

Women CEOs in social enterprises earn 29% less than their male counterparts

Gender differences in pay are ubiquitous at all organisational levels [including at the top](#). Entrepreneurship is hailed as one way for women to circumvent organizational norms and discrimination, because as CEOs of their own organizations, entrepreneurs largely determine their own pay. Moreover, social entrepreneurship may be a particularly gender-blind occupational choice; evidence indicates that women are [more likely](#) to start a social enterprise. This opens the question of whether at the top of social enterprises we may see little or no gender pay gap.

Yet, income might not be the [only outcome](#) of an entrepreneurial career. Entrepreneurship and especially social entrepreneurship might permit people to realize non-monetary rewards such as their desire for job flexibility. In particular, social entrepreneurs may reap benefits in terms of higher satisfaction from helping others through their enterprises. Thus, we also investigate whether there is a gender gap in job satisfaction.

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Social entrepreneurship is a rising phenomenon that is only poorly understood to date, in part because it is difficult to research, being difficult to define, and challenging to identify in official registers. A social entrepreneur addresses social needs such as poverty, discrimination, exclusion, and environmental degradation through market-based activities. Thus, social entrepreneurs have much in common with traditional (commercial) entrepreneurs, for example, the central role of individual risk bearing and organisational formation, but they are also distinguished by their objectives – social wealth rather than private profit.

[Our research](#) looks at the gender pay gap among social entrepreneurs, using a unique dataset, Social Enterprise as Lead Users of Service Innovation (SELUSI). We employ a [respondent driven sampling](#) method to capture a representative sample of UK social entrepreneurs. This method addresses a key problem – that there is as yet no information on the underlying population of social entrepreneurs. We use the SELUSI dataset to identify whether gender pay and satisfaction gaps exist in social enterprises, as well as their scale and determinants.

We find that even as social entrepreneurs, women earn 29% less annual salary (27% hourly wages) than their male colleagues. This is a greater *unadjusted* gap than the UK average of [20% based on hourly wages](#). Controlling for demographic, human capital, job, social business, personal preference and values characteristics, we estimate an *adjusted* pay gap of about 23% for the annual salary of social entrepreneurs (20% for hourly wages).

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At the same time, we show that female social entrepreneurs are more satisfied with their jobs than their male counterparts. This finding holds, even when we take into account the lower salary or revenues (as a proxy for the size of the organisation) generated through a social enterprise. Our findings therefore are consistent with the “paradox of the contented female (social) business owner,” whereby the female social entrepreneur’s job satisfaction is independent of the (lower) salary or revenues generated through the social business.

There are several reasons for policymakers to consider supporting social entrepreneurship. These include the promise of social enterprise as a vehicle to address some of the pressing social issues for which governments no

longer have the resources to address, and [the documented positive spillover effects of social on commercial entrepreneurship](#). Thus, social entrepreneurship appears to be a route into commercial entrepreneurship attracting those who are typically less likely to engage in commercial entrepreneurship but who, through the social enterprise experience, build skills and confidence that they subsequently leverage in creating profitable new ventures. Finally, there appears to be a relatively more [equal balance in the participation of men and women in social enterprise](#).

However, the results of this study contribute to a more rounded perspective, highlighting that although social entrepreneurship may be a highly satisfying occupation, it also perpetuates gender pay inequalities. What is not clear is whether this should be of concern to policy makers, if the pay gap is not driven by discrimination but rather by choices of the social entrepreneurs themselves. However, this has the worrying implication that, women are undervaluing their contributions. Since society in general will likely always be concerned by income inequalities, whether explicable by social and economic factors or not, policy makers might wish to engage business support and communication campaigns to mitigate the pay gap while stressing personal fulfilment.

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