Millennials and Social Entrepreneurship: A Multiple Streams Analysis of Problems, Prospects, and Implications for Policy and Practice

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Abstract

Using Kingdon’s multiple streams framework, this article analyzes the processes of problem definition, policy proposal, and political decision-making surrounding the relative dearth of millennial participation in social entrepreneurship. Prominent problem definitions emphasize increases in student loan debt and competing interests as impediments to millennial participation in social enterprise. Policy proposals to increase social entrepreneurship relevant to millennials emphasize networking, business incubators, and tax changes that provide education and opportunity to millennial social entrepreneurs without increasing their student loan debt. Political factors relevant to millennials include uncertainty regarding loan forgiveness and tax credits for social entrepreneurs. Implications for future millennial participation in social entrepreneurship are discussed.

KEY WORDS: millennials; social entrepreneurship; social enterprise; student loan debt; tax credits
I. INTRODUCTION

Social entrepreneurship is defined as the commercial activity of private actors to achieve social or public goals alongside commercial profit (Wolk, 2008). Waddock and Post (1991) highlight the public policy relevance of social entrepreneurship activities, noting that while social entrepreneurs do not exclusively seek to solve social problems, their actions frame the context for how public policy regarding social problems will be implemented. Accordingly, Wolk (2008) suggests that improved policy support for social enterprise could accelerate solutions to social problems, particularly by creating cost-effective ways for government to address inequalities produced by market failures, a traditional function of government alongside providing public goods (e.g., national defense, public roads, etc.). While over the past decade, social welfare spending has declined and new social enterprises have multiplied, less is known about the support social entrepreneurs need to achieve success within this developing field (Haugh, 2005; Yitshaki and Kropp, 2015).

Terjesen, Bosma, and Stam (2015) offer public policy insights for social and other forms of entrepreneurship, noting that social entrepreneurs typically rely on modest, often self-funded capital, and their ventures are more likely to survive when the social entrepreneurs have experience in previous self-started efforts. These authors looked at several different types of entrepreneurs, such as those who were female, were building high-growth enterprises, or were social entrepreneurs, and made recommendations to advance public policy interventions for these specific groups. They emphasize that institutional factors, such as prescriptive norms, cultural beliefs, and regulatory activity, affect these entrepreneurs most, with policies that promote and
Submission to *GPPR MILLENNIALS AND SOCIAL ENTREPRENEURSHIP* reward pro-social behaviors proving the most impactful in positively influencing rates and success of social entrepreneurship.

Yet, social entrepreneurship remains a relatively stagnant field. However, a growing number of political actors promote modern social entrepreneurship as an important tool in solving complex social challenges while still functioning within the existing system of commerce. For example, in the last ten years, social entrepreneurship business models that create new employment opportunities for individuals with disabilities have received particular attention (Katz, 2014). Popular social enterprises have also targeted vocational training and supportive employment to the formerly homeless, especially the young and those dealing with behavioral health issues (Ferguson, 2013; Ferguson & Xie, 2008). Other social enterprises focus on hiring workers to improve their technology and vocational skills while producing a saleable, quality tech product (O’Donnell, Tan, & Kirkner, 2012).

![Job Creation Through Social Incubators](image)

Based on the popularity and success of these efforts in their communities, Wolk (2008) recommended that policy makers and governmental agencies advance social entrepreneurship opportunities in order to advance social innovation. Given the empirical syntheses provided by
past research, highlighting the importance of education and experience in entrepreneurship as key variables for social entrepreneurship success, this article focuses on the millennial generation, a currently untapped asset in social entrepreneurship, as a target for policy interventions that seek to advance social entrepreneurship. By demographic definition, millennials are those born from approximately 1980 to 1996, making the oldest millennials only thirty-six years old. Their generational timeline, which points to many millennials having sought initial employment in the height of the 2008 recession, suggests their limited experience with and opportunity to experience a variety of enterprises. Like other social entrepreneurs, millennials also often have limited and network-dependent capital to seed their social enterprises.

While social entrepreneurship gains prominence as a tool in solving public problems, millennials are decreasingly engaging in it. Howe and Strauss (2009) discussed the sociological characteristics of millennials critical to any policy discussion concerning social enterprise: they value working from home, ask for financial help when they need it, and are less concerned about formal paid employment than previous generations. Despite expectations that millennials would be an especially entrepreneurial generation, mounting evidence has indicated that they may be less involved in entrepreneurship than those in previous cohorts, with millennials less interested than their parents’ generation in owning their own businesses or being self-employed (Eagan, Lozano, Hurtado, and Case, 2013; Shane, 2014). This dynamic both suggests that social enterprises will miss the unique talents, perspective, and digital nativity of this cohort, and this cohort will miss the professional opportunities of an expanding market. In a time of continuing social welfare retrenchment, the entrepreneurial contributions of a rising millennial generation to social wellbeing may be especially missed, as will their potential influence on social policy.
To make sense of these conflicting issues, Kingdon’s (1995) multiple streams approach serves as a helpful method of examining the problems, prospects, and implications for policy and practice present in the current dearth of millennial involvement in social enterprises. In Kingdon’s problems stream, potential areas for policy intervention compete against one another, ready to be reframed or recognized as problems requiring policy action; problem recognition can be aided by perceptions of the situation as a crisis or the by the handy availability of a potential solution. Solutions are already available, floating around, ready to attach themselves to problems that must first get attention; solutions go in search of problems. In Kingdon’s policy stream, potential policy solutions to the identified problem are proposed and revised over time, changing as public attention to problems evolves and as new policy actors enter the stream with their proposals and revisions. In the political stream, policymakers have the opportunity to act, both enabled and constrained by other political and non-political processes going on around them; they can acknowledge a specific definition of the problem and accept a proposed solution. Numerous conditions have to be satisfied that create a window of opportunity for the three streams (problem, policy, politics) to converge and produce real policy change. In this, a
strength of Kingdon’s model rests in its acknowledgement that policymaking is rarely a clean, linear, and comprehensive process; it accounts for the messiness and unpredictability of policymaking in the real world.

While social entrepreneurship has been proposed as a solution to multiple social and labor problems, particularly concerning long-term stability of millennials in the labor market, several assumptions have been made about millennials as potential or actual social entrepreneurs that bear reconsideration. Using the Kingdon model, this article examines potential problems, policy proposals, and political climates regarding social entrepreneurship and members of the millennial generation.

**II. THE PROBLEM STREAM: WHERE ARE THE MILLENNIAL SOCIAL ENTREPRENEURS?**
Kingdon (1995) suggests that the problem stream identifies problems for policy intervention in three possible ways. First, are they current and clear “problems of the day” that are commonly agreed on as part of existing social conditions? Second, are they national or crisis events that reframe previously ignored or unnoticed social conditions as pressing public concerns? Third, are there changing social values and beliefs that give problems new notice, thereby attracting the interest of policy advocates seeking to craft responses to the changing status quo?

It is likely that low millennial involvement in social entrepreneurship is only beginning to emerge as a public concern, as evidenced by relatively small and only recent attention to the issue (Nickelsburg, 2013; Schawbel, 2014; Shane, 2014). However, the unexpectedly low involvement in social entrepreneurship by millennials is commonly tied to other, more prominent, social problems affecting the millennial generation. This section will review the issues that contribute to a lack of millennial involvement in social entrepreneurship.

Kingdon’s first two categories of ‘problems of the day’ and national crises are relevant for millennial social entrepreneurship given the relevant aftermath of the Great Recession. Schockley and Frank (2011) noted that the Great Recession marked a unique place in public policy support for social innovation and entrepreneurship, as governments across the world sought new ways to stave off economic collapse and return markets and commerce to pre-crisis levels. However, others have highlighted potential mismatches between social enterprise and millennials as a target group.

Tobak (2011) focuses on two aspects of the post-Great Recession marketplace that he suggests predict the lack of millennial success in entrepreneurship. First, he argues against the presumption that economic necessity in the post-crisis era would produce successful millennial
entrepreneurs. Entrepreneurship that is “necessary” due to high unemployment and a generally slacking economy will lack capital and seed money, such that even startups that do successfully launch will likely lack consistent customers. The current problem of the day, a flat economic recovery following a recent period of economic crisis, seems closely linked to the problem of low millennial social entrepreneurship. The unprecedented high rates of student debt of many millennials has also been highlighted as a force that keeps potential millennial social entrepreneurs working for others rather than starting enterprises themselves – young people need a regular paycheck to make monthly student loan payments (Nickelsburg, 2013; Schawbel, 2014).

Tobak’s (2011) other critique points to Kingdon’s third source for problem identification, changing social values and beliefs about a given problem. Tobak argues that for all the attention given to the idea that millennials are more socially engaged than previous demographic cohorts, as well as more interested in entrepreneurship, the social focus of many millennial entrepreneurs may be significantly misaligned with the consumer priorities of other demographic cohorts. Specifically, baby boomers and generation X-ers, who have the income to become lucrative customers for millennial social entrepreneurs, may not want what millennials are selling. Tobak discusses two specific millennial values, a preference for online/virtual interaction and a focus on environmental sustainability, as contributing to a potential “green tech bubble” that may be of little interest to older, wealthier customer cohorts with different consumer preferences. These cohorts historically spend their money on luxury products (produced in factories by manufacturing entrepreneurs that may not be “green” and clearly are not online) or on specific, self-interested forms of technology (such as medical advances and healthcare services).
This problem identification has been echoed by other writers on millennial social entrepreneurship, who note that many currently successful enterprises still focus on retail and manufacturing endeavors, such as a clothing shops or small factories that require unattractively long hours and are less lucrative than in decades past (Shane, 2014). Others have noted that many millennials who report being interested in entrepreneurship feel that they can instead resort to “intrapreneurship.” Intrapreneurship is defined as working for a stable firm, with a stable position and paycheck, but with the autonomy to behave and innovate like an entrepreneur within the firm (Nickelsburg, 2013). For example, Google’s “Innovation Time Off” policy allows employees to devote 20 percent of their time to projects that interest them and that they believe will benefit the company (Bock, 2015). Intrapreneurial millennials may use these types of workplaces for both economic stability and as a way to address social problems or personal
interests without taking on the risks of entrepreneurship. While intrapreneurship may allow employees to be socially engaged, it contains none of the market and financial advantages of truly owning one’s own enterprise and earning open-ended profit rather than merely a fixed salary. Such innovation is also still confined by the preferences of the firm for which they work. Increasing millennial intrapreneurship then only partially addresses the greater problem of declining millennial involvement in social enterprise and may actually serve as a competitor to true entrepreneurship, creating a salaried class of competent but less engaged workers who do not own the capital or authority to drive attention and action to the social problems about which they are passionate.

III. THE POLICY STREAM: PROSPECTS FOR MILLENNIAL SOCIAL ENTERPRISE

Given the problems discussed above, that may be keeping millennials out of social entrepreneurship, several policy proposals to promote social entrepreneurship have been offered. This article analyzes some of the most prominent recent policy ideas to promote social entrepreneurship, specifically through the lens of how these proposals could differentially affect millennials interested in social entrepreneurship. This article focuses on proposals that are specifically government-oriented rather than depending on the voluntary action of private firms.

Terjesen and colleagues (2015) argue that social entrepreneurs who work part-time and/or have student status are statistically more likely to start social ventures. Given their flexible employment status, they can benefit from entrepreneurship education as well as the networks that come with incubators and growth accelerators. Education marketed to student entrepreneurs and part-time entrepreneurs are likely to help millennials – younger millennials are likely to be considering majors or school choices and have the greatest amount of time remaining to see a return on their educational investments, and older millennials are likely still developing their
Submission to *GPPR MILLENNIALS AND SOCIAL ENTREPRENEURSHIP* careers based on earlier choices in education and the labor market. Ensuring that startup incubators and growth accelerators, and their economic benefits and opportunities, are well-publicized to young people can help capture millennials who are already over-burdened by heavy student loans and cannot easily take on more debt. Some startup incubators (such as the Venture Café of St. Louis) even welcome high school students to participate in incubator activities and networking. In this way, incubators and entrepreneurship networks are especially useful to millennials; they can onboard participants early in their careers while individuals still have time to consider future educational decisions. Additionally, incubators do not add to the student loan burden so many millennial social entrepreneurs already carry.

Terjesen and colleagues (2015) also recommend that, on top of support for incubators and growth accelerators, policymakers should devise special legal and regulatory frameworks, including tax incentives, to support and encourage development of enterprises that seek more than just profit. Wolk (2008) cites the Louisiana Office of Social Entrepreneurship as an example
of a state effort that establishes institutional support for this work. Louisiana provides financial and in-kind benefits to social entrepreneurs, in addition to training and networking opportunities, making such inclusive support especially attractive to millennials. Similar state-supported incubators that provide in-kind services, such as free shared workspaces, in addition to tuition-free education and training opportunities, encourage millennials by increasing opportunity without the risk of higher student loan burden. Wolk also points out that some social enterprises begin as 501(c) tax-exempt nonprofits, but then fail to win any grants that would keep them in business. He encourages the development of new tax structures, such as L3Cs (low-profit limited liability partnership companies), which allow firms to earn a modest profit while still accepting philanthropic gifts and pursuing social aims. Such structures may be especially attractive to millennials beginning a new venture, as flexibility is built into the process; new ventures could maintain an option to move from for-profit to nonprofit, or vice versa, depending on the available philanthropic or for-profit opportunities in their sector or market.

IV. THE POLITICAL STREAM: IMPLICATIONS FOR POLICY AND PRACTICE

Kingdon (1995, p 142) suggests that a politically victorious policy proposal is usually the “available alternative,” one that simultaneously solves a narrowly-defined problem in a relatively simple way within the open policy window where change is politically possible. Although Wolk (2008) provides real-life examples and models for each policy recommendation, many of these recommendations fail to highlight millennial social entrepreneurs. For example, Wolk recommends establishing a national social innovation foundation and better coordinating volunteer resources. Recommendations related to tax changes suffer from the fact that such changes would affect all taxpayers unless specific credits are targeted to particular groups. Moreover, state variation in such tax policies could potentially produce a fragmented patchwork
of social entrepreneurship supports that fail to support millennials equally across states.

Understanding the political stream in order to predict successful policy change, one that specifically supports millennial social entrepreneurs, means building on model policies that overcome vague proposals and potential policy fragmentation.

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**Political Stream**

1. **Lack of a clear policy entrepreneur**
   
   A champion could carry a policy forward. Warren Buffet has encouraged Millennial entrepreneurship, but hasn’t been publicly associated with any policy.

2. **Lack of bipartisanship**
   
   A deeply divided political climate makes compromise difficult. This has created obstacles for passing tax credit and student loan forgiveness policies.

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The Corporation for Enterprise Development (2010) (CFED) pointed to the Nebraska Advantage Microenterprise Tax Credit Act as a politically viable alternative and model for other states to follow. CFED highlights the importance of offering such tax support to for-profit businesses and sole proprietorships, as new startups often struggle to pay taxes in their first years of operation. Unfortunately, CFED notes that the $10,000 lifetime cap on the Nebraska tax credit creates a race among social enterprises to claim it and that a lower credit amount (e.g., $3,000) would help lower-profit or newer entrepreneurs (likely including many millennials) and allow more credits to be funded overall. Another tax option, with potential for national dissemination, is modeling social enterprise tax support after the Earned Income Tax Credit.
Submission to *GPPR MILLENNIALS AND SOCIAL ENTREPRENEURSHIP* (EITC), in which every eligible taxpayer who qualifies via earned income under a set threshold automatically receives the tax credit. The Nebraska initiative targets first-time entrepreneurs by appropriating $2 million annually to fund $10,000 lifetime tax credits for eligible small businesses.

Politically, barriers remain to widespread adoption of the Nebraska plan or similar policy proposals that aim to increase millennial social entrepreneurship through tax policy. Foremost among these are the lack of a clear policy entrepreneur, a person who Kingdon suggests could champion such a cause and carry it forward to political acceptance.Although U.S. business magnate and philanthropist Warren Buffet is from Nebraska, has advised the Obama administration on tax policy, and has openly encouraged entrepreneurship for the millennial generation, he is not publicly aligned with any such proposals. Moreover, Boys (2016) notes that President Obama’s signature successes have lacked bipartisan agreement, pointing to a deeply divided political environment and the absence of basic consensus and compromise between the executive branch and Congress. Looking ahead, Abramowitz and Webster (2016) point to structural disadvantages for future consensus, specifically political polarization, noting that members of Congress have fewer incentives to cross the aisle when incumbents increasingly represent districts where members of one political party hold increasingly negative views of the other party. Thus, a politically available alternative, such as tax subsidies to promote millennial involvement in entrepreneurship, that could win wide bipartisan acceptance seems increasingly unlikely given the current political climate.

Given an emphasis on the challenges future millennial social entrepreneurs face in paying down their student loan debt, it is perhaps surprising that there are not more prominent proposals for loan forgiveness for social entrepreneurs. Business incubators and entrepreneur networks
have promoted the 2007 Public Service Loan Forgiveness Program, which allows debt to be forgiven after ten years of non-consecutive public service work; however, this program is difficult to complete, hard to understand, and has been criticized for not efficiently targeting students who might be eligible (McLean Covel, 2015; National Association of Student Financial Aid Administrators, 2014). Another proposal related to post-secondary education that has gained prominence in the 2016 presidential elections is free community college (Baum & Chingos, 2015). While action on such proposals is politically unlikely in the near future, such governmental support for post-secondary education could be valuable if it changed the risk calculus for millennials, removed the financial barriers to entrepreneurship, and encouraged them to engage more in social enterprise.

Significant political barriers remain to financing college and post-secondary education in ways that would improve the prospects of millennial involvement in social entrepreneurship. However, Kingdon’s concept of the policy entrepreneur may play a far greater role here than in other domains. Karol (2015) notes that U.S. presidential candidates typically participate in an “invisible primary” before the official party nomination process, in which they bolster fundraising and endorsements to measure the broadness of their support in advance of the formal caucuses and primary elections. Karol (2015) suggests that some candidates depart early in the race based on their own self-assessed likelihood of nomination and election, but other less likely candidates, those at the end of their careers, may stay in the race and play the role of ‘longshot challenger’ in order to drive attention to their policy proposals. Karol specifically points to Senator Bernie Sanders, challenger for the Democratic presidential nomination against former Senator and Secretary of State Hillary Clinton, whose championing of a free college plan that would cost $750 billion over the next decade has been matched by Clinton’s New College
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Compact, a proposal for debt-free college slated to cost $350 billion over 10 years (Tani, Jackson, & Lee. 2016). Through his push for free college and the pressure it places on Clinton to match such support, Sanders, a self-avowed democratic socialist, represents what Kingdon would call a possible policy entrepreneur for increasing social entrepreneurship among millennials. By driving so much attention to the issue of college costs, he helps promote competing policy proposals and imbues them both with a greater chance at political acceptance and eventual implementation. Either proposal would seriously change the financial landscape for millennials who are interested in social entrepreneurship, but hesitant because of concerns about needing a steady paycheck to repay student loans.

**V. CONCLUSION**

Buffeted by the Great Recession, millennials have faced challenges specific to their generation, such as high student loan debt, that constrain their engagement in social enterprise. Looney and Yanelli (2015) point specifically to the higher student loan amounts of millennials as linked to attending less-selective and for-profit colleges, having higher loan delinquency and default rates, and poor debt to earnings ratios (i.e. high loan repayments on low wages). Elliot and Lewis (2015) further note that student debt is linked to lower lifetime net worth and low home equity, even when students stay below recommended debt thresholds, suggesting that student loan debt can have a long-term impact that restricts both current and future ventures in social entrepreneurship.

Prominent policy proposals to promote social enterprise include low-cost or free informal education for social entrepreneurs and supportive tax policies as mechanisms for allowing millennial social entrepreneurs to save money and invest in enterprise. However, Kingdon (1995) suggests that politically successful policy proposals must also be practically
implementable, represent acceptable values, and anticipate the constraints that could derail them.

This multiple streams analysis of the prospects of increasing millennial involvement in social enterprise suggests several remaining questions for future research:

1. *How early can millennials feasibly study or engage in social entrepreneurship?* Early engagement that allows students to consider entrepreneurship in their college careers bodes well for minimizing unnecessary student loan burden. If college debt proposals, such as those advocated by Clinton or Sanders, continue to find support, tracking millennial study of and engagement with social entrepreneurship in this reduced-risk environment will be especially important.

2. *Are incubators and entrepreneurship networks enough education?* Despite valid concerns about student debt, are millennials receiving the education they need to run social enterprises effectively? What should entrepreneurship education look like for this generation, and how could public policy shape this issue?

3. *What political changes could reset the economic climate for millennial social entrepreneurs?* Political platforms in the 2016 presidential election cycle to “make college free,” and new developments on tax credits and/or loan forgiveness programs, could rapidly change the labor market posture of millennial social entrepreneurs. Given the intense political focus on college costs, political changes in 2017 could have a powerful influence on the risk calculus for millennials for when, if, and how to engage in social entrepreneurship.

To achieve meaningful, sustainable, and robust change in aligning millennial talent with social entrepreneurship opportunities, strategies must demand sufficient change to the system in
order to overcome current obstacles (McMillin, 2014). Understanding how public policy can build the capacity of millennials to engage in social entrepreneurship is especially important during a U.S. presidential election, where there exists high levels of millennial engagement and potential policy windows. While the Kingdon model deconstructs the potential for this policy action, empowering and creating opportunities for millennial social entrepreneurs through public policy is a worthy venture, particularly given the broader and long-term social impact such innovation could have on future generations.

References


