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Revenue Streams of Social Impact Incubators and Accelerators: The Influence of Program Benefits

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Social impact incubators and accelerators (SIIAs) support early-stage social enterprises worldwide, yet many struggle to secure sustainable funding. This research matters for philanthropy practitioners because it shows that an organisation's programme focus directly predicts its best funding strategy.

How do the benefits provided by SIIAs affect the composition of their revenue sources?

The findings show that SIIAs emphasising economic benefits attract significantly more government funding. In contrast, organisations focused more strongly on social goals rely more heavily on donations and generate lower levels of earned income. The study further suggests that programme orientation matters more for revenue composition than legal form: what organisations do shapes who is willing to fund them.

#SocialImpact #Incubators #Accelerators #SocialEnterprise #NonprofitFinance

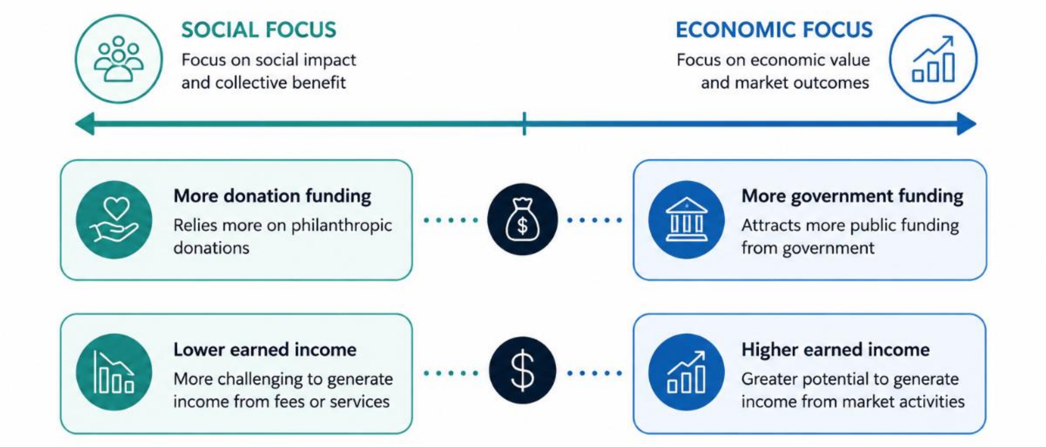
Background & Context

- **Many social enterprises fail in their early stage due to funding gaps, governance problems, and hostile environments.** SIIAs have emerged to to address these challenges by offering mentoring, networks, training, and seed capital.
- **SIIAs operate at the crossroads of for-profit and nonprofit logics.** This hybrid character makes their financial management particularly complex: unlike classical commercial actors, they cannot rely primarily on equity returns, yet they are also not exclusively dependent on grants or donations.
- To explain these dynamics, the authors draw on **benefits theory**. The framework suggests that organisations providing public benefits are more likely to attract government funding, those creating group benefits tend to rely more on donations, and organisations generating private benefits are better positioned to earn income from clients or customers.
- **Economic and social orientations exist on a continuum.** A stronger focus on economic goals is often associated with less attention to social goals, reflecting institutional tensions inherent in hybrid organisations.
- The study focuses **on the programme orientation of participating ventures** rather than asking SIIAs to self-identify their own organisational orientation. This approach reduces the risk of self-reporting bias and provides a more indirect measure of organisational identity.

Take aways & Learnings

- **Economic orientation attracts government funding.** SIIAs whose participants focus on economic value and professionalism receive significantly higher shares of government funding. Governments tend to fund incubators through economic development departments, rewarding market-oriented outcomes.
- **Social orientation drives donation income.** SIIAs focused on social goals received more donations. Philanthropic funders may be more likely than governments to recognise and support collective or group-oriented social benefits.
- **Social orientation reduces earned income.** Socially focused SIIAs struggle to charge participants directly, as their clients have limited financial capacity. This confirms that earned income is harder to generate when the mission is primarily social.
- **Programme orientation matters more than legal form.** Whether an SIIA is registered as a nonprofit or a for-profit organisation is a weaker predictor of funding than the nature of its programmes. Nonprofits receive more donations, but beyond this, legal structure is less decisive than expected.
- **Hybridity creates institutional tensions.** SIIAs that try to serve both social and economic goals face real trade-offs. A stronger economic identity among participants is associated with less attention to social goals, confirming the continuum model of organisational hybridity.

Programme orientation predicts funding: economic focus brings government money, social focus brings donations



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