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**Social entrepreneurship in developing countries: An institutional context**

**Doctoral Thesis**

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# **Abstract**

## **Abstract**

Social entrepreneurship is increasingly recognized as a crucial element for the progress of economies and society. Therefore, scholars and policy-makers have been interested in what factors might determine this phenomenon. Although several disciplines have analyzed entrepreneurship antecedents, the institutional approaches have obtained relevance due to their capacity to provide a framework in which entrepreneurs make decisions based on the context where they are embedded. In particular, the institutional economics is useful to understand how the different institutional configurations will shape the social entrepreneurial prospect activities. This theoretical view allows to explain the institutional differences across countries. Hence, it turns out that formal and informal institutions is useful for comprehending why individuals decide to become social entrepreneurs and/or commercial entrepreneurs, and at the same time, how these institutions contribute to social entrepreneur satisfaction in developing countries.

Therefore, this investigation explores the institutional factors that influence social entrepreneurial activity across developing countries, using the institutional economics perspective as the theoretical framework. Specifically, the research study the trends in the social entrepreneurship literature (theoretical and methodological) with emphasis on institutional context (Phase 1); determining the influence of institutional context (formal and informal) on social and commercial entrepreneurial activity in developing countries (Phase 2); determining the influence of socio-cultural factors (informal institutions) on social and commercial entrepreneurial activity in developing and developed countries, during and after the financial crisis (Phase 3); and analyzing the role of institutional context on social entrepreneur satisfaction in developing countries (Phase 4).

The methodology used is quantitative and mostly regards the estimations of various equations (logistic regressions and Partial least squares regression). Thus, for the equation dealing with institutions and entrepreneurship, this research employed data from Global Entrepreneurship Monitor (GEM) and a primary base of social entrepreneurs in Mexico, to measure different variables of entrepreneurial activity. Hence, the exploration provides pieces of evidence about the role of institutional factors that influence social entrepreneurial activity in an international context. In this sense, the thesis also aims to counter the lack of quantitative research in the field, testing hypotheses by using statistical techniques.

The main findings of this thesis reveal that effectively there is a relationship that runs from the institutional context, influencing social entrepreneurship. In this way, it is found that the informal

institutions (entrepreneurial career, role model, media impact, perceived opportunities, fear of failure, and entrepreneurial skills) are more important for entrepreneurship than the formal ones (regulations, laws, and government policies). Likewise, these results support the importance of institutional factors to social entrepreneurial activity.

Finally, this research has theoretical and public policy implications. In terms of the theoretical debate, the study contributes to the literature by applying institutional economics as an appropriate conceptual framework for the analysis of the environmental determinants that foster or inhibit social entrepreneurial activity in different contexts. Hence, the institutional economics theory as a conceptual framework for studying this phenomenon which can further serve as a broad research agenda for the area. This study may provide empirical evidence for the idea that institutional economics not only those determinants that explain the desire to be a social entrepreneur, but also those fundamental factors that condition the social entrepreneur satisfaction. In this sense, social entrepreneurship is proven to be affected by institutional factors, and at the same time, to influence outcomes such as social development and economic growth. On the other hand, from a managerial and policy maker's perspective, this research should be taken into account for the design of policies to support social entrepreneurship in different environments by considering the influence of institutions on the creation of a social business.

**Keywords:** social entrepreneurship, social and commercial entrepreneurship, institutional economics, formal and informal institutions, developing country, quantitative.

# **Chapter 1**

## **General Introduction**

## **1. General Introduction**

### **1.1 Problem Statement**

When an individual decides to start a business, in addition to generating income from which they benefit, they also perform social work, indirectly creating economic value and social value by promoting the creation of employment and wealth. The creation of new ventures is considered one of the determining factors that can contribute to overcome of the deep crisis in which a great number of economies are immersed, as well as being the means to achieve the development of a territory. New business initiatives generate jobs, intensify competition in markets, and boost innovation (Rives, et al., 2015).

During the past decade, as a research field, entrepreneurship has expanded its frontiers toward new knowledge in academic programs, managerial learning, and public policy design (Audretsch et al., 2015; Welter et al., 2017). Consequently, governments have designed support programs to help entrepreneurs, such as loan guarantees, tax incentives, and systems to encourage self-employment. The key role of entrepreneurship in fostering economic activity and social development is widely recognized (Audretsch, 2004). To achieve sustainable development, the United Nations emphasizes that in the different economies, social and environmental dimensions must be considered and managed in a balanced and integrated manner (United Nations, 2015). Entrepreneurship generates value both for the individual who creates it and for the area where the activity is carried out.

In this context, a new type of entrepreneurship is emerging around the world, based on social benefit creation as the main goal, to the detriment of maximizing one's own economic benefit. A part of the entrepreneurial literature affirms the existence of this type of entrepreneurship that, in addition to generating employment and wealth, helps to solve a social problem generally neglected by institutions. This new phenomenon is called social entrepreneurship. This type of entrepreneurship was born with the main objective of creating social value for others, allowing it to differentiate itself from other ventures that begin to generate their own economic value. Therefore, the concept of social entrepreneurship is of great interest to governments, nongovernmental organizations and researchers (Berbegal-Mirabent, et al., 2019). Since social entrepreneurship highlights the possibility of addressing social problems in an innovative and sustainable way, adding to the efforts of other sectors.

This fact has sparked a debate in the literature among those who argue that commercial and social entrepreneurship should not be distinguished, based on the premise that both types generate social value (Acs et al., 2013), and those who claim that social entrepreneurship has certain distinctive



characteristics that clearly differentiate it from commercial entrepreneurship (Austin et al., 2006). This is a debate that is still open in the literature since the two types of entrepreneurship have some characteristics in common (Sedeh et al., 2020). In its broadest definition, social entrepreneurship is the effort to solve social problems through entrepreneurial activities (Austin et al., 2006). Social entrepreneurship is increasingly recognized as an important part of an economic, social, and environmental contribution to society (Alvord et al., 2004; Choi & Majumdar, 2014; Muralidharan & Pathak, 2019; Seelos et al., 2005; Short et al., 2009). Not only is social entrepreneurship a recent field, but it also is an element of the business and the nonprofit worlds, making it a difficult phenomenon to understand (Dacin et al., 2010; Mair & Marti, 2006).

Regarding these still existing confusions, basic questions such as the following have been addressed although the debate is still open: What is social entrepreneurship? Is it a new phenomenon? Who is a social entrepreneur? Do social entrepreneurs only seek social benefits? What types of social enterprises exist? Is the social purpose compatible with the economic benefit? In order to clarify these issues, the study adopts the main perspective of social entrepreneurship, following Mair and Marti (2006), who have defined it as “a process involving the innovative use and combination of resources to pursue opportunities to catalyze social change and/or address social needs” (p. 40). Therefore, the concept of social entrepreneurship is linked to economic development and production and innovation of each historical moment, so that the content of social entrepreneurship is not, in itself, anything new (Berbegal-Mirabent, et al., 2019; Dacin et al., 2010). However, as a scientific field, it is a young discipline and is therefore still under development.

According to Kistruck and Beamish (2010), have argued that entrepreneurship from the scientific field has only recently begun to investigate the creation of ventures with social purposes. Specifically, it was not until the nineties when the real scientific advances began with the first works of Greg Dees (1998a). In recent years, researchers and governments have been interested in the idea that social entrepreneurs are important for the advancement of society (Alegre, et al., 2017; Saebi et al., 2019). Several researchers have noted that social entrepreneurship influences both economic growth and social development through reducing poverty and improving economic development (Desa, 2012; McMullen, 2011; Popov et al., 2018a; Zahra et al., 2009).

The literature in this field recognizes three macro dynamics in the emergence of social entrepreneurship: a) the slowdown of the market of products and social services, which has contributed to increased unsatisfied needs (Diab et al., 2019; Light, 2008; Mair & Marti, 2006; Popov et al., 2018b); b) the continuation of the disequilibrium in the distribution of income level around the world has increased the need for new business strategies (Bornstein, 2004); finally, c) the insufficient

support within the nonprofit sector organizations to receive donations and grants (Fowler, 2000; Perrini, 2006).

As a consequence of this, relevant foundations have been created (Alegre, et al., 2017). First, Ashoka, founded in 1981, became the world's largest association of social entrepreneurs. Since its foundation was more than thirty years ago, it has supported the work of three thousand social entrepreneurs in more than seventy countries. Several years later, in 1998, Klaus Schwab and his wife Hilde decided to create the Schwab Foundation for the promotion of social entrepreneurship. Lastly, Jeff Skoll created the Skoll Foundation in 1999 to pursue world peace and greater prosperity. Their mission is to drive large-scale change to solve the world's most pressing problems. These foundations encourage and promote social entrepreneurship across Nations by highlighting the achievements of successful social entrepreneurs (Dacin et al., 2010; Drayton, 2002).

The increasing dynamism of social entrepreneurship inquiry is apparent in the appearance of new themes and ideas, as well as new books and special issues of the international journals (Chell et al., 2010). An analysis has allowed us to declare that social entrepreneurship has generated numerous studies, most of them conceptual and qualitative (Lepoutre et al., 2013). We have divided the main investigations according to their objective; for example, some studies define and delimited the concept (Chell, 2007; Dees, 2001; Light, 2006, 2009; Martin & Osberg, 2007; Muralidharan & Pathak, 2019; Saebi et al., 2019; Seelos & Mair, 2005; Shaw & Carter, 2007). Other studies highlight the main characteristics of social enterprises (Acs et al., 2013; Adeleye et al., 2020; Hodge et al., 2019; Peredo & Chrisman, 2006; Santos, 2012; Thorgren et al., 2018), several focus on the profile of the social entrepreneur (Dees, 2001; Light, 2009; Martin & Osberg, 2007; Shaw & Carter, 2007; Urban et al., 2017; Zahra et al., 2009), other research seeks theoretical frameworks (Dacin et al., 2010, 2011; Di Domenico et al., 2010; Meyskens et al., 2010; Muralidharan & Pathak, 2019; Nicholls, 2010b; Nissan et al., 2012; Saebi et al., 2019; Short et al., 2009), and some deepen the differences between social and commercial entrepreneurship (Austin et al., 2006; Ayob, 2018; Chell, 2007; Dees, 2001; Lumpkin et al., 2013; Santos 2012; Shaw & Carter, 2007; Thompson et al., 2000; Zhao & Lounsbury, 2016).

Similarly, the literature shows the recent growth of quantitative analysis within the field of social entrepreneurship, for instance, in the processes of social entrepreneurship (Ault, 2016; El Ebrashi & Darrag 2017; Puumalainen et al., 2015; Popov et al., 2018a, 2018b), one of the most analyzed areas currently is related to, what may be predictors of the social entrepreneur (Brieger et al., 2020; Desa, 2012; Pathak & Muralidharan, 2018; Sahasranamam & Nandakumar, 2020; Sharir & Lerner 2006; Stephan et al., 2015; Thorgren et al., 2018; Urbano et al., 2010), ending with an

empirical analysis that compares characteristics between commercial entrepreneurs and social entrepreneurs (Sedeh et al., 2020; Ayob, 2018; Bacq et al., 2013; Estrin et al., 2013a, 2016; Fernandez-Laviada et al., 2020; Hoogendoorn, 2016; Kibler et al., 2019; Luke & Chu, 2013; McMullen, 2011; Zhao & Lounsbury, 2016). However, Short et al. (2009) said that the social entrepreneurship field is characterized by few formal hypotheses, rigorous methods, and the predominant presence of conceptual studies in comparison to empirical articles.

Therefore, the analysis at a theoretical level from different disciplines have allowed pioneer researchers to explore those factors that influence entrepreneurship (Thornton et al., 2011). Despite efforts to understand this business activity, there is little solid evidence about one of the most interesting aspects of social and commercial entrepreneurship: how the institutional factors influence (promote or inhibit) the emergence of social entrepreneurial activities (Urbano et al., 2010). Some authors have suggested that this is still a factor drawing attention (Bruton et al. 2010).

The factors of entrepreneurship that are conditioned by the institutional context have prompted questions at the public policy level and in academic programs since entrepreneurship is linked to economic growth and development (Desai, 2016). Accordingly, the identification of the main institutional factors (formal and informal institutions) that influence social entrepreneurial activities has been crucial to understand how individuals behave and make decisions to become entrepreneurs, applying the institutional economics theory.

This theory represents a topic of growing interest in the entrepreneurship field; until now little attention has been devoted to these relationships in the social entrepreneurship area (Bruton et al., 2010; Nicholls, 2010b; Saebi et al., 2019; Urbano et al., 2010). Entrepreneurship is conditioned by institutions, which in turn affects social development and economic growth (Terjesen et al., 2016). However, several questions arise that the literature should answer; for instance, to what types of institutions do these authors refer? Are these effects similar between developed and developing countries? Do institutions influence social and commercial entrepreneurs in similar ways? This study attempts to answer these unknowns.

With this in mind, we analyzed some studies that have suggested that institutional economics could be useful for understanding which sociocultural factors encourage entrepreneurship behavior in order to increase the entrepreneurship rate (Bruton et al., 2010; Thornton et al., 2011). Therefore, institutional economics might explain the existing gap in entrepreneurship between developing and developed countries (Acs et al., 2013). Developed countries tend to show an enduring and better

quality of entrepreneurship, while developing countries are plagued by an unofficial economy and higher corruption levels (Bruton et al., 2008).

The majority of the literature has provided evidence for developed countries; there has been growth in studying entrepreneurial activity in emerging economies, which enables international comparison (Bruton et al., 2010). According to Acs et al. (2008), those countries with a lower income level show larger rates of entrepreneurship driven by necessity, while developed countries have an entrepreneurial structure based on perceived opportunity and innovation.

Based on previous literature, this study finds that institutional economics is applicable to social entrepreneurship for various reasons: a) social entrepreneurs have aimed to address the social problems of their institutional framework. Thus, the institutional context is the key element that they would like to understand in order to have a positive impact on the society (Busenitz et al., 2014); b) the role of institutions in the environment on social entrepreneurial activity is critical. Hence, the government support and services as well as the sociocultural context determine the behavior of its members, and these can significantly influence the decision to become an entrepreneur (Shapiro & Sokol, 1982); and c) in same sense, we can say that the institutional environment, which defines, creates, and limits entrepreneurial opportunities could influence social entrepreneurship (Sedeh et al., 2020; Desa, 2012; Dorado & Ventresca, 2013; El Ebrashi & Darrag, 2017; Mair & Marti, 2009; Pathak & Muralidharan, 2018; Urbano et al., 2010).

Nevertheless, despite the importance of applying institutional economics theory to explain the behavior of social entrepreneurs, very few studies have made use of this approach in the specific area of social entrepreneurship to research the institutional factors that affect social entrepreneurial activities (Bacq & Janssen, 2011; Mair & Marti, 2009; Pathak & Muralidharan, 2016; Sahasranamam & Nandakumar, 2020; Urbano et al., 2010; Williams & Nadin, 2012). In order to overcome this lack of studies and to expand our knowledge about the social entrepreneurship field from an institutional approach, we present the following research goal.

## **1.2 Research Objectives and Main Contributions**

Overall, taking into account the preceding considerations, the main objective of this thesis is to analyze the institutional factors (formal and informal institutions) that determine social entrepreneurship in developing countries, applying the institutional economics, in particular the contributions of North (1990, 2005). In this regard, this thesis places particular emphasis on different types of entrepreneurship (social and commercial entrepreneurship) and countries' development measures (developing and developed countries) as well as on specific contexts.

The specific objectives of the research are outlined below, with each specific objective corresponding to a different research phase:

Phase 1) To analyze the content and theoretical and methodological evolution of the research in the field of social entrepreneurship that uses the institutional approach as a conceptual framework (Chapter 2).

Phase 2) To determine which institutional factors (formal and informal institutions) generate the probability of being a social or commercial entrepreneur in developing countries, using institutional theory (Chapter 3).

Phase 3) To recognize which sociocultural factors (informal institutions) generate the probability of being a social or commercial entrepreneur in developing and developed countries, considering the comparison between during the financial crisis and after it (Chapter 4).

Phase 4) To develop a pioneering version of an integrated model of social entrepreneurial satisfaction and then to test it empirically in a developing country (Mexico). This study allows us to analyze the relationship that exists between the support of formal and informal institutions, the desire to be a social entrepreneur in a developing countries, and the satisfaction of a social entrepreneur; therefore, this response to social entrepreneurship literature demands that their predictive validity be improved under the institutional economics (Chapter 5).

The contribution of this research can be explained from three different but complementary points of view: entrepreneurial, academic, governmental and societal views.

The objectives established above address some areas explored in social entrepreneurship research, which may generate further knowledge for the policy debate and scholarly discussion. In particular, we present some existing gaps that create the opportunity to continue investigating the social entrepreneurship phenomenon. In this sense, some explanations of each specific goal are provided.

Regarding the academic realm, there is a lack of studies which analyze both formal and informal institutional factors as key elements of social entrepreneurial activities (Saebi et al., 2019). Despite the existence of studies which have dealt with the analysis of the context in which social entrepreneurs perform, the majority have done so only in a fragmented and descriptive way. A recent literature analysis is needed to look at and comprehend the trends in the area. By applying a systemic literature review, it is possible to identify what previous researchers have defined as possible pathways to keep studying. Therefore, the first specific goal (Chapter 2) explores the content and

evolution of both the relationships between institutional economics and social entrepreneurship, and how the latter is linked to developing countries. The literature analysis enables observation of the number of authors dealing with these topics, the journals publishing related works, and the research level, methods, and most accurate frameworks to support the empirical exercises. In the same way, this allows for the discussion of future research lines, academic programs, public policy, and managerial implications.

Despite efforts to understand entrepreneurship, there is limited solid evidence about the aspects of social and commercial entrepreneurship and how the institutional factors influence the emergence of social entrepreneurial activities (Urbano et al., 2010). In this regard, the second specific goal aims to examine which institutional factors increase the probability of being a social or commercial entrepreneur in developing countries (Chapter 3). To this end, institutional economics is used as a theoretical framework, which is suggested to be the most accurate one, according to the previous chapter. Hence, we will analyze formal and informal institutional factors that determine the possibility of making the decision to become a social entrepreneur. Along the same lines, this thesis specifically analyzes informal institutions (sociocultural factors) that influence an individual's decision to become a social or commercial entrepreneur and how these factors are debated in developing and developed countries (Chapter 4). This exploration allows us to compare the performance of institutions during a period of financial crisis and after the crisis. Complementary to the previous specific objective, which posits that sociocultural factors influence a social entrepreneur, it is possible to provide evidence for how this may differ between developed and developing countries, and thus, how it may serve to discuss policy implications depending on each country's stage of development.

It is important to note that chapters 3 and 4 on being analyzed with the same theoretical framework and the same technique (Logit regression, marginal effects (mfx)) may seem similar, but these two chapters examine different institutional factors. Concerning chapter 3, it shows that the higher the level of education (formal institution), increased the probability of being a social entrepreneur. Identifies that when personal values and entrepreneurial skills are linked, these increase the chance of being a commercial entrepreneur. This analysis was conducted in the environment of developing countries. This chapter was already published as a chapter of the scientific research book called: Handbook of Research on Smart Territories and Entrepreneurial Ecosystems for Social Innovation and Sustainable Growth.

On the other hand, chapter 4 explains the influence of socio-cultural factors (informal institutions) on social and commercial entrepreneurs, comparing the context of developing and

developed countries. It is a priority to highlight that this chapter shows how each of these institutions plays a different role within a period of global financial crisis (2009) and after crisis (2015). Likewise, how these institutions affect entrepreneurs differently in countries according to their income level. These results are relevant today, as they can support the development of policies that rescue economies through the promotion of social and commercial entrepreneurship, causing economic growth and social benefit.

Another coincidence we found between chapters 3 and 4, is that both use the Global Entrepreneurship Monitor (GEM) database. As mentioned above, chapter 3 uses GEM 2009 and chapter 4 discusses GEM 2009 and 2015. According to Lepoutre, et al., (2013), the GEM database is a multi-country initiative to facilitate cross-country comparison of entrepreneurial activity by using the same measurement approach in all countries involved in the survey (Reynolds et al. 2005).

This initiative started in 1997, and since then, GEM has expanded to over 80 participating countries in the last decade. Each year GEM surveys representative population samples of at least 2,000 randomly selected adults in each participating country (Lepoutre et al., 2013). From each individual interviewed in the GEM sample, records are collected socio-demographic. Once collected, the data is weighted to reflect the national population and harmonized with the other countries. GEM is acknowledged to be the best source of entrepreneurship data in the world and utilized in research published in leading academic journals. In 2009, over 150,000 individuals in 49 countries were surveyed and in 2015, over 181,000 individuals in 60 countries were surveyed. This thesis uses these two databases, as they integrate the special topic on social entrepreneurs.

To screen the surveyed population for social entrepreneurial activity, several questions were added that probed interviewees on their involvement in organizations with a particular social mission. To this effect, two approaches were used: explicit self-identification and goal-based classification. Through asking an introductory question, the respondents said if they self-identified or their goals as being involved in an organization with a social mission. The question was: Are you alone or with others, currently trying to start or currently owning and managing any activity, organization, or initiative that has a particular social, environmental, or community objective? This might include providing services or training to socially deprived or disabled persons, using profits for socially oriented purposes, organizing self-help groups for community action, among others. As of yet, GEM is the only large-scale database on social entrepreneurship.

The GEM database for the years 2009 and 2015 has a broad vision of social and commercial entrepreneurship. It includes companies with purely social and environmental objectives, as well as

hybrids. This is the generally accepted notion that social entrepreneurship is not limited to a specific legal form (Mair & Marti, 2006).

Chapters 3 and 4 analyze the principal GEM measure used, which is the total early-stage entrepreneurial activity (TEA), in social and commercial entrepreneurs. TEA gathers the information of the adult population (from 18 to 64 years old) that participates in the activity of business creation. As such, TEA includes nascent entrepreneurs and young business owners. The TEA index has high validity and reliability (Reynolds et al., 2005). Respondents who answered that their social entrepreneurial activity was the same as their commercial entrepreneurial activity were classified as social entrepreneurs (Hoogendoorn, 2016).

The next specific objective aims to analyze other factors that can be predictive in the process of social entrepreneurship, such as the desire to be a social entrepreneur, and the factors that influence the satisfaction of the social entrepreneur. They are analyzed with an institutional focus, identifying the relationships that exist and their significance (Chapter 5). This investigation contributes to answering the call for more quantitative research. Quantitative studies centered on the analysis of institutional factors as determinants of social entrepreneurship across countries are noticeably absent. In this sense, the necessity of empirical studies suggests new research opportunities. Moreover, the exploration extends our current knowledge of social entrepreneurial activities by comparing social entrepreneurship organizations with their commercial counterparts.

This premise is based on the knowledge of institutional factors, both formal and informal, which surround social entrepreneurial activity and which will serve for the design of governmental policies. An understanding of what causes some countries or regions to have more social entrepreneurial activity than others is of particular relevance for policymakers. Thus, the existence of support programs suitable for the needs of new social entrepreneurs can positively affect social entrepreneurial activities.

Although literature exists that conducts analyses of institutions and social entrepreneurship, the chapters of this research provide further evidence regarding the importance of formal and informal institutions in increasing social entrepreneurial activity driven by environment, and social entrepreneur satisfaction. At the same time, the influences are statistically significant and positive as alternative measures of social development and economic growth. Hence, having a clear idea about the institutional framework for social entrepreneurship may have a positive effect on the governments, scholars and entrepreneurs connected to these projects. On the other hand, from the perspective of entrepreneurial attention, the increase in new social ventures and support programs for



these projects has demonstrated the dynamism of this activity. However, little is still known about the limitations faced by social entrepreneurs during their entrepreneurial process.

Finally, social entrepreneurial ventures have the aim of modifying the status quo of society by making changes via social innovation or creating social benefit activities (Berbegal-Mirabent, et al., 2019). Hence, this type of entrepreneurial action in the society is appreciated, and nations should be interested in reinforcing its presence. This thesis helps to identify the main institutional barriers or limitations that social entrepreneurs face. Moreover, the study of this phenomenon in different countries at different levels of development (developing and developed countries) could be useful to understand the growth in the rate of social entrepreneurship.

### **1.3 Conceptual Framework: Social entrepreneurship and institutional economics**

As mentioned in the previous section, institutional economics as a theoretical framework could provide a perspective for understanding the institutional determinants of entrepreneurship and its differences across countries' development levels (Carlsson et al., 2013). Social entrepreneurship is riding the crest, supported by discussions on the role and benefits of business in society (Elkington & Hartigan, 2008). The amount of research has grown, as has the number of social entrepreneurs. However, there is no clear definition of social entrepreneurship, and its research remains fragmented (Alegre, et al., 2017; Short et al., 2009). This section presents a theoretical scheme of social entrepreneurship, and how it is influenced by institutional economics.

Despite the growing attention paid to social entrepreneurship, it is an interdisciplinary concept, and although the use of the term is widespread, its meaning varies. Social entrepreneurship means different things to people in different places because the geographical and cultural contexts in which it appears are different (Bacq & Janssen, 2011; Chell et al., 2010; Dees, 2001; Saebi et al., 2019). According to Perrini (2006), under social entrepreneurship, other types of activities exist, such as social venturing, nonprofit organizations, hybrid organizations, and social cooperative enterprises.

In this context, there are several research lines in the social entrepreneurship area. For instance, a) a description of the key concepts of this area: social entrepreneur, social enterprise and the social entrepreneurship (Alvord et al., 2004; Bacq & Janssen, 2011; Certo & Miller, 2008; Choi & Majumdar, 2014; Dees, 2001; Mair & Marti, 2006; Muralidharan & Pathak, 2019; Zahra et al., 2009); b) a study of the social entrepreneurial process in order to identify the key elements in this activity (Ayob, 2018; Corner & Ho, 2010; Dhese, 2010; Dorado & Ventresca, 2013; Estrin et al., 2016; Fernandez-Laviada et al., 2020; Harris, 2009; Mair & Marti, 2009; McMullen, 2011; Nga & Shamuganathan, 2010; Nicholls, 2010a; Urbano et al., 2010; Weerawardena & Mort, 2006); c)

finally, a number of studies dedicated to describing the similarities and distinctions between social and commercial entrepreneurs (Austin et al., 2006; Bacq et al., 2013; Luke & Chu, 2013; Lumpkin et al., 2013; Shaw & Carter, 2007; Zhao & Lounsbury, 2016), nonprofit enterprises (Ault, 2016; Fowler, 2000). This study focuses on the environmental factors that influence (positively or negatively) the emergence of social entrepreneurial activity.

Continuing to make progress in this area of study, the present research has employed the theoretical framework of institutional economics, and specifically the contributions of economist Douglass C. North (1990, 2005). In general terms, institutions define the environment in which human coexistence and individual intentionality are created and developed (North, 2005). According to North (1990, 2005), institutions are the “rules of the game in a society, or more formally, [...] the constraints that shape human interaction” (North, 1990, p. 3). The area of institutional economics covers a broad concept of institutions, understood as implicit or explicit rules that limit individuals, whether through voluntarily or involuntarily choice, in how they relate in a society.

Institutional economics can be either formal, such as regulations, laws, contracts, and procedures, or informal, such as culture, the environment, values, or social norms. North (1990) said that firms set up by entrepreneurs will adapt their activities to fit the characteristics and limitations provided through the formal and informal institutional framework. According to North (1990), formal institutions intend to reduce transaction costs and procedure time based on regulations, whereas informal institutions reduce the uncertainty caused by the decision-making of all individuals (North, 2005). Hence, informal institutions constrain the nature of formal institutions and vice versa. In the same sense, formal institutions may change in a short time, in contrast to informal institutions that change more slowly (Williamson, 2000).

The entrepreneurial decisions made in accordance with human behavior are influenced by institutional factors (Thornton et al., 2011). In this sense, both formal and informal institutions could either constrain or foster the decision to create a business based on perceived opportunity (Alvarez & Urbano, 2011). Hence, some researchers propose the application of institutional economics to the analysis of entrepreneurship (Aidis et al., 2008; Alvarez & Urbano, 2011; Thornton et al., 2011; Urbano & Alvarez, 2014; Urbano et al., 2019; Welter, 2005). From a theoretical perspective within the entrepreneurship fields, Scott (2008) said that the institutional pillars may frame entrepreneurial activity. Several studies discuss the importance of government policies and procedures, social and economic factors, entrepreneurial skills, and financial support to businesses (Gnyawali & Fogel, 1994). In the same way, other researchers suggest dimensions such as cognitive, normative and

regulative structures, which provide stability to the social behavior (Scott, 2008). These pillars are under the umbrella of institutional economics.

The institutional context influences the performance of economies, particularly with respect entrepreneurs' behavior, for this reason should be analyzed closely. The intentionality of individuals toward entrepreneurial decisions could depend on the context in which they are involved, and it can lead to different patterns of social and economic growth (Bruton et al., 2010). The same authors have analyzed the relevance of institutions to boost or hamper entrepreneurial behavior, which is related the country's level of economic development. The study of institutional economics as the theoretical approach for this exploration was made because this theory can be adapted to the analysis of the predictors of social entrepreneurship. North's approach (1990, 2005) can assist in considering formal and informal institutions as environmental determinants in social entrepreneurship. Hence, the institutional environment encourages and discourages social and commercial entrepreneurial opportunities; thus, it involves social entrepreneurial activities (Urbano et al., 2010). Social entrepreneurs are effective when they create a new venture that interacts with their environment in an innovative way. However, some scholars note that social enterprises are sensitive to changes in public policy (Chell et al., 2010; Thompson et al., 2000), especially in public subsidies, at the same time as these changes may generate social opportunities (Corner & Ho, 2010).

Social entrepreneurs address areas of unsatisfied social needs or the creation of social opportunities that the public or private sectors have failed to cover (Corner & Ho, 2010; Saebi et al., 2019). Hence, social entrepreneurship and institutional factors are related (Zahra et al., 2008). Regarding formal institutions, the most relevant studies deal with governmental policies. These studies show that laws and states are factors that influence the environment of the entrepreneur and their social success (Adeleye et al., 2020; Pathak & Muralidharan, 2018; Sharir & Lerner, 2006). Other academics identify insufficient finances for the development of social capital as one of the major factors that prevents the implementation of social projects (Sahasranamam & Nandakumar, 2020; Spear, 2006; Zhao & Lounsbury, 2016). Finally, informal institutions focus on how differences in geography influence the types of social networks in which social enterprises are embedded (different culture, religion, social norms, and customs), in particular, that different types of social entrepreneurs emerge in different types of spaces, from local or regional through to national, transnational or global (Dhesi, 2010; Diab et al., 2019; Pathak & Muralidharan, 2016; Popov et al., 2018b).

## 1.4 Structure of the Research

In this section, the contents of the thesis are briefly presented and offer insight into how the studies analyzed contribute to the advancement of knowledge relating to social entrepreneurship research. This part is divided into four phases (in addition to the general introduction and conclusions). Specifically, the main objectives and methodologies of each phase are highlighted and, in particular, the objective, methodology and main results are introduced.

To identify the trends and discussions within the social entrepreneurship field, this research project starts with a systematic literature review phase (Chapter 2), which explores the extant literature at the theoretical and empirical level of analysis. This review is centered on the main key concepts of the social entrepreneurship phenomenon in order to identify the main institutional factors that could influence social entrepreneurship. Motivated by some of the gaps found, phase 2 (Chapter 3) focuses on the role of institutional factors in developing countries and is centered on testing several hypotheses in order to identify the main institutional factors (both formal and informal) that may affect social initiatives.

We continue thereafter to expand our geographical focus in an analysis of other countries around the world (developing and developed countries). Phase 3 (Chapter 4) analyzes the sociocultural factors (informal institutions) that determine the probability of being a social entrepreneur. In order to have a global picture of the social entrepreneurial phenomenon, we explore two key topics: the difference between social and commercial entrepreneurship in terms of institutional environment and the role of the level of development of the countries. An analysis is provided of entrepreneurship types (social and commercial) and informal institutions as key sociocultural factors for achieving the start of new social entrepreneurs in developed and developing countries, as well as for before and after the economic crisis. Finally, this study develops a pioneering model that theoretically and empirically (Chapter 5) explains the relationship between the institutional economy and the desire to be a social entrepreneur, and how it influences social entrepreneur satisfaction in a developing country such as Mexico. In the following, we highlight the main objectives and methodology used in order to test our hypotheses for each chapter.

### *1.4.1 Phase 1: Literature review and empirical evidence regarding the institutional determinants of social entrepreneurship*

In recent years, we have seen an increase in attention to the role of social entrepreneurship and institutions as drivers. This chapter analyzes the content and evolution of research based on social

entrepreneurship and its proximity to several studies that analyze the differences from commercial entrepreneurship, from an institutional approach as the conceptual framework. We conducted a systematic and rigorous search of articles published in Web of Science. The research has revealed that institutional economics could be related to social entrepreneurship, which would open new research questions about what institutional factors are conducive to social entrepreneurship. This analysis is useful for planning strategies and public policies. Other findings suggest that the number of articles on institutional approach is increasing; nevertheless, the vast majority of the literature is classified as conceptual research, and there is limited empirical research. Additionally, there is still no consensus on the definition and characteristics of social entrepreneurship literature; this has tended to focus on describing the experiences of some social entrepreneurs. In the same way, this is helpful for advancing and providing new insights into these research fields, which could be complementary. This research involves both theoretical and empirical aspects that offer opportunities for future research.

#### *1.4.2 Phase 2: Are there really differences between social and commercial entrepreneurship in developing countries? An institutional approach*

The objective of this chapter is to determine the probability of starting social or commercial entrepreneurship in developing countries using the institutional approach as the theoretical framework. The study tests the hypotheses through a binomial logistic regression based on a sample of 10,598 entrepreneurs obtained from the Global Entrepreneurship Monitor (GEM). The main findings demonstrate that a higher level of education (formal institution) and a positive perception of personal values (informal institution) increase the probability of being a social entrepreneur. Also, the study shows that the interaction between informal institutions causes changes in the likelihood of being a social or commercial entrepreneur. This research advances the discipline by providing new information on the institutional environmental factors that influence social entrepreneurial activity.

#### *1.4.3 Phase 3: The influence of sociocultural environment on social and commercial entrepreneurship*

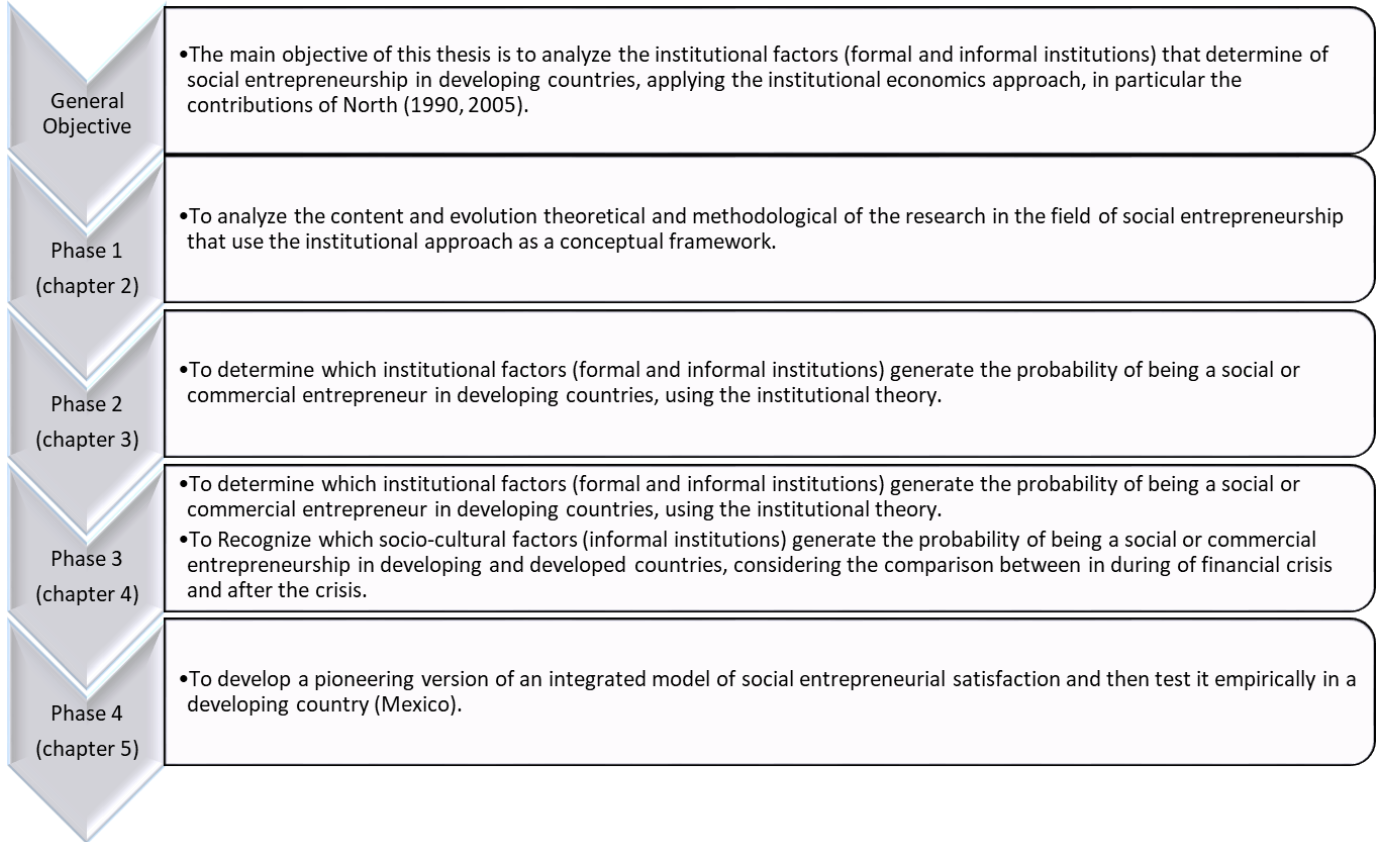
The purpose of this paper is to determine which sociocultural factors influence the probability of being a social entrepreneur versus commercial entrepreneur in developing and developed countries. This study analyzes two different moments in time during a crisis year (2009) and a year after the crisis (2015), using institutional economics as a theoretical framework. The logistic regression models with data obtained from the Global Entrepreneurship Monitor (GEM) project highlight that a

favorable entrepreneurial career choice, perceived opportunities, and entrepreneurial skills are the most important sociocultural factors in the probability of becoming a commercial entrepreneur. In contrast, having a role model and the fear of failure increase the probability of being a social entrepreneur. Along the same line, the interactions between sociocultural factors and the country's development status intervene differently. This result allows for identifying the factors that influence the entrepreneur in developing countries and those that influence the entrepreneur in developed countries. The research contributes theoretically to advancing knowledge about the sociocultural factors that influence social and commercial entrepreneurship in developing and developed countries in different time situations. Besides, this study allows us to identify the opinions that social and commercial entrepreneurs have about sociocultural factors. Moreover, it analyzes a period of crisis and how this criterion had evolved by the end of this crisis. Thus, it helps in the development of educational programs and support policies to promote social or commercial entrepreneurship activity in both periods.

#### *1.4.4 Phase 4: Social entrepreneur satisfaction and institutional factors: A study in Mexico*

The primary objective of this study is to develop an integrated model of social entrepreneur satisfaction and to test the new model in explaining individuals' satisfaction with social entrepreneurial activities in a developing country empirically, using an institutional approach. The data were collected by self-reported electronic questionnaires from a population of social entrepreneurs from all regions in Mexico. The results of partial least squares (PLS) estimations indicate that the support of formal factors has a negative impact on the desire to be a social entrepreneur. On the other hand, the support of informal factors established a positive relationship with the desire to be a social entrepreneur. It is important to note that both the support of the informal factors and mainly the support of the formal factors has a strong positive relationship with the satisfaction of the social entrepreneur. The findings provide policymakers with important insights into how to nurture social entrepreneurial satisfaction through educational programs, government programs, and state laws. Finally, the figure 1.1 describes the different phases and chapters of the thesis

Figure 1.1 summarizes the different phases of the thesis



## **Chapter 2**

# **Social Entrepreneurship from an Institutional Approach: A systematic literature review**



## **2. Social Entrepreneurship from an Institutional Approach: A systematic literature review**

### **2.1 Introduction**

Social entrepreneurship is a new concept, but it is not a new phenomenon (Dees, 2001). It was not until the 1990s that the definition came into widespread use as a result of increasing social problems (Berbegal-Mirabent, et al., 2019; Bornstein, 2004). Social entrepreneurship has grown from an opportunity or a social need; new venture creation increases employment and economic and social development, and encourages innovation (Urbano & Aparicio, 2016). Thus, there is growing interest in promoting social entrepreneurship in several institutions as well as in the academic community for analyzing this phenomenon.

Hence, the study of social entrepreneurship has experienced an upsurge during the last decade (Berbegal-Mirabent, et al., 2019). This development has been induced by the growing attention from venture, government, and research fields to find more social ways of behaving as an entity of social purpose rather than only achieving profit-making objectives (Mair & Marti, 2006). Social entrepreneurship is based on the creation of social wealth as its main objective instead of the generation of economic wealth (Dees, 2001; Stevens et al., 2015). Given the need and development strategies for countries and regions, social entrepreneurship has become one of the main mechanisms for social and economic growth (Ebrashi & Darrag, 2017). Some studies have shown the importance of the role of social entrepreneurship due to the influence on economic growth, by helping to reduce the poverty rate and improve social development across countries (Maclean et al., 2013; Yunus & Weber, 2008).

Additionally, social entrepreneurship is a new and exciting topic that holds great promise in the world since the research domain has remained in its infancy (Hoogendoorn et al., 2010). As a new subject, the meaning of social entrepreneurship is too broad, which interferes with the construction and understanding of the concept (Dees, 2001). In addition, some researchers have assigned social entrepreneurship to a separate branch of commercial entrepreneurship, which has spurred further debate among researchers (Luke & Chu, 2013). In general terms, most of the articles are based on a description of the phenomenon (Choi & Majumdar, 2014) that describes the principal characteristics, motivations and factors of social entrepreneurs as their main objective. The literature by Short et al. (2009) showed that the current situation of the social entrepreneurship field is characterized by a lack of formal hypotheses and rigorous methods and the predominant presence of conceptual studies in comparison with empirical articles.

In recent years, institutional theory has been used as theoretical framework to explain the determinants of entrepreneurship. While the prominence of social entrepreneurship varies substantially across countries (Lepoutre et al., 2013), we know little about the factors that may drive institutional differences. Importantly, institutional theory has been widely used in the field of entrepreneurship to explain the environmental factors that influence entrepreneurial behavior (Urbano & Alvarez, 2014). Thus, institutional economics is especially applicable to social entrepreneurship.

According to previous research, institutional economics is relevant to social entrepreneurship (El Ebrashi & Darrag, 2017; Hoogendoorn, 2016). Thus, we follow to an institutional perspective by arguing that social entrepreneurial activity can be facilitated and constrained by the institutional framework (Urbano et al., 2010). We can say that institutions are the rules of the game in a society; specifically, institutions are the constraints that allow human interaction (North, 1990). Institutions can be either formal, such as constitutions, laws, regulations, and written rules or informal, such as attitudes, values, norms of behavior, and cultures (North, 1990, 2005).

The main objective of this study is to analyze the content and evolution of the research in the field of social entrepreneurship that uses the institutional approach as a conceptual framework and to provide guidance on possible lines of future research. Moreover, the study aims to add to the most prominent articles (according to the revision of the content) that compare social and commercial entrepreneurship, by the intention of identifying similar or antagonistic institutional determinants. To obtain these results, we employed a systematic literature review. The study presents a conceptual framework for the analysis of research, drawing on theories of institutional economics in fields' cognate to social entrepreneurship.

To give an overview of the many studies undertaken concerning social entrepreneurship from an institutional approach and some which compare it with commercial entrepreneurship, we conducted a systematic literature review. The methodology used for this research was based on exploratory analysis used for the study of systematic analysis. The literature review focused on articles published in the main academic journals using the keywords social entrepreneurship and institutional economics. Moreover, according to the theoretical framework, we identified those articles that use formal, informal, or both types of institutional factors.

Therefore, in our analysis we focused only on those results that identified journals, years, authors, theoretical frameworks, and methods used to relate institutions with social entrepreneurship. We selected the articles considered in the literature review based on their inclusion in the Web of Science (WoS) database since this database provides the complete information we require about the

articles. After applying the filters described in the literature review section, 70 articles from the literature were identified and selected to explain the relationship between institutions and social entrepreneurship. Specifically, we performed a search on the titles, abstracts, and texts of the articles, according to the keywords mentioned above. All these articles proposed explicitly or implicitly the relationship of institutions' influence on social entrepreneurship and overwhelmingly found compelling evidence.

The main findings show that the literature on social entrepreneurship has tended to focus on success stories and individual perceptions of social entrepreneurs. In this sense, an important number of both theoretical and case studies can be found (Bacq & Janssen, 2011; Desa, 2012; Dhesi, 2010; Estrin et al., 2013b; Mair & Marti, 2009; McMullen, 2011). Despite this, the studies deal with the issue in a fragmented and descriptive way. This lack of empirical studies places limits on our understanding of social entrepreneurial activities, so it is important to direct efforts in this direction (Mair & Marti, 2006; Short et al., 2009).

However, the Global Entrepreneurship Monitor (GEM) database has generated a significant increase in empirical analysis due to the incorporation of social entrepreneurship in 2009 and 2015 as a special topic. In order to complement the graphical representations of the above results, a correspondence analysis using SPSS Statistics was developed. This allowed for the analysis and identification of associations and similarities in publications related to both relationships (Hoffman & Franke, 1986). Moreover, it permitted the identification of the main issues and characteristics that have been discussed in the academic realm so far and the development in the field of social entrepreneurship from an institutional perspective. Further, having a clear idea about the institutional framework for social enterprise creation can help to guide public policies relating to social entrepreneurship.

After this brief introduction, the study is structured as follows. In next section, we walk through the theoretical framework that shows institutional economics as an appropriate conceptual framework for the analysis of social entrepreneurship. Following that, we discuss the state of the literature review on social entrepreneurship from an institutional approach. We then continue to identify knowledge gaps such as analysis of the main definitions, the main lines of research, and the main discussions in the literature. Finally, the conclusions, limitations, and future research lines are presented.

## **2.2 Theoretical Framework**

### *2.2.1 Social Entrepreneurship and Institutional Economics*

The application of institutional economics is especially helpful in social entrepreneurial research. In the context of social entrepreneurship, institutions are the set of rules that articulate and organize economic, social, and political interactions among individuals and society, with respect to relationships for business activity (Bruton et al., 2010). According to North (1990), institutions are the rules of the game in a society; specifically, institutions are the constraints that shape human interaction. Institutions refer to deep aspects of social structure, which act as authoritative guidelines and constraints for behavior (North, 1990, 2005; Scott, 2005).

The main task of institutions in a society is to decrease uncertainty. Hence, the institutional approach provides a broad insight into understanding how institutions are related to social entrepreneurial activity as well as which institutions are most important for explaining social entrepreneurship rates that enhance economic growth (Nicolás et al., 2018). From a general perspective, the institutional approach argues that both the legal and sociocultural environment determine an individual's decision to start a social venture.

According to North (1990), there is a distinction between formal institutions, such as political and economic rules and contracts, and informal institutions, such as codes of conduct, attitudes, and norms of behavior. One important characteristic of formal institutions is their changing nature in the short term, which facilitates or hinders individuals making decisions. On the other hand, informal institutions tend to endure for a long time to reduce the uncertainty caused by individual and group decisions (Urbano et al., 2019). Formal and informal institutions are interdependent and interact; thus, formal institutions influence the nature of the informal institutions and vice versa (Alvarez & Urbano, 2011). Taking into account the literature noted earlier, the framework of institutional economics was adopted to explore the literature about environmental factors and other aspects of both formal and informal institutions that influence social entrepreneurship.

From a general perspective, institutional theory has been used widely in the field of social entrepreneurship to explain the environmental factors that influence entrepreneurial behavior (Brieger et al., 2020; Desa, 2012; Dorado and Ventresca, 2013; Mair & Marti, 2006, 2009; McMullen, 2011; Nicholls, 2010b; Sedeh et al., 2020; Townsend & Hart, 2008; Urbano et al., 2010). In this way, several researchers have suggested that environmental factors are very important for the emergence and implementation of social actions (Mair & Marti, 2009; Nicholls, 2010a). We realize that social

opportunities and institutional factors are related (Zahra et al., 2008). For instance, the lack of support and financing available for the development of social capital is a constraint that social entrepreneurs face in fulfilling their social mission (Sharir & Lerner, 2006).

To continue with research about institutional approach as a theoretical framework (North, 1990, 2005), we propose the main factors that have led to this decision. It was observed that most of the current articles based their analysis on the main predictors of social entrepreneurship activity, and this involves two key elements: formal institutions and/or informal institutions, even though they do not address institutional theory (Fernandez-Laviada et al., 2020). Several articles on social entrepreneurship have established its efficacy as a useful theory for understanding environmental factors, and some authors are beginning to point out its viability as a valid theoretical framework (Brieger et al., 2020; Desa, 2012; Mair & Marti, 2006, 2009; McMullen, 2011; Nicholls, 2010b; Pathak & Muralidharan, 2018; Urbano et al., 2010).

The next section provides the results according to the content of each article in the social entrepreneurship field, which are then analyzed under the institutional lenses.

### *2.2.2 Social Entrepreneurship on Institutional Approach: Literature Review*

With the objective of analyzing the evolution of the research in the field of social entrepreneurship that uses the institutional approach as a conceptual framework, a systematic literature review was undertaken (Chandra & Shang, 2017). A systematic review differs from traditional reviews insofar as its process is replicable, scientific, and transparent, which provides rigor in the research, and it is possible to monitor the decisions taken by the researcher, along with the procedures and conclusions of the review.

Regarding the methodology, we selected articles from the journals included in the Web of Science (WoS) database. The Web of Science only includes impactful publications that have all the relevant information, such as the journal's volume number, issue number, and page number even though some articles are "in press" on journals' web-based systems and have digital object identifiers (DOIs).

This systematic literature analysis covered articles from 2006—when publications began to study social entrepreneurship from an institutional approach—until June 2020. Currently, the number of articles and special issues with this focus on social entrepreneurship has increased significantly (e.g., *Journal of Social Entrepreneurship*, *Journal of Business Ethics*, *Journal of Business Research*, *Journal of Business Venturing*, *Entrepreneurship Theory and Practice*, *Small Business Economics*,

*Entrepreneurship & Regional Development*, among others). Therefore, it demonstrates the importance of this topic of research for entrepreneurship.

Continuing with the analysis, we conducted the search according to the following keywords: social entrepreneurship, social entrepreneur, social and commercial entrepreneur, institutional economics, formal institutions, and informal institutions. Specifically, we performed a search on the titles, abstracts, and texts of the articles, according to the keywords mentioned. We obtained 280 articles, which were filtered through different selection criteria. Following that, we applied restrictions to the database: a) only in the areas of business and economics; b) articles only; and c) English only, which resulted in 223 records for use in this literature analysis.

Since we are interested in social entrepreneurship from the perspective of institutional theory, we re-examined each of these 280 articles by carefully reading the summary, the introduction, and in some cases other sections of the document, to ensure that they better fit the purpose of the study. With the same criterion in mind, we included in the literature analysis those main papers that have comparatively studied social and commercial entrepreneurship through some institutional factors. Thus, the final sample consisted of 70 articles.

After applying the filters described, 70 articles were identified and selected from the literature, divided into different analysis methods, such as the empirical method (23), the theoretical method (20), and the qualitative method (27) to explain the relationship between institutional economics and social entrepreneurship. All these articles propose explicitly or implicitly the relationship of institutions' influence on social entrepreneurship and overwhelmingly find compelling evidence. According to the theoretical framework mentioned in the previous section, we identified those articles that use formal, informal, or both types of institutional factors.

The literature indicates there are at least two contexts which takes on different meanings—the American and the European traditions (Friedman & Desivilya, 2010). In the same way, under the concept of social entrepreneurship, other types of social entrepreneurial activities are discussed, such as social ventures, nonprofit organizations adopting business tools, hybrid firms, or social cooperative enterprises (Alegre, et al., 2017; Smallbone et al., 2001). In order to classify the literature in this area, the study proposes the key concepts of the field, which may involve comparing different types of entrepreneurship, analyzing the core elements of social entrepreneurship, and identifying processes and predictors of social entrepreneurial activity with respect to an institutional approach. Table 2.1 shows these categories.

Table 2.1 Main research lines

Area	Questions	Author and year of publication
Definition	What is and what do social entrepreneurship?	Bacq & Janssen (2011); Chell, et al., (2010); Choi & Majumdar (2014); Dacin, et al., (2010); Dees, (2001); Dorado & Ventresca (2013); El Ebrashi, (2013); Irani, et al., (2008); Lepoutre, et al., (2013); Mair & Marti (2006); Mair & Marti (2009); Nicholls, (2010a); Pache, et al., (2012); Peredo & McLean (2006); Saebi, et al., (2019); Short, et al., (2009); Sud, et al., (2009); Urbano, et al., (2019)
Comparison	What are the differences between the types of entrepreneurship and others forms of organization?	Amini Sedeh, et al., (2020); Austin, et al., (2006); Ayob, (2018); Bacq, et al., (2013); Dhesi, (2010); Estrin, et al., (2013a); Estrin, et al., (2016); Fernandez-Laviada, et al., (2020); Gimmon & Spiro (2013); Hechavarria, (2016); Hoogendoorn, (2016); Kibler, et al., (2019); Luke & Chu (2013); Lumpkin, et al., (2013); McMullen, (2011); Pathak & Muralidharan (2016); Shaw & Carter (2007); Williams & Nadin (2012); Zhao & Lounsbury (2016)
Study of process	How is the development of social entrepreneurship?	Adeleye, et al., (2020); Ault, (2016); Chandra, (2017); Corner, et al., (2010); Deng, et al., (2019); Diab, et al., (2019); El Ebrashi & Darrag (2017); Mzembe, et al., (2019); Popov, et al., (2018a); Popov, et al., (2018b); Puumalainen, et al., (2015); Weerawardena & Mort (2006)
Identify predictors	What are the factors that influence social entrepreneurship?	Brieger, et al., (2020); Desa, (2012); Ghalwash, et al., (2017); Hodge, et al., (2019); Munoz & Kibler (2015); Muralidharan & Pathak (2019); Nga & Shamuganathan (2010); Nicholls, (2010a); Nicholls, (2010b); Pacut, (2020); Pathak & Muralidharan (2018); Pathak & Muralidharan (2020); Sahasranamam & Nandakumar (2020); Sharir & Lerner (2006); Stephan, et al., (2015); Thorgren, et al., (2018); Townsend, et al., (2008); Urban, et al., (2017); Urbano, et al., (2010); Zahra, et al., (2009); Zivojinovic, et al., (2019)

Regarding the authors who have published the greatest number of articles focusing on this relationship, we found that Pathak has four articles, followed by Nicholls with three, and Estrin, Mair, Bacq, and El Ebrashi with two. In total, we found 61 authors. Apart from those already mentioned, the rest have published one article in this field. To analyze the impact of the articles, we used the

number of total citations according to the WoS; the most cited article with 1194 citations is that of Mair and Marti (2006), which introduced and validated the first definition of social entrepreneurship. This work was followed by that of Austin, et al. (2006) with 1181 citations. Table 2.2 presents the 20 most cited papers.

Table 2.2 Most cited articles

<b>Author and year of publication</b>	<b>Cites</b>	<b>Author and year of publication</b>	<b>Cites</b>
Mair & Marti (2006)	1194	Sharir & Lerner (2006)	248
Austin, et al., (2006)	1181	Bacq & Janssen (2011)	228
Zahra, et al., (2009)	793	Corner, et al., (2010)	198
Peredo & McLean (2006)	625	Nga & Shamuganathan (2010)	173
Short, et al., (2009)	479	Choi & Majumdar (2014)	170
Mair & Marti (2009)	455	Stephan, et al., (2015)	144
Weerawardena & Mort (2006)	453	Lumpkin, et al., (2013)	123
Nicholls, (2010b)	350	Desa, (2012)	122
Dacin, et al., (2010)	284	Townsend, et al., (2008)	107
Shaw & Carter (2007)	273	McMullen, (2011)	103

With respect to those journals that publish articles about this relationship, we found that the *Journal of Social Entrepreneurship* and the *Journal of Business Venturing and Entrepreneurship Theory and Practice* have published the largest number (10%), followed by the *Journal of World Business and Small Business Economics* (5.71%), and finally, the *Journal of Business Research and Journal of Business Ethics* (4.29%). Apart from those already mentioned, the rest have published fewer articles in this field (Table 2.3). It is interesting to note that most of the articles addressing the impact of institutions on social entrepreneurship were published between 2016 and 2020 (Table 2.3).

Furthermore, in 2005–2010, the number of articles published was 21, followed by 19 in 2011–2015, indicating that this relationship is a vibrant and current research field of study for an increasing number of scholars. Here it is important to highlight that *Entrepreneurship Theory and Practice* published a special issue in May 2010, introducing the institutional approach to entrepreneurship. The *Journal of Business Venturing* dedicated a volume to institutions, entrepreneurs, and the community in January 2013, and *Small Business Economics* published a special issue about institutions and entrepreneurship in March 2014 along with other articles regarding this relationship in April 2014.



Table 2.3 Journals and published articles per year regarding institutions and social entrepreneurship

<b>Journal</b>	<b>2005- 2010</b>	<b>2011- 2015</b>	<b>2016- 2020</b>	<b>Total</b>	<b>%</b>
Academy of Management Learning & Education		1		1	1.43
Academy of Management Perspectives	1			1	1.43
Accounting Organizations and Society	1			1	1.43
Administrative Sciences			1	1	1.43
Business & Society			2	2	2.86
Canadian Journal of Administrative Sciences-Revue		1		1	1.43
Case Studies in Social Entrepreneurship and Sustainability		1		1	1.43
Corporate Social Responsibility and Environmental Management			1	1	1.43
Cross-Cultural Research			1	1	1.43
Economic and Social Changes-Facts Trends Forecast			1	1	1.43
Entrepreneurship and Regional Development	1	1		2	2.86
Entrepreneurship Theory and Practice	4	3		7	10
European Journal of Information Systems	1			1	1.43
European Journal of International Management			1	1	1.43
International Entrepreneurship and Management Journal		1	1	2	2.86
International Journal of Entrepreneurial Behavior & Research			1	1	1.43
International Journal of Social Economics	1			1	1.43
International Small Business Journal		1		1	1.43
Journal of Business Ethics	2		1	3	4.29
Journal of Business Research			3	3	4.29
Journal of Business Venturing	2	2	3	7	10
Journal of International Business Studies		1	1	2	2.86
Journal of Management			1	1	1.43
Journal of Small Business and Enterprise Development	1		1	2	2.86
Journal of Small Business Management		2		2	2.86
Journal of Social Entrepreneurship	2	2	3	7	10
Journal of World Business	4			4	5.71
Montenegrin Journal of Economics			1	1	1.43
Qualitative Research in Accounting and Management			1	1	1.43
Small Business Economics		2	2	4	5.71
Social Enterprise Journal			1	1	1.43
Social Responsibility Journal		1		1	1.43
Strategic Entrepreneurship Journal	1			1	1.43
Sustainability			2	2	2.86
Voluntas			1	1	1.43
<b>Total</b>				<b>70</b>	<b>100</b>

According to North (1990, 2005), the institutional approach has allowed for a framework to be designed to understand how individuals make decisions. This theory is based on formal and informal institutions; some researchers have tried to explore different characteristics of institutions in the realm of social entrepreneurship. In terms of formal institutions, this theory suggests that factors such as contracts, procedures, political structure, among others, are associated with regulations (North, 1990).

In addition to studies that analyze regulatory issues, others have looked at procedures related to government support (Bacq & Janssen, 2011; Chandra, 2017; Deng et al., 2019; Estrin et al., 2013a; Irani et al., 2008; Luke & Chu, 2013; Muralidharan & Pathak, 2019; Pathak & Muralidharan, 2018; Stephan et al., 2015; Sud et al., 2009), the financial system (Ault, 2016; Mair & Marti, 2006; Nga & Shamuganathan, 2010; Popov et al., 2018a; Sahasranamam & Nandakumar, 2020; Zahra et al., 2009; Zhao & Lounsbury, 2016; Zivojinovic et al., 2019), and formal education (Chandra, 2017; Dhesi, 2010; Nga & Shamuganathan, 2010; Pache et al., 2012; Sahasranamam & Nandakumar, 2020; Thorgren et al., 2018; Zivojinovic et al., 2019). These authors have tried to explain how this type of institution fosters social entrepreneurship, given the concept of warranties to protect goods and services based on knowledge.

In terms of the informal institution environment, as we mentioned before, social norms and culture as well as the cognitive dimensions to reduce uncertainty caused by individual and group decisions (North, 2005) are highlighted. The area most used is culture (Adeleye et al., 2020; Amini Sedeh et al., 2020; Chell et al., 2010; Dacin et al., 2010; Diab et al., 2019; Hechavarria, 2016; Hodge et al., 2019; Hoogendoorn, 2016; Irani et al., 2008; Muralidharan & Pathak, 2019; Pathak & Muralidharan, 2020; Puumalainen et al., 2015; Stephan et al., 2015), followed by regional environments (Amini Sedeh et al., 2020; Bacq & Janssen, 2011; Brieger et al., 2020; Diab et al., 2019; Mzembe et al., 2019; Nicholls, 2010b; Pacut, 2020; Popov et al., 2018b; Townsend et al., 2008; Urban et al., 2017; Urbano et al., 2010), social norms (Stephan et al., 2015; Thorgren et al., 2018; Zivojinovic et al., 2019), and finally religion (Diab et al., 2019; Zhao & Lounsbury, 2016). Each of the above areas can analyze specific factors.

It is important to note that many of these articles address formal and informal institutions and others that compare both types of institutions with respect to social and commercial entrepreneurship (Amini Sedeh et al., 2020; Austin et al., 2006; Estrin et al., 2013a; Hoogendoorn, 2016; Luke & Chu, 2013; Pathak & Muralidharan, 2016; Zhao & Lounsbury, 2016). Table 2.4 shows the division of the selected articles into three groups according to their research approaches, these are formal and informal institutions, as well as the literature that explores both institutions. Based on this result, we

have affirmed that the research carried out with this approach in the field of social entrepreneurship is more plentiful regarding formal institutions compared with informal ones and that there are some studies that analyze the two factors, these being the majority.

Table 2.4 Operationalization of formal and informal institutions in analyzed articles

<b>Type of Institutions</b>	<b>Main topics</b>	<b>N.</b>	<b>%</b>
Formal Institutions	(Government support, procedures, education level, public politics, financial institutions, financing policies)	14	20%
Informal Institutions	(Cultural norms, traditions, values, environment, skills, knowledge, experiences, perception of opportunities, fear of failure)	10	15%
Formal and Informal Institutions		46	65%
	Total	70	100%

Table 2.4 show that most of the works were related to the study of factors in which both institutional segments intervene (46%), followed by formal institutional (14%) and informal institutional factors (10%). According to our analysis, most research involves a literature review.

These articles studied the literature in the geographic environment to then gather the environmental agents involved in the social entrepreneurial undertaking. Mair and Marti (2006) put forward a view of social entrepreneurship as a process that catalyzes social change and addresses important social needs in a way that is not dominated by direct financial benefits for the entrepreneurs. Dacin et al. (2010) examined the social entrepreneurship literature, asking what is unique about social entrepreneurship and what avenues create opportunities for the future of the field. In some literature reviews, different types of institutions were integrated to analyze this phenomenon globally. Chell et al. discussed (2010) how social enterprise may offer innovative solutions to help solve problems of social integration, socially dysfunctional behavior, and socioeconomic development.

Within the field of social entrepreneurship, there is still a lack of information that allows for studying both formal and informal institutions. There are few public databases or information on government policies. Social entrepreneurship has been characterized from the beginning of its research on the values of society, cognitive skills, or knowledge that encourage an entrepreneur to

decide to be social, in search of a common benefit and not be a commercial entrepreneur, just looking for economic benefit. Hoogendoorn (2016) questioned the taken-for-granted moral portrayal of the devoted social entrepreneurial hero as depicted in the extant literature. Nevertheless, Hossain et al. (2017) stated that the literature is still anecdotal with respect to trying to unveil different dimensions of social entrepreneurship and its potential benefits that might help to battling sustainability challenges.

As in the realm of social entrepreneurship, another stream of research concerns building knowledge about how social opportunities are discovered, created and exploited in Zahra et al. (2008). Weerawardena and Mort (2006) defined the process of the identification and evaluation of social opportunities as a separate activity in which social entrepreneurs seek opportunities to create social value. In the same line, Dees (2001) suggested that the entrepreneurship components of social entrepreneurial activities include the recognition and pursuit of social opportunities to create social value. Hence, social entrepreneurs are motivated to address the issue that markets value social improvements and public goods ineffectively (Austin et al., 2006).

According to Mair and Marti (2009) and Zahra et al. (2009), among others, social entrepreneurship research has grown in terms of empirical and theoretical evidence, which has been analyzed through different qualitative and quantitative methods, starting in the previous decade with literature reviews. Continuing this research, Table 2.5 presents the techniques or methods used for the analysis in both theoretical and empirical research. Qualitative studies predominate with 25 articles, which are mostly case studies.

The quantitative research covered 23 articles. As expected from the micro-level analysis (Table 2.6) and the nature of the data (binary responses, 1/0), in this category the most used methods were Logit, Probit, Tobit, multinomial following linear regression. The main database for obtaining information was the GEM Report. It is the database most used by researchers to empirically analyze the phenomenon of social entrepreneurship. For information related to the economic context, values, and environment, among other aspects, the authors used databases such as the World Values Survey (WVS), World Bank Group's World Business Environment Survey (WBES), Doing Business Report (EDBI), World Competitiveness Report (WCR), among other specific entities in each country. Finally, the literature review had 22 articles.

We made the classifications according to the following definitions (Phillips et al., 2015).

- Theoretical: An article that presents a new theoretical position or calls into question the fundamental structure of an existing theory (Whetten, 1989).

- Quantitative: An article explaining phenomena by collecting numerical data that are analyzed, using mathematically based methods (in particular, statistics; Aliaga & Gunderson, 2000).
- Qualitative: An article that involves any research that uses data that do not indicate ordinal values (Nkwi et al., 2001).

Table 2.5 Techniques used in analyzed articles

Method	Technique	Articles		Author and year of publication
		N.	%	
Theoretical	Literature Review	22	31%	Adeleye, et al., (2020); Bacq & Janssen (2011); Chell, et al., (2010); Choi & Majumdar (2014); Corner, et al., (2010); Dacin, et al., (2010); Dees, (2011); Dorado & Ventresca (2013); Irani, et al., (2008); Lepoutre, et al., (2013); Lumpkin, et al., (2013); Mair & Marti (2006); Muralidharan & Pathak (2019); Nicholls, (2010a); Nicholls, (2010b); Nicholls, (2010c); Pache, et al., (2012); Peredo & McLean (2006); Saebi, et al., (2019); Short, et al., (2009); Urbano, et al., (2019); Zahra, et al., (2009)
	Logit, Probit, Tobit, multinomial	8	11%	Estrin, et al., (2012); Fernandez-Laviada, et al., (2020); Pathak & Muralidharan (2018); Pathak & Muralidharan (2020); Popov, et al., (2018); Popov, et al., (2018); Puumalainen, et al., (2015); Sahasranamam & Nandakumar (2020)
Quantitative	Linear regression	6	8%	Ayob, (2018); Desa, (2012); Hechavarria, (2016); Hoogendoorn, (2016); Nga & Shamuganathan (2010); Zhao & Lounsbury (2016)
	Multilevel estimation	5	7%	Amini Sedeh, et al., (2020); Brieger, et al., (2020); Estrin, et al., (2016); Pathak & Muralidharan (2016); Stephan, et al., (2015)
	Structural equation model	3	5%	Bacq, et al., (2013); Kibler, et al., (2019); Urban, et al., (2017)
	Panel data	1	2%	Amini Sedeh, et al., (2020)
Qualitative	Single/multiple case studie(s)	14	21%	Chandra, (2017); Dhesi, (2010); Diab, et al., (2019); Ghalwash, et al., (2017); Gimmon & Spiro (2013); Hodge, et al., (2019); Mair & Marti (2009); Mzembe, et al., (2019); Shaw & Carter (2007); Urbano, et al., (2010); Williams & Nadin (2012); Zivojinovic, et al., (2019); Weerawardena & Mort (2006); Luke & Chu (2013)
	Exploratory	6	8%	El Ebrashi, (2013); McMullen, (2011); Pacut, (2020); Sharir & Lerner (2006); Sud, et al., (2009); Townsend, et al., (2008)
	Comparative	3	4%	Austin, et al., (2006); Deng, et al., (2019); Munoz & Kibler (2016)
	Others	2	3%	El Ebrashi & Darrag (2017); Thorgren, et al., (2018)
Total		70	100%	

It is noteworthy that much of the literature on social entrepreneurship lacks substantial empirical analysis. The theoretical debate that has emerged during the past decade due to the growing interest in the topic has undoubtedly contributed to a better understanding of the phenomenon. In conclusion, these findings confirm the nascent stage of social entrepreneurship research. The findings can be summarized as follows: there are a limited number of empirical studies with a quantitative

research approach, mainly of an exploratory type; rigorous hypothesis testing is lacking; little variety in research method is applied; and the research is based on small sample sizes or the GEM database. The case studies may be accurate and specific, but they often lack the ability to offer generalizable findings.

Based on Sternberg and Wenneker's (2005) criteria and depending on the level of analysis, in accordance with Table 2.6, we classified the articles as micro if the study made use of individual data, meso if the data referred to regions or organizations, and macro if the data related to whole countries.

Table 2.6 Level of analysis

Level of analysis	Articles		Author and year of publication
	N.	%	
Micro	39	55%	Amini Sedeh, et al., (2020); Austin, et al., (2006); Ayob, (2018); Bacq, et al., (2013); Brieger, et al., (2020); Chell, et al., (2010); Choi & Majumdar (2014); Corner, et al., (2010); Dacin, et al., (2010); Dhesi, (2010); Dorado & Ventresca (2013); Fernandez-Laviada, et al., (2020); Hechavarria, (2016); Kibler, et al., (2019); Lepoutre, et al., (2013); Luke & Chu (2013); Lumpkin, et al., (2013); Mair & Marti (2006); Munoz & Kibler (2015); Muralidharan & Pathak (2019); Nga & Shamuganathan (2010); Nicholls, (2010b); Pache, et al., (2012); Pacut, (2020); Pathak & Muralidharan (2018); Pathak & Muralidharan (2020); Peredo & McLean (2006); Popov, et al., (2018a); Saebi, et al., (2019); Sahasranamam & Nandakumar (2020); Sharir & Lerner (2006); Shaw & Carter (2007); Short, et al., (2009); Townsend, et al., (2008); Urban, et al., (2017); Urbano, et al., (2019); Weerawardena & Mort (2006); Williams & Nadin (2012); Zahra, et al., (2009)
Meso	18	26%	Ault, (2016); Chandra, (2017); Deng, et al., (2019); Desa, (2012); Diab, et al., (2019); El Ebrashi, (2013); Ghalwash, et al., (2017); Gimmon & Spiro (2013); Hodge, et al., (2019); Mair & Marti (2009); McMullen, (2011); Mzembe, et al., (2019); Nicholls, (2010a); Nicholls, (2010c); Sud, et al., (2009); Urbano, et al., (2010); Zhao & Lounsbury (2016); Zivojinovic, et al., (2019)
Macro	13	19%	Adeleye, et al., (2020); Bacq & Janssen (2011); Dees, (2001); El Ebrashi & Darrag (2017); Estrin, et al., (2013a); Estrin, et al., (2016); Hoogendoorn, (2016); Irani, et al., (2008); Pathak & Muralidharan (2016); Popov, et al., (2018b); Puumalainen, et al., (2015); Stephan, et al., (2015); Thorgren, et al., (2018)
Total	70	100%	

The results indicate that the majority of works based on social entrepreneurship from an institutional approach have focused on analyzing entrepreneurial activity from a micro (55%) and meso (26%) perspective, while only 19% have focused on the macro level (see Table 2.6). Related to the unit of analysis, we were able to identify several types of dependent variables. The use of dependent variables in most of the articles related to social entrepreneurial activity in general, followed by papers that used indicators of social entrepreneurial aspirations (for example, growth aspirations, innovation, values, and benefits). Thus, it is clear that the information experts provide is an untapped resource for future publications.

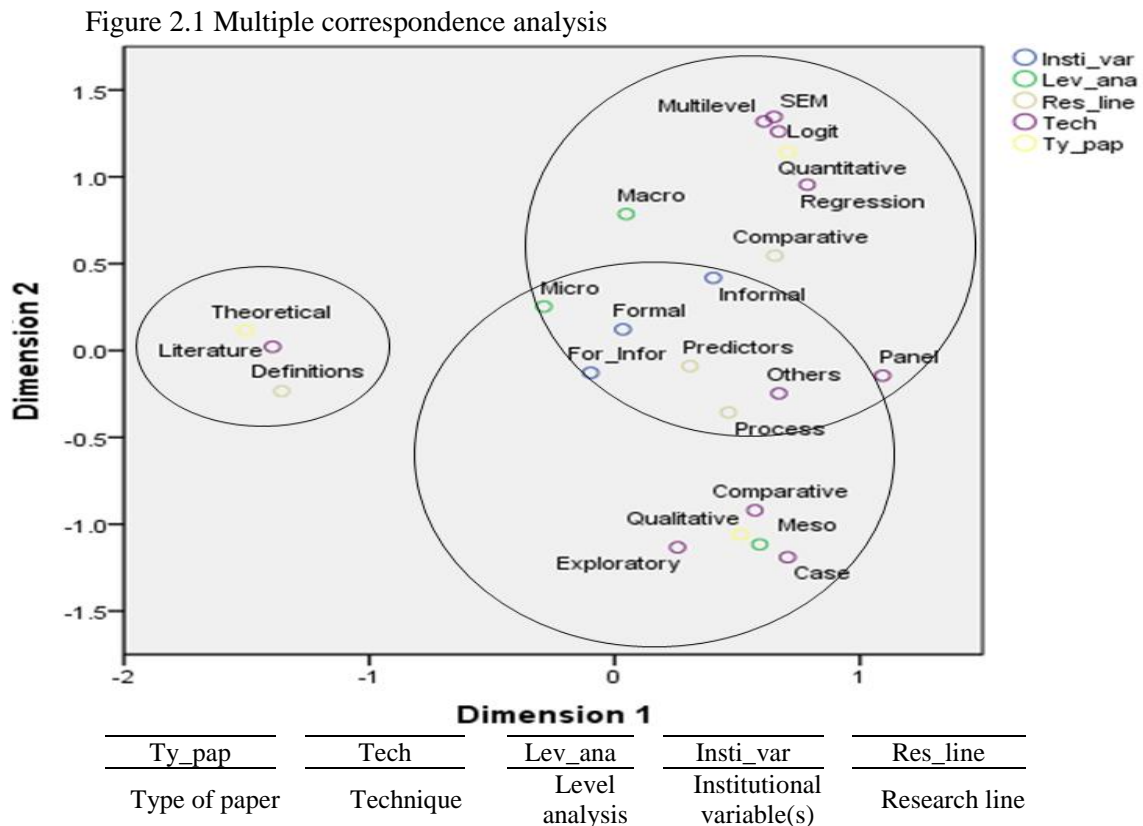
Regarding the approximation of the activity of national teams, we classified items according to the country from which the various authors came. The countries with greater numbers of articles were the USA (24%), followed by UK (21%) and Spain (8%), and continuing with Canada and Egypt (7%). Moreover, considering that in 2009 and 2015 an average of 70 countries participated in the GEM project and dealt with the special topic of social entrepreneurship, we can say that the number of countries with scientific publications is still very low. Also note that despite the high level of participation of Latin American countries in the GEM project (16 countries), there were few publications from this region (1 country with 1 article) (Table 2.7). This can be regarded as a niche research area for the Latin American scientific community.

Table 2.7 Countries and published articles

Country	Articles		Country	Articles	
	N.	%		N.	%
Australia	2	3%	Netherlands	2	3%
Belgium	2	3%	New Zealand	1	1%
Brazil	1	1%	Norwegian	1	1%
Canada	4	7%	Poland	1	1%
China	2	3%	Russian	2	3%
Egypt	4	7%	South Africa	1	1%
Finland	2	3%	Spain	5	8%
France	1	1%	Sweden	1	1%
India	1	1%	UK	15	21%
Israel	2	3%	USA	17	24%
Malaysia	2	3%	Vienna	1	1%
Total			70	100%	

Theoretically, North (1990, 2005) has asserted that institutions matter in explaining the differences in growth and development across regions and countries. This review, whose main results indicate that formal and informal institutional factors influence the social entrepreneurial behavior, used several articles. In addition, the results suggests that the institutional approach is relevant in the sense that it seems an appropriate framework for understanding the factors that encourage or discourage social entrepreneurship across countries and regions. In fact, informal institutional factors tend to impact more significantly and more positively on entrepreneurship than formal factors, as Pathak and Muralidharan (2016) suggested. Some important conclusions can be drawn from these works: a) there is a correlation between social entrepreneurship and institutional economics, b) given the capacity and efficiency to create cultural norms and laws, social entrepreneurship will increase or decrease; and thus c) social entrepreneurship will have a different impact in different regions, environments, and countries. In the same sense, institutions (formal and informal) motivate those individuals with innovative ideas to set up new social businesses and therefore contribute to economic growth and social development (Urbano, et al., 2019).

In order to complement, this research performed a multiple correspondence analysis (Fig. 2.1) that incorporated all variables (type of paper, technique, level analysis, institutional variable, and research line).





The results show that the analysis separated the more theoretical or literature review studies, which remained close to the definitions. The rest of the articles were divided into 2 groups. The quantitative analyses were the first group we identified, and were grouped according to the specific techniques of this analysis method (logit, regression, SEM, multilevel), as well as with the line of comparative research (social and commercial entrepreneurship). Meanwhile, qualitative studies approached the techniques in this area (qualitative comparative, exploratory, case studies), with meso level analyses (organizations). It is important to highlight that the institutional variables (formal and informal institutions and both), the micro-level analysis and the line of research involving the predictors of social entrepreneurship, were intermediate and may have some relation to the three types of papers.

### 2.3 Contents of Existing Research on Social Entrepreneurship: Current State of the Art

The interest in social entrepreneurship is not only reflected in the growing literature on the topic but also in the proliferation of terms used to identify the concept itself. The number of definitions used to describe social entrepreneurship has increased in articles (Alegre, et al., 2017). As mentioned by Chell et al. (2010) and Bacq and Janssen (2011), social entrepreneurship means different things to people in different places because of the different geographical and cultural contexts in which it takes place as well as differences in the welfare and labor markets.

Despite the different meanings, a key distinction that can be found in all the definitions is a social mission as the central driving force of social entrepreneurs (Leadbeater, 1997). Similarly to any newly emerging field, the literature on social entrepreneurship has grown, and there have been several attempts to define the concept, such as social entrepreneurship or social entrepreneur. According to the analysis made in our literature review, Table 2.8 illustrates the broad range of possible interpretations of the concept. In this sense, there is no clear definition; thus, it remains fragmented (Choi & Majumdar, 2014; Mair & Marti, 2006; Short et al., 2009). While we situate our understanding on the present body of knowledge, our paper makes some noteworthy contributions to spur further discussion and dialogue in the nascent field of social entrepreneurship.

Table 2.8 Main definitions of social entrepreneurship

<b>Author</b>	<b>Publication Year</b>	<b>Major findings</b>
Fowler	2000	Social entrepreneurship is the creation of viable socio-economic structures, relations, institutions, organizations and practices that produce and maintain social benefits.

Dees	2001	Social entrepreneurs play the role of change agents in the social sector, by: adopting a mission to create and maintain social value and not only economic value; recognizing and looking new opportunities to serve that social mission; engaging in a process of continuous innovation, adaptation, and learning; Acting boldly without being limited by resources, among others.
Alvord, Brown and Letts	2004	Social entrepreneurship creates innovative solutions to social problems and generate the ideas, capacities, resources, and social change required for sustainable social transformations.
Mair & Marti	2006	Sustained poverty, environmental changes and the global financial crisis have forced organizations to find ways to do business with a social purpose built rather than purely profit objectives.
Austin, Stevenson & Wei-Skillern	2006	The article shows the theory that “innovation” is the core of social entrepreneurship actions.
Peredo & McLean	2006	Social entrepreneurship is exercised where some person or group has aim at creating social value, employ innovation, and accept a risk in pursuing their social venture.
Short, Moss & Lumpkin	2009	The main researches on social entrepreneurship literature, citation analysis, categorization of papers into conceptual and empirical, delimited boundaries of social entrepreneurship research.
Zahra, Gedajlovic, Neubaum & Shulman	2009	The social entrepreneurship definition covers the activities and processes undertaken to discover, define, and exploit opportunities in order to enhance social wealth by creating new ventures.
Nicholls	2010b	Focus on context of social entrepreneurship field, and institutionalization processes.
Chell, Nicolopoulou & Karatas-Ozkan	2010	Research orientation (social or environmental issues) and process orientation (addressing the social problem in an innovative and entrepreneurial way).
Dacin, Dacin & Tracey	2011	The research in social entrepreneurship comprises several factors as: the characteristics of individual social entrepreneurs, their sphere of operation, the processes and resources used by social entrepreneurs and the mission of the social entrepreneur.
Bacq & Janssen	2011	This article define social entrepreneurship as the process of identifying, evaluating and exploiting opportunities aiming at social value creation by means of commercial.
Estrin, Mickiewicz & Stephan	2013a	The actions of social entrepreneurs and the enterprises they create enhance cooperative norms within a nation, providing positive signals about caring for others through working to support societal objectives and group needs.
Lumpkin, Moss, Gras, Kato & Amezcua	2013	Social entrepreneurship is a social value creation process in which resources are combined to meet social needs, generate social change and new organizations.

Kraus, Filser, O'Dwyer & Shaw	2014	The analyze of this article show future research directions identified: a) the goals of social enterprise, b) the inclusion of social capital in social entrepreneurship literature, c) the motivating factors for the creation of social enterprises.
Choi & Majumdar	2014	The authors indicate the conceptualization of social entrepreneurship as a cluster concept these implies that social entrepreneurship is a representation of the combined quality of certain sub- concepts with market orientation, and social innovation.
Halberstadt & Kraus	2016	According to the research postulates, argues that social and commercial entrepreneurship are highly interrelated and making a distinction between the two will make the area more confusing.
Thorgren & Omoredede	2018	Social entrepreneurship centers on a social mission, with profits reinvested into that particular social mission.
Saebi, Foss & Linder	2019	Social entrepreneurship is unique because it tries to combine social and economic missions. This distinguishes it from activities dominated by mainly an economic mission.

This analysis has identified the definitions of social entrepreneurship adopted by the main foundations that investigate and promote this enterprise field, as shown in Table 2.9.

Table 2.9 Definitions of main international foundations on social entrepreneurship

<b>Foundation</b>	<b>Definition</b>
Ashoka	Social entrepreneurs working together accelerate and spread social impact. They are the engines of social change and role models of the citizen sector.
Skoll Foundation	The social entrepreneur aims for value in the form of transformational change that will benefit disadvantaged communities and ultimately society at large. Social entrepreneurs pioneer innovative and systemic approaches for meeting the needs of the marginalized, the disadvantaged and the disenfranchised—populations that lack the financial means or political clout to achieve lasting benefit on their own.
Schwab Foundation	A social enterprise is an organization that achieves large-scale, systemic and sustainable social change through a new invention, a different approach, a more rigorous application of known technologies or strategies, or a combination of these.

The lack of consensus regarding the definitions is a limitation with respect to the development of future research and, in particular, for the development of empirical studies (Alegre, et al., 2017; Bacq & Janssen, 2011; Choi & Majumdar, 2014; Mair & Marti, 2006; Short et al., 2009). According

to Table 2.8 and Table 2.9, the number of definitions used to describe social entrepreneurship has increased in articles in international journals and books.

Although social entrepreneurship is intended to be a separate research discipline, its definitions have remained inconsistent and debated. The literature suggests that a number of researchers have contributed to the definition of social entrepreneurship with a wide range of perspectives (Alegre, et al., 2017; Peredo & McLean, 2006; Saebi et al., 2019; Short et al., 2009; Zahra et al., 2009). Choi and Majumdar (2014) have commented that social entrepreneurship is an essentially contested concept, and reaching a universal consensus is next to impossible. Social enterprises are distinct from other nonprofit organizations in their innovation in the pursuit of social objectives (Thompson & Doherty, 2006). Hence, social entrepreneurs are motivated to address the issue that markets value social improvements and public goods ineffectively (Austin et al. 2006).

Several researchers have noted that cross-country differences in social entrepreneurship reflect the differences in welfare programs and in political and institutional contexts (Muñoz & Kibler, 2015). In the same way, the literature suggests that the institutional environment is very important for the emergence and implementation of social actions (Brieger et al., 2020; Mair & Marti, 2009; Nicholls, 2010a; Nissan et al., 2012; Sedeh et al., 2020; Stephan et al., 2015; Urbano et al., 2010). Social entrepreneurs address unsatisfied social needs or the creation of new social opportunities that the government or private sectors have failed to resolve (Corner & Ho, 2010). Hence, social entrepreneurship and institutions are related (Zahra et al., 2008).

## **2.4 Discussion, Conclusions, Implications and Future Research**

In this study, a systematic literature analysis about social entrepreneurship based on an institutional approach was conducted, using the concept that institutions shape human behavior. We explored articles that analyzed how institutional economics influence social entrepreneurial activity. We studied those articles within the Web of Science, focusing on the relationships between institutions and social entrepreneurship. Thus, not only is understanding both complex relationships and their possible consequences helpful for advancing and providing new insights in these complementary research fields, but it is also useful for formulating programs and public policies, particularly strategies that reinforce the sustainable creation of new social businesses that effectively enhance social and economic performance and provide well-being not only for the entrepreneurial firms but also for the entire society.

With respect to the theoretical framework used, we found the predominance of an institutional approach, which increased remarkably during 2016–2020, partly influenced by the GEM Report

2015, which addressed the special topic of social entrepreneurship. We observe that through quantitative and qualitative techniques, and a literature review, the researchers concluded that institutions influence social entrepreneurship. Although most of them applied either explicitly or implicitly North's theory about institutions in the realm of social entrepreneurship, some scholars used different approaches, such as Scott (2008) institutional dimensions or pillars.

Researchers have debated the emergence of social entrepreneurship for a long time. Although the discipline has garnered heightened attention from academics and practitioners, its identity has remained fragmented. The ongoing definitional debate has made the concept even more ambiguous, which some authors have viewed as a 'tautology' of the concept (Rivera-Santos et al., 2015, p. 74). The only factors that set social and commercial entrepreneurship apart are the contextual aspects and the challenges which originate from them (Austin et al., 2006).

A large amount of work on social entrepreneurship has focused on defining the concept (Hoogendoorn et al., 2010; Mair & Marti, 2006; Muralidharan & Pathak, 2019; Saebi et al., 2019; Short et al., 2009), which covers a mixture of formal and informal, public and private, and nonprofit and profit activities (Adeleye et al., 2020; Choi & Majumdar, 2014; Dacin et al., 2010; Short et al., 2009; Zahra et al., 2009). Urbano et al. (2010) have explained how the emerging literature on social entrepreneurship has covered a wide variety of definitions of the phenomenon (Dees, 2001; Chell et al., 2010; Nicholls, 2006b, 2010b; Shaw & Carter, 2007). Although there is no consensus among academics, a key distinction of social entrepreneurship that can be found in all definitions is its fundamental purpose of creating social value rather than personal wealth (Zadek & Thake, 1997), across social innovations rather than economic innovations (Alegre, et al., 2017; Austin et al., 2006) to address social problems rather than individual needs (Harding, 2006).

Definitions abound. One paper reviewed 20 definitions of social entrepreneurship (Zahra et al., 2009), while another listed 37 definitions (Dacin et al., 2010), but these were mostly driven by practice rather than theory (Mair & Marti, 2006). Austin et al. (2006) considered social entrepreneurship as entrepreneurial activity with an embedded social purpose. According with Santos (2012), mainstream approaches typically define social entrepreneurs as entrepreneurs with a social mission (Dees, 2001; Martin & Osberg, 2007). Definitions are often derived from the combination of these two concepts, entrepreneurship and social mission (Mair & Marti, 2006; Martin & Osberg, 2007). However, these definitions change in Latin America where social entrepreneurship is strongly associated with civil society since institutions such as the public and private sectors are less developed (Hoogendoorn, 2016).

According to Mair and Marti (2006), one group of researchers have referred to social entrepreneurship as not-for-profit initiatives in search of alternative funding strategies or management schemes to create social value (Austin et al., 2003; Boschee, 1998). A second group of researchers has understood it as the socially responsible practice of commercial businesses engaged in cross-sector partnerships (Sagawa & Segal, 2000). And a third group has viewed social entrepreneurship as a means to alleviate social problems and catalyze social transformation (Alvord et al., 2004; Dorado & Ventresca, 2013; Muralidharan & Pathak, 2019).

This literature review of social entrepreneurship builds on institutional approach (North, 1990, 2005.) So far, the research with this focus has mainly discussed the role of formal and informal institutions in social entrepreneurship (Dacin et al., 2010; Deng et al., 2019; Estrin et al., 2013a; Mair & Marti, 2009; Pathak & Muralidharan, 2020; Saebi et al., 2019; Zahra et al., 2009), thus showing that the institutional perspective recognizes that society's behavior is jointly shaped by the incentives, limitations, and resources provided by formal and informal institutions and that they can be compatible with each other.

However, Bjornskov and Foss (2016) argued that informal institutions are more relevant for explaining entrepreneurial activity and its social and economic consequences. In terms of informal institutions, the literature has suggested that belief systems such as culture and religion are important elements for understanding the differences in social entrepreneurship across countries (Hoogendoorn, 2016). Also, the interplay between social entrepreneurship and institutions, in which a bidirectional relationship takes place, needs further research. Institutions shape social entrepreneurship, but at the same time, entrepreneurs tend to affect institutions (Elert & Henrekson, 2017).

This institutional investigation also allows us to present conflicting perspectives on the role of formal institutions. According to the institutional void perspective (Dacin et al., 2010; El Ebrashi & Darrag, 2017; Estrin et al., 2013a; Mair & Marti, 2009; Mzembe et al., 2019; Stephan et al., 2015), less active governments may incite higher social needs and thus a greater demand for social entrepreneurship (Dacin et al., 2010; Hoogendoorn, 2016; Zahra et al., 2009; Živojinović et al., 2019). Moreover, we contribute to these apparent uncertainties by considering that institutions may influence individual behavior (Dacin et al., 2011; Short et al., 2009).

The following conceptual and policy implications could be derived from this review: a) to consider an integrated model including institutions, social entrepreneurship, and social benefit could advance research in entrepreneurship and in the social sciences; b) this model permits distinguishing by type of institution (formal and informal) and social entrepreneurial activity (necessity or

opportunity); c) this study is useful for formulating strategies, programs, and public policies, particularly those strategies that reinforce the sustainable creation of new social businesses that enhance the standard of living not just for the entrepreneurs but also for the entire society.

Our aim in this paper was to extend the present state of research by underpinning the contributions made by scholars in this relatively unexplored yet very promising area of knowledge and practice of social entrepreneurship from an institutional approach. After our exploratory analysis of the social entrepreneurship inquiry, we conclude that in general there is a lack of empirical studies that use multivariate analysis due to the vast amount of literature characterized as conceptual studies and that fewer empirical researchers are focused on a case study methodology. The conceptual framework can be considered directional to show the proposed relationship of the various independent and dependent variables that allow research from an institutional approach. Additionally, the antecedents discussed in this study can be used for further empirical examination to hypothesize the relationships between the various latent institutional variables.

The main findings confirm that social entrepreneurship research is in its nascent stage and the boundaries of the concept remain fuzzy. After our review analysis of social entrepreneurship, we conclude that there is a lack of empirical studies that use multivariate analysis due to the large amount of literature concerning conceptual studies, and that empirical researchers are focused on a case study methodology. Moreover, these previous studies were based on small sample sizes, which limits the ability to systematize their results. This study proposes institutional economics as a theoretical framework. In this sense, our findings indicate that the important articles published in impactful journals base their analyses on formal institutions and/or informal institutions; however, they are still few and the opportunity to investigate different areas exists. Nevertheless, we acknowledge that academic and data progress that extends beyond the field of social entrepreneurship by strengthening and promoting it in universities and management areas is necessary. The evolution of articles published about social entrepreneurship is ongoing, showing interest of the part of the government and academia in this topic.

This analysis probably raises more questions than it answers about institutions and the role that they play. Several of these questions may be as follows: What is it about informal constraints that gives them such a pervasive influence upon the long-term character of economies? What is the relationship between formal and informal constraints? Why do institutions influence social entrepreneurship differently than commercial entrepreneurship? How does an economy develop the informal constraints that make individuals change their behavior? How do institutions affect developing countries differently than developed countries? Clearly, we have a long way to go for

complete answers, but the modern study of institutions offers the promise of a new understanding of economic performance and social change (North, 1990).

The institutional factors analyzed in this literature review may be considered by scholars in social entrepreneurship research in order to push out the extant frontier, by extending the relationship from institutions and social entrepreneurship to social and economic growth. Future research, academic programs, and public policies should take into account that regional and national differences may exist in this field. In this regard, and as identified in this literature analysis, further policy reports and articles are needed. These should address what the conducive institutions are in developing and developed countries such that social entrepreneurship leverages social and economic development. The evolution of articles published about social entrepreneurship is ongoing, showing the interest of both the government and academia in this topic.



## **Chapter 3**

**Are there really differences  
between social and commercial  
entrepreneurship in developing  
countries? An institutional  
approach**

### **3. Are there really differences between social and commercial entrepreneurship in developing countries? An institutional approach**

#### **3.1 Introduction**

The concept of entrepreneurship has been increasingly applied to the context of social problems and development challenges (Bebegal-Mirabent, et al., 2019). The past decade has seen limited action taken by the public sector to confront social problems, which are increasing and becoming complex challenges in the economic and social development of countries. For this reason, new private initiatives have emerged with the intention of developing proficient organizations that can deal with social issues. Recently, socially motivated forms of entrepreneurship have gained attention because of their promise to alleviate social problems and provide products or services that are attended to neither by the government nor the market. Social entrepreneurship is increasingly recognized as an element in economic and social contributions (Stevens, et al., 2015).

However, social entrepreneurship and its performance within the economic system remains fuzzy, including how social entrepreneurship might interact with commercial entrepreneurship. What makes social entrepreneurship different from commercial entrepreneurship is that the former focuses on social benefit, and this becomes the most important factor (Dees, 1998b; El Ebrashi, 2013; Mair & Noboa, 2006; Martin & Osberg, 2007; Nicholls, 2006b).

As a result of the rise of social and environmental problems in developing countries, researchers and politicians have seen social entrepreneurs as agents for changing this situation by offering innovative entrepreneurial solutions (Bornstein, 2004; Maclean, et al., 2013). Considering the differences between social and commercial entrepreneurship in terms of their goals and how value is created, some environments and abilities may need to be different in order to succeed. However, there is limited understanding of the role played by the institutional context in influencing the entrepreneurial process, for instance, the study of how institutional factors affect (promote or inhibit) the emergence of entrepreneurial activities. Questions arise about how institutions relate to entrepreneurial activity and which institutional factors are most important in explaining the different types of entrepreneurship (Urbano, 2006; Urbano & Alvarez, 2014).

Institutional economics provides a theoretical framework for understanding these factors, arguing that human behavior is influenced by the institutional environment (North, 1990, 2005). Institutions are the humanly devised constraints that structure political, economic, and social

interactions (North, 1990). Some studies have emphasized the prevalence of weak institutions and the importance of investigating them, especially in developing countries (Mair & Marti, 2006; Parmigiani & Rivera-Santos, 2015). However, several authors consider social and commercial entrepreneurs to be more common in societies with strong institutions (Estrin, et al., 2013b; Estrin, et al., 2013a). Hence, the decision to start an entrepreneurship is also determined by the institutional context in which it occurs.

The use of institutional theory in understanding social entrepreneurship research is limited (Muralidharan, & Pathak, 2017). This study intends to open up the exploration of social entrepreneurship and to present a comparative empirical analysis of the extent to which economic institutions are applicable to commercial entrepreneurship and are transferable to social entrepreneurship in developing countries. The objective of this chapter is to determine the probability of starting social or commercial entrepreneurship in developing countries using the institutional approach (North 1990, 2005) as the theoretical framework. The study tests the hypotheses through a binomial logistic regression based on a sample of 10,598 entrepreneurs obtained from Global Entrepreneurship Monitor (GEM).

It is important to highlight that there are few empirical explorations in this area and our intention is to address this gap, because its theoretical underpinnings have not been adequately explored, and the need for contributions to theory and practice is pressing. This analysis contributes to the existing literature in several ways. On the one hand, this study helps to advance the application of institutional economics (North, 1990, 2005) to analyze the determinant factors of entrepreneurship (Thornton, Ribeiro-Soriano, & Urbano, 2011; Urbano & Alvarez, 2014; Urbano, Aparicio, & Audretsch, 2019). On the other hand, research could be useful for the design of government policies and academic programs based on the real perception of the entrepreneur and the knowledge of how institutions influence their processes, generating efficient activities that promote social entrepreneurship in developing countries (Estrin, et al., 2013a; McMullen, 2011; Urbano, et al., 2010).

Following this brief introduction, the chapter is structured as follows. In the second section, the most relevant literature on social and commercial entrepreneurship is presented in light of institutional economics and the proposed hypotheses. The third section details the methodology used. The fourth section discusses the main findings of the study. Finally, the most relevant conclusions, implications and future research lines are presented.

### 3.2 Conceptual framework

The definition of entrepreneurship has been in constant debate, despite being a seminal concept in efforts toward the creation of a viable business resulting from an individual's occupational choice to work on his/her own account (Gartner, 1989; Link & Hebert, 1982). Nevertheless, different types of entrepreneurial activity are considered. On the one hand, commercial entrepreneurs have the objective to maximize economic profits. On the other hand, social entrepreneurs answer needs that are not addressed by for-profit ventures (McMullen, 2011). Moreover, social entrepreneurs create social welfare (Mair & Marti, 2006; Zahra, et al., 2008).

According to Zahra et al. (2008), social welfare has its origins in studies in welfare economics (Arrow, 1951), where efforts have centered on developing a single metric of social improvement based on the Pareto criterion. Under this criterion, social welfare is created when at least one person is better off while all others' utility remains at least unchanged, or perhaps improved (Santos, 2012).

According to Mair and Marti (2006), the concept of social entrepreneurship means different things to different people (Dees, 1998a). On the one hand, it refers to social entrepreneurship as not-for-profit initiatives to create social value (Austin, Stevenson, & Wei-Skiller, 2003). Other groups understand it as the socially responsible practice of commercial ventures (Sagawa & Segal, 2000). On the other hand, another group views social entrepreneurship as a means to alleviate social problems (Alvord et al., 2004).

Therefore, social and commercial entrepreneurs are distinguished by their primary objectives (social welfare and economic profits, respectively). Social entrepreneurship can be analyzed through having a recognized goal that integrates the social needs to which institutions and ventures have committed themselves: the goal of achieving sustainable development (Seelos & Mair, 2005). Some scholars have analyzed the characteristics shared by social and commercial entrepreneurship, including the ability to detect opportunities (Dees, 1998a; Johnson, 2003; Nicholls, 2006b; Peredo & McLean, 2006; Roberts & Woods, 2005; Tracey & Phillips, 2007), the drive to innovate (Austin, Stevenson, & Wei-Skillern, 2006; Dees, 2001; Mair & Martí, 2004; Roberts & Woods, 2005), and the willingness to bear risk (Peredo & McLean, 2006; Zahra, et al., 2009). Unless we set boundaries to the scope of social entrepreneurship, it will be impossible to define the unique characteristics that differentiate it from traditional or business entrepreneurship (Seelos, & Mair, 2005). The lack of empirical data makes it difficult to assess the personal or environmental characteristics that stand in the way of achieving scale (Drayton, 2002). According to Urbano et al. (2010), social

entrepreneurship is oriented especially by the unsatisfied social needs that exist in the environment, making the institutional environment a key issue.

When conducting a literature review on the institutional theory related to entrepreneurship, were found studies by Scott (1995), which used institutional dimensions (regulative, normative and cultural-cognitive) to explain entrepreneurial activity. Kostova (1997) was one of the first researcher to adapt the institutional dimensions in organizational and business fields with her concept of country institutional profile, which Busenitz et al. (2000) applied and introduced later in the specific entrepreneurship field. Institutions have been considered to be structures operating in a society with rules and regulations, culture, customs, and traditions (Muralidharan, & Pathak, 2017; Szyliowicz & Galvin, 2010).

As North (1990) argues, institutions are the rules of the game in a society, and they define the way the game is played. More formally, institutions are the restrictions that shape human interaction. According to North (1990), institutions can be formal such as those with political rules, laws, and contracts or informal environments with codes of conduct, attitudes, values, and norms. Institutional environments, both formal and informal, promote or inhibit entrepreneurial aspirations, intentions, and opportunities and influence the speed and scope of entrepreneurial entry rates (Aparicio, Urbano, & Audretsch, 2016; Shane, 2004; Urbano & Alvarez, 2014; Urbano et al., 2019; Urbano, Toledano, & Soriano, 2011; Veciana & Urbano, 2008). Then, the institutional environment influences society as well as social and commercial entrepreneurship behavior.

It is not unusual to see different attitudes and different environments towards entrepreneurship across societies with similar formal institutions. This suggests that informal institutions (culture, religion, skill, values) help to explain such variability (Hayton, George, & Zahra, 2002; Lee & Peterson, 2000; Muralidharan, & Pathak, 2017; Scott, 2008, Thomas & Mueller, 2000; Uhlaner and Thurik, 2007).

Institutions in developing countries are usually weak (Khanna & Palepu, 1997). Thus, informal institutions with the trust, power, and support from the groups lead the scene (Scott, 2005). Social entrepreneurs are interested in addressing these institutional failures (Nicholls, 2006a), because they may be the main causes of social problems that need to be solved (Alvord, Brown, & Letts, 2004; Mair & Marti, 2004). Nevertheless, formal or informal institutions' gaps are considered opportunities for social entrepreneurs (Baker, Gedajlovic, & Lubatkin, 2005; Mair & Marti, 2009). Some scholars have studied the role of social entrepreneurs in addressing institutions in developing economies (Mair

& Marti, 2009; Mair, Battilana, & Cardenas, 2012). However, there is a need to study the institutional setting of multiple developing countries in relation to entrepreneurship (Bruton, et al., 2010).

In this study, the formal institution is operationalized by education, and this variable is divided into five categories. It is important to note that each of these educational levels is regulated by the different educational legislation in each country. Informal institutions are operationalized through fear of failure, entrepreneurial skills, and personal values composed of economic, social, and environmental values. Pathak and Muralidharan (2016) present these variables and these three values as useful proxies to understand the antecedents of different types of social entrepreneurs and the motivations that drive them.

It is important to point out that only one formal variable (education) is used, because the GEM Adult Population Survey (APS) database only contains enough observations on this one formal institution within the emerging countries. In contrast, informal institutions are made up of three variables and their interactions. Through these, the authors try to identify the appropriate environment for the different types of entrepreneurship.

### *3.2.1 Formal Institutions*

#### *- Education*

Education provides social and commercial entrepreneurs with useful knowledge that serves as a guide to determine the behavior of society. Individuals may be more inclined to make a decision to start a business if they believe they have the skills and education to carry out the activity successfully (Davidsson & Honig, 2003; Nga & Shamuganathan, 2010; Urbano, et al., 2017a). This has implications for the relationship between education and the choice of social or commercial entrepreneurship, as well as the context in which the new venture creation occurs (Estrin, et al., 2016).

Some studies report that education is positively associated with the likelihood to engage in commercial entrepreneurship (Arenius & Minniti, 2005; Block, Thurik, & Zhou, 2013). In the case of social entrepreneurs, higher education involves preferences and motivations consistent with the core aspiration to contribute to the welfare of others and to create societal wealth (Stephan, Uhlaner, & Stride, 2015). In addition, some authors in this field show that a high level of education is a common denominator in different social environments (Chell, 2007; Glunk & Van Gils, 2010; Nga & Shamuganathan, 2010; Shaw & Carter, 2007). Therefore, authors say that education has a positive effect on commercial and social entrepreneurship. However, the positive effect is greater for social

entrepreneurship than for commercial entrepreneurship. Therefore, this research proposes the following hypothesis:

Hypothesis 1. A high education level increases the probability of being a social entrepreneur versus being a commercial entrepreneur.

### *3.2.2 Informal Institutions*

#### *- Fear of Failure*

In entrepreneurship research, fear of failure is investigated as a psychological factor that inhibits entrepreneurial behavior and acts as a barrier to entrepreneurship (Bosma & Harding, 2007; Hatala, 2005). According to Cacciotti, Hayton, Mitchell, & Giazitzoglu (2016), the effect of fear of failure is situated in a larger social context and can depend on the entrepreneur's stage in the entrepreneurship process.

Some researchers in the field of social entrepreneurship have shown that limitations in resources associated with the creation of new companies may also require a willingness to take risks (Austin et al., 2006; Nga & Shamuganathan, 2010; Sharir & Lerner, 2006). According to Weerawardena and Mort (2006), social entrepreneurs take more risks than commercial entrepreneurs because of their approach to the permanence of the organization and the relative lack of access to financing options. However, Hoogendoorn, Pennings, and Thurik (2010) state that entrepreneurs perceive different kinds of risk: in particular, they fear personal failure and bankruptcy. These authors find that this is more common among social entrepreneurs than among commercial entrepreneurs. Therefore, the following hypothesis is posed:

Hypothesis 2. A high fear of failure increases the probability of being a social entrepreneur versus being a commercial entrepreneur.

### *Entrepreneurial Skills*

The entrepreneurship literature states that people's behavior is usually guided by their knowledge and skills (Urbano et al., 2017b). Perceptions of knowledge and skills have an impact on opportunity recognition and exploitation (Shane & Venkataraman, 2000). Entrepreneurship in all fields requires expertise in a variety of roles, and those people with skills are most likely to become entrepreneurs (Arenius & Minniti, 2005; Davidsson & Honig, 2003; Lazear, 2005). Some researchers suggest that limited business management skills can be a barrier to those who want to start an entrepreneurial initiative (Chen, Greene, & Crick, 1998; Scott & Twomey, 1988). According to

Unger, Rauch, Frese, & Rosenbusch (2011), any type of entrepreneur will rely on entrepreneurship-specific skills and knowledge.

Some theories on social entrepreneurship assert that social behavior is generally guided by entrepreneurs' knowledge and skills (Nga & Shamuganathan, 2010; Peredo & McLean, 2006). Meanwhile, Bacq, Hartog, Hoogendoorn, and Lepoutre (2011) contend that commercial entrepreneurs are significantly more self-confident when it comes to their entrepreneurial skills than social entrepreneur. In general terms, skills and knowledge about how to start a venture may together be a factor influencing both types of entrepreneurship, but the literature shows that it could be a determining factor for the commercial entrepreneur. On the basis of these considerations, this research proposes the following hypothesis:

Hypothesis 3. A favorable perception of entrepreneurial skills decreases the probability of being a social entrepreneur versus being a commercial entrepreneur.

- *Personal Values*

The prior literature has discussed the characteristics of different kinds of entrepreneurship. In these analyses, the authors discuss whether a venture should be seen as a project of economic or social value, or maybe both (Austin et al., 2006). Bacq, Hartog, and Hoogendoorn (2016) evidence the dominant focus of social entrepreneurs on value creation and discard the belief that social enterprises simply pursue social goals. Some scholars also reject the belief that commercial enterprises only pursue economic objectives. Several researchers have argued that social entrepreneurship arose as a result of existing problems in society and that it creates social value as its only objective (Mair & Marti, 2006), while others argue that the creation of social value is not necessarily contrary to the creation of economic value (Dacin, Dacin, & Matear, 2010), but an entrepreneur may aim to achieve both social and economic goals (Zahra et al., 2009). An analysis by Haugh (2006), in a broader sense, proposes that the aims of social enterprise are threefold: environmental, social, and economic. Based on this literature, this analysis proposes the following hypothesis:

Hypothesis 4. A favorable perception of personal values increases the probability of being a social entrepreneur versus being a commercial entrepreneur.

- *The interaction between informal institutions*

Some studies on career decisions suggest that individuals' values serve as important determinants of their occupational choices (Knafo & Sagiv, 2004; Noseleit, 2010). Stephan et al. (2015) assert that the greater the number of society members who hold certain values consistent with



a particular form of entrepreneurship, the greater the number of individuals who want to engage in that form of entrepreneurship. Other authors (Dees, 1998b; Leadbeater, 1997; Peredo & McLean, 2006; Tan, Williams, & Tan, 2005; Zahra et al., 2009) find that, compared to commercial entrepreneurs, social entrepreneurs are less likely to know other entrepreneurs or identify opportunities in their area, have less confidence in their own skills to start a business, and fear the risk of business failure to a greater extent.

Reinforced by the literature mentioned, this research takes informal institutions (fear of failure, entrepreneurial skills, and personal values) and makes interactions among these variables. Therefore, the following hypotheses are proposed.

Hypothesis 5a. The fear of failure effect is moderated by personal values; such interaction increases the probability of being a social entrepreneur versus being a commercial entrepreneur.

Hypothesis 5b. Personal values are moderated by entrepreneurial skills; such interaction decreases the probability of being a social entrepreneur versus being a commercial entrepreneur.

Hypothesis 5c. The entrepreneurial skills effect is moderated by fear of failure; such interaction decreases the probability of being a social entrepreneur versus being a commercial entrepreneur.

### **3.3 Methodology**

#### *3.3.1 Database*

This research uses the GEM database, specifically the 2009 data, which take into account a special topic, such as social entrepreneurship activity. This is the only data set that allows a quantitative and detailed empirical analysis of social entrepreneurship in several countries. GEM thus matches this theoretical framework in its concentration on individual occupational choice of social and commercial entrepreneurship (Estrin et al., 2013a), specifically with regard to data from the Adult Population Survey (APS).

The GEM 2009 survey was conducted in 49 countries. Of these countries, this research analyses the 19 developing countries (Appendix 2) (upper middle income) according to World Development Indicators (World Bank, 2017). The final sample for analysis consisted of 10,598 individuals (18.7% of whom reflect social entrepreneurship and 80.3% of whom reflect commercial entrepreneurship). Table 3.1 provides a summary of the variables used in this study.

This study considers the comparison of institutional factors encouraging social versus commercial entrepreneurship, which is the dependent variable. This dummy variable is binary: (1) is social entrepreneurship and is based on a series of questions about how to start and manage every kind of organization, initiative or activity that has an environmental, social or community objective (Estrin et al., 2013a), while (0) is commercial enterprise. To arrive at this classification, the respondents answered affirmatively that: (1) they alone, or with others, were currently trying to start a new business; (2) they had actively taken action to start this new business over the past 12 months; and (3) they will at least partly own this business. The independent variable used in this research considers that social and commercial entrepreneurship are conditioned by formal and informal institutions. Table 1 provides a summary of these variables.

Table 3.1 Description of variables

	<b>Variable</b>	<b>Description</b>	<b>Source</b>
Dependent variables	Type of entrepreneurial activity	Dummy variable equal to 1 if individuals are in the process of starting a business or company with social purposes; equal to 0 if individuals are in the process of starting a business or company with commercial purposes.	GEM-APS
Independent variables (formal factors)	Education level	Highest education level in five levels (none, some secondary, secondary degree, post-secondary, graduate experience)	GEM-APS
Independent variables (informal factors)	Fear of failure	Dummy variable which indicates if the respondent agrees with the statement "Fear of failure would prevent me from starting a business." Yes = 1; No = 0	GEM-APS
	Entrepreneurial skills	Dummy variable which indicates if the respondent agrees with the statement "I have the knowledge, skill, and experience required to start a new business." Yes = 1, No = 0	GEM-APS
	Personal values	Continuous variables that group three items and summarize the perception of economic, social, and environmental values in each type of entrepreneurship	GEM-APS
Control variables	Gender	Respondents were asked to provide their gender. F = 1, M = 0	GEM-APS
	Age	Respondents were asked to provide their year of birth.	GEM-APS

Household size	Respondents were asked to indicate the number of permanent members in the household.	GEM–APS
Type of work	Classification of work status into three levels (FT-PT, no work, retired, or student).	GEM–APS
Personal income	Classification of individual into three levels of income (lowest, middle, upper).	GEM–APS

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### 3.3.2 Data analysis

Due to the binary nature of the dependent variable (social versus commercial entrepreneurship), the study tests the hypotheses through a binomial logistic regression, using Stata 14.1 software.

The equation for the model to be estimated is the following:

$$\begin{aligned}
 U_j &= P(SE_j = 1) \\
 &= \beta_0 + \beta_1 E_j + \beta_2 FF_j + \beta_3 ES_j + \beta_4 PV_j + \beta_5 PV_j * FF_j + \beta_6 PV_j * ES_j \\
 &\quad + \beta_7 FF_j * ES_j + V_j
 \end{aligned}$$

*SE = Social entrepreneurship*

*E = Education*

*FF = Fear of failure*

*ES = Entrepreneurial skills*

*PV = Personal values*

### 3.4 RESULTS AND DISCUSSION

#### 3.4.1 Descriptive statistics and correlation matrix

The table 3.2 statistically describes the data sample used by this research. It shows that Romania is the country with the highest number of social entrepreneurs (35.6%), followed by Argentina (33.4%), Russia, and South Africa (30.7%). The data shows Venezuela, with 55% of women entrepreneurs. Besides, Russia reports the highest academic degree in entrepreneurs and Brazil, the lowest academic degree. It is important to note that all of the countries mentioned above, at the time of the collection of these data, coincided in having leftist governments. Education shows a level of 2.9 this means a low level (Some secondary).

Table 3.2 Country descriptive statistics for main variables.

Country	Observations	% Social entrepreneur	% S.E. Female	% Age	% Education level (-1 , 5+)	% Entrepreneurial skills	% Fear of failure	% Economic values	% Social values	% Environmental values
Algeria	659	19.1	38.7	33	2.9	61.5	27.0	61.9	27.5	10.6
Argentina	698	33.4	49.4	45	3.1	74.6	32.4	43.5	38.9	18.6
Bosnia and Herzegovina	368	14.4	39.1	40	3.1	81.0	28.0	45.4	29.8	24.4
Brazil	663	2.6	45.7	38	2.2	67.7	33.5	86.1	7.1	6.8
Chile	1,298	16.6	46.7	43	2.9	82.6	19.5	57.1	25.4	17.6
Colombia	888	24.3	43.7	39	2.9	79.3	25.6	61.2	22.8	16.1
Dominican Republic	689	17.3	44.1	38	2.9	89.3	27.9	61.7	23.1	21.3
Jamaica	899	18.8	45.9	40	2.6	87.2	25.3	58.3	26.4	16.2
Latvia	484	15.3	39.7	39	3.6	81.2	22.3	58.9	26.8	14.5
Lebanon	768	12.1	34.5	37	2.9	91.7	16.5	74.9	19.7	5.4
Malaysia	223	2.7	26.0	44	2.5	61.4	34.1	69.3	20.7	13.3
Panama	314	15.9	48.4	41	2.9	86.3	18.5	70.1	16.9	12.3
Peru	656	21.6	43.3	38	2.7	84.5	24.7	65.6	18.8	15.7
Romania	177	35.6	44.6	40	3.4	71.2	39.5	58.3	22.8	18.7
Russia	150	30.7	47.3	39	3.9	59.3	36.0	87.2	3.2	9.8
Serbia	437	12.8	35.2	45	2.8	79.4	20.1	72.6	15.4	12.5
South Africa	394	30.7	44.4	36	2.6	75.4	17.8	48.1	30.6	26.1
Uruguay	350	22.0	36.9	41	2.9	80.6	26.9	55.3	28.1	17.1
Venezuela	483	21.9	55.1	40	2.9	44.7	9.7	65.7	19.1	15.3
Total	10,598	19.4	42.6	40	2.9	75.7	25.5	63.2	22.3	15.4

Continuing with this description of data by country, we observe that entrepreneurial skills are the most common factor among entrepreneurs in developing countries (75.7%), followed by economic values (63.2%). Additionally, we found that social values (22.3%) and environmental values (15.4%) are not as characteristic of entrepreneurs in developing countries. Finally, we see that fear of failure affect 25.5% of entrepreneurs in these countries. In particular, this information shows us a nation that is outside the standards of others. Russia is one of the countries with the highest number of social entrepreneurs, but, at the same time, it is the country with the most economic values, but the least social and environmental assets. In addition, it shows a high rate of fear of failure among its entrepreneurs.

Table 3.3 shows the descriptive statistics and the correlation coefficients for all the variables. This table classifies the different types of variables and differentiates the quantitative from the qualitative variables. As mentioned before, 18.7% of the adult population in emerging economies has been engaged in social entrepreneurship.

Regarding the correlations of the variables, Table 3.4 shows that education has a high relationship with the dependent variable ( $p \leq 0.01$ ). In the same way, it shows a significant correlation with the independent variables fear of failure and entrepreneurial skills ( $p \leq 0.01$ ). The fear of failure and personal values variables have a statistically significant correlation with the dependent variable, unlike entrepreneurial skill, which does not have it.

The correlation between the dependent variable and the control variables shows that age and household size have no significant correlation with the type of entrepreneurship, unlike gender, which shows a significant correlation. The research used contingency tables, with the following results: type of work was the statistically most significant control variable in relation to the dependent variable. Moreover, it showed a correlation with the fear of failure variable ( $p \leq 0.1$ ) and a high correlation with the entrepreneurial skills variable ( $p \leq 0.01$ ). However, the personal income variable did not present a significant correlation, and it was discarded. Given these correlations between the independent variables and control variables, we performed a test for multicollinearity, which can affect the significance of the main parameters in logit regressions.

Analyzing the correlation that exists between the control variables and the independent variables, it was found that type of work and personal income have a correlation ( $p \leq 0.01$ ) with the education variable. On the other hand, the formal education variable has no relationship with the gender variable. In the same way, it was observed that the type of work variable has a correlation ( $p \leq 0.01$ ) with the independent variable entrepreneurial skills and the control variables gender and

personal income, being different from the fear of failure variable, which shows a correlation of  $p \leq 0.1$ . Furthermore, it was found that the personal income variable shows a high correlation ( $p \leq 0.01$ ) with gender and entrepreneurial skill; in the case of fear of failure, the ratio decreases ( $p \leq 0.05$ ). The gender control variable shows a correlation of  $p \leq 0.01$  with the informal variables fear of failure and entrepreneurial skill.

Table 3.3 Descriptive statistics and correlation matrix

	Variable	Obs.	Mean	Std. Dev.	1	2	3	4	5	6	7	
1	Dependent variables	Type of entrepreneurial activity	10,598	0.187	0.389	1.000						
2	Independent variables (informal factors)	Fear of failure	9,828	0.262	0.44	<b>0.017 *</b>	1.000					
3		Entrepreneurial skills	9,807	0.842	0.364	0.007	<b>-0.160***</b>	1.000				
4		Personal values	8,210	6.70E-09	1	<b>0.347 ***</b>	-0.014	<b>0.038***</b>	1.000			
5	Control variables	Gender	10,598	0.432	0.495	<b>0.044 ***</b>	<b>-0.054 ***</b>	<b>0.073 ***</b>	<b>0.031***</b>	1.000		
6		Age	10,468	39.856	13.117	0.015	0.007	0.012	0.003	0.005	1.000	
7		Household	10,547	4.176	3.228	-0.007	-0.015	-0.013	-0.01	0.025***	-0.088***	1.000

Note: \*\*\* significant at  $p \leq 0.01$ ; \*\* significant at  $p \leq 0.05$ ; \*significant at  $p \leq 0.10$

Table 3.4 Relationship among Type of Entrepreneurship and Education, Type of Work and Personal income

Variable	Type of Entrepreneurship			
	Commercial E.	Social E.	Total	
No education	1,175	164	1,339	
Some secondary	1,705	321	2,026	
Education	Secondary degree	3,320	759	4,079
chi <sup>2</sup> = 96.3139 Pr = 0.000	Post-secondary	2,106	641	2,747
	Graduate experience	270	91	361
	Total observations	8,576	1,976	10,552
	Work F-T, P-T	6,999	1,401	8,400

Type of work chi2 = 138.2372 Pr = 0.000	Not working	1,092	312	1,404
	Retired students	487	244	731
	Total observations	8,578	1,957	10,535
Personal income chi2 = 3.5315 Pr = 0.171	Lowest	1,098	272	1,370
	Middle	2,304	539	2,843
	Upper	3,776	818	4,594
	Total observations	7,178	1,629	8,807

### 3.4.2 Logit Model Regression

Table 3.5 presents the results of the logit regression with the institutional variables classified by formal and informal factors.

Model 1 analyzes the control variables used in this research. Only those variables that show a significant relationship with the dependent variable were taken into account. Model 2 incorporates informal factors into Model 1. The fear of failure and entrepreneurial skills variables do not show a high level of multicollinearity (that is the reason why they are maintained in the estimated models). Model 3 adds the education variable as a formal factor to Model 2. Finally, Model 4 is the most complete model: it considers formal and informal factors, interaction among informal factors, and the control variables.

Based on the results, fear of failure and entrepreneurial skills are not significant explanatory variables; in fact, they do not show statistical significance in any of the three estimated models where they are considered explanatory variables. Therefore, Hypothesis 2 is not confirmed: we cannot say that a high fear of failure increases the probability of being a social entrepreneur versus being a commercial entrepreneur. Likewise, the obtained results do not allow us to confirm Hypothesis 3 (a favorable perception of business skills decreases the probability of being a social entrepreneur versus a commercial entrepreneur). Based on the estimated coefficients in Models 2, 3, and 4, entrepreneurial skills is not an institutional factor that decreases the probability of becoming a social versus a commercial entrepreneur in developing countries.

The coefficient of the personal values variable shows a positive significant sign in Models 2, 3, and 4. In other words, personal values increase the probability of being a social entrepreneur versus a commercial one. Therefore, these results allow us to test Hypothesis 4 in the expected sense.

Regarding moderations (Model 4), only one interaction is significant: the interaction between the informal institutions, personal values and entrepreneurial skills. Therefore, Hypotheses 5a and 5c cannot be tested in the expected sense, but Hypothesis 5b can. More precisely, the estimated coefficient for the interaction effect presents a significant negative sign, so this interaction reduces the probability of being a social versus a commercial entrepreneur. Thus, if people have personal values but they have not acquired the entrepreneurial skills to start a business, this increases the probability of being a social entrepreneur. Conversely, if people have personal values and they have acquired the entrepreneurial skills for a new business, the probability of becoming a commercial entrepreneur increases.

Concerning education level as a formal institution, and based on the estimated coefficients in Models 3 and 4, we can say that the higher the level of education the higher the probability of becoming a social entrepreneur instead of a commercial one. Therefore, these results test Hypothesis 1 in the expected sense.

Table 3.5 Logit model results

		Model 1		Model 2		Model 3		Model 4	
		Coef.	Std. Err.	Coef.	Std. Err.	Coef.	Std. Err.	Coef.	Std. Err.
Independent variables (informal factors)	Fear of failure	---	---	-0.012	-0.076	0.002	-0.076	-0.141	-0.201
	Entrepreneurial skills	---	---	-0.057	-0.097	-0.081	-0.098	0.067	-0.145
	Personal values	---	---	.901***	-0.035	.886***	-0.035	<b>1.187***</b>	-0.111
	Personal values x E. skills	---	---	---	---	---	---	<b>-.371***</b>	-0.113
	Personal values x fear of failure	---	---	---	---	---	---	0.09	-0.084
	Fear of failure x E. skills	---	---	---	---	---	---	0.124	-0.213
Independent variables (formal factors)	Education								
	Some secondary	---	---	---	---	0.18	-0.135	0.165	-0.136
	Secondary degree	---	---	---	---	.236**	-0.12	.222*	-0.121



		Post-secondary	---	---	---	---	.441***	-0.123	<b>.420***</b>	-0.124
		Graduate experience	---	---	---	---	.746***	-0.185	<b>.739***</b>	-0.185
Control variables	Gender		.195***	-0.051	.114*	-0.067	.114*	-0.067	.111*	-0.067
	Type of work	Not working	.304***	-0.071	.324***	-0.101	.355***	-0.102	<b>.347***</b>	-0.102
		Retired or students	.908***	-0.083	.634***	-0.124	.656***	-0.125	<b>.653***</b>	-0.125
Number of observations			10,535	7,456	7,440	7,440				
Log likelihood			-4988.3417	-3014.732	-2997.1355	-2989.966				
LR chi <sup>2</sup>			137.31***	823.86***	846.72***	861.06***				
Pseudo R <sup>2</sup>			0.0136	0.1202	0.1238	0.1259				

Note: \*\*\* significant at  $p \leq 0.01$ ; \*\* significant at  $p \leq 0.05$ ; \*significant at  $p \leq 0.10$

Table 3.6 Marginal effects for Models 3 and 4

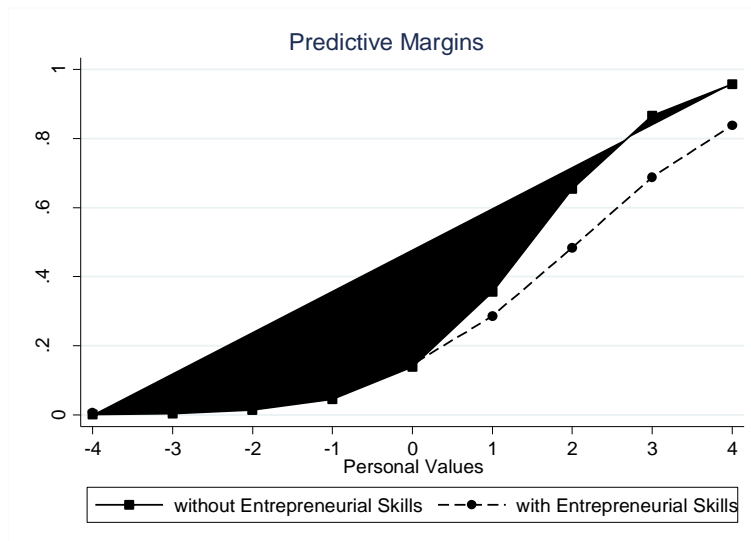
		Model 3	Model 4
		dP/dx	dP/dx
Independent variables (informal factors)	Fear of failure	0	-0.016
	Entrepreneurial skills	-0.009	0.007
	Personal values	.105***	<b>.140***</b>
	Personal values x E. skills	---	<b>-.043***</b>
	Personal values x fear of failure	---	0.01
	Fear of failure x E. skills	---	0.015
Independent variables (Formal factors)	Some secondary	0.017	0.02
	Secondary degree	.014**	.026*
	Post-secondary	.016***	<b>.053***</b>
	Graduate experience	.033***	<b>.110***</b>
Control variables	Gender	.013*	.013*
	Not working	.046***	<b>.045***</b>

Type of work	Retired or students	.095***	.094***
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Note: \*\*\* significant at  $p \leq 0.01$ ; \*\* significant at  $p \leq 0.05$ ; \*significant at  $p \leq 0.10$

Table 3.6 presents the marginal effects for Models 3 and 4. We can observe, for example, how the probability of being a social entrepreneur is 10% higher (Model 3) and 14% higher (Model 4) when personal values increase by one unit. However, this increase of 14% is reduced 4.3% when personal values are moderated by entrepreneurial skills. Written in a different way, when the possible entrepreneur has the knowledge, skills, and experience required to start a new business, the effect of the personal values on the probability of becoming a social entrepreneur is reduced (see Figure 3.1).

Figure 3.1 Relationship between personal values and entrepreneurial skills



Therefore, in developing countries, the effect of personal values on the probability of becoming a social entrepreneur is reduced by the entrepreneurial skills.

In this analysis, different control variables were used. The variables age, household size, and personal income were discarded because they did not show a significant correlation with the type of entrepreneurship. The control variable gender shows statistical significance in Model 1, and a lower significant effect in Models 2 and 3. Type of work remains the only control variable that has a significant effect in all models. This variable shows that those entrepreneurs who are students, retired, or without a job are the most likely to decide on social entrepreneurship.

### 3.5 Conclusions

Using institutional economics as a theoretical framework, the main objective of this research was to empirically analyze the influence of formal institutions (education) and informal institutions (fear of failure, entrepreneurial skills, and personal values) on the decision to become a social or a commercial entrepreneur in developing countries. Based on information from the GEM database (10,598 entrepreneurs), the research tested the hypotheses through a binomial logistic regression.

The main findings of this exploratory study demonstrated that in developing countries a higher level of education (formal institution) and a positive perception of personal values (informal institution) increase the probability of being a social entrepreneur. Also, the research showed that the interaction between informal institutions causes changes in the probability of being a social or commercial entrepreneur in developing countries.

The results suggest that fear of failure influences social and commercial entrepreneurship (Bacq et al., 2016; Fernández-Laviada et al., 2020; Harding 2007; Hatala 2005; Hidalgo et al., 2020). Moreover, the relationship between entrepreneurial skills and the decision to be a social entrepreneur is discarded, because this informal factor inhibits or motivates the social and commercial entrepreneur in a similar way (Estrin et al., 2013a, 2016; Hidalgo et al., 2020; Urbano et al., 2017). This exploration highlights that the probability of start a social enterprise increases when the entrepreneur gathers the social and environmental value without excluding the economic value (Bacq et al., 2016; Mair & Marti, 2006). The integration of the three values allows the entrepreneur to make the decision to start a social and non-commercial project (Dacin et al. 2010; Zahra et al. 2014). Furthermore, we found that the interaction between personal values and entrepreneurial skills causes a decrease in the probability of being a social entrepreneur. While personal values are a determining factor in the intention to entrepreneur socially, they are also an important factor in the interaction with entrepreneurial skills. These variables together generate significance in the intention of starting a commercial entrepreneurship.

In addition, the study suggests that with a higher level of education, besides the personal values being integrated, emerging economies will become more prosperous in development of new social entrepreneurs (Block et al. 2013; Stephan et al. 2015; Urbano et al. 2017a). Institutional gaps and the presence of developing markets, generate the need to promote and increase social entrepreneurship. These conditions are regularly found in emerging economies (Mair & Marti 2009).

The implications of this research will have to encourage the academic areas involved in social entrepreneurship and governments to take advantage of these results and determine the measure to which institutions stimulate or inhibit social entrepreneurs. Governments and academics can prove that entrepreneurial universities are fundamental support in the decision and process of starting a social enterprise. Therefore, this analysis could serve to formulate educational programs that strengthen the social, environmental, and economic values that inspire students to decide to start an entrepreneurial career. The synergy of these three values is valuable since, commonly, social entrepreneurs focus on the socio-environmental project and forget that without the economic value, businesses are not sustainable.

The research contributes to the existing literature in several ways. First, the study adds new empirical insights into the impact of institutions on both commercial and social entrepreneurship (Alvarez & Urbano, 2011; Aparicio et al., 2016; Thornton et al., 2011; Urbano et al., 2011; Urbano & Alvarez, 2014; Urbano et al., 2019) in developing countries. Second, this study helps to advance the application of institutional economics (North, 1990, 2005) to analyze the determinant factors of entrepreneurship (Thornton et al., 2011; Urbano, et al., 2017b; Veciana & Urbano, 2008). Finally, the research could be useful for the design of government policies and academic programs to foster social entrepreneurship in developing countries from an institutional perspective (Estrin et al., 2013b; McMullen, 2011; Sud, VanSandt, & Baugous, 2009; Urbano et al., 2010).

This research has some limitations. One of them is the proxy used for social entrepreneurship; it is difficult to find data to capture the process of social entrepreneurship. It should be noted that due to the lack of public information at the level of companies, industry, and the country in this field, empirical studies showing these relationships are scarce. One example of this is the size of the sample since we were only able to use 19 developing countries.

Additional gain new insights into different contexts, future research could analyze the theory of institutional voids in developing countries (Stephan et al., 2015). This multilevel study opens the opportunity to explore how institutions (formal or informal) influence in the absence of others. In the same line, once more multilevel information is produced, it provides the opportunity to empirically confirm the literature of comparative international social entrepreneurship. Besides, to analyzes how institutions relate to innovation and growth strategies in social enterprises, as well as, study the relationship of social networks as part of the institutions that are linked in the entrepreneurial process. Other future research will have to compare developing and developed countries or different regions of a developing country. Also, it would be interesting to extend the period of analysis and/or update the data.

## **Chapter 4**

# **The Influence of Socio-Cultural Environment on Social and Commercial Entrepreneurship**

## **4. The Influence of Socio-Cultural Environment on Social and Commercial Entrepreneurship**

### **4.1 Introduction**

The Global financial crisis of 2008–2010 was the next world crisis since the Great Depression of the 1930s. It began with a crisis in the subprime mortgage market in the United States of America and developed into an international-level banking crisis. At the same time, came the European debt crisis in the banking system of the European countries using the euro, which exacerbated the banking crisis (Ivashina & Scharfstein, 2010). These crises made society question the basic premises of the current economic system.

The effects of these economic crises were characterized by high unemployment, falling incomes, increased inequality, higher government borrowing, and changes in public policies, particularly social policies (Doherty, et al., 2014). Entrepreneurship may be a key to alleviating poverty issues, overcome economic crisis and achieving development. (Aparicio, et al., 2019; Sutter, et al., 2019). For these reasons, high expectations were generated about social and business initiatives as key agents to change this situation and solve the problems that cannot be solved by the public sector (Dees 2001; Mair & Martí, 2006; Short, et al., 2009; Weerawardena & Mort, 2006; Zahra et al., 2009).

Within the last decade, small and medium-sized firms have been recognized as key elements in economic and social development (Berbegal-Mirabent, et al., 2019; Bowen & De Clercq, 2008; Grilo & Thurik, 2005; Van Stel, et al., 2007). Some researchers highlight the role of entrepreneurship, since it can impact economic growth, help to reduce the poverty rate, and improve social development on a large scale (Maclean, Harvey, & Gordon, 2013). According to Puumalainen et al., (2015), in many developed and developing countries, social entrepreneurship and commercial entrepreneurship are known as promoters of economic, cultural, and environmental wealth as well as social change (Estrin, et al., 2013a). Currently, this study is transcendent, due to the global crisis that begins in 2020.

In previous investigations, there is evidence that socio-cultural factors have a significant effect on the social and commercial entrepreneurial process (Aidis, et al., 2008; Martínez, et al., 2020; Thornton, et al., 2011; Urbano, et al., 2010; Walsh & Winsor, 2019; Welter & Smallbone, 2011). Some research suggests that the creation of social value of entrepreneurship would depend on different institutional settings. (Aparicio et al., 2016; Bosma et al., 2018). Therefore, the socio-cultural factors that influence social and commercial entrepreneurship in developing and developed

countries, during and after a financial crisis, may be different. Despite the efforts to analyse this phenomenon, there is no solid evidence about one of the important aspects of entrepreneurship, which refers to how socio-cultural factors as institutions influence in social or commercial entrepreneurship during and after a global economic resilience (Williams & Vorley, 2014).

According to Aparicio, et al., 2019, the study of the institutional factors that affect new ventures, applying the institutional economics (North, 1990), is a topic of growing interest in the entrepreneurship and social entrepreneurship field. However, until now little attention has been devoted to these relationships in the entrepreneurship (Bruton et al., 2010) when external shocks such as an economic crisis take place.

The field of institutional economics, with fundamental contributions from North (1990, 2005), argues that formal institutions (constitutions, laws, and regulations) and informal institutions (norms, habits, and social practices) play key roles in economic development. As noted by Urbano, Aparicio, and Audretsch (2019), this research is useful not only to understand institutional relationships and their possible consequence for planning government strategies and public policies, but also for advancing and providing knowledge in these research fields, which could be complementary.

Therefore, the main objective of this study is to determine which socio-cultural factors influence the probability of being a social entrepreneur versus commercial entrepreneur in developing and developed countries, making a comparison between the years 2009 (during the global financial crisis) and 2015 (after the crisis) and using the institutional economics as a framework (North, 1990, 2005).

We statistically test our hypotheses through binomial logistic regression in an individual context, using two samples — 2009: 17,673 social and commercial entrepreneurs from 46 countries; 2015: 27,433 social and commercial entrepreneurs from 48 countries. The countries participating in the sample are selected according to the classification by the World Bank (upper-middle-income economies [developing countries] and high-income economies [developed countries]). These samples are obtained based on the Global Entrepreneurship Monitor (GEM).

The main findings highlight that a favorable entrepreneurial career choice, perceived opportunities, and entrepreneurial skills are the most important socio-cultural factors in the probability of becoming a commercial entrepreneur; in contrast, the role model and fear of failure increase the probability of being a social entrepreneur. Nevertheless, media impact influences the two types of entrepreneurship in a similar way. In the same line, the interactions between socio-cultural

factors and country development status intervene differently in the periods during the crisis and after the financial crisis. It is important to emphasize that these factors show a change in the sign that influences the probability of starting a social or commercial enterprise in developing and developed countries. The analysis accomplished provides a significant advance in the theoretical and empirical literature on social and commercial entrepreneurship and institutional context.

These results of empirical study shed light on the influence of socio-cultural factors on social and commercial entrepreneurship. Similarly, it identifies the determining factors in the socio-cultural environment in developing and developed countries. Furthermore, these socio-cultural factors have a different relationship to entrepreneurship during a financial crisis and after the crisis. The theoretical analysis accomplished provides a significant advance in the literature on social and commercial entrepreneurship and institutional economics.

This research is structured as follows. In section 2, the conceptual framework of the research is presented. Section 3 summarises the methodological details of the logistic regression. In section 4, the main findings of the study are discussed. Finally, in section 5, conclusions and future lines of research are presented.

## **4.2 Theoretical framework**

In several researches, the study in the field of social and commercial entrepreneurship focuses on the differentiation between developing and developed countries (Chowdhury, et al., 2019; Escandon, et al., 2019; Haski & Mehra, 2016; Gimmon & Spiro, 2013; Paul & Shrivatava, 2016). In this way, prior studies have noted the significant role of the social and commercial entrepreneurial process in social and economic growth in countries, aside from seeking sustainability with a market orientation (Bacq, et al., 2013; Fernández-Laviada, et al., 2020; Sedeh, et al., 2020).

Likewise, the reports from the European Commission in 2014 (Juncker, 2014), shows that during the 2008–2010 financial crisis, entrepreneurship demonstrated the ability to facilitate societal change and build cohesion by fostering innovative ways to address social inequality, unemployment, and climate change. The GEM report survey in 2009 shows that entrepreneurs responded that it was very difficult to start social or commercial enterprises in this year. By contrast, the 2015 GEM report points out that in both developed and developing countries, there was an increase in new social and commercial entrepreneurs driven by necessity and opportunities. However, there still exists a scarcity of literature analyzing empirically how entrepreneurship emerges in economic crises (Bishop &



Shilcof, 2017). In this sense, would be worth analyzing the socio-cultural factors during the financial crisis in 2009 and after the crisis in 2015, with the intention of knowing how these factors influenced the process of creating a new venture.

In the same context, the literature classifies entrepreneurship between social and commercial. According to Mair and Marti (2006), the main difference between commercial entrepreneurship and social entrepreneurship is that social entrepreneurs have as their top priority the creation of social value and do not prioritize economic value, as is the case of commercial entrepreneurs. The same authors argue that social entrepreneurship involves non-profit initiatives and socially responsible business practices and/or services as a means to alleviate social problems. Chell, Nicolopoulou, and Karataş-Özkan (2010) and Bacq and Janssen (2011) consider that social entrepreneurship means different things in different places, because of the different geographical and cultural contexts in which it takes place (Short, et al., 2009; Zahra et al., 2009).

As noted previously, this study focuses on institutional economics (North, 1990, 2005). The institutions represent the set of rules that coordinate and organize the social, economic, and political interactions between individuals and society, with intervention for entrepreneurship activity and economic development (Chowdhury, et al., 2019; Thornton, et al., 2011). The institutions have a strong relationship with the entrepreneurship area and can legitimize and delegitimize entrepreneurial activity as a social and economic value (Aidis, et al., 2008; Thornton, et al., 2011; Welter & Smallbone, 2011). Therefore, several studies suggest that institutional environment is critical for the emergence and implementation of social or commercial actions (Deng, et al., 2019; Mair & Marti, 2009; Sedeh, et al., 2020; Urbano, et al., 2010).

Hence, economic growth results from the development of institutions. In accordance with North (1990), the agent of change is the individual entrepreneur who responds to the incentives incorporated in the institutional framework. In the field of entrepreneurship, the concern should be the institutional context that influences the emergence of these entrepreneurs. In the same line, North classifies institutions into two types. Formal institutions refer to laws, regulations, and government procedures, while informal institutions include the ideas, beliefs, experiences, knowledge, conduct norms, attitudes, and values of people, such as the culture of a given society (North, 1990).

Following North (1990, 2005), socio-cultural factors will be analyzed as the informal institutions that influence social versus commercial entrepreneurship in developing and developed countries. It is important to emphasize that there has been growing recognition of socio-cultural factors as informal institutions, and they have a significant effect on the commercial entrepreneurship

process (Aidis, et al., 2008; Alvarez & Urbano, 2011; Arenius & Minniti, 2005; Goswami, et al., 2019; Martínez, et al., 2020; Noguera, et al., 2013; Thornton, et al., 2011; Welter & Smallbone, 2011; Walsh & Winsor, 2019). In the same sense, with social entrepreneurship (Bacq, et al., 2013; Desa 2012; Dorado & Ventresca, 2013; Mair & Marti, 2006, 2009; McMullen, 2011; Nga & Shamuganathan 2010; Nicolás, et al., 2018; Nicholls, 2010b; Urbano, et al., 2010).

The literature suggests that some socio-cultural factors could be key drivers for entrepreneurial development (Haugh, 2007; Thornton, et al., 2011; Walsh & Winsor, 2019). As it was mentioned before, this study analyses the literature on entrepreneurship that proposes some socio-cultural factors, such as an entrepreneurial career, a role model, the media impact, perceived opportunities, fear of failure, and entrepreneurial skills, which could be important drivers of entrepreneurial behavior (Alvarez & Urbano, 2011; Alvarez, et al., 2014; Noguera, et al., 2013; Nicolás, et al., 2018; Urbano & Alvarez, 2014; Walsh & Winsor, 2019). We adopt institutional economics as the main focus, specifically informal institutions. These socio-cultural factors will be used as a theoretical framework for this research.

#### *4.2.1 Socio-cultural factors (informal institutions)*

##### *- Entrepreneurial career*

Individuals may consider an entrepreneurial career as an opportunity if they observe management to be participative, empathetic, and flexible, within an environment in which information and experiences are shared and members work together (Eddleston & Powell, 2008). The literature affirms that the environment in informal institutions reveals the status and respect towards entrepreneurs and whether people consider that starting a business is a desirable career choice (Fernández, et al., 2009; Mueller & Thomas, 2001; Rocha & Van Praag, 2020; Urbano & Alvarez, 2014). Specifically, commercial entrepreneurs have a high level of status and respect, which has a positive impact on entrepreneurship intentions (Alvarez & Urbano, 2011). However, entrepreneurship suffers changes during the economic crisis in developing countries (Giotopoulos et al., 2017).

In this regard, Shapero and Sokol (1982) highlight negative push factors, such as being fired, unemployment, or not having strong institutions in one's environment. The authors also highlight positive pull factors, such as higher income and gaps in the market that generate opportunities, which can direct an individual toward entrepreneurial career choices (Lanero, et al., 2016). According to Alvarez and Urbano (2011), in developing countries with high rates of unemployment and a lower level of education in the society, the possibility of becoming self-employed and an entrepreneurial career choice are attractive. The decision to pursue an entrepreneurial career is directly impacted in

developing countries, during a period of crisis. Where the negative push factors are highly significant, due to market insecurity and the lack of formal institutions that motivate this decision. Consequently, the optimism or pessimism of the social entrepreneur's ecosystem often influences the idea and the solution discussions, in search of social benefit in developing countries. Therefore, we propose the following hypothesis:

Hypothesis 1a. Entrepreneurial career choice decreases the probability of being a social entrepreneur versus being a commercial entrepreneur.

Hypothesis 1b. Entrepreneurial career choice in a developing country during a crisis period increases the probability of being a social entrepreneur compared to being a commercial entrepreneur in a developed country, after the crisis period.

- *Role model*

Another socio-cultural factor considered in this paper is role model. According to Gibson (2004), role models could be defined as people who are similar to oneself. The possible similarity allows to learn more from the role model and helps the person to define his or her self-perception of entrepreneurial capabilities and skills (Hotho & Champion, 2011; Kachlami, et al., 2018; Noguera, et al., 2013).

Davidsson and Honig (2003) argue that people who have been socialized and possess an entrepreneur's environment have a higher likelihood of starting a new business, by reducing the uncertainty associated with the entrepreneurial process (Arenius & Minniti, 2005; Farashah, 2015; Minniti & Nardone, 2007), which is frequently characteristic in social entrepreneurship. However, the role model are more likely to be engaged in social and commercial entrepreneurship during the crisis (Santos, et al., 2017). Chaston and Scott (2012) argue that in developing countries or with an economic crisis, the entrepreneurial ecosystem is smaller versus in developed countries after the crisis. Therefore, the presence of more social entrepreneurial role models in a country will increase the rate of social entrepreneur activity in that region (Kachlami, et al., 2018). Specifically, Harding (2006) affirms that role models in social entrepreneurship have a positive impact on how they perceive their own entrepreneurial experience, which is different from the perception of the commercial entrepreneur. Consequently, we propose the following hypotheses:

Hypothesis 2a. A role model increases the probability of being a social entrepreneur versus being a commercial entrepreneur.

Hypothesis 2b. A role model in a developing country during a crisis period decreases the probability of being a social entrepreneur compared to being a commercial entrepreneur in a developed country, after the crisis period.

- *Media impact*

Media impact refers to content distributed through social interactions and the impact that this content has on society (Jones, et al., 2015). According to Lounsbury and Glynn (2001), the stories narrated by the media can play a critical role in the processes that allow new business creation. The media serves as a means by which groups reveal their own social demand, and it influences individuals' beliefs, attitudes, and behaviors (Schultz, et al., 2014). Maclean Harvey, and Gordon (2013) argue that these stories can be more useful for social entrepreneurs in emerging economies or crisis periods and economic recession, compared to the commercial entrepreneurs after the crisis.

On the other hand, it is important to notice that a big part of the consumers learn about entrepreneurship, and the issues and benefits that surround them, these information comes from the news media (Carroll & McCombs, 2003; Deephouse, 2000; Grewal & Levy, 2013). The information that is disseminated in the media during a period of crisis (frequently in developing countries) is fundamental, since it generates certainty and stability in the markets and in society. The media strategies to promote entrepreneurship should pursue social benefits, especially because entrepreneurs are highly affected by the economic crisis (Arshed et al., 2014). The media increasingly recognizes the importance of social entrepreneurship in solving the global problems facing today's society (Jones, Borgman, & Ulusoy, 2015; Levy & Powell, 2003). In this way, the media is an important institution within developing countries or in a crisis period, since it does not have solid formal institutions that strengthen and motivate the entrepreneur. Consequently, we propose the following hypotheses:

Hypothesis 3a. Media impact increases the probability of being a social entrepreneur versus being a commercial entrepreneur.

Hypothesis 3b. Media impact in a developing country during a crisis period increases the probability of being a social entrepreneur compared to being a commercial entrepreneur in a developed country, after the crisis period.

- *Perceived opportunities*

According to Bacq and Janssen (2011), social entrepreneurs share a series of behavioral characteristics with commercial entrepreneurs, including the ability to detect opportunities (Austin, et al., 2006; Corner & Ho, 2010; Dees, 1998b; Dorado & Ventresca, 2013; Fernández-Laviada et al.

2020; Mair & Marti, 2006; Nicolás et al. 2018; Sedeh, et al., 2020; Zahra et al. 2008). Studies on commercial entrepreneurship consider the relevance of perceived opportunities in entrepreneurial processes (Noguera, et al., 2013). In this line, Shane and Venkataraman (2000) define entrepreneurship as the exploration of sources of opportunities; therefore, the perceived opportunity represents the main expression of the entrepreneurial process in any type of economy. (Noguera, et al., 2013).

The generation of ideas depends not only on the education and entrepreneurial skills of the entrepreneur, but also on the entrepreneur's ability to detect opportunities in the environment. Being an informal institution, the perception of business opportunities is related to culture, values, the social environment and, other environmental factors (Bohlmann, et al., 2017). It is important to highlight that people will discover different opportunities in the same context, because they have different knowledge and experience (Shane and Venkataraman 2000). Several authors, find that compared to commercial entrepreneurs, social entrepreneurs are less likely to meet other entrepreneurs or identify opportunities in their area (Dees 1998; Peredo and McLean 2006; Tan, Williams, and Tan 2005; Zahra et al. 2009). Similarly, Lumpkin (2011) argues that the entrepreneur can identify society's urgent problems, such as those that may exist in a period of crisis.

By contrast, due to failures in markets and institutions, the social entrepreneur perceives a greater number of opportunities in developing countries or crisis periods, compared to developed countries with financial stability (Austin, Stevenson, and Wei-Skillern 2006; Mair and Marti 2006; Santos, Caetano, Spagnoli, Costa and Neumeyer 2017; Zahra et al. 2008). In this sense, entrepreneurs increase their alertness towards social opportunity identification during crisis periods (Aparicio, Urbano, Audretsch and Noguera 2019). We understand that this perception of opportunities for the social entrepreneur is strengthened in periods of crisis in developing countries (Nicolás et al., 2018) since the social entrepreneur seeks innovative opportunities for neglected social problems (Austin et al., 2006; Berbegal-Mirabent, et al., 2019). Hence, we propose the following hypotheses:

Hypothesis 4a. Perceived opportunities decrease the probability of being a social entrepreneur versus being a commercial entrepreneur.

Hypothesis 4b. Perceived opportunities in a developing country during a crisis period increases the probability of being a social entrepreneur compared to being a commercial entrepreneur in a developed country, after the crisis period.

- *Fear of failure*

Following Arenius and Minniti (2005), fear of failure is a character trait influencing an individual's decision to engage in entrepreneurial activities and is believed to impede engagement in entrepreneurial behavior (Morgan & Sisak, 2016; Sedeh, et al., 2020). This shows that fear of failure has a strong negative relationship with the entrepreneurial entry (Arenius & Minniti, 2005; Stuetzer et al., 2014). Thus, is more intense in developing countries or periods of recession and financial crisis, as it weakens the institutions and causes a greater fear of failure. The researches on the fear of failure and social entrepreneurship affirm that social entrepreneur operates under risky and bankruptcy conditions in his day to day life (Dees, 2001; Harding, 2006; Lumpkin, 2011; Peredo & Chrisman, 2006; Tan, et al., 2005; Weerawardena & Mort, 2006; Zahra et al., 2009).

Hoogendoorn, van der Zwan, and Thurik. (2011) said that social entrepreneurs perceive different kinds of risk, particularly personal fear of failure and bankruptcy. Other authors have come to distinguish the risks assumed by the social enterprise when they try to access resources and financing (Lumpkin, 2011). The social entrepreneurs face a challenges because they intentionally locate their activities in areas where institutions function poorly; this is that fear of failure is common among social entrepreneurs in developing countries or in crisis times, compared to developed countries, which have strong formal institutions (Bacq et al., 2016; Dees 2001; Fernández-Laviada, et al., 2020; Nicolás et al., 2018). Therefore, we hypothesize:

Hypothesis 5a. Fear of failure increases the probability of being a social entrepreneur versus being a commercial entrepreneur.

Hypothesis 5b. Fear of failure in a developing country during a crisis period increases the probability of being a social entrepreneur compared to being a commercial entrepreneur in a developed country, after the crisis period.

- *Entrepreneurial skill*

According to the literature, it is expected that a lack of entrepreneurial skills could negatively influence entrepreneurial activities. The perceptions of knowledge and skills have an impact on opportunity recognition and exploitation (Brieger, et al., 2020; Shane & Venkataraman, 2000). Davidsson (1991), said a low level of technical and entrepreneurial skills could prevent entrepreneurs from starting a new venture. Some researches, said that not only are necessary skills and abilities, but also the perception that entrepreneurs have of them (Bacq et al., 2016; McGee et al., 2009).

Harding (2006) affirm that social entrepreneurs on average are less confident about their own skills to start a business and have less confidence in developing countries. This low self-confidence in their entrepreneurial skills may be recognizable in periods of economic crisis. Meanwhile, Bacq, Hartog, and Hoogendoorn (2013) contend that commercial entrepreneurs are significantly more self-confident when it comes to their entrepreneurial skills than socially active individuals.

Consequently, individuals could be motivated to start a new commercial venture if they have the necessary skills (Arenius & Minniti, 2005; Davidsson & Honig, 2003; Fernández-Laviada, et al., 2020; Thompson, 2002). Furthermore, if a country’s population possesses more entrepreneurial capabilities, it is likely to have a higher rate of commercial entrepreneurship (Urbano & Alvarez, 2014) as happens in developed countries after the crisis. According to Bosma, Sanders and Stam 2018 stated that knowledge and skill positively affects the probability of becoming a commercial entrepreneur during the crisis period in developed countries (Aparicio, et al., 2019; Santos, et al., 2017). Therefore, we hypothesize:

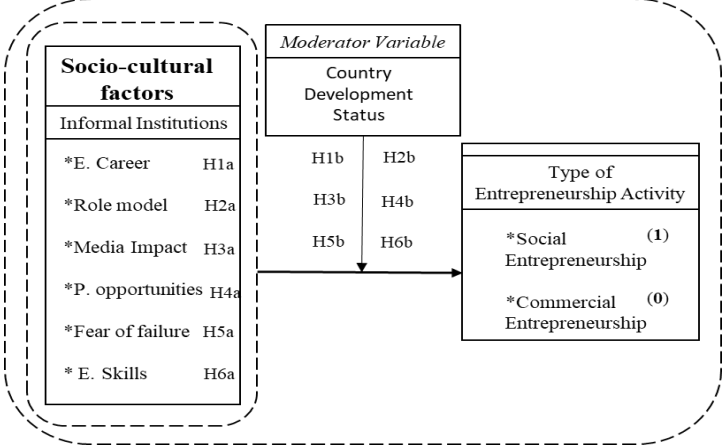
Hypothesis 6a. Entrepreneurial skills decreases the probability of being a social entrepreneur versus being a commercial entrepreneur.

Hypothesis 6b. Entrepreneurial skills in a developing country during a crisis period decreases the probability of being a social entrepreneur compared to being a commercial entrepreneur in a developed country, after the crisis period.

4.2.2 Research model.

In sum, the elements and relationships integrated in the entrepreneurial model proposed in this study are presented in Figure 4.1

Figure 4.1 Research model



## 4.3 Methodology

### 4.3.1 Database

The research uses the GEM database, specifically data from the 2009 and 2015, regarding a special topic: social entrepreneurship activity. This data set allows a detailed quantitative empirical analysis of the behavior of social and commercial entrepreneurial activity in several countries. GEM data has information on the individual occupational choice of social and commercial entrepreneurs in developing and developed countries (Estrin, et al., 2013a), using data from the Adult Population Survey (APS).

Regarding to 2009 during the crisis period, 17,673 individual responses were analyzed, from a set of 46 countries (Appendix 3) (20 developing countries and 26 developed countries). Concerning the year 2015 after the crisis, 27,433 individual responses were analyzed, from a set of 48 countries (18 developing countries and 30 developed countries). This classification in the development of countries was taken from the World Bank (World Bank 2018). The World Bank divides countries into four groups, between these, upper-middle-income (developing countries) and high-income (developed countries), using gross national income (GNI) per capita (World Bank 1989).

### 4.3.2 Data analysis

This study considers the comparison of socio-cultural factors as institutions that influence social versus commercial entrepreneurship, which is the dependent variable. This variable is binary: (1) is social entrepreneurship and is based on a series of questions about how to start and manage every kind of organization, initiative, or activity that has an environmental, social, or community objective (Estrin, et al., 2013a), while (0) is commercial enterprise. To get this classification, the respondents answered affirmatively that: (a) they alone, or with others, were currently trying to start a new business; (b) they had taken action to start this new business over the past 12 months; and (c) they will at least partly own this business. The socio-cultural factors as informal institutions operationalized in this research are related to social and commercial entrepreneurship. Table 4.1 describes of these variables.

Table 4.1 Description of variables.

	<b>Variable</b>	<b>Description</b>	<b>Source</b>
Dependent variables	Type of entrepreneurial activity	Binary variable equal to 1 if individuals are in the process of starting a business or company with social purposes; equal to 0 if individuals are in the process of starting a business or company with commercial purposes.	GEM



Independent Variables (Informal Institutions)	Entrepreneurial Career	Binary variable which takes the value of 1 if individual consider that "starting business a good career choice", and 0 in the other case.	GEM
	Role Model	Binary variable which takes the value of 1 if the individual consider that "personally knows someone who has started up their own business in the last 2 years", and 0 in the other case.	GEM
	Media Impact	Binary variable which takes the value of 1 if the individual consider that, "In your country, you will often see stories in the public media about successful new businesses", and 0 in the other case.	GEM
	Perceived Opportunities	Binary variable which takes the value of 1 if the individual "see good opportunities to start a firm in the area where they live", and 0 in the other case.	GEM
	Fear of Failure	Binary variable which takes the value of 1 if individual consider that "Fear of failure would prevent me from starting a business", and 0 in the other case.	GEM
	Entrepreneurial Skills	Binary variable which takes the value of 1 if individual consider that "I have the knowledge, skills and experience required to start a new business", and 0 in the other case.	GEM
Control Variables	Country Development Status	Binary variable which takes the value of 1 if is a social or commercial entrepreneur that live in developing countries and 0 if is a social or commercial entrepreneur that live in developed countries.	GEM
	Gender	Respondents were asked to provide their gender. 1=Female, 0=Male	GEM
	Age	Respondents were asked to provide their year of birth.	GEM
	Household Size	Indicate the number of permanent members in the household.	GEM
	Education	Classification of education level in five levels (none, some secondary, secondary degree, post-secondary, graduate experience)	GEM
	Work Status	Classification of work status into three levels. (Not working, Retired or Student, Work FT-PT)	GEM
	Personal Income	Classification of individual into three levels of income. (lowest, middle, upper)	GEM

The table 4.2 and 4.3 statistically describes the data sample used in this research. It shows that in developing countries in 2009, Tonga leads the number of social entrepreneurs (80%), followed by Romania (55.1%). Different from the year 2015, when China has the largest number of social entrepreneurs in these countries (36%). Concerning developed countries, we find Denmark with the highest number of social entrepreneurs (90.7%), followed by Norway (71.5%). By 2015, Norway leads the list (77%) of social entrepreneurs. These results indicate that compared to 2009, the year 2015 has on average fewer social entrepreneurs per country, regardless of whether they are developing or developed countries. However, in both years, developed countries show a higher percentage of social entrepreneurs.

Table 4.2 Descriptive statistic of developing countries for the main variables.

Country	Observations		% Social entrepreneur		% S.E. Female		% Age		% Education level (-1, 5+)		% Entrepreneurial Career		% Role Model		% Media Impact		% Perceived Opportunities		% Fear of failure		% Entrepreneurial skills		
	2009	2015	2009	2015	2009	2015	2009	2015	2009	2015	2009	2015	2009	2015	2009	2015	2009	2015	2009	2015	2009	2015	
Algeria	537		23.5		42.3		33		3.1		40.4		72.4		33.0		72.8		29.8		60.7		
Argentina		692		27.9		50.4		40		3.2		61.3		50.4		67.9		67.5		29.3		78.8	
Bosnia and Herzegovina	241		22.0		35.7		39		3.1		70.1		56.4		50.6		55.2		27.0		79.7		
Botswana		1129		17.8		50.8		33		2.7		68.1		54.6		74.1		74.1		17.4		82.2	
Brazil	106	347	16.0	16.1	42.5	47.0	35	37	2.6	2.6	84.9	81.3	58.5	66.9	78.3	71.5	73.6	74.9	15.1	38.0	85.8	76.7	
Bulgaria		169		11.8		41.4		39		3.1		59.2		75.7		52.1		58.0		21.9		74.0	
China	698	1073	30.2	36.0	46.7	44.4	37	39	2.8	3.1	66.5	71.4	73.2	73.2	80.5	86.2	52.6	59.2	26.4	35.6	55.2	51.2	
Colombia	599	1564	36.9	30.9	47.1	46.2	38	39	3.1	2.9	88.8	71.1	53.4	42.3	79.8	68.2	77.6	72.7	22.7	31.5	82.0	76.5	
Dominican Republic	352		33.8		42.0		37		3.2		91.2		68.2		63.4		73.6		24.1		90.3		
Ecuador	313	830	7.3	13.7	44.7	47.6	37	38	2.6	2.4	76.7	59.6	53.7	46.0	63.9	79.6	73.8	83.0	35.5	25.4	89.1	84.9	
Guatemala	293	544	20.5	28.1	43.7	41.7	35	34	1.8	2.3	77.1	94.9	70.6	50.7	58.0	55.0	86.7	72.4	33.8	28.7	82.6	83.5	
Iran	671	841	30.8	18.0	30.0	36.1	32	34	3.1	3.3	53.5	58.7	65.6	60.8	58.7	57.0	57.7	64.0	25.2	36.9	74.1	77.3	
Jamaica	494		34.2		42.9		38		2.7		74.5		59.5		75.3		70.9		22.3		91.7		
Jordan	289		27.7		31.8		33		2.8		71.6		68.2		57.1		69.6		28.4		88.2		
Kazakhstan		422		20.9		51.4		37		3.5		71.3		77.3		71.1		70.6		82.5		73.2	
Lebanon	384	945	24.2	20.5	40.4	41.6	34	36	3.1	2.8	83.9	0.0	57.6	79.7	62.2	0.0	73.7	78.7	14.8	32.3	88.8	85.3	
Macedonia		267		29.6		36.3		38		3.3		65.5		59.2		68.9		48.7		35.6		76.4	
Malaysia	57	135	10.5	33.3	33.3	40.7	41	39	2.9	3.1	61.4	65.9	66.7	65.2	77.2	70.4	91.2	78.5	42.1	29.6	64.9	69.6	
Mexico		1226		11.7		46.5		37		2.5		55.5		66.1		45.8		80.8		34.8		65.1	
Peru	474	917	30.4	26.1	44.3	49.8	36	36	2.7	2.8	81.4	72.8	67.9	56.3	82.3	66.6	84.2	74.2	24.9	28.0	86.3	77.6	
Romania	118	420	55.1	27.9	42.4	40.2	39	40	3.3	3.5	39.8	70.2	64.4	53.8	39.8	65.0	54.2	63.1	40.7	38.1	66.9	75.5	
Russia	104		51.0		47.1		37		3.9		54.8		61.5		37.5		62.5		33.7		58.7		

Serbia	130		43.1		28.5		40		3.1		64.6		58.5		47.7		41.5		16.2		79.2	
South Africa	305	498	40.3	26.9	42.6	41.8	34	38	2.6	2.7	73.1	74.5	59.3	49.0	76.7	73.5	67.5	63.9	19.3	24.9	70.2	80.1
Thailand		418		25.6		50.7		39		3.1		76.8		46.9		85.2		79.4		50.0		70.6
Tonga	611		80.0		53.8		42		2.7		86.9		74.8		79.2		74.6		59.7		64.0	
Venezuela	289		36.7		51.2		37		2.9		36.7		38.4		29.8		67.1		10.4		47.1	
Total	7,065	12,437	32.7	23.5	41.6	44.7	37	37	2.9	2.9	68.9	65.5	62.4	59.7	61.6	64.3	69.0	70.2	27.6	34.5	75.3	75.5

Table 4.3 Descriptive statistic of developed countries for the main variables.

Country	Observations		% Social entrepreneur		% S.E. Female		% Age		% Education level (-1, 5+)		% Entrepreneurial Career		% Role Model		% Media Impact		% Perceived Opportunities		% Fear of failure		% Entrepreneurial skills		
	2009	2015	2009	2015	2009	2015	2009	2015	2009	2015	2009	2015	2009	2015	2009	2015	2009	2015	2009	2015	2009	2015	
Argentina	386		60.4		52.1		43		3.3		58.8		49.2		64.8		60.1		25.9		72.0		
Australia		453		53.2		41.5		42		3.8		49.7		51.7		72.0		69.5		35.5		68.9	
Barbados		388		8.5		46.4		37		3.4		74.7		43.8		62.9		82.7		10.3		88.1	
Belgium	312	352	54.8	44.3	39.7	39.8	40	40	3.4	3.7	51.6	54.5	49.7	32.4	33.7	49.7	41.0	49.1	26.3	45.2	62.8	59.4	
Chile	963	2322	22.7	36.2	46.3	45.3	41	42	2.9	3.2	81.5	68.7	63.3	57.3	43.7	61.3	76.5	76.1	18.2	24.3	82.5	80.2	
Croatia	264	469	65.5	47.3	35.2	44.3	43	41	3.3	3.4	58.0	51.0	60.2	44.1	41.3	43.1	44.7	42.0	30.7	33.0	74.2	74.0	
Denmark	398		90.7		48.2		46		3.8		25.6		42.5		15.1		35.9		21.9		38.2		
Estonia		436		40.4		43.8		39		3.7		45.6		59.4		51.6		69.3		32.8		67.2	
Finland	215	254	71.2	57.1	45.1	47.2	39	39	3.4	3.7	32.6	28.7	58.6	64.6	51.2	68.9	46.0	62.6	11.6	33.1	56.3	63.0	
France	193		48.2		34.2		40		3.2		4.1		5.7		4.1		32.1		2.1		6.2		
Germany	440	370	37.3	32.7	39.5	40.8	42	42	3.5	3.4	44.5	46.2	59.3	50.5	41.4	46.8	62.5	75.7	20.7	30.0	76.8	71.1	
Greece	238	143	50.8	28.7	38.7	48.3	40	42	3.4	3.7	52.9	63.6	55.9	49.0	36.1	43.4	48.7	53.8	38.7	55.2	77.3	76.9	
Hong Kong	121		25.6		43.0		38		3.4		47.1		62.0		79.3		58.7		26.4		59.5		
Hungary	232	508	50.4	69.7	34.5	49.6	37	40	3.1	3.3	38.4	47.2	61.2	49.2	24.6	33.5	54.7	40.6	29.3	41.1	66.8	54.7	
Iceland	316		57.9		43.7		43		3.3		44.3		66.1		60.8		68.4		29.4		63.3		
Ireland		510		44.9		38.4		41		3.8		52.7		53.1		71.8		61.4		30.6		67.8	

Israel	234	521	47.4	58.0	42.7	49.9	38	39	3.4	3.8	49.6	57.2	55.1	79.5	42.3	52.6	50.4	67.4	35.0	45.9	53.8	58.3
Italy	136	225	64.7	60.9	33.8	34.7	40	41	3.2	3.1	54.4	64.0	49.3	51.6	35.3	51.1	40.4	56.4	22.1	60.9	73.5	64.9
Korea	158		51.9		32.3		39		3.6		51.3		49.4		46.8		41.8		22.2		54.4	
Latvia	241	380	31.5	17.1	42.7	45.5	35	36	3.5	3.6	50.2	57.4	66.0	53.7	46.5	56.1	54.4	64.2	28.6	37.6	74.3	72.6
Luxembourg		495		63.4		46.9		41		3.7		38.0		50.3		37.6		60.8		40.2		61.0
Netherlands	150	253	48.7	40.3	42.7	37.9	45	41	3.1	2.2	72.7	79.8	52.7	65.6	49.3	58.1	60.0	77.9	13.3	29.2	70.0	71.5
Norway	404	213	71.5	77.0	39.6	42.3	45	46	3.5	3.4	42.8		49.5	58.2	55.9		53.7	79.8	16.8	31.5	58.2	64.3
Panama	202	372	24.8	12.4	50.0	42.5	40	38	2.9	3.1	74.8		61.9	75.0	46.5		82.7	77.2	19.3	22.0	88.1	80.1
Poland		340		48.2		41.2		39		3.5		61.5		62.6		55.0		53.8		47.4		78.5
Portugal		269		42.4		38.3		38		3.2		63.6		56.5		69.5		60.6		33.1		75.1
Puerto Rico		285		27.4		44.9		39		3.6		13.7		51.9		76.5		69.1		16.1		84.2
Slovakia		430		36.5		39.8		39		2.6		44.9		55.6		54.9		52.1		29.8		76.0
Slovenia	276	246	51.1	43.5	38.4	40.2	38	39	3.4	3.5	49.6	50.4	69.9	60.2	46.0	59.3	55.1	40.7	21.7	31.7	72.8	72.0
Spain	1029	1300	38.4	29.6	38.5	45.9	40	40	3.4	3.4	55.1	47.8	58.8	53.5	35.0	48.4	63.0	66.7	33.9	26.6	85.5	80.4
Sweden		531		64.0		37.7		44		3.5		50.7		60.5		52.7		67.4		26.7		60.5
Switzerland	208	277	59.1	53.4	51.4	36.5	46	46	3.4	3.6	55.3	41.9	47.6	42.2	48.6	60.6	67.3	67.5	21.6	29.2	73.1	72.2
Taiwan		266		16.5		35.0		36		3.8		71.8		66.9		86.8		62.8		29.7		50.4
United Arab Emirates	409		47.7		19.3		33		3.6		74.3		63.6		67.0		74.1		22.2		83.4	
United Kingdom	2259	1172	66.3	46.4	46.8	40.1	48	43	3.7	3.6	34.4	53.5	33.2	50.5	40.9	65.7	43.2	59.1	22.5	32.3	60.1	70.3
United States	575	716	50.3	49.4	42.4	43.9	49	42	3.6	3.9	56.0		51.3	49.7	57.0		55.7	64.7	21.2	25.7	73.2	65.9
Uruguay	249	500	31.7	35.2	34.1	41.8	38	42	2.9	2.8	61.0	58.8	64.3	47.8	57.8	60.4	69.9	62.4	25.3	25.4	80.7	76.6
Total	10,608	14,996	50.8	42.8	40.6	42.3	41	40	3.4	3.4	50.8	47.9	54.1	54.9	45.0	51.7	55.4	63.1	23.3	33.1	66.8	70.2
Total amount	17,673	27,433	41.8	33.2	41.1	43.5	39	39	3.1	3.2	59.9	56.7	58.3	57.3	53.3	58.0	62.2	66.7	25.5	33.8	71.0	72.8

On the other hand, there is an interesting difference between the level of studies in developing countries with 2.9 (Some secondary) and developed countries with 3.4 (Second degree). It reflects the fact that formal institutions are strong in developed countries. Along the same lines, we found that on, average the socio-cultural factors (informal institutions) analyzed in this study are more common in developing countries.

#### 4.3.3 Technique

We test the hypotheses using logit models in Stata 14.1 software tool. The binomial logistic regression estimates the probability that an event occurs. The logit model assumes that the decision of an individual 'j' depends on a utility index that is not observed  $U_j$  (latent variable), which is determined by one or more explanatory variables. Thus, the higher the value of the index  $U_j$ , the higher the probability of the variable taking the value of 1 (Hair et al., 1998). The model includes independent variables and control variables.

Considering the above, the equation of the model to be estimated would be as the following:

$$\begin{aligned}
 U_j &= P(SE_j = 1) \\
 &= \beta_0 + \beta_{1a}EC_j + \beta_{2a}RM_j + \beta_{3a}MI_j + \beta_{4a}PO_j + \beta_{5a}FF_j + \beta_{6a}ES_j \\
 &+ \beta_{1b}EC_j * CDS_j + \beta_{2b}RM_j * CDS_j + \beta_{3b}MI_j * CDS_j + \beta_{4b}PO_j * CDS_j \\
 &+ \beta_{5b}FF_j * CDS_j + \beta_{6b}ES_j * CDS_j + V_j
 \end{aligned}$$

*SE= Social Entrepreneurship*

*EC= Entrepreneurial Career*

*RM= Role Model*

*MI = Media Impact*

*PO= Perceived Opportunities*

*FF = Fear of Failure*

*ES= Entrepreneurial Skills*

*CDS= Country Development Status*

## **4.4 Results and discussion**

### *4.4.1 Descriptive statistics and correlation matrix*

Tables 4.4 and Table 4.5 provide the observation numbers, means, standard deviations, and pairwise correlation coefficients for the study variables.

Table 4.4 Descriptive statistics and correlation matrix (2009-2015)

	Variable	Year	Obs.	Mean	Std. Dev.	1	2	3	4	5	6	7	8	9	10	11	
1	Dependent variables	Type of Entrepreneurship	2009	17,673	0.449	.4973	1.000										
			2015	27,433	.3354	.4721	1.000										
2		Entrepreneurial Career	2009	14,982	.6872	.4636	-0.047***	1.000									
			2015	24,117	.6363	.4810	-0.063***	1.000									
3		Role model	2009	15,821	.6287	.4831	-0.025***	0.024***	1.000								
			2015	27,164	.5692	.4951	-0.037***	-0.004	1.000								
4	Independent Variables	Media Impact	2009	15,120	.6105	.4876	-0.013*	0.184***	0.042***	1.000							
			2015	24,115	.6490	.4772	-0.030***	0.146***	0.019***	1.000							
5	Socio-Cultural factors (Informal Institutions)	Perceived opportunities	2009	17,673	.6109	.4875	-0.229***	0.087***	0.154***	0.083***	1.000						
			2015	25,738	.7234	.4473	-0.127***	0.049***	0.171***	0.075***	1.000						
6		Fear of Failure	2009	15,630	.2870	.4523	0.033***	0.021***	-0.026***	0.012	-0.102***	1.000					
			2015	26,682	.3271	.4691	0.041***	0.003	-0.029***	-0.009	-0.118***	1.000					
7		Entrepreneurial Skill	2009	15,570	.8066	.3949	-0.094***	0.038***	0.121***	0.016**	0.199***	-0.154***	1.000				
			2015	26,688	.7535	.4309	-0.137***	0.022***	0.160***	0.018***	0.179***	-0.148***	1.000				
8		Country Development Status	2009	17,673	.3997	.4898	-0.173***	0.193***	0.083***	0.195***	0.135***	0.028***	0.014*	1.000			
			2015	27,433	.4533	.4978	-0.196***	0.138***	0.036***	0.113***	0.044***	0.017***	0.026***	1.000			
9	Control Variables	Gender	2009	17,668	.4227	.4940	0.081***	0.011	-0.086***	0.025***	-0.092***	0.080***	-0.105***	0.006	1.000		
			2015	27,433	.4416	.4965	0.030***	0.009	-0.060***	0.015**	-0.053***	0.061***	-0.090***	0.024***	1.000		
10	Demographic factors	Age	2009	17,397	40.04	13.57	0.182***	-0.071***	-0.146***	-0.012	-0.114***	-0.004	0.020***	-0.222***	0.004	1.000	
			2015	27,200	39.07	13.15	0.125***	-0.031***	-0.071***	0.019***	-0.058***	0.004	0.021***	-0.143***	0.008	1.000	
11		Household Size	2009	17,312	3.763	2.052	-0.075***	0.126***	0.051***	0.058***	0.094***	0.027***	0.013*	0.286***	0.006	-0.214***	1.000
			2015	27,052	3.752	1.895	-0.073***	0.069***	0.018***	0.033***	0.024***	0.004	0.000	0.229***	0.037***	-0.129***	1.000

Note: \*\*\* significant at  $p \leq 0.01$ ; \*\* significant at  $p \leq 0.05$ ; \* significant at  $p \leq 0.10$

Table 4.5 Descriptive statistics and correlation matrix.

Control Variables									
2009					2015				
Control Variable	Classification	Social E.	Commercial E.	Total	Control Variable	Classification	Social E.	Commercial E.	Total
Education chi2= 367.4697 Pr.= 0.000	None	382	774	1,156	Education chi2= 845.1727 Pr.= 0.000	None	503	1,912	2,415
	Some secondary	921	1,607	2,528		Some secondary	898	2,798	3,696
	Secondary degree	2,708	3,645	6,353		Secondary degree	2,872	6,524	9,396
	Post-secondary	3,229	3,324	6,553		Post-secondary	3,728	5,823	9,551
	Graduate experience	581	293	874		Graduate experience	1,124	994	2,118
	total obs.	7,821	9,643	17,464		total obs.	9,125	18,051	27,176
Work Status chi2= 294.8956 Pr.= 0.000	Not working	1,038	1,924	2,962	Work Status chi2= 442.5710 Pr.= 0.000	Not working	919	2,542	3,461
	Retired students	1,136	751	1,887		Retired students	989	818	1,807
	Work: F-T, P-T	5,706	6,998	12,704		Work: F-T, P-T	7,078	14,394	21,472
	total obs.	7,880	9,673	17,553		total obs.	8,986	17,754	26,740
Personal Income chi2= 0.2623 Pr.= 0.877	Lowest	1,072	1,283	2,355	Personal Income chi2= 119.3232 Pr.= 0.000	Lowest	2,109	4,989	7,098
	Middle	2,090	2,527	4,617		Middle	2,423	5,146	7,569
	Upper	3,488	4,269	7,757		Upper	3,550	5,932	9,482
	total obs.	6,650	8,079	14,729		total obs.	8,082	16,067	24,149



Table 4.4 and Table 4.5 show the descriptive statistics and the correlation coefficient for all the variables used in the current research. In the same way, shows that most variables are highly correlated. These tables classify the different kinds of variables and differentiate the binary variables from the categorical variables.

First, all independent variables and all control variables have a significant relationship with the dependent variable ( $p \leq 0.01$ ) in both 2009 and 2015. On the other hand, we identify in this correlation matrix table that entrepreneurial career has a significant relationship ( $p \leq 0.01$ ) with the majority of variables, except with role model and fear of failure in 2015; these factors lack significance. On the contrary, role model and entrepreneurial skills have significance in correlation with the other independent variables. In the same way, media impact has a correlation with the majority of variables ( $p \leq 0.01$ ), lacking correlation only with the fear of failure variable in both years.

The correlation between the control variables and the dependent variable indicated in Table 4.2 shows that all variables have a significant correlation with the dependent variable in both years analyzed ( $p \leq 0.01$ ), except for the variable of control of personal income, since it does not show statistical significance with the dependent variable in 2009, as shown in Table 4.5. When analyzing the independent variables with the control variables, we realize that the country development status variable has a significant correlation with all variables. Gender is not related to entrepreneurial career in 2009 or 2015. In the same way, the age variable has no relation with fear of failure nor with gender. The household size variable has a relationship with all variables in both years. The categorical variables — education, work status, and personal income — do not show a relationship with media impact in 2015, unlike the other variables, which show a relationship.

Regarding the observed correlations, we performed a diagnostic test of multicollinearity (examining the variance inflation factors [VIFs] of all variables in the analyses). These analyses show that in 2009, the highest value is VIF is 1.11, and in regression the R-squared is 0.0351. In 2015, the highest value is VIF is 1.10, and in regression the R-squared is 0.0794. This shows that multicollinearity was not likely to be a problem in this data set.

#### *4.4.2 Logit model regression*

Table 4.6 presents the results of the logit regression with the institutional variables classified by socio-cultural factors. This regression helps us find the institutional variables that motivate being a social entrepreneur versus being a commercial entrepreneur.

Model 1 analyses the control variables used in this research. Following Arenius and Minniti (2005), we tackle variables measuring the sociodemographic factors of the individuals. The results suggest that an individual's sociodemographic factors are important for understanding the likelihood of becoming a commercial entrepreneur (Urbano and Alvarez 2014); this also happens for social entrepreneurs. This model is significant, the log likelihood statistic is -9219.7245 in 2009 and -13843.86 in 2015, with  $p \leq 0.01$  of significance. Most coefficients are significant with  $p \leq 0.01$ , although not all variables are positive for social entrepreneurship. We observe that household size is not significant in 2015, and personal income in the category middle in 2015 and upper in 2009 do not show significance.

In order to explain the impact of the socio-cultural factors on the probability of becoming involved in social versus commercial entrepreneurship, in model 2, some independent variables are added to the control variables: entrepreneurial career, role model, media impact, perceived opportunities, fear of failure, and entrepreneurial skill. Most of these factors show significant coefficients, with the exception of entrepreneurial career, which is a non-significant variable in this model, and media impact in 2015, which does not have significance either. Model 2 is significant with a log likelihood statistic of -6447.4908 in 2009 and -10527.744 in 2015, with  $p \leq 0.01$  of significance. It should be noted in this model that the household size control variable ceases to be significant in 2015, but it is significant in this model in 2009.

In model 3, the control variable country development status interacts with the independent variables. The overall model is significant because the log likelihood statistic is -6413.8164 in 2009 and -10508.621 in 2015 ( $p \leq 0.01$ ).

Similarly, the majority of the coefficients of the socio-cultural factors is statistically significant ( $p \leq 0.01$ ). The exceptions is media impact in both periods, and fear of failure, and entrepreneurial skills in 2009. In the same way, we observe that the role model / country status interaction does not have statistical significance in the model in both periods. Similarly, in 2015 the interactions between the media impact / country status and perceived opportunities / country status did not show significance either. It is important to highlight that some of these moderations change the sign that maintained as the independent variable. Table 4.6 provides the results of the logit regressions.

Table 4.6 Logit model results

		Model 1. Coef.		Model 2. Coef.		Model 3. Coef.		
		2009	2015	2009	2015	2009	2015	
Independent Variables	Entrepreneurial Career	---	---	.025	-.015	<b>-.128**</b>	<b>-.081*</b>	
	Role Model	---	---	.196***	.054*	<b>.185***</b>	<b>.079*</b>	
	Media Impact	---	---	.143***	-.015	.043	-.056	
	Perceived opportunities	---	---	-.241***	-.519***	<b>-.412***</b>	<b>-.529***</b>	
	Fear of Failure	---	---	.105**	.057*	.002	<b>.126***</b>	
	Entrepreneurial Skill	---	---	-.200***	-.506***	-.040	<b>-.661***</b>	
Moderating effects Variables	E. Career / Country Status	---	---	---	---	<b>.522***</b>	.170**	
	Role model / Country Status	---	---	---	---	.001	-.053	
	Media Impact / Country Status	---	---	---	---	<b>.280***</b>	.099	
	Perc. Opport. / Country Status	---	---	---	---	<b>.386***</b>	<b>.022</b>	
	Fear of Failure / Country Status	---	---	---	---	<b>.203**</b>	<b>-.166**</b>	
	E. Skills / Country Status	---	---	---	---	<b>-.374***</b>	<b>.349***</b>	
Control Variables	Country Development Status	-.459***	-.651***	-.175***	-.534***	-.796***	-.896***	
	Gender	.383***	.154***	.234***	.056*	.222***	.054*	
	Age	.024***	.015***	.018***	.016***	.018***	.017***	
	Household Size	.021**	-.003	.063***	-.010	.064***	-.009	
	Education	Some secondary	.273***	.136**	.349***	.112	.337***	.121*
		Secondary degree	.480***	.438***	.452***	.421**	.452***	.421***
		Post-secondary	.648***	.713***	.596***	.650***	.591***	.654***
	Graduate experience		1.27***	1.148***	1.109***	1.042***	1.10***	1.038***
	Work Status	Retired or students	.855***	.902***	.419***	.784***	.438***	.785***
		Work FT-PT	.360***	.095**	.320***	.158***	.320***	.163***
	Personal Income	Middle	.115**	.023	.177***	.029	.157**	.025
Upper		.022	.080**	.146**	.158***	.133**	.158***	
Number of observations		14,247	23,149	10,264	18,190	10,264	18,190	
Log likelihood		-9219.7245	-13843.86	6447.4908	-10527.744	6413.8164	-10508.621	
LR chi2		1173.88***	1828.07***	392.83***	1592.37***	460.18***	1630.61***	
Pseudo R2		0.0599	0.0619	0.0296	0.0703	0.0346	0.0720	

Note: \*\*\* significant at  $p \leq 0.01$ ; \*\* significant at  $p \leq 0.05$ ; \*significant at  $p \leq 0.10$

Table 4.7 Marginal effects for Model 3, in Table 4.4

		Model 3. dP/dx	
		2009	2015
Independent Variables	Entrepreneurial Career	<b>-.029**</b>	<b>-.017*</b>
	Role Model	<b>.041***</b>	<b>.016*</b>
	Perceived opportunities	<b>-.095***</b>	-.115***
	Fear of Failure	<b>.000</b>	<b>.026***</b>

	Entrepreneurial Skill	<b>-.009</b>	-.146***
Moderated Variables	E. Career / Country Status	.119***	.036**
	Media Impact / Country Status	<b>.064***</b>	.021
	Perc. Opport. / Country Status	<b>.088***</b>	.004
	Fear of Failure / Country Status	.046**	<b>-.034**</b>
	E. Skills / Country Status	-.082***	<b>.074***</b>
Control Variables	Country Development Status	-.175***	-.185***

Note: \*\*\* significant at  $p \leq 0.01$ ; \*\* significant at  $p \leq 0.05$ ; \*significant at  $p \leq 0.10$

As mentioned above, Table 4.6 shows how socio-cultural factors influence on the probability of becoming involved in social versus commercial entrepreneurship in developing and developed countries, based on the GEM data in 2009 (during the financial crisis) compared with the same database in 2015 (after the financial crisis).

In the final model, we observe that the control variables show that women, age, a higher education level, and work status are the main factors that increased the probability of a social entrepreneur. In the same way, household size and personal income, especially upper income, increase this probability. Therefore, a young woman with a higher level of education with a high income, increases the probability of being a social entrepreneur versus a commercial entrepreneur. In the same line, we emphasize that if this entrepreneurship is in a developed country, the probability of being a social entrepreneur is reduced by 17 percentage points in 2009 and by 18 percentage points in 2015.

The results of hypothesis 1a show that coefficients of choosing an entrepreneurial career are negative and significant, but only reducing by 2.9 percentage points in 2009 and 1.7 points in 2015 the probability of being a social entrepreneur (see table 4.7). The estimated coefficients related to hypothesis 1b are significant and positive. This suggests that the interaction between entrepreneurial career and country status increases the probability of being a social entrepreneur in developing countries by 11 percentage points in 2009 and by 3 percentage points in 2015. According to these results we can say that hypothesis 1a and 1b are supported.

The results of hypothesis 2a show that coefficients of role models are positive and significant, increasing by 4 percentage points in 2009 and 1.6 point in 2015 the probability of being a social entrepreneur (table 4.7). Based on this results, this hypothesis is support. Continuing with hypothesis 2b, the interaction between role model and country status does not present a significant effect. The results showing hypothesis 2b is rejected.

As shown in hypothesis 3a, it is not possible to conclude the effect of media impact on the probability of being a social entrepreneur versus a commercial entrepreneur. Based on this results, the hypothesis is rejected. When the interaction media impact / country status takes place, it highlights that the media impact influences on the probability of becoming social entrepreneur in a developing country during a period of financial crisis, specifically increasing in 6.4 point the probability of being social entrepreneur. The results showing hypothesis 3b is supported.

Continuing with the analysis, in the hypothesis 4a we observe how the fact of perceive opportunities decreases the probability of becoming social entrepreneur versus commercial. Furthermore, we observe that when perceived opportunities and country status interact (hypothesis 4b) the probability of becoming social entrepreneur increases versus a commercial entrepreneur in a developing country in period of crisis. In 2015, after the crisis, this interaction is not significant. According to these results we can say that hypothesis 4a and 4b are supported.

In our estimation, the fear of failure does not influence the probability of being a social entrepreneur versus being a commercial entrepreneur in 2009, during the financial crisis. In 2015, after the crisis, fear of failure has a significant and positive effect, so it increases the probability of being a social entrepreneur versus a commercial one. These results support hypothesis after the crisis. When fear of failure interacts with the fact of being in a developing country, in a period of crisis this interaction increases the probability of becoming social entrepreneur 4.6 percentage points, while it decreases the probability in a non-crisis period by 3.4 percentage points. The results showing hypothesis 5b is supported.

Finally, regarding entrepreneurial skills, we observe how this variable does not show significance in 2009, during the crisis; however, it presents a negative and significant effect in 2015, so the presence of entrepreneurial skills reduces the probability of becoming social entrepreneur versus commercial one in a non-crisis period. More precisely, after the crisis, hypothesis 6a is support because entrepreneurial skills reduces by 14 percentage points the probability of becoming social entrepreneur (table 4.7).

The estimations show that the interaction between entrepreneurial skills and the status of developing country reduces the probability of starting an enterprise with social orientation versus a commercial one in the period of the crisis, while this interaction increases that probability in a non-crisis period (see table 4.6). More precisely, the interaction reduces the probability of becoming social entrepreneur in 8 percentage points in the crisis period, while in a non-crisis period it increases in 7.4 points. The results showing hypothesis 6b is supported.

## 4.5 Discussion and Conclusions

In light of the institutional economics, these results indicate that through three logistic models shows that positive informal institutions such as role models in crisis times and after crisis increase the probability of being a social entrepreneur. These results strengthen the literature that affirms, the role model in social entrepreneurship can be more significant in a period of crisis (Kachlami, et al., 2018; Minniti & Nardone, 2007; Noguera, et al., 2013; Noguera et al., 2015).

Moreover, fear of failure in postcrisis increase the probability of being a social entrepreneur. This analysis indicates that fear of failure in a period of crisis can have the same influence on any entrepreneur (Sedeh, et al., 2020; Nicolás et al., 2018). Likewise, Hoogendoorn Pennings, and Thurik (2010) claim that social entrepreneurs perceive fear, personal failure, and bankruptcy. Based on the results, this study strengthens the literature that indicates the fear of failure and entrepreneurial skills as two socio-cultural factors that do not influence the social or commercial entrepreneur to start a new venture in 2009 (Hidalgo, et al., 2020).

In the same line, this does happen with media impact, which does not influence the probability of being an entrepreneur of any kind. Model 3 indicates that the media as communication channel, can generate content that is transmitted in the same way for entrepreneurs when starting a new project, regardless of their main objective.

Furthermore, this study shows that a favorable entrepreneurial career choice, the perceived opportunities in crisis times and after the financial crisis, and entrepreneurial skills in after the crisis, decrease the probability of being a social entrepreneur. This reinforces the literature on perceived opportunities, which affirms that commercial entrepreneurs have greater confidence to detect opportunities (Sedeh, et al., 2020; Wennekers et al., 2005). This can be understood from the increased number of opportunities offered by current policies for the benefit of traditional entrepreneurship. In the same line, individuals with skills and knowledge are most likely to become commercial entrepreneurs (Arenius & Minniti, 2005; Davidsson & Honig, 2003; Fernández-Laviada, et al., 2020; Nicolás et al. 2018). Bacq, Hartog, and Hoogendoorn (2013) argue that commercial entrepreneurs are significantly more self-confident when it comes to their entrepreneurial skills than socially active individuals. Studies affirm that perceptions of knowledge and skills have an impact on commercial entrepreneurship and may facilitate the identification and exploitation of the business (Shane & Khurana, 2003; Shane & Venkataraman, 2000; Urbano & Alvarez, 2014).

The observed effects of the informal institutions operationalized in this study indicate that the role model is the only socio-cultural factor that directly increases the probability of being a social entrepreneur in during of financial crisis (Santos, et al., 2017).

On the other hand, the relationship between the socio-cultural factors is moderated by country development status (developing and developed countries). Hence, we observed that these interactions intervene differently in the periods during the crisis and after the financial crisis. The interactions between the country development status and media impact and the perceived opportunities in the period of crisis and entrepreneurial career in both periods increase the probability of being a social entrepreneur in developing countries.

Therefore, this effect confirms that in developing countries to choose an entrepreneurial career in a period of crisis increases the probability of becoming a social entrepreneur instead of commercial one (Jaén & Liñán, 2013 ). The performance of this informal institution reflects that the local economy is driven by social entrepreneurship during a period of financial crisis. In this sense, several researchers say that the influence of perceived opportunities on social entrepreneurship increases in countries in crisis or that are developing (Lehner & Kaniskas, 2012; Nicolás et al., 2018; Roy, Brumagim, & Goll, 2014). These results reflect that in a developing country during a period of crisis, gaps are opened that neither the market nor government institutions can cover to get out of this crisis period. It is important to emphasize that this informal institution initially increase the probability of starting a commercial business, and after these interactions, they show a change that influences the probability of starting a social enterprise in developing countries during the financial crisis (Aparicio, et al., 2019).

The interaction between the fear of failure and the country development status shows in the period of crisis in 2009, an important influence on the probability of being a social entrepreneur in developing countries (Sedeh, et al., 2020). This indicates that the entrepreneurs of developing countries during the period of crisis have more fear of failure, which influences the probability of starting a social enterprise, since in these countries the formal institutions that support this type of social enterprise are weak or non-existent (Fernández -Laviada, et al., 2020). Unlike the post-crisis period, this interaction influences commercial entrepreneurs in developed countries.

Therefore, the recognition of solid institutional economics, common characteristics in developed countries in crisis period, have a positive impact on the recognition and exploitation of business (Fernández -Laviada, et al., 2020). Thus, the fear of failure does not negatively influence in commercial entrepreneur during crisis period. Unlike post-crisis, where fear of failure is an informal

institution that inhibits commercial entrepreneurship. This means that after the crisis, fear of failure does not negatively influence the intention to start a social business in developing countries (Arenius & Minniti, 2005; Davidsson & Honig, 2003; Manolova, et al., 2008; Shane & Venkataraman, 2000; Urbano & Alvarez, 2014).

On the contrary, the interaction between entrepreneurial skills and country development status in 2009 during the crisis, shows that the entrepreneur have possibilities to start a commercial enterprise in developed countries. This indicates that these countries have strong institutional economics that promote this type of entrepreneurship (Brieger, et al., 2020). On the other hand, at the end of the crisis, these entrepreneurial skills were reflected in the social entrepreneurs of the developing countries. After the crisis, the social entrepreneur has likely gathered experience and information about the requirements of their society in the period of crisis and, based on this, this entrepreneur will decide to start a social venture motivated by these obtained entrepreneurial skills. The results suggest that the financial crisis had a statistically significant impact on entrepreneurial behavior, these confirm that socio-cultural environment determine the decision to start-up a new social or commercial initiative.

In the view of current studies cited above, there is a lack of empirical research on social and commercial entrepreneurship, from an institutional approach. The research enriches current literature by analysing the socio-cultural factors (informal institutions) that influence the entrepreneur to being a new venture. This provides empirical evidence for political decision making, based on an integrative framework enabling the design, preparation and implementation of specific and effective educational and government policies for the promotion of entrepreneurship and thus contribute to the growth of economies, especially in these moments of crisis. The proposed institutions are valid and representative for all countries analysed, so the results that have been proposed in this section may serve as references for developing or developed countries in order to know how to respond appropriately to different stages of the financial cycle (during the crisis and after the crisis).

This research contributes to the literature in the following ways. First, the study adds new empirical insights into the impact of institutional economics on social and commercial entrepreneurship, analyzing the effects of the financial crisis on entrepreneurial initiatives using two samples from the GEM 2009 (crisis period) and 2015 (after the crisis), whereas previous studies used very specific samples (Aidis, et al., 2008; Arenius & Minniti, 2005; Dorado & Ventresca, 2013; Hoogendoorn, 2016; Nga & Shamuganathan, 2010; Noguera, et al., 2013; Thornton, et al., 2011; Welter & Smallbone, 2011).



Second, the work helps to advance the application of institutional economics (North, 1990, 2005) for analysis of the conditioning factors to social and commercial entrepreneurship (Alvarez & Urbano, 2011; Naranjo-Valencia et al., 2011), giving greater importance to environmental factors as determinants of the creation of new ventures.

Finally, the research could be useful for the design of academic and government policies and strategies to foster entrepreneurship activity in society, distinguishing between the different levels of economic development of countries and considering the six analyzed socio-cultural factors, especially the relevance of the interactions with the country development status variable on the creation of new social ventures.

We identify several limitations to our study. First, the study deals with only some developing and developed countries, not with all those belonging to these categories. Second, the framework shows that the distinction between social entrepreneurship and commercial entrepreneurship is sometimes vague; thus, we need to develop a clear definition of social entrepreneurship (Alegre, et al., 2017; Weerawardena & Mort, 2006). Third, when we posed a direct relationship between some socio-cultural factors and social or commercial entrepreneurship, we found a non-significant relationship. Fourth, there is little public information on formal institutions at the country level, which complicates analyzing informal institutions and the effect they have on laws, norms, and regulations in different countries. Finally, there is not enough updated information or databases to allow a global analysis in the field of social entrepreneurship.

Future studies may improve the proxy for variables, especially for independent variables getting closer to the conceptualization of the informal institutions. We believe that a study of the influence of socio-cultural factors, not independently but in terms of their overall effects, would be a worthwhile endeavor (BarNir, et al., 2011; Díaz-García & Jiménez-Moreno, 2010). In this sense, future research should increase the sample as well as the countries incorporated in the research. Future research must develop the same analysis in the following years in order to capture this retarded effect. The analysis of the regional differences in a country could be implemented to improve the explanatory capacity of the models. Future research may specifically address variables that are not significant and analyses with other factors, such as formal institutions, nascent or developing entrepreneurs, some environmental characteristics, among others. The use of other qualitative techniques and the introduction of other control variables could possibly be useful. Additionally, other independent variables could be incorporated to improve the findings. We also suggest considering specific contexts, such as countries in Latin America (Alvarez & Urbano, 2011; Amorós, et al., 2012).

## **Chapter 5**

# **Social entrepreneur satisfaction and institutional factors: A study in Mexico**

## **5. Social entrepreneur satisfaction and institutional factors: A study in Mexico**

### **5.1 Introduction**

The repercussions of the global economic and financial crisis of the last decade have translated into an increase in the inability of developing countries' labor markets to cover a significant part of the economically active population, which increases the unemployment rate in these countries. For this reason, there were a significant increase of people mobility out of areas with high poverty and marginalization to regions where could be better life opportunities. (Mungaray et al., 2014). As a result of this, the social entrepreneurship emerges as mechanism created by civil society to address the most pressing social problems; it combines a social mission with business discipline, innovation and determination (Dees, 2001).

Entrepreneurship itself is not a new phenomenon; in fact, historically, entrepreneurship has been related to economic growth (Baskaran et al., 2019; He et al., 2020; Nicholls & Hyunbae Cho, 2006; Nicholls, 2010b; Nicolás et al., 2018; Wengenroth et al., 2010). Nevertheless, social entrepreneurship appears to be a source of innovative solutions to current social problems that private and public sectors have failed to address (Mulgan, 2006; Nicholls, 2006a; Nicholls & Hyunbae Cho, 2006). Social entrepreneurship is one of the best-known terms in the non-for-profit sector but, in the other hand, is one of the most misunderstood and controversial concepts (Light, 2006). According to Auvinet and Lloret (2015), social entrepreneurs share the characteristics of a commercial entrepreneur but has the specific challenge of solving a range of social problems (Alvord et al., 2004). Some researchers see social entrepreneurship as an area that uses the same processes and methods as traditional entrepreneurs to start a business (Bacq & Janssen, 2011; Dees, 1998b; Mair & Marti, 2006); however, although there is no consensus on the definition of social entrepreneurship (Alegre, et al., 2017; Bacq & Janssen, 2011; Choi & Majumdar, 2014; Mair & Marti, 2006; Short et al., 2009; Trexler, 2008; Weerawardena & Mort, 2006), a common element among the various definitions is the search for solutions to social problems. Thus, social entrepreneurs identify business opportunities related to social problems that demand solutions (Cavazos-Arroyo et al., 2017).

Despite the lack of unified paradigm to study the phenomenon of social entrepreneurship, some researchers suggest the application of institutional approach to examine it (Mair & Marti, 2006, 2009; McMullen, 2011; Nicholls, 2010c; Nicolás et al., 2018; Sud et al., 2009). The regulatory and legal environment, as well as the sociocultural context, can significantly influence the decision to become a social entrepreneur (Urbano et al., 2010). North (1990, 2005) defines the concept of institutions as the set of rules that articulate and organize human interaction, having an impact on

economic and social development. This author distinguishes between two types of institutions: formal (laws, regulations and government procedures) and informal (ideas, beliefs, attitudes and values of people). Related with the general conceptualizations of institutions, the institutional economics is understood as implicit or explicit rules that govern decision-making by individuals and limits, either voluntarily or involuntarily, to how individuals relate to people from a society in search of greater benefits for its own groups (North, 1990, 2005).

By consequence differences on institutional economics settings, can generate different formal or informal factors around social entrepreneurship activities, including the satisfaction with this kind of activities. According to Cooper and Artz (1995), entrepreneurial satisfaction is the entrepreneurial team member's perception of entrepreneurial accomplishment, which is shown in the new venture's financial status and the general satisfaction with the venture's development process. This means that the results of the new companies coincide with the expectations of their founders, which determine business satisfaction (Ensley et al., 2002). Therefore, entrepreneurial satisfaction can be seen as a key measure of individual entrepreneurial success (Carree & Verheul, 2012).

Satisfaction is clearly a fundamental measure of success and motivation for the entrepreneur. To shed light on social entrepreneurial satisfaction, the main objective of this study is to develop a pioneering version of an integrated model of social entrepreneurial satisfaction and then test it empirically in a developing country. So, this study allows us to analyze the relationship between the support of formal and informal institutions and the satisfaction of the social entrepreneur; therefore, this research responds to social entrepreneurship literature demands to improve their predictive validity under the institutional approach (North, 1990, 2005). Furthermore, as we will justify later, the effect of the institutional supports on satisfaction is mediated by the desire to be a social entrepreneur in developing countries.

As anticipated, this analysis focuses on a developing country that has had exponential growth in the social entrepreneurship field, specifically Mexico. Despite that last decade of neoliberal policies, Mexico's economy has stagnated, resulting in deficient institutional development and a significant increase in the informal economy. Mexico's poor development impacts on the perception of social failure and creates a low level of confidence in the future (Wang et al., 2012).

There may be important benefits for entrepreneurs in assessing how satisfaction with their new ventures may be related to their personal perception, personal environment, geographical region, laws and public institutions. Some of these benefits are that it allows them to make decisions based

on their environment, skills and the ecosystem in which they start the new venture. In addition, researchers may gain insight into factors influencing venture survival and success.

To accomplish the aforementioned purpose, the research is structured as follows. After this introduction, in the second section we review the literature on the relationship between institutional economics and social entrepreneurship satisfaction and propose the hypotheses. The third section presents the details of the research methodology. The fourth section discusses the empirical results of the study. Finally, the exploration points out the most relevant conclusions and future lines of research and limitations.

## **5.2 Theoretical Framework**

In the context of social entrepreneurship as an engine of economic and social growth, social entrepreneurship is related to a combination of several determining factors such as the entrepreneurial environment, media impact, education levels, cultural values, as well as financing and government support, among others (Fernández-Laviada et al., 2020; Nicolás et al., 2018). Some of these factors at the macro and micro level can explain entrepreneurship rates as well as the types of entrepreneur activities carried out in countries and regions (Acs & Amorós, 2008; Bowen & de Clercq, 2008).

Social entrepreneurs are agents of change engaging in innovation (Dees, 1998a). According to Mair and Marti (2006), social entrepreneurship is a process that requires the use of innovation and the combination of resources to look for opportunities to promote social change and/or solve social needs (Dees, 2001). In developing countries, there are a lot of social entrepreneurs who represent the only alternative for economic survival for many families. However, they do not manage to remain in operation for a long time because their owners have few skills in basic administration and do not have the financial possibility of contracting these services at market prices.

Based on this, to analyze the support of institutional factors that are related the social entrepreneur satisfaction in Mexico makes sense. Social entrepreneurs are especially oriented to the unmet social needs that exist in their environment; thus, the importance of the institutional environment becomes a key issue (Urbano et al., 2010).

### *5.2.1 Context of social entrepreneurship in Mexico*

Even though social entrepreneurial efforts are relevant for all countries, they are particularly relevant for developing countries such as Mexico (Cavazos-Arroyo et al., 2017). The main reasons can be that a) more than half of its population is poor (Sigma, 2013); b) do not have access to

fundamental services due to limited government social programs (Chivas, 2014); c) the jobs tend to offer low wages and no benefits to employees (Velázquez Torres, & Domínguez Aguirre, 2015). Social entrepreneurship appears in Mexico as an alternative solution for addressing unresolved social problems and ensuring the sustainability of organizations seeking to generate social or environmental impact (Auvinet & Lloret, 2015).

According to Wulleman and Hudon (2016), social entrepreneurship in Mexico began in the last century, the Mexican government was supportive of cooperatives. Two different origins of social entrepreneurship can be identified: cooperatives and NGOs (Auvinet et al., 2013). Cooperatives were highly dependent on the Mexican government due to the political strategy launched among 1934-1940, creating the General Law of Cooperative Societies. These advances enabled the creation of the National Fund for Support to Social Enterprises (FONAES) in 1991, to foster the creation of enterprises and projects with a social aim that contributes to the development of society. The support was mainly given to the peasants and the indigenous and marginalized urban population (Mendoza Arrellano, 2006). These programs integrate legal entities that could represent social enterprises in Mexico, such as cooperatives, civic associations, social associations and societies of social solidarity (Mendoza Arrellano, 2006). The legislative reform acted more like a social enterprise but creating problems of funding (Martínez Ramírez & Rojas Herrera, 2003).

In 2005, Mexico became one of the first countries to attempt to implement a specific law for social enterprises through the Law of Social and Solidarity Economy (LESS). Unfortunately, the initiative never came to fruition. In essence, this reduced the sector's capacity to make progress and define public policies (Conde Bonfil, 2013). During the last government administration in Mexico (2012-2018), the largest program in support of social entrepreneurship was the National Institute for Support to Social Enterprises (INAES, previously called FONAES). The institution contributed to the creation of more than 20,000 enterprises, of which 5,000 were solidarity initiatives for women. The latest initiative of this Government to promote social enterprises is the National Institute of Entrepreneurs (INADEM), launched in 2013 to support entrepreneurs and MSMEs. Through this institute, funding was provided for entrepreneurs who tend to promote the social entrepreneur (Wulleman & Hudon, 2016). Currently, the Mexican government disappeared at the end of last year INADEM, forcing social entrepreneurs to strengthen links with consolidated commercial firms, to obtain financing for their projects.

Social entrepreneurship is interesting in Mexico because of the country's particular atmosphere. The social entrepreneur stands as a possible solution in a country of significant insecurity, economic inequalities and corrupt government, and it is gaining considerable awareness

among the Mexican people (Wulleman & Hudon, 2016). Mexico is a country where inequalities are concentrated in rural areas, which have 66.1% of poor Mexican households; compares with 42.7% in urban areas. It is important to mention that a third of them lived in extreme poverty, that is, with not enough income to buy a basic food basket. Indigenous communities observe higher poverty rates than any other group: 76.2% (CONEVAL, 2018). The Mexican economy is also characterized by its culture of micro, small and medium-sized businesses (MSMEs), which account for a full 56% of GDP and more than 97% of all businesses in the country (CONEVAL, 2018).

Mexico appears to be influenced by the American vision of social entrepreneurship that promotes social entrepreneurs, innovation and earned-income strategies as solutions to social issues (Defourny, 2004). According to the 2015 GEM report for Latin America, Mexico has presented a social entrepreneurship that is growing dynamically since 2010. Mexico in 2007 it was the country with the lowest level of social entrepreneurship, but for 2014 the indicator increased and presented a value of 18.9%, just below Chile and Peru. However, it is important to bear in mind that since 2012 this proportion has presented a positive trend (Singer et al., 2015). In 2016 alone, according to the Competitiveness Index, it ranked 57th out of 142 countries (IMCO, 2016), advancing four places in the World Economic Forum's ranking. It has been proven that these entrepreneurial efforts represent a valuable instrument to reduce poverty and levels of marginalization not only in Mexico but also in different regions of the world, specifically in developing countries (Fernández-Laviada et al., 2020).

Another aspect that can explain the success or failure of social entrepreneurship in Mexico is the institutional design or "rules of the game" (North, 1990), which determine the behavior of the various actors involved in a social system (González et al., 2019). However, a poor institutional design such as that of Mexico generates "foul play" and "opportunism", where some actors can obtain their individual benefit without contributing to social benefit (González et al., 2014). Currently, there is no legal figure in Mexico that can combine economic profits with social purposes, thus, civil organizations have an institutional barrier to generate their own income. This is necessary to can instead support the founders and pay both their employees' salaries and their social projects (Velázquez & Bielous, 2019).

Mexico presents a wide range of social enterprises and does not have any legal specificities for these types of organizations. Social enterprises can be for-profit, NPOs, hybrids, in the private or public sectors, but have to achieve a social objective. Mexican people, in particular, appear to have a great social entrepreneurial spirit (Wulleman & Hudon, 2016). Mexico is thus characterized by a very special climate of mutual self-help and solidarity. In recent years, Mexico has become intensively involved in fostering social entrepreneurship through diverse private initiatives, including Ashoka

Mexico, New Ventures Mexico, Promotora Social México, Make\_Sense, Sistema B, Agora, Esmex, among others (González et al., 2017). According to Wulleman and Hudon (2016), sums up the idea of Mexican social entrepreneurship, Mexico has great conditions for social entrepreneurship: big challenges in the country, but the society has the creativity and the passion to solve their own problems.

### *5.2.2 Social Entrepreneurship and Institutional Economics*

A growing body of research suggests that entrepreneurship is influenced by the institutional context. Consequently, the institutional environment defines, creates and limits business opportunities which influence entrepreneurship activity rates (Aidis et al., 2008; Aidis et al., 2012, Alvarez et al., 2011; Stephen et al., 2005; Thornton et al., 2011).

In the social entrepreneurship field, some scholars have suggested the application of an institutional approach to examine this phenomenon (Brieger et al., 2020; Estrin et al., 2013a; Mair & Marti, 2006, 2009; McMullen, 2011; Nicholls, 2010c; Sedeh et al., 2020; Stephen et al., 2009; Sud et al., 2009; Welter, 2005). Despite this, little is known about the institutions and how they relate to the satisfaction of the social entrepreneur. Specifically, institutional economics suggests that human behavior and feelings are influenced by the institutional environment (North, 1990, 2005). Hence, the decision to start up a business and the feelings in the entrepreneurship process are also determined by the institutions in which they occur (Aidis et al., 2008; Álvarez et al., 2011; Sahasranamam & Nandakumar, 2020; Sedeh et al., 2020; Urbano et al., 2011; Welter, 2005, 2011; Welter & Smallbone, 2011). Thus, these supports from the institutions could be related to the satisfaction of the social entrepreneur.

The application of institutional economics is especially helpful in social entrepreneurial research. In the context of social entrepreneurship, institutions represent the set of rules that articulate and organize the economic, social and political interactions among individuals and society, with implications for business activity and economic development (Bruton et al., 2010). According to North (1990, p. 3), “institutions are the rules of the game in a society, or more formally, institutions are the constraints that shape human interaction.” The main task of institutions in a society is to decrease uncertainty through providing structure for human interaction. Moreover, the author proposes how institutional economics influences economic and social development in different regions.



The institutions can be formal, such as political and economic rules and contracts, or informal, such as codes of conduct, cultural, attitudes, values and norms of behavior (North, 1990, 2005). It is important to add that institutions are characterized by their durability; however, they evolve over time. Informal institutions change more slowly than formal institutions because changes in government policies and institutions are frequent (Williamson, 2000). The formal and informal institutions are interdependent and interact; thus, formal institutions clamp the nature of the informal institutions and vice versa (Alvarez & Urbano, 2011). Concretely in the field of entrepreneurship, the relationship between both formal and informal institutions could either constrain or foster the decision to create a new venture. Regarding this description, the study analyzes the support of formal and informal factors that are integrated by several institutional dimensions described in the literature in this field.

### *5.2.3 Entrepreneurial Satisfaction*

The literature has argued that the motivation for entrepreneurship is predisposed by the need for satisfaction, success, creativity and the carrying out of innovative activities (George & Hamilton, 2011; Gözükarar & Şimşek, 2015; Krueger et al., 2000). As Cooper and Artz (1995) pointed out, entrepreneurial satisfaction is a fundamental measure of success for the entrepreneur, and it is likely to influence future planning. An interesting observation in the literature is that participation in entrepreneurship generates higher satisfaction than paid employment (Benz & Frey, 2004, 2008; Blanchflower & Oswald, 1998; Bradley & Roberts, 2004; Carree & Verheul, 2012; Clark & Senik, 2006; George & Hamilton, 2011; Kautonen & Palmroos, 2010; Parasuraman & Simmers 2001; Schummer et al., 2019).

Several studies have indicated differences between levels of entrepreneurial satisfaction. The perception of a favorable situation can be measured by the entrepreneur's satisfaction (Benz & Frey, 2008) or by its subdimensions. Some research related satisfaction with income and the social and psychological well-being of entrepreneur (Bradley & Roberts, 2004; Carree & Verheul, 2012; Cooper & Artz, 1995; Mattes, 2016). According to Baron et al. (2016), strong social motivation can cause increased levels of stress for commercial entrepreneurs, which in turn reduces their satisfaction (Kibler et al., 2019). Prior research has suggested a negative relationship between stress and satisfaction (Diener et al., 1985). New entrepreneurs tend to have different ambition levels, which may lead to different expectations and subsequent levels of satisfaction (Carree & Verheul, 2012).

Cooper and Artz (1995) found that nascent entrepreneurs with higher expectations were more satisfied post-founding, after controlling the start-up. Small ventures have shown a high correlation

between entrepreneurial satisfaction and entrepreneurship (Lee & Ha, 2015; Woo-Seung & Bo-Young, 2019). Other researchers said that self-employment is considered to provide autonomy and opportunities for skill development and self-actualization and therefore higher satisfaction of the needs for autonomy (Benz & Frey, 2008; Schummer et al., 2019). In the same way, other studies have recognized that there is a significant relationship between entrepreneurship and entrepreneurial satisfaction (Covin & Slevin, 1991; Zahra, 1993). From this, the analysis of institutional factors related to entrepreneurial satisfaction is appropriate in social entrepreneurship. Thus, this research analyzes the relationship between institutional economics and social entrepreneur satisfaction, and how the desire to be a social entrepreneur influences these models.

### **5.3 Hypotheses development**

#### *5.3.1 Support of Formal Institutions and Social Entrepreneur Satisfaction*

So far, social entrepreneurship research has mainly discussed the role of the support of formal institutions to initiate the business (Dacin et al., 2010; Estrin et al., 2013a; Mair & Marti, 2009; Sahasranamam & Nandakumar, 2020; Zahra et al., 2009). The support of formal institutions are to the objective constraints and incentives arising from governmental regulation of individual and organizations' actions (Bruton et al., 2010; Scott, 1995; Sedeh et al., 2020).

The support of formal institutions, such as the financial system, educational system and outreach political system, systematically facilitate or suppress entrepreneurial actions by influencing entrepreneurial desire, opportunities, and reducing the uncertainty and risk associated with entrepreneurial activity (Sahasranamam & Nandakumar, 2020). Because of these factors, a feeling of satisfaction is generated in the social entrepreneur.

According to the literature, one of the prominent theories that relates the support of formal institutions with social entrepreneurship is institutional voids perspective (Dacin et al., 2010; Estrin et al., 2013b). The literature indicates that a high level of government support often provides complementary support for the social entrepreneur (Stephan et al., 2015). However, other authors have revealed that low governmental activism is beneficial to social entrepreneurship (Estrin et al., 2013b). Therefore, less government support, poor educational programs and limited diffusion of positive messages for the entrepreneur in the media are the characteristics that cause a greater demand for social entrepreneurs in developing countries (Dacin et al., 2010; Zahra et al., 2009). This perspective tells us that motivation, desire and satisfaction increase in resource-scarce environments in which social problems are abundant and the entrepreneur tries to benefit the region (Stephan et al.,

2015). The support of the formal institution framework of primary concern in our study involves government support, public education, the media and the relationship with the satisfaction of the social entrepreneur.

In the same sense, some studies have reported that formal education is positively associated with the likelihood to engage in entrepreneurship since it gives a feeling of security, desire and satisfaction in the process of starting or development a new venture (Arenius & Minniti, 2005; Davidsson & Honig, 2003; Glunk & Van Gils, 2010; Hidalgo et al., 2020; Nga & Shamuganathan, 2010; Shaw & Carter, 2007; Urbano et al., 2017a).

Moreover, according to Lounsbury and Glynn (2001), the stories narrated by the media can play a critical role in the processes that allow new business creation, being that media serves as a means by which groups reveal their own social demands, and this influences individuals' beliefs, attitudes and behaviors (Carroll & McCombs, 2003; Deephouse, 2000; Schultz et al., 2014). For this reason, the social entrepreneur, in addressing these demands and feeling involved in the solution, can show satisfaction with this process (Jones et al., 2015). Based on this, we posit the following hypothesis.

Hypothesis 1: The support of formal institutions has a significant positive impact on social entrepreneur satisfaction. (a)

### *5.3.2 Support of Informal Institutions and Social Entrepreneur Satisfaction*

The support of informal institutions is implicit and is slowly changing culturally transmitted and socially constructed institutions (Sedeh et al., 2020; Stephan et al., 2015). Furthermore, it can be defined as elements of a society's culture, the system of habitual values and norms that are a behavioral guide for its members (Granato et al., 1996). According to Chowdhury et al. (2019) the support of informal institutions is the highest layer of a country, is embedded in society and can become common (Aparicio et al., 2016; Estrin, et al., 2013a; North, 2005, 1990). In addition, Zhao and Lounsbury (2016) suggested that a range of social level supports from informal institutions may have a more extensive influence on social entrepreneurial activities (Deng et al., 2019).

The support of informal institutions shows collective meanings and understanding that influence cooperation and coordination among individuals in a society (Sedeh et al., 2020). These institutions influence the individual desire to start entrepreneurial activities, making that choice socially desirable, satisfying and legitimate (Ostapenko, 2017). For this reason, this study analyzes the relationship between the support of informal institutions and social entrepreneur satisfaction.

The evidence suggests that human behavior is influenced by the institutional environment, particularly by the support of informal institutions. Thus, different individuals have different perceptions of their region or environment, and hence they perceive unexploited opportunities differently (Brieger et al., 2020; North, 1990, 2005). Hence, the decision to start a business is also determined by the environment in which it occurs and how the entrepreneur perceives these environments (Hwang & Powell, 2005; Mair & Marti, 2009; Manolova et al., 2008; Nicholls, 2010b; Stephan et al., 2015; Urbano & Alvarez, 2014; Urbano et al., 2010). The entrepreneurial environments could generate satisfaction in the social entrepreneurship process.

Culture is a multidimensional concept, and it is a hard to define (Thornton et al., 2011). Cultural values are the collective programming of the mind which distinguishes the members of one human group from another and their respective responses to their environments (Kedmenec & Strašek, 2017). Social entrepreneurship suggests that social entrepreneurs are cultural change-makers and reflect the societal culture in which they operate (Stephan et al., 2015). This support of informal institutions consists of culturally constructed rules that shape human behavior (Sambharya & Musteen, 2014) and is related to the satisfaction of the entrepreneur (Coker et al., 2017).

Along the same line, according to Gibson (2004), role models could be defined as people who are similar to oneself. The possible similarity allows one to learn more from the role model and helps the person to define their self-perception of entrepreneurial capabilities, skills and knowledge, and these could generate satisfaction in the process of becoming a social entrepreneur (Hotho & Champion, 2011; Noguera et al., 2013). Other support from informal institutions is the human capital, which is characteristic of human beings, which by means of their skills, knowledge and efforts increase the possibilities of production (Estrin et al., 2013a, 2016). In general, human capital develops from the capabilities, knowledge and additional resources that an individual can contribute to a business project and relates to security, experience and satisfaction in the entrepreneur (Hidalgo et al., 2020; Shane & Venkataraman, 2000; Unger et al., 2011).

The social entrepreneur is characterized by a clear business vision and the ability to recognize new opportunities (St-Jean & Audet, 2012). In so doing, the entrepreneur sharpens their business vision and makes decisions that will help achieve their goals, allowing them to make a process satisfactory and sustainable (Gravells, 2006; Ozgen & Baron, 2007; Ruvio et al., 2010).

Continuing with the support of informal institutions, the literature has indicated that social entrepreneurship arises as a result of existing problems in society and that it creates social and environmental value as its main objective (Bacq et al., 2016; Mair & Marti, 2006). Therefore, an

entrepreneur can aspire to achieve social and environmental objectives, which are related to their satisfaction in the development of social entrepreneurship (Zahra et al., 2009; Zahra et al. 2014).

In entrepreneurship research, fear of failure has been investigated as a psychological factor that inhibits entrepreneurial behavior and acts as a barrier to entrepreneurship (Bacq et al., 2016; Bosma & Harding, 2007). This shows that fear of failure has a strong negative relationship with entrepreneurial entry, and it is a direct factor that affect the satisfaction of the social entrepreneur in the entrepreneurship process (Arenius & Minniti, 2005; Fernández-Laviada et al., 2020; Hidalgo et al., 2020; Stuetzer et al., 2014). The limitations in resources associated with the creation of new ventures may require taking risks and causing the fear of failure; this makes family support essential in this process (Austin et al., 2006; Hoogendoorn, 2016; Nga & Shamuganathan, 2010; Sharir & Lerner, 2006; Weerawardena & Mort, 2006). Based on these findings, we formulate the following hypothesis.

Hypothesis 2: The support of informal institutions has a significant positive impact on social entrepreneur satisfaction. (b)

### *5.3.3 Desire of Being a Social Entrepreneur and Social Entrepreneur Satisfaction*

Social entrepreneurship arises from the desire for social and economic change that results in new social enterprises (Chell et al., 2010). Social entrepreneurship is a desire to create innovation and is related to entrepreneurial satisfaction, which focuses on the efficient use of resources (Hjorth, 2013). Thus, entrepreneurs have a strong desire to achieve both their firm's goals and their personal social goals (Gagné & Deci, 2005). These perceptions may assess the satisfaction with and desire for the entrepreneurship process.

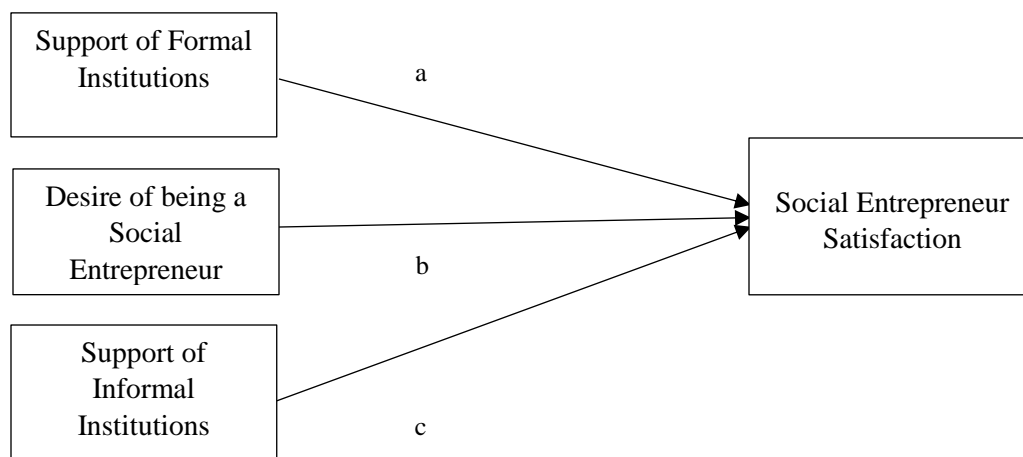
Some academics have said that social entrepreneurs' goals to generate profit or social value can be misaligned and thus make it challenging to pursue their simultaneous desire to devote resources to helping society (Shepherd et al., 2015). However, the desire to simultaneously achieve personal, social goals and those of their firm can drive the entrepreneur to engage in too many activities (Grant, 2008). Hence, we understand desire as the expended effort based on personal interest and positive emotions related to the entrepreneurial tasks (Gagné & Deci, 2005). Therefore, these entrepreneurs are satisfied with their effort since social motivation manifests as an entrepreneurial desire to help (Grant, 2008; Kibler et al., 2019).

This study analyzes the desire to be a social entrepreneur and its relationship with the satisfaction of the social entrepreneur. In fact, based on the previous arguments, we posit the following.

Hypothesis 3: The desire to be a social entrepreneur has a significant and positive impact on social entrepreneur satisfaction. (c)

These three hypotheses suggest a first model that allows us to analyze the influence and support relationship of institutional factors and the desire to be a social entrepreneur with the satisfaction of the social entrepreneur. Figure 5.1 shows a schematic of the proposed conceptual model. The support of formal and informal institutions and the desire to be a social entrepreneur have a direct impact on the satisfaction of the social entrepreneur.

Figure 5.1 Theoretical model of social entrepreneur satisfaction



#### 5.3.4 The Mediating Effect of Desire of Being a Social Entrepreneur

Some researchers, however, agree that social entrepreneurs are motivated by their desire to have a social impact and to solve social problems (Alvord et al., 2004; Shaw & Carter, 2007; Zahra & Dess, 2001). Therefore, some authors consider that social entrepreneurship is influenced by institutional context (Brieger et al., 2020; Sedeh et al., 2020). Consequently, the institutional environment influences the desire to become a social entrepreneur. For this reason, we hypothesize that desire mediates the impact of institutional supports on satisfaction. However, the literature argues that relationships with some institutional dimensions may not be positive. Specifically, the support of formal institutions may require deficient work by these institutions to motivate social entrepreneurship, common in developing countries. Nevertheless, individual's desire to being a social

entrepreneur often requires government and educational support to maintain the desire (Dacin et al., 2010; Stephan et al., 2015; Zahra et al., 2009).

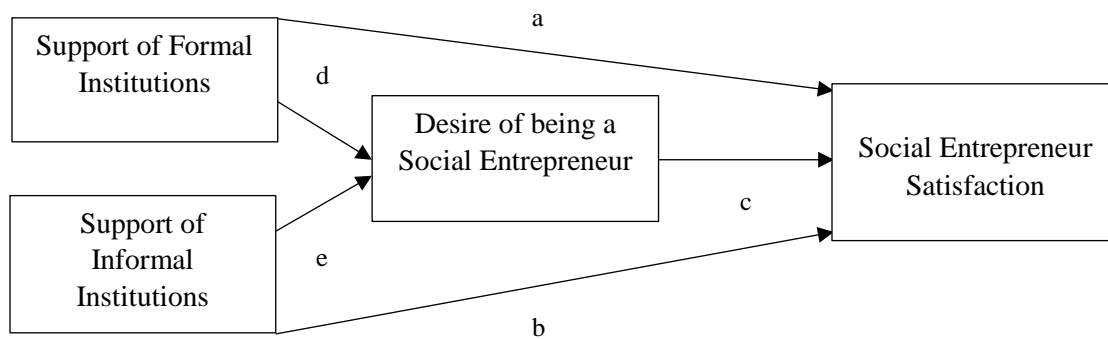
On the other hand, Forster and Grichnik (2013) have suggested that social entrepreneurs have motives that drive their desire to become an entrepreneur, but they face cultural factors. However, it is important to note that entrepreneurial desire may be influenced by, among other things, status, culture, values and social recognition, which promote or inhibit the entrepreneurial career choice (Jaén et al., 2013). When driven by the desire to help society, entrepreneurs might pursue too many activities (Baumeister et al., 2007). Hence, the literature shows a positive relationship between the support of informal institutions and the desire to become social entrepreneur. Based on this, we posit the following hypothesis.

Hypothesis 4: The desire of being a social entrepreneur mediates the relationship between the supports of formal factors and the satisfaction of the social entrepreneur in a developing country. (d)

Hypothesis 4b: The desire of being a social entrepreneur mediates the relationship between the supports of informal factors and the satisfaction of the social entrepreneur in a developing country. (e)

This analysis proposes a second model that allows to analyze how the desire to be a social entrepreneur mediates the relationship between institutional factors and social entrepreneur satisfaction since this model does not modify the direct relationship that institutional supports have. An outline of the proposed conceptual model is shown in Figure 5.2 the model considers entrepreneurial satisfaction as a dependent variable as this factor is deemed to be highly influential in studies of this type (Benz & Frey, 2004, 2008; Bradley & Roberts, 2004; Carree, & Verheul, 2012; Clark & Senik, 2006; Cooper & Artz, 1995; George & Hamilton, 2011; Kautonen & Palmroos, 2010).

Figure 5.2 Theoretical model of social entrepreneur satisfaction and desire



## 5.4 Methodology

### 5.4.1 Data Collection and Demographic Profile

As a consequence of the lack of census, registers and surveys among social entrepreneurs in Mexico. By these reason we decided to collect primary data with a survey. A pilot survey was conducted among 15 social entrepreneurs from different cities in the country. Minor adjustments were made to the questionnaire, and it was then carefully designed to extract accurate information. To resolve the discrepancies in the translations, some modifications to the grammatical structures and questions were made among the translators. Three academic experts specializing in entrepreneurship and quantitative analysis also revised the questionnaire to evaluate each item in terms of clarity and adequacy of the wording (face validity), which led to additional minor modifications such as spelling corrections, order of items and the use of common words.

The final survey instrument comprised two parts. The first part captured demographic characteristics in 12 variables, and the second part included 37 items to measure the model's constructs (12) in the context of social entrepreneur satisfaction. These items were measured using a five-point Likert scale (1 = strongly disagree; 5 = strongly agree). The order of some items was rotated to avoid sequential response bias (Howell, 2010). The original questionnaire applied to social entrepreneurs in Mexico (translated into Spanish), can be found in Appendix 9

With the support of the main foundations and institutions that group social entrepreneurs, we disseminate a questionnaire to all partners throughout the country (Ashoka Mx, Make\_Sense, Sistema B, ESMEX, Social Lab MX and LINE, among others). The survey was conducted that covered the four regions of the country (north, center, west and south. The surveys were carried out on using email and social media. The research design primarily used the electronic survey method Google Forms. The duration of the survey application was around four months.

We obtained 535 valid respondents: 278 were females, accounting for 51.97% of the total, and 257 were males, accounting for 48.03% of the total. With respect to age, the average was 29.19 years. The number of observations for 20 to 29-year-old group was 267, which took up the highest proportion 49.90%, followed by the age group of 30 to 39 years old, which represented 20.75%. Among all respondents, social entrepreneurs with a university degree made up 38.50%, followed by those with high school or technical high school at 36.44%. 217 of the respondents, representing 40.56%, affirmed that they were employed in another job; one hundred and sixty-nine respondents, 31%, said that they were still studying at the same time that they started a new social business.



The foundations that distributed this questionnaire among their partners developed a general profile of them. We compare these profiles with the intention of avoiding biases in the selection of samples. The average profile created by certain foundations informed us that 53% of their partners were women entrepreneurs and only 47% were men. The age of the social entrepreneurs who were members of these foundations was between 16 and 70 years old. However, the average age of the entrepreneurs was between 27 and 32 years old. Finally, they told us that around 41% of members had a bachelor's degree, and 13% had a postgraduate degree. Based on these results, we assume that the valid sample provided a good representation of social entrepreneurs.

The reception of the answers indicated that between the first and the second months 18.51% responded; it was not until the third month that the responses increased exponentially by 56.07%, ending in the last month with 25.42%. For this reason, it is convenient to determine whether differences between early and late respondents could be observed. We ran bivariate analysis, and we did not find any significant differences in their responses (results of the analysis are in Appendix 7).

To analyze the possible nonresponse bias, we compared the number of times the email with the survey was requested with the number of completed research responses actually received, so we could make a reasonable estimation of active refusals: the email was sent an average of four times to around 1,500 social entrepreneurs who were members of a foundation or institution that supports social entrepreneurship in Mexico that helped to spread this questionnaire. The entrepreneurs who answered the questionnaire were never sent the email again. The number of completed responses was 535, representing a nonrejection rate of 35.66%, which exceeds the minimum acceptable range of 15–20% to avoid bias, as mentioned by Menon et al. (1996).

#### *5.4.2 Measurement Instrument and Questionnaire Development*

Latent constructs permit working with theoretical concepts, and sometimes abstract concepts that are not directly observable like the ones presented in the former figure. These constructs will be measured using various indicators and then will be related in a structural equation modeling technique (SEM) (Nissan et al., 2012). We conducted an extensive literature review of the institutional factors and discovered that they can be considered multidimensional constructs. Table 5.1 lists second- and first-order constructs as well as the indicators used to measure them. Likewise, the table also refers to the previous studies in which these constructs and items were examined.

Table 5.1 Institutional factors that determine of social entrepreneur satisfaction

Constructs	Dimensions of second order constructs	Item	Code	References	
Support of Formal Institutions (Second order construct)	Government support	The main source of financing for your company with social benefits was government support.	Gob 1	Busenitz et al. 2000; Van Stel et al. 2007; Begley et al. 2005; Huarng & Yu 2011; Urbano & Turró, 2013; Djankov et al. 2002; Gnyawali & Fogel 1994	
		The main source of financing for your company with social benefits was credit bank support.	Gob 2		
		In your city or state, government procedures to start a new business with social benefits last at the right time.	Gob 3		
		In your city or state, there is government support for entrepreneurs with social benefits in terms of procedures and regulations.	Gob 4		
		In your city or state, the government have contracts with new and / or small social enterprises	Gob 5		
		You agree with the government procedures that you have performed or are performing for your social entrepreneurship.	Gob 6		
	Public education	Public education training systems provide adequate preparation for the creation and growth of new businesses with social benefits.	Edu 7	Davidsson & Honig 2003; Glunk & Van Gils 2010; Nga & Shamuganathan 2010; Shaw & Carter 2007; Urbano, Ferri, Peris-Ortiz, & Aparicio 2017a; Arenius and Minniti 2005; Block et al. 2013; Stephan et al. 2015	
		In your city or state, public education offers entrepreneurial education courses on supports, documentation, or procedures government.	Edu 8		
		You agree with the educational programs, courses or workshops that the government offers for your social entrepreneurship.	Edu 9		
	Media	In your city or state, stories are often seen in public media and / or on the Internet about new businesses with successful social benefits.	Med 10	Jones, Borgman, & Ulusoy 2015; Lounsbury & Glynn, 2001; Carroll & McCombs 2003; Deephouse 2000; Grewal & Levy 2013; Schultz, Marin, & Boal, 2014; Bardoel, & d'Haenens, 2004; Barnes, Lescault, & Andonian 2012	
		The public media influenced the creation of his social business.	Med 11		
	Support of Informal Institutions (Second order construct)	Regional environment	Your state has a higher economic development compared to other states in Mexico, caused by social entrepreneurship.	Reg 12	North 1990, 2005; Urbano & Alvarez, 2014; Bacq and Janssen, 2011; Özdemir, 2013; Rivera-Santos et al., 2015; Santos, 2012; Shapero & Sokol 1982; Aldrich & Fiol 1994; Gnyawali & Fogel 1994; Hwang & Powell 2005; Manolova et al. 2008; Mair & Marti 2009; Urbano et al. 2010; Nicholls 2010c; Stephan et al. 2015
			In your city or state, it is considered a new business with social benefit as a desirable career option.	Reg 13	
			In your city or state, there is more entrepreneurial activity with social benefits compared to other states of Mexico.	Reg 14	
			In your city or state, admire those who start their own business with social benefit.	Reg 15	
		Culture	Your religious beliefs and values have determined the creation of your social business.	Cul 16	
	Your religious beliefs and values have determined how your social business works.		Cul 17		
	Your enterprise prioritizes culture values as the main objective.		Cul 18		

Role Models	The stories of other successful social entrepreneurs encourage you to start your own social business.	RM 19	Gibson, 2004; Hotho and Champion 2011; Noguera, Alvarez, and Urbano 2013; Davidsson & Honig, 2003; Arenius and Minniti 2005; Farashah 2015; Minniti and Nardone 2007
	You know others social entrepreneurs.	RM 20	
	Other entrepreneurs have influenced you to create your own social business.	RM 21	
Human capital	The main source of financing for your company with social benefits was self-financing.	HC 22	Estrin, Mickiewicz, & Stephan, 2013a, 2016; Davidsson & Honig, 2003; Parker, 2009, 2011; Sen, 1998; Urbano et al., 2017a; Unger, 2011
	You have the knowledge, skill and experience necessary to start a new business with social benefit.	HC 23	
Business vision	You participate in this new business with social benefit to take advantage of a business opportunity.	Vis 24	St-Jean, & Audet, 2012; Gravells, 2006; Ozgen & Baron, 2007; Shane & Venkataraman, 2000; Noguera, Alvarez, & Urbano 2013; Bacq, Hartog, & Hoogendoorn, 2016; Ruvio, Rosenblatt, & Hertz-Lazarowitz, 2010
	Your enterprise prioritizes economic values as the main objective.	Vis 25	
Socio-environmental values	Your enterprise prioritizes social values as the main objective.	Val 26	Bacq, Hartog, & Hoogendoorn, 2016; Mair & Marti, 2006; Zahra et al., 2009; Zahra et al. 2014; Haugh, 2006
	Your enterprise prioritizes environmental values as the main objective.	Val 27	
Fear of Failure and Family	The main source of financing for your company with social benefits was family and / or friends support.	FF 28	Bosma & Harding, 2007; Hatala, 2005; Arenius & Minniti 2005; Stuetzer et al. 2014; Austin et al., 2006; Nga & Shamuganathan, 2010; Sharir & Lerner, 2006; Weerawardena & Mort, 2006; Dees 2001; Harding 2006; Hoogendoorn, 2011; Lumpkin 2011; Peredo & Chrisman 2006; Weerawardena and Mort 2006; Zahra et al. 2009
	In your city or state, there is more fear of failure compared to other states.	FF 29	
	The fear of failure prevents you from starting a business with social benefit.	FF 30	
Desire of being social entrepreneur (First order construct)	Being a social entrepreneur generates the desired social status.	Des 31	Massumi, 2002; Hjorth, 2013; Chell et al. 2010; Alvarez et al., 2011; Guerrero & Urbano, 2012; Lévesque et al., 2002; Pihie, 2009; Jaén & Liñán, 2013
	Your professional goal is to become a social entrepreneur.	Des 32	
	You will make every effort to start and run my own social business.	Des 33	
	Being a social entrepreneur would entail great desire for you.	Des 34	
Entrepreneurial satisfaction (First order construct)	As a social entrepreneur, you are satisfied with the overall performance of the project.	Sat 35	Krueger et al. 2000; George, & Hamilton, 2011; Cooper & Artz, 1995; Benz & Frey, 2004, 2008; Blanchflower, 2000; Blanchflower & Oswald, 1998; Clark & Senik, 2006; Bradley & Roberts, 2004; Hundley, 2001; Finnie et al. 2002; Kautonen, T., & Palmroos, 2010; Carree, & Verheul, 2012; Parasuraman & Simmers 2001; Carree y Verheul, 2012; Mattes, 2016; Lee & Ha, 2015; Woo-Seung, & Bo-Young, 2019; Guerrero, Taboada, & Moya, 2018; Chen, Chang, & Chang, 2017
	You are satisfied with the financing support you receive or received for your social business.	Sat 36	
	You are satisfied with the financing support you receive or received for the growth of your social business.	Sat 37	

### 5.4.3 Method

As already mentioned, a structural modeling approach was chosen to estimate the parameters of the research model. Structural equation models (SEM) enable modelling relationships among multiple independent and dependent constructs simultaneously in a single, systematic and comprehensive analysis. In the same way, they can combine reflective and formative constructs and confront a priori theory and hypotheses with data (Barclay et al., 1995; Gefen et al., 2000).

Structural equations modeling (SEM), specifically, a partial least squares (PLS) approach was applied for this analysis. According to Gefen et al. (2000), when exploratory studies are carried out and relatively small samples are used, or when a non-normal distribution of most indicators can be observed, a PLS approach is adequate because it produces consistent parameter estimates (Barclay et al. 1995; Nissan et al., 2012). The fact of not imposing the normal distribution of the indicators is relevant for this research because the assumption of normality cannot be fully assumed. The evaluation of normality of the observable variables is shown in Appendix 4. Through the Kurtosis, Shapiro-Wilk and Shapiro-France normality tests, this evaluation confirms that for more than half of the items normality cannot be assumed. For this reason, PLS is more suitable than the SEM based on covariance analysis in our research.

The analysis was conducted using the SmartPLS 3 software. Two processes were involved in the PLS-SEM analysis: assessment of the measurement model and assessment of the structural model. With respect to the measurement model, it is convenient to consider the formative or reflective nature of the constructs. The consideration of a construct as reflective or formative was based on four major criteria (Jarvis et al., 2003; Khan & Quaddus, 2015): a) direction of causality from construct to items, b) interchangeability of items, c) covariation among items, and d) nomological net of construct items. The current model presents 12 reflective first-order constructs. Likewise, there are 2 formative-reflective second-order constructs: support of informal institutions is a second-order construct with seven reflective first-order dimensions. On the other hand, the construct support of formal institutions is also a second-order construct with three reflective first-order dimensions, on the basis of theoretical judgments.

The second process related to the structural model measures the relationships between latent variables, indicating which latent variable influences directly or indirectly other latent variables, as shown in Figure 5.2 Social entrepreneurship desire and social entrepreneur satisfaction factors are endogenous constructs. Figure 5.2 shows all latent variables that affect support from formal and informal institutions.

## 5.5 Analysis and Results

### 5.5.1 *The Measurement Model: Reliability and Validity Assessment*

To increase the study's validity, clear and concise questions were used in the questionnaire. To reduce apprehension, respondents' anonymity was assured. Finally, our results show that common method bias was not a relevant concern in our data set (Alegre & Chiva, 2013). With the intention of confirming the above, we analyzed several researches that in the past have proposed the use of confirmatory factor analysis as a more desirable alternative to Harman's; unfortunately, conducting a confirmatory factor analysis is not a very effective way of identifying common method bias (Kock, 2015). According to Kock and Lynn (2012), a full collinearity test is an effective alternative for the identification of common method bias. Therefore, if all variation inflation factors (VIFs) resulting from a full collinearity test are equal to or lower than 3.3, the model can be considered free of common method bias.

The next step was to analyze the validity and reliability of the scales for the constructs. The scales' development was founded on the review of the literature, thus assuring the content validity of the measurement instruments (Cronbach, 1951; López et al., 2019) (Table 5.2). To analyze the reliability of the constructs, an exploratory factor analysis (EFA) was conducted using Stata software. EFA confirmed the unidimensionality of the first-order constructs considered in the model.

A measurement model is valued by an item's individual liability, internal consistency and discriminant validity (Nissan et al., 2012). Convergent validity is verified by analyzing the factor loadings and their significance. These loads must be higher than 0.6 (Bagozzi & Yi, 1988). In the case of reflective constructs, the simple relationship between each item and its respective construct is measured (the loadings), and Cronbach's alpha value is also provided. The Cronbach's alpha values must be higher than 0.7 (Hair et al., 1998). This standard criterion in the exploratory analysis must not be less than 0.6 (Barclay et al., 1995; Cronbach, 1951; Nunnally & Bernstein, 1994).

Regarding reflective constructs, individual item reliability is considered adequate when one item has a factor loading that is higher than 0.700 on its respective construct (Fornell & Larcker, 1981) or 0.600 in an exploratory study (Hair et al., 2011), as this research shows. To continue with other results, the measurement model provides good convergent validity, higher than 0.6 (Nunnally & Bernstein, 1994). The average variance extracted (AVE) assesses the amount of variance that a construct captures from its indicators relative to the amount due to measurement error (Fornell & Larcker, 1981; Hair et al., 1998). It is recommended that the AVE should be greater than 0.5. The

latent variables in this model complied with this condition. Moreover, Oviedo and Campo-Arias (2005) said that Cronbach's alpha is an index used to measure the reliability of the internal consistency of a scale. The same authors affirmed that Cronbach's alpha must not lower than 0.6 as the lowest acceptable threshold (Fornell & Larcker, 1981). Finally, the significance of the loadings was used to obtain t-statistic values. These were all significant ( $p < 0.001$ ). These findings provide evidence supporting the convergent validity of all the reflective constructs for models.

According to the data collected in this research, three dimensions of the second-order construct support of informal institutions did not reach the mentioned reference value of Cronbach's alpha (human capital, socio-environmental values, fear of failure and family). We tried to improve the Cronbach's alpha values by eliminating those observable variables with a load smaller than 0.7. Unfortunately, it was not possible to increase the Cronbach's alpha values to reach the mentioned references in any case. However, and based on good results in the average variance extracted (AVE), the composite reliability (CR), the absence of problems of discriminant validity, and the fact that the literature shows a link between these dimensions and the support of informal factors, we made the decision to keep them in the model but to acknowledge the problems with Cronbach's alpha for three of the seven dimensions of the second-order construct support of informal institutions<sup>1</sup>.

The Gob 2 and FF 29 items were removed from the final model because they did not show a sufficient relationship with the respective dimensions. Based on the criteria, the measurement models can be accepted as an instrument built from reliable and valid constructs to estimate the structural model (Table 5.2).

Table 5.2 Measurement items for constructs

<b>Reflective latent variables</b>					<b>Bootstrapping results</b>						
<b>Construct / Items</b>	<b>Cronbach's alpha</b>	<b>rho_A</b>	<b>Composite reliability</b>	<b>Average Variance Extracted (AVE)</b>	<b>Loading</b>	<b>T values</b>	<b>Mean</b>	<b>Standard Deviation (STDEV)</b>	<b>Bias</b>	<b>0.25</b>	<b>0.97</b>
<b>Support of Formal Institutions</b>	Government support	0.828	0.834	0.879	0.595		0.573	0.013	-0.001	0.551	0.601
	Gob 1					0.653	19.039				

<sup>1</sup> We also ran the structural model, eliminating these dimensions, and the other estimate coefficients did not differ significantly (see Appendix 6).

Gob 3					0.763	29.777					
Gob 4					0.814	46.550					
Gob 5					0.835	52.191					
Gob 6					0.779	39.146					
Public education	0.777	0.778	0.871	0.692			0.392	0.011	0.001	0.371	0.415
Edu 7					0.813	44.419					
Edu 8					0.864	62.999					
Edu 9					0.817	48.251					
Media	0.648	0.649	0.850	0.739			0.220	0.011	0.000	0.198	0.241
Med 10					0.853	49.992					
Med 11					0.867	56.106					

Regional environment	0.793	0.795	0.866	0.619			0.401	0.033	-0.002	0.350	0.483
Reg 12					0.764	29.857					
Reg 13					0.788	37.382					
Reg 14					0.861	66.661					
Reg 15					0.727	28.629					
Culture	0.729	0.731	0.843	0.641			0.226	0.031	-0.002	0.164	0.291
Cul 16					0.834	20.767					
Cul 17					0.812	16.544					
Cul 18					0.754	16.939					
Role Models	0.744	0.748	0.854	0.662			0.384	0.026	-0.003	0.345	0.448
RM 19					0.780	33.371					
RM 20					0.801	35.757					
RM 21					0.858	59.238					
Business vision	0.617	0.755	0.829	0.710			0.212	0.016	-0.002	0.185	0.247
Vis 24					0.928	59.756					
Vis 25					0.747	15.476					
Human capital	<b>0.329</b>	<b>0.420</b>	0.729	0.585			0.156	0.018	-0.001	0.118	0.188
HC 22					0.584	5.909					
HC 23					0.911	24.026					
Socio-environmental values	<b>0.566</b>	<b>0.570</b>	0.821	0.697			0.225	0.020	-0.002	0.188	0.264
Val 26					0.855	39.546					
Val 27					0.814	29.884					
Fear f and Family	<b>0.277</b>	<b>0.278</b>	0.734	0.580			0.105	0.020	-0.000	0.058	0.140
FF 28					0.741	7.333					
FF 30					0.782	7.774					

	Desire to social entrepreneur	0.689	0.688	0.812	0.520				0.201	0.046	0.001	0.104	0.283
<b>Desire to be a social entrepreneur</b>	Des 31					0.642	14.741						
	Des 32					0.783	30.978						
	Des 33					0.766	20.770						
	Des 34					0.684	14.076						
<b>Social Entrepreneur Satisfaction</b>	Social Entrepreneur Satisfaction	0.746	0.741	0.856	0.666								
	Sat 35					0.724	23.360						
	Sat 36					0.848	41.797						
	Sat 37					0.869	49.407						

Finally, a comparison of bivariate correlations and square roots of the AVEs, presented in Table 5.3, showed adequate discriminant validity. According to Lopez-Lomelí et al. (2019), discriminant validity refers to the notion that each first-order factor represent a different dimension, or, in other words, discriminant validity indicates the extent to which a given construct is different from other latent variables (Fornell & Larcker, 1981). As exposed in Table 5.3, in all cases, the square root of the AVE of a construct exceeded the interconstruct correlation coefficient. Hence, the measurement model was presumed to have discriminant validity (Esfandiar et al., 2019; Hair et al., 2011; Hair et al., 2014).

Table 5.3 Discriminant validity (Fornell-Larcker criterion)

<b>Discriminant Validity (Fornell-Larcker criterion)</b>												
	Vision	Culture	Desire	Educ	Fear / Family	Gover	Hum Cap	Media	Models	Region	S.E Satis	So-En Values
Vision	0.843											
Culture	0.117	0.801										
Desire	0.216	0.186	0.721									
Education	0.138	0.245	0.131	0.832								
Fear/Family	0.144	0.205	0.095	0.246	0.762							
Government	0.125	0.236	0.113	0.673	0.209	0.771						
Hum Cap	0.226	0.067	0.317	0.035	0.100	0.040	0.765					
Media	0.267	0.276	0.206	0.386	0.177	0.396	0.209	0.860				
Models	0.306	0.124	0.345	0.105	0.092	0.153	0.194	0.391	0.814			
Region	0.223	0.219	0.199	0.447	0.096	0.454	0.147	0.469	0.300	0.786		
S.E Satisfaction	0.190	0.265	0.312	0.356	0.227	0.426	0.157	0.355	0.243	0.261	0.816	
So-En Values	0.192	0.141	0.381	0.034	0.071	0.090	0.266	0.149	0.402	0.122	0.137	0.835



However, given that Fornell and Larcker's (1981) criterion has been subject to debate among critics, who have argued about its reliability to detect a lack of discriminant validity in variance-based SEM studies, the heterotrait-monotrait (HTMT) ratio of correlations was also applied here (Esfandiar et al., 2019; Henseler et al., 2015). The HTMT ratio is the average of the heterotrait-heteromethod correlations, that is, the correlations between measurements of constructs measuring different phenomena, relative to the correlations between measurements of the same construct (Carrión et al., 2016). Hence, this new criterion for examining the discriminant validity and HTMT ratio must be less than 1 to pass the examination (Henseler et al., 2015).

Table 5.4 Discriminant validity. Heterotrait-monotrait ratios (HTMT)

**Discriminant validity. Heterotrait-monotrait ratios (HTMT).**

	Vision	Culture	Desire	Educ	Fear / Family	Gover	Hum Cap	Media	Models	Region	S.E Satis	So-En Values
Vision												
Culture	0.182											
Desire	0.380	0.244										
Education	0.200	0.339	0.172									
Fear/Family	0.360	0.441	0.317	0.523								
Government	0.179	0.317	0.168	0.829	0.433							
Hum Cap	0.450	0.179	0.653	0.126	0.373	0.178						
Media	0.406	0.382	0.304	0.542	0.414	0.537	0.388					
Models	0.390	0.169	0.484	0.134	0.246	0.194	0.347	0.564				
Region	0.299	0.282	0.262	0.568	0.240	0.560	0.238	0.657	0.387			
S.E Satisfaction	0.254	0.352	0.418	0.466	0.511	0.551	0.291	0.503	0.319	0.333		
So-En Values	0.356	0.224	0.609	0.078	0.253	0.142	0.584	0.249	0.616	0.186	0.195	

According to Henseler et al. (2015), the liberal HTMT criterion HTMT interface was employed to estimate confidence intervals for HTMT, using a bootstrapping procedure in SmartPLS (Table 5.4). The results indicated that the maximum HTMT values of all endogenous constructs was 0.657. The findings obtained indicated that value 1 in reflective construct fell outside the confidence intervals ( $HTMT < 1$ ). Thus, the results of the three criteria applied here (Fornell-Larcker, HTMT.85 and HTMTinterface) substantiated the discriminant validity of the constructs (Esfandiar et al., 2019).

As was mentioned already, the support of formal institutions and the support of informal institutions were included as second-order exogenous variables. The validity and interpretation of the results of formative measurement are a critical part of empirically substantiating a theory. A key challenge comes from the causal nature of the indicators: the indicators delineate the coverage of the construct (Petter et al., 2007). The interpretation of the results of formative measurement bears

directly on structural model results and the interpretation of results in support of a theory (Cenfetelli, & Bassellier, 2009). The aspects for assessing the validity of a formative construct are the weights of the components, the collinearity statistics (VIF) and the bootstrapping results (Cenfetelli & Bassellier, 2009; Cohen & Cohen, 1983; Hair et al., 2011). Specifically, the weights provide information as to what the makeup and relative importance are for each indicator in the creation/formation of the component. The low variation inflation factors (VIF < 3) indicate that multicollinearity is not a concern for this analysis (Becker et al., 2012; Ringle et al., 2013).

Using SmartPLS software, we analyzed the full collinearity test comprehensive procedure, as it simultaneously evaluates the vertical and lateral collinearity along with the variance inflation factors (VIF) (Kock & Lynn, 2012). The occurrence of a VIF greater than 3.3 is as an indication of pathological collinearity and an indication that a model may be contaminated by common method bias. For this reason, if all (factor-level) VIFs resulting from a full collinearity test are equal to or lower than 3.3, the model can be considered free of common method bias (Kock, 2015). Appendix 5 shows the VIF tables (outer VIF values and inner VIF values) where it has been verified that all the values are less than 3.3 since the highest value that is reflected is 2.889.

Table 5.5 Results of models for constructs with formative indicators

Formative latent variables			Bootstrapping results				
Constructs	VIF	Weights value	Mean	STDEV	Bias	0.25	0.97
Support of Formal Institutions	1.276	0.377	0.376	0.046	-0.001	0.285	0.463
Government support			0.573	0.013	-0.001	0.551	0.601
Public education			0.392	0.011	0.001	0.371	0.415
Media impact			0.220	0.011	0.000	0.198	0.241
Support of Informal Institutions	1.603	0.115	0.118	0.052	0.003	0.008	0.207
Regional environment			0.401	0.033	-0.002	0.350	0.483
Culture			0.226	0.031	-0.002	0.164	0.291
Role Models			0.384	0.026	-0.003	0.345	0.448
Business vision			0.212	0.016	-0.002	0.185	0.247
Human capital			0.156	0.018	-0.001	0.118	0.188

Socio-environmental values	0.225	0.020	-0.002	0.188	0.264
Fear failure and Family	0.105	0.020	-0.000	0.058	0.140

### 5.5.2 The Structural Model

After evaluation of the measurement model, the structural model estimates the relationship between the constructs as predicted in H1, H2, and H3, based on the research model. This exploration was developed in a first model (Figure 5.1), a direct analysis of second-order constructs (supports of formal and informal institutions) and the dimension of the desire to be a social entrepreneur along with social entrepreneur satisfaction. To assess the predictive capacity of the structural model, we measured the R<sup>2</sup> coefficients associated with endogenous constructs, in this case, is the social entrepreneur satisfaction. The modeled construct explained a moderate amount (28.1%) of variance of social entrepreneurial satisfaction (Appendix 8).

These results have shown that the support of formal institutions is the construct that has the highest significant relationship with social entrepreneur satisfaction (t-value: 8.404), followed by the desire to be a social entrepreneur (t-value: 4.653). Finally, we see that the support of informal institutions has less significant influence (t-values: 2.155). This study validates that the model has a significant and positive influence on all direct relationships.

To continue with the study and develop the previous results, this research considers the desire of being a social entrepreneur as a mediator. To assess the model, the statistical significance and the amount of variance explained were evaluated based on three pieces of information: path coefficient, statistical significance of t-value and amount of variance explained or R<sup>2</sup> (Santosa et al., 2005).

To assess the predictive ability of the structural model, it is possible to measure the R<sup>2</sup> coefficients associated with endogenous constructs. Following Falk and Miller (1992), the R<sup>2</sup> value of each of the dependent constructs exceeded the 0.1 value. Table 5.6 shows that the R<sup>2</sup> values in the dependent variables were higher than the critical level mentioned for each model (Santosa et al., 2005). In this case, R<sup>2</sup> was positive for all predicted variables.

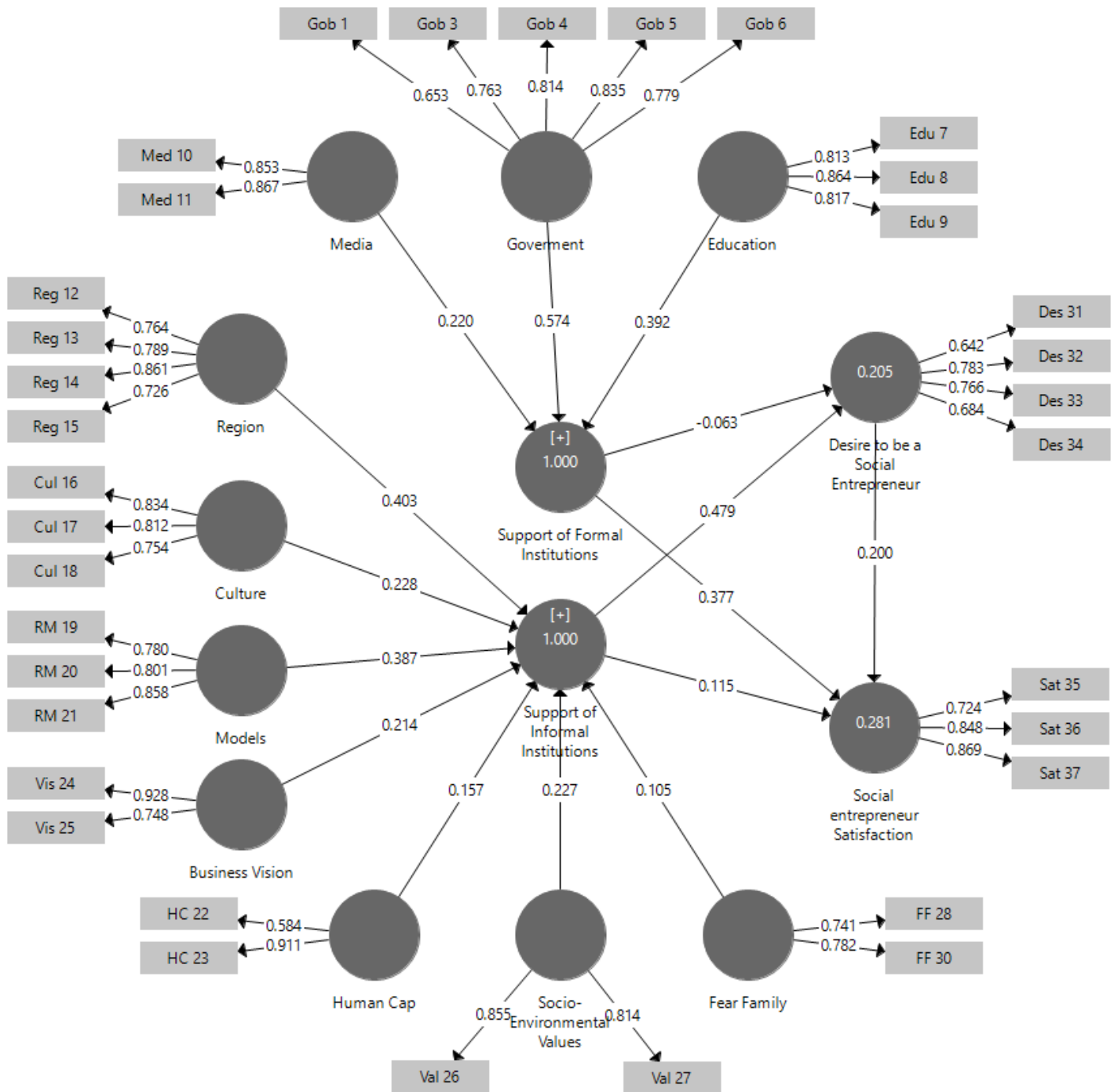
Table 5.6 R Square

	<b>R square</b>		
	<b>Sample Mean</b>	<b>2.5%</b>	<b>97.5%</b>
Desire to be a Social Entrepreneur	0.213	0.125	0.301
Social entrepreneur Satisfaction	0.288	0.217	0.358

According to the  $R^2$  coefficients, the modeled constructs explained a moderate amount (28.1%) of variance of social entrepreneurial satisfaction, Similar to the model that estimates the direct relationship. This variable was at the satisfactory suggested levels. Also, the model's overall Goodness of Fit (GoF) was equal to 0.607 (Alolah et al., 2014; Fornell & Larcker, 1981), using the equation:  $GoF = \sqrt{AVE} \times R^2$ . In this equation, the average AVE of the model's latent variables and average  $R^2$  of the endogenous latent variables are taken into account. Figure 5.3, obtained via SmartPLS 3 software, provides a graphical representation of the estimates of the structural and measurement parameters (Hair et al., 2017; Ratzmann et al., 2016).

The estimations showed that the support of informal institutions had a positive impact on the desire to be a social entrepreneur. However, the support of formal institutions had an unexpectedly negative impact on desire (mediation variable). Furthermore, the desire to be a social entrepreneur had a significant positive impact on social entrepreneur satisfaction. Similarly, the support of formal and informal institutions also had a positive impact on entrepreneur satisfaction.

Figure 5.3 Model estimation of the social entrepreneur satisfaction



An analysis of direct and indirect effects, shown in Table 5.7, highlights the dependence that exists between the latent variables and tends to confirm the initial hypotheses for the model.

Table 5.7 Direct and indirect effects between latent variables

	<b>Total Effects</b>				<b>Total Indirect Effects</b>		
	Desire	Satisfaction	Formal	Informal	Desire	Satisfaction	
Vision	0.103	0.045		0.214	0.103	0.045	Vision
Culture	0.109	0.048		0.228	0.109	0.048	Culture
Desire		0.200					Desire
Educ	-0.025	0.143	0.392		-0.025	0.143	Educ
F_F	0.051	0.022		0.105	0.051	0.022	F_F
Gove	-0.036	0.209	0.574		-0.036	0.209	Gove
Hum Cap	0.075	0.033		0.157	0.075	0.033	Hum Cap
Media	-0.014	0.080	0.220		-0.014	0.080	Media
Models	0.185	0.082		0.387	0.185	0.082	Models
Region	0.193	0.085		0.403	0.193	0.085	Region
Satisfaction							Satisfaction
Values	0.109	0.048		0.227	0.109	0.048	Values
Formal	-0.063	0.364				-0.013	Formal
Informal	0.479	0.211				0.096	Informal

To evaluate the statistical significance of the latent regression coefficients, we obtained the t-statistics by bootstrapping. Table 5.8 shows that, with the exception of the support of formal institutions and the relationship with desire, all other structural relationships were significant. The relationship between the government and the support of formal institutions was the most significant in the distribution.

Table 5.8 Regression coefficients of the structural model

<b>Path Coefficients</b>	<b>Sample Mean</b>	<b>Standard Deviation (STDEV)</b>	<b>T Statistics ((O/STDEV))</b>	<b>P Values</b>	<b>Bias</b>	<b>2.5%</b>	<b>97.5%</b>
Vision -> Informal	0.212	0.016	13.254	0.000	-0.002	0.185	0.247
Culture -> Informal	0.226	0.031	7.265	0.000	-0.002	0.164	0.291
Desire -> Satisfaction	0.201	0.046	4.370	0.000	0.001	0.104	0.283
Education -> Formal	0.392	0.011	35.167	0.000	0.001	0.371	0.415
Fear Family -> Informal	0.105	0.020	5.341	0.000	0.000	0.058	0.140
Government -> Formal	0.573	0.013	45.875	0.000	-0.001	0.551	0.601
Human Cap -> Informal	0.156	0.018	8.547	0.000	-0.001	0.118	0.188
Media -> Formal	0.220	0.011	20.179	0.000	0.000	0.198	0.241
Models -> Informal	0.384	0.026	14.719	0.000	-0.003	0.345	0.448
Region -> Informal	0.401	0.033	12.226	0.000	-0.002	0.350	0.483
Values -> Informal	0.225	0.020	11.564	0.000	-0.002	0.188	0.264
Formal -> Desire	-0.063	0.045	1.408	0.159	0.000	-0.147	0.025

Formal -> Satisfaction	0.376	0.046	8.209	0.000	-0.001	0.285	0.463
Informal -> Desire	0.483	0.057	8.358	0.000	0.004	0.350	0.579
Informal -> Satisfaction	0.118	0.052	2.224	0.026	0.003	0.008	0.207

Table 5.9 includes the path coefficients and t-values of the structural model estimation, as well as a list of supported hypotheses. The analysis showed that one hypothesis was rejected, and the other four were supported.

Table 5.9 Hypotheses and moderating effect testing

<b>Constructs</b>		<b>Hypothesis</b>	<b>Path coefficient</b>	<b>t-value</b>	<b>Hypothesis supported</b>
<b>Impact of</b>	<b>On</b>				
Support of formal factors	Social entrepreneurship Satisfaction	H1	0.377***	8.515	Supported
Support of informal factors	Social entrepreneurship Satisfaction	H2	0.115***	8.206	Supported
Desire to being a Social Entrepreneur	Social entrepreneurship Satisfaction	H3	0.200***	4.463	Supported
Support of formal factors Through Desire to being a Social Entrepreneur	Social entrepreneurship Satisfaction	H4a	-0.063	1.396	Rejected
Support of informal factors Through Desire to being a Social Entrepreneur	Social entrepreneurship Satisfaction	H4b	0.479***	8.206	Supported

Note: \*\*\* significant at  $p \leq 0.01$ ; \*\* significant at  $p \leq 0.05$ ; \*significant at  $p \leq 0.10$

## 5.6 Discussion and Implications

Overall, the results of this research provide strong support for the argument that both formal and informal institutions have a positive impact on social entrepreneurship satisfaction. The results of the analysis contribute to the literature on social entrepreneurship, focused on the theory of institutional economics, by providing an empirically supported model of the drivers of social entrepreneur satisfaction and how the desire to be a social entrepreneur mediates institutional supports. This model, developed with significant empirical evidence, not only contributes to theoretical advancement but also leads to policy and management recommendations.

The study contributes to institutional economics to social entrepreneurship theory in a number of ways. First, it identifies several variables to operationalize empirical testing and their reliable data sources. Second, this analysis shows a strong relationship between the support of institutions and the satisfaction of the social entrepreneur, especially the support of formal factors that have the most influence on social entrepreneur satisfaction. Along the same lines, the desire to be a social entrepreneur is a mediation variable between the supports of both formal and informal factors and the satisfaction of the social entrepreneur.

On the one hand, the support of formal factors showed a negative result in its influence regarding the desire to be a social entrepreneur. This may be generated by insufficient support from government institutions and the lack of support policies for this sector in developing countries, as is the case of Mexico. On the other hand, the support of informal factors established a strong relationship with the desire to be a social entrepreneur. These results suggest that the environment of the entrepreneur motivates their desire to be a social entrepreneur. This insight helps explain the discrepancies in the literature regarding the influence of the support of formal institutions, the support of informal institutions, the desire to be a social entrepreneur and social entrepreneur satisfaction.

Reviewing the literature described above, North (1990, 2005) distinguished laws, regulations and government procedures as part of formal institutional economics. According to the results of this research, the support of formal institutions is related and has an important influence on social entrepreneur satisfaction in Mexico (H1). Among the dimensions of the support of formal institutions, government support stands out since this is the latent variable that has the highest relationship with the support of formal institutions and, through this, with social entrepreneur satisfaction. From the elements reflected by this endogenous dimension, we can say that it is a priority for a social



entrepreneur to make commercial contracts with the government to guarantee the sale of their product or service (Busenitz et al., 2000; Van Stel et al., 2007).

Similarly, a social entrepreneur requires support so that the procedures for starting a social business are not too many and do not take too long. It is important for a social entrepreneur to be satisfied with the government's procedures as the support of a formal institution for starting their business, otherwise the social entrepreneur may lose interest (Begley et al., 2005; Deng et al., 2019; Huarng & Yu, 2011; Urbano & Turró, 2013). In the same way, government support through financing for social entrepreneurship is a factor that is also strongly related to the satisfaction of the social entrepreneur through the support of formal institutions (Begley et al., 2005; Grilo & Thurik, 2005; Stephen et al., 2009, 2015).

During the process of becoming a social entrepreneur, the knowledge and skills that education generates are important and represent more when this education as a type of support from a formal institution is available to all people in the region. The results indicate that the programs, courses and workshops offered by public education in Mexico on financing and government procedures greatly influence the support of formal institutions (Arenius & Minniti, 2005). In the same way, this study shows us the close relationship that exists between education and the activity of social entrepreneurship. We observe how the work of public education by providing information, preparation and adequate training for the creation of new social enterprises motivates the satisfaction of the social entrepreneur through the support of formal institutions (Glunk & Van Gils, Hidalgo et al., 2020, 2010; Nga & Shamuganathan, 2010; Sahasranamam & Nandakumar, 2020; Shaw & Carter 2007; Urbano et al., 2017b).

The media play an important role in social entrepreneurship since through these official channels, structured as the support of a formal institution, society knows about social business opportunities, support policies and success stories of social entrepreneurs. The media increasingly recognize the importance of social entrepreneurship in solving the global problems facing today's society (Jones et al., 2015; Levy & Powell 2003). The results in Table 5.2 confirm that the media have a strong relationship with social entrepreneurship and influence the satisfaction of the entrepreneur through the second-order construct (Carroll & McCombs, 2003; Deephouse, 2000; Jones et al., 2015). Based on these results, this research considers that Hypothesis 1 is supported (Table 5.9).

The literature describes how the support of informal institutions directly influences social entrepreneur satisfaction (H2). Within these institutional factors, the regional environment of the

social entrepreneur, which plays a fundamental role, is distinguished. According to Urbano and Alvarez (2014), the decision to start a business is determined by the environment of the entrepreneur and how the entrepreneur perceives this environment. An important characteristic for the satisfaction of a social entrepreneur is when they perceive the social entrepreneurial activity in their environment, and feel that this social activity is generating economic development and social benefits in the population (Anderson et al., 2019; Bacq & Janssen, 2011; Özdemir, 2013; Rivera-Santos et al., 2015). These business regions in Mexico allow the social entrepreneur to perceive admiration and satisfaction for their efforts as well as business opportunities, and consequently the individual considers it to be a desirable professional career option (Alvarez & Urbano, 2011; Fernández et al., 2009; Mueller & Thomas, 2001).

Through our analysis, we affirmed that the culture and religious beliefs in developing countries are a relevant institutional factor that is strongly related to social entrepreneurship (Ayob, 2018). According to the latest population census, in Mexico 82.7% of the inhabitants are Catholic (INEGI, 2010). Furthermore, Mexicans have a strong attachment to their regional culture and traditions, which are supports of informal institutions. These social characteristics confirm that the satisfaction of the social entrepreneur is influenced by their objectives of social change and the market (Stephan et al., 2015); these are considered as common cultural values that are rooted in society (Fernández-Serrano & Romero, 2014; Kedmenec & Strašek, 2017; Sambharya & Musteen, 2014; Sedeh et al., 2020).

This study determines that the role models are a factor that influences the social entrepreneur and their satisfaction in the entrepreneurship process through the support of informal institutions. Thus, it provides a guide to follow that transmits knowledge and skills to start a social business, and this gives a person self-security and reduces uncertainty (Hotho & Champion, 2011; Kachlami et al., 2018; Noguera et al., 2013). That is why it is important for the social entrepreneur to connect with other social entrepreneurs and know their stories and experiences; these will give them a greater opportunity to start a social venture (Arenius & Minniti, 2005; Farashah, 2015; Minniti & Nardone, 2007).

With respect to the concept of business vision as a support of informal institutions, the results show us that the perception of opportunities is the element that most influences the satisfaction of the Mexican social entrepreneur through the second-order construct. The social entrepreneur perceives a greater number of opportunities in developing countries, compared to developed countries with financial stability (Austin et al., 2006; Mair & Marti, 2006). According to Nicolás et al. (2018), the

social entrepreneur seeks innovative opportunities to address neglected social problems. Due to the above, we can confirm that the social entrepreneur uses their business vision to detect opportunities and also to take advantage of their economic values (Dacin et al., 2010; Ruvio et al., 2010). Based on these results, this research considers that Hypothesis 2 is supported (Table 5.9).

The main desire of social entrepreneurs is to benefit others by finding social value in a project (Kibler et al., 2019). Therefore, the support of formal and informal institutions is related to this entrepreneurial desire, given that socially motivated individuals have a strong desire to achieve their goals (Grant, 2008). The desire of the social entrepreneur to create and manage his own company as well as the desire to satisfy their professional objective and the desired social status, play an important role in social entrepreneurship (Alvarez et al., 2011). Jaén et al. (2013) said that entrepreneurial desire may influence, among other things, the status and social recognition of social entrepreneurs, promoting or inhibiting entrepreneurial career choice. The social entrepreneur is described as driven by the desire for social change, innovation and social recognition, when the achievement of these goals has a strong relationship with the perception of social entrepreneur satisfaction (Chell et al., 2010; Hjorth, 2013). The social mission acts as a motivating force that provides entrepreneurial desire through intrinsic rewards as well as a sense of satisfaction derived from the desire to contribute to their community (Sahasranamam & Nandakumar, 2020). Based on these results, this research considers that Hypothesis 3 is supported (Table 5.9).

According to the institutional economics perspective, human behavior is shaped jointly by the constraints, incentives, desires and resources provided by the support of formal and informal institutions, which can be more or less compatible with each other (Deng et al., 2019). The results show that the relationship between the desire to be a social entrepreneur and the support of formal institutions is negative in a developing country. Theory tells us that when the support of formal institutions, such as government support, the educational system, and the outreach political system are deficient, they suppress entrepreneurial actions by influencing entrepreneurial desire, reducing opportunities and increasing the risks associated with entrepreneurial activity (Sahasranamam & Nandakumar, 2020). Based on these results, this research considers that Hypothesis 4a is rejected (Table 5.9).

On the other hand, this analysis sheds light on the strong relationship that exists between the supports from informal institutions and the desire to be a social entrepreneur. The results show that in developing countries, the social and cultural environment play an important role in the desire to become a social entrepreneur. Hence, the desire to start a business is also determined by the

institutional environment in which it occurs and how the entrepreneur perceives these environments (Hwang & Powell, 2005; Mair & Marti 2009; Manolova et al., 2008; Nicholls, 2010c; Stephan et al., 2015; Urbano & Alvarez, 2014; Urbano et al., 2010). It is important to say that different individuals have different perceptions of their region or environment, and hence they perceive unexploited opportunities differently (Brieger et al., 2020). Based on these results, this research considers that Hypothesis 4b is supported (Table 5.9).

## **5.7 Conclusions**

The literature in this analysis confirms that institutional economics have a direct relationship with social entrepreneurship. Based on this, the first-order dimensions that are operationalized in this study develop a model that explains 28% of the satisfaction of the social entrepreneur in Mexico. This study analyzes the relationship that institutional economics have with the satisfaction of the social entrepreneur in Mexico and how the desire to be a social entrepreneur mediates this relationship. The results show that the support of formal institutions (government support, public education, media) have a great influence on social entrepreneur satisfaction. However, the supports of formal institutions do not have a positive relationship with the desire to be a social entrepreneur in a developing country. These results may indicate that when the supports of formal institutions are weak or inefficient, the desire to be a social entrepreneur decreases.

Regarding the support of informal institutions, this research confirms that the regional environment dimension shows the strongest relationship with the support of informal institutions. This means that the region in which an entrepreneur grows up is the main factor that influences the satisfaction level of the Mexican social entrepreneur. Similarly, we observe that role models, through the knowledge and self-confidence that they transmit to the entrepreneur, positively influence their satisfaction through the supports of informal institutions. In terms of importance, environment is followed by culture, business vision and the desire to be a social entrepreneur.

In the same way, the desire to be a social entrepreneur mediates institutional supports. The results indicate that the supports of formal institutions act negatively on the desire to become a social entrepreneur. This may confirm that the supports from formal institutions in developing countries are inefficient and do not motivate the individual's desire to start a social enterprise. On the other hand, the supports of informal institutions generate a strong relationship with the desire to be a social entrepreneur. This means that the environments, cultures and personal perceptions caused by their environment provoke in the individual the desire to be a social entrepreneur. It is important to highlight the relationship between the desire to be a social entrepreneur and the satisfaction of the

entrepreneur. The motivation that produces an individual's desire to entrepreneurial generally changes and becomes the satisfaction of a given entrepreneur when they achieve their goal of starting a social enterprise.

Although all first-order constructs in the model had been previously examined in the literature, this research is the first empirical attempt to consolidate them into a single model. This model enabled us to offer empirical insights into relationships between institutional economics, social entrepreneurship and social entrepreneur satisfaction.

Overall, the results of this research provide strong support for the argument that the supports of both formal and informal institutions have a positive impact on social entrepreneur satisfaction. The results of this analysis contribute to the social entrepreneurship literature by providing an empirically supported model of the drivers of satisfaction for social entrepreneurship. This model, developed with significant empirical evidence, not only contributes to theoretical advancement but also leads to policy and management recommendations.

#### *5.7.1 Implications*

A major contribution of the paper is that it constitutes the first empirical attempt to consolidate the support of institutions and social entrepreneurship satisfaction into a single model. This holistic model enabled us to offer empirical insights into relationships between institutions and their dimensions, including government support, education, media, regional environment, culture, role models, business vision, human capital, socio-environmental values, fear of failure, family as well as how these are mediated with the desire to be a social entrepreneur.

Social entrepreneurship educators and governments could take advantage of the model introduced in this study as a quantitative instrument to identify the extent to which dimensions of the model stimulate or deter social entrepreneurs. Governments and researchers can gain a better understanding of which constructs are needed. This model therefore could be of diagnostic assistance in formulating effective and efficient educational and governmental programs aimed at cultivating social entrepreneurial activities. The strongest effect through the support of institutions on social entrepreneur satisfaction was the government support, and through the support of informal institutions the conditions within their territorial region played a very important role. Universities and the government should pay more attention to boosting entrepreneurial environments and entrepreneurial ecosystems by adopting programs with an emphasis on social entrepreneurial development courses/techniques incorporated into curricula.

### *5.7.2 Limitations and Future Research*

As with any research, there are several limitations that we suggest should be addressed in future studies. This study analyzes only a sample from one developing country; unfortunately, there are no other databases with this information from other developing countries. As mentioned in our methodology and data analysis section, a certain limitation of this study is its cross-sectional nature and the absence of a temporal perspective, a consequence of the limited information that exists. Future studies could conduct a longitudinal comparative analysis of the determinants of social entrepreneur satisfaction from an institutional approach. The idea that more instruments should be considered encourages the possibility of extending the objective presented in this paper by exploring and including additional institutional supports into the social entrepreneur satisfaction models.

Likewise, and as recognized in the study, three dimensions of the support of informal institutions did not reach the required reference value for Cronbach's alpha (human capital, socio-environmental values and fear of failure and family). Based on good results in the average variance extracted (AVE), the composite reliability (CR), the absence of problems of discriminant validity and the fact that the literature shows the link between these dimensions and the support of informal factors, we made the decision to keep them in the model. This does not mean that we do not recognize the need to improve the measurement of the mentioned constructs in developing countries. The main challenge is to find the appropriate data at the country and regional levels that allow for the simultaneous analysis of the influence of the institutional environment on social entrepreneurship.

In addition, this study opens possible future lines of inquiry for this country (Mexico); a particularly promising avenue for further research is to account also for the different stages in the entrepreneurial process, that is, those social entrepreneurs who have started some initiatives to create their own or who have developed social businesses. A comparative analysis of nascent entrepreneurs and developed entrepreneurs based upon the integrated model presented in this research would provide important insights into the differences between these two segments. Hence, the empirical evidence provided in this paper opens up new ways of identifying which other institutions influence social entrepreneurship and which offer a greater contribution to the literature and empirical analysis in the field of institutional economics. For this research, we used several approximations of the literature on commercial entrepreneurship and applied it to social entrepreneurship.

# **Chapter 6**

## **General Conclusions**

## 6. General Conclusions

### 6.1 Main conclusions

Social entrepreneurship has emerged as an important research topic in the literature. Researchers, entrepreneurs, governments and media increasingly recognize the importance of social entrepreneurial activity for the problems that the world is facing today (Saebi et al., 2019). The scholars mentioned above have begun to pay particular attention to this phenomenon. In this context, social entrepreneurship literature has tended to focus on literature review, the experiences of renowned social entrepreneurs, successful case, personal characteristics, as well as leadership and predictor factors. A number of important theoretical and case studies already exists (Bacq & Janssen, 2011; Desa, 2012; Dhési, 2010; El Ebrashi & Darrag, 2017; Estrin et al., 2013a; Mair & Marti, 2009; McMullen, 2011; Munoz & Kibler, 2015; Pacut, 2020; Sud et al., 2009; Thorgren et al., 2018; Townsend & Hart, 2008).

Unfortunately, researchers have so far not devoted sufficient attention to understanding how institutional factors, whether formal or informal, affect (promote or inhibit) the emergence of social entrepreneurial initiatives (Urbano et al., 2010). Hence, the main objective of this study has been to analyze the influence of institutional economics on social entrepreneurial activity in developing and developed countries, using an institutional approach (North, 1990, 2005) as a theoretical framework. This study compares institutional factors in social and commercial entrepreneurship. Similarly, it finds institutional factors that determine both types of entrepreneurship during a period of financial crisis and after a crisis. In particular, this thesis has focused on specific objectives, such as content exploration and evolution of the relationships between economic institutions and social entrepreneurship.

Drawing on institutional theory, this exploration introduced and tested a measure that has both theoretical and practical importance. In the same way, the current investigation has shown that institutional factors are relevant to promoting social entrepreneurship. By exploring formal and informal institutions (North, 1990, 2005), the study responds to calls for a systematic and empirical focus and several models for measuring the rate of social entrepreneurship across countries (Mair & Marti, 2006). The hypotheses have been assessed using country-level data. We tested our hypotheses in both global settings and with national cases, from international data sources such as the Global Entrepreneurship Monitor (GEM), specifically, the adult population survey. It also uses a primary database applied to social entrepreneurs in Mexico. This thesis advances the understanding of the



institutional factors that influence social entrepreneurship as well as the combination of more than one methodology for the study of that phenomenon, based on statistical techniques. Finally, the results of this exploration are described below and Table 6.1 summarizes the main findings of the study.

Chapter 2 analyzes the content and evolution of research based on social entrepreneurship and its proximity to several studies that analyze the differences with commercial entrepreneurship, using institutional approach as a conceptual framework. We conducted a systematic and rigorous search of articles published in Web of Science. The research reveals that institutional economics could be related to social entrepreneurship; this would open new research questions about what institutional factors are conducive to social entrepreneurship. Another findings suggest that the number of articles on institutional approach is increasing; nevertheless, the vast majority of the literature is classified as conceptual research, and there is little empirical research. Additionally, there is still no consensus on the definition and characteristics of social entrepreneurship literature, which tends to focus on describing the experiences of some social entrepreneurs. This is helpful in the same way for advancing and providing new insights into these research fields, which could be complementary. This research involves both theoretical and empirical aspects that offer opportunities for future research.

In Chapter 3, using institutional economics as a theoretical framework, the main objective of this research was to empirically analyze the influence of formal institutions (education) and informal institutions (fear of failure, entrepreneurial skills, and personal values) on the decision to become a social or a commercial entrepreneur. Based on information from the GEM database (with data from 10,598 entrepreneurs), the research tested the hypotheses through a binomial logistic regression. The main findings of this exploratory study demonstrated that a higher level of education (formal institution) and a positive perception of personal values (informal institution) increase the probability of being a social entrepreneur. Also, the research showed that the interaction between informal institutions causes changes in the probability of being a social or commercial entrepreneur. The study adds new empirical insights into the impact of institutions on both commercial and social entrepreneurship. Moreover, this study helps to advance the application of institutional economics to analyze the determinant factors of entrepreneurship.

In Chapter 4 the purpose is to determine which socio-cultural factors influence the probability of being a social entrepreneur and those of being a commercial entrepreneur in developing and developed countries. The investigation enriches current literature by analyzing the socio-cultural factors (informal institutions) that influence the entrepreneur to begin a new venture. This study analyzes two different moments in time during a crisis year (2009) and a year after the crisis (2015), using institutional economics as a theoretical framework. The proposed institutions are appropriate

and representative for all countries analyzed, thus, the results that have been proposed in this section may serve as references for developing or developed countries in order to know how to respond appropriately to different stages of the financial cycle (during the crisis and after the crisis). The logistic regression models with data obtained from the Global Entrepreneurship Monitor project (GEM) highlight that a favorable entrepreneurial career choice, perceived opportunities, and entrepreneurial skills are the most important socio-cultural factors in the probability of becoming a commercial entrepreneur. In contrast, a role model and the fear of failure increase the probability of being a social entrepreneur. Finally, the interactions between socio-cultural factors and the country development status affect such decisions differently.

In Chapter 5, the primary objective is to develop an integrated model of social entrepreneur satisfaction and to test the new model's power to explain individuals' satisfaction with social entrepreneurial activities in a developing country empirically, using an institutional approach. The data were collected by self-reported electronic questionnaires from a population of social entrepreneurs from all regions in Mexico. This study develops a model that explains 28% of the satisfaction of the social entrepreneurs in Mexico. The results of partial least squares (PLS-SEM) estimations indicate that the support of formal institutions (government support, public education, media) have a great influence on social entrepreneur satisfaction. However, the support of formal institutions does not have a positive relationship with the desire to be a social entrepreneur in a developing country. On the other hand, the support of informal factors (regional environment, culture, role models, business vision) established a positive relationship with the desire to be a social entrepreneur. It is important to note that the support of the informal factors has a strong positive relationship with the satisfaction of the social entrepreneur.

## **6.2 Implications**

As mentioned in Chapter 1, the current thesis contributes to academic, entrepreneurial and practical perspectives. Regarding the academic implications, the main results of this dissertation derive from the application of the institutional perspective as an appropriate conceptual framework for the analysis of social entrepreneurship.

From a theoretical point of view, the research contributes to the creation of knowledge in understudied areas such as the institutional factors that affect social entrepreneurial activity at different country levels. We have used North's institutional theory (1990, 2005) to propose an operationalization of the institutional factors, distinguishing between formal and informal institutions. The results obtained may help to advance the analysis of social entrepreneurial activity from an

institutional perspective, providing greater robustness in relation to environmental factors as determinants of the creation of social initiatives, as well as to the aspirations and satisfaction of the social entrepreneur.

Therefore, the study empirically validates the importance of environmental factors to the process of social entrepreneurship (Bacq & Janssen, 2011; Brieger et al., 2020; Diab et al., 2019; Mair & Marti, 2009; Urbano et al., 2010), using quantitative methodology and testing different variables in the conceptual frameworks in order to understand social entrepreneurial activity. Hence, these results show that the environmental factors from which social entrepreneurship emerged should not be ignored. Further, we advance the literature by proposing an integrated model that relates institutions and entrepreneurial activity by considering the relationship between social and commercial entrepreneurial activity. Additionally, we add to the literature that seeks to examine the moderating effects between institutional factors. The analysis sheds light on the role of institutions in social entrepreneurship in developing and developed countries. Furthermore, it shows the role that economic institutions play for both types of entrepreneurs, during and after a period of crisis. At the same time, it is important to note that institutions explain part of the aspirations and satisfaction of the social entrepreneur. Thus, the thesis offers an alternative approach to case studies in terms of examining the social entrepreneurial processes.

Table 6.1 summarizes of the main results of the research

Phase	Chapter	Theoretical framework	Dependent variable	Independent variables	Methodology	Main conclusions
Phase 1: Literature review and empirical evidence regarding the institutional determinants of social entrepreneurship.	2	Institutional economics			Systematic literature review	The research reveals that institutional economics is related to social entrepreneurship; this would open new research questions about what institutional factors are conducive to social entrepreneurship. Another findings suggest that the number of articles on institutional approach is increasing; nevertheless, the vast majority of the literature is classified as conceptual research, and there is little empirical research. Additionally, there is still no consensus on the definition and characteristics of social entrepreneurship literature.
Phase 2: Are there really differences between social and commercial entrepreneurship in developing countries? An institutional approach	3	Institutional economics	Type of entrepreneurial activity	Education Fear of failure Entrepreneurial skills Personal values	Logistic regression	The main findings of this exploratory study demonstrated that in developing countries a higher level of education (formal institution) and a positive perception of personal values (informal institution) increase the probability of being a social entrepreneur. Also, the research showed that the interaction between informal institutions causes changes in the probability of being a social or commercial entrepreneur in developing countries.
Phase 3: The Influence of Socio-Cultural Environment on Social and	4	Institutional economics	Type of entrepreneurial activity	Entrepreneurial Career Role Model	Logistic regression	Project highlight that a favorable entrepreneurial career choice, perceived opportunities, and entrepreneurial skills are the most important socio-cultural factors in the

Commercial Entrepreneurship						probability of becoming a commercial entrepreneur. In contrast, a role model and the fear of failure increase the probability of being a social entrepreneur. In the same line, the interactions between socio-cultural factors and the country development status intervene differently.
Phase 4: Social entrepreneur satisfaction and institutional factors: A study in Mexico	5	Institutional economics	Social entrepreneur satisfaction	<p>Media Impact</p> <p>Perceived Opportunities</p> <p>Fear of failure</p> <p>Entrepreneurial skills</p> <p>Country Development Status</p> <p>Support of formal institutions</p> <p>Support of informal institutions</p> <p>Desire of being a social entrepreneur</p>	PLS-SEM	The formal institutions have a greater relationship with the satisfaction of the social entrepreneur, although it is not the same with the desire to being a social entrepreneur, in which informal institutions show a strong relationship. In this regard, this thesis might be important for offering new evidence concerning the effects of social entrepreneurship on developing countries and the social entrepreneur satisfaction in these countries.

The main findings obtained indicate that informal institution factors affect social entrepreneurial activity to a greater degree than formal institutions. Conversely, formal institutions have a greater relationship with the satisfaction of the social entrepreneur, although it is not the same with the aspiration to be a social entrepreneur, in which informal institutions show a strong relationship. From a conceptual perspective, the results of this research support the importance of institutional factors to social entrepreneurial activity (see Chapter 5). In this regard, this thesis might be important for offering new evidence concerning the effects of social entrepreneurship on developing countries and the social entrepreneur satisfaction in those countries.

Continuing with the analysis, this dissertation suggests that with a higher level of education, besides the personal values being integrated, emerging economies will become more prosperous, and the development of new social entrepreneurs could increase among students and people without work. For entrepreneurship activities, institutional gaps and the presence of developing markets, characteristic of emerging economies, increase the need for social entrepreneurs (Mair & Marti, 2009). While personal values are a determining factors in the intention to become a social entrepreneur, they are also an important factor in the interaction with entrepreneurial skills. The results show that fear of failure influences social and commercial entrepreneurship (Harding, 2007) (see Chapter 3).

Regarding informal institutions as socio-cultural factors, the results strengthen the literature that affirms that the role model in social entrepreneurship can be more significant in a period of crisis (Kachlami et al., 2018; Noguera et al., 2013). Furthermore, this study shows that a favorable entrepreneurial career choice, perceived opportunities at times of crisis and after a financial crisis, and entrepreneurial skills in and after the crisis, all decrease the probability of being a social entrepreneur (Sedeh et al., 2020; Nicolás et al., 2018). Another results show that the interactions between a country's development status with media impact and the perceived opportunities in a the period of crisis, as well as entrepreneurial career in both periods (during and after crisis) increase the probability of being a social entrepreneur in developing countries (Lehner & Kaniskas, 2012; Nicolás et al., 2018; Roy et al., 2014) (see Chapter 4).

With regard to this study, we argue that formal and informal institutions constitute a framework that plays an active role in defining why the effect of social entrepreneurial creation might differ across developed and developing countries. On the other hand, although North (1990, 2005) has explained such differences mainly in terms of the institutional context, social entrepreneurship is implicit in his analysis, as well as in other mainstream theories in economics. Thus, through this

thesis, we suggest that institutional economics is a framework to understand social and economic development (North, 1990, 2005) through social entrepreneurship.

On the other hand, this investigation helps to answer the call for more quantitative research (Mair & Marti, 2006; Muralidharan & Pathak, 2019; Saebi et al., 2019; Short et al., 2009). Quantitative studies centered on the analysis of institutional factors as determinants of social entrepreneurial activities across countries are noticeably lacking. In this sense, this study fills this academic gap by using reliable databases, as well as applying econometric techniques. In contrast to the majority of empirical research on social entrepreneurship, which mainly involves case studies (Choi & Majumdar, 2014), we employ a well-defined sample of social entrepreneurs, in different contexts and countries, to test our conceptual models and hypotheses through logistic regression and PLS-SEM, along with other empirical techniques. In this regard, the evidence offered by this thesis indicates that institutional economics directly affects social entrepreneurship and generates social inclusion.

Taking this into consideration, the different set of models and empirical strategies presented might constitute a robustness check for the idea that institutional economics mediates the relationship between the social entrepreneurship and commercial entrepreneurship, due to the influence that institutional environments have on the start of a new enterprise. In this regard, it establishes the idea that social entrepreneurship should capture, in advance, some environmental institutions in order to explain the social entrepreneurial activity. Thus, Chapters 3, 4 and 5 operationalize different institutional settings that influence the social entrepreneur field.

Regarding to the entrepreneurial implications, the increase in new social organizations and support programs (public or private) for these new projects has demonstrated the dynamism of this phenomenon. However, little is yet known about their limitations or obstacles in the process of beginning their entrepreneurial activities. Hence, having a clear idea about the institutional framework for new social entrepreneurial activities can have a positive effect on these projects. The evidence found can allow nascent social entrepreneurs to identify the specific barriers or limitations that could affect their initiative.

Another important implication of this thesis is related to the findings in McMullen (2011), which show that social entrepreneurship and related formal factors might be mechanisms for overcoming poverty. However, as Bruton et al. (2013) claim, there are few studies tackling this issue quantitatively, and therefore, further evidence may shed light on the effect that social entrepreneurship has on social progress in developing countries.

The empirical strategy presented in these chapters might offer social entrepreneurship scholars a fresh view on the importance of keeping conducting analysis at the country level, which requires taking into account the endogeneity issues present there. We suggest, therefore, that institutions (particularly informal ones) should be considered in such analysis, which, in addition, would help to overcome the endogeneity between social entrepreneurship and institutional economics.

Overall, these implications might suggest to entrepreneurship scholars that new data is appearing in the scene, and therefore, new empirical findings at all stages of the social entrepreneurship may be raised. The data and the operationalization of the variables presented in this thesis might also imply that scholars have the opportunity to validate our results, particularly on whether they hold across time. At the same time, developing countries should create complementary policies aimed at enhancing the education system by including social entrepreneurial and social business skills, since they are considered as transversal knowledge in the learning process (Pache et al., 2012; Sahasranamam & Nandakumar, 2020; Thorgren et al., 2018). This may provide confidence to all entrepreneurs based on their own knowledge instead of pointing out cases of failure (Stephens & Partridge, 2011).

As mentioned above, social entrepreneurship is a key factor in explaining the complexity involved in the development process. Thus, by recognizing those institutional factors that affect different types of entrepreneurial activity, it could be possible to discuss some academic programs and public strategies that encourage people to become social entrepreneurs, and at the same time enhance the level of social and economic development. This study identifies some possible variables that create a sensitive response to social entrepreneurial activity, which ultimately affects growth and development of them.

From a public policy point of view, this research might serve to shed light on possible answers regarding what determines social entrepreneurship activity development. Therefore, public policies are required that foster and promote social entrepreneurship phenomena through the organization of integrated systems and programs, adopting measures to increase the visibility of social entrepreneurial projects in the media and studying the importance of these phenomena.

Finally, analysis of the institutional environment of social entrepreneurial activities will probably help public administrations to evaluate the support government programs which aid this phenomenon. This is based on the idea that knowledge of the institutional factors, both formal and informal, which surround the social entrepreneurial activity may also be of use in the design of such



government policies. The understanding of what causes some countries or regions to have more social entrepreneurial activity than others is in particular relevant for policy-makers. Hence, the existence of programs appropriate for the needs of social entrepreneurs can positively affect levels of social entrepreneurship. The results of this study may contribute to the planning of policies that increase the number of social entrepreneurs through the training of individuals with favorable attitudes to entrepreneurship who are oriented to pursue social wealth creation as their main objective.

Overall, this study offers the opportunity for quantitative research that measures social entrepreneurial activity, providing insight into the distinctive institutional economics that may influence social entrepreneurs. Hence, the more we know about the key institutional factors that influence social entrepreneurship, the more it will be possible to design successful initiatives to support such activities.

### **6.3 Limitations and future research lines**

Academic and research interest in social entrepreneurship has increased and become an important research topic. Although some implications have been derived from the present research, there is still much to do. Thus, the thesis has several theoretical and empirical limitations that might create opportunities to keep future research moving forward.

Theoretically, the limitation is related to the necessity to obtain a clear definition of social entrepreneurship and define the main boundaries between commercial and social entrepreneurship as well as between non-governmental and social entrepreneurial activities, since the concept lacks a universal definition (Alegre, et al., 2017; Mair & Marti, 2006; Peredo & McLean, 2006; Saebi et al., 2019; Short et al., 2009; Zahra et al., 2009).

Nonetheless, this thesis has tried to follow Mair and Marti (2006, p. 40) definition, which defines the phenomenon as “a process involving the innovative use and combination of resources to pursue opportunities to catalyze social change and/or address social needs”. In this sense, several measures of social entrepreneurship have been implemented in order to explore whether a variety of different businesses effectively fit in such definition. Although the data availability is a limitation in itself, the use of different indicators and types of social benefit activity might cause confusions in the interpretation of entrepreneurship as a mechanism that connects institutions and the social well-being. However, different academics have shown that the use of GEM data (2009-2015) is expanding within social entrepreneurship research, indicating its accuracy for measuring entrepreneurial activity across countries.

At the theoretical level, we have applied North's institutional theory (1990, 2005), which, based on the concept of institutions, differentiates between formal and informal institutions. This study has found that the operationalization of institutions, and particular the distinction between formal and informal ones, might have problematic results, due to the problem of deciding what can be defined as formal and what can be defined as informal institutions. An example of this can be found in Chapters 4 and 5, specifically on the variables of media impact (Chapter 4) and the media variable (Chapter 5). The media impact variable is related to the impact that the entrepreneur perceived through the media and is an informal institution. Different from the media variable (Chapter 5), which represents the official information regulated by governments, thus, is formal institution.

Other examples of this limitation are set out in Chapter 4, which instead of treating variables as informal institutions, went directly toward understanding the context of socio-cultural factors. This research is conscious that some subtle differences should be taken into consideration, especially because developed and developing countries have socio-cultural characteristics that generate divergent behaviors within each country, as well as within each group of countries.

Additionally, there are other factors that need to be considered in the conceptual model proposed. For example, the analysis needs to focus on the influence of formal and informal factors such as support measures for social entrepreneurship, the perception of social entrepreneurs and barriers to individuals becoming more socially entrepreneurial. Moreover, we could examine the relationship between institutional dimensions regulative, normative and cultural-cognitive (Scott, 1995) and social entrepreneurial activity.

Regarding to the empirical aspect, more accurate proxies for both our dependent and our independent variables could be used, as well as control variables that include multi-level variables, for instance, employment and unemployment rates, variation of GDP, development level indicator of each country, among others. An important limitation for this field is the low number of databases that measure the social entrepreneurial phenomenon, which restricts the methodological options available to test hypotheses.

Furthermore gain new insights into different contexts, future research could analyze the theory of institutional voids in developing countries (Stephan et al., 2015). This multilevel study opens the opportunity to explore how institutions (formal or informal) influence in the absence of others. In the same line, once more multilevel information is produced, it provides the opportunity to empirically confirm the literature of comparative international social entrepreneurship. Besides, to analyzes how institutions relate to innovation and growth strategies in social enterprises, as well as,

study the relationship of social networks as part of the institutions that are linked in the entrepreneurial process.

Another direction for future research is the use of a larger sample from a different database and increasing the period analyzed. According to Estrin et al. (2013b), GEM are limited by the ability of each country to provide comparable data. These databases at a country level do not report information for all countries for the same period of time. In the same way, an extended investigation comparing most regions and countries would be worthwhile. Therefore, a geographical analysis of the different approaches of social entrepreneurship in Europe, Asia and America would be of prime interest in terms of advancing the field of social entrepreneurship. Nonetheless, new avenues could consider the difference between short- and long-term analysis (van Praag & van Stel, 2013), which could be supported by longitudinal data.

Given these findings, several new research directions can be suggested. Although evidence has been provided that government support and education influence social entrepreneurial activity, there is a need to understand the importance of social entrepreneurship in different countries (both developed and developing). Thus, it is vital to increase the size of the sample used. Moreover, it could be relevant for both theoretical discussion and policy debate to analyze how institutions affect social entrepreneurship, which in turn affects institutional change. In addition, further insights into the interactions of informal institutions with other variables thought to influence social entrepreneurial activity are needed. Richer insights are also needed into the relationship between particular formal factors and aspects of social entrepreneurship process, such as financial structure and support. Another important approach would be to analyze social entrepreneurship and its role in the economic development of a country using an institutional approach.

According to Bruton et al. (2013) analyze the fact that developing countries are immersed in the informal economy environment. It might be relevant to analyze whether institutional factors affect the start of social entrepreneurship; and at the same time, to analyze whether these new social ventures demands better institutions. By enhancing the regulatory environment, it could be possible to influence the decision to carry out formalized entrepreneurial activity. In this sense, better institutions could be achieved through social entrepreneurship and generate a higher level of social and economic development.

Finally, another pertinent research path would involve comparisons between social entrepreneurs who succeed and those who fail, and how institutions influence each other. It is also necessary to advance the operationalization of institutions. Lastly, as mentioned above, it is important

that longitudinal comparisons are made between different regions and countries to find the corresponding implications for social entrepreneurship. However, we believe that the analysis presented here might provide a starting point for future research, to analyze different institutional frameworks in different contexts.

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# Appendix

## Appendix

Appendix 1. List of papers dealing with institutions and social entrepreneurship

Author(s)	Title	Type of paper	Technique	Level analysis	Main objective(s)	Main Result(s)	Institutional variable(s)	Research line
Adeleye, Ifedapo; Luiz, John; Muthuri, Judy; Amaeshi, Kenneth (2020)	Business Ethics in Africa: The Role of Institutional Context, Social Relevance, and Development Challenges	Theoretical	Literature review	Macro	This special issue addresses four broad areas that cover important, under-researched or newly emerging phenomena in Africa	The results, advance research by addressing some of the imbalances and gaps in the extant literature, this special issue draws attention to indigenous African theories, models and firms. Some challenges facing business ethics, as a field of practice and teaching in Africa, are also highlighted. The paper concludes with a summary of the eight articles in this special issue.	For_Infor	Process
Amini Sedeh, Amirmahmood; Beck, Joseph; Forghani Bajestani, Mahdi (2020)	Perceptual versus institutional determinants of entrepreneurial entry	Quantitative	Multilevel estimation	Micro	This study of entrepreneurship seeks to investigate the perceptual and institutional determinants of entrepreneurial entry.	The results shows that individuals' perceptual characteristics (i.e. perceived self-efficacy, opportunity perception, and fear of failure) and informal institutions in the form of supportive cultures impact social entrepreneurship more strongly than commercial entrepreneurship. On the other hand, the formal institution of the rule of law, specifically the protection of property rights, is more conducive to commercial entrepreneurship.	For_Infor	Comparative
Ault, Joshua K. (2016)	An institutional perspective on the social outcome of entrepreneurship: Commercial microfinance and inclusive markets	Quantitative	Panel data	Meso	This study applies an institutional perspective to a current debate in social entrepreneurship about the relative effectiveness of commercial vs non-profit methods of building inclusive markets for the poor.	The results say that in countries with a low level of state fragility, it was less costly to serve the poor, which decreased pressure on commercial actors to shift to wealthier clients to achieve profitability. An important implication of this finding is that institutions influence not only the number of entrepreneurs found in a particular location but also the social impact of entrepreneurial strategies and actions.	Formal	Process

Austin, J; Stevenson, H; Wei-Skillern, J (2006)	Social and commercial entrepreneurship: Same, different, or both?	Qualitative	Qualitative comparative analysis	Micro	This article offers a comparative analysis of commercial and social entrepreneurship using a prevailing analytical model from commercial entrepreneurship.	The analysis highlights key similarities and differences between these two forms of entrepreneurship and presents a framework on how to approach the social entrepreneurial process more systematically and effectively.	For_Infor	Comparative
Ayob, Abu H. (2018)	Diversity, Trust and Social Entrepreneurship	Quantitative	Linear regression	Micro	This paper examines the effects of ethnic and religious heterogeneity, and trust as a moderator, on SE in 22 countries.	The results suggest that an increase in ethnic diversity within countries leads to a higher engagement in SE. Also it is found that inter-religious trust attenuates the negative relationship between religious diversity and SE.	For_Infor	Comparative
Bacq, S.; Janssen, F. (2011)	The multiple faces of social entrepreneurship: A review of definitional issues based on geographical and thematic criteria	Theoretical	Literature review	Macro	The objective of this paper is to clarify the concepts of 'social entrepreneurship', 'social entrepreneur' and 'social entrepreneurship organization' and to examine whether there is a transatlantic divide in the way these are conceived and defined.	The results show that there is no clear-cut transatlantic divide, but that, even within the US, different conceptions coexist. It is propose definitions for the main concepts associated with social entrepreneurship and, finally, discuss implications for future research.	Formal	Definitions
Bacq, Sophie; Hartog, Chantal; Hoogendoorn, Brigitte (2013)	A Quantitative Comparison of Social and Commercial Entrepreneurship: Toward a More Nuanced Understanding of Social Entrepreneurship Organizations in Context	Quantitative	SEM	Micro	This study empirically addresses the differences between social and commercial entrepreneurship	The findings indicate a predominance of younger social organizations or initiatives that rely to a great extent on government funding, whereas earned income is limited. Furthermore, social entrepreneurs show less ambition in terms of employment growth and progression to more mature stages of the entrepreneurial process compared with commercial entrepreneurs.	Formal	Comparative
Brieger, Steven A.; Baero, Anne; Criaco, Giuseppe; Terjesen, Siri A. (2020)	Entrepreneurs' age, institutions, and social value creation goals: A multi-country study	Quantitative	Multilevel estimation	Micro	This study explores the relationship between an entrepreneur's age and his/her social value creation goals. Building on the lifespan developmental psychology literature and institutional theory	The findings are robust to several alternative specifications. Based on our findings, we discuss implications for theory and practice, and we propose future research directions.	Formal	Predictors

Chandra, Yanto (2017)	Social Entrepreneurship as Institutional-Change Work: A Corpus Linguistics Analysis	Qualitative	Case studie(s)	Meso	This research applies corpus linguistics (CL) - a relatively new approach in studying discourse - to identify the institutional-change work performed by social entrepreneurs.	This research found five meta discourses: problematization, empowerment, marketization, resource mobilization, and publicness. It also reveals the influence of collaborative efforts performed by volunteers, media, educational institutions and the State in institutionalizing and legitimizing wheelchair accessible public transport and social enterprises.	For_Infor	Process
Chell, Elizabeth; Nicolopoulou, Katerina; Karatas-Oezkan, Mine (2010)	Social entrepreneurship and enterprise: International and innovation perspectives	Theoretical	Literature review	Micro	This paper provides an overview of social entrepreneurship and social enterprise, making reference to pertinent literature.	The results points to how social enterprise may offer innovative solutions to help solve problems of social integration, socially dysfunctional behaviour and socio-economic development.	For_Infor	Definitions
Choi, Nia; Majumdar, Satyajit (2014)	Social entrepreneurship as an essentially contested concept: Opening a new avenue for systematic future research	Theoretical	Literature review	Micro	The purpose of this article is to shed light on the ongoing contestation of social entrepreneurship and to offer a novel conceptual understanding of the concept that can facilitate the development of systematic and structured future research.	The results proposes the conceptualization of social entrepreneurship as a cluster concept, which can serve as a conceptual tool to help advancing social entrepreneurship as a coherent field of research despite its contested nature.	Informal	Definitions
Corner, Patricia Doyle; Ho, Marcus (2010)	How Opportunities Develop in Social Entrepreneurship	Theoretical	Literature review	Micro	The purpose of this article was to extend existing research on opportunity identification in the social entrepreneurship literature through empirically examining this phenomenon.	The results showed actors seeing a social need and prospecting ideas that could address it. Data also revealed multiple, not individual, actors, dynamically engaged in interactions that nudged an opportunity into manifestation.	For_Infor	Process
Dacin, Peter A.; Dacin, M. Tina; Matear, Margaret (2010)	Social Entrepreneurship: Why We Don't Need a New Theory and How We Move Forward From Here	Theoretical	Literature review	Micro	The study examine the current state of the social entrepreneurship literature, asking what is unique about social entrepreneurship and what avenues create opportunities for the future of the field.	The results conclude that while it is not a distinct type of entrepreneurship, researchers stand to benefit most from further research on social entrepreneurship as a context in which established types of entrepreneurs operate.	For_Infor	Definitions
Dees, J. Gregory (2011)	The Meaning of Social Entrepreneurship	Theoretical	Literature review	Macro	This paper analyze the Meaning of "Social Entrepreneurship"	The description of main meanings of social entrepreneurship	For_Infor	Definitions

Deng, Wei; Liang, Qiao Zhuan; Fan, Pei Hua (2019)	Complements or substitutes? Configurational effects of entrepreneurial activities and institutional frameworks on social well-being	Qualitative	Qualitative comparative analysis	Meso	This study investigates how SE, CE, and three-pillar institutions work together effectively to promote social well-being.	This study reconciles the contradictory results in the extant literature regarding whether SE and CE, SE and government activism, CE and postmaterialism, and government activism and postmaterialism are complements or substitutes in promoting social well-being.	For_Infor	Process
Desa, Geoffrey (2012)	Resource Mobilization in International Social Entrepreneurship: Bricolage as a Mechanism of Institutional Transformation	Quantitative	Linear regression	Meso	The study analyze how ventures develop in unfavorable institutional environments, particularly in terms of social entrepreneurship.	This article finds that social entrepreneurs confronted with institutional constraints engage in bricolage to reconfigure existing resources at hand.	For_Infor	Predictors
Dhesi, Autar S. (2010)	Diaspora, social entrepreneurs and community development	Qualitative	Case studie(s)	Micro	The purpose of this paper is to attempt to identify attributes of social entrepreneurs and philanthropists among returning successful diaspora in North Indian villages.	The results of empirical analysis suggest that there exist substantial factors, such as early socialization, experience in community work, education and health, that differentiate social entrepreneurs and philanthropists. Salience of relationship between formal and informal institutions, personal traits and social skills of social entrepreneurs in influencing outcomes of social entrepreneurial activity is indicated.	For_Infor	Comparative
Diab, Ahmed Abdelnaby Ahmed; Metwally, Abdelmoneim Bahyeldin Mohamed (2019)	Institutional ambidexterity and management control The role of religious, communal and political institutions	Qualitative	Case studie(s)	Meso	The purpose is to investigate in depth how an organisation is able to achieve its economic objectives in a situation of institutional complexity through being institutionally dexterous.	The results contributes to management control (MC) and logics literature in a number of respects. It extends the institutional logics debate by illustrating that logics get re-institutionalised by the "place" through its cultural, political and communal identities that filter logics' complexities to different ends.	For_Infor	Process
Dorado, Silvia; Ventresca, Marc J. (2013)	Crescive entrepreneurship in complex social problems: Institutional conditions for entrepreneurial engagement	Theoretical	Literature review	Micro	The research explore the institutional conditions which frame the likelihood of entrepreneurial engagement.	The exploration of crescive conditions yields a novel conceptual model for entrepreneurial engagement in the context of complex social problems, which we label 'crescive entrepreneurship' and place in a space between functionalist and institutional action.	For_Infor	Definitions



El Ebrashi, Raghda (2013)	Social entrepreneurship theory and sustainable social impact	Qualitative	Exploratory analysis	Meso	The purpose of this research is to introduce a theory for social entrepreneurship based on integrating the entrepreneurship literature	The results studies the contextual factors that lead to social venture creation, the underlying organization dynamics and structures, and how these typologies measure social impact, mobilize resources, and bring about sustainable social change.	Formal	Definitions
El Ebrashi, Raghda; Darrag, Menatallah (2017)	Social entrepreneurs' strategies for addressing institutional voids in developing markets	Qualitative	Grounded theory	Macro	This article tackles the theoretical underpinning of social entrepreneurship, creating a venue for reviewing the formal market institutional voids that social entrepreneurs face in developing countries.	This research proposes a holistic categorisation for formal market institutions, as well as a context-related informal institutional one. Moreover, the research moves forward by projecting a taxonomy of strategies employed by social entrepreneurs to tackle the earlier voids addressed.	For_Infor	Process
Estrin, S; Mickiewicz, T; Stephan, U (2012)	Entrepreneurship, Social Capital, and Institutions: Social and Commercial Entrepreneurship Across Nations	Quantitative	Logit Regretion	Macro	The exploration analyze relationship between social and commercial entrepreneurship drawing on social capital theory.	The results propose that the country prevalence rate of social entrepreneurship is an indicator of constructible nation-level social capital and enhances the likelihood of individual commercial entry. Both social and commercial entrepreneurial entry is facilitated by certain formal institutions	For_Infor	Comparative
Estrin, Saul; Mickiewicz, Tomasz; Stephan, Ute (2016)	Human capital in social and commercial entrepreneurship	Quantitative	Multilevel estimation	Macro	This study posit that, in order to generate value, social entrepreneurship requires different configurations of human capital than commercial entrepreneurship.	The results find that specific entrepreneurial human capital is relatively more important in commercial entrepreneurship, and general human capital in social entrepreneurship, and that the effects of human capital depend on the rule of law.	For_Infor	Comparative
Fernandez-Laviada, Ana; Lopez-Gutierrez, Carlos; San-Martin, Paula (2020)	The Moderating Effect of Countries' Development on the Characterization of the Social Entrepreneur: An Empirical Analysis with GEM Data	Quantitative	Logit Regretion	Micro	The objective of this paper is to analyze the moderating effect that the level of development of countries exerts on the factors that define the behavior of social entrepreneurs, distinguishing the effect produced in innovation-driven economies from that in factor/efficiency-driven economies.	The results show that both the variables that measure the values and skills to start a business and those related to the environment differentiate social from commercial entrepreneurs. In addition, our findings show how the development of the country plays a decisive moderating role, modifying the effect of the values and skills to be a social entrepreneur	Informal	Comparative

Ghalwash, Seham; Tolba, Ahmed; Ismail, Ayman (2017)	What motivates social entrepreneurs to start social ventures? An exploratory study in the context of a developing economy	Qualitative	Case studie(s)	Meso	This study aims to explore the characteristics and backgrounds of social entrepreneurs, particularly in relation to what motivates them to start new social ventures	The results proposes a model that integrates common characteristics and motivations among individuals who start social ventures. Findings confirm the characteristics of social entrepreneurs as compassionate risk-takers with entrepreneurial mindsets who seek to address social issues in innovative ways.	Informal	Predictors
Gimmon, Eli; Spiro, Shimon (2013)	Social and Commercial Ventures: A Comparative Analysis of Sustainability	Qualitative	Case studie(s)	Meso	This study explores common and different aspects of sustainability, in terms of survival and growth, between social and commercial ventures.	Findings exhibit interesting similarities between the two types of entrepreneurship in regard to the significant effect of early market or community acceptance and the non-effect of early funding diversity on venture long-term sustainability.	For_Infor	Comparative
Hechavarria, Diana M. (2016)	The impact of culture on national prevalence rates of social and commercial entrepreneurship	Quantitative	Linear regression	Micro	This study empirically investigates the cultural determinants of macro-level social and commercial entrepreneurship from a new institutional theory perspective.	Findings indicate that traditional societal values positively impact commercial entrepreneurship prevalence rates, but negatively impact social entrepreneurship rates.	Informal	Comparative
Hodge, Patricia A.; Bon, Ana Carla; Cohen, Marcos; Turisco, Fabiane (2019)	The Quest for Sustainable Communities in Isolated and in Urban Settings	Qualitative	Case studie(s)	Meso	The aim of this study was to unveil the circumstances which facilitate or inhibit the institutional work of intermediaries for social change	This study sheds light on how the existence of a community logic helps achieving goals of socioeconomic development by taking entrepreneurial actions, and how this community logic is affected by geographic and socioeconomic characteristics of each community.	For_Infor	Predictors
Hoogendoorn, Brigitte (2016)	The Prevalence and Determinants of Social Entrepreneurship at the Macro Level	Quantitative	Linear regression	Macro	The study aims to explore the factors that are associated with a country's share of social start-ups in the total number of start-ups	The results support the institutional support perspective: the share of social start-ups in all start-ups seems to benefit from favorable institutional circumstances, in particular public sector expenditure and regulatory quality. With respect to cultural values, results suggest that a society's level of self-expression values benefits start-up diversity in favor of a higher share of social start-ups.	For_Infor	Comparative
Irani, Z; Elliman, T (2008)	Creating social entrepreneurship in local government	Theoretical	Literature review	Macro	This paper seeks to contribute towards the literature surrounding social entrepreneurship in the public sector	The results serve as a process that threatens the conservative and risk-averse culture endemic in the public sector.	Formal	Definitions

Kibler, Ewald; Wincent, Joakim; Kautonen, Teemu; Cacciotti, Gabriella; Obschonka, Martin (2019)	Can prosocial motivation harm entrepreneurs' subjective well-being?	Quantitative	SEM	Micro	In this study, analyzes whether prosocial motivation can harm entrepreneurs' subjective well-being when they run a commercial venture.	The results are: help develop an understanding of the dark side of prosocial motivation by demonstrating that under certain circumstances, the desire to help others can be detrimental to entrepreneurs' subjective well-being; expand knowledge about the link between prosocial motivation and well-being by considering the boundary conditions	Informal	Comparative
Lepoutre, Jan; Justo, Rachida; Terjesen, Siri; Bosma, Niels (2013)	Designing a global standardized methodology for measuring social entrepreneurship activity: the Global Entrepreneurship Monitor social entrepreneurship study	Theoretical	Literature review	Micro	This study measure population-based social entrepreneurship activity (SEA) prevalence rates	The results find that countries with higher rates of traditional entrepreneurial activity also tend to have higher rates of social entrepreneurial activity. We develop a broad definition of social entrepreneurship and then explore types based on social mission, revenue model, and innovativeness.	For_Infor	Definitions
Luke, Belinda; Chu, Vien (2013)	Social enterprise versus social entrepreneurship: An examination of the 'why' and 'how' in pursuing social change	Qualitative	Case studie(s)	Micro	This article critically considers distinctions between, social enterprise and social entrepreneurship from a theoretical perspective.	The results on social enterprise reveal a focus on the purpose of social businesses, while findings on social entrepreneurship reveal an emphasis on the processes underlying innovative and entrepreneurial activity for social purposes.	For_Infor	Comparative
Lumpkin, G. T.; Moss, Todd W.; Gras, David M.; Kato, Shoko; Amezcua, Alejandro S. (2013)	Entrepreneurial processes in social contexts: how are they different, if at all?	Theoretical	Literature review	Micro	This research assess the relationship between four antecedents (social mission/motivation, opportunity identification, access to resources/funding, and multiple stakeholders) and three outcomes (social value creation, sustainable solutions, and satisfying multiple stakeholders) to the dimensions of entrepreneurial orientation (innovativeness, proactiveness, risk-taking, competitive aggressiveness, and autonomy)	The analysis suggests that many entrepreneurial processes remain essentially the same or are affected only slightly; autonomy, competitive aggressiveness, and risk-taking are influenced to some extent by the presence of multiple stakeholders and access to resources/funding. Entrepreneurial processes may also differ when applied to efforts to satisfy multiple stakeholders and achieve sustainable solutions.	Informal	Comparative

Mair, J; Marti, I (2006)	Social entrepreneurship research: A source of explanation, prediction, and delight	Theoretical	Literature review	Micro	This article puts forward a view of social entrepreneurship as a process that catalyzes social change and addresses important social needs in a way that is not dominated by direct financial benefits for the entrepreneurs.	The results say that social entrepreneurship is seen as differing from other forms of entrepreneurship in the relatively higher priority given to promoting social value and development versus capturing economic value.	For_Infor	Definitions
Mair, Johanna; Marti, Ignasi (2009)	Entrepreneurship in and around institutional voids: A case study from Bangladesh	Qualitative	Case studie(s)	Meso	This study examines in microcosm such institutional voids and illustrates the activities of an entrepreneurial actor in rural Bangladesh aimed at addressing them.	The findings enable us to better understand why institutional voids originate and to unpack institutional processes in a setting characterized by extreme resource constraints and an institutional fabric that is rich but often at odds with market development.	For_Infor	Definitions
McMullen, Jeffery S. (2011)	Delineating the Domain of Development Entrepreneurship: A Market-Based Approach to Facilitating Inclusive Economic Growth	Qualitative	Exploratory analysis	Meso	This article proposes a theory of development entrepreneurship that blends business entrepreneurship, social entrepreneurship, and institutional entrepreneurship to accelerate the institutional change necessary to make economic growth more inclusive.	This study explain why entrepreneurial transformation of formal institutions is needed and what differentiates development entrepreneurship from related concepts such as social entrepreneurship, social business entrepreneurship, and socio-political activism.	Formal	Comparative
Munoz, Pablo; Kibler, Ewald (2016)	Institutional complexity and social entrepreneurship: A fuzzy-set approach	Qualitative	Qualitative comparative analysis	Micro	This study examines the local institutional complexity of social entrepreneurship.	The findings demonstrate that local authorities are a dominant condition; yet combinations of other complementary more and less formalized local institutions need to be in place to promote the development of social entrepreneurship.	Formal	Predictors
Muralidharan, Etayankara; Pathak, Saurav (2019)	Consequences of Cultural Leadership Styles for Social Entrepreneurship: A Theoretical Framework	Theoretical	Literature review	Micro	The purpose of this conceptual article is to understand how the interplay of national-level institutions of culturally endorsed leadership styles, government effectiveness, and societal trust affects individual likelihood to become social entrepreneurs.	The research on culturally endorsed implicit leadership theories (CLTs) and their impact on entrepreneurial behavior is limited. We contribute to comparative entrepreneurship research by introducing a cultural antecedent of social entrepreneurship in CLTs and through a deeper understanding of their interplay with national-level institutions to draw the boundary conditions of our framework.	For_Infor	Predictors

Mzembe, Andrew Ngawenja; Novakovic, Yvonne; Melissen, Frans; Kamanga, Grace (2019)	Institutional bricolage as an antecedent of social value creation in a developing country's tourism and hospitality industry	Qualitative	Case studie(s)	Meso	This paper analyze to how social ventures that operate within the Malawian tourism and hospitality industry	The results highlights the three specific institutional bricolage processes that serve as antecedents of social value creation in a developing country context.	For_Infor	Process
Nga, Joyce Koe Hwee; Shamuganathan, Gomathi (2010)	The Influence of Personality Traits and Demographic Factors on Social Entrepreneurship Start Up Intentions	Quantitative	Linear regression	Micro	The research hold that if social entrepreneurship is to be effective and impactful, business and management education can facilitate the development of these critical personality traits.	The findings reveal that agreeableness positively influences all dimensions of social entrepreneurship, whereas openness exerts a positive influence on social vision, innovation and financial returns.	For_Infor	predictors
Nicholls, Alex (2010)	Institutionalizing social entrepreneurship in regulatory space: Reporting and disclosure by community interest companies	Qualitative	Literature review	Meso	This paper presents an analysis of the regulatory space within which the reporting and disclosure practices for Community Interest Company (CICs) were negotiated	The research have two important results First, it develops theory in terms of (social) reporting and public policy with respect to the regulatory mechanisms that relate the two. This has yet to be explored in social entrepreneurship research Second, this paper includes a preliminary examination of the reporting practices of CICs in their policy context, including an analysis of a sample of the publicly available CIC annual reports that have been filed to date	Formal	Predictors
Nicholls, Alex (2010)	The Institutionalization of Social Investment: The Interplay of Investment Logics and Investor Rationalities	Qualitative	Literature review	Meso	This paper aims to address conceptualize social investment as a socially constructed space within which different investment logics and investor rationalities are currently in play.	This results suggests a three-part typology of social investment organized according to investor rationality that, in turn, generates a Social Investment Matrix consisting of nine distinct models.	Formal	Definitions
Nicholls, Alex (2010)	The Legitimacy of Social Entrepreneurship: Reflexive Isomorphism in a Pre-Paradigmatic Field	Theoretical	Literature review	Micro	This research focuses on the microstructures of legitimation that characterize the development of social entrepreneurship in terms of its key actors, discourses, and emerging narrative logics.	This analysis suggests that the dominant discourses of social entrepreneurship represent legitimating material for resource-rich actors in a process of reflexive isomorphism.	Formal	Predictors

Pache, Anne-Claire; Chowdhury, Imran (2012)	Social Entrepreneurs as Institutionally Embedded Entrepreneurs: Toward a New Model of Social Entrepreneurship Education	Theoretical	Literature review	Micro	The research propose a novel framework for social entrepreneurship education founded upon a conception of social entrepreneurs as entrepreneurs embedded in competing institutional logics.	The results say that social entrepreneurship education needs to make students aware of these different logics, to allow them to enact these competing logics and to enable them to combine logics when necessary to create innovative hybrid strategies.	For_Infor	Definitions
Pacut, Agnieszka (2020)	Drivers toward Social Entrepreneurs Engagement in Poland: An Institutional Approach	Qualitative	Exploratory analysis	Micro	The aim of this study is to identify the factors that influence the involvement of individuals in social entrepreneurship in Poland from an institutional economics perspective.	The results show the importance of the institutional environment for social enterprises in Poland, including the impact of formal and informal institutions on their development.	For_Infor	Predictors
Pathak, Saurav; Muralidharan, Etayankara (2016)	Informal Institutions and Their Comparative Influences on Social and Commercial Entrepreneurship: The Role of In-Group Collectivism and Interpersonal Trust	Quantitative	Multilevel estimation	Macro	The study analyze how societal collectivism and societal trust facilitate or constrain the emergence of social entrepreneurship (SE) and commercial entrepreneurship (CE).	The results demonstrate that while societal collectivism decreases the likelihood of CE, it increases that of SE. Further, while societal trust influences both SE and CE positively, the strength of this positive influence is felt more strongly on SE than CE.	For_Infor	Comparative
Pathak, Saurav; Muralidharan, Etayankara (2018)	Economic Inequality and Social Entrepreneurship	Quantitative	Logit Regretion	Micro	This article explores the extent to which income inequality and income mobilityboth considered indicators of economic inequality and conditions of formal regulatory institutions (government activism) facilitate or constrain the emergence of social entrepreneurship.	The results from multilevel analyses demonstrate that country-level income inequality increases the likelihood of individual-level engagement in social entrepreneurship, while income mobility decreases this likelihood. Further, income mobility negatively moderates the influence of income inequality on social entrepreneurship, such that the condition of low income mobility and high income inequality is a stronger predictor of social entrepreneurship.	Formal	Predictors

Pathak, Saurav; Muralidharan, Etayankara (2020)	Societal Ethics and Social Entrepreneurship: A Cross-Cultural Comparison	Quantitative	Logit Regretion	Micro	The study seek to understand how societal-level ethical orientations impact the likelihood of individuals engaging in social entrepreneurship.	The results find that low behavioral ethics (normative ethics) at the societal level provides opportunities for individuals to become social entrepreneurs. Furthermore, while unselfishness (cognitive ethics) motivates individuals to become social entrepreneurs, high public-sector ethics (regulatory ethics) provides the institutional support for such entrepreneurs to thrive.	For_Infor	Predictors
Peredo, AM; McLean, M (2006)	Social entrepreneurship: A critical review of the concept	Theoretical	Literature review	Micro	This paper undertakes an analytical, critical and synthetic examination of "social entrepreneurship" in its common use, considering both the "social" and the "entrepreneurship" elements in the concept.	The results concludes with the proposal of a suitably flexible explication of the concept: social entrepreneurship is exercised where some person or persons (1) aim either exclusively or in some prominent way to create social value of some kind, and pursue that goal through some combination of (2) recognizing and exploiting opportunities to create this value, (3) employing innovation, (4) tolerating risk and (5) declining to accept limitations in available resources.	For_Infor	Definitions
Popov, Evgenii, V; Veretennikova, Anna Yu; Naumov, Il'ya, V; Kozinskaya, Kseniya M. (2018)	Non-Formal Institutional Environment of Social Entrepreneurship	Quantitative	Logit Regretion	Micro	The purpose of the study is to simulate the impact of informal institutional environment on social entrepreneurship in the global space.	The results construct a non-linear multi-factor model demonstrating the influence of informal institutional environment on social entrepreneurship. It is proved that the most important factors of informal environment having an impact on social entrepreneurship is the autonomy of members in the society, as well as gender equality.	Informal	Process
Popov, Evgeny, V; Veretennikova, Anna Y.; Kozinskaya, Ksenia M. (2018)	Formal Institutional Environment Influence on Social Entrepreneurship in Developed Countries	Quantitative	Logit Regretion	Macro	The subject of the study is social entrepreneurship development and the role of formal institution environment on this process. This study aimed to empirically evaluate whether regulative and normative institutions affect social entrepreneurship growth.	As a result, it is determined that a normative institutional environment such as investment freedom or economic growth have a positive influence on the development of social entrepreneurship in developed countries.	Formal	Process

Puumalainen, Kaisu; Sjogren, Helena; Syrja, Pasi; Barraket, Jo (2015)	Comparing social entrepreneurship across nations: An exploratory study of institutional effects	Quantitative	Logit Regression	Macro	This paper explores the roles of culture, socioeconomic development, and governance institutions on the prevalence of social entrepreneurship.	The results indicate that the negative effect of the level of development holds for entrepreneurial activity in general, but there is no such effect on social entrepreneurship. The results imply that the existence of social problems and/or market failures does not result in higher levels of social entrepreneurship unless the formal institutions are sufficiently developed.	For_Infor	Process
Saebi, Tina; Foss, Nicolai J.; Linder, Stefan (2019)	Social Entrepreneurship Research: Past Achievements and Future Promises	Theoretical	Literature review	Micro	The study analyze emerging nature of the literature, and the fact that SE builds on different disciplines and fields	The results identify gaps in SE research on three levels of analysis (i.e., individual, organizational, institutional); proffer an integrative multistage, multilevel framework; and discuss promising avenues for further research on SE.	For_Infor	Definitions
Sahasranamam, Sreevas; Nandakumar, M. K. (2020)	Individual capital and social entrepreneurship: Role of formal institutions	Quantitative	Logit Regression	Micro	The contingent role of a country's formal institutions (financial, educational, and political) on the relationship between individual capital (financial, human and social capital) and social entrepreneurship entry.	The study find that this relationship is contingent on the formal institutional context such that (i) philanthropy-oriented financial systems have a positive moderating effect on investment of financial capital; (ii) educational systems have a positive moderating effect on investment of human capital; and (iii) political systems have a positive moderating effect on investment of both human and financial capital.	Formal	Predictors
Sharir, M; Lerner, M (2006)	Gauging the success of social ventures initiated by individual social entrepreneurs	Qualitative	Exploratory analysis	Micro	This paper focuses on identifying the factors affecting the success of social ventures operating in social settings in Israel.	The study demonstrates eight variables as contributing to the success of the social ventures, arranged in the order of their value: (1) the entrepreneur's social network; (2) total dedication to the venture's success; (3) the capital base at the establishment stage; (4) the acceptance of the venture idea in the public discourse; (5) the composition of the venturing team, including the ratio of volunteers to salaried employees; (6) forming cooperations in the public and nonprofit sectors in the long-term; (7) the ability of the service to stand the market test; and (8) the entrepreneurs' previous managerial experience.	For_Infor	Predictors



Shaw, Eleanor; Carter, Sara (2007)	Social entrepreneurship Theoretical antecedents and empirical analysis of entrepreneurial processes and outcomes	Qualitative	Case studie(s)	Micro	The purpose of this paper is to address the emerging practice of social entrepreneurship by exploring the historical and theoretical antecedents of social enterprise and its contemporary practice.	The results revealed five key themes within which the practice of social entrepreneurship could be compared and contrasted with for-profit entrepreneurship. These included: the entrepreneurial process, in particular, opportunity recognition; network embeddedness; the nature of financial risk and profit; the role of individual versus collective action in managing and structuring enterprises; and creativity and innovation.	Informal	Comparative
Short, Jeremy C.; Moss, Todd W.; Lumpkin, G. T. (2009)	Research in social entrepreneurship: past contributions and future opportunities	Theoretical	Literature review	Micro	The review of this literature reveals that conceptual articles outnumber empirical studies, and empirical efforts often lack formal hypotheses and rigorous methods.	These findings suggest that social entrepreneurship research remains in an embryonic state. The review also suggests that social entrepreneurship is informed by common areas of interest to management scholars like entrepreneurship, public/nonprofit management, and social issues, all of which represent fruitful venues for future research efforts.	For_Infor	Definitions
Stephan, Ute; Uhlener, Lorraine M.; Stride, Christopher (2015)	Institutions and social entrepreneurship: The role of institutional voids, institutional support, and institutional configurations	Quantitative	Multilevel estimation	Macro	This study understand which national contexts facilitate social entrepreneurship (SE).	The results underscore the importance of resource support from both formal and informal institutions, and highlight motivational supply side influences on SE. They advocate greater consideration of institutional configurations in institutional theory and comparative entrepreneurship research.	For_Infor	Predictors
Sud, Mukesh; VanSandt, Craig V.; Baugous, Amanda M. (2009)	Social Entrepreneurship: The Role of Institutions	Qualitative	Exploratory analysis	Meso	In this paper call into question the ability of SE, by itself, to provide solutions on a scope necessary to address large-scale social issues.	The results label the organizational legitimacy argument. This argument leads to Our second argument, the isomorphism argument. We also advance three other claims, the moral, political, and structural arguments.	For_Infor	Definitions
Thorgren, Sara; Omored, Sara Adesuwa (2018)	Passionate Leaders in Social Entrepreneurship: Exploring an African Context	Qualitative	Inductive model	Macro	This study recognizes the role of leader passion as a key element for gaining people's trust in the social enterprise leader and the social mission.	The results develop an inductive model illustrating how leader passion interrelates with the social enterprise organizing and outcomes.	Informal	predictors

Townsend, David M.; Hart, Timothy A. (2008)	Perceived institutional ambiguity and the choice of organizational form in social entrepreneurial ventures	Qualitative	Exploratory analysis	Micro	The study investigate the choice of organizational form by examining two possible explanations: a difference in motivational goals among social entrepreneurs or perceived ambiguity regarding trends in core dimensions of the institutional environment.	The results argue that founder perceptions of an ambiguous institutional environment are leading to the variance in choice of organizational form for SE ventures.	For_Infor	Predictors
Urban, Boris; Kujinga, Leanne (2017)	The institutional environment and social entrepreneurship intentions	Quantitative	SEM	Micro	The paper aims to analyze the influence of different institutional profiles on SE intentions.	The results indicate that the regulatory environment has a positive and significant impact on feasibility and desirability, and furthermore both feasibility and desirability positively affect intentions.	For_Infor	Predictors
Urbano, D., Aparicio, S., & Audretsch, D. (2019)	Twenty-five years of research on institutions, entrepreneurship, and economic growth: what has been learned?	Theoretical	Literature review	Micro	This paper analyzes the institutional factors shaping entrepreneurial activity and its effect on economic growth.	The results related to economic growth through entrepreneurship, which would open new research questions about what institutional factors are conducive to entrepreneurship, which in turn spurs economic growth.	For_Infor	Definitions
Urbano, David; Toledano, Nuria; Ribeiro Soriano, Domingo (2010)	Analyzing Social Entrepreneurship from an Institutional Perspective: Evidence from Spain	Qualitative	Case studie(s)	Meso	This research, analyzes how these factors affect both the emergence and implementation of SE in the highly entrepreneurial Spanish region of Catalonia, using institutional economics as the main conceptual framework.	This results show an empirical approach to conducting a multiple-case study in order to develop theoretical propositions that enhance our understanding of the phenomenon.	For_Infor	Predictors
Weerawardena, J; Mort, GS (2006)	Investigating social entrepreneurship: A multidimensional model	Qualitative	Case studie(s)	Micro	This study analyze current conceptualizations of social entrepreneurship fail to adequately consider the unique characteristics of social entrepreneurs and the context within which they must operate.	This paper develops a bounded multidimensional model of social entrepreneurship. Implications for social entrepreneurship theory, management practice, and policy directions are discussed.	For_Infor	Process
Williams, Colin C.; Nadin, Sara (2012)	Entrepreneurship in the informal economy: commercial or social entrepreneurs?	Qualitative	Case studie(s)	Micro	This research analyze of entrepreneurs start-up their ventures operating on a wholly or partially off-the-books basis (informal).	The results show that the informal entrepreneurs are found to range from purely rational economic actors pursuing for-profit logics through to purely social entrepreneurs pursuing purely social logics; What begins as a commercial entrepreneurial venture may become more socially oriented over time or vice versa.	Informal	Comparative

Zahra, Shaker A.; Gedajlovic, Eric; Neubaum, Donald O.; Shulman, Joel M. (2009)	A typology of social entrepreneurs: Motives, search processes and ethical challenges	Theoretical	Literature review	Micro	This article, define social entrepreneurship; discuss its contributions to creating social wealth: offer a typology of entrepreneurs' search processes that lead to the discovery of opportunities for creating social ventures; and articulate the major ethical concerns social entrepreneurs might encounter	This study concluding by outlining implications for entrepreneurs and advancing an agenda for future research, especially the ethics of social entrepreneurship.	For_Infor	Predictors
Zhao, Eric Yanfei; Lounsbury, Michael (2016)	An institutional logics approach to social entrepreneurship: Market logic, religious diversity, and resource acquisition by microfinance organizations	Quantitative	Linear regression	Meso	This paper examines how institutional logics, related to market and religion, shape the nature and amount of capital acquired by microfinance organizations (MFOs).	This study find that strong market logic enhances both commercial and public capital acquired by MFOs, whereas religious diversity decreases the amount of commercial capital flowing to MFOs. Religious diversity also mitigates the positive impact of the market logic on capital flows into MFOs.	For_Infor	Comparative
Zivojinovic, Ivana; Ludvig, Alice; Hogl, Karl (2019)	Social Innovation to Sustain Rural Communities: Overcoming Institutional Challenges in Serbia	Qualitative	Case studie(s)	Meso	This paper analyses nine social innovations in rural areas in Serbia, based on in-depth interviews and document analysis.	The results that emerged from this research show that social innovations are operating in spite of these challenges and are facilitating improvements in a number of the aforementioned challenging areas.	For_Infor	Predictors

Appendix 2. Sample of countries used in Chapter 3

<b>Developing countries</b>	
Algeria	Malaysia
Argentina	Panama
Bosnia and Herzegovina	Peru
Brazil	Romania
Chile	Russia
Colombia	Serbia
Dominican Republic	South Africa
Jamaica	Uruguay
Latvia	Venezuela
Lebanon	

Appendix 3. Sample of countries used in Chapter 4

<b>Countries</b>					
Argentina	Croatia	Israel	Norway	Spain	Denmark
Australia	Ecuador	Italy	Panama	Sweden	Dominican Republic
Barbados	Estonia	Kazakhstan	Peru	Switzerland	France
Belgium	Finland	Latvia	Poland	Taiwan	Jamaica
Botswana	Germany	Lebanon	Portugal	Thailand	Jordan
Brazil	Greece	Luxembourg	Puerto Rico	United Kingdom	Korea
Bulgaria	Guatemala	Macedonia	Romania	United States	Serbia
Chile	Hungary	Malaysia	Slovakia	Uruguay	Tonga
China	Iran	Mexico	Slovenia	Algeria	United Arab Emirates
Colombia	Ireland	Netherlands	South Africa	Bosnia and Herzegovina	Venezuela

Appendix 4. Evaluation of normality in quantitative items

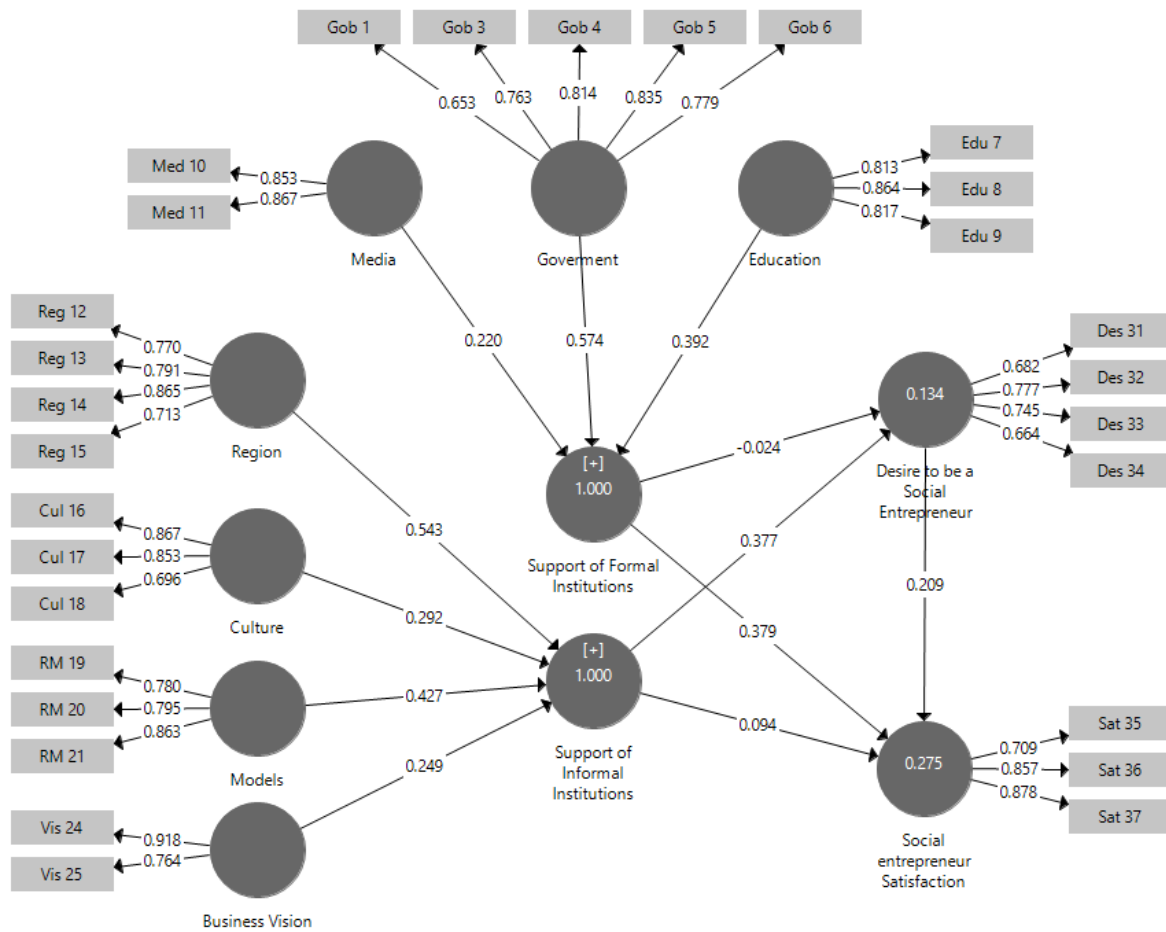
Items	Obs	Skewness / Kurtosis	Shapiro-Wilk W test for	Shapiro-Francia W' test
		tests for Normality	normal data	for normal data
		(Kurtosis)	Prob>z	Prob>z
Gob 1	535	0.0000	0.0000	0.0000
Gob 2	535	0.0000	0.0000	0.0000
Gob 3	535	0.0000	0.0398	0.9107
Gob 4	535	0.0000	0.1572	0.9937
Gob 5	535	0.0000	0.1177	0.9956
Gob 6	535	0.0000	0.1610	0.9999
Edu 7	535	0.0001	0.0001	0.0179
Edu 8	535	0.0000	0.0615	0.8376
Edu 9	535	0.0000	0.0204	0.2257
Med 10	535	0.0000	0.6370	0.6917
Med 11	535	0.0000	0.2478	0.6493
Reg 12	535	0.0000	0.0787	0.1376
Reg 13	535	0.0000	0.6839	0.9999
Reg 14	535	0.0000	1.0000	1.0000
Reg 15	535	0.0002	0.1598	0.5734
Cul 16	535	0.0000	0.0000	0.0000
Cul 17	535	0.0000	0.0000	0.0015
Cul 18	535	0.0000	0.1628	0.1690
RM 19	535	0.3407	0.0000	0.0001
RM 20	535	0.0144	0.0000	0.0000
RM 21	535	0.0640	0.0000	0.0014
HC 22	535	0.0007	0.0000	0.0000
HC 23	535	0.6610	0.0000	0.0718
Vis 24	535	0.3132	0.0000	0.0003
Vis 25	535	0.0000	0.5285	0.5849
Val 26	535	0.0629	0.0000	0.0078
Val 27	535	0.1817	0.0000	0.0000
FF 28	535	0.0000	0.0185	0.0234
FF 29	535	0.0000	0.0860	0.3422
FF 30	535	0.0270	0.9431	0.9368
Des 31	535	0.0466	0.0015	0.1504
Des 32	535	0.0020	0.0000	0.0000
Des 33	535	0.0000	0.0000	0.0000
Des 34	535	0.0000	0.0000	0.0000
Sat 35	535	0.3053	0.0001	0.4119
Sat 36	535	0.0000	0.4842	0.8647
Sat 37	535	0.0000	0.4134	0.9719

Appendix 5. VIF values

Outer VIF values							
Item	VIF	Item	VIF	Item	VIF	Item	VIF
Cul 16	2.761	FF 28	1.026	HC 23	1.040	Reg 14	2.122
Cul 16	2.867	FF 28	1.090	HC 23	1.199	Reg 14	2.278
Cul 17	2.706	FF 30	1.026	Med 10	1.298	Reg 15	1.412
Cul 17	2.889	FF 30	1.122	Med 10	1.388	Reg 15	1.519
Cul 18	1.126	Gob 1	1.340	Med 11	1.298	Sat 35	1.156
Cul 18	1.270	Gob 1	1.473	Med 11	1.430	Sat 36	2.752
Des 31	1.133	Gob 3	1.671	RM 19	1.413	Sat 37	2.821
Des 32	1.583	Gob 3	1.700	RM 19	1.519	Val 26	1.184
Des 33	1.626	Gob 4	2.210	RM 20	1.472	Val 26	1.496
Des 34	1.249	Gob 4	2.259	RM 20	1.748	Val 27	1.184
Edu 7	1.638	Gob 5	2.291	RM 21	1.687	Val 27	1.313
Edu 7	1.798	Gob 5	2.351	RM 21	1.802	Vis 24	1.248
Edu 8	1.901	Gob 6	1.628	Reg 12	1.707	Vis 24	1.561
Edu 8	1.941	Gob 6	2.522	Reg 12	1.755	Vis 25	1.248
Edu 9	1.487	HC 22	1.040	Reg 13	1.597	Vis 25	1.391
Edu 9	2.469	HC 22	1.118	Reg 13	1.688		

Inner VIF values			
	Desire	Satisfaction	Formal Informal
Vision			1.175
Culture			1.104
Desire		1.258	
Education			1.886
Fear			
Family			1.065
Government			1.902
Human			
Cap			1.127
Media			1.224
Models			1.354
Region			1.168
Satisfaction			
Values			1.262
Formal	1.281	1.286	
Informal	1.281	1.570	

Appendix 6. Model estimation of the social entrepreneur satisfaction. Only significant dimensions.



Appendix 7. Bivariate analysis of an item by dimension

```
. tab month gob1, exp
```

```
+-----+
| Key      |
+-----+
| frequency|
| expected frequency|
+-----+
```

Month	Gob 1					Total
	1	2	3	4	5	
1	68	14	13	2	2	99
	64.4	13.3	11.8	5.0	4.4	99.0
2	210	39	26	14	11	300
	195.1	40.4	35.9	15.1	13.5	300.0
3	70	19	25	11	11	136

	88.5	18.3	16.3	6.9	6.1	136.0
Total	348	72	64	27	24	535
	348.0	72.0	64.0	27.0	24.0	535.0

. tab month reg12, exp

```

+-----+
| Key |
+-----+
| frequency |
| expected frequency |
+-----+

```

Reg 12						
Month	1	2	3	4	5	Total
1	16	16	33	21	13	99
	19.1	13.3	34.4	21.5	10.7	99.0
2	60	29	101	72	38	300
	57.8	40.4	104.3	65.0	32.5	300.0
3	27	27	52	23	7	136
	26.2	18.3	47.3	29.5	14.7	136.0
Total	103	72	186	116	58	535
	103.0	72.0	186.0	116.0	58.0	535.0

. tab month des31, exp

```

+-----+
| Key |
+-----+
| frequency |
| expected frequency |
+-----+

```

Des 31						
Month	1	2	3	4	5	Total
1	4	7	30	28	30	99
	4.4	8.1	27.6	27.9	30.9	99.0
2	12	31	79	92	86	300
	13.5	24.7	83.6	84.7	93.6	300.0
3	8	6	40	31	51	136
	6.1	11.2	37.9	38.4	42.5	136.0
Total	24	44	149	151	167	535
	24.0	44.0	149.0	151.0	167.0	535.0



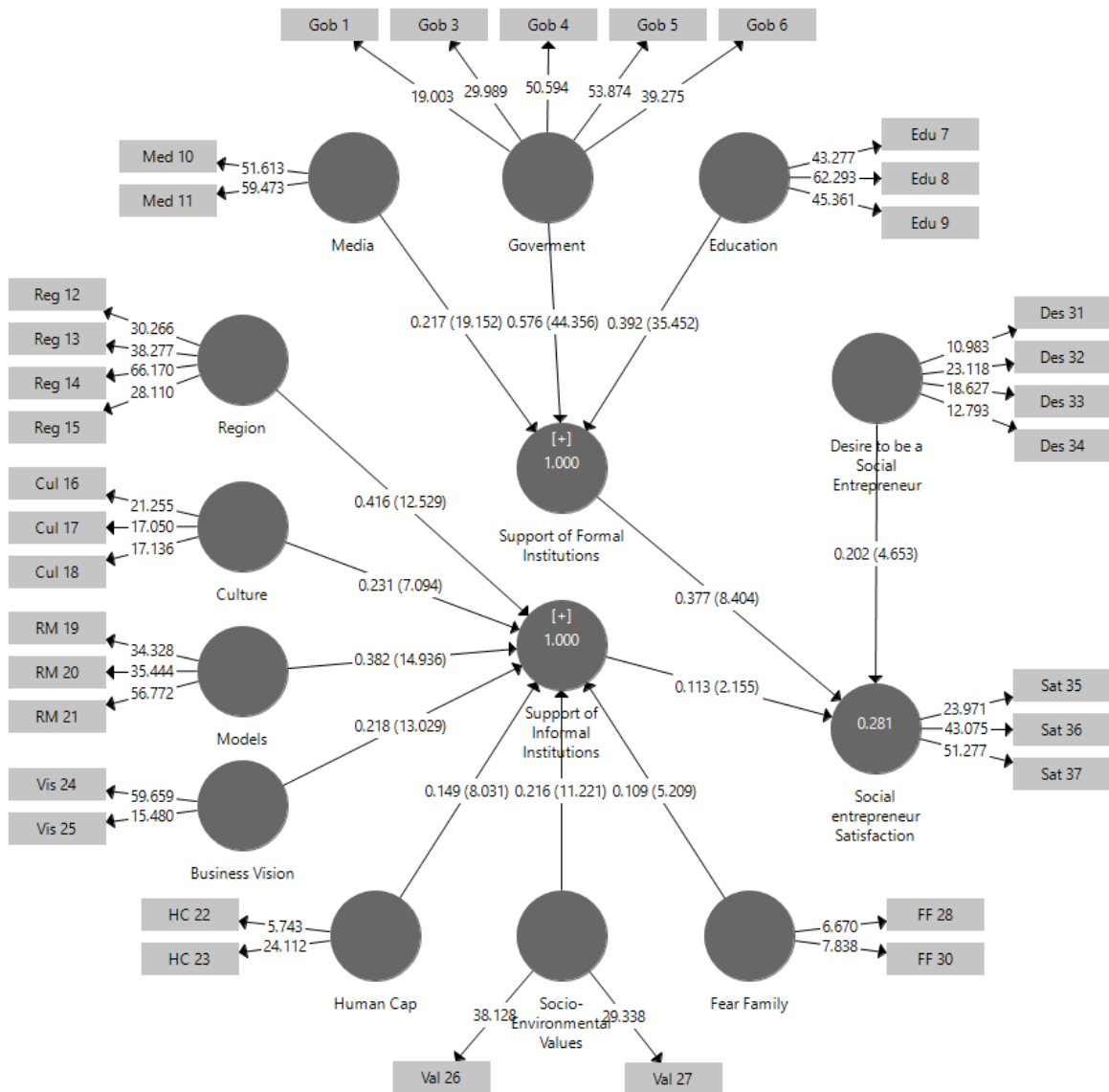
```
. tab month sat35, exp
```

```
+-----+
| Key   |
|-----|
|      |
| frequency |
| expected frequency |
|-----+

```

Month	Sat 35					Total
	1	2	3	4	5	
1	1	2	34	35	27	99
	2.2	5.9	27.0	30.7	33.1	99.0
2	7	22	84	94	93	300
	6.7	17.9	81.9	93.1	100.4	300.0
3	4	8	28	37	59	136
	3.1	8.1	37.1	42.2	45.5	136.0
Total	12	32	146	166	179	535
	12.0	32.0	146.0	166.0	179.0	535.0

Appendix 8. Model direct estimation of the social entrepreneur satisfaction.



Appendix 9. Questionnaire applied to social entrepreneurs in Mexico.

Constructs	Dimensions of second order constructs	Item
<b>Socio-demographic and control information</b>	¿Cuál es tu sexo?	
	¿Cuál es tu edad? (Número)	
	¿En qué estado de la república mexicana vives actualmente?	
	¿Cuál es el estatus de tu empleo actual?	
	¿Cuál es el nivel de estudios de tú último título?	
	¿Qué tipo de emprendedor social eres, Naciente o en desarrollo?	
	¿Actualmente, estás tú solo o con otros intentando iniciar un nuevo negocio, incluido un trabajo por cuenta propia o la venta de bienes o servicios a otros, que tenga un objetivo social, ambiental o comunitario?	
	¿En los pasados 24 meses, estabas tú solo o con otros, intentando iniciar un nuevo negocio, incluido un trabajo por cuenta propia o la venta de bienes o servicios a otros, que tenga un objetivo social, ambiental o comunitario?	
	¿Actualmente has comenzado tu propio negocio social?	
	(Si tu respuesta fue Sí) ¿Cuánto tiempo tiene operando tu negocio social? (años)	
	¿Con cuántas personas, incluyéndote tú, estás comenzando o comenzaste el negocio social? (Número)	
	¿En qué región de México emprendes o actualmente se encuentra funcionando tu negocio social? (Norte, Centro, Occidente, Sur)	
	¿En qué estado de la república mexicana emprendes o actualmente se encuentra funcionando tu negocio social?	
¿Cuál es el campo que cubre tu emprendimiento o negocio social?		
¿Cuáles son las problemáticas sociales que aborda tu emprendimiento o negocio social? (Especifica)		
Support of Formal Institutions (Second order construct)	Government support	La principal fuente de financiamiento para tu negocio social fue el apoyo gubernamental.
		La principal fuente de financiamiento para tu negocio social fue el apoyo de crédito bancario.
		En tu ciudad o estado, los procedimientos y trámites gubernamentales para iniciar un nuevo negocio social duran el tiempo adecuado.
		En tu ciudad o estado, tienen apoyo especial en procedimientos y regulaciones para las personas que inician un nuevo negocio social.
		En tu ciudad o estado, el gobierno tiene contratos comerciales con negocios sociales nuevos y / o pequeños.
Estás de acuerdo con los procedimientos y trámites gubernamentales que realizaste o estas realizando para tu emprendimiento social.		

Support of Informal Institutions (Second order construct)	Public education	<p>Los sistemas de educación pública proporcionan una preparación y capacitación adecuada para la creación y el crecimiento de nuevos negocios sociales.</p> <p>En tu ciudad o estado, la educación pública ofrece cursos de educación empresarial sobre apoyos, trámites o procedimientos gubernamentales.</p> <p>Estás de acuerdo con los programas educativos, cursos o talleres que ofrece el gobierno para tu emprendimiento social.</p>
	Media impact	<p>En tu ciudad o estado, se ven a menudo historias de emprendedores/as sociales exitosos/as, a través de los medios de comunicación pública.</p> <p>Los medios de comunicación influyeron en la creación de tu negocio social.</p>
	Regional environment	<p>Tu estado tiene un mayor desarrollo económico en comparación con otros estados de México, causado por los negocios sociales.</p> <p>En tu ciudad o estado, el emprendimiento social se considera como una opción de carrera deseable.</p> <p>En tu ciudad o estado, hay más actividad de negocios sociales en comparación con otros estados de México.</p> <p>En tu ciudad o estado, admiran a quienes inician su propio negocio social.</p>
	Culture	<p>Tus creencias y valores religiosos han determinado la creación de tu negocio social.</p> <p>Tus creencias y valores religiosos determinan el funcionamiento de tu negocio social.</p> <p>Las tradiciones culturales han influido en los objetivos de tu negocio social.</p>
	Role Models	<p>Las historias de otros emprendedores/as sociales exitosos/as te alientan a iniciar tu propio negocio social.</p> <p>Tú conoces a más emprendedores/as sociales.</p> <p>Otros emprendedores/as han influido para que crearas tu propio negocio social.</p>
	Human capital	<p>La principal fuente de financiamiento para tu negocio social fue la autofinanciación.</p> <p>Tú consideras tener el conocimiento y la habilidad necesaria para iniciar un nuevo negocio social.</p>
	Business vision	<p>Tú participación en este emprendimiento o negocio social es para aprovechar una oportunidad de negocio.</p> <p>Tu emprendimiento o negocio prioriza los valores económicos como objetivo principal.</p>
	Socio-environmental values	<p>Tu emprendimiento o negocio prioriza los valores sociales como objetivo principal.</p> <p>Tu emprendimiento o negocio prioriza los valores ambientales como objetivo principal.</p>
	Fear of failure and Family support	<p>La principal fuente de financiamiento para tu negocio social fue el apoyo de familiares y / o amigos.</p> <p>En tu ciudad o estado, hay más temor al fracaso en comparación a otros estados.</p> <p>El miedo al fracaso te impide iniciar un negocio social.</p> <p>Ser emprendedor/a social genera el estatus social que tú deseas.</p>

Desire of being social entrepreneur (First order construct)	Tu objetivo profesional es convertirte en un emprendedor/a social.
	Harás todo lo posible para iniciar y dirigir tu propio negocio social.
	<u>Ser un emprendedor/a social te daría o te ha dado un gran deseo.</u>
Entrepreneurial satisfaction (First order construct)	Tú como emprendedor/a social estás satisfecho/a con el desempeño general del proyecto.
	Estás satisfecho/a con el apoyo de financiamiento que recibes o recibiste para tu emprendimiento social.
	Estás satisfecho/a con el apoyo de financiamiento que recibes o recibiste para el crecimiento de tu negocio social.