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# ENTREPRENEURIAL ORIENTATION IN SOCIAL INVESTING: THE INFLUENCE OF FOUNDERS AND BOARD MEMBERS HUMAN CAPITAL DIVERSITY (SUMMARY)

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## SUMMARY

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**Principal Topic**

Social enterprises (SEs) have attracted attention (Short, Moss, and Lumpkin, 2009) as they adopt economic approaches to solve social problems (Austin et al., 2006). To support their development, a social investing market, potentially worth up $1trillion by 2020 (JP Morgan, 2010), has developed. Social investing firms adopt entrepreneurial approaches by implementing venture capital practices (Scarlata and Alemany, 2010). These firms go beyond the deployment of short-term, donated capital and seek investments that ultimately create social and economic returns. The literature acknowledges the importance of individuals in starting these dual objectives firms (Mair and Marti, 2006; Scarlata, Zacharakis, Walske, 2015) and the multiple stakeholders they respond to (DiDomenico et al., 2010; Lumpkin et al. 2013). The research question this paper seeks to answer is: how does founder and stakeholder human capital influence the entrepreneurial orientation (EO) of social investment firms? To answer this question, we integrate the EO framework (Lumpkin and Dess, 1996) with a resource dependence perspective (Pfeffer and Salancick, 1978) along with human capital theory (Becker, 1964).

**Method**

For the empirical analysis, social investing firms in Europe and the United States are considered. These were identified via the U.S. and European Associations (NVCA and EVPA), Morino Institute (2002) and John (2006), and only included firms that a) make direct investments in SEs, and b) are involved in managing their investments. Our sample includes firms started by individuals. Data were collected through semi-structured interviews with major social investing firms both in the U.S. and in Europe.

**Results/implications**

Our work aims at uncovering the antecedents of firms that pursue social and economic objectives. By looking at founder and board member human capital, we identify the extent to which heterogeneity leads to increased EO. This is relevant for both academics and practitioners. At an academic level, we introduce and measure the EO construct when firms have double firm objectives (i.e., economic and social returns) and incorporate the effect that stakeholders have on it. At a practitioner level, our work identifies the best combination of education and professional experiences that facilitate the adoption of entrepreneurial strategies.

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