



**The Hybrid Nature of Social Enterprises: How Does It Affect
Their Revenue Sources?**

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The Hybrid Nature of Social Enterprises

How Does It Affect Their Revenue Sources?

Abstract

Purpose – This paper examines the applicability of the benefits theory of nonprofit finance to an international sample of social enterprises (SEs).

Design/methodology/approach - This research analyzes the revenue sources of SEs through the lens of benefits theory. In particular, we test the links between revenue sources and the character of an enterprise’s mission. This study uses data on 545 social enterprises collected by the International Comparative Social Enterprise Models (ICSEM) project, which was an international collaborative effort of more than 200 researchers. We employ cross-sectional multivariate OLS regression to identify the factors which influence the revenue portfolios of social enterprises.

Findings - The findings provide evidence of SE revenue portfolios that are nuanced and complicated. Benefits theory helps to illuminate this nuance. The application of benefits theory to SE goes beyond the traditional characterization of the publicness and privateness of goods and services to include the intended beneficiaries, the nature of benefits they receive, and the management practices followed to assure distribution of benefits to intended beneficiary groups. By analyzing the public (and private) goals of SEs, such as employment generation and food security, we gain an understanding of what they really do, and hence how they can be best financed.

Originality – This study provides empirical support to the applicability of benefits theory to social enterprises, which provides both theoretical advancement and practical implications.

Keywords Revenues - Benefits Theory; ICSEM; Public Goods; Social Enterprises

Paper type - Research paper

Introduction

Researchers have analyzed social enterprises (SEs) from a variety of perspectives, including their legal status (Galera and Borzaga, 2009); conceptual frameworks (Haugh, 2012; Poledrini, 2015); differences across nations (Kerlin, 2017; Spear and Bidet, 2005; Defourny and Nyssens, 2010); governance practices (Göler von Ravensburg *et al.*, 2021; Pestoff, 2013); and sources of financing (Lall and Park 2020; Lyons and Kickul 2013; Périlleux, 2015; Sunley and Pinch, 2012). This last element, which is the focus of this paper, remains underdeveloped (Spiess-Knafl and Jansen, 2014). Studies of SE finance cover a wide range of topics, such as the emergence of new financial tools (Bugg-Levine *et al.*, 2012; Kaplan and Grossman, 2010), financial strategies (Achleitner *et al.*, 2014; Pintelon *et al.*, 2013), and national case studies (Mendell and Nogales, 2009). However, factors which determine a social enterprise's income from different sources, such as government funding, philanthropy, and market-based earnings, are not yet well understood. In particular, a theoretical framework that can explain these blends of resources has yet to be adopted for SEs. Such a framework would both assist academics motivated to fully understand the nature of social enterprises and would inform social enterprise practitioners on the best ways to support their ventures.

SEs are hybrid organizations that combine social and economic goals (Battilana and Lee, 2014; Doherty *et al.*, 2014). This hybridity is reflected in the business models and revenue sources that SEs rely on. SEs can choose from a broad range of financial resources, including tools characteristic of the nonprofit sector (such as gifts-in-kind, public funding, private grants, membership fees, and contributions) and tools from the for-profit sector (such as earned revenue, debt, and equity shares). Although a great deal of literature exists for traditional for-profits and nonprofits on selecting and developing revenues optimal for their purposes (Austin *et al.*, 2006;

Young and Soh, 2016), SEs appear to have both a broader potential for doing so and less scholarship dedicated to exploring the question.

This study applies the benefits theory of nonprofit finance to SE organizations from around the world. According to benefits theory, “mission is accomplished by its translation into specific services and programs which in turn produce a particular array of benefits and beneficiaries from which an income strategy can be developed”. (Young, 2017, p. 232). In other words, the mix of financial support depends on the beneficiaries and types of benefits provided by the organization (Young, 2007; Fischer *et al.*, 2010; Young, 2017).

While benefits theory is commonly applied to explain the finances of nonprofit organizations (e.g., Aschari-Lincoln and Jäger, 2015; Sacristán López de los Mozos *et al.*, 2016), it is only beginning to be explored as a theory to understand the finances of social enterprises. For example, Bassi *et al.* (2016) applied benefits theory to the financing of social cooperatives in Italy, and Guo and Peng (2020) used it indirectly to investigate the differences in start-up funding of for-profit and nonprofit social enterprises in the U.S. state of Illinois. This paper is the first to test the application of benefits theory to the general operating support of SEs by examining a worldwide sample of SEs that exhibit a variety of legal forms and income portfolios. We utilize data from the International Comparative Social Enterprise Models (ICSEM) project (Defourny *et al.*, 2021) to test hypotheses linking mission and revenue source, created with guidance from benefits theory.

This article is structured as follows. The first section briefly introduces the debate on social enterprises and their sources of revenue. The next section presents benefits theory applied to social enterprise finance and provides a foundation for our research hypotheses. Section three introduces the data, followed by a section describing the empirical model used to test the

hypotheses. We then present the descriptive findings, followed by the econometric results. Finally, we discuss the practical and research implications of the findings.

Sources of Social Enterprise Revenue

The Meaning of Social Enterprise

To date, there is no single, shared definition of social enterprise, but there are multiple definitions that highlight its various aspects (Dart, 2004; Defourny and Nyssens, 2010; Di Domenico *et al.*, 2010). Dees (1996) offered the concept of a continuum stretching from purely commercial to purely philanthropic enterprises, as did Kerlin (2006, p. 248), saying that "social enterprise is understood to include those organizations that fall along a continuum from profit-oriented businesses engaged in socially beneficial activities" such as dual-purpose businesses and nonprofit organizations. In response to this conceptual diversity (and sometimes confusion), various authors have identified categories or types of social enterprise and proposed typologies (Defourny *et al.*, 2017), while others, such as Young *et al.* (2016) in *The Social Enterprise Zoo*, reject the search for any singular definition. Following the ICSEM approach (Defourny *et al.*, 2021), for the purposes of the present article we take as a starting point that social enterprises are organizations that combine a social mission with market engagement to provide services or goods.

The Role of Hybridity

As noted by many scholars (Battilana *et al.*, 2015; Cooney, 2006; Doherty *et al.*, 2014; Ebrahim *et al.*, 2014 and others), SEs are "hybrid" organizations. This means that they seek to achieve social goals through engagement in market-based economic activity. Other scholars have added

nuance to this notion of hybridity. According to Brandsen (2010), the term "hybrid" identifies the "mixing" of typical aspects belonging to the non-profit sector, the market, and the state; other authors (Battilana and Lee 2014; Santos *et al.*, 2015) use the concept "hybrid" to indicate the combination of social aspects (nonprofit) with those of the market (for-profit), excluding the typical characteristics of the public sector. Overall, "hybridity" influences various aspects of SEs, such as their strategic choices (Hockerts, 2015), their organization (Pache and Santos, 2013), and the mix of financial resources (Giones *et al.*, 2020; McMullen and Warnick 2016; Spiess-Knafl and Jansen, 2014). We concur with the observation by Lall and Park (2020) that the finance needs of SE are understudied, and we contend that this is particularly the case with respect to revenues. Many recent studies have explored the use of debt and equity instruments to access cash, but studies of SE take for granted that sales revenues will be homogenous. This is not the case, especially when we consider SEs worldwide.

SEs and the Social Finance Spectrum

Hybridity suggests that SEs can call on a wider variety of financial resources than non-hybrid organizations (Achleitner *et al.*, 2014; Desa and Basu 2013; Nicholls, 2010). SEs presumably can benefit from the typical resources of nonprofit organizations (such as donations or membership fees), those of for-profit organizations (such as commercial income), or have hybrid tools that combine various elements of the two sectors (such as social impact bonds).

According to Achleitner *et al.* (2014), SEs revenue streams are made of public funds and commercial sources. Public funds can be provided through several different vehicles, such as grants, tax exemptions, subsidies, etc., while commercial sources consist of earned income, sponsoring and other income streams such as occasional prize money or steady income from

investments or an endowment. In this perspective, an SE's financial resource mixes are seen as a dichotomy between public support and market sources. This aspect is seen to lead to tensions between an SE's economic activity and its social goals (Battilana and Lee, 2014; Doherty *et al.*, 2014; Pache and Santos, 2013; Santos *et al.*, 2015). For instance, a SE that produces recycled products and employs physically or mentally challenged workers could find it difficult to simultaneously generate profits (financial goal) and pay adequate salaries their employees (social goal) (Smith *et al.*, 2013; Wilson and Post 2013).

Other authors suggest that since SEs run businesses with social goals they can also benefit from philanthropy (Block *et al.*, 2018; Dees, 2012; Gray, 2007; Teasdale, 2010). Thus, the breadth of revenue types is similar to that of nonprofit organizations. For example, Young (2017) identifies fees, contributions, government support and investment return as broad categories through which nonprofits support themselves in a wide variety of combinations. Sahasranamam and Nandakumar (2020) observe that SEs receive philanthropic finance in their early stages because they can't invest resources in profitable yet socially beneficial activities.

To date, SE's financial resources have been studied from various points of view, including new financing instruments linked to social innovation, such as social impact investing (Bugg-Levine *et al.*, 2012; Hehenberger *et al.*, 2019; Höchstädter and Scheck, 2015); financial strategies to mitigate existing tensions between the financial and social return expectations (Achleitner *et al.*, 2014; Smith *et al.*, 2013); differences in financing of nonprofit and for-profit social enterprises (Guo and Peng, 2020); the role of institutional logics (Defourny *et al.*, 2014); and national case studies that explore different streams of income available for social enterprises (Mendell and Nogales, 2009). Finally, Sahasranamam and Nandakumar (2020, p. 114) note that: "future research needs to consider different categories of external finance [...], and study both its

direct and contingent effects on social entrepreneurship”. Here, the literature examines a number of factors including geographical context (Bowen and De Clercq, 2008; De Clercq *et al.*, 2013; Welter, 2011), personal and family wealth (Blanchflower and Oswald, 1998; Sahasranamam and Sud, 2016; Xavier-Oliveira *et al.*, 2015), and cultural heritage and group identity (Kotlar *et al.*, 2015; Hehenberger *et al.*, 2019).

Benefits Theory and Social Enterprise Finance

Applying Benefits Theory to Nonprofit Finance

Benefits theory was developed to provide theoretical and practical guidance on appropriate sources of finance for nonprofit organizations. According to Young (2007) and Wilsker and Young (2010), benefits theory is grounded in the work of Burton Weisbrod, who drew a connection between the nature of a nonprofit’s financing and its behavior. Weisbrod (1988, 1998) was concerned that as nonprofits became more dependent on commercial revenues, they would lose focus on their public missions. By implication, Weisbrod argued that a nonprofit’s revenue mix could be seen as an indicator of its mission versus market orientation. In other words, there is a systematic connection between the nature of what an organization does and the type of revenue that it brings in.

Young and colleagues operationalized the notion that a nonprofit’s mission and the types of products or services it offers are linked to the types of revenues it receives. If a nonprofit provides mostly private goods intended for use by the buyer, then we would expect a nonprofit to rely primarily on market income. If similar goods are offered but are intended for use by a specific someone other than the buyer (such as the provision of food to the hungry), then this is considered a redistributive good best financed by gifts and grants. In contrast, providing

collective or public goods (such as reducing air pollution) usually requires types of finance that can overcome the free-rider problem, such as government funds. The following table from Young (2017) describes the range of economic goods and services considered by benefits theory and how each is linked to distinctive sources of finance:

<<Insert Table I about here.>>

Applying Benefits Theory to Social Enterprises

Social enterprises exist in much the same space as conventional nonprofits: producing a type of good or service for an intended beneficiary with the possibility of funding from a variety of sources (Battilana and Lee 2014; Dart 2004; Dees 1996). Indeed, many SEs are organized in nonprofit form besides other legal forms, such as cooperatives, traditional companies or dedicated legal forms, and all service producing nonprofits can be social enterprises (Young *et al.*, 2016). However, there are two important considerations which complicate the application of nonprofit benefits theory to the broader social enterprise context. First, if we require by definition that social enterprises engage in markets to achieve their goals, benefits theory would anticipate some level of reliance on sales revenues to account for the private benefits their goods confer on paying consumers, modified by price adjustment policies and subsidies from other sources to account for redistributive benefits to those unable to pay market prices. However, this prediction may be constrained by international differences (Defourny and Nyssens 2010; Kerlin 2006; Poledrini and Borzaga 2021). In countries such as the U.S., nonprofit organizations can

depend on earned revenues in any proportion while in other countries sales from earned income are legally limited, requiring that national context be taken into account.

Second, social enterprises are often developed within the context of otherwise commercial industries, such as bakeries, restaurants, medical suppliers, booksellers, etc. (Doherty *et al.*, 2014; Hockerts 2015; Poledrini and Tortia 2020). Thus, social enterprises within traditionally commercial industries such as restaurants are established to achieve work integration of marginal groups such as ex-felons. Similarly, “fair trade” social enterprises selling coffee seek economic justice for farmers in developing countries. In these cases, mission translates directly into public and private benefits, with goods and services output serving an intermediary or instrumental purpose; hence, mission becomes the key variable in benefits theory that is likely to be predictive of income portfolio composition rather than the physical goods or services produced. Since most social enterprises involve the production of private goods and services, it is really the mission that differentiates the financing options of social enterprises (Alter 2006; Ebrahim *et al.*, 2014; Young and Kim 2015).

We therefore offer an important nuance to the empirical application of benefits theory as applied to SEs: rather than focusing on the private and public nature of the provided goods per se, we focus on the nature of the mission and how those goods and services are engaged in the production of public and private benefits (Santos *et al.*, 2015; Spear and Bidet 2005; Wilson and Post 2013). In the nonprofit sector, a certain degree of publicness is a requirement for tax exemption, and a certain level of philanthropic or government support is expected. We have the opposite expectation for social enterprise: a certain degree of earned revenue is expected as a result of market engagement, with substantial variation in mission type and intended benefits reflecting social goals (Austin *et al.*, 2006; Battilana *et al.*, 2015). In this paper we break new

ground in the application of benefits theory by explicitly examining the nature and attributes of the organization's mission and their consequent influence on sources of funding. Though not a change in the theory itself (which has always stipulated the link between benefits provided and revenue type), this is an innovation in how to best test benefits theory in the broader context of social enterprises, especially internationally.

We gauge the appropriateness of our benefits theory adaptation by testing the following hypotheses, each tied to a classification of mission prescribed by benefits theory.

H1: SEs whose primary missions are redistributive in character are associated with higher levels of earned income, followed by public and donative revenues.

H2: SEs whose primary missions focus on group benefits are associated with higher levels of donative revenues.

H3: SEs whose primary missions are public in character are associated with higher levels of public (governmental) revenues.

Data

This study uses data collected by the International Comparative Social Enterprise Models (ICSEM) project, which was an international collaborative effort of more than 200 researchers. The ICSEM project dataset was collected for 721 social enterprises from 43 countries. The purpose of the project was to gather information on different types of SEs within each country to

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3 inform the diversity of the SE landscape and to test a typology of SE models (Defourny *et al.*,
4 2021). In the first phase, all researchers involved provided a country profile about the SE
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6 landscape in their respective countries. Among other things, researchers were asked to identify
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8 and characterize the various SE types they could observe in their chosen country. In a second
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10 phase, in order to address the lack of reliable enterprise-level datasets needed to undertake
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12 international comparative analysis, in-depth information was collected about social enterprises
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14 on the basis of a common questionnaire. More precisely, ICSEM research partners interviewed
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16 the social entrepreneurs or managers of three to five social enterprises that were deemed
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18 emblematic of each SE type identified in the project's first phase.
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24 The data provides unique advantages compared to other popular sources of data on social
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26 entrepreneurship. For example, the main goal of the Global Entrepreneurship Monitor (GEM) is
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28 to collect information on individuals' entrepreneurial behaviors and attitudes as well as a range
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30 of variables that describe the country contexts that might influence them. GEM includes a few
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32 questions related to social entrepreneurship answered by "self-identified" social entrepreneurs
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34 Based on the GEM survey, Lepoutre *et al.* (2013) introduce a broad definition of social
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36 entrepreneurship as "any kind of activity organization or initiative that has a particularly social,
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38 environmental or community objective" (page. 697), and a narrow conception of social
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40 entrepreneurship as organizations both utilizing market-based approaches and considering the
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42 value to society of greater benefit than the financial value for the company. The ICSEM
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44 approach is more similar to the narrow definition since it had taken as a starting point that social
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46 enterprises are organizations that combine a social mission with an entrepreneurial dynamic to
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48 provide services or goods.
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The random nature of the sample and its size are strong attributes of the GEM database. However, in 2015, the average prevalence rate of narrow social entrepreneurial activity across 31 countries was 1.2%. Authors underline that the relatively limited number of individuals involved in social entrepreneurship activity (in GEM data) implies that the statistical imprecision is not a minor issue (Bosma *et al.*, 2016). Further, the Global Accelerator Learning Initiative has aggregated application data from social enterprise accelerators in some parts of the world (mostly USA and developing countries). There is no common definition of what these enterprises are as each program has its own approach. Some of the more developed programs have a clear for-profit focus, while other programs are more agnostic about legal form.

Based on the GEM SE data, Lepoutre *et al.* (2013) suggested a typology based on 3 types: pure NGOs, hybrid SE and for-profit SE. Most of SE in the ICSEM database likely fit this “hybrid SE” category. Looking at the results of the Global Accelerator Learning Initiative (Roberts and Lall, 2019), most of the organizations are young, small and mostly for-profit ventures. These characteristics are close to the type of SE called the social business model in the ICSEM database, which reflects only one cluster among seven in the ICSEM data.

For the ICSEM database, detailed data were collected in a uniform way for 721 social enterprises from 43 countries; following the EMES approach of social enterprise, this includes governance features which are not in other databases. This sample is by no means representative of the SE population across the world, however. Not only is the distribution across continents particularly uneven (with a noticeable lack of African data), but more fundamentally, the whole SE population is simply unknown, as there is no universal definition or count of social enterprises. Building a representative sample of an undefined population is not possible; therefore, ICSEM focused on mapping the available and observable types. Since the goal of the

data collection was not to form a representative sample, but rather to generate enough instances of different social enterprises to test a typology, the data set more closely resembles a very large collection of distinctive case studies than a traditional population sample. Despite this limitation, we are still able to test for the hypothesized linkages between mission type and revenue portfolio; however, we are not able to comment on the prevalence of such linkages in the worldwide social enterprise population.

Model Specification

All organizations were interviewed only once, so this study uses cross-sectional multivariate OLS regression to identify the factors which influence revenue portfolios in social enterprises. Since benefits theory is correlational, we do not employ the lag structures common in studies of growth. Instead, we test for higher proportions of the revenue portfolio dedicated to certain types of income.

$$\%RevenueType = \beta_0 + MissionType\beta_1 + MissionRelation\beta_2 + PricingType\beta_3 + LegalType\beta_4 + ProfitDistrib\beta_5 + Industry\beta_6 + X\beta_7 + \varepsilon$$

The dependent variable in the main analysis is the reported percentage of revenues coming from one of four sources: sales, the government (also referred to as public dollars), donations, and all others (investment income, memberships, and income categorized in the original survey as “other”). For example, a social enterprise which has 54% of its income portfolio coming from sales would report a value of 54 for Sales. A separate regression is run for each of the four revenue categories to allow factors to differ for each revenue type.¹

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3 The independent and control variables are all characteristics of the enterprise given by the
4 interviewees during the ICSEM project interviews. Five of the independent variables are factor
5 variables based on responses to categorical questions; these are estimated singly and then tested
6 for joint significance at the variable level.
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12 *MissionType* is our independent variable of primary interest, and it indicates which of
13 thirteen different types of mission is the best description for what the enterprise considers its
14 primary activity, such as community development or environmental protection.² In Table II these
15 missions are characterized according their private, redistributive, group, or public natures as per
16 the benefits theory classification described in Table I.
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24 The “public” designation in Table II indicates that the mission is intended primarily to
25 generate public goods or positive externalities that can be considered public goods. For example,
26 schooling a single child can be considered as private and for the benefit of a single payer, but
27 education is considered a public mission because there are significant positive externalities to an
28 educated citizenry beyond the benefits to the single individual.
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45 Though many missions feature a combination of benefit types, we indicate which
46 attribute dominates each mission’s benefits profile. Such determination was made by consensus
47 of the four members of the research team. Of note, the team is comprised of representatives
48 from three countries, so there was not an identical understanding on the initial coding of the
49 mission types to benefit types. We attribute this to the same legal and cultural differences,
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different type of welfare regimes that make comparing the enterprises themselves difficult. However, we arrived at the final classification via consensus of the team. The distribution of the missions is shown in Table III.

<<Insert Table III about here.>>

We also include several factor variables for additional explanatory power. In order to separate mission focus from the attributes of the mission, we include the degree to which the main good or service is considered mission-centric, mission-related, or mission-unrelated as a unique variable (*MissionRelation*). For example, a social enterprise that installs solar panels has a mission that is more central to its environmental goals, while the baked goods of a work integration social enterprise (WISE) bakery are more incidental to its goal of employing marginal workers. The former is more likely to depend on non-market sources while the latter is more likely to emphasize sales revenue. *PricingType* indicates whether the main good or service is offered free, below, at, or above market rate. Goods and services offered below market rate may indicate the need for cross-subsidization.

We also include several control variables. *LegalType* describes which of nine different legal forms best describe the social enterprise, such as informal, cooperative, or sole proprietorship.³ Legal form may constrain or facilitate an organization’s ability to pursue particular types of revenue, such as donations or market earnings. In particular, different legal

forms restrict profit and asset distribution to varying degrees (see Guo and Peng, 2020). Since the presence of an asset lock is influential and not necessarily tied to legal form, we also include a variable on profit distribution in addition to legal form. *ProfitDistribution*, indicates whether there is a prohibition on distributing revenues or profit, which captures both regulatory and institutional rules. *Industry* allows us to normalize for the differences in sales practices by firms in different industries while testing missions separately.

X is a vector of other independent variables which are not factor variables, but which the literature indicates could play a role in determining sources of revenue. Age is the year in which the interview took place minus the reported year of creation of the enterprise.⁴ There are also three variables on human resources which have been transformed from continuous variables with a heavy skew to eight meaningful ordered categories. Summary statistics for pricing and variables which were not factor variables can be found in Table IV.

<<Insert Table IV about here.>>

Descriptive Findings

Table III documents the considerable number and diversity of missions held by the social enterprises in the study. The two most popular mission areas are Improving Access to Education and Employment Generation. Notably, one of the possible mission options was “To reach an economic viability or a certain financial return,” which would seem to indicate the absence of a

dominant social mission – perhaps a surprising choice for this particular set of respondents. However, this reflects the diverse nature of social enterprises as hybrid institutions.

The majority of respondents indicated that the production of the good or service was mission-centric (63%), though almost 5% reported that it was entirely unrelated to their mission. Also, the majority of organizations offered their primary good or service at market price; as seen in Table IV, about 40% of the sample. However, slightly more than a quarter offered their good or service free and slightly less than a quarter offered it at below market rates. This suggests that donations may drive a deliberate gap between the market price and the price paid by the recipient of the goods and services (the case of redistributive goods).

The distribution of legal types is shown in Table V. Of those organizations which reported a single legal form, 32% indicated they were an association, voluntary organization, charity, or nonprofit organization (NPO).⁵ Nearly a quarter of the sample identified as a cooperative, and another 16% as a limited liability corporation of some kind. We were concerned that the variable designed to pick up restrictions on profit distribution would be entirely predicted by legal type. However, as shown in Table V, this is not the case; since charitable legal forms have asset locks in all countries involved in the study, we suspect that some organizations thought we were inquiring only about additional organization-level restrictions. Taken together, these variables provide a measure of the impact of regulation on the financial model across both institutional and organizational contexts.

<<Insert Tables V and VI about here.>>

We also find a wide variety of human resources available to social enterprises in the sample. The three variables on human resources are full-time employment, part-time employment, and full-time volunteers who dedicate more than ten hours per month to the social enterprise. The categories and distribution of observations across categories for full-time employment, part-time employment, and full-time volunteers are in Table VI. As shown, the majority of enterprises have less than 25 employees or volunteers (per type), but there is a long tail in the distribution reflecting the few very large SEs. Therefore, we created nine levels of employment across all three human resource categories. For industry, the original interview protocol included 24 different possibilities for industry based on the International Standard Industrial Classifications, and these were grouped by similarity to produce 15 industry categories. Almost a quarter of the goods and services are related to manufacturing of some type. Education and Health/Social Services are the largest independent groups, with the two combined contributing a little over a quarter of all goods and services. Finally, as seen in the summary statistics, the majority of social enterprises are quite young, with the mean age in the sample being seven years old.

Econometric Results

All regression results are presented with Huber-White robust standard errors. The hypothesis posed by the F-Test is rejected for all estimations, though only at the .055 level for the “other” revenue model. Full regression results for the portfolio analysis are presented in Table VII.

<<Insert Table VII about here.>>

The Mission-Revenue Relationship

The main four models estimate the impact of different factors on four different types of revenue: sales, public funds, donations, and a combined category of other revenues (including memberships, investment income, and revenues listed as “other” in the data gathering process). An increase in the dependent variable is an increase in the percentage of the enterprise’s total revenues being a part of that revenue source. So positive coefficients indicate that the factor is associated with a gain in that revenue type at the expense of one or more of the other types.

<<Insert Table VIII about here.>>

As expected, the role of mission varied depending on which revenue type was being was being estimated. The base category was Reaching a Certain Level of Financial Return for the Owner, which was the sole mission type judged to be predominantly private. Both Access to Education and Food Security were significantly less likely to drive an increase in sales revenue when compared to the base mission category. For government grants, four different missions were associated with an increase: Employment Generation, Equality and Empowerment, Food Security, and the Other group. Access to Education is a significant factor for an increase in donations, while Access to Finance is associated with a decreased amount of donative funding,

all other factors held constant. No single mission type was predictive of an increase in the types of revenues found in the Other category, and Mission Type was jointly significant only for the Donations estimation.

These findings provide mixed support for our hypotheses. For Hypothesis 1, we expected the three missions judged combining private and redistributive in benefits (capacity-building, access to financial services, and access to utilities) to be strongly associated with earned revenues, which was their primary predicted revenue. We do not see a significant difference between these missions and the base group, which is not surprising since both private and redistributive should depend on earned income. However, we do see a surprising result for donations, where Access to Finance is even less likely to attract donations than the goal of simply making a financial return. Since donations are supposed to be a secondary source of finance for redistributive goods, we would consider this a mixed finding for Hypothesis 1 when combined with the lack of difference from the base group.

For Hypothesis 2, we would expect the missions designated as a group benefit (Access to Education and Community Development) to be strongly related to philanthropy as a primary revenue source. Though we do not see any indication in Community Development, Access to Education is both less likely than the private mission to have gains in sales and more likely to gain in donations. Both of these are consistent with the hypothesis. If we consider that access to education pertains to opportunities outside of schooling generally provided by the state, the idea that philanthropy targets the benefits of specific groups (such as the United Negro College Fund or Girls Who Code) makes sense.

Hypothesis 3 suggests that public missions are supported primarily by government funds. Of the six missions considered public (employment, equality, health, environment, human rights,

and food security), half were significantly more likely than the base category to have more public grants. Food security was also strongly less likely to have earned income compared to the base group, which is also consistent with expectations. With half of the relevant missions in line with expectations, we consider both Hypotheses 2 and 3 to be weakly supported.

Other Factors Influencing SE Revenues

Though not the subject of hypotheses, some of the results from the control variables are worth noting for future study. The degree to which a good or service is mission-related matters a great deal as to whether certain revenue types gain shares in revenue portfolio. Though irrelevant for sales, both donation and “other” revenue streams have strong associations with mission-centric activities. However, the likelihood of public funds is boosted by the presence of a mission-related rather than mission-centric activity.

The type of pricing was not jointly significant in any of the revenue estimations, as shown in Table VII. This is despite the number of significant results on the individual pricing levels. However, the coefficients are simply measuring difference from the base group, which in this case is giving the good or service away for free. Naturally, those organizations who have higher levels of income from sales must not be giving away their products free; alternatively, the likelihood that a free good or service is donation-related is so high that all other types of pricing are unlikely by comparison.

The type of legal form is jointly significant for all revenue types except for “other.” When compared to the base group of informal social enterprises, nonprofits, foundations, charities, and other types are significantly less likely to have higher levels of sales revenue. Country-specific legal forms and mutuals were significantly less likely to have high donations,

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3 while identifying as a charity increased the level of donations by a predicted 37 percentage
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5 points. Notably, being an association, voluntary organization, or nonprofit did not impact the
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7 level of donations; however, it did increase the level of public funding from the government.
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10 Foundations were more likely to both gain public funds and funds from other sources – since the
11
12 latter includes investment income, this makes intuitive sense. Further on the regulatory element,
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14 sales revenues are suppressed by a ban on profit distribution, while the level of public funding in
15
16 the revenue portfolio increases by almost nine percentage points with the presence of an asset
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18 lock and distribution ban.
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21 We see in Table VI that younger organizations tend to attract more donations, but that the
22
23 “other” revenue sources tend to go to older organizations. Since “other” includes investment
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25 revenues and investments can take time to build, this makes intuitive sense. Larger number of
26
27 full-time employees bring in more sales revenue, with an additional level of employee variables
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29 being associated with a gain of three percentage points by sales revenues. Full time employees
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31 have the opposite effect on “Other” revenues, likely because increasing membership or
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33 investment income does not depend on (and can even be inversely related to) staff size. The
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35 negative relationship between volunteers and sales revenue is evidence of a market logic, while
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37 the positive impact of volunteers on donation revenue is evidence of a nonprofit logic. This is
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39 particularly interesting because the actual legal forms are included in the model, so these effects
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41 are aside from the form itself. The dynamics behind the part-time employees are less
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43 straightforward: though the relationship is consistent with the bonus to sales revenues from full
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45 time employees, there is not an altogether obvious reason why this should come at the expense of
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47 donation income.
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Few of the types of industries had a significant impact on revenue type. Compared to the base group of food manufacturing, those enterprises working with wood and textiles were far less likely to have “other” income. Two different service groups were more likely to be associated with high levels of donation income compared to the base category: finance/insurance/real estate and professional/technical services. Of these, it is clear that the gains for donations in finance/insurance/real estate came at the expense of sales; the tale is less clear for professional/technical. And Health and Social Welfare is much less likely to drive high sales revenue than the base group. However, as seen in Table VII, the industry was only impactful using a test of joint significance for the donation estimation.

Sensitivity Tests

Since complex models such as these can be prone to over specification, we conducted sensitivity analyses to test for differences when each of the categorical variables was removed. Results are uniform in sign across the sensitivity tests (all of which use sales revenue as a common basis), and results are generally the same in significance levels. Full results for the sensitivity analysis are available by request from the authors.

The difference between the mission types of community development and financial gain becomes mildly significant when legal form or industry are removed, while the significance between human rights services and financial gain disappears once legal form is removed. Employment generation also becomes significantly different from a mission of financial gain when the prohibition on asset distribution is no longer included. We suspect that this means certain mission areas happen to be dominated by certain types of legal form, making the nuance

difficult to tease out unless both are included in the model. Measures of fit such as R-squared and adjusted R-squared indicate that the comprehensive final model is the superior one.

Conclusions and Implications for Policy and Practice

The logic of social enterprise is often portrayed as a dualistic one caught between market and social mission. However, the evidence presented here shows institutions which not only have logics, but also revenue portfolios that are far more nuanced and complicated. Benefits theory helps to illuminate this nuance. This theory goes beyond the characterization of the goods and services common in the analysis of nonprofit revenues and brings the nature of the SE mission into focus. In addition to mission benefits, other elements are also brought into focus including the centrality of a SE's social goals and its distribution of earnings. Thus, by analyzing the benefits and beneficiaries of their missions, we have gained additional understanding about what revenue sources best fit any given SE.

Perhaps the most important insight we have gained in this paper is the particular way in which the public/private nature of the work of social enterprises is manifested for purposes of understanding SE finance. Essentially, virtually all SEs produce private, marketable goods and services in the technical sense of microeconomics; therefore, *it is what they do with these goods that differentiates them from ordinary businesses*. It is only by analyzing the public (and private) goals of social enterprises, such as employment generation and food security, do we gain an understanding of how and why they operate and, hence, how they can be best financed. Thus, benefits theory must be applied to social enterprises with an additional level of nuance that is not necessarily required for traditional nonprofit organizations whose outputs are generally a direct manifestation of their missions.

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As in any research, our findings and contributions must be qualified by the limitations mainly inherent in our data source. The ICSEM project sample of SEs used in this article is not statistically representative of the whole population of SEs at the world level. Legal options for SE and cultural attitudes toward pieces of the social sector may also differ across countries and across time. Consequently, our findings may not reflect the full extent of variation among SEs in its manifestations within countries or worldwide. Thus, future research could attempt to replicate our findings at the world level using statistically representative samples at the country level. This will expand our ability to gain a more in-depth understanding of the SE universe, and how benefits theory applies. Similarly, our research here only studies impacts on monetary sources of support for social enterprises. Expanded data might include income in the form of volunteer labor and other gifts-in-kind that often constitute support for nonprofit organizations many other kinds of social enterprises. All this could be the basis of a rich future research agenda to extend benefits theory to a full spectrum of social purpose organizations.

Despite these shortcomings, there are numerous benefits and implications from this study. The mixed support for Hypothesis 1 and weak support for Hypotheses 2 and 3 indicate a general fit between mission and revenue type, but not a clearly predictive one. On the practical side, SE managers should therefore look to this framework for guidance, but also with a cautious eye for contextual issues such as competition for the good or service in the local market and popular support for revenues such as government assistance. For example, if a charity active in food security wanted to cultivate an earned income revenue stream, this study illustrates that both being a charity and having a food security mission area are associated with lower levels of earned income as a percentage of the overall revenue portfolio. However, being a larger organization is positively associated with earned revenues. Further, local context such as the

number of other food security organizations in the area and the need of the local community are not captured in the model. So this study provides guidelines, but should not be strictly interpreted.

This contextual importance should also be noted by policymakers: not only are SEs of various forms potentially worthy of government support (which can be uncommon in countries such as the U.S.), but the definitions regarding the classification of mission types will vary across country and regional boundaries. So not only should the community's attitudes toward specific funding types be assessed (such as a distaste for government funding or sales revenue), but also the community's assessment of whether goods such as education or health are considered public goods, private goods, or somewhere else on the spectrum. Both the perception of the mission and of the funding will shift as cultural boundaries are crossed, and the dynamic nature of hybridity should be kept in mind as comparative data becomes more accessible and entrepreneurs set their sights on accomplishing worldwide changes.

Notes

1. The quality of the data is high, and the sum of reported revenue percentages for each organization sums to within 1 percentage point of 100%.
2. This categorical variable is based on responses to 30 questions asking interviewees to rank the centrality of the suggested mission area to the mission of the social enterprise. The *MissionType* variable indicates the best single fit based on the responses to the 30 questions. This variable was coded and provided by the ICSEM data team.
3. Fifty organizations indicated more than one legal form and were excluded from the analysis.

- 4. Three enterprises that reported a negative age were rounded up to an age of zero.
- 5. The four observations that selected the legal form of charity rather than NPO were reclassified as NPOs since no meaningful legal distinction existed in the represented countries.

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Table I. The Benefits Theory of Nonprofit Finance

Type of good	Beneficiaries	Type of income
Private goods	Consumers	Primarily earned income, fees
Redistributive goods	Consumers in need	Primarily earned income, supplemented by philanthropic and government support
Group goods	Limited communities of interest	Primarily philanthropy and volunteering, supplemented by government support
Public goods	General public	Primarily government support, supplemented by philanthropy
Exchange goods*	Organizational partners and special supporting groups	Miscellaneous including fees, gifts, volunteering in exchange for goods or other consideration.

Source: Adapted from Young (2017), Table 4.1, p.71. *Exchange goods are not within the scope of this study since they involve barter and sponsorship.

Table II. Benefits Theory Classification of Missions in the Sample

Type of Mission	Benefit Type(s)				Expected Primary Revenue	Expected Secondary Revenue
	Private	Re-distributive	Group	Public		
Access to education	Access for students	Access for disadvantaged students and families	Lower crime rates, higher property values, and empowerment of women	More informed citizenry, more productive labor force	<i>Philanthropy</i>	<i>Government support</i>
Capacity-building	Benefits to owners and consumers of products and services	Access for disadvantaged individuals gaining training			<i>Earned income</i>	<i>Philanthropy and government support</i>
Community development			Benefits to residents of specific communities from improvements in services and infrastructure		<i>Philanthropy</i>	<i>Government support</i>
Employment generation	Benefits for individuals gaining training and employment	Benefits for disadvantaged individuals gaining training and employment		Benefits associated with a more productive labor force and less unemployment	<i>Government support</i>	<i>Philanthropy</i>
Equality and empowerment		Benefits to disadvantaged citizens receiving services		Fairer and more productive society	<i>Government support</i>	<i>Philanthropy</i>
Access to financial services	Benefits for individuals gaining access to services	Benefits to disadvantaged individuals gaining access to services			<i>Earned income</i>	<i>Philanthropy and government support</i>

Health improve- ment and disease- specific prevention	Benefits to individuals gaining access to services	Benefits to disadvantaged individuals gaining access to services	Collective health benefits to targeted communities	Public health benefits to society	<i>Government support</i>	<i>Philanthropy</i>
To reach an economic viability or a certain financial return	Benefits to owners				<i>Earned income</i>	
Environ- ment protection (resources, nature, energy)				Public health, safety and recreational benefits to society associated with a cleaner environment and less pollution	<i>Government support</i>	<i>Philanthropy</i>
Access to water, energy, transport, and housing	Benefits to individuals gaining access to services	Benefits to disadvantaged citizens gaining better access to infrastructure services	Benefits to communities gaining better access to infrastructure services	Benefits to society from a more productive economy & just distribution of resources	<i>Earned income</i>	<i>Philanthropy and government support</i>
Human right protection and conflict resolution	Benefits to assisted clients	Benefits to disadvantaged assisted clients		Benefits from a fairer society and lower court costs	<i>Government support</i>	<i>Philanthropy</i>
Food security and agricultural productivity		Benefits to people suffering from hunger		Public benefits of a fairer, healthier, more stable society	<i>Government support</i>	<i>Philanthropy</i>
Other mission					<i>Indeter- minate</i>	

Table III. Distribution of Missions in the Sample

Type of Mission	Freq.	Percent
Access to education	36	6.61
Capacity-building	35	6.42
Community development	39	7.16
Employment generation	94	17.25
Equality and empowerment	54	9.91
Access to financial services	21	3.85
Health improvement and disease-specific prevention	27	4.95
To reach an economic viability or a certain financial return	32	5.87
Environment protection (resources, nature, energy)	42	7.71
Access to water, energy, transport and housing	19	3.49
Human right protection and conflict resolution	10	1.83
Food security and agricultural productivity	34	6.24
Other mission	102	18.72
Total	545	100%

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Table IV. Summary Statistics

	Mean	Std.	Min	Max
	[Freq.]	Dev.		
Sales Revenue	59.01	38.43	0	100
Public Revenue	19.99	29.84	0	100
Donation Revenue	10.52	22.31	0	100
Other Revenue	10.48	22.60	0	100
Pricing Type				
Free	[150]			
Below Mkt Price	[136]			
Other	[22]			
At Mkt Price	[214]			
Above Mkt Price	[23]			
Age	12.51	14.35	0	150
FT Employees	3.15	2.16	0	8
PT Employees	2.04	2.12	0	8
FT Volunteers	1.23	1.92	0	8
No Profit				
Distribution	0.30	0.46	0	1

Table V. Relationship Between Legal Type and Prohibition on Profit Distribution

	Not Prohibited	Prohibited	Total
Informal	34	3	37
Country-Specific Legal Form	10	2	12
Cooperative	110	28	138
Assoc/Voluntary Org/NPO/Charity	83	91	174
Mutuality	3	1	4
Foundation	16	13	29
Sole Proprietorship	23	2	25
LLC/LLP	73	16	89
Other	30	7	37
Total	382	163	545

Table VI. Distribution of Employment Types

# of SEs per Level in Sample				
Level	Definition of Level: # of People per SE			
		FT Employees	PT Employees	FT Volunteers
0	0	62	188	320
1	1-2	73	87	63
2	3-5	107	78	49
3	6-9	70	50	32
4	10-24	101	69	42
5	25-49	49	27	11
6	50-99	33	24	11
7	99-249	27	12	9
8	250+	23	10	8
Total		545	545	545

Table VII. Factors that Influence Revenue Mix in Social Enterprises (Full Results)

<i>Dependent Variable:</i>	(1)	(2)	(3)	(4)
The % of the revenue mix belonging to a particular type of revenue	% Sales	% Public Grants	% Donations	% Other Revenues
TYPE OF MISSION				
<i>(b: Financial Return)</i>				
Access to Education	-14.1494*	1.7220	10.0424*	2.3851
	(8.271)	(7.154)	(5.904)	(6.291)
Capacity-building	-2.4579	4.6658	-2.4484	0.2406
	(6.953)	(5.984)	(3.719)	(5.400)
Community Devel	-11.2897	5.3609	-0.9175	6.8463
	(7.346)	(5.344)	(4.379)	(6.107)
Employment Genera	-8.6229	12.5078***	-3.7495	-0.1354
	(5.887)	(4.570)	(2.936)	(4.018)
Equality & Empower	-8.3653	11.3896**	-3.5381	0.5137
	(6.663)	(5.331)	(3.342)	(4.497)
Access to Finance	3.4220	0.9134	-13.3149**	8.9795
	(12.999)	(7.400)	(5.686)	(12.911)
Health & Disease Prev	-2.0728	-5.0700	1.9537	5.1892
	(8.639)	(5.668)	(5.631)	(5.660)
Environ Protection	-8.4267	6.2773	2.9271	-0.7777
	(7.474)	(5.622)	(3.994)	(5.808)
Access to Water,	-12.0141	4.0633	-2.6020	10.5528
Energy, & Housing	(10.848)	(6.955)	(5.435)	(8.622)
Human Rts & Conflict	-14.1826	1.9925	17.4536	-5.2633
Resolution	(11.606)	(10.426)	(11.344)	(4.716)
Food Security	-15.4814**	12.9815*	5.3736	-2.8737
	(7.838)	(6.695)	(5.065)	(4.020)
Other	-7.5768	8.0626*	1.2500	-1.7357
	(5.737)	(4.519)	(3.294)	(3.883)
MISSION RELATION				
<i>(b: Mission-Centric)</i>				
Good Mission-Related	2.3049	7.1026***	-4.0081**	-5.3994***
	(3.341)	(2.722)	(1.867)	(1.985)
Good Mission-Unrelated	9.5051	1.4523	-2.7525	-8.2048**
	(7.001)	(6.430)	(2.113)	(3.780)
TYPE OF LEGAL				
<i>FORM (b: Informal)</i>				
Country-Specific Legal	-2.2922	1.6722	-8.0653*	8.6854
Form	(11.727)	(6.340)	(4.139)	(9.552)
Cooperative	-3.1920	1.1740	-4.6810	6.6990
	(6.757)	(4.598)	(3.277)	(4.266)

Assoc/Voluntary	-19.2759***	9.5871*	6.8638*	2.8249
Org/NPO	(6.739)	(5.243)	(3.843)	(3.079)
Mutuality	22.4626	-7.2961	-10.8388**	-4.3278
	(15.212)	(8.649)	(4.730)	(7.581)
Foundation	-38.8537***	23.4922***	3.9527	11.4086*
	(8.963)	(8.286)	(5.755)	(6.158)
Sole Proprietorship	5.6183	-0.3670	-3.4850	-1.7665
	(7.660)	(5.769)	(3.504)	(4.022)
LLC/LLP	-0.0401	-0.2926	-5.8524	6.1850
	(6.771)	(4.791)	(3.568)	(4.056)
Other	-16.5039**	18.2116***	-4.6675	2.9597
	(8.346)	(6.712)	(4.280)	(5.388)
No Profit Distribution?	-9.2768**	9.1592***	0.6662	-0.5486
	(3.719)	(3.257)	(2.319)	(2.091)
TYPE OF PRICING				
(b: Free)				
Below Mkt Price	8.8895*	-3.4816	-5.7604**	0.3525
	(4.826)	(4.138)	(2.868)	(2.738)
Other	3.8884	-1.2445	-1.8187	-0.8253
	(8.136)	(7.448)	(5.482)	(4.325)
At Mkt Price	9.7384**	-4.7824	-6.6850**	1.7290
	(4.714)	(4.000)	(2.759)	(2.566)
Above Mkt Price	0.1107	-4.9019	-7.9223**	12.7135**
	(7.237)	(6.740)	(3.367)	(5.968)
ORG TRAITS				
Age	-0.1472	0.0981	-0.1013	0.1504*
	(0.110)	(0.094)	(0.072)	(0.083)
FT Employees	3.3469***	-0.9186	-0.4601	-1.9681***
	(0.751)	(0.613)	(0.391)	(0.547)
PT Employees	1.4564*	-0.4300	-0.8370*	-0.1895
	(0.761)	(0.589)	(0.432)	(0.495)
FT Volunteers	-2.3407***	0.4314	1.2866**	0.6227
	(0.812)	(0.698)	(0.551)	(0.543)
INDUSTRY				
(b: Food or Beverage)				
Manuf tobacco prod	5.1990	-6.5487	-0.2462	1.5959
	(9.837)	(8.083)	(6.925)	(5.482)
Manuf Wood, Paper,	1.7506	-0.4869	5.1424	-6.4061*
Textile	(6.884)	(5.445)	(4.362)	(3.478)
Manuf. Plastic, Chem,	7.7678	-5.1024	-0.2888	-2.3765
Other	(6.930)	(5.473)	(3.838)	(4.034)
Electric, Water,	-5.4678	9.4670	-2.8260	-1.1731

Construction, Transport	(10.522)	(8.235)	(3.826)	(7.161)
Wholesale, Retail Trade	6.5079	-2.5848	-3.0860	-0.8371
	(7.385)	(5.822)	(3.546)	(4.600)
Accommodation,	-6.5786	9.0712	-3.8880	1.3955
Food Service	(8.929)	(7.052)	(3.444)	(4.645)
Information,	-5.8855	7.1769	-2.9893	1.6981
Communication	(8.711)	(7.888)	(4.237)	(5.280)
Finance, Insurance, Real	-18.1956*	-4.8495	13.2636**	9.7816
Estate	(10.191)	(7.991)	(6.636)	(9.360)
Professional, Technical	-10.5486	1.0517	10.6332*	-1.1362
	(7.918)	(7.012)	(6.294)	(3.453)
Admin, Support Svcs	-7.3539	0.1575	9.7395	-2.5431
	(8.115)	(6.169)	(6.044)	(5.348)
Education	-8.5595	5.0108	-3.2065	6.7552
	(7.425)	(6.754)	(4.341)	(4.628)
Health, Social Welfare	-12.0031*	9.2058	5.1245	-2.3272
	(6.959)	(6.189)	(4.576)	(3.400)
Arts, Rec	5.9521	-8.3675	-3.4312	5.8468
	(11.935)	(6.962)	(7.450)	(7.265)
Other	-6.7016	1.7961	-2.8138	7.7194
	(7.355)	(6.111)	(3.731)	(4.845)
Constant	68.3591***	5.1565	17.6198***	8.8646
	(9.923)	(7.571)	(5.70)	(5.866)
Observations	545	545	545	545
R-squared	0.313	0.197	0.259	0.149
F	6.99	3.46	2.69	1.38
p>F	0.000	0.000	0.000	0.055

Robust standard errors in parentheses.

*** p<0.01, ** p<0.05, * p<0.1

Table VIII. Tests of Joint Significance for Factor Variables in Revenue Portfolio

VARIABLES	(1) Sales	(2) Public	(3) Donations	(4) Other
<i>TYPE OF MISSION</i>	0.73 0.7240	1.52 0.1122	2.06** 0.0185	0.98 0.4642
<i>MISSION RELATION</i>	1.02 0.3606	3.41** 0.0338	2.45* 0.0872	4.60** 0.0105
<i>TYPE OF LEGAL FORM</i>	6.04*** 0.0000	3.06*** 0.0022	4.14*** 0.0001	1.10 0.3621
<i>TYPE OF PRICING</i>	1.58 0.1787	0.40 0.8075	1.85 0.1186	1.22 0.3028
<i>TYPE OF INDUSTRY</i>	1.36 0.1694	1.27 0.2245	2.30*** 0.0047	1.45 0.1263
Observations	545	545	545	545
R-squared	0.313	0.197	0.259	0.149
r2_a	0.251	0.125	0.192	0.072

F statistics shown above Prob>F.
*** p<0.01, ** p<0.05, * p<0.1

Appendix Table 1. Model Sensitivity to Factor Variables (Stepwise Regression)

	(1)	(2)	(3)	(4)	(5)	(6)	(7)
VARIABLES (DV: % Earned Income)	Without Mission Type	Without Mission Link	Without Legal Form	Without Profit Distrib.	Without Price Type	Without Industry	Full Model
TYPE OF MISSION							
(b: Financial Return)							
Access to Education		-2.9551 (6.996)	-7.4957 (8.015)	-2.2592 (6.955)	-1.1027 (6.978)	-4.9203 (6.633)	-2.4579 (6.953)
Capacity-building		-11.3115 (7.293)	-13.4406* (8.034)	-11.3026 (7.306)	-11.4874 (7.403)	-12.7234* (7.126)	-11.2897 (7.346)
Community Devel		-8.9154 (5.786)	-8.6391 (6.651)	-10.3575* (5.954)	-7.8107 (5.982)	-8.8433 (5.613)	-8.6229 (5.887)
Employment Genera		-8.8635 (6.599)	-10.8318 (7.512)	-8.8116 (6.614)	-8.8431 (6.712)	-8.7805 (6.525)	-8.3653 (6.663)
Equality & Empower		3.7092 (13.117)	9.2485 (13.456)	3.4879 (13.144)	1.8364 (12.673)	-9.5860 (9.250)	3.4220 (12.999)
Access to Finance		-2.9086 (8.590)	-3.8678 (9.547)	-1.8262 (8.642)	-0.2401 (8.730)	-7.6102 (8.185)	-2.0728 (8.639)
Health & Disease Prev		0.0000 (0.000)	0.0000 (0.000)	0.0000 (0.000)	0.0000 (0.000)	0.0000 (0.000)	0.0000 (0.000)
Environ Protection		-9.0965 (7.422)	-10.7965 (7.996)	-8.9530 (7.577)	-7.8734 (7.456)	-8.2471 (7.069)	-8.4267 (7.474)
Access to Water, Energy, & Housing		-12.4830 (10.739)	-11.6958 (11.144)	-12.9902 (11.051)	-11.2367 (10.865)	-13.0236 (10.230)	-12.0141 (10.848)
Human Rts & Conflict Resolution		-14.7862 (11.669)	-18.8651 (12.181)	-13.5396 (11.094)	-14.4022 (11.394)	-16.8648 (10.807)	-14.1826 (11.606)
Food Security		-14.9722* (7.742)	-14.6679* (8.682)	-16.2103** (7.751)	-16.1725** (7.948)	-13.4906* (7.765)	-15.4814** (7.838)
Other		-8.3283 (5.631)	-9.5028 (6.531)	-8.2656 (5.774)	-7.6931 (5.833)	-7.2935 (5.466)	-7.5768 (5.737)
MISSION RELATION							
(b: Mission-Centric)							
Good Mission- Related	3.0012 (3.296)		0.3189 (3.445)	2.1221 (3.365)	2.9782 (3.320)	3.4258 (3.239)	2.3049 (3.341)
Good Mission- Unrelated	8.7741 (6.838)		6.2142 (7.013)	10.3280 (7.263)	10.9654 (6.955)	10.0807 (6.743)	9.5051 (7.001)
TYPE OF LEGAL FORM							
(b: Informal)							
Country-Specific Legal Form	-2.6771 (11.185)	-3.2314 (11.610)		-3.3299 (11.722)	-0.1382 (11.797)	-3.7201 (11.402)	-2.2922 (11.727)

1							
2							
3	Cooperative	-3.7179	-3.7358	-4.3869	-0.9494	-3.7483	-3.1920
4		(6.479)	(6.696)	(6.769)	(6.723)	(6.297)	(6.757)
5	Assoc/Voluntary	-20.6991***	-19.3806***	-22.5477***	-20.0793***	-20.4961***	-19.2759***
6		(6.619)	(6.605)	(6.440)	(6.821)	(6.413)	(6.739)
7	Org/NPO	21.0730*	23.5581	21.0050	19.4276	21.6176	22.4626
8		(12.787)	(16.030)	(15.738)	(13.927)	(14.539)	(15.212)
9	Mutuality	-39.6570***	-37.7385***	-42.0651***	-40.2708***	-39.8254***	-38.8537***
10	Foundation	(8.546)	(8.871)	(8.796)	(8.977)	(8.708)	(8.963)
11	Sole Proprietorship	5.7078	5.3954	5.5663	7.3287	6.6859	5.6183
12		(7.490)	(7.622)	(7.617)	(7.697)	(7.547)	(7.660)
13	LLC/LLP	-0.8461	-0.2912	-1.1956	0.7934	0.0514	-0.0401
14		(6.754)	(6.637)	(6.782)	(6.917)	(6.510)	(6.771)
15	Other	-17.4210**	-17.1009**	-17.5049**	-14.8700*	-17.3247**	-16.5039**
16		(8.141)	(8.304)	(8.386)	(8.396)	(7.818)	(8.346)
17	No Profit Distribution?	-9.7098***	-9.4276**	-14.0626***	-9.7940***	-10.2462***	-9.2768**
18		(3.628)	(3.675)	(3.644)	(3.740)	(3.660)	(3.719)
19							
20	TYPE OF PRICING						
21	(b: Free)						
22	Below Mkt Price	9.1150*	9.3241*	14.0188***	9.2617*	9.9072**	8.8895*
23		(4.716)	(4.799)	(4.725)	(4.894)	(4.567)	(4.826)
24	Other	3.5603	4.1602	8.4812	4.1204	4.4147	3.8884
25		(8.017)	(8.155)	(8.100)	(8.136)	(8.113)	(8.136)
26	At Mkt Price	11.0333**	10.5677**	15.3690***	10.7394**	14.2297***	9.7384**
27		(4.630)	(4.704)	(4.710)	(4.827)	(4.178)	(4.714)
28	Above Mkt Price	2.4461	0.8222	3.7240	0.8655	4.9597	0.1107
29		(7.114)	(7.091)	(7.482)	(7.445)	(7.288)	(7.237)
30							
31	ORG TRAITS						
32	Age	-0.1547	-0.1518	-0.2377**	-0.1686	-0.1519	-0.1381
33		(0.107)	(0.110)	(0.114)	(0.110)	(0.111)	(0.106)
34	FT Employees	3.5256***	3.3750***	3.3018***	3.3288***	3.2831***	3.2198***
35		(0.725)	(0.751)	(0.791)	(0.771)	(0.739)	(0.725)
36	PT Employees	1.3979*	1.4036*	1.4116*	1.5885**	1.5337**	1.1625*
37		(0.740)	(0.756)	(0.767)	(0.772)	(0.750)	(0.705)
38	FT Volunteers	-2.4063***	-2.3680***	-2.8221***	-2.4026***	-2.3693***	-2.3820***
39		(0.792)	(0.812)	(0.831)	(0.820)	(0.821)	(0.778)
40							
41	INDUSTRY						
42	(b: Food or Beverage)						
43	Manuf tobacco prod	4.0244	4.0190	6.8102	3.9440	6.8367	5.1990
44		(9.992)	(9.920)	(10.572)	(9.705)	(9.659)	(9.837)
45	Manuf Wood, Paper,	2.6171	1.5063	1.5264	2.2130	2.1391	1.7506
46		(6.811)	(6.799)	(7.166)	(7.038)	(6.823)	(6.884)
47	Textile	8.9355	7.7943	9.0334	7.9865	7.6045	7.7678
48							
49	Manuf. Plastic, Chem,						
50							
51							
52							
53							
54							
55							
56							
57							
58							
59							
60							

1							
2							
3	Other	(6.905)	(6.956)	(7.155)	(7.198)	(6.703)	(6.930)
4	Electric, Water,	-4.8105	-6.3586	-2.6431	-4.3193	-6.7944	-5.4678
5	Construct., Transport	(9.756)	(10.497)	(10.149)	(10.512)	(10.524)	(10.522)
6	Wholesale, Retail	8.0578	6.2929	9.8185	7.6449	5.2817	6.5079
7	Trade	(7.251)	(7.305)	(7.779)	(7.248)	(7.407)	(7.385)
8	Accommodation,	-5.6737	-6.5188	-6.6383	-6.2271	-6.5827	-6.5786
9	Food Service	(8.753)	(8.819)	(8.711)	(9.211)	(8.879)	(8.929)
10	Information,	-3.4616	-5.6124	-6.9632	-6.2292	-6.2998	-5.8855
11	Communication	(8.526)	(8.568)	(8.360)	(8.805)	(8.807)	(8.711)
12	Finance, Insurance,	-10.9321	-18.7590*	-18.8348*	-18.0481*	-18.2094*	-18.1956*
13	Real						
14	Estate	(8.243)	(10.247)	(10.592)	(10.145)	(9.842)	(10.191)
15	Professional, Technical	-8.0970	-11.1890	-12.3156	-11.3055	-11.7091	-10.5486
16		(8.010)	(7.883)	(8.166)	(7.941)	(7.837)	(7.918)
17	Admin, Support Svcs	-6.4626	-8.1065	-3.1714	-6.7996	-8.9437	-7.3539
18		(7.776)	(8.032)	(8.094)	(8.324)	(8.240)	(8.115)
19	Education	-6.9333	-8.8653	-6.7698	-9.4247	-12.4702*	-8.5595
20		(7.067)	(7.474)	(7.477)	(7.493)	(7.039)	(7.425)
21	Health, Social Welfare	-8.8398	-12.4121*	-12.3413*	-13.2249*	-15.9884**	-12.0031*
22		(6.632)	(6.908)	(7.097)	(7.085)	(6.517)	(6.959)
23	Arts, Rec	8.7529	6.0245	10.4541	5.5969	1.8464	5.9521
24		(11.766)	(11.953)	(11.793)	(11.890)	(11.735)	(11.935)
25	Other	-4.5262	-6.2335	-2.8957	-6.5408	-9.8149	-6.7016
26		(7.098)	(7.399)	(7.652)	(7.387)	(7.100)	(7.355)
27							
28	Constant	58.3449***	70.1189***	59.5187***	67.7313***	75.4628***	63.6374***
29		(8.676)	(9.771)	(9.251)	(9.901)	(8.997)	(7.836)
30							
31	Observations	545	545	545	545	545	545
32	R-squared	0.301	0.310	0.246	0.303	0.304	0.287
33	F	8.956	7.176	5.983	6.753	7.548	8.958
34	p>F	0.000	0.000	0.000	0.000	0.000	0.000

Robust standard errors in parentheses.

*** p<0.01, ** p<0.05, * p<0.1