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Social Entrepreneurship and Wealth-Building Plans: Creative Strategies for Working Class Americans

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SOCIAL ENTREPRENEURSHIP AND WEALTH-BUILDING PLANS: CREATIVE STRATEGIES FOR WORKING CLASS AMERICANS

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> The nations of our time cannot prevent the conditions of men from becoming equal, but it depends upon themselves whether the principle of equality is to lead them to servitude or freedom, to knowledge or barbarism, to prosperity or wretchedness. (Alexis de Tocqueville, Democracy in America, 1840)

Abstract

This study investigated how the elements of social entrepreneurship with wealth-building strategies can advance the creation of wealth and serve as a mechanism for social change. This research takes a modest first step toward demystifying social entrepreneurship, better understanding the phenomenon, and exploring the relevance of wealth-building in social entrepreneurial activity. Specifically, this exploratory study used a multiple case study design to understand how existing social entrepreneurial ventures include wealth-building strategies, such as employee stock ownership plans for working class Americans. The concept of social entrepreneurship is relatively new. There is general agreement that the concept combines a passion for pursuing social mission with business discipline and innovation to achieve sustainable social change, such as wealth-building for employees. There is considerably less knowledge about the connection of social entrepreneurship to wealth building; these two concepts are generally treated as separate and often unrelated. Nonetheless, there are various tools utilized to advance wealth building, such as savings plans that are matched by foundations, debt-reduction counseling services, and entrepreneurial training programs to help start small businesses. This exploratory study may represent the first attempt to combine the discussion of social entrepreneurship and wealth building in the same research discussion. The final cases used in this study represent three distinct business industries: the educational sector, the advocacy industry, and a professional firm specializing in design and build architecture. Each of the three cases has been in existence for a minimum of 25 years, and the founders of the companies are directly or tangentially still involved in day-to-day operations. Two of the cases have an employee stock ownership plan and the remaining one another form of wealth building.

This dissertation is accompanied by the author's MP4 file, titled Author_IntroductionCurtis.mp4.

The electronic version of this Dissertation is at Ohiolink ETD Center, www.ohiolink.edu/etd.

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Prologue—Positioning the Researcher

Over a period of 28 years, representing just shy of half my time on this earth, I built and enjoyed a successful career in corporate America. I began studying economic development and business solutions in the early 1970s and, for the most part, have stayed centered on that world except for the occasional outlier entrepreneurial outing. My primary role in business has focused on the finance and economic development disciplines. Even with the current disillusionment regarding today's corporate model, which cares little about the needs of the individual, my personal journey remains focused on broadening participation in the capitalist model.

The working class American has not always benefitted from the capitalist system, defined in this research as follows: "investments in and ownership of the means of production, distribution, and exchange of wealth—made and maintained chiefly by individuals and corporations, especially in contrast to cooperatives or state-owned means of wealth" (Capitalism, n.d.) This research attempts to address that shortcoming. Despite the economic blips in the United States' economy where purportedly seventeen trillion dollars in household wealth was eliminated between 2001 and 2009 (Heflin, 2010), this research posits that commerce done right—without trading on inside information and perpetuating greed—can address the more egregious social injustices of our society, most notably poverty. The challenge will be in the form and substance of that commerce.

Capital markets are markets in which investors offer and entrepreneurs bid for income producing projects. Capital markets also include markets where securities (debt or equity) are used to generate income. Wealth- building is a process of accumulating assets for the purpose of increasing an individual's financial worth. It has been documented that income inequality encourages distrust and less community engagement (Yamamura, 2011) with the consequences of discouraging those outside the economic mainstream not participating. My experiences in transactions and negotiations have led me to embrace the potential of social entrepreneurship coupled with wealth-building plans to advance financial independence. Having grown up poor and sometimes without a place to live, and having been blessed with so much, I find the prospect of uncovering tools that will enable others to take control of their finances and develop financial self-reliance quite exhilarating.

My long-standing interest in teaching individuals traditionally outside of the capital markets arena has also fueled this wealth-building research. My experiences in the financial world have provided useful insights for this research and, therefore, my interests and experiences help inform the framework of this study.

The term *financial independence* means many things to different people, depending upon held values and beliefs. For the purposes of this research, the definition embraced is aptly detailed in the seminal work *Your Money or Your Life* by Joe Dominguez and Vicki Robin (1992).

> When you are financially independent, the way money functions in your life is determined by you, not by your circumstances. In this way, money isn't something that happens to you, it's something you include in your life in a purposeful way. Financial independence is being free of the fog, fear, and fanaticisms so many of us feel about money [*sic*]. (p. 58)

Arguably, what is enough for one family may be more than enough for another. It is important that the goal be meaningful for the individual. Yet, "an individual's perception and behaviors are thought to be influenced by the people around them and the neighboring community structure" (Yamamura, 2011, p. 4).

An unofficial survey of a few corporate and philanthropic leaders convinced me that this research is both relevant and timely. The leadership at a major Foundation offered their community investment notes program as evidence of an emerging and needed wealth-building movement in the community. The Chief Financial Officer of an internationally known retailer, based in New York City, said that its successful employee stock ownership plan provides employees with a mechanism for wealth building. Another well-known venture philanthropy, which focuses on sustainable financing for non-profits, has an institutional belief that strategies for wealth building belong in the social justice equation. In addition they note the direct correlation between building wealth and narrowing the widening income gap in our society. The aforementioned opinions support those of many of my business associates and contacts, resulting in my view that there is sufficient evidence to merit additional research on social entrepreneurship with wealth-building strategies and the role employee stock ownership plans may play in both spaces. A glossary of terms used in this study follows.

Key Terms and Definitions

Capitalism: investments in and ownership of the means of production, distribution, and exchange of wealth—made and maintained chiefly by individuals and corporations, especially in contrast to cooperatives or state-owned means of wealth (Capitalism, n.d.).

Community economic development: any activity that seeks to improve the economic conditions of communities through job creation, infrastructure development, and commerce. The participants typically are from the public and private sectors.

Corporate social responsibility: obligations of businesspeople to pursue policies, to make decisions, or to follow those lines of action which are desirable in terms of the objectives and values of our society (Bowen quoted Fortune magazine's survey 1946, as cited in Bowen, 1953, p. 44).

Employee stock ownership plan: a type of employee benefit plan in the U.S. that buys and holds company stock for the benefit of a broad group of employees and offers significant tax advantages. Such plans ae often used in closely held (private) companies to buy part or all of the shares of existing owners, but they also are used in public companies (Employee Stock Ownership Plan Association website).

Employee wealth-building plans: invested savings, company retirement programs, accumulated earnings, and social security.

Financial independence: term generally used to describe the state of having sufficient personal wealth to live indefinitely. In the case of many individuals whose financial circumstances fit this description, their assets generate income that is greater than their expenses. It is being free of the fog, fear, and fanaticism so many of us feel about money (Dominguez & Robin, 1992, p. 58).

Philanthropy: an altruistic concern for human welfare and advancement, usually manifested by donations of money, property, or work to needy persons (Philanthropy, n.d.).

Social capital: the aggregate of the actual or potential resources that are linked to possession of a durable network of more or less institutionalized relationships of mutual acquaintance or recognition (Bourdieu, 1986, p. 248).

Shared capitalism: a diverse set of compensation practices through which worker pay or wealth depends on the performance of the firm or work group. It is group incentive pay rather than individual incentive pay (Kruse, Freeman, & Blasi, 2010, p. 6).

Social enterprise: an organization that applies business strategies to achieve philanthropic goals. Social enterprises can be structured as for-profit or non-profit but are more often non-profit (Social enterprise, n.d.). Social enterprise historically refers to non-profits that fund part of their operations with some income-generating activity (Light, 2008).

Social entrepreneurship: a wide variety of organizations, grass-roots, non-profits, among others, whose activities seek to address social and environmental issues through innovative business approaches (Nicholls, 2008).

Social transformation: an economic order in which knowledge, not labor, raw material, or capital, is the key resource; a social order in which inequality based on knowledge exist; and a polity in which government cannot be looked to for solving social and economic problems (Drucker, 1994).

Wealth: an accumulation of assets or values which enables the individual to hold a more independent economic position in society.

Wealth building: strategies that give individuals control over assets, power to help shape the corporate and political landscape, and the ability to ensure a prosperous future for children and heirs—a situation distinct from just making a large income and key to financial independence (Jackson & Jackson, 2001).

Working class: a class of people (sometimes called "proletariat" by the French) that consists of all people who must work (another word for "work" is "labor") for someone else in order to make money to survive. This includes factory workers, maintenance people, programmers, cooks, dishwashers, secretaries, to list a few.

Chapter I: Introduction

The purpose of this chapter is to lay out the context for the proposed research study on the intersection of social entrepreneurship and wealth-building strategies for working class Americans. The discussion centers on the key issues surrounding social entrepreneurship, wealth building, and its most documented form— employee stock ownership plans. The chapter commences with historical perspectives and then discusses the contemporary and controversial issues on these subjects. Adequately portraying historical values of social entrepreneurship and wealth-building plans, positions the reader to better understand the foundation for this exploratory study. The concluding section introduces the overall rationale and design of the study.

The Research Question

This exploratory study seeks to understand whether social entrepreneurial ventures might include wealth-building strategies such as employee stock ownership plans for working class Americans to build wealth and financial independence. Questions that guide the exploration of the research are as follows:

- Is wealth-building a valued behavior from the social entrepreneur's perspective?
- How can wealth-building plans help social entrepreneurship be successful?
- How might one structure a for-profit enterprise that includes elements of social entrepreneurship and wealth-building plans?

It is hoped the resulting interactive discussion of social entrepreneurship and wealth-building will result in a clearer mechanism for advancing wealth-building strategies.

The next section will discuss the nature of social entrepreneurship, including the topics of its social capital context, relevance in economic sociology and shared capitalism, sustainability, and the importance of the scale of the venture.

What is Social Entrepreneurship?

When encountering the term *social entrepreneurship*, people often ask, "What does it mean?" In framing this part of the discussion, it is useful to look at the components of the term separately and then together to gain depth and breadth about both subjects. Similar to the mainstream term entrepreneurship, "promoting an SE culture has to underpin the promotion of social enterprises and SE" (SE is an abbreviation for social entrepreneurship) (Harding, 2007, p. 83). It is important that social enterprises are promoted much like mainstream entrepreneurship promotes traditional enterprises. The absence of self-promotion by social enterprises is partly to blame for their lack of familiarity. A heightened awareness of social enterprises will enable more financial resources to be directed toward business that carry this label. Roberts and Woods (2005) provide a very useful grid on the academic and practitioner perspectives of entrepreneurship. The authors use the term *perspectives* in their original work. Even though Table 1.1 is labeled "Perspectives on Entrepreneurship," it is actually an exemplary presentation of the academic and practitioner views of entrepreneurship and social entrepreneurship.

Table 1.1

Perspectives on Entrepreneurship

Perspectives	Focus	Primary Interest	Defining Features
Academic view of conventional entrepreneurship	Activity in the economic sphere	The connection between an opportunity and the entrepreneur; focus on profitable opportunities	How, by whom, and with what effects opportunities to create future goods and services are discovered, evaluated, and exploited
Practitioner view of conventional entrepreneurship	Activity in the economic sphere	The attributes of the practitioners and the process they follow to exploit opportunities	Narratives of entrepreneurs who are out there “doing it,” making a difference in the market
Academic view of SE	Activity in the social sphere drawing on the principles of conventional entrepreneurship	The connection between an opportunity for social change and the entrepreneur	Construction, evaluation, and pursuit of opportunities for social change
Practitioner view of SE	Activity in the social sphere drawing on the actions of practitioners	The attributes of the practitioners and the process they follow to drive social change	Walking anecdotes, people with new ideas to address major problems, who are relentless in the pursuit of their vision, people who simply will not take no for an answer and who will not give up until they spread their ideas as far as they possibly can

Note. Reproduced from Roberts and Woods (2005, p. 48). (See Appendix M for copyright permission.)

The “Focus” column of the chart highlights a critical disconnect between social entrepreneurship and entrepreneurship, namely, an economic versus a non-economic outcome. The economic drivers in the Roberts and Woods (2005) entrepreneurship grid for social entrepreneurship are not completely accurate from a contemporary view; he too narrowly defines the focus. What is missing from the focus column is the critical component that drives the social entrepreneur, namely mission. The “Defining Features” are helpful for positioning a better narrative of potential outcomes from entrepreneurship and social entrepreneurship. What are present in both phenomena are the tenacity and the drive to make a difference in society.

Social entrepreneurship is an emerging area of investigation within the entrepreneurship and non-profit marketing literatures (Nicholls, 2006; Peredo & McLean, 2005; Roberts & Woods, 2005). A review of the literature of a number of academic resources reveals social entrepreneurship research is fragmented and lacks a coherent, theoretical framework. Current conceptualizations of social entrepreneurship fail to adequately consider the unique characteristics of social entrepreneurs and the context within which they must operate (Weerawardena & Mort, 2006). The authors believe that social entrepreneurship is still emerging and is not adequately defined. My position is outlined later. The lack of theoretical coherency as well as the lack of focus on the individual has had a direct impact on how curricula bearing on social entrepreneurship have been structured. This lack of coherency also confounded early discussions about mainstream entrepreneurship. There is general agreement that the social entrepreneurship combines a passion for social mission with business discipline and innovation to achieve sustainable social change, not charity. “SE is gaining wider notoriety as a means to assist individuals and societies adjusting to new circumstances, as well as to promote economic development” (Christie & Honig, 2006, p. 1). Social entrepreneurship, depending upon the resource one refers to, is a newly emerging field (Johnson, 2000) or “well established in the business world” (Peredo & McLean, 2005, p. 55). The one certain conclusion is that social entrepreneurship is here to stay. What does the term really mean—a logical beginning place for investigating this phenomenon is the origin of the term entrepreneur.

The origin of the word entrepreneurship has roots dating back to the 1800s. The term entrepreneurship derives from "entrepredre, or 'to undertake'" (Brooks, 2009, p. 2), and was first discussed as an important driver of production some 200 years ago (Brooks, 2009). Historically, the attributes likened to entrepreneurship, opportunistic, and profit seeking, are very much relevant today. "Social entrepreneurship has experienced enormous growth over the past 15 years, receiving recognition from journalists, philanthropists, researchers, and policy makers as an important and distinctive part of the nation's social, economic, and political landscape" (Wolk, 1999, p. 2). Social entrepreneurship is distinguished from the term social enterprise, which is also included in references to the use of business and the market to advance social goals. Traditional social enterprise has been used to describe non-profit organizations. Social enterprise historically refers to non-profits that fund part of their operations with some income-generating activity. Light (2008) presents an argument that helps further distinguish social entrepreneurship from social enterprise. Specifically, "most of us researchers have coalesced around the notion that social entrepreneurship must change the status quo by creating social value (Dees), systemic social change (Drayton), a new social equilibrium (Martin & Osberg), or pattern-breaking change (Light)" (Light, 2008, p. 5). However, these goals are not critical as identifiers of a social enterprise business.

Johnson (2000), while not answering the question of what is social enterprise fully, further amplified the complexity surrounding a single meaning of social entrepreneurship.

> Defining what SE is, and what its conceptual boundaries are, is not an easy task. This is, in part, because the concept is inherently complex and, in part, because the literature in the area is so new that little consensus has emerged on the topic. (p. 4)

It is helpful for the sake of clarity to turn the discussion to the historical connection between social entrepreneurship and social capital. The discussion will bring greater meaning to the term social entrepreneurship.

Historical Perspective of Social Capital

Social capital represents an output of social entrepreneurship and, as such, merits some attention. "The comparative advantages of social entrepreneurship derive from a better ability to manage and create social value" (Nicholls, 2006, p. 85). The first systematic contemporary analysis of social capital was put forth by Pierre Bourdieu, a French sociologist (Antico-Majkowski, 2010). Bourdieu (1977) initially defined social capital as "a capital of honorability and respectability which is often indispensable" (Antico-Majkowski, 2010, p. 26). Prior to Bourdieu's work there was very little systematic research on the multiple forms of capital. The limited systematic research on the varying forms of capital lent itself to fragmented discourse and, consequently, a less useful framework for analysis. There are several research resources that focus on physical or no-physical asset classes, yet Bourdieu's work positions the researcher to delve deeper into the range of capital distinctions. The range of capital distinctions is relevant to positioning this research in its proper context. Refinement of the latter definition reads as follows:

> The sum of resources, actual or virtual, that accrues to an individual or a group by virtue of possessing a durable network of more or less institutionalized relationships of mutual acquaintance and recognition or, in other words, to membership in a group which provides each of its members with the backings of the collectively owned capital, a credential which entitles them to specific credit in the various sense of the word. (Bourdieu, 1986, pp. 248-249)

There is evidence that contemporary research has extended the social capital definition beyond an individual asset to a component of communities and nations (Lesser, 2000).

Bourdieu's (1986) definition draws on distinctions for the individual and the group around the value of networks, and to some extent, group dynamics. It is helpful for setting the context to further define the various types of capital that are discussed throughout this research paper. Bourdieu's (1986) work on the forms of capital offers three fundamental characterizations of capital that guide the discussion of this research:

- Economic capital, which can be monetized and institutionalized in the form of property rights
- Cultural capital, which has the ability to be converted into economic capital and be institutionalized in the form of educational qualifications
- Social capital, which encompasses social obligations or connections and can be converted into economic capital and institutionalized in the form of a title or nobility. (p. 243)

The distinctions among the types of capital provide a useful definitional foundation for a more detailed discussion to follow on social entrepreneurship and wealth-building strategies as viable methods for leading to social change. "The concept of social capital has become increasingly popular in a wide range of social science disciplines" (Adler & Kwon, 2002, p. 17). The context for the use of the term social capital in this research refers to non-physical assets.

One of the underlying principles of social entrepreneurship, and to a lesser, yet still noteworthy extent— employee stock ownership plans, is the notion of leveling the opportunities for economic equality. I believe that employee stock ownership plans, similar to wealth-building options, may benefit social entrepreneurial ventures in attracting and keeping professional talent until the company is more well-capitalized. While one of the earliest documentations of the use of the term social capital can be traced to 1916 by L.J. Hanifan, the study of equality in social conditions has an earlier documented history. Alexis de Tocqueville (1835) studied the effects of rising social conditions for the state and the individual. His work is regarded as a seminal text in economics and a key work in the foundation of economic sociology. Using the wisdom of

America's founders and some of history's greatest political philosophers since Aristotle, Kelso and Adler (1958) made a logical and socially compelling case (of which the mere mention here inadequately does their position justice). Their argument was that the institution of property is a prerequisite for preserving a free society and the foundation upon which all other human rights must be grounded. There is little doubt that one of the objectives of the original framers of the constitution was to create a democracy that fundamentally embraced economic equality (suspending for argument's sake here the 3/5ths compromise for former slaves), thus establishing an historical precedent and foundation for the notion of wealth building and asset retention as part of the fabric of America's history.

Before anointing social entrepreneurship as the solution to the economic difficulties in the financial markets or wealth-building plans as a silver bullet to address economic inequities, or both, there is a need to develop some critical background information. What are some of the relevant social and economic assumptions upon which capitalism is based? Does wealth-building qualify as a social entrepreneurial venture? Would the development of rigorous social metrics better guide income distribution? There is no specific evidence in the literature that equates wealth-building and social entrepreneurship. Similarly, there is no specific evidence to the contrary. Some of the earliest conversations about capital, on the other hand, sought to qualify accumulation of capital in moral terms. Weber (1930) stated that "the accumulation of wealth was morally sanctioned in so far as it was combined with a sober, industrious career; wealth was condemned only if employed to support a life of idle luxury or self-indulgence" (p. xiii). Today's hedge fund managers and merger and acquisition specialists would clearly fail Weber's idle luxury test. The next section on economic sociology and shared capitalism addresses the questions about social and economic assumptions.

Economic Sociology and Shared Capitalism

There is value in looking at the historical and contemporary nexus of economics and sociology to support the wealth-creation discussions in this work. The term economic sociology was first coined by William Stanley Jevons in 1879, later used in the works of Emile, Max Weber, and George Simmel between 1890-1920 (Economic sociology, 2010).

> Economic sociology studies both the social effects and the social causes of various economic phenomena. The field can be broadly divided into a classical period and a contemporary one. The classical period was concerned particularly with modernity and its constituent aspects (rationalization, secularization, urbanization [*sic*], social stratification, and so on). As sociology arose primarily as a reaction to capitalist modernity, economics plays a role in much classic sociological enquiry [*sic*]. (Economic sociology, 2010)

A more simplistic perspective of economic sociology is offered by Gibbons (2004), traditionally defined as “sociology of economic actors and institutions” (p. 4). Thus, economic sociology serves as a useful lens for this investigation into the inquiry of wealth-building strategies.

Max Weber’s 1904-1905 work, *The Protestant Ethic and the Spirit of Capitalism,* on the relationship between religion and economics, noting the cultural disenchantment of the modern West, is arguably the most iconic of the approaches set forth in the classical period of economic sociology. Weber specifically states that “ economic relations between individuals and firms takes place within existing social relations (and are structured by these relations as well as the greater social structures of which those relations are a part)” (as cited in Kruse, Blasi, & Park, 2008, p. 43). The statement by Weber has overtures of shared capitalism, an element most associated with employee stock ownership plans.

Democratic principles are useful toward supporting the egalitarian wealth-creation stance. During the late 1800s and early 1900s, terms like cooperative and shared capitalism were the terms for worker ownership. The term shared capitalism is quite literal in its definition.

Employee stock ownership plans represent a form of shared capitalism. Kruse et al. (2010) provided a very compelling definition of shared capitalism as “a diverse set of compensation practices through which worker pay or wealth depends on the performance of the firm or work group. It is group incentive pay rather than individual incentive pay” (p. 6). The principle of group versus individual gains is important when discussing broader-based compensation distribution. Group emphasis also lends itself to a more equitable distribution of rewards. The view of capitalism as an extension of democracy has roots in the days of Thomas Jefferson (Krall, 2002). The concept of shared rewards is another perspective on the creation of wealth. “Many advocates of shared capitalism view it as a logical extension of political democracy” (Kruse et al., 2010, p. 9).

The current debate in America of the widening gap between the wealthiest citizens and the poor and a meaningful solution to address the disparity has been debated for centuries. “Shared capitalism could perhaps play a role in mitigating the rising inequality in income and wealth that has characterized the United States since the 1970s and 1980s” (Kruse et al., 2010, p. 9). The current recession has only widened the gap between the *haves* and *have nots* in the United States. Wealth in the United States remains concentrated and unequal; there is reason to believe that it will not change for some time. William Galston’s words capture the danger of the current income divide:

> You do not have to be a liberal or radical of any kind but a reader of political theory and political history to believe at some point the income divide becomes a serious civil and political problem for any society, however it may be constructed. (Galston, 2002, retrieved from www.aspeninstitute.org/centerforbusiness)

I believe that a continual widening of income inequality is very troublesome, and could lead to civil unrest. The knowledge gap is a key driver between the rich and the poor. If schools continue to create graduates that do not have the requisite skills to be employed in and increasingly knowledge-worker economy, the income gap will surely widen. Whether non- and semi-skilled laborers immigrating to this country will exacerbate the income divide will largely be determined by immigration policies over the next decade.

Yet, shared capitalism has not been eagerly adopted as a full or partial solution to narrowing the economic divide between the rich and the poor. Rather than a solution, shared capitalism is often viewed as another ploy for the innovative to increase work demands and transfer business risk to employees (Kruse et al., 2010). However, the debate over the validity of shared capitalism has not curtailed employee participation in the various investment employee stock ownership plans (see Appendix A for comparison to non-participating firm). Further, research on why employee participation remains high is worth pursuing.

Kruse et al. (2008) stated “between one-third and one-half of employees participate directly in company performance through profit sharing, gain sharing, employee ownership, or stock options” (p. 51). The high percentage of workers that are already benefitting from some form of company ownership supports the consideration of employee stock ownership plans as being a viable, broad-based wealth-building mechanism. Also to be considered are the issues associated with free riders, or those that benefit but do not pay in, as well as worker aversion to the risk associated with the plan. (Kruse et al., 2008). Kruse et al. (2008) assert that some individuals simply enjoy the benefits of employee participation programs without engaging fully while others have an adverse reaction to participating in incentives that are tied to group performance. The implications here are that some employees enjoy a free ride without fully contributing to outcomes. Individuals who fear the “free-rider” phenomenon do not want their outcomes tied to non-performers, or have their hard work benefit free riders. Alternatively, there is evidence that the free rider problem in the world of social entrepreneurship are not of major concern to participants ; most believe all involved are pulling their weight on the workload and with passion. “Employee ownership [EO] is an under-appreciated means for funding new ventures and securing employee alignment with the enterprise. EO is found in start-ups and ‘built to last’ corporations. It harnesses employee motivation at every stage of organizational growth” (Scully, 2009, p.1).

The relevant discussion evolves from shared capitalism to whether the more mature development of employee stock ownership in combination with the emerging field of social entrepreneurship can collectively advance wealth building. Combining social entrepreneurship and employee stock ownership plans approaches to wealth building for financial independence has been offered as a plausible opportunity to integrate the new and exciting theoretical knowledge of these enterprises (Scully, 2009). For example, involvement by all, beyond management, is a fundamental component for social entrepreneurship and employee stock ownership plans. In both enterprises, participatory and learning management philosophies are important components to their organizational and operational successes.

Social entrepreneurship with wealth-building plans should be committed to core competencies, such as working environments where skills are allowed to flourish, thus necessitating an adaptive organizational culture (Heifetz, 1994). A supportive work environment is very conducive to more innovative workplace benefits as any wealth-building activity would qualify. Furthermore, an environment where skill development is encouraged is consistent with being a forward thinking organization, which would appear to be a natural laboratory for the development of wealth-building strategies.

Multi-lateral Organizations, Social Entrepreneurship, and Sustainability

Previous research reveals widespread interest by multi-lateral organizations, such as the World Bank, in promoting social entrepreneurship in both developing and developed countries (Christie & Honig, 2006). Multilateral organizations typically involve multiple country participation to address similar economic problems. The importance of a World Bank presence in the social entrepreneurship space cannot be overstated. Given the World Bank's global influence on the financial markets and economies, the International Monetary Fund having a role in the social entrepreneurship bodes well for the field of social entrepreneurship. The details of the story of the previously referenced Egyptian entrepreneur, Sakem, are worth revisiting.

Sakem is an entrepreneur in Egypt who introduced bio-dynamic farming methods, also known as organic. Sakem believes that "profit making can go hand-in-hand with social and cultural advancement" (Hartigan, 2010, p. 10). Sakem's bio-dynamic methods are "based upon the premise that organic cultivation builds up fertile soil structures, improves agro-biodiversity produces no unusable waste. All products of the system can be sold, used in processing, or reused in cultivation, thereby creating sustainability" (Hartigan, 2010, p. 10). As earlier stated Sakem also feels sustainability goes beyond profits and is a function of integrated socioeconomics, providing individuals the opportunity to expand their health and quality of life. Thus, Sakem's vision encompasses not just an economic venture; it contains elements that involve social and cultural components in its quest for sustainable outcomes. Wealth-building for asset accumulation's sake is not the intended objective or outcome of social entrepreneurial businesses. Financial independence through wealth building is more accurately the mission of the social entrepreneur.

The role of the social entrepreneur is not a fleeting concept as is evidenced by its promotion by the World Bank in developing and developed countries (Christie & Honig, 2006). The aim of the social entrepreneur is to move toward solving social issues with market driven solutions, not with more charity.

> It is fine to view the poor as a potential market, but they also need to create wealth. And, to take care of the poverty problem, we are going to have to find ways for people to make a sensible decision to stay in rural areas and ways for them to make a living, and maybe even better their lives (VOA News, 2007, p. 1).

Michael Porter, a Harvard Business School professor and an accomplished author, has been a promoter of market opportunities within the underserved (by traditional financial services) markets for several years. Some of Michael Porter's ventures are quite controversial, yet the underlying premise of seeking market solutions to tough socioeconomic challenges is undeniable. One example of a controversial venture was Dr. Porter's attempt to recapitalize a chain of check cashing stores at the height of a national campaign against the excessive charges these businesses imposed on the communities that could least afford to incur such fees. The proliferation of check cashing stores also conflicts with increasing access to traditional banking, which currently is not adequately serving low-income communities. The fees are excessive, diverting underserved banking participants from going to banks. Banks also have to do a better job reaching out and welcoming traditionally underserved markets. The aforementioned comments speak to wealth creation, and tangentially to employee ownership. Another organization representing market focused solutions to social issues, Social Compact, was established in 1990 and "is a non-profit organization that breaks down barriers to public investment in underserved urban areas" (www.socialcompact.org). Social Compact believes that with results-driven research and better data about a community's assets for investors, all communities are good markets. Social Compact has built a noteworthy organization around guiding principles which are supportive of the concept of self-reliance. The principles embrace all communities as viable markets and the notion that information reduces risk aversion.

> Through the innovative realization of opportunities identified in the marketplace, entrepreneurs are motivated to create value. For traditional entrepreneurs, that value has been typically and primarily economic in the form of "profit." Social entrepreneurs use the same approach to create social value, by identifying opportunities in social systems to enact meaningful change (Briggs, 2009, p. 7).

Change in the about instance is a more effective and efficient deployment of social capital.

The philosophies and work of the World Bank and Social Compact are supportive of the wealth-building cause. The challenge for all social entrepreneurial organizations is developing sustainable resources to carry out their mission and not merely function fiscal year to fiscal year (see Appendix B for main process flow diagram of social entrepreneurship). Ventures that have a passion for their mission have a high probability of achieving a positive outcome, yet it is not sufficient by itself to sustain organizational success. Therefore, this research touched upon some outcomes that represent systemic change and not isolated successes. The underlying assumption is that sustainability, which is not easily defined or achieved, is achievable. The next few pages will delve into important data about what will enhance the context for the reader as well as explain subject matter which is important to the foundation of this research.

Sustainability. An essential factor for any entity that is looked at as part of this research is whether it is a sustainable enterprise. An enterprise that is not sustainable financially is hardly in a position to support positive outcomes, certainly not wealth-building strategies. Sustainability is often construed to essentially mean being around. Exemplary of the broader eco-system view is a broader meaning of sustainability in ecological circles that looks at whether an eco-system can be maintained at current consumptive levels. There is an enterprise based in

Egypt that provides a broader perspective on the meaning of sustainability, which is embraced by this research. In the view of Egyptian entrepreneur Sakeem, sustainability includes elements that involve social and cultural components, not just economics (Bornstein, 2004). Therefore, we begin to see the emergence of a more holistic view of sustainability.

Social innovators increasingly are attuned to the need to find a more sustainable framework for their transformative operations. Starting an innovative idea is quite different from making it a successful and viable long-term venture. Boshee (2006) described the evolution of social innovators as “ they begin turning towards commercial markets, gradually exploring the possibilities of earned income, many for the first time and often with reluctance given their uneasiness about the profit motive” (p. 356). The reluctance on the part of social entrepreneurs is attributable to some dated beliefs that profits inherently spoil or ruin a noble idea. There is little doubt that once monetary factors are introduced into the equation, there is an impact, positive or negative. The earlier reference to the relevance of passion to the mission should result in a more likely positive outcome.

Jones, Latham, and Betta (2008) provided informative findings that explore the construction of the identity for ideological social activist entrepreneurs—critical players for impacting sustainable change in their research which examines the process by which the social entrepreneurial identity is constructed through narrative. Narrative is one of the important mechanisms that humans utilize “to give meaning to life’s activities, to sense truth, and to create the commitment to act” (Tuckett, 2011, p. xviii). The continual balancing act between profitability and ideology plays a big role in the balancing act in the narrative discussion.

In his doctoral thesis, Kai Hockerts (2003) provided an in-depth look at the subject of sustainability and the development of an entrepreneurial process model for sustainable innovations. Specifically, Hockerts (2003) looked closely at corporate social responsibility (CSR), social entrepreneurship, sustainable development, environmental management, and non-profit management, with a minor interest in socially responsible investing, all as part of sustainability. The aforementioned discussion provides a backdrop for some of the characteristics that will be helpful for identifying the research participants.

Anderson and Dees (2006) claimed if you "want to promote sustainability; we would be urging the creation of endowments, not active forms of earned income" (p. 149). The outcry for a more endowment-generated sustainability movement questions self-sustaining enterprise through earned income. The rising venture philanthropy movement actually seeks to use its endowments along with venture capital techniques as a means of furthering transformative, yet sustainable, ventures (Vurro, 2006). The increasing business execution type of philanthropy by successful mainstream entrepreneurs bodes well for the social entrepreneurship sector. Vurro (2006), citing a *Time Magazine* article from July 2000, states that "many of today's tech millionaires and billionaires are applying to philanthropy the lessons they learned as entrepreneurs" (p. 81). Vurro went further to discuss the rigor philanthropists take as each "scrutinizes each charitable cause like a potential business investment, seeking maximum return in terms of social impact" (p. 81). Once again, we are exposed to proven mainstream market techniques in advancing more than economic outcomes, in this instance, venture capital being utilized for social purposes. There is this constant theme throughout this research and the literature of both social entrepreneurship and employee stock ownership plans that presents itself, which is that the exclusiveness of profitability, heretofore assigned to for-profit entities, is not the case. The tenet of non-mutual exclusiveness is a supportive pillar to this research work.

Scaling up and social transformation. Starting any venture is relatively easy, including the more complex *double-bottom* line demands of social entrepreneurship activities. Double-bottom line in this context is meant to describe two equally important performance business goals: in this instance profitability and social impact. The challenge in achieving and maintaining a sustainable operation is reaching some threshold of scale essential to becoming successful. Broadening the impact of sustainable activity is essential to meeting the transformational goals inherent in the activity. Wealth building for working class Americans meets the criteria for a transformative action. Alvord, Brown, and Letts (2004) cited expanding services to more people, impacting the behavior of others with broad influence and expanding functions to have a wider impact as the three critical ways to scale-up activities and be more transformative, better ensuring sustainability. The authors also described these actions as "leverage for economic transformation" (p. 153).

Wealth Building for Employees

Social entrepreneurs seek to improve the well-being of their audience, in this instance the employee. Social entrepreneurship embraces mechanisms that increase sustainability and provide an opportunity to share in the benefits of the operation. Historically, the term shared capitalism has intended to achieve similar profit-sharing objectives. It is possible that, were social entrepreneurship around in the 1800s, shared capitalism would be a natural part of its definition today. Specifically, had social entrepreneurship been around in the 1800s, it might be a subset of shared capitalism today.

Social entrepreneurs seek to do work that results in an improvement of the well-being of its constituents, employees, or other beneficiaries of their efforts. Out of the discussion about economic sociology earlier in this chapter, the shared capitalism concept was born, furthering the notion of sociology as it involves economic and institutional actors (Gibbons, 2004). Similarly, to social entrepreneurship, shared capitalism seeks to address the economic well-being of employees.

There are several alternatives to the wealth-building movement. The wealth-building movement is a function of the asset-building movement that has been going on over the past two decades. The goal is to develop specific tools and public policy to advance low- moderate-income asset accumulation. Some organizations use individual development accounts, or IDAs, to encourage and support savings incentives for poor and working class individuals. In a study conducted by the New America Foundation, the pool of eligible participants for a comprehensive IDA program is estimated to be 40-50 million people, with costs of about $30 billion (Dubb, 2005). Legislation was introduced during President George Bush's administration that sought to use the tax code to advance personal savings and retirement (Dubb, 2005). However, the soundest evidence of shared capitalism today is found in the employee stock ownership plan. While employee stock ownership plans are not the sole mechanism for wealth-creation, they are the most researched and well-documented of the wealth-creating phenomena. Therefore, a thorough look at employee stock ownership plans served as a useful benchmark against which to explore and assess other wealth-creation possibilities.

Employee Stock Ownership Plans

The most common program of wealth building has been in the form of employee ownership. Wealth building has resulted from cash profit sharing, or participation on committees that influence management decisions, presumably leading to better pay, job security, or perceptions of better relations at work. By tying employee income and wealth to performance, "employee ownership has often been viewed as a means to improve productivity and performance by decreasing labor-management conflict and encouraging employee effort, cooperation, and information sharing" (Blasi, Conte, & Kruse, 1996, p. 61). One of the earliest analysis of employee ownership was conducted by John Bates Clark dating back to 1886 at which time he was quoted as saying, "all the workmen with their employers constitute, collectively, a good entrepreneur" (as cited in Kruse et al., 2010, p. 8). There is supporting evidence that what makes shared capitalism attractive to economists, business, labor, and governments is the belief that when workers have a stake in the financial performance of the firm, they will create better outcomes than if the workers are just "paid hands" (Kruse et al., 2010, p. 7). The majority of research on employee stock ownership plans has focused on performance measures, specifically the corporate, financial, and operational performance of companies that have employee stock ownership plans versus those that do not.

> Researchers now agree that "the case is closed" on employee ownership and corporate performance. Findings this consistent are very unusual. We can say with certainty that when ownership and participative management are combined, substantial gains result. Ownership alone and participation alone, however, have, at best, spotty or short-lived results. (Varano, 1999, p. 22)

The quote supports the position that a debate over whether corporate performance is enhanced by an employee stock ownership plan has already been resolved favorably.

In addition to performance-based measured outcomes, there is considerable research about productivity outcomes.

> Research confirms also that employee ownership, on average, leads to increased firm productivity, profitability, and longevity. Evidence suggests that combining employee ownership with increased employee participation may generate astounding returns on investment. (Freeman, 2007, p. 1).

Conspicuous by its absence is research supporting the importance of innovation and shared capitalism. It was noted by Kruse et al. (2010) that, in the technology arena, shared capitalism is viewed as essential to generating creative ideas and sustaining worker follow-through on implementation.

There is also some debate about the rigor of the studies conducted to date on productivity and other outcomes (Freeman, 2007). The research has been concentrated among less-than a dozen researchers and even fewer peer-reviewed publications. The specific research challenges to wealth building, most notably the employee stock ownership field, are discussed in more detail in Chapter II.

A strategy for social inequities. There are important implications for building sustainable businesses and utilizing social entrepreneurs and wealth-building plans as viable tools to address broad-based social inequities. The social entrepreneur provides a holding environment that nurtures the wealth-building aspects of the employee stock ownership plans. Since its inception, employee stock ownership plans have set the stage for giving a greater voice to employees by actively engaging them as owners, and not simply as employees. A greater voice for those not yet in the workforce was the war on poverty. The war on poverty began in earnest in the 1960s, and billions were spent to stem the rise in poverty. The lack of success by the time of the Reagan era prompted the President to say, “We have fought the war on poverty, and poverty has won” (Edelman, 2006). The challenges confronting social entrepreneurship and employee stock owned plans in taking on wealth-building strategies for middle class Americans will not be as daunting as the war on poverty, nor will it be easy.

The current economic crisis in America which encompasses the great recession, income disparity, and big-bank bailouts and around the world will, no doubt, result in greater global needs, more homelessness, more crime, and more hunger. Yet, Heald (2005) reminded us that the “events of the 1960s have dramatized the extent to which supposedly private enterprise within the American economy affects the public in specific ways" (p. vii). Specifically, the 1960s reflected the first serious time in our country's history where the ills of our society, including but not limited to poverty, urban blight, and the environment, were so vocally linked back to business interests. This is an important benchmark signaling the evolving, and more influential role business was beginning to play in society. The next phase of the discussion centers on the appropriate role business should play in society, or its social responsibility.

In 1970, Milton Friedman posited a about the role of corporate social responsibility worth restating here: "The first step toward clarity in examining the doctrine of the social responsibility of business is to ask precisely what it implies for whom" (Friedman, 1970). There is little doubt that the wide-ranging, and occasionally conflicting, perspectives about what meets the litmus test for social responsibility makes a search for definitive answers more challenging. The discussion of social responsibility is relevant in the context of this research which focuses on wealth building and the prominent influence of corporations.

The need for oversight of business activities to insure the promise of an acceptable role in addressing social and economic welfare is as important as it was 40 years ago. The role of corporations in everyday life has begun to take on a prominence like never before which advocates taking center stage to challenging that role. Uncovering the systematic impacts, if any, that social entrepreneurship and employee stock ownership plans have on communities and individuals for leadership and change are discussed. The approach in this study does not dismiss the prevailing theories that attribute organizational success to entrepreneur characteristics or Chief Executive Officer Cachet. This author has deliberately chosen to focus on the workers within organizations. Freeman (2007) provided us with a politically plausible component for supporting employee stock owned plans focusing on the worker within organizations:

> Employee ownership is one of the few issues on which the political left and right can agree, and is thereby capable of attracting strong support across the U.S. political spectrum. Recent concerns about social security solvency suggest further inducements to widening ESOPs. Given this opportunity, increased knowledge can help promote employee ownership, help ensure its wise adoption and successful implementation, and intelligently influence public policy. (p. 1)

I do not suggest here that increased employee stock ownership will backstop a failing social security system. Rather, increased successful employee stock ownership may fill the economic void left by a social security shortfall.

There is extensive evidence in the literature that companies having employee stock ownership plans come out ahead economically, in addition to having higher levels of intangible worker satisfaction benefits, such as longevity on the job, organizational commitment, and enjoyment of their workplace (Blasi et al., 1996; Freeman, 2007). On the other hand, there is also evidence that given wage and benefit concessions, coming out on top economically is not always possible. For example, in 2002, United Airlines sold over half of the company to investors to save the company, and employees lost a considerable amount of benefits, including those associated with employee stock ownership plans (Blasi et al., 1996). The economics of a given industry cannot be fixed by simply transferring ownership to employees. There is some evidence which supports other-than-financial benefits of an employee stock ownership plan; such as the positive psychic of being happy and gainfully employed.

There is significant research on the psychological benefits of job satisfaction. Even though the detailed findings of benefits greater-than-financial are beyond the scope of this paper, it is worth noting that several professionals in positive psychology and organizational scholarship associate well-being with individuals that have a sense of commitment, identification, and motivation, while actively participating in their workplace. Further, the same professionals associate the aforementioned elements as most important to work life, and "that it is this attachment to and identification with work that makes for a life of meaning and satisfaction" (S. Freemen, 2007, p. 9).

It stands to reason then that the opposite effect is plausible: a less than supportive or positive work environment could lead to detachment and lack of meaning and satisfaction in the workplace. It is not a stretch, then, that having a work environment supportive of social change often translates into a more meaningful and satisfactory workplace for working class Americans.

Targeting Working Class Americans

Currently, the savings rate among all Americans falls well below what is believed to be necessary for a reasonably comfortable retirement. Toward the end of 2005 the savings rate in America dipped to a negative level for the first time since 1933 (Associated Press, 2006). There were indications that the savings drought was over by 2009 (Bloomberg, 2009). It is anticipated that Social Security, which has historically provided a substantial safety net upon which Americans could rely for retirement needs, may not play the anticipated or planned integral role in meeting retiree financial needs in the future. There are studies showing that the current workforce entering the job market may not receive any Social Security benefits.

> The Social Security trust fund, for example, is scheduled to run out in 2037. After that point, if no changes are made, there will only be enough money from tax revenue to pay about 75 cents for each dollar of scheduled benefits. (Palmer, 2009, p. 1)

The data on potential lack of adequate. retirement income bodes well for alternate ideas on wealth-accumulation. The welfare state, as it has been known, is changing. Battisti (2005) captured this situation best:

> As a result of changes in the labor market connected with on-going socio-political transformations, the welfare state is no longer able to fulfill its traditional mandate. The focus of debate has thus shifted to civil society, which aims to involve citizens more

> strongly in the design and realization of social structures. Similarly, companies are increasingly being called upon as corporate citizens to play an appropriate part, beyond their economic activities, in the creation and maintenance of functioning community structures. (p. 1)

Therefore, an idea that embraces a social entrepreneurial venture that, for example, has an employee stock ownership element is more than plausible; it appears to be aligned with current political and economic realities.

Battisti's (2005) comments are supportive of alternatives to a reliance on social security for wealth creation, providing a window for alternatives that actively engage workers in establishing their social and financial structures. The role that companies played in the past involved dedicated pension plans, which are nearing extinction. Employees are participating in the design and shaping of their retirement futures through self-directed 401(k)s and employee stock ownership plans (if the latter is available through their employers). Freeman (2007) provided additional rationale for targeting working class Americans:

> An important, but little reported development in U.S. business has been increasing numbers of employees with ownership rights in the corporation with an increasingly large economic value. Most comes through Employee Stock Ownership Plans (ESOPs), which were established in 1974 partly as a response to anticipated shortfalls in Social Security, but also with the hope of invigorating the economy and distributing the benefits of capitalism more widely through broad-based business ownership. Experience and research indicate that ESOPs and employee ownership more generally do accomplish these aims, but large knowledge gaps remain. (p. 1)

Since the 1800s there has been a history of wealth-building strategies for employees that include the structural aspects of employee stock ownership plans, Sears, Procter and Gamble. The participation by American workers in some form of shared capitalism is also noteworthy, given its magnitude. Traditional strategies to address wealth building have not proven adequate or effective in addressing the widening economic inequality gap, thus, potentially providing a window of opportunity for the creation of a social entrepreneurship venture with more viable and feasible wealth-building goals. In particular, employee stock ownership plans may play a role in these ventures. The definitional, historical, and critical content for this research has been established.

Contemporary Context for this Research

The time for the advancement of the social entrepreneur field has never been more opportune than right now. The global meltdown of traditional business models has hastened the demand for an alternative to the traditional capitalist model. The alternative demand also is being driven by individuals seeking to be part of something bigger than themselves and which gives them a platform for impacting sustainable social change. What makes a social entrepreneurial venture with a wealth-building plan for employees a worthwhile pursuit?

There will always be some sort of turmoil going on in our society, where sometimes events seem insurmountable. It is typical that at such times ordinary people do extraordinary things and create successful movements for change. "Social entrepreneurs are those people—the practical dreamers who have the talent and the skill and the vision to solve the problems, to change the world for the better" (Nicholls, 2006, p. v). The social entrepreneur is that ordinary person seeking to do the extraordinary, often with very limited resources. A socially entrepreneurial firm with a wealth-building plan is uniquely positioned to achieve extraordinary financial outcomes for working class Americans. Why? The combination of a venture structured to be about sustainable change and be profitable, and provide ownership for its employees is a unique opportunity.

Despite the relatively recent collapse of large-scale company employee stock ownership plans at Bear Stearns or the Government Sponsored Enterprises (GSEs), Fannie Mae and Freddie Mac, employee stock ownership plans remain a viable economic framework for working class

Americans to gain financial independence that can translate into broader participation in activities beyond the workplace, for example, volunteering in their community. Others have challenged the merits of the employee stock ownership plan productivity claims by asking, “If this stuff is as good as some of the research indicates, how come all firms don’t choose employee ownership profit sharing or grant options to all workers?” (Kruse et al., 2010, p. 12). The question is not without merit. Given the nature of this research study, there was the potential that this research would uncover a wealth-building plan that is part of a social entrepreneurship venture, without addressing the productivity assumptions. The current research suggests that social entrepreneurship also provides a vehicle for creating the necessary leaders to implement the sought after wealth building, primarily by engaging more individuals in the role of leadership.

Although social entrepreneurship ventures with employee stock ownership plans have the potential to become a more dynamic financial safety net for working class Americans, the following questions must be considered: Might social entrepreneurship and wealth-building plans present another false hope for those seeking an empowering mechanism to chart their course to a more fruitful life? Can entrepreneurial skills be taught, or must you be born with them? Are employee stock ownership plans just another pension play limited to a selective cohort having little transferability to the broader society?

Explored this research was the creative approaches that social entrepreneurship with wealth-building plans take to create strategies and outcomes for poor and working class Americans. Social entrepreneurship and wealth-building strategies are both relatively new in the literature. However, both business strategies have garnered significant attention from sociologists, economists, and increasingly, academicians; yet none have sought to bridge the two disciplines in a meaningful way.

The Rationale for the Study

This exploratory study seeks to understand whether social entrepreneurial ventures might include wealth-building strategies such as employee stock ownership for working class Americans to build wealth and financial independence. Wealth, in the context of his research study, is defined as an accumulation of assets for consumption or production or value that enables the individual to have a more independent economic position in society. Financial independence plays a significant role in our everyday lives and is a condition that transcends the mere ability to purchase goods and services at will. It is not known if financial independence through social entrepreneurship results in systemic social change through social capital and community and economic development, but the literature (Mercer, 2009; Nicholls, 2006) suggests it may be a contributing factor. "Cultures based upon adaptability, employee involvement, a clear vision, and consistency can help organizations, companies, achieve greater success" (Danson & Mishra, 1995, p. 209).

Overall Design of the Study

The overall design is a multiple case study approach that utilizes data collected from qualitative and quantitative methods. The qualitative data was obtained at through interviews, and the quantitative components were derived from investigating financial reports of the wealth-building plans as shared with me by management and, more importantly, the employees. Specifically, multiple social entrepreneurial cases were identified that either have or are considering wealth-building strategies, in general, and, specifically, an employee stock ownership plan component. I collected data through interviews identified critical themes relevant to and supportive of the value of social entrepreneurial ventures with wealth-building strategies for working class Americans.

I chose case study method because it addresses a descriptive question and, as Yin (2004) suggested it must, it is very useful when the researcher wants to know more about the why and how of something. "Case study issues reflect complex, situated, problematic relationships. They pull attention both to ordinary experiences and also to the disciplines of knowledge" (Stake, 2006, p. 10). In this research, the accumulation of wealth is an ordinary occurrence, but it has values within the broader disciplines of economics and sociology. By utilizing appropriate data collection techniques, as well as properly analyzing what is collected, I expected the study to yield some new ideas and insights relevant to the research question.

Scope and Limitations of the Study

I am aware of the challenges associated with conducting a multiple-case study with qualitative and quantitative data. Ideally, I wanted the quantitative data to come from financial information and the qualitative data from interviews. The primary sources of my analyses come from the interviews in phases 1 and 2. I considered the following in developing the research logistics: Is the data collection sufficient or too unwieldy? Are the social entrepreneurial case selections adequate? I was mindful of the value of atypical case selection. "It is often more useful to pick the one most likely to enhance our understanding than to pick the one most typical" (Stake, 1995, p. 134). I also referred to Miles and Huberman (1994): Did the research adequately process and code the data? Are the findings generalizable? Will the conclusions have merit in the scholarly and real worlds?

Yin (2009) reminds researchers to focus on what is proposed for study and the goal of the research. The overarching goal of this study was to add to the body of knowledge regarding wealth-building and financial independence for the working class and poor families in the United States. The underlying premise was that social entrepreneurship with a wealth-building plan would address the problem of lack of wealth. The current study did not see social entrepreneurship with a wealth-building plan as a predetermined solution to the challenges of financial independence or wealth creation. Rather, the tools of social entrepreneurship with wealth-building are part of a necessary growing arsenal to combat poverty and, more importantly, build wealth.

Selecting a limited number of cases of social entrepreneurship ventures that have a wealth-building plan may have had the unintended consequence of limiting the generalizability of any hypotheses generated, yet the generated hypotheses are valid when kept in context (Stake, 2006).

The study's limitations are identified in this section. There are several large-scale employee stock ownership plans that have failed in the past, and the current study did not take an in-depth look at these cases. I recognize that failed employee stock ownership plans do not enhance wealth building and knowledge of their failure will influence the decision of other firms to pursue them. Selecting social entrepreneurship ventures with wealth-building plan participants as the case unit for in-depth study limited the transferability of the knowledge gained in this study because not all industries that might employ these business techniques were represented. Additionally, wealth building is a difficult construct to measure, especially when inclusive of quality of life. It may be that data collection through metrics and interviews did not sufficiently capture a quality of life perspective. Finally, not all members of the participant organizations studied were interviewed, and possibly valuable informants were not included in the data collection process, thus constraining my perspective in the analytical process.

At the minimum, this study sought to spark greater research interest in the fields of social entrepreneurship with wealth-building plans and specifically add value to the conversation and strategies about social change through wealth and asset accumulation for working class Americans.

I am reminded of a comment in the foreword of Paula Freire's (1968) work *Pedagogy of the Oppressed* discussing the power of reading and writing at the most basic level:

> Those who, in learning to read and write, come to a new awareness of selfhood and begin to look critically at the social situation in which they find themselves, often take the initiative in acting to transform the society that has denied them this opportunity of participation. (p. 9

While the text quoted was about education as a subversive force, it is my contention that wealth-building strategies for the poor and working class will also instill a new sense of pride as well as positively shape the society for all of its members. There is always a need to teach reality. The question, therefore, becomes under what circumstances does wealth creation for poor and working class Americans occur in the nexus of social entrepreneurship and wealth-building plan participation?

Summary of Chapters

Chapter I introduced the rationale and background for the study; it is followed by an extensive review of the literature in Chapter II. Chapter III focuses on methodological fit and method, addressing the tools utilized to best address the research question. Chapter IV is methodology, and Chapter V is the analysis across cases and leadership reflections.

Chapter II: Literature Review

Increasingly over the last decade there has been considerable interest by business scholars on the value of social entrepreneurship as a powerful wealth-building strategy for employers and employees alike. To this end, this study sought to uncover incidences where social entrepreneurship was revealed as a strategy for wealth building. The literature review, in service of the goals of this research study, addresses the challenges and promises of combining relatively new and distinct constructs in a business entity—social entrepreneurship and wealth building for employees that include the working class, the poor, and the disenfranchised.

This chapter discusses the conceptual and empirical literature related to three areas. First, social entrepreneurship is discussed particularly as it relates to the development of social capital. Next, there is a discussion of wealth building, and then followed by an in-depth-look at the most prominent and well-documented example of wealth-building: employee stock ownership. The literature review relies primarily upon academic and peer reviewed resources whenever possible, yet because of the nascent development of the areas of study, social entrepreneurship and wealth-building, dissertation research, technical reports, and electronic web-based resources were also examined. Salient topics for consideration included financial independence, poverty, wealth creation, social justice, social capital, and employee self-esteem, as well as the role of business as a social institution. Each of these areas is touched upon to frame the discussion on the potential value in creating social entrepreneurial businesses that promote employee wealth building for specific populations. The bulk of the literature to date is focused on financial independence, wealth building, and social capital for employees, and, as such these topics received more detailed attention

Literature Search

To identify studies and other resources for inclusion in this study, the process started by identifying for research that included social entrepreneurship and wealth-building in the search engines primarily dedicated to business (e.g., ABI/Inform, Business Source Complete, and Google Scholar), and then on employee stock ownership. The next step was to search the leading organizational databases that focused on any of the subjects exclusively, while searching for references that discuss both subjects together. The most data rich search for a combined view of the phenomena was found on the website of the Aspen Institute Center for Business Education (Dubb, 2005). The research did not uncover any academic journals dedicated exclusively to the fields of social entrepreneurship, wealth-building, or employee stock ownership programs.

The practical and scholarly literature on social entrepreneurship, wealth-building, and employee stock ownership is in its infancy, yet there is growing institutional support to study and develop these economic subjects. There has been considerable progress in the academic and practitioner arenas about social entrepreneurship over the past five years. There have been calls for increased research activity on social entrepreneurships reflected in Nicholls comment, "For the continued development of the academic field there are three main priorities: more and better empirical data; deeper and more rigorous theory building and testing across disciplines; and establishing academic credibility by publishing in the top journals" (2006, p. xvi). The Aspen Institute has promoted wealth-building research through its foundation and similarly, there has been growing evidence of scholarly interest in employee stock ownership plans (Freeman, 2007). The following pages discuss various definitions for social entrepreneurship. Although there is debate about the definition of social entrepreneurship, few disagree it is not a value-added proposition. There is a noteworthy history of social entrepreneurs that have added value to society.

Noteworthy social entrepreneurs. All fields of study or professions have their pioneers. In the morass of definitional expansion and confusion, it is more useful to name several noteworthy individuals, both historical and contemporary, that have been identified as social entrepreneurs. I believe that real life examples better define the role and context of a social entrepreneur for the reader. Historic examples of social entrepreneurs are Florence Nightingale (founder of the first nursing school and major contributor to current nursing practices), Jane Addams (founder of Hull-House, a place that sought to improve the living conditions of poor immigrants), and Maria Montessori (first female physician in Italy and creator of an education program that fostered social skills, emotional well-being, as well as academic discipline). Current examples include Muhammad Yunus (founder of the Grameen Bank, offering microloans to help people become self-sufficient) and Bill Drayton (founder of Ashoka) (Braun, 2009). Bill Drayton is arguably the grandfather of social entrepreneurship and any discussion about social entrepreneurship is incomplete unless it includes the seminal work of Bill Drayton.

Bill Drayton, considered by many to be the leading authority on social entrepreneurship, is also the founder of Ashoka (Bornstein, 2004) and is considered one of the principle driving forces behind the Social Innovation School (Dees & Anderson, 2006), which can be found at universities like Oxford and Stanford, among others. While Ashoka is a prominent global association of many of the world's leading social entrepreneurs, the Social Innovation Schools provide a more domestic vehicle for advancing social entrepreneurship, and as such merits mentioning here now. The very existence of the schools underscores the growing interest social entrepreneurship as a serious scholarly venture. Drayton is not only recognized for his expertise on social entrepreneurship; his five prong selection process for selecting Ashoka fellows is probably the most recognized and celebrated criteria on the subject matter (see Appendix D for Drayton's five prong selection criteria).

Early Social Entrepreneurship Research

Because initial research revealed that the initial challenge confronting social entrepreneurship is, at first, definitional, there is value in contrasting mainstream entrepreneurship with social entrepreneurship, if only as a means of establishing useful context. London and Morfopoulos (2010) defined entrepreneurship as "the scholarly examination of how, by whom, and with what effect opportunities to create future goals and services are discovered, evaluated, and exploited" (p. 2). While entrepreneurs traditionally seek to initiate innovative for-profit ventures, "social entrepreneurs recognize a social problem and organize, create, and mange a venture to make social change" (London and Morfopoulos, 2010, p. 2). Immediately, we see the distinction presented between mainstream entrepreneurship and social entrepreneurship as wealth creation and socially mission-driven, respectively. Yet, creativity, initiating, and discovery are all elements present in both phenomena. The mutually historically exclusive nature of wealth creation and socially mission-driven objectives need not necessarily be the case. Whether mainstream or social, the entrepreneurs driving the organization have another core component in common, the need to obtain capital in order for their enterprise to thrive; once thriving, they generate additional capital

Mair and Marti (2006) shared that the bigger challenge in understanding social entrepreneurship was defining the boundaries of what is meant by social, noting that while mainstream entrepreneurship may include a social component, "the distinguishing characteristic is that the main focus for social entrepreneurial ventures is on social value with economic value creation" (p. 38). Economic value is essential to financial viability and for mainstream and social entrepreneurs. The focus for mainstream entrepreneurs, however, is almost exclusively on economic value creation. It is not unusual to see thriving entrepreneurial activity in technology or transportation. Entrepreneurial activity is needed in health, education, and the broader environment.

In general, all researchers agree on the general meaning of social entrepreneurship; it is typically the underlying assumptions, not the ultimate goals, where differences arise. Social entrepreneurs usually pursue blended value returns that may embrace the subjugation of a certain amount of financial return or take on added risk in pursuit of social and/or environmental value creation. In other words, they are willing to accept less profit to do more good, a concept that is frequently labeled double-bottom line. In the non-profit arena, Helm (2007) offered this view in describing social entrepreneurship stating that "existing conceptualizations of the behavior range from non-profit commercial activity to successful management of non-profit organizations" (p. 1).

Leadbetter (1997) discussed the notion of social entrepreneurs as not necessarily identifying with the liberal left, nor objecting to a profit:

> They are highly critical of the statism of the old left and sentimentalized versions of working class communities. They recognize that economic dislocation and global competition have contributed to many of the social problems they are dealing with. But that does not make them anti-business. Instead, they recognize the importance of benchmarking the standards of their own services against those of the private sector [sic]. (p. 3)

Martin and Osberg (2007) provided a well-structured discussion about the definition and the importance of developing an industry consensus. The definitions for social entrepreneurship relevant to this research are as follows:

> Someone who recognizes a social problem and uses entrepreneurial principles to organize, create, and manage a venture to make social change. Whereas a business

> entrepreneur typically measures performance in profit and return, a social entrepreneur assesses success in terms of the impact s/he has on society. While social entrepreneurs often work through non-profits and citizen groups, many work in the private and governmental sectors. (Torjman, 2008, p. 1)

Braun's (2009) theory in action research posited this definition for social entrepreneurship:

> A social entrepreneur is someone who recognizes a social problem and uses entrepreneurial strategies to establish a venture that leads to positive social change. Where a business measures their success in profit and return, a social entrepreneur looks at their impact on society. Social entrepreneurs can be found working in non-profits and government organizations as well as in the private sectors. Social entrepreneurs are the catalysts behind social progress and work hard at replacing short term charity with sustainable solutions. (p. 74)

Weerawardena and Mort (2006) provided greater clarity in their definition and, "identifies social entrepreneurship as possibly occurring in profit seeking business that have some commitment to doing good, in social enterprises set up for a social purpose but operating as businesses and in the voluntary or non-profit sector" (p. 21). This research embraces Martin and Osberg's (2007) three components in defining social entrepreneurship:

- Identifying a stable but inherently unjust equilibrium that causes the exclusion, marginalization, or suffering of a segment of humanity that lacks the financial means or political clout to achieve a transformative benefit on its own;
- Identifying an opportunity in this just equilibrium, developing a social value proposition, and bringing to bear inspiration, creativity, direct action, courage, and fortitude, thereby challenging the stable state's hegemony; and
- forging a new, stable equilibrium that releases trapped potential or alleviates the suffering of the targeted group, and through imitation and the creation of a stable ecosystem around the new equilibrium ensuring a better future for the targeted group and even society at large. (p. 35)

In each of the descriptions of social entrepreneurship there are references to shared visions and missions to address perceived and real social gaps in society that traditional for-profit and non-profit enterprises overlook. The general consensus is that, while too broad a definition may have unintended negative consequences on the value of the field of social entrepreneurship, narrowing it too discretely could potentially be equally as harmful (Dees, 1998; Martin & Osberg, 2007). I agree with framing this discussion to allow for flexibility, yet not defining social entrepreneurship too broadly. Part of the challenge is how inclusive the definition should be. A concept too broadly defined can have the unintended effect of diluting the underlying values and purpose of the social entrepreneurial field. Continuing research that frames social entrepreneurship in every day experience will help shape its value.

Perrini and Vurro (2006) suggested that the "entrepreneurial model should be oriented toward well-defined, measurable social and economic outcomes and wide innovation dissemination, consistent with the definition of SE" (p. 30). In the non-profit arena, Helm (2007) offered this view: "Existing conceptualizations of the behavior range from non-profit commercial activity to successful management of non-profit organization" (p. 1).

In their research on social entrepreneurial zones, Swanson and Zhang (2010) sought to "move beyond the issue of definitive description and on to other components requiring investigation and work" (p. 72). The current study took on one such component, social entrepreneurship as a potential wealth-building tool. The argument implies that there are multiple motivations that play an integral role in initiating the actions of the social entrepreneur. Good intentions alone, however, rarely result in sustainable long-term ventures, non-profit or not. "Successful social action requires skills and applying these skills to entrepreneurial competencies (behaviors and actions)" (Swanson & Zhang, 2010, p. 27).

Christie and Honig (2005) noted the field of social entrepreneurship is gaining popularity as an effective mechanism for assisting individuals and institutions adapt to changing market conditions and in the promotion of economic development initiatives. Christie and Honig (2005) "believe that SE is essential because increasingly, non-governmental organizations (NGOs), entrepreneurial firms, governments, and public agencies are recognizing the significance of strategic SE towards the development of world-class competitive services" (p. 1). However, Roper and Chaney (2005) questioned the motives of social entrepreneurs and warned against uncritical acceptance of what constitutes social entrepreneurial values and blurring the boundaries between for-profit and non-profit sectors of society.

In a recent dissertation on social capital, Antico-Majkowski (2010) stated the following:

> The field of SE is still emerging and not yet well defined, there is a lack of theoretical and database research. Thus, there is limited ability to identify those institutional practices that either constrain or facilitate the process of entrepreneurship. Although there are considerable conceptual writings and empirical research regarding the non-profit sector, there has been little integration of the theoretical constructs of institutional structure and social capital into a process theory for its non-profit cousin, SE. (p. 22)

Final comment on definitions. Some scholars see social entrepreneurship as a process demonstrating where government and non-profits organizations operate using business principles. Others see it as the activities of conventional entrepreneurs who practice corporate social responsibility or as outcomes of philanthropy. A more narrow characterization is made by some, seeing it as an economically sustainable venture that generates social value (Dacin, Dacin, & Matear, 2010). The work of the social entrepreneur creates value in several ways. Social entrepreneurs often deliver services more efficiently than the private or public sectors. They help communities generate social and economic capital, creating successful and self-sustaining enterprises. Harding (2007) stated, "SE tackles some of the toughest and most intractable challenges around" (p. 73). Boschee (2006) saw the role of the social entrepreneur in the general welfare system as both underestimated and misunderstood.

Entrepreneurial orientation, innovation, and social change represent the constitutive elements of social entrepreneurship, but they still do not adequately define this complex phenomenon (see Appendix C for a list of 37 definitions adapted from Dacin et al., 2010, pp. 39-41). These definitions are not intended to be exhaustive or limiting, but to provide a baseline for exploring the nature and meaning of social entrepreneurship through the extant literature. The next section will summarize important considerations, concepts, and emerging trends in the social entrepreneurial arena.

Social Entrepreneurship and How to Change the World.

Bornstein (2004) has a long history of writing and researching social innovations. Bornstein's work provides stories of people from all over the world doing extraordinary activities to make social change possible through entrepreneurial means. His work highlights the power of dreams and passion that fuel change when combined with persistence.

> As transformative forces: people with new ideas to address major problems who are relentless in the pursuit of their visions, people who simple will not take "no" for an answer, who will not give up until they have spread their ideas as far as they possibly can. (Bornstein, 2004, p. 1)

In Bornstein's (2004) view, these are the ingredients for successful outcomes in the social entrepreneurial arena. This view is consistent with Drucker's (1985), who stated "entrepreneurship is by no means limited to the economic sphere although the term originated there. It pertains to all activities of human beings other that those one might term 'existential' rather than 'social" (p. 27). Drucker (1985) introduced us to a much broader value-chain for social entrepreneurs, which embraces economic, social, and other human attributes.

Bornstein's (2004) research also focuses on some of the critical elements essential to successful and sustainable enterprises in traditionally underserved markets. The next section will look more closely at sustainability challenges. Traditional financial institutions struggle to serve low-income communities and populations and as such leaves them at the mercy of less scrupulous operations, like pay-day loans, and check cashing stores. How important is values-based faith in determining the success of an entrepreneur, social or otherwise? Bornstein's work suggests values-based faith is a critical trait for successful entrepreneurship. "It is a quality others sense and trust, whether or not they fully grasp the idea intellectually" (as cited in Drayton, 2006, p. 3).

One of the characters highlighted by Bornstein (2004) is the case of Rodrigo Baggio**,** an entrepreneur with technology skills who opened a computer school in one Rio de Janeiro's favelas (or ghettos). Rodrigo realized success in the founding of the Committee for the Democratization of Information Technology (CDI). Rodrigo was concerned about the digital divide growing in his country and simply setting up a school was not the approach he took. The digital divide as intended here is about the gap between households, and individuals, typically driven by economics, in accessing computers and the internet. "The process had to begin with community leaders initiating a request for a franchise" (Bornstein, 2004, p. 154). For the franchise to have true value to the community, they had to essentially put together the infrastructure, identify facilities, teachers, and budgets, and if a viable CDI would then provide hardware and software (donated by companies) and train local teachers to run the schools and maintain the equipment (Bornstein, 2004, p. 155). There were 376 schools established in "Brazil, Japan, Colombia, Chile, Mexico, and Uruguay" (Bornstein, 2004, p. 155), in seven years.

There is a growing body of work that points to a rising interest in metrics within the social entrepreneurial field. One frequently used measure is an index called a *total entrepreneurial index* (TEA). "It is a random adult population survey of 18 to 64 year olds" (Harding, 2007, p. 74). TEA is relatively new and seeks, in part, to delineate other factors that influence entrepreneurship beyond economics. The TEA index can serve to help quantify the embedded characteristics that determine successful entrepreneurship. There are some not so nascent approaches to measuring social entrepreneurship performance.

The New Economics Foundation (NEF) has been building a program around performance for social entrepreneurship for a few years now (Nicholls, 2006). The challenge remains, however, for social entrepreneurs to use the performance measures not just for more capital raising, which is important, but also to fine-tune their accountability and mission focus. As the hero-worshipping that still dominates the field wanes, future research will need to look at the failures within the field and not just the successes of social entrepreneurs; only then will the social entrepreneurship field mature into the transformational vehicle it aims to be.

Social Innovation and Sustainability

The trend in the literature on social entrepreneurship has evolved considerably over the past fifteen years within the non-profit and nongovernmental, or business environments, from very general to more scholarly and practitioner oriented research. As the old charitable giving model to address social change gives way to the self-sustaining version, new and more creative approaches for social entrepreneurship are expected to emerge. Still others (Phills, Deiglmeier, & Miller, 2008) argue social innovation is the best construct for lasting social change. Specifically, social innovation provides "ways to continue dismantling the barriers between the sectors, and in doing so unleash new and lasting solutions to the most vexing social problems of our times" (p. 36). Drucker (1985), citing Joseph Schumpeter's 1911 classic work, *The Theory of Economic Dynamics,* postulated, "Dynamic disequilibrium brought on by the innovating entrepreneur, rather than equilibrium and optimization, is the 'norm' of a healthy economy and the central reality for economic theory and economic practice" (p. 27). Schumpeter's (1942) work is one of the earliest found that emphasized disequilibrium as a deliberate strategy for generating entrepreneurial change. A more modern proponent of the value of disequilibrium is the work of Clayton Christensen (1997) in his landmark work, "*The Innovator's Dilemma*," which sought to help manage disruptive technologies to be successful, and more recently his attempts to utilize theories of disruption with our educational system. Forces beyond optimization and maximization, such as disequilibrium and disruption, greatly influence future business outcomes. The relevance to this discussion is that social entrepreneurship clearly falls within the realm of a disruptive activity within the mainstream business world and, as such, is positioned to be utilized in very creative ways.

A preferred characterization of social entrepreneurship as an activity is one that is more inclusive than exclusive. Light (2008) exemplified this when he wrote "SE is an effort by an individual, group, network, organization, or alliance of organizations that seeks sustainable, large-scale change through pattern-breaking ideas in what governments, non-profits, and businesses do to address significant social problems" (p. 12). Light's (2008) characterization positions social entrepreneurship as a solution seeking a problem and simply in need of sufficient resources. A contrasting, yet partially supportive perspective on inclusiveness, is provided by Martin and Osberg (2007):

> If plenty of resources are pouring into the social sector, and if many causes that otherwise would not get sufficient funding now get support because they are regarded as social entrepreneurships, then it may be fine to have a loose definition. We are inclined to argue, however, that this is a flawed assumption and a precarious stance. (p. 33)

Then there is the debate about deciding which resources to use when and where, unless they are scarce. For example, is the homeless problem in New York more or less pressing than hunger in the Congo? The fact of the matter is they are of equal importance. Debates about rankings of social injustice serve little value other than to detract from coming up with creative solutions to pressing problems. Boundaries are important for helping to make informed decisions about limited resources; they are also helpful for determining what characteristics distinguish social entrepreneurship from traditional business (Seelos & Mair, 2005). “We can overcome this ambiguity by studying SE through the lens of a widely recognized and global goal that integrates social needs to which many institutions and businesses have committed themselves: the goal of achieving sustainable development” (Seelos & Mair, 2005, p. 244). The presumption is there is equal access to the inferred freedoms here. This inferred freedom is not an absolute, however. There is little debate as to increased freedom of choice directly correlating to increased economic access. “What people can positively achieve is influenced by economic opportunities, political liberties, social powers, and the enabling conditions of good health, basic education, and the encouragement and cultivation of initiatives” (Sen, 1999, p. 5). There is a causal relationship between freedom of choices and progress. Wealth building, it is submitted, is part of the economic freedom equation and provides at least the opportunity for a broader range of life choices and flexibility.

A New Equilibrium: Economics and Inclusion

Previous research revealed that although consensus on the definition of social entrepreneurship does not exist, there is general agreement on the goal of social entrepreneurship. Specifically, social entrepreneurship seeks a new equilibrium or balance in the social arena. What is abundantly evident is that in Light’s (2008) attempt to encapsulate the social entrepreneurship versus social enterprise, from a researcher’s perspective, is the lack of economic emphasis. There are other authors that underscored the utility of social entrepreneurship having entrepreneurial elements with a social focus; of equal value is inclusion as a new equilibrium. Along this new equilibrium, Dey (2010) submitted:

> That SE is rationalized according to a neoliberal political rationality. The neoliberal signification of SE is reflected historically so as to show how SE gets employed in transforming the question of societal responsibility by inscribing ideas of efficiency, management savvy, and entrepreneurship into the body of the social. (p. 1)

Martin and Osberg (2007) argued for the need to focus social entrepreneurship on the social equilibrium:

> SE starts with “an unfortunate but stable equilibrium that causes the exclusion, marginalization, or suffering of a segment of humanity;” engages an individual “who brings to bear on this situation his or her inspiration, direct action, creativity, courage, and fortitude;” and ends with the ultimate “establishment of a new stable equilibrium that secures permanent benefit for the targeted group and society at large. (p. 39)

The concept of equilibrium is consistent with Schumpeter’s (1942) views. Schumpeter built upon the basic concept of value creation, contributing what is arguably the most influential idea about entrepreneurship. According to Schumpeter, “the function of entrepreneurs is to reform or revolutionize the pattern of production” (as cited in Dees & Anderson, 2006, p. 44). Schumpeter’s words are deliberate with a systematic, disruptive tone. Schumpeter identified in the entrepreneur the force required to drive economic progress, “absent which economies would become static, structurally immobilized, and subject to decay” (as cited in Martin & Osberg, 2007, p. 5). Schumpeter’s definitions became the “conceptual foundation for the Social Innovation School of SE” (Dees & Anderson, 2006, p. 44). There are some innovative institutions for social entrepreneurship that are worth noting as further evidence of the emerging scholarly and professional pursuits of the social entrepreneurial field. Some of the more noteworthy institutions committed to the scholarly pursuit of social entrepreneurship include Stanford’s Center for Social Innovation, the Skoll Center for Social Entrepreneurship, and, more recently, the Social Innovation Fund established by the administration of President Obama. It would be useful to examine in detail the role of political economy, culture, and identity in addressing injustice globally, but it is beyond the scope of this study. Social entrepreneurship is an emerging phenomenon positioned to address complex social issues. The social entrepreneur, as framed by Schumpeter and others, alters the production of social value by increasing the yield to society. Social value is this context is meant to describe principles or standards of society. A greater yield translates into advancing the principles and standards held by society. Free speech is a social value. The overarching challenge for practitioners and scholars is answering the question of how this benefit to society can be accomplished.

Examples of inclusion. Some have argued (Light, 2008) that there is a greater advocacy role to be played by social entrepreneurs. However, the Manhattan Institute for Policy Research (Institute) opposed advocacy as part of the definitional role of social entrepreneurship. The Institute stated, “we have excluded advocacy from our criteria for social entrepreneurship, insisting, instead, that the provision of tangible services be the sine qua non of the field” (Light, 2008, p. 14). Such a line in the sand about advocacy appears to be limiting, at best, and alienating to social activists at the minimum. A commitment to only tangible items as a qualifier for social entrepreneurship also has the effect of limiting its sustainable long-term change focus. The limiting view is supported by Nussbaum’s (1999) comments of justice that “believing all human beings to be fundamentally equal in worth” (p. 7) expands the qualifier exponentially.

One example of the power of social entrepreneurship influencing social change successfully is the success of Dr. Yunus’ microfinance program in Bangladesh, involving women entrepreneurs (Bornstein, 2004). The success of the women-run ventures has had a direct effect on the education of the daughters of these entrepreneurs. The emerging education component of women in Bangladesh is even more impressive, given that India surrounds it on three sides. “The recognition of female education as a social issue is very recent in India” (Dreze & Sen, 1999, p. 132). India is not at all progressive toward women’s issues.

The success of the women has also had the unintended consequence of considerably reducing the rate of divorce. Previous to this moment, women did not own property, and a man could divorce by simply stating the phrase “I divorce you” three times. Having no property rights, the divorced women moved back with relatives. “Once the husband signed over the property to their wives for them to get loans, with the newly acquired collateral, divorce rates dropped by over 50%” (Dreze & Sen, 1999, p. 132). Dr. Yunus’s work with Grameen Bank will be discussed next.

When a professor from Bangladesh, Muhammad Yunus, set out to connect economic theories to his native land’s real-world poverty in 1974, “he found in the tragedy of rural poverty a major social opportunity and the seeds of a social enterprise that has since transformed the way the world understands poverty relief” (Brooks, 2009, p. 1). Grameen Bank was formally founded in 1983 (Perrini & Vurro, 2006). Dr. Yunus came upon a group of women making baskets and similar crafts which he recognized as excellent craftsmanship. The challenge the women explained to Dr. Yunus is that because of the exorbitant cost of borrowing to purchase raw materials, they are left with very little at the end of production, due in part to paying their debt with finished product; the creditor would accept product for payment but priced it well below its market value. Dr. Yunus approached several financial institutions on behalf of the women, to no avail; he financed the $27 of debt the women had accumulated. Seizing the opportunity that no institutional bank would take, Dr. Yunus said, “unleashing of energy and creativity in each human being is the answer to poverty” (as cited in Brooks, 2009, p. 1). Perrini and Vurro (2006) shared this:

> Grameen, which is owned by its borrowers, is also a profit-making, financial self-reliant enterprise. Its success at employing microcredit as a sustainable developmental strategy and a viable business model that fulfills rather than subordinate the financial needs of the poor has spawned similar initiatives in nearly 100 countries. (p. 36)

As previously noted, there is a social component within traditional business circles. Integration of social responsibility within existing corporate structures is typically labeled corporate social responsibility (CSR).

Corporate Social Responsibility

Some discussion of the corporate social responsibility (CSR) phenomenon is worthwhile for framing the range of social activity that currently occurs in the business world. The process of committing to a CSR initiative has elements relevant to structuring a meaningful social entrepreneurial organization with wealth-building options for employees. More specifically, the elements of taking on a meaningful socially motivated endeavor with commitments from the staff and leadership of an organization are consistent with CSR activities.

Over the past two decades, corporations have taken a greater role in engaging with social issues and supporting employee volunteerism. Social entrepreneurship is a window through which traditional enterprise may fully seize the opportunity to support more social goals. Patagonia, known and celebrated for its commitment to be a responsible company, asks the question, “how is a company responsible?” Responsible companies profit shareholders, provide for the well-being of employees, make worthy products, and are a positive force in the community. Simply put, yes. (Chouinard & Stanley, 2012). London and Morfopoulos (2010) added “in order for a firm to make a commitment to a CSR program, it must create a committee, discuss the drivers, set goals, formulate policies, source community partners, implement projects, and measure impact" (p. 21). Seeking a linkage between wealth-building and social change is not a new phenomenon.

A useful categorization of CSR was provided by Rodriguez (2010):

- Philanthropic: projects with social good that have little or no relation to the corporate mission;
- Strategic: initiatives that align and advance social and business goals simultaneously;
- Social: actions typically addressed by SE designed and executed predominantly to target a social need. (p. 3)

One of the more current and increasingly popular investing mechanisms for corporations is the area of microfinance. Microfinance is typically understood to be the provision of financial services to communities and individuals not served by the mainstream banking systems. The earlier discussion of Dr. Yunus's venture fits the threshold of a microfinance transaction. Microfinance is the most well-known and documented social entrepreneurial activity that is both concerned with and currently addressing economic social justice, specifically, access to capital. Microfinance has become the favorite tool in the arsenal of those financial organizations seeking to have an immediate and lasting impact on social justice and seeking to make money. There is a camp in the scholarly world that views microfinance as a social innovation rather than social entrepreneurship (Phills et al., 2008).

There are outstanding examples of corporations directly, or through foundations established by them or their founders, doing philanthropic work (Apple, Microsoft, Bill and Melinda Gates, and Warren Buffett, to name a few examples). One example worth highlighting in more detail is Echoing Green, which was started in 1989 by practicing venture capitalists (part of General Atlantic) and was supported by Atlantic Philanthropies to "support 'young entrepreneurial leaders' with a public service orientation, later described as 'social entrepreneurs'"(Dees & Anderson, 2006, p. 45). The companies, however, cannot be classified as social enterprises because, as earlier stated, such a label typically denotes non-profit status. That their good deeds come from the profit side, or CSR, does not, however, lessen their social value. Yet, it does distinguish them from social enterprises. Social enterprises, typically managed by social entrepreneurs, specifically seek to leverage their profits with social transformation. Heald (2005) depicted the evolution of CSR as "that business enterprise, especially when ordered through a large national corporation, had become an agency for social organization as well as for economic production could scarcely be questioned after the middle of the 20th century" (p. 298).

Admittedly, CSR merits its own dedicated study. Discussion of CSR at this juncture primarily serves the purpose of better positioning the reader's knowledge about overlaps of mainstream and socially motivated business activity. The study of CSR has a 50-year track record dating back to "Chester Barnard's (1938) 'Functions of the Executive,' Jim Clark's (1939) 'Social Control of Business,' Theodore Krep's (1940) 'Measurements of the Social Performance of Business,' and Howard Bowen's (1953) 'The Responsibility of Businessmen'" (Rodriguez, 2010, p. 8). The well-documented discussion of CSR is additive to the dialogue on social entrepreneurship.

> Unprecedented though the scale and scope of private business involvement in social problems and programs may be, the idea that business has a real interest in the condition of the community in which it operates is by no means new. (Heald, 2005, p. 111)

The important distinction historically and today is found in the corporation's focus. Strategic CSR in earlier periods emphasized the leader as the most important element for organizational success. The current thinking is that all participants in the organization can play a pivotal role in the entity's success. This research makes no specific policy or programmatic recommendations for CSR and given its complexity refers the reader to the cited literature for a more detailed discussion. The next section begins the discussion on wealth-building in general, and in specific, tools that have tried to make it happen

Wealth Building

The discussion of community wealth-building has its origins from the social movements of the 1960s (Dubb, 2005). Yet, the earliest evidence for individual discussion of wealth dates back to the 1800s in rural Denmark as noted earlier in this chapter. Both community and individual centric wealth-building discussions have evolved greatly over the past forty years. Freeman (2007) informs us that nearly half of all Americans currently participate in some form of shared compensation or decision participation at their place of work.

Well-written narratives provide fresh insights that advance the knowledge base of this research on social entrepreneurship and wealth-building literature. The bigger challenge has been in identifying peer-reviewed academic research on this subject because if it has been conducted, it has not been published (beyond the Scully work cited earlier). The effects of wealth building will no doubt differ depending on the definition of, or proxy of wealth embraced. In order to make the most of this in-depth study that encompasses wealth building, it is beneficial to focus on one of its tools; the tool of focus will be on employee stock ownership plans. Two resources that have proven to be very useful toward more scholarly research on employee stock ownership are the National Center for Employee Ownership (NCEO) and the Employee Stock Ownership Plan Association (ESOP Association). Before delving into the literature on employee stock ownership plans and to help better frame the wealth-building context for working-class Americans, it is useful to look at the statistics of the employee stock ownership field.

There is a wealth of current data about the magnitude of employee stock ownership plans participation. The participation levels are relevant to counteract the once held belief by economists that employee stock ownership plans were too narrow to merit serious scholarly attention (Kruse et al., 2010). The 2006 survey conducted by the General Social Survey (GSS), which is known for conducting scientific research on the structure and development of society through a database designed to monitor societal change with the United States and compare it to other countries (General Social Survey, n.d.), found the following statistics about current worker participation in some form of ownership:

> Forty-seven percent of workers are covered by at least one such form, with 38% having profit sharing, 27% having gain sharing, and 18% owning their company's stock options, and 5% receiving company stock options in any given year. Based on these figures, shared capitalism covered 53.4 million American workers. (Kruse et al., 2010, p. 13)

Some basic statistics on employee stock ownership plans:

- There are approximately 11,500 ESOPs in place in the U.S., covering 10 million employees (10% of the private sector workforce).
- These employees draw in excess of 3% of their total compensation from ESOP contributions.
- The growth of ESOP formation has been influenced by federal legislation. (www.nceo.org)

While the rapid increase in new employee stock ownership plans in the late 1980s subsided after Congress removed certain tax incentives in 1989, the overall number has remained steady with new plans replacing terminated employee stock ownership plans. A useful metric is a comparison of the wages of an employee stock ownership plan company versus other companies, as shown in Appendix A. Some relevant and noteworthy employee stock ownership plan data provided by Dr. John Hoffmier (2009) gives a comprehensive picture of employee stock ownership plans:

- About 330 ESOPs (3%) are in publicly traded companies. However, these companies employ just fewer than 50% of the nation's 10 million employee owners.
- An estimated 7,000 of the 11,500 companies have ESOPs that are large enough to be a major factor in the corporation's strategy and culture.
- Approximately 4,000 ESOP companies are majority-owned by the ESOP.
- Approximately 2,500 are 100% owned by the ESOP.
- While ESOPs are found in all industries, more than 25% of them are in the manufacturing sector.
- At least 75% of ESOP companies are or were leveraged, meaning they used borrowed funds to acquire the employer securities held by the ESOP trustee.
- A majority of ESOP companies have other retirement plans, such as defined benefit pension plans or 401(k) plans, to supplement their ESOP.
- Of the 11,500 employee-owned companies nationwide, fewer than 2% were financially distressed when they established their ESOP.
- Total assets owned by U.S. ESOPs are estimated to be $800 billion at the end of 2006.
- It is very difficult to know how many ESOPs were started by members of racial minority communities. The number of ESOPs started by members of racial minority communities is held down by rules that take away minority business status as the percentage of ESOP ownership increases. This is true even in situations where 100% of the employees are minorities when the ESOP ownership tops 50%. (Dr. John Hoffmire, personal communication, March 16, 2010)

It is evident from the aforementioned employee stock ownership plan data that the employee is far from a passive participant in the strategic and operational aspects of their employers. The current study contends that the wealth-building plan in companies is well positioned to influence the corporate culture toward more social engagement than would otherwise occur. There is, on the other hand, a lack of data that focuses on the roles of gender or race in the employee stock ownership plan community. Preliminary evidence from attending the employee stock ownership plan gathering in Washington, D.C. in the spring of 2010 revealed no discussion on gender or race. The agenda was largely performance centric and catered to the legal, investment advisor, and accounting professions. There remains a larger disparity in the poverty rates between racial minorities and non-Hispanic Whites, 20% and 8%, respectively, as outlined in the US Racial and Ethnic Regional Poverty study (The Career Project, 2012).

Therefore, the very low attendance of non-Whites at the conference was surprising. Clearly, considerable research and participation of non-whites is needed within the context of employee stock ownership plan businesses.

Employee Stock Ownership Literature Review

A considerable amount of the research for employee stock ownership plans has been driven by its association, the NCEO, and a handful of university scholars. Conference papers, theses, journals, newspapers, and reports are included for employee stock ownerships by NCEO organization. Much of the research for employee stock ownership plans has not had the benefit or rigor of academic peer review, but rather is accessed through more informal trade newsletters and publications produced electronically.

Employee stock ownership plans are tax-qualified, deferred compensation benefit plans under current United States labor and tax laws, and make employees of a given company the beneficial owners of the stock in that company. The first mention of employee stock ownership plans legislatively appears in the "Regional Rail Reorganization Act of 1973" (Stern, 1989, p. 1). There are an abundance of reasons for creating employee stock ownership plans, financial being one of them. "Financial goals include: the tax benefits of selling shares to an employee stock ownership plan or raising capital from employees. Mixed goals include providing a retirement vehicle for employees and providing company stock as a bonus" (Thompson, 2003, p. 14). Beneficial, as it implies, provides the benefits of ownership, without direct control of a given asset, such as voting. A more specific and detailed definition is as follows**:**

> ESOPs are retirement plans, not only for employees, but for qualified owners as well. Since 1974, there have been over 20 pieces of legislation that encourage owners of private-held companies to implement ESOPs and shared equity with employees. Tax incentives have been enhanced and modified the Economic Recovery Tax Act of 1981, the Tax Reform Acts of 1984 and 1986, the Comprehensive Retirement Security &

> Pension Act of 2000, and the American Jobs Creation Tax Act of 2004. Seller(s) are entitled, in most cases, to long-term capital gains tax rates, and an S corporation that is 100% ESOP owned becomes totally exempt from all federal and state corporate income taxes on the above basis. Lesser percentages held by an ESOP also enjoy the same exemption. As legislation has evolved, benefits have been specifically targeted to independent business owners and employees who participate in these plans. The owner of a privately-held business can sell to an ESOP and defer all Federal income taxes, although Section 1042 of the Internal Revenue Code excludes tax deferment eligibility if the stock of the subject company is publicly traded. (Freeman, 2007, p. 4)

A quiet transformation has occurred in the ownership structure of U.S. businesses over the past third of a century. Prior to the passage of the Employee Retirement and Income Security Act (ERISA) in 1974, employee ownership was a fringe phenomenon in the U.S., limited to a few worker co-operatives in the northern corners of the nation. Although direct employee ownership and control is still rare, more than one in six U.S. private sector employees now own shares in their company; and more than one in 12 U.S. private sector employees now participate in an ESOP. "More than 10 million employees now participate in over 9,000 ESOPs; the net value of these employee holdings exceeds $600 billion" (Rosen, 2006, p. 1). Appendix A shows the wage disparity between an employee stock ownership plan and non-employee stock ownership plan employee base (Freeman, 2007, p. 1).

Rather quickly, employee stock ownership plans provide a mechanism for workers to obtain equity-like positions at their place of employment, an effective means for wealth building (later in this review will touch upon some of the other implications of this beneficial ownership beyond financial considerations). Nonetheless, Freeman (2007) laments the lack of employee stock ownership plan research, or even discussion of it in academia, is very revealing:

> In the 10 years I spent in the MIT, Harvard, and University of Pennsylvania business school systems, I never once heard of employee ownership in a research seminar, read of employee ownership in a journal article, or seen a case or topic covered which centered on an ESOP or employee owned firm—with the exception of UAL, and a course on

> organizational design in the 1990s, discussing the unique tiered structure of a trendy Brazilian firm. (p. 5)

A literature review of employee stock ownership plan research is especially valuable now, given the limited knowledge of the employee stock ownership stool and the potential for more widespread use to advance wealth building.

Employee stock ownership plan history. The origins of employee stock ownership are most frequently attributed to Louis Kelso. "In writings during the 1950s and 1960s, Louis Kelso argued that ownership by employees of company stock is necessary to create a society in which affluence is broadly shared and extremes of economic inequality reduced" (Kardas, Scharf, & Keogh, 1998, p. v). "In 1956, Kelso implemented for a San Francisco newspaper the first ownership transfer to employees by means of what later became known as *The Kelso Plan*" (Freeman, 2007, p. 1). At the time, that Kelso and Senator Long were promoting the idea of employee stock ownership plans, political theorist Carole Pateman (1970) was suggesting industrial democracy as a means to encourage political democracy. "The question has taken on new salience given the continuing decline in various forms of political and civic participation in the United States (Conway, 2000; Putnam, 2000)" (as cited in Freeman, 2007, p. 24).

The ultimate goal of employee stock ownership plans and their effectiveness is an ongoing debate:

> If the ultimate goal of employee stock ownership is to achieve a society that has both greater equality of economic condition as well as equality of opportunity for economic gain, then it may be of interest to examine the distribution of wealth and wages in companies that have established employee stock ownership plans. (ESOPs) (Freeman, 2007, p. 24)

Freeman (2007) noted that limited study has been done on whether the gap was effectively lessened and cites the work of Kardas et al. (1998) as one of the few studies to look at wealth distribution and the employee stock ownership plan effect.

John Stuart Mills is considered to be the father of modern economics, and "wrote at length about what he saw as efficiency and productivity advantages of what he called worker cooperatives" (Macklin, 2004, p. 3). The emphasis on non-material benefits of employee stock ownership plans is not unlike the goals of social entrepreneurship. John Stuart Mills discussed the social and moral imperatives of cooperatives:

> The form of association which if mankind continue to improve must be expected in the end to predominate is not that which can exist between a capitalist as chief and workpeople without a voice in the management but the association of the labourers themselves on terms of equality, collectively owning the capital with which they carry on their operations, and working under managers elected and removable by themselves. (Mills as cited in Macklin, 2004, p. 3)

Several well-known economists followed Mills' thinking about the non-material values of cooperatives. In studying the Italian cooperative movement, "perhaps, most interestingly, Erdal found that in the community with the largest concentration of cooperatives (Imola), the citizens lived longer. Longevity appeared to be caused by a significant difference in the rates of cardiovascular mortality" (Macklin, 2004, p. 4).

Worker ownership has produced more tangible assets for the working class that any other vehicle to date. The notion of wage slavery was introduced in the 19th century by William Sylvis, founder of the National Labor Union, which was at the forefront of the employee stock ownership plan movement. He stated "so long as we continue to work for wages, so long will we be subjected to small pay, poverty and all of the evils of which we complain" (Sylvis as cited in Macklin, 2004, p. 2).

Current research in Employee Stock Ownership Plans. In a recent email to members of the National Center for Employee Ownership, Corey Rosen (2010), its Executive Director, at that time, had this to say:

> Thanks to the efforts of the Foundation for Enterprise Development, the Beyster Institute at the Rady School of Management, Professor Joseph Blasi at Rutgers, and the Rutgers School of Management and Labor Relations, academic interest in employee ownership is finally coming of age after a long period of being largely ignored. At a June 28-29 gathering of researchers at the Second Annual Beyster Fellowship Symposium, over 50 scholars reported on a variety of exciting new research projects underway. The researchers came from business schools as well as from economics, history, organizational development, and philosophy departments. In general, the researchers agree that employee ownership has been shown to have significant positive effects for companies and employees, although there are important exceptions. Much of the new research is looking to dig deeper to find what conditions are most conducive to employee ownership and why it is adopted in some firms but not others. (p. 1)

Rosen's statements support this study's positioning among the scholarship for wealth- building studies and employee stock ownership plans for working class Americans.

Probably the most rigorous academic review of the research on employee stock ownership plans was found in two publications: Eric Kaarsemaker's (2006) dissertation *Employee Ownership and Human Resource Management*, and Steven Freeman's (2007) working paper, *Effects of ESOP Adoption and Employee Ownership: Thirty years of Research and Experience Research on ESOPs*. The two research products have evolved the study of employee stock ownership from what Joseph Blasi, noted authority and academician on the subject, once called "advance storytelling to more sophisticated statistical analysis" (Rosen, 2010).

> Almost all studies on the effects of ESOP adoption involve one of three kinds of comparison: between-groups, cross-sectional comparisons of employee owners and non-owners (who may be in the same firm or in other firms); longitudinal comparisons, before and after the adoption or termination of employee ownership; within groups, cross-sectional comparisons of employee-owners with different plans or employee characteristics. (Freeman, 2007, p. 5)

Although most employee stock ownership plans and employee ownership researchers find improved firm performance, mainstream economic theorists and many investigators still see employee ownership as suspect. Most economists suggest that employee stock ownership plans create under investment and inefficient decision-making, and inadequate supervision, or both (Freeman, 2007). Some have argued the growth of employee stock ownership plans during the 1980s had more to do with their effectiveness as an effective defensive mechanism to thwart acquisitions than their usefulness to employees (Freeman, 2007). There are conflicting practical and theoretical statements about the correlation between employee stock ownership plans and measurable economic performance. Negatively, "several theorists point toward employee free-rider problems in group compensation schemes, and diminished incentives for close supervision of workers by managers" (Blasi et al., 1996, p. 77). On the positive side of the ledger, "theorists point toward possible benefits of increased information-sharing, monitoring of fellow workers, and worked identification with the company that employee ownership can promote, which should lead to improved company performance" (Blasi et al., 1996, p. 77).

There has been nearly 30 years of research focused on employee stock ownership plans, yet it is argued that it has been, at best, tangential to academia (Freeman, 2007). "Mainstream economic theory predicts employee ownership leads to underinvestment, inefficient decision making, inadequate supervision, or some combination of these (see Bonin, Jones, & Putterman, 1993)" (Freeman, 2007). Yet, Kruse et al. (2008) contradicted this by revealing a high participation by employees as well as affirming productivity gains. The potential appeal and the extent of employee ownership seem to be on the fringe of both social consciousness and the academic literature. Peer reviewed research on employee stock ownership plans seems to have declined significantly over the past decade and a half, and of that, a small group of researchers conduct almost all the research. A large percentage of the current research, including the work in the domain's principal journal, is not peer reviewed research. Although articles on employee ownership are still published in labor relations journals, there is little, if any, mention of the phenomenon in leading journals of economics or business administration (Freeman, 2007).

Omissions in employee stock ownership plan research. There are numerous questions that remain unanswered by the employee stock ownership plan literature. For example, what are the outcomes for the owners who have led the transition to an employee stock ownership plans? What are some of the real and perceived problems facing employee stock ownership plans, real and perceived? There is value in examining the actual distribution of wealth in employee stock ownership plans because all examples are not as egalitarian as the Namaste case cited later will substantiate. The principal finding in Kardas et al. (1998) was that, although median- and below-median paid workers did considerably better with employee stock ownership plans than in comparable companies without similar employee investment options, and those at the high-end of the pay scale did even better (Freeman, 20007, p. 24).

More rigorous assessment of a firm's performance and in particular peer reviewed research is needed. Freeman (2007) listed some other areas where gaps in the literature are noteworthy. "In our conversations with ESOP CEOs and other officers, we identify problems completely unaddressed in the literature, e.g., capital formation, maintaining liquidity, managing retirements and payouts. There are often problems between haves and have nots" (Freeman, 2007, p. 20). The have and have not reference is about employees who were early-on owners who realized the largest upside versus new, and sometimes more qualified workers, who recently joined the employee stock ownership plans, but presumably have less gain in front of them in the near term. There is the general discussion about under what circumstances does an employee stock ownership plan lead to better performance and the role financial independence may play in a more flexible and resilient workforce.

For future research, Freeman (2007) recommended:

- explanation of why new growth of employee ownership is stagnant;
- theoretical explanations for the desirability, benefits, and challenges of employee ownership;
- reconcile data and empirical findings on employee ownership with existing theory of the firm findings from distinct fields and received wisdom;
- explicit acknowledgment of ESOP costs and quantification of benefits;
- documentation of social benefits;
- the role of ESOPs in enabling continuity and orderly transition; and
- benefits of (employee) ownership stake and ownership society. (p. 27)

Missing from research consideration are issues of gender and diversity. As an outcome, there remains a lack of political will to promote employee stock ownership plans for marginalized members of the community. The current political and economic climate, where social security might be re-structured, and a diminishing number of employer-driven dedicated pension plans, provides an opportune environment for employee owned stock plans to flourish. There is a potential legislative study project on enacting employee stock ownership plans, in light of the employer-driven savings plan changes and the anticipated legislative changes to social security. Further, with dedicated pension plans becoming a relic of the past, being replaced with self-directed 401(k) plans that employers contribute to, there is ample opportunity to design and implement an alternative wealth-building tool.

A Case for Merging Social Entrepreneurship and Wealth Building

Why is there so little research that combines the subjects of social entrepreneurship and wealth-building? The first specific reference that sought to identify overlapping foundational concepts relevant to social entrepreneurship and employee stock ownership plans was found on the Aspen Institute website (www.aspeninstitute.org) in a section titled "Caseplace," this section is dedicated to curriculum on employee ownership and social entrepreneurship. Additionally, within the curriculum section, there was an article focused on employee ownership subjects and entrepreneurship. In spite of the lack of research on the topic, there is a considerable amount of literature that argues for employee stock ownership plans as a viable economic mover. Additionally, Scully (2009) suggested some may view employee ownership as "principally about SE—a move made mainly to reflect founder values or social purposes. At the same time, given the widespread attention to social entrepreneurship, the relevance of EO for this topic should not be overlooked" (p. 8). Further, "the reputation for employee ownership can be a draw for customers concerned about socially responsible investing" (Scully, 2009, p. 8). Employee-owned businesses can ill afford not to be extra customer friendly because there is rarely anyone else left to blame for losing a client.

In response, the current research study sought, in part, to identify where the intersection of social entrepreneurship and wealth building and, more specifically, employee stock ownership plans exists. The two business approaches seek to, at one end of the spectrum, leverage their strengths with the goal of wealth building. There is value in blending approaches for solving social issues. An example of this is conservationists in the 1970s learned to combine conservation with sound economic approaches to address long-term solutions for the environment (Trust for Public Land, 2007). "The potential value of blended approaches extends beyond social issues, such as poverty, that have the obvious direct economic components" (Dees & Anderson, 2006, p. 49). Alvord et al. (2004) submitted "sustainable social transformations include *both* the innovations for social impacts and the concern for ongoing streams of resources that characterize the other two perspectives on SE" frequently leading to "major shifts in the social context within which the original problem is embedded and sustained" (p. 137).

Scully (2009) provided some insightful data on the merging of the interest of entrepreneurship and employee ownership. "Entrepreneurship issues have roots in many disciplines, including finance, strategy, and human resource management. Employee ownership (EO) is similarly an issue that has implications for funding an enterprise, differentiating it, and motivating and retaining talented employees" (p. 1). All successful entities must develop an appropriate organizational structure to succeed. Social entrepreneurial ventures with employee stock ownership plans "need to carefully plan the organizational structure to ensure it fulfills the purpose for which it exists" (Swanson & Zhang, 2010, p. 75).

Social capital and systems thinking. Kim's (2004) work introduced me to systems thinking research and the importance of systems thinking in looking at any organizational structure. "The conception of social capital as a resource for action is one way of introducing social structure into the rational action paradigm" (Coleman, 1988, p. 2). The social entrepreneurship wealth-building model is, by design, quite general, yet both must adhere to some form of social system. Social entrepreneurship with wealth-building plans may focus on some immediate need, it is important they be tuned into the larger social systems and relevant interdependencies. "The more we understand systemic behavior, the more we can anticipate that behavior and work with systems (rather than be controlled by them) to shape the quality of our lives" (Kim, 2004, p. 1). The general nature of its systems structure provides necessary flexibility. A unifying element for social entrepreneurship and wealth building is the creation of financial independence that can serve as a catalyst for social transformation. The creation of financial independence and wealth creation both qualify as social justice outcomes, particularly for the working class American. “Social facts are objects which are also the object of knowledge within reality itself because human beings make meaningful the world which makes them” (Bourdieu & Wacquant, 1992, p. 7). Social justice and traditional economics have rarely agreed upon approaches and outcomes.

The processes associated with social entrepreneurial ventures are best grouped by entrepreneurial orientation, social change, and innovation (Perrini & Vurro, 2006). In integrating the three elements, social entrepreneurship is “first and foremost concerned with a process of change and with the creation of social value” (Perrini &Vurro, 2006, p. 26). Going back to the organizational structure discussion, we begin to seek ways in which social entrepreneurial ventures are similar, distinctly different, and have common characteristics that determine their likelihood of success. Critical to this discussion is the importance of structuring entities that can adapt to rapidly changing environments. We are reminded by Senge’s (1990) work of a useful tenet that is applicable to social entrepreneurship with employee stock ownership plans which states, “discover how to tap people’s commitment and capacity to learn at all levels” (p. 4). Perrini and Vurro (2006) suggested two groupings for how social entrepreneurs pursue social change by way of an “organizational set, composed of three dimensions: a cause-driven vision, a scalable innovation, and an economic robustness. The second set—the environmental set—concerns those features that affect a SEV’s success but that are hardly controllable by organizations directly” (p. 27).

A more detailed explanation of the critical environmental and organizational factors that influence the ways in which a given social entrepreneurship venture pursues social change or other mission driven goals is worthy of in-depth study. It is sufficient here to note social entrepreneurs must adapt their business model to fit the market needs. Perrini and Vurro (2006) suggested a positive correlation between organizational factors with both social and economic factors, and similarly with their growth aptitude (also known as the ability to grow the idea to scale, one measure of success). Environmental factors, just as in mainstream business environments, serve as a moderator of sorts for the relationships. There are some examples of organizations reported in the literature of successful social entrepreneurship and wealth-building plans. A final comment about complexity and social entrepreneurship is worth making.

In 2008, an international trans-disciplinary journal (*E: Co*) dedicated to researching complex social systems, issued a special edition titled "Complexity and Social Entrepreneurship" (Goldstein & Hazy, 2008). The special edition included several papers that delved into the complexity and social entrepreneurship, philosophy, social change, and social capital. One of the earliest works found that emphasizes complexity and adaptability over equilibrium-based systems thinking is that of Walter Buckley which was published in 1968 (Goldstein & Hazy, 2008). Buckley's research discussed in detail his ideas about complexity science applications to social entrepreneurship. One of the research papers in the special edition "lays out the kind of re-assessment that is necessary concerning the connection between social institutions and their dynamics as complex systems"(Goldstein & Hazy, 2008, p. ix). Finally, the editors of this special edition introduce their plans for establishing a research center that aims to become the "hub in applying complexity science concepts to social value creation" (Goldstein & Hazy, 2008, p. x).

The work of the *E: Co* journal is noted at this juncture of the research as supportive of the brief systems discussion and the subsequent body of work of this research.

Examples of merged systems. Equal Exchange, a fair trade and beverage pioneer, teamed up with Wainwright Bank, a socially progressive bank, to raise capital, protect its independence, and create a new financial product for investors (Scully, 2009). Investors of all sizes and types are now able to make a traditional investment in a company that has elements of an employee stock ownership plans with clear social entrepreneurial values and mission. The proceeds from the purchased certificate of deposit (CD) are dedicated to Equal Exchange, not like traditional certificate purchases whose funds may be invested almost anywhere. “Each time someone buys a $2,000 CD that provides the cash Equal Exchange needs to purchase, at a Fair Trade price, the coffee grown by a typical family farm supporting 6-8 people” (Scully, 2009, pp. 8-9). This tactic enables Equal Exchange to avoid being bought up by larger corporations and preserves the jobs through their employee stock ownership initiative. Another successful example of an employee stock ownership driven and social entrepreneurial company is Namaste Solar Electric, Inc., “a Boulder-based company that designs and installs residential and commercial solar Photovoltaic Electric systems throughout the Front Range” (Scully, 2009, p. 9). Namaste is 100% employee owned and all receive the same compensation, is heating up the concept of operating a 100% employee-owned business. Each of Namaste's 27 co-owners receives the same compensation and has equal voice in decision-making, according to “Namaste president Blake Jones, who reluctantly adopted his title to give customers and the media a sense of leadership” (Scully, 2009, p. 9).

The aforementioned examples of successfully combining employee stock ownership plans and social entrepreneurial goals and objectives validate the legitimacy and feasibility of this research study. The next section focuses on the future implications of the current study.

Conclusions on Intersection of Social Entrepreneur and Wealth-building Plans

Dees and Anderson (2006) introduced two dominant schools of thought of possible focus for studying social entrepreneurship, and this study submits they should equally apply to the employee stock ownership field—namely, “the Social Enterprise School and the Social Innovation School” (p. 40), both of which support the need for new ideas to tackle social problems. The two schools of thought seek to serve a social mission through income generating activities and are focused on finding sustainable new ways to address and meet social problems and needs (Dees & Anderson, 2006).

> Researchers subscribing to the *social enterprise* school of thought have considered SE to be represented by organizations that generate earned income to support social missions. Those associated with the *social innovation* school have concerned themselves with applying improvements to the ways in which social problems and needs are addressed. (Swanson & Zhang, 2010, p. 75)

It is at this intersection of social enterprise and innovation that social entrepreneurship and employee stock ownership plans appear to be most naturally integrated. Put another way, Swanson and Zhang (2010) stated, “these inquiries would be on enterprising social innovations, carrying out innovations that blend methods from the worlds of business and philanthropy to create social value that is sustainable and has the potential for large-scale impact” (p. 76). Thus, the universe of social entrepreneurship with wealth-building plans leads a double life:

> They exist twice in the objectivity of the first order, constituted by the *distribution* of *material* resources and means of appropriation of socially scarce goods and value, and in the *objectivity of the second order*, in the form of classification, the mental bodily schemata that function as *symbolic* templates for practical activities—conduct, thoughts, feelings, and judgments—of social agents. (Bourdieu & Wacquant, 1992, p. 7)

There are clearly elements of entrepreneurial and social value present in the construction of social entrepreneurship with wealth-building plans. Yet, we must avoid oversimplification of these phenomena. Oversimplification marginalizes the transformative possibilities that can arise where social entrepreneurship with wealth-building plans exist. The next section presents suggestions for future research on social entrepreneurship, wealth-building, and employee stock ownership.

Laying a Path for Future Research

One of the goals of this study was to provide insights for future researchers and practitioners regarding wealth creation through social entrepreneurship wealth-building plans; research is needed in the fundamentals of starting a new social action venture. “Major steps include envisioning, formulating, taking action, evaluating, and sustaining the effort” (London & Morfopoulos, 2010, p. 109), are all the necessary steps for a successful social venture. There is a need for social entrepreneurs’ research to investigate other disciplines to advance their research, for example. “SE researchers should develop a stronger understanding of the process of social change based on progress made in the area of institutional change as well as the role of discourse and structuration in field-level changes” (Dacin et al., 2010, p. 51). Dees and Anderson (2006) suggested that, at the intersection of social enterprise and the innovation schools of thought, greater opportunity for research exists; I agree. Swanson and Zhang (2010) focused their recommendations on testing methods of the social entrepreneurship zone to determine where an entity falls. They argued, “a valid assessment tool would provide an objective method for determining which organizations qualify as social entrepreneurial organization by falling within the zone, or within defined regions of the zone” (p. 85). Researchers could target their research study distributions along the zone construct implications and examine significant characteristic findings.

Braun (2009), while critiquing current educational offerings on social entrepreneurship, suggested “educational settings need to move beyond sharing on-site field experiences and provide the academic community with rigorous and in-depth research” (p. 76). Braun further suggested the research “can create the foundation for dialogue that goes beyond generalizations of terms and definitions and is able to move into deepened and refined discourse” (p. 76). Such a deepened and refined discourse has the potential to generate volumes of innovative ideas for academia and practitioners, inspire greater respect for social entrepreneurship in the academic arena, and further validate the practitioner side of the equation. There is evidence at the graduate and undergraduate levels at universities around the world of growing levels of interest in implementing social entrepreneurship curriculums and pursuing the phenomenon as a career (Light, 2008; Weerawardena & Mort, 2006). Bornstein (2004) also noted the rising popularity of the social entrepreneur is underscored by the increasing number of American universities offering courses in social entrepreneurship. “It appears that the first dedicated course on SE was launched at Harvard Business School (HBS) in the spring of 1995 as part of the new initiative on social enterprise” (Anderson & Dees, 2006, p. 144). Currently, there are a few noteworthy universities with rapidly expanding social entrepreneurial programs: “Harvard’s Initiative on Social Enterprise, the University of Alberta’s Canadian Centre for SE, Oxford’s Skoll Centre for SE, and Stanford’s Center for Social Innovation” (Braun, 2009, pp. 75-76). Other lesser-known universities and community colleges (New School for Social Research and the University of the District of Columbia) have introduced social entrepreneurial curriculum and are looking to possibly expand to a degree program in the future. The growing interest in social entrepreneurship across a wide band of academic institutions bodes well for the long-term outlook for this phenomenon.

Light (2008) stated, “as a field of inquiry, the study of SE is barely in its infancy. As such, it resembles the early years of the study of business entrepreneurship” (p. 2). Early theories on entrepreneurship relied on theories about economics and society (Drucker, 1985), largely because of the lack of sufficient peer reviewed literature. There is a natural discord within the academic world, given that social entrepreneurship is still not embraced as a field.

More senior scholars toil away at publications and grants to generate income for more research, and younger scholars seeking tenure typically chase the traditional routes of business school, with an emphasis on finance or marketing. As more universities embrace social entrepreneurship as a worthwhile scholarly endeavor, social entrepreneurship should gain greater favor as a respected field, worthy of an advanced degree scholarly pursuit.

Concluding Remarks

This research summarized and sought to uncover new knowledge about social entrepreneurship, wealth building, and employee owned stock plans. It is believed this research study has the potential to contribute empirical knowledge that can be applied in the business world and be used to influence public policy about issues of poverty, entrepreneurship, and wealth building.

Freeman (2007) posited the following:

> Although the quantity and cumulative findings of research on employee ownership may be impressive, lack of engagement with critics means that the research and the idea of employee ownership have limited impact in the larger world of knowledge and ideas, and leaves doubts about the assertions. (p. 5)

Leadership is a salient and largely ignored area in the successful entrepreneurial venture, with or without a wealth-building plan. Yet, elements of leadership and change are clearly present in social entrepreneurship and the work of Burns (2003), and Dacin et al. (2010) support this claim. Burns' (2003) work on leadership offers, "but as a master discipline that illuminates some of the toughest problems of human needs and social change" (p. 9). Dacin et al. (2010) submitted that "all forms of entrepreneurs (conventional, cultural, institutional, and social) initiate and address issues of change" (p. 50).

With the exception of the popular success stories of such magnitude as companies like SAIC, Microsoft, Google, and the Beyster Foundation that have generated substantial revenues, the top limiters for growing the work of social entrepreneurs, is long-term, predictable, and unencumbered capital.

On the one hand, the social entrepreneur operates a business that is typically driven by change and transformation but thin in profit margins. On the other hand, venture investors seek to maximize their investments, and foundations and philanthropies are slow to embrace a profit-driven enterprise. Additionally, investors and philanthropies are mostly attracted to the latest new venture, particularly if no one else is at the negotiating table. What then is to become of ventures that have an older yet proven impact? Similar to traditional second or third-stage businesses, funding social entrepreneurial ventures beyond the start-up phases is very difficult. Second-stage funding typically funds just beyond start-up operations. Third-stage funding seeks to launch a business' expansion with marketing and advertising, ideally positioning the company for a sale or initial public offering. Employee stock ownership plans may play a greater role in providing this much-needed seed to next stage capitalization. Start-up capitalization for most firms is stifled by fixed costs, such as salaries and offering stock as part of the compensation for employees of next-stage firms, freeing up capital for other functional areas. The start-up phase for any business requires stringent controls on cash flow and efficient use of resources; these components are critical throughout a business's life cycle. Employees willing to take stock, in lieu of cash, for compensation and align their pay to performance, positions the company to conserve cash and maximize productivity from employee-owners. There may also be a greater role for government to play by fine tuning existing federal programs designed to aid businesses or creating new stimulus tools. There is a need for the private sector to look beyond organizational structure if mission-driven enterprises are to succeed.

There is a critical need to scale beyond organizational structures because "social change depends on scaling movements rather than on scaling one organization; this factor is particularly relevant for wealth-building strategies. Yet currently, the emerging field of social enterprise seems trapped into focusing on scaling organizations" (Hartigan, 2010, p. 15). Freeman (2007) recommended future academic inquiry might be better served by focusing on more enterprising social innovations that blend with both philanthropic and business methods, increasing the potential for large-scale sustainable impact. "It is time to move beyond a value-laden rhetoric supported primarily by anecdotal arguments and success stories" (Anderson & Dees, 2006, p. 146). An example of the value-laden rhetoric that I refer to would be the promotion of small successes, while failing to discuss disappointing outcomes (Nicholls, 2006). A stronger foundation of research for social entrepreneurship is critical. President Bush, and earlier in 2010, President Obama, supported research on advancing the ownership society goals; nothing much beyond raising the concept has occurred thus far.

It is argued that employee stock ownership plan, as the most researched wealth-building strategy, still fails to follow through on its findings. There seem to be critics on both sides of the performance argument about the profitability of employee stock ownership plans, and with the absence of defensible date, there is cause for concern. The development of more theory around employee ownership at higher levels of intellectual discourse is very desirable (Freeman, 2007). As earlier discussions pointed out, the numbers are significant regarding participation in employee stock ownership plans. However, what is really behind those numbers?

Despite the claims that employee stock ownership plans build a better workplace environment and provide a greater commitment to the organization, there has been little research to support these claims.

> In contrast to the abundance of research on the effects of employee ownership on individuals and on firms, very limited research has been conducted on the effects of employee ownership on society. The social case for employee ownership is stronger in rhetoric than in research. (Freeman, 2007, p. 22)

Greenberg (1978) speculated about a "spillover" effect from employee ownership. "Although benefits to individuals and firms from ESOP adoption are all well and good, for matters of public policy, questions about the social benefits and costs of employee ownership are paramount. Yet this research barely exists" (Freeman, 2007, p. 25). Freeman (2007) went further to suggest that but for the tax incentives, many employee stock ownership plans would not occur, calling into question how socially motivated a given conversion may be. He also suggested a quantitative comparison of benefits to society against lost treasury revenue is in order. There may be some value in comparing firms where the employee stock ownership plan is the sole retirement benefit. Finally, the level of participation in employee stock ownership plans, and how much wealth is actually being created are worthwhile variables to investigate.

The growing number of employee stock ownership plans may play a greater role in defining future corporate culture. The implications for future business practices alone merit further in-depth research. Given the extensive data and arguments surrounding the merits of employee stock ownership plans, it remains a mystery as to why they remain, at best, a fringe subject in academia. An important underlying assumption in this research is that individuals and organizations have the capacity to be transformed by and through social entrepreneurship and wealth-building activities.

There is something to be learned from looking more closely at failed social entrepreneurship with or without wealth-building strategies. Dacin et al. (2010) suggested "a focus on seeking success and avoidance of failure potentially results in costly errors and diminished opportunities for learning" (p. 51). There is much to be learned by scholars and practitioners from research that examines failures in light of the overriding mission-driven importance of social entrepreneurship and wealth-building.

The literature reviews of social entrepreneurship, wealth-building, and employee stock ownership plans revealed a significant body of historical and contemporary information. The paucity of empirical data on the intersection of social entrepreneurship and wealth-building shaped the research and methodological approach of the study. Chapter III presents an overview of the multiple case methodology of the research study.

Chapter III: Methodology

The principal foci of the preceding two chapters were (a) to present the research contexts of social entrepreneurship, wealth-building in general, and employee stock ownership plans, in particular, while providing historical and contemporary information on all of them and (b) to establish the rationale for useful resources toward wealth-building for working class Americans. This is an exploratory study that seeks to understand whether social entrepreneurial ventures might include wealth-building strategies, such as employee stock ownership plans for working class Americans. *Working class* in this research includes the socioeconomic class of people that typically work for hourly wages and earn low wages in unskilled or semi-skilled positions. *Wealth*, in the context of this research study, is intended to represent an accumulation of assets or value that enables the individual to hold a more independent economic position in society. Financial independence plays a significant role in our everyday lives and is a vehicle that transcends the mere ability to purchase goods and services at will; one can leave an unrewarding job, for example, without the fear of not surviving. It is not known if financial independence through social entrepreneurship results in systemic social change through social capital and community and economic development.

Through the use of a multiple case study this study explored the research question whether social entrepreneurial ventures might include wealth-building strategies such as employee stock ownership for working class Americans to build wealth and financial independence. The following specific questions guided the research exploration: Is wealth building a valued behavior from the social entrepreneur's perspective? How might an employee stock ownership plan help a social entrepreneurship be successful? How would one structure an enterprise that included elements of social entrepreneurship and wealth building? This chapter presents a comprehensive and specific outline of how the study was implemented, including participant selection, data collection, and analysis.

Methodological Fit

Historically, most research on social entrepreneurship has used grounded theory as its methodology (Conger, 1998; Shaw & Carter, 1998; Weerawardena & Mort, 2006). Grounded theory is a systematic methodology of discovering theory through interview and field observation data (Strauss & Corbin, 1990). This is not surprising, given that the “construct of SE has emerged from the work of several reflective practitioners in recent decades” (Anderson & Dees, 2006, p. 39). I felt that without access the daily lives of my participants, it would not be possible to compare their interpretations of their reality (Glaser & Strauss, 1967). Case study is the next most common research methodology employed, followed by exploratory, quantitative, phenomenological, and social action. A useful framework for looking at research questions by employing a variety of methodologies is represented in Table 3.1. Employee stock ownership plans as specific wealth-building tools have overwhelmingly utilized written surveys to drive their research. This survey research provides extensive insight into the impact on economic performance (see www.NCEO.org) of wealth building plans. The studies show a correlation to positive performance when combined with high employee participation with management. “Employee ownership, on its own, seems to have, at best, a small positive impact, not unlike the findings for high-involvement management absent employee ownership or, perhaps, some other substantial form of gain sharing” (Rosen, 2010).

This research focused on social entrepreneurship, a contemporary business strategy, and asked how and why this strategy might be connected to wealth-building strategies for employees. This study presented numerous challenges for me, one of which was in not over anticipating the existence of clearly formed wealth-building strategies in social entrepreneurial businesses. As well, my deep professional experience in finance, although useful in engaging participants, needed to be held in check to allow the unique perspective of the participants to dominant the interviews and guide me to emergent issues relevant to the research questions.

Table 3.1

Relevant Situations for Different Research Methods

Method	(1) Form of Research Question	(2) Requires Control of Behavioral Events	(3) Focuses on Contemporary Events
Experiment	How, why?	Yes	Yes
Survey	Who, what, where, how many, how much?	No	Yes
Archival Analysis	Who, what, where, how many, how much?	No	Yes/No
History	How, why?	No	No
Case Study	How, why?	No	Yes

Note. Reprinted from COSMOS Corporation (as cited by Yin, 2009, p. 8) (See Appendix N for copyright permission.)

Researchers of social entrepreneurship and wealth building have provided an important body of knowledge that supports the potential of positive outcomes. This study aimed to provide a fuller and more detailed understanding of the employee, the business operations, and the leadership that previous research has not fully explored. A multiple case study was deemed the optimal method of study to explore social entrepreneurship with wealth-building plans because of its versatility in handling multiple complex analyses. How complex the data collection became, particularly in finding the optimal participant pool, will be discussed in a later chapter.

Rationale for the Case Study Approach

Case study is an appropriate method for this research because the research on social entrepreneurship and wealth-building plans is still emerging. In general, case study best suits research where how and why questions are posed (see Table 3.1). "Research which attempts to increase our understanding of why things are the way they are in our social world and why people act the ways they do" (Hancock, 1998, p. 5), fits case study method of research. The case study method does not presume to control behavioral events during the data collection and thus is important to recognize, as Stake (2006) cautions, that the researcher must avoid preconceiving what the data will uncover before, during, and after the collection processes (Yin, 2009). Multiple cases were deemed necessary to the research design because of the wide variation in approaches to social entrepreneurship and the desire to gain a breadth of understanding beyond what a single case study would provide. This approach provided an opportunity to include elements of exploratory, explanatory, and descriptive detail as experienced by those inside the phenomenon of study. The case study approach would also provide the opportunity to investigate the decisions made when social entrepreneurial and employee stock ownership plans are combined in some fashion.

Yin (2009) discussed the multiple roles the case researcher must play. "The data collection process for case studies is more complex than the processes used in other research designs" (Yin, 1994, p. 100). Yin went further to state the need for the case study researcher to be methodologically flexible, yet still adhere to certain formal procedures to ensure data quality control "so that the results—the data that have been collected—reflect a concern for construct validity and reliability, thereby becoming worthy of further analysis" (p. 100). Thus, the role of interpreter as well as gatherer of data became a central role for me, as reflected in Braun's (2009) comments on research on social entrepreneurs:

> Reflection and a consistent attempt to look at self-understanding is a key strategy to successfully gather and analyze useful data. In the engagement of a trans-disciplinary approach, the researcher is directly involved and influential in the knowledge gathered; they are indeed not a bystander looking at knowledge in its pristine cognitive state, but an active participant, a being-in-the-world. (p. 78)

Braun went on to state the following:

> Given the passion social entrepreneurs bring to projects that give way to a much needed global optimism, a trans-disciplinary approach sheds light on the reality of the researcher within the research, resulting in the awareness of emotions and human presence to create greater accuracy in the data collected. (p. 78)

To create a meaningful story, the interviewing phase of this study included elements of qualitative and quantitative information gathering (Kvale, 1996). Table 4.2 is a spread sheet of the initial phase 1 interview candidates, both successes and failures; it reports the qualitative aspects of information gathering as explained by Kvale: “The qualitative research interview attempts to understand the world from the subjects’ points of view, to unfold the meaning of peoples’ experiences, to uncover their lived world prior to scientific explanation” (1996, p. 1). The quantitative component of this research revealed less about the value employees place on wealth-building strategies, yet provided some data on the percentage of total ownership for the final cases analyzed. The quantitative component provided fewer insights regarding the success of the potential wealth-building aspect of a social entrepreneurship venture with an employee stock owned plan component than initially anticipated. More participants and a more rigorous set of questions would have provided the additional data that would have generated more generalizable conclusions. The value employees and business owners attribute to wealth-building as an example of a quantifiable metric proved equally elusive in spite of repeated attempts to gather the information.

Limitations of case study design. Yin argues that case study is less desirable than conducting experiments and surveys: "perhaps the greatest concern has been over the lack of rigor of case study research" (2009, p. 14). This criticism centers on inadequate data gathering, non-adherence to systematic approaches, lack of methodological detail, and biased presentation of data. Yin also expresses concern regarding the length of time it takes to conduct case studies and the amount of data that needs to be managed. Cook and Payne address the increasing popularity of randomized testing where causality is being sought: "case studies may be valued as adjuncts to experiments rather than as alternatives to them" (as cited in Yin, 2009, p. 16). I note this statement because this current study is at the nascent level of empirical investigation; therefore it is best served by a methodology that generates meaningful hypothesis versus hypothesis testing. Given the current state of research for both social entrepreneurship and wealth-building strategies and the desire to more fully understand both phenomena from the perspective of those that live them, I chose case study as the appropriate methodology for this study and as consistent with Edmondson and McManus's (2007) nascent stage of research taxonomy. Importantly, the case study approach has a transparent transferability to those working in the field and easily connects with the audiences to whom it will have the greatest meaning and impact: employees, leadership, and researchers of employee stock ownership plans and social entrepreneurship business entities. In the Method of the Study section that follows, the implementation of the purposeful sampling approach in phase 1 of the study and the in-depth exploration of three cases that best represent social entrepreneurship ventures where wealth-building for employees is an integral part of their mission will be discussed.

Overview: Method of the Study

The overall design of the study is a multiple case study that sought to incorporate quantitative and qualitative data. The identification of cases that allowed for the exploration of critical conceptual and theoretical issues of social entrepreneurship and wealth-building plans was critical to the research design and implementation. This study is comprised of two phases of implementation. Phase 1 includes the initial procedures in identifying the cases for in-depth study in phase 2. In Chapter IV, which discusses findings of the study, Table 4.1 lists the participants from phase 1, their source and their responses to the questions (see Appendix F). Creswell (1998) discusses the importance of having purposeful sampling strategies and, in this study, interviewing companies that are bona fide representations of social entrepreneurship. This required me to examine multiple cases to determine the best representatives of these business models.

See the flow diagram Figure 3.1 for a visual layout of the two phases of the research process.

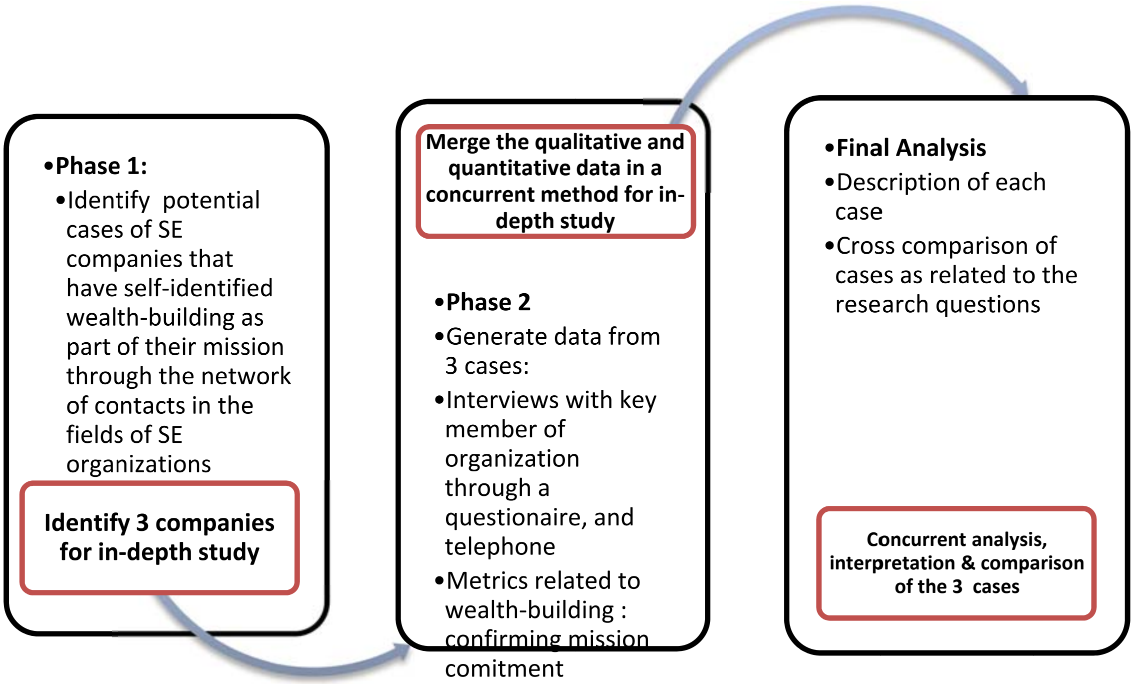

Figure 3.1. Visual Layout of the Research Process

In phase 1, I engaged in an initial screening of prospective companies identified through networks and contacts built up over the past three years in the social entrepreneurship and employee stock ownership arenas. I contacted 22 firms or organizations over six months. Ten, or roughly 45%, of the 22, agreed to and were interviewed by me, using the phase 1 instrument. I screened the total participant list by considering the following: (a) do they fit the framework previously discussed in Chapter II, as outlined by Martin and Osberg (2007):

- Identifying a stable but inherently unjust equilibrium that causes the exclusion, marginalization, or suffering of a segment of humanity that lacks the financial means or political clout to achieve a transformative benefit on its own;

- Identifying an opportunity in this just equilibrium, developing a social value proposition, and bringing to bear inspiration, creativity, direct action, courage, and fortitude, thereby challenging the stable state's hegemony; and
- Forging a new, stable equilibrium that releases trapped potential or alleviates the suffering of the targeted group, and through imitation and the creation of a stable ecosystem around the new equilibrium ensuring a better future for the targeted group and even society at large. (p. 35)

(b) do the owner-operators have an employee centric wealth-building plan for their company, effectively agreeing to share ownership with their existing or prospective employees, and (c) is the social entrepreneurship venture willing to spend some time with me to discuss the latter structural option in more detail

General and specific data were compared to what the literature stated regarding social entrepreneurship and wealth-building mechanisms. Figure 3.2 represents the detailed of the research process.

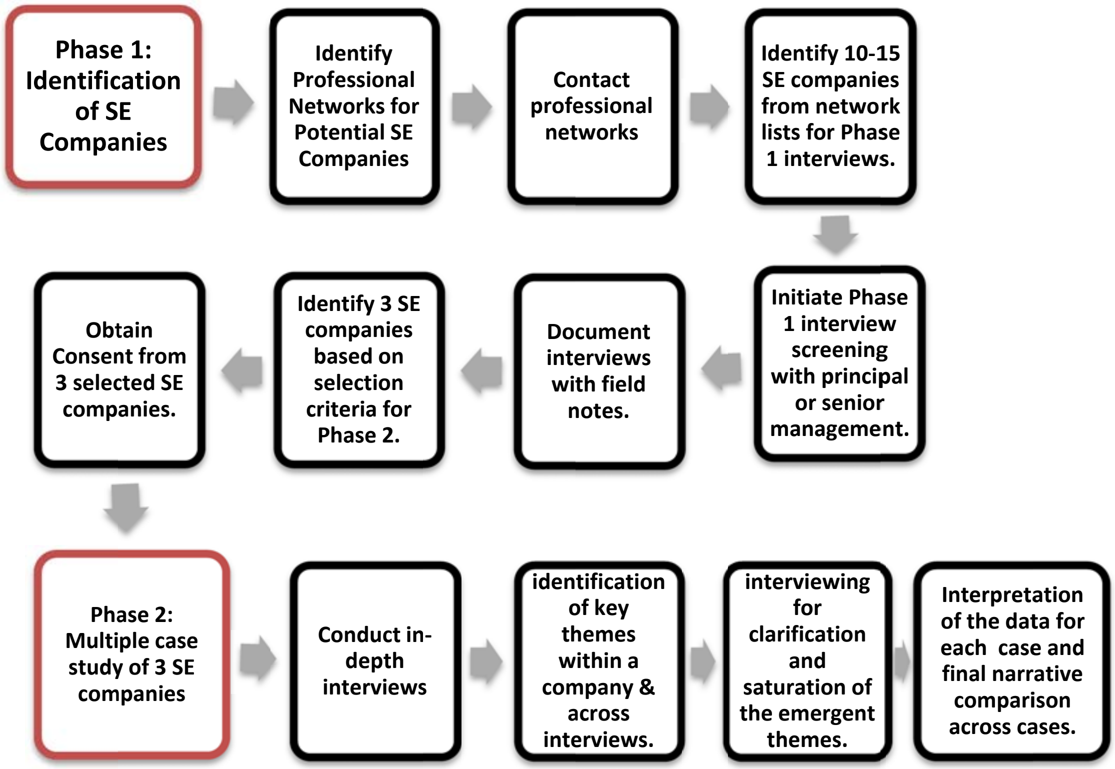

Figure 3.2 Research Process Flow Details

As depicted in Figure 3.2, I conducted the study in the following sequence: (1) identified companies that self-identified as social entrepreneurs, (2) determined which companies were for-profit, and (3) confirmed which companies had some form of employee profit sharing plan. I contacted professional networks, such as the William James Foundation and the Social Venture Network, on the telephone and through electronic mail in which I described the research project; potential participants were identified through both organizations. I employed these networks because they are widely known in the social entrepreneurial arena. More specifically, I had previously served as a judge in business plan contests for William James and recently joined their board of directors. I met the proposed range of 10-15 participants as noted in Figure 3.2.

The next step, initiating an interview with management, who, on a couple of occasions was also the founder of the business, resulted in a fair amount of data that helped shape the thinking of phase 2 queries. Each of the conversations, and more importantly the interviews, was well documented in field notes.

Phase 1: Identifying the Purposeful Sample

The how and why a prospective social entrepreneurship venture might advance wealth building is one set of theories critical to this study. Thus, it was important that the initial criteria help select prospective case participants who were interested in addressing, at least in part, the theory and practice of wealth creation.

The participants for this case study were identified and solicited through contacts and associations that represent social entrepreneurs and wealth-building mechanisms. Classmates, former business colleagues, and social media were also employed to gain additional study participants. In the case of social entrepreneur participants, the associations included the Association for Social Entrepreneurs (ASE), the William James Foundation (WJF), GPS Capital Partners, and the Social Enterprise Alliance (SEA). Prospective candidates for the wealth-building component of the study were solicited through contacts made during the ESOP Association's annual conference in May, 2010: Cenlar Bank, Calvert Foundation, Venture Philanthropy Fund, and Dr. John Hoffmire. The search was expanded to include listservs, subscriber services that send out messages to multiple emails, after my initial telephonic outreach and emails did not generate enough data (participants) for my study. The listserv that proved most beneficial for gathering relevant data was the Cornell.edu's Community Development Banking list. Two prospective participants for phase 1 were identified through the Cornell listserv, one focusing on equitable financial services and the other an employee benefit company;

both companies' missions were about expanding financial opportunities for the working class and poor people. While in Santa Barbara in May of 2012 I engaged in a conversation with a disabled individual who was passing by. Eric (not his real name) is the founder of a social entrepreneurship venture that focuses on employing the disabled population and strengthening their financial security. I left Santa Barbara in May, fully believing that finishing the study and writing it up by August 2012 was a real possibility.

Participants were also encouraged to recommend prospective participants based upon generalized selection criteria, known procedurally as the *snowballing* approach, for identification of a purposeful sample (Oliver, 2006).

From this process, a pool of prospective case participants was identified for phase 1 of the study (see Table 4.1). The methods for assessing the cases included the use of a brief survey by telephone, and, in one instance, a face-to-face meeting. The approach for the phase 1 interviews was bounded by gathering relevant data and not attempting to collect every detail as described by Yin (2009). The industry sectors included service, finance, retail clothing, technology, health, non-profit management, wealth-building, and venture capital. The firms identified were vetted to determine their suitability as candidates to be a part of the in-depth case study analysis in phase 2 of the study. The firm's eligibility for consideration included the length of time a business had been in operation (start-ups were excluded), geographical and industry diversity, for-profit status, and willingness to participate in the intensive, in-depth exploration required of a case study. The final firms were located in the Midwest and on the east and west coasts. More specifically, the objective of the first round of questions was to more clearly define how each social entrepreneurial company provides evidence toward addressing the research focus on wealth-building strategies. The challenges of identifying participants consistent with my selection criteria were more complicated than initially anticipated and took from May 2012 until October 2012 to complete. It was not until late September that Mfos, a pseudonym for the third case, was identified as a participant. Phase 2 took a closer look at the specific economics (as a measure of wealth building) generated by each case chosen for in-depth analysis and feedback from the management and employees of the companies.

Participants in phase 1. Individuals in a leadership role were initially targeted as the first interviewees; they were also, in some cases, the owners of the enterprises. The interviewees were actively engaged in the mission and direction of the organization, and each had more than a year of operating history with the organization. The interview process included a limited set of qualifying questions that were integral to the selection of the three cases for phase 2 (see Appendix F). Care was taken not to influence the definitional questions, and interruptions were kept to a minimum Specifically, the initial interviews sought to qualify whether a given firm met the inclusion criteria for phase 2 of this study. I was conscious throughout the process of what Weiss (1994) suggested: respondents might be concerned about anonymity. I felt the consent agreement and my assurances adequately addressed these concerns.

Limited physical financial information from the firms was accessible; much of this type of data was solicited during the interviews and is dependent upon the memory and veracity of the respondent. Each interviewee was given a Confirmation of Participation form, the example of which is in Appendix E.

It became evident during the review process that the identification of the three final cases could be uncovered by matching the quotes in the results section to their website. Therefore all three organizations were contacted to alert them of this possibility and offer to delete any material that may possibly be linked with the organization. Each of the final case participants felt that it was more appropriate to leave the quotes intact and to offer that they be identified in the dissertation. Each of the participants submitted written approval for using their names. Nonetheless, throughout the study I have used the pseudonyms to draw less attention to their actual identification.

Interviews in phase 1. The initial interviews were loosely guided by the same set of questions pertinent to expertise in social entrepreneurship and wealth-building plans (see Appendix F for the Phase 1 Interview Guide). Twice the interviews were conducted in person and the balance by telephone or video conference (i.e., Skype). These semi-structured interviews were utilized to identify three cases that met the selection criteria for phase 2 of the research project. The semi-structured interview instrument provided some boundaries for guiding the information gathered, yet it did not restrict open dialogue. The questions were topical and properly framed to fit the role and expertise of the respondent (Stake, 1995).

Choosing the three cases. The goal was to identify three cases for phase 2. I lost an initial participant for the study in August 2012, because the general counsel of the company did not feel comfortable with my research. I attempted to obtain more details from the general counsel of the opting-out company, but they declined to provide any more details. I was not able to identify a replacement third candidate until early October, 2012. All of the interviews for the three cases were concluded in late November. The responses from all participants in phase 1 informed the design of the questions utilized in phase 2, and, to some extent, guided the choice of the firms. The inclusionary criteria that guided the final selection of phase 2 social entrepreneurship cases were as follows:

- It is not a start-up venture, thus has some meaningful operating history to assess.

- There is a specific double -or greater-bottom line commitment in the organization's mission statement. For example, making a profit and addressing wealth-building would be a double-bottom line goal.
- The organization's mission directly or indirectly supports wealth creation.
- There are specific wealth-building strategies for employees implemented.

The bulleted criteria above are consistent with what Martin and Osberg (2007) identified as an unjust equilibrium, economic inequality, in this instance, and the establishment of a new stable one: wealth-building.

Given the rich diversity of the prospective participant pool, valuable insights were gathered from phase 1 preliminary interviews that informed the in-depth data collection of phase 2.

Phase 2: Overview of Data Collection

Earlier in this study a considerable amount of discussion was given to one form of wealth-building for working class Americans, namely employee stock ownership plans. Although the three cases initially chosen did currently use employee stock ownership plans, this was not known prior to completing the phase 1 interviews. Their views on the potential of employee stock ownership to their current wealth-building approaches enabled me to conduct an examination of the theoretical proposition of interest in this case study, that is, the utility of employee stock ownership plans in social entrepreneurial companies. The coding followed limited assumptions and research interests in building a hypothesis about social entrepreneurship and wealth-building. I expected the data collected would yield more concrete information, allowing for more generalizable outcomes. I debated whether the data lent itself to issue or case focus, settling on what Weiss (1994) describes as "case focused and generalized typological description" (p. 152).

The more intensive investigation of the selected cases occurred during phase 2. The input gathered came from management and non-management employees. As anticipated, as the interviews proceeded, others within the organization were identified based on the emergent findings from the interviews, specifically that from the founders. Discussions outside the interviewees were also included in the data collected because they were conducted with noteworthy professionals in social entrepreneurship or wealth-building businesses. The interviewees contributed to developing rich descriptions of the company's history, operations, and wealth-building strategies. The Informed Consent Form (Appendix G) comes to bear at this juncture, given the more in depth dialogue that ensued. The interview protocol for phase 2 can be found in Appendix H.

In phase 2 two data collection methods were employed. The primary method was the interview, and the secondary method was a gathering of archived material on the financial outcomes related to wealth-building strategies. Dialogue concerning financial outcomes was limited to professionals familiar with the field. The next section describes the details of these two methods of data collection.

Interviews. While the phase 1 interview yielded a cursory qualification of whether an entity is a social entrepreneurship with wealth-building strategic intent, phase 2 delved more deeply into the ownership structure and information that would be useful to other companies considering an organizational structure that was a for-profit social entrepreneurial company with a wealth-building plan for their employees. Data gathered during phase 2 included details of the social entrepreneurial and wealth strategies employed.

The bulk of data was collected from the interviews; a secondary resource came from the various organizations I reached out to while seeking participants. For example, I viewed various web sites of organizations relevant to the research. I also had reviewed telephone conversations with members of the social venture network, Dr. Scott of Metamorphosis Media, and email exchanges with Sustainable Growth Strategies. The information gathered from the phase 1 interviews helped better structure the interview questions and subsequent data collection for phase 2. Interviews were critical in supporting two principal uses of case study: “are to obtain the description and interpretations of others” (Stake, 1995, p. 64). Initially, I sought to record and transcribe the interviews, but the interviewees were not comfortable with recording because of the sensitivity of the material to their business operations. I opted to take extensive field notes in all interviews and entered those notes into the software program so that coders would have them available for analysis. In addition, all follow up interviews included field notes. A systematic, thematic coding process was critical to properly capturing the characteristics of the organization and the experience of the stakeholders as a part of a social entrepreneurship venture with wealth-building plans. While analyzing the data generated from the interviews, I maintained the goal of finding social entrepreneurial firms that had an employee profit sharing plan of some kind. The additional criteria of being for-profit eliminated much of the initial phase 1 participant pool.

The initial interviews took the expected 30 to 60 minutes. All interviews in phase 2 were by telephone or video conference. The overall approach fluctuated between the unstructured, sometimes spontaneous, to a more rigid tactic, particularly when focusing on expertise or skill (Kvale, 1996). Detailed field notes of conversations, dialogue, and reactions along the way were noted in field notes.

The data collection included additional interviews with key stakeholders and leadership, as well as archival information related to the participants' comments relevant to wealth-building plans. One of the elements that determined wealth building initially was whether the employees participate in any savings or stock plans on a regular basis. The relative weighting of these investment options as a percent of total savings over time and projected by retirement was a useful wealth-building data point. Because it is a data-supported opinion that one's relationship toward money can determine a healthy or not-so-healthy lifestyle (Dominguez & Robin, 1992), I was also interested in knowing if interviewees had were specific goals for accumulating wealth, buying a home, planning for early retirement, or starting a business. However, in this study financial outcomes are necessarily descriptive. Although higher employee participation in wealth-building plans usually translates into greater engagement in managing the direction of the investment plans. Being actively engaged in the social entrepreneurship's decision making requires some investment knowledge to guide wealth-building dialogue. The quality of that participation might be a qualitative metric. That is, do employee owners have voting power with their shares, or must they put up with a management team that is not responsive to their needs. The purpose for seeking this specific data was to uncover themes about wealth building that are not currently present in existing research.

Thematic coding. In its most basic form, thematic analysis is "an approach to dealing with data that involves the creation and application of codes to data" (Gibson, 2006, p. 1). "It is not a separate method, such as grounded theory or ethnography, but something to be used to assist the me in the search for insight" (Boyatzis, 1998, p. iv).

After collecting the data, a search for identifiable or thematic patterns was conducted according to the parameters set by Boyatzis: "themes are defined as units derived from patterns such as conversational topics or vocabulary" (1998, p. vii). Boyatzis saw a theme "as a pattern found in the information that, at the minimum, describes and organizes possible observations or, at the maximum, interprets aspects of the phenomenon" (p. vii). Stake (1995) notes that the emergence of patterns in the thematic analysis should occur during coding. "Major efforts to develop understanding from direct interpretation are more likely to succeed with early identification of situations in which the issues become apparent" (Stake, 1995, p. 29). Aronson identifies the next step as follows: "combine and catalogue related patterns into sub-themes" (1994, p. 1). It might also be useful to share some of the patterns that emerged when I solicited reactions which I would use to generate additional data toward validating interpretations. This thematic analysis could then lead to the consideration of archival data and other discourses that further explicate the interviewees' views.

Coding team. In order to integrate data collected about social entrepreneurships with a wealth-building component and subsequent findings in a meaningful way, I utilized coding, an essential binding agent. "A good thematic code is one that captures the qualitative richness of the phenomenon" (Boyatzis, 1998, p. 31). I identified the need for an interviewing plan and coding strategy that would have the benefit of someone working directly with me to provide an audit-like participation of the themes and codes generated from the various data sources (interviews, notes, transcripts, and archival information). Working closely with a member of Antioch's Cohort 5, enabled me to better examine the sampling units and codes from different perspectives, thus adding to the credibility and confirmability of the coding procedures, the themes and the assignment of meaning to the data.

The NVivo 8 relational database allowed me to develop a coding structure using containers called nodes and enabled me to gather and organize the data materials under specific topics. I began by sorting similar responses by interviewees, which proved to be a very beneficial strategy for the subsequent analyses. The codes were then examined to determine if they clustered together into central themes within a case and ultimately across cases. The central theme search did not appear immediately; it took numerous readings of the interviews before I was able to pull a larger message from the details of the participant's words.

Archival sources. Another source of data for assisting in the research was in archival resources. There was detailed archival data related to the company's development and employee involvement. Such information was used to triangulate the data from the thematic analysis and strengthen the credibility of the findings. Examples of archival data sources are newspaper articles, company press releases, and websites.

Data analysis. Once all of the information was gathered on a given case, I implemented a strategy to synthesize the data from all sources, including interviews and archival information particular to the company. Finally, looking at each case in comparison to the literature for social entrepreneurship, wealth-building strategies, and employee stock ownership plans provided additional data for comparative analyses.

In Chapter IV each case is presented within the context of organization, metrics around effectiveness and success, and themes from interviews, giving the reader a sense of being there. The discussion of the findings draws upon the extant literature to explore the implications of the findings to social entrepreneurial ventures with wealth-building strategies for employees.

Relevant Ethical Considerations

It is important to note that all national and community cultures do not share the same views regarding wealth creation. Relying on the literature, some non-Western cultures embrace a more collective approach to community and, as such, do not seek the goal of individual accumulation of wealth, but rather value collective asset accumulation. The implications for leaders and organizational structuring require them to be sensitive to the cultural basis of the community in which they are working. It was also important to minimize any capitalistic preferences or biases while conducting this research if useful generalizable data was to be realized. Similarly, in collecting and analyzing the data to ascertain what it meant, care was taken in the identification of patterns and themes in order for this research to be open to findings that were not consistent with preconceived ideas on this subject. Care was also taken to comply with Institutional Review Board (IRB) protocols involving financial information. It was not the intention of this research to obtain specific documents or details about an employee's financial status or specific success, including those associated with wealth-building plans. As such, it was believed that the likelihood of violating any of the IRB's ethical protocols was eliminated.

Every precaution was taken to make sure that any sensitive financial information was collected respectfully and safe guarded in secure filing cabinets, adhering to all record retention requirements of the IRB. The final IRB Ethics Application for Antioch University is included in Appendix I.

I used public documents, including newspapers and company press releases, to better understand the organization and its culture. All data collected was stored in my home office, in locked file cabinets. The notes were coded manually at the outset to maintain privacy. As the data was collected, I made it a regular practice to keep a reflective journal of my reactions and prospective follow-up queries.

I posed the following opening question to management, "Explain in 50 words or less your business model." This question was designed to show the participants that I respected their time as business people (time truly is money). By doing this, I also established a rapport before engaging participants in the research.

Researcher bias. I, as the researcher, have been in the business world for over 35 years. I have personally been disappointed by how powerful the business community is and how reluctant it is to use that power to advance social equity and justice. I recognize that companies exist to make a profit first, yet I believe making that goal to the exclusion of a more inclusive activity is not necessary. I have a long-term interest in advancing social entrepreneurship and wealth-building. The data, which will be discussed in detail in Chapter IV, sometimes provided clear insights about themes; more times than not, several slices at the data were necessary to see any themes. To determine whether the emerging findings were worthwhile was complex. *Worthwhile* implies that findings are true, reliable, valid, dependable, compelling, significant, and empowering, and actionable. On the other hand, "getting it all right is an unworkable aim, we should try to not get it all wrong" (Miles & Huberman, 1994, p. 277). I attempted to look inside of people's lives, to some extent, and understand the consequences of their decisions, in this case about wealth-building. I strived to implement the study so that data would be of a quality and format to allow analysis by others following the same procedures.

Chapter IV: Findings of the Study of Social Entrepreneurial Companies With Wealth-Building Plans

What evidence can we glean from social entrepreneurship companies that have deliberately set up wealth-building plans to benefit their employees? This question was one of the critical quests in my investigation of the research question: Do social entrepreneurial companies with wealth-building plans exist and are they successful in terms of profitability and from the perspective of the employees.

Justifying why the data selected was important for answering the research question became the first requirement in determining which data would qualify for coding and subsequent analysis purposes. The data had to exhibit the qualities of the phenomenon being studied: for-profit social entrepreneurship and wealth-building. The following subsequent criteria were used to screen data: accessibility and limitability. First, I realized that companies that were for-profit and social entrepreneurial with employee wealth-building plans were much more difficult to identify and access than I initially believed. Second, the wealth building plans that were identified during phase 1 of the research included Employee Shared Ownership Plans (ESOPs) and profit sharing. Thus, the findings are most relevant to organizations that have ESOPs. Third, there was the issue of limitability in the breadth and depth of data that would be available to me as a researcher. The collection of data was limited to interviewing members of the organizations that would be most knowledgeable about the mission, history, and wealth-building plans. I had to rely on participants' knowledge, judgments, and recollections regarding the impact of social entrepreneurial activities and wealth-building plans in relation to success and profitability. One participant in the study framed his views on what inspired him to share the wealth with employees:

> We have always had an ownership mentality and firmly believe that people should be rewarded for their efforts. Our society and country are in need of some new solutions to address the gaps.

The gap to which the participant is referring is the increasing gap between families and individuals that have sufficient income and resources and those that do not. It is generally believed that the gap has widened to its largest in the history of the United States. It is noteworthy that this participant has long held a more equitable view toward his employees, as well as toward society at large. The latter belief was a recurring theme throughout the interviews of participants in phases 1 and 2.

In this chapter, I will provide an overview of the findings from phases 1 and 2, followed by a discussion of the organizations contacted in phase 1 and the relevance of these findings on the choice of organizations for phase 2. Phase 2 findings are organized around each of the three organizations studied. For each organization, I will discuss the background of the company, the percentage of employee ownership in the plan, the company's impetus for establishing a wealth-building plan, lessons learned, perspectives of how each company would approach the development of wealth building plans differently today, outcomes, and advice these companies have for other social entrepreneurs just starting a plan. The direct quotes from the participants that were interviewed as a part of this study are in italics to distinguish them from other sources, for example, archival information and press releases. Comments from management and employees are differentiated in the body of the text.

Phase 1 and Phase 2 Overview

Phase 1 involved gathering data primarily from interviews with chief officers in the organization. Additional data relevant to the company was gleaned from their website and dialogues with other professionals in the social entrepreneurial or employee financial planning networks.

There were 24 interviews conducted in phase 1 (refer to Table 4.1). Using the interview template outlined in Chapter III, I conducted all 24 phase 1 participant interviews in narrative; the form is available in Appendix F. There were 6 companies out of the 24 interviewed that met the social entrepreneurial definition and also had some form of wealth-building plan in place for their employees. However, there were only 3 of the 6 that met the third criteria for advancing to phase 2 of the study: they were a *for-profit* entity. The data extracted from phase 1 was compared to phase 2 selection criteria in order to choose three companies to be studied more intensively. Further exploration of the phase 2 participants yielded rich information that helped shape the analysis and final interpretation of the findings. During phase 2 of the research, I interviewed a total of 12 participants across all 3 companies. These participants held a variety of positions: founder, president and CEO, managing partner, senior project analyst, project designer, manufacturing production manager, and administrative bookkeeper. The interviews across phases 1 and 2 resulted in 1-3 pages of single-spaced typed notes for each interview. My coding team initially produced approximately four emergent codes to describe the meaning of participants' responses. As earlier stated, accessibility was a critical ingredient in the selection process. I was concerned with the amount of data collected, how it was collected and coded, and if it would yield enough information to provide the opportunity for meaningful analyses and findings. Although phase 2 interviews provided a greater opportunity for in-depth questioning and more detailed responses, management interviews from phase 1 were highly informative about the nature and mission of the companies and the value of wealth-building. The following response exemplifies the long-term strategic imperative that was engaged in committing to a wealth-building option for employees:

> The founders were committed to establishing a means for employers to participate in the company's success and had been thinking about it for some time.

These types of responses exhibited the qualities of the phenomenon I wanted to study more deeply in phase 2 and confirmed the feasibility of continuing the research.

Emerging themes. I began the task by identifying ideas relevant to the research question; prominent themes from the interviewees' responses emerged. These first threads of relevant data would serve to shape the final interpretation of the data.

Prominent across all interviews in phases 1 and 2 were the following recurring themes:

- Safe and accessible marketplace
- Better understanding of financial choices and how financial products affect individual lives
- Protection of the most vulnerable in our society
- Product innovation
- Innovations that make access better: savings, assets
- Importance of pioneering collaborations
- Transparency
- Products, service, stability, health, accessibility
- The fact that poor can and do save
- Access to an affordable lender

- Commitment to work beyond principles to actions
- Scalable and sustainability
- Empowerment of employees: more engaged, more productive

These recurring themes focused on strategies to address the traditionally underserved markets or areas where traditional financial service offerings are not present. Also, the themes collectively reveal a commitment to increasing access, knowledge, protections, and innovations in the financial markets to reach and serve the broadest market possible. These initially identified coding themes confirmed the feasibility of exploring the combined mission of social entrepreneur and employee wealth building. Whether a participant was a non-profit (only present in phase 1) or for-profit, there was consistent compelling evidence that the organizations were all committed to expanding access to financial markets as noted by one respondent.

> We provide a year of financial coaching, which educates and prepares individuals for participating in the financial services market. We position our clients to avoid falling back into poverty, by helping them get past structural obstacles (knowledge being one of those). We help them get health care, and work toward job stability

The level of sophistication for achieving access to the financial markets varied considerably, but the participants in phase 2 represented the greatest success in this area. As reflected in the next quote, the goal of aiding the individual to become more knowledgeable about the financial system and, in so doing, gain greater independence and confidence about making better and more informed economic choices, was a salient goal of the companies that were chosen for phase 2 of the study as noted by one participant.

> We think it is very important for people to have happy and productive lives, to understand our economic system, and build social value. There should be a way for them to share their success with the next generations.

From this participant's perspective, there was a recognized need for partnerships and products to address the needs of the traditionally underserved market participants.

One of the core concerns at the outset of the research was to determine if and how social entrepreneurial companies might address the increasing lack of dedicated pensions, dismal opinions on the long-term prospects of social security, and the trend toward self-directed 401(k) plans. The premise was that a relatively unique type of organization, for-profit social entrepreneurships with wealth-building plans, might prove a viable option for the working and middle class workers to provide for their retirement years. Financial planners and investment professionals with whom I spoke suggested that while more investment options are available to workers through self-directed retirement accounts, the lack of knowledge about what the options mean, risk being the most obvious, provides a higher probability of loss of investment. The findings across both phases of data collection corroborated this concern with employees having basic financial knowledge and the company being sufficiently transparent regarding financial information. Some participants thought that transparency may be realizable through the legislative process as evident in the quote below from a phase 1 interview.

> Progressive legislation or counterproductive bills thwarted aid and development programs inspiring the quality of life of the people they serve.

Participants pointed out that (1) it is important that financial documents be written in a language that is easily understood by employees and (2) knowing the available options for directing one's savings or investments is critical for making informed decisions. Not so long ago, traditional company plans had a handful of mutual fund options for employees, but many allowed only the purchase of company stock. Collapsing fortunes of companies, like Enron, all but eliminated workers' portfolios by workers amassing too much of their employer's stock. I am not suggesting the employee stock ownership plans, or similar options, are not without risk. The most well-known employee stock ownership plan loss is probably United Airlines, which occurred in 1994. The value of the United Airlines plan deteriorated by over 70% (ESOP Association website). My personal experience with Fannie Mae, my former employer's employee stock ownership plan, resulted in losses of over 90% of value by 2008 over the previous year's valuation.

In general, responses from managers and employees revealed that having some form of profit participation plan resulted in a happier and more productive work environment as noted below.

> The implementation of the ESOP positions Real to retain and attract talented employees with the reward of company ownership. (Real is the code name for one of the cases in phase 2 of the study.)
>
> The program instills the entrepreneurial spirit and allows our employees the opportunity to realize long term rewards through our continued success and the growth we see in our future.

It cannot, on the other hand, be inferred that the lack of such a plan equates to an unhappy work environment or an unproductive workplace.

How the participants decided to pursue a more egalitarian workplace is a valuable lesson to highlight. In phase 2, each case provided a unique set of reasons for pursuing a corporate culture that is inclusive; not all of them did so by design. Real's journey toward economic justice is best portrayed by this comment.

> We have always had an ownership mentality and firmly believe that people should be rewarded for their efforts. We also employ broad based awards. Our society and country are in need of some new solutions to address the gaps.

The origin of some of the initial thinking about having a wealth-building plan arose from some interesting quarters in War:

> Actually it arose from my involvement with the Social Venture Network in 1990. Members like Ben Cohen and Anita Roddick, among others put forth some very encouraging data.

Ben Cohen co-authored *Values driven business: How to change the world, make money, and have fun*. He was also the co-founder of Ben and Jerry's ice cream success. Anita Roddick was a British businesswoman, human rights activist, and founder of Body Shop, a successful retail business.

In conclusion, the interviews with Phase 1 participants laid the groundwork for choosing three social entrepreneurial cases that had brought wealth building plans to employees in the form of an ESOP. There were no other wealth building plans identified in phase 1 that were well articulated or implemented. Phase 1 also provided a rich source of information regarding the mission of a broad range of social entrepreneurial companies and a source of questions that might be posed in the in-depth study during phase 2. Phase 2 allowed me to delve deeper into the motivations, financial knowledge, financial transparency, and organizational history that marked the three unique cases that became the object of inquiry.

The next section begins with a presentation of the findings from phase 1 and is followed by a detailed discussion of each of the cases in phase 2.

Phase 1 Findings

The process of identifying the final three cases began with an aggressive and broad-based outreach to stakeholders and organizations that had a vested interest in employee stock ownership programs, social entrepreneurship, or both. This process occurred over a period of eight months. The initial pool of prospective participants reached 35, and of that cohort, 24 were selected to be interviewed. The prospective participants that were not interviewed fell into one of three categories: (a) they were not a for-profit company, (b) they did not respond to all of the interview questions completely, or (c) they opted out of the study. The additional six that were eliminated opted out of the study once they completed the phase 1 questions, and, in the case of Patagonia, their general counsel stated they no longer felt comfortable with the research. From the remaining pool of 18 that were interviewed, the final three cases were selected. The participants in phase 1 covered a wide variety of business types; they are also spread out geographically. Most of the initial participants were from the east coast of the United States, two were west coast based companies, and one firm was located in the Midwest. Although most of the interviews were to be in person, most ended up being by telephone. About 20% of the interviews occurred face-to-face. Three of the firms had a national footprint for their work, and two of them conducted business in other countries (see Table 4.1 for a full description of Phase 1 participants).

Table 4.1

Participants in Phase 1 Interview Data

Participant	Source	Contact Date	Interview Date	Socal Entreprenuer	Social Entrepreneur	Wealth Building	Wealth Building Plan	ESOP Knoweldge	ESOP Plan	For profit or Non profit
Green	WJF	5/7/2012	5/7/2012	yes	no	yes	no	yes	no	FP
Fund 1	WSWW	5/8/2012	5/16/2012	yes	yes	yes	no	yes	no	NP
Fund 2	CLS	5/16/2012	5/20/2012	yes	yes	yes	no	no	no	FP
B Corp	CLS	5/16/2012	5/22/2012	yes	yes	yes	no	no	no	FP
Awareness	SB	5/16/2012	Did not occur	yes	yes	no	no	no	no	N/A
Tavern	WJF	5/9/2012	5/14/2012	yes	yes	yes	yes	yes	no	FP
Good	CLS	5/9/2012	5/20/2012	yes	yes	yes	no	yes	no	NP
IPC Boxes	SVN	5/9/2012	TBD	yes	yes	yes	yes	yes	yes	FP
War	SVN	5/16/2012	6/8/2012	yes	yes	yes	yes	yes	yes	FP
BGI	War	6/13/2012	7/1/2012	yes	yes	yes	no	no	no	FP
Lap	War	6/15/2012	6/27/2012	yes	yes	yes	no	no		FP
CFED	WMJ	7/2/2012	7/16/2012	yes	yes	yes	no	yes	no	NP
CFFS	NCCED	7/2/2012	7/16/2012	yes	yes	no	no	yes	no	NP
SocSec	USGov	7/2/2012	6/15/2012	no	no	yes	yes	yes	no	NP
NB	NCCED	7/3/2012	7/10/2012	yes	yes	yes	no	yes	no	NP
Jack	Cornell	6/27/2012	7/2/2012	yes	yes	no	no	no	no	FP
DN	CFED	5/24/2012	6/5/2012	yes	yes	yes	no	yes	no	NP
War	SVN	5/25/2012	6/7/2012	yes	yes	yes	yes	yes	yes	FP
Hol	Cornell	6/27/2012	Did not occur	yes	yes	n/a	n/a	n/a	n/a	FP
GB	SVN	5/29/2012	Did not occur	yes	yes	n/a	n/a	n/a	n/a	FP
Bloo	neighbor	6/24/2012	7/9/2012	yes	no	yes	no	no	no	FP
Real	EH	7/28/2012	7/31/2012	yes	yes	yes	yes	yes	yes	FP
Nomas	SVN	9/27/2012	10/2/2012	yes	yes	yes	yes	yes	no	FP
Mfos	Otr	9/11/2012	11/6/2012	yes	yes	yes	yes	yes	no	FP

The companies represented a range of business interests, such as environment, design and build, consumer products, and advocacy. One firm specialized in advancing internet access for rural populations, one helped non-profits mass market and raise capital through creative fundraising techniques, and one focused on housing for the disabled population. More than 90% of the participants in phase 1 met at least one of the selection criteria for phase 2. However, 70% were eliminated primarily for being a non-profit social entrepreneurial firm; one of the primary criteria for participants in the final pool was that they had to be for-profit companies. A handful of the non-profit firms were looking into a "B" corporation (B corps) structure in the future, and one of them was *B Certified.*

Although B corps are companies that seek leverage from the benefits of the non-profit with whom they are affiliated, they operate within a business structure that seeks to make a profit while providing desirable social benefits, thus meeting the for-profit criteria; however, they did not have a wealth building plan for employees. Thus, they were eliminated from consideration. I touch upon B corps in more detail at the end of Chapter V. Some of the companies in phase 1 provided participation in a uniquely different employee stock ownership plan. Noma, a seller and installer of solar panels, is structured as a cooperative, having 50 coop members out of its 105 base employees. Each of the members has an equal vote on business decisions and participates in some way with managing the business. Participation can be as simple as stocking shelves or as complex as bookkeeping. The leadership embraces a more holistic view of wealth-building, one that benefits all stakeholders. They noted that instead of looking quarter to quarter for results, "We take a long-term view, a 20-year perspective, which guides our outlook and outcomes," taking a strategic approach over short term profits. Another example of Nomas's commitment to community is its sponsorship of a grant program for non-profits to retrofit their facilities with solar paneling; they require little to no financial contributions by the benefiting organization.

Throughout all of phase 1 the recurring themes of transparency and care for social and environmental issues was evident, making the final three selected for phase 2 even more challenging. Phrases like "using the power of business to address social change" were also common among the companies interviewed. Earlier I identified 13 recurring phrases that emerged from the research. Of the 14 themes, 4 were more dominate than the others: financial independence, participation, trust, and employee validation. The three cases chosen for phase 2 exemplified these noted thematic characteristics.

Phase 1 reaffirmed the validity of my research of for-profit social entrepreneurial firms with wealth-building components for their employees. Specifically, comments from the companies that did not have wealth-building plans and from non-profits that stated their interest in developing some form of financial participation with employees reinforced the value of pursuing the research. The interviews of phase 1 participants proved very beneficial to shaping phase 2 questions, in form and substance. For example, the depth of the queries asked did not allow for one word responses. Also, information gathered during phase 1 guided the sequence of questions asked. Finally, I found, by not diving immediately into the questioning as I initially did in phase 1, but instead establishing a rapport with the interviewee, the depth of answers improved.

Phase 2 overview. In phase 2 three companies became the focus of this investigation. As required in the selection criteria, the three companies were founded as for-profit and self-identified as social entrepreneurial firms having some form of a wealth-building plan for their employees. War recruits, trains, and supports a cadre of experts in direct response fundraising and marketing and has clients in the non-profit, progressive political causes and candidate arenas. Real is a small manufacturing company that specializes in teaching aids that educate new parents, many of whom are teenagers, about the challenges and responsibilities of parenting. Real also produces educational job training materials. Mfos offers professional services in the design and build industry and is also well known in the architectural industry. Over a period of eight months, interviews were conducted with company founders, management, and non-management employees. I also consulted company materials, when available, company websites, and experts in the social entrepreneurial and employee stock ownership fields for additional background information on each company. The research protocol allowed for flexibility in duration of the interviews and interviews typically lasted 45 minutes; however, one was as long as 3 hours. The interviews were guided by the questionnaire template in Appendix H. Each of the interviews followed the same format: the same set of questions in the same order. During the interviews I used field notes to record the interviewee's reflections; I checked back with the interviewees for clarifications and affirmations of these field notes. I interviewed a total of 12 people in phase 2. I was able to talk at length with the founders of each of the companies; each was very cooperative in guiding me through the organization. Access to founders was an added benefit to the research, providing invaluable historical perspectives that otherwise would have not been included.

There were multiple themes relevant to the research that emerged from the interviews. However, across all companies the overarching theme was the care each organization took in providing employees a supportive work place and solid tools for economic success.

Case 1: War Associates.

Company background. In the text, I will use *War* or *Associates* to refer to this case. War Associates (War) recruits, trains, and supports a cadre of experts in direct response marketing and fundraising, selling their services to non-profit organizations and progressive political causes and candidates. Primarily they provide year-round, full-service support under multi-year contracts. War earns money through a combination of monthly retainers, plus fees for creative, analytical, and certain production services. War has been in business for over 30 years and is considered a leader in direct response fundraising and marketing for non-profits. War's founder has been active nationwide in promoting social and environmental responsibility in the business community for over two decades and is an accomplished publisher in the social venture arena, emphasizing value-driven businesses. In addition to the direct marketing consulting services they provide to clients, War also provides a set of learning modules that are designed to educate non-profits about fundraising and direct marketing. War prides itself in working with outstanding non-profit and political organizations that are making a difference in the world. The values of the company are well represented from their website.

> We are in this business of helping non-profits with their fundraising programs because we envision a world in which every person is well fed and clothed, healthy in body and spirit, housed in comfort, and enjoys the educational opportunities and the freedom to reach his or her full potential to contribute to society; every man and every woman has the opportunity for challenging and rewarding work; humanity fulfills its responsibility as the steward of the earth, protecting its natural riches and its splendors as the source of all wealth as well as of solace and inspiration for the benefit of future generations; and the nations of the world practice mutual respect and celebrate the rich diversity of the human race. (War website, July 19, 2012)

War senior management displayed unbridled enthusiasm about the importance of their employees' financial futures. As a firm, they are also commited to social justice. War's founder has been an effective advocate of progressive political candidates and positive social and environmental action for over three decades; yet he never saw himself as a successful business person, a point I will touch upon later. A quote from the company's website about the organization's values follows:

> We work with integrity, making business decisions on the basis of our long-term commitment to non-profits that uphold socially and environmentally responsible values. (War website, September 2, 2012)

Founder's perspective. Each of the War employees interviewed was seasoned and knowledgeable about the company and its market; each expressed confidence about the company's long-term prospects. In talking first with management, who is also the sole founder, the inclusive nature of the organization's culture was readily apparent. The president of War was not available to be interviewed, so only the founder was interviewed. The founder notes:

> The company voluntarily contributes significantly more than the required minimum to the ESOP each year.

A commitment to funding the employee stock ownership plan beyond the legal requirements was not the only indicator of management's inclusive philosophy. Whenever possible, management sought to share the profits with employees, even during financially challenging times. In the early years of the profit sharing, the portion distributed was as little as $50, not inspiring a lot of confidence in the staff about the long term prospects of wealth-building. Within a couple of years, the profit sharing plan portion had quickly grown to $1,000; the wealth-building possibilities began to take hold. Management, in describing the successful expansion of the business, shared the following:

> Our profits went up, and we expanded the benefits. We instilled a sense of ownership, and did well even during the dot com crash of 1996.

This sense of ownership has had the unintended consequence of creating leadership in and clarity of mission and vision throughout the organization.

The employees' perspectives. One of the employees was much more versed in the benefits of the employee stock ownership plan, while the other, at least at the start of our conversation, seemed nonchalant about it. JC, the first employee, works as an account manager, focusing on the strategic vision of the company. JC has been with the company three-and-a-half years and recalled very little about benefits at the initial orientation or once on the job. JC did recall a discussion among the employees at the end of the year about profit sharing. JC has yet to establish a financial plan and only occasionally looks at his quarterly statement, stating, "I am too young to focus on retirement." JC stated that his decision to join War was influenced more by the work he is doing; the financial benefits are an added bonus. During the interview, JC commented on his desire to look more closely at his employee stock ownership and other benefits.

AP, the second employee, is an accounting clerk, who works with the vice presidents and is responsible for a variety of administrative tasks. AP is in her third year with the company. It was difficult to generate a meaningful and deep dialogue with AP. In spite of the fact that she had held both strategic and administrative roles, she lacked an in-depth understanding of the wealth-building benefits. The other explanation lies in her particular life circumstances. AP, on the other hand, while not expressing any disappointment about her current employment, had this to say about the future:

> I am trying to pay my mortgage and live, not thinking long-term.

However, as the interview progressed and AP felt more at ease, the optimism and importance of taking a long view of the financial future became more evident.

> I see the ESOP as a long term benefit, something to fall back on.

By the end of the interview, AP was open to additional conversations about wealth-building, even though at the outset there was reluctance to even talk to me.

Key themes from the War interviews. The themes from the interviews were clustered around the focus of each of the interview questions—social entrepreneurial definition, outcomes, wealth building, existing plan benefits, lessons learned, and advice to other entrepreneurial firms.

*Social entrepreneurial definition***.** War management stated that the definition of social entrepreneurship is "A social enterprise, whether for-profit or non-profit, pursues a mission to address a social, economic, or environmental challenge." It is noteworthy that they view the definition as not limited to the for-profit sector.

Outcomes. The goal was to glean perceived or realized outcomes as a result of the wealth-building initiative. When management was asked about outcomes, the reply was as follows:

> We had a clear understanding of what we wanted to achieve. Our strategies was thought out, the importance of revenues and profits clear, goals well thought out, and approach this with your eyes wide open. Finally, implementation is important.

The reactions of employees JC and AP were muted at first. JC remembered the benefits being discussed when he joined the firm, but was so happy to have a job, he admittedly did not pay much attention to them. In this instance, the wealth-building plan appears not to have influenced JC's decision to join the company. AP was even more nonchalant about the plan, seeing the employee stock ownership plan as more of a fall back financial option. In both instances, the long-term value was appreciation of the benefits, but neither of them had fully investigated the details or nuances of the employee stock ownership plan nor their participation in company profits; the latter was viewed as more or less a year-end bonus. Both employees saw the employee stock ownership plan as more of a retirement vehicle, and given that retiring was many years off for them, did not think about it much. In both instances, after our conversation, there was a sort of “aha” moment when they decided to take a closer look at the employee stock ownership plan.

When asked about other outcomes, the founder stated the following:

> Progressive legislation passed or counter-productive bills thwarted. Progressive candidates elected to office. Grassroots activities such as marches, rallies, demonstrations, writing campaigns, gaining press attention, and/or achieving impact on decision-makers. Aid and development programs improving the quality of life of the people they serve. And, more immediately, meeting or exceeding fundraising targets for these and other such activities.

The theme of giving as a way of living is apparent in his comments.

Wealth-building. Members of the company, management and employees, came to the decision that sharing wealth was an important value for the company. It is important to note that even those whose advocacy for wealth-building was most intense did not experience instant success. The founder stated the following:

> The changes we all sought did not occur immediately. When I got back to my office, I called the Board of Directors together and said we are going to pursue a profit sharing plan with the employees, and share ownership. The Board went kicking and screaming, but relented to 45% ownership. We also started sharing 50% of the net profits with every employee, full timers got a share, and part timers a lesser proportionate share.

According to the founder, War was influenced by the emerging Social Venture Network, which has become the leading authority on social enterprises that seek to address change as profitable entities. After the plan was put into action, management was very deliberate about the formula for sharing and growing the wealth for all employees. Given the aforementioned scenario, this quote from management’s definition of wealth-building is illuminating.

> Wealth is built through personal savings and through the appreciation of assets such as securities, commodities, and real estate. For the overwhelming majority of Americans, wealth-building consists of rising equity in their homes – a circumstance that has become rare in recent years.

As evidenced in this statement, management has a traditional perspective of wealth-building and when pressed for more clarity in the interviews, saw no inherent conflict between their definition and the actions taken to share wealth with employees. There was, on the other hand, a sense of wealth-building beyond monetary or tangible assets. Having employees that participated in the dialogue of the organization was seen as a form of wealth.

> Our company builds wealth by increasing profits from year to year and thus raising the price of the company's stock, held by everyone who participates in our ESOP and by the approximately one-quarter of employees who are deemed managers and directly own shares as well.

The importance of wealth-building to War is not just a corporate goal; it is seen as an important societal objective:

> Financial inequality in America takes two forms: income inequality and wealth inequality. The former is important because the 1% of top earners receive income that is orders of magnitude greater than that of the great majority of Americans. But wealth inequality is even more important, because it is accumulated assets – wealth – that creates opportunities for future generations to gain high-quality education, network comfortably with sons and daughters of other successful families, and gain access to top job opportunities. Children of poverty lack all those advantages.

The quote revealed the extent to which social justice and accessibility to opportunity are integral elements of the culture at War. Wealth-building throughout this research has been about positioning the individual to have greater choice by having greater economic resources, and War underscores this value.

Existing plan benefits. Management stated that they closely followed the federal regulations for establishing their employee stock ownership plan. However, when asked about the percentage of employee ownership, they reported the following:

> Currently it is just over 50%, largely because legal said it had to be.

I have been unable to find specific legal regulations that speak to any required minimum percentage of ownership that is a threshold for employee stock ownership plans. With employee ownership at 50%, employees have a material amount of influence at War:

> War Associates is an employee-owned firm. The ESOP owns a majority of the stock, and the rest is owned by individual employees who hold management positions.

Lessons learned. War started its employee stock ownership plan during one of many economic downturns some 30 years ago. It is impressive that even in the earliest years, when profits were tight, management still found a way to share with the employees. Reflecting on the times and lessons learned, management stated the following:

> Profits went up immediately. Once we began instituting 401ks, ESOPs, and other benefits, we instilled a sense of ownership, and immediate profits. We have only had one quarter since 1996 that we did not make money, and that time is was about $17. Keep in mind, this was during the dot.com crash and that disproportionally hurt us at the time.

During this interview there was considerable commentary about the dignity of ownership and participation in the decision making process, resulting in employees feeling more appreciated. This is another example of a broader perspective of wealth-building.

Advice to other social entrepreneurial firms. War management and founder discussed how the company got to where it is today. Looking back, he realized that he had not set out to be a social entrepreneurial business. As mentioned earlier, the founder had never seen himself as a business person.

> Remember, I never set out to establish a business. You will recall that my father was a Doctor and my future was pretty much headed that way. The story I tell is that when I took zoology in my sophomore year in college, the smell of formaldehyde made me sick, so I had to drop the course. That's about half true. I was getting bored with science and waking up to history and the social sciences. My major became history, political science my minor.

While all success was not planned, it is evident that along the journey much wisdom was gained. The advice that he offered to other social entrepreneurs is as follows:

> The advice I would give, is what I live by. Start with a solid mission and a set of values, and stick to them. Build your business around them.
>
> Other provisos, do not exclusively build around ESOPs, the Jack Stack effect. Also, with 100% employee ownership, the long-term interest of the company could be compromised. After a couple of bad quarters, the employees may be hasty to fire the CEO. Also, they may overreact to market conditions without all the information.

Other managers offered additional advice:

> Profits should not drive the business without regard to all stakeholders. All stakeholders should benefit.

The aforementioned comment sums up a key value proposition on the part of War, people before profits. Management is not suggesting that they are willing to bankrupt their companies but rather that profits do not need to come at the expense of employee dignity. Finally, the founders talked about two individuals who are examples of the ultimate transfer of wealth by a social entrepreneur. Jerry Gorde gave his company to his employees upon retirement and then started an organization called United for a Fair Economy. United for a Fair Economy's website (www.faireconomy.org) states that they support and help build social movements for greater equality. The other example is Responsible Wealth, which was started by Mike Lapham. The membership in the Responsible Wealth movement represents the top 5% of the wealthiest people in America. Attempts to interview Gorde or Lapham were not successful. I attempted to speak to both to establish the potential influence of these founders on War but was unable to set up any dialogue beyond a few email exchanges. I had believed that their insights would add to the understanding of driving influences in the founding of wealth building at War and the development of responsible wealth and the meaning of a fair economy. Upon further investigation of Responsible Wealth, I found the following mission statement on the website www.faireconomy.organization:

> Responsible Wealth is a network of business leaders, investors, and inheritors in the richest five percent of wealth and/or income in the U.S. who believe that growing inequality is not in their best interest, nor in the best interest of society.

Summary of Case Study: War*.* War is an excellent example of a successful for-profit firm that has integrated wealth-building into its corporate operations and culture. As is evidenced by the overwhelming amount of data from the founder, the corporate culture does not always translate as well to the staff. Yes, the two employees interviewed appreciated the benefits of the wealth-building plan, even if they did not fully grasp all of the associated rules surrounding the program. Each of the employees did recognize the unique nature of their employer's social entrepreneurial status. War's founder has now moved on in 2012 to advance his "One World Futbol" project, a global soccer and other games initiative. War is an ideal example of a fairly traditional business operation and advocacy that adapts to the social entrepreneurial model by the nature of its clientele, non-profits.

Case 2: Real.

Company background. Real is a unique company that has had an impact on society far out of proportion to its size. The company was started on the west coast but relocated to the Midwest by the second year of operations. Real conducts educational programs all over the world and has been credited with changing the lives of millions of people. Founders RJ and MJ set out to make a difference locally; their creation blossomed. The story of the founding of Real is compelling.

RJ and MJ suddenly found themselves out of work. RJ and MJ said they sent out hundreds of resumes, to no avail. The disappointing results from their resume outreach came as a surprise to them, particularly to RJ. RJ had been released by a multinational electronics company, where he worked in their advanced research group. He was given three months' notice. RJ's skills qualify him as a rocket scientist. The two of them were watching a local television show one day when the topic of discussion was teaching teenagers the proper approach to caring for a baby. The prop used in the show was a sack of flour. MJ remembers RJ blurting out, "a sack of flour is not going to wake you up in the middle of the night crying!" MJ responded to him by saying, "why don't you come up with something better?" Using a classical engineering approach, Baby T was born. The company is now on its fifth generation of Baby T.

Founded in 1994 with the first rendition of the infant simulator Baby T, Real's product line has evolved to offer several additional infant simulators, evidence-based curricula, business simulation software, and welding simulation designed for instructional settings (Real archives, 2012). The company operates with only 50 employees and currently has operations in 59 countries. At Real I interviewed the two founders, the CEO, and two employees. Real's public relations materials read as follows:

> Real is the leader in experimental learning technology—providing life-changing, interactive educational products since 1994. Its award-winning programs provide students with realistic learning experiences, and are used by educations in Career and Technical Education, Family and Consumer Science, and Health courses, as well and in other instructional settings worldwide.

Founders' perspective. I had the opportunity to talk in depth with the founders of Real. Their passion and the not always logical path to the company's success were both refreshing and informative. The founders and current management of Real reveal something that is rare in successful and profitable companies, a commitment to the mission of what they are doing that equals, if not exceeds, their commitment to its profitability. Exemplary of my earlier comment that some of their success was more about timing than the result of some strategic plan or vision statement is this comment from the founders about the early years and how, in part, they got to where they are now:

> We came to understand later that we were having a real impact on people's lives from a news story about a young girl in custody. There was a very hard core young lady in the juvenile court system in San Diego that social workers had been unable to get a word out of, or connect with. They gave her one of our dolls for a few days, and she spent the first night pouring her heart out to the baby. The next day, she began to open up to the social workers. "We had unwittingly stumbled upon something. It was not about impact at first, I wanted to eat!"

Real values their employee; when asked about their wealth-building plan, one of its founders was quoted as saying, “One of our deeply held values is that the people who do the work can earn the rewards” (Real archives, 2012). The President added to the founder’s valued employee commitment by stating,

> The implementation of the ESOP positions Real to retain and attract talented employees with the reward of company ownership. The program instills the entrepreneurial spirit and allows our employees the opportunity to realize long term rewards through our continued success and the growth we see in the future.

Throughout the interviews with Real founders, management, and employees, the commitment to manage the business by a set of deeply held values was evident: “business is personal, ethical, and responsible” (Real archives, 2012). There is a refreshing honesty about Real’s success. One particular moment that was shared with me occurred during the earliest stages of their enterprise.

> We had one employee at the time, and our first customer was a shelter for women in San Diego. After that pilot with the shelter, "...the world beat a path to our door. The first 5-8 years we never had to market. There was a favorable story in the New York Times about our product and Mory Povich and his wife, on another network, Connie Chung, were competing for our story! We had weeks, not months, of free media, and even got on Oprah in 1995.

Another interesting observation is how humble the founders are. As the interview progressed, there was never a first person mention of success; a willingness to hold themselves accountable for missteps prevailed. Although never explicitly stated, these founders must be proud of the help Baby T products have provided; and it would seem that their financial success places second. The success of Baby T surpassed their wildest expectations in the impact arena and did very well financially.

While there are many examples of married couples having successful businesses together, it is not unusual when they do not work out. The founders, who are also married, recognized early on that working together in the business day-to-day was not going to work.

> We also learned that we could not work together. We often butted heads.

The literature provides many examples of solid organizations unraveling because of their team chemistry. The founders decided to turn over the reins of running the company to a more professional individual. The founders established a Board of Directors and engaged an organizational and human resources professional to bring more systemic processes and computerization to the company. After that, they set up a competitive process for selecting the leadership, which has worked out well since the final candidate leads the company today. The founders were quick to remind me:

> We still have the passion for this business, and while we value effectiveness, it is not just about the money. Our wealth is actually owning a piece of this mission.

The founders have more than enough monetary income, yet their passion and commitment to being part of meaningful change is evident when you talk with them.

Management perspective. When the current CEO was asked about the formula for the company's success, he responded as follows:

> We had a clear understanding of what we wanted to achieve. Our strategies were thought out, the importance of revenues and profits clear, goals well thought out, and you must approach this with your eyes wide open. Finally, implementation is equally important.

The quote reveals the kind of leadership and direction that the CEO brought to the organization. The company lacked a systematic approach to conducting business, which had prevented them from expanding globally. *With eyes wide open* is often a sobering perspective but critical to growing a successful business.

Employees' perspective. The two employees I interviewed had varied experience before joining Real. DJ, in charge of the manufacturing operations and nearing retirement, reports the following:

> I am responsible for production and have been with the company for 7 years. I have an Associate's degree in marketing. I have been in the general assembly area and in the lighting industry eleven years prior to coming here.

Ab has been with the company for four years and is currently in sales.

> I actually first heard about this company's product when I was in high school; it was called "Baby Think It Over". I was taking a seminar for continuing education credits and got a referral from a friend.

Ab joined the company as an administrative assistant and had to take a big pay cut from her previous employment:

> Coming off of a layoff, I still had goals. When I started, I think the leadership and my colleagues knew I could be more than an administrative assistant.

DJ and Ab are at very different points in their careers, so it should come as no surprise that their perspectives about the wealth-building in general and the company's new employee stock ownership plan differ. Both employees believe that the employee stock ownership plan is a positive benefit. DJ states,

> I am nearing retirement, and am turning 63 next year, so there is not much benefit for me from the ESOP. The benefits here are already great, and they are very good about time off. None of us had a clue the ESOP was coming, and were not sure what it really meant for us.

Ab's perspective is as follows:

> The ESOP is very exciting, and you have access to it after 5 years. Having the ESOP reaffirms my belief in the company and my career objectives. It makes me take a greater ownership in the outcomes and company's direction.

DJ is much more savvy about the benefits the employee stock ownership plan provides the founders, but not in a negative way,

> Why now? Part of what we learned is that it would mean a tax break for R & M, and would provide them with an orderly way out of the company. They deserve it. It did not cost us anything, and gave us ownership in the company. In the end, everyone felt it was another positive step to benefit the employees. My wife reacted positively too, but it will not make a huge difference for our retirement plans, maybe $2-3,000.

Ab appreciated the family oriented culture of the company:

> This is a very family oriented, very close knit company, small with a very big impact.

The above quotes provide evidence of a company culture that is employee centric and consistent with what the founders sought to create from the start of the company. Both employees have a clear understanding of how the wealth-building benefits affect them, or not.

Key themes from the interviews. The interviews with Real presented some unique challenges for this research. Although the organization has been in operation since the 1990s and the founders had been contemplating some form of employee ownership since its inception, their employee stock ownership plan was not established until July, 2012. The value in looking at a case with such a recently installed employee wealth-building participation platform is that valuable historical perspectives and employee reflections will most likely not be forgotten by interviewees. On the other hand, key themes would not always reflect an historical perspective on employee stock ownership plans in particular, but the company insights would offer an understanding of the early implementation as it related to the prospective wealth-building component of their operation.

Social entrepreneurial definition. Company leaders defined social entrepreneurship as follows:

> Social entrepreneurship is creating a sustainable business or an industry that seeks to address issues in society that is. It is very important that it is sustainable on its own.

Real founders can be credited with instilling the values of social entrepreneurship in the company from its beginning.

Outcomes. It was important to determine whether Real felt it had achieved its desired outcomes in its business strategies, in particular, the wealth-building component. Management estimated that it will be 6-12 months before any meaningful data will be available to assess how they are doing against the projected outcomes. Real utilizes the following set of metrics to guide their tactics and measure their success: number of students impacted and clarity of purpose. The organization also conducts reality checks on an ongoing basis. Such checks led the founders recognize the need for professional help for operations. Three individuals were placed in one position so the company could determine who would make the most successful leader. It was not long before Tom stood out above the rest. One of the founders was initially not very fond of Tom, but after a while it became evident that he was the right choice.

> In many ways our early years were like a ship with a rudder, and compass without directions. There was too much overhead. Tom implemented accounting systems, sales projections, forecast, and cost of goods sold. Once controls were in place, how and where became more evident.

Tom is credited with implementing a much more strategic plan. Founders report the following:

> He has been brilliant and has become even more strategic over time.

It is evident through the dialogue with the founders that they are more than pleased with their chief executive selection. They are pleased not only with Tom's performance and leadership, but also with his values and commitment to the mission.

Wealth-building. The evidence from the interviews points to the notion that pursuing a wealth-building strategy was far from random for Real. The evidence reveals a very deliberate and thoughtful approach was taken by Real to develop and implement a wealth-building plan for their employees.

> The founders were committed to establishing a means for employees to participate in the company's success, and have been thinking about the best way to do it for some time. Part of our establishing the employee stock ownership plan was to reward our employees for their hard work. Having a participatory culture was part of the mission of the company from the beginning.

When I spoke with the founders, they affirmed that the idea of having some form of participation with employees had been percolating for over 10 years. They said,

> We got things started in 1998 at an NCEO[1] conference. The company was not ready for it at that time.

Existing plan benefits. The existing plan for Real was instituted in July, 2012. The wealth-building plan is a traditional employee stock ownership plan. When asked about the percentage of ownership held by employees, their response was as follows:

> Currently the percentage owned by employees is 5.9. We expect this number will increase over time, and a lot of this is based ultimately on our financial success. The more successful we are the more profit and stock sharing we can have.

The founders are much more nonchalant about the percentages and how it is doled out. The founders attributed that to their Midwest upbringing and the straightforward style which shapes their values about money and wealth. Evidence that the founders have always cared about others and have been sensitive to the plight of those in need is reflected in this comment:

> I was raised lower middle class and could identify with people that were struggling.

[1] National Center for Employee Ownership (NCEO)

The statement also supports their willingness to share the success of the company with those responsible for building it.

The founders feel that they have more than enough money at this point in their lives and reaffirm the value of the company's mission. One of the founders has recently had a bout with cancer; this individual's optimism is captivating. A funny note: while talking with these founders, my ethnic origin came up. One of the founders said, "I pictured you with curly hair." I replied, "It is curly." This level of exchange is representative of the blend of personal, yet professional, tone I sought to establish with all participants in this study. I also took genuine care to listen more than speak and found the participants' willingness to share on such a personal level rewarding.

Lessons learned. The plan that Real has put into place is too new for lessons learned to be applied. However, there was one lesson about the process that is worth sharing:

> It took eighteen months to put the employee stock ownership plan together .It is important to put together a team with enough band width to drive the success of your plan. The biggest burden is on your finance and HR units. There are ERISA compliance issues and we anticipate more audits. HR has to drive a participatory culture. Putting together the right committees are important.

Management and staff learned a lot of valuable lessons about teamwork. They took a systematic approach to the operational and regulatory components essential to properly setting up an effective employee stock ownership plan. The CEO also recognizes the necessity to give the team the resources and authority to tackle such a complex plan as an employee stock ownership plan..

*Advice to other social entrepreneurs***.** The takeaway for Real was mostly about setting up the plan and staffing it appropriately.

> It is important to put together a team with enough band width to drive the success of your plan. The biggest burden is on your finance and HR units. There are ERISA[2] compliance issues and we anticipate more audits. HR has to drive a participatory culture. Putting together the right committees are important.

There was one other component management wanted to point out. The comment speaks to the operational aspect of the employee stock ownership plan.

> I would probably recommend adding additional staff where half of their responsibility is focused on the employee stock ownership plan.

Summary of Case Study: Real. The Real case immersed me in the world of business as I have never experienced it, and it also underscored the style of operations I thought this research would uncover: a new model of operation. An entrepreneurial couple, one recently out of work as a rocket scientist (literally), seized the opportunity to create an alternative product to one advertised on television; their creation became a financial success. Real is an ideal example of a for-profit social entrepreneurial firm that has had a positive impact on the lives of many people, in many countries.

At the end of the interview, I asked if there was any additional information that management or non-management would like to add; their following statement best captures Real's values:

> Participatory culture is critical, decisions by a large group gives some concern, but we find it healthy and motivating for our employees.

Fortunately Real employs fewer than 100 employees so embracing a participatory culture will be easier for them than for larger organizations. Having stated the challenge of participatory cultures for larger organizations, the drive for success in this area begins with leadership, not

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[2] Employee Retiree Income Security Act, a federal law that sets minimum standards for pension plans in private industry.

necessarily top down. The corporate culture that permeates Real is very important for their holistic success.

Case 3: Mfos.

Company background. Mfos provides architectural and professional services; the company is based in Virginia but conducts business all over the world. The company is 20 years old, and the principals describe the firm as mid-sized conventional model, providing local and global services to non-profits. AF is the founding partner of Mfos. An excerpt from Mfos' website portrays the company's mission and philosophy:

> For more than two decades, we have noticed a few things about our diverse clients and projects... each is unique, yet each has benefited from collective values and synergy with each other and intentional design discovery followed by personalized implementation.
>
> The enduring quality of institutional projects, fiscal planning savvy through commercial work and the rigorous accountability for historic and secure government buildings are all inspired by collaboration. We produce projects that distinguish our clients and their constituents in the communities in which they live, work and play.
>
> We listen first, then facilitate creative solutions, achieving consensus to reconcile any conflict. Our mission is to positively shape culture, commerce, and people's lives through innovative solutions for the built environment.
>
> We are committed to design excellence and service to our clients. We work collaboratively to solve what are considered impossible challenges. We look at alternatives while discerning reasonable risk with sound purpose and lasting value.
>
> By forming working relationships built on trust, integrity and respect, MFo's architecture builds consensus around appropriate design drivers that facilitate lasting solutions. We guide our clients toward responsible and sustainable growth while creating value for our clients. Our work forms important links to its context by being environmentally sustainable and socially formative.
>
> The resulting architecture is clear, creative and beautiful - both timely and timeless. We know design excellence hinges not only on sound ideas but also on technical proficiency and constructible quality. Our ability to successfully combine these invaluable elements continues to lead to award-winning work ranging from small additions to multimillion-dollar master plans. (Mfos website, October 25, 2012)

It is important to consider why Mfos chose the market they did. Without committing to a specific business plan at the time, the founders realized the shortcomings of the professional firms for whom they had previously worked; they incorporated these missing elements into their organization from the outset. For example, instead of negotiating for every design change, Mfos gives clients the option of either reducing the client's price or committing some of the profits from the job to a worthwhile social project. They have never had a client choose the lower price option. They also saw their business focus as provocative in strategic planning and were beyond simply providing architectural value, beyond dollars, thus leveraging the identity of the organization, their brand.

Interviewees were two members of management and two employees. AF, one member of management, is also the founder. Also, one of the employees is on the fast track for a senior partner role in the company.

Management's perspective. AF shared one of the experiences that helped shape the values and mission of the company to be the firm it is now:

> Fifteen years ago, while in transition from one professional opportunity to another, AF attended a prayer breakfast on the invitation of someone of note on Capitol Hill, in Washington, DC. That chance breakfast led to AF joining a powerful Senator and Captain of Industry on a journey to Tibet to meet the Dalai Lama. At the meeting, the visitors asked the Dalai Lama what they could do for him. He said that the Tibetans that have fled to nearby countries, do not have a community where they can live together and continue to keep alive the important Tibetan traditions and culture. Through a variety of circumstances, AF became the architect and designer of what has become a community of about 1,000 homes for Tibetans.

The Tibetan trip experience transformed AF personally and professionally. It impacted the way the company was ultimately structured, in ways that founders had not previously realized until they had reflected upon the Tibetan experience during these interviews. The Tibetan experience had had a transformative effect on the individuals and, consequently, on their organization.

The management interviews included the founder of the company and a senior partner of over 13 years. The founder has been in the professional services field for over 30 years and admits to not always having the appreciation for the impact his craft has on the living world. About two years ago, the founder was battling stage IV cancer; he seemed to have never lost faith in being positive. In fact, he was reluctant to talk about the experience except to note the extent it has reinforced his commitment to excellence during every phase of his life. A second member of management was also interviewed, someone that has been with the firm for over 13 years and who has been intimately involved in molding the culture and strategies of Mfos. The second manager reflected on leaving his previous firm and forfeiting considerable compensation to be part of shaping and building something beyond a traditional professional services firm.

Employee's perspective. The non-management staff interviewees included two individuals that have been with the company for a combined total of 22 years. BW, the first employee interviewed, started as a project architect; upon becoming a licensed architect, his role became project designer. I was told that the roles are very similar, but once one becomes licensed, a more appropriate title is in order. MJ, the second non-management employee interviewed, has been with the firm for nine and a half years and is currently a senior project analyst and project manager. MJ also works with clients on early design conceptual thinking, and from time to time he is involved with construction management. The enthusiasm of non-management was as contagious as it was when listening to the owners. The passion about being a part of something greater than themselves came through consistently. One experience shared with me was a particularly moving one:

> I got the chance to work on projects that were personally very rewarding, and from which I got great satisfaction, and which are socially entrepreneurial. One of them is helping to conceptualize, and participate in the design discussions of "The Lost Boys of Sudan

> Peace and Reconciliation Center", which will include a library and will be accessible by helicopter (BW).

The commitment to the greater community is seen as part of what is expected of the team at Mfos, not an obligation. BW suggested that while there is not a formal program that sets staff on the path to pursue opportunities similar to the Sudan experience, once someone brings up such an opportunity, the organization's support is there. BW suggested that a more formal program path be put in place for the future.

Key themes from the interviews. The interviews with Mfos yielded a considerable amount of compared to the other two cases. The founder of Mfos was more personally engaged by the research questions and process than the other case participants. The founder was, for the first time, understanding his organization as a social entrepreneurial venture and considering what that entailed. The dialogue provided the founder an opportunity to reflect on the journey of his company in detail for the first time.

Social entrepreneur definition. Management explains as follows:

> It is a synergy that over the past 15-20 years is associated with social conscience strategy which results in win-win for all participants. The community, business, employees, and beneficiaries of the service all win. If the situation is out of balance, then somebody wins while someone else loses.

The underlying theme of the above quote is not uncommon to the social entrepreneurial world, and as I learn more about wealth-building plans, it is not just about tax-benefits to the owners. There is an authentic effort to be as deliberate about making money as there is to being committed to social justice. Mfos has tossed out the phrase "winners or losers" and replaced it with "winners and winners."

Outcomes. It was important to determine whether Mfos felt it had achieved its desired outcomes in its business strategies, in particular the wealth-building component. When asked about what the priorities are for Mfos, AF said,

> The next project of course. Even before that, the culture of the office, the engagement of the staff, architects, and other professionals translates into the bottom line, our work, mission, vision and our values.

Another comment that reflects the commitment to broadening the wealth building pool was in response to a question regarding management's commitment to ownership:

> The goal is for the company to be owned by a broader range of employees.

Feedback from employees substantiated the values expressed by management.

> Our plan is a bit different than other companies. First, it is fairly informal. Our wealth model embodies two points of view: professional development, and social change. I traded off hours from work for lecturing at the University of Maryland.

Wealth-building. The founders were quick to recoil at the phrase wealth-building, thinking at first that it sounded elitist. After consideration, they said,

> It comes in various forms. Cash, or cash flow, equity, social equity, goodwill are all relevant here. It is professionalism on purpose. It is ownership and value in the community, and not just monetary.

Another perspective expressed by a founder follows.

> My view is that is not just about money, dignity, knowledge, sense of purpose, and responsible growth of the company all matter too. Relationships are important too.

When asked if they felt their firm met the wealth-building definition, the response was "we are a work in progress." Apparently there are some limitations to a professional organization committing to an employee stock ownership plan. However, if there is way to achieve an employee stock ownership plan within their current legal structure, AF will figure out how to get it done. They have had a strategy in place for some time to share the ownership not currently held by management:

> We had an agreement for me to receive 20%, along with MF's 20%, and the balance of 60% would be sold over time to others in the company. There is not a set timetable for the sale to others.

Existing plan benefits. The current plan at Mfos focuses primarily on grooming professionals over time and inviting them to become principals. MJ explained in the interview that employees have to achieve at least senior associate status to be considered; the path for achieving partnership is not clearly outlined. Every employee benefits from a 401(k) plan with its concurrent matching options. Mfos provides the staff with another unique set of non-economic benefits, such as an opportunity to work within their community or participate in other pro bono activities, providing employees the opportunity to strike a work-life balance. Employees were particularly fond of the opportunity to get engaged in community based projects, locally and internationally. Management and employees believe that working outside of the job on community based projects enhances the skills and motivations at the workplace.

> There is growth outside the office, which is complimentary of our company culture. All you need to do is ask, and while the financial benefit does not exist, there is increased job satisfaction.

Lessons learned. The management of Mfos talked about the ways in which they work to achieve company goals. They also made a point of noting that social issues outside of work are equally important. Words like actively thinking, knowledge, and participation were frequently mentioned during the interviews. Mfos management has also found that taking a long-term approach toward adding partners allows them to ascertain whether someone fits the culture and is genuinely interested in growing the firm in the right direction. JC2 stated, "the road to getting there is not possible by expediting the outcome." Another indicator of their commitment to taking a more holistic approach to the business is JC2's comment: "a rich round life beyond work is essential. We encourage staff to do pro bono work or take on some social endeavor. We believe it makes them better employees." JC2's view was that one had to be additive to the culture so the decision of ownership takes time to ensure founders will trust and enjoy working with each partner.

Advice to other social entrepreneurs. One of the most important takeaways from management to other social entrepreneurs was about the need to "take advantage of gateway projects." Gateway projects were defined by JC2 as those that are "difficult to get, and challenging to do." JC2 sees tackling gateway projects as defining opportunities for an organizational culture, a type of coming of age important to the company's evolution.

Summary of Case 3: Mfos. Financial wealth is viewed as an outcome of what one does, not what one takes home. This organization translates what project owners say into a viable project. It is not simply a design project that then moves on to the next venture. MJ put it best when saying that, "we help them build relationships within their organizations. By reinforcing their values, we connect people to places."

This case generated a lot of reflective conversations as compared to the other two cases, largely because of the founder's fascination with the research and the timeliness of our conversations. The company is in the midst of discussing where the firm is headed, the journey it will take. AF is also on a personal journey as evidenced by these comments:

> I also appreciate you allowing yourself to get drafted into advising me on how best to measure, track and manage some of the abstract values I have seen work in true wealth building for business and life. Only through measurable accountability will it ever mean something.
>
> Somehow I think your research will reveal insights many business owners need to understand to create value in our businesses as well as our employees' lives and

> communities. I look forward to being an early beneficiary of your good thoughts and hard work.

Such an exchange as the comments above was not uncommon in my conversations with management. There was a considerable amount of reflection that had not occurred prior to our interview. In this instance with Mfos, there was a specific request after the completion of my dissertation to help the founder document his journey over the past 20 years.

Summary Remarks on Three Cases

War, Real, and Mfos are uniquely different in what they do as a business but very similar in their pursuit of social justice and commitment to wealth-building for their employees. There was not one mention of charity at the workplace although each of the companies actively encouraged their employees to volunteer in their communities.Each case presented the combination of passion and social mission in developing their businesses, growing them, and sharing their profits with employees and, in doing so, helping them to be successful. All three cases have integrated social responsibility into their organizations by creating a holding environment that supports and encourages employees to contribute to the community and society at large through volunteering. All have created a product or service that seeks to change the way we think and behave. As London and Morfopoulos (2010) remind us, it is important, whether you are mainstream or social, entrepreneurs driving the organization share a core component, the need to generate capital in order for their enterprise to thrive. Each of the cases was consistent with Mair and Marti's (2006) perspective that the companies' primary focus is social with economic value creation following. Founders, who also serve in the capacity of management, are dreamers who had a vision and, in each instance, sought help from senior and junior staff to deliver the desired outcome. Put another way, they realized the vision needed broader participation and a variety of skills sets to succeed and were not afraid to admit that; this is an important leadership trait, knowing when to ask for help. In each case leaders valued their people and believed that everyone has the potential to participate in addressing some change in our communities and society at large. There was also a drive to get beyond theory and keep work practical. Coupling wealth-building with social entrepreneurship, narrows the theoretical to practice gap in this research. In the two cases that have an employee stock ownership plan in place, theory and practice are narrowed even more. Coupled with a proven financial tool, such as employee stock ownership, which was started in 1974, social entrepreneurship, which is still in its infancy, proves itself to be even more credible. The employee stock ownership plan, in the founder's view, gives the company a potential retention tool that should result in longer-term employees, making the organization more effective in what they are doing.

Chapter V: Discussion and Implications

This chapter will present my interpretations of the findings presented in the previous chapter. In addition I will consider information from websites associated with the cases and opinions of experts in the following areas: social entrepreneurial field, employee stock ownership, and social justice. In Chapter II, I established a foundation from the literature around social entrepreneurship, wealth-building in general, and employee stock ownership plans in specific. In that same chapter, I conducted an extensive discussion of the values of wealth-building, as well as the motives of the social entrepreneur. The literature review highlighted the similarities of for-profit and non-profit leaders and differentiated the morale and motivations of organizations that had some form of wealth-building, as well as some discussion of those that did not. Concepts, such as social capital, financial independence, and employee self-esteem at the workplace were discussed as well as their importance to this exploratory research. I also included some discussion of the role of business as a social institution. In this chapter I will reference this literature as well as other relevant sources that are pertinent to or contradict the findings of this study. I will take a closer look at the implications of the findings for leadership in business organizations, given their broader social role, in general, and, in particular, as they relate to the for-profit social entrepreneurial cases that are part of this research. This final chapter will also provide an opportunity to reflect on where and why this research started and discuss implications for social entrepreneurial practice and wealth building for employees.

The leadership issues raised in Chapter II included, but were not limited to, the challenges of building a sustainable business with a double-bottom line. The three cases in this study represent such double-bottom line companies. There was also considerable discussion of innovation, social problems with market driven solutions, and inclusion in the economic system.

The leaders in the cases I interviewed in all phases, and particularly pronounced in phase 2, sought to address in whole or part the economic disparities in the American economy. "Throughout history, private parties have organized for the purpose of promoting the common good, serving the needy, or providing goods and services that were not, in their judgment, being adequately or appropriately provided by either business or government" (HBR, 1996, p. 1). Finally, adaptability, impact on society, and creation of a sustainable business that does not rely on charitable approaches are common themes across the cases studied.

Summary of Case Findings

The next section is a summary of noteworthy findings of the three phase 2 in-depth cases: War and Associates, Real, and Mfos. The objective is to highlight important themes from each case.

War and Associates. The interviews with management and two employees of War and Associates comprised the primary sources of the data collected on War and Associates. The website and limited feedback from individuals who know the organization well served as the archival information for this case. The values of economic independence, participation, and profit sharing were all consistent themes evident during interviews with War and Associates. A recurring theme for War was how they valued collaboration in order to achieve the broader social change goals, resonating with Yunus's statement with respect to a social business as a new kind of capitalism that serves humanity's most pressing needs (Yunus, 2010). Indeed, the founder sought to and succeeded at building a business that reflected his personal values, namely that there is more to business than making money; one should not only serve customers but also employees.

The founder from the beginning of our interviews identified the importance of War's mission to address social, economic, and environmental challenges. He also identified the importance of aid programs effectively improving the quality of the lives of the people they serve. Wealth for War was not measured in material items; however, the founder admitted that materialism is a critical component of the wealth-building equation.

War was transitioning from the current founder-centric leadership model to a more systems based leadership model. Although the founder is still active in the organization, the board installed new leadership five years ago to provide more operational and strategic discipline. This shift did not appear to change the strength of the mission, nor did non-management employees mention any significant change in their experience with leadership. There is no specific data about the long-term sustainability of the social entrepreneurial firm that has an employee stock ownership plan, yet two of the three cases in phase 2 were over twenty years old. The founder of War had leveraged his experiences from that firm to expand into other social enterprises, yet none of them have employee stock ownership plans at this time. In the interview, the founder of War did not address his intentions one way or the other on establishing a wealth building plan for the employees. Given the War founder's track record toward rewarding those that help build the company, I fully anticipate some form of wealth building to be established in his new ventures. War's work demonstrates that partnering with employees increases sustainability.

The company has been consistent in its commitments to the economic futures of its employees. However, War could do a more effective job of educating its employees about the benefits they have and how they can maximize them. Stock, or for that matter, any ownership brings with it a level of responsibility and accountability that transcends collecting a paycheck as an employee. Better financial education is value added for the company because it positions the employees to more effectively participate in the decisions of an owner. One of the employees interviewed did not grasp the implications of being an owner, but by the end of our interview, was committed to be more proactive about her status. To fully realize the wealth-building capacity of an employee stock ownership plan, employees need to exercise the opportunities it affords them for accumulating greater assets and participating actively as owners.

Real. The interviews at Real included five individuals: the two founders, current management, and two employees. Real demonstrated how much they value their employees as well as a passion for the work they do as an organization. In discussing how their products sought to bridge the gaps created by the educational system, Real showed that their innovative approach is consistent with what Schumpeter (1942) and Drucker (1985) wrote about in their seminal works about entrepreneurs being opportunistic. That is, entrepreneurs, unlike most of us, see problems or dysfunctions as opportunities upon which to capitalize a business. Although the organization's formal wealth-building plan is relatively new, interviews with the founders revealed that the concept has been percolating for more than 10 years. As an organization, Real values change and social justice. It also is committed to rewarding employees for helping build a successful enterprise by sharing the company's economic success with employees. Interviews of employees, one with fewer than five years of tenure and one more senior, nearing retirement, revealed that the values espoused by the founders are also embraced by the workers.

Management employed a strategic and focused approach when designing and implementing their employee stock ownership plan, a project that took 18 months. Management talked about the importance of sharing the rewards with employees and discussed the need for having the right team in place to properly implement any financial sharing plan. The journey of the founders and management has been influenced by their personal values and their need to address market realities. There is evidence from the conversations with employees that there is reason for optimism for the long-term prospects of Real's employee stock ownership plan. Margolis and Walsh's (2001) research questioned whether a firm could attend to both people and profits equally. Although Real's plan is less than a year old and performance data is not available, the company appears to hold a strong commitment to values that would uphold this double-bottom line. Many textbooks and business gurus are quick to highlight the typical mantra about what it takes to be a successful business: keep your costs down, practice good cash management, and provide a competitive product or service, to name a few. Thompson and Soper (2007) posit that the greater likelihood of success in business is a function of more intangible factors, passion and vision among them.

> By expanding its vision in these ways—moving from a primary focus on the environment to a focus on health, broadening the definition of "sustainability, " increasing its focus on the role it needs to play in the world, and ensuring that its vision is aligned with its investors – Seventh Generation has experienced 30-40 percent growth every year since 2000. (p. 13)

Real founders were concerned that employees' might not receive the ESOP positively and that they would not readily adjust to an ownership mentality. However, the employees interviewed talked about having a greater sense of responsibility and loyalty to the organization because they were owners. The employees were also quick to point out that even without the ownership component, they would not be any less accountable for meeting their responsibilities. Some respondents wished the benefits were evenly shared between management and employees but added that they were not complaining. The employees also understood the positive tax implications for the owners and how the employee stock ownership plan provided an orderly exit for the founders from the company. All in all, the individuals advanced their asset accumulation at the workplace and indirectly benefitted their communities, consistent with the work promoted by the Aspen Institute. “A much more fully developed approach is that of economic organizations that promote social purposes by accumulating community assets. Many of these efforts blend the small business’s commitment to local community with elements of the public corporation’s broader dispersion of ownership” (Dubb, 2005, p. 2). I wanted to share with workers the founders’ views about being a part of this company, but did not. The founders saw themselves participating in the company throughout their life span, and although tax benefits were part of the plan, their commitment transcended economics. They believed that it was essential for employees to buy in emotionally to the company’s mission and that shared ownership in combination with a product that was making a significant difference worldwide in preparing young people with skills in financing and parenting would add to this sense of employee purpose and reward.

Mfos. Mfos represented a unique approach to a professional corporation, uniquely positioned to influence its industry and shape what corporate commitment to community means by the creation of an engaging employee model for others to emulate. The company’s reputation in the design build industry is so positive that contractors typically accept smaller margins because they know there will be fewer change orders; change orders have a tendency to lessen profitability.

> Mfos is very successful financially and equally as well in the non-traditional outcomes, which are traditional by social entrepreneurial benchmarks. Specifically, the company engages clients holistically in the ‘design and build’ processes. They spend a considerable amount of time understanding the values of the client before pursuing a set of schematics. Another social entrepreneurial benchmark is the creative latitude given to employees. One of the employees interviewed talked about how they were allowed to work on projects that were personally rewarding and from which she gained great satisfaction. The project involved a social entrepreneurial project with the Lost Boys of

> Sudan project. The opportunity to grow personally and professionally outside of the office is viewed as consistent with the company's culture.

This comment provides an example of the positive holding environment that the leadership has created at Mfos and another example of the bottom line effectiveness of values based organizational design as discussed by Albion (2006). Albion promotes consumer choice not for charity, but for pursuit of more meaning in our lives; Mfos embraces this value. Another example of how increasing employee commitment has a direct effect on the outcome of the product comes from John Abrams, founder of a small construction company in Massachusetts. "We not only build houses, we build connections and bonds between people, between people and land, and between commerce and place" (Hammel & Denhart, 2007, p. 73).

Cross-case findings. This section will discuss the most significant of the cross case findings. I will also reflect on relevant literature that both supports and challenges the goals of the research question.

The three cases represent distinctly different industries and, as such, provide a good laboratory within which to discuss social entrepreneurship and wealth-building. Had they all been in the same industry, there would be room for debate that the social entrepreneurial and wealth-building construct was industry centric. Two of the cases started out as social entrepreneurial firms, and the same two contemplated or initiated a wealth-building initiative at the outset: War and Real. Mfos evolved into the social entrepreneurial arena and quickly developed a commitment to its employees for wealth-building. The leaders' motivation for creating wealth-building for their employees is remarkably similar: all simply believed it was the right thing to do. All founders were also remarkably humble about their success, approaching embarrassment.

In each case, the non-management employees were identified by management. In each instance, management was not totally comfortable that the employees would understand the benefits well enough to respond to questions about them. Their concerns were not totally unfounded. Each of the employees grasped the generic benefits, such as 401(k) plans and health benefits, but the profit sharing and ownership components were less clear to most.

The level of loyalty to the company and commitment to its mission was consistent among employees across all cases. Employees in all three cases acknowledged the commitment of each company to create a work environment that is engaging and that cares about the economic welfare of its workers. Employees across the three cases talked about trusting their leadership as an important component of why they were happy to be working where they were. Some employees did discuss the need for more equitable distribution of profits between management and staff. Even the employees that expressed more equitable distribution were quick to point out that they were not complaining and were generally satisfied with the economic rewards at their place of work. Another significant finding about employees across cases was their high satisfaction that the work they and the company were doing mattered. The notion of being engaged with something that matters is an overarching goal of the social entrepreneur. This begs the question raised by Margolis and Walsh (2001): "Why are firms called upon to engage in social initiatives in the first place?" (p. 2). Given the increasing influence of corporations globally, there is an implicit responsibility for them to do more than make money for their owners. Social trends, in particular the rise in corporate social responsibility, are driving company behaviors and increasing accountability by emerging employees, particularly millennials (Espinoza, 2012). Millennials (also known as Generation Y) are expected to change the workplace and the world in ways many celebrate. In an article in the Washington Post (The

Career Project, 2012), Matcher reported how millennials choose work that matters to them; they are not satisfied by simply putting in long hours, typical of their parents. Matcher asserts, “through their sense of entitlement and inflated self-esteem, they’ll make the modern workplace adapt to them. And we should thank them for it. Because the modern workplace frankly stinks, and the changes wrought by Gen Y will be good for everybody” (The Career Project, 2012). If this trend in the thinking of Generation Y continues, it will mean that companies that want to be successful will have to adapt to a more socially responsible culture to harness the talent of these young adults.

Two of the cases designed a wealth-building component in their company structure at the outset; in the third it evolved over time. The leadership across cases expressed the limitations of market based solutions that could address social issues and create environments that encouraged employees to volunteer for community based activities. It would appear that playing a role and experiencing a sense of ownership in a social entrepreneurial company created a set of values that empowered employees to independently seek broader participation in giving back to their communities. Research supporting this premise is found in Martin and Osberg’s (2007) work on defining social entrepreneurship and the work of empowering employees as a driver of change and social innovation. Further support may be found in that of Nicholls’s (2006). A common finding across all three cases was that profitability and addressing meaningful change in our society are not mutually exclusive. Nicholls (2006) has elaborated on the need to stop looking at capitalism in a one-dimensional way. Further, “we have remained so mesmerized by the success of the free market that we never dared to express any doubt about it” (p. 39). The maxim that if everyone simply squeezes out the maximum profit for themselves, all will be well, is simply not true. Social entrepreneurship offers a plausible alternative to accepting market failures. The findings of this study strongly support the position that a more effective workplace environment for employees to participate in their communities will not risk the company's financial well-being. I am reminded of a seminar in 2012 on the principles for a successful professional life by Ruth Watson Lubic, where the first principle was as follows: "Begin with the needs of the people you serve." Each of the cases began with addressing the needs of the people they serve, and in turn these individuals sought to help others in their communities.

All leaders exuded great confidence in themselves and their organizations. Each of the leaders placed greater emphasis on the work employees accomplished and the values the organization embraced. Their financial success was secondary to their commitment to just causes and being active in the broader community. Prospective employees were asked social business questions to deliberately build a workforce that was aligned with the social values that had proved successful. Social business questions take a broad view across an organization's capabilities, looking at more than one aspect of the business's impact on multiple disciplines (marketing, customer service, to list a couple). Dees' (1998) seminal work on defining social entrepreneurship indicated that social entrepreneurs create market-like feedback mechanisms to reinforce this accountability. "Wealth creation is a means for measuring value creation" (p. 3). Another example of a market-like feedback mechanism is the ability to collect fees for service, and generate a profit as an indication of value creation. The ultimate feedback mechanism from the market is whether your business is a going concern or not.

All three cases presented a solid argument for the creation of more for-profit social entrepreneurship companies that build in an economic stake, beyond a paycheck, for their employees. Each case illuminated the beyond cash flow value of building a sustainable organization that is able to do well financially without compromising the company's ability to address some kind of change in society. Some members of management were more philosophically principled about the strategy; others saw it as strategically important. Several members of management chose to emphasize participation as a very important part of the wealth-building proposition.

In each case, the non-management employees were identified by management. In each instance, management was not totally comfortable that the employees would understand the benefits well enough to respond to questions about them. Their concerns were not totally unfounded. It was clear from the interviews with employees as opposed to management that each company could have done a much better job of educating their employees about basic financial matters in general and, specifically, about the wealth-sharing plans they were putting in place at their respective companies. The apparent lack of total transparency about who was to get what and an explanation of the disparity of economic sharing between management and non-management seemed inconsistent with the tenets of social entrepreneurship. Yet, none of the employees expressed disappointment in the disparity. There is not a specific requirement that social entrepreneurial venture companies evenly distribute profits and income across all employees, but, unlike traditional companies whose focus is almost exclusively on creating economic value, the social entrepreneur's values profess parity as part of the mission. Bornstein's (2004) seminal work established parity and equity as critical components of the social entrepreneurial movement because of the global struggles for food, health care, and environmental issues. Following this line of reasoning, by not building in equal shares or profits for all employees, management, and staff, the company creates an inherent contradiction. I state inherent contradiction not because differing allocations are not consistent with contribution to the firm, but because it conflicts with the egalitarian tenets of social entrepreneurship. Each of the cases exhibited some disparity in their plans, some more than others. It also appeared that employees were relatively nonchalant about taking charge of their financial futures. This situation was more the result of their having to struggle with every day survival than apathy regarding an opportunity to participate in their financial futures. One employee stated. “I am just trying to pay my mortgage and feed my family, day to day. I can’t worry about some benefit five years from now.” However, several of the conversations with management and employees focused on how important it was to be appreciated, to participate in the process, and to be listened to at the workplace; it should be noted that none of these considerations was monetary. This perspective is consistent with the research of Mair and Marti (2006) that distinguished social entrepreneurial emphasis on social value from economic value creation.

Surprisingly, only one of the cases discussed, in any great detail, a project to create an operational design that would reduce the company’s environmental impact. This surprised me because environmental sustainability is frequently thought of as an integral component of social entrepreneurship (Speth, 2008). All did express a commitment to be socially conscious, yet how they would translate this into actionable items was not always clear. The stated social goals in all cases involved giving back to the community in substantive ways.

Limitations of the Study

Two major limitations emerged in the course of this study: the limited set of participants that fit the initial criteria and the lack of a robust population of companies that had articulated wealth-building plans. The research found that wide-scale participation by for-profit social entrepreneurs broadly embraced the philosophical aspects of wealth-building, even if structurally their organizations were not currently positioned to implement a specific program. It took considerably more time than initially anticipated to find participants for phase 2 that met the three critical baseline criteria: (a) for-profit, (b) social entrepreneurial company, and (c) wealth-building plan in place. The difficulty in identifying phase two participants reminded me of the limitation raised in Chapter I. Is the data collection sufficient or too unwieldy? What about the adequacy of the social entrepreneurial case selections? "It is often more useful to pick the one most likely to enhance our understanding than to pick the one most typical" (Stake, 1995, p. 134). I am mindful of the value of atypical case selection. Did the research adequately process and code the data? Are the findings generalizable, and will the conclusions have merit in the scholarly and real worlds?

Given the completion of the study, what do I now know that was not known at the beginning? I had assumed that there would be plenty of participants that met the selection criteria and that my biggest challenge would be selecting the best candidates among the lot. The span of the outreach to identify participants was sufficient enough to more than suggest this research is on the cusp of a business model that has yet to be uncovered. I now know that the participants in the final phase are more unique than I initially believed the case would be. Each participant, in both phases, displayed three key elements for all successful ventures: purpose, passion, and performance.

Social Entrepreneurial Ventures With a Wealth-Building Component

The findings of this study suggest several indicators of the likelihood of success for budding social entrepreneurs that want to share the financial success of the firm with employees, beyond a paycheck. The guidelines that I will recommend center on creating a culture of participation, employee engagement, and financial success. I am not suggesting a total democratization of the workplace because someone should make definitive decisions if a business is going to remain successful financially. Additionally, the findings suggest that there may be a need for a more deliberate commitment to economic and social innovation within the type of social entrepreneurial companies that have been the object of this exploratory study.

There are increasingly more institutions dedicated to social innovation (Dees & Anderson, 2006; Swanson & Zhang, 2010). They could serve as a launching pad for expanding ideas that broaden wealth-building opportunities while creating new employment. There are new institutions cropping up on a regular basis, and, increasingly, universities are developing or considering establishing some form of social entrepreneurial curriculum. I believe that establishing some form of wealth-building as part of the social entrepreneurial component would create a situation where each would complement the other.

Implications for Leadership and Practice

The creation of an entrepreneurial venture is full of risks that are inherent to all businesses. While there remain real barriers for businesses oriented to innovation and committed to advancing wealth-building among the working and middle class, the cases in this study have provided encouraging examples that should inspire more to follow. In order to meet the challenge of an ever-changing competitive landscape, these companies need adequate financial resources and personnel to operate effectively and grow the business. The social entrepreneur faces the additional challenges associated with the complexities of implementing a successful enterprise by creating a double-bottom line where mission and profitability have equal standing. Each of the cases is grounded in systems and sustainability thinking and, as a result, realized notable productivity growth. Each case aimed at creating positive outcomes for more, not fewer, stakeholders. All belong to a growing field of social entrepreneurs who place more importance on their impact being measurable and scalable than on their economic success. The cases are not start-ups, and, as such, there was no discussion of capital needs. All companies are increasing, or seeking to increase, their impact beyond the boundaries of America.

This research study sample required of its participants a layer beyond social impact: the designing of a wealth-building mechanism for their employees. The wealth-building plan is not simply a compensation action; it has implications for the culture of the organization, if not for our society. From interviews and other dialogues with business leaders, it became evident that "leaders may foster performance beyond expected performance—an instrumental end for productivity and profit-but only by adopting moral resources that imply a broader focus on the well-being of employees and not just their productivity" (Goethels, Sorenson, & Burns, 2004, p. 1451). The leaders of the three cases did not let their self-worth get tangled up in success, they recognized their gifts of giving (Heifetz & Linsky, 2002).

There is evidence that the millennials, who are positioned to populate the workforce in great numbers, are unlikely to make a long-term commitment to a job or organization and, instead, seek a position in which they are afforded the opportunity to participate in changing the world. Contrary to traditional thinking, "recent social science research suggests traditional incentives—such as goals set by managers or rewards in the form of monetary bonuses—actually dull employee creativity and problem solving, and are not effective motivators for 21st century knowledge work" (Bewick, 2013, p. G10). At the 2009 TED Global-London a presentation titled "Puzzle of Motivation," by David Pink (Bewick, 2013, p. G10) proffered that there is a mismatch between what science knows, and what business does on how to increase productivity. David Pink's thinking is influenced by the work of Sam Gluksberg's (1962) work on the influence of strength of drive on the functional fixedness and perceptual recognition. Gluksberg's experiment comparing incentivized participants versus those that were not, were out performed by the latter. What does this research have to do with this study? In today's knowledge driven economy, having a fully engaged workforce, that is challenged, allowed to grow individually, and have purpose in their work, bodes well for social entrepreneurs; wealth-building is an added component, that may or may not drive productivity. Further, there is more to be gained in productivity when employees are motivated with more intrinsic rewards, such as autonomy, mastery, and purpose (Pink, 2009). Pink goes on to discuss the importance of engagement by way of self-direction, and not just compliance; the latter is representative of the three cases studied. There is a need for a different kind of leadership in the business world from what has heretofore been the norm. The command and control approach will eventually become a thing of the past for many organizations. There is research that supports, for example, the hypothesis that employees strongly value respectful leadership (van Quaquebeke & Eckloff, 2010). The extant leadership has yet to identify which elements of leadership best exhibit respectful leadership. Each of these cases relies on knowledge work in their organizations (Essex & Kusy, 1999) and, as such, requires the leadership to play multiple roles.

The theory of the right leadership at the right time is a notion I discovered while perusing Dr. Gautam Mukunda's (2012) book, *Indispensable*, in which he explores a model based on the premise that the right individual at the right time can save or destroy organizations. Each of the leaders of the organizations that are part of this case study, in my opinion, supported the theory of the right person at the right time. Each of the founders also recognized when it was necessary to seek out partnerships to advance their companies and, in two incidences, replace themselves with transformational leadership to better address the increasing complexity of their business and operating environments. "Transformational leadership fits the needs of today's work groups, who want to be inspired and empowered to succeed in times of uncertainty" (Northouse, 2007, p. 175).

In War Associates, the leadership began focusing on social justice issues from an economic point of view 30 years ago, and the result is an organization that embraces the value of each member of the company, not in mere verbal platitudes, but in daily practice. Real set up a competition for its leadership post. From this competition, they chose, not the most popular (as stated so by one of the founders) at the time, but the applicant who demonstrated the skills and attitudes that would best suit the organization's mission and goals for growth. Mfos, from an early start, embraced participation by members of their organization. Mfos recognized that an addition to the leadership team 13 years ago has a lot to do with the fast paced and broad based success of their organization; again it became a situation of the right leader at the right time. Each of these companies is very successful, but as Brooks (2009) reminds us, "social entrepreneurs have no moral immunity against failure" (p. 170). There was also the misguided belief that being a social entrepreneurial company somehow exempted one from the pains with which every organization, for-profit or non-profit, must contend. All must consider the following: Is our organizational mission clear? Do we have the right resources and proper team in place to execute our business model? All must recognize that being more socially conscious in their business approach does not exempt them from the principals of the business model. If anything, adding the social bar to business goals increases the challenges.

Implications for research. There is a greater need to expand the wealth-building rubric to more broadly include economic and non-economic social capital implications. Mair and Marti (2006) talked about processes to create value through combining various resources in new ways. The area of microfinance is another wealth-building opportunity; it was only briefly discussed in

Chapter II and deserves a thesis dedicated to its purpose. Andy Posner (2009), in his Master's thesis, positions microfinance well.

> Microfinance, starting with the work of Dr. Muhammad Yunus in rural Bangladesh in 1974 and now expanding to reach over 100 million people worldwide, has irrefutably proven that 1) the poor are credit worthy, 2) given the chance, people are capable of bringing themselves out of poverty, and 3) the provision of small-scale financial services to disadvantaged people can serve as a platform for providing other products and services that are empowering and beneficial to the recipients (p. 4).

Other research worth pursuing might be to re-visit the popular concept of intrapreneurship, a concept explored in Gifford Pinchot's (1985) publication *Intrapreneuring*. Pinchot's (1985) theory involved developing an entrepreneurial culture within existing large-scale organizations. The premise was to stop losing creative talent by starting an entrepreneurial venture that would create a system and culture that nurtured creative ideas within the organization. Ventures that start within existing organizations have the benefit of removing two obstacles that confront all start-ups: initial capitalization and resources to support the company in the early stages. Research that takes a closer look at the outcomes from intrapreneurial ventures might prove useful in providing elements of success useful to the social entrepreneurial field, beyond initial funding.

Another worthy research goal would be to ascertain whether a for-profit social entrepreneurial company with wealth-building plans tracks its social and financial performance. Specifically, looking at a valuable and credible set of outcomes about overall social performance could prove informative as well as provide a basis for measuring which correlations make the most sense. Does more money make for more successful social performance, or does more money mask the underperformance of the social objectives? These are but a couple of the correlations that would be worth further research.

I believe that more extensive work on social capital is consistent with what this research sought to achieve. While the term was popularized by Robert Putnam's *Making Democracy Work* (1993), its initial focus was the survival and functioning of neighborhoods and cities. There was always a sense of trust and cooperation toward collective action in early urban activities. The theme of trust and cooperation is what this research unveiled on more than one occasion. The value proposition of social capital in light of the enormous upheaval of traditional markets takes on more importance than ever. In another work *Bowling Alone* (1995), Robert Putman speaks to rebuilding social capital. There is much value in revisiting the times of greater civic engagement and neighborhood familiarity, both subsets of social capital.

I briefly touched upon B corps in Chapter IV and believe that it is a structure that merits considerable attention in the academic and practitioner worlds. B corps appears to provide an optimal bridge between the socially conscious and profit conscious in a unique way for the non-profit sector, without compromising the core mission of the organization. Many in the non-profit sector continue to embrace a purist point of view of mixing profits and mission, believing the latter will certainly be compromised once financial gains are put into the equation. The B corps model, particular given the rigorous screening for certification conducted by B Lab, portends well for social entrepreneurs and the non-profit sector's ability to become self-sustaining. I anticipate that because of the growing influence and importance of the B corps movement, future research about for-profit social entrepreneurial firms and their ability to provide an alternative and effective business model to address social change will be worthwhile. At the end of my research, I came upon a B corporation that would have nicely fit this study. Kaf was founded in the late 1700s and boasts on their website:

> We're committed to treating our customers and partners, our community, and the natural environment with as much care as we give to maintaining the high quality of our flour. After all, healthy relationships with all of these stakeholders will enable our centuries-old business to continue working toward our mission for another 200 years.

Kaf is also a founding B Corporation that considers all aspects of the environment and all stakeholders, not just shareholders. In addition to centering the company on the employees, Kaf provides its employees with 40 hours of paid time to help any non-profit organization that they choose; they also arrange company-wide service outings. Given the 200 year history of the organization, it would have been informative to get their perspective on why they are an employee stock owner company.

The term B Certified is the official seal of approval that an organization has met all qualifications of B Corporations. Several states have passed legislation to provide these tax benefits to B Corps. "A B Corporation is, thus, a kind of hybrid business organization, bridging the gap between profit and non-profit" (About.comnon-profit Charitable.orgs, October 31, 2012). For entities wanting to become a B corp, the B Lab Company is the entity that sets the standards, insures compliance, and conducts the evaluation to determine whether an entity is certified. The benefits of being certified as a B corp include access to a global network of similarly minded corporations, best practices, and financing. There are purportedly over 600 certified B corps worldwide doing some very innovative and creative work in the same vein as the social entrepreneurs in this study (see www.bcorporation.net).

The social entrepreneurial world needs more and better empirical data, more rigorous theory building and testing, and more representation among the leading academic journals (Nicholls, 2006). The academic and practitioner arenas for wealth-building, in general, and employee stock ownership, in particular, are much more evolved.

Summary of Major Findings and Recommendations

This research provides evidence that social entrepreneurial firms perform well financially and create a positive and supportive workplace as well. One of the goals of this research was to investigate for-profit companies that had some form of wealth building component as part of their organization. The final three cases all had some form of wealth building for their employees, and two of them had employee stock ownership plans. However, in each instance there is room for management and employees to improve the impact of the wealth building plans they have in place. Management can do a better job at educating their staff on the following:

- Financial literacy
- Options to complement their wealth building with individual retirement goals
- Responsibilities of ownership.

Employees are ultimately responsible for their own professional development and retirement plans. They should be advised as follows:

- Take a more active role in financial literacy,
- Actively engage as owners and not just as employees,
- Develop a long-term retirement strategy of which the company's wealth building plan is a part, and
- Leverage financial success for more community engagement.

It is not a total surprise that there is a void between the financial options people have and their ability to fully leverage them. Over the past five years the financial crisis has uncovered one disturbing truth about the depth of financial knowledge of most Americans: it is sorely lacking. I work with bankers who frequently say many of the foreclosures could be prevented if more homeowners in financial trouble would simply exercise their options. On the other hand, as a part-time personal financial counselor, I have encountered several people that are overwhelmed with the language of finance; they are embarrassed to admit they signed up for something they simply did not understand. There are other people I have counseled that are paralyzed by their circumstances and take a head in the sand approach to their financial troubles.

The general lack of knowledge in financial matters for the working and middle class employees interviewed in this research complicates the design and implementation of an effective wealth building plan. A well-designed financial educational component that is part of the design of a wealth building plan is an investment well spent. Better informed employees are empowered to better manage and plan for their financial future, positioning themselves to be more effective owners.

Another major finding is that the culture of the organization truly begins at the top. Each of the founders was deliberate in approach:

- Money was a secondary concern for establishing the enterprise.
- Sharing the success of the organization with the employees that helped build it was important.
- Providing an environment that not only encouraged but supported volunteering in the community and the need to formalize a program rather than leave it to employees to figure it out for themselves was a priority.
- Each founder sought to genuinely engage employees in the operations and management of the company.
- Each founder either has implemented a succession plan or is in the process of doing so, recognizing that the long-term survival of the company required a set of professional skills they did not possess.

- Each company developed a more strategic communication strategy that keeps employees informed on what the long-term plans are for the company, something that is critical as the organizations grow, particularly globally.

Following are recommendations for social entrepreneurial firms that intend to pursue wealth building plans in general, and employee stock ownership plans specifically:

- Outline realistic goals and objectives for what you hope to achieve in a wealth building plan.
- Commit the necessary internal resources, dedicated primarily to managing the wealth building program and its implementation.

  Engage professional advice to understand the options and concurrent trade-offs because no single plan will fit with every employee's' goals; interview like-minded companies to learn from their experiences.

Conclusions

Since I began my research, the term social entrepreneurship has become much more mainstreamed, and there is much less debate regarding its meaning. Another example of social entrepreneurship being in the mainstream is found in Nicholls (2006) work, where he reminds us that social entrepreneurs won the Nobel Prize for Peace three years in a row. Blasi et al. (1996), among others, has advanced the discussion about wealth-building, albeit with emphasis on employee stock ownership plans.

I started this research study with the intent of uncovering a new paradigm for creating wealth for working class Americans through the social entrepreneurship venue. I have gained a greater appreciation for the complexity of including multiple and not always complementary goals when pursuing some form of social change. The global financial crisis has heightened the awareness of how fragile the economic well-being of the weakest is and has always been. With purportedly .01% of the American population realizing some 23% of all financial gains during the past four-year economic downturn, such concentration of wealth does not bode well for the working class. Further, the national percentage of Americans on welfare now tops 10%, translating into nearly 30 million individuals unable to take care of themselves financially. Is this research suggesting that social entrepreneurship and wealth-building plans, be they employee stock ownership plans or otherwise, are the silver bullets to ameliorate the financial suffering throughout America? No; however, the research does suggest that there is a better, more inclusive approach to capitalism. In an effort to keep more millennials engaged in longer term employment, many companies are initiating intrapreneurship initiatives (Pinchot, 1986). Intrapreneurship is an entrepreneurial approach within the confines of the organization or company. In Pinchot's (1994) book on intrapreneuring, we are given a history lesson on some past powerful examples of intrapreneurship. A few of the successful intrapreneurs highlighted are: Brian Ehlers, creating Apple's graphics tablet and plotter; John Welch, the creator of General Electric's engineering plastic business; and Lee Iaccoca, who launched the Ford Mustang. Finally, Block and MacMillan (1993) authored the first hands on guide to managing entrepreneurship inside a firm, noting that internal ventures provide growth and revitalization for corporations. Thus, we have a plethora of creative ways to advance innovative participation by employees that keeps them engaged and presents wealth-building opportunities for all involved.

There are some very encouraging developments in the social entrepreneurial and wealth-building arenas. In 2012 Tulane University established a well-funded fellowship called Social Entrepreneurship and Civic Engagement, and I was one of dozens that applied for the position. Antioch's Santa Barbara campus is pursuing an MBA program in social entrepreneurship.

Throughout the field work process, I uncovered a rising appetite and energy from large organizations to expand access to the capital markets and the American financial system. I do not have any illusions that some mass form of redistribution is about to occur in the United States. However, the participants in phase 1 of this study spoke to their commitment to more equitable access to the financial system, and perhaps this is a small indication of a growing trend as evidenced by non-profits that are increasingly using market based approaches to solve social problems: the emerging B Corporation structure, one of those market based approaches.

Are social entrepreneurs naturally leaders of change? Does the act of being a social entrepreneur evoke change? Helping individuals obtain financial independence certainly has implications for meaningful change. Authors Chip and Dan Heath discuss the importance of "growing your people" in order to create change. "For anything to change someone has to start acting differently" (Heath & Heath, 2010, p. 3). Ultimately all change seeks to influence people to behave in a different way.

The leadership in each of the cases was genuinely committed to inclusiveness, displayed competence, led decisively, and faced formidable odds with courage and conviction. This leadership demonstrated a passion for their organization's success and concern for the financial futures of the employees as integral to that success. Each of the organizations built a culture that valued personal engagement and economic independence. I am encouraged by Robert Schiller's *Finance and the Good Society* (2012), which challenges the general public and corporate leaders to rethink the value finance has played in shaping economic opportunities in our society. Products, such as pensions, mortgages, and insurance policies, are but a few of the benefits finance has provided. These research findings suggest that social entrepreneurship with wealth-building components might represent another financial benefit for society.

The importance of working for the good of an organization, the willingness to do so, and feeling good about it in the process are themes that ran throughout the interviews for this case. None of the organizations were leadership centric; instead, the emphasis was on creating a culture of participation, clearing the way for executing the mission and vision of each social entrepreneurial venture. Rather than try to make the implications formulaic, I embrace Dr. Garvey's approach which "urges leaders to weave habits through the fabric of an organization" (Garvey Berger, 2012, p. 43). Admittedly, Dr. Garvey's comments were about creating the path for leaders and others leading development (and personal growth), yet I believe it is relevant to the context of this research. Weaving the habit of savings and wealth-building within an organization has short and long-term implications for working class Americans. For one, more individuals and families will benefit from a supportive environment that has, by design, wealth-building as one of its values. It is also important in a society that is celebrity conscious and fixed on the chief executive office to note the importance of the co-leaders of the organization, a term first introduced to me by Hennis and Bennis (1999). The authors also discussed the importance of the contributions and roles of deputies in contributing to an organization's success. Each of the cases in this research recognizes the importance of the co-leadership in their organizations, embraces it, and rewards it. Each of the leaders also recognized the importance of buy-in (Essex & Kusy, 1999), where "the leader finds the dream and then the people; the people find the leader and then the dream" (Maxwell, 1998, p. 145). In each case, the leadership developed an idea or product and then recruited the right talent, placing them in the right seats of the metaphorical bus (Collins, 2001). It was evident from the interviews of the employees that they very much embraced the dreams of their company.

Social entrepreneurial firms with wealth-building strategies are beyond theoretically possible; these cases reveal that these firms are viable and thriving. As the research is expanded to include alternative ways to approach capital formation, empower employees economically, and encourage employee participation at the workplace, wealth-building within social entrepreneurial firms will become more common.

Epilogue

The study began with a selection sequence: for-profit, social entrepreneurial, having a wealth-building component, but the data, once collected, did not always flow sequentially. The road to gathering data to validate this research proved far more challenging than I thought it would be at the beginning of this process. One of the most challenging obstacles in one instance was getting past the dreaded corporate legal counsel, the proverbial iron curtain, which negated one of the earliest participants, resulting in an additional two month search for a replacement.

Ultimately, however, once I was engaged with the firms, Yin's (2009) perspective that there will be many more variables of interest than data points and that multiple sources of evidence are critical to my findings proved to be true. My research journey exposed me to many areas of interest that include advocacy, research, and the growing interest in social entrepreneurship of academia. The case study proved to be the most appropriate option for this research, given the small population of firms that met the criteria and that fewer were willing to open their doors to my inquiries. The small firms that were gracious enough to participate have provided unique knowledge about social entrepreneurship and wealth building phenomenon. Looking in-depth at the cases through the interview process has provided me with the opportunity to capture the inside story of the founding of such firms and the meaning that employees make of the opportunities that are provided to them. In each instance the leaders and employees displayed a passion and commitment for their social entrepreneurial company. Equally important and passionate was their determination to extend the benefits of the company's successes beyond the ownership and senior management ranks, to society at large.

All participants in the first and second phases revealed their commitment to economic social justice and have provided some very useful insights on ways to structure future ventures.

During my life I have had the honor of traveling through every major city and all of the states in America. I have been humbled by the disparity of economic opportunity that exists. Yes, I once was on “aid for dependent children,” which has long since been replaced by “temporary assistance for needy families,” so poverty is no stranger to me. I have been fortunate enough to rise above the economic station of my birth yet, admittedly, have not always felt at ease with my success. This research has rekindled my quest to address my uneasiness about economic success, and I believe it lies within my ability to advance the opportunity for others, not just myself. During the past five years, the social entrepreneurial field has seen a surge of interest from practitioners and academic areas. I believe that growing interest in social entrepreneurship phenomena bodes well for social capital, civic engagement, and a more inclusive financial participation environment. Will society every narrow the existing and growing income inequality of our American economy? I think we must if our ideals as a democracy are to remain true to their vision. I look forward to being part of the solution to the income disparity and economic opportunity outcomes.

Appendix

Appendix A

Table A1: Employee Participation in ESOP Plans[3]

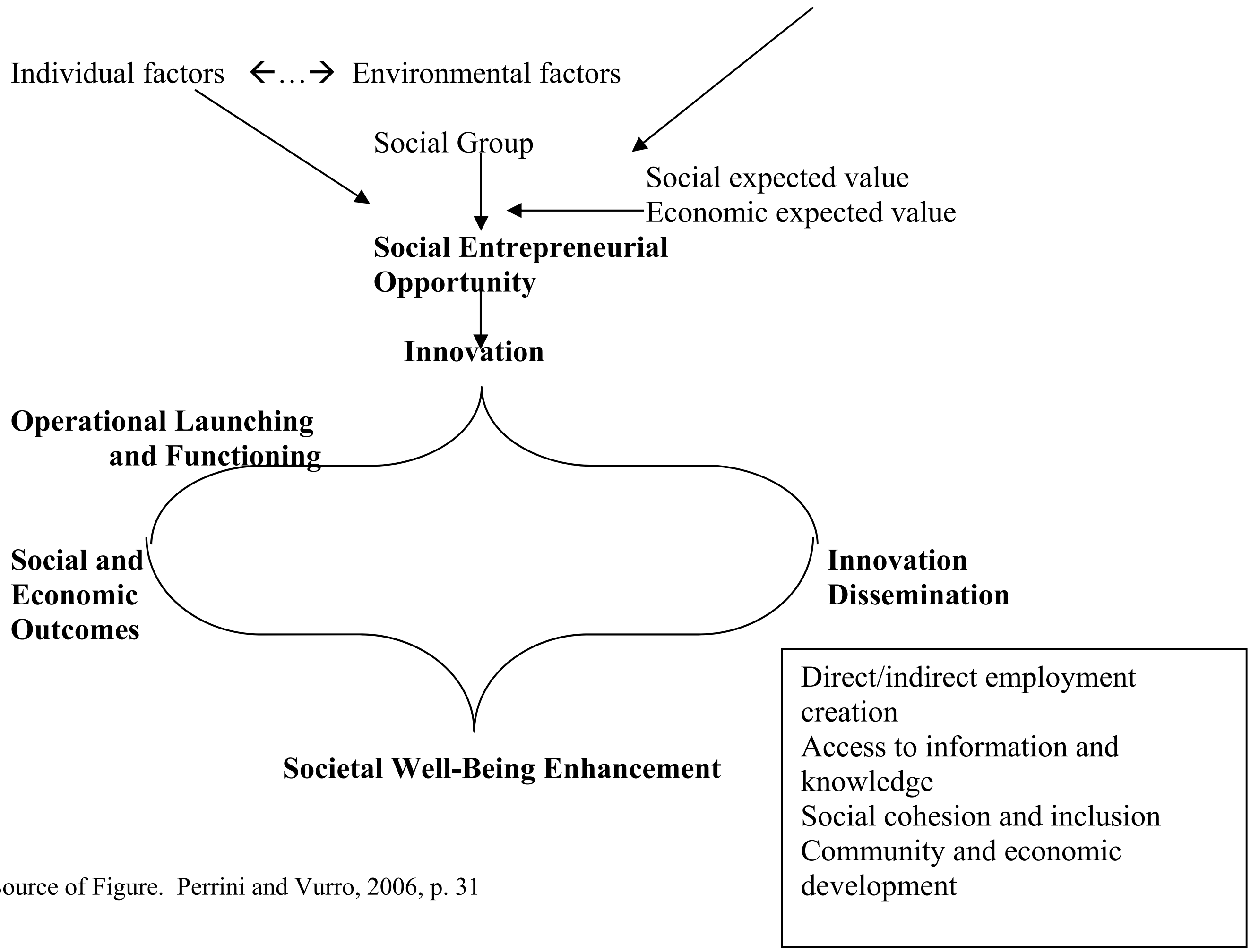
Hourly Wages for ESOP and Control Companies

	ESOP Companies	Control Companies	Difference
Mean Wage	19.09	17.00	12.29%
Median Wages	14.72	13.58	8.39%
Hourly Wage 10th Percentile	8.85	8.47	4.49%
Hourly Wage 90th Percentile	30.91	26.12	18.34%
Ratio 90th to 10th	3.49	3.08	

[3] Freeman, 2007, p. 24

Appendix B

Figure B1: Social entrepreneurial main steps process



Note: Source of Figure. Perrini and Vurro, 2006, p. 31

Appendix C

Table C1: 37 Social Entrepreneurship Definitions

	Source	Definitions
1.	Alvord, Brown, and Letts (2004)	[C]reates innovative solutions to immediate social problems and mobilizes the ideas, capacities, resources, and social arrangements required for sustainable transformations.(p.262)
2.	Austin, Stevenson, and Wei-Skillern (2006)	[S]ocial entrepreneurship as innovative, social value creating activity that can occur within or across thenon-profit, business, or government sectors. (p. 2)
3.	Bornstein (2004)	Social entrepreneurs are people with new ideas to address major problems who are relentless in the pursuit of their visions…who will not give up until they have spread their ideas as far as they possibly can. (pp. 1-2)
4.	Boschee & McClurg (2003)	A social entrepreneur is any person, in any sector, who uses income strategies to pursue a social objective, and a social entrepreneur differs from a traditional entrepreneur in two important ways: Traditional entrepreneurs frequently act in a socially responsible manner…Secondly, traditional entrepreneurs are ultimately measured by financial results.(p. 3)
5.	Cho (2006)	[A] set of institutional practices combining the pursuit of financial objectives with the pursuit and promotion of substantive and terminal values.) p. 36)
6.	Dart (2004)	[Social enterprise] differs from the traditional understanding of the non-profit organization in terms of strategy, structure, norms, [and] values, and represents a radical innovation in the non-profit sector.(p. 411)
7.	Dees (2001)	Social entrepreneurs are one species in the genus entrepreneur. The y are

		entrepreneurs with a social mission. (p. 2)
	Drayton (2002)	[They] have the same core temperament as their industry-creating, business entrepreneur peers….What defines a leading social entrepreneur? First, there is no entrepreneur without a powerful, new, system change idea. There are four other necessary ingredients: creativity, widespread impact, entrepreneurial quality, and strong ethical fiber.(p. 124)
9.	Harding (2004)	They are orthodox businesses with social objectives whose surpluses are principally reinvested for that purpose in the business or in the community, rather than being driven by the need to maximize profit for shareholders and owners.(p. 41)
10.	Hartigan (2006)	[E]ntrepreneurs whose work is aimed at progressive social transformation…A business to drive the transformational change. While profits are generated, the main aim is not to maximize financial returns for shareholders but to grow the social venture and reach more people in need effectively. Wealth accumulation is not a priority-revenues beyond costs are reinvested in the enterprise in order to fund expansion.(p. 45)
11.	Hough (2006)	Social enterprise is a collective term for a range of organizations that trade for a social purpose. They adopt one of a variety of different legal formats but have in common the principle of pursuing business-led solutions to achieve social aims, and the reinvestment of surplus for community benefit,. Their objectives focus on socially desired, nonfinancial goals and their outcomes are the nonfinancial measures of the implied demand for and supply of services.(Ch. 1, p. 5)
12	Hibbert, Hogg, and Quinn	Social entrepreneurship can be loosely defined as the use of entrepreneurial behavior for social ends rather than for-profit objectives, or alternatively, that the

	(2005)	profits generated are uses for the benefit of a specific disadvantaged group.(p. 159)
13.	Hockerts (2006)	Social purpose business ventures are hybrid enterprises straddling the boundary between the for-profit business world and social mission-driven public and non-profit organizations. Thus they do not fit completely in either sphere.(p. 145)
14.	Korosec and Berman (2006)	Social entrepreneurs are defined as individuals or private organizations that take the initiative to identify and address important social problems in their communities.(pp. 448-449) [O]rganizations and individuals that develop new programs, services, and solutions to specific problems and those that address the needs of special populations.(p. 449)
15.	Lasprogata and Cotton (2003)	Social entrepreneurship means non-profit organizations that apply entrepreneurial strategies to sustain themselves financially while having a greater impact on their social mission(i.e., the “double bottom line”).(p. 69)
16.	Light (2006)	A social entrepreneur is an individual group, network, organization, or alliance of organizations that seeks sustainable, large-scale change through pattern-breaking ideas in what or how governments, non-profits, and businesses do to address significant social problems.(p. 50).
17.	Mair and Marti (2006)	[A] process involving the innovative use and combination of resources to pursue opportunities to catalyze social change and /or address social needs.(p. 37)
18.	Martin and Osberg (2007)	WE define social entrepreneurship as having the following three components: (1) identifying a stable but inherently unjust equilibrium that causes the exclusion, marginalization , or suffering of a segment of humanity that lacks the financial means or political clout to achieve any transformative benefit on its own; (2)

		identifying an opportunity in this unjust equilibrium, developing a social value proposition , and bringing to bear inspiration, creativity, direct action, courage, and fortitude, thereby challenging the stable state's hegemony; (3) forging a new, stable equilibrium that releases trapped potential or alleviates the suffering of the targeted group, and through imitation and the creation of a stable ecosystem around the new equilibrium ensuring a better future for the targeted group and even society at large.(p. 35)
19.	Masseti (2008)	Introduce the Social Entrepreneur Matrix (SEM). Based on whether a business has a more market- or socially driven mission and whether or not it requires profit, the SEM combines those factors that most clearly differentiates social entrepreneurship from traditional entrepreneurship. (p. 7)
20.	Mort, Weerawardena, and Carnegie (2003)	[A] multidimensional construct involving the expression of entrepreneurially virtuous behavior to achieve the social mission, a coherent unit of purpose and action in the face of moral complexity, the ability to recognize social value-creating opportunities and key decision-making characteristics of innovations, proactiveness, and risk-taking. (p. 76)
21.	Paredo and McLean (2006)	[S]ocial entrepreneurship is exercised where some person or group: (1) aim(s) at creating social value, either exclusively or at least in some prominent way; (2) show(s) a capacity to recognize and take advantage of opportunities to create that value("envision"); (3)employ(s) innovation, ranging from outright invention to adapting someone else's novelty, in creating and/or distributing social value; (4) is/are willing to accept an above-average degree of risk in creating and disseminating social value; and (5) is/are unusually resourceful in being relatively undaunted by scares asset in pursuing their social venture.(p. 64)

22.	Perrini and Vurro (2006)	We define SE as a dynamic process created and managed by an individual or team(the innovative social entrepreneur), which strives to exploit social innovation with an entrepreneurial mindset and a strong need for achievement, in order to create new social value in the market and community at large.(Ch. 1, p.4)
23.	Prabhu (1999)	[P]ersons who create or manage innovative entrepreneurial organizations or ventures whose primary mission is the social change and development of their client group.(p. 140)
24.	Roberts and Woods (2005)	Social entrepreneurship is the construction, evaluation, and pursuit of opportunities for transformative social change carried out by visionary, passionately dedicated to individuals.(p. 49)
25.	Robinson (2006)	I define social entrepreneurship as a process that includes: the identification of a specific social problem and a specific solution….to address it; the evaluation of the social impact, the business model and the sustainability of the venture; and the creation of a social mission-oriented for-profit business-oriented non-profit entity that pursues the double(or triple) bottom line.(p. 95)
26.	Schwab Foundation	A social enterprise is an organization that achievers large scale, systemic and sustainable social change through a new inven5tion, a different approach, a more rigorous application of known technologies or strategies, or a combination of these.(http://www.schwabfound.org/sf/SocialEntrepreneurs/index.htm.)
27.	Seelos and Mair (2005)	Social entrepreneurship combines the resourcefulness of traditional entrepreneurship with a mission to change society.(p. 241)
28.	Sharir and Lerner (2006)	[T]he social entrepreneur is acting as a change agent to create and sustain social value without being limited to resources currently in had.(p. 3)
29.	Skoll	[T]he social entrepreneur aims for value in the form of transformational change

	Foundation	that will benefit disadvantaged communities and ultimately society at large, Social entrepreneurs pioneer innovative and systemic approaches for meeting the needs of the marginalized, the disadvantaged and the disenfranchised-populations that lack the financial means or political clout to achieve lasting benefit on their own.(http.://www.skollfounndation.org/aboutsocialentrepreneruship/whatis.asp.)
30.	Tan, Williams, and Tan (2005)	A legal person is a social entrepreneur from t1 to t2 just in case that person attempts from t1 to t2, to make profits for society or a segment of it b innovation in the face of risk, in a way that involves that society or segment of it. (p. 358)
31.	Thompson (2002)	[P]eople with the qualities and behaviors we associate with the business entrepreneur but who operate in the community and are more concerned with caring and helping that "making money."(p. 413)
32.	Thompson, Alvy, and Lees(2000)	[P]eople who realize where there is an opportunity to satisfy some unmet need that the state welfare system will not or cannot meet, and who gather together the necessary resources(generally people, often volunteers, money and premises) and use these to "make a difference."(p. 328)
33.	Thompson and Doherty (2006)	Social enterprises – defined simply – are organisations seeking business solutions to social problems.(p. 362)
34.	Tracey and Jarvis (2007)	[T]he notion of trading for a social purpose is at the core of social entrepreneurship, requiring that social entrepreneurs identify and exploit market opportunities, and assemble the necessary resources, in order to develop products and /or services that allow them to generate "entrepreneurial profit" for a given social project. (p. 67)
35.	Waddock and Post (1991)	[A]n individual who brings about changes in the perception of social issues….[They] play critical roles in bringing about "catalytic changes" in the

		public section agenda and the perception of certain social issues. (p. 393)
36.	Yunus (2008)	[A]ny innovative initiative to help people may be described as social entrepreneurship. The initiative may be economic or non-economic, for-profit or not-for-profit.(p. 32)
37.	Zahra, Gedajlovic, Neubaum, and Shulman (2009)	Social entrepreneurship encompasses the activities and processes undertake to discover, define, and exploits opportunities in order to enhance social wealth by creating new ventures or managing existing organizations in an innovative manner.(p. 5)

Note. Adapted from Dacin et al., 2010

Appendix D

Table D1: Drayton's five-prong selection criteria

The Knockout Test: A New Idea

Ashoka cannot elect someone to the Fellowship unless he or she is possessed by a new idea—a new solution or approach to a social problem—that will change the pattern in a field, be it human rights, the environment, or any other. We evaluate the idea historically and against its contemporaries in the field, looking for innovation and real change potential.

Creativity

Successful social entrepreneurs must be creative both as goal-setting visionaries and as problem solvers capable of engineering their visions into reality. Creativity is not a quality that suddenly appears—it is almost always apparent from youth onward. Among the questions we might ask: Does this individual have a vision of how he or she can meet some human need better than it has been met before? Does the candidate have a history of creating other new visions?

Entrepreneurial Quality

Perhaps our most important criterion, entrepreneurial quality is the defining characteristic of first class entrepreneurs. It defines leaders who see opportunities for change and innovation and devote themselves entirely to making that change happen. These leaders often have little interest in anything beyond their mission, and they are willing to spend the next ten to fifteen years making a historical development take place. This total absorption is critical to transforming a new idea into reality, and it is for this reason that Ashoka insists that candidates commit themselves full-time to their ideas during the launch phase.

Ashoka is looking for the Andrew Carnegies, Henry Fords, and Steve Jobs of the citizen sector.

Social Impact of the Idea

This criterion focuses on the candidate's idea, not the candidate. Ashoka is only interested in ideas that it believes will change the field significantly and that will trigger nationwide impact or, for smaller countries, broader regional change. For example, Ashoka will not support the launch of a new school or clinic unless it is part of a broader strategy to reform the education or health system at the national level and beyond.

Ethical Fiber

Social entrepreneurs introducing major structural changes to society have to ask a lot of people to change how they do things. If the entrepreneur is not trusted, the likelihood of success is significantly reduced. Ashoka asks every participant in the selection process to evaluate candidates for these qualities rigorously. To do so often requires one to resort to instinct and gut feelings, not just rational analysis. The essential question is: "Do you trust this person absolutely?" If there is any doubt, a candidate will not pass.

Source: www.ashoka.org

Appendix E

Confirmation of Participation Form

Antioch University
PhD in Leadership and Change
INSTITUTIONAL REVIEW BOARD
Human Subjects Research Review

Confirmation of Participation

The focus of this study is about wealth-building strategies for employees. The study is particularly interested in employee stock ownership plans and social entrepreneurship, but not exclusively. The characteristics or definitions for both are below. Please review and confirm which description applies to your organization.

□ Employee Stock Ownership Plans or other wealth-building plans are

□ Social entrepreneurship is

□ Both apply

In any of the characteristics above apply, sign below indicating this confirmation.

______________________________ Name	______________________________ email
______________________________ Signature	______________________________ telephone number

Appendix F

Phase 1 Interview Instrument with Leaders

1. Explain in 50 words or less your business model.
2. What is your understanding of social entrepreneurship?
3. Does your firm meet the definition of a social entrepreneurial venture?
4. What are some of the tangible outcomes your organization looks for to meet your definition of social entrepreneurship?
5. What is your understanding of wealth-building?
6. Do you feel that what your organization does now fits your definition?
7. What would it take for your organization to fit your definition of wealth building?
8. Why, if you agree, do you think wealth building is important?
9. Does your company currently have or are you contemplating having some form of employee ownership structure? If yes, explain. If not, why not?
10. What do you know about Employee Stock Ownership Plans?
11. Do you have any information about what we have discussed that you think will be useful to further the understanding of wealth-building through social entrepreneurship? Or Employee Stock Ownership Plans?

Appendix G: Informed Consent Form

Antioch University

Ph.D. in Leadership and Change

INSTITUTIONAL REVIEW BOARD

Human Subjects Research Review

Informed Consent Statement

You have been asked to participate in a research project involving the interview method conducted by Wayne R. Curtis as part of his dissertation in Antioch University's Ph.D. in Leadership and Change. The primary purpose of this interview process is to explore how social entrepreneurship and wealth-building plans, individually and collectively, help working class Americans build wealth.

The process will involve 1-2 recorded and transcribed interviews with you, running no more than 90 minutes at the time and location of your choice. You will receive a copy of the transcription for review and editing if you choose, you will be given the opportunity to offer feedback on preliminary interpretations, and once the final report is written, you will receive a summary of what was learned from the interviews. You will also be invited to give feedback to the researcher on the interview itself after your first interview is finished. A list of those questions is attached. Your interview data will also be kept confidential and will not be shared with anyone except a third-party transcriber. If you prefer that the researcher transcribe your interviews personally, you may request that and he will honor your request.

Your name will be kept confidential, unless and only if you give express permission for me to use your name in the dissertation. You may choose not to answer any interview questions, and will have the opportunity to remove any quotations from the transcribed interview. In addition, the recordings and all related research materials including the Informed Consent Forms will be kept in a secure file cabinet indefinitely and may be used for future scholarly presentations and publications. And finally, your participation is voluntary and may be withdrawn at any time without penalty.

I hope that through this interview you may develop a greater personal awareness of your own experience and values around wealth building as a result of your participation in this research. The risks to you are considered minimal; although unlikely, there is a chance that you may experience some discomfort in the telling of your experiences. The learning from this report, with your permission, has the potential of guiding social entrepreneurs and ESOP participants toward more effective wealth-building strategies for working class Americans. I may use the findings from this project in future scholarly presentations and publications.

Wayne R. Curtis may be reached at his office, 202-657-5851, or by cell 202-253-7866; the best email is wcurtis@antioch.edu. If you have any questions regarding your rights as a research participant, please contact Dr. Carolyn Kenny, Chair of the Institutional Review Board, Antioch Ph.D. in Leadership & Change, Antioch University, ckenny@phd.antioch.edu, 937-319-6144.

Wayne R. Curtis

_______________________ _______________________

Name of Researcher Name of Participant

_____________________________ _____________________________

Signature of Researcher/Date Signature of Researcher/Date

Appendix H

Phase 2 Interview Instrument

For the Principals or Management

Question 1: Employee Ownership Percentage

What percent of the company is owned by the employees?

Question 2: Origin of the decision to support wealth-building

Where did you get the inspiration to pursue SE and profit sharing and wealth-building as merging concepts?

Question 3: Lessons Learned

What have you learned from your decision?

Question 4: Share how you would do it today

What would you do differently if starting your enterprise today? Challenges

Question 5: Outcomes of your plan

Have the benefits of starting your plan met or exceeded your expectations? (and explain in detail how) –addresses challenges and hesitations

Question 6: Advice for new social entrepreneurs

What advice would you give to other social entrepreneurial companies contemplating some form of employee participation in ownership?

Question 7: Anything to add

Do you have anything to add that I did not bring up relevant to this discussion?

For employees not in management

Question 1: Reactions to the initial plan

How was the plan presented to you, and do you remember your reactions?

Question 2: Benefits of participating

How, if at all, has participating in the company's __________ *plan been beneficial to your financial goal?*

Question 3: Advice to employees of other companies

What advice would you give to employees of other companies that are contemplating a similar compensation plan to what your firm has in place?

Questions 4: Other comments about your company's plan

Do you have any other comments to share about the plan and its financial benefits?

Question 5: Other Information

Do you have any other views or ideas that have not already been discussed?

Appendix I: IRB Application

Antioch University

PhD in Leadership & Change

INSTITUTIONAL REVIEW BOARD

Application for Ethics Review

IRB Chair comments:

Instructions

- All research (by faculty and/or students) involving human participants must be reviewed and approved prior to initiating the project.

- This version of the form is intended for you to complete in Antioch Online. Once it is completed, including the attachment of any necessary documents, please press the Submit button. Submissions will 1) send you an email copy of the application for your own records, 2) email the application to the Chair of the Institutional Review Board, Dr. Carolyn Kenny E-mail:ckenny@antioch.edu

NOTE: IRB Approval for projects is valid for one year only. Investigators must request a continuation if the activity lasts for more than one year. IF APPROVAL FOR THE PROJECT LAPSES, CONDUCTING THE RESEARCH IS A VIOLATION OF UNIVERSITY POLICY AS WELL AS FEDERAL REGULATIONS.

1. Name and mailing address of Principal Investigator(s):

Wayne Curtis, 3685 Upton St., Washington, DC 20008

For Faculty - Other Principal Investigator:

2. Departmental Status: Student

3. Phone Number: (a) Work (b) Home (202) 237-8050

4. Name of Core Faculty Advisor: Dr. Elizabeth Holloway

5. Name & Contact Information of other Program Faculty Involved in this Project:

a. Antioch Faculty and/or Primary Evaluator for Learning Achievement or Research Project:

E-mail address of non-PhD faculty person:

Note to students: Please have your primary evaluator send an email to Dr. Carolyn Kenny indicating his/her approval of your research proposal.

b. If this ethics application is for your dissertation, the name of your Dissertation Chair appears below.

Dr. Elizabeth Holloway

6. Learning Achievement Dissertation

Title of Project: Social Entrepreneurship and Wealth-Building Plans: Creative Strategies for Working Class Americans

7. Source of Funding for the project (if applicable): self-funded

8. Expected starting date for project: 4/30/2012

9. Anticipated completion date for data collection: 5/1/2012

10. Describe the proposed participants- age, number, sex, race, or other special characteristics. (Up to 250 words):

The plan is to identify 3 organizations that currently qualify as a Social Entrepreneurship (SE) venture. The entities will be non-academic organizations. The plan is to interview 3 entities from the SE fields. The uniqueness of the data set is in the nature of the fields.

11. Describe how the participants are to be selected and recruited. (Up to 400 words):

The research is utilizing the Association of Social Entrepreneurs, the William James Foundation, GPA Capital Partners, the Social Enterprise Alliance and the ESOP Association, relationships built during this research process, to identify participants. One participant serves on a nonprofit Board with me, and another was introduced to me by the Human Resource Director at a for profit company on Who's Board of Directors I serve.

12. Describe the proposed procedures, e.g., interviewing survey questionnaires, experiments, etc. in the project. Any proposed experimental activities that are included in evaluation, research, development, demonstration, instruction, study, treatments, debriefing, questionnaires, and similar projects must be described. Continue your description on following page if necessary. USE SIMPLE LANGUAGE AND AVOID JARGON. Please do not insert a copy of your methodology section from your proposal. State briefly and concisely the procedures for the project. (500 words):

. The research is using a case study approach to generate supporting hypothesis about the nature and effectiveness of SE generating wealth for working class Americans separately. The plan is to utilize a set of questions to be administered face to face when possible. A tape recorder will be used if the participant does not object. NVIVO will be used to help sift through and analyze the data collected, and to identify recurring and emerging themes from the participant data.

13. Project Purpose(s) and Benefits: (400 words):

The benefit of this research is both academic and for practitioners.

14. If participants in this proposed research may thereby be exposed to an elevated possibility of harmï¿½physiological, psychological, or socialï¿½please provide the following information: (UP to 500 words)

a. Identify and describe the possible benefits and risks.

NOTE: for international research or vulnerable populations, please provide information about local culture that will assist the review committee in evaluating potential risks to participants, particularly when the project raises issues related to power differentials:

The interviews will be about the organization's operations and whether they have considered employee stock owned plan, or other mechanisms, as wealth-building strategies for working class Americans. The benefits may encourage some of the participants to initiate wealth-building strategies. There is an outside chance that employees hearing of these discussions could get there hopes up and be disappointed.

14b. Explain why you believe the risks are so outweighed by the benefits described in (13) as to warrant asking participants to accept these risks. Include a discussion of why the research method you propose is superior to alternative methods that may entail less risk:

The study hopes to highlight the success of social entrepreneurial companies with wealth-building plans that empowers its employees, which are working class Americans. The research seeks to confirm that greater satisfaction with employment, greater productivity, and financial well-being are all pluses for social entrepreneurial companies with wealth-building plans. The initial interviews will be of senior management, and only where there is a fit to the hypothesis, namely there is a social entrepreneurial venture that has a wealth-building plan, would the researcher interview non-management employees. In addition to explaining the research goals in detail, the consent form will make it clear to participants about any risks. Further, I will not be reviewing any personal financial documents in order to respect and protect participant privacy.

14c. Explain fully how the rights and welfare of participants at risk will be protected (e.g., screening out particularly vulnerable participants, follow-up contact with participants, etc.):

All participant interviews will be coded, and the details of their company will be minimal. Thus, identifying the participating firm will be extremely unlikely. All data will be kept in a locked file cabinet to which only the researcher has access.

15. Explain how participantsï¿½ privacy is addressed by your proposed research. Specify any steps taken to guard the anonymity of participants and/or confidentiality of their responses. Indicate what personal identifying information will be kept, and procedures for storage and ultimate disposal of personal information. (400 words):

Each participant interview will be coded and the data will be sorted using NVIVO 9, a qualitative software package for data analysis.

16. Informed consent statements, if one is used, are to be included with this application. If information other than that provided on the informed consent form is provided (e.g. a cover letter), attach a copy of such information. To submit or fax these documents, refer to the instructions in the next question.

Consent form is included as an attachment.

If a consent form is not used, or if consent is to be presented orally, state your reason for this modification below:

17. If questionnaires, tests, or related research instruments are to be used, then you must submit a copy of the instrument, or a detailed description (with examples of items) of the research instruments, questionnaires, or tests that are to be used in the project. Copies will be retained in the permanent IRB files. To submit documents, go to end of on-line form to upload attachments.

Please identify all attached documents.

1. Visual Layout of Research Process

2. Confirmation of Participation Form

3. Preliminary Interview Instrument

18. Will electrical or mechanical devices be applied to participants? No

If YES, describe:

[x] I agree to conduct this project in accordance with Antioch Universityï¿½s policies and requirements involving research.

Attachments

Visual Layout of the Research Process.docx

Confirmation of Participation Form.docx

Preliminary Interview Instrument.docx

Letter of Introduction

Script for soliciting participation

Office Use Only

Application approval type: Expedited

IRB member assigned (dissertation or faculty research):

Letter of Introduction

Dear Recipient,

I am a PhD candidate in *Leadership and Change* at Antioch University. My research is investigating social entrepreneurship and wealth-building strategies within the United States. You have been identified as an organization that fits the profile for participants in my research.

My purposeful sampling will necessitate that I interview social entrepreneurship firms that have in place a wealth-building strategy for their employees. Participation in this study will mean agreeing to a 60-90 minute interview, and possible follow-up dialogues for clarifications. The study will be confidential and all information gathered will kept secure. If you are interested in participating, please let me know by sending an email to wcurtis@antioch.edu. If you need further clarification, you may reach me at 202-657-5851. If you know of any other organizations that fit the above criteria, please refer them to me.

In advance, thank you for your time and attention.

Sincerely,

Wayne R. Curtis

Appendix J

The Form

I am conducting research on wealth building strategies for working class Americans utilizing social entrepreneurship and employee stock ownership plans(ESOPs). It is the intent of this research to add to the theory and knowledge of social entrepreneurship and ESOPs in general, and the application of these tools for wealth building. You are being sought as a participant given your expertise in one or both of the fields of social entrepreneurship and ESOPs.

The goal is to conduct up to a 90 minute interview using a questionnaire. The preferred approach would be in person and, if you agree, it may be taped. I would transcribe the data recorded and share it with you to make sure the transcription is accurate. I do not see any risks or discomforts to you as a participant, but remain open to discussing any concerns you may have prior to conducting the interview.

I hope the benefit to your participating is the satisfaction of knowing that your knowledge helped not just to advance my research, but to advance the fields of social entrepreneurship and/or ESOPs to a broader audience. It is the goal of the research to add to the conversation and body of knowledge of social entrepreneurship, ESOPs, and wealth building strategies of working class Americans. The research hopes to encourage further research in the disciplines and outcomes discussed.

All research is maintained on my laptop computer which is accessible through finger print recognition, or a 26-bit confidential password. The data will be kept in locked files in an office at my home, which also has a secure lock.

If you would like to contact and speak with an official at the Antioch University, please reach out to Dr. Carolyn Kenny, email:ckenny@antioch.edu, and telephone number: 805-618-1903.

Participation is totally voluntary, not participating has no consequences for the participant, and you can withdraw from the study at any time. Any data collected will be destroyed.

There are no costs anticipated being incurred by participants

Any significant new findings that might affect a participant's willingness to participate will be provided. There are no foreseen risks of harm resulting from this research to the participant.

You may keep a copy of this form for your records.

Statement of Consent:
You are making a decision whether or not to participate. Your signature indicates that you have read this information and your questions have been answered. Even after signing this form, please know that you may withdraw from the study at any time.

____

I consent to participate in the study,

____
Signature of Participant Date

____
Signature of Researcher Date

Appendix K

Letter of Introduction

Dear Recipient,

I am a PhD candidate in *Leadership and Change* at Antioch University. My research is investigating social entrepreneurship and wealth-building strategies within the United States. You have been identified as an organization that fits the profile for participants in my research. My purposeful sampling will necessitate that I interview social entrepreneurship firms that have in place a wealth-building strategy for their employees. Participation in this study will mean agreeing to a 60-90 minute interview, and possible follow-up dialogues for clarifications. The study will be confidential and all information gathered will kept secure. If you are interested in participating, please let me know by sending an email to wcurtis@antioch.edu. If you need further clarification, you may reach me at 202-657-5851. If you know of any other organizations that fit the above criteria, please refer them to me.

In advance, thank you for your time and attention.

Sincerely,

Wayne R. Curtis

Appendix L

Solicitation of Participants Script

My name is Wayne Curtis, and I am a PhD candidate in Leadership and Change at Antioch University, based in Yellow Springs Ohio. The title of my research is "Social Entrepreneurship and Wealth-Building Plans: Creative Strategies for Working Class Americans". Your organization has been identified by my research as a possible participant or at least a resource to help identify participants in my research. So, what specifically am I looking for?

First, the participating company must qualify as a social entrepreneurship firm. The definitions for the purposes of this research include:

- Identification of a stable but inherently unjust equilibrium that causes the exclusion, marginalization, or suffering of a segment of humanity that lacks the financial means or political clout to achieve a transformative benefit on its own;
- Identifying an opportunity in this just equilibrium, developing a social value proposition, and bringing to bear inspiration, creativity, direct action, courage, and fortitude, thereby challenging the stable state's hegemony; and
- Forging a new, stable equilibrium that releases trapped potential or alleviates the suffering of the targeted group, and through imitation and the creation of a stable ecosystem around the new equilibrium ensuring a better future for the targeted group and even society at large.

Second, does the social entrepreneurial venture have more than one employee?

Finally, does the social entrepreneurial venture have a wealth-building plan for their employees?

If you can help me identify at least the first criteria, I can reach out to the prospective participant and determine the subsequent criterion. If you can think of any other resource where prospective research participants meet the above criteria, please let me know. Please feel free to call me with any questions.

In advance, thank you for your time and attention to this request.

Sincerely,

Wayne R. Curtis

Cell:202-253-7866

Skype: 202-657-5851(wayne.r.curtis)

Appendix M – Copyright Permission for Table 1.1

-------- Original message --------
From: Alice Mendoza <a.mendoza@auckland.ac.nz>
Date: 05/12/2013 7:47 PM (GMT-05:00)
To: "Wayne R. Curtis" <results@curtisconcepts.com>
Cc: 'Wayne Curtis' <wcurtis@antioch.edu>
Subject: RE: Copyright Request

Dear Wayne,

I just spoke to the Business and Economics Information Services Manager within the Library regarding your query.

As this is within a journal publication, rather than an internal document, as long as you properly cite the table and article within your dissertation then you are very welcome to use it.

Regards,

Alice Mendoza

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Auckland Mail Centre, Private Bag 92019
Auckland 1142 New Zealand
Ph: 64 9 3737599 ext. 87559
Fax: 64 9 *3082 320*
Email: a.mendoza@auckland.ac.nz

From: Wayne R. Curtis [mailto:results@curtisconcepts.com]
Sent: Monday, 13 May 2013 11:14 a.m.
To: Alice Mendoza
Cc: 'Wayne Curtis'
Subject: Copyright Request

I need help in securing a copyright approval to use a chart in my research, to complete my dissertation.

My research is *Social Entrepreneurship and Employee Stock Ownership Plans: Creative Wealth-building strategies for working class Americans.* I want to use a table from the Autumn 2005 edition of the *University of Auckland Business Review,* by D. Roberts and C. Woods (pp. 44-51); the chart in question is on page 44.Can you help.

Wayne R. Curtis, PhD
Managing Partner, Curtis Concepts, LLC
Adjunct Professor Sustainability and Entrepreneurship, and Entrepreneurship, University of the District of Columbia
Adjunct Professor, Entrepreneurship, Principles of Management, and Entrepreneurship Finance Northern Virginia Community College
wcurtis@nvcc.edu
www.curtisconcepts.com

Appendix N – Copyright Permission for Table 3.1

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Title or numeric reference of the portion(s)	Chapter 1, Figure 1.1
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Author of portion(s)	n/a
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The proposed price	n/a
Title	Social Entrepreneurship and Employee Stock Ownership Plans: Creative Wealth-Building Plans for Working Class Americans
Publisher	Antioch University

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e 3.1

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