

Investigating Effective Criteria of Evaluation for Investment in Social Entrepreneurship

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ARTICLE INFO

Article history:

Received 17 Nov. 2017

Accepted 23 Jan. 2018

Published 29 Feb. 2018

Keywords:

Social Entrepreneurship,

Social Investment,

Criteria of Social Investment

ABSTRACT

Social entrepreneurship is one of the branches of entrepreneurship that seeks to reduce or solve community problems innovatively using business methods. This type of entrepreneurship differs from traditional entrepreneurship because of the dual nature and mission, and investors in these plans need different criteria with conventional evaluation criteria to evaluate an effective option. For this purpose, the purpose of this study is to determine the effective social criteria in evaluating social entrepreneurship for investment according to research conducted on social entrepreneurship and types of social investors (social venture capital, philanthropic venture capital and impact investment). The present study propose four criteria of investment feature in terms of social criteria, entrepreneurship feature in terms of social criteria, combined expected return and combined expected risk as the main criteria of evaluating social entrepreneurship for impact investment using the content analysis method.

1. Introduction

Entrepreneurship is the driving force of economic development in developed and developing countries. Drucker (1985) introduces entrepreneurship as an interdisciplinary concept (Ahmadi and Darwish, 2013). Entrepreneurship is the main source of employment, economic growth and innovation, promotion of product and service quality, competitiveness and economic flexibility. Entrepreneurship is derived from the French word *Entreprendre* in meaning of "to be obliged", it means the person who undertakes to organize and administer an economic activity and undertakes its risks (Ahmadi and Darwish, 2013). Entrepreneurship has different types that have been investigated with in the literature. One of the branches and sub-categories of entrepreneurship is social entrepreneurship. This type of entrepreneurship focuses on social problems and tries to reduce or solve these problems using conventional methods in business. A social entrepreneur is trying to reduce or eliminate social problems by creating social and economic value. Social and traditional entrepreneurs can be distinguished in terms of priority to create social value or economic (financial) value.

Social entrepreneurship requires financing and gaining capital to achieve goals and its survival like traditional entrepreneurship. But according to the dual identity of this type of entrepreneurship, their investors are different from investors of traditional entrepreneurial in some ways. These types of investors should consider creation of social value along with creation of financial value and follow social mission.

The purpose of this study is to investigate how to invest in social entrepreneurship and to introduce investors and social criteria of evaluating social entrepreneurship for investment. In addition, the criteria proposed in the literature of social entrepreneurship and social investment will be examined in order to invest in these types of businesses. For this purpose, in the second part of this paper, the concepts of entrepreneurship and social entrepreneurship and their differences, investors of social entrepreneurship and their features and criteria of evaluating social entrepreneurship plans will be examined. In the third part of this paper, the research method has been described and in the fourth part, criteria are suggested using the content analysis method and in the fifth part, discussion and conclusion and comparing the criteria with traditional and common criteria of evaluating investment.

2. Review of Literature

For better understanding, we discuss about some of the concepts. In this section, traditional entrepreneurship and social entrepreneurship and their differences will be stated. Also, investors of social entrepreneurship will be introduced and their features will be expressed.

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DOI: <https://doi.org/10.24200/jmas.vol6iss02pp50-57>

2.1. Entrepreneurship

Entrepreneurship is the process of designing, launching and implementing a new business; it is often a small business initially. A person who creates these businesses is called an entrepreneur. Entrepreneurship is a mechanism that enters many people into economic and social mainstream of society and contributes to the formation of culture, population integration and social mobility. Entrepreneurship is the start and management of a business for growth and profit (Hirsch et al. 2007). According to Kuratk (2003), entrepreneurship is a major source of employment, economic growth and innovation and it is an integral part of the process of economic recovery. In addition, disciplinary entrepreneurship is for expressing how innovation is effective in market. (Drucker, 2014). As a result, the main feature of entrepreneurship is innovation.

According to Praag and Versloot (2007), the term "entrepreneur" and "entrepreneurship company" are used alternatively. According to these authors, entrepreneurial companies are defined as companies that meet one of the following conditions:

1. They hire less than 100 employees.
2. They are less than 7 years old.
3. They are newcomers in the market.

In addition, the benefits of entrepreneurship in society include (Ahmadi and Darwish, 2013).

1. Economic growth: An entrepreneur creates new job opportunities and thus generates income.
2. Productivity: Entrepreneurial practice increases productivity.
3. New technology, goods and services: Entrepreneurs have played an important role in the construction and creation of new technologies, products and services.

2.2. Social entrepreneurship

Social entrepreneurship is a type of entrepreneurship that seeks to solve social problems in innovatively using business techniques. The characteristic of social entrepreneurship is in the ability to integrate social benefits with business practices for social change. Miller and Wesley (2010) have defined social entrepreneurship as a subset of entrepreneurship that its focus is on identifying, evaluating, and exploiting opportunities that have social returns. Miller and Wesley (2010) believe that social entrepreneurs use a systematic approach with business techniques to assure beneficiaries, inform them about the generated value. In addition, social entrepreneurs are looking for a new way to help and exploit them according to deep personal values, in addition to their compassion for the deprived people with business skills.

According to Dacin et al. (2011), the definitions in the research literature have emphasized and focused on four key factors: 1- Characteristics of a social entrepreneur 2- Scope of operations and processes 3- Resources utilized by the entrepreneur 4- Social entrepreneur's mission

On the other hand, Achleitner et al. have introduced social entrepreneurship in terms of three groups of researchers. The first group introduces social entrepreneurship as non-profit initiatives in searching for alternative investment strategies or management plans to create social value (Austin, Stevenson, & Wei-Skiller, 2003; Boschee, 1998). The second group introduces it as the social responsibility of businesses involved in cross-sector partnerships. The third group considers social entrepreneurship as a means for resolving social problems and accelerating social changes (Alvord et al. 2008).

Social entrepreneurs have dual identity and seek to create social value along economic value. It seems that the balance between these two groups of value depends on the mission of social entrepreneurs. In general, it can be said that social interests and value do not negate the economic value created by social entrepreneurship, because economic value leads to the sustainability of social entrepreneurship and it is considered as a supporter of social value. Dacin et al. (2011) have divided the researchers' attitude toward this topic into two categories. Some writers focus on the mission of social entrepreneurship and ignore the economic outcomes associated with it. On the other hand, other authors believe that economic outcomes are part of the mission of social entrepreneurship. However, these authors do not regard the economic mission as the main mission. As a result, Dacin et al. (2011) believes that in relation to social entrepreneurship, there is a hierarchy of creating social and economic value that entrepreneurs balance among them.

2.3. Comparison of traditional entrepreneurship and social entrepreneurship

Both traditional and social entrepreneurs have the features of innovation, high energy, flexibility, vision to guide them. But they are different in motivation and value creation (Smith et al; 2014). Traditional entrepreneurs seek to create a new business or product and ultimately, their goal is to gain the most financial and economic returns. On the other hand, in social entrepreneurship, the entrepreneur seeks to solve or reduce social problems using conventional business methods and systematic approaches. Shamuganathan and Hwee (2014) state that social entrepreneurs seek a new way to help and exploit them in addition to their empathy for deprived people with business skills according to deep personal values.

2.4. Investors of Social Entrepreneurship

According to the points stated in the previous sections, social entrepreneurs have a dual identity and mission. As a result, investors in this sector are different from other investors in types of entrepreneurship. Investors in social entrepreneurship should consider creating social value and economic value, and these cases should be included in their mission. In other words, these types of investors should have concerns in addition to economic issues and to have an interest in reducing or solving problems in society.

In general, social investment is considered as an investment appropriate for social entrepreneurship. Social investment is a comprehensive term that means the combination of economic, environmental, health, moral, political, or religious factors (LAING et al., 2012). Social investment can be performed by different strategies. In the next section, we will examine each of these investments.

2.4.1. Impact Investment

Impact investment is one of the types of social investment that its goal is investment in businesses, social enterprises or non-profit corporations that, in addition to earning money, activate for social goals. This type of investment evaluates the financial impact or financial return of investments unlike philanthropic aids or philanthropic investment which focuses solely on social impact and this issue is considered an important point in terms of these investors. Roundy et al. (2017) believe that impact investors tend for social entrepreneurship.

On the other hand, the difference between this type of investment and socially responsible investment (SRI) is that investors in SRI do not invest in businesses that violate environmental, social or governmental (ESG) criteria. In other words, they perform negative screening. But in impact investment, investors with the specific goal of creating social value alongside specific value or economic return (market return or below market) seek to change and create value in society such as creating employment for young people, female-headed households, increasing community health in deprived areas and so on. Another feature of this type of investment is the use of market-based solutions that cause scalability and sustainability of organizations and consider investments with long-term view and the "slow money" approach.

The remarkable point in impact investment is that investors don't just pay attention to pure social value. In addition to that, economic returns along with social returns are reused in other impact investments. According to Roundy et al. (2017), impact investors are in the scope of financial and social returns among venture investors- who are only seeking ROI- and philanthropic investors- who have 100% negative financial returns and 100% positive financial returns. Societies have a hundred percent positive. Alignment with values (creating positive social change), emotional motivations (for example investment in female entrepreneurial plans) and economic motivations encourage these types of investors to invest.

2.4.2. Social Venture Capital

There is another category called social venture capital or SVCs in social investment that finances social companies at early stage and startups. Miller and Wesley (2007) refer to SVCs as a resource for social entrepreneurship.

Social venture capitalists not only finance the initial capital for social investments, but they also participate in the exact process of training future social entrepreneurs (Cochran; 2007). Silby (1997) believes that social venture capital provides a means that private companies can make a significant change directly through the nature of their products, services and business methods. Also social venture capital can investigate social goals with tested solutions of market.

SVCs participate temporarily in stocks of non-stock companies. They undertake finance of projects with social value. Also, as ordinary venture capital, the investor loses his stock and gains a return when the investment ends (Serrano-Cinca and Gutiérrez-Nieto; 2013).

According to Gregoriou (2008), social venture capital is a term for activity and achieving a kind of philanthropy that a method is adopted in it that is used by traditional venture investors. There is no unit approach in social venture capital; rather, selective methods are used as one of the common approaches based on traditional venture capital methods.

Organizational identity is an inherently two-dimensional social investment, social and commercial. SVCs finance because of their willingness to engage in a community and invest in promising social investments (Miller and Wesley; 2010). The duration of SVC support is 3 to 5 years and fewer early exit opportunities are possible compared to traditional institutions. Miller and Wesley (2007) introduce the origin of social venture capital as social entrepreneurship, which focuses on social values. Social venture capitalists focus on economic returns along with returns and social value creation, but according to Achleitner et al. (2013), the importance of financial returns is different for different SVCs and depends on their financing model. Some consider social investment as financial aid, but some have specific financial goals.

Pepin (2005) notes that SVCs have outcome-based approach and have strong performance orientations; therefore, they request likely from capitalists, business plans, and predictions of social performance. As a result, social entrepreneurs are more responsible for delivering their current and future results to shareholders such as SVCs.

2.4.3. Philanthropic Venture Capital

Another type of investors that is considered part of social investors are the philanthropic venture capitalist or PhVCs. Letts et al (1997) have introduced philanthropic venture capitalists as a new financing model for social enterprise (SE). Social enterprises are profitable companies that their products or services are scalable and designed to create a positive social impact (Laing et al.; 2012). Rather than focusing on maximizing shareholders' wealth, PhVCs focus on the ethical dimensions of investing. So, they support organizations that try to provide services or products to meet basic needs, such as public goods including education, health and shelter.

Also, according to Scarlata and Alemany (2008), PhVCs provide scarce financial and non-financial resources to a small number of social enterprises and select promising social investments from a set of candidates. PhVCs participate in partnerships with social enterprises with the explicit goal of maximizing social impact.

According to Laing et al. (2012), philanthropic venture capital funds are similar to traditional venture capital funds, as managers, they provide financial and organizational support (as management and expertise support), but the focus of this type of investment is on social income, not financial income.

All of the investments mentioned in this section are types of social investments that are on the scope of economic returns and social returns, and differ based on the expectations of economic and social returns from investments. For example, some consider investments as donation and expect much lower economic returns. In some cases, they overlap in terms of features and impact.

2.5. Criteria of Social Investment

In types of social investment, investors not only focus on the financial aspects (such as risk, financial return, return on capital, profitability, etc.) when evaluating plans, but also they focus on the social impact of investment (social returns such as impact on community health, employment for disable

people or in deprived areas). Types of social investors seek to achieve their long-term social mission. For this purpose, they consider different criteria from the conventional criteria in traditional entrepreneurship in order to select the optimal option in their evaluations.

There has been a lot of research in the field of the social investment criteria that we will investigate them.

Serrano-Cinca and Gutiérrez-Nieto (2013) have proposed a decision-making system for evaluating social venture investors according to three different aspects, using a hierarchical analysis process approach. This investment system evaluates according to three aspects: 1- Past history of entrepreneur with SVC and financial institutions (such as credit history) 2- Current status of the company (such as annual accounts and intangible assets) and 3- Classic analysis criteria (NPV and IRR) as well as criteria of social expectations (such as Social Return on Investment (SROI)).

On the other hand, Achleitner et al. (2013) have examined criteria of evaluating entrepreneur's integrity as an important feature in evaluating potential investments and the impact of SVC experience in integrity evaluation. In their view, the criteria of entrepreneur's reputation or credit, voluntary accountability efforts, the entrepreneur's personal experience, awards, or entrepreneur's scholarships and professional backgrounds indicates the integrity of the entrepreneur.

Scarlata and Alemany (2008) introduced criteria of evaluation in social enterprise by philanthropic venture capitalists (PhVC) in five dimensions 1- Human capital 2- Activities of social enterprise (Including business strategy, reliable and sustainable income model, Achieving clear results and technology) 3- Exterior environment (including social market where the service is offered and market size) 4- Transaction evaluation (including proportion to PhVC portfolio and transaction conditions) 5-Potential (including financial sustainability, social impact and scale).

Miller and Wesley (2007) believe that SVCs consider social and traditional entrepreneurial criteria in evaluating social investment and balance these two categories based on SVCs' emphasis on social and entrepreneurial criteria. . The authors of this paper have investigated the impact of criteria 1- Social mission 2- Passion for social change 3- Community-based networks as social criteria and criteria 1- Management experience 2- Innovation capabilities 3- Goals of gaining income 4 - Educational or educational credentials. 5. Performance measurement method as traditional entrepreneurial criteria.

Roundy et al. (2017) have investigated the features of impact investors and their differences with investors. They also introduced incentives and valuation criteria of these investors based on interviews with 31 investors. Some of the important criteria according to these investors are: the alignment of the entrepreneur and investor mission, the entrepreneur's desire to create social value, the scalability of the business, and certain economic and financial returns.

On the other hand, numerous studies have been conducted on the effective criteria of investing in traditional entrepreneurship plans. These criteria mainly focus on financial criteria, traditional features of investment and entrepreneur, growth and profitability potential, service and product feature, and the like. Accordingly, our goal in this study is to examine the criteria presented in the literature of social entrepreneurship that their focus is based on social criteria.

3. Research method

Our goal this study is to examine the basic criteria of social entrepreneurship in order to evaluate investment options. For this purpose, social venture capital, philanthropic venture capital and impact investment, the factors and criteria proposed by content analysis method have been extracted and analyzed after reaching the saturation level using various keywords of investment valuation factors in the literature of social investment.

Content analysis is a research method for systematic studying of documents that may be text or various formats, such as images, audio or video. So, any material that transmits the message can be subject of content analysis. These cases include all forms of verbal and visual communication such as articles, websites, newspapers, lectures, letters, interviews, images, videos, etc. (Heydarian; 2017).

The quality of content analysis is usually determined by its reliability and validity (Heydarian; 2017). Reliability examines the ability of the measurement to achieve consistent results at any time. On the other hand, validity shows the accuracy and being real of the results and examines whether the instrument measures what we were looking for.

Content analysis is done both manually and by computer. Content analysis is used more when there is a hidden meaning and requires qualitative analysis.

Steps of content analysis

1. Creating hypothesis or hypotheses
2. Identifying appropriate data (text or other communication material)
3. Determining the sampling method and sampling unit
4. Sample design
5. Creating the data collection unit and analysis unit
6. Creating a coding plan to test the hypotheses
7. Data coding
8. Investigating the coding reliability and adjusting the coding process if necessary
9. Analyzing coded data, using appropriate statistical tests
10. Results

Thus, 491 factors were extracted from the literature of social investment, social venture capital, philanthropic venture capital and impact investment. In the next step, the criteria were divided into 7 categories using content analysis method. Subsequently, the criteria were reduced to 4 main groups according to the frequency percentage and cumulative frequency percentages of each group and factors of eliminated criteria were merged in the other groups.

In the following, four effective groups of social criteria of evaluating the effectiveness of social entrepreneurship will be introduced for investing and each category will be investigated in detail.

4. Results (Social criteria of evaluating social entrepreneurship)

According to previous sections and based on studies conducted and content analysis, social criteria of investing in social entrepreneurship can be divided into 4 categories of investment feature in terms of social criteria, feature of social entrepreneurship (venture capital) in terms of social criteria, combined return and combined risk. We will examine each category in the following.

4.1. Feature of Investment in terms of social criteria

This criterion can include the social image of the business, the processes, the scalability of the business, the part where the startup operates in it and the sustainability of the startup.

Serrano-Cinca and Gutiérrez-Nieto (2013) introduce processes as internal structures of an organization that help them to achieve their goals. Scarlata and Alemany's (2008) paper introduced the potential social impact as the most important criteria in terms of PhVCs while introducing social entrepreneurship as a key to maximizing social impact, and based on their research, this criterion has the highest rank in evaluating philanthropic venture capitalists. In addition, impact investors tend to invest in a way that has positive social impacts in addition to obtaining financial value.

Scarlata and Alemany (2008) have mentioned the corporate social image as a criterion from external structure criteria (indicating a company's relationships with its customers, partners, suppliers, and other external stakeholders) in terms of SVCs. According to Serrano-Cinca and Gutiérrez-Nieto (2013), social venture capitalists extract information about activities of Venture Capital Company and their reputation using the Internet search tools (web pages, blogs, and social networks). This method indicates the active actions of the Venture Capital Company in social networks and their social responsibility, customers and suppliers. It also indicates whether the company provides sustainability reports and is subject to social inspection.

According to the paper by Spiess-Knafl and Aschari-Lincoln (2015), the focus group of venture capital (beneficiaries) is the strongest predictor for the outcome of the financing and increases the likelihood of investment and donation. Investments with specific beneficiaries such as children, youth, unsuccessful beneficiaries, or people with disabilities and patients are more likely to receive donations (Spiess-Knafl and Aschari-Lincoln; 2015). The age or stage of development of an organization is one of the features that have been mentioned in the social investment literature. O'donohoe et al (2010) has pointed to the stage of investment development (such as seed or start-up) as a criterion in evaluating impact investments. Spiess-Knafl and Aschari-Lincoln (2015) have shown that philanthropic venture capital funds donate to social organizations with age of over 5 years rather than younger organizations. This finding is in contrast to other articles investigated about the age of investment.

Another feature that is important in the view of social investors is scalability. Roundy et al. (2017) citing from an impact investor pointed out that if a company can continue its work or be scalable in the future, investors will value them more than companies that have large social missions, but they cannot be scalable.

One of the criteria of social investors is sustainability. Social investors may investigate sustainability approach in a variety of areas, such as the environment, capital structure, and how to behave with personnel. For example, social investors undertake the financing of investments that can reuse their financial return to invest in areas that have social interests (Roundy et al. 2017).

4.2. Feature of entrepreneur in terms of social criteria

This criterion can include a desire for social changes, an education feature related to social issues, having a mentality of social entrepreneurship, reputation of entrepreneur in social section and personal experience of entrepreneur.

Scarlata and Alemany (2008) investigated criteria selected by philanthropic venture capitalists to evaluate social entrepreneurs based on exploratory study and introduced the features of social entrepreneurs as the most important criteria for PhVCs. Also, Ghalwash et al. (2017) stated entrepreneurship mentality, aspects of compassion and philanthropic, risk-taking and endurance, and persistence as four important characteristics of social entrepreneurs. Entrepreneurship mentality helps social entrepreneurs in identifying new ideas and opportunities to achieve social goals. They can use entrepreneurship skills and experiences to develop business techniques and models of creating social value and solving social problems (Doherty and Thompson, 2006).

Ghalwash et al (2017) introduced empathetic, compassionate, and understanding social entrepreneurs who get reward from the benefits of others. The authors believe that there are more and diverse risks in developing countries, especially in the social sector compared to profitable institutions in advanced economies in the early stages. Risk-taking is one of the characteristics of social entrepreneurs. (Mort et al., 2002; Tan et al., 2005; Litzky et al., 2010) Social entrepreneurs understand risks consciously and without expectation of financial gain. Sustainability and perseverance empower social entrepreneurs to continue their activities (Omoredede, 2014) and help them to maintain social enterprises at risky conditions (Ghalwash et al.; 2017).

Achleitner et al. (2013) stated social entrepreneur's integrity indicating entrepreneur's accuracy and transparency as one of the most important criteria in terms of SVCs, and proposed 4 dimensions of entrepreneur's personal experience, professional background, voluntary accountability efforts, entrepreneur's fame and awards/education degrees for evaluating it. Based on research on 40 social venture capitals, voluntary accountability and entrepreneur's credibility have been identified as the most important feature of this criterion for evaluating integrity. In general, voluntary accountability efforts can improve the internal processes of social enterprises and increase the external control of social entrepreneurs. Voluntary accountability efforts show the benefit of social entrepreneurs by improving transparency and control outside of social enterprises. This feature causes the transparency needed by a large company. It helps to reduce asymmetric information between social entrepreneurs and investors and reduces the risk of deviating from mission or immoral behavior (Achleitner et al. 2013). On the other hand, entrepreneur's reputation reduces information asymmetry about capital commitment and predicts future behavioral patterns of entrepreneur by SVCs.

In addition, creativity and innovation are other features of social capital, because they seek to solve social problems using conventional methods in business in a creative and innovative way.

On the other hand, membership in a community-based social network has a positive impact on evaluating social investment. A community-based social network plays a supporting role in the mission of social entrepreneur that can utilize the skillful and volunteer manpower and required capital to realized its mission through it (Miller and Wesley; 2010). According to Miller and Wesley (2013), there is a strong positive relationship between the size of the community-based network and the effectiveness of the investment, and the size of network of entrepreneurs reflects the resources available to influence for investment.

4.3. Combined expected return in terms of investment

Combined returns include the sum of financial returns and social returns. The purpose of social return is the amount of social change by entrepreneurship. Such as increasing the level of health in community or new job opportunities in deprived areas.

Gla'nzel and Scheuerle (2015) believe that the concept of impact investment is the creation of social and environmental returns along with financial returns, and its first goal is the measurable impact of social and financial returns as a side advantage (Hebb, 2013; Petrick and Weber, 2013). Measuring the social returns of an investment depends on the area and context that investment is placed in it and cannot standardize it simply. The lack of a measure that can measure the financial returns of different investments in a portfolio has made it difficult to measure this return (Drexler And Noble; 2013).

On the other hand, since social investment follows social and financial goals concurrently, as proposed by Laing et al. (2012), the proposed investments should be evaluated in terms of combined returns. For example, investing or receiving the shares of businesses that provide job opportunities for deprived areas has combined returns. In this case, even if the investment has lower returns than the market, it has acceptable combined returns because of social value creation (Laing et al.; 2012).

4.4. Combined expected risk in terms of investment

Combined risk includes the sum of financial risk and social risk of the proposed investment. The purpose of social risk is the risk of non-acceptance of entrepreneurship plan by beneficiaries due to inconsistency with their social goals.

Despite the fact that investors in nonprofit section, like traditional investors, do not accurately invest based on certain returns and risk, they also have certain preferences of risk (Javits; 2008). Social investment takes place where the investor is willing to ignore the returns that have a certain level of risk (Gla'nzel; 2015 and Scheuerle). Geobey et al. (2013) have referred to the importance of using portfolios including social investments to manage risk and develop capacities of social innovation.

Miller and Wesley (2007) have introduced risk criterion as financial sub-criteria related to the future of investment in terms of SVCs, and proposed risk matrix to measure this criterion that include various risks that applicants face with them.

The paper by Laing et al. (2012) proposed the use of a combined risk and a combined return approach to evaluate social investment. Financial risk is called compensatory risk because investors expect higher returns in the long term for higher volatility. Social risk is non-compensatory and refers to the risk that an organization's investment to be deviated from the agreed values of the beneficiaries. Laing et al (2012) because of the difficulty of calculating social risk propose that when social risk was identified for an investment, the combined risk will increase and therefore investment that is exposed to social risk will be less attractive. The following figure shows the above four criteria in the research literature in summery.

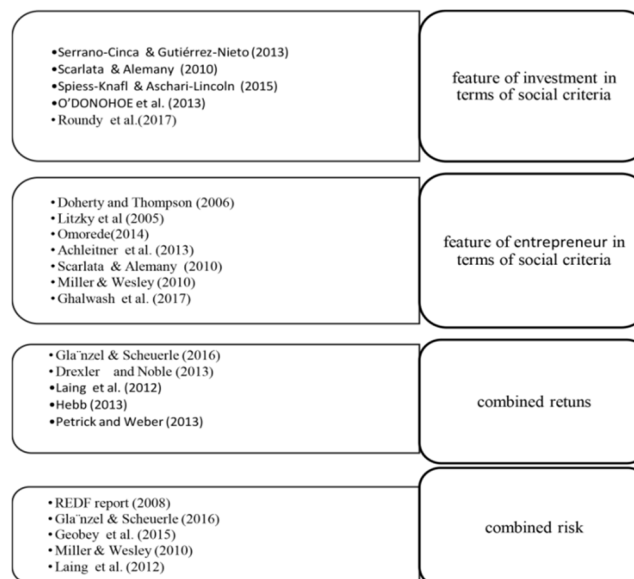


Figure 1. Four criteria in the research literature

5. Discussion and conclusion

Social entrepreneurship differs from traditional entrepreneurship because of its dual nature and mission. Consequently, investors need to investigate more and different criteria than traditional entrepreneurship to evaluate entrepreneurship plans. Investors of traditional entrepreneurial investigate criteria that have mainly financial aspect in order to evaluate the effectiveness of investments. For example, these investors examine the profitability of plans in future, the expected risk and expected returns. In the traditional venture capital literature, cases such as entrepreneur's experience, product and service characteristics, investment environment, entrepreneur and investor's policy and strategy, and so on have been referred. But the criteria of evaluating them are different according to the features of social entrepreneurship and its mission, in addition to different investors in this field.

For this purpose, given that previous studies have investigated many financial criteria, the purpose of the present study is to investigate the methods and investors of social entrepreneurship and the effective social criteria in evaluating social entrepreneurship in order to invest in them in terms of investors. According to studies conducted on social entrepreneurship and types of social investment (social venture capital, philanthropic venture capital and impact investment) and based on the content analysis method, social criteria of evaluating social entrepreneurship were extracted and classified for investment. Initially, 7 categories of main criteria were concluded and finally, these criteria were classified into 4 general categories according to their frequency and cumulative percentage.

The final effective criteria of investment in social entrepreneurship plans are investment feature in terms of social criteria, feature of entrepreneur in terms of social criteria, combined expected return and combined expected risk.

The investment feature in terms of social criteria examines different aspects of investment from a social perspective. For example, the social image of investment (Serrano-Cinca and Gutiérrez-Nieto; 2013) is an important criterion in this context and represents cases such as customers and partners and encourages investors to finance. Also, the potential social impact by social investment (social entrepreneurship) has been proposed as one of the important criteria (Scarlata and Alemany; 2008). Also, the focus group (beneficiaries) is considered a social feature of investments (Spiess-Knafl And Aschari-Lincoln; 2013). Cases such as the age or stage of investment development (O complonohoe et al. 2010), scalability and sustainability (Roundy et al. 2017) are other social features of investments.

On the other hand, the feature of entrepreneur has always been mentioned an important criterion in research literature (Alemany; 2008 and Scarlata). This feature can include entrepreneur's risk-taking (Omored, 2014), compassionate and philanthropic aspects (Ghalwash et al.; 2017), which help the entrepreneur in achieving his or her social mission. Integrity is also another important feature of social entrepreneur. This feature increases transparency between the investor and the entrepreneur and includes issues such as voluntary accountability efforts and reputation (Achleitner et al. 2013).

Combined returns are another criterion in evaluating social entrepreneurship. The emphasis and focus of this criterion is on the combination of financial returns and economic returns. For this purpose, it is suggested financing to be performed despite lower economic returns than market returns for an investment, due to favorable social returns (Laing et al. 2012).

Combined risk also avoids financing of plans that are contrary to social goals and endanger the interests of beneficiaries (Laing et al. 2012). This risk is the sum of economic and social risk and it is suggested that high-social risk investments (despite high economic returns) to be eliminated from the portfolio.

According to the prominent role of social entrepreneurship in society, its impact on reducing and improving social issues and its dual nature and mission, it is expected that investors to consider more comprehensive criteria for investing in such plans. As it was mentioned, different types of social entrepreneurship investors invest for gaining social value along with economic value. As a result, studying social criteria along with traditional and economic criteria (which have been examined in the literature of traditional entrepreneurship and venture capital) will increase investment effectiveness. Ultimately, the result of return on investment will be visible in society, and investors will be able to provide social investment resources in future using the economic returns gained.

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