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On the Factors Influencing New Ventures' Blended Values

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Abstract

What drives entrepreneurial action to create a lasting impact? The creation of new ventures that aim at having an impact beyond their financial performance face additional challenges: achieving economic sustainability and at the same time addressing social or environmental issues (Dean & McMullen 2007). These so-called hybrid organizations try to be congruent with their blended values, despite being under external pressure in the process of maturing the new venture (McMullen & Warnick 2016). This research explores not only the initial motivations of the entrepreneur as potential influence on the ventures' blended values, but also the source of finance.

A dataset of 4,125 early-stage ventures (Entrepreneurship Database Program; Emory University) has been explored to gain insights into how entrepreneurs' motives and external financing sources could influence on the impact dimensions being addressed. Social motives were found to go along with social impact targets. The results seem to support a resource dependence perspective (Drees & Heugens 2013): the more early-stage ventures rely on philanthropic support as an external funding source, the stronger they appear oriented towards social or environmental impact dimensions – thus they may have been willing to adapt their initial goals to match with different donors' expectations. In the case of social impact ambitions, increasing profit margin targets and venture age have a negative effect on the prevalence of blended values. The research results hold implications for entrepreneurs and institutions interested in promoting new ventures with blended values.

Keywords: venture creation, hybrid organizations, blended values, social impact, environmental impact, entrepreneurship.

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