

Blurring the Boundaries: The Interplay of Gender and Local Communities in the Commercialization of Social Ventures

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Abstract. This paper examines the critical role of gender in the commercialization of social ventures. We argue that cultural beliefs about what is perceived to be appropriate work for each gender influence how founders of social ventures incorporate commercial activity into their ventures. Specifically, we argue and show that although cultural beliefs that disassociate women from commercial activity may result in female social venture founders being less likely to use commercial activity than their male counterparts, these effects are moderated by cultural beliefs about gender and commercial activity within founders' local communities. The presence of female business owners in the same community mitigates the role of founders' gender on the use of commercial activity. We examine these issues through a novel sample of 584 social ventures in the United States. We constructively replicate and extend these findings with a supplemental analysis of a second sample, the full population of new nonprofit organizations founded during a two-year period in the United States ($n = 31,160$). By highlighting how gendered aspects of both the social and commercial sectors interact to shape the use of commercial activity by social venture founders, our findings contribute to research on hybrid organizations in the social sector, communities as a context for the enactment of gender, and the enactment of gender in entrepreneurship.

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Keywords: social venture • gender • community • commercialization • cultural beliefs

Introduction

The U.S. social sector has, from its founding, distinguished itself from the commercial sector by its use of voluntary, noncommercial means to pursue its civic goals (de Tocqueville 2012). The last 30 years, however, have seen social sector organizations increasingly utilize commercial practices that earn revenue, thus blurring the traditional boundaries between the two (Powell et al. 2005, Smith and Lipsky 1993). This trend of commercialization follows declines in the charitable resource environment (Defourny and Nyssens 2006, Eikenberry and Kluver 2004, Kerlin 2006) and the importation of business practices by managerial professionals moving into the social sector (Hwang and Powell 2009, Skocpol 2003). Commercialization is evident not only in existing social sector organizations, but in the creation of new hybrid social ventures that pursue a social mission while engaging in commercial activity to sustain their operations. Such ventures blend aspects of the social and commercial sectors, resulting in hybrid organizational arrangements that combine aspects of typical businesses and nonprofits (Battilana and Lee 2014, Besharov and Smith 2014, Pache and Santos 2013).

Hybrid social ventures possess multiple, differing sets of goals and motivations associated with the social and commercial sectors. They consequently experience tensions between their social and commercial activities that complicate organizational functioning (Battilana et al. 2015). Traditionally, social welfare goals and a spirit of voluntarism have motivated the activity of social sector organizations (Frumkin 2002). By contrast, efficiency and the maximization of profits have primarily determined the activity of commercial sector organizations. Intriguingly, these sectoral distinctions parallel differences in cultural beliefs about the types of work considered to be appropriate for women and men. Gendered cultural beliefs associate women with personal qualities such as caring, selflessness, and communalism (Eagly and Steffen 1984), attributes that are consistent with the goals and motivations of the social sector. Men, on the other hand, are seen to be stereotypically competitive, risk taking, and agentic (Eagly and Karau 2002, Heilman et al. 1989, Lucas 2003), attributes consistent with the goals and motivations of the commercial sector. Hence, the norms that have traditionally guided the social and commercial sectors mirror cultural beliefs about appropriate behaviors for women and men, respectively.

Despite evidence of the prevalence in the social sector of gendered, feminine norms (McCarthy 2001, Themudo 2009) and the distinctive role therein of female professionals (Halpern 2006, Odendahl and O'Neill 1994), surprisingly little research has examined the relationship between gender and commercialization of the social sector. We shed light on this issue by examining the relationship between the gender of social entrepreneurs and their use of commercial activity at the time of a social venture's founding. Building on previous scholarship about how cultural beliefs about gender shape individual behavior (Ridgeway and Correll 2004), we theorize that female founders of social ventures will be less likely than male founders to use commercial activity in their social ventures because of prevailing cultural beliefs that associate commercial activity with men.

Drawing on a conception of gender as a multi-level construct whereby the effects of gendered cultural beliefs depend on the social relational context (Ely and Padavic 2007, Ridgeway and Correll 2004), we further argue that the enactment of cultural beliefs about what is appropriate behavior for women and men will differ according to the social relational context in which the social venture founder is embedded. We focus on geographic communities as an important social relational context for gender enactment in social venture founding, because they have been found to be important arenas of interaction for different types of organizations (Marquis and Battilana 2009), including commercial (Marquis and Lounsbury 2007), entrepreneurial (Saxenian 1996), and social sector organizations (Galaskiewicz et al. 2006). We propose that a key gendered characteristic of communities that may shape female social venture founders' use of commercial activity is the presence of female business owners, who are uniquely positioned to weaken cultural beliefs disassociating women from commercial activity because they are situated at the intersection of community and business (Brush 1992). We therefore hypothesize that a greater presence of female business owners within a geographic community will attenuate the influence of cultural beliefs on female social venture founders' use of commercial activity.

We empirically test our hypotheses using a novel data set of 584 nascent social ventures based in the United States in 2007 and 2008. Consistent with our hypotheses, we find that social ventures founded by women are less likely to engage in commercial activity, but that this effect is significantly diminished in geographic communities where there is a greater presence of female business owners. To complement and extend our main analysis, we conduct a constructive replication (Lykken 1968, Eden 2002) using the full population of 31,160 nonprofit organizations founded in the United States from 2001 through 2003 and find

results consistent with our hypotheses. This analysis of nonprofit entrepreneurship—a separate setting in which similar dynamics of commercialization and gender are present—offers further support for our theoretical arguments. Additional analyses of the survival of these nonprofit ventures further show that women-led nonprofits that use commercial activity experience a higher risk of failure in the first five years of their existence.

Our paper makes three main contributions. First, although emerging research examines the drivers of hybrid organizations that combine aspects of the social and commercial sectors (Battilana and Lee 2014), our study speaks to the critical but often overlooked role of gender in understanding this trend. Specifically, it illustrates how the hybridization of an organizational population can be associated with cultural beliefs about appropriate behaviors for women and men. We bring to the fore the intersection of gendered beliefs about commercial activity and gender representation in local business sectors to show how these jointly reinforce or disrupt cultural beliefs about gender and commercial activity. Our study thus illustrates a multilevel mechanism by which cultural beliefs about gender differences influence how organizational populations change, and identifies how situated gender enactments explain differences in participation in that change.

Second, building on conceptions of gender as a multi-level construct enacted in local contexts (Ely 1995, Ridgeway and Correll 2004), we show how cultural beliefs about gender differences shape entrepreneurial behavior within geographic communities. While communities play an increasingly important role in organization and management theory (Marquis 2003, Tilcsik and Marquis 2013), relatively little is known about their connection with gendered cultural beliefs. Emerging work hints at the role of geographic, community-based gender norms in shaping organizational founding (Thébaud 2015), survival (Kalnins and Williams 2014), and performance (Post and Byron 2015). Our work extends this line of inquiry by considering how community-level norms about the appropriateness of commercial activity for each gender may shape gendered behavior in organizations.

Last, research on gender and entrepreneurship has made major advances in identifying inequality in entrepreneurial behavior and the mechanisms by which it is sustained (Kacperczyk 2013, Renzulli et al. 2000, Yang and Aldrich 2014), but it has found mixed results about whether female and male entrepreneurs use different organizational activities in their ventures (Jennings and Brush 2013). Our theoretical framework, which proposes that the use of organizational activities depends on gendered cultural beliefs in local social relational contexts, may account for some of the mixed findings in the literature on gender and

entrepreneurship. Ultimately, our work offers a theoretical lens, as well as multiple empirical tests, through which to begin understanding how gender affects commercialization in the social sector.

Commercialization in the Social Sector

The social sector consists of private organizations that explicitly attempt to improve society and is distinct from both the public and business spheres (DiMaggio and Anheier 1990, Salamon and Anheier 1997). We follow previous research in defining social ventures as newly founded organizations in the social sector (Moss et al. 2011, Sharir and Lerner 2006). Social ventures pursue social missions addressing a variety of social problems (e.g., poverty alleviation, education), while sharing the feature that social benefit is core to their organizational identities (Grimes 2010, Moss et al. 2011) and strategic decision making (Austin et al. 2006, Dees 1998).

Social ventures have traditionally followed a charity model of organizing (Ott and Dicke 2001, Powell and Steinberg 2006) that draws on a constellation of resource providers who voluntarily commit resources to the charitable organization (Bryson 1988). The social sector is thus made up of charitable organizations and their founders, as well as sector-specific resource providers that include professionals, charitable foundations, and private donors (Frumkin 2002). The social sector and its organizing principles are further legitimated by formal regulatory structures that allow social sector organizations to self-elect as providing public benefit; for instance, “public charities” receive relief from taxation, with the limitation that leaders of the organization may not profit financially from their activity (Hansmann 1980). Such institutional constraints traditionally provide social sector organizations with a distinctive identity and ostensibly ensure the integrity of the social sector (Hall 2006).

An increasing number of social ventures, however, engage in commercial activity to financially sustain their operations, thereby diverging from the traditional charity model (Kerlin and Pollack 2011). Such hybrid social ventures engage in “enterprising” practices normally associated with businesses (Light 2008) and enter into existing commercial markets (Battilana et al. 2012, Foster and Bradach 2005, Young 2009). Commercialization may involve peripheral business activity, unrelated to the social venture’s mission, but commercial activity may also advance the social venture’s social mission (Dees 1998). For instance, organizations may train unemployed or underemployed individuals in a craft and sell their products to generate revenue that sustains the organization (Battilana et al. 2015). To create such ventures, however, entrepreneurs must overcome significant institutional boundaries, such as the existence of separate legal structures for nonprofit

and commercial organizations, as well as institutionalized, sector-specific financing structures (Battilana and Lee 2014, Dees 1998).

Recent research examines the particular organizational challenges and opportunities raised by the commercialization of social ventures. On the one hand, those social ventures that pursue a social mission through commercial activity are frequently cited as cases of organizational innovation that align with the founders’ personal values (Fauchart and Gruber 2011, Wry and York 2017) while also enabling institutional change (Jay 2013). On the other hand, they also face distinct organizational challenges, including resource allocation trade-offs between commercial activity and activity that directly advances their social missions, leading in some cases to organizational failure (Tracey et al. 2011). New social ventures also struggle to reconcile cultural differences among organization members, particularly their relative orientations toward the social and commercial activity of the organization (Almandoz 2014, Battilana and Dorado 2010).

Previous studies of commercialization in the social sector have emphasized both strategic and cultural perspectives. A frequently cited model advanced by Weisbrod (1998) argues that commercialization is the outcome of joint optimization of (i) the production of public goods that advance the social mission, (ii) private goods that advance the social mission, and (iii) revenue-generating activity that enables the later provision of private goods. The decision to commercialize, therefore, follows from environmental and technological differences that affect the opportunities and distribution structures associated with these options. Other studies have emphasized alternative explanations including the strategic benefit of managing risk related to uncertain charitable funding (Dees 1998), declining institutional boundaries between the social and business sectors (Townsend and Hart 2008), as well as increased cultural rationalization across all organizations (Bromley and Meyer 2015). We are unaware, however, of any research that has examined the role of cultural beliefs about gender differences in the use of commercial activity in the social sector.

A Multilevel View of Gender and Commercialization

Gender is a multilevel system of broadly held cultural beliefs regarding appropriate behavior for women and men that is enacted by individuals and is manifested in everyday interactions as well as in societal-level processes (Ridgeway and Smith-Lovin 1999, Martin and Ruble 2004). Cultural beliefs about gender are not unvarying, but rather are activated by social relational context (Ridgeway 2009). Social relational contexts are arenas in which individuals interact and

define themselves in relation to others, in ways that can reinforce or disrupt cultural beliefs about gender and thus affect behavior (Correll 2001, 2004; Ridgeway and Correll 2004; Ridgeway and Smith-Lovin 1999; Thébaud 2010).

Cultural beliefs about gender associate different levels of competence with women and men in the completion of specific tasks and activities (Cejka and Eagly 1999). Consequently, “occupations and activities, as well as people, have gender identities” (Kirkham and Loft 1993, p. 511). In other words, particular tasks and activities are gender-typed (Ashcraft 2013, Chan and Anteby 2016, Cohen and Bunker 1975). Considerable evidence suggests that commercial activity is predominantly male-typed. Prevailing images of successful businesspeople are predominantly male (Jennings and Brush 2013, Schein 2001), based on a “think manager-think male” schema (Schein 2001, p. 675; Sczesny 2003, p. 353). Such images associate men with traits and behaviors that suggest commercial success, such as competitiveness, agency, and self-interest, while perceiving women as other-interested, warm, caring and giving—characteristics aligned with charitable and noncommercial work. Although cultural beliefs about gender are being gradually redefined in many parts of the world, this prevailing schema still discourages women from undertaking commercial activity (England 2006, Haveman and Beresford 2012, Ridgeway 2011), notwithstanding increasing full-time employment among women (Cuddy et al. 2004, Hochschild and Machung 1989, Stone 2007).

Cultural beliefs that disassociate women from commercial activity may affect women’s participation in commercial activity through two mechanisms that are mutually reinforcing. First, cultural beliefs about gender can lead to self-evaluation and self-stereotyping—i.e., under certain conditions, women themselves adopt prevailing schema and therefore view themselves as incapable of or aversive to commercial activity, and consequently favor noncommercial work that is more aligned with cultural beliefs about gender and work (Atwater et al. 2004, Marini and Brinton 1984). Second, such beliefs can lead others to evaluate negatively women who engage in commercial activity. Research suggests that gendered cultural beliefs lead to social backlash (and consequently penalties) against agentic women or women who undertake masculine-typed activity (Rudman and Phelan 2008). Thus, the influence of cultural beliefs on women, and on those who evaluate them, leads women away from commercial activity relative to men.

Cultural beliefs about gender manifest in many aspects of entrepreneurship, such as lower aspirations and expectations for the commercial success of female entrepreneurs’ ventures (Buttner and Rosen 1992, Marlow and Patton 2005, Thébaud 2010). While little is

known regarding women entrepreneurs’ use of commercial activity in social ventures, evidence does show other effects of gendered cultural beliefs, including a persistently lower likelihood to found a commercial business (Ding et al. 2013, Kalleberg and Leicht 1991, Ruef et al. 2003), lesser access to resources (Greene et al. 2001, Renzulli et al. 2000), and increased experiences of discrimination (Brooks et al. 2014, de Bruin et al. 2007, Kaplan and Vanderbrug 2014, Thébaud and Sharkey 2016). Moreover, studies show that even when women found businesses, these are shaped by cultural beliefs related to gender. For instance, they are more likely to start companies in care- and service-based industries, such as retail and personal services, which are associated with feminine gender norms, and less likely to start companies in more explicitly commercial industries, such as finance, which are associated with masculine gender norms (Robb and Watson 2012).

The use of commercial activity by social venture founders, however, remains an open and complex question because the social sector is more strongly female-typed compared to the sectors studied and described above. Indeed, much work in organizational behavior on women engaging in stereotypically masculine tasks and activities arises from the emphasis of previous research on women in male-dominated professions (Billing 2011, Blair-Loy 1999, Ely 1995, Kanter 1977, Reskin and Roos 1990). However, little work on organizational behavior and gender has examined women’s engagement in stereotypically masculine activities in female-typed occupations and sectors. Interestingly, Rudman and Glick (2001) found in a lab setting that women seeking feminine occupations faced greater backlash when they engaged in agentic behavior because it was seen as a greater violation of gender norms. By contrast, women seeking masculine occupations faced pressure to engage in agentic behavior so that their qualifications would not be disregarded even though they may receive some penalty for being less likeable.

Building on this idea, we argue that in the social sector, cultural beliefs about the appropriateness of engaging in commercial activity for women are likely to be amplified for at least two reasons. First, cultural beliefs about gender are considered socially valid when individuals observe those around them acting in accordance with those cultural beliefs (Ridgeway and Correll 2006, Ridgeway et al. 2009). Since the social sector is predominantly female and also predominantly operates under the traditional charity model, it provides social validation of the appropriateness of charitable activity for women, while also socially validating the inappropriateness of commercial activity for women. This pronounced social validation of gendered cultural beliefs about commercialization in the social sector is likely to amplify the impact of the beliefs on

founders' actions. Second, because the traditional charity model is female-typed, women who engage in charitable activities are likely to be seen as more competent in those activities, and consequently less likely to face backlash than those engaged in commercial activity. As a result, female social venture founders may be more likely to identify with, and defend, the charity model than men (Fantasia and Hirsch 1995, Kellogg 2009).

We therefore expect to find a significant effect of gender on the use of commercial activity, i.e., that female founders are less likely to incorporate commercial activity in their ventures. While this effect is consistent with women avoiding commercial activity for fear of backlash (Rudman and Phelan 2008) and harsher self-assessments (Thébaud 2010) in male-dominated settings, this effect may be amplified in the social sector, where commercial activities engaged in by women will be viewed as particularly misaligned with socially validated views of women's work. Given the effects of cultural beliefs about gender and commercial activity, as well as the compounding effect of operating in a feminine sector, we expect female social entrepreneurs to be less likely to use commercial activity. We therefore hypothesize the following:

Hypothesis 1. *Female social venture founders are less likely to incorporate commercial activity in their social ventures than male social venture founders.*

Gender and Commercial Activity in Local Communities: Female Business Owners

Although cultural beliefs about gender are pervasive, their enactment varies depending on different social relational contexts (Ely and Padavic 2007, Martin 2000, Ridgeway 2011, West and Zimmerman 1987). A particularly salient social relational context for social venture founders is likely to be the local geographic community in which organizations and individuals from the social and commercial sectors interact (Galaskiewicz and Burt 1991) and which fundamentally shapes new ventures (Piore and Sabel 1984, Saxenian 1996). Social ventures in particular are likely to be embedded in their local communities because of close relationships with beneficiaries, who are often local (Grønberg and Paarlberg 2001, Skocpol 2003), and through their contributions to locally shared public goods in which community members have an interest (Molotch 1976, Putnam 2000). In addition, social ventures engage in extensive and repeated interactions with business and government organizations in their local communities to gain resources that are critical to their survival (Galaskiewicz et al. 2006, Pfeffer 1973, Walker and McCarthy 2010).

Because local communities are important places where the social and business sectors interact, it is important to examine the enactment of gendered cultural beliefs regarding commercial activity within local

communities. One specific characteristic of communities that may shape gendered cultural beliefs regarding commercial activity is the presence of female business owners. Female business owners are uniquely situated at the intersection of local communities and the business sector (Brush 1992, McGregor and Tweed 2002), and thus can affect cultural beliefs about gender within these communities; that is, female business owners may be influential not just within the business sector, but also within the community at large, and thus their impact may spill over to influence women in the social sector as well.

The presence of female business owners within a local community is likely to weaken cultural beliefs disassociating women from commercial activity. Research suggests that occupations, tasks, and activities are often defined by the ascribed characteristics or social identities of those who perform those tasks and activities (Ashcraft 2013, Kirkham and Loft 1993). As the proportion of women or men engaged in a task changes, cultural beliefs regarding who is appropriate to engage in the task can be weakened (Reskin and Roos 1990, Ridgeway and England 2007). For instance, studies show that as women entered certain occupations in greater numbers, such as teaching, cultural beliefs associating men with these occupations eventually shifted toward these occupations being seen as female-typed (Irvine and Vermilya 2010, Richardson and Hatcher 1983). Taken together, these findings suggest that as the presence of female business owners in the local geographic community grows, cultural beliefs that disassociate women from commercial activities within that community can become weaker.

Building on this research, we argue that the weakening of gendered cultural beliefs within a community—albeit due to forces outside the social sector—will affect the use of commercial activity by female social venture founders for three reasons. First, in communities with numerous female business owners, female social venture founders who engage in commercial activity will be less likely to be perceived as violating cultural beliefs about gender (Diekman and Eagly 2000, Ridgeway 2001). They will therefore be less likely to anticipate backlash, and this will, in turn, shape their behavior (Rudman and Phelan 2008). Second, they may be less likely to self-stereotype by underestimating their own abilities and minimizing their desire to pursue commercial activity (Beaman et al. 2012, Dasgupta 2011). Evidence suggests that as the proportion of women leaders engaged in masculine activities in male-dominated settings increases, cultural beliefs about gender are less likely to guide individual women's self-assessments and behavior lower in the hierarchy (Ely 1995). Last, to the extent that commercial activity is seen less as a masculine preserve in a given community, women who engage in it may be

judged as more competent. Thus, female social venture founders in communities with a greater presence of female business owners may also be less likely to identify with and defend the charity model and be more open to demonstrating competence through commercial activity as well.

In Hypothesis 1, we argued that cultural beliefs about the male-typing of commercial activity, particularly in the social sector, will limit the commercialization of social ventures founded by women. Here, we further propose that female business owners in local communities play a role in moderating this trend; i.e., a higher proportion of female business owners in a community has the potential to weaken cultural beliefs that disassociate women from commercial activity and thus moderate female social venture founders' use of commercial activity. We therefore hypothesize the following:

Hypothesis 2. *Female social venture founders in communities where a higher proportion of business owners are female are more likely to incorporate commercial activity in their social ventures than other female social venture founders.*

Methods and Analysis

We tested our hypotheses on a sample of 584 nascent social ventures and their founders. Data were obtained from a random sample of all applications to a prominent fellowship competition for nascent social ventures during the period 2007 to 2008. All applications for this fellowship were generated from an annual solicitation open to any founder of a social venture. Ventures selected for the fellowship received funding to cover the founder's living costs for two years while the individual worked on their venture. Examples of organizations awarded this fellowship in the past include Teach for America, an organization that places recent college graduates in teaching positions in low-income communities, and Carbon Lighthouse, an organization that provides technological services to consumers and corporations to help them reduce their carbon footprint. Our sample, however, includes not only eventual winners of the fellowship, but also applicants who were not selected, as detailed below.

The social ventures in our sample all pursued an explicit social mission, were independent organizations, and were no more than two years old. No requirements limited the strategies of the new ventures or their financing models. As a result, our sampling frame placed no restrictions or particular guidance related to the use of commercial activity, and thus is well-suited to testing factors explaining variation in the use of commercial activity. Furthermore, because our sampling frame captures ventures at a nascent stage of development, there was relatively little influence

of subsequent external pressure or survivorship bias, a common shortcoming in research on entrepreneur decisions (Katz and Gartner 1988, Thébaud 2010).

Our analysis was based on a sample of 584 U.S.-based social ventures spanning 104 communities in 44 states. We determined this sample as follows. From all applications received during 2007 and 2008, we selected a random sample of 50%, or 1,125 applications, for in-depth coding and analysis. Of these applications, 722 were based in the United States, and 667 of these contained sufficient address information to determine their geographic location, which we accomplished by geolocating the addresses of the social venture applicants with ArcGIS, a geographic information system mapping software. Based on the geographic location, we matched each venture to a Core Based Statistical Area (CBSA). CBSAs include an urban center and surrounding areas that are socially and economically integrated with it, and are a common way of operationalizing geographic communities in the U.S. context (Marquis 2003, Marquis et al. 2013, Stuart and Sorenson 2003). Social ventures located outside defined CBSAs were considered to be outside well-defined communities and were therefore not included in the final sample.

Dependent Variable

Our dependent variable, *commercial activity*, is a five-point scale that measures the degree to which a venture uses commercial activity. A score was assigned to each venture based on in-depth coding of rich text descriptions of that venture. These descriptions were generated by the founders and collected via the fellowship application process. Through a series of open-ended questions, applicants were asked to provide information about the organization's mission, specific activities and services, approaches to measuring social impact, and funding model. Each application, including the detailed descriptions of ventures, spanned 5 to 10 pages.

Our coding of these descriptions followed a multi-step process. First, two of the authors conducted a pilot coding of several hundred applications. Second, based on this pilot and a second round of in-depth manual coding of 10% of the sample, the first author developed a coding manual and procedure to assess the degree to which a proposed venture relied on commercial activity to generate revenues. Specifically, we developed a five-point scale of commercialization, ranging from 1 for projects that relied exclusively on noncommercial sources of revenue to 5 for projects that relied exclusively on commercial sources of revenue. Table A1 in the online appendix provides examples of projects for different levels of commercialization. In the third step, two external coders then used this scale to assess the level of commercialization of each of the social ventures in the sample. The intercoder reliability among

the two coders using Krippendorff's alpha was 0.92, indicating a high level of agreement among the coders (Landis and Koch 1977). Differences in coding were resolved by discussing the application essays until a consensus was reached (Larsson 1993).

Independent Variables

Female Gender. All applicants were asked to state their gender in their applications, which was used to construct a dummy variable for the gender of the founder. Female gender was coded as 1 for applicants self-identifying as female and 0 for male. The variable appears as *female founder* in the models.

Community Female Business Ownership. We constructed a measure of community female business ownership by counting the proportion of businesses with a payroll, located in the corresponding CBSA, that were majority-owned by women. This measure was mean centered. We collected these data from the U.S. Census Bureau's (2007) "Survey of Business Owners and Self-Employed Persons (SBO)," a national establishment-level survey of 2.3 million randomly selected businesses conducted every five years. This survey is the most comprehensive source of information about the demographics of business ownership in the United States. Because the survey is conducted only every five years, direct measures for this variable were unavailable for the year 2008; however, from 2002 to 2007, the average magnitude of change in the proportion of businesses owned by women in each CBSA was only 1.1% of business owners, increasing our confidence that the 2007 measure was appropriate for use with our full sample.

Control Variables

We included several variables in our models to control for possible community-, project-, and individual-level predictors of commercialization. At the community level, a founder's choice to use commercial activity may depend, in part, on the local availability of alternative sources of funding (Grønbjerg 1991). To account for such supply-side arguments, we developed three control variables based on funding patterns among nonprofit organizations for each community-year. These included *charitable giving per capita*, measured as the dollar amount of donations to public charities in the social venture's CBSA in the associated year divided by its population; the proportion of *commercial nonprofits*, charities that earned the majority of their income from commercial activity; and the proportion of *government-funded nonprofits*, charities that received at least one government grant. Information for these variables was collected from the National Center for Charitable Statistics at the Urban Institute (2014), which compiles information on the revenues and their sources for 501(c)(3) nonprofits from their

annual filings of Internal Revenue Service (IRS) Form 990. We also controlled for the *population* and *income per capita* of each community, based on data collected by the Bureau of Economic Activity for the Regional Economic Accounts data series. We used the natural log of these two variables to account for skewed distributions.

At the project level, we included fixed effects corresponding to the *area of social action* of the project, noting that certain types of social problems might be more amenable to commercialization (Dees 1998). In each application, founders declared the social issue that their project addressed. These areas include "arts, culture, and humanities"; "civil and human rights"; "economic development"; "education"; "employment"; "environment"; "food, nutrition, and agriculture"; "health"; and "housing." We further controlled for whether the applicant was a *member of a team*, since these applicants may have been influenced by their partners in the applications. Finally, we controlled for whether the project had *local beneficiaries*, to account for the extent to which beneficiaries were geographically proximate to the founder.

At the individual level, we included controls related to each founder's prior exposure to commercial practices through work experience, education, and race. We included an indicator variable corresponding to whether the founder *worked in a for-profit organization* at the time the application was submitted. With regard to education, we controlled for the founder's *level of educational attainment* using dummy variables for each possible level of attainment. Furthermore, we included a dummy variable for whether the individual received a *degree in business* or economics. The information on the level of education and the subject studied was obtained from the application forms. Finally, to control for possible effects of founder ethnicity on commercialization, we included an indicator variable corresponding to whether the applicant was *African American*, the largest ethnic minority group in our data.

Estimation

We estimated our models using a multilevel mixed-effects ordinal logistic model. This model takes into account the structure of the discrete, ordered dependent variable and the two-level nested structure of the data, where each individual founder–social venture is nested within a community. This approach estimates for each community a unique intercept, which controls for unobserved community factors and accounts for the correlated error structure within communities and related to cross-level interactions. We also included year fixed effects to account for potential year effects on the use of commercial practices. Table 1 presents the summary statistics and the correlation matrix for the variables in all of the models. To test for possible multicollinearity among regressors, we estimated

Table 1. Summary Statistics for Sample of Social Ventures

	Mean	S.D.	1	2	3	4	5	6	7	8	9	10	11	12	13
1 Commercial activity	1.865	1.438													
2 Female founder	0.517	0.500	-0.117												
3 Female business owners (prop; CBSA)	0.159	0.015	0.007	0.002											
4 Charitable giving per capita (log)	7.131	0.601	-0.007	-0.064	0.392										
5 Commercial nonprofits (log; CBSA)	-1.555	0.155	-0.027	0.001	-0.370	-0.001									
6 Government-funded nonprofits (log; CBSA)	-0.456	0.120	-0.007	0.011	-0.096	0.232	0.377								
7 Population (log; CBSA)	15.161	1.276	-0.043	-0.001	0.117	0.192	-0.092	0.164							
8 Income per capita (log; CBSA)	10.357	0.163	0.026	-0.032	0.350	0.630	0.008	0.401	0.451						
9 Member of a team	0.185	0.389	0.039	-0.069	0.025	0.007	-0.052	-0.068	0.039	0.039					
10 Local beneficiaries	0.522	0.500	0.022	0.036	-0.018	0.006	0.001	0.006	-0.054	-0.041	0.058				
11 Worked in for-profit organization	0.142	0.349	-0.030	0.030	0.014	-0.004	-0.011	0.025	0.021	0.005	-0.030	0.006			
12 Degree in business	0.101	0.302	0.107	-0.017	0.005	-0.056	-0.017	-0.060	0.023	-0.034	-0.028	-0.032	0.059		
13 African American	0.330	0.471	-0.073	0.074	-0.003	-0.038	-0.017	-0.053	0.056	-0.088	-0.072	-0.042	-0.005	0.091	
14 Female founder × Female business owners (mean centered)	0.000	0.010	0.028	0.016	0.687	0.279	-0.272	-0.106	0.065	0.190	-0.017	0.014	0.125	-0.048	0.028

Note. n = 584.

Table 2. Mixed-Effects Ordinal Logistic Regressions Estimating the Effect of Local Female Business Ownership on the Commercialization of Nascent Social Ventures

	1	2	3
Female founder		-0.460*** (0.164)	-0.471*** (0.167)
Female founder × Female business owners			23.910** (9.837)
Female business owners (prop; CBSA; mean centered)	1.109 (7.359)	1.654 (7.241)	-8.785 (9.013)
Charitable giving per capita (log)	-0.118 (0.158)	-0.166 (0.156)	-0.195 (0.153)
Commercial nonprofits (log; CBSA)	-0.827 (0.723)	-0.768 (0.698)	-0.746 (0.688)
Government-funded nonprofits (log; CBSA)	0.881 (1.278)	0.822 (1.258)	0.855 (1.250)
Population (log; CBSA)	-0.097 (0.063)	-0.103* (0.061)	-0.107* (0.061)
Income per capita (log; CBSA)	0.537 (0.691)	0.613 (0.625)	0.765 (0.637)
Member of a team	0.109 (0.215)	0.061 (0.226)	0.083 (0.228)
Local beneficiaries	0.040 (0.139)	0.057 (0.144)	0.042 (0.143)
Worked in for-profit organization	-0.225 (0.283)	-0.202 (0.283)	-0.285 (0.287)
Degree in business	0.822** (0.376)	0.775** (0.387)	0.830** (0.386)
African American	-0.281* (0.166)	-0.265* (0.160)	-0.276* (0.161)
Controls for			
Year	Yes	Yes	Yes
Educational attainment	Yes	Yes	Yes
Program area of project	Yes	Yes	Yes
Observations	584	584	584
Number of CBSAs	104	104	104

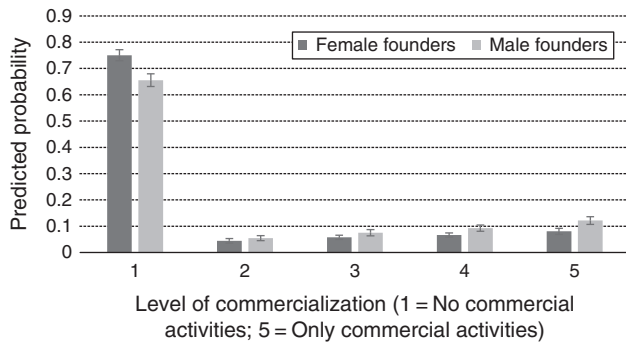
Notes. Robust standard errors clustered by CBSA are in parentheses. Significance levels are based on two-tailed tests. *p < 0.1; **p < 0.05; ***p < 0.01.

their variance inflation factors, all of which were significantly less than 10 and had a mean of 1.46, indicating no cause for concern (Belsley et al. 1980).

Results

Table 2 presents regression estimates in the same order as the hypotheses. Model 1 is a baseline model containing all control variables. Model 2 tests Hypothesis 1, which posits that female social venture founders will use commercial activity to a lesser degree than male social venture founders. The coefficient for female gender of founder is negative and statistically significant, in support of Hypothesis 1. We further estimated predicted probabilities for each level of commercialization by gender, keeping all other covariates at their means. Predicted probabilities represent the estimated probability for a member of each gender to use each level of commercialization. Figure 1 shows

Figure 1. Predicted Probability of Using Each Level of Commercialization in Social Venture by Founder's Gender



Note. Differences between genders are significant at the 0.05 level within all levels of commercialization.

these results, which indicate statistically significant differences between genders within each level of commercialization. According to these estimates, the predicted probability of commercialization is higher for men than for women at all levels of commercialization, even for the most minimal level of commercialization, while the predicted probability of not using any commercial activity is higher for women than for men.

Model 3 in Table 2 tests Hypothesis 2, which predicts that the presence of female business owners in the local community will weaken the effect of gender on the use of commercial activity. The coefficient on the interaction between female founder and the proportion of female local business owners is positive and statistically significant, in support of Hypothesis 2. Figure 2 plots predicted conditional probabilities for female founders at different levels of local female business ownership for each level of commercial activity. These analyses show a consistent positive relationship between local female business ownership and the predicted probability of commercialization at all positive values of commercial activity (levels 2 to 5). Simultaneously, increased local female business ownership is associated with a decrease in the predicted probability that female founders use no commercial activity (level 1).

Finally, examining the control variables throughout the models in Table 2, we observe that the control for having a degree in business was statistically significant and positive, which is consistent with findings from research on business education and entrepreneurship (Peterman and Kennedy 2003). Furthermore, the indicator for being African American was marginally significant and negative, indicating that African American applicants were potentially less associated with commercialization. The remaining control variables, which were not statistically significant, had signs in accordance with our theoretical framework.

Robustness Checks

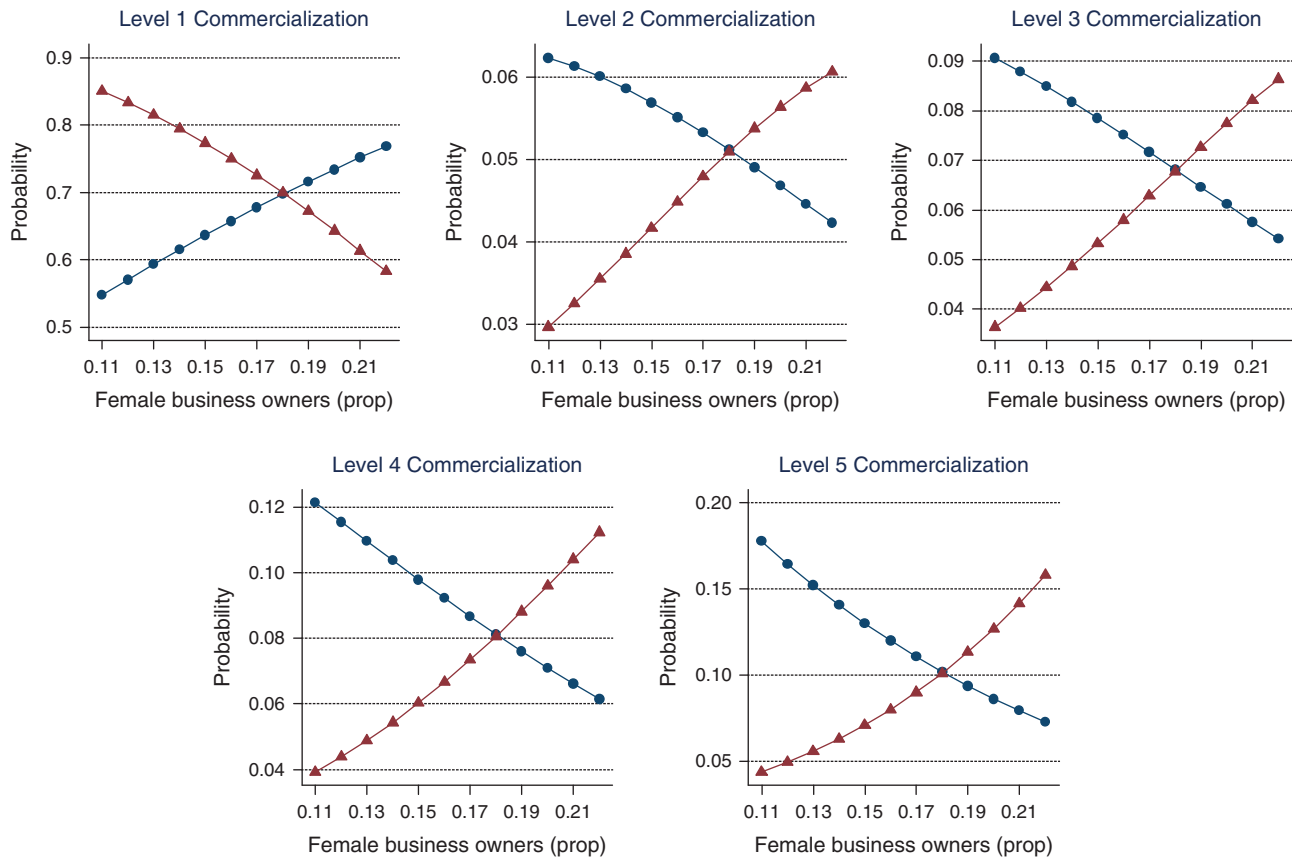
We performed a number of tests to assess the robustness of the results. In particular, we used coarsened exact matching (CEM; Iacus et al. 2011) on the characteristics of social venture founders and their projects to ensure that our results were not sensitive to potential imbalances in our sample. All our results held under this approach. We also replicated our results excluding social ventures that had not yet been launched, which helped ensure that our results were robust to heterogeneity in the maturity of social ventures in the sample. Furthermore, we replicated our results with additional control variables to account for the potential influence of local government spending, economic conditions in the local community, and the demographics of the local community. We also tested for the potential effect of the presence of women in noncommercial leadership positions in the local community by including interactions of the social venture founder's gender with the presence of female congressional representatives and the proportion of local nonprofit leaders who were women, and we found no evidence of an effect. Furthermore, we replicated our results using ordinary least squares and ordinal probit models to ensure that our results were robust to our estimation method. Finally, we used simulation techniques to estimate the behavior of social venture founders under counterfactual community conditions, which helped test whether our hypotheses hold under a more general array of conditions. We refer the reader to the online appendix for detailed descriptions of these robustness checks.

Constructive Replication: Gender and Commercialization in Nonprofit Entrepreneurship

We introduced a novel theoretical lens—gender—through which to understand the commercialization of the social sector. In doing so, we theorized that cultural beliefs about gender, which present commercial activity as more appropriate for men and less appropriate for women, will result in relatively less commercialization by female social venture founders, but that the presence of women business owners in the local community can weaken local cultural beliefs regarding gender and commercialization, thus increasing commercial activity by female social venture founders.

Our empirical analysis has some potential limitations. First, our sample of social venture founders may not be fully representative of the population of social venture founders because of self-selection into the fellowship competition we studied. We addressed this issue through numerous robustness checks, including the use of CEM and simulations, but are limited by our data. Second, our sample focuses on early stage ventures. While this should alleviate concerns with survivorship bias, a common limitation in entrepreneurship research (Davidsson 2006), questions may remain

Figure 2. (Color online) Predicted Probabilities of Using Each Level of Commercialization in a Social Venture by Proportion of Female Business Owners in Community and Founder's Gender (Level 1 = No Commercial Activity; 5 = Only Commercial Activity)



Note. Circles indicate male founders; triangles indicate female founders.

about the theory's relevance to fully operational ventures. Finally, the previous analyses do not explore an important and related question: What happens to the survival of social ventures that commercialize? In particular, is there an association between the gender of social ventures' leaders and the ventures' survival when they use commercial activity?

In response to these potential limitations, we undertook a constructive replication in which we tested our hypotheses using a different sample and different operational definitions of our constructs, not subject to the same concerns as our main sample. We tested our main hypotheses predicting the use of commercial activities, then conducted additional analysis regarding how a founder's gender and the use of commercial activities affect a social venture's survival. Constructive replications test the robustness of relationships across empirical methods and settings by testing hypothesized relationships among constructs while varying their operationalization (Cicchetti and Grove 1991, Hendrick 1990, Kelly et al. 1979). Such multisample constructive replications have been used extensively in organizational behavior research (Downey et al.

1979, Kemery et al. 1985, McNatt and Judge 2004). In our setting, constructive replication helps address the methodological concerns of our prior sample regarding biased selection into our original sample, while also testing the empirical and theoretical generalizability of the hypothesized relationships with regard to fully operational ventures and questions around venture survival.

To conduct a constructive replication, we used a second data set on nonprofit entrepreneurship. This data set shares important characteristics with our original sample of social ventures. Specifically, new nonprofit organizations are similar to our social ventures in that they are recently founded, are social sector organizations devoted to a social mission, and also face commercialization pressures. These data capture the full population of newly founded nonprofit organizations. Furthermore, the data set has the longitudinal structure required to test for venture survival. We began by replicating our main analyses with this data set, and then proceeded to a supplemental analysis of how organizational survival was associated with female leadership and use of commercial activity.

Our primary source for the supplemental data was the NCCS-GuideStar National Nonprofit Research Database (2008) produced by the National Center for Charitable Statistics at the Urban Institute. This unique, one-year project captured detailed information about the full population of nonprofit organizations in the United States during 2003, largely based on data extracted from tax filings for that year (Internal Revenue Service Form 990). To be consistent with our initial analysis, which focused on ventures in existence for less than two years, we limited our sample to ventures founded during 2001, 2002, and 2003, a total of 32,940 nonprofit ventures. While we could identify founders in the data, we also had information on other members of top leadership who were likely to have significant influence on decisions to use commercial activity. Thus, we extended our analyses from female founder to include female leadership. To identify the gender composition of leadership in these organizations, we used the names of the top five ranking officers of each organization along with their titles as listed in their Form 990 filed with the Internal Revenue Service. We treated officers with the title of “founder,” “executive director,” or “chief executive officer” as the leaders of the organization. A binary variable for *female leader* took the value 1 if a woman occupied at least one of these leadership titles. Less than 2% of organizations in the sample had more than one individual with one of these leadership titles.

To identify each leader’s gender, we matched each first name to statistics on the use of that name by each gender in the U.S. population (U.S. Census Bureau 1995, Social Security Administration 2016). Using this approach, we were able to identify the gender of officers from 31,160 nonprofits (94.6% of sample). This involved assigning a gender to a total of 222,227 first names that appeared in the data. We obtained statistics on the use of names by gender from the 1990 data set “Frequently Occurring Surnames from Census 1990” (U.S. Census Bureau 1995), which is based on a national sample of 1990 census records stratified by race, gender, and geography. We supplemented the names obtained from this source with names occurring in the Social Security national data set of given names (Social Security Administration 2016). Our approach yielded matches for 205,715 first names (92.5% of names). A small number of observations for leaders had missing names (968 observations). Moreover, we were unable to assign a gender to certain gender-ambiguous names, such as Jamey, Leslie, and Sydney. Following prior research (Kalnins and Williams 2014), we assigned a gender to a name if 95% or more of occurrences in the census and Social Security Administration data were associated with that gender. This led to the exclusion of 1,321 observations for individual leaders. We also ran all analyses with a cutoff of

60% for assigning gender to a name, and all results held unchanged. Finally, we left 14,223 first names (6.4% of the sample) unmatched, primarily because names appeared either as abbreviated nicknames or initials.

To measure the use of commercial activity, we relied on additional financial information from tax filings for each year from 2003 to 2007. Nonprofit accounting divides revenues into program services and dues received in exchange for the provision of programs, and those from public and charitable donations. Following prior studies of nonprofits, we measured commercialization as the percentage of total revenues from program revenues and dues (Galaskiewicz et al. 2006). Consistent with our main analysis, we measured the proportion of female business owners in the local community using the U.S. Survey of Business Owners. For the replication analyses, we used the 2002 edition of the survey, which was closest to the date of the nonprofit leadership data for 2003. For our survival analyses covering 2003 to 2007, we used both the 2002 and 2007 editions of the survey and imputed values for the proportion of female business owners during 2004 to 2006 using linear interpolation (Little and Rubin 1987). We further supplemented these data with other organization-level control variables using the Form 990 tax filings for each organization. In particular, we included a control for the presence of female officers in the nonprofit. This binary variable took the value of “1” if at least one of the non-leader officers was female and “0” if all officers listed were men. We also included controls for the total assets of the organization (logged to correct for skewed distribution) and the age of the organization, estimated as the number of years since the organization obtained nonprofit status. We also controlled for possible influence of government funding on commercialization by including a binary indicator of whether the nonprofit organization received government support. In addition to these controls, the regressions included fixed effects for the nonprofit’s service category, taken from the National Taxonomy of Exempt Entities (NTEE). This code assigns an “industry” classification similar to Standard Industrial Classification codes for for-profit businesses. Moreover, we included community-level controls similar to those in our main analyses of social ventures. Specifically, we controlled for the amount of charitable giving per capita in the local community, measured as the sum donated to public charities in the nonprofit’s CBSA divided by the population. We also controlled for the logged nonprofit organization population in each CBSA, measured as the total number of public charities that filed Form 990 with the IRS during a year. To account for competitive pressures from other nonprofit organizations, we controlled for the niche size, measured as the proportion of local nonprofits in the same NTEE category as the

focal nonprofit. Finally, we controlled for income per capita in the corresponding community-year, obtained from the Bureau of Economic Activity Regional Economic Accounts data series. The resulting data set was a panel of newly founded nonprofits covering 2003 to 2007 including, for each, its level of commercialization, the gender of its leader, other organizational characteristics, and characteristics of the community in which it is located. Table 3 presents descriptive statistics for these variables.

To begin our constructive replication, we repeated the regression analyses from Table 2. We estimated the models using a multilevel mixed effects model, specified in the same manner as Table 2, modified to account for our continuous measure of commercialization. Table 4 presents the results. Model 1 presents the control variables. Model 2 introduces the gender of the nonprofit leader. Consistent with Hypothesis 1 and our main analysis, the female gender of the leader is statistically significant and negatively associated with commercialization. Model 3 introduces the interaction with the proportion of local business owners who are women. The interaction is positive and statistically significant, consistent with Hypothesis 2 and our main analysis. Thus, our main results are replicated in this new sample, providing further support for our theoretical arguments. While nonprofit organizations are a narrower sampling frame than social ventures, they share the core features of our theory: like social ventures at large, recently founded nonprofit organizations pursue a social mission, operate in a feminine-typed sphere, and display increasing commercialization. The consistency of these findings with our main analysis thus lends greater confidence in those results.

Having established this constructive replication, we further examined the survival of these ventures over the period 2003 to 2007. In our sample, 7,807 failures were recorded during this period. Table 5 presents our results. Because our observations of survival are annual, we chose a discrete time survival model, the complementary log–log model. Model 1 of Table 5 presents the control variables. Model 2 introduces an indicator for whether the nonprofit’s leader is female, which produces a nonsignificant estimate that suggests no effect of leader’s gender on survival. Notably, Model 3 indicates no effect of commercialization on survival. Finally, Model 4 includes the interaction of female founder and commercial revenue and finds a positive and statistically significant estimate for this interaction, which indicates that the likelihood of failure in any given year increases when women-led nonprofits use commercial means more extensively. Taken together, these findings indicate that while leader’s gender and venture commercialization independently have no statistically discernible effect on survival,

Table 3. Summary Statistics for Sample of Nonprofit Organizations

	Mean	S.D.	1	2	3	4	5	6	7	8	9	10	11
1 Commercial revenue (prop)	0.288	0.889											
2 Female leader	0.105	0.307	-0.017										
3 Female business owners (prop; CBSA)	0.159	0.019	-0.003	0.012									
4 Female officers present in nonprofit	0.569	0.495	-0.002	0.209	-0.004								
5 Assets (log)	11.131	2.182	0.017	0.036	-0.016	0.036							
6 Age	2.531	1.176	0.007	0.033	0.003	0.038	0.119						
7 Government support	0.006	0.076	-0.006	0.009	-0.001	0.022	0.008	0.029					
8 Charitable giving per capita (log; CBSA)	24.534	26.810	-0.006	0.014	0.122	-0.013	0.027	-0.013	0.001				
9 Nonprofit population (log; CBSA)	5.553	1.448	-0.006	0.002	0.387	-0.046	0.007	-0.013	-0.011	0.312			
10 Nonprofit niche	0.100	0.070	0.025	-0.014	-0.069	0.073	-0.030	-0.008	-0.005	-0.053	-0.184		
11 Income per capita (log; CBSA)	10.455	0.176	-0.008	0.018	0.347	-0.008	0.020	-0.015	-0.014	0.372	0.731	-0.143	
12 Female leader × Female business owners (mean centered)	0.000	0.006	0.003	0.031	0.330	0.006	0.000	0.006	-0.001	0.052	0.132	-0.034	0.127

Note. n = 31,160.

Table 4. Mixed-Effects Regressions Estimating the Effect of Local Female Business Ownership on the Commercialization of New Nonprofit Organizations, 2003

	1	2	3
<i>Female leader</i>		−0.042*** (0.008)	−0.042*** (0.007)
<i>Female leader × Female business owners</i>			0.820** (0.372)
<i>Female business owners</i> (prop; CBSA; mean centered)	0.156 (0.261)	0.162 (0.261)	0.075 (0.276)
<i>Female officers present in nonprofit</i>	−0.019 (0.013)	−0.014 (0.013)	−0.014 (0.013)
<i>Assets (log)</i>	0.007 (0.005)	0.007 (0.005)	0.007 (0.005)
<i>Age</i>	0.003 (0.004)	0.004 (0.0035)	0.004 (0.004)
<i>Government support</i>	−0.063** (0.025)	−0.062** (0.025)	−0.062** (0.026)
<i>Charitable giving per capita (log; CBSA)</i>	0.001 (0.001)	0.001 (0.001)	0.001 (0.001)
<i>Nonprofit population (log; CBSA)</i>	0.003 (0.005)	0.003 (0.005)	0.003 (0.005)
<i>Nonprofit niche</i>	0.010 (0.073)	0.013 (0.073)	0.015 (0.073)
<i>Income per capita (log; CBSA)</i>	−0.051 (0.032)	−0.049 (0.032)	−0.050 (0.032)
NTEE fixed effects	Yes	Yes	Yes
Constant	0.445 (0.321)	0.423 (0.322)	0.430 (0.322)
Observations	31,160	31,160	31,160
Number of CBSAs	355	355	355

Notes. Robust standard errors are in parentheses, clustered at the CBSA level. Significance levels are based on two-tailed tests.

** $p < 0.05$; *** $p < 0.01$.

female-led ventures are significantly less likely to survive than male-led ventures at higher levels of commercialization. These results extend our main analysis by providing some initial evidence of important organizational consequences to the incorporation of commercial activities by female social venture founders.

These survival results are interesting to consider from the perspective of our theory. Previous research suggests that female entrepreneurs, on average, possess lower levels of human and social capital required to survive (Kalleberg and Leicht 1991, Loscocco et al. 1991), yet we find no statistical evidence that female-led organizations are less likely to survive, nor that commercialization is a detriment to survival despite being at odds with the charitable norms of the social sector. Our findings do suggest, however, that survival is negatively associated with female-led ventures that commercialize, in which these factors appear together. Future research should further investigate these results regarding survival, however, as our data cannot conclusively differentiate whether the lower likelihood of

survival is a result of backlash for violating gender and sectoral norms or a result of women’s lower levels of human and social capital with regard to commercial activity in the social sector.

The relatively lower rate of survival of female-led social ventures at higher levels of commercialization suggests that women who found commercial ventures may not be fully aware of the challenges they will face, or are influenced in their choice to commercialize by factors beyond organizational survival. While we cannot observe directly in our data the specific causes of each organization’s survival or failure, our theoretical approach offers a number of interesting paths for future research on this issue. For instance, previous studies indicate that entrepreneurs develop expectations of their success, in part, by observing the experiences of other founders and ventures that they perceive as similar to them (Bosma et al. 2012). Female founders of commercial social ventures have relatively few models for behavior, which may lead to expectations that systematically underestimate the degree of backlash that they will face.

This finding may also be explained by conflicting cultural beliefs about gender in the entrepreneur’s environment. For instance, while the presence of female business owners in a local community may weaken the sex typing of commercial activity sufficiently to make it more amenable to female social venture founders, it may not alter the level of backlash female social venture founders may face when they do commercialize. Indeed, from our data, it is unclear to what extent the presence of female business owners influences these intermediate factors, such as backlash and social capital, that affect the survival of social ventures.

Overall, these supplemental analyses build on our main analyses to suggest that community gender norms may enable female social venture founders to engage in commercial activity, but that the choice to commercialize may threaten the survival of female-led organizations.

Discussion

Our paper examines the critical but overlooked role of cultural beliefs about gender in understanding how newly formed organizations in the social sector integrate commercial activity. Our results first suggest that congruence between the gender of social venture founders and commercial activity is an important predictor of commercialization: female social venture founders are less likely to use commercial activity than their male counterparts due to cultural beliefs that disassociate women from commercial activity. They also suggest, however, that cultural beliefs about gender and commercial activity in the local community also matter: the presence of female business owners in the

Table 5. Discrete Time Survival Model of Nonprofit Organizations, 2003–2007

	1	2	3	4
<i>Female leader</i>		−0.033 (0.033)		−0.078** (0.037)
<i>Commercial revenue</i>			−0.073* (0.041)	−0.141*** (0.051)
<i>Female leader × Commercial revenue</i>				0.174** (0.082)
<i>Female business owners</i> (prop; CBSA; mean centered)	2.690*** (0.921)	2.716*** (0.921)	2.695*** (0.921)	2.716*** (0.920)
<i>Female officers present in nonprofit</i>	−0.080** (0.033)	−0.070** (0.034)	−0.081** (0.033)	−0.069** (0.034)
<i>Assets</i> (log)	−0.180*** (0.007)	−0.180*** (0.007)	−0.180*** (0.007)	−0.180*** (0.007)
<i>Age</i>	−0.139*** (0.013)	−0.139*** (0.013)	−0.139*** (0.013)	−0.139*** (0.013)
<i>Government support</i>	−0.269 (0.172)	−0.269 (0.172)	−0.273 (0.171)	−0.272 (0.171)
<i>Charitable giving per capita</i> (log; CBSA)	−0.001 (0.001)	−0.001 (0.001)	−0.001 (0.001)	−0.001 (0.001)
<i>Nonprofit population</i> (log; CBSA)	−0.006 (0.015)	−0.007 (0.015)	−0.007 (0.015)	−0.007 (0.015)
<i>Nonprofit niche</i>	−1.147* (0.633)	−1.156* (0.633)	−1.135* (0.632)	−1.143* (0.633)
<i>Income per capita</i> (log; CBSA)	3.52e−07 (2.67e−06)	4.26e−07 (2.67e−06)	2.89e−07 (2.67e−06)	3.44e−07 (2.67e−06)
<i>Time</i>	1.689*** (0.057)	1.688*** (0.057)	1.689*** (0.057)	1.688*** (0.057)
<i>Time squared</i>	−0.189*** (0.008)	−0.189*** (0.008)	−0.189*** (0.008)	−0.189*** (0.008)
NTEE fixed effects	Yes	Yes	Yes	Yes
Observations	132,212	132,212	132,212	132,212

Notes. The dependent variable is the risk of failure in any given year. Positive coefficients indicate a higher likelihood of failure. Robust standard errors are in parentheses, clustered by nonprofit organization. Significance levels are based on two-tailed tests.

* $p < 0.1$; ** $p < 0.05$; *** $p < 0.01$.

same community mitigates the role of founders' gender on the use of commercial activity. By highlighting how gendered aspects of both the social and commercial sector interact to shape the use of commercial activity by social venture founders, our findings contribute to research on hybrid organizations in the social sector, communities as a context for the enactment of gender, and the enactment of gender in entrepreneurship.

Creation of Hybrid Organizations

Our study contributes to research on hybrid organizations that combine aspects of multiple organizational forms (Battilana et al. 2015, Haveman and Rao 2006, Padgett and Powell 2012), such as social ventures that primarily pursue a social mission but engage in commercial activity to sustain their operations (Battilana and Lee 2014, Galaskiewicz and Barringer 2012, Tracey et al. 2011). Previous research on these hybrids has focused on examining the organizational consequences of hybridity (Battilana and Dorado 2010, Pache and Santos 2013), but has paid scant attention to

the antecedents of hybridity (Battilana and Lee 2014, Tracey et al. 2011). The antecedents of hybrid organizations present a puzzle for organizational theory, as hybrid organizations do not follow well-defined organizational archetypes to which new ventures face institutional pressures to conform (Aldrich and Fiol 1994). Prior theorizing has focused on field-level processes that lead to the founding of hybrid organizations (Haveman and Rao 2006), but less attention has been paid to the role of individual founders (Powell and Sandholtz 2012).

Our study complements the above research by showing how cultural beliefs regarding the appropriateness of commercial activity by women influence hybridization, and thus provides an initial investigation into the intersection between hybrid organizations and issues of culture and gender. Recent institutional research has emphasized the plurality of social pressures and their simultaneity in determining social outcomes, yet has largely viewed these pressures and their outcomes as undifferentiated at the individual level, nor does

it systematically account for differences in how institutional pressures might affect individuals depending on their characteristics (Hallett 2010, Reay et al. 2006). Research on gender, by contrast, accounts for differences in how cultural beliefs affect individuals' behaviors (Ridgeway and Correll 2004). Gendered cultural beliefs tend to amplify men's responses to pressures to use commercial sources of funding, while inhibiting similar responses by women. We believe that this insight is important for scholars of hybridization, and of institutional change more generally; field-level changes depend not only on field-level dynamics, but also on the actions of many individual participants and their constraining or enabling social roles (Rao et al. 2005). This finding may have further implications for institutional change and its outcomes. For instance, we believe that future research should examine whether commercialization changes the long-term sex-typing of the social sector, as well as whether similar dynamics influence change in other gendered industries and organizational fields.

Local Communities and the Enactment of Gender

Our study also makes important contributions to scholarship on gender in organizations, particularly from the standpoint of the interaction between local communities and social venture founders. Contemporary scholarship on gender in organizations has shown that gender is situationally enacted (Martin 2004, Ridgeway 2011), yet it has overlooked a fundamentally important social relational context for gender enactment: the local community. We find that the effect of a social venture founder's gender on the use of commercial activity depends upon the gendered characteristics of the local community in which the founder is embedded. We argue that community-level differences in cultural beliefs are critical for understanding whether men and women enact gendered norms in their social ventures.

Our findings regarding female business owners can be viewed in light of recent research showing how changes in political power structures in local communities influence the empowerment of female community members. In a field study in India, Beaman et al. (2012) showed that a policy that prescribed greater representation of women on village councils eliminated deficits in adolescent girls' educational attainment and increased household gender equity in those villages. In organizational research, emerging work broadly suggests that geographically based gender norms can shape organizational outcomes such as founding, survival, and performance (Kalnins and Williams 2014, Post and Byron 2015, Thébaud 2015). Our findings further suggest that geographic community-level effects may extend to local cultural beliefs regarding gender and commercial activity. Our work contributes to these

new lines of inquiry by closely examining community-level gender norms and the very activities in which organizations engage.

Taking into account local variations in cultural beliefs about gender also contributes to research on the influences of geographic communities on organizational patterns (Davis and Marquis 2005). Studies in this area have brought attention to the various elements of communities that affect organizational activities. For example, studies have shown that community networks and traditions affect corporate social responsibility practices (Marquis et al. 2007, Tilcsik and Marquis 2013) and investment strategies (Lounsbury 2007). Our study adds to this literature by considering how aspects of the local community influence the enactment of gender in emergent organizations. Moreover, by considering cross-level interactions between the community and individuals, we offer a multilevel perspective on the effects of communities on the founding and development of organizations (Marquis and Battilana 2009).

The Enactment of Gender in the Social and Business Sectors

Furthermore, our study is unique in highlighting how the presence of women in the business sector may shape the gender enactment of women in the social sector within a local community. Our empirical demonstration of the role of female business owners in a local community extends theoretical work that suggests female business owners are uniquely located at the nexus of family, community, and business (Brush 1992), and shows how they may be important conduits between the business and social sectors. In doing so, we bring together gender research that has examined women in male-dominated settings (Ely 1995, Kanter 1977) such as women in the business sector with gender research on female-dominated settings (Williams 1992) such as the social sector. The former has highlighted how an increasing proportion of women within a single male-dominated organization or industry can alter women's self-assessments and behavior within that organization or industry (Ghani et al. 2014, Ely 1995), while the latter has largely highlighted the advantages that men gain when entering female-typed contexts (Williams 1992). Yet one way of understanding our finding is that women who disrupt gender norms in one sector (as business owners) can affect women disrupting gender norms in another (as social venture founders). Future research should examine the possible mechanisms underlying such cross-sectoral influences within local communities in greater detail. Future research may also examine how other gendered characteristics of communities affect commercial activity.

In addition, our study has implications for the meaning of commercial activity in the social sector, a predominantly feminine occupational setting. Indeed, our findings can be viewed in different ways depending on one's normative position regarding commercial activity in the social sector. For instance, one speculation arising from our finding is that commercialization of the social sector may be seen as a process of masculinization and that women are disadvantaged despite being a demographic majority in the sector. An alternative possibility is that women may be resisting masculinization and defending the female-typed work of the sector because they are the demographic majority in the sector. How the lack of commercialization by female social venture founders can be both a perpetuation of gender inequality and a form of resistance to masculinization and commercialization is an issue worthy of future investigation.

Gender and Entrepreneurship

Our study contributes to research on women's entrepreneurship by examining the gendered nature of organizational activity at the time of founding. While previous research has identified gender differences between entrepreneurs in terms of founding rates (Bowen and Hisrich 1986, Jennings and Brush 2013), performance (see, e.g., Robb and Watson 2012), and discrimination (Gupta and Bhawe 2007, Kacperczyk 2013, Yang and Aldrich 2014), relatively little research has examined differences in the specific activities used by women and men starting new ventures (for an exception, see Cliff et al. 2005). Our study furthers this research by examining the extent to which women social venture entrepreneurs use commercial activity. In doing so, we show how the behavior of individual entrepreneurs is contingent both on cultural beliefs regarding gender and the prevalence of those beliefs in local communities.

These findings draw attention to the importance of entrepreneurship as a mechanism for the transmission and persistence of cultural beliefs regarding the appropriate vocational activities of women (Brooks et al. 2014, Phillips 2005). Our study builds on previous research by showing how gendered cultural beliefs can also lead to systematic differences in the organizational models adopted by male and female founders. This finding converges with arguments that in the absence of established rational or bureaucratic processes such as those that might exist in established organizations, cultural beliefs about gender are more likely to have a pronounced effect on individuals' organizational choices, as individuals rely on cultural beliefs to guide organizational decision making (Ridgeway 2011, 2013).

Our study also responds to calls for research on gender and entrepreneurship in the social sector (Jennings and Brush 2013). Previous studies have typically addressed this question by testing the adoption of

social goals by traditional entrepreneurs, showing that although women are less likely than men to engage in entrepreneurship, women entrepreneurs are more likely than men to emphasize social goals (Carter and Allen 1997) and to start social ventures (Harding 2006, Hechavarria et al. 2012, Sharir and Lerner 2006). Our study views this question from the perspective of ventures started explicitly with a social goal and examines variation in the use of commercial activity. In doing so, our study contributes to the growing literature on social entrepreneurship (Battilana and Lee 2014). Indeed, it is the first study we are aware of that shows the effect of community context on the relationship between gender and social entrepreneurship.

Limitations and Future Directions

Our study has several limitations. First, our archival samples limit us from strictly ruling out the influence of omitted variables and precisely identifying causal relationships and mechanisms. To address this limitation to the extent possible, we included substantial control variables; we collected data from several different sources, mitigating concerns about common method variance; and we conducted a constructive replication using longitudinal data and found convergent results across the two samples. As McGrath (1981) notes, gaining convergence with the use of multiple studies in which each approach compensates for the vulnerabilities of the other provides greater confidence in our results. However, future research could build on our work by utilizing alternative methodological approaches. For instance, by leveraging qualitative methodologies, future studies can explore gender and commercialization at a more fine-grained level, examining how gender affects founders' subjective perceptions and understandings of the social sector and commercial activity within local communities.

Second, our theoretical framework proposed that the presence of female business owners alters the specific beliefs disassociating women from commercial activity, rather than more general gendered cultural beliefs regarding both women and men in a variety of ways. Future studies might consider how local communities affect cultural beliefs that may influence male founders' organizational choices. Results from our first sample of social venture founders suggest that as the proportion of female business owners in the local community increases, men become more likely to use noncommercial revenue models, as evidenced in the predicted probabilities for men using commercial activities (see Figure 2). This may be because as the proportion of female business owners increases in the local community, male founders may be less constrained, as commercial activity is not as clearly masculine typed and thus less clearly associated with enacting gender. However, further research is needed to determine whether

this is the case, since the evidence in our data is too limited to confirm it.

Third, given research on the rise of commercialization and hybridization, we built theory about the use of commercial activity in new ventures as an important dependent variable in its own right. However, the results of our supplemental analyses reveal that female-led new ventures that commercialize are less likely to survive. Future research should further investigate this relationship and identify the factors that decrease survival for female-led nonprofits that commercialize. It should also examine other related dependent variables, such as the social and economic performance of these social ventures, as well as other aspects of community-level gendered cultural beliefs.

Fourth, our data did not reveal significant team dynamics, yet existing research on entrepreneurship indicates that teams and groups play an important role at the time of founding for traditional enterprises (Ruef 2010) and social enterprises, as well as specifically in relation to gender in founding teams (Yang and Aldrich 2014). Although team dynamics were not a key factor in the two samples studied here, future research may explore gendered dynamics in founding teams by collecting additional data at that level of analysis.

Last, our study is situated in the U.S. social sector, and our findings should be interpreted within this context. Their implications for other contexts will depend on the extent to which these other contexts share similar cultural beliefs about the gender appropriateness of commercial activity, as well as the general acceptability of commercial activity in social ventures. Future work may wish to examine these dynamics in a comparative perspective, either extending the work to other sectors in the United States (including the corporate and public sectors) or to social venture founders in countries that have different cultural beliefs about gender and/or different patterns of organizing in the social sector.

Conclusion

The commercialization of the social sector over the past 30 years breaks from traditional sectoral boundaries by blending commercial and social activity within a single organization. This sectoral transformation challenges other social structures, such as cultural beliefs regarding gender and the appropriateness of commercial work. Our study sheds new light on this process by examining it through the lens of gender as socially constructed and locally situated (Martin 2004, Ridgeway 2013). In doing so, we highlight the role of cultural beliefs about gender in the creation of hybrid organizations that pursue a social mission and engage in commercial activities to sustain their operations. Importantly, we find that gendered aspects of both the social and business sectors play key roles in shaping this trend. While cultural beliefs about gender may

result in female social venture founders being less likely to use commercial activity than their male counterparts, female business owners in local communities also help to mitigate the effect of founders' gender on the commercialization of social ventures by mitigating cultural beliefs disassociating women from commercial activity. Identification of these patterns brings gender in local communities into focus as an important context for scholars of hybrid organizing, gender, and entrepreneurship. We hope our study will catalyze further research on the intersection of gender and organizational processes, as well as the challenges and opportunities it presents for individuals and society.

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