleagues that links gender and geography to inventions: Girls raised in cities with many women inventors are more likely to grow up to be inventors themselves.

The influence of female business owners may be felt in multiple ways. As role models, they may reduce women's own negative self-biases and **identity conflicts**. Having been exposed to more women in business, the community may judge commercially-minded female social entrepreneurs as more competent, further boosting their confidence.

We found the same spillover effect in a replication study which focused on 31,160 non-profit organisations founded between 2001 and 2003: Female-led non-profits were much less likely to seek commercial revenues, but the odds weren't as low in communities with a higher proportion of female-run businesses. However, supplemental analyses of this dataset revealed that, at higher levels of commercialisation, female-led non-profits had a lower survival rate than male-led ones.

### **Only the beginning**

Hybrid social ventures offer an exciting model for harnessing the power of business as a force for good. Hybrid organisations such as Grameen Bank and TOMS Shoes, for example, have fundamentally changed how we think about the purpose of business.

Gender norms hobble women's full participation in business model innovation, and our research suggests that female role models in the business community may help women social entrepreneurs make the leap towards commercialisation. But our study also shows that empowerment is only the

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beginning: Successful entrepreneurship also depends on access to resources, relationships and a host of other factors for which society has only just begun on the path to gender equity.

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