

International Studies in Entrepreneurship

Marta Peris-Ortiz

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Dominique Bonet-Fernandez *Editors*

Social Entrepreneurship in Non-Profit and Profit Sectors

Theoretical and Empirical Perspectives

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Foreword

In a world where decades of economic growth seem to have halted or have entered into an excessive slowdown since the financial crisis of 2008, and where the demands for the financial equilibrium of states limit the public expenditure to meet social needs, social entrepreneurship appears, in a measure which may be relevant, as *a relevant market solution for the market's problems*. This is possible through mechanisms, which, as explained in the introductory chapter, unite the specific interest of the entrepreneur with the solution of social needs. In the field of social entrepreneurship, the material circumstances and incentives can be aligned so that new forms of utilitarianism highlight the growth of the economy and the reduction of social needs.

This book adopts a broad and innovative approach to social entrepreneurship. That approach makes the application of the term compatible with non-profit companies, whose sole interest is to solve the social deficiency, and for-profit companies whose inclination to solve social problems is conditioned by the potential benefit and the market segment with which these deficiencies are revealed. In the latter companies, in some cases, the priority may be to resolve a social need, where this solution is accompanied by the corresponding benefit. In the other cases, the search for profit leads to the discovery of the social need with the possibility to innovate while obtaining profits, in the market segment in which this need is manifested.

The introductory chapter presents the two dimensions which correspond to this form of social entrepreneurship, called strict and broad dimension, and different chapters of the book show that in the case of broad dimension, this form of social entrepreneurship can appear on both the demand side and the supply side. In the case of the company, Modular Logística Valenciana (MLV), the contracting of disabled persons and the earning of profits make it possible to observe the broad dimension on the supply side.

Two chapters of the book whose content has a special interest refer to culture and institutions as important conditioning factors for entrepreneur initiatives. With regard to cultural values, the study is broad and well grounded and consents a global vision which distinguishes the more egalitarian Latin American model and the North American model characterized by the prevalence of mastery and autonomy

values. In relation to culture, in a topic which is usually a conceptual discussion and isolated from quantitative works, the authors establish well-defined concepts and obtain significant empirical results. Values and culture, as well as several formal and informal dimensions of institutions, are handled with statistical solvency in this book without losing their conceptual richness.

Also worthy of mention is the excellent bibliographical revision of Chap. 2, and in a more general way, we highlight that perhaps the book's greatest merit can be found in the heterogeneity of the topics which are explored in the different chapters. Beyond the initial expectations, this heterogeneity has made it possible to enrich the concept as well as the practical manifestations of social entrepreneurship.

Jorge A. Wise

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Chapter 1

Social Entrepreneurship in Non-profit and Profit Activities. Theoretical and Empirical Landscape: An Overview

Marta Peris-Ortiz, Frédéric Teulon, and Dominique Bonet-Fernandez

Abstract The economic crisis and the necessity for different governments to maintain a balanced budget has left an extensive territory for the initiatives which originate from social entrepreneurship through the market and/or with the support of other institutions. These initiatives originate from non-profit companies in which social entrepreneurship has manifested in its most classical and strictest sense and for-profit companies in which social entrepreneurship has acquired a broader and less precise dimension. In this introductory chapter, we propose special care when discussing the broad dimension of social entrepreneurship, its utilitarian basis and its possibilities to discover market segments which make the solution of social deficiencies compatible with the earning of profits. Finally, we briefly present the different chapters of the book.

Keywords Entrepreneurship • Social entrepreneurship • Broad dimension of social entrepreneurship • Strict dimension of social entrepreneurship • Institutional economics • Literature review

1.1 Introduction

Social entrepreneurship, as illustrated by different chapters of the book, can be carried out by non-profit or for-profit companies. In the first case, the company's essential aim is to resolve situations of personal or social deficiency, through a business action in which the benefit is only sought for the sustainability at the time of these

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actions. In the second case, on the utilitarian basis of the behaviors and using the search for profits as the main objective, the specific behaviors of social entrepreneurship can also take place when the discovery of opportunity is linked to market segments marked by social need. In this case, beyond what the literature has named corporate social responsibility, the central core of company strategy can include social commitment as a basic guideline which opens an important market for the company, giving rise to a social entrepreneurship action. We discuss this issue in the theoretical background of this chapter and in Chap. 8, we clearly demonstrate a case of social entrepreneurship on the supply side (due to the type of employees who are hired), which at the same time, seeks greater efficiency in its productive activities which permit them to sustain and extend their activity. After the theoretical background, this introductory chapter briefly highlights the book's different chapters.

1.2 Theoretical Background

The title of this book and its contents refer to social entrepreneurship, in both non-profit and for-profit activities. In the case of non-profit companies, it deals with the social entrepreneurship strict dimension (SESD), and in these companies, the predominant aim is to resolve problems of a social nature or this is the sole issue which matters (Certo and Miller 2008), although as shown by Tracey et al. (2011), the economic sustainability of these entrepreneurial actions will depend on a non-negative rate of profits; in the case of for-profit companies which are situated in the social entrepreneurship field, the aim to resolve social problems has a more complex formulation—although no less certain in numerous cases—since it is combined with the obtainment of profitability as one of the fundamental objectives of the performed activity (Peris-Ortiz 2015). In this latter case, it involves the broad dimension of social entrepreneurship (SEBD), where its boundary with corporate social responsibility (CSR) is worth contemplating.

In his article from 1999, Carroll argues that the ethics of a company or socially responsible behavior can have a utilitarian basis: if the company policies benefit the stakeholders, they will have greater preference for the company services and/or products, hence the costs of the corporate social responsibility (CSR) can be more than compensated by the recognition and behavior of the consumers, permitting the earning of higher profits. This is a controversial issue, since for many authors (Braithwaite 2008; Swanson 1995) a more ethical or responsible behavior requires restricting, in some degree, the search for one's own interest; however, there seems to be empirical evidence, in sectors as diverse as the Hotel-Restaurant industry or Energy production (Peris-Ortiz et al. 2016), which show corporate strategies on which the basis of their growth and increased profits is based on a social entrepreneurship approach; an approach which corresponds to what we have named SEBD, whose scope and depth is greater than that of CSR but it lends weight to Carroll's fundamental intuition.

The existence of this broad dimension of social entrepreneurship in for-profit companies, and on the other hand, the CSR policies in other companies, makes it

convenient, as we have mentioned, to distinguish between SEBD and CSR. In corporate social responsibility, the policies which adapt the services or products for the greater satisfaction of the stakeholders are generally, additional or complementary policies of the fundamental—strategic core—of the company policies: the strategies which were designed with the essential aim to obtain a higher profit are afterwards refined by CSR so that the additional costs of this greater corporate responsibility result in higher incomes and profits. However, it involves a touch-up or the adaptation of the strategies and policies which they did not possess in their initial formulation—although the adaptation can be important—the orientations and basic principles of this social responsibility. Social entrepreneurship in its broadest dimension (SEBD), however, as proposed by Peris-Ortiz et al. (2016), is distinguished from CSR in that the social component of their policies form a part of the fundamental core of their strategy. The social aspect, the knowledge of the specific needs and characteristics of the stakeholders and consumers, orient the strategy and permit the company to define their general policies and their market segments.

In the entrepreneurship sector, these market segments correspond to the discovery of opportunity or the creation of opportunity mentioned by Shane and Venkataraman (2000) as well as Schumpeter (1934), and in the case of SEBD, it is the knowledge of the needs of a group of stakeholders, and the company's capacity to resolve them, which define the opportunity and the market segment. For Shane and Venkataraman (Ibid., 218) what characterizes the entrepreneur's action is "the study of sources of opportunities; the processes of discovery, evaluation, and exploitation of opportunities; and the set of individuals who discover, evaluate, and exploit them." An idea which is generally shared (Barret and Mayson 2008; Shane et al. 2003; Venkataraman 1997) or extended by those who highlight that opportunity can be created from new combinations of factors, new forms of organization or new technologies (Hayton 2005; Schumpeter 1934). Both positions, which in reality form the same territory, view this extended territory with the broad dimension of social entrepreneurship.

Consequently, the characteristic of SEBD is that the aim to obtain profits is intimately linked to the objective of social service—which comprises the market segment—thus resolving the deficiencies of a specific collective group or permitting recreation improvements and the enjoyment of certain social groups. And it is also fitting to highlight that the SEBD actions usually have a positive relation with sustainability: the preservation of the environment by several hotels, and the quality service to a customer (Peris-Ortiz et al. 2016), or new clean energies to supply collective groups which were previously neglected.

However, in this mixture of the search for profits and offers which include a social service component, it seems appropriate for the SEBD to possess, as noted by Swanson (1995) in another more general context, a moral component which goes beyond the utilitarian philosophy. This would ensure the social component of social entrepreneurship, both in its broad dimension and in its strict dimension; however, as intuited by Carroll (1999), it would be difficult for this to occur in the for-profit companies sector. The strategies will be directly linked to the earning of profits, and this question can only be moderated by new ways of achieving profit (such as the SEBD approached explained herein) and/or by the cultural and institutional changes of society.

Business behavior will change when the material forms of profit earning change—new methods, new opportunities, and new market segments—or when the beliefs and effective behaviors of society align the conducts with the objectives in another way. In this sense as stated by North (1981, ix) in reference to the required theoretical framework, “[a] new framework is needed (...) explaining the institutional structure which underlies and accounts for performance of an economic system.” The institutional structure of society in its formal dimension (laws and regulations), and above all in its informal dimension (beliefs and values), is that which can sustain, in a distinct way, the commitments with social entrepreneurship that go beyond utilitarianism. The sociocultural context and the legislative-legal environment have a significant influence on the entrepreneur’s decisions (Urbano et al. 2010), and this question, which is especially important to improve the social nature of SEBD, maintains or increases its importance in order to ensure the orientation and social quality of SESD.

In this way, one of the conclusions of this reflection is that we change utilitarianism without abandoning it. The sustenance of our values changes when society’s beliefs and regulations change, and consequently, the way in which we seek our coexistence changes; the search for the social results of SESD is modulated in another way, and it modifies the search for profits and all the other SEBD objectives.

These reflections aim to outline the different contributions to social entrepreneurship which this book contains, by means of the non-profit and for-profit activities which are described in it. The reader will find that the majority of the book’s chapters (Chaps. 2 and 4–7), addressing very different topics, move within the strict approach of social entrepreneurship, which is dominant in the literature. The more open and still pioneer approach of SEBD (Chaps. 8 and 9) is still not perfectly defined, and it is more difficult to identify in practice, when we attempt to distinguish the companies which practice it from those which are only interested in the search for profit without social components in their achievement (or only with components which are included in CSR), which especially affects the possibility to build databases with this new concept. In any case, the expressed difficulty is part of a more general difficulty to differentiate social and market ventures, in the degree that the former must earn profits to consolidate their capacity for self-funding and their own projects (Austin et al. 2006).

We briefly present the chapters which comprise this book below.

1.3 The Book Chapters: An Overview

Chapter 2 provides a broad and very complete revision of the most relevant bibliography of social entrepreneurship, based on a classic approach or strict conception of the concept, and the authors, who tell us in their own words that “[t]he (...) social entrepreneurship research is in its infancy stage and the boundaries of the paradigm remain fuzzy. After our exploratory analysis of 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 case study methodology. Moreover, these previous studies are based on small sample sizes, which limits the capability to generalize their results. However, the evolution of articles published about social entrepreneurship is ongoing, showing the interest of academia in this topic.” The set of featured articles, notwithstanding the critical words of the authors, provides knowledge with valuable insight into the status of the question in the literature about this field of study and the economic and social praxis. On the other hand, in its point 2.3, when it refers to the relation between entrepreneurship and institutional economy, its contribution is an expert and specialized contribution.

Chapter 3 refers to the importance of culture as a major conditioning factor of the entrepreneurial initiatives. An output-oriented data envelopment analysis was carried out to study this question, in which the inputs have different cultural dimensions and the output is the Early-Stage Social Entrepreneurial Activity. In the words by the authors of this research, “The results show two efficient cultural models. First, the Latin American model headed by Argentina, characterized by a strong presence of egalitarianism. Secondly, the North American model, with USA being characterized by the prevalence of mastery and autonomy values.” In the preliminary discussion which relates culture and entrepreneurship, it highlights the difficulty to distinguish entrepreneurship and social entrepreneurship, precisely because the latter also requires profits with which to finance and consolidate their projects.

Chapter 4 analyzes the institutional conditioning factors in which any economic activity is carried out and more specifically, the entrepreneurship with a social nature, understanding that the institutional conditioning factor has two major aspects: one which corresponds to the formally established laws and regulations, and one which corresponds to the beliefs, values, or culture of the society. This chapter highlights the effort of precision which the authors carry out so that the institutional conditioning factor can be operative and measurable. In this way as key institutional factors, they formally propose education or the educational level and the access to credit; and as informal factors, they propose fear of failure (conditioned and enclosed by culture and social beliefs) and the perception that they have for the entrepreneurial skills.

Chapter 5, in the words of its authors, “presents an exploratory literature review concerning this type of phenomenon that is taking place today in many Colombian Higher Education Institutions. This first part of the document introduces a theoretical background over some of the methodologies of collaborative work and corporate social responsibility initiatives that are being implemented from different research groups at Sergio Arboleda University, in order to develop collaborative bounds and networks with the most disadvantaged population of some neighborhoods in the city of Bogota, Colombia. Specifically described herein is the case of the support provided by a group of students and professors deployed in the Usme neighborhood community in the south of Bogota, to help them to sustainably run and manage a community store operated by these neighbors; the project lasted more than two years and there were some interesting outputs from this experience that are highlighted in the conclusions of the document.”

Chapter 6 presents the case of Fundación Espurna, a non-profit, nongovernmental organization that helps the mentally handicapped to find work, founded in 1996. It began with very little capital, but it has multiplied it more than 200-fold and now cares for more than 500 different people each year. It has become one of the referents of its kind in the Valencian Community. Its economic sustainability is based on its social sustainability, and it can be stated that it has opened up new avenues in the social and occupational integration domain. In the degree that this organization, through the work by disabled persons, offers several services and products to community, the company practices social entrepreneurship from the supply side; in the degree that it receives public funds or donations to train disabled persons, this is a social demand and consequently, the entrepreneurship which they carry out is on the demand side.

Chapter 7 features Ecole 42 as a case of non-profit entrepreneurship and educational innovation, which is based on selecting qualified students for an intense learning process in computation beyond the habitual meaning of this term. The aim is to create an information management skill in these students, to interpret and transmit it with a breadth and speed never known before, so that this can change the world by fully entering—its practice in real life—as well as the most advanced information age. Freedom and intelligence are the axis of a new world which travels between the breadth and immediacy of information. The school's name originates from the science fiction book, *The Hitchhiker's Guide to the Galaxy* by Douglas Adams and its founder is Xavier Niel, in France in 2013. The case aims to transmit the project's spirit of innovation as well as the material and structural details of its operation as an institution.

Chapter 8 describes the company, Modular Logística Valenciana (MLV). A company which has located its different companies in the suppliers' industrial park of Ford-Almussafes (Ford-Spain), and in which 95% of its employees are disabled persons (70% physical disability, 8% mentally handicapped, and others). This case illustrates the compatibility of social entrepreneurship and the earning of profits, providing jobs to persons who have difficulty to find work in an open job market and at the same time, maintaining their capacity to obtain revenues above their costs.

Chapter 9 examines the motives of companies to support and sponsor social actions or projects developed through sports events. Social responsibility of companies was the principal motive highlighted and on the other hand, making money was the least valued motive to participate in this type of initiative. Research shows that these actions provide a positive effect on several stakeholders, namely, employees, customers, suppliers, and the society in general, benefiting the company's position in the market and its different entrepreneurial actions. An exploratory factorial analysis was applied in order to guarantee the reliability of the data, and a Pearson correlation was used to analyze the interconnections between variables.

1.4 Conclusions

In a period in which the economic crisis has increased social problems and the balanced budget policies of different countries limit the government actions of a social nature, the strict and broad dimension of social entrepreneurship acquire a special

importance. On the other hand, the variety of the cases which social entrepreneurship can cover is very extensive and contributes to resolve situations which otherwise would not have a solution. The cases represented by Chaps. 5–8, very heterogeneous with each other, demonstrate the way in which social ideas and society's commitment resolve or alleviate problems which could not be handled in another way.

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Chapter 2

Social Entrepreneurship and Institutional Factors: A Literature Review

David Urbano, Elisabeth Ferri, Marta Peris-Ortiz, and Sebastian Aparicio

Abstract During recent decades, the interest of academia and policy-makers in social entrepreneurship has been increasing, due to its impact on social and economic development. The main objective of this chapter is to explore the content and methodology used in social entrepreneurship research focusing on the institutional economics perspective. The literature review was based on articles published in top journals, especially those included in the *Web of Science*. The main findings suggest that social entrepreneurship literature has tended to focus describing experiences of the most popular social entrepreneurs, their personal characteristics and their key success factors. Additionally, the vast majority of the literature is classified as conceptual research. Likewise, empirical research is characterized by the use of case study methodology. The study has both theoretical (for the development of the literature in the social entrepreneurship field) and empirical implications.

Keywords Social entrepreneurship • Social entrepreneurial activity • Institutional factors • Literature review

2.1 Introduction

A new type of entrepreneurship called social entrepreneurship is emerging around the world. Social entrepreneurship is based on the creation of social wealth as its main objective as opposed to the generation of economic wealth (Dees 2001; Drayton 2002; Leadbeater 1997; Stevens et al. 2015). Entrepreneurship has received

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increasing recognition from governments, academia and civil society due to their role to enhance the development of societies. While social entrepreneurship grew from a business opportunity or a social need, new business creation increase employment and economic and social development, stimulate innovation and enhance well-being (Audretsch and Keilbach 2004; Urbano and Aparicio 2016; Wennekers and Thurik 1999; Wennekers et al. 2016). Similarly, social entrepreneurial activities are increasingly recognized as an element of the economic, social and environmental contributions to society (Borzaga and Defourny 2001; Mair et al. 2006; Peredo and McLean 2006). Some researchers (Maclean et al. 2013; Yunus and Weber 2008) highlight the importance of the role of the social entrepreneurial activities due to they could impact on the economic growth, helping reduce poverty rate and improving large-scale social development across countries.

Social entrepreneurship is a new concept, but it is not a new phenomenon (Dees 2001). According to Nicholls (2006), the concept of social entrepreneurship was first used between the 1970s and the 1980s. However, it was not until the 1990s that the term came into widespread use as a result of increased global social problems (Bornstein 2004). In the past, social entrepreneurs were called visionaries, humanitarians, philanthropists, reformers or activists (Bornstein and Davis 2010). Although organizations with a social purpose have existed for many years, they have recently received increasing attention at a scholarly and governmental level (Dees 2001; Leadbeater 1997).

The increasing dynamism and vitality of the social entrepreneurship inquiry are apparent in the appearance of new themes and ideas, as well as new books and special issues of the best international journals around the world (Chell et al. 2010). Within entrepreneurship inquiry, the number of articles and special issues in the social entrepreneurship area has increased significantly (e.g. *Journal of Business Venturing* 2009; *Entrepreneurship Theory and Practice* 2010; *Entrepreneurship & Regional Development* 2011; *Academy of Management Learning & Education* 2012; *International Small Business Journal* 2013; among others), which, together with the emergence of new international journals on this phenomenon (e.g. *Journal of Social Entrepreneurship*, *International Journal of Social Entrepreneurship and Innovation* or *Social Enterprise Journal*), demonstrates the new dynamics of research in entrepreneurship. Likewise, specific books (e.g. Brooks 2009; Elkington and Hartigan 2008; Hockerts et al. 2010; Leadbeater 1997; Light 2008; Mair et al. 2006) about social entrepreneurship and international conferences have appeared.

Institutional economics is especially applicable to social entrepreneurship. The literature shows that social entrepreneurs aim at alleviating the social problems of their institutional framework and on many occasions the local problems that persist despite the efforts of traditional public, voluntary or community mechanisms (Yunus and Weber 2008). Thus, to facilitate understanding, we turn to an institutional perspective by arguing that social entrepreneurial activity can be facilitated and constrained by the institutional framework (Urbano et al. 2010). In general terms, North (1990: 3) defines “institutions are the rules of the game in a society, or more formally, institutions are the constraints that shape human interaction”. Institutions can

be either formal, such as constitutions, regulations, written rules or informal, such as attitudes, values, norms of behavior and conventions.

According to the above, the main purpose of this chapter is to explore the content and methodology of social entrepreneurship research focusing on the institutional approach and to identify the main traits of these studies (e.g. streams of the field, methodological techniques and main institutional factors, among others). The literature review was based on articles published in top journals and special issues related to social entrepreneurship, especially those included in the Web of Science¹ that consider this phenomenon. Moreover, we included articles published in specific social entrepreneurship journals and books (e.g. Bornstein 2004; Light 2008; Mair et al. 2006; Nicholls 2006; among others). We conducted the search according to the following keywords: “social entrepreneurship”, “social entrepreneur”, “social enterprise”, “institutions” and “institutional factors”.

The main findings suggest that the social entrepreneurship literature has tended to focus on renowned social entrepreneurs’ experiences and personal characteristics, as well as leadership and success factors. However, there is no solid evidence regarding one of the most interesting aspects of social entrepreneurship: the study of how the environmental factors affect (promote or inhibit) the emergence of social entrepreneurial activities (Urbano et al. 2010). In this sense, an important number of both theoretical and case studies can be found (Bacq and Janssen 2011; Desa 2012; Dhesi 2010; Estrin et al. 2013; Mair and Marti 2009; McMullen 2011; Sud et al. 2009; Townsend and Hart 2008). Despite this, most studies deal with the issue in a fragmented and excessively 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 and Marti 2006; Short et al. 2009).

The contributions of this study are made in terms of identifying the main issues and traits that have been discussed in the academic area so far and the development in the field of social entrepreneurship from an institutional perspective. Also, having a clear idea about the institutional framework for social enterprise creation can help to guide public policies relating to social enterprise creation.

Following this introduction, the chapter is organized as follows. Section 2.2 discusses the state of the research on social entrepreneurship, identifying knowledge gaps based upon under-studied themes and insufficient or inadequate methodological development. Section 2.3 presents institutional economics as an appropriate conceptual framework for the analysis of social entrepreneurship, suggesting some theoretical propositions and the conceptual model. Finally, in Sect. 2.4 the main conclusions, limitations and future research lines are presented.

¹ *Web of Science* (formerly *ISI Web of Knowledge*) is an online subscription-based scientific citation indexing service maintained by Thomson Reuters that provides a comprehensive citation search. This unified research platform serves for finding, analyzing and sharing information in the sciences, social sciences, arts and humanities.

2.2 Social Entrepreneurship: Current State of the Art

2.2.1 *Contents of Existing Research on Social Entrepreneurship*

As with any newly emerging field, the literature on social entrepreneurship has grown, and there have been several attempts to define the main concepts such as social entrepreneurship, social entrepreneur and social innovation, among others. Table 2.1 illustrates the broad range of possible interpretations of the concept. In this sense, and in line with previous studies (Choi and Majumdar 2014; Hill et al. 2010; Mair and Marti 2006; Short et al. 2009) there is no clear definition of its domain and it remains fragmented.

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. As can be seen in Table 2.1, the number of definitions used to describe social entrepreneurship has increased in the articles of international journals and in books. 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 welfare and labour markets. According to Friedman and Desivilya (2010), there are at least two major contexts in which the notion takes on different meanings: the Anglo-Saxon and European traditions. Likewise, under the concept of social entrepreneurship, other types of social entrepreneurial activities are discussed, such as social venturing, non-profit organizations adopting business tools, hybrid organizations or social cooperative enterprises (Smallbone et al. 2001).

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). The decision regarding the particular organizational form a social enterprise takes should be based on whichever format would most effectively mobilize the resources needed to address the problem in order to produce a social impact on the current social institutions (Austin et al. 2006; Chell et al. 2010; Peredo and McLean 2006).

As outlined in Table 2.2, a considerable amount of scholarly effort has been devoted to defining the key concepts of the field, to compare social and commercial entrepreneurship, to analyse the core elements of social entrepreneurship and to identify predictors of social entrepreneurial activity.

The previously mentioned lack of consensus regarding the definition of the main parameters that configure the paradigm of social entrepreneurship (e.g. social entrepreneur, social enterprise or social innovation) is a limitation for the development of future research and in particular for the development of empirical studies (Bacq and Janssen 2011; Choi and Majumdar 2014; Mair and Marti 2006; Short et al. 2009).

In another stream of research, a number of studies have been dedicated to describing the similarities and distinctions between social and commercial entrepreneurs (Austin et al. 2006; Gimmon and Spiro 2013; Spear 2006; Williams and

Table 2.1 Main definitions of social entrepreneurship

| Year | Author | Definition |
|------|--|--|
| 2001 | Dees | <i>“Play the role of change agents in the social sector, by: 1) Adopting a mission to create and sustain social value (not just private value), 2) Recognizing and relentlessly pursuing new opportunities to serve that mission, 3) Engaging in a process of continuous innovation, adaptation, and learning, 4) Acting boldly without being limited by resources currently in hand, and 5) Exhibiting heightened accountability to the constituencies served and for the outcomes created.”</i> (p. 4) |
| 2000 | Fowler | <i>“Social entrepreneurship is the creation of viable (socio-) economic structures, relations, institutions, organisations and practices that yield and sustain social benefits.”</i> (p. 649) |
| 2003 | Lasprogata and Cotten | <i>“Social entrepreneurship means nonprofit organizations that apply entrepreneurial strategies to sustain themselves financially while having a greater impact on their social mission.”</i> (p. 69) |
| 2004 | Alvord, Brown and Letts | <i>“Social entrepreneurship that creates innovative solutions to immediate social problems and mobilizes the ideas, capacities, resources, and social arrangements required for sustainable social transformations.”</i> (p. 262) |
| 2006 | Austin, Stevenson and Wei-Skillern | <i>“We define social entrepreneurship as innovative, social value creating activity that can occur within or across the non-profit, business, or government sectors.”</i> (p. 2) |
| | Mair and Marti | <i>“We view social entrepreneurship broadly, as a process involving the innovative use and combination of resources to pursue opportunities to catalyse social change and/or address social needs.”</i> (p. 37) |
| | Nicholls | <i>“Social entrepreneurship represents an umbrella term for a considerable range of innovative and dynamic international praxis and discourse in the social and environmental sector.”</i> (p. 5) |
| | Peredo and McLean | <i>“Social entrepreneurship is exercised where some person or group: (1) aim(s) at creating social value, either exclusively or at least in some prominent way; (2) show(s) a capacity to recognize and take advantage of opportunities to create that value (“envision”); (3) employ(s) innovation, ranging from outright invention to adapting someone else’s novelty, in creating and/or distributing social value; (4) is/are willing to accept an above-average degree of risk in creating and disseminating social value; and (5) is/are unusually resourceful in being relatively undaunted by scarce assets in pursuing their social venture”.</i> (p. 64) |
| | Sharir and Lerner | <i>“To apply business strategies for the purpose of more effective confrontation with complex social problems”.</i> (p. 16) |
| | Weerawardena and Mort | <i>“We define social entrepreneurship as a behavioural phenomenon expressed in a NFP organization context aimed at delivering social value through the exploitation of perceived opportunities”.</i> (p. 25) |
| 2009 | Zahra, Gedajlovic, Neubaum and Shulman | <i>“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”.</i> (p. 522) |
| 2011 | Bacq and Janssen | <i>“We define social entrepreneurship as the process of identifying, evaluating and exploiting opportunities aiming at social value creation by means of commercial, market-based activities and of the use of a wide range of resources”.</i> (p. 376) |
| 2014 | Choi and Majumdar | <i>“We propose the conceptualization of social entrepreneurship as a cluster concept (...). Conceptualizing social entrepreneurship as a cluster concept implies that social entrepreneurship is a representation of the combined quality of certain sub-concepts, i.e., social value creation, the social entrepreneur, the SE organization, market orientation, and social innovation”.</i> (p. 372) |

Table 2.2 Main research lines

| Domains | Research questions | Articles |
|--|---|---|
| Defining the phenomenon | What is social entrepreneurship? | Alvord et al. (2004), Anderson et al. (2006), Bacq and Janssen (2011), Certo and Miller (2008), Chell et al. (2010), Choi and Majumdar (2014), Dees (2001), Drayton (2002), Ebrashi (2013), Mair and Marti (2006), Mort et al. (2003), Nicholls (2006), Peredo and McLean (2006), Short et al. (2009), Tan et al. (2005), Thompson (2002), Thompson et al. (2000), Wallace (1999), and Zahra et al. (2014) |
| | What does a social entrepreneur do? | |
| | What are social enterprises like? | |
| Comparison between social entrepreneurship and other forms of organization | What are the differences between social and commercial entrepreneurship? | Almarri et al. (2013), Austin et al. (2006), Bacq et al. (2013), Bargsted et al. (2013), Fowler (2000), Gimmon and Spiro (2013), Luke and Chu (2013), Lumpkin et al. (2013), Sastre-Castillo et al. (2015), Seelos and Mair (2005), Spear (2006), Thompson and Doherty (2006), and Williams and Nadin (2012) |
| | What are the differences between social entrepreneurship and government, NGO's, activism? | |
| Study the core elements of social entrepreneurial process | How is the social entrepreneurial process? | Chalmers and Balan-Vnuk (2013), Corner and Ho (2010), Cornwall (1998), Dhési (2010), Engelke et al. (2015), Gras and Mendoza-Abarca (2014), Harris (2009), Kaneko (2013), Ko and Liu (2015), Lasprogata and Cotten (2003), Meyskens et al. (2010), Özdemir (2013), Renko (2013), Rotheroe (2007), Salamzadeh et al. (2013), Shaw and Carter (2007), Stevens et al. (2015), Tobias et al. (2013), Weerawardena and Mort (2006), and Zahra et al. (2008). |
| | What are social opportunities? | |
| | How do social entrepreneurs evaluate their impact? | |
| Identify predictors of social entrepreneurship | Which are the main environmental factors that could affect the social entrepreneurship process? | Amin et al. (2002), Bhatt and Altinay (2013), Bjerregaard and Lauring (2012), Campin et al. (2013), Desa (2012), Di Domenico et al. (2010), Dorado and Ventresca (2013), Felício et al. (2013), Kao and Huang (2015), Ladeira and Machado (2013), Maclean et al. (2013), Mair and Marti (2009), McMullen (2011), Muñoz and Kibler (2015), Neck et al. (2009), Nga and Shamuganathan (2010), Nicholls (2010a, 2010b), O'Connor (2013), Roy et al. (2015), Sharir and Lerner (2006), Smith and Stevens (2010), Smith et al. (2012), Stephan et al. (2015), Sud et al. (2009), Townsend and Hart (2008), Urbano et al. (2010), Weber and Kratzer (2013), Wilson and Post (2013), and Zahra et al. (2009) |
| | How social entrepreneurs interplay with their context? | |
| | Which are the main antecedent factors in the social entrepreneurial process? | |

Nadin 2012), non-profit enterprises (Fowler 2000; Sastre-Castillo et al. 2015) and corporate social responsibility (Seelos and Mair 2005; Sharir and Lerner 2006). As Austin et al. (2006) noted, the main difference between social and commercial entrepreneurship has to do with purpose, or what the enterprise is trying to maximize. The study undertaken by Bacq et al. (2013), in which social and commercial entrepreneurship is compared in Belgium and the Netherlands, highlights that social entrepreneurship organizations are younger when compared with commercial ones, as well as noting the infancy stage of the entrepreneurial process that they are in. Additionally, Bacq et al. (2013: 54) suggest that social entrepreneurs are less ambitious in terms of employment growth than commercial ones.

Thompson and Doherty (2006) note 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. Moreover, social venturing is best understood more broadly. In this sense, Fowler (2000) produced the most complex social entrepreneurship typology to date, highlighting three broad categories of social entrepreneurial activities. In discussing these three models of social entrepreneurship, the author highlights the difference between the economic activities that simultaneously provide social benefits and those that do not (as in the third model), and notes that the former place more complex and stringent demands on an organization than the latter.

As in the social entrepreneurship area, another stream of research is concerned with building knowledge about how social opportunities are discovered, created and exploited (e.g. Corner and Ho 2010; Engelke et al. 2015; Gras and Mendoza-Abarca 2014; Ko and Liu 2015; Zahra et al. 2008). Weerawardena and Mort (2006) define the process of the identification and evaluation of social opportunities as a separate activity in which social entrepreneurs seek opportunities to create social value. Moreover, the authors conclude that this process is simultaneously influenced by different elements: social mission, organizational sustainability and context. In the same line, Dees (2001) suggests that the entrepreneurship components of social entrepreneurial activities include the recognition and pursuit of social opportunities to create social value. Furthermore, according to Mort et al. (2003: 82), social entrepreneurs have the “ability to recognise opportunities to create better social value for their clients”. Hence, social entrepreneurs are motivated to address the issue that markets value social improvements and public goods ineffectively (Austin et al. 2006).

Finally, another key area of interest in social entrepreneurship research focuses on environmental sustainability (e.g. Di Domenico et al. 2010). As presented in the entrepreneurship field, new (social) organizations are affected by specific factors often associated with cultural, economic or market factors (Gnyawali and Fogel 1994). Neck et al. (2009) raise this issue in social entrepreneurship inquiry. In a discussion of the complex, shifting and often unpredictable environment that social entrepreneurs face in trying to fulfil their social and economic goals simultaneously. Moreover, Amin et al. (2002) and Muñoz and Kibler (2015) stress the idea that cross-country differences in social entrepreneurial activities reflect the differences in welfare systems and in political and institutional contexts. The research in this domain focuses on the context in which social ventures operate which has a direct

bearing on their ability to meet the dual target of creating social value while also creating a business model that is financially stable.

In this way, several researchers suggest that institutional environment is very important for the emergence and implementation of social actions (e.g. Mair and Marti 2009; Nicholls 2010b; Nissan et al. 2012; Stephan et al. 2015; Urbano et al. 2010). 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 (Corner and Ho 2010). Thereby, social opportunities and institutional factors are related (Zahra et al. 2008). Furthermore, the lack of finance available for the development of social capital is one of the main constraints that social entrepreneurs encounter in fulfilling their social mission (Sharir and Lerner 2006).

2.2.2 *Methodological Issues on Social Entrepreneurship Research*

Although social entrepreneurship is a new field of inquiry, the literature on social issues in the business, economics and management areas has in the last 10 years paid increasing attention to social entrepreneurship. With regard to the evolution of such publications, as it was mentioned before, since 2006 articles and special issues on social entrepreneurship have appeared in scholarly journals (within Journal Citation Reports²), such as the Journal of World Business (2006), Journal of Business Venturing (2009), Entrepreneurship Theory and Practice (2010), Entrepreneurship & Regional Development (2011), Academy of Management Learning & Education (2012) and International Small Business Journal (2013), among others.

According to Fig. 2.1, since year 2003 literature on social entrepreneurship has been published. In particular, 85% of articles have been published from 2009 to present. If we analyse by journal, the results highlight that the 36% of social entrepreneurship literature has been published by the following journals: Journal of Business Ethics, Entrepreneurship and Regional Development, as well as, Entrepreneurship Theory and Practice.

Despite this growing attention to social entrepreneurial activities as a scholarly field of research, it is still in a stage of infancy (Short et al. 2009). The research in the past decade has been dedicated primarily to establishing a conceptual foundation, which has resulted in a considerable stream of conceptual papers. According to our review, most publications consist of a conceptual setup with an intuitive touch and aim to define the key constructs and explore why and how these constructs are related.

²Journal Citation Reports (JCR) is an annual publication by Thomson Reuters. It has been integrated with the *Web of Science* and provides information about academic journals in the sciences and social sciences, including impact factors. Currently, the JCR is based on citations compiled from the Science Citation Index Expanded and the Social Science Citation Index.

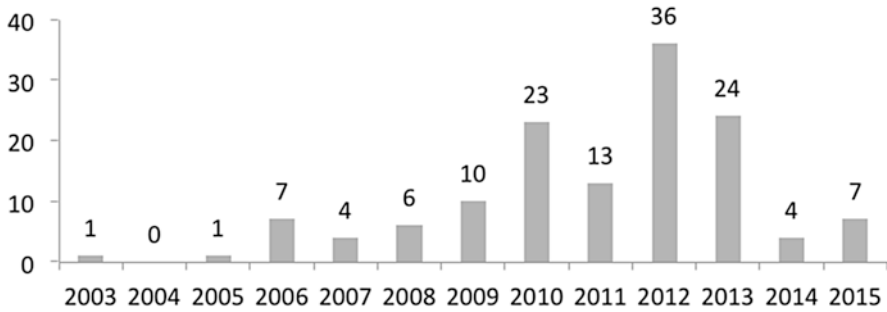


Fig. 2.1 Evolution of the social entrepreneurship publications

Table 2.3 Main traits of empirical studies (%)

| | | |
|---------------------------------|------------------------|-------|
| Type of research | Qualitative | 96.9 |
| | Quantitative | 3.1 |
| Method of qualitative articles | Case study | 90.3 |
| | Grounded theory | 9.7 |
| Method of quantitative articles | Descriptive statistics | 100.0 |
| Case study sample size | Single case | 3.2 |
| | 2–5 cases | 87.1 |
| | 6–10 cases | 6.5 |
| | More than 10 cases | 3.2 |

As can be seen in Table 2.3, the majority of empirical studies are qualitative articles (96.9%) and in particular case-based studies that introduce powerful and inspiring stories of various types of social entrepreneurs (90.3%). Another method found in our review is the grounded theory methodology (9.7%). The quantitative papers only use descriptive statistics (100%), and the sample size of the qualitative studies is small, with a large proportion based on between two and five case studies (87.1%). A very small proportion of the studies had a sample size of either more than ten cases or a single case (3.2%). These studies are characterized by rich descriptions and are suitable, once again, for descriptive and explanatory purposes. Secondly, the samples used are very diverse in terms of their scope.

It is noteworthy that much of the literature on social entrepreneurship lacks substantial empirical analysis. The theoretical debate that has emerged during the last few years due to the growing interest in the topic has undoubtedly contributed to a better understanding of the phenomenon. In conclusion, these findings confirm the stage of infancy of social entrepreneurship research. The findings can be summarized as follows: there are a limited number of empirical studies with a limited quantitative research approach, mainly of an exploratory type; rigorous hypothesis testing is lacking; little variety of research design is applied; and the research is based on relatively small sample sizes. The case studies may be accurate and specific, but they often lack the ability to offer gen-

eralizable findings. Additionally, our data indicate that social entrepreneurship research needs to incorporate specific hypotheses to be tested and the use of multivariate research methods.

2.3 Social Entrepreneurship and Institutional Economics

As it was mentioned before both formal and informal factors could influence entrepreneurship (e.g. Aidis 2005; Aidis et al. 2008; Aparicio et al. 2016; Thornton et al. 2011; Urbano et al. 2011; Urbano and Alvarez 2014; Veciana and Urbano 2008; Welter 2005) and particularly social entrepreneurship (Desa 2012; Dorado and Ventresca 2013; Mair and Marti 2006, 2009; McMullen 2011; Nicholls 2010b; Townsend and Hart 2008; Urbano et al. 2010). While formal institutions provide the legal framework and create new opportunities for social entrepreneurs, informal institutions legitimate the social entrepreneurial activities within a society, fostering a positive attitude towards this phenomenon. In this study, formal institutions are public spending, access to funding, education and minimum capital requirements. And informal institutions are self-perceived capabilities, entrepreneurial attitudes, social orientation and innovativeness. However, we are well aware that the process of new social venture creation is highly complex and that no one institutional factor can determine the evolution of this process.

2.3.1 Public Spending

Regarding the formal institutions, we highlight the importance of public spending. In this sense, in many countries, both developed and developing, there has been a systematic retreat by governments from the provision of public goods in the face of new political ideologies that stress citizen self-sufficiency and give primacy to market-driven models of welfare (Leadbeater 1997). As a result, in many territories, the “supply side” of the resources available for public goods has remained static or diminished (Sharir and Lerner 2006). In the same way, Cornwall (1998) notes that in countries where the provision of social services (health, cultural, leisure and welfare) is scarce and mainly undertaken by public institutions, the emergence of social entrepreneurs is significant. However, Friedman and Desivilya (2010) argue that the work carried out by governments and social entrepreneurs is complementary, due to the public sector having been able to mobilize massive efforts in several periods, but having 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. Despite this, the 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). Therefore, it is expected that low levels of public spending increase the rate of social entrepreneurial activities, thus the following proposition is advanced:

P1: Public spending has a negative influence on social entrepreneurial activity.

2.3.2 Access to Funding

The availability of capital is important to social entrepreneurs as it lays the foundation for the social organization (Grimes 2010). 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 present literature, there is no difference between the importance of access to funding to social entrepreneurs and the importance to commercial counterparts (Alvord et al. 2004). However, the literature on the emergence and development of social entrepreneurial activities highlights the existence of specific barriers relating to the financial constraints that social entrepreneurs must cope with in order to carry out their social mission (Bacq and Janssen 2011; Certo and Miller 2008; Di Domenico et al. 2010). Hence, 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). Therefore, as mentioned in relation to entrepreneurship firms with economics goals (e.g. Gnyawali and Fogel 1994), we suggest that a reduction of the barriers to access to finance, with greater access to credit, will positively promote the emergence of new social enterprise projects, thus reducing the risks of budget uncertainty and dependence on public grants or aid. Therefore, the following proposition is suggested:

P2: Access to funding has a positive influence on social entrepreneurial activity.

2.3.3 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 an individual creating a firm (Arenius and Minniti 2005; Davidsson and Honig 2003; Delmar and Davidsson 2000). Similarly, 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 business management (e.g. Nga and Shamuganathan 2010; Shaw and Carter 2007). In short, the background of social entrepreneurs is critical

for triggering the desire to launch a social enterprise. Thus, this takes into account that individuals may be more inclined to make a decision to start a business if they believe they have the skills to carry out the activity successfully (Arenius and Minniti 2005; Chen et al. 1998; Davidsson and Honig 2003; Nga and Shamuganathan 2010), the following proposition is formulated:

P3: Education has a positive influence on social entrepreneurial activity.

2.3.4 Minimum Capital Requirements

Finally, the last formal institution that could influence social entrepreneurship is the minimum capital requirements. In this sense, potential, social and commercial entrepreneurs may be discouraged from starting a new initiative if many financial barriers face them. In fact, previous studies have reached the consensus that larger minimum capital requirements are detrimental to entrepreneurship (Dreher and Gassebner 2013). This is why some governments and institutions focus attention upon lowering the entry barriers to the formation of new firms, including cutting the statutory minimum capital (van Stel et al. 2007). As noted by Braun et al. (2013) and Becht et al. (2008), the amount of equity funding that owners must pay or promise to pay when they establish a firm leads to opportunity costs as well as increased financial constraints for entrepreneurs. Thus, the cost of starting a new business (capital requirements) used to be negatively correlated with the prevalence of entrepreneurship (Armour and Cumming 2008; Klapper et al. 2006). For these reason, we take into account in our model to study the relationship between social entrepreneurship and the institutional framework. Thus, these arguments suggest the following proposition:

P4: Minimum capital requirements have a negative influence on social entrepreneurial activity.

2.3.5 Self-Perceived Capabilities

Regarding to informal institutions, we start with the self-perceived capabilities which refer to the belief in one's ability or competence to bring about intended results. This category is composed by several variables such as fear of failure, perception of entrepreneurial skills, opportunity to start-up, risk-taking and role model. According to previous literature, it is expected that a lack of this attribute could influence social entrepreneurial activities. In this sense, self-perceived capabilities are also an important factor explaining social entrepreneur participation (Mair et al. 2006; Thompson 2002). Harding and Cowling (2004) find that social entrepreneurs on average are less confident about their own skills to start a business than their commercial counterparts. Hence, if a country's population possesses more entrepreneurial capabilities, it is likely to have a higher rate of entrepreneurship. Hence, we

expect, in accordance with commercial entrepreneurship, a positive association between self-perceived capabilities and social entrepreneurship. Accordingly, the following is proposed:

P5: Self-perceived capabilities have a positive influence on social entrepreneurial activity.

2.3.6 Entrepreneurial Attitudes

Another informal institutional factor that could affect social entrepreneurship is the entrepreneurial attitudes which include: the entrepreneurial culture, entrepreneurial social image and the media impact. As noted by the OECD (2010), promoting entrepreneurial awareness and positive attitudes towards commercial and social entrepreneurship are high on the policy agenda of several economies. Their study suggests that the formation of different cultural values in different societies influences the decision to create new businesses (Bruton et al. 2010); therefore, not all societies foster entrepreneurial activity (social and commercial) with equal effectiveness. Shapero and Sokol (1982) observed how business formation rates vary from society to society. They argue that these differences occur due to different cultures holding different beliefs about the desirability and feasibility of beginning a new project or organization. Positive views on these measures can influence the willingness of individuals to become entrepreneurs. Consequently, this positive social image could foster more people to start new social organizations. However, it is important to note that differences in the sociocultural context may influence, among other things, the status and social recognition of social entrepreneurs, promoting or inhibiting entrepreneurial career choice (Jaén and Liñán 2013). Finally, another institutional factor that could affect social entrepreneurial activity relates to media attention paid to social entrepreneurs. Stories reported by the media can play a critical role in the processes that enable new businesses to emerge. Therefore, the intention to start a new social entrepreneurial project is underpinned by the perceptions society holds of entrepreneurs; consequently, if the media positively represents social entrepreneurship's role in society it could foster more people to desire to become social entrepreneurs. This leads to the following proposition:

P6: Favourable entrepreneurial attitudes have a positive influence on social entrepreneurial activity.

2.3.7 Social Orientation

As has already been noted, the primacy of the social mission over all the other organizational objectives is the first key determinant of a potential social entrepreneurial venture (Dees 2001). Despite the differences between the various definitions of social

entrepreneurship, there is agreement on the emphasis on the social mission as the reason for the emergence of a social enterprise. In this sense, the social orientation dimension includes being a member of a social organization, post-materialism values and altruism. In this sense, the social mission focus equates to the identification of an unmet social need or a new social value creation opportunity (Mair and Marti 2006). In this sense, Cornwall (1998) and Wallace (1999) define social entrepreneurs as entrepreneurs who take on the social responsibility to improve their communities. On the other hand, 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 (Mair et al. 2006). Thus, their involvement with the social sector allows social entrepreneurs to recognize new opportunities as well as to turn themselves into altruistic and more sensitive citizens who are dissatisfied with the status quo and are motivated to act with social responsibility (Corner and Ho 2010; Zahra et al. 2008). In sum, it is claimed that social attitudes represent an important informal factor in the social entrepreneurship process, affecting the perception of social ventures as a good way to achieve social missions. This results in the following proposition:

P7: Social orientation has a positive influence on social entrepreneurial activity.

2.3.8 *Innovativeness*

According to Lumpkin and Dess (2001), the concept of innovativeness can be defined as the predisposition to engage in creativity and experimentation through the introduction of new products and services as well as new processes. The entrepreneurship literature suggests that entrepreneurs are more creative than others (Kirby 2004; Timmons 1989). Tend to think in non-conventional ways, challenge existing assumptions and are flexible and adaptable in their problem solving (Kirby 2004; Solomon and Winslow 1988). In the social entrepreneurship field, some authors (Chell et al. 2010; Mair and Marti 2006; Peredo and McLean 2006) noticed that due to the multidimensional origin of social problems, social entrepreneurs have various potential ways to exercise innovativeness tools or strategies to achieve their social mission. In particular, Alvord et al. (2004) note that scarce resources can also stimulate social entrepreneurs to become creative and think of better ways to tackle social problems, thus producing more innovativeness. Thus, we can regard innovativeness as an important dimension in the process of studying social entrepreneurship behaviour (Lepoutre et al. 2013; Lumpkin et al. 2013; Nga and Shamuganathan 2010). Accordingly, the following is proposed:

P8: Innovativeness has a positive influence on social entrepreneurial activity.

Figure 2.2 shows the proposed model of the institutional factors affecting social entrepreneurship based on the literature review.

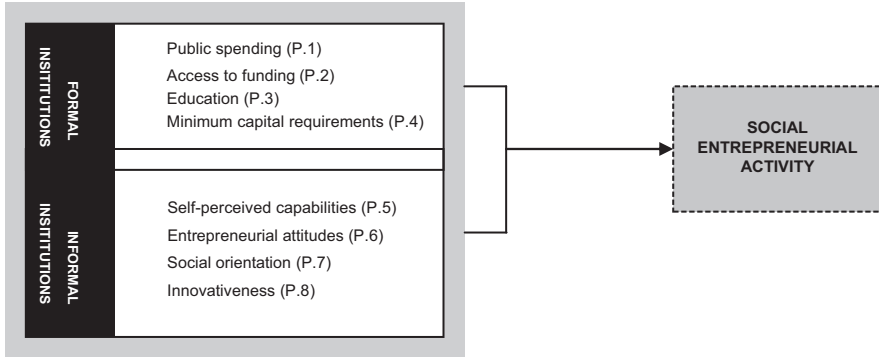


Fig. 2.2 Proposed model of the institutional environment affecting social entrepreneurial activity

2.4 Conclusions

Social entrepreneurship is no longer just a topic within business studies or economics but is in many ways an academic discipline in its own right, with university courses, academic journals and specialist conferences acting as evidence to support this claim. The academics specializing in social entrepreneurship research come from a wide variety of perspectives and backgrounds; some have been entrepreneurs, policy-makers or advisors or they have been engaged in other forms of entrepreneurship practice.

In this chapter, we firstly explored and analysed the main social entrepreneurship research, and secondly, we studied the literature on this emerging field through the institutional lenses. To accomplish this objective we analysed articles included in Web of Science, as well as international journals and specialized books on the social entrepreneurship phenomenon.

The main findings confirmed that social entrepreneurship research is in its infancy stage and the boundaries of the paradigm remain fuzzy. After our exploratory analysis of 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 case study methodology. Moreover, these previous studies are based on small sample sizes, which limits the capability to generalize their results. However, the evolution of articles published about social entrepreneurship is ongoing, showing the interest of academia in this topic.

Future research could empirically corroborate institutional approach as a conceptual framework for social entrepreneurship, measuring the impact of formal and informal factors on social entrepreneurial activity. The study contributes theoretically for the development of the literature in the social entrepreneurship field, and empirically, for the design of policies to foster social entrepreneurial activity.

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Chapter 3

Cultural Values and Social Entrepreneurship: A Cross-Country Efficiency Analysis

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Abstract The social context exerts an influence on the individuals' perception and, thus, on start-up decisions. The prevalence of entrepreneurial behaviors differs widely between countries. Economic variables alone are not enough to explain these differences. In this sense, culture seems to play a relevant role in the entrepreneurial process. Cultural diversity may influence the prevalent characteristics of entrepreneurial initiative and thus moderate the effect of economic conditions on entrepreneurship.

Social entrepreneurship has attracted the interest of researchers due to two main reasons. Firstly, it has a complementarity role in the profit maximizing capitalist system. Secondly, governments are playing an increasingly weaker role in addressing social goals within the context of the most recent socioeconomic crisis. Nevertheless, the creation of social ventures does not only depend on the existence of an enabling legal system. What additional factors make citizens aware and willing to start these social ventures vs. the traditional market-based firms? Understanding the specific contextual features that promote the emergence of social enterprises represents an important step forward. In particular, the question of which specific cultural characteristics are more favorable to the development of social entrepreneurship initiatives which may contribute to solve social problems is, therefore, of interest.

Thus, the aim of this chapter is to analyze the complex interaction between cultural values and social entrepreneurship in countries with different income levels. In particular, it investigates the existence of an “efficient” combination of cultural values that maximizes the social entrepreneurship levels in the country. This will also provide information on how other countries can achieve it. For this analysis, we have used two international data sets. On the one hand, the Schwartz Value Survey (SVS) measures national cultural orientations. On the other hand, the Global Entrepreneurship Monitor (GEM) provides data on social entrepreneurship activity.

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The selection of countries was made based on the available data (31 efficiency- and innovation-driven countries participating in both datasets). Empirical analysis consists on an output-oriented data envelopment analysis (DEA) where the inputs are different cultural dimensions and the output is Early-Stage Social Entrepreneurial Activity (SEA).

The results show two efficient cultural models. First, the Latino American model headed by Argentina, characterized by a strong presence of egalitarianism. Secondly, the North American model, with the USA being characterized by the prevalence of mastery and autonomy values. One implication derived from this research is that entrepreneurship policies should take into account the characteristics of the culture in which they will be implemented and the cultural value priorities to be reinforced and/or modified. This analysis opens new lines of research into the effect of culture on social entrepreneurship. It also points to the feasibility of measuring the impact of culture on the levels of social entrepreneurship based on the notion of “efficient culture.”

Keywords Cultural values • Economic development • Entrepreneurship • Social entrepreneurship • Efficiency

3.1 Introduction

In recent decades, the field of social entrepreneurship has received increasing attention from academics and policy-makers. On the one hand, this interest has been stimulated by different studies, showing the important contribution of social entrepreneurs to economic growth and development. The global crisis, which erupted in 2008, is generating economic inequality; several international studies indicate a greater concentration of income in the upper-income class while the State gradually abandons its redistributive role to focusing its policies towards supporting entrepreneurship. In this context, social enterprises have begun to take over from the State in order to solve the problem of inequality and, at the same time, to promote social change towards a more equitable economic growth model. Social entrepreneurship pursues goals such as poverty alleviation or environmental protection and betterment. In these projects, profits are necessary, but not the main aim.

On the other hand, recent research is demonstrating the important role that culture plays in the relationship between economic development and entrepreneurship. The results confirm that culture is indeed a significant factor to explain this relationship. In particular, entrepreneurial activity is lower in most high-income countries, whose culture is characterized by the values of autonomy, egalitarianism, and harmony, although the quality of the ventures is greater because they are spurred by opportunity-driven motivation and not by necessity (Liñán and Fernández-Serrano 2014; Liñán et al. 2013a; Fernández-Serrano and Romero 2014).

However, both the study of social implications of entrepreneurship and that of the influence of sociocultural factors on entrepreneurial action are still in its infancy. Hence, a research question to be addressed is whether the role of culture in this relationship holds for all kinds of enterprises and, in particular, for social entrepreneurship. This chapter aims to fill this gap in the literature by analyzing the complex relationship between culture and social entrepreneurship. Specifically, this study addresses the efficiency of culture in helping to develop social entrepreneurship and analyzes its impact in a sample of countries with different levels of development.

This study is based on the assumption that there are countries with an efficient culture that facilitates or promotes their social entrepreneurship activity. On the contrary, in other countries, the social entrepreneurship levels are different, and it is possible to identify and analyze the changes in their cultural values that would be necessary in order for them to become more efficient. The implications of the results obtained are important, on the one hand, to design more effective policies to promote social entrepreneurship, and, on the other hand, to design the new elements of public policies that influence the rethinking of social policy and business support.

This chapter is organized as follows. After this introduction, the next section outlines the relevant theory about economic development, social entrepreneurship, and culture. Section 3.3 describes the methodology for the empirical analysis about efficiency, its measures and the variables. Section 3.4 presents the results. These are further discussed in Sect. 3.5. The chapter ends with a brief conclusion.

3.2 Linking Culture to Social Entrepreneurship

3.2.1 *Social Entrepreneurship vs. Entrepreneurship*

Entrepreneurship may be defined as any activity that involves the discovery, evaluation, and exploitation of opportunities to introduce new goods and services, ways of organizing, markets, processes, and raw materials through organizing efforts that previously had not existed (Shane and Venkataraman 2000). Entrepreneurs are characterized by initiative, creativity, proactiveness, and risk-taking (Lumpkin and Dess 1996), thereby boosting economic growth and development (Wennekers and Thurik 1999; Reynolds et al. 1999; Carree and Thurik 2003; Fernández-Serrano and Romero 2013).

The relationship between entrepreneurship and economic growth and development is not new for economists. A number of researchers had already referred to it throughout the nineteenth and twentieth centuries (see Casson 1982; Blaug 1983; Hebert and Link 1989). However, the study of the relationship began to intensify from the 1970s, and, in particular, from the 1990s when globalization extended to the transition economies in Central and Eastern Europe and China. Strong competition and the fragmentation of markets in addition to the increased economic uncertainty generated by globalization imply consequences for entrepreneurship (Carlsson 1996). Firms and entrepreneurs from different regions must adapt to these new conditions, providing higher doses of entrepreneurship. The world could be

said to have evolved from the paradigm of “managerial economy” to the new paradigm of “entrepreneurial economy” (Audretsch and Thurik 2000).

Moreover, the economic and financial crisis that emerged in 2008 has boosted the interest and urgency in the improvement of entrepreneurial mindsets, values, and attitudes in societies in order to fight against high unemployment rates and low economic growth. The global crisis caused disturbance in the patterns and pace of entrepreneurial activities, as national markets were instable, venture capitalists more cautious and individuals in general were more concerned with their own savings. Despite this global panorama, this disturbance could be different in economically weaker countries, such as those in Southern Europe or Latin American countries. They were also more severely beaten than most of other North European countries or the USA. It is in this context of income polarization where the more recent phenomenon of social entrepreneurship attracts increased attention.

Social entrepreneurship shares considerable similarities with any traditional business entrepreneurship, with the additional characteristic that the motivation for start-up or business growth is altruism; i.e., the main aim of social entrepreneurship is to contribute to solving social problems (Leadbeter 1997; Yunus 2009, 2011; Santos et al. 2013). Hence, the altruistic individual makes a personal sacrifice for the benefit of others. Altruism implies reciprocity and is the individual dimension usually forgotten by the more orthodox economic science. It can also be considered complementary to “self-interest” or “individualistic dimension,” as Adam Smith himself so well expressed in his *The Theory of Moral Sentiments* (Yunus 2009).

Nevertheless, social ventures need to make profits too, as any traditional business activity, to be able to fund investment processes, to achieve self-sufficiency and thus become independent from public-aid or philanthropic capital. Thus, drawing a clear differentiating line between market entrepreneurship and social entrepreneurship is not always easy. In fact, more or less hybrid projects can coexist based on the balance between “profit” and “social” goals. In short, firms can be generally classified along a continuum (Austin et al. 2006; Santos et al. 2013).

As a consequence, the measurement of social entrepreneurship becomes a complex task because, as noted, it is sometimes difficult in practice to differentiate between social and market ventures. In 2009, GEM’s national teams collected data on a series of questions that were designed to explore social entrepreneurial activity. The following question was asked to respondents: “Are you, alone or with others, currently trying to start or owning and managing any kind of activity, organization or initiative that has a particularly 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, etc. According to the GEM report, there are three relevant aspects in social entrepreneurship (Terjesen et al. 2010):

- (a) Global social entrepreneurship still represents a small percentage of the total entrepreneurial activity.
- (b) The presence of social enterprises grows with the increase in the development level of countries, while total entrepreneurial activity generally decreases.
- (c) There are cross-country disparities in social entrepreneurship behaviors.

On the basis of (a) and (b), we can assume, therefore, that there exists a strong relationship between entrepreneurship and social and economic development. The GEM report shows that social entrepreneurship is more frequent in high-income countries. This result can explain why the social entrepreneurship rates grow with the income level and why the number of social ventures in the world is small (the rich countries account for less than a quarter of the world's population).

In this sense, this provides a new direction of causality about entrepreneurship and development. Thus, researchers tend to consider that entrepreneurship contributes to economic development. In turn, when the relationship between social entrepreneurship and development is analyzed, it may be argued that development promotes social entrepreneurship. A possible explanation is that the basic needs are covered in developed countries for a greater fraction of the population. Therefore, these people can start ventures with the primary goal of helping others. In addition, it should be emphasized that the reduction of the Welfare State in these countries has made many individuals who have a greater civic consciousness think about starting up with the aim of covering social needs. In this sense, social policies are being dismantled while the "new policies" have focused on deregulation and economic liberalization.

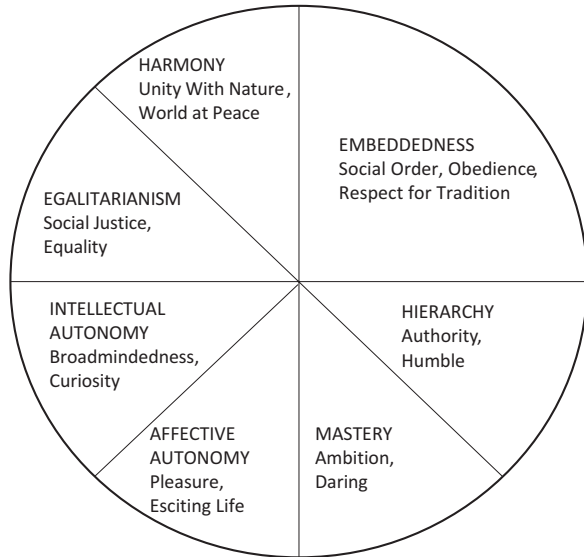
Thus, inequality, poverty, and environmental problems increase the scope for social firms in economies. Likewise, nowadays there is a greater availability of individuals ready to start these social firms. In recent years, market entrepreneurs who have had a great business success have decided to engage in philanthropic activity or to implement social responsibility programs in their companies (Hoogendoorn et al. 2010).

Regarding the cross-country disparities in social entrepreneurship, the level of economic development alone is not enough to explain these disparities. It may be argued that culture is a relevant variable in this respect. Cultural diversity can help to explain a wide range of differences in economic, social, institutional, and scientific variables (Inglehart 1997; Hofstede 2003; Schwartz 2004, 2008; Jaén and Liñán 2013). Therefore, culture can influence the characteristics of the prevailing entrepreneurial activity and explain their different effects on economic development (Ma and Todorovic 2012). Nevertheless, the relationship between culture and entrepreneurship is surely complex.

3.2.2 Culture and Social Entrepreneurship

Culture is a multidimensional phenomenon. Culture shapes the individual's cognitive schemas, programming patterns of behavior that are consistent with the cultural context (Liñán et al. 2013a). Individual action is, to some extent, the result of culture's influence. In this respect, it should be related to entrepreneurship in general, and more specifically to social entrepreneurship. Although, most of the contributions about the relationship between culture and entrepreneurship have been based on Hofstede's (2003) classification of cultural values, this has raised some criticisms (Jabri 2005; Tang and Koveos 2008). As an alternative receiving increasing attention in entrepreneurship recently, Schwartz's value theory defines a basic

Fig. 3.1 Dimensions of cultural values. Source: Schwartz (2004)



structure of individual values as the basis for the cultural values of a society (Schwartz et al. 2001). This theory will be specifically followed in this chapter.

Schwartz's theory is based on a universal set of values that guide human behavior. Each specific cultural context makes some of them prevail over the others (Schwartz 1999, 2008). This mechanism acts through social institutions and their performance (through legislation, government policies, the educational system, etc.). The institutions are shaped in a manner that is consistent with the prioritized values, facilitating the activities that are in agreement with them. In this sense, people tend to carry out what they believe is a socially accepted behavior (Bourdieu 1991; Schwartz 2008).

At the aggregate level, seven types of national cultural value orientations can be identified (Schwartz 2008): Embeddedness, Intellectual Autonomy, Affective Autonomy, Hierarchy, Egalitarianism, Mastery, and Harmony. As shown in Fig. 3.1, these values can be grouped into three bipolar dimensions (for a more detailed description, see Schwartz 2004):

- **Autonomy (intellectual and affective) vs. Embeddedness:** This dimension is based on the conflicting relationship between the individual and the group. At one end (autonomy), the person is an autonomous body that finds meaning in his/her own difference. Meanwhile, at the other end, the person is seen as an entity that is integrated into the community.
- **Egalitarianism vs. Hierarchy:** The second problem a society faces is to ensure responsible behavior that preserves the social fabric. People should be made to consider the welfare of others, to coordinate with them and thus manage their unavoidable interdependences. This dimension is concerned with responsible and cooperative behavior that will make societal tasks done, either by differentiating

roles or by internalizing commitment and voluntary cooperation (Schwartz 2008). At the egalitarianism end, members of society are regarded as equals who share a commitment to cooperate with each other, pursuing the common good. Meanwhile, at the hierarchy end, the unequal distribution of power, roles, and resources is considered legitimate.

- **Harmony vs. Mastery:** This dimension helps to regulate the way in which people treat natural and human resources. It solves both the problems of relations between people and also between people and nature. At the harmony pole, cultures seeking individuals to harmoniously fit into society and nature are placed. On the other hand, those cultures strongly oriented towards the mastery pole tend to seek a personal gain through the exploitation and domination of nature, and the instrumental consideration of other people.

In general, the relationship between cultural values and entrepreneurial activity is complex (Jaén et al. 2013; Thurik and Dejardin 2011). Culture can influence entrepreneurial activity through two main mechanisms (Davidsson 1995). Firstly, a favorable national culture will lead to social legitimacy, making an entrepreneurial career more socially valued and recognized, creating an advantageous institutional environment. In this way, there will be more people who will try to start a company, regardless of their personal beliefs and attitudes (Etzioni 1987). Secondly, a culture that shares more pro-entrepreneurial values and patterns of thinking will lead to more individuals showing psychological traits and attitudes consistent with entrepreneurial activity (Fernández et al. 2009; Krueger 2003; Liñán et al. 2013b; Santos et al. 2016). Therefore, more individuals will try to become entrepreneurs (Mueller and Thomas 2001).

In this regard, it has been suggested that a highly favorable perception of entrepreneurship in a society will lead to more positive attitudes and greater entrepreneurial intention of individuals (Fernández et al. 2009). Liñán et al. (2011) showed how individual perceptions about the prevailing culture have an effect on the entrepreneurial intention of individuals. Going a step further, Jaén and Liñán (2013) found evidence of the influence of cultural values on the entrepreneurial attitudes and intentions of individuals. Therefore, the specific cultural values prioritized in each country will affect the type and level of entrepreneurial activity (Ma and Todorovic 2012).

As for social entrepreneurship, it has been noted above that the existence of a social goal makes a difference to the market venture. Therefore, the line between social entrepreneurs and the rest lies in their concern to contribute to the welfare of society, i.e., the social impact. Social entrepreneurs act as change agents in the social sector, innovating and acting in accordance with the desire to create sustainable social value (Harding 2004). According to Reis and Clohesy (2001), social entrepreneurship is strongly influenced by the desire for social change and the sustainability of the organization and the social services it provides.

In this regard, with respect to the cultural dimensions defined by Schwartz (2004), egalitarianism would have a positive influence on social entrepreneurship. In more egalitarian societies, people are considered as equal beings who share a commitment to cooperate with each other to pursue the common good. Nevertheless, in countries where hierarchy prevails, a majority of people adopt a passive role,

accepting the social order and economic situation (Schwartz 2006). Therefore, social entrepreneurship will be more acceptable in egalitarian societies. In contrast, in hierarchical societies, social inequality is assumed as something natural, limiting the scope for social entrepreneurship (Datta and Gailey 2012).

In the case of harmony, its prevalence is related to the acceptance of the world as it is (nature and society), trying to understand and appreciate it. This could be associated with a higher level of social entrepreneurship, as individuals seek to contribute to greater harmony in society (Hirschi and Fischer 2013). On the contrary, in societies where mastery prevails, active self-affirmation is encouraged in order to dominate, direct and change the natural and social environment and, in this manner, achieve one's aims (Schwartz 2006). These values would be opposed to social entrepreneurship.

Finally, the relationship between autonomy and social entrepreneurship is not so clear. Many theorists believe that individualism is associated with the pursuit of personal goals (Triandis 1995). Yet, self-interest is also present on both sides of the autonomy–embeddedness dimension (Schwartz 2004, 2006). In societies where autonomy prevails, people are considered autonomous organizations that find meaning in their own difference. More people may be expected to decide to start a business seeking personal fulfilment. Therefore, to the extent that social entrepreneurship is a specific form of entrepreneurship, the predominance of the autonomy cultural value should lead to a higher level of social entrepreneurship.

Even so, evidence suggests that these relationships are not permanent, and change depending on the income level. For instance, high entrepreneurial activity coexists in low-income countries with a collectivist culture (Pinillos and Reyes 2011; Wennekers et al. 2007). In turn, greater individualism is associated in developed countries with increased entrepreneurial activity (Mueller et al. 2002). In this sense, Schwartz (1999) found that individualism is positively related to autonomy and egalitarianism. This result was confirmed by Ros (2002). Thus, in developed countries with high income levels, the autonomy and egalitarianism cultural values should be positively related to social entrepreneurship, while the opposing values of embeddedness and hierarchy should be negatively related. In developed countries, the economic and institutional environment allows the existence of more wage-employment alternatives. Entrepreneurship is thus perceived more as a form of self-realization. Therefore, to the extent that social entrepreneurship arises from noneconomic reasons, this option is much more common in high-income countries. So, culture may be considered as having a moderating effect on the relationship between the income level of a country and its social entrepreneurship.

In this respect, the GEM report can shed light on this debate. The GEM separates three groups of countries according to their level of economic development: innovative-driven, efficiency-driven, and factor-driven economies. The average early-stage social entrepreneurship activity (or SEA, the social equivalent of TEA) rate across all 49 GEM countries is 1.8%; however, it ranges from 0.1 to 4.3%. While the range of SEA rates is similar for all three economic development stages, the average SEA rate increases slightly with economic development. As income rises, more individuals can satisfy their own basic needs and may be more likely

to turn to the needs of others. So, in the richer countries, social entrepreneurship may replace business entrepreneurship, at least to some extent (Lepoutre et al. 2013). In other words, the opportunity cost for social entrepreneurship decreases as income gets higher.

As suggested by William Baumol, the level of entrepreneurship may be the same across countries, but this entrepreneurial activity is manifested in different ways depending on the institutional context (Baumol 1990, 1993). In this sense, there is a trade-off between market-based and social entrepreneurship. Nevertheless, further research would be needed to investigate how institutional-context variables explain the relative prevalence of social entrepreneurship.

Based on these ideas, in order to analyze and define the links between culture and entrepreneurship, this chapter considers the possible existence of an efficient social entrepreneurial culture. This can be defined as the combination of cultural values that drives entrepreneurial development with a high component of social motivation in a territory. In this sense, given that countries with similar levels of development have different levels of social entrepreneurship, this chapter proposes the existence of efficient territories which “use” their culture to drive their levels of social entrepreneurship. In other words, the cultural dimensions are the inputs: resources possessed by countries and efficiently managed to drive or promote social entrepreneurship.

3.3 Methodology

3.3.1 Data Analysis

The qualitative and multidimensional characteristics of the concept of culture imply that we previously define the appropriate notion of efficiency and the quantitative technique for its measuring. Thus, there is a long tradition of measuring efficiency in the applied economics literature, especially in the fields of industrial economics. According to Farrell (1957), economic efficiency combines two components: technical efficiency, which reflects the ability of a firm to obtain a maximal output from a given set of inputs, and allocative efficiency, which reflects the ability of a firm to use the inputs in optimal proportions, given their respective prices.

For the aims of this chapter, we rely on the first of the meanings proposed above. In order to operationalize and measure Farrell’s (1957) concept of technical efficiency, we have to define some form of frontier function. Frontiers have been estimated using many different methods. This chapter uses Data Envelopment Analysis (DEA). This technique has been used to evaluate the performance of cities, regions, and countries with many different kinds of inputs and outputs, including “social” and “safety-net” expenditures as inputs and various “quality-of-life” dimensions as outputs (Afonso et al. 2010; González-Rodríguez et al. 2010).

DEA has opened up possibilities for use in cases which have been resistant to other approaches. The complex (often unknown) nature of the relations between the multiple inputs and multiple outputs involved in many of these activities, which are

often reported in non-commeasurable units, renders other techniques inapplicable (Cooper et al. 2007). In contrast, DEA is a nonparametric method to provide a relative efficiency assessment (called DEA efficient) for a group of decision-making units (DMU) or for productive efficiency (technical efficiency) with a multiple number of inputs and outputs. DEA was firstly proposed by Charnes et al. (1978) and is commonly used in operations research and economics to empirically measure productive efficiency of DMUs.

In order to determine whether a DMU is efficient, it is checked if the DMU is on the “frontier” of the production possibility set. In this way, DEA identifies a “frontier” against which the relative performance of all units in the sample can be compared. That is, it determines the level of a DMU’s production inefficiency by projecting the unit onto the frontier. This means that efficiency is a relative notion because the result of an economic unit is compared with the reference units or peers (Førsund and Hjalmarsson 1974; González-Rodríguez et al. 2010).

A range of DEA models have been developed, measuring efficiency and capacity in different ways. These largely fall into the categories of being either input-oriented or output-oriented models.

- With input-oriented DEA, the linear programming model is configured to determine how much of the input use of a firm could be saved if used efficiently in order to achieve the same output level. For the measurement of capacity, the only variables used in the analysis are the fixed factors of production.
- In contrast, with output-oriented DEA, the linear programmer is configured to determine a firm’s potential output, given its inputs, if it were to operate as efficiently as firms along the best-practice frontier.

The DEA analysis proposed in this chapter has two assumptions: (a) cultural values (inputs) are structural characteristics of countries and (b) SEA (output) should not be reduced. Therefore, we have to test an output-oriented DEA model to measure the “efficiency” of the country’s entrepreneurial culture. The envelopment surface will differ depending on the scale assumptions that underpin the model. Two scale assumptions are generally employed: constant returns to scale (CRS) and variable returns to scale (VRS). The CRS assumption suggests that an increase in the amount of inputs utilized would lead to a proportional increase in the amount of outputs generated, while the VRS assumption suggests that an increase in the amount of inputs utilized can lead to a proportional or no proportional change in the amount of outputs generated. We apply a model with constant returns to scale (CRS), following Charnes et al. (1978). The frontier with this model (CRS) is more restrictive than the frontier with the extension proposed by Banker et al. (1984, using VRS). Thus, using CRS yields a smaller number of efficient peers against which a more specific analysis of their cultural characteristics may be undertaken.

On this basis, according to González-Rodríguez et al. (2010), DEA solves a fractional programming problem for each of the units, being the objective function of efficiency of each function unit. If we have a population of “ n ” homogeneous units

$j = 1, 2, \dots, n$. Each unit produces n outputs $Y = (Y_1, \dots, Y_n)$, while consuming “ n ” inputs $X = (X_1, \dots, X_n)$. The efficiency rate of unit $U_o, O = 1, 2, \dots, n$ can then be generally expressed as:

$$\max h_o = \frac{\sum_{r=1}^s \mu_{ro} y_{ro}}{\sum_{i=1}^s \mu_{io} x_{io}}$$

subject to:

$$\frac{\sum_{r=1}^s \mu_{ro} y_{ro}}{\sum_{i=1}^s \mu_{io} x_{io}} \leq 1$$

$$j = 1, 2, \dots, n; \quad \mu_r, v_i \geq 0$$

where $X_i = (x_{1i}, x_{2i}, \dots, x_{mi})$ and $Y_i = (y_{1i}, y_{2i}, \dots, y_{mi})$ are input and output of Unit $i, i = 1, 2, \dots, n$ and U_o is one of the “ n ” units evaluated.

The fractional problem illustrated above is not easy to solve. Rather than solving this problem directly, it is easier to transform it into an equivalent linear problem (Charnes and Cooper 1962). This gives the following linear equivalent model:

$$\min_{\mu, \delta} \omega_o = \sum_{i=1}^m \delta_i x_{io}$$

subject to:

$$\left\{ \begin{array}{l} \sum_{i=1}^s \mu_{ri} y_{r0} = 1 \\ \sum_{i=1}^m \delta_i x_i - \sum_r \mu_r y x_{rj} \geq 0; \quad j = 1, 2, \dots, n \\ \mu_r, \delta_i \geq \epsilon \end{array} \right.$$

where ϵ is a smaller number greater than zero.

3.3.2 Data and Variables

The selection of countries was made based on the available data (countries participating in both the GEM project and the Schwartz Value Survey—SVS—study were included). The empirical analysis was carried out on a total sample of 31 countries: 15 high-income countries (or Innovation-Driven Economies) and 16 low-income, Efficiency-Driven Economies, according to the GEM methodology. Data were also

available for Uganda, a Factor-Driven Economy, but since it would be the only one in its category, we decided to leave it out, to prevent possible distortion of the results. In more detail, the outputs and inputs are as follows.

3.3.2.1 Outputs

In 2009, the Global Entrepreneurship Monitor (GEM) constructed a dataset on social entrepreneurial activities for 49 countries, using a household survey that indirectly identified social enterprises through questions to entrepreneurs on the predominance of the social mission, their innovativeness, and their revenue model. In particular, we use the early-stage social enterprises (under 42 months) which, according to GEM methodology, are measured by the variable called “Total Early-stage Social Entrepreneurial Activity (SEA)”. The data used in this analysis are annual data of 2009 for 31 countries.

3.3.2.2 Inputs

For the inputs, the seven cultural values of the Schwartz Value Survey (SVS) have been used (Schwartz 2006). The Schwartz Value Survey consists of 57 items which represent 7 value orientations at the cultural level. The data are available for more than 60 countries from surveys conducted in different years within the period 1985–2005. The full sample includes over 75,000 people. The average for each country has been computed for the 57 value-items. These national-level scores were then averaged into seven cultural orientations (Schwartz 2004; Schwartz and Ros 1995): Embeddedness (Emb), Intellectual Autonomy (Int), Affective Autonomy (Aff), Hierarchy (Hie), Egalitarianism (Egal), Mastery (Mas), and Harmony (Har). This inputs are available for 31 countries of 2009 GEM dataset (see Table 3.1).

3.4 Results

DEAP Version 2.1¹ software was used to estimate this model. Table 3.2 shows the results of the DEA analysis. As can be observed, three countries are characterized as efficient—with technical efficiency equal to 1. These countries are two efficiency-driven (Argentina and Peru) and one innovation-driven (USA) economies. Therefore, the rest of countries are inefficient in maximizing the levels of SEA given their cultural dimensions level. Argentina is the most influential peer in the sample: 28 countries have it as a reference, followed by Peru with 8 and USA with 6 (the total is higher than 31 because some countries have more than one peer as a reference).

¹ Available at <http://www.uq.edu.au/economics/cepa/>

Table 3.1 Input–output dataset

| Country | Cat. | (I) Har | (I) Emb | (I) Hie | (I) Mas | (I) Aff | (I) Int | (I) Egal | (O) SEA |
|--------------|------|---------|---------|---------|---------|---------|---------|----------|---------|
| Argentina | 0 | 4.19 | 3.62 | 2.20 | 4.10 | 3.75 | 4.08 | 4.84 | 4.13 |
| Belgium | 1 | 4.08 | 3.24 | 1.81 | 3.98 | 4.50 | 4.56 | 5.02 | 1.69 |
| Bosnia | 0 | 3.97 | 3.94 | 2.44 | 3.94 | 3.21 | 4.14 | 4.45 | 0.79 |
| Brazil | 0 | 4.22 | 3.68 | 2.30 | 3.88 | 3.56 | 4.10 | 4.86 | 0.37 |
| Chili | 0 | 4.31 | 3.78 | 2.32 | 3.70 | 2.89 | 4.23 | 5.02 | 2.53 |
| China | 0 | 3.77 | 3.74 | 3.51 | 4.41 | 3.29 | 4.20 | 4.25 | 2.64 |
| Croatia | 0 | 3.88 | 3.44 | 2.49 | 4.35 | 4.46 | 4.58 | 4.22 | 2.58 |
| Finland | 1 | 4.29 | 3.60 | 1.93 | 3.59 | 3.90 | 4.43 | 4.93 | 2.57 |
| France | 1 | 4.51 | 3.79 | 2.05 | 3.37 | 3.47 | 4.55 | 5.15 | 2.22 |
| Germany | 1 | 4.56 | 3.11 | 1.82 | 3.90 | 4.23 | 4.82 | 4.98 | 0.68 |
| Greece | 1 | 4.37 | 3.41 | 1.84 | 4.27 | 3.93 | 4.38 | 4.82 | 1.86 |
| Hong Kong | 1 | 3.47 | 3.72 | 2.95 | 4.13 | 3.27 | 4.30 | 4.46 | 0.45 |
| Hungary | 0 | 4.34 | 3.59 | 1.93 | 3.73 | 3.66 | 4.58 | 4.51 | 2.65 |
| Iran | 0 | 3.62 | 4.12 | 3.31 | 4.02 | 3.25 | 4.12 | 4.43 | 1.36 |
| Israel | 1 | 3.24 | 3.96 | 2.69 | 4.04 | 3.66 | 3.92 | 4.62 | 1.84 |
| Italy | 1 | 4.33 | 3.43 | 1.77 | 3.94 | 3.56 | 4.87 | 5.11 | 1.20 |
| Jordan | 0 | 3.47 | 4.19 | 2.93 | 4.25 | 3.27 | 4.08 | 4.38 | 0.65 |
| Latvia | 0 | 4.03 | 3.63 | 2.25 | 4.18 | 4.12 | 4.27 | 4.14 | 1.89 |
| Malaysia | 0 | 3.63 | 4.17 | 2.70 | 3.98 | 3.28 | 4.07 | 4.40 | 0.20 |
| Netherlands | 1 | 4.02 | 3.24 | 1.89 | 3.93 | 4.13 | 4.78 | 5.02 | 0.93 |
| Norway | 1 | 4.33 | 3.42 | 1.52 | 3.92 | 3.81 | 4.69 | 5.08 | 0.87 |
| Peru | 0 | 3.68 | 3.91 | 2.82 | 4.10 | 3.03 | 4.28 | 4.82 | 3.50 |
| Romania | 0 | 3.97 | 3.67 | 2.04 | 4.24 | 3.72 | 4.65 | 4.38 | 1.56 |
| Russia | 0 | 4.10 | 3.89 | 2.56 | 3.91 | 3.64 | 4.04 | 4.36 | 0.64 |
| Slovenia | 0 | 4.44 | 3.70 | 1.63 | 3.72 | 3.73 | 4.87 | 4.55 | 2.05 |
| South Africa | 0 | 3.87 | 3.82 | 2.56 | 4.10 | 3.85 | 4.08 | 4.45 | 1.82 |
| South Korea | 1 | 3.57 | 3.69 | 2.91 | 4.19 | 3.46 | 4.21 | 4.42 | 0.71 |
| Spain | 1 | 4.42 | 3.37 | 1.92 | 3.77 | 3.66 | 4.87 | 5.21 | 0.53 |
| Switzerland | 1 | 4.31 | 3.05 | 2.04 | 3.73 | 4.45 | 5.25 | 5.11 | 2.71 |
| UK | 1 | 3.90 | 3.36 | 2.33 | 4.00 | 4.21 | 4.60 | 4.92 | 2.13 |
| USA | 1 | 3.53 | 3.66 | 2.41 | 4.06 | 3.89 | 4.24 | 4.71 | 3.95 |
| Mean | | 4.01 | 3.66 | 2.34 | 3.99 | 3.68 | 4.40 | 4.68 | 1.75 |

Cat. category: (0) efficiency-driven, (1) innovation-driven economy. (I) Input, (O) Output.

The average efficiency for the sample is 0.490, indicating a low level of efficiency. Nevertheless, significant disparities can be observed in the sample of countries (standard deviation is 0.28). The minimum score in the model has been for Malaysia (0.06) followed by Brazil (0.09).

Moreover, into innovation-driven economies, Finland and Switzerland achieved 78% and 71%, respectively, but the majority of Western Europe developed countries (Italy, Spain, Greece or Belgium), including the most powerful ones (France, Germany, and the UK), have an efficiency level below 70%. In contrast, several low-income countries (Chile, China, Hungary, and Croatia) have an efficiency level between 80 and 70%.

Table 3.2 Results of DEA-CRS output-oriented model

| Score | DMU | Weights of the peers. Reference(Lambda) | | | | | |
|-------|----------------|---|------|------|------|-----|------|
| 1 | Argentina | Argentina | 1.00 | | | | |
| 1 | Peru | Peru | 1.00 | | | | |
| 1 | USA | USA | 1.00 | | | | |
| 0.78 | Switzerland | Argentina | 0.84 | | | | |
| 0.77 | Chile | Argentina | 0.29 | Peru | 0.60 | | |
| 0.73 | China | Argentina | 0.88 | | | | |
| 0.73 | Hungary | Argentina | 0.88 | | | | |
| 0.72 | Croatia | Argentina | 0.87 | | | | |
| 0.71 | Finland | Argentina | 0.88 | | | | |
| 0.67 | Slovenia | Argentina | 0.74 | | | | |
| 0.65 | France | Argentina | 0.82 | | | | |
| 0.56 | United Kingdom | Argentina | 0.93 | | | | |
| 0.54 | Greece | Argentina | 0.84 | | | | |
| 0.54 | Latvia | Argentina | 0.86 | | | | |
| 0.51 | Israel | USA | 0.92 | | | | |
| 0.50 | Belgium | Argentina | 0.82 | | | | |
| 0.48 | South Africa | Argentina | 0.92 | | | | |
| 0.42 | Romania | Argentina | 0.90 | | | | |
| 0.38 | Iran | Argentina | 0.49 | Peru | 0.29 | USA | 0.13 |
| 0.36 | Italy | Argentina | 0.81 | | | | |
| 0.30 | Norway | Argentina | 0.69 | | | | |
| 0.26 | Netherlands | Argentina | 0.86 | | | | |
| 0.22 | Bosnia | Argentina | 0.59 | Peru | 0.33 | | |
| 0.20 | Germany | Argentina | 0.83 | | | | |
| 0.19 | South Korea | Argentina | 0.45 | Peru | 0.09 | USA | 0.39 |
| 0.18 | Jordan | Argentina | 0.30 | Peru | 0.28 | USA | 0.34 |
| 0.17 | Russia | Argentina | 0.90 | | | | |
| 0.15 | Spain | Argentina | 0.88 | | | | |
| 0.13 | Hong Kong | Argentina | 0.17 | Peru | 0.39 | USA | 0.38 |
| 0.09 | Brazil | Argentina | 0.95 | | | | |
| 0.06 | Malaysia | Argentina | 0.57 | Peru | 0.21 | USA | 0.13 |

Argentina, Perú, and the USA represent the referent peers in this analysis. They have the highest SEA levels (output), and this is achieved with a certain combination of predominant cultural values in their society (inputs). Clear similarities in their levels of mastery, intellectual autonomy, and egalitarianism may be highlighted, as shown in Table 3.3. There are also differences. Argentina has higher scores in harmony and affective autonomy, whereas it is lower on hierarchy. Peru is higher in embeddedness and hierarchy, but lower in affective autonomy. Finally, the innovation-driven economy, USA, is low in harmony, but high in affective autonomy.

According to Schwartz’s (2004, 2008), the analysis of the bipolar dimensions adds additional information on the relative priorities of each society. For this reason, Table 3.4 presents the bipolar dimension for the three reference peers and two of the most inefficient countries. They have been computed as the first element minus the

Table 3.3 Results of DEA output-oriented model for selected countries

| | (I) Har | (I) Emb | (I) Hie | (I) Mas | (I) Aff | (I) Int | (I) Egal | (O) SEA |
|-----------------------|---------|---------|---------|---------|---------|---------|----------|---------|
| <i>Argentina</i> | | | | | | | | |
| Original | 4.19 | 3.62 | 2.20 | 4.10 | 3.75 | 4.08 | 4.84 | 4.13 |
| <i>Perú</i> | | | | | | | | |
| Original | 3.68 | 3.91 | 2.82 | 4.10 | 3.03 | 4.28 | 4.82 | 3.50 |
| <i>USA</i> | | | | | | | | |
| Original | 3.53 | 3.66 | 2.41 | 4.06 | 3.89 | 4.24 | 4.71 | 3.95 |
| <i>Brazil (30/31)</i> | | | | | | | | |
| Original | 4.22 | 3.68 | 2.30 | 3.88 | 3.56 | 4.10 | 4.86 | 0.37 |
| Projection | 3.97 | 3.43 | 2.08 | 3.88 | 3.55 | 3.87 | 4.59 | 3.91 |
| Diff. (%) | -5.88 | -6.67 | -9.32 | 0.00 | -0.30 | -5.67 | -5.54 | 956.74 |
| <i>Spain (28/31)</i> | | | | | | | | |
| Original | 4.42 | 3.37 | 1.92 | 3.77 | 3.66 | 4.87 | 5.21 | 0.53 |
| Projection | 3.67 | 3.17 | 1.92 | 3.58 | 3.28 | 3.57 | 4.24 | 3.61 |
| Diff. (%) | -17.06 | -5.97 | 0.00 | -4.94 | -10.50 | -26.66 | -18.72 | 581.71 |

Table 3.4 Bipolar cultural dimensions

| | Harmony/mastery | Autonomy/embeddedness | Egalitarianism/hierarchy |
|------------------|-----------------|-----------------------|--------------------------|
| <i>Argentina</i> | | | |
| Original | 0.09 | 0.29 | 2.64 |
| <i>Peru</i> | | | |
| Original | -0.42 | -0.25 | 2.00 |
| <i>USA</i> | | | |
| Original | -0.53 | 0.40 | 2.30 |
| <i>Brazil</i> | | | |
| Original | 0.34 | 0.15 | 2.56 |
| Projection | 0.09 | 0.28 | 2.51 |
| <i>Spain</i> | | | |
| Original | 0.65 | 0.89 | 3.29 |
| Projection | 0.09 | 0.25 | 2.32 |

second. In this way, a positive value represents the predominance of the first element (harmony, autonomy, or egalitarianism), while a negative value represents the predominance of the second element (mastery, embeddedness, or hierarchy).

For the reference peers, Table 3.4 shows that all three of them share a considerable predominance of egalitarianism over hierarchy. Additionally, mastery is slightly predominance over harmony, or at least they are balanced (in Argentina). Finally, autonomy is stressed over embeddedness, but it does not prevail so strongly. Apparently, then, a small to moderate predominance of autonomy and egalitarianism, together with a slight predominance of mastery, seems to promote SEA in these countries.

We will now highlight the case of two inefficient countries: Spain and Brazil. Analysis for other inefficient countries is similar. The results for these highly inefficient countries (with levels below 20% of inefficiency) are shown in Table 3.3. Briefly, we should mention the following adjustments to the inputs proposed by the DEA.

Spain ranks 29–31 countries and to become efficient its SEA ratio would increase from 0.53 to 3.61. Similarly, Spain could have a lower cultural level in all its dimensions (excluding hierarchy) and be efficient. In this respect, suggested reductions in both autonomy values, egalitarianism, and harmony are noteworthy. It could decrease 1.30 in intellectual autonomy (a decrease of 26.66%), 0.98 in egalitarianism (−18.72%) and 0.75 in harmony (−17.06%) and be efficient. This would be meaning that in Spain the stress placed on these cultural values is too strong (especially when compared to the opposing values of embeddedness, hierarchy, and mastery). When the bipolar dimensions are computed (Table 3.4), this becomes apparent.

In the case of Brazil (see Table 3.3), second but last in the ranking, it could have a lower cultural level in all its dimensions (excluding mastery) and be efficient. The biggest restructuring comes from the hierarchy dimension (with a drop of 9.32%) and embeddedness (−6.67%). Brazil should also decrease harmony (down 5.88%), intellectual autonomy (−5.67%), and egalitarianism (−5.54%), and its SEA ratio could increase from 0.37 to 3.91. According to Table 3.4, this may be interpreted in the sense that the balance between harmony and mastery is the least adequate in Brazil, and where a greater change is needed.

3.5 Discussion

According to the 2009 GEM dataset, the total early-stage social entrepreneurial activity (SEA) of the adult population varies tremendously across countries: from 0.1% (Guatemala) to 4.3% (United Arab Emirates), with an average of 1.4% for Factor-Driven economies, 1.8% for Efficiency-driven and 1.9 for Innovative-driven economies. This variation is reproduced across countries grouped by stages of economic development. Among innovation-driven economies, for example, SEA is 3.95% for the USA vs. 0.53% for Spain. Similarly, there seems to be no spillover effect through geographical proximity. For instance, Argentina (4.13% SEA rate) and Brazil (0.37%) differ widely despite their proximity and stage of economic development (both being efficiency-driven economies).

In this regard, two sets of factors operate with regard to the level of economic development (Lepoutre et al. 2013):

- In developing countries, a demand component of SEA seems to be predominant. Thus, the social and environmental problems and the lower levels of economic development would create more opportunities for social entrepreneurs.
- In developed countries, in turn, individuals who feel economically secure are more likely to have post-materialistic values and attach greater importance to emotion, personal identification, and quality of life: strong motivators for social entrepreneurial activity. This corresponds to a supply component for SEA.

It is also possible that both the definitions of traditional enterprise and social enterprise may overlap in developing countries, whereas they may be more distinct in developed countries (Lepoutre et al. 2013).

On the basis of these ideas, the results of the DEA show that countries with an efficiency equal to 1 have a high entrepreneurial tradition according to the GEM reports and statistics. Argentina and Peru, (efficiency-driven economies), and the USA (innovative-driven economy), are characterized by high TEA and SEA levels.

Furthermore, these results show two efficient cultural models for boosting social entrepreneurship. Firstly, the high-income countries model headed by the USA, characterized by a strong presence of mastery (in comparative terms regarding its opposite dimension of harmony) while not penalizing the Autonomy and Egalitarianism dimensions. Secondly, for the low-income countries, the Latin American model has Argentina as the more influential peer, followed by Peru. On the one hand, Argentina model is very close to developed countries in egalitarianism, and stress harmony (over mastery) even more than rich countries do and without penalizing the Autonomy dimension. On the other hand, the Peruvian model is culturally characterized by the predominance of embeddedness and, to a lesser extent, mastery. With respect to the egalitarianism/hierarchy bipolar dimension, its average level is similar to that of efficiency-driven economies.

These results support the idea that culture is a multidimensional phenomenon which cannot be explained by the reduction of culture to a simplistic distinction between individualism and collectivism. According to Schwartz (2006), this influence would take place through social institutions (social legitimation in the words of Davidsson 1995). Jaén and Liñán (2013) consider that certain cultural values promote the higher entrepreneurial intentions of its inhabitants.

The study also provides insights into the cultural change that would allow achieving an efficient entrepreneurial culture. In the efficient countries from Latin America, the combination of relatively low autonomy (when compared to developed countries) with relatively high egalitarianism may explain, in particular, the higher expected level of “business” entrepreneurial activity and social entrepreneurship. In this sense, an emphasis on egalitarianism implies that each individual is expected to take responsibility and cooperate with others in the pursuit of the common good. At the same time, a relatively high embeddedness (lower autonomy) implies the sense of being part of a community (Liñán and Fernández-Serrano 2014). The combination of these two value priorities may lead more people to try to contribute to society through social entrepreneurial activity in countries with significant social and environmental problems.

On the other hand, Lepoutre et al. (2013) found that the more liberal the economy, the more conducive it is to the creation of social businesses. Therefore, regions dominated by a cooperative economy (most European economies) tend to have fewer social entrepreneurs than their more liberal, American counterparts. This appears to explain why in the developed countries, a relative reduction in the Harmony and Egalitarianism dimensions (predominant in most European economies) tend to boost the social entrepreneurship. In this regard, some studies show that countries where mastery is combined with a high emphasis on autonomy can provide a favorable environment for business entrepreneurship and, possibly, for social entrepreneurship too (Liñán and Fernández-Serrano 2014). Therefore, the differences in social entrepreneurship levels could be partly due to the stress these

countries place on each bipolar element of Harmony/Mastery dimension. The results of our study support these interpretations.

The present study has limitations in the availability of data and the impossibility of causal relationships derived therefrom. In particular, it is a static analysis with a 2009 dataset. Therefore, it is not possible to analyze cultural changes that take place as countries progress in their level of economic development. However, in the short and medium term, it is clear that the cultural dimensions of a country are relatively stable. Likewise, this study is essentially exploratory in nature. Its main purpose is applying a new methodology to gain insight of a new form of cultural analysis, specifically, the use of Data Envelopment Analysis (DEA) to look for efficient entrepreneurial culture. Despite its tentative character, this study has offered very promising observations about the nature of the relationships between culture and social entrepreneurship. The authors call for additional work to advance knowledge in this particular field, specially using a statistical tool, such as DEA, which has not been used until now in these kind of studies.

3.6 Conclusion

With a sample of developed and developing countries, this chapter analyzes the characteristics of an efficient social entrepreneurial culture, understood as the combination of cultural dimensions that maximizes social entrepreneurship levels. This chapter attempts to do so by analyzing how specific combinations of cultural values (as defined by Schwartz 1999, 2006) can maximize social entrepreneurship in a sample of 31 countries. The use of a theory-based cultural value structure may contribute to a more thorough understanding of the complex interaction between economic development and culture. Likewise, it tries to explain how these two groups of variables affect entrepreneurial activity. This does not mean that the GDP per capita and entrepreneurship are determined only by cultural variables. The static nature of this study does not allow for that statement. However, it does offer some evidence of the deep interrelations between cultural variables and social entrepreneurship.

This chapter shows the role of cultural values as inputs for the production of high levels of social entrepreneurship. Notwithstanding, this relationship is complex and social entrepreneurship is not maximized by a unique combination of cultural dimensions. The results of DEA analysis show multiple efficiency cultural models, these being related to socioeconomic factors.

The implications for academics and policy-makers may be substantial. If a better understanding of the effect of culture on entrepreneurship is gained, measures and programs to promote the desired cultural values may be devised. In inefficient-culture countries, a certain combination of cultural values should be associated with specific policies to promote social entrepreneurial activity. A better understanding of these interactions and the possible channels to achieve a more efficient entrepreneurial culture will help the design of educational systems and business policy that address the specific cultural characteristics of the environment in which they would be implemented.

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Chapter 4

Social Entrepreneurship and Institutional Conditions: An Empirical Analysis in Spain

David Urbano, Elisabeth Ferri, Claudia Alvarez, and Maria Noguera

Abstract This chapter analyzes the relationship between social entrepreneurship and institutional factors in the Spanish context, using institutional economics as the conceptual framework. To achieve this objective, we use models of logistic regression analysis, and specifically Rare Events Logistic Regression (RELOGIT), based on data from Global Entrepreneurship Monitor (GEM). The main findings demonstrate that informal institutions, such as fear of failure and perception of entrepreneurial skills, and formal institutions, such as access to funding and education, influence social entrepreneurial activity in Spain. Likewise, our data supports that informal institutions are more important than formal ones for promoting social entrepreneurship. The study contributes advancing theory on the field of social entrepreneurship and also could be useful for the design of government policies on the promotion of social entrepreneurial activity.

Keywords Social entrepreneurship • Institutional factors • RELOGIT • GEM • Spain

4.1 Introduction

One of the recurring debates in economics and politics revolves around the ability of markets to generate wealth and development in the world. Likewise, the recent economic fluctuations have highlighted the weaknesses of an accelerated growth-based economy and the short-term benefit. Moreover, in the past few decades we have observed the limited action taken by governments and the public sector to

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tackle social problems which are increasing and becoming complex and structural problems in the development of our societies. Consequently, around the world new private initiatives have emerged, with varying degrees of public support, with the aim to develop organizations capable of coping with these social issues. Therefore, social entrepreneurs do not measure their success based on economic profit, but rather by their capacity to affect social changes in their community.

Social entrepreneurship is increasingly recognized as a relevant element for the economic, social, and environmental contributions to society (Stevens et al. 2015). As noted by Mair and Marti (2006: 40), we can define social entrepreneurship as “a process involving the innovative use and combination of resources to pursue opportunities to catalyze social change and/or address social needs.” Although organizations with a social purpose have existed for many years, they have recently received increasing attention at a scholarly and governmental level (Bacq and Janssen 2011). On the one hand, as a result of the effects of globalization, the increasing disparity in wealth distribution, and the rise of social and environmental problems in both developed and developing countries, researchers and politicians have seen social entrepreneurs as key agents for changing this situation by offering innovative and entrepreneurial solutions (Bornstein 2004; Maclean et al. 2013). Moreover, the need for social organizations to achieve financial independence, along with increased competition for funding, has highlighted the need for change in the management of these entities (Fowler 2000). On the other hand, increasing dynamism and vitality are observed in the search for new themes and ideas concerning social entrepreneurship. The literature on social entrepreneurship has tended to focus on the experiences, personal characteristics, leadership, and success factors of renowned social entrepreneurs (Short et al. 2009). However, there is no solid evidence regarding one of the interesting aspects of social entrepreneurship: the study of how environmental factors affect (promote or inhibit) the emergence of social entrepreneurial activities. In this area, an important number of both theoretical and case studies can be found. Despite this, most studies deal with the issue in a fragmented and excessively descriptive way. This lack of empirical study is limiting our understanding of social entrepreneurial activities, so it is important to devote effort in this direction.

In Spain, where the level of commercial entrepreneurship is relatively low, the rate of social entrepreneurial activity is less than 1%. GEM experts do not venture to draw conclusions from this data, since 2009 was the first year in which this phenomenon was discussed at the international level. The most recent figures indicate how institutional factors have an impact on social entrepreneurship. With greater or lesser intensity, almost all advanced countries, and certainly all of the European Union countries, have assumed the need to support small and medium enterprises and entrepreneurs. Spain has joined this political and economic action to promote entrepreneurship in the various fields of public action, whether at the local, educational, labor, or industrial development levels. Within this context, we believe that the effect that environmental factors have on social entrepreneurs is understudied, in spite of the significant contributions these initiatives have made to all economies.

The objective of this chapter is to analyze the relationship between social entrepreneurship and institutional factors in the Spanish context, using institutional

economics as the conceptual framework. To achieve this objective, we use models of logistic regression analysis from the Global Entrepreneurship Monitor (GEM), specifically from the Spanish National Expert Survey (NES) for environmental conditions and the GEM Adult Population Survey (APS).

The main findings of this study suggest the importance of institutional factors on social entrepreneurship. In particular, our results show that informal institutions (fear of failure and perception of entrepreneurial skills) are more important than formal institutions (access to funding) in Spain.

After this brief introduction, the chapter is structured as follows. Firstly, we analyze the relevant literature on social entrepreneurial activity and institutional factors. Secondly, the methodology and data used is described. Next, the results are presented and discussed. Finally, the conclusions and future research directions are presented.

4.2 Conceptual Framework

In general terms, North (1990: 3) defines “institutions are the rules of the game in a society, or more formally, institutions are the constraints that shape human interaction.” Institutions can be either formal, such as constitutions, regulations, written rules, or informal, such as attitudes, values, norms of behavior, and conventions. Despite the lack of a unifying paradigm to study social entrepreneurship, some scholars suggest the application of an institutional approach to examine this phenomenon (among others Mair and Marti 2006, 2009; McMullen 2011; Nicholls 2010; Sud et al. 2009). Institutional perspective notes that the role of institutions in social entrepreneurial activity is vital. More specifically, 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). Then, in this chapter we propose as a key institutional factor the following: access to funding and education (formal factors) and fear of failure and perception of entrepreneurial skills (informal factors).

The availability of capital is important for social entrepreneurs as it lays the foundation for the social organization (Grimes 2010; Smith et al. 2012; Stephan et al. 2015; Zahra et al. 2014). 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 current literature, there is no difference between the importance of access to funding for social and for commercial entrepreneurs (Alvord et al. 2004). However, the literature on the emergence and development of social entrepreneurial activities highlights the existence of specific barriers relating to financial constraints that social entrepreneurs must cope with in order to carry out their social mission (Bacq and Janssen 2011; Certo and Miller 2008; Choi and Majumdar 2014; Di Domenico et al. 2010). Hence, 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). Therefore, we suggest that a reduction of the barriers to access to funding, with greater access to credit, will positively promote the emergence of new social enterprise projects, thus reducing the risks of budget uncertainty and dependence on public grants or aid. We thus propose the first hypothesis:

H1: Access to funding is positively related to social entrepreneurial activity.

The literature reports that people's behavior will be guided by their knowledge and skills. Specifically, empirical evidence (Davidsson and Honig 2003) shows that a higher level of education has a positive effect on the likelihood of an individual starting a business. Along the same line, several authors in the social entrepreneurship field (e.g., Chell et al. 2007; Glunk and Van Gils 2010; Kirby and Ibrahim 2011; Nga and Shamuganathan 2010; Shaw and Carter 2007) note that a high level of education is a common denominator between different social environments. Additionally, Light (2008) suggests that colleges and universities can prepare students to think and behave like innovators. Moreover, to develop social entrepreneurs, universities could establish innovation funds to encourage students to make change and stimulate collaborations with leading social organizations. Thus, the background of social entrepreneurs is critical to triggering the desire to launch a social enterprise. In this context, we formulate the following hypothesis:

H2: Education is positively related to social entrepreneurial activity.

According to previous studies, fear of failure is identified as an important factor that affects social entrepreneurship (Harding 2006; Hoogendoorn 2011; Shaw and Carter 2007; Weerawardena and Mort 2006). The perceived possibility of failure determines individuals' decisions to start a new social organization (Bornstein 2004). These individuals have a high degree of risk aversion and a lower probability of becoming entrepreneurs (Arenius and Minniti 2005; Weber and Milliman 1997). This aversion to risk behavior cannot be changed by exogenous interventions such as government programs, but could be modified through cultural factors that mold attitudes, perceptions, and risk profiles (Minniti and Nardone 2007). According to Hoogendoorn (2011), social entrepreneurs perceive different kinds of risk: particularly, they fear personal failure and bankruptcy. The author finds that fear of bankruptcy and personal failure is more common among social entrepreneurs than commercial ones. Therefore, we hypothesize:

H3: Fear of failure is negatively related to social entrepreneurial activity.

The literature highlights the importance of skill perceptions for social entrepreneurs. Specifically, the literature on social entrepreneurship states that people's behavior is usually guided by their knowledge and skills (e.g., Kirby and Ibrahim 2011; Ko and Liu 2015; Nga and Shamuganathan 2010; Peredo and McLean 2006). In this sense, Austin et al. (2006) suggest that a sufficient set of skills seems indispensable to undertaking social entrepreneurial activities. Such skills include community management practices and previous occupational or technical skills, among others. In this regard, other studies (Chen et al. 1998; Scott and Twomey 1988) suggest that the lack of business management skills can be a barrier to all those who want to start any entrepreneurial initiative. Finally, Light (2008) states

that individuals may be more inclined to make the decision to start a new organization if they believe they have the skills to successfully carry out the activity. Thus, we propose the following hypothesis:

H4: Favorable perception of entrepreneurial skills is positively related to social entrepreneurial activity.

4.3 Methodology

In this study, we use data from the GEM, specifically data from the Adult Population Survey (APS) and from the National Expert Survey (NES). Table 4.1 presents the description of variables.

Given the binary nature of the dependent variables, we tested the hypotheses using models of logistic regression, also known as probabilities models, so that the probability of an event occurring could be estimated. The model includes formal and informal institutions as well as a control variable and may be expressed as:

$$P(SEA_i = 1) = \beta_1 FF_i + \beta_2 IF_i + \beta_3 CV_i + \varepsilon_i$$

$$H_0: \beta_{1,2,3} \neq 0.$$

Table 4.1 Description of variables

| | Variable | Description | Source ^a |
|--|-------------------------|--|---------------------|
| Dependent variable | Social entrepreneurship | Dummy variable equal to 1 if individuals who are in the process of starting a business or company with social purposes; it is equal to 0 otherwise | APS (2009) |
| Independent variable: Formal factors | Access to funding | Availability of sufficient equity funding for new and growing business | NES (2009) |
| | Education | Highest education level into six levels | APS (2009) |
| Independent variable: Informal factors | Fear of failure | Dummy variable which indicate if the respondent agreed with a statement "Fear of failure would prevent to start a business" | APS (2009) |
| | Skills perceived | Dummy variable which indicate if the respondent agreed with a statement "You have the knowledge, skill, and experience required to start a new business" | APS (2009) |
| Control variables | Gender | Respondents were asked to provide their gender. | APS (2009) |
| | Age | Respondents were asked to provide their year of birth | APS (2009) |
| | Age-squared | It represents the square of age | APS (2009) |
| | GDP | Natural logarithm of gross domestic product (GDP) of Spanish regions | INE (2009) |

^aGEM Adult Population Survey (APS), GEM Spanish National Expert Survey (NES), and Spanish Statistical Office (INE)

where FF_i is a vector about the formal factors, IF_i is a vector about the informal factors, CV_i is a vector about the control variables, and ε_i is the random disturbance.

However, social entrepreneurial activity is a rare event: around 5% of all persons included in the sample are commercial entrepreneurs and 0.5% are social entrepreneurs. Application of standard probit or logit methods to estimate the empirical models is not appropriate here. Therefore, we estimated the ReLogit (King and Zeng 2001), which estimates the same logit model but uses an estimator that gives lower mean square error in the presence of rare events data for coefficients, probabilities, and other quantities of interest. We conducted a diagnostic test of multicollinearity (examining the variance inflation factor [VIF] of all variables in the analyses) and found that it was not likely to be a problem in this dataset. The possibility of heteroskedasticity and autocorrelation among observations pertaining to the same region was controlled for using robust standard errors, clustered by Spanish region (White 1980).

4.4 Results and Discussion

In Table 4.2, the descriptive statistics and correlation coefficients for all the variables used in the current research are reported. As can be seen, the average social entrepreneurial activity (SEA) in Spain is 0.53%, meaning that the percentage of the adult population (18–64 years) in Spain who have created some sort of social organization in the past 42 months amounts to less than 1%. If we analyze by Spanish region, the social entrepreneurial activity rate ranges from 0% (Rioja and Ceuta) to 1.09% (Balears), showing the disparity of this index inside the country.

Regarding correlations, Table 4.2 shows that six variables (access to funding, education, fear of failure, perception of entrepreneurial skills, gender, and age) have a statistically significant relationship with the dependent variable (social entrepreneurial activity).

On the other hand, Table 4.3 presents the results of ReLogit regression for institutional factors, distinguishing between formal, informal, and both factors. For all models, the percentage correctly predicted is greater than 99%. Model 1 presents the ReLogit results with the formal factors and the control variables; Model 2 shows the results for the informal factors and the control variable; and Model 3 is the full model with formal and informal institutional factors.

As mentioned, Model 1 includes the formal factors and the control variables. Thus, following Arenius and Minniti (2005), we entered variables measuring the socio-demographic characteristics of the individuals (gender, age, age squared) and macro-variables (natural logarithm of gross domestic product [GDP] for regions in Spain). Consistent with the existing literature, the results suggest that an individual's socio-demographic characteristics are quite important in understanding the likelihood of becoming a social entrepreneur.

Table 4.2 Descriptive statistics and correlation matrix

| Variables | Mean | Std. Dev. | 1. | 2. | 3. |
|----------------------------|----------|-----------|----------|----------|----------|
| 1. Social entrepreneurship | 0.005 | 0.07 | 1.00 | | |
| 2. Access to funding | 2.403 | 0.2 | 0.02*** | 1.00 | |
| 3. Education | 5.699 | 2.1 | 0.04*** | 0.05*** | 1.00 |
| 4. Fear of failure | 0.526 | 0.5 | -0.03*** | 0.02*** | -0.06*** |
| 5. Skills perceived | 0.486 | 0.5 | 0.06*** | 0.01 | 0.19*** |
| 6. Gender | 0.493 | 0.5 | 0.01* | 0.00 | 0.06*** |
| 7. Age | 43.661 | 12.29 | -0.02*** | -0.02*** | -0.21*** |
| 8. GDP | 17.667 | 0.95 | 0.01 | -0.06*** | 0.02*** |
| Variables | 4. | 5. | 6. | 7. | 8. |
| 4. Fear of failure | 1.00 | | | | |
| 5. Skills perceived | -0.12*** | 1.00 | | | |
| 6. Gender | -0.08*** | 0.12*** | 1.00 | | |
| 7. Age | -0.01** | -0.05*** | -0.03*** | 1.00 | |
| 8. GDP | -0.03*** | 0.04*** | 0.00 | -0.01 | 1.00 |

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

Table 4.3 Results of the rare events logit models

| | Model 1 | | Model 2 | | Model 3 | |
|--------------------------|----------|------------------|----------|------------------|----------|------------------|
| | dF/dx | Robust. std. err | dF/dx | Robust. std. err | dF/dx | Robust. std. err |
| Formal factors | | | | | | |
| Access to funding | 1.32*** | (0.41) | | | 1.41*** | (0.26) |
| Education | 0.20 | (0.37) | | | 0.13 | (0.08) |
| Informal factors | | | | | | |
| Fear of failure | | | -0.59*** | (0.20) | -0.57*** | (0.20) |
| Skills perceived | | | 1.91*** | (0.24) | 1.82*** | (0.24) |
| Control variables | | | | | | |
| Gender | 0.29* | (0.17) | 0.08 | (0.15) | 0.36* | (0.18) |
| Age | 0.14*** | (0.05) | 0.11** | (0.05) | 0.09* | (0.05) |
| Age ² | -0.00*** | (0.00) | -0.00*** | (0.00) | -0.00** | (0.00) |
| GDP | 0.07 | (0.07) | 0.02 | (0.13) | 0.04 | (0.09) |
| Number of obs. | 27.837 | | 26.564 | | 26.359 | |

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

Most coefficients are significant and have the expected sign. Thus, access to funding increases the probability of becoming a social entrepreneur. However, education are not statistically significant. With respect to the control variables, according to the existing empirical research (Arenius and Minniti 2005:234), being a man increases the probability of becoming a social entrepreneur. The coefficient of age indicates that the probability of becoming a social entrepreneur increases; however, given that the age squared coefficient is negative and statistically significant,

the relationship between age and the likelihood of becoming a social entrepreneur peaks at a relatively early age and decreases thereafter (Levesque and Minniti 2006). Also, GDP coefficient is not significant, contrary to previous literature (i.e., Wennekens et al. 2005) suggesting a negative relationship between social entrepreneurship and natural logarithm of GDP.

Likewise, Model 2 shows the impact of informal factors on social entrepreneurial activity. The coefficients for fear of failure and perception of entrepreneurial skills are significant—the first negative and the other positive—as we expected. Also, we observe that gender and GDP are not significant and the coefficient of age is lower than in Model 1.

Finally, Model 3 shows the coefficients for the formal and informal factors, controlling for gender, age, age squared, and GDP. Regarding formal factors, we found support for Hypothesis 1, in that more access to funding increases the probability of being a social entrepreneur. This result is in line with Alvord et al. (2004) and Bacq and Janssen (2011), who highlight the existence of financial constraints in social entrepreneurial activities. The main cause of this is the aim of social entrepreneurial activities: social wealth creation is detrimental to economic wealth creation and for this reason social entrepreneurs find it more difficult to access financial credit and take on debt (Austin et al. 2006). In contrast, we found no support for Hypothesis 2 regarding to education, which assumes that higher levels of education and knowledge have a positive impact on the likelihood of social entrepreneurial activities. However, this relationship is not statically significant we found a positive sign, as we expected before. Thus, we reject hypothesis 2.

Regarding informal factors, we found support for Hypothesis 3 in that fear of failure has a negative influence on the likelihood of being a social entrepreneur. In line with the literature, the possibility of failure determines social entrepreneurs' intentions (Hoogendoorn 2011), decreasing the likelihood of starting up a new social initiative. Taking account of both this and the current situation of global crisis is important to stimulate a change in this kind of perception. As has been noted by Minniti and Nardone (2007), this change cannot be effected by governmental programs but must be done through sociocultural factors such as attitudes, perception, and risk profiles. Also, Hypothesis 4 is supported; hence, perception of entrepreneurial skills is positively related to being a social entrepreneur. According to this, we can suggest that people's behavior is conditioned by their knowledge and skills, along the lines of Light (2008) and Salamzadeh et al. (2013).

Finally, the marginal effects for selected variables at median values are shown in Table 4.4. The baseline probability of being a social entrepreneur is 0.28%. Change

Table 4.4 Marginal effects for selected variables

| Pr (SEA=1) at median values | | 0.28% |
|-----------------------------|---------------------------------|--|
| Variable | Change in variable ^a | Additional change in predicted probability |
| Access to funding | Minimum to maximum value | 0.05% |
| Fear of failure | Zero to one (dummy) | -0.56% |
| Skills perceived | Zero to one (dummy) | 0.75% |

Note: ^aAll other variables are held at their median. Calculations are based on estimates of Model 3 in Table 4.3

in access to funding and education level, of minimum to maximum value, only adds 0.05 and 0.07%, respectively, to this. By comparison, fear of failure decreases by 0.56% and skills perceived adds 0.75% to the probability of being a social entrepreneur. Along the same line as Urbano et al. (2010), these results could suggest that informal factors are more significant than formal ones for social entrepreneurship.

4.5 Conclusions

Social entrepreneurs move in highly complex environments, and usually they have several troubles in accessing financial and human resources (Dees 2001). Greater knowledge about the main constraints will enhance the amount of social entrepreneurs there are, as well as their development. With this in mind, the main objective of this study was to provide evidence through empirical testing of the importance of formal institutions (access to funding and education) and informal institutions (fear of failure and perception of entrepreneurial skills) to social entrepreneurial activity. To achieve this objective, we have used models of logistic regression analysis fundamentally based on data from the GEM Report for Spain in 2009.

This study generates several key results. On the one hand, there is evidence that fear of failure and favorable perception of entrepreneurial skills has a relationship with social entrepreneurial activities. In this sense, cultural factors, such as modification of attitudes and perceptions, are vital in increasing social entrepreneurial rates in Spain. In turn, an active program oriented toward enhancing entrepreneurial capabilities related to setting up new social initiatives will be important in the coming years. On the other hand, regarding the formal factors, it is important to eliminate the current barriers to access of funding for this type of entrepreneurial initiative. In this case, creating new tools or strategies to access to funding could help, together with other variables, to increase the rate of social entrepreneurs in Spain, which is low at only 0.5%. Thus, the main findings reveal that both formal (access to funding) and informal factors (fear of failure and perception of entrepreneurial skills) influence social entrepreneurship. However, based on marginal effects, it seems that informal factors have a greater impact on social entrepreneurial activity than formal factors.

This study has both theoretical and empirical implications. Theoretically, this study reaffirms institutional economics as an appropriate and robust conceptual framework for the analysis of the institutional factors that determine social entrepreneurial activity, specifically in the context of the GEM project (Alvarez and Urbano 2011; Aparicio et al. 2016; Thornton et al. 2011; Urbano et al. 2011; Urbano and Alvarez 2014). Empirically, this study could be very useful for the design of governmental policies to promote social entrepreneurial activity in the Spanish context.

Future research could compare the Spanish context with other European or American regions. Also, a longitudinal analysis of social entrepreneurial activity would offer useful and interesting information. In addition, other institutional factors could be considered in the proposed conceptual model, such as postmaterialism, socialization process, and attitudes toward social entrepreneurship.

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Chapter 5

Collaborative Networks Between Colombian Universities and Population at Risk of Social Exclusion: The Sergio Arboleda University Experience

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Abstract Higher Education Institutions have been established themselves as centers of social development, education, and progress for the countries in Latin America. The Colombian case is not an exception, and there are many initiatives that have been started from the various universities in the country in order to develop direct collaborative strategies that promote the development of people at risk of social exclusion.

This study presents an exploratory literature review concerning this type of phenomenon that is taking place today in many Colombian Higher Education Institutions. This first part of the document introduces a theoretical background over some of the methodologies of collaborative work and corporate social responsibility initiatives that are being implemented from different research groups at Sergio Arboleda University, in order to develop collaborative bounds and networks with the most disadvantaged population of some neighborhoods in the city of Bogota, Colombia. Specifically herein is described the case of the support provided by a group of students and professors deployed in the Usme neighborhood community in the south of Bogota to help them to run and manage sustainably a community store operated by these neighbors, lasting the project more than 2 years and having some interesting outputs from this experience that are highlighted in the conclusions of the document.

Keywords Collaborative networks • Colombian universities • Cooperation • Networking • Social development

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5.1 Introduction

The millennium goals of the United Nations have been set as the following ones: poverty reduction, protection of the environment, and the maintenance of peace in all of its forms and fields, being these goals considered as the most important objectives of the international community. Thus, an overview of the problem situation and scientific cooperation must be set and put in concordance with the economic and technological globalization phenomenon, being the international academic community an important actor to achieve these millennium goals of the United Nations aforementioned (Oberliesen and Mora 2013).

In this globalized environment, Higher Education Institutions have the responsibility to become the engine of regional competitiveness by acting as a promoter of intellectual, technological, and scientific value, being in charge of enabling innovation and redirecting these competencies to the needs of today's society (Amador et al. 2015). In several Latin American countries, there have been created different programs and initiatives to stimulate research by these Higher Education Institutions, which have sought the acceleration and accentuation of the dedication to research by university professors and students, providing various types of direct or indirect financial support to research activities and research teams. In other countries, these programs that have the aim to encourage research were created by national agencies related to the science and technology areas. In other ministries, secretariats or governing bodies related to Higher Education Institutions, different academic rating or accreditation agencies that use indicators to measure specific variables as, for example, the number and impact of publications of researchers in the different areas were created to encourage, monitor, and control research activity.

Thus, it is necessary to build or integrate these indicators in order to measure the impact of the publications in the social development and protection of the environment area, in order to encourage this kind of production within the academic institutions. The fact is that thanks to the role of these publications, international rankings of universities are getting an increasing impact on the formation of public opinion in general, and the university government bodies and its political decision-makers could influence the budget assignments to these results as well as the set of the strategic goals and the variables to measure the performance of the different academic indicators (Mato 2013).

The present document has been divided in three different sections: In the Theoretical Background section, it has been conducted an exploratory literature review on the concepts of corporate social responsibility studies between Higher Education Institutions and population at risk of social exclusion. In the Methodology section, it has been presented the specific Sergio Arboleda experience conducted by a research group of professors and students which performed a support project through a 2 years process of advising a neighborhood community in Usme, located in the south of Bogota, in terms of managing a local store, which experience and direct and indirect outputs were explained in the Results section. Finally, in the Conclusions and Future Research section, it has been addressed the final discussion regarding the selected literature and the experience exposed, indicating future lines of research according to the results.

5.2 Theoretical Background

5.2.1 *Current Role of Higher Education Institutions in the Society*

The model of the current global economic system, characterized by being seated in the paradigm of competition where the use of new technologies is privileged and that far from solving many of the problems that existed in the world economy, has sharpened the problems related to inequality, poverty, environmental issues, and population exclusion, among others (Amador et al. 2015).

Not only an appropriate educational system to overcome the different challenges and promote sustainable development is needed. There are also requirements to understand these needs and communicate them properly to those who design policies and the general public including different actors with divergent interests: middle-class population, communities at risk, elites and speculators from the private sector, government, etc. This structure cannot be built isolating the different actors and sectors from the population and from outside the modernized and industrialized world. It is important to prioritize these risks and understand which ones should be attacked first in order to transform and change the way of life and implement proper social practices. It is also necessary to consider what kind of science is necessary, and what the limits of the traditional conception of knowledge and its relations with policies and leaders at all levels are. On the other hand, it is also important to reflect on what innovations are required and what new processes of knowledge production will be developed (Clair 2014).

Many countries, including Latin America and the Caribbean regions, have recognized this immense challenge and have begun to take appropriate accompanying development and implementation of specific measures in order to overcome the current situation and the identified problematic issues. Over the past two decades, in all over the world it has been increased significantly the cooperation between universities, research centers, and other Higher Education Institutions in order to become essential tools in achieving these challenges referred to the social development and the commitment with the environment (Oberliesen and Mora 2013). It is also important to consider the responsibility of universities and other Higher Education Institutions in their mission to train committed professionals to the development of their local and national social environments, with an adequate and competent knowledge and skills to meet the needs of today's society, as well as strong ethics principles and motivation to orientate their personal career not only to achieve individual goals but also to pursue general interests for the progress and development of the society (Amarocho and Hernández 2014).

For all the aforementioned, it must be taken into account the social value that universities can give to the close environments where they operate. There are a range of different interpretations of the meaning of social value or public value that Higher Education Institutions could bring to society. In an economic sense all value (financial and non financial) generated by universities has social value, as members

of society benefit. But in relation to universities, it is most often taken to mean value being generated by non-market activities, in other words the value that is not captured within financial measures such as income or revenue generated. In general, social or public value is related to the broader worth of an activity to society. This is distinct from social values, which are the moral, political, or philosophical beliefs of a society (Kelly and McNicoll 2011).

5.2.2 Corporate Social Responsibility Through Universities

For the identification of social enterprises and collaborative projects between universities and population at risk of social exclusion, there must be an awareness of a social problem and a willingness to change or fix it, so that companies with different size, legal form, and scope could have the motivation to interfere in the situation and market in order to achieve an objective of social change. So the creation of social value can be understood as the ultimate goal and the reason to create a social entrepreneurship or to collaborate with conventional companies, guiding the process by the creation of economic value as its primary objective between the public and private sector, and the Higher Education Institutions (Amador et al. 2015).

From universities it has been performed a task of technological knowledge transfer to different areas of the public and private sectors and to various sectors or processes that for various reasons suffer from difficulties in accessing to employment. The insertion of the university in the issues of poverty and unemployment through assessment to social enterprises appear as the ability to offer a practical response to the needs of the population that requires the support of strategies to address employment and give solution to other social problems. Universities can also develop a variety of communications and dissemination of these practices to inform people and encourage their participation, overall interdisciplinary dialogues, promote student movement to solve social challenges of the territory and proposals for change (Amador et al. 2015).

However, it must be highlighted that some university sectors are more oriented to their own internal objectives and goals and are more or less isolated from the social context, while others are focused on the idea that these institutions are part of specific social contexts which should serve directly to the problems and needs of the society, which they can and must learn to learn (Mato 2013). In this line of thought, it is reasonable to understand that every institution, organization, and individual should pursue a sustainable tomorrow, where the focus is to meet the needs of today without compromising the ability to meet the needs in the future, as well as creating opportunities and added value for the present and future of society and mankind.

This also applies to Higher Education Institutions, as for example the universities, as centers of knowledge generation and sharing. These institutions are called to play a very important role in solving these world's problems by ensuring a sustainable tomorrow, deepening their commitment to corporate social responsibility at the operational level as well as the academic level, mostly by curricular activities, not only to achieve benefits for the institution itself, but also to reach different kinds of benefits

for the society in general (Asemah et al. 2013). The current global context impulses many universities to pursue their academic excellence beyond academic processes in teaching and research tasks, expanding these needs to the improvement of the institutional relations with the environment. Quality measurement processes and the role of disseminating information of interest to different social groups is a sign of the commitment of these institutions to the environment and therefore an element of support in the pursuit of excellence (Moneva-Abadia and Martín-Vallespin 2012).

What is important to foreground at this point is that some studies have concluded that intercultural universities created, as for example developed by indigenous or Afro-descendants, or by government agencies organizations and programs with a strong intercultural orientation within conventional universities (understood simply as those that are not explicitly targeted to respond to needs, demands and proposals of indigenous peoples and Afro-descendants) and other programs created through partnerships between conventional universities, and these kind of ethnical organizations are characterized by being strongly linked to their local contexts (Mato 2013). It is in this last line where actions include community engagement, which usually consist of development projects that students performed usually advised by teachers and are conducted in collaboration with local organizations and communities, are the kind of initiatives that deal with real projects and processes that are responding to specific problems that communities are suffering. Thus, all these initiatives must be conformed and related to all these problems. At the level of sustainable development programs, the specificity of the actions of community engagement that are performed by universities are also clearly important, not only because each seeks to suit particular social, cultural, and environmental circumstances, but also because it does so with some professional point of view, guiding the program in one way or another (Alvarez 2014).

Universities are trying to distinguish themselves as agents of change in correspondence with such economic, social, and global political transformations. If they fail to accomplish with this role, then these institutions would be entering themselves in a phase of inertial disappearance. So universities, research centers, and other Higher Education Institutions must be definitely committed to such socio-historical processes (Oberliesen and Mora 2013). Universities have also very important roles to play in the sustainable development of complex regional social-ecological systems, working within multi-stakeholder collaborators, as for example students, educators, researchers, and academic-practitioners, that could take leadership with other stakeholders in creating action-research learning networks for the ongoing conceptual mapping of regions as multi-scale scenarios, including identification of the shifts in adaptive cycles, and social, economic, and environmental thresholds (Manring 2014).

5.3 Methodology

As we mentioned before in the present document, Higher Education Institutions could have a direct influence on its community, through social programs or giving students the skills for changing its own environment. Having this in mind, in the late 2013, a hotbed of research was created at the International School of

Management and Marketing at Sergio Arboleda University. The work of the researcher and its students was focused on learning about the Economy for the Common Good and finding a way of applying this model to specific projects with population at risk of social exclusion in Colombia.

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5.4 Results

The first year there was a normal functioning. When the sales were not as good as needed to pay all the expenses, there was money from the original seed to survive. The second year was different. Every month there were losses. Also, they had inventory software that never functioned well. Two new professors entered the group and started from looking at the finances of the store. They found that there were not financial statements. For that reason, the store was not formally created; as a consequence, they had no chance of negotiating with suppliers. In addition, having four people in pay-sheet was unsustainable and the money left in the bank account was running out.

Some of the advices to rescue the finances of the store were related to maintain just two people working. The second action was making the store formal to be able to reduce prices. The third initiative was to change from having an open place to have door-to-door service. The results of the first action were a complete success, but the second and the third were not possible. There were missing information to have complete financial statements and the neighbours were scared of robbery to the delivery person.

At the end of the project, it was found that the decision-making was in the hands of a selected group of people related to the same family. For that reason, the community did not feel like the store belonged to them. Nobody wanted to take responsibility for the losses, waste of money and imminent closure of the place. Even though the group from the University was there to help, the community made the final decisions. In March 2016, the store was fully closed. The remaining products were given to the families of Usme, and the shelves were sold to a neighbour. Fortunately, the people that worked in the store had qualifications in several skills, which helped them to find new jobs which were really well remunerated.

This was an excellent experience for the students. They understood about challenges of managing their own business and the importance of heal relationships in a community before being able of creating social programs. Also, they recognized the differences between their living style and the one of population at risk of social exclusion, which in Bogota is usually located at the south of the city.

5.5 Conclusions and Future Research

Higher Education Institutions are important actors in the fulfillment of the United Nations Millennium Goals. It is fundamental to train committed professionals to the development of their local and national social environments. Also, it is relevant to educate them to have strong ethics, principles, and motivation to orientate their personal career not only to achieve individual goals but also to pursue general interests for the progress and development of the society. Complementarily, there is a need of research initiatives focused on solving real problems of the society.

In this document, the exploratory literature review exposed some relevant ideas on the current role of Higher Education Institutions in the society and the Corporate Social Responsibility through Universities. One of the main conclusions is that Universities have a task of distinguish themselves as agents of change in correspondence with economic, social and global political transformations in its community. Furthermore, the Universities should help in the creation of opportunities and add value for the present and future of society and mankind.

Despite the close of the store in Usme, this experience represented relevant learning. On the one hand, students in the hotbed of research understood the challenges of managing a business and the relevance of a community having really good relations for being able to work together. On the other hand, some people from the community improve its quality of life and one of its family, thanks to the skills obtained at working in the store. One of the academic results was the creation of a business case with the main goal of explaining students the characteristics of small business and the opportunities that exist to help vulnerable population that have many needs and little access to higher education.

Further research could explore similar cases in Bogota, Colombia, and Latin America to expand the knowledge of cases where the Universities have an impact on communities. Also, that information could be useful for getting together the learning and apply it to local contexts. Besides, further analysis could help to think on alternative businesses that could be created when some population has some resources available (other than a store). Finally, it is important to mention the relevance of knowing your population of intervention before making any decision; in that sense it is easier to be able to make accurate decisions.

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Chapter 6

Fundación Espurna: A Case Study on Social Entrepreneurship

Julio Garcia-Sabater and Jose P. Garcia-Sabater

Abstract This work presents the case of Fundación Espurna, a non-profit NGO that helps the intellectually disabled to find work, founded in 1996. It began with very little capital and cared for five people, but it has multiplied its capital more than 200-fold, now cares for more than 500 different people each year, and has over 200 workers of whom more than 50% have some kind of disability.

Keywords Social entrepreneurship • Sponsorship of sports • Social responsibility

6.1 Its Beginning and Background

Fundación Espurna began in 1996 in the town of Gandía (Valencia) to provide a service to the people with intellectual disability in its geographical area, which includes some 180,000 people in a 500 km² area.

The Fundación's founders meet the definition of social entrepreneur given by Thompson et al. (2000) as they try to satisfy some unmet need that the state welfare system cannot meet. Its founders' main reason to start the institution was to cover the personal needs of the family that managed the Foundation, who had a family member with Down's syndrome. After actively collaborating with associations in the area, and having observed shortages and difficulties that the Foundation's management could not apparently overcome, the management decided to create an "ex novo" Foundation with a different work philosophy from that of surrounding organisations.

Fundación Espurna has no explicit strategic plan, although the team that founded the institution continues its day-to-day activity 20 years later, which has allowed its mission and vision to have adapted from the original mission and vision (internal and external circumstances have changed). It can be stated, although was not explicitly written, that the clarity of the purpose and the ability to think like a business are a critical success factor in the Fundación Espurna (Boschee 1998).

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However, in line with the implementation of quality programmes linked to the standard ISO 9000, the mission was defined in 2014 as: “Helping disabled people complete integration, people mainly with psychic disability or mental disease in the Valencian Community, but without forgetting other disabilities”. It is worth to say that the ISO 9000 certification was required to work for a customer in the automobile sector, and it was extended to other areas. In the same document, the vision is stated as: “We wish to become a reference organisation in the intellectual disability sector that stands out for integrating people and for providing an excellent service to our customers”.

The legal form selected to commence its activity (Foundation) reflects two basic characteristics of the decision made. On the one hand, it is not a Limited or Public Limited Company, but a non-profit company. On the other hand, it does not require an assembly-type decision-making system that an association requires. Former experiences have shown the difficulty of continuing with a project with such characteristics that has to present decisions during group meetings whose interests are not necessarily aligned.

The Foundation’s first activity was shaped through a Special Employment Centre (SEC). A SEC is a company that must generate its own resources and at least 70% of its workforce has to include disabled people. In 1996, it did outsourced activities and started with only five people with intellectual disability, and today’s manager worked as the supervisor. The Chair of the Board and his family not only performed the commercial activities required, but was complemented by volunteer work to cover the difficult working days in its early days to serve products on time and correctly to customers. Also in this case, social entrepreneurs, as discussed different authors, display a high level of moral judgement (Prabhu 1999; Mair and Noboa 2003).

The Foundation’s beginnings were financially difficult, and contributions made from family savings were needed. After a few years, income finally exceeded expenses and it became a financial sustainable institution. These early days became a characteristic that distinguished the Foundation, at least in the Spanish context: managing surplus funds as a means to obtain new resources, which increase the Foundation’s assets. According to Spanish legislation, with Foundations, like any other public law institution, any differences between income and expenses are not acceptable and must be accounted for. The name employed to refer to any positive differences (surplus) has a negative connotation. Correct profit-making company management involves maximising profits (a positive difference between income and expenses), but managing these differences between income and expenses in organisations subject to public law must be minimised.

So if correct management, or a positive economic situation, results in increased income, the organisation might be tempted to increase its expenses to balance out its income. An easy way to represent this is by increasing salaries (employing more people or increasing what current employers earn). The problem with this decision is that it is difficult to reverse in the short term.

However in Fundación Espurna, any surplus is reinvested in assets that allow it to extend the services it renders to the people that the Foundation cares for, or increase the number of people it attends. Its annual surplus has increased yearly as the same management model was followed with this extended capital.

Given its working outline, the Foundation began to grow in both numbers of disabled people being cared for and activity types offered. Nowadays Fundación Espurna has different structures, which are acknowledged by the Spanish legal system, to enable its service to be offered at different disability levels or for distinct requirements: Special Employment Centre, Employment Centre, Day Centre (for people with severe disabilities), Early Stimulation Centre (for schoolchildren), Professional Qualification Programmes (for young people who have just finished school), supervised housing, and sports club. The Foundation also has a restaurant that opens to the general public to confer visibility to the disabled people who work in the kitchens or the restaurant hall. Today Fundación Espurna provides paid work to around 200 people, of whom more than 100 have some form of disability. It also renders its services to more than 500 disabled people. Bearing in mind that sponsors which donate money to the Foundation are few (practically none), its income is exclusively related to the sales of products and offering services. Hence its growth, and above its survival, in the sector during the hardest years of the economic crisis, is quite remarkable.

The rest of this chapter is arranged as follows: next its activity units are mentioned. Section three offers a replicable model by which the Foundation helps the social integration of the disabled. The chapter ends with some conclusions. Finally, the fourth section presents a values proposition based on reading the Foundations' historical evolution, and the Foundation's success is defined as shared values and practices (Boschee 1998; Spear and Bowen 1999).

6.2 Fundación Espurna's Activity Units

This section presents Fundación Espurna's main activity units. Although each unit must be financially self-sustainable, calling them business units would not be appropriate. Each unit is subject to Spanish legislation, which regulates it, and units are presented according to the time they commenced. As mentioned earlier, this Foundation emerged as a Special Employment Centre in 1997.

Special Employment Centre (SEC): A SEC is a company in which disabled people are paid for the work they do, which they do with support people. Most jobs done by Fundación Espurna are carried out on the customer's premises. It is also in charge of managing the restaurant it currently opens to the general public. Nowadays it provides work to 73 employees with some form of psychic disability or mental disease, and to 17 workers with some form of physical or sensorial invalidity. Eleven supervisors, one production manager and one operations director also work. The evolution of the personnel contracted by the SEC is illustrated in the figure below (Fig. 6.1).

Those who work for the SEC are paid according to that set out by law. However with the intellectually disabled, it is difficult to find people who have suitable habits to be productive during a full working day. Hence SECs work to train these people to enter the world of work, and the so-called Employment Centres exist for this very purpose.

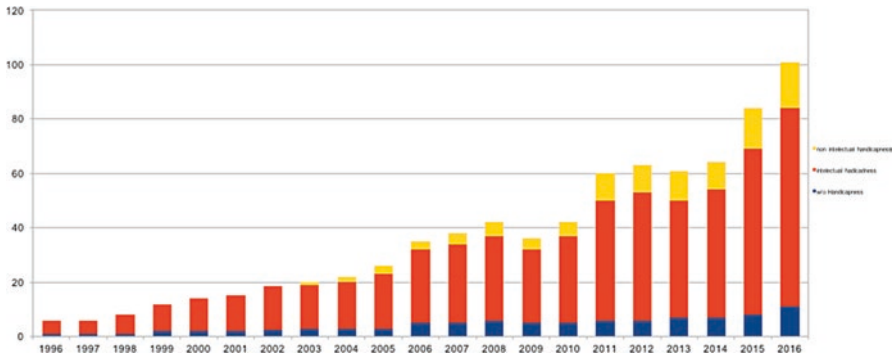


Fig. 6.1 Evolution of the number of workers contracted in the Special Employment Centre

Employment Centre (EC): The EC is a centre which helps the disabled who do not have the sufficient skills to be paid a salary in the SEC. Its objective is to provide users with a therapeutic occupation. It currently has 80 users monitored by 12 supervisors and one assistant. Users do considerable work which is sold to private customers directly (wedding gifts and the like) or on stalls in festivals.

Fundación Espurna is one of the few institutions in the Valencian Community that sustains these two centre types that must communicate to facilitate transfers from the EC to the SEC. Transfers in other employment centres are sometimes limited because not enough opportunities arise, and occasionally because transfers can be perceived as a customer the EC loses. Some people return to the EC from the SEC if the transfer is not successful, but it is rare. Lack of barriers for transfers facilitates personnel entering the SEC and its growth. According to the Operations Director, “Right now, we have limited our growth as we have no reserves, which makes it hard to obtain personnel from other employment centres”.

According to the law, no disabled person under the age of 18 can be cared for in an EC. This creates a gap between finishing compulsory education (16 years) and being able to enter an EC. Thus training and qualification programmes were created to offer a service to the people in this age gap.

Training Programmes: In 1999, they were set up for people who have finished compulsory education and act as a previous step to entering companies. From these training programmes, people can move to a SEC, or to an EC if they do not have sufficient skills. Nowadays Fundación Espurna has 32 students with some level of disability, who are monitored directly by one coordinator and two trainers. Since the Foundation started, it has offered courses that adapt to the occupational requirements that the SEC perceived.

After analysing disabled people’s life cycle, an unmet requirement was observed in 2007 in the Foundation’s area of influence: attending the disabled before they start compulsory education. For this reason, the Early Attention Centre came into being.

Early Attention Centre: This centre came into being for the welfare/preventive treatment of boys/girls with development problems, or at risk of developing them, from prenatal, perinatal or postnatal causes. This centre cares for 85 children, and one physiotherapist, two stimulation professionals, one speech therapist and one centre director work.

The functional capacity of some people in the EC deteriorates, and they are unable to keep up with the Centre's pace of learning. For this reason, the Foundation set up a Day Centre in 2011.

Day Centre: Day centres are centres devised for disabled people whose functional capacities greatly deteriorate. They offer specific preventive support services, specialised resources and rehabilitation activities. The Foundation's Day Centre has 20 users who are assisted by four assistants.

The ideal situation would be that these people live with their families to thus maintain their integration into their family. However, this is not always possible. Since 2001 the Foundation has increased its assets by acquiring houses to solve the housing problem of some people in its centres who, for diverse reasons, cannot return to their original environment.

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Supervised housing: Supervised housing is designed as small-sized functional homes adapted to the number and characteristics of users, which are included in a community setting. Here they live together as a homogeneous group of physically/intellectually disabled people that remains stable with time given their intermittent or limited support requirements in a partly self-managed regime. One hundred and one people live in such housing (most use the foundation's other services), which is managed by four coordinators and 51 educators.

In the supervised housing, disabled people live in groups with four to eight members, depending on the size of the dwelling. The exception is for couples, who have their own home to live a family life.

All these units require a series of services offered by a support unit which, apart from the aforementioned professions, include ten other professionals contracted (physiotherapists, psychologists, educators, sport monitors, etc.) to offer shared services to all the centres simultaneously.

6.3 Social Integration

In the beginning, the Foundation's activity stressed occupational integration and generating income through work as a means towards financial sustainability. Having achieved this, the explicit objective was to achieve social integration through a specific series of activities.

Fundación Espurna's working model in this area has also emerged as a response to the requirements it has perceived. The SEC workers and EC users who move to live in supervised housing require programmes that cover their entertainment requirements, which are not found at their workplace. So it developed an Entertainment Programme that organised festivals, one in summer and another at Christmas, which expected those who participated in them to work with their artistic skills (dancing, singing, painting, etc.) to provide society (first their parents, and later people from civil society institutions). In parallel, participating in popular festivals in nearby towns introduced new activities that required certain preparation.

Activities began to be prepared, e.g. summer and Christmas camps, weekend trips, which required another form of organisation and many volunteers.

At the same time, adapted sport activities that suited the disabled began. The level of these activities began to require infrastructure, which led to the Sports Club opening, in which disabled people who do not use the Foundation also participate. The Foundation has promoted many regional competitions through the Associations it belongs to. On a positive note (not seen as such by all participants), at the beginning the Foundation won all the football and basketball championships. However in recent years, some other centres now have the conditions to compete with Espurna Sports Club teams.

The Espurna Sports Club took another step forward in 2011. Its sports members began to participate in popular races, which allowed integration to give way to inclusion. Currently, three Espurna athletes are training and run with specific trainers in long-distance running in both duathlon and triathlon. There is also an inclusive football team.

Sporting activities have permitted a new direction of integration with society. Since 2012, the Fundación Espurna sportspeople have participated in popular races, marathons and half marathons. In 2014, the Foundation also began to participate in the national inclusive football championship. Since 2015, it has set up, along the Cullera Rugby Club, a Spanish inclusive rugby team that follows the Trust Rugby International model of Scotland. This team has more than 40 players, both with and without recognised disability, who play rugby matches against veteran rugby teams or other inclusive rugby teams, including training and matches.

It can be stated that in the social integration area, the inclusion model proposed by Fundación Espurna has three working directions: integrating people into the institution; including the institution in society; and, as a result of both, integrating people into society.

6.4 Fundación Espurna's Historical Background and Its Acquired Values

Fundación Espurna's growth since it was founded determines the organisation's values and which all its workers have absorbed, even though they have not been reflected, nor were written until much later.

6.4.1 *Customer Service That Goes Beyond Expectations*

As mentioned before, its early days were far from easy as work was lacking because it had to find its place on the market, and also because its workers were going through a personal growth stage (they were not used to working at the time and found it difficult to concentrate for long). Entering the market proved difficult. At the time, all Foundation members did business tasks in its most well known settings. Many obtained jobs were offered by local companies to somehow cover their Corporate Social Responsibility (CSR) matters, and they did not consider Fundación Espurna an important part of their services suppliers. To overcome such reluctance, the Foundation's management set an objective to always provide top quality work in the shortest possible time, which even went beyond its own customers' expectations, in order to demonstrate that work should be entrusted to the Foundation but not for charity reasons, rather because the company should be of interest. For instance, if they asked for 1-week deliveries, top quality work had to be delivered in 1 day. This was one of the values that later allowed it to survive the economic crisis better than many other centres did which went through a very bad spell, or even closed. If you only obtain work for CSR matters, when a crisis appears, which will also affect your customers, you will be the first supplier to fall as companies invest all their resources in surviving. If, however, you are one of the company's most reliable suppliers, you will be the last to fall. The origin of the first of the foundation's works came from business friends who did the favour of offering some jobs, and even faced internal pressure from the company itself due to mistrust. This therefore led to some reasons why customers had to be carefully cared for. In some cases it was a personal friend wishing to help who made the contact, and then this interdependency foster the conception of exceeding both customer and endorser expectatives. These origins force the Foundation's other values to appear: engage customers who trust you; offer excellent services, whatever it takes. Although, once the industrial activity was consolidated, and relations with other customers emerge in more traditional ways, the relations with the new clients have maintained the same strong emotional linkage.

6.4.2 *Respect for People and the Effort Culture*

The first service that was opened after the SEC was the EC. The main reason for its opening was to cover the most important needs for the area, care for the disabled without sufficient skills to earn a salary in the SEC, and to provide the SEC with human resources. As previously mentioned, one of the main problems with setting up the SEC workshop was disabled workers' lack of experience and not being used to work. What the opening of the EC achieved was a place to train people in the habits that any workers must have. Therefore, the EC became a place for reserve workers for the SEC.

The way that the EC emerged and its objective of training workers is one of Fundación Espurna's distinguishing marks and its EC from other Foundations. The main activity of most ECs is craftwork and other similar activities of little or no productive value. The main activity of the EC is to do jobs for companies with which it can also acquire funds for the Foundation, and to train people to be promoted to the SEC. This also obliges Fundación Espurna to maintain its business structure so that it always remains alert to find new jobs because this not only helps the Fundación Espurna SEC to grow, but also Fundación Espurna's income to increase.

Simultaneously to the EC, professional training programmes are set up to also allow SEC workers to be trained (if this is possible).

One of the main elements of Toyota Way is to respect people, believe in people and their capacities, and expect them to perform. If the centre's users are expected to make efforts, users feel that their capacities are valued, which have not often been considered. As the years have shown, users become aware that they are doing real jobs and not just jobs "to keep them busy", and they prefer to do real jobs. When such effort to exploit their capacities is expected of them, they are trained in working habits, which will allow them to be transferred to the SEC and their personal working habits to improve. This effort is expected in all the activities that the Foundation undertakes, which improves people's physical and psychic skills.

6.4.3 Synergies Between Centres

The other main advantage for the SEC's operation of creating an EC, even though the EC users work somewhat more slowly, is that they can take on the SEC's jobs whenever necessary. What this implies is that the SEC may take on more work because the EC can do some jobs when there is more work, and only the SEC does all the work when work is slack. This way of working makes the Foundation more flexible, something that is not possible with other types of workers, and it also helps obtain extra resources for the Foundation. EC-SEC synergies are also made by sharing resources which would otherwise be underused. One example of such is the purchase of vans. The SEC can obtain resources for purchasing vehicles and vehicles are essential for its work. Otherwise, they would not be driven as they would not be needed. During these idle times, vans can be used by the EC to transport users to do sporting activities, etc. So the Foundation as a whole can save money as its resources are always exploited 100%, which saves costs that can be invested in other Foundation resources. The union and maximum cohesion of all the Foundation's services and people is another of its keys to success.

Creating the EC allowed another important synergy for saving costs which other centres had difficulties with. Spanish law obliges SECs to cover "personal and social adjustment" requirements (BOE BOE document no. 289, of 03/12/2013). Offering services for personal and social adjustment is understood in rehabilitating, therapeutic and social, cultural and sport integration areas, which provide workers with better personal rehabilitation and they can better adapt to their social relations. These adaptations are particularly important for SECs like Fundación Espurna, which were

created to help the integration of the intellectually disabled of all levels (many SECs only take in “the best”). All technicians (psychologists, teachers, etc.) who work in the EC account for their work to care for not only EC users, but also SEC workers. Indeed, it is common practice that some SEC workers do not go to work if more continuous follow-ups are needed, and they spend some working days in the EC.

6.4.4 Flexible Resources That Adapt to User Requirements

As previously mentioned, the first resources to be obtained were vans, which allowed the transport of both travellers and merchandise. Unlike most centres that solve their transport requirements by directly hiring buses, the Foundation decided to buy vans. This proved a crucial decision as it served the distinct requirements of different centres. However, purchasing a bus or minibus to transport users was considered, at one time but it was ruled out because not only did it mean a much stronger and less flexible investment, but it also meant that users’ journeys would cover the whole area to fill a bus before it reached the Fundación Espurna premises. This way of working has continued over the years. The van’s added value has also helped social integration as there have been times when some social organisations have requested using the vans for their altruistic activities. With time, this favour has helped the integration of these organisations with people at Espurna.

Once in the financial stability phase, where income exceeds current expenditure, the time had come to create the first supervised housing for disabled people who could no longer live at home for various reasons. The creation of normal supervised housing, instead of large homes, is another of the Foundation’s distinguishing marks. Once again, flexibility appears as one of the reasons for selecting such housing. Creating housing instead of homes allows controlled growth based on both the Foundation’s requirements and possible profits; that is, if a requirement appears, a new dwelling can be built for about five people without having to assemble a large structure like a home, which requires many more resources if the requirements of so many people do not exist. Moreover, as with the choice of vans instead of buses, housing offers advantages for its inhabitants’ quality of life. The Foundation attempts to make the lives of all the people to whom it offers its services to be as normal as possible. This means that people can live in housing rather than in homes, even though the cost is somewhat higher, but the benefit gained is flexibility.

Synergies once again appear when creating housing. Although dwellings may appear to be independent resources of the rest (people sleep in dwellings and work in centres), we should not forget that people can fall ill and must be attended by supervisors. In some cases, this implies organisations having to contract people to cover certain contingences that are not needed for most of the time. So by sharing services and personnel, should supervised housing become empty as it is no longer needed, they can collaborate in the other services that the Foundation offers, or vice versa. Moreover, the disabled better integrate as housing can be given to people interested in working in the SEC, but could not do so if they had no access to a home due to personal family circumstances.

6.4.5 *Genchi Genbutsu*

The Foundation's activity is performed through people (monitors, carers, psychologists) who do not necessarily have to share the culture of the institution's management and founder team. Yet it is this very culture that makes the institution different. The Foundation's values do not include any explicit training activity, but training is done by the management team constantly being in contact with daily activities. For example, the Foundation's Chair is retired, but is often seen doing manual jobs with disabled people following the supervisor's instructions. The management's offices have also been located close to job posts and are open so that professionals can see and live the organisation's values. *Genchi Genbutsu* is sometimes translated as "go and see for yourself" and is a basic concept in the Toyota production System (Liker 2004).

What this way of working has achieved is to not only extend the organisation's principles and values, but for information to rapidly flow at all levels. The management had direct service and user information on all that which happened. All the professionals shared informal information about the people they attend. This informal information complements the formal communication made through the ERP.

With time and with the Foundation's growth, complications have appeared when it came to sharing information. As the Foundation performs so many different activities, all the people it attends may be looked after by as many as ten different professionals in 1 week. This means that the quality of the attention provided wanes because some professionals do not meet up to share information.

Managing all the information required to manage a centre of this kind is done by means of an ERP, designed specially and implemented in the Foundation. The elemental information unit is the person (as expected), and the different services make a note of any relevant information on attending people, e.g. medication, hours activities are performed, incidences about user performance, and even quality management documents. Nowadays, the current ERP version (www.integradis.org) is a cloud-based software that is being used by other NGOs in Spain and in other Latin American countries.

6.5 Conclusion

Fundación Espurna commenced in 1996. In 20 years it has become one of the referents of its kind in the Valencian Community to care for the intellectually disabled. Its economic sustainability feeds from its social sustainability. It can be stated that it has opened up new ways in the social and occupational integration domain.

It is not easy to definitely establish the exact keys to success that would allow the model to be replicated. However, some elements to consider could be the following:

- (a) Its mission, vision and values, known by all members
- (b) Action that responds to visible and relevant requirements
- (c) Expecting the most of both users and professionals

- (d) Constant presence at the workplace
- (e) Minimising costs and maximising expenditure
- (f) Constantly reinvesting any surplus produced
- (g) Flexible resources that allow organic growth
- (h) Constantly seeking synergies between the system's elements

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Chapter 7

Entrepreneurship and Innovation in a Revolutionary Educational Model: École, 42

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Abstract We live in a maelstrom of linear thoughts, believing that all the current standards or what has been previously established is how it should work. École 42 (School 42 in English), with hanging towels in banisters, hundreds of computers, big rooms with luggage, and air mattresses on the floor everywhere would undoubtedly surprise and remove prejudice to more than one person. As of today, Millennials aren't strictly aligned to the pre-established academic rules anymore, they are now developing their own academic methodology, marking history by working together with their classmates, which in a couple of years ahead, will not only be right with their innovative education model, but also will benchmark on how education could work in the twenty-first century.

Keywords École 42 • Entrepreneurial education • Innovation • Educational model

7.1 Introduction

In this chapter, we address the École 42 Institution in France, without including its extension to the Silicon Valley or to other sites. We were especially interested in highlighting the intellectual and moral approach, the spirit and philosophy of the founders, whose top executive is Xavier Niel, and describe the essential aspects of his pedagogic practice in which the professors are exempt from the traditional teaching tasks, and they channel the learning of the students by means of extensive

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projects. An exemplary and free institution, based on equality, nondiscrimination and requirement in the learning, which are evaluated by means of revision and internal criticism processes among the students themselves and through the general consideration of the results in the framework of the established projects.

First, we describe the teaching approach of *École 42*, and we enrich this description with the opinions of different relevant characters, related to the new technologies sector and with varied information from the mass media. Secondly, we then proceed to synthesize the basic ideas which drive the project and explain the origin of the symbol 42 and why it forms a part of the School's name. The *École 42* is an institution to create a different future for society, in a triple dimension which is related to the learning and teaching methods, with new levels of knowledge and technical efficiency as well as new and more advanced forms of equality in society.

7.2 The Teaching Approach of *École 42*

Xavier Niel, founder of the telecommunications company, Illiad and with a major self-financing capacity, founded *École 42* in July 2013 and began the students' selection process on that date, fully commencing the training activities of the students with a duration ranging from 3 to 5 years in November 2013. Several major partners who accompany Niel in this revolutionary computer and programming training way include Nicolas Sadirac, former director of Epitech School (France), and Kwame Yamgnane and Florian Bucher, former executives of Epitech. And on the other hand, Niel's innovative initiative has achieved backing from outstanding professionals from Silicon Valley such as Evan Spiegel (CEO of Snapchat), Keyvon Beykpour (CEO of Periscope), and David Marcus, a vice-president of Facebook, among others.

In reference to the student selection phase, the students, who are interested in a revolutionary computer training, free of charge, open to all type of innovation in the programming and telecommunications field, should be between the ages of 18 and 30, and the selection process begins with the online presentation of a small report and logic test which is supposed to permit the evaluation of the students' potential skills to learn computer programming. This selection phase is completed with the so-called swimming pool, which consists of intensive programming sessions in the C programming language during several weeks. In this way, it aims to ensure that each of the selected students is especially well equipped, intuitively and intellectually—with their implicit and explicit intelligence—in order to carry out an interactive peer to peer learning process with the other students. This interaction and self-emulation, within the learning tasks or general plans established by the professors, is the key to this innovative learning system in a school in which there are no professors in the traditional meaning of this term. The professors only establish the direction of the tasks or the learning process as a whole, which must be followed (project-based learning) on a collective and individual basis.

In this teaching method in which there are no classes or practice sessions supervised by the professors, the students carry out the projects proposed by the pedagogic team, where they are free to organize their own time schedule; and

within the interaction with the colleagues, in a continually happening process, the students help each other in the execution of their projects and at the same time, they are the final parties responsible for their correction and evaluation. The book by Niel and Roux (2012) helps to understand several aspects, concerning the selection process and the learning method.

Finally although no less important, it is a free school, completely funded by its founder, which does not have preliminary requirements of other certified degrees in order to be admitted into it, beyond the tests which we have described. This inaugurates possibilities to incorporate talent, when it genuinely exists, wherever it may be.

7.3 Four Relevant Testimonies About École 42

These testimonies by relevant celebrities, which are a synthesis of their different statements made at different times and in different spoken or written channels of mass media, help to complete, in an unsystematic and yet vivid way, the teaching approach of École 42.

- **Laurent Leconte, co-founder and CEO of Synchronous Technology**, has expressed the idea that he completely agrees with the initiative of École 42. He believes that the vision which guides the school and the principles on which it is founded are good for businesses such as Synchronous Technology, beyond all expectations. The creativity, aperture, and social equality, jointly with the passion which pushes the limits and gives rise to large-scale projects exist in École 42, and Synchronous Technology, states Leconte, will be proud to employ the students from École 42 and participate in this great educational and humanitarian adventure.
- **Jacques-Antoine Granjon, CEO and co-founder of *vente-privee.com***, has expressed the same line of thought as Leconte. He thinks that it is wonderful that a private school exists, which is completely free, with a hyper-competent team which shares the values and philosophy of its founder and which opens its doors to everyone with no requirements other than intelligence and skills.
- This school can alleviate the intense need for qualified personnel which has been limiting the development of different industries. Granjon says that the surprising thing about this school is that it provides an opportunity to everyone: it is free of charge, open to persons who are from other cultures and who think differently. This helps to move things, to change the values in order to develop new ideas and make the name of École 42 shine.
- **Jean-Baptiste Vernier Descroix, president and founder of Rentabiliweb Group**, welcomes the creation of École 42 for France and Europe: “This is playing in the big league,” he states, and he expressed that we have a major need for broader perspectives and high-level preparation, and there are very few centers or persons who are capable of travelling on this path. Our need is great, affirms Vernier, and goes far beyond expectations. The persons with technical skills can add a great ability to imagine, create, innovate, and develop and thus can provide

increasingly more to our businesses. And here insists Vernier, is where he sees École 42.

- **Jean-Michel Planche, President and Co-founder of Witbe**, has stated that it was a surprise to know that in spite common sense, a new adventure is always undertaken with passion, the desire to transmit and create, with the aim to help ourselves overcome our daily difficulties. Solely for this reason, states Planche, École 42 has my respect, best wishes, and hopes.
- I sincerely hope, continues Planche, that they know that the objective is not to train more engineers, regardless of what their “curriculum.” They must be able to train part of the fantastic opportunities of the *digital world*, where it is necessary to invent and develop. A geek or a hacker, affirms Plache, is not a simple introvert or a vandal, but a respectable and curious being. A person with passion who is not content to only be the developer of a product or service designed by others, but someone who will struggle until the end to go beyond the obvious.
- It is necessary to express our thanks, says Planche, to have our feet on the ground and give our young people solid technical training and also several of the keys to decipher our society so that they can avoid failure. To let them know that with hard work, a little talent, inspiration, passion, and good luck, they can go everywhere. Planche thinks that any student from École 42 can be a star, not simply another illusion or a cloud. And Planche emphasizes: “Thank you for creating this project, thanks for helping our young people to find their place.”

Table 7.1 compiles in a very synthetic way, five additional news stories about École 42 in France or in Silicon Valley:

7.4 The École 42 Ideology Framework

The entrepreneurial initiative of École 42, its operating method described in the point above and the support to the innovative features of the project by acclaimed celebrities in the new technologies sector, provide a special interest in the examination of the ideas and beliefs which underlie the project, both those which are closely linked to the teaching methodology and those that have a more general nature. With regard to the teaching methodology, there is broad agreement in the sense that active learning achieves a higher level of results and the greater quality of the same (Bos and Vaughn 2002), although the peer to peer learning method, in the framework of projects or extensive orientations which channel them, goes beyond what was conceived until now as an autonomous and interactive method of learning. However what appears to have equal or greater interest, in this case, is the final and most general substratum of the ideas which drive École 42.

Xavier Niel has a vision of the future which borders on fiction; which is virtual reality or approaches science fiction; however at the same time, he has greater views

Table 7.1 Relevant extracts

| Source | Heading | Relevant extracts | League |
|---------------------------|--|--|---|
| El Financiero, 18-May-16 | Millionaire opens school in Silicon Valley | <p>“Studies in the U.S. are very expensive, which hinders the path of many people to receive an education, find a well-paid job and live the American dream”</p> <p>“The U.S. technology companies have complained for a long time that there are not enough qualified U.S. employees to cover the job positions of the sector. Companies such as Alphabet Inc., Facebook, Inc. and Uber Technologies Inc. are struggling to hire software engineers with the proper combination of personality, culture and coding skills”</p> <p>“The Ametix Consulting firm announced that it wished to hire all the future graduates of the French Campus. Software companies such as Dassault Systemes have also expressed interest, according to school representatives”</p> | <p>www.elfinanciero.com.mx/tech/millonario-abre-escuela-silicon-valley-es-gratuita.html</p> |
| Youngmarketing, 14-Jun-14 | École 42, the school for tomorrow's programmers | <p>“École 42 is one of the most ambitious educational experiments which have been implemented to train the next generation of developers, programmers, web designers, software architects, network administrators, among others, promoting essential aspects such as openness to knowledge, passion for the performed tasks and the ambition to achieve great things”</p> <p>“The French school is a revolutionary proposal which not only opens the doors to new teaching methodologies, but is also an investment in the future, where education is high quality and accessible to everyone. Although École 42 is still in the growth and consolidation stage, it will not take long for (...)”</p> | <p>www.youngmarketing.co/conozca-la-escuela-mas-innovadora-de-programacion-web-en-el-mundo/</p> |
| BBC Noticias, 10-Jun-16 | What is 42 like, the French technology university which does not have professors | <p>Rafael Reif, the Venezuelan man who directs MIT, the world's most famous technological university</p> <p>Kwame Yamgnane, one of the four founders of 42, explained to BBC Mundo that instead of hiring professors, they apply “peer to peer learning,” which means, learning among colleagues</p> <p>“Several years or decades ago, it was not very easy to access knowledge, professors were needed to convey it to the population,” states Yamgnane</p> <p>“On the other hand, in today's computer science, the knowledge is in internet. It is available for almost nothing,” he comments</p> <p>“A professor would tell you: this is not the case, in a certain way. They are A or B. In 42, there is no one who teaches you the path. One creates his/her own path and innovates,” he explains</p> | <p>www.bbc.com/mundo/noticias-36474360</p> |
| Forbes, 23-May-16 | French Billionaire Opens Free Coding University '42' In Silicon Valley | <p>“The U.S. Bureau of Labor Statistics projects that by 2020, there will be 1.4 million new computer science jobs available, but only 400,000 computer science graduates will have the skills to apply for those jobs”</p> | <p>www.forbes.com/sites/jeanbaptiste/2016/05/23/french-billionaire-opens-free-coding-university-42-in-silicon-valley-#6d1aae4648ae</p> |
| Fortune, 17-May-16 | Silicon Valley's Newest Campus is a French Non-Profit Coding School | <p>“Gaining entrance into 42 is a bit like 'Hunger Games.' After submitting an application, prospective students, who must be between 18 and 30 years old, are thrown into the piscine (the French word for 'swimming pool') to see if they sink or swim through coding and logic assignments. Only the best of each group of 1,000 will make it into the program, which will begin in November”</p> | <p>Fortune.com/2016/08/11/congress-briefed-dnc-hack/</p> |

of reality than reality itself. It is a future world, which will be built and function, to a large degree, from the virtual reality of Internet; hence, the backing for this project from other innovators and high-level executives in the new technologies sector such as Sadirac, Yamgnane, and Bucher, who are primarily the co-founders of École 42, or from the Silicon Valley, the support from Evan Spiegel or David Marcus. Niel's thought has a relation with science fiction; however, it is fitting to remember that the science fiction written a century ago has been surpassed by reality.

At École 42, the practice and construction of knowledge through experience are closely linked to thought, in its most general or theoretical dimension, where we have the security (or more security than in any other previous experience) that at the same time, this educates conduct as a whole; which means it simultaneously trains the attitude towards life and the moral substratum of behavior.

The experience and practice in École 42 are not only a learning method but also a way of life inside the Institution 42, in which the major freedom in the work and learning methods are combined with a broader framework of discipline which encompasses the lifestyle of the students, if they desire to be in this institution. When we observe the physical spaces of École 42, its cleanliness and tidiness are clearly visible and this cleanliness and tidiness is also reflected in the personnel hygiene of the students and in their way of acting in the School. Annexes 1, 2, and 3 display the external appearance of the School, a large work classroom with their respective computers and a recreational area called the Jacuzzi. It shines with the dignity of complete cleanliness, in service of the dedication and concentration in the workplace. A complete philosophy: the mastery of the subject and the order inserted inside it—in this case by means of cleanliness—creating the ideal conditions for thought and learning, or for relaxation.

Annex 4, Regulation 42, explicitly explains the rules of conduct which govern the students' lives in the Institution, among them, no smoking, no drinking, no drugs, the required personal hygiene, the proper use of time, and love for work. It is not a monastery requirement; however; all the freedom which they have or the major part of it must be focused on concentrating their efforts on behalf of learning and training. Annexes 5 and 6, which may appear to have a certain disorder, are explained by the students selection stage called the swimming pool, in which the students have permission to sleep overnight in the School, until, if they are admitted, they can search for another type of accommodation. This explains the room with mattresses in Annex 6 and the towels which fill the stair rail in Annex 5. In principle, students may lodge in the School, during the admission tests, with the aim so that those who have fewer resources do not have to pay for any accommodation. Finally, Annex 7 shows the variety, the different levels and complexity of the projects executed in the School.

The number 42 de École 42 is inspired by *The Hitchhiker's Guide to the Galaxy*. In this book, there is an allegory of the future arising between science fiction and the literature of the absurd, in which the author (Adams 1979) narrates how the super-computer Deep Thought, specifically built for this purpose, attempts to reply to the

ultimate question of life, the universe, and everything, and after seven and a half million years, it states that the answer is 42, adding that the question was poorly formulated, however, it may help to design a more powerful computer, the Earth, which can formulate the correct question.

Consequently, the symbol 42 is the expression of the artificial intelligence sustained by the computer's capacity, and carried to its maximum expression when it attempts to explain the meaning of life and the world. This impossible idea, and with only a metaphorical meaning however, is full of force when it is combined with the persons who manage the computers. United to people as a prolongation of their intelligence and their concerns, computers can effectively raise proper questions and obtain the answers, and more specifically in the new technologies society, they are crucial for technical and social progress. This is the dream of Niel, Sadirac, Yamgnane, and Bucher, the progress of the future world which will benefit and operate from the virtual reality of Internet. Computers in service of technical progress but also and above all, in service to the private and public management of the different human activities, and finally, in the last instance, in service of mankind.

7.5 Conclusions

As we have mentioned in the introduction, in this exceptional corporate case, we have aimed to describe and convey to the reader, above all, the spirit—the thought and ambitions—of the founders of École 42, and how this spirit has effectively materialized in the Institution 42. This is a noble, admirable, non-profit, and loyal purpose with the society which it wishes to benefit; and its most outstanding feature, from the social perspective, is the School's determination to accommodate persons from any origin and condition, where this only depends on the admission tests which aim to evaluate their intelligence and commitment. From the technical point of view, the exceptional and unique aspect of this School is its peer-to-peer learning method, in the framework of general projects which guide the technical and intellectual progress of the students and permit them to evaluate their progress.

An example of intelligence, commitment, and moral conduct by its primary developer, Xavier Niel.

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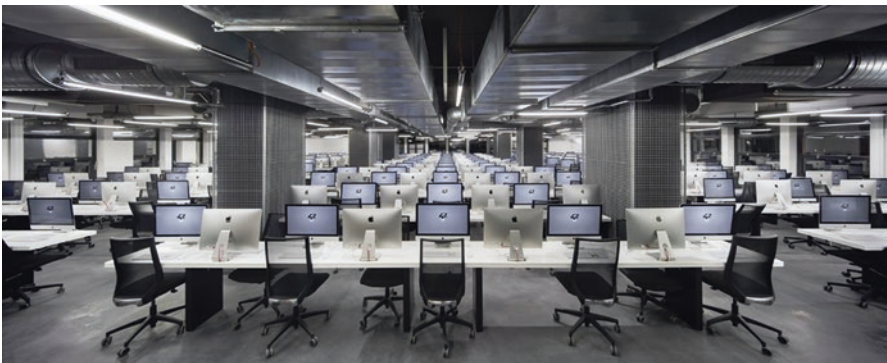
7.6 Annexes

7.6.1 Annex 1: Ecole 42 Building



Source: Photography by: Michel Denancé. Recovered from: <http://mx.archello.com/en/project/ecole-42>

7.6.2 Annex 2: The Classrooms



Source: Photography by: Michel Denancé. Recovered from: <http://mx.archello.com/en/project/ecole-42>

7.6.3 Annex 3: Recreational Area/Jacuzzi



Source: Photography by: Michel Denancé. Recovered from: <http://mx.archello.com/en/project/ecole-42>

7.6.4 Annex 4: Regulation 42



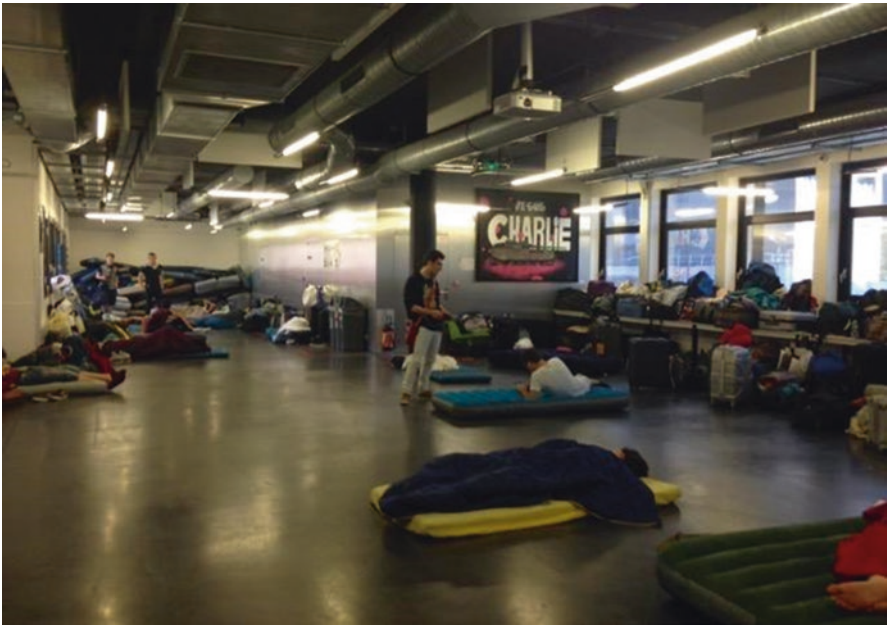
Source: Photography by: Juan Jose Alonso LLera

7.6.5 Annex 5: Towels on the Rail



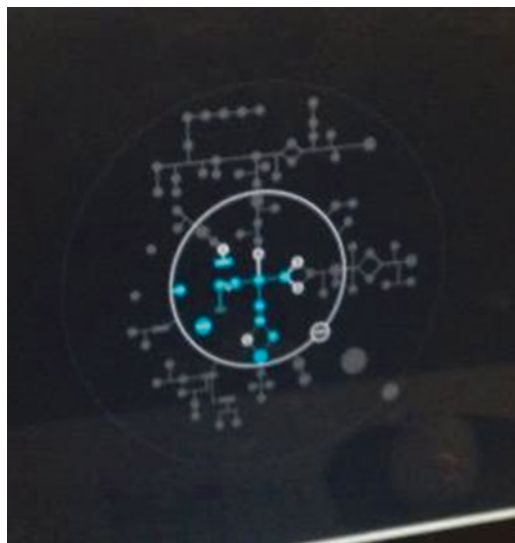
Source: Photography by: Juan Jose Alonso LLera

7.6.6 Annex 6: Students of the Access Tests, in the Spaces to Relax and Sleep



Source: Photography by: Mónica Guzmán Pont

7.6.7 Annex 7: Project Tree



Source: Photography by: Monica Guzman Pont

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Chapter 8

Social Entrepreneurship in the Automotive Industry: A Win-Win Experience

Carlos Rueda-Armengot, Sofía Estelles-Miguel, Marta Elena Palmer Gato, José Miguel Albarracín Guillem, and Marta Peris-Ortiz

Abstract Interest in social entrepreneurship is growing rapidly for many reasons and there are countless examples of enterprises in various fields. The best known example is that of Nobel Peace Prize winner Muhammad Yunus who created a new service based on microloans that has dramatically improved the lives of many people. There are many other lesser-known examples. This chapter examines the case of social entrepreneurship in the automotive industry. MLV is a Spanish company that works as a logistics operator for Ford Spain and some 95% of its employees have disabilities. We explain how this is a win-win paradigm for the employees, company, and the automotive industry.

Keywords Entrepreneurship • Social entrepreneurship • Automotive industry • Economic cooperation • Disabled people • Win-win paradigm

8.1 Introduction

All entrepreneurial processes involve a balance of social and economic behaviour that produces social and economic value (Chell 2007).

Businesses today want more than to maximise profits and many seek to produce other benefits for society. Social entrepreneurship refers to a type of company that aims to meet the needs of society. Social entrepreneurial companies are organisations that implement market strategies to achieve a social objective.

The social entrepreneurship movement includes non-profit organisations that use business models to achieve their mission, as well as for-profit organisations whose primary purpose is social. These organisations aim to simultaneously produce profits while achieving their social and environmental objectives.

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There is currently a trend amongst non-profit organisations to change their legal status and create business venture divisions. This change has been prompted by government cuts to social welfare programmes and reduced donations from the private sector (Eikenberry and Kluver 2004).

We present the case of MLV—a vehicle industry supplier that mostly employs people with disabilities and which has grown to become the largest logistics provider to one of the largest companies in the vehicle industry. The company serves as a reference point by providing quality and stable employment for disabled people (95% of its staff) while maintaining its independence and producing profits.

8.2 Conceptual Framework

Entrepreneurship has always been associated with the discovery of profitable opportunities (Cantillón 1755; Say 1803; Schumpeter 1934, 1950; Penrose 1959; Baumol 1968; Casson 1982; Shane and Venkataraman 2000; Swedberg 2000; Langlois 2002; Roberts and Woods 2005; Peris-Ortiz 2009).

Entrepreneurial activity occurs in a variety of sectors with differing aims and different actors. The motive may be to increase personal wealth, or solve a corporate or social problem (Guzmán and Trujillo 2008).

Social entrepreneurship involves the recognition, evaluation, and exploitation of opportunities that result in social value (Certo and Miller 2008). However, there are numerous problems in defining social entrepreneurship (Harding 2004; Weerawardena and Sullivan 2006). Some authors argue that social entrepreneurs should not be motivated by profit (Certo and Miller 2008), while others argue to the contrary (Murphy and Coombes 2008; DiMaggio and Powell 1983; Peris-Ortiz 2015).

Social entrepreneurs identify opportunities within social problems and strive to create projects to solve such problems (Sullivan 2007). It is important to note that social entrepreneurship is not the same as charity and is not always non-profit. In essence, it is motivated by a need to give to others, but it goes beyond that because social entrepreneurs are in business (Roberts and Woods 2005). The importance of social entrepreneurship as a manifestation of entrepreneurial activity is in the impact it has on economic and social development (Guzmán and Trujillo 2008).

Martin and Osberg (2007) differentiate social entrepreneurship from the social services offered by social activists. In the latter, committed individuals identify a stable but unfortunate equilibrium and develop a programme to remedy this situation. However, its impact remains restricted to the local population and its scope is determined by the resources that can be attracted. In addition, activists attempt to create change through indirect action and aim to prompt other organisations (such as governments, consumers, and charities) into taking action. In contrast, social entrepreneurs develop and implement solutions, as well as creating sustainable social value.

Social entrepreneurship is strongly influenced by a desire for social change and the sustainability of the organisation and social services provided (Reis and Clohesy

2001). Social entrepreneurship is based on the sustainability of the company (Guzmán and Trujillo 2008) and social entrepreneurs make plans based on financial sustainability (Novy-Hildesley 2007).

Social entrepreneurs act as change agents in the social sector: innovating and attempting to create sustainable social value (Harding 2004).

A common element in differing definitions of social entrepreneurship is the search for solutions to social problems. Social entrepreneurship can be defined (Guzmán and Trujillo 2008) as a specific type of venture that seeks solutions to social problems through the discovery or construction, evaluation, and development of opportunities that generate sustainable social value—and so produce new and stable social conditions through direct action by non-profit organisations, businesses, or governmental agencies.

The creation of social value consists of improving the lives of individuals by achieving socially desirable goals (SEKN 2006).

8.3 Grupo Ilunion (Ilunion Business Group)

Grupo Fundosa (Fundosa Business Group) was founded in 1989 as a business division of the Spanish National Foundation for the Blinds (SNFB in Spanish ONCE) to generate stable employment for people with disabilities. The group develops profitable business activities and negotiates strategic alliances (Ilunion 2016a, b).

Thanks to a philosophy of innovation and continuous improvement, Grupo Fundosa and its member companies have grown year after year. This growth is reflected in the social values of integrating people with disabilities into working life.

Grupo Fundosa has established an inclusive and profitable business model. The ability and talent of its distinctive workforce is the engine that drives the organisation. The group in 2012 was composed of 36 subsidiaries and 21 affiliated companies with a nationwide network of 340 workplaces (including 274 special employment centres and 37 social economy centres). The group's growth and diversification are evidence of its sustainability and success in generating new resources and quality jobs for people with disabilities. It offers a wide range of services organised around various business areas: hotels, hospitals, social services, industrial subcontracting, automotive, recycling, leisure, and communication (ONCE Report 2012).

The ONCE Entrepreneurial Corporation (CEOSA) began operating in 1993 through participation and management in various companies. The company also generates employment for disabled professionals and operates in sectors such as facility services, hotels, physiotherapy, and insurance brokers (Ilunion 2016a, b).

On 31 December 2015, the shareholders of Grupo Ilunion (Ilunion Business Group) and CEOSA approved a takeover of the latter by the former, and formed a single business group called Grupo Ilunion to strengthen its business and offer clients global proposals and solutions. Some 47.51% of the group belongs to ONCE and 52.49% to the ONCE Foundation. A capital increase of €296 million was made by the Grupo Ilunion to fund the merger (ONCE Report 2015).

The group that resulted from this merger has 563 work centres throughout Spain, of which 264 are special employment centres (CEE). The group achieved a turnover of €753.4 million in 2015 (with an EBITDA of €32 million). Some 3% of turnover and 27% of profits came from the automotive industry. Approximately 35% of the Ilunion workforce are people with disabilities, a feature of the group that has received international recognition (ONCE Report 2015).

Grupo Ilunion is a pioneering and innovative reflection of the ONCE Foundation's social initiative and aims to maintain a balance between economic and social values.

Group companies within the automotive industry include:

- Fundosa Industrial Services in Spanish Fundosa Servicios Industriales (FSI): One of the most diversified companies in the area of automotive and industrial subcontracting. FSI focuses on three major lines of business: logistic services; pre-assembly/production support services; and quality control, selection, and reworking.
- Celtica Automotive Components in Spanish Celtica de Componentes del Automóvil (Celcoauto SL) provides services to the automotive components industry and is centred on competitiveness and cost optimisation, focusing its efforts on improving quality, service, and client attention.
- Modular Manufacturing Valenciana in Spanish Fabricación Modular Valenciana SL (FMV) provides services to Ford Spain. Its activity focuses on logistic services, pre-assembly, and assembly of automotive components for sending to the assembly line at Ford.
- Modular Logistics Valenciana in Spanish Modular Logística Valenciana (MLV). Its activity is focused on warehouse management and control, including logistics, logistic services, pre-assembly, and assembly of components, repair, overhaul of parts.

In addition to two factories in Valencia (FMV and MLV), the Grupo Ilunion has three other special employment centres in Spain specialised in the automotive industry: one each in Galicia, Tarragona, and Zaragoza. We examine the MLV case in more detail below.

8.3.1 *Win: MLV*

FMV was founded in 2000 as a result of cooperation between Ford and the ONCE Foundation. The company started as a special employment centre with 49 employees and an area of 3000 m² inside the Ford factory (Las Provincias 2015) within the area for pre-assembly, component assembly, and production line sequencing. This was an example of the complete integration of people with disabilities in a competitive industrial workplace. The company won the Ford award for diversity in 2013 (recognising the company for its social diversity).

A second MLV centre was opened in 2004 with just half a dozen workers (FMV, ONCE, Ford, and the Valencian regional government participated in its creation).

Within a year the centre had 52 staff—of which 41 employees were disabled. The general manager of the Ford production plant in Valencia, Antonio Adés commented: ‘The effectiveness of this model of production with disabled people is more than proven, and therefore I am convinced that this company will work’ (INVERTIA 2005). He was proved correct.

MLV is located in Almussafes (near the city of Valencia) and is specialised in handling subassembly, assembly, and sequenced automotive components for Ford Spain. This means receiving and preparing material (pre-assembly or assembly) and then sending the material to the correct point on the production line. The company has eight work centres spread throughout the industrial park for Ford suppliers and another nine centres nearby that are used for additional storage (Estelles-Miguel 2015).

The company has grown to become the largest Ford logistics operator in Almussafes (Provinces 2015). Some 95% of its employees are disabled (70% are physically disabled, 8% are mentally handicapped, and the remainder have sensory disabilities).

In addition to Ford, MLV works with a variety of top-level Ford suppliers including Grupo Antolin, Johnson Control, Lear, and Delphi.

The company aims to create stable jobs for people with disabilities and there is no discrimination within the company. When contracting an individual, a risk analysis is performed based on the job profile. The company offers a competitive and reliable workforce from the point of view of production, quality, and cost.

MLV was connected in 2013 to the air tunnel that supplies parts direct to the Ford production line from the supplier park. MLV built a 5000 square metre plant adjacent to Ford in 2014. This meant an investment of €1.6 million and the new plant pre-assembles engines and gearboxes prior to installation by Ford. Some 150 of the company’s total staff of 850 work in this plant.

MLV has shown that the complete workplace integration of people with disabilities is both possible and profitable, and is clearly a case of social entrepreneurship in its board dimension, as has been defined by Peris-Ortiz (2015).

8.4 Conclusions

Social value can be defined as the search for social progress by removing barriers to inclusion, offering help for the temporarily weak or those lacking a voice, and reducing the undesirable side effects of economic activity (Guzmán and Trujillo 2008).

Social entrepreneurship helps the recipient to obtain something that may have been out of reach for a variety of reasons (SEKN 2006). Social enterprises are therefore mainly responsible for generating social value and may be developed by the for-profit private sector, the non-profit sector, and the public sector.

Social entrepreneurship is the creation of positive social change, regardless of the structures or processes involved (Tracey and Phillips 2007). Several researchers

have highlighted the positive impact of social entrepreneurship in the economy (Harding 2004; Murphy and Coombes 2008; DiMaggio and Powell 1983; Peris-Ortiz 2015). The case presented in this chapter has resulted in a positive impact for company employees (most being individuals with disabilities). The MLV company is profitable and so provides an example to follow in the automotive industry because of its social component, and the fact that it has managed to become the largest logistics provider to one of the largest firms in the industry.

Social entrepreneurship is a consolidated and growing social movement and has proven effective in solving several problems faced by society.

It is worth emphasising that in the above case the main objective of social entrepreneurship (the search and implementation of solutions to social problems) has been achieved—but the business must remain profitable for these achievements to be stable.

It must be remembered that in this case social entrepreneurship is a direct action by MLV. Its action has permanently modified a social imbalance identified in the environment, namely, the employment of people with disabilities. But at the same time, a sustainable social value must be created and to achieve this the company must remain profitable to ensure the sustainability of new and existing jobs.

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Chapter 9

Sponsorship of Sports Events: A Tool to Develop Social Entrepreneurship and the Corporate Social Responsibility

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Abstract This study analyses the motives of companies to supporting and sponsoring social actions or projects developed through sport events. To this end, we applied a questionnaire to 80 CEOs, vice presidents, directors or managers at companies operating in different economic sectors. The questionnaire contained five analytical dimensions: innovation and creativity; motivation; social responsibility; image; and sales/income. The core motive identified by companies rendering support to community-based sport projects stems from believing that every type of company holds social responsibility with the objective of making money the least valued motive when considering participation in this type of initiative. We are correspondingly able to conclude that companies investing in socially responsible actions improve their market positioning and motivate their members of staff.

Keywords Social entrepreneurship • Sponsorship of sports • Social responsibility

9.1 Introduction

Currently, the success of organisations does not only depend on their situations and their business viability but also on the community in which the business is located and the pressure brought to bear by stakeholders (Perić and Delić 2016). Hence, in current times, innovation and entrepreneurship are inevitable issues, challenging organisations to adopt a more proactive and entrepreneurial posture in order to

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secure sustainable competitive advantages (Esgandari et al. 2012; Franco and Pessoa 2014). Correspondingly, an entrepreneurial spirit proves crucial to maintaining organisational sustainability in keeping with the currently prevailing market dynamics (Miragaia et al. 2015).

Irrespective of whether organisations act with or without profit motives, they nevertheless need to be entrepreneurially responsible, interrelating social, economic and environmental variables and thus implementing what gets termed social entrepreneurship (Granados et al. 2011; Miragaia et al. 2015; Murphy and Coombes 2009). In an effort to reverse imbalances in social, structural and political systems, companies should strive to produce socially positive and sustainable changes in their communities (Trivedi and Stokols 2011).

In this way, social entrepreneurship derives from the application of innovative approaches to important social problems. According to Perić and Delić (2016), social entrepreneurship represents a driving force capable of integrating knowledge and the application of skills and competences to deal with these problems. According to Miragaia et al. (2015), engaging in social entrepreneurship activities inherently requires that an entrepreneur (social) or some of the stakeholders involved in the organisational system hold socially responsible approaches as a key value.

The concept of social responsibility has emerged as an increasingly important response to economic sustainability and social development (Aguinis and Glavas 2012; Plewa and Quester 2011). Nevertheless, from the research point of view, this approach has fundamentally only received attention through focusing on large organisations even while all participants in society should follow this approach in the actions they undertake on a daily basis (Perić and Delić 2016).

Entrepreneurship and social responsibility prove transversal to various sectors and, as such, are applicable in a multidisciplinary fashion. The field of sport proves no exception as both encourage changes in the social questions existing in any community (Ratten 2011). Currently, the sports industry holds an enormous scope of intervention both in economic and in social terms and hence the question of innovation holds relevance as one of the ways in which organisations are able to mutually differentiate (Beutler 2008; Darnell 2010; Nicholson et al. 2014). Therefore, and due to the scarcity of resources both at the financial level and in human terms, the concept of entrepreneurship also needs applying to non-profit organisations such as sports associations and clubs in keeping with how the capacity for innovation and creativity should be ever present and susceptible to leveraging through the application of this approach (Audretsch 2002).

However, very few studies have focused on integrating the concepts of entrepreneurship and social responsibility within the context of sports management (Babiak and Wolfe 2006; Blumrodt et al. 2013; Cohen and Peachey 2015; Franco and Pessoa 2014; Miragaia et al. 2015). The objective of this study correspondingly involves identifying and evaluating the reasons leading organisations from diverse sectors of activity to support and sponsor community-based sports programmes and projects so as to analyse to what extent the logic of social responsibility and entrepreneurship underpins this involvement.

9.2 Conceptual Framework

Despite research on entrepreneurship being only relatively recent, the field has gained an increasingly prominent profile in the literature with one of the greatest obstacles remaining the definition of the concept of entrepreneurship itself (Carlsson et al. 2013; Choi and Majumdar 2014; Dacin et al. 2010; Dahalan et al. 2013; Shane and Venkataraman 2000; Short et al. 2009). According to Choi and Majumdar (2014), entrepreneurship may have emerged as a field of study around three decades ago but the application of the concept remains at a very initial phase and with minimal levels of development.

McClelland (1961) was one of the first to put forward an empirical study in this field based upon the theory of behavioural science (Carlsson et al. 2013). Furthermore, a turning point came in 1980 both for business activities and for studies of entrepreneurship. Within the framework of highlighting this field internationally, 1996 saw the launch of the Global Prize for Entrepreneurship Research that became the most prestigious award in this field and driving important advances in the formulation of new theories on business activities and correspondingly portraying the role and importance of founding new companies and the relevance of small and medium sized companies to the broader economy (Braunerhjelm and Henrekson 2009; Carlsson et al. 2013; Henrekson and Lundström 2009).

The concept of entrepreneurship refers to the ways, the means, the who and the how opportunities to create future products and services get discovered, evaluated and implemented (Jennings et al. 2013; Shane and Venkataraman 2000). In turn, Ulhøi (2005) proposes that entrepreneurship encapsulates the capacity to recognise and explore business opportunities. Shane and Venkataraman (2000) refer to three reasons for the study of entrepreneurship: transforming technical information for the development and improvement of products and services; enabling the identification and resolution of temporal and spatial inefficiencies in the economy; and driving the development of products and services leading to a process of change.

Another concept underlying entrepreneurship is that of the entrepreneur. The fundamental role played by entrepreneurs gained recognition from Richard Cantillon as far back as in the seventeenth century (Tapsell and Woods 2010) even while the term entrepreneur came into usage in French in as early as the twelfth century (Carlsson et al. 2013).

Hence, we may define being entrepreneurial as a form of innovation and the creation of a new venture across four different dimensions: the individual; the organisation; the environment; and the processes supported by networks of collaboration with the government, education and institutions (Dahalan et al. 2013). We therefore arrive at five types of entrepreneurship (Baron 2007; Dacin et al. 2010): the conventional, the institutional, the social, the cultural and the private. The conventional incorporates new ideas for the generation of successful innovations. The institutional moves resources to influence or alter institutional rules, becoming known for implementing models that diverge from the conventional. The social deploys business principles to resolve social questions and hence prepared to lose money.

The cultural identifies opportunities and through them seeks to foster social, cultural or economic value. Finally, the private sets up companies exclusively to obtain profits.

Currently, the literature identifies different approaches to entrepreneurship, including community-based entrepreneurship (Peredo and Chrisman 2006); corporate entrepreneurship (Desbordes 2002); ethnic entrepreneurship (Goff et al. 2002); emigrant entrepreneurship (Goff et al. 2002); institutional entrepreneurship (Ratten 2011); international entrepreneurship (Ratten 2011); social entrepreneurship (Hardy 1986); technological entrepreneurship (Ratten 2011) and female entrepreneurship (Ratten 2011). However, we focus our study here on social entrepreneurship.

Studies on social entrepreneurship still remain limited and while there is no consensus the literature on the meaning of the concept has continued to expand as a field of study (Austin et al. 2006; Dacin et al. 2010; Dorado 2006; Felício et al. 2013; Mair and Marti 2006; Ratten 2010; Tapsell and Woods 2010). However, the area holds unquestionable relevance given that governments have already begun providing support to social entrepreneurship actions and projects in the form of financing for such initiatives and encouraging the launch of new actions and correspondingly boosting the number of centres of social entrepreneurship (Choi and Majumdar 2014).

Nevertheless, according to Choi and Majumdar (2014), while it is not known which and to what extent these concepts are applicable to defining social entrepreneurship, we do know that the creation of value represents a prior condition. This creation of value emerges from initiatives designed to find solutions to social problems through innovative strategies that involve opportunities to stimulate social changes, satisfy social needs and develop social goods and services (Mair and Marti 2006; Murphy and Coombes 2009; Nicholson et al. 2014).

Furthermore, social entrepreneurship normally interlinks with non-profit social organisations given that they tend to seek out alternative financing strategies and management models to generate social value (Felício et al. 2013). Therefore, the role of social entrepreneurs involves applying their talents to the creation of positive social change in the community (Trivedi and Stokols 2011).

For companies to be socially engaged, they should undertake socially responsible actions that help either the community in general or persons individually but always taking into account their objectives and their visions that incorporate the generation of competitive advantages taking into consideration other organisations and their clients or engaging in socially responsible actions as such are deemed correct in themselves and/or they feel good in doing them (Cohen and Peachey 2015). Therefore, being socially responsible means that an organisation takes on responsibility not only for adhering to economic patterns but also the ethical and social standards that stakeholders partially demand (Walker and Parent 2010).

Hence, social responsibility may be defined as a strategy both for the sustainability of the business and a way of doing what is right, providing social benefits for the company and meeting the needs of society (Elkington 1994; Rodriguez et al. 2002; Smallbone 2004; Walker and Parent 2010).

The concept of social responsibility does not prove consensual among the authors approaching this theme and there is correspondingly no single definition (Carroll and Shabana 2010; Lii et al. 2013; Schwartz and Carroll 2003). Carroll

represents one of the authors with the longest track record on the theme of social responsibility following his proposal of the Corporate Social Responsibility pyramid, particularly in terms of the potential this endows to leadership processes (Filizöz and Fişne 2011; Schwartz and Carroll 2003).

Furthermore, Walker and Parent (2010) put forward four arguments to justify recourse to social responsibility: the moral obligation, sustainability, the licence to operate and in addition to reputation. According to these authors, these four arguments enable the advancement of thinking on social responsibility.

Lii et al. (2013) analyse three types of business social responsibility practices: sponsorship, cause marketing and philanthropy. Sponsorships are strategic investments either in money or in goods/services, such as equipment or human resources, in activities with an exploitable potential and susceptible to returning some kind of gain. Harvey (2001) proposes that sponsorship generates more money than all the other means of publicity and advertising combined. In terms of cause marketing, this involves a promise that a company will donate a certain quantity of resources to a non-profit organisation or a social cause whenever consumers buy this product or service. The research findings of this author convey how cause marketing generates a positive effect among consumers. In turn, philanthropy consists of making a contribution, whether in cash or in goods and services, to a worthy cause without expecting any return and simply on the grounds of good citizenship. Philanthropy would seem to be the most effective means of improving business reputations.

Despite the existence of some studies carried out within the framework of social entrepreneurship and social responsibility, we find that there remains a need for further empirical studies. The literature becomes still scarcer on this theme when approaching the sports context. In particular, we need further studies to better understand where entrepreneurial actions and social responsibility actually impact and their effects on societies and the organisations involved in such actions (Babiak and Wolfe 2006; Blumrod et al. 2013; Cohen and Peachey 2015; Franco and Pessoa 2014; Miragaia et al. 2015).

Consequently, there is a fundamental need for a rising level of understanding of the strategic thinking of companies as regards entrepreneurship and social responsibility. Hence, the present study approaches entrepreneurship and social responsibility in the sport context and with the objective of better understanding the motives leading organisations from diverse economic sectors to support and sponsor sports events of community intervention.

9.3 Methodology

The sample was composed by 35 public and private organisations from diverse sectors of the economy that support or sponsor sports associations and clubs. As the criteria for inclusion, we stipulated that only CEOs, vice presidents, directors and organisational managers ($N = 80$) were eligible as respondents with the majority of organisations providing only a single respondent.

To understand the motives that lead organisations to support and sponsor sports associations and clubs, we applied a questionnaire developed by Miragaia et al. (2015), containing five dimensions: innovation/creativity, motivation, social responsibility, image and sales/money. The questionnaire breaks down into two sections with the first including questions about the sample characteristics and the second evaluating the motives for supporting or sponsoring these organisations across 19 items evaluated on a five-point Likert scale (1 = not at all important to 5 = very important). The application of the questionnaire was done in person at every organisation.

To process the data, we first carried out descriptive statistical analysis of the frequencies to verify the distribution of ages, genders and the business sectors, the position held in the companies and how many companies do or do not support other community-based projects. Subsequently, we undertook exploratory factorial analysis and tested for sample reliability through the Kaiser-Meyer-Olkin, Bartlett and Cronbach's Alpha tests. Finally, we carried out the Pearson correlation analysis to verify whether there were any interconnections between the variables making up each of the dimensions (innovation/creativity, motivation, social responsibility, image and sales/money). With the objective of ascertaining just which of these dimensions took the priority of organisations when providing such support and sponsorship, we also completed the descriptive statistical analysis of the frequencies. For this statistical analysis, we applied the SPSS (Statistical Package for Social Sciences) 22.0 programme.

9.4 Results

Of the 80 completed questionnaires, 78.8% were answered by males and the remaining 21.3% by females. In terms of the age range between 21 and 66, 43% of respondents were aged up to 40 (inclusive) with the remainder aged between 41 and 66 (58.1%). Taking into consideration the position held, the most frequent was that of manager, 60.0% of all respondents, with the second most common being director, on 27.5%. The majority of these organisations operate in diverse sectors of activity (72.5%), with the automobile and electricity sectors among the most prominent. As regards the question of support for other projects, 56.3% provide support for other community initiatives.

The results of the descriptive statistics with their ranking ordered by the order of importance attributed to the 19 questionnaire items feature in Table 9.1 that displays the reasons that most motivate the leaders and management of these companies to support and sponsor community-focused events and/or projects related to sport as well as the factors receiving the lowest valuations. As may be verified in Table 5.1, there are three items with averages of ≥ 4 indicating the three aspects taken most into consideration by companies: they believe that every type of company should hold social responsibility ($M = 4.35$); companies should undertake actions to the benefit of others ($M = 4.24$); and that companies should be concerned over community problems ($M = 4.00$). In contrast, the earning money motivation ($M = 2.51$) gets identified by companies as the least important factor.

Table 9.1 Ranking of the importance of motivations for support and sponsorship

| | Min | Max | Median | Standard deviation |
|---|-----|-----|--------|--------------------|
| Because I believe every type of company holds social responsibilities | 1 | 5 | 4.35 | 0.969 |
| Because companies should undertake actions to benefit others | 1 | 5 | 4.24 | 0.750 |
| In order to demonstrate the company is concerned about community problems | 1 | 5 | 4.00 | 1.147 |
| Because this forms part of the company’s culture | 1 | 5 | 3.95 | 1.078 |
| Because this boosts company credibility in the community | 1 | 5 | 3.88 | 1.048 |
| In order to boost the company profile in the marketplace | 1 | 5 | 3.81 | 1.192 |
| To make the company better known | 1 | 5 | 3.69 | 1.289 |
| To improve the reputation of the company among other entities | 1 | 5 | 3.64 | 1.172 |
| To change public perceptions about the company’s conduct and behaviour | 1 | 5 | 3.41 | 1.270 |
| This proves a means of motivating my employees | 1 | 5 | 3.29 | 1.275 |
| Because this is publicised on social networks and in the media | 1 | 5 | 3.26 | 1.250 |
| To boost sales | 1 | 5 | 3.22 | 1.331 |
| As the opportunity to develop a creative project | 1 | 5 | 3.20 | 1.391 |
| As innovative in relation to other firms in the same sector | 1 | 5 | 3.18 | 1.385 |
| To improve employee identification with the company | 1 | 5 | 3.12 | 1.257 |
| To guarantee the retention of current company clients | 1 | 5 | 2.99 | 1.355 |
| To combat negative publicity about the company | 1 | 5 | 2.95 | 1.431 |
| Because this enables the company to develop new products/services | 1 | 5 | 2.94 | 1.353 |
| To earn money | 1 | 5 | 2.51 | 1.518 |

Relative to the motives leading companies to support/sponsor events and/or community projects and taking into account the exploratory analysis of the 19 questionnaire items through equamax rotation, which established four groups of factors, we are able to report total variance corresponding to 66.068%. In order to guarantee the significance of the values, we also assessed eigenvalues above 0.50 with all the items still remaining eligible for analysis. Through the application of the Kaiser-Meyer-Olkin test, we were able to verify the reliability of the data (0.764) as well as their analytical appropriateness confirmed by the Bartlett sphericity test ($P < 0.01$). We also applied Cronbach’s Alpha to test the robustness of the factors, which varied between 0.759 and 0.861 (Table 9.2).

Factor 1 is composed of six items particularly focused on client loyalty and employee motivation related factors. In turn, factor 2 contains five items spanning innovation and company creativity. Factor 3 features four items interrelated with either the company image or its desired image. Finally, factor 4 contains four items linking the company to social responsibility.

In order to analyse any correlations existing among the items subject to study, we undertook Pearson’s correlation test (Table 9.3). Considering the strong correlations

Table 9.2 Factorial analysis of the motives leading companies to support/sponsor sports-based social events and projects

| Factors | F 1 | F 2 | F 3 | F 4 | α |
|---|-------|-------|-------|-------|----------|
| <i>Maintaining clients and motivating employees</i> | | | | | |
| I6 This proves a means of motivating my employees | 0.604 | | | | 0.861 |
| I8 To earn money | 0.517 | | | | |
| I11 To combat negative publicity about the company | 0.768 | | | | |
| I12 To guarantee the retention of current company clients | 0.589 | | | | |
| I17 To change public perceptions about the company's conduct and behaviour | 0.837 | | | | |
| I18 To improve employee identification with the company | 0.692 | | | | |
| <i>Innovation and creativity</i> | | | | | |
| I1 As innovative in relation to other firms in the same sector | | 0.764 | | | 0.759 |
| I2 As the opportunity to develop a creative project | | 0.615 | | | |
| I3 To boost sales | | 0.535 | | | |
| I9 To make the company better known | | 0.644 | | | |
| I13 Because this enables the company to develop new products/services | | 0.690 | | | |
| <i>Company image</i> | | | | | |
| I5 In order to boost the company profile in the marketplace | | | 0.771 | | 0.777 |
| I7 Because this boosts company credibility in the community | | | 0.695 | | |
| I14 To improve the reputation of the company among other entities | | | 0.802 | | |
| I19 Because this is publicised on social networks and in the media | | | 0.589 | | |
| <i>Social responsibility</i> | | | | | |
| I4 Because this forms part of the company's culture | | | | 0.707 | 0.760 |
| I10 Because I believe every type of company holds social responsibilities | | | | 0.856 | |
| I15 In order to demonstrate the company is concerned about community problems | | | | 0.516 | |
| I16 Because companies should undertake actions to benefit others | | | | 0.735 | |
| <i>Percentage of accumulated variance</i> | | | | | |
| | | | | | 66.07% |

Table 9.3 Correlations between these items

| | I1 | I2 | I3 | I4 | I5 | I6 | I7 | I8 | I9 | I10 | I11 | I12 | I13 | I14 | I15 | I16 | I17 | I18 | I19 | |
|-----|---------------------------|---------------------------|---------------------------|---------------------------|---------------------------|---------------------------|---------------------------|---------------------|---------------------|---------------------------|---------------------------|---------------------------|---------------------|---------------------|---------------------|---------------------|---------------------|-------|-------|---|
| I1 | 1 | | | | | | | | | | | | | | | | | | | |
| I2 | 0.540^{**} | 1 | | | | | | | | | | | | | | | | | | |
| I3 | 0.514^{**} | 0.345 ^{**} | 1 | | | | | | | | | | | | | | | | | |
| I4 | 0.159 | 0.032 | -0.010 | 1 | | | | | | | | | | | | | | | | |
| I5 | 0.235 [*] | 0.244 [*] | 0.506^{**} | 0.308 ^{**} | 1 | | | | | | | | | | | | | | | |
| I6 | 0.244 [*] | 0.453 ^{**} | 0.312 ^{**} | 0.315 ^{**} | 0.528^{**} | 1 | | | | | | | | | | | | | | |
| I7 | 0.120 | 0.130 | 0.147 | 0.420 ^{**} | 0.549^{**} | 0.444 ^{**} | 1 | | | | | | | | | | | | | |
| I8 | 0.276 [*] | 0.341 ^{**} | 0.563^{**} | -0.069 | 0.222 [*] | 0.440 ^{**} | 0.017 | 1 | | | | | | | | | | | | |
| I9 | 0.350 ^{**} | 0.155 | 0.204 | 0.399 ^{**} | 0.167 | 0.055 | 0.336 ^{**} | 0.199 | 1 | | | | | | | | | | | |
| I10 | -0.046 | 0.201 | -0.131 | 0.635^{**} | 0.266 [*] | 0.389 ^{**} | 0.455 ^{**} | 0.014 | 0.220 [*] | 1 | | | | | | | | | | |
| I11 | 0.279 [*] | 0.368 ^{**} | 0.338 ^{**} | 0.056 | 0.388 ^{**} | 0.438 ^{**} | 0.013 | 0.496 ^{**} | 0.033 | 0.104 | 1 | | | | | | | | | |
| I12 | 0.467 ^{**} | 0.579^{**} | 0.395 ^{**} | 0.182 | 0.422 ^{**} | 0.493 ^{**} | 0.293 ^{**} | 0.416 ^{**} | 0.186 | 0.283 [*] | 0.626^{**} | 1 | | | | | | | | |
| I13 | 0.425 ^{**} | 0.484 ^{**} | 0.437 ^{**} | 0.189 | 0.260 [*] | 0.407 ^{**} | 0.218 | 0.423 ^{**} | 0.388 ^{**} | 0.142 | 0.423 | 0.683^{**} | 1 | | | | | | | |
| I14 | 0.344 ^{**} | 0.185 | 0.240 [*] | 0.326 ^{**} | 0.667^{**} | 0.460 ^{**} | 0.560^{**} | 0.156 | 0.268 [*] | 0.247 [*] | 0.321 ^{**} | 0.452 | 0.281 [*] | 1 | | | | | | |
| I15 | 0.366 ^{**} | 0.365 ^{**} | 0.240 [*] | 0.328 ^{**} | 0.509^{**} | 0.424 ^{**} | 0.305 ^{**} | 0.204 | 0.368 ^{**} | 0.501^{**} | 0.339 ^{**} | 0.366 ^{**} | 0.253 [*] | 0.490 ^{**} | 1 | | | | | |
| I16 | -0.065 | 0.112 | -0.156 | 0.390 ^{**} | 0.192 | 0.192 | 0.183 | -0.108 | -0.001 | 0.476 ^{**} | 0.058 | -0.034 | -0.097 | 0.099 | 0.412 ^{**} | 1 | | | | |
| I17 | 0.074 | 0.247 [*] | 0.244 [*] | -0.142 | 0.345 ^{**} | 0.387 ^{**} | 0.001 | 0.408 ^{**} | -0.168 | 0.015 | 0.687^{**} | 0.525^{**} | 0.332 | 0.314 ^{**} | 0.235 [*] | 0.055 | 1 | | | |
| I18 | 0.365 ^{**} | 0.514^{**} | 0.377 ^{**} | 0.192 | 0.498 ^{**} | 0.760^{**} | 0.272 [*] | 0.417 ^{**} | 0.032 | 0.234 [*] | 0.595^{**} | 0.573^{**} | 0.496 ^{**} | 0.504 ^{**} | 0.492 ^{**} | 0.116 | 0.451 ^{**} | 1 | | |
| I19 | 0.426 ^{**} | 0.173 | 0.436 ^{**} | 0.094 | 0.356 ^{**} | 0.159 | 0.238 [*] | 0.215 | 0.322 ^{**} | 0.397 ^{**} | -0.035 | 0.347 ^{**} | 0.346 ^{**} | 0.332 | 0.455 ^{**} | 0.318 ^{**} | -0.202 | 0.122 | 0.122 | 1 |

*The correlation is significant at the level of 0.05 (2 extremities)

**The correlation is significant at the level of 0.01 (2 extremities)

($r > 0.5$) between the variables (Cohen 1988), we may report that being innovative in relation to other companies in the same sector involves developing creative work ($r = 0.540, p < 0.01$). The fact of wishing to leverage this type of initiative for innovation interrelates with the ambition to raise sales ($r = 0.514, p < 0.01$). Raising the company's profile also enables the firm to boost its sales ($r = 0.506, p < 0.01$), and in turn boosting sales ensures the earning of money ($r = 0.563, p < 0.01$).

Boosting the reputation of a company represents one means of motivating members of staff ($r = 0.528, p < 0.01$), improving the reputation of the company towards other entities ($r = 0.667, p < 0.01$), demonstrating the company's concern for community problems ($r = 0.509, p < 0.01$) and raising the credibility of the company in the community ($r = 0.549, p < 0.01$). Furthermore, improving the company reputation towards other entities enables a similar effect at the community level ($r = 0.560, p < 0.01$). Improving employee identification with the company facilitates their workplace motivation ($r = 0.760, p < 0.01$), which develops creative work ($r = 0.514, p < 0.01$) and combats negative publicity ($r = 0.595, p < 0.01$) and also ensuring the retention of current company clients ($r = 0.573, p < 0.01$).

In turn, altering the public perceptions regarding company behaviours not only ensures the retention of current clients ($r = 0.525, p < 0.01$) but also combats negative publicity ($r = 0.687, p < 0.01$). However, the retention of current clients may also come about through combating negative publicity about the company ($r = 0.626, p < 0.01$), developing creative work ($r = 0.579, p < 0.01$) as well as developing new products and services ($r = 0.683, p < 0.01$). Companies declaring that every type of company holds social responsibility also demonstrate their concerns over community problems ($r = 0.501, p < 0.01$). When believing in this assumption, then this should also form part of the company culture ($r = 0.653, p < 0.01$).

9.5 Discussion

The results returned demonstrate that the aspect that companies most take into account when considering supporting or sponsoring these events stems from their belief that every company should show social responsibility. In turn, the factor holding least relevance is making money out of these supports/sponsorships. The other two aspects that prove important were the factors interrelated with companies engaging in actions to benefit others and the need to demonstrate concerns with problems in the community, empirical findings that corroborate the results reached by Miragaia et al. (2015).

These results both prove and reinforce the idea that to undertake socially committed activities, the management need to have incorporated social responsibility into their reference framework, perceived as an increasingly significant concept for economic sustainability and social development (Aguinis and Glavas 2012; Plewa and Quester 2011) and thereby showing how all companies should take into consideration their social responsibility (Perić and Delić 2016).

Following social responsibility, the dimension that stands out most among these companies is their image reflected through issues able to raise the credibility of the

firm in the community ($M = 3.88$), to boost its reputation in the market ($M = 3.81$) and make it more generally better known ($M = 3.69$). These findings suggest that there is a rising belief that socially responsible strategies generate gains in reputation and more positive images towards the community (Fombrun et al. 2000; Lichtenstein et al. 2004). The Pearson correlation test results also clearly point to an interconnection between raising the profile of the company in the marketplace and boosting its credibility in the community ($r = 0.549$).

The most important among the motivation factors is that of employees ($M = 3.29$) given that boosting the motivation experienced by members of staff enables greater dedication and satisfaction and we should also reference how social responsibility wields influence over the opinions of clients and provides them with the grounds to remain associated with the company (Plewa and Quester 2011). This finding thus aligns with the study by Rupp et al. (2006) that reports a positive relationship between social responsibility and workplace motivation.

As regards the case of sales/money, the most visible facet is that of boosting sales ($M = 3.22$) in accordance with how companies necessarily have to get involved in activities that enable an increase in profits without infringing on any rules or engaging in fraud (Filizöz and Fişne 2011; Friedman 1970). Hence, there is a correlation between being innovative in relation to other companies in the same sector and boosting sales ($r = 0.514$) as well as between boosting sales generating higher revenues ($r = 0.563$).

Finally, in the innovation/creativity dimension, this highlights the scope for engaging in creative work ($M = 3.20$) as for any product or service to gain success there is the need to explore the opportunities for undertaking creative work (Ratten 2011).

When the image companies convey to clients proves credible, the company may obtain competitive advantages ($r = 0.525$) stemming from the fact that when consumers hold positive ideas about a company, they find it easier to acquire its products or services (Fombrun et al. 2000; Lichtenstein et al. 2004; Lii et al. 2013) in addition to how engaging in creative work enables the retention of current company clients ($r = 0.579$).

In summary, the results returned open up an understanding as to how there are many companies focused on developing socially responsible actions and rendering them more visible as this enables an increase in employee motivation levels, the retention of current clients and furthermore attracting new clients. These results align with an ongoing trend towards companies adopting the objective of raising their economic and social value and hence integrating into and contributing towards social projects proves a fundamental factor (Beutler 2008; Bridgstock et al. 2010; Darnell 2010; Nicholson et al. 2014).

9.6 Conclusion

The objective of this study involved encapsulating the motives leading companies to support and sponsor sports-related social actions or projects. The most common motives incorporate a belief that every company holds social responsibility and

should correspondingly engage in actions to the benefit of other and demonstrate that the firm is concerned about community-based problems. This correspondingly stems from the strong correlation between concerns over problems in the community and the belief that every type of company holds social responsibility.

Due to the persistent and ongoing competitiveness among companies and organisations, they need to clarify consumers about their positioning in the market and always conveying a positive image able to ensure the loyalty of the clients and to this end gaining a deeper and increasing understanding of the habits of the target consumers. Hence, social questions and support for the community should be a constant as this transmits a more positive image of the organisation to consumers (Brown and Dacin 1997; Felício et al. 2013; Perrini and Vurro 2006; Ratten 2011).

The main reason for the donation of support and sponsorship derives from believing that every type of company holds such social responsibilities. There is also a strong correlation between improving the identification of company members of staff and their motivation levels as well as between altering public perceptions about company behaviour combating the negative publicity this may have attracted. Another conclusion we should reference details how boosting turnover is the least important aspect to companies when deciding whether or not to support community-based social projects.

This analysis proves important both to companies providing support and the sports organisations that receive such assistance given this enables their respective managers to understand some of the motives driving support and sponsorship for social causes. In addition to motivating employees and retaining clients, this endows a good company image about the values it holds, or at least seeks to hold, ensuring it is not left behind by other companies in the same sector in keeping with how clients nowadays attribute great value to these factors. They are also able to identify the main reasons that the majority of companies take into account when making decisions over supporting sports organisations with the latter better placed to understanding the best means of requesting such support and sponsorship through reference to the potential advantages. This study, however, focuses only on the company perspective and thus a limitation that suggests future research work addresses the other stakeholders involved, in particular employees and clients.

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