



How do entrepreneurs around the globe assess their own social impact? New evidence from the Global Entrepreneurship Monitor

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Social entrepreneurship is an increasingly relevant type of entrepreneurship as it aligns business goals with stewardship and social responsibility towards social goals, fostering innovation that benefits both the economy and society. By integrating social impact into their core strategies, social entrepreneurs can drive significant progress toward achieving many of the United Nations Sustainable Development Goals (SDGs). For instance, social entrepreneurs often prioritize social equity, promoting inclusive economic growth as envisioned in SDG 8 (Decent work and economic growth) but also frequently target poverty reduction (SDG 1), food security (SDG 2), proper education for specific segments of the population (SDG 4), gender equality (SDG 5) and inclusive and safe communities (SDG 11). The impact of social entrepreneurship often extends beyond the organizational level, as it also represents a movement toward creating a more resilient and equitable global economy.

However, the advancement of social entrepreneurship is significantly hampered by the lack of comparative data across countries. This data gap creates challenges in benchmarking and evaluating the effectiveness of social entrepreneurs' practices internationally. Without comprehensive, standardized metrics, it becomes difficult for policymakers, investors and entrepreneurs to identify best practices, track progress and scale successful initiatives globally. The absence of such data undermines efforts to develop coherent global strategies and policies, stalling collective progress toward sustainability goals.

The lack of comparative data also limits the ability to attract investment into social entrepreneurship initiatives. Investors rely on robust data to assess risks, returns and long-term viability. Inconsistent or incomplete data across different regions make it challenging to build a compelling case for investment, particularly in emerging markets where social entrepreneurship practices might be less well-established but have significant potential for impact. Therefore, improving data collection and standardization is essential for fostering an enabling environment for social entrepreneurship worldwide.

This paper describes some key results on social entrepreneurship based on the 2021 and 2022 data collection waves of the Global Entrepreneurship Monitor (GEM).¹ In the GEM's annual adult population survey, held among representative samples of at least 2,000 individuals in 58 economies around the globe (with over 300,000 respondents in total), a specific set of questions was introduced asking respondents about their involvement in social and environmental entrepreneurship. Even though care must be taken, as the GEM data concerns self-reported data and some measures include entrepreneurial activity in the pre-startup phase, the data do suggest that social entrepreneurship is a widespread phenomenon. Yet, the results also suggest some interesting cross-country variation that may trigger follow-up research.

Methodology

We assign early-stage entrepreneurs and owner-managers of businesses (as identified annually in GEM) as having a strong or moderate indication of social entrepreneurship if the following conditions are fulfilled:

1. *Social impact motivation.* The entrepreneur identifies “making the world a better place” as one of the motivations for starting a business (this does not rule out other motivations, such as financial gain).
2. *Social impact in strategy.* The entrepreneur takes social implications into account when making decisions about the future of the business.
3. *Societal impact as main target.* The entrepreneur prioritizes social (and/or environmental) impact over profitability or growth.
4. *Social impact action.* The entrepreneur has taken steps to maximize social impact in the past year.

Items 2 and 4 of the above list are captured by including specific questions in the GEM surveys that allow social entrepreneurship to be corroborated, combining the elements proposed in the academic literature on social entrepreneurship by authors such as Zahra *et al.* (2009) and Santos (2012).² However, it should be noted that social entrepreneurship is very much a contextual phenomenon, which makes measurement a daunting task (Bacq & Janssen, 2011).

In the appendix, we have specified how the new GEM measures of social entrepreneurship were derived from the adult population survey. While the requirement of having all four of the abovementioned elements may seem excessive, it has been applied to respond to valid concerns regarding social desirability in the respondents’ answers. Hence, we require a consistent approach of answering questions about motivations, strategies and actions at different points in the survey. Even though our baseline measure is the “moderate indication of social entrepreneurship” (requiring answers of a minimum value of 4 in the 5-point Likert scales) we have also discerned a measure revealing a “strong indication of social entrepreneurship” (where individual respondents entered maximum values of 5 for all components). Next to a potential “social desirability bias” we should also consider the existence of a “cultural bias”, in that some national cultures tend to refrain from selecting minimum or maximum scores whereas many individuals in other countries do not hesitate to be forthright.

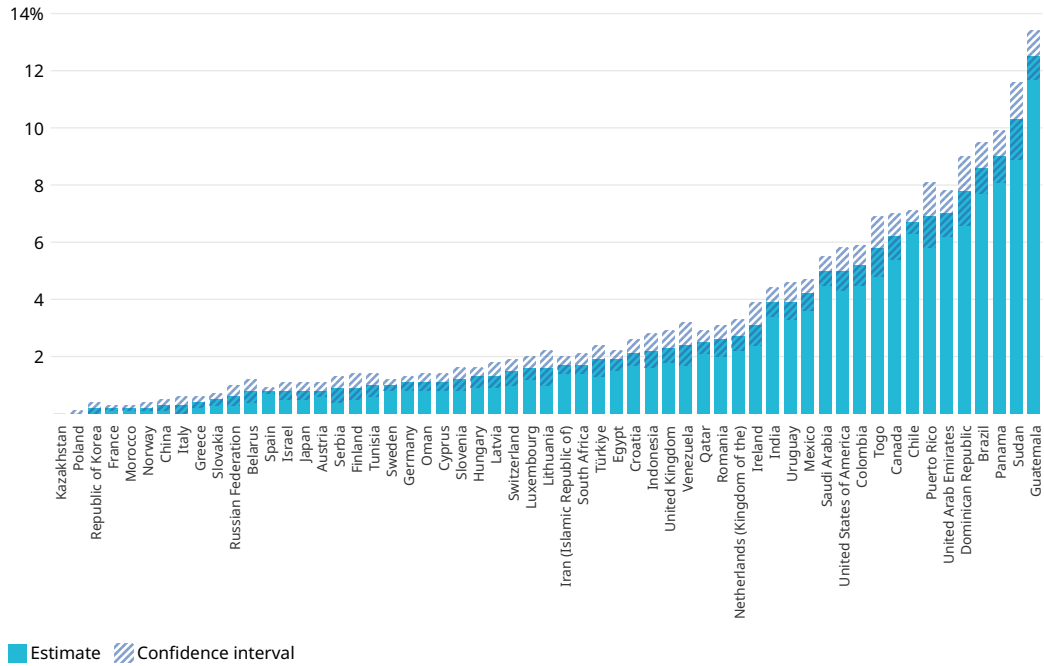
We should also highlight that, aligning with the overall GEM methodology (Reynolds *et al.*, 2005, Bosma, 2013), social entrepreneurial activity as captured by GEM may miss out on entrepreneurial initiatives that are conducted in non-profit organizational settings because GEM focuses on those who are starting businesses and those owning and managing an existing business.

Results: social entrepreneurship prevalence rates around the globe

If we focus on early-stage entrepreneurial activity, which includes the pre-startup phase as well as the phase after the business has started to generate revenue derived from selling products or services, we observe some interesting global differences, as shown in Figure 1. It appears from this data that the level of social entrepreneurship is relatively low in Kazakhstan, Poland, the Republic of Korea, France and Morocco. This finding is interesting and requires follow-up research as, for example, in Morocco some well-known social enterprises have been described. The highest early-stage social entrepreneurial activity rates are observed in Guatemala, Sudan, Panama, Brazil and the Dominican Republic. We thus observe that social entrepreneurship is particularly prevalent in Latin America and Central America.

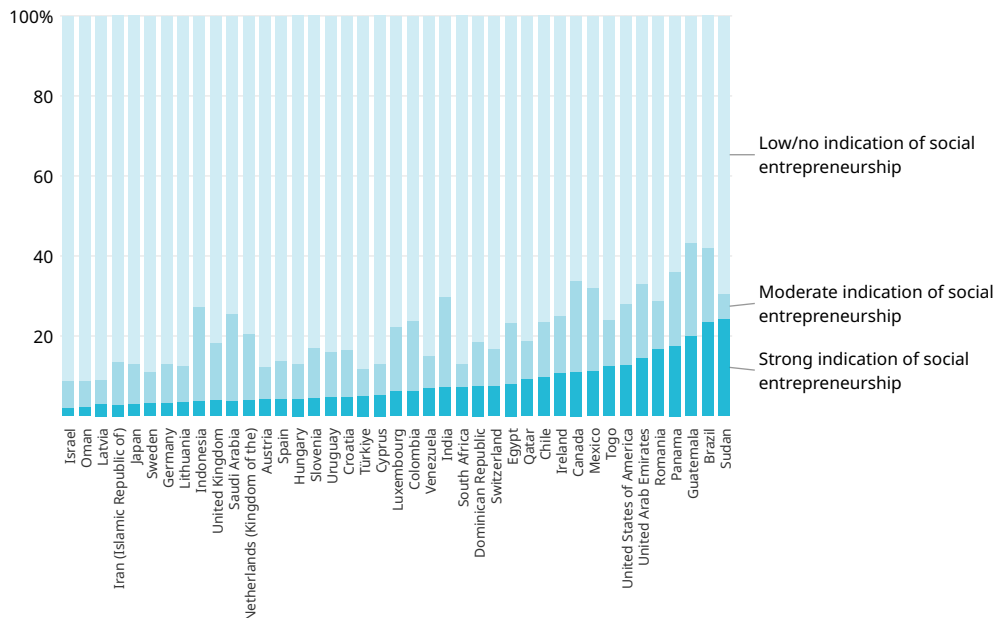
Since these countries are known to also exhibit high rates of Total early-stage Entrepreneurial Activity (TEA), we looked at the percentages of entrepreneurs within TEA showing either strong or moderate indications of social entrepreneurship. In this step we exclude countries that had limited numbers of early-stage entrepreneurs in the sample. In Figure 2 we still see the same countries on the right-hand side, but we also see countries such as the United States of America, Ireland, Canada and the United Arab Emirates among those with high shares of early-stage entrepreneurship claiming to pursue social entrepreneurship.

Figure 1 Estimates of social early-stage entrepreneurial activity (percentage of population aged 18–64 years old), 2021–2022



Source: Global Entrepreneurship Monitor, 2021 and 2022.

Figure 2 Prevalence of social entrepreneurship among early-stage entrepreneurs, as a percentage of all early-stage entrepreneurs, 2021–2022

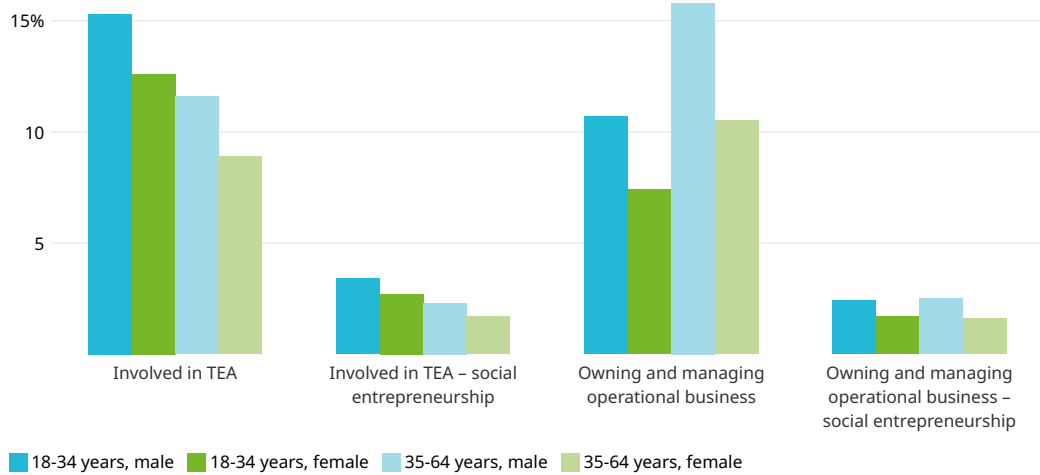


Source: Global Entrepreneurship Monitor, 2021 and 2022.

Even though, as mentioned above, care needs to be taken in interpreting the size of estimates of social entrepreneurship that emerge from the GEM data, the harmonized assessment does allow inferences to be made about specific characteristics of social entrepreneurship. Figure 3 confirms earlier research (such as that based on earlier waves of GEM data), which finds that the gender gap for social entrepreneurship tends to be smaller in comparison to “overall” early-

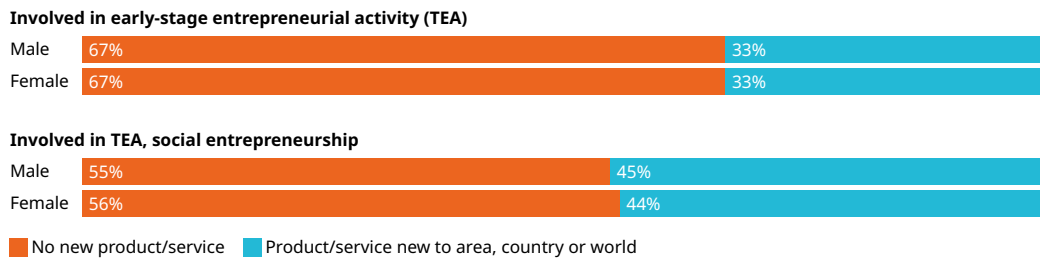
stage entrepreneurship. This extends to the incidence rate of individuals owning and managing an operational business (hence excluding the pre-startup phase and including ownership of businesses that are older than 42 months). Figure 3 also shows that, in comparison to overall entrepreneurial activity, social entrepreneurship is popular among females in different age categories. Figure 4 demonstrates that those who self-report as actively pursuing social impact tend to be more innovative in that they offer products or services that are new to the area, country or world.

Figure 3 Gender, age and (social) entrepreneurship, 2021-2022



Source: Global Entrepreneurship Monitor, 2021 and 2022.

Figure 4 Percentage of early-stage (social) entrepreneurs indicating that their products or services are new to the area they live in, new to people in the country or new to the world, 2021-2022



Source: Global Entrepreneurship Monitor, 2021 and 2022.

Implications

- Social entrepreneurship is not to be neglected: on average, around one in five early-stage entrepreneurs reports that they are pursuing social impact in their business operations. However, these estimates are based on self-reported data; making a distinction between moderate and strong indications of social entrepreneurship does not overcome such biases, as cultural differences may cause different patterns to be observed in the data.
- We observe vast differences between countries: in Guatemala, around one in eight individuals can be depicted as a social entrepreneur, according to the self-reported answers to GEM questions. In other countries this total is as low as one in every 100, or even lower. Linkages to different contextual and institutional settings should be investigated further.
- Based on these provisional indicators, it would be highly speculative to provide a worldwide estimate of the number of social entrepreneurs. We do see that social entrepreneurs tend to be more innovative (again based on self-reported measures). The results also confirm that social entrepreneurship is relatively popular among women.

Notes

- 1 See www.gemconsortium.org for detailed information, recent reports and data access. Although GEM data were used in the preparation of this paper, their interpretation and use are the sole responsibility of the author.
- 2 Zahra *et al.* (2009) define social entrepreneurship as encompassing “the activities and processes undertaken to discover, define, and exploit opportunities in order to enhance social wealth by creating new ventures or managing existing organizations in an innovative manner”. Santos (2012) highlights the distinct approaches that social entrepreneurs adopt, such as empowerment and the drive to search for sustainable solutions to neglected problems rather than sustainable advantages.

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Annex: operational definitions

The following questions were put to individuals who are currently in the process of starting a business, or currently own and manage a business (the phrasing was adjusted slightly in some instances). For early-stage entrepreneurship (TEA) and social early-stage entrepreneurial activity, we include those who are currently in the process of starting a business, as well as those who own and manage a business that has been in existence for up to 42 months.

1. Social impact motivation

Q_K3. Please tell me the extent to which the following statements reflect the reasons you are trying to start a business. (...) Option 1: "To make a difference in the world".

Questions on motivations have been answered using Likert scales with values 1 (completely disagree) to 5 (completely agree).

2. Social impact in strategy

Q_SDG1. When making decisions about the future of your business, you always consider social implications such as access to education, health, safety, inclusive work, housing, transportation, quality of life at work, etc.

This question was answered using Likert scales with values 1 (completely disagree) to 5 (completely agree).

3. Societal impact as main target

Q_SDG3. You prioritize the social and/or environmental impact of your business above profitability or growth.

This question was answered using Likert scales with values 1 (completely disagree) to 5 (completely agree).

4. Social impact in activities

Q_SDG5. Have you taken any steps to maximize the social impact of your business over the past year?

This question was answered by a "Yes" (1) or "No" (0) from the respondent.