

ENVIRONMENTAL FACTORS AND SOCIAL ENTREPRENEURSHIP

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ABSTRACT

Although social entrepreneurship has been, in the last decade, a subject of growing interest by academics and governments, it is still little known about environmental factors that affect this phenomenon. The main objective of this study is to analyze how these factors affect social entrepreneurial activity, under the light of the institutional economics as the conceptual framework. Using linear regression analysis for a sample of 49 countries, is studied the impact of informal institutions (social needs, societal attitudes and education) and formal institutions (public spending, access to finance and governance effectiveness) on social entrepreneurial activity. The findings suggest that while societal attitudes increase the rates of social entrepreneurship, public spending has a negative relationship with this phenomenon. Finally, the empirical evidence found could be useful for the definition of government policies on promoting social entrepreneurship, according to the specific characteristics of the different countries and institutions analyzed.

Keywords: Social entrepreneurship, social entrepreneurial activity, social enterprise creation, institutions, institutional economics.

1. INTRODUCTION

It is now generally accepted that entrepreneurship contributes to achieving higher levels of economic growth and social development (Birch 1999, Carree et al. 2007, Reynolds et al. 2002, Wennekers et al. 2005). As a consequence, investigating the determinants of entrepreneurship has become an important research topic (Aidis 2005, Lerner and Haber 2001). The study of entrepreneurship and its determinants have built on a variety of disciplines such as economics, sociology and psychology, reflecting the multidimensional nature of this phenomenon. In this way, research linking the environmental factors that affect entrepreneurship with an embedded social purpose has recently started to develop.

Social entrepreneurship (SE) is increasingly recognized as an element of the economic, social and environmental contribution to society (Alvord et al. 2004, Dees 1998, Drayton 2002, Mair and Marti 2006, Peredo and McLean 2006, Zahra et al. 2009). Although organizations with a social purpose have existed for many years, they have recently received increasing attention at scholar and governmental level, due to it is still little know about the particular dynamics and processes involved in

SE. Social enterprises address the meeting of social needs, creating social value across social innovations and, consequently, stimulating social change (Leadbeater 1997, Mair and Marti 2006, Zahra et al. 2009). For this reason governments and researchers have been increasing their efforts to understand the complex process of social enterprise creation.

The dynamism and vitality of SE research is reflected in the flow of new ideas and themes in the SE literature (Christie and Honig 2006). However, robust evidence of their value and contribution remains elusive, and empirical studies concerning new social enterprise creation¹ have yet to be crafted. In this sense, the SE research agenda is categorized by the following topics: defining the scope of SE (Dees 1998, Drayton 2002, Leadbeater 1997, Mair and Marti 2006), the environmental context (Neck et al. 2009, Townsend 2008), opportunity recognition and innovations (Zahra et al. 2008), and performance measurement (Nicholls 2009, Nicholls 2010, Rotheroe 2007). Specially, the environmental context refers to the political, economic, social and cultural trends that influence the emergence and implementation of new social enterprises.

Taking into account the earlier theoretical considerations, institutional approach is adopted to analyse environmental factors that affect SE. According to this framework, and in particular with Douglass North (1990, 2005), institutions include any form of constraint that human beings devise to shape their interaction. In this sense, they can be either formal institutions, such as political and economic rules and contracts, or informal institutions, such as codes of conduct, attitudes, values, and norms of behaviour. In addition, recent studies have pointed to a relation between SE and institutions, where institutional approach is considered an appropriate theoretical framework for the analysis of the environmental factors that affect the creation of new social enterprises (Nicholls 2010, Mair and Marti 2006, 2009).

According to the above, the main purpose of the study is to explore the relationship between environmental factors and social entrepreneurial activity, under the light of the institutional economic theory (North 1990, 2005). Then, the research questions of this study are the following: (i) what environmental factors significantly affect the creation of new social enterprises?, and (ii) what kind of institutional

¹ In this study the expressions “new social enterprise creation” are “social entrepreneurial activity” are used interchangeably. Also, new social enterprise creation is used as a proxy of social entrepreneurship.

factors, formal or informal, have more influence in the process of creating new social enterprises?

With regard to the methodology used in the empirical research, it has been decided to use a regression analysis of 49 countries from different databases as *Global Entrepreneurship Monitor (GEM)*, *World Value Survey (WVS)*, *World Bank (WB)* and *International Monetary Fund (IMF)*.

Implications are drawn for ongoing empirical development and for designing policies. Thus, this article represents an effort to systematize the environmental factors that condition social entrepreneurial activity. In this sense, the results of the research fill a gap in the field of SE and will possibly be of great use for new social entrepreneurs in the process of starting up their own organisations. Having a clear idea about the institutional framework for social enterprise creation can help to guide public policies in social enterprise creation.

Following this introduction, the paper is organized as follows. Firstly, the relevant literature is discussed and the hypotheses stated. Secondly, it is elaborated the research method and the main data used to test the hypotheses. Next, it is presented and discussed the results of regressions. And finally, we concluded by summarizing the implications of this study for the literature and discussing its limitations, as well as ideas for future research.

2. THEORETICAL FRAMEWORK²

2.1 Social Entrepreneurship: State of the Art

A new way of entrepreneurship is taking hold around the globe. SE is riding the crest, supported by the long debate on the role and responsibility of business in society that has been taking place in the last decades (Leadbeater 1997). The paradigm is changing due to SE represents a totally new approach towards business and society. Aside from the widespread affirmation of concepts such as corporate social responsibility, third sector and new NGO's, claiming a proactive and dynamic

² We focused in articles published in the leaders journals, especially ones include in Journal Citations Report (JCR), that they talking about this phenomenon, as: *California Management Review*, *Entrepreneurship: Theory and Practice*, *Journal of Business Venturing* and *Journal of World Business*. Moreover, we based on articles were published in: *Business horizons*, *International Journal of Social Economics*, *International Entrepreneurship and Management Journal*, *Journal of Applied Behavioural Science* and *Journal of Social Entrepreneurship*. We chose a time frame of journals published since the late nineties to the present. And finally, the key words used in this article are (in order of priority): social entrepreneurship, social entrepreneur, social enterprise, institutions and institutional economic theory.

corporate attitude towards society, its needs, and its expectations, little attention has been devoted to those new organizations existing to face social demand in entrepreneurial way.

In the literature, the term SE was used first between the 1960s and 1970s. The term came into widespread use between the 1980s and 1990s, promoted by Bill Drayton, the founder of “Ashoka: Innovators for the Public”. Another well-known contemporary social entrepreneur is Muhammad Yunus, founder and manager of Grameen Bank and its growing family of social venture businesses, who was awarded a Nobel Peace Prize in 2006.

Most of the existing academics recognize two decisive in SE’s emergence as a new field of entrepreneurship research (Borzaga and Defourny 2001, Certo and Miller 2008, Drayton 2002, Spear 2006). On the one hand, the crisis of the traditional welfare state, characterized by general slowdown in national economic growth rates and high unemployment, has been accompanied by a deep reconsideration of the social strategies employed by govern. As a result, some researchers (Alvord et al. 2004, Bornstein 2004, Sharir and Lerner 2006) have seen a growing demand for private providers who can match socially relevant goals with efficient and effective manager practice. Fowler (2000) assesses the situation of non-governmental development organizations (NGDOs) working in developing countries, noting that the non-profit sector is facing intensifying demands for improved effectiveness and sustainability in light of diminishing funding from traditional sources and increased competition for these scarce resources

On the other hand, cuts in public grants have compounded the problem, causing rivalry among non-profit organizations, which, at the same time, are facing greater demand of their services (Nicholls 2009). Non-profits have thus been compelled to reinvent themselves and their traditional strategies. For example, Austin et al. (2006) suggests that the rising costs and increased rivalry from for-profit firms entering the social sector, not-for-profit organizations have been enlarging their range of activities, experimenting with cautious management practise. Alvord et al. (2004) and Bornstein (2004) also suggest that these new social ventures are using tools found in the for-profit sector. In these sense, nonprofits are now shifting from traditional philanthropic dependency toward more rigorous financial accountability, including identifying all potential commercial sources of revenue.

In this context, the literature has grown, as has social enterprise, but there is no clear definition of its domain and it remains fragmented. Some researchers have begun to delineate the distinct domain of SE, examine its potential to address social problems and investigate its implications for social wealth creation (Alvord et al. 2004, Austin et al. 2006, Certo and Miller 2008, Dees 1998, Mair and Marti 2006, Peredo and McLean 2006, Weerawardena and Mort 2006, Zahra et al. 2009). Another number of academics consider SE as an innovative solution to complex and persistent social issues, by applying traditional business and market-oriented models (Leadbetter 1997, Neck et al., 2009, Sharir and Lerner 2006, Spear 2006, Thompson and Doherty 2006). And finally, some scholars view SE as a practice based on ethical concerns (Harris 2009, Tan et al. 2005).

The central driver for SE is the social problem being addressed (Dees 1998, Mair and Marti 2006, Urbano et al. 2010, Zahra et al. 2009) and the particular organizational form a social enterprise takes should be a decision based on whichever format would most effectively mobilize the resources needed to address that problem to produce a social impact in the current social institutions (Peredo and McLean 2006, Townsend 2008). Thus, SE is not defined by any legal form, as it can be pursued through various vehicles. Indeed, examples of SE can be found within the non-profit, business, or governmental sectors, as can be seen in literature review through cases studies as research methodology (Alvord et al. 2004, Anderson et al. 2006, Austin et al. 2006, Leadbeater 1997, Mair and Marti 2006, Mair and Marti 2009, Neck et al. 2009, Peredo and McLean 2006, Sharir and Lerner 2006).

However, it is important to stress that social enterprises are distinctive from many non-profit organizations in their entrepreneurial approach to strategy, their innovation in the pursuit of social goals and their engagement in training (Leadbeater 1997). Moreover, social venturing is best understood more broadly. Peredo and McLean (2006) suggest that SE can also include business ventures with a strong overarching social purpose, as well as a wide range of hybrid organizations that mix both non-profit and for-profit elements. Thus, people with a wide range of combinations of profit and social motives, which create social values and produce social impact, can become social entrepreneurs (Neck et al. 2009).

Undoubtedly entrepreneurs are vital to the development of society. Whether they grew out of business opportunities or social needs, and fulfil their economic tasks, entrepreneurial organizations increase employment and enhance societal well-being

(Birch 1999, Wennekers et al. 2005). At the same time, entrepreneurs have an important social and economic function in terms of its impact on societal development through creating social values (Carree et al. 2007).

The link between the crisis of welfare state, the globalization phenomenon, and the deregulation process on the one hand, and the increasing economic and social power of some large multinational companies on the other, has convinced scholars and politic-makers that entrepreneurs and their entrepreneurial activities belong to community, at the same time that they play an important role into societies (Alvord et al. 2004, Austin et al. 2006, Bornstein 2004, Dees 1998, Drayton 2002, Seelos and Mair 2005, Urbano et al. 2010). Hence, SE is influenced by environmental factors, which condition and motivate new social entrepreneurial activities.

In this context, support programmes for the creation of new social enterprises has become an important goal in recent years among Western public administrations (e.g social economy programs by European Economic and Social Committee, EESC), with the assumption that the use of the promotion mechanism can have a positive effect on the number of companies created and, consequently, in the social value creation. Hence, as entrepreneurship field, the study of contextual factors that influence in the emergences of new (social) enterprises has become an important topic to research.

Fowler (2000) has produced the most complex social entrepreneurship typology to date, highlighting three broad categories of socially entrepreneurial activities. In discussing these three models of social entrepreneurship, the author highlights the difference between economic activities that simultaneously provide social benefits and those which do not (as in the third model), and notes that the former make more complex and stringent demands on an organization than the latter. This issue is also raised by Neck et al. (2009) in a discussion of the complex, shifting and often unpredictable environment that social entrepreneurs face in trying to simultaneously fulfill social and economic goals.

In the same way, Urbano et al. (2010) suggest that institutional factors are very important to the emergence and implementation of social actions. For example, social entrepreneurs typically address areas of unsatisfied social needs or the creation of new social opportunities that the public or private sectors have failed to address. Thereby, social opportunities and institutional factor are related (Zahra et al. 2008). Furthermore, the lack of finance for the development of social capital is one of the main constraints that social entrepreneurs suffer in fulfilling their social mission Mair

and Marti 2006). Thus, an institutional approach can be useful to understand better the complexity of this phenomenon.

2.2 Institutional Approach and Social Entrepreneurship

According to North (1990, 2005), organizations such as firms set up by entrepreneurs will adapt their activities and strategic model to fit the opportunities and limitations provided through the formal and informal institutional framework. As explained in the previous paragraphs, social entrepreneurs are most effective when they create entrepreneurial organizations which interact with their environment in an innovative way. Then, as it noted by Aidis (2005), Townsend et al. (2008) and Mair and Marti (2009), the relation between (social) entrepreneur, the organization and their environment is vital.

It is now generally accepted that institutions determine the rules of the game in a society or, more formally, are the humanly devised constraints that shape human interaction (North 1990, 2005). Therefore, the institutional context affects the performance of economies, particularly through its influence over the (social) entrepreneur's behaviour, and therefore it should be explored and analysed closely. In this way, some researchers note that social enterprises are extremely sensitive to change in public policy (Neck et al. 2009), especially regarding the types of service eligible for public subsidiaries, at the same time that these changes generate new social opportunities (Zahra et al. 2008).

In his seminal work, North (1990) is interested in two types of institutions: formal (that are created, e.g., norms, laws, constitutions) and informal (that evolve over time, e.g., traditions, culture, taboos). Therefore, the author claims that the main role of institutions in society is to reduce uncertainty by establishing a stable (but not necessarily efficient) structure of human interaction.

In entrepreneurship field, some scholars propose the application of North's view (1990, 2005) for the analysis of the creation of new ventures within the institutional approach (Aidis 2005, Diaz et al. 2005, Welter 2005, Aidis et al. 2008, Veciana and Urbano 2008, among others). In this way, researchers note that the entrepreneurs, in its role of leader and catalyst in the process of enterprise creation, will be conditioned by environmental factors, both formal and informal, being in charge of implementing rules and regulations related to entrepreneurial activity and informal norms result of

their learning and socialization process, having the added impact of other political, economic, social and educational.

With respect to the SE literature which deals with the conditioning factors of social organisation creation, an important number of both theoretical and cases studies can be found (Mair and Marti 2009, Neck et al. 2009, Townsend 2008, Weerawardena and Mort 2006) which look at the issue in question. Despite this, most studies deal with the issue in a fragmented and excessively descriptive way. In addition, there are very few studies which make use of the institutional approach in the specific area of social entrepreneurship to research institutional factors that effect social entrepreneurial activities (Urbano et al. 2010).

In reference to the formal factors, the most relevant studies deal with governmental policies. For example, Sharir and Lerner (2006) show that laws and states are factors that influence the environment of the organizations and therefore their social success. The importance of economic support measures to the emergence of new social enterprise is analyzed by some academics (Leadbeater 1997, Seelos and Mair 2005, Smallbone et al. 2001, Spear 2006, Weerawardena and Mort 2006), who identify the lack of finance for development of social capital as one of the major factors that prevents the implementation of new social projects (Alvord et al. 2004, Thompson and Doherty 2006).

With respect to the informal factors, social needs and values are analyzed in a number of different kinds of case studies (Anderson et al. 2006, Harris 2009, Tan et al. 2005). Consequently, formal (i.e. government rules) and informal institutions (i.e. public debate) are important environmental elements in the understanding of social entrepreneurship. However, Urbano et al. (2010) found that informal factors have more influence than formal factors in the emergence and implementation of new social enterprises.

For the present research, and based on institutional economics, Table 1 presents the environmental factors considered as the framework for SE. In this case, and according with North (1990), formal institutions have been grouped into public spending, access to finance, and governance effectiveness; and informal institutions into social needs, societal attitudes and education.

Table 1 Formal and informal institutions in SE

Formal Institutions	Informal Institutions
Public spending	Social needs
Access to finance	Societal attitudes
Governance effectiveness	Education

2.3 Environmental Factors Conditioning the Creation of New Social Ventures: Research hypothesis

As mentioned in the previous paragraphs, the importance of the institutional environment in the decision to start a new social enterprise can be divided, according to North (1990, 2005), into formal and informal factors. The next paragraphs elaborate six hypotheses based on a literature review³. The selection of variables is by no means exhaustive. We are well aware that the process of the creation of new social ventures is highly complex and that no one environmental factor can determine the evolution of this process. A number of variables are necessary but not sufficient, so they work in combination rather than as single predictors, as we will show in the results and discussion.

Public spending. As mentioned in previous paragraphs, in many countries, both developed and developing, there has been a systematic retreat by government from the provision of public goods in the face of new political ideologies that stress citizen self-sufficiency and that give primacy to market-driven models of welfare (Leadbeater 1997). As a result, in many territories, the ‘supply side’ of resources available for public goods has remained static or diminished (Sharir and Lerner 2006). Along these lines, Cornwall (2008) notes that in countries where the provision of social services (health, cultural, leisure and welfare) was scarce and mainly undertaken by public institutions, the emergence of social entrepreneurs is significant. On the other hand, Austin and Chu (2006) argue that the work done by governments and social entrepreneurs is complementary, due to the public sector has been able to mobilize massive efforts in several periods, but has been unable to choose models that incorporate and maintain their efficiency and effectiveness. For their part, social entrepreneurs’ efforts provide efficient and effective models in performance. For

³ Appendix 1 presents the most relevant studies about SE, and on the relationship between institutions and SE used in this work.

example, the Bangladesh Rural Advancement Committee (BRAC), as can be seen in Mair and Marti (2009), is the largest single employer in the region after the government, employing four times more staff than the largest private firm. In summary, recent empirical evidence indicates the negative impact of the percentage of public expenditure on the emergence of new social enterprises (Alvord et al. 2004, Austin et al. 2006, Cornwall 1998, Harris 2009, Smallbone et al 2001). Thus, is proposed the following hypothesis:

Hypothesis 1: *Public spending is negatively related to social entrepreneurial activity.*

Access to finance. Studies conducted in several countries show that individuals are sensitive to capital constraints in their decision to take entrepreneurial positions – in particular, self-employment (Blanchflower and Oswald 1998, Holtz-Eakin et al. 1994). In the same way, literature on the emergence and development of social entrepreneurship activities highlights the existence of financial constraints that social entrepreneurs must cope with in order to carry out their social mission (Anderson et al. 2006, Dees 1998, Townsend 2008, Urbano et al. 2010). In this sense, many non-profit organizations see social enterprise as a way to reduce their dependence on charitable donations and grants, while others view the business itself as the vehicle for social change (Borzaga and Defourny 2001, Smallbone et al. 2001). Therefore, as mentioned in entrepreneurship firms with economics goals (e.g Gnyawali and Fogel 1994), we suggest that a reduction of this barrier, with greater access to credit, will positively promote the emergence of new social enterprise projects, thus reducing the risks of budget uncertainty and their dependence on public grants or aid. In this way, is suggested the following hypothesis:

Hypothesis 2: *Access to finance is positively related to social entrepreneurial activity.*

Governance effectiveness. According to Leadbeater (1997:8), social entrepreneurs are “*the bridge the gap between the private and public sectors, the state and the market, to develop effective and efficient solutions to our most complex and pressing social problems*”. Therefore, the failure of conventional institutions to address them has also led to a rapid growth in the ‘demand side’ for new models that create social value.

Many researchers note that social entrepreneurs typically address areas of unmet social need or new social opportunity creation that the public or private sectors have

failed to address (Borzaga and Defourny 2001, Certo and Miller 2008, Tan et al. 2005). In many cases, these can be considered as failures in the social market of public goods. Such a market may be inherently dysfunctional due to a range of reasons including a lack of credible performance information, high transaction costs, and a lack of innovation (Smallbone 2001, Wallace 1999). Then, social market failures in the political context represent the failure of the state to provide sufficient or appropriate public goods. Due to their weak institutional environments, social entrepreneurial development will be higher in former than in other countries. Accordingly,

Hypothesis 3: *Governance effectiveness is negatively related to social entrepreneurial activity.*

Social Needs. As has already been noted, the primacy of the social mission over all other organizational objectives is the first key determinant of a potentially socially entrepreneurial venture (Dees, 1998). Social mission focus equates to an identification of an unmet social need or a new social value creation opportunity. In these sense, Cornwall (1998) and Wallace (1999) define SE as entrepreneurs that have social responsibility to improve their communities.

People, in general, define “social needs” according to their personal and cultural values, and individual views of what constitutes “a better world”. This includes very different and sometimes controversial categories of needs, such as a desire to protect animals, care for the homeless, feed the poor in Africa, prevent child labour, strengthen the rights of minorities, stop the depletion of rainforests, and many more. A comparison of various definitions of SE and the social entrepreneur shows that all authors include the term social in their definition. While some authors explicitly refer to the social “outcome” of an entrepreneurial behaviour, such as social change (Mair and Marti 2006), social value (Dees 1998), social capital (Zahra et al. 2009), or social return on investment (Nicholls 2009), others refer to social problems and issues that trigger entrepreneurial behaviour (Hair 2009). Thus, these arguments suggest the following proposition:

Hypothesis 4: *Social needs are positively related to social entrepreneurial activity.*

Societal attitudes. It is now virtually undisputed in the entrepreneurship literature that culture bears a profound impact on all facets of entrepreneurship in societies (Hayton et al. 2002). Authors provide a comprehensive review of empirical studies that have examined the association between national culture and entrepreneurship. A careful reading of these studies reveals, however, that this literature has some conceptual and methodological obstacles still to overcome.

The current resurgence of social entrepreneurship is a renewal of spirit that promotes the foundations of the non-profit sector, is independent, and is built by individuals who see it as their responsibility to act to ameliorate social problems (Olsen 2004). Thus, the involvement with the social sector allows social entrepreneurs to recognize new opportunities and, also, to turn themselves into altruistic and more sensitive citizens dissatisfied with the status quo and motivated to act with social responsibility (Zahra et al. 2008). In this way, specific works in SE indicate that sensitivity to others feelings motivates social entrepreneurs to create social enterprises (Hair 2009).

In addition, as shown by many researchers, previous social experience is an important aspect to understand SE as a process (Alvord et al. 2004, Austin et al. 2006, Certo and Miller 2008, Cornwall 1998, Leadbeater 1997, Olsen 2004). Such experience facilitates self-belief and the creation of supporting networks. Both self-efficacy and social support enable the social entrepreneur to view the social venture as something feasible. In sum, is claimed that social attitudes represent an important informal factor in the SE process, affecting perceived social venture as a good way to achieve their social missions. Accordingly, is proposed:

Hypothesis 5: *Societal attitudes are positively related to social entrepreneurial activity.*

Education. The entrepreneurship literature states that people's behaviour is usually guided by their knowledge and skills. Specifically, recent research studies show that, in general, higher levels of education have a positive effect on the probability of creating a firm (Arenius and Minniti 2005, Davidsson and Honig 2003, Delmar and Davidsson 2000). Along the same lines, several authors in the social entrepreneurship field note that high levels of education are common denominators between the social environments. However, there is no evidence that this knowledge should focus on the

field of management business (Austin et al. 2006, Leadbetter 1997, Sharir and Lerner 2006). In short, the background of social entrepreneurs is critical for triggering the desire to launch a social enterprise. Thus, taking into account that individuals may be more inclined to take the decision to start a business if they believe they have the skills to successfully carry out the activity (Arenius and Minniti 2005, Chen et al. 1998, Davidsson and Honig 2003, Scott and Twomey 1988):

Hypothesis 6: *Education is positively related to social entrepreneurial activity.*

In sum, Figure 1 shows the theoretical framework that we have proposed through the literature review in the field of SE based on an institutional approach. In this figure, the hypotheses are synthesized and integrated into the model, to be tested in the next section.

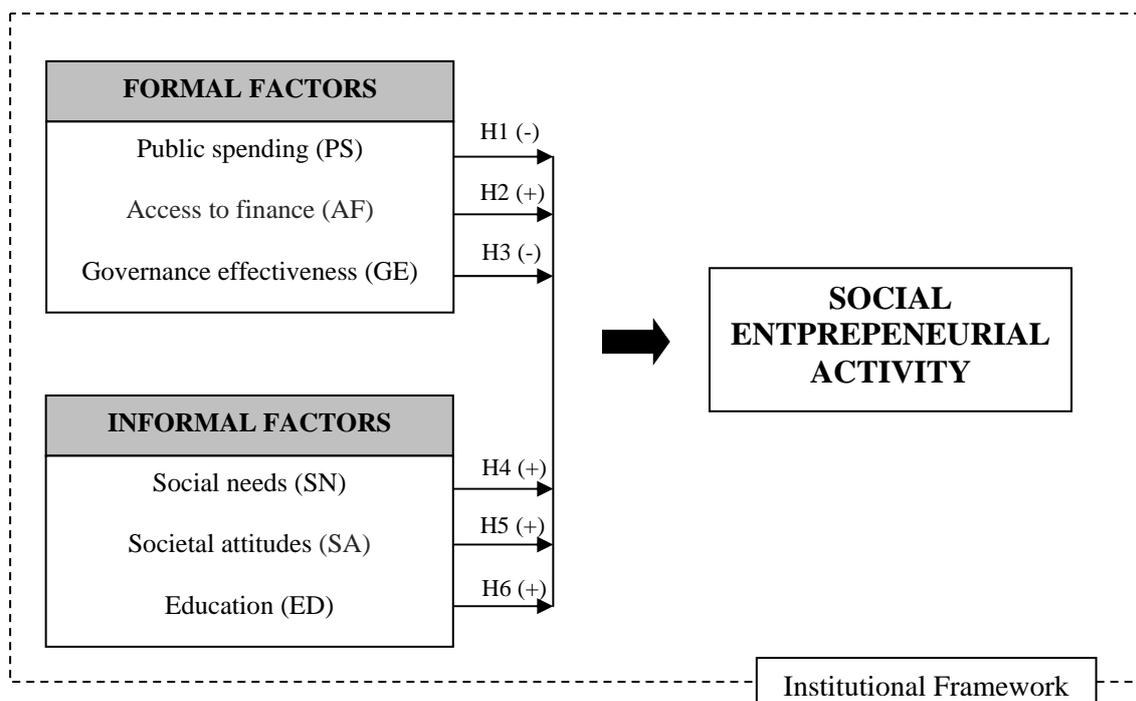


Figure 1 Model of environmental factors affecting social entrepreneurial activity

3. METHODOLOGY

3.1 Model and Data

Previous studies have recognized the difficulties in collecting secondary data on the main traits of social enterprises (Mair and Marti 2006, Peredo and McLean 2006). In order to overcome these problems we have used different sources to obtain rigorous

information about this phenomenon. Therefore is used the main universal databases such as *Global Entrepreneurship Monitor (GEM)*, *World Value Survey (WVS)*, *World Bank (WB)* and *International Monetary Fund (IMF)*.

To find a causal relationship between institutional factors (formal and informal) and social entrepreneurial activity in different countries linear regression analysis is used. Ordinary least squares (OLS) regression is employed to analyze this relationship. Additionally, in order to test the additive effects of formal and informal factors between social entrepreneurial activities across 49 countries, we have run various models. The general specification of the model used was as follows:

$$sea_i = \alpha + \beta_1 ps_i + \beta_2 af_i + \beta_3 ge_i + \beta_4 sa_i + \beta_5 sn + \beta_6 ed_i + \beta_7 gdp_i + \mu_i$$

Where:

sea_i = Early-Stage Social Entrepreneurial Activity for country i .

ps_i = Public spending for country i .

af_i = Access to finance for country i .

ge_i = Governance effectiveness for country i .

sa_i = Societal attitudes for country i .

sn_i = Social needs for country i .

ed_i = Education for country i .

gdp_i = Gross domestic product per capita for country i .

3.2 Variables

Dependent Variable

The purpose of this paper is to analyze the environmental factors that affect social entrepreneurial activity. With this aim, is used Early-Stage Social Entrepreneurial Activity (SEA) from the *Global Monitor of Entrepreneurship (GEM)*⁴ Adult Population Survey in 2009. The countries participating in GEM 2009 are listed in Appendix 2.

The GEM database contains various entrepreneurial measures (for example, Total Entrepreneurial Activity, TEA) that are constructed on the basis of surveys in the

⁴ The GEM project began in 1997 with 10 countries, as a joint investigation between the US Babson College and London Business School in the UK, to study the relationship between the creation of new enterprises and economic growth. So far, GEM 2009 has conducted research in 54 countries.

countries. Last year, 2009, in the context of the growing interest from politicians and academics in measuring social entrepreneurial activity, the GEM group introduced a new battery of specific questions about social activities within the global arena. It is noteworthy that the same institution, the GEM, has conducted another survey including questions about SEA in previous editions (Harding 2006, Harding and Cowling 2004). However, they were all focused solely on the United Kingdom. This is the first time that such an exercise has ever been attempted across so many countries. Thus, from surveys in 49⁵ countries around the World, GEM has been able to obtain the percentage of individuals between 18 and 64 who are in the process of starting a business or company, and who currently or expect to part- or wholly own a young business or social enterprise (the newest activity up to 42 months), including self-employment. In these, the use of the profit or revenues of their business or companies is for community or social purposes.

Independent Variables

Public spending. According to our hypothesis 1, and in relation to the formal factors that have increased the demand for social entrepreneurs, the decline in spending by governments to safeguard the welfare state has alerted many investigators to its importance in the context of social entrepreneurship (Alvord et al. 2004, Austin et al. 2006, Cornwall 1998, Harris 2009, Smallbone et al. 2001). In this sense, the most widely used source of information for measuring public spending is the World Bank. Many reports are published by this institution, and it is for this reason that we have considered it useful to take account of public expenditure defined in the terms of the World Bank, such as cash payments for operating activities of the government in providing goods and services. In doing so, this indicator measures the percentage of public expenditure in relation to the GDP of each country, which will allow us to assess whether greater efforts by public institutions cause less action by social entrepreneurs.

⁵ Data from Gaza, the Kingdom of Tonga and Yemen were collected but have not been included. Gaza's data are not available for the independent variables. The Kingdom of Tonga and Yemen returned a high nascent social entrepreneurial activity rate and were clear outliers, probably because of their unique socio/political/ cultural heritages. These countries were therefore not included in this analysis.

Access to finance. From the database of the World Bank, this variable was also obtained as a formal institution that influences social entrepreneurial activity. More specifically, data from the “Doing Business”⁶ project, as indicators of the public record, provide credit information to classify the countries in terms of their public institutions and / or private information on repayment history, unpaid debts or credit outstanding from the past 5 years. Thus, the number is expressed as a percentage of the adult population (aged 15 and above) on which there is credit information. Such indicators allow us to obtain information on the availability of credit circulating in the country, which means that high levels of information are accompanied by a greater supply of resources for entrepreneurs to obtain. In the present study, this indicator has made as the maximum between public and private credit registry coverage.

Governance effectiveness. Finally, as a formal factor, we propose to measure the governance effectiveness of each country. The data come from World Bank, in particular from the project called "Worldwide Governance Indicators", which reflects the set of traditions and institutions by which authority is exercised in a country, including the process by which governments are selected, monitored and replaced, and the government’s capacity to formulate and implement effective policies (the indicator chosen for this study) in respect of citizens and the state institutions that govern their economic and social interactions. The governance indicators cover 213 countries and are based on 33 sources that include a collection of more than 120,000 responses from citizens, experts and businesses around the world. The indicator has units ranging from -2.5 to 2.5, where higher values correspond to better institutions in the field of political action.

Social needs. In the case of informal institutions, this variable was obtained through interviews conducted by the World Value Survey (WVS), and it provides a measurement of the values that societies hold about the development of their countries, from a political and social perspective. For the present study, is chosen an indicator concerning social need, which measures the percentage of the adult population who consider the achievement of social objectives such as the fight against poverty more desirable than economic goals (i.e., economic growth). The impact of

⁶ *Doing Business* report covered 10 indicator sets in 183 economies. The initial goal remains to provide an objective basis for understanding and improving the regulatory environment for business (<http://www.doingbusiness.org/>).

this survey is comprehensive because it represents 97 countries (almost 90% of the population). In order to monitor changes across the World, the WVS has executed five waves of surveys, from 1981 to 2008. For the present study, is used the fifth wave, which includes 2008.

Societal attitudes. According to hypothesis 5, and to measure the level of awareness and commitment of society to social aspects, we turn again to the WVS database which provides information on the percentage of the adult population that is part (active or inactive) of an association or organization with social purposes. As mentioned in the literature review, previous studies show evidence that a high level of participation by citizens in social organizations can be translated into an increase in the number of new social enterprises, as a result of awareness about these issues and prior experience obtained through the social networks in which they participate.

Education. Finally, is proposed the variable of higher education as an informal factor that may have an influence on the emergence of new social enterprises. In this regard, and based on previous studies such as by Sharir and Lerner (2006), it is expected that citizens with higher levels of education are more likely to become social entrepreneurs. Probably, the networks established at universities and their character may raise global awareness in a greater number of students, who perceive it necessary to make some commitment to society in the field of sustainable development. To do this, we have resorted to one of the most comprehensive databases in education, UNESCO. Specifically, taking account of the vast universe of students in higher education is considered a good indicator to be the number of students enrolled in advanced studies, as a way to evaluate the impact of education levels in the field of entrepreneurship in general.

Control Variable

In this empirical study, we control for possible confounding effects by including a relevant control variable, Gross Domestic Product (GDP). As already mentioned, given that the level of economic development of countries and specifically the per capita income is a key factor in explaining entrepreneurial activity in general (Carree et al. 2007, Wennekers et al. 2005), GDP per capita is used as the control, adjusted for purchasing power parity (PPP) in US dollars. This information is obtained from the database of the IFM.

There are indications in the literature that countries with a greater propensity to encourage the emergence of social entrepreneurs have significantly lower economic development levels than the major world powers (Mair and Marti 2009, Harding 2006, Thompson and Doherty 2006, Wallace 1999). The logic behind this is that the increased demand for social needs is not being met by public or private institutions, so that countries with low income and resources will be subject to a greater imbalance of social services. However, there are also cases like the United Kingdom, where the high rates of social entrepreneurs do not support this line of argument.

Thus, this study analyses the social business structure and dynamics across 49 countries around the world in 2008. Specially, is examined the effects of environmental factors based on institutional perspective to produce social entrepreneurial activity (SEA) in 2009. In table 2, can be seen more details about the variables for this empirical study.

Table 2 Description of Variables

	Variables	Description	Source	Year
Dependent Variable	Social Entrepreneurial Activity (SEA)	Early-Stage Social Entrepreneurial Activity (SEA). Percentage of individuals between 18 and 64 who are in the process of starting a business or company, which will have part or whole and / or currently own a business or social enterprise youth, including self-employment. And, the use of profit or revenues of their business or companies is for community or social purposes (Harding and Cowling 2004).	GEM	2009
Independent Variables	Public spending (PS)	Cash payments for operating activities of the government in providing goods and services. It includes compensation of employees (such as wages and salaries), interest and subsidies, grants, social benefits, and other expenses such as rent and dividend (% of GDP) (World Bank 2010)	World Bank	2008
	Access to finance (AF)	It is the maximum between the public registry coverage and the private bureau coverage (% of adults).	Doing Business	2008

	Governance effectiveness (GE)	Capturing perceptions (of public sector, private sector and NGO experts, as well as citizen) of the quality of public services, the quality of the civil service and the degree of its independence from political pressures, the quality of policy formulation and implementation, and the credibility of the government's commitment to such policies. Moreover, all scores lie between -2.5 and 2.5, with higher scores corresponding to better outcomes (Kaufmann et al. 2009).	World Governance Indicators	2008
	Social needs (SE)	Percentage of individuals between 18 and 64 who believe that the main objective should be to pursue their country, in the next ten years, should be a social objective (i.e, reducing poverty), against an economic objective (i.e, economic growth).	World Value Survey	2008
	Societal attitudes (SA)	Percentage of individuals between 18 and 64 who are members (active or inactive) of voluntary social organizations.	World Value Survey	2008
	Education (ED)	Percentage of people who have enrolled in total tertiary, public and private centers and full and part time (UNESCO 2010)	UNESCO	2008
Control Variable	Gross Domestic Product (GDP)	Gross Domestic Product per capita adjusted for purchasing power parity in U.S. dollars (billions).	IMF	2008

4. RESULTS AND DISCUSSION

Descriptive statistics and correlations are shown in Tables 3 and 4. As can be seen, descriptive statistics indicate that the average rate of social entrepreneurial activity in the countries analyzed in this paper is about 1.8%. In another words, for every 100 inhabitants of the 49 countries studied in our sample, there are on average almost two social entrepreneurs. However, the figure ranges from 0.12% to 5.42% (Guatemala and Denmark, respectively), probably indicating the existence of different institutional structures in the countries of our sample. For example, Argentina shows significant social entrepreneurial activity, 4.1%, while in Spain the percentage of the adult population who have created some social organization in the last 42 months amounts to only 0.5%. This finding is important, as suggested by Zahra et al. (2008), because it probably indicates some relationship between social opportunities, as well as basic needs to satisfy, and levels of wealth in different countries.

The average level of public spending is 25.9% of GDP, and the sample countries have credit information on 42% of the adult population. However, it is important to

contextualize these results within the framework of the economic and financial crisis that erupted in mid-2007. Governance effectiveness is 0.54 on average and social needs are an average of 48%, that is to say that 48% of adults consider a prime national objective to be the achievement in the next 10 years of social goals such as the reduction of poverty. And finally, on average 53% of adults across the 49 countries in our sample are active or inactive members of some social organization, 3.8% of individuals are trained in tertiary education, and the average income per capita is \$26 673 US.

Table 3 Descriptive statistics

	Min	Max	Mean	S.D
1.SEA	0.12	5.42	1.86	1.28
2.Public Spending	9.67	44.66	25.93	9.91
3.Access to Finance	.2	100	41.73	32.59
4.Govern.Efect	-.97	2.19	.54	0.92
5.Education	.35	7.63	3.84	1.56
6.Social Needs	23.9	78.91	47.72	14.61
7.Societal Attitudes	11.01	92.65	53.39	23.05
8.GDP per capita US\$	1.23	54.99	20.67	13.88

In relation to the correlation matrix (Table 4), it is noted that some correlation coefficients between the independent variables are over 0.5, indicating possible multicollinearity problems, especially with societal attitudes and per capita income. The correlation matrix also shows some interesting correlations between the independent variables. The education variable has a statistically significant relationship with social needs and income per capita. Thus reduced public expenditure by governments does not alter the behaviour of future students. However, as can be seen, higher education of the adult population raises awareness and consideration of social objectives as a priority, as against economics. However, it is important to emphasize that this relationship is not very strong (0.289). Otherwise, GDP per capita has a statistically significant relationship with other variables.

On another hand, there is a high correlation with the ability of governments to formulate and implement effective policies. This is evident in the case of countries like Norway and the Netherlands with high values in the variable public spending (44.6% and 39.6% respectively) which, in turn, have positive rates for government effectiveness (1.95 and 1.86 respectively). In addition, in the same line of Hofstede,

2001, underlying cultural beliefs seem to be even more highly correlated with the quality of governance (0.632).

Finally, as might be expected, in countries with lower public spending there are more unsatisfied social needs and a worse perception of the capacity of government to formulate and implement effective policies. For example, countries like Uganda and Argentina have indicators of public spending below 20% and, in turn, the percentage of adults who prioritize social goals as national objectives is over 50%. These countries are characterized by rates showing the negative ability of government.

Table 4 Correlation Matrix

Variables	1	2	3	4	5	6	7
1.SEA	1						
2.PS	-0.269**	1					
3.AF	0.06	0.266**	1				
4.GE	0.222*	0.349***	0.393***	1			
5.ED	0.181	0.179	0.116	0.127	1		
6.SN	0.373***	0.286**	0.284**	0.454***	0.002	1	
7.SA	0.661***	0.192*	0.351***	0.632***	0.289**	0.564***	1
8.GDP	0.195*	0.373***	0.418***	0.848***	0.279**	0.387***	0.658***

*, **, *** Significant at the 10%, 5%, 1% level.

Table 5 summarizes the results of the regression analysis. Reading from left to right across the Table, Model 1 explores the independent effects of formal factors (public spending, access to finance and governance effectiveness). Model 2 explores the independent effects of informal factors (education, social needs and societal attitudes). Model 3 is a multivariate model that simultaneously introduces all the independent and control variables in our study.

The first column in Table 5, Model 1, shows the results of such a regression in which informal factors are the omitted institutional factors. It can be seen that formal factors explains 18,76% of the variation across countries in social entrepreneurial activity. Moreover, these results suggest that low levels of public spending are more favorable to SE than those of other formal factors. Model 2 presents the result of informal factors to the explanatory variables. The change of these three variables raises the proportion of the variation of the dependent variable explained to 43,66%. However, the only explanatory variable with significant coefficient is that for the societal attitudes, where the estimated coefficient is positive.

Finally, Model 3 shows that the coefficients of public spending and participation in social organizations (societal attitudes) are statistically significant and satisfy the expectations of the expected sign (negative and positive, respectively), supporting hypotheses 1 and 5. Likewise, the coefficients of access to finance, governance effectiveness, social needs and education are not significant, although the signs are as expected, except in the cases of formal factors (access to finance and governance effectiveness). Here we see almost 66% of the variation in social entrepreneurial activity across countries in 2009 is explained by the public spending and societal attitudes variable.

Table 5 Regressions. Dependent variable: SEA

	Model 1		Model 2		Model 3	
Constant	2,718***	(0,000)	-2,45	(0,661)	0,436	(0,447)
Formal Factors						
Public Spending	-0,052***	(0,009)			-0,047***	(0,001)
Access to Finance	0,001	(0,901)			-0,003	(0,488)
Governance Effectiveness	0,355	(0,328)			0,023	(0,929)
Informal Factors						
Education			0,027	(0,765)	0,072	(0,390)
Social Needs			0,002	(0,886)	0,011	(0,279)
Societal Attitudes			0,051***	(0,000)	0,046***	(0,000)
Control Variable						
GDP	0,013	(0,602)	-0,040**	(0,003)	-0,025	(0,168)
Observations	49		49		49	
Adjusted-R2	0,1867		0,4366		0,6552	

*, **, *** Significant at the 10%, 5%, 1% level.

Table 5 also shows, in the same line of Mair and Martí (2009), Sharir and Lerner (2006) and Weerawardena and Mort (2006), that the negative relationship between public spending raised by governments and social entrepreneurship (hypothesis 1) was supported by the data (significant at the 1% level). Although initially based on the theory proposing a positive relationship between access to finance and social entrepreneurial activity (hypothesis 2), this hypothesis is rejected (as can be seen in Bornstein 2004). Furthermore, it can be observed that the sign changes across the

different models (Models 1 and 3). However, its coefficient is lower in both models (0,001 and -0,003 respectively).

Thus, although we would expect that in environments with high rates of capacity of governance effectiveness, social entrepreneurs have less incentive to act because social needs will be covered satisfactorily by the public authorities, and that this situation limits the size and scope of social actions and therefore reduces the incentive to create social enterprises, the results of this study do not reflect such a situation (e.g Harding 2006, Harding and Cowling 2004). So, hypothesis 3 is rejected. We should highlight that there are high levels of social entrepreneurship in countries such as the UK, Norway and Denmark, which boast of good governance capabilities. In this context, we should reflect on whether the social entrepreneurial activity is concentrated only in disadvantaged institutional settings or if, on the contrary, environmental facilities also encourage the emergence of this kind of entrepreneur.

According to these estimations, the results of this study may indicate that the effects of informal factors on social entrepreneurship are not significant determinants versus formal factors. Specifically, hypothesis 4 is rejected, where social needs that are not provided by public or private institutions do not affect social entrepreneurial activity. Again, as in hypothesis 3, the emergence and establishment of social entrepreneurs are not strictly related to the most disadvantaged institutional environments in terms of social quality.

On other hand, given the difficulty in determining attitudes towards social entrepreneurship, we have tried to gain insight by exploiting additional information from the World Value Survey. People were asked to imagine that their son wanted to start his own business, and whether they would approve or disapprove. The estimation shows that, as we expected the relationship between participation in social organizations and social entrepreneurial activity is positive and significant ($p < 0.1$) for the two models, Models 2 and 3, therefore do not reject the hypothesis 5. These results are in line with the literature that says that people who have had contact with social entrepreneurs or who have been socialized within social movements are more likely to start a social project, confirming the need for policies that encourage public participation in local, national or international organizations with social objectives that are achieved for the communities (Anderson et al. 2006, Mair and Marti 2006, Neck 2009, Zahra et al. 2009).

Likewise, the literature on social entrepreneurship has highlighted the role of education in providing the skills required to create a firm (Sharir and Lerner 2006, Zahra et al. 2008). As can be seen in Models 2 and 3, the perception of these skills seems not to be directly associated with the rate of social entrepreneurial activity of countries. So, hypothesis 6 is rejected. The results from other studies where education is used as an explanatory variable in entrepreneurial activity regressions Blanchflower et al. (2001) and Evans and Leighton (1989, 1990) use years of education entering in linear form in the regression; the first study finds a negative impact while the last two conclude that education increases the probability of being self-employed. In the same line with the present study, Lin et al. (2000) do not find evidence of a significant impact of education on entry into self-employment while Blanchflower and Meyer (1994) find a positive effect in the US but none in Australia.

Finally, mention should be made of the need, with income per capita, to control for differences in countries with high and low income, but this showed no statistically significant relationship with the model.

5. CONCLUSIONS

Social entrepreneurial activities will have a pervasive impact on the global economy in the coming decades. Yet there is a need to better understand the role of social missions in affecting social entrepreneurial activity. Along these lines, the present study has analysed, in the light of institutional economic theory and by linear regression analysis, the influence of institutions on SE. Specifically, following the approach of North (1990, 2005), we studied the impact that informal (social needs, societal attitudes and education skills) and formal institutions (public spending, access to finance and governance effectiveness) have on social entrepreneurial activities, using a final sample comprising 49 countries.

SE is still emerging as an area for academic inquiry. Despite the vast number of articles published in specialized journals on SE over the last decades, no consensus has been reached upon the key concepts. Subsequent academic research into social entrepreneurship has been largely focused on defining what it is and what it does or does not have in common with commercial entrepreneurial activity. However, despite some promising work thus far, a consensus over the boundaries of social entrepreneurship remains elusive.

These gaps involve different theoretical problems. On the one hand, the lack of rigorous and consistent principles is causing stagnation in the evolution of SE, as researchers cannot take the next step, which would be to contrast hypotheses (Mair and Marti, 2006). Hence, academics remain stuck in a pluralistic debate to define the basic concepts of SE. On the other hand, if there is no unique and consistent definition, policy measures will be inconsistent and we cannot calculate or evaluate the impact of this phenomenon on society. Therefore, the present situation obliges scholars to find cohesion and work together in seeking a theoretical framework that will best explain this phenomenon, and thus consolidate it as an independent new area.

By identifying a number of factors that increase social entrepreneurial activity, the results suggest that governments have a role to play in enhancing the entrepreneurial dynamism of the economy. In particular, the fact that public spending has a negative impact on the SE indicates that lower levels of public expense may discourage individuals from even considering a social entrepreneurial activity and thus stifle the economy's entrepreneurial potential. Additionally, participation by citizens in social purpose organizations, whether actively or inactively, promotes the creation of social enterprises. Indeed, we believe that an important contribution of the present paper to this strand of empirical literature lies in the analysis and discussion of the possible links between potential obstacles, such as administrative complexities and access to finance, and entrepreneurial drive.

In turn, other variables have no statistically significant relationship with social entrepreneurial activity: social needs, education skills, access to finance and governance effectiveness. Strikingly, though an overwhelming majority of the population identifies the lack of financial support as an obstacle to starting a new business, the perceived lack of financial support does not seem to have a significant impact on the revealed preference towards (social) entrepreneurship. Furthermore, the level of education does not appear to have any significant impact on social entrepreneurial activities.

With these findings, a number of new research directions can be suggested. Although evidence has been provided that public spending and social attitudes influence SE, there is a need to better understand the relative importance of SE in different countries (developed and developing). Thus, it is important to increase the sample used in the present paper. In addition, further insights into the dynamic

interactions of environmental factors with other variables thought to influence entrepreneurial activity (volunteering, skills, experience, social network, etc.) are needed.

Richer insights are also needed into the relationship between particular formal factors and aspects of social entrepreneurship, such as financial structure and support measures. Another relevant research path would involve comparisons between social entrepreneurs who succeeded (and the level of success) and those who failed. Finally, it is important that longitudinal comparisons be made between different countries (institutional approach) and the corresponding implications for social entrepreneurship.

Finally, it reaffirms that the institutional economic theory is a theoretical framework that is appropriate and sufficiently robust for the study of environmental factors that influence SE, suggesting then that it can be used as a framework for future research in the area of SE.

In conclusion, the paper endorses the need for researchers to build on current knowledge and to work together to generate theory and empirical evidence and reliable and comparable data that can be shared by researchers, policy-makers and those with an interest in SE. The documented richness of entrepreneurial motivations suggests that entrepreneurial behaviour responds to a rich set of cues from the social environment.

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APPENDIX 1: Literature Review on Social Entrepreneurship Studies

Sl. No.	Author-Year	Title	Type	Methodology	Objectives	Results	Focused Factors	Inferred Factors
1	Alford et al., 2004	Social entrepreneurship and societal transformation.	Qualitative	Study of Cases	To analyze the factors associated with successful social entrepreneurship, particularly with social entrepreneurship that leads to significant changes in the social, political, and economic contexts for poor and marginalized groups.	<ul style="list-style-type: none"> It generates propositions about core innovations, leadership and organization, and resulting up in social entrepreneurship that produces societal transformation. 	<ul style="list-style-type: none"> Political context. Local norms. Relax. 	<ul style="list-style-type: none"> Patterns of behavior. Relaxation. Cultural context.
2	Arakawa et al., 2003	Indigenous land rights, entrepreneurship, and economic development in Canada: "Opting-in" to the global economy	Qualitative	Study of Cases	The authors examine a unique group of indigenous peoples in regards to social entrepreneurship who have been able to negotiate control of their traditional lands from the national government, thus adding social value.	<ul style="list-style-type: none"> Misinformation and dependency theories are not appropriate for indigenous communities and have failed for most. Authors argue that disadvantaged regions can interact with the global economy based on their own terms. 	<ul style="list-style-type: none"> Land rights. Social regulation: social norms, enforceable laws and state forces. 	<ul style="list-style-type: none"> Cultural aspects. Traditions. Habit and evolution.
3	Austin et al., 2003	Social and Commercial Entrepreneurship: Same, Different, or Both?	Qualitative	Study of Cases	Comparison between commercial and social entrepreneurship using an analytical model from commercial entrepreneurship.	<ul style="list-style-type: none"> There are differences and similarities between both types. Presents a framework on how to approach the social entrepreneurial process more systematically and effectively. 	<ul style="list-style-type: none"> Replacement or realization of the system. 	<ul style="list-style-type: none"> Social values. Social network.
4	Cotto & Miller, 2002	Social entrepreneurship: Key issues and concepts	Qualitative	Narrative	To analyze the field of social entrepreneurship.	<ul style="list-style-type: none"> It is important to arrive at a consensus in the definition of entrepreneurial social. Need of empirical studies to legitimize the field of study. 	Non mention	Social values.
5	Chellie & Harig, 2006	Social entrepreneurship: Near research findings	Qualitative	Narrative	To suggest the best documents that discuss and analyze the problems within the field of social entrepreneurship.	<ul style="list-style-type: none"> Miriam Shafir and Miki Lerner. Johanna Meier and Ignasi Martí. Jean Marie Peruch and Marjilly McLean. Robert D. Anderson, Leo Paul Dana, and Teresa Diana. Jay Wazmanzara and Gillian Gulliver Mart. 	Non mention	Non mention
6	Dunn, 1988	The meaning of "social entrepreneurship"	Qualitative	Narrative	To define social entrepreneur.	<p>Social entrepreneurs play the role of change agents in the social sector, by:</p> <ul style="list-style-type: none"> Adopting a mission to create and sustain social value (not just private value). Recognizing and relentlessly pursuing new opportunities to serve that mission. Engaging in a process of continuous innovation, adaptation, and learning. Acting locally without being limited by resources available in hand. Exhibiting heightened accountability to the constituencies served and for the outcomes created. 	<ul style="list-style-type: none"> Create systemic changes and sustainable improvements from public and private sector. Replace the discipline of the business market. 	Social values.
7	Draglin, 2002	The citizen sector: becoming an entrepreneurial and competitive as business	Qualitative	Narrative	Description the process of social entrepreneurship.	<ul style="list-style-type: none"> Social entrepreneurs to solve social problems. Social enterprises has social, economic or social and economic missions. 	Social Change.	Non mention
8	Meir & Martí, 2008	Entrepreneurship in and around institutional voids: A case study from Bangladesh	Qualitative	Study of Cases	This study examines in microcosm such institutional voids and illustrates the activities of an entrepreneurial actor in rural Bangladesh aimed at embracing them.	The findings enable us to better understand why institutional voids exist and to speak institutional processes in a setting characterized by severe resource constraints and an institutional fabric that is rich but often at odds with market development	<ul style="list-style-type: none"> Political context. Local norms. Relax. 	<ul style="list-style-type: none"> Social values. Social network.
9	Meir & Martí, 2008	Social entrepreneurship research: A source of separation, prediction, and delight	Qualitative	Narrative	<ul style="list-style-type: none"> To put forward a view of social entrepreneurship as a process that catalyzes social change. To introduce the concept of entrepreneurship as a nexus between theoretical perspectives for the study of social entrepreneurship. 	Perspectives formulating social entrepreneurship: Structural theory, institutional entrepreneurship, Social capital and Social movements	Social Change.	<ul style="list-style-type: none"> Social values. Social network. Public view.
10	Noak et al., 2006	The landscape of social entrepreneurship.	Qualitative	Narrative	<ul style="list-style-type: none"> Clarify the concept of social entrepreneurship. To provide a theoretical framework. 	<ul style="list-style-type: none"> Provides a new classification of social entrepreneur according to two dimensions: the mission they have, and the degree of impact they achieve. Considers vital to develop initiatives that measure the success of social entrepreneurship. 	<ul style="list-style-type: none"> Social Change. Funding. Public policies. 	Public view.

Num.	Author -Year	Title	Type	Methodology	Objectives	Results	External Factors	Internal Factors
11	Peredo & McLean, 2008	Social entrepreneurship: A critical review of the concept.	Qualitative	Study of Cases	To define social entrepreneur.	<ul style="list-style-type: none"> * Believes that social entrepreneurship is based on: social value creation, discovery and exploitation of opportunities, using innovation to achieve the social objective and take a risk. * Provide a ranking of companies that are called social enterprises. Ranging from those that are 100% their social objectives that reinvest profits and to society, to those enterprises that have social and economic goals, but is not reinvest profits in full to the social object. 	Funding	Social value.
12	Seetza & Meir, 2005	Social entrepreneurship: Creating new business models to serve the poor	Qualitative	Study of Cases	* The authors describe several real cases about social entrepreneurs.	<ul style="list-style-type: none"> * Social entrepreneurship offers insights that may stimulate ideas for more socially acceptable and sustainable business strategies and organizational forms. * Social entrepreneurship contributes directly to internationally recognized sustainable development (SD) goals, social entrepreneurship may also encourage established corporations to take on greater social responsibility. 	<ul style="list-style-type: none"> * Social Change. * Funding 	Create social value.
13	Sharit & Lerner, 2008.	Gauging the success of social ventures initiated by individual social entrepreneurs.	Qualitative	Study of Cases	* Identifying the factors affecting the success of social ventures operating in social settings in Israel.	<ul style="list-style-type: none"> * The study demonstrates eight variables as contributing to the success of the social ventures: <ol style="list-style-type: none"> (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. (8) the entrepreneurs' previous managerial experience. 	<ul style="list-style-type: none"> * Social Change. * Volunteers workers. * Funding. * Public Policies. 	Create social value.
14	Spear, 2008	Social entrepreneurship: a different model?	Qualitative	Study of Cases	This paper is concerned with developing a framework which allows both economic and social entrepreneurship to be analysed.	The findings from this small scale study provide interesting models of entrepreneurship that contrast with conventional models for SMEs.	<ul style="list-style-type: none"> * Volunteers workers. * Funding. 	Non mention
15	Tan, Williams & Tan, 2005	Defining the 'social' in 'social entrepreneurship': altruism and entrepreneurship	Qualitative	Study of Cases	<ul style="list-style-type: none"> * To define social entrepreneurship. * Based on this definition the authors provide a taxonomy of social entrepreneurship and identify a number of real cases from Asia illustrating the different forms it could take. 	<ul style="list-style-type: none"> * Definition of social entrepreneur: Legal person engaged in the process of entrepreneurship that involves a segment of society with the altruistic objective that benefits accrue to that segment of society. * Clarify the concept of entrepreneurship. * The authors believe that the objectives and programs of social welfare policies should consider their contributions so that they are efficient. 	Non mention	<ul style="list-style-type: none"> * Ethic: values and codes of conduct. * Create social value.
16	Thompson & Doherty, 2008	The diverse world of social enterprises: a collection of social enterprise stories.	Qualitative	Study of Cases	To analyze social enterprise.	<ul style="list-style-type: none"> * In some of the enterprises the important contribution of a pivotal social entrepreneur is apparent. * The need to create and add value for customers and clients is always apparent, as is the need to find effective routes to market. * It can be concluded that whilst certain beliefs and principles are routinely evident, social enterprises most certainly cannot be described as "one-size-fits-all". 	Non mention	Non mention

Num.	Author - Year	Title	Type	Methodology	Objectives	Results	External Factors	Internal Factors
17	Weerawardena & Mort, 2008	Investigating social entrepreneurship: A multidimensional model	Qualitative	Grounded theory Study of cases	<ul style="list-style-type: none"> * Analyze 8 cases studies of social entrepreneurship of social entrepreneurial non-for-profit organizations. * Use grounded theory method. 	Development a bounded multidimensional model of social entrepreneurship: Innovativeness, Proactiveness and Risk management.	<ul style="list-style-type: none"> * Replacement or modification of the system. * Environmental Dynamics: government policies (proposition 1) 	Social values.
18	Zehra et al., 2009	A typology of social entrepreneurs: Motives, search processes and ethical challenges	Qualitative	Study of Cases	<ul style="list-style-type: none"> * To define social entrepreneurship. * To discuss its contributions to creating social wealth. * To offer a typology of entrepreneurs' search processes that lead to the discovery of opportunities for creating social ventures. * They suggest the ethic as an important factor to understand this phenomenon. 	<ul style="list-style-type: none"> * Define social entrepreneurship: "encompasses the activities and processes undertaken to discover, define, and exploit opportunities in order to enhance social wealth by creating new ventures or managing existing organizations in an innovative manner". * Social entrepreneurs classified according to the degree of impact generated on society: Social Bricoleur, Social Constructionist, and Social Engineer. 	<ul style="list-style-type: none"> * <u>Social Engineer</u>: Replacement or modification of the system. * <u>Social Constructionists</u>: Laws, regulation, policy, markets. 	<ul style="list-style-type: none"> * <u>Social Bricoleur</u>: Control mechanisms for controlling behavior of the social founders (ethics). * <u>Social Engineer</u>: Replacement or modification of the system.

APPENDIX 2. Countries and Early-Stage Social Entrepreneurial Activity (SEA)

Country	%
Algeria	1,1
Argentina	4,1
Belgium	1,7
Bosnia and Herzegovina	0,8
Brazil	0,4
Chile	2,4
China	2,6
Colombia	3,4
Croatia	2,6
Denmark	5,4
Dominican Republic	2,2
Ecuador	0,5
Finland	2,6
France	2,2
Germany	0,7
Greece	1,9
Guatemala	0,1
Hong Kong (China), SAR	0,5
Hungary	2,7
Iceland	3,9
Iran, Islamic Republic of	1,4
Israel	1,8
Italy	1,2
Jamaica	3,4
Jordan	0,7

Country	%
Latvia	1,9
Lebanon	0,8
Malaysia	0,2
Morocco	0,4
Netherlands	0,9
Norway	0,9
Panama	1,2
Peru	3,5
Republic of Korea	0,7
Romania	1,6
Russian Federation	0,6
Saudi Arabia	0,2
Serbia	1,1
Slovenia	2,1
South Africa	1,8
Spain	0,5
Switzerland	2,7
Syrian Arab Republic	0,9
Uganda	2,3
United Arab Emirates	4,3
United Kingdom	2,1
United States	4
Uruguay	2,6
Venezuela	3,6