The Role of Incubators in the Development of Social Enterprises

Maggie Lubas
152117006

Dissertation written under the supervision of
Prof. Marta Bicho

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ABSTRACT

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Author: Maggie Lubas

With the emergence of social enterprises, the number of support services to foster social enterprises' development has also risen. Therefore, a new type of incubators, that focusses on supporting those organizations which aim at alleviating environmental, economic and societal problems has been established. This master thesis is exploring how such incubators influence the development of social enterprises. The incubation process is analyzed through the lens of social enterprises through a qualitative study approach based on semi-structured interviews with founders of social enterprises who have been or are currently being part of the incubation program of *Project Together*, the incubator studied.

The study shows that founders of social enterprises use incubators to enhance their personal development as well as the development of their businesses. Thereby, coaching and the access to networks are perceived as the most important aspects of incubation. Furthermore, incubation does not have a direct influence on the most challenging aspects of social enterprises which are achieving financial stability, retaining as well as acquiring employees and developing leadership skills. However, by enhancing the personal development of its incubatees, incubators provide social entrepreneurs with the required skills to enhance communication with stakeholders such as investors and employees. This study contributes to theory, since it establishes a framework explaining the incubation process and its influences on the social enterprises. The framework also helps managers of incubators to better tailor their offer to social enterprises.

Keywords: incubators, networks, social capital theory, social enterprises, social entrepreneurship

SUMÁRIO

Título da Dissertação: O Papel das Incubadoras no Desenvolvimento de Empreendimentos Sociais

Autor: Maggie Lubas

Com o surgimento das empresas sociais, o número de serviços de apoio para fomentar o desenvolvimento das empresas sociais também aumentou. Por conseguinte, foi criado um novo tipo de incubadoras, que se centra no apoio às organizações que visam atenuar os problemas ambientais, económicos e societais. Esta tese de mestrado explora como essas incubadoras influenciam o desenvolvimento das empresas sociais. O processo de incubação é analisado através das lentes das empresas sociais, tendo em conta uma abordagem qualitativa, baseada em entrevistas semi-estruturadas com fundadores de empresas sociais que participaram ou estão actualmente integrados no programa de incubação *Project Together*, a incubadora estudada.

O estudo mostra que os fundadores de empresas sociais usam as incubadoras para melhorar o seu desenvolvimento pessoal e o desenvolvimento dos seus negócios. Assim, o coaching e o acesso às redes de network são percebidos como os aspectos mais importantes da incubação. Além disso, os resultados mostram que a incubação não tem uma influência directa nos seguintes aspectos mais desafiadores das empresas sociais, estabilidade financeira, reter e atrair colaboradores e desenvolver competências de liderança. No entanto, ao melhorar o desenvolvimento pessoal dos seus incubadores, as incubadoras proporcionam aos empreendedores sociais as competências necessárias para melhorar a comunicação com os stakeholders, tais como investidores e colaboradores. Este estudo contribui para a teoria, pois estabelece um quadro explicativo do processo de incubação e das suas influências nas empresas sociais. Este quadro explicativo também ajuda os gestores de incubadoras a melhor adequar a sua oferta às empresas sociais.

Palavras-chaves: incubadoras, redes, teoria do capital social, empresas sociais, empreendedorismo social

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GLOSSARY

Social enterprises	SE
Business incubator	BI
Willingness to pay	WTP

CHAPTER 1: INTRODUCTION

1.1 Problem definition and background

Aligning profit and societal impact is a key challenge for leaders in the 21st century (Santos, Pache, & Birkholz, 2015). The nature of social enterprises (SEs) of finding a balance between commercial principles and social concerns (Lamy, 2019) entails issues in accessing resources (Austin, Stevenson, & Wei-Skillern, 2012). They are restricted when it comes to access to financial and human capital (Davies & Doherty, 2018; Smith, Gonin, & Besharov, 2013; Austin et al., 2012). Financially, it is difficult to convince investors, because they doubt the reliability of financial returns (Datta, 2011; Davies, Haugh, & Chambers, 2018). Human capital wise, SEs cannot afford to pay employees market rate compensations which creates difficulties for hiring and retaining employees (Austin et al., 2012; Davies et al., 2018). Hence, resource mobilization is more difficult for social entrepreneurs than for commercial entrepreneurs (Austin et al., 2012). Connected to that, SEs, just as for-profit organizations, need to innovate and develop practical solutions in order to generate profits (Santos, 2012) whereby maintaining good relationships with stakeholders are an important factor in achieving this (Austin, 2010).

The question arises, whether there are mechanisms and institutions in place that could possibly support SEs in their *resource mobilization* (Austin, Stevenson, & Wei-Skillern, 2012). One type of supportive institutions are business incubators (BIs) (Bøllingtoft & Ulhøi, 2005; Mas-Verdú, Ribeiro-Soriano, & Roig-Tierno, 2015; Nicolopoulou, Karataş-Özkan, Vas, & Nouman, 2017). The role of BIs nowadays is to offer support to young ventures in developing their business idea and they do this via various activities such as the provision of office facilities, coaching and providing access to funding possibilities (Bruneel, Ratinho, Clarysse, & Groen, 2012). BIs foster the creation of so-called social capital – referring to resources that are gathered through the exchange with others (Lee & Jones, 2008; Mosey & Wright, 2007). Social capital in the form of networks is argued to be an important factor in pursuing entrepreneurial goals (Kwon & Arenius, 2010; Stam, Arzlanian, & Elfring, 2014), some even arguing that it plays an essential role in entrepreneurial success (Gedajlovic, Honig, Moore, Payne, & Wright, 2013; Perry-Smith & Shalley, 2003).

With an increasing number of SEs over the last 30 years (Battilana, Sengul, Pache, & Model, 2015), support services that are tailored to their specific needs have also emerged, such as foundations for social entrepreneurship (Swallow, 2011) and impact investing funds

(Dallmann, 2018). A further support service are incubators which are specifically tailored to support entrepreneurs in the development of businesses in order to eliminate societal, environmental and political negative externalities (Nicolopoulou et al., 2017). Whereas the effectiveness of incubators in the for-profit sector is more advanced (Albort-Morant & Ribeiro-Soriano, 2016; Cooper & Park, 2008; Hackett & Dilts, 2004; Mas-Verdú et al., 2015; Peña, 2004; Schwartz, 2013), little is known about the effectiveness of these for hybrid organizations, especially SEs (Nicolopoulou et al., 2017).

Scholars agree that the value added through sector-specific incubators can be higher than from general incubators as their offer can be designed more specialized and tailored (Schwartz & Hornych, 2008; Hansen et al. 2000). This leads to the question whether there are specifications to an incubator that solely specializes on the development of SEs.

Therefore, this study sets out to better understand the influence that incubators have on the development of SEs and hence aims at finding links between SEs' development and incubation by making use of social capital theory.

1.2 Objective and research questions

The scope of this thesis is to examine which role incubators play in the development of SEs. In order to find out how well incubators incorporate into SEs' environment, this study will firstly identify challenges that these are facing. Secondly, insights on the incubation process will be identified and examined from SEs point of view. Thirdly, it will be examined what the outcome of the incubation process is for SEs. Thus, the problem of this thesis, which is to determine the role of incubators in the development of SEs, will be explored by answering the following research questions.

RQ1: Which challenges are faced by social entrepreneurs in developing their organizations?
The aim of the first research question is to provide an understanding of the environment that SEs operate in and thus determine the main challenges that they are facing. Answering this research question will allow for a more thorough understanding of the importance that is given to incubators as these should support organizational development (Bøllingtoft & Ulhøi, 2005; Bruneel et al., 2012; Mas-Verdú et al., 2015) and hence, implicitly in overcoming their hurdles. It also allows for identifying further opportunities for extending services of incubation in order to increase the value of its services.

RQ2: How is the incubation process perceived by social entrepreneurs?

The second research question serves to analyze the different steps of incubation and how these are perceived by social entrepreneurs. As there is no developed body of literature focusing on social incubation for social entrepreneurs (Nicolopoulou et al., 2017), new insights regarding current incubation approaches can be gathered.

RQ3: Which resources do social enterprises gain throughout the participation in a social incubation program?

According to social capital theory, the goodwill that lies in interactions with different people, can lead to an increase of resources (Burt, 1997; Nahapiet & Ghoshal, 1998). Insights on this theory are gathered by finding out whether resources could be gained throughout the participation in the incubation process and if so, which exactly these were. Social capital might help SEs to gain better excess to different resources such as financial and human capital (Baron & Markman, 2003) and thus, accelerate their organizational development. The intent of this question is therefore to find out to what extent the development of SEs is influenced by incubation.

To answer the research questions, the incubation process is analyzed through the lens of SEs through a qualitative study approach based on semi-structured interviews with founders of SEs who have been or are currently being part of the incubation program of Project Together, the incubator studied.

1.3 Academic and managerial relevance

From an academic point of view, business incubators' activities and their influence on commercial enterprises have not yet been consistently analyzed (Bruneel et al., 2012; Hackett & Dilts, 2004) due to differences in organizational structures and objectives of incubation programs (Sagath, van Burg, Cornelissen, & Giannopapa, 2019). Consequently, research on the impact of social incubation as a new type of incubation is limited as well (Nicolopoulou et al., 2017). Hence, as of now, there is no developed body of literature regarding incubation for SEs. Furthermore, although the benefits that come with participating in an incubation program are often claimed by practitioners (Lewis, 2010; NBIA, 2011), it is unclear which resources exactly can actually be accrued through social relationships or networks (Adler & Kwon, 2002; Gedajlovic et al., 2013; Payne, Moore, Griffis, & Autry, 2011). In addition, there has been less

focus on indirect and social aspects of incubation (Bøllingtoft & Ulhøi, 2005). The currently low coverage of academic literature hence gives the opportunity to deep-dive into this field.

From a managerial point of view, the market for of incubators in the social sector has only begun to emerge. Furthermore, viewing the incubation process from SEs' point of view, can shed light on important implications to be implemented by incubators to best serve SEs' needs. Hence, it is worth investigating the impact that these have on SEs and deduct implications for social incubators.

1.4 Thesis structure

The dissertation is structured as follows: The first chapter gives an introduction to the problem statement and the structure of the dissertation. The second chapter aims at creating a theoretical framework for the subsequent qualitative section. Thus, the literature review contains a review of the existing academic literature on social entrepreneurship, social capital theory and incubators since they support the purpose of this study. The third chapter represents further information on the research setting in order to gain a more thorough picture of the current environment on social incubation as it does play a role in understanding the answers to the research questions. The fourth chapter presents the methodology through which the study will answer the research questions. The fifth chapter will make an analysis (both general and in-depth) to the results obtained thorough the interviews, and based on these results, there will be some considerations as to the effective meaning of such results. The final chapter addresses the conclusions of this dissertation, as well as managerial and academic implications, limitations and the indications for further research in this area of study.

CHAPTER 2: LITERATURE REVIEW

Within the literature review, the three crucial pillars that contribute to the understanding of this study will be thoroughly examined: the concept of social enterprises, incubators, as well as literature on social capital theory and its dimensions. Thereby, the aim is to provide an understanding on how scholars have contributed to each of the topics as well as to examine how these three aspects are related.

2.1 The concept of social enterprises

The aim of the following two chapters is to firstly draw together current literature on the definitions of social enterprises and secondly to show which differences between social and commercial entrepreneurs are currently identified by literature.

2.1.1   Definitions

The aim of SEs is to create social value next to an economic outcome (Rispal & Servantie, 2017; Mair & Martí, 2006; Dacin et al., 2010). Although definitions of SEs say that social entrepreneurs prioritize social value creation over economic value creation (Hlady Rispal & Servantie, 2018; Mair & Martí, 2006), the creation of an economic value is critical to the creation of such a societal outcome (Dacin, Dacin, & Tracey, 2011; Mair & Martí, 2006; Zahra, Gedajlovic, Neubaum, & Shulman, 2009).

Literature on SEs usually distinguishes between three criteria: the predominance of a social mission, the importance of innovation, and the role of earned income (Lepoutre, Justo, Terjesen, & Bosma, 2013). Thus, SEs should put priority on the creation of social value (Mair & Martí, 2006), deliver an innovative approach to products and services (Alvord, Brown, & Letts, 2004; Mair & Martí, 2006) and be economically sustainable (Austin et al., 2012; Doherty, Haugh, & Lyon, 2014). Hence, for the sake of this thesis SEs will be defined as enterprises that primarily pursue a social mission by providing an innovative solution to social problems (Dacin, Dacin, & Tracey, 2011) but rely on profit to sustain their operations (Battilana & Lee, 2014; Hockerts, 2015).

It is often argued that SEs grow predominantly out of perceived market and government failure (Austin et al., 2012; Santos, 2012; Hervieux & Voltan, 2018). In developing countries, social entrepreneurs have been tackling pressing issues which are predominantly influenced by resource scarcity and corruption (Zahra et al., 2009). In developed countries, they have been

creating innovative and cost-effective solutions to overcome social problems (Zahra et al., 2009).

Although the social value creation lies in the core of social entrepreneurship, its measurement is complex (Choi & Majumdar, 2014; Mair & Martí, 2006) as it includes the measurement of intangible benefits (Santos, 2012). Connected to that, a coherent framework on the dimensions of social value creation is still missing (Hlady Rispal & Servantie, 2018).

Furthermore, due to their restricted access to human and financial capital, resource mobilization represents a challenge for SEs (Austin et al., 2012; Datta, 2011; Davies et al., 2018). Additionally, the ability to inspire and mobilize commercial and non-commercial partners as well as building collaborative relationships to implement social initiatives is seen as a critical success factor for social entrepreneurs (Pearce & Doh, 2005).

2.1.2 Differences between commercial and social entrepreneurs

A distinctive distinguishing factor between commercial and social entrepreneurs is that the social entrepreneur will predominantly focus on value creation and not on value capture (Santos, 2012), meaning, i.e. they focus on creating a social value instead of developing strategies on how to monetize their idea. Thereby it is argued that although social and commercial entrepreneurs' behavior regarding an efficient use of scarce resources, drive and determination is similar (Drucker, 1999; Leadbeater, 1997), the main distinguishing criteria between these two are that the social entrepreneur has strong ethical values as well as a higher degree of innovativeness (Shaw & Carter, 2007). Drawing further onto an distinction between non-entrepreneurs and entrepreneurs, the latter have been found to have a higher degree of self-efficacy than non-entrepreneurs (Nga & Shamuganathan, 2010). Self-confidence, also frequently referred to as self-efficacy, "is a motivational construct that has been shown to influence an individual's choice of activities, goal levels, persistence, and performance in a range of contexts." (Zhao & Seibert, 2005) and is identified to be an important determinant in one's entrepreneurial intentions (Chen, Greene, & Crick, 1998).

2.2 Incubators

The next two sub-chapters serve to firstly draw together literature on how BIs have been defined and secondly to shed light on the different activities that literature attributes to BIs.

2.2.1 Definitions

Business incubators (BIs) support the development of the organizations they serve (Bøllingtoft & Ulhøi, 2005; Mas-Verdú et al., 2015; Nicolopoulou et al., 2017), act as a tool to foster entrepreneurship (Lewis et al., 2011) and as strategic actors for early entrepreneurial activities (Mas-Verdú et al., 2015). Some scholars even argue that BIs' services are crucial for new companies (Lai & Lin, 2015). Although the number of incubators that specialize solely on the support of SEs and not commercial start-ups, like tech-start-ups, has been increasing over the years (Bertelsmann, 2016), there is no developed body of literature on this phenomenon yet (Nicolopoulou et al., 2017) and thus the explanations within the next paragraphs refer to BIs that focus on commercial organizations.

Whereas BIs have originated with the aim of providing office space to recently formed organizations that lack resources due to the initial stage they are in (Bruneel et al., 2012), nowadays they emphasize on a much broader spectrum which include access to networks, (Nicolopoulou et al., 2017), shared administrative services (Bøllingtoft & Ulhøi, 2005), financial resources (Mas-Verdú et al., 2015), and counseling and mentoring (Scillitoe & Chakrabarti, 2010). In fact, the mentioning of the provision of intangible assets such as social and intellectual capital (Nicolopoulou et al., 2017) or networking capacity (Bruneel et al., 2012) should be emphasized, as it is the combination of these multifaceted factors that create synergies for incubatees[1] and not simply the provision of physical arrangements (Bøllingtoft & Ulhøi, 2005).

In general, it can be said that a high degree of exchange takes place in BIs, due to their nature of enhancing exchange in-between different incubatees, as well as in-between the BI's management and the single organization (Scillitoe & Chakrabarti, 2010). The combination of providing structures for the creation and maintenance of social networks as well as resources thus makes them a suitable environment for fostering innovation (Nicolopoulou et al., 2017). Furthermore, BIs have been found to be more cost-efficient tools for economic development than governmental initiatives to, i.e. attract more companies to join a certain region (Hackett & Dilts, 2004).

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[1] Referring to the incubated companies

However, there are major flaws in incubation literature. Firstly, although it is stated that BIs help its incubatees in their development, literature fails to define precisely what constitutes the success regarding the incubation process (Albort-Morant & Ribeiro-Soriano, 2016). Consequently, there are difficulties in measuring the outcome of business incubation (Dee et al., 2011). It has also been criticized that most studies take the perspective of the incubator instead of viewing the process from the incubatees' perspectives (Spitzer & Ford, 1989). Lastly, it is questioned by some researchers to which extent the incubation of enterprises really adds value (Bruneel et al., 2012).

2.2.2 Design

Although some scholars agree on the fact that BIs can help enterprises in their development (Mas-Verdú et al., 2015; Nicolopoulou et al., 2017; Roig-Tierno, Alcázar, & Ribeiro-Navarrete, 2015), literature suggests that due to different organizational structures and goals of organizations, there is no united conceptual framework that concludes best practice for BIs (Bruneel et al., 2012; Hackett & Dilts, 2004).

A BIs' tasks are diverse, whereas only a few examples include providing access to facilities like office spaces (Somsuk & Laosirihongthong, 2014), access to financial capital (Schwartz, 2013), access to networking events (Lai & Lin, 2015), business angel networks (Ratinho & Henriques, 2010) and mentoring services (Chan & Lau, 2005). Bruneel et al. (2012) have defined the following elements of business incubation by comparing the value propositions of seven different incubators. As a result, the main services can be cut down to the following three aspects of *infrastructure*, *business support* and *access to networks*.

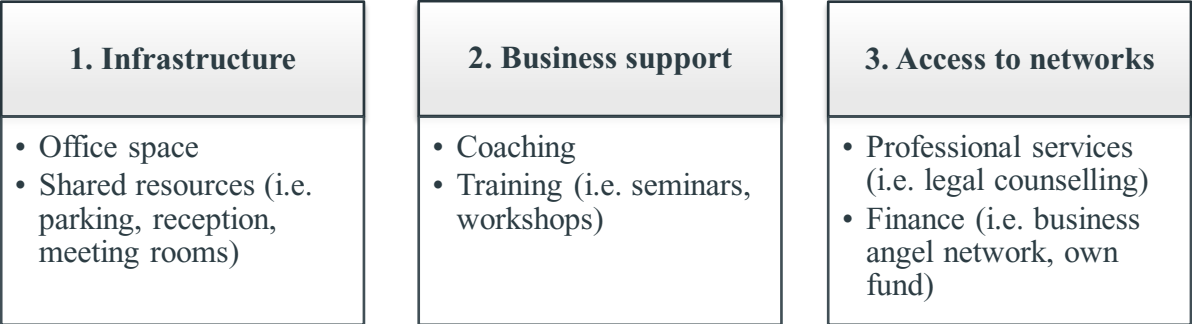| 1. Infrastructure	2. Business support	3. Access to networks
• Office space • Shared resources (i.e. parking, reception, meeting rooms)	• Coaching • Training (i.e. seminars, workshops)	• Professional services (i.e. legal counselling) • Finance (i.e. business angel network, own fund)

Figure 1: Elements of incubation (source: Bruneel et al., 2012)

Thereby, the elements have evolved in the same order by adjusting to the overall evolution of start-ups (Bruneel et al., 2012). Whereas the provision of *infrastructure* services emerged together with the establishment of the first business incubators, the range of services has been expanded ever since the number of technology intensive companies has started to rise (Lewis, 2011). *Business support* is necessary to account for the lack in management skills and experience and thus avoids a process of trial and error (Bruneel et al., 2012). The elements of *coaching* and *training* are crucial elements of the learning process within start-ups (Davidsson & Honig, 2003).

Furthermore, institutionalized *networks* established and managed by business incubators supports entrepreneurs in not relying on their personal networks (Bøllingtoft & Ulhøi, 2005) and are argued to be the most critical success factor for enterprises' development (McAdam & McAdam, 2008).

2.3 Social capital

Within the next two sub-chapters, it is firstly explained how social capital has been defined by scholars. Secondly, the chapter on social capital theory will shed light on how social capital is used to explain network-related phenomena within organizations.

2.3.1   Definitions

Definitions of social capital have historically either been seen on the individual or collective level as well as through a micro and macro perspective (Payne et al., 2011). On the individual level social capital are *"friends, colleagues, and more general contacts through whom you receive opportunities to use your financial and human capital"* (Burt, 1992, p. 9). On the macro level it is defined as the "features of social organization such as networks, norms, and social trust that facilitate coordination and cooperation for mutual benefit*"* (Putnam, 1995, p. 67). In order to account for the limitations that single-sided definitions hold, a rather broad definition that considers various facets of the impact of social capital is nowadays applied by scholars (Payne et al., 2011). Including the individual and collective view, Adler and Kwon (2002, p. 23) state that social capital is *"the goodwill available to individuals or groups that is derived from the structure and content of an actor's social relations"*.

Hence, it can be concluded that the definitions of social capital across literature include a gain – titled as opportunities (Burt, 1992), mutual benefit (Putnam, 1995), goodwill (Adler & Kwon, 2002) or potential resources (Nahapiet & Ghoshal, 1998) – that is created through interactions

with third parties – titled as contacts (Burt, 1992), networks, norms and social trust (Putnam, 1995), social relations (Adler & Kwon, 2002) or network of relationships (Nahapiet & Ghoshal, 1998). Despite different understandings across literature, it can be concluded that social capital can be divided into the fact that (1) relationships, (2) provide access to resources, (3) which can be utilized by entrepreneurs, (4) to achieve desired outcomes (Smith, Smith, & Shaw, 2017).

Simplifying these definitions, Payne et al. (2011, p. 491) state that "social capital refers to the resources derived from social relationships". In order to account for the multileveled aspects of social capital however, Nahapiet's and Ghoshal's (1998) definition will be used for the sake of this thesis. Accordingly, social capital is defined as "the sum of actual and potential resources embedded within, available through, and derived from the network of relationships possessed by individuals or social units" (Nahapiet & Ghoshal, 1998, p. 243).

2.3.2 Social capital theory

Social capital theory explains the nature, scope and quality of entrepreneurial networks (Anderson & Jack, 2002; Greve & Salaff, 2003; Mair & Martí, 2006). Thus, it offers a way to recognize resources that are difficult to quantify (Putnam, 2001; Coleman 1988). Social capital appears in many contexts, having different definitions and being applied to different frameworks. One way of explaining social capital theory is Nahapiet's and Ghoshal's (1998) model, that has also been commonly used by other researches (i.e., Inkpen & Tsang, 2005). They claim that social capital exists in three dimensions: the cognitive, the structural and the relational. The cognitive dimension relates to shared language and codes. The relational dimension consists of trust between parties and identification with the group which thereby influences the access to exchange. It focuses on "the particular relations people have, such as respect and friendship" (Nahapiet & Ghoshal, 1998, p. 244) that influence their behavior. The structural dimension consists of the factors of network ties (Scott, 1991; Wasserman & Faust, 1994), network configuration (Krackhardt, 1989), referring to the density, connectivity and hierarchy among a network, and the usability of one network for multiple purposes (Coleman, 1988). The structural dimension thereby refers to "the overall pattern of connections between actors – that is, who you reach and how you reach them" (Burt, 1992, p. 244). In the structural dimension, thus, in the form of networks, social capital influences the development of intellectual capital by contributing to gaining access to various parties for combining and exchanging intellectual capital. To sum up, it is theorized that social capital as a combination

of the aforementioned dimensions and intellectual capital influence each other when it comes to the development of new intellectual capital.

Drawing onto further approaches to social capital theory, it is important to mention that in general, social capital based on networks helps entrepreneurs gather access to key persons for their success (Adler & Kwon, 2002; Lans, Blok, & Gulikers, 2015; Nahapiet & Ghoshal, 1998; Stephan & Uhlaner, 2010). However, it is their social competence which determines the actual outcome, i.e. whether they actually convince investors or attract key partners (Baron & Markman, 2003; Lans et al., 2015).

This approach is rather consistent with Payne et al. (2011), who argue that a multi-leveled approach should be applied to social capital theory, considering not only the relation to one single variable, such as to the increasement of capital (Nahapiet & Ghoshal, 1998), but including other variables, such as their personal characteristics, market forces, and industry trends (Shane & Venkataraman, 2000).

In general, however, and independent on the theoretical framework in which it is embedded, scholars agree that social capital is an important factor in an entrepreneur's success (Payne et al., 2011; Stam et al., 2014).

2.4 Connection between social enterprises, social capital and incubators

Linking social capital theory to incubators, social capital forms a "by-product" of the incubation process (Nicolopoulou et al., 2017). This can also be derived from the definition of the two terms as Social Capital is defined as "[…] resources embedded within […] the network of relationships […]"(Nahapiet & Ghoshal, 1998, p. 243). Focusing on the fact that one task of the incubation is to provide access to networks (Bruneel et al., 2012; Nicolopoulou et al., 2017), through which the entrepreneur gains access to different units and individuals, an incubator hence enables access to a network from which social capital can be derived (Bøllingtoft & Ulhøi, 2005).

BIs can help start-ups within their innovation process (Etzkowitz, de Mello, & Almeida, 2005; Nicolopoulou et al., 2017). Especially during the establishment of an organization, networks help overcome entrepreneur's isolation through sharing common values with other participants of the incubator (Tötterman & Sten, 2005).

Whereas commercial organizations usually have access to multiple sources of funding, SEs do not have as many opportunities (Dwivedi & Weerawardena, 2018). This is enhanced by the fact

that SEs' surpluses are usually reinvested to support their primary social mission (Austin et al., 2012) which leaves less capital in order to invest into other aspects of their organization such as investments into human capital or facilities. Hence, it can be deducted that an incubator which allows SEs to gather free access to some of the aforementioned resources, plays a particularly important role in their development.

CHAPTER 3: RESEARCH SETTING

This thesis will follow an exploratory study. As the topic of this study is very novel, it will be studied through an example of an incubator, in this case, Project Together. Project Together serves as a good example of an incubator due to its pioneer set up as Germany's first digital social incubator for SEs. Furthermore, it has received several prices such as the European Enterprise Promotion award 2018 and although only founded in 2013, has already accompanied around 700 organizations via an incubation program (Project Together, 2019). Thus, it provides a solid basis for further studying the enterprises which it has incubated. In order to better understand the market that Project Together operates in, it is crucial to first examine the social entrepreneurship and social incubation market in Germany, before presenting Project Together's activities and mission.

3.1 Social entrepreneurship in Germany

The number of actual SEs in Germany can only be estimated as the problematic of a common definition which is described in the Literature Review, also applies to the German market (BMWi, 2016). In 2017, there have been around 108,000 "young"[2] SEs whereas the proportion of social entrepreneurs compared to all entrepreneurs in Germany represents 9% (Metzger, 2019). These numbers however include non-profit oriented organizations. The number of SEs with a financial goal next to a social outcome is estimated to be around 1,700 (Bertelsmann Stiftung, 2016; BMWi, 2016).

It is commonly acknowledged that there is a clear financing gap with regard to the early stage and risk capital for social entrepreneurs which hinders their development (BMWi, 2016; Ngo and Kunz, 2016; Bertelsmann Stiftung, 2016). The impact investment market is characterized by a small investor base, badly diversifiable intermediaries and only a small number of investment products (Bertelsmann Stiftung, 2016).

One of the reasons mentioned for the stagnating development is the current lack of transparency of the demand side, being the SEs, from investor's point of view (BMWi, 2016). Although there are first measures taken to provide a more transparent overview such as Social Reporting Standards (BMWi, 2016), intermediaries in the investment chain find it hard to check SEs (Bertelsmann Stiftung, 2016).

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[2] The term „young" referring to the maximum age of 5 years since foundation of the enterprise

The market for impact investing (i.e. Social Impact Bonds) is thus currently only about to emerge and needs to be supported by the government through promotional initiatives such as tax relief (BMWi, 2016). Comparing the current status to further countries such as Great Britain, a strong governmental support through the provision of capital has proven to encourage social entrepreneurship (BMWi, 2016). Lastly, there is agreement amongst literature that the prevailing understanding of innovation amongst the government and institutions is associated highly with technological innovation (Olenga Tete et al., 2018; BMWi, 2016). Hence, the term "social innovation" gains less support and awareness.

3.2 Social incubation in Germany

The market on support services for social entrepreneurship currently finds itself in an early development stage (Bertelsmann Stiftung, 2016). Gathering data on the market for social incubation in Germany has shown in total, there are six incubators in Germany out of which three are internationally recognized organizations and the remaining three are German institutions. Their activities range from offering physical facilities, to networking events, coaching and entering funding competitions. Table 1 presents an overview over SEs' support organizations. A more detailed overview can be found in Appendix 1.

Name of organization	Mission	Direct financial support?[3]	Global organization?[4]
Social Impact Hub	"Supporting Social Start-Ups, which solve societal challenges through entrepreneurial ideas" (Social Impact Hub, 2019)	No	No
Project Together	„As Germany's leading digital incubator we develop solutions for societal challenges. We support startups, initiatives and associations with the goal of creating social impact with entrepreneurial methods" (Project Together, 2019)	No	No
Ashoka	"Ashoka builds and cultivates a community of change leaders who see that the world now requires everyone to be a changemaker […]." Ashoka, 2019)	Yes	Yes

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[3] Referring to whether the incubator can directly provide the participating enterprises with funding (i.e. through an organized competition).
[4] Referring to whether the concept of the respective incubator is part of a global network.

Social Entrepreneurship Akademie (SEA)	"We support the nascent social entrepreneurs in the realization and implementation of their ideas as the central point of contact for those who connect entrepreneurial activity with societal thinking" (SEA, 2019)	Yes	No
Impact Hub	"We are the catalyst for social innovation – we are a community, a consultancy and a creative space […]" (Impact Hub, 2019)	Yes	Yes
Social Innovation Community (SIC)	"Our aim is to help deepen the knowledge and capacity of the networks to act and grow, and support public decision-makers to work with social innovators more effectively in solving public challenges." (SIC, 2017)	No	Yes

Table 1: Networks and support services for social entrepreneurship in Germany (source: author)

Given the small number of support services and the high amount of social organizations, it can be concluded that there is only limited offer of consultancy services for SEs which cannot supply the current demand (BMWi, 2016; Bertelsmann Stiftung, 2016).

One of the main reasons of the market for social incubation being so small, can be found in the belief that Germany is a well-working Welfare State (Bertelsmann Stiftung, 2016) which is referring to a country which aims at providing a high level of social security in the form of statutory insurances, state measures to encourage education, increase capital formation and provide tax relief (Bibliographisches Institut, 2016). This inherently means that the state does not acknowledge that Germany is a country where social entrepreneurship and support services connected to it need to be supported, because historically, there has been a belief that social innovation would not be needed in a developed country (Bertelsmann Stiftung, 2016). Hence, although these support services are depending on public funds to be able to sustain themselves (Bertelsmann Stiftung, 2016), the government still does not have the willingness as well as the necessary mechanisms in place to support this development.

3.4 Example of incubator Project Together

As Germany's first digital social incubator, the mission of Project Together is to develop solutions for societal most pressing issues by bringing economy and society closer together. This is done by providing a free incubation program to founders of social organizations consisting of the aspects of "coaching" and "community". As of March 2019, the number of currently incubated organizations was around 170. The target group of this incubator ranges from any social initiatives, including non-for-profit organizations as well as SEs. Besides

supporting the organizations in order to create impact and build a bridge between economic and societal challenges, one of their goals is also to collect experiences from social entrepreneurs in order to conclude which approaches work best (Project Together, 2019[5]).

In order to get into the network of Project Together, the entrepreneurs either sign up actively on the website or are acquired through so-called "Cohorts". This means that Project Together launches campaigns from time to time on different topics i.e. Zero Waste and advertise it through their Facebook or Instagram. Founders interested in the respective topic will then approach them. In either way, the entrepreneurs need to submit information on their idea which is checked by the internal team. Afterwards, Project Together will put him/her in contact with a coach (Project Together, 2019).

The "Coaching" is one of two essential activities that they are offering. A coaching cycle lasts for a period of 6 months whereas it usually takes place twice a month via Skype. The coaches – of which there currently are around 500 - are persons with diverse backgrounds, i.e. business, medical sector, education, etc. Within the coaching, a roadmap is created in the beginning and milestones are defined. Throughout the six months, those milestones are checked and revised regularly. The coaches all go through a workshop where they learn about the principles of coaching in general as well as the incubator's requirements in specific. For example, they are explicitly asked to not give solutions to the projects, but rather ask strategic questions. A further important aspect is that they are asked to check up on the founder on a personal level in order to prevent loneliness. After the termination of the first coaching cycle, founders are asked whether they would like to continue in a second cycle (Project Together, 2019).

The second pillar of Project Together's activities is the "Community" aspect where founders are part of a Facebook community consisting of 100-150 Experts in addition to the 700 organizations. The experts from different fields have volunteered to share their expertise and knowledge. This Facebook group serves to encourage the exchange between the founders and experts in order to clarify any business-related question. Besides employees of Project Together posting relevant information themselves, such as information on funding competitions, founders and employees of organizations can ask anything related to the development of their organization, such as marketing, legal or finance-related topics. If there are questions that are

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[5] The information on the examined incubator has been gathered from publicly accessible resources and has been confirmed subsequently with an Interview with the incubator itself.

of interest for a higher amount of organizations, Project Together would consequently organize expert calls regarding topics that they find to be asked repeatedly. In such a case, an expert on the field is invited to give a skype call in which all members of Project Together are able to join (Project Together, 2019).

The incubator actively choses a digital approach to incubation, as the incubation approach should be as scalable as possible, meaning able to reach as many people as possible by as little resources as possible (Project Together, 2019). Figure 2 summarizes the incubation process of Project Together.
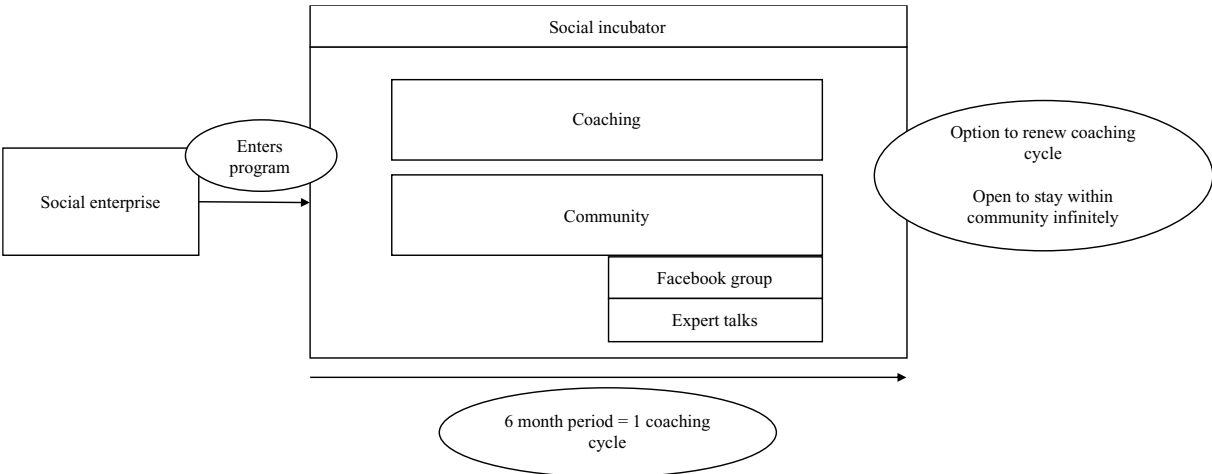

Figure 2: Social incubation process (source: author)

CHAPTER 4: METHODOLOGY

This chapter explains the methodology chosen to study the dissertation's research questions. The chapter firstly explains the general research approach and the overall sampling strategy, followed by the process of data collection for both primary and secondary data as well as the presentation of the data analysis method used.

4.1 Research approach

The purpose of this study is to examine the incubation process for SEs and the influence that incubation has on their development. As the contribution to the field of relating the activities of an incubator to actual outcome of the SEs is limited, an exploratory approach will be used to answer the research questions. The exploratory nature of this approach allows to shed light on the informal reality which happens inside incubators and the influence the incubation process has on the social enterprises (Gillham, 2000). A qualitative research is adequate because there is only a small number of studies with little empirical evidence (Eisenhardt, 1989; Yin, 2014). Furthermore, this research is trying to develop a holistic picture of the problem being studied by examining multiple perspectives of different interviewees and combining primary with secondary data which will have to be collected, reviewed and interpreted so that the phenomenon of investigation can be evaluated (Cresswell, 2013).

This study does not aim at confirming hypotheses regarding the impact of certain activities on incubators on specific outcomes of the SEs. Rather, it aims at understanding activities of an incubator and the resulting attitudes toward incubation as well as processes within SEs and henceforth an inductive instead of a deductive approach will be used (Gillham, 2000).

4.2 Sampling Strategy

This research aims at providing a holistic view on the perception of incubation from the SEs' point of view. Therefore, the following sampling strategy has been applied within this study: The incubation process of one incubator, namely Project Together, has been chosen as the program to be evaluated by SEs, which have been or are currently participating in this program. The unit of analysis are thus those SEs who have participated in such a program. Therefore, firstly, an interview has been conducted with the incubator (Project Together) in order to reconfirm findings on the incubation process. Secondly, interviews with 7 SEs which are currently enrolled or have already finalized a program with the incubator, have been conducted in order to gather insights on their perception of the incubation process. Thereof, the incubator pre-selected SEs under the criteria of them being an active member of their community,

meaning being an active participant of the coaching program as well as the Facebook community. Due to the nature of this thesis a non-probabilistic sampling was applied. A snow ball sampling technique was applied (Creswell, 2013), as the incubator was referring other potential interviewees for the purpose of this study. At the same time, the incubator chose participants applying purposeful sampling (Creswell, 2013) by filtering for potential interviewees that are an active member of their community. This was done, because "*it is essential that all participants have experience of the phenomenon being studied*" (Creswell, 2013, p. 155) which in turn reassured the quality of information gathered. Having said this, it was essential for this study that all SEs have either finished an incubation program in the past or are currently participating in the incubation program.

4.3 Data collection

Within this study, a mix of primary and secondary data was used in order to triangulate insights. The next chapters serve to explain details on the information that was gathered throughout this study as well as the applied data analysis method.

4.3.1 Primary data

Primary data is gathered through explicit questioning of people for the purpose of the investigation of the research topic (Rabianski, 2003). In-depth interviews provide the opportunity to get an insight into the interviewees perception and help uncover underlying opinions (Bailey, 1987). They thus represent an adequate approach on uncovering the needs and attitudes of SEs towards incubators.

Furthermore, semi-structured interviews allow for flexibility as well as a certain degree of standardization at the same time (Gillham, 2000), and should be used when a person's thoughts and attitudes need to be explored (Boyce & Neale, 2006). The interviews need to be flexible in order for the interviewer to receive the chance to seek clarification of the answers provided (Hutchinson & Wilson, 1992). However, a certain degree of standardization should be retained in order to ensure the analyzability of the interview results as a whole.

Thus, for this study, seven interviews have been conducted with founders of SEs which have participated in the incubation program. Furthermore, one interview was conducted with the incubator. Whereas the interview with the incubator Project Together served to reconfirm the data found in publicly accessible resources, the purpose of the interviews with the SEs was to examine the incubation process from the lens of the SEs.

The semi-structured interviews have been conducted during the months of March and April 2019 and lasted between 30-50 minutes. As the objects of research are located outside of Portugal, in Germany, face-to-face Interviews were not possible. Thus, the Interviews have been conducted via Skype and have been recorded accordingly.

As a summary, table 2 highlights the characteristics of each interviewee and the respective organization. A more detailed version can be found in Appendix 2.

Participants[6]	Function	Age	Sector	Date of Interview
Emma	Founder, Project Management	23	Fashion retail	03.04.2019
Anthony	Founder, Product development	27	Mobile apps	05.04.2019
Brian	Founder, Sales Operations	24	Logistics	05.04.2019
Sarah	Founder	26	Food industry	08.04.2019
Tanya	Founder	27	Education, Health	15.04.2019
John	Founder	22	Education, Social	22.04.2019
Chris	Founder	26	Tech, mental health, AI	26.04.2019
Incubator	Chief Operations Officer	27	Social, education	26.03.2019

Table 2: Overview primary data (source: author)

4.3.1.1 Interview protocol with Incubator

The interview protocol consists of two different sections. The first section aims at characterizing the organization and finding out about its motives, mission and long-term strategy. The second section clarifies how the incubator sees its role in the development of SEs and sheds light on the incubation process and the particular activities. Thus, the interview aims at finding out

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[6] Anonymous names were given

whether the incubator's perception of itself reflects the SEs' expectations and identifies differences between commercial and social incubation. Furthermore, the interview serves to reconfirm the findings of secondary research done beforehand in order to identify the exact incubation process. The protocol can be found in Appendix 3.

4.3.1.2 Interview protocol with social enterprises

The interview protocol consists of four different sections. Firstly, questions about the organization's background are asked in order to gain a better understanding of the mission and motivation of the enterprises. Secondly, the block about perceptions of the incubator serves to understand the expectations, attitudes and most importantly outcomes of the participation in the incubator's program. Thirdly, the interview deep dives into the topic of networks in order to understand how the respective interviewee uses networks and to find out whether any practices of the interviewee's ideal network could also be applied to an incubator's program in order to maximize its efficiency. Lastly, the interviewees' perceptions on social competence are inquired, in order to gain insights on how they try to develop their skills in order to best serve their organization. The protocol can be found in Appendix 3.

4.3.2   Secondary data

Secondary data is gathered by others for their own purposes but could be useful for the own study in various ways (Rabianski, 2003). The purpose of secondary data collection for this study was to gather a better understanding of the social sector incubation market in Germany in order to deepen the understanding about underlying motives and attitudes of the SEs towards incubation. The material gathered was from publicly accessible means and included websites of incubators, market research reports and news articles.

Type of secondary data	Number of files
Market reports	8
Articles	10
Websites	8

Table 3: Secondary data collected (source: author)

4.4 Data analysis

As mentioned before, a qualitative method is allowing for shedding light on underlying reasonings behind SEs' perceptions of incubators and their consequent advancements in their

development. As thematic analysis is set to "*identifying, analyzing and reporting patterns within data*" (Braun & Clarke, 2006, p. 6), it is an adequate approach to structuring and interpreting a high amount of collected data (Marshall and Rossman, 1999).

Henceforth, thematic analysis will be used to filter for principal concepts and themes (Woodruff, 2013). The data in this study has been analyzed by using Nvivo which is a software to help organize and analyze qualitative research. Furthermore, the following steps have been undertaken to reach to a thorough analysis of the given data:

Stage	Requirement
1. **Organization of gathered data**	Interviews are transcribed, and secondary data is collected. Data is reviewed, important information is highlighted
2. **Generation of codes**	With the support of Nvivo, data is sorted, and first recurring/surprising/important codes are identified.
3. **Searching for themes (categories)**	Identified codes are organized into themes and sub-themes.
4. **Label the themes and description of connections**	After grouping the codes, the resulting themes are labeled with a heading. Connections between them are described. It is decided, whether there is a hierarchy among the categories.
5. **Testing themes**	The themes are reviewed and consistency between themes is tested with regards to the research questions.
6. **Definition of final themes**	Consistency between identified data is confirmed, and themes and sub- themes are finalized.
7. **Data analysis**	Findings from the interviews and secondary data are reported and explained.

Table 4: Steps of the thematic analysis (Braun and Clarke, 2006)

CHAPTER 5: FINDINGS AND DISCUSSION

Within the following chapters, firstly, the identified themes will be presented, followed by an analysis of each theme. The last chapter includes a framework that has been developed out of the results of the analysis.

5.1 Themes

The following chapter serves to summarize and interpret findings that have been gathered throughout a series of interviews with founders of SEs. During the interviews, participants expressed their opinion over a series of questions regarding their challenges, the incubation process as a whole and the influence the participation in the incubator's activities had for them.

The questions aimed at gathering insights on the following aspects:

- The SE's challenges in order to further develop;
- The SE's perception of incubation in general and the incubation program in specific;
- How the incubation program helped the SE develop;
- Which resources were gained throughout the incubation process.

According to the steps of thematic analysis as described in Chapter 4.4, codes found in the answers were matched to particular themes which aim at answering the research questions. There are some topics where participants mainly agree on whilst the opinion on others is more contrasted.

As a result of the interviews, the following codes and respective themes have been identified:

Theme	Definition	Sub-theme
Organizational challenges	Challenges encountered by SEs in Germany serve to define implications for incubators.	Financial Stability; HR-Management;
Incubation	The SEs view on the incubation process explains which activities of the incubator foster the most impactful outcome and which resources are gained through participation.	Coaching; Networks; Relevance.

Table 5: Identified themes (source: author)

5.2 Organizational challenges

In order to find out how well the incubator's actions correspond to the SEs' needs it is crucial to gather insights on what current challenges are that the SEs are facing and whether the incubator manages to support the incubatees in overcoming these. The challenges identified can be grouped into the following two categories which are: Financial Stability and HR Management.

5.2.1   Financial stability

There was a high level of agreement amongst one particular aspect which was: the willingness to pay (WTP) of the customer. The participants stated worries about the fact that as of now the customer doesn't see the value in paying a higher price or doesn't acknowledge the value of the service offered at all. Taking the example of fair-trade products which cost 10-20 % more than conventional items (Pedregal & Ozcaglar-Toulouse, 2011), will often result in the customer deciding for the product of same quality for a lower price. An example of this is the fast fashion industry. One interviewee representing an SE that produces fair clothing said the following:

Another crucial part is that more customers should become aware of what actually fair clothing means because we have a lot of people who actually like our clothes or mission but are not really willing to pay the price. (Emma)

A low willingness-to-pay can threaten the existence of SEs as it can create financial instability on the long-run. It can be concluded that the awareness amongst German consumers on the social impact of their actions is limited. A possible explanation could be a very low representation of social entrepreneurship in German political institutions (Olenga Tete, Wunsch & Menke, 2018). A higher social entrepreneurship lobby can positively influence consumer behavior which is demonstrated by the following example: the German state of Hessen implemented an initiative to subsidize the usage of own cups in coffee stores with an amount of 10 ct per cup which had a significant impact on the reduction of plastic (DPA, 2016). Having said this, a higher political engagement could have positive spillover effects on consumer habits and thus positively influence their views on the importance of acting sustainably.

Further relating to financial stability was the issue of initial funding. However, this was only mentioned by one interviewee. According to a survey of 210 social entrepreneurs in Germany in 2017, 90 % claimed that they are able to acquire start capital for the set-up of their enterprise,

out of which 36% even state being able to finance themselves from own savings (Olenga Tete, Wunsch & Menke, 2018). After all, the income level in Germany compared to other countries is high – ranking number seven in comparison to other European countries (Fischer, 2018). This explains the fact that all remaining interviewees stated that they financed themselves with capital from family, fools and friends (FFF), crowdfunding or own savings which was relatively easily obtained.

The results show that the barrier to raise short-term capital needed in order to establish a social enterprise is low. However, when it comes to long-term related aspects such as a sustained high WTP as well as acquiring capital from social investors, the market lacks transparency and hinders SEs' growth. It can thus be concluded that there is a lack of understanding of the concept of SEs, both by the public and policy makers. This hinders the development of the SEs, however is a fundamental aspect of the SEs in becoming legitimate entities in the German economy and society (Hynes, 2009).

5.2.2 HR Management

The aforementioned challenges were related to mainly external factors. Looking at the internal issues faced by SEs, a further relevant topic emerges. Three of the interviewees questioned, mentioned HR-related topics as their biggest challenge such as the lack of leadership skills (*Emma),* motivation of employees (*John*), and attracting employees that have the right competence *(Anthony).* A reason behind these issues are a comparatively lower payment of SEs compared to commercial enterprises which creates difficulties in hiring and retaining employees (Austin et al., 2012; Davies et al., 2018), and consequently difficulties in resource mobilization (Austin et al., 2012a). Thus, John claims that a challenge is *to find employees who are motivated although they are working for little money.* One reason for HR-related topics emerging as a major challenge for SEs can be related to their size. Thus, usually, small companies *do not have human resource development expertise, infrastructure and general resources which larger organizations more frequently enjoy* (Hill & Stewart 2000, p. 105). It can also be related to the low level of experience that all the interviewees have. Thus, although all of them had to take over HR-related tasks within the foundation of their enterprise, none of them had previously worked in that area.

5.3 Incubation

Throughout the interviews, incubation has been thoroughly examined by the social entrepreneurs. Firstly, the most important attributes of the incubation process, coaching and

access to networks are identified and it is examined how these two activities foster the development of SEs. Secondly, it is deducted how relevant the participation in the program has been perceived by the entrepreneurs.

5.3.1 Networks

The SEs were asked about any assets that they had gained throughout the participation in the network of the incubator, in order to reconfirm findings in literature that suggest that social capital will lead to an increasement of capital (Nahapiet & Ghoshal, 1998), especially financial, human capital (Alvord et al., 2004; Baron & Markman, 2003; Hynes, 2009; Mair & Martí, 2006) advice, innovative ideas/capabilities and emotional support (Greve and Salaff, 2003; Nahapiet and Ghoshal, 1998). Contrary to literature, the network access provided by the incubator did not lead to gains in human or financial capital, however, contributed to receiving cost-saving *advice*, i.e. for Chris who would have had to implement a more costly solution if he hadn't received feedback from the community on his question. Another interviewee emphasized on the quick and efficient process of receiving answers through the online community *(Sarah)*. Whereas some SEs do gather valuable knowledge from the community, it is seen critically by others. Interviewees stated that either they don't have time to look at it *(Chris, Tanya)* or that it is too broad *(Anthony, John)*.

One interviewee mentioned that the expert talks – skype calls organized if there is a reoccurring question within the online community - were beneficial, if the topic of discussion matched a current internal issue such as exemplified by *Anthony* who had a HR management practice related question which was clearly answered throughout one of the expert talks. This confirms literature, as training sessions on relevant topics may positively impact enterprises' development (Davidsson & Honig, 2003). However, the majority had never participated in such a call as the topics discussed mostly did not any issues currently occurring within their organization.

It can be said that, although the network access did not lead to gains in human or financial capital, the network provided does help some with their business development by offering access to knowledge that would otherwise take a long time to be acquired or would need to be substituted by a costly alternative. Thus, the network provided does help overcoming SEs *resource scarcity* (Bruneel et al., 2012). Furthermore, as summarized by *Brian*, being part of an online community enhances the feelings of inclusion through being connected to people that

share the same value. This reflects literature which states that incubator networks share common values and support in overcoming isolation during start-up (Greve & Salaff, 2003; Lee & Jones, 2008; Tötterman & Sten, 2005).

Although there are some positive outcomes related to the participation in expert calls and online community, it becomes evident that there are limitations regarding the network that the incubator is able to provide. Due to its digital approach, physical meetings in order to encourage exchange between the incubatees are occasionally organized, however are not part of the incubator's regular activities. Regarding the internal network that the incubator could provide, referring to exchange between incubatees (Bøllingtoft & Ulhøi, 2005), various interviewees mentioned that regular physical meetings would contribute to exchange. One interviewee stated that the incubator's ability to provide her a network does not work, because he is located far away from where exchange could take place:

I think if I would be living in Berlin, he would be inviting me to events, and to friends and all the founders on a regular basis (Chris)

Regarding external networks, referring to linking incubatees to potential partners, customers and other stakeholders (Bøllingtoft & Ulhøi, 2005), one interviewee stated

Tim from Project Together tried to connect us with one of his contacts, an institute for feminist foreign policies, It's actually quite interesting because even though he tried to connect us. We never received an answer (Anthony).

It can thus be deducted that contacts are not established reliably. Here, Porter's location paradigm can be applied which refers to digitalization making face-to-face interactions less required, whereas, at the same time, the location that a company choses for its business is still of upmost strategic importance (Porter, 2000). Similarly, although the digital era connects people more than ever before, geographical distance and face-to-face interaction between incubatees emerge as important factors in establishing beneficial networks. Applying this to the digital incubation approach, it can be deducted that, although the digital approach is more scalable from an incubator's point of view, implementing offline activities might increase the value for SEs.

5.3.2 Coaching

Throughout the incubation process, all participants mentioned that the coaching contributed most to the SEs development. Thus, this chapter serves to put emphasis on the most important aspects of the coaching process as well as how specifically it influenced the SEs.

The coaching aspect of incubation was mentioned as the critical factor in the founding phase of the organizations as founders stated they needed a feeling of inclusion and inspiration. SE coaching does not necessarily require counselors that have a thorough knowledge on SEs, as the founders stated that they found the different backgrounds of their coaches *inspirational*. Instead of having SE specific knowledge, the participants emphasized more on the importance of counselling skills, especially the ability to ask *critical questions*, show *empathy*, and being *time-dedicated*. The participants appreciated a person who on the one hand listened to them and on the other hand challenged them constantly with difficult questions.

SEs also reported concerns about the quality of coaching, mentioning that they could not imagine that all coaches maintained a high standard. This emphasized that incubators should include a defined process of ensuring a consistent approach of coach training and matching coaches with the correct entrepreneurs.

All interviewees stated that throughout the participation in the coaching, they were able to develop personally. Confidence-building was mentioned as the central aspect resulting from the incubation process. This finding supports literature, which states that strong social relationships can have an impact on a social entrepreneur's confidence (Dimov, 2010; Doyle & Ho, 2010). Although literature states that entrepreneurs are found to have a higher degree of self-confidence, than non-entrepreneurs (Nga & Shamuganathan, 2010), a low level of self-confidence before entering incubation is a reappearing topic for the social entrepreneurs.

One reason for the insecurity, stated by the participants, could lie in the fact that the social entrepreneurship market in German is marked by a high level of in transparency when it comes to financing possibilities as well as a low level of support services (BMWi, 2016; Bertelsmann Stiftung, 2016). It can thus be stated that the institutional complexity for social entrepreneurship in Germany is respectively high and, as also reflected in literature, institutional complexity is an important determinant for a social entrepreneur's confidence (Muñoz & Kibler, 2016).

Furthermore, whereas it is fairly easy to foresee profit goals for a commercial startup, anticipating the actual social impact that will be created is hard (Ebrahim & Rangan, 2014). This has also been confirmed by the incubator who said that founders usually *struggle out of*

insecurity over the outcome of what they are doing. The lack of confidence might thus be further influenced by the insecure environment in which the social entrepreneurs are operating. Furthermore, the low level of experience related to the young age of the founders which were all under the age of 28 also influences that these may not have fully developed self-confidence as part of their personality.

According to their statements, the participation in the incubator's program has given the participants reassurance over that what they are doing is right. Thus, one interviewee stated that he learned to *believe in myself* (Chris), whereas another stated that the incubation encouraged her to try different aspects of her business and that she doesn't *have to be afraid to try it (Sarah).* This was achieved through the provision of an environment where the incubatees felt that they were   not   alone.

Next to the specific outcome of confidence-building, the participants were able to develop further competences such as the *prioritizing* and *structuring of tasks, staying focused, big-picture thinking, persistency, communication skills, becoming independent and applying a broadened horizon.* These skills are important, because independent on the network of the entrepreneur, it is the entrepreneur's social skills which actually determine the success rate in usage of the entrepreneur's social capital (Baron & Markman, 2003). This was also confirmed by the participants who stated that *to deal with different people and being able to talk to strangers really helps to extend your network (Sarah).* This is also emphasized by *John* who says that he needed to *learn how to communicate with people in order for a collaboration to be beneficial.* Thus, it can be said that the personal development of participants emerges as the central outcome of the incubation program. It sets the basis to better communicate with stakeholders, such as investors and therefore indirectly influences overcoming the challenge of funding. An overview over the identified skills can be found in Appendix 5.

In addition to the influence on personal development, interviewees also stated the influence on the development of business that the coaching had. Thus, there was a high level of agreement among the fact that interviewees found it difficult to move on from their initial idea to creating a final product. For example, *Anthony* stated that although he had experience with product development, he never created a product from scratch. Furthermore, the difficulty of making products more *user-friendly (Chris)* and getting *a professional external view on the product (Sarah)* was noted. Thereby, the defined milestones throughout the coaching period, helped

entrepreneurs not to push away tasks, that they consider to be as too difficult, such as *writing the financial plan (Sarah).*

Furthermore, the coaches are constantly serving as critical persons to *question the planned product or service* as well as *helping to define measures on how to test the ideas.* Thereby, the analysis of the outcomes achieved through coaching reflect literature which states that coaching may avoid a process of trial and error contributing to faster and better decisions taken by the entrepreneurs (Bruneel et al., 2012). Figure 3 illustrates the exact attributes of the coaching process which have been identified.
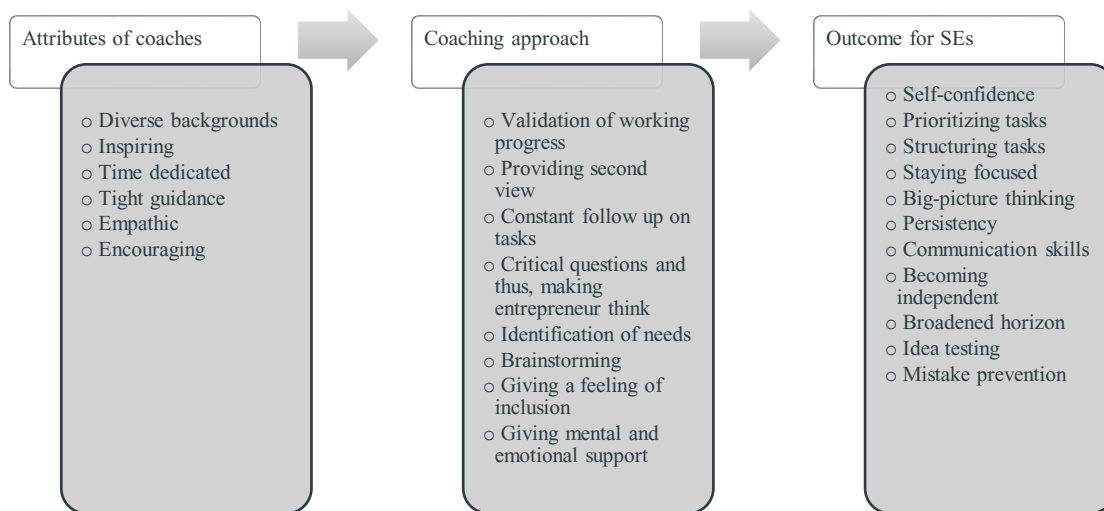
Attributes of coaches	Coaching approach	Outcome for SEs
o Diverse backgrounds o Inspiring o Time dedicated o Tight guidance o Empathic o Encouraging	o Validation of working progress o Providing second view o Constant follow up on tasks o Critical questions and thus, making entrepreneur think o Identification of needs o Brainstorming o Giving a feeling of inclusion o Giving mental and emotional support	o Self-confidence o Prioritizing tasks o Structuring tasks o Staying focused o Big-picture thinking o Persistency o Communication skills o Becoming independent o Broadened horizon o Idea testing o Mistake prevention

Figure 3: Coaching process and outcomes (source: author)

It can thus be concluded that the increased speed of development resulting out of the participation in the incubation program, can be traced back to the ability of the coaches to not only encourage entrepreneurs and strengthen their personal skills but actively working towards set goals regarding their business development.

5.3.3 Relevance

A further remarkable finding is the importance that SEs give the incubation when it comes to the development of their organization. The findings, highlighting the number of entrepreneurs, are summarized in table 6.

Wouldn't exist without incubator:	Incubator sped up the development:	Incubator did not speed up development, solely helped in a few pain points:
2	3	2

Table 6: Number of enterprises indicating importance of incubation (source: author)

It becomes evident, that for five out of seven SEs, the participation in an incubator's program is not essential to their development, however important, to some extent. When interviewees were asked about why it was not essential to their development, *Brian* said that the incubator only had a supportive role and that he sometimes needed to outweigh whether the time spent with the incubator was worth the outcome. It can be concluded that for social entrepreneurs, incubation is not necessarily the single solution of setting up their business. Furthermore, *Tanya* said that, she would have done the same steps nevertheless and that the incubator *was somewhat important being one aspect of many to improve our network and get access to knowledge.*

Looking at the reasons why, it becomes evident that the social entrepreneurs have a strong intrinsic motivation for the social cause (Carsrud & Brännback, 2011). Thereby, the study shows that the entrepreneurs are grateful for any support that has been received through the incubator, but are convinced that their success depends on them as a person and not any external party. One interviewee stated that even if he had failed the first time, he would still have continued working on the development of the idea *(Chris)*. This is also emphasized by the *incubator* who explained the difference between commercial and social entrepreneurs:

A for-profit founder is much more likely to stop if the idea does not work then a non-profit founder. This is because the interest is another one. It is not about making maximum profit, but it's about creating something that is close to those people's hearts. So, they are much more resilient when it comes to challenges. They are much more inventive when it comes to business models.

These aspects lead to believe in a strong degree of resilience of the founders as resilience helps to "*face an uncertain future with a positive attitude*" (Ayala & Manzano, 2014). In addition, this confirms literature which states that social entrepreneurs proof to have more innovative approaches to challenges than commercial entrepreneurs (Shaw & Carter, 2007).

A further finding is that the social incubator rather focusses on developing the entrepreneur's skills, and consequently equip them with the right mindset and tools in order to work on their business. The social incubator's approach distinguishes itself from commercial incubation in that it *does not pressure into becoming bigger, maybe even faster than you could actually handle it (Sarah).*

Furthermore, when asked about how they initiated their program with the incubator, none of the interviewees answered that they had actively sought an incubation program. Rather, they became aware of the existence of social incubation programs by coincidence. This fact emphasizes the importance of social incubation programs to become more visible in the market as well as to better advertise and position its services. It also proves evidence that the social entrepreneurship market in Germany is lacking transparency, as also claimed by various studies (Bertelsmann Stiftung 2016; BMWi, 2016; Olenga Tete, Wunsch & Menke, 2018).

When asked about how the SEs perceive incubation in general, the following terms emerged: *sharing values, business growth, personal development, market credibility, access to networks, challenging the idea* and *exchanging knowledge* (see also Appendix 4). It becomes evident that founders do not share the classical perception of incubation, which includes offering infrastructure and shared services (Bruneel et al., 2012; Hackett & Dilts, 2004; Schwartz, 2013). However, they reflect more on the intangible assets of the business incubation.

5.4 Social Incubation Framework

As a result of this study, a framework has been developed which reflects how the social incubation approach is influencing SEs. Thereby, the activities of the incubator do not directly touch the challenges of the SEs, however, the knowledge gained improves the development of the business as well as personal development which can in turn affect access to funding possibilities and human resources.

The incubator serves as an enabler providing two key services to SEs: *coaching* and *networks*. Regarding the aspect of *coaching*, it entails that coaches need to come from *diverse backgrounds*, be *time-dedicated*, provide *tight guidance* and be *empathetic*. Further, the coaching approach should include the following aspects: *Validation of working progress, providing "outside" view, constant follow up on tasks, asking critical questions, identification of needs, brainstorming, providing mental and emotional support.*

Coaching directly influences two aspects which are *personal development* and *business development*.

Personal development is influenced in various aspects such as: *self-confidence, prioritizing tasks, structuring tasks, staying focused, big-picture thinking, persistency, communication skills, becoming independent, broadened horizon.*

Business development is influenced as coaches develop directly implementable measures with entrepreneurs which serve to *test their ideas* and increase the *speed of development*.

Furthermore, *personal development* of SE founders can have a positive impact on *leadership skills* and does thus *indirectly* influence the aspect of *HR Management*. The enhancement of *communication skills* within the entrepreneur's *personal development*, also *indirectly* enhances access to *funding*, as entrepreneurs are better prepared to present and defend their organization.

The *network* provided by the incubator is divided in two groups: *online* and *offline*. Both aspects emerge in serving SEs needs, however, in different ways. Regarding the *digital* approach, it is crucial to provide access to an *online community* (i.e. Facebook group), which serves to receive *ad-hoc answers* – related to *Legal, Marketing, Finance, Business Model.* In order to ensure an appropriate dynamic in terms of finding the right answers to questions efficiently, the community needs to include Experts coming from *diverse fields*, in other words, persons, that voluntarily share their knowledge. The community lives off the *commitment* of entrepreneurs and experts to share expertise. If there are questions that are asked frequently, a resulting activity of the online community are so-called *Expert Talks* organized by the incubator.

Networks directly influence *business development* of the organization by providing quick answers to business-related questions. Indirectly, an online community provides a feeling of *inclusion* and supports the *confidence building* within young entrepreneurs and consequently influences *personal development.* The framework is summarized in Figure 4.
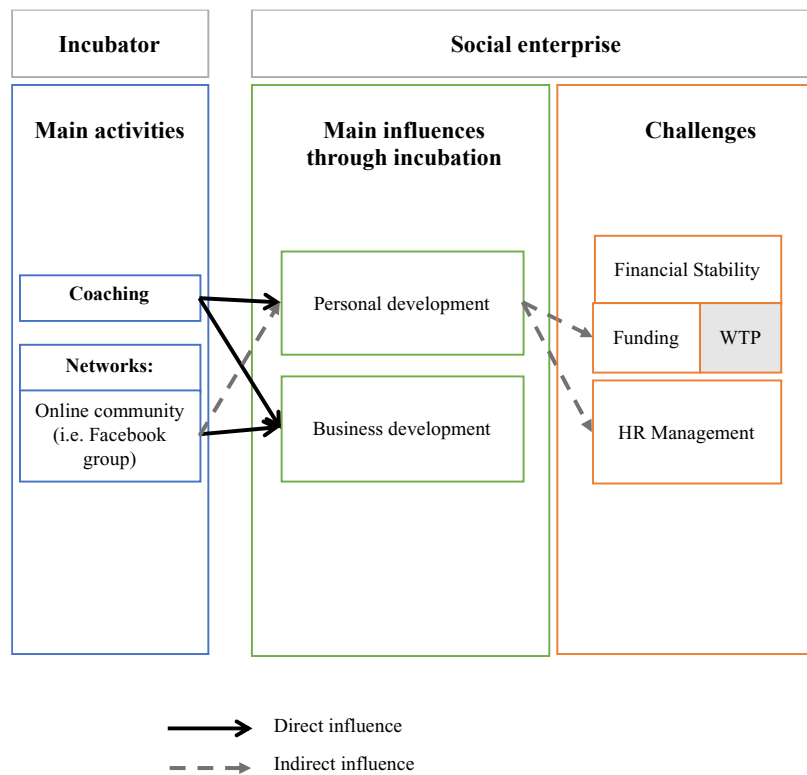
Figure 4: Social Incubation Framework (source: author)

In addition to the digital social incubation approach, the study has revealed that entrepreneurs could benefit more regarding their *challenges*, if *offline events* (face-2-face networking events) were not only organized on an occasional basis but included as a regular activity in the incubator's portfolio. Meetings should be held *regularly,* and similarly to the set-up of the online community include *founders of social organization*s, meaning member of the incubator as well as persons that are *external* to the incubatees and incubator. Regarding external persons to take part in the events, it is crucial to ensure *diversity* in order to increase the chances of a beneficial outcome for the entrepreneurs. The network meetings should be held at *rotating locations* in order to ensure the participation for different founders and overcome geographical distance that entrepreneurs see as a barrier to participate.

As shown in Figure 5, offline events can *directly* influence *access to funding*, and overcoming *HR Management* challenges. Similarly, as with online communities, they could have an *indirect* impact on the *lack of confidence* by providing a sense of *inclusion*. Thus, the framework (Figure 5), can be enhanced by the aspect of *offline events*.

Incubator

Social enterprise

Main activities

Main influences through incubation

Challenges

Coaching

Personal development

Financial Stability

Networks:

Funding | WTP

Online community (i.e. Facebook group)

Business development

HR Management

Offline events (i.e. networking events)

→ Direct influence
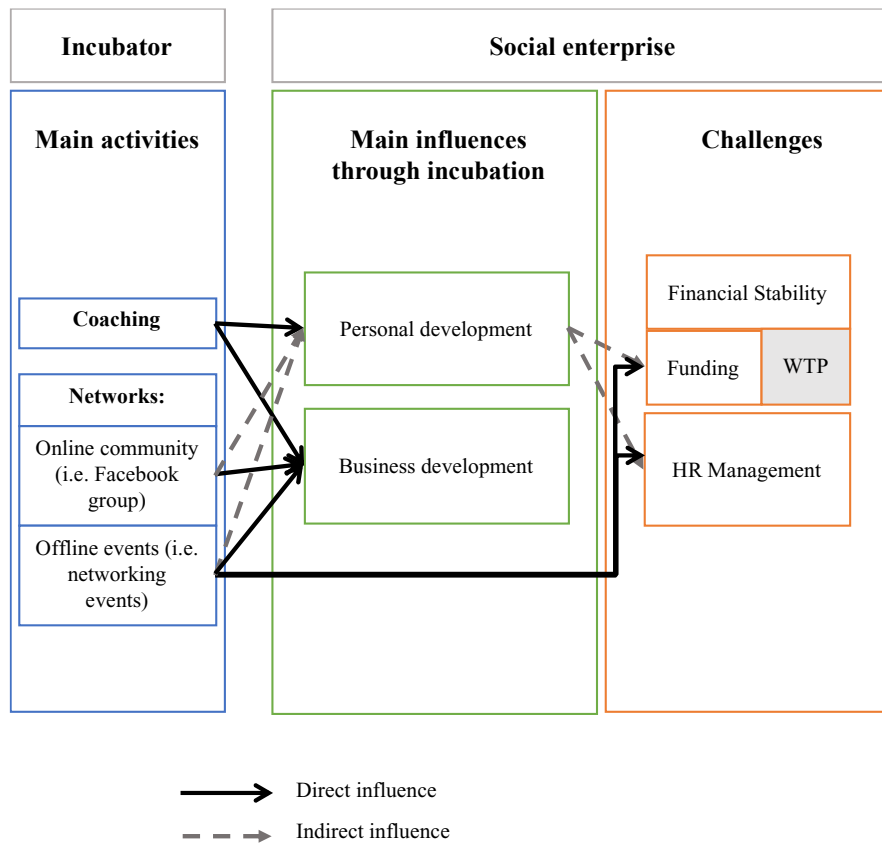
- - → Indirect influence

Figure 5: Enhanced Social Incubation Framework (source: author)

CHAPTER 6: CONCLUSIONS AND LIMITATIONS

The final chapter of this study will exhibit the conclusion including the answers to research questions as well as academic and managerial implications. Furthermore, the limitations of the study as well as recommendation for future research will be highlighted.

6.1 Conclusions

The goal of this study was to understand the role of incubators in the development of SEs. In order to do so, this study served to find answers to the following research questions:

- *RQ1: Which challenges are faced by social entrepreneurs in developing their organizations?*
- *RQ2: How is the incubation process perceived by social entrepreneurs?*
- *RQ3: Which resources do social enterprises gain throughout the participation in a social incubation program?*

A qualitative research was conducted, following an exploratory approach in order to examine the incubator's activities and their influence on the SEs. In order to answer the research questions, founders of SEs which all had previously participated in the same incubation program as well as the incubator itself have been selected as interview partners. Although it had previously been shown that social capital in form of incubators positively influences the development of enterprises (Mas-Verdú et al., 2015; Peña, 2004; Schwartz, 2013), their influence on SEs has not yet been thoroughly examined. Thus, this study contributes to literature in that it provides further analysis on the field of SE incubation.

In what concerns RQ1, it can be concluded that the two main challenges of SEs lie in HR-Management as well as maintaining Financial Stability. Thereby, there is a particular challenge in hiring and retaining employees as well as applying adequate leadership skills. Regarding Financial Stability, the WTP of customers is the major obstacle in ensuring long-term financial stability for SEs. Furthermore, this study revealed the complexity and lack of transparency of the social entrepreneurship market in Germany. Due to the low political acceptance of social entrepreneurship, SEs are exposed to a low willingness to pay by customers.

Regarding RQ2, it can be said that coaching and networks are perceived as the central activities of the incubation process whereby offline-networking activities are highly valued. Furthermore, incubation is not the crucial aspect contributing to their development. Thereby, the study shows that the entrepreneurs value support that has been received through the incubator, but are convinced that their success depends on them as a person and not any external party. It is also related to the fact that the participation in an incubation program does not directly help SEs to tackle their most pressing challenges.

Answering RQ3, SEs gain value from participation in an incubation program, because it contributes to both personal and business development. Thereby, the development of self-confidence emerged as the essential outcome from the incubation program. Furthermore, the incubation program speeds up the development of the enterprises through provision of a platform to access ad-hoc knowledge and through idea testing of the entrepreneurs. Connecting this to the incubator's activities, it can be said that, a tight coaching scheme has the most powerful influence on the development of personal skills as well as business development. The access to networks has a direct influence on business development, which however, was reported less frequently and can therefore be considered as less powerful.

Concludingly, it can be said that incubators are important for SEs in that they provide them with an environment in which the entrepreneurs can develop their self-confidence, and other personal skills such as prioritizing and presentation skills, as well as challenging their business idea. However, they only indirectly help SEs overcome currently faced challenges, increasing the likelihood for social entrepreneurs to access funding and improve HR management practices.

6.2 Academic and managerial implications

SEs mainly deduct value from incubation by being given the tools needed in order to develop their skills, such as building confidence and communication skills. These in turn, indirectly help them overcome their challenges, such as being able to convince investors, or improving their leadership style towards employees. Thus, this study adds to literature in that it confirms that social capital is important in receiving *resources* (Nahapiet & Ghoshal, 1998, p. 243), however not purely in the form of *financial and human capital* (Burt, 1992, p. 9), but in the form of social skills.

This study also discovered that the key activities of social incubation should be centered around coaching and networks. The developed framework for social incubation thereby reconfirms Bruneel et al.'s (2012) incubation framework (Chapter 2.2.2) in that it also includes the two major aspects of coaching and network access. Contrary to previous literature (Bruneel et al., 2012; Somsuk & Laosirihongthong, 2014) however, the provision of infrastructure such as office space is not an important factor in incubation. Furthermore, the framework is extended by the influences the aspects of incubation have on SEs and how these in turn influence overcoming current challenges faced.

A further surprising finding of this study is that self-confidence emerged as one of the most important outcomes out of incubation for SEs. In addition to previous literature on incubation which showed incubation contribution to commercial enterprises on firm performance (Peña, 2004), firm survival (Mas-Verdú et al., 2015) or innovation activity (Colombo & Delmastro, 2002), this study contributes to literature in that it shows that the incubation process strengthens social entrepreneurs' self-confidence.

From a managerial point of view, the emergence of the importance of self-confidence out of the incubation process for social entrepreneurs emphasizes that social incubators should actively use their offer in order to develop that skill in social entrepreneurs. Thereby, incubators should ensure a consistent quality of coaching. Furthermore, incubators should actively advertise their offer, as social entrepreneur's awareness about incubation possibilities is low. Lastly, regular face-to-face networking events are seen as highly valuable and could contribute to a more effective incubation design.

6.3 Limitations and implications for future research

This master thesis is limited to some extent. As the study method implemented was exploratory, the results of this particular study cannot easily be generalized (Bendassolli, 2013). Generalization is limited by the fact that views on incubation by SEs are based on the experience with one incubator and one incubation program only. Furthermore, the digital approach of the incubator is very novel, and might thus not be applicable to all social incubators.

Therefore, this study can be replicated, analyzing various social incubators and their incubatees in order to validate the differences of influence on SEs amongst different types of incubators, i.e. those that also offer access to physical facilities.

In addition, the interviewees who all represent the target group of the incubator are very young (< 28 years) entrepreneurs. Thus, it cannot be excluded that the age and connected level of experience play a role and thus lead to a potential bias in how challenges and incubation, especially the lack of self-confidence, are perceived. For further validation, the findings need to be confirmed by firstly analyzing a broader sample.

Furthermore, this study focusses on SEs in Germany and thus it is not able to determine whether the framework for social incubation is also applicable to other countries. Consequently, this study can be the basis for studying the phenomena of social incubation in other countries to confirm or disconfirm the findings among other markets.

Although the unit of analysis are founders of SEs, and striking findings regarding their needs could be identified, it cannot be deducted with certitude that the findings exclusively apply to social entrepreneurs and not to commercial entrepreneurs. The lack of comparative literature between these two groups hinders the confirmation of the data analyzed and consequently future research should focus on comparing characteristics of social and commercial entrepreneurs in order to provide a more thorough base for future research.

It cannot be said with certainty that including offline events held on a regular basis would result in a higher potential outcome for social enterprises. Thus, the influence on social enterprises by different incubation designs need to be further studied.

Lastly, the analysis and result interpretation in qualitative research is limited by the researcher's interpretation of the gathered data. Although necessary steps have been undertaken to avoid i.e. confirmation bias and question-order bias (Sarniak, 2015) it cannot be excluded that a re-evaluation of the data by other researchers would result in different interpretation.

APPENDICES

Appendix 1: Social incubation in Germany

	Mission	Activities	Figures	Direct financial support to incubatees?	Legal Form	Global organisation?	Website
Social Impact Hub	"Supporting Social Start-Ups, which solve societal challenges through entrepreneurial ideas"	- Agency for social Innovations - Developing products and services for more then 20 years for securing sustainability and social compensation - Experts for start-up consultancy - More than thousand companies have been supported - Social Impact Labs in 10 German cities offering co-working, space for exchange and networking, coaching and qualification programs, mentoring and access to finance for free - Scholarship programs which include up to 8 months of room for Coworking, Workshops, Consultancy, Coaching, Networking & Events	- More than 500 Teams supported - 270 Social Start-ups created, more than 1300 jobs created - Only 30 teams have ceased their activity - More than 1.8 Mio. EUR were mobilised in 70 Crowdfunding campaigns (as of 2019)	No	Social Impact gGmbH (non-profit limited liability company)	No	https://socialimpact.eu
Project Together	„As Germany's leading digital incubator we develop solutions for societal challenges. We support startups, initiatives and associations with the goal of creating social impact with entrepreneurial methods"	- Coaching (including a 6 months mentorship via Skype) - Community: facebook community with potential founders and experts answering all related questions - Occasional workshops/expert talks	- More than 700 entrepreneurs supported - 490 mentors - Projects currently incubated: 150-200	No	ProjectTogether gUG (non-profit limited liability entrepreneurial company)	No	https://www.projecttogether.org
Ashoka	"Ashoka builds and cultivates a community of change leaders who see that the world now requires everyone to be a changemaker. Together, we collaborate to transform institutions and cultures worldwide so they support changemaking for the good of society."	- Global platform for change makers - Ashoka fellowship (long live support in the development of the social idea via mentoring and networks, as well as up to 3 years of scholarships) - Various other activities that aim at connecting the fellows (i.e. Ashoka support network, Coaches)	- Global network of 3500 fellows, representatives of 250 educational institutions, 300 partners in more than 90 countries (as of 2019)	Yes	Ashoka Deutschland GmbH (limited liability company)	Yes	https://www.ashoka.org/de-DE

Social Entrepreneurship Akademie (SEA)	"Central point of contact for all those who connect entrepreneurial activity with societal thinking we support the nascent social entrepreneurs in the realization and implementation of their ideas"	- Offering different programs for encouraging social entrepreneurs (accelerate, incubate, summer schools, awarding prize money, ect.) - 10 different modules for social entrepreneurs with different needs (i.e. development stage, time available, ect.) - Including: Workshops, Mentoring. Scholarships, online material	- 169 participants - 21% founded a	Yes	Strascheg Center for Entrepreneurship gGmbH (non-profit limited liability company)	No	https://seakademie.org
Impact Hub	"We are the catalyst for social innovation – we are a community, a consultancy and a creative space. As part of the biggest global network for social innovation we inspire, connect and enable our local community of changemakers to develop their ideas for a more sustainable world.	- Three areas: Consultancy, Community, Creative space - Consultancy: access to training and support, workspaces, lectures, training workshops, community networking events and incubation programs - develop research to new trends in social impact area - Community: membership options in order to work at the impact hub (i.e. receive mail, private locker) - Creative space: booking spaces for specific events (i.e. hackathons, team events)	- Worldwide: more than 16000 members - 67% founded own venture - +100 locations - +50 countries	Yes	Impact Hub Berlin GmbH (limited liability company)	Yes	https://berlin.impacthub.net
Social Innovation Community (SIC)	Our aim is to: 1) help deepen the knowledge and capacity of the networks to act and grow, and 2) support public decision-makers and other stakeholders to work with social innovators more effectively in solving public challenges.	- SIC is a Horizon 2020 Programme funded project, and run by a consortium of 12 leading organisations across Europe. SIC will run from February 2016- 2019 - Summer schools - Master classes - Short Mentoring Programs (i.e. 3 weeks) - Creating awareness of local social innovation policy and shaping it	- Over 350 representatives from over 19 EU countries have played a role in co-producing a vision and 10 policy ideas - SIC has hosted 5 Summer Schools across Europe with more than 100 people participating	No	Project by the European Union	Yes	https://www.siceurope.eu

Appendix 2: Overview over interview participants

Participant	Function	Age	SE description	Mission	Legal Form	Sector	Number of employees	Financed through	Year of foundation	Date of Interview
Emma	Project Management, Business Development	23	Creating fashion that mixes western and oriental styles by employing refugees	Creating a welcoming culture for refugees in Germany that makes everyone feel at home.	GbR (civil law company)	Fashion retail	4 full-time, 2 part-time, several volunteers	Founder's investment, crowdfunding, sales revenue	2016	03.04.2019
Anthony	Founder, Product development	27	Educate about the topic of gender equality by offering an application.	Every list is missing the kick-ass app for female empowerment and we are here to put our app on the top of the list of apps every person, not just women, should own!	GmbH (limited liability company)	Mobile apps	2 full-time, 2 part-time	FFF, grant from German Federal Ministry of Economic Affairs	2018	05.04.2019
Brian	Founder, Sales Operations	24	Improving driver's behaviours by rewarding it through a measument with an application.	We want to improve sustainable mobility, with data.	GbR (civil law company)	Logistics	3 full-time	Government grants	2018	05.04.2019
Sarah	Founder,	26	Giving workshops on waste reduction	Supporting people on their way to a more sustainable lifestyle.	UG (entrepreneurial company)	Food industry	1 full-time, 2 interns	Sales revenues	2018	08.04.2019
Tanya	Founder	27	Giving workshops and providing an online platform on the topic of autism	Bringing together expertise and life experience regarding the topic of autism	gUG (non-profit entrepreneurial company)	Education, Health	3-fulltime, 1 intern	Funds, service offers to corporations and the professionals in the social medical field	2017	15.04.2019
John	Founder	22	Giving workshops in schools on how to prevent Mobbing	Every School in Germany should empower the children of today for a	e.V. (registered association)	Education, Social	40 members	Funds,	2017	22.04.2019

| Chris | Founder | 26 | An application through which you can meet likeminded people | Facilitate meaningful social contact among young adults. | BV (private limited liability company) | Tech, mental health, AI | 7 full-time | Crowdfunding, subsidy | 2018 | 26.04.2019 |
| Incubator | Chief Operational Officer | 27 | Digital social incubator providing an incubation program to any organization that aims at alleviating economic, societal or environmental issues. | We develop solutions for societal challenges. We support startups, initiatives and associations with the goal of creating social impact with entrepreneurial methods. | gUG (non-profit entrepreneurial company) | Social, education | 5 full-time | Foundation funding, collaborations with corporates | 2013 | 26.03.2019 |

Appendix 3: Interview guidelines

1. With Incubator

I want to thank you for taking the time to talk with me today. My name is Maggie Lubas and I would like to talk to you about how you perceive your role as an incubator in the development of s. There are no right or wrong answers.

The interview should take less than an hour. I will be recording the session because I don't want to miss any of your comments. Although I will be taking some notes during the session, I can't possibly write fast enough to get it all down. Because we're on tape, please be sure to speak up so that we don't miss your comments. So, are you fine if I record the session?

All responses will be kept confidential and are anonymous. Remember, you don't have to talk about anything you don't want to and you may end the interview at any time.

Are there any questions about what I have just explained? Are you willing to participate in this interview?

Part 1: Background

1. Please tell me a little bit about yourself and your organization.
    a. What is your professional experience?
    b. What are your main responsibilities?
    c. How old are you?
    d. What is the mission of your organization?
    e. What is Project Together's year of founding?
    f. How many employees do you have?
    g. How many organizations have you incubated?
    h. How is Project Together financed?
    i. How many organizations are currently part of your incubation program?
    j. How many mentors do you have?
    k. What is your organizational role?

Part 2: Perception of incubator's role and activities

2. How do you see Project Together's role in the development of the organizations?

3. Please walk me through the process that an organization is usually going through once it gets accepted by you.

4. Which activities does Project Together undertake?

5. Who are the members of your online community?

6. How do you "acquire" organizations?

7. How are mentors trained? What is the goal of the coaching?

8. Think about an organization that has been a participant in your program and is still growing today. To what extent do you think the participation has helped the organization in establishing its success?

9. Now think about an organization that is not existent anymore today, although it was once a participant in your program. What do you think went wrong?

Once again, I would like to thank you for giving me this opportunity to interview you. Is there anything else that may have come to mind during the interview that you would like to divulge now?

2. With Social Enterprise

I want to thank you for taking the time to meet with me today. My name is Maggie Lubas and I would like to talk to you about your experiences participating in Project Together. There are no right or wrong answers.

Specifically, I am trying to examine the role of incubators in the development of s. There will be four different blocks in the interview, first I'd like to talk about your organization, then about your perception of incubators, about your network and social competences.

The interview should take less than an hour. I will be recording the session because I don't want to miss any of your comments. Although I will be taking some notes during the session, I can't possibly write fast enough to get it all down. Because we're on tape, please be sure to speak up so that we don't miss your comments. So, are you fine if I record the session?

All responses will be kept confidential and are anonymous. Remember, you don't have to talk about anything you don't want to and you may end the interview at any time.

Are there any questions about what I have just explained? Are you willing to participate in this interview?

Part 1: Organization's background and challenges

1. What is your professional experience?
2. How did you become an entrepreneur?
3. How old are you?
4. What is your position within the organization?
5. What are your main responsibilities?
6. What is the mission of your organization?
7. What was the year of founding?
8. How many employees do you have?
9. How is your organization financed?
10. Why do you believe yourself to be a ?
11. What do you think are crucial aspects for your organization to grow/your idea to be developed?
12. What were your obstacles in the beginning?
13. What are your obstacles now?

Part 2: Perception of the incubator

14. When you think of incubators, what comes to your mind?
15. What do you think is the role of incubators for you?
16. How important is an incubator for you?
17. How did you find out about Project Together?
18. Why them and not another incubator?
19. Since when are you participating in the program?
20. Which factors led you to participate in Project Together?
21. How does your participation in Project Together look like?
22. What expectations do/did you have regarding your participation in this program?
23. How well were these fulfilled?
24. Which activities do you value the most in Project Together?
25. How does your participation in the program support the development of your organization?

- Follow up (depending on how question was answered: What have you learned? Which resources have you gained?

26. Please mention an example where Project Together has helped you.
27. If you could give an honest feedback to the incubator, what else do you wish for in the incubation program?
28. How would the optimal program look like for you?
29. Which other incubators are you a part of?

**Part 3: Perception of networks and social competences**

30. How does an ideal network look like for you?
31. Tell me about your network.
32. How do you use your network?
33. To which degree does your network help you to develop?
34. In which ways did you expand your network through the incubator?
35. What role does your own social competence play in developing your organization?
36. What are your efforts to build trust with stakeholders of your organization?


Closing questions

37. Imagine that you would not have joined the network of Project Together. Where would your organization stand now?
38. Please assign a percentage on how much the incubator is contributing to your success.

Once again, I would like to thank you for giving me this opportunity to interview you. Is there anything else that may have come to mind during the interview that you would like to divulge now?

Appendix 4: Perception of incubators by SEs
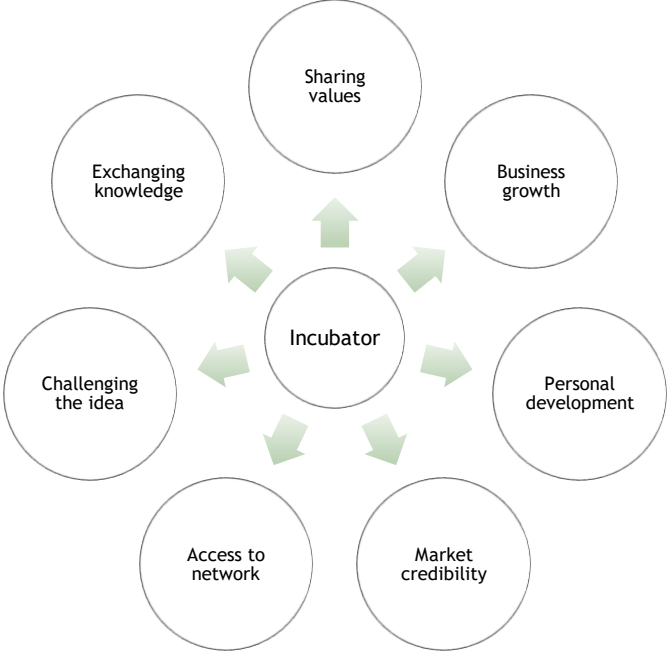
Appendix 5: Influence of incubation on personal development
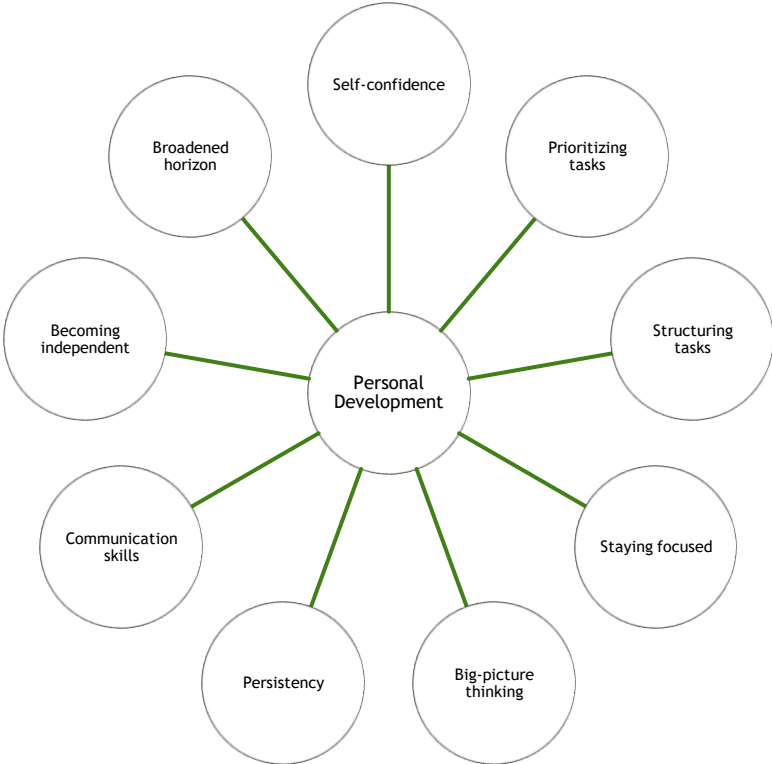
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