

Social Entrepreneurship in Non-munificent Institutional Environments and Implications for Institutional Work: Insights from China

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Abstract We investigate the research question: Why are there very few social enterprises in China? Our findings unpack four types of institutional challenges to social entrepreneurship, as perceived by social entrepreneurs: norms of a strong role for government; misunderstood or unknown role for social enterprises; non-supportive rules and regulations; and lack of socio-cultural values and beliefs in support of social goals. We contribute to the literature on social enterprises by showing how an institutional environment may be “non-munificent,” i.e., non-supportive for the existence of social enterprises and their goals, and we thus address the need for more attention to the institutional environment in which social entrepreneurship takes place. Further, by using Q-methodology on 42 social entrepreneurs along with illustrative qualitative data from interviews, we address the need to go beyond anecdotal case studies and introduce methodological plurality in social entrepreneurship research. Finally, our findings on institutional challenges provide us with an opportunity to discuss how social entrepreneurs may engage with purposive activities to overcome such challenges, leading us to initiate a conversation between the social entrepreneurship and institutional work literatures.

Keywords China · Institutional environment · Institutional work · Social enterprise · Social entrepreneurship · Q-methodology · Qualitative study

Introduction

Social entrepreneurship involves creating social enterprises, which are organizations that apply business models to address social issues (Dees 1998; Haugh 2005; Kistruck and Beamish 2010; Mair et al. 2006; Selsky and Parker 2010). Social enterprises differ from the traditional business (for-profit) organizations in that their primary mission is to create social value rather than generate private economic gains (Chell 2007; Haugh 2006; Mair et al. 2012a; Pless 2012; Santos 2012; Steyaert and Katz 2004). By combining the pursuit of public social goods (traditionally under the purview of governments and nonprofit organizations) with the market-oriented techniques and tools of for-profit organizations, social enterprises operate at the boundaries of traditional notions of organizations (Dees 2012; Defourny and Nyssens 2008; Haugh 2011; Shaw and Carter 2007). In this study, we follow the generally accepted definition of social enterprises as organizations that engage in business activities to fulfill social goals (e.g., Mair and Martí 2006).¹

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¹ For clarity, our respondents were provided further details to define a social enterprise: (a) Whether the core purpose of the entrepreneur is to address social issues, preferably one of the eight millennium development goals; (b) whether the entrepreneur has plans to generate internal funds (revenue) so that the organization becomes self-sustainable in the medium to long term (about 10 years); and (c) if and when the organization is able to generate more revenues than the expenses it incurs, whether those surpluses are invested back to expand the social impact.

The contributions made by social enterprises to local communities and socioeconomically disadvantaged people are being increasingly documented in many parts of the world (Bacq and Janssen 2011; Defourny and Nyssens 2012; Haugh and Talwar 2016; Kistruck et al. 2013; Qureshi et al. 2016). Their impact is being increasingly recognized and demonstrated by various international and regional multilateral agencies (e.g., United Nations Development Program 2008), which are actively encouraging more development in this field (e.g., International Labour Organization 2011). In this sense, social enterprises are gaining legitimacy across multilateral institutions and several countries (Haugh 2007; Montgomery et al. 2012; Nicholls 2010; Ruebottom 2013; Van Sandt et al. 2009).

Despite this attention to social entrepreneurship, several gaps remain in our understanding. In this paper, we address three major gaps in the social entrepreneurship literature: the limited attention to the institutional environment, which we address through our focus on the unique institutional context of China; the over-reliance on anecdotal case studies (Choi and Majumdar 2014; Short et al. 2009), which we overcome by employing Q-methodology to study a sample of 42 social entrepreneurs; and the limited conversation between the social entrepreneurship and institutional work literatures, which we discuss as an implication of our findings.

The rest of the paper proceeds as follows: We first outline these three research gaps in the next section. After this, we explain our methods and then describe our findings. We then discuss the implications of our findings for the social entrepreneurship literature and draw on this to discuss the link between social entrepreneurship and institutional work. Following these theoretical implications, we end with a brief mention of methodological implications.

Theoretical and Methodological Background

The first research gap we address relates to the need for more attention to the institutional environment in which social entrepreneurship takes place. Reviews of the current literature on social entrepreneurship emphasize the need to consider the institutional framework as it relates to social enterprises in order to extend our understanding of this organizational form (Bacq and Janssen 2011; Haugh 2012; McCarthy 2012; Stephan et al. 2015; Sud et al. 2009). Broadly, there is a need for sociological approaches that investigate the intersection between institutions and social entrepreneurship (Jennings et al. 2013; Peng 2002; Smith et al. 2014). In particular, Kerlin's work (2009, 2013) points out how the models of social enterprises in a country

result from historical macro-institutional processes, through the mediating effects of the specific types of government, stage of economic development and role of civil society. However, as mentioned by Scott (2005, p. 478), most research on institutions has been “embarrassingly...constructed by U.S. scholars based on data collected from U.S. organizations”; a point also highlighted by others (Mair et al. 2012b; Carney, Gedajlovic and Yang 2009; Lau 2002). More attention is therefore needed on how institutions interact with social entrepreneurship in general and in non-US and non-Western institutional contexts in particular (Tsui 2004). Our study addresses this gap by investigating the existence of social enterprises in the underexplored institutional context of China and contributes to the overall theoretical understanding of social enterprises.

The environment in China is markedly different in terms of the roles of market, state, and other institutional structures as compared to environments in the Western world and other emerging economies where social enterprises are typically studied. The context of China may be considered analytically extreme, yet such cases are relevant for the research community (Mair et al. 2012b). Investigating such less explored settings adds to scholarship both in terms of extending the empirical domain and in terms of revealing new theoretical insights (Jia et al. 2012). Furthermore, examining social entrepreneurship in China adds to our knowledge about “different regions of the world where life is experienced as even more difficult than in the western world” (Courpasson 2013, p. 1244) and answers the call for conducting scholarship that focuses on advancing human welfare and the greater social good in the Chinese context (Tsui and Jia 2013).

As noted by earlier scholars, the distribution of social enterprises across the world is uneven (Chell et al. 2010). A limited number of social enterprises have recently begun to make an appearance in China. This stands in contrast to several other parts of the world where social enterprises have been present in large numbers for several years. This limited presence in China is likely due to the state favoring a planned economy model and due to a general lack of social initiatives in the country (Poon et al. 2009; Wang 2006; Yu 2011). In China, rapid economic development over the past decade has created two very different realities: booming urban sprawl and wealth, and poverty, internal migration and other related social issues that have manifested themselves in the form of growing social conflicts (Poon et al. 2009; Yang 2005; Yu 2011). Excessive government focus on fast economic growth has resulted in less attention toward issues related to the elderly, the mentally and physically challenged, the socioeconomically disadvantaged and large sections of the rural population (Liu 2006; Wang 2006). These problems potentially

hamper the development of a harmonious society and have recently started to receive increased attention within the agenda of the Chinese Communist Party (Guiheux 2006; See 2009). This increased attention has been explicitly reflected in the guiding principles of the 12th Five-Year Plan, which states, “Guaranteeing and improving people’s livelihood should be put in first place in accelerating transformation of the mode of economic development.” The Plan further suggests that some socially related functions will be allowed to be undertaken by private social organizations,² which could be reasonably interpreted to include social enterprises, even though the Plan itself does not use that term and there is no legal status for social enterprises. Since this declaration, there has been some early-stage development of a social enterprise sector (Yu 2011).

The discourse around social enterprises is still emerging in China, and there are multiple perspectives about what social enterprises are and what challenges they face (Defourny and Kim 2011). An important point in this regard is whether to take a broad or focused view of what constitutes a social enterprise (Alter 2007; Young and Lecy 2014). Researchers have argued for the presence of social enterprise-like features in a variety of organizing forms in China, such as rural cooperatives (e.g., Lan et al. 2014), rural enterprises (Poon et al. 2009), for-profit entrepreneurs (e.g., those participating in the Guangcai/Glorious Program as described by Yiu et al. 2014) and nonprofits (Yu 2013). In prior research, Defourny and Kim (2011, p. 86) follow a broad approach by seeking to “identify all categories of initiatives which can be described as part of the new ‘social enterprise phenomenon’” in East Asia. Importantly, though Kerlin (2013) does not include China among her five case studies (USA, Italy, Sweden, Argentina and Zimbabwe.), her work supports taking a broad view on how the development of both current and past organizational forms with social-enterprise-like features is influenced by macro-institutions. We follow a broad approach in line with these studies, but focus our investigation on the challenges faced by new social enterprises coming up as part of a recent wave in China. In China, such new social enterprises are typically not legally registered due to the lack of supportive regulations (as we discuss later in the paper); in some cases, they may be nominally registered as for-profits or nonprofits while operating as social enterprises. Further, these new organizations exclude traditional organizing forms such as rural cooperatives and rural enterprises that have historically existed in China.

Importantly, this focus on new organizations in our context allows us to move beyond the concern in most

social entrepreneurship studies with outcomes and toward the importance of antecedents and challenges in social entrepreneurship (Yiu et al. 2014). This helps us more specifically highlight the types of challenges imposed by the institutional environment in China on the emergence of social enterprises and call attention to the nature of what we term “non-munificent institutional environments” for social entrepreneurship, i.e., institutional environments that provide little support for new social entrepreneurship efforts to take place.

The second research gap we address is the over-reliance of anecdotal case studies and general lack of methodological plurality in social entrepreneurship research. So far, research on social entrepreneurship has mostly employed single case studies (Choi and Majumdar 2014; Dey and Steyaert 2010; Mair and Martí 2006; Short et al. 2009) with a few exceptions (see Desa 2012; Kistruck et al. 2013; Urbano et al. 2010). These cases have been limited in that they focus on anecdotal accounts of social entrepreneur “heroes” (Short et al. 2009) and also do not systematically compare or contrast findings across a wide range of social enterprises (Dacin et al. 2011). While we need to go beyond anecdotal case studies, given that we investigate an underexplored context we would also like to preserve participant’s views without imposing researchers’ perspectives based on existing models from other contexts. To address the unique challenges in conducting such an exploratory study while also systematically analyzing medium- or large-sized samples of social enterprises as recommended by scholars (Dacin et al. 2011), we draw on Q-methodology (QM). QM involves systematically analyzing human subjectivity using objective techniques, to ensure that social phenomena are captured with little intervention or a priori theorization by the researcher (Ramlo 2016; Stephenson 1993). Accordingly, it is characterized as neither pure hypothetic-deductive nor inductive, but rather as abductive (Ellingsen et al. 2010). In addition, we explicate our findings from QM by drawing on illustrative data from interviews. Our use of QM supported by interview data thus addresses the lack of plurality of methodologies in social entrepreneurship research, and we highlight these in our discussion section.

The third research gap we address relates to the lack of conversation between the social entrepreneurship and institutional work literatures (Jennings et al. 2013). The literature on institutional work provides insights into the deliberate and purposeful actions by social actors to maintain, disrupt or create institutions (Lawrence and Suddaby 2006; Lawrence et al. 2009). Our findings on the non-munificence of institutional environments point to the need for engagement by social entrepreneurs in institutional work through collaborations with other actors or through activities of their own social enterprises in order to

² Twelfth Five-Year Plan Summary (2011) available from: http://news.xinhuanet.com/politics/2011-03/16/c_121193916_23.htm.

ensure the survival and success of their social enterprises. Accordingly, we discuss the type of institutional work required by social enterprises to overcome various aspects of the non-munificent institutional environments and their options for performing such work directly or in collaboration with other actors.

Methodology

Q-methodology (QM) allows for conducting exploratory studies while going beyond anecdotal case studies. It does this by analyzing subjective responses of a sample of participants in a systematic manner (McKeown and Thomas 2013) as we describe here.

Data Collection

Data collection efforts for this paper were spread over 39 months as part of a larger research program to capture various stakeholder perspectives on social entrepreneurship in China. QM involved specific steps as follows: (1) immersing ourselves in the conversations about social entrepreneurship; (2) developing a research question; (3) identifying a concourse of statements; (4) creating Q-sample; (5) identifying P-sets; (6) conducting Q-sorts by social entrepreneurs; and (7) analysis of Q-sorts. While our focus is QM, we collected qualitative data through interviews with a variety of stakeholders and social entrepreneurs prior to Q-sorts and also post-Q-sorts to illustrate our results in the findings section. We conducted a total of 321 interviews: 88 in Beijing; 71 in Inner Mongolia; 85 in Shanghai; and 77 in Sichuan. We now describe each step of QM below.

Research Question and Discourses

In QM, discourse refers to a set of shared beliefs, opinions, meanings or understandings commonly observed in the target population (Previte et al. 2007). Better understanding of the discourse helps in formulating and refining the research question, which in turn helps in better focusing the study on the discourse. In order to identify dominant discourses and research questions, we extensively participated in conferences, summits, workshops, forums, incubators and informal gatherings on social enterprises that had a focus on China.³ For material in Chinese, we engaged the help of research assistants and browsed through blogs, prominent news media, and other Web sites that promote,

support or report on social enterprises in China. We also met with social entrepreneurs and community members who are likely beneficiaries of these initiatives. Based on this initial immersion in the field, we recognized that the most prominent discourse was around the challenges faced by social entrepreneurs when they initiate social enterprises in Mainland China. Accordingly, we decided on the following research question for this study: Why are there very few social enterprises in Mainland China? In this regard, we note that validating the exact number of social enterprises in China is difficult because “as there is no legitimate definition of social enterprise in China, there are also no comprehensive statistics” (Zhao 2014, p. 4). However, we do know from indirect estimates that social enterprises are a new and rare phenomenon, e.g., The FYSE China Social Enterprise Report (2012) estimates that over 50% of social enterprises in China are less than 3 years old.

Concourse of Statements

The concourse of statements is used to sample the range of stimuli that are pertinent to the research question. It should include a wide and diverse range of opinions on the topic and research question being studied. For this purpose, we engaged with a variety of sources. We used published literature, newspapers, magazines, blogs, online discussion groups/forums, and informal discussions with social entrepreneurs. We conducted two five-member focus groups. One of these included founders of two commercial enterprises, one NGO and two social enterprises. Another focus group included five social entrepreneurs, intentionally chosen to be nascent social entrepreneurs because they would be in a position to recall the challenges they faced (and still face) in initiating and running social enterprises.

We closely observed activities of the social entrepreneurs in the field, visiting Beijing, Inner Mongolia, Shanghai and Sichuan several times over several months in the field. Due to this extensive field engagement, we were able to gain the trust of several social entrepreneurs, newspaper and magazine editors, social media experts, educators, local and provincial government officials, NGOs, various multilateral agencies and other relevant stakeholders. Our learning from interactions with these individuals and from detailed searches of public sources resulted in 156 statements pertinent to our research question. We recognized that saturation was reached when most of the statements started repeating and no new statements were obtained.

Q-Sample

In this step, the concourse of statements is studied carefully to detect raw verbalization and identify major themes in

³ We use China to include Mainland China, Hong Kong and Macau. We use Mainland China to refer to China excluding Hong Kong and Macau.

order to inject “order into this corpus of verbalizations” (Brown 1980: 260). In our research context, we were dealing with an emerging phenomenon, which was not yet well understood. Therefore, we did not have any a priori theory to resort to structured sampling. Instead, we used unstructured sampling with a focus on identifying a sample that is reasonably representative of the concourse (McKeown and Thomas 2013).⁴

In our study, to reduce the 156 statements into a manageable number we sought the help of three research assistants who were native Chinese speaker, not familiar with our research context, and had very limited information about social enterprises. Recall that our aim here is to capture the subjectivity of our participants and not that of researchers. The research assistants used the original Chinese concourse. We clearly instructed the research assistants to not focus on whether a statement is right or wrong or whether they agree with the statement or not. We asked each of them to individually select 60 statements that they thought were most representative of the total 156 statements.

Separately, one of the authors also selected 60 statements from the English translation concourse. We compared the three lists created by research assistants and selected a statement (or its similar variant) if it appeared in at least two of the three lists created by them. A total of 33 statements (or their similar variants) appeared in all the three lists, while 8 statements (or their similar variants) appeared in two of the three lists. We then compared these 41 (33 + 8) statements with the author’s 60 selected statements and found that all of them (or their similar variants) were present in the author’s list.⁵ Three research assistants and two authors then meticulously went through all the 156 statements to see whether the 41 selected statements were indeed representative of the entire concourse. We found that no additional statement from the concourse would improve the breadth of the topic and no statement needed to be removed. These 41 statements thus became our Q-sample.

P-Sets

A sample (P-set) of 40–60 persons is normally considered adequate though a fewer number may also be reasonable (Brown and Ungs 1970; De Graaf 2001; Ramlo 2016). We identified 42 nascent social entrepreneurs through

participation in various regional social entrepreneurship workshops, forums, summits, incubators and informal gatherings. Some examples of the activities of their enterprises include “creating awareness about HIV through performing arts,” “providing health care at reasonable cost to poor who lack access” and “providing educational loans to poor students without charging interest.” In order to get sufficient diversity in perspectives, we purposively selected four regions that are socio-culturally diverse: Beijing—political capital; Inner Mongolia—autonomous region; Shanghai—financial capital; and Sichuan—western province with growing NGO activities. The full list of our P-set comprising 42 social entrepreneurs along with the core activities of their social enterprises is included in “Appendix 1.” As can be seen from Table 1 (we explain the full Table later when describing factor extraction), there were 11 social entrepreneurs from Beijing (BJ1 to BJ11), 11 from Inner Mongolia (IM1 to IM11), 10 from Shanghai (SH1 to SH10) and 10 from Sichuan (SC1 to SC10). At the time of study, all these social entrepreneurs had embarked on the social entrepreneurship journey within previous 12 months.

Q-Sort

In this step, we instructed participants to sort the cards as per their opinion about “Why are there very few social enterprises in Mainland China?” We included instructions that reminded participants that there is no right or wrong sorting order and there is no ideal Q-sort. We presented the Q-sample to each participant of the P-set. Each statement in the Q-sample was printed on a separate card bearing a random number, and we asked participants to rank the statements into a distribution grid with the number of spaces corresponding to the number of statements. In our Q-sort, there was space for 41 statements, with fewer statements at the extreme ends (two each at -5 and $+5$) and more statements at the center (five each for -1 , 0 and 1). Thus, the grid took on a quasi-normal distribution. The extreme positive value indicated the placing of statements that the respondent strongly agreed with ($+5$), and the extreme negative value indicated statements that the respondent most disagreed with (-5). Statements ranking at the center (i.e., “zero”) on the Q-sort scale were considered neutral or “do not matter” in the given instructions (Brown 1980; McKeown and Thomas 2013).

Immediately after each Q-sort, we interviewed the social entrepreneur. We encouraged him/her to share their personal experience in general about starting a social enterprise and in particular related to any of the statements in the Q-sample. We also asked for contact details of anyone who influenced, positively or adversely, their decision to become social entrepreneur and subsequently interviewed

⁴ It is possible that the choice of unstructured sampling might lead to over- or under-sampling of some opinions.

⁵ It is important to clarify that our objective was not to achieve some sort of inter-rater reliability. We resorted to this approach for practical reasons because all of our respondents were Chinese speakers (a few of them were bilingual), and the authors only spoke very basic Chinese.

Table 1 Rotated factor matrix for four-factor solution

Sort-ID	F1	F2	F3	F4	Sort-ID	F1	F2	F3	F4
BJ1	0.37	0.74	0.24	0.28	IM11	0.82	0.08	0.38	0.23
BJ2	0.38	0.70	0.25	0.32	SH1	<i>0.42</i>	0.04	0.88	-0.03
BJ3	0.39	0.72	0.29	0.30	SH2	<i>0.44</i>	0.06	0.87	0.00
BJ4	<i>0.46</i>	0.69	0.17	0.22	SH3	<i>0.43</i>	0.08	0.87	0.00
BJ5	<i>0.41</i>	0.74	0.16	0.27	SH4	<i>0.41</i>	0.05	0.83	-0.06
BJ6	0.39	0.75	0.21	0.30	SH5	<i>0.41</i>	-0.02	0.87	-0.07
BJ7	0.33	0.11	0.31	0.82	SH6	<i>0.47</i>	0.11	0.84	0.09
BJ8	0.32	0.19	0.38	0.75	SH7	<i>0.47</i>	0.12	0.84	0.08
BJ9	0.33	0.15	0.32	0.77	SH8	<i>0.42</i>	0.00	0.81	-0.08
BJ10	0.31	0.09	0.31	0.80	SH9	<i>0.46</i>	-0.10	0.83	-0.08
BJ11	0.33	0.20	0.30	0.71	SH10	<i>0.46</i>	-0.10	0.83	-0.08
IM1	0.87	0.07	<i>0.42</i>	-0.13	SC1	-0.31	0.80	-0.33	-0.16
IM2	0.89	0.00	0.39	-0.07	SC2	0.03	0.91	-0.02	0.08
IM3	0.87	0.10	0.31	-0.13	SC3	0.02	0.90	0.02	0.05
IM4	0.83	0.09	<i>0.47</i>	-0.12	SC4	0.04	0.90	-0.01	0.11
IM5	0.83	0.07	<i>0.44</i>	-0.18	SC5	0.03	0.88	-0.03	0.07
IM6	0.88	0.04	<i>0.41</i>	-0.13	SC6	-0.32	0.76	-0.37	-0.15
IM7	0.87	0.00	0.37	-0.15	SC7	-0.29	0.73	-0.34	-0.23
IM8	0.86	0.08	<i>0.40</i>	-0.15	SC8	-0.33	0.78	-0.34	-0.19
IM9	0.89	0.09	0.32	-0.18	SC9	-0.31	0.79	-0.32	-0.20
IM10	0.82	0.11	0.34	-0.21	SC10	0.03	0.92	-0.03	0.09
	<i>(contd.)</i>	<i>(contd.)</i>	<i>(contd.)</i>	<i>(contd.)</i>					
				Eigen value		12.18	10.5	10.08	4.2
				Variance (%)		29	25	24	10

F1, F2, F3, F4 are factors; cell values are factor loadings

Bold font and italicized font indicate statistically significant loadings at $\alpha = 0.001$ and $\alpha = 0.01$, respectively

BJ Beijing, IM Inner Mongolia, SH Shanghai; SC Sichuan

those individuals. These interviews provided qualitative data to help us illustrate our findings from QM.

Analysis

After the Q-sorts were completed and recorded, we analyzed the data using PQMethod version 2.11 (Schmolck 2002) as described below.

Correlation Matrix

In this first stage of analysis, we calculated Pearson's r correlation coefficients between all possible pairs of Q-sorts. A positive high correlation between any two sorts indicates that the participants have arranged the statements similarly as a reflection of commonly held perspectives. Similarly, a negative high correlation means that the participants held very different perspectives. The correlation coefficients ranged from -0.50 to $+0.98$, indicating high commonality of perspectives among some

participants and substantial differences among the perspectives of others.

Factor Extraction and Rotation

The process by which dominant factors are extracted from a Q-dataset is analytically similar to that used in conventional factor analysis (Brown 1980; McKeown and Thomas 2013). The purpose of factor extraction process is to determine the number of attitudinal groupings (discourses, perspectives or patterns of thoughts) implicit in the data and represented in correlation matrix. For example, if all the social entrepreneurs think similarly about the challenges faced by social enterprises in China, and consequently, if they sort the cards similarly, then all the correlations will be positive and high. As a result, there will be only a single factor representing all of the participants. However, if there are multiple dominant perspectives, then we would expect to find more factors corresponding with these perspectives.

We used principal component method for factor extraction.⁶ Three criteria for selecting factors typically include (Brown 1980; Kim and Mueller 1978; McKeown and Thomas 2013): (a) extract the factors that have eigenvalues greater than 1.00; (b) select the factors for which the eigenvalue is above the break in the slope of a graph of eigenvalues against the factor (also known as Cattell's scree test); (c) select factors that have at least two significant loadings at the 0.01 level (Cattell 1973). We applied the eigenvalue criteria and Cattell's scree test to identify the relevant number of factors and selected a four-factor solution for rotation (Cattell 1973). The initial principal components analysis produced four factors with eigenvalues exceeding 1.0 and together these factors explained about 88% variance.⁷ We used varimax rotation and present the rotated factor matrix for the four-factor solution in Table 1.

The social entrepreneurs from Inner Mongolia (IM1 to IM11) have very high loadings on factor 1 in the range of 0.82 to 0.89 significant at $p < 0.001$, whereas those from Shanghai (SH1 to SH10) have reasonably high loadings in the range of 0.41–0.47 significant at $p < 0.01$. Similarly, all the social entrepreneurs from Sichuan (SC1 to SC10) and some from Beijing (BJ1 to BJ6) have very high loadings on factor 2 ranging from 0.70 to 0.92 significant at $p < 0.001$. Social entrepreneurs from Shanghai (SH1 to SH10) show very high loadings on factor 3 ranging from 0.81 to 0.88 significant at $p < 0.001$. In addition, some social entrepreneurs from Inner Mongolia (IM1, IM4–IM6, IM8) show reasonably high loadings on factor 3 ranging from 0.40 to 0.47 significant at $p < 0.01$. Finally, some social entrepreneurs from Beijing (BJ7 to BJ11) have very high loadings on factor 4 ranging from 0.71 to 0.82 significant at $p < 0.001$.

Z-Scores and Array Position

Z-scores and array position are computed after all rotation is complete and serve as major criteria in identifying defining statements for each factor. The Z-scores allow us to observe the highest ranked statements within each factor. "Appendix 2" provides detailed information on the Q-sample, Z-scores and array positions for all statements and factors.

Furthermore, we were able to identify meaningful sub-themes within each of the four factors. We started with the highest ranked statement and grouped other similar

statements (positive or negative) within that factor into a sub-theme. We then selected the next higher ranked statement among the remaining statements in that factor and followed the same process to create the next sub-theme. We describe these results next.

Results

Dominant Challenges for Social Enterprises in China

Our findings reveal that there are four dominant perspectives on the challenges faced by social enterprises in China. These four factors, their sub-themes and the constitutive statements are presented in Table 2. We also discern regional patterns in these factors, as listed in Table 2 by mentioning the regions where loadings were highly significant or significant for all or some respondents. Below, we explain the factors and draw on our qualitative data to help illustrate them.

The first factor reveals the challenges due to beliefs about the role of government. The sub-themes of this factor suggest that people believe government (1) has the primary responsibility, (2) is trustworthy and (3) has the required resources and infrastructure to solve social problems. This factor is strong in Inner Mongolia and has some support in Shanghai. As an illustration of this, our qualitative data show how a school teacher in Inner Mongolia speaks about the resources the government has provided and the associated confidence in the government to address social issues:

... [Government] has been very generous towards Inner Mongolia. You saw the infrastructure, roads, housing schemes. We have good schools in every village. Well, not exactly in every village but you know what I mean. Whenever there is any problem, the government responds immediately. There are special schemes for Inner Mongolia, you know, it is a special [autonomous] region. I believe government can address all the social issues in Inner Mongolia. (School Teacher, Inner Mongolia)

In line with this view, a social entrepreneur in the region expresses frustration that the notion of government's responsibility to solve social issues precludes a role for other actors such as social enterprises:

Most of [my acquaintances] did not understand social enterprise and its business model even after prolonged discussions. My [relatives] opposed my decision [to start a social enterprise]. Interestingly some of my [relatives] thought I was about to start a

⁶ We replicated the entire analysis using centroid method and found no difference in our results.

⁷ For robustness, we also tried three-factor and five-factor solutions. These solutions suffered from the problem of high-factor inter-correlation and higher instances of mixed factor loadings, which obscures interpretation (Zwick and Velicer 1986).

Table 2 Findings from factor analysis

Statements	Loadings: Z-score; factor score	Sub-themes interpreted	Regional pattern
<i>Factor #1: government role</i>			
Because people think government has primary responsibility to take care of social issues	+1.73; +5	Responsibility/goal	Inner Mongolia (highly significant; all respondents) Shanghai (significant; all respondents)
Because people think goal of the government is to create social harmony, and social issues are the core of their agenda	+1.54; +4		
Because there is apprehension that the government cares more about businesses than social issues	-1.52; -5		
Because people have very high trust in government to solve social problems	+1.72; +5	Trust	
Because people believe that individuals can solve social issues better than the government	-1.42; -4		
Because of many high-level corruption cases, people have no faith in the government to solve social issues	-1.39; -4		
Because people believe that government misuses the resources for benefiting elites and businesses rather than taking care of social issues	-1.62, -5		
Because people think government has infrastructure to solve most of the social problems	+1.64; +4	Resources/infrastructure	
Because people think government has resources to solve most of the social problems	+1.54; +4		
<i>Factor #2: social enterprises role</i>			
Because there is lots of misinformation about social enterprises	+1.47; +5	Misinformation/lack of media coverage	Sichuan (highly significant; all respondents) Beijing (highly significant; some respondents)
Because there is not enough media coverage about social enterprises	+1.29; +4		
Because of the news and social media, most of the people know exactly what social enterprise is and how they function	-1.51; -5		
Because lack of vibrant civil society movement prevents creation of awareness about social issues	+1.43; +5	Lack of awareness of social issues	
Because various natural disasters (e.g., Sichuan earthquake) have created awareness about social enterprises	-1.31; -4		
Because people believe social enterprises have no real power to bring social change	+1.28; +4	No power	
Because people believe that social enterprises have been an important force of social change across the world	-1.49; -5		
Because people believe that social enterprises can play an important role alongside the government in solving social issues	-1.33; -4		
<i>Factor #3: socio-cultural values and beliefs</i>			
Because most of the people are materialistic and do not care about social issues	+1.74; +5	Focus on material gains not social issues	Shanghai (highly significant; all respondents) Inner Mongolia (significant; some respondents)
Because everyone wants to become rich as soon as possible and social issues are their lowest priority	+1.72; +5		
Because young graduates care more about high salary jobs rather than using their talents to start a social enterprise	+1.57; +4		
Because people believe that their responsibility toward fellow marginalized citizens is more important than generating personal wealth	-1.81; -5		
Because people believe that it is possible to forgo financial gains in order to create social value	-1.69; -5		
Because close relatives actively discourage potential social entrepreneurs as there are no financial benefits from social enterprise	+1.63; +4	Family/relatives pressure for material gains not social issues	
Because parents would want their son/daughter to become financially stable before getting involved in social issues	+1.52; +4		

Table 2 continued

Statements	Loadings: Z-score; factor score	Sub-themes interpreted	Regional pattern
Because some parents would rather see their son/daughter engage in addressing challenging social issue then engage in routine jobs	-1.61; -4		
Because close relatives see social enterprise as a viable source of income	-1.53; -4		
<i>Factor #4: rules and regulations</i>			
Because getting involved in social issues could be problematic	+1.65; +5	Fear of violation	Beijing (highly significant; some respondents)
Because there is apprehension that trying to solve social issues may create political problems	+1.49; +5		
Because people believe it is easy to open a social enterprise without political interference	-1.31; -4		
Because there are no tax incentives for supporting social enterprises	+1.47; +4	Non-supportive	
Because government encourages establishing social enterprises	-1.67; -5		
Because government provides training and financial support for social enterprises	-1.58; -5		
Because establishing social enterprises is difficult due to lack of clear guidelines	+1.32; +4	Unclear	
Because there is clear legal status for the activities performed by the social enterprise	-1.38; -4		

commercial enterprise, I mean for-profit business, and they looked excited. Once I explained to them the business model of social enterprise and made it clear that my goal is to address social issues, their excitement vanished, and confusion followed by criticism took its place. They exclaimed why I want to do something that should be done by the government. (Social Entrepreneur-20, Inner Mongolia)

Though the role of government may be strong in other parts of China as well with respect to social issues, it is seen as particularly dominant for Inner Mongolia:

In this region, everybody thinks that government has primary responsibility to take care of everything. This is more so with social issues. In my experience this is not the case with Sichuan. I have some friends in Sichuan, and there it is acceptable to get involved in solving social issues. (Social Entrepreneur-14, Inner Mongolia)

One explanation for this could be the strong government-supported development in natural resource industries and infrastructure in this region, which has contributed to a reliance on the government in most spheres of life to the exclusion of other actors such as social enterprises.

In last two decades the infrastructure has vastly improved. You can travel upward of 120 [kms/h]. Improvement in infrastructure has occurred along with development of mining sector. Most of the Han Chinese and some of the Mongol population has

benefited from boom in natural resource sector and other associated industries. Anywhere you go in Inner Mongolia, you cannot miss the increasing presence of mines and related factories. These are all owned by the government. People here are dependent on government for their livelihood. (Social Entrepreneur-22, Inner Mongolia)

A similar view is echoed by a director of a foundation:

It is true for almost entire China but more so for Inner Mongolia. The people of this region have strong trust in government and they believe that government is responsive; I mean they believe government takes care of all the social issues. This is primarily because they haven't seen any other entity; there is practically no major presence of social organizations in Inner Mongolia. (Executive Director, Private Foundation⁸-1, Beijing)

This leads us to our second factor, which strongly complements these findings by revealing the challenges due to beliefs about social enterprises. In contrast to the strong role seen for government (in factor 1), factor 2 suggests that there is (1) misinformation and lack of media coverage about social enterprises and (2) a broader lack of awareness of social issues. Further, even if people are aware of social issues and social enterprises, it appears they

⁸ Private foundations are not allowed to accept donations from the public or to organize fund raising; they are generally funded by a major gift from a corporation or business family.

may hold negative views, such as (3) social enterprises have no power to solve these problems. This factor is strong in both Beijing and the western province of Sichuan. A social entrepreneur in Beijing finds the general lack of awareness about social enterprises highly problematic and likely responsible for a lack of support for this organizational form:

So when social enterprises present their social objectives and suggest that they intend to attain part of their objectives through raising revenues, no one has any idea what they mean. There is not much awareness about social enterprise in China. I personally felt it during my initial months of explaining my ideas. I am not sure whether it is too much trust in government to solve every single social issue or it is lack of awareness about social enterprise. I tend to feel that it is sheer lack of awareness about social enterprises that results in people not supporting them. (Social Entrepreneur-5, Beijing)

Some of the lack of support is due to the perception that social enterprises lack the power to bring about social change:

I would say there is a degree of misinformation about social enterprises in China, in general. But most importantly, they believe that social enterprise cannot tackle social issues. These issues are too big for social enterprises to deal with. (General Secretary, National Non-Public Foundation-2,⁹ Beijing)

This lack of awareness is also reflected in the challenges faced by social entrepreneurs in convincing those who are close to them. The hybrid nature of social enterprises is part of the confusion:

Thinking of entrepreneurship itself is not considered a normal behavior. It is much more difficult to convince that I will be an entrepreneur who will solve social issues. To many of my relatives and close friends, entrepreneurship is always associated with making as much profit as quickly as possible. (Social Entrepreneur-3, Beijing)

And these challenges extend to the social entrepreneurs themselves as they, like those around them, try to make sense of this new and hybrid organizational form:

I was mostly concerned about how I am going to balance my focus on social issues and financial sustainability. Initially it was difficult for me to even

understand intricacies of this delicate balance, much less easier to explain it to others to garner their support. There is simply not much awareness about social enterprises in China. (Social Entrepreneur-2, Beijing)

In contrast to social enterprises, it appears that there is more awareness of NGOs as an organizational form. This may be contributing to the confusion about a new organizational form:

It is difficult to explain to people what social enterprise is. Sometimes it is easier to simply tell them that we want to establish an NGO. But then they would ask why you include provision for service fees in your plan. (Social Entrepreneur-6, Beijing)

The hybrid structure of the new organizational form appears incompatible to those unfamiliar with it, adding to the confusion:

“[People] get confused when they hear all the talk about solving social issues while simultaneously generating revenue. These two models sound incompatible to them. I expected this to be less problematic in Sichuan, as they have had some experience with NGOs. However, I heard they also get perplexed, ‘how can you claim to solve social issues and at the same time charge fees for your services’. I have heard many people ask social enterprise, ‘are you a company or an NGO?’” (Eminent Professor-4, from a respected Chinese university)

In particular, the presence of NGOs is strong in Sichuan due to their post-earthquake (2008) work there and may have contributed to the confusion about social enterprises:

A decade ago no one knew anything about NGOs. Then this earthquake happened. Suddenly people in Sichuan... I mean not all of them but at least some of them became aware of NGOs and their role in addressing social issue. They realized that NGOs are like government, they provide free service. They help people without asking for any fees. Now there is a problem. When social enterprises talk about helping physically challenged, marginalized groups, low income groups, the people here assume that they are NGOs. However, they get confused by business models of social enterprises, which must raise some revenue to sustain their social mission. Many of them suspiciously ask whether they are NGOs or are doing business. (Director, International Development Agency, Sichuan)

Once again, as in Beijing, the challenge due to lack of awareness in Sichuan is reflected in social entrepreneurs’

⁹ Non-public foundations receive project-based grants from the government and other entities; they are not established by corporates or business families and are not allowed to raise donations from public.

attempts to explain the new organization form to acquaintances:

Some of my close friends have heard of NGOs. I explained them how a social enterprise is different from an NGO. After lots of back and forth, I was still unable to convince them that social enterprise can make meaningful impact. They were skeptical whether one can combine social and financial goals. (Social Entrepreneur-34, Sichuan)

While on one hand there is the problem of expecting NGO-like models from social enterprises, on the other hand any negative reputation effects of NGOs may also be spilling over to social enterprises because people are unable to distinguish between them:

...there is so much negativity about NGOs these days... you know what happened in Red Cross case [accusations of corruption].¹⁰ It has created bad image for all NGOs. Everybody think that these NGOs are taking money from government and misusing it. They confuse social enterprise with NGOs. They ask 'why these organizations charge fees for their services, when they already take money from the government'. They implicitly assume that the money charged or revenue thus generated is being misused. (Social Entrepreneur-42, Sichuan)

This lack of awareness may be turning potential social entrepreneurs to other models as alternatives, contributing to the limited number of social enterprises in China:

You know that social enterprise have both social and financial objectives. However, in China, there are no clear guidelines on how an organization that is engaged in addressing social issues can simultaneously be involved in revenue generating activities. Is this allowed, prohibited? No one knows. Therefore, many play safe by not engaging into such activities. I mean rather than starting a social enterprise, they may join recognized NGOs or simply a for-profit business. (Regional Director, Multilateral Funding Agency, Sichuan)

As shown in one of the statements of our second factor (Table 2), these problems may be tied to the deeper issue of the lack of a vibrant civil society movement across China. A professor provides an overview of this larger challenge:

In the post-cultural revolution period, there has been utter lack of civil society movement. An entire generation grew without engaging into any kind of vigorous debate about role of state in the public life. Let me be more direct and specific. Lack of engagement into social issues is an outcome of restrictions on the freedom of speech and systematic curtailment of participation by citizens, in an organized way, to address social issues afflicting them. Now you have a population that looks to government for anything and everything. (Eminent Professor-1, from a respected Chinese university)

The third factor points to deeper socio-cultural values and beliefs about social issues. In an environment where (1) the focus of people is on material gains rather than solving social issues, the role of social enterprises is marginalized. Further, there are difficulties in overcoming this mindset, since (2) these beliefs are reinforced by pressure from family and close relatives. This factor dominates in the country's financial capital, Shanghai, and also has some support in Inner Mongolia. A professor points to the rise of materialism to elucidate the values and beliefs that hold people back from thinking about social issues:

Fast growth in China has resulted in materialism. Everyone want to become rich as soon as possible. No one has time to think about social issues. Do you think in this environment a young graduate will think of starting a social enterprise? Certainly not in Shanghai. Even if he does, his friends and family members will not let him act on his ideas. (Eminent Professor-5, from a respected Chinese university)

There is a clear trade-off involved as young people are pushed toward for-profit endeavors by those closest to them:

When I stumbled upon this idea, I went to my parents and close relatives to seek their support. I was not seeking any financial support. I just wanted their approval. While only one of them, my distant uncle, showed any interest in my idea as he was aware of similar initiatives, neither he nor anyone else supported me. Instead they encouraged me to start a for profit business in which they believed I may be able to make profits. (Social Entrepreneur-29, Shanghai)

They are also actively discouraged from pursuing social goals:

I avoided seeking help from my relatives and close friends initially, as I thought they would discourage me from initiating a social enterprise. Nevertheless, I informed some of my relatives and childhood friends. My apprehensions were right. They not only did not

¹⁰ Red Cross Scandal, http://www.chinadaily.com.cn/opinion/2014-08/07/content_18265643.htm; Businessman Quits Amid China Red Cross Scandal, <http://www.bbc.com/news/world-asia-pacific-14026592>.

support but also actively discouraged me. Their main argument was why should I give up the opportunity of earning a good salary and instead spend time on social problems that should primarily be government's responsibility. (Social Entrepreneur-28, Shanghai)

This pressure from family and close relatives is seen as natural, underscoring the widespread socio-cultural values and beliefs behind the desire to "make big money":

I don't blame them. I think it is natural. Everyone wants to make fast money and looks for a job or break that will help you achieve that. Parents expect that from you. It is reasonable as you know in China you are the only child, I mean I am the only child of my parents. If you graduate from a reasonably good university, the expectation from you increases manifold. It is hard for them to believe that you will 'spoil' your life rather than making big money. (Social Entrepreneur-26, Shanghai)

Involvement in social issues is seen as a deviation from a routine path:

It is not very common in China. I mean we are expected to follow a routine path of finishing education and looking for best possible job that the education can bring. Any deviation from this is generally not supported. (Social Entrepreneur-23, Shanghai)

Such a deviation may take one on an undesirable risky adventure in a terrain that should anyway be someone else's (government's) concern:

I think the most important challenge was to gain support from my own family. They would have liked me to take-up a regular income job rather than this 'risky' adventure. They believe that social issues should be best taken care of by the government. (Social Entrepreneur-15, Inner Mongolia)

At best, such concerns should take a backseat to the more immediate concerns of career and money related to the prevailing values:

Almost everyone I talked to was opposed to my getting involved in social issues. Some of them felt that it is government's responsibility and I should keep away from it. Even when some of them recognized and appreciated my objectives, they suggested that I should first build a successful career, save enough money, and then, if I like, get involved in these social issues. (Social Entrepreneur-32, Shanghai)

Overall, as the quotes above illustrate, this factor highlights the deeper values and beliefs associated with rapid

economic transformation; these are now so well entrenched that giving priority to social issues is simply unthinkable:

Some of this in part is due to the rapid growth and economic development, and historical role that Shanghai has played in trade through sea routes. ... Frankly, in Shanghai people are more materialistic. That is too blunt but it is what it is. I mean in this environment, if you dare to tell your parents, even your close friends that you plan to dedicate your life, or for that matter a few years, to help solve some social problems, they will think you are mad. (Deputy General Secretary, National Non-Public Foundation-1 Beijing)

The fourth and final factor highlights the specific challenges faced by social entrepreneurs in terms of rules and regulations, i.e., There is a (1) fear of violating rules, in an environment where the rules are (2) non-supportive and (3) unclear. These concerns are brought to light by respondents in the capital, Beijing. The non-supportive nature of rules is highlighted by the lack of legal recognition and incentives for the new organizational form:

There is no legal recognition of social enterprises in China nor are there any financial incentives or tax concessions. This is the main reason why you do not see many social enterprises. (Social Entrepreneur-7, Beijing)

The hybrid nature of the organization contributes to the lack of clarity in rules; additionally, regulations about which social issues one can get involved with are also "muddy":

There is too much risk in starting a social enterprise in China. Social enterprise is not recognized as a legal structure. That means you can register either as a for-profit business or as an NGO. If you register as business then you cannot get involved in social issues nor can you receive grants or donations. If you register as an NGO you cannot charge fees for the services you provide. Moreover, normally government department with which you register determines what social issues you can get involved. The latter aspect is quite muddy, and it is always not clear how system works. Social enterprises have dual goal addressing social issues and generating enough revenue to support their activities. Here lies the dilemma of social enterprises. (Eminent Professor-2, from a respected Chinese university)

Bureaucratic procedures increase this lack of clarity for an organizational form that does not fit preexisting categories:

As you know, it is not easy to establish a social enterprise. You need to follow many bureaucratic

procedures, most of them are not clear. In fact, there is no clear category for social enterprise. Most of the time, you end up doing things without registration, which is risky. (Social Entrepreneur-9, Beijing)

This lack of clarity induces a fear of violating rules that creates insecurity about the future of an enterprise:

As social enterprise is not yet well understood by people in my province, many of my relatives didn't know about it. Even after moving to Beijing, I found this was a concern. However, in my opinion, the major concern in Beijing is lack of clear understanding about rules and laws governing social enterprises. There are no specific guidelines, no tax incentives, and no government department responsible for it. You are always thinking what if authorities find it out and shut it down. (Social Entrepreneur-11, Beijing)

Getting involved with social issues may be generally problematic, but is more so in Beijing because it may be seen as interfering with the government's mandate, leading to further fears of violating rules and regulations:

Beijing being closely linked to government, many people here believe that goal of the government is to create social harmony. They believe that one of the ways in which government attempt to bring social harmony is to solve social issues. This is central to communist party's agenda. This also means that here not many people are willing to get involved in solving social issues; not because they are not aware of social issues but they are afraid of being seen as interfering with government's mandate. (Eminent Professor-3, from a respected Chinese university)

Further, fear may also exist because some social issues are politically sensitive:

"I am not sure whether it was their [my relatives] desire that I should focus on making money or their apprehension that involving in migrant workers' social issues might land me in trouble, as it is politically sensitive issue." (Social Entrepreneur-8, Beijing)

Therefore, it may be best to avoid unwanted government attention, particularly in the capital where such attention may be stronger:

This is true for any part of China. More so in Beijing. Many perceive that getting involved in social issues could be problematic. It might bring unwanted attention from the Party. No one want to take that risk and especially if you are located in Beijing. (Social Entrepreneur-10, Beijing)

Overall, these findings from different parts of China point to the key role of institutional challenges for social enterprises. We discuss this next.

Discussion

Our findings show that the nature of challenges faced by social entrepreneurs largely stems from the institutional environment in the context we have investigated. Prior research has considered environmental non-munificence among the external challenges faced by businesses. Environmental munificence refers to the availability of resources from the environment that are crucial to support organizational growth and survival, such as raw materials, capital and labor (Dess and Beard 1984; Staw and Szwejowski 1975; Goll and Rasheed 2004). In the context of China as well, this concept has been applied the same way for businesses to focus on aspects such as business cost, labor shortage and intensity of competition (Cai and Yang 2014). We draw on this concept but extend it in the case of social enterprises. The unique external challenges faced by social enterprises come into stark view in our China context and point us to consider the lack of support of the institutional environment for social enterprises. While non-munificent environments for businesses focus primarily on tangible material resources, our findings show that non-munificence for social enterprises goes beyond this to public perception and wider support by stakeholders due to their social missions (Ruebottom 2013).

Social enterprises as an organizational form face two external challenges—the general challenge of being a *new organizational form* and the specific challenge due to their *hybrid nature* not fitting into clear boundaries of being either a business or charity (Battilana and Lee 2014). In many parts of the West, the first challenge has subsided due to wider regulatory, normative and socio-cultural support for social enterprises as a new organizational form. However, in China both the newness of the organizational form and its inherent hybridity present challenges as shown by our findings. From an organizational perspective, the lack of awareness and misinformation about social enterprises (factor 2 of our QM analysis) and lack of rules and regulations (factor 4) are in line with challenges expected for a new organizational form. The other two factors point to challenges related to social categorization of social enterprises, which do not fit into traditional categories. Social issues are seen as government's mandate (factor 1) in contrast to material gains that are the focus of individuals due to socio-cultural values and beliefs (factor 3)—revealing an expectation of clear demarcation between social and business goals that reside jointly in the core of social enterprises.

Taken together, these factors point to three dimensions of the lack of institutional support: norms of other actors (government) dominating the social space leave little place for social enterprises; non-supportive and unclear rules and regulations along with fear of violating them act as a deterrent to starting social enterprises; and deeper socio-cultural values and beliefs prioritize materialism and lead to social issues becoming “orphans” and lacking traction, thereby deterring social enterprises and their goals. This lack of institutional support for this new organizational form is what we term *institutional non-munificence* for social enterprises. By revealing these dimensions of institutional challenges, we therefore contribute to the literature on social enterprises by showing *how* an institutional environment may be “non-munificent”, i.e., be non-supportive, for the existence of social enterprises and their goals.

Our findings on institutional non-munificence raise questions about existing assumptions and push us to reconsider boundaries on our current understanding of social enterprises. The challenges and implications of non-munificent institutional environments for social enterprises have not received much attention because “most research on social entrepreneurship with a change agenda has assumed unquestioning support for their social change goals” (Ruebottom 2013, p. 98). This assumption may not have been questioned because most research on institutions has been conducted within the US and other Western settings (Mair et al. 2012b; Scott 2005) where non-munificent institutional environments for social enterprises may not have been a primary concern. Furthermore, when developing country contexts are explored, the lack of institutions is considered but primarily as the motivation for social enterprises (e.g., Mair and Marti 2009; Mair et al. 2012b). These two points of focus, while valid, have precluded adequate attention to the third aspect—the constraining role of institutions for social enterprises. Our findings, which uncover this third aspect, thus question earlier assumptions and push us to reconsider the fundamental tensions between social enterprises and the institutional environment.

These findings on institutional challenges speak to recent research on social enterprises. Recent work by Stephan et al. (2015) has found that social enterprise activity is higher when government activism is high. However, their measure of government activism as wealth redistribution and total government expenditure is related to the general economy rather than to social enterprises and social issues per se. Thus, while their findings support that indirect government roles such as high government expenditure and progressive taxation do not crowd out social enterprises, our findings show that direct government roles in social issues—particularly in a context where

social enterprises are not yet well known—can act as a deterrent for the new organizational form. Our finding therefore extends this research by suggesting that the type of government support and context matters, and in some situations government involvement can be negatively related to social enterprises (Mair et al. 2012a).

However, beyond direct involvement, there may be other means through which government can provide support for social enterprises, such as through supportive rules and regulations. Our findings show that this is a separate dimension of institutional non-munificence distinct from norms of a strong government role in social issues. We therefore suggest going beyond the notion of government activism as investigated by prior research (Stephan et al. 2015) to also consider the supportive or non-supportive aspect of rules and regulations. Earlier research has considered this by pointing out that in countries where social enterprises have gained momentum and recognition, regulatory support is forthcoming and new legal forms have now been created to support the development of social enterprises (Battilana and Lee 2014). Our findings from the China context on the lack of regulatory support and clarity for this new organizational form echo earlier observations on the importance of legal hurdles for social enterprises (e.g., Defourny and Kim 2011; Yu 2013) and suggest this aspect needs more attention.

Our findings on socio-cultural values and beliefs in China as a challenge for social enterprises strongly echo Stephan et al.’s (2015) results on post-materialist cultural values being positively associated with social enterprises. However, while they study this aspect as a broad national-level pattern, we also distinguish a regional angle: Financial or business capitals such as Shanghai are most likely to provide such challenges for social enterprises, whereas other parts of the country may be prone to entirely different types of challenges. Further, while prior studies argue that the social missions of social enterprises provide them with an inherent legitimacy (Dacin et al. 2010), our findings show that in a context with non-supportive socio-cultural values and beliefs, the social mission does not provide inherent legitimacy but rather contributes to challenges of acceptance by various stakeholders.

While comparison with Western contexts where social enterprises are more established is obviously important, an interesting angle would also be comparing the institutional non-munificence for social enterprises among East Asian countries. In particular, the situation in China contrasts most markedly with South Korea in the East Asia region. Unlike China, the latter developed a specific “social enterprise promotion act” to enable several supporting policies. Further, a certification process for social enterprises was developed in which over a thousand enterprises were certified by 2013 (Jeong 2015). These acts greatly

aided the legitimacy and development of social enterprises in South Korea (Defourny and Kim 2011; Jeong 2015).

Having highlighted the institutional challenges in China, it is worth considering the possible factors that still lead to the creation of a few social enterprises. As Defourny and Kim (2011) note, the “condition of necessity” and “condition of shared destiny” identified in the literature as crucial for social enterprises do exist in East Asia, including in China. In particular, China’s transition to a market-based economy with associated problems of weaker sections in society has created a need for social services and an emerging group of people looking for alternative solutions. However, beyond these conditions is the issue of larger forces that may be encouraging the development of social enterprises in China despite the strong barriers that we observed. In this regard, a variety of international influences since the early 2000s may be important. These may include translations of social entrepreneurship material from Western languages into Mandarin, interactions of people from China interested in this phenomenon with those in other countries via forums, and events related to social entrepreneurship held by international organizations (such as the British Council) in China. However, because our focus in this study is on challenges, we do not have a systematic assessment of these forces from our data and methods (a starting point for an overview and timeline of these influences is FYSE 2012). Further, individual motivations that lead to social entrepreneurship (e.g., Urbano et al. 2010) in interaction with the institutional challenges and larger supporting forces may also be interesting in this regard. We suggest that investigations of such macro-forces as well as micro-motivations are important future research areas, particularly in non-munificent institutional contexts.

From Institutional Non-munificence Challenges to Institutional Work

We argue that lack of institutional support for social entrepreneurship points to the need for social entrepreneurs to find ways of engaging with the institutional framework in order to ensure the survival and success of their social enterprises. Institutional work refers to deliberate and purposive actions to disrupt, maintain or create institutions by individual or organizational actors (Lawrence and Suddaby 2006; Lawrence et al. 2009). Drawing on the typology of institutional work offered by Lawrence and Suddaby (2006), we analytically separate out the type of work needed for the three major institutional challenges uncovered in our study (second column “Primary Institutional Work required” in Table 3). We then use prior literature and our findings to discuss the options for social entrepreneurs to

engage with the specific type of institutional work required, either directly by themselves or through collaborations with other actors (third column “Social Entrepreneurs’ options for engagement with institutional work” in Table 3). We draw these arguments together to provide a preliminary framework for relating social entrepreneurship to institutional work (last column in Table 3). This preliminary framework comprises three analytically distinct categories on how social entrepreneurship relates to institutional work: (1) institutional work supports/sets the grounds for social entrepreneurship, (2) social entrepreneurship feeds into and is a prelude for institutional work and (3) social entrepreneurship overlaps with institutional work. We discuss each one of these below.

Theorizing to Overcome Challenges Due to Norms

As shown in our findings, social enterprises face serious challenges in a non-munificent institutional environment where the role of social enterprises is not sufficiently accepted and/or is largely misunderstood. The first aspect of this relates to norms. Prevailing norms may privilege other actors—such as the state—for a strong role in solving social issues and may not support any meaningful role for social enterprises. In such a context, the challenge for social entrepreneurs becomes quite fundamental in that their task is not only to run their social enterprises, but also ensure acceptance of social enterprises as a new organizational form among the constituents of the wider field in which they are embedded. Creating and running a new and unfamiliar organizational form for which institutional norms barely exist require the “naming” of the new organizational form with its own set of practices, i.e., the institutional work identified as *theorizing* (Lawrence and Suddaby 2006). Such creation of a new organizational form underpinned by a new set of logics requires institutional work at micro-, meso- and macro-levels (Tracey et al. 2011).

Mair et al. (2012a) argue that social entrepreneurs rely on specific orders of worth (Boltanski and Thévenot 2006) as anchors of value to justify their organizational models. Among others, they identify “fame” as a principle for justifying social enterprise models, which focuses on the worth of public opinion and involves “influencing, sensitizing and achieving signs of public esteem” (Mair et al. 2012a, p. 371) through press conferences and media campaigns. Our argument echoes these observations; however, we focus on the contextual fit of when such a principle of justification may be most needed. We argue that there would be a heightened need for such activities to help legitimate social enterprises in a context where they are relatively less known.

Table 3 Social entrepreneurship in non-munificent institutional environments: implications for institutional work

Non-munificent institutional environment for social entrepreneurship	Primary institutional work required	Social entrepreneurs' options for engagement with institutional work ^a	Preliminary framework of how institutional work relates to social entrepreneurship
Norms: strong government role versus social enterprises as misunderstood or weak	<i>Theorizing</i> about role of social enterprises as new organizational form	Collaborate with other actors (especially media, academia, transnational actors and other non-state actors) to set general norms for social enterprises as a precursor to later focus on specific social outcomes	Institutional work sets the grounds for social entrepreneurship
Rules and regulations (1) Non-supportive/unclear (2) Non-supportive/unclear (3) Evoke fear/non-supportive/unclear	(1) <i>Direct advocacy</i> : mobilize political and regulatory support for social enterprises as an organizational form (2) <i>Direct advocacy</i> : to institutionalize specific desired social outcomes (3) <i>Tacit support advocacy</i> : mobilize political and regulatory support for social enterprises that exist	(1) Collaborate with other actors, especially government for regulations supportive of new organizational form, e.g., US, UK, Canada (2) Collaborate with other actors, especially government to change regulations to uphold new specific social outcomes (3) Collaborate tacitly with other actors, especially parts of government, e.g., local authorities and authorities in certain provinces/regions in China	(1) Institutional work supports/sets the grounds for social entrepreneurship (2) Social entrepreneurship feeds into and is a prelude to institutional work (3) Social entrepreneurship feeds into and is a prelude to institutional work
Socio-cultural values and beliefs: social issues are “orphans” and lack traction (orientations that are non-supportive dominate, e.g., materialistic focus)	(1) <i>Social innovation</i> to provide new solutions that disrupt institutions and initiate institutional change (2) <i>Educating</i> to increase awareness and knowledge for institutional change	Include in <i>own</i> core agenda (1) Solutions that disrupt larger socio-cultural systems in which social problems are embedded (2) Efforts to change socio-cultural values and beliefs	Social entrepreneurship overlaps with institutional work

^a The options in column 3 are analytically distinct, but in practice there are likely to be overlaps

Further, while Mair et al. (2012a) focus on such justification efforts by social enterprises, our findings from a strongly non-munificent environment point to a different approach. In a context where their own enterprises are not sufficiently recognized, it is not plausible for social entrepreneurs to involve their social enterprises directly in efforts to change these prevailing norms. Instead, the option of collaboration with other actors—such as the media, academia and transnational organizations—may be more effective for theorizing the role of their unfamiliar organizational form and change the existing norms favoring the role by the current dominant actor (such as the state). For example, *21st Century Business Herald* in China is a media actor with strong potential for useful collaboration by social enterprises. This media outlet has been open to covering social enterprises in a favorable light. Among transnational actors, the British Council has been a source of support for social enterprises in China and is a potential collaborator. Such writing and training efforts can aid theorizing of the organizational form in China.

Our interviews in the field help illustrate how these theorizing efforts may unfold in a strongly non-munificent environment. As an executive from an international social organization points out, the “covert” nature of social enterprises in China precludes them from “seeking publicity,” implying that other means may have to be sought for gaining acceptance for social enterprises:

Social enterprise has not taken a shape of movement yet, and probably will not take in immediate future. I have been to many provinces. In Inner Mongolia you do not see any support for social enterprise, neither from local government nor from society. There it is a lonely battle from social entrepreneurs. Some of them are doing this out of deep convictions, and they are becoming source of inspiration for awaken others in their neighboring villages and towns. Much of their activities remain covert, and most of the time they are not seeking publicity lest they invite wrath of authorities. Same is true with Beijing and Shanghai, even though, as you noticed, in Beijing the covert

movement to legitimize social enterprises is gaining some ground. In Sichuan...social entrepreneurs there are working hard to differentiate themselves from NGOs, without much success.... (Sr. Executive, International Social Organization)

A director at a top media house corroborates that social enterprises work “under the shadow”; thus, at this point it would be helpful to educate the media—a step that has not yet been sufficiently pursued—so that media can make people “aware of a new form of organization.” The extent of institutional non-munificence of norms is important here. While in several Western contexts, engagement with media and other actors for theorizing can take place relatively easily (beyond the social enterprise directly engaging in theorizing itself); in China, a more careful approach is needed:

Many in media themselves need education about social enterprises. They do not understand the business model of social enterprise and end up creating misinformation rather than awareness... To be fair, covering social enterprises is a tricky issue. They do not have legal status. It could create problem for the social entrepreneurs if we exactly report their activities. As you already know, many of them work under the shadow as they are not registered with the ministry. Many times we report about them and their activities using pseudonym to protect their identity. Sometimes we simply report the social impact they are making and not whether or not they charge for their service. The objective is to make people aware of a new form of organization that can address social issue. (Director, responsible for covering social issues at a top media house located in southern China)

A media correspondent supports this by pointing out that while such media efforts can initiate awareness about the new organizational form, some tact is required in such theorizing due to the hybrid nature of social enterprises:

It is complicated. There is a lot needed to be done to legitimize social enterprise in China. The major hurdle is lack of awareness in public. In order to create such awareness, we routinely cover social enterprises in our column. However, there is problem. We cannot discuss their business model and social impact together. We normally report it as two separate but linked entities, one as generating revenues using business model and other using those revenues to solve social issues. (Senior correspondent, responsible for covering social issues at a top media house located in southern China)

A director of an online media outlet points out how the approach of using media is increasing among social

entrepreneurs. While initially social entrepreneurs were “skeptical” and the media outlet had to reach out to them, now the situation is reversed as they recognize media can help create awareness about the new organization form:

We focus on reporting social innovation. We do not mention the name of the organization, nor the precise location. Our goal is to create awareness about an alternative form of organization. We would like to showcase that there is a possibility of having an organization that addresses social issues using a revenue-generating model. Initially it was difficult for us to report on these social enterprises, as social entrepreneurs were skeptical about our objectives and our commitment to confidentiality. Over last few years we have been able to reach several social entrepreneurs. Now, most of the time, these social entrepreneurs reach us to tell their story. They hope that this will create awareness not only about their social innovation but also in general about social enterprises. (Director, prominent online media-1)

Advocacy to Overcome Challenges Due to Rules and Regulations

The second aspect of a non-munificent environment relates to the lack of proper rules and regulations to support social enterprises. As revealed by our findings, the lack of clarity, non-supportive nature and associated fear about violating rules and regulations create uncertainty and hinder social entrepreneurship. There is a need to develop support for social enterprises as a new organizational form through the institutional work identified as *advocacy* (Lawrence and Suddaby 2006), i.e., mobilizing political and regulatory support through deliberate techniques with a view to change existing rules and regulations. Prior work has suggested that social entrepreneurs may participate in advocacy and activism to engage with the existing institutional framework (Dacin et al. 2011) and possibly to enhance such frameworks (Mair and Marti 2009). However, the extent of institutional non-munificence is again crucial here. In contexts where social enterprises are somewhat familiar and accepted, yet the rules and regulations on social enterprises are non-supportive or unclear, direct advocacy with government may be an option. Recent research points out how the popularity of social entrepreneurship has led to supportive regulatory activity, such as through new legal forms. These include benefit corporations, low-profit limited liability corporations, and flexible-purpose corporations in the USA, Community Interest Companies (CICs) in United Kingdom and Community Contribution Companies in Canada (Battilana and Lee 2014). Such direct advocacy amounts to institutional

work supporting or setting the grounds for social entrepreneurship.

A more specific case of advocacy may be when the non-munificence of the institutional environment due to rules and regulations is confined to the specific social goals of social entrepreneurship, even if the organizational form is recognized. In such cases, social entrepreneurs could bring attention to the specific social problems, such as the ones that the social enterprises in our sample target, e.g., lack of care for elderly and physically or mentally challenged, and collaborate with other stakeholders to pass legislations that address these problems in society. A desirable social outcome that is initially highlighted by social entrepreneurs would then be directly supported by the passage of a law, i.e., impacting the regulatory institutional framework. Thus, in such situations, social entrepreneurship could feed into and be a prelude to institutional work.

In contrast to these direct advocacy situations, in the strongly non-munificent context of China, where fear of violation also goes along with the unclear and non-supportive nature of rules and regulations, such actions may not be possible. Instead, seeking out political support from more amenable parts of the government in an indirect manner may be most prudent; this tacit approach would ensure the continued existence of some social enterprises and lead to incremental and gradual acceptance of them in political circles. We term this *tacit support advocacy* to contrast it with direct advocacy mentioned earlier.

The fragmented authoritarianism in China, i.e., how the various levels and jurisdictions of multiple authorities implement federal-level policy and thereby shape it, is particularly relevant here (Downs 2004; Lieberthal and Oksenberg 1988; Mertha 2009). This may provide social enterprises an opportunity to seek out support from some parts of the government. As a professor points out, such an approach may be a discreet way to get support from local authorities without directly challenging “the might of Chinese government”:

Social entrepreneurs and those organizations that want to support them can learn a lot from protests against various dams. Some succeeded while others failed. The lesson we learned from these protests is that you cannot challenge the might of Chinese government. If you do that, you will certainly be crushed or at least rendered totally ineffective. What you can certainly do is to convince local administration and align them with your goals. You need to take incremental approach. Once you achieve that then you may want to solicit help of local admiration to convince provincial government. In the case of social enterprise, most of the time you need to deal with the local administration, and convincing them

should be sufficient. You need to be discreet enough not to create noises at multiple levels. (Eminent Professor-5, from a respected Chinese university)

Some social entrepreneurs are using this tacit support advocacy by selectively courting government authorities at the most conducive level. For example, a respondent highlights the fragmented authority structure and suggests how it may be possible to “win over local authorities” to garner initial tacit support:

Many outsiders don’t realize that government in China is not a monolithic structure. There are at least three layers, national government, provincial government, and local government. On some issues, there are clear guidelines and they are out of bound. All three layers of government prohibit such things. You simply cannot engage in those activities. However, on other issues, there is ambiguity. Social enterprise falls in the second category. Although you cannot overtly promote it, if you have local support then probably you can covertly do it. You can win over local authorities, and with their tacit approval, you can conduct your activities. (Director, Private Foundation-2, who conducts training for aspiring social entrepreneurs with tacit support from local administration)

This approach of winning the trust of local authorities is helped by the fact that many social issues may be local in nature; such advocacy can also draw upon other actors to help “convince local governments”:

Social enterprises need to co-opt with the respective local governments. They need to win trust of local administrators. Without this understanding their issues cannot be put forth to the higher level governments. Most of the social enterprises, at least at this stage, are very small. Their work only influences neighboring communities. Therefore, the local administration is the one that can understand their problems, issues and special needs. Frankly, many social issues are very local. Of course, there are others that are universal in nature. Social entrepreneurs need to join hands with other supporting individuals, organizations, and frankly anyone else to convince local governments. (Eminent Professor-6, from a respected Chinese university)

Such advocacy may be easier in some regions than others, where it may be possible to “bring along local government officials” to build support for social enterprises as an organizational form:

Provinces differ in terms of their support for social organization. For example, in Guangdong, provincial

government is more tolerant of existence of social organizations. Also proximity to Hong Kong helps, where eco-system for social enterprises is robust. Some organizations that want to promote social enterprises in mainland China organize their events in Hong Kong. This provides them opportunity to see various supporting institutions and their functioning in Hong Kong. Some time they bring along the local government officials with them to create awareness about social enterprises. (Director, Organization that promote civil society, located in southern China)

In contrast to direct advocacy on rules and regulations, such tacit support advocacy would rely on incremental acceptance of social enterprises that may ultimately crystallize into wider recognition and supportive rules and regulations. Prior research suggests that such increase in founding attempts can gradually increase the legitimacy of the organizational form (Greve et al. 2006). Thus, social entrepreneurship in these cases would feed into and be a prelude to institutional work.

Social Innovation and Education to Overcome Socio-Cultural Challenges

As revealed in our findings, the obsession with materialistic gains to the exclusion of other non-materialistic goals contributes to the lack of societal support for addressing social problems. In general, non-munificence of the institutional environment due to the absence of supportive socio-cultural values and beliefs could “orphan” social issues as few actors engage with them and consequently efforts to address them lack traction. Engaging in social change in such environments therefore necessarily involves a natural opposition to existing societal values and beliefs. Social entrepreneurship directed toward solving social problems in such contexts goes beyond creating economic and social value and promotes system change (Dorado and Ventresca 2013) that involves creating new states of the institutional environment (Rindova et al. 2009). As Mair et al. (2016) point out in a study focused on local institutional arrangements, organizations can address a social problem by influencing social systems that underlie the problem. The kind of social entrepreneurship efforts that would be needed here involve social innovation that instantiates systemic change (Mulgan et al. 2007) and achieves deeper societal transformation (Lawrence et al. 2012).

Prior research suggests that social enterprises are one vehicle through which broader social innovation happens (Phills et al. 2008). Earlier definitions of social entrepreneurship highlight the innovative use and combination of resources toward social aims (Mair and Martí 2006). Further, as Santos (2012) argues, social entrepreneurs

interested in achieving sustainable solutions could do so through institutionalizing a system that continues to solve the problem beyond the initial efforts of the social entrepreneurs. Our arguments draw on this to posit that under institutional non-munificence, social entrepreneurs need to engage in a type of social innovation that strikes at the institutional framework and attempts to change it; the activities needed for such system change solutions bring social entrepreneurship in close overlap with institutional work. Accordingly, as listed in Table 3, we suggest the link between social entrepreneurship and institutional work via a specific type of social innovation that provides solutions to disrupt or change institutions.

Further, system change solutions require cognitive work on multiple stakeholders in society so that they may break out of existing socio-cultural values and beliefs. The kind of work we refer to here involves increasing awareness and knowledge to enable wider change in the institutional environment, akin to the institutional work identified as *educating* (Lawrence and Suddaby 2006). In our context, we can see such education initiatives geared toward spreading societal awareness related to ultimate large-scale system change. As Dacin et al. (2010, p. 51) argue more generally, the “social mission of social entrepreneurial ventures is embedded or situated in a wider cultural and institutional context,” and therefore, social entrepreneurship research needs to connect to “progress made in the area of institutional change.” Our argument is similar to the suggestions of these authors and others on the possible commonalities of social entrepreneurship with cultural entrepreneurship and institutional entrepreneurship (Dacin et al. 2010; Battilana et al. 2009; Qureshi et al. 2016).

While we do not have details of social innovation initiatives toward system change in our sample, we see examples of initial purposive engagement to change socio-cultural values and beliefs in our sample. A social entrepreneur in Beijing is focused on changing beliefs about the natural environment by activities that:

create awareness amongst students and public about negative effects of vehicular pollution.

Another in the same location includes such education along with providing material services, i.e.,

create environment awareness especially about role of forests. Provide employment in rural areas through plantation projects.

Similarly, another social entrepreneur includes awareness along with generating income:

create environmental awareness in the urban population. Provide additional source of income to rural population through plant-a-tree program.

A different example shows us an innovative way to spread such awareness by endeavoring to:

organize eco-tourism to create awareness about environment protection.

Raising awareness may be supported through online sources; while this may not be overtly led by any specific social entrepreneurs under such a strongly non-munificent environment, it may help create a covert “movement” that challenges existing socio-cultural values and beliefs. An online media director suggests the use of such options by young people in China:

It is possible to engage in organized activities. Now-a-days, more often than not those organized activities are done on social media. Younger Chinese have learned to use social media very innovatively. With their cryptic messages, they are able to keep authorities guessing. When you consider the size of membership of various social media platforms such as QQ, Sina Weibo, RenRen, and other social media platforms, it becomes immediately clear that the task of monitoring these platforms is not an easy one. Therefore it is possible for the social media activists to spread their message far and wide before authorities are able to get a sense of it. (Director, prominent online media-2).

And a professor suggests how such efforts can help propagate ideas without formal organizing:

Increasingly you can see the use of social media for controversial issues. Social media provide opportunity for bringing people together on a topic without formal organization. Remember in most parts of China you cannot have organized protests. Chinese authorities quickly quell social movements by punishing leaders of organized assembly. However, using the help social media a movement can propagate without any identified leaders or organizers. This is the way forward for the movement on social enterprise and we already see some initial signs. (Eminent Professor-4, from a respected Chinese university)

While our context prioritizes the need for changing socio-cultural values and beliefs, social enterprises can perform institutional work in other respects as well. As Dacin et al. (2010) point out, social enterprises such as Aravind Eye Clinic and Grameen Bank have changed norms, routines, social expectations and social institutions in their contexts.

In summary, our study contributes to delineating the concept of non-munificent institutional environments for social enterprises and spurs us toward recognizing conceptual links between the social entrepreneurship and institutional work literatures that have so far not been integrated (Jennings et al. 2013). Importantly, our discussion and illustrations on how

social entrepreneurs can engage with changing a non-munificent institutional environment for their benefit can serve as a starting set of recommendations. Collaboration with actors such as media and transnational organizations is already underway in our context and can be a practical means to strategically set norms for social enterprises. Similarly, there are indications that collaborating tacitly with carefully selected government actors is a practical means of survival, and we suggest this can gradually build wider legitimacy for the new organizational form. Finally, we recommend that social entrepreneurs recognize the need for disrupting socio-cultural systems in which the problems they want to address are embedded and build overlapping goals that include such work in their own core agenda.

Our study also makes methodological contributions to social entrepreneurship research. By applying Q-methodology, we addressed a recently identified limitation of this literature, i.e., the lack of methodological variety (Jennings et al. 2013) and over-reliance on single case studies (Dacin et al. 2011). We suggest that QM is particularly suited to investigate social entrepreneurship phenomena due to several other methodological strengths.

QM’s approach toward including participants’ views could allow it to uncover aspects of social entrepreneurship phenomena that are not typically revealed from a researcher’s vantage point, e.g., in contexts where some stakeholders of social enterprises are not likely to be verbal and willing to engage directly in discourse due to social desirability, fear of reprisal, lack of skills, etc. QM could allow employees to share their story and concerns in a less verbal, non-threatening manner by sorting statements attributed to others (Ellingsen et al. 2010) in sensitive situations related to ethics and gray area practices, e.g., such a method could have helped deal with problems of mission drift early on in micro-finance organizations in India (Sanderson and Sengupta 2011). Further, stakeholders of social enterprises in developing countries or even in developed countries with literacy challenges who cannot always fill out surveys could be included as participants in QM studies using visuals in the form of pictures, audio commentary, short phrases, etc. (Cameron and Murphy 2007). This could also have implications for international social entrepreneurship research where such objects could be used across language barriers. More broadly, such a technique could help capture socio-cultural values and beliefs in a non-intrusive way. Beyond social entrepreneurship, these advantages of QM may extend to other organizational studies and allow for unique investigations that do not impose the researchers’ biases.

In conclusion, we highlighted an area typically neglected in social entrepreneurship studies, i.e., the institutional challenges that such organizations can face in what we term “non-munificent” environments. We illustrated the

nature of these challenges with examples and drew on the institutional work literature to discuss how social entrepreneurs can engage with such institutional challenges to ensure their own survival and enable social change. In addition to our theoretical contributions to the institutional theory and social entrepreneurship literatures, we also highlighted our methodological contributions to the social entrepreneurship literature.

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Appendix 1

See Table 4.

Table 4 List of social entrepreneurs

Project	Location	Age ^a	Activities
Fight pollution	Beijing	3	Create awareness among students and public about negative effects of vehicular pollution
Green forest	Beijing	8	Create environment awareness, especially about role of forests. Provide employment in rural areas through plantation projects
Green groceries	Beijing	6	Help rural farmers sell their vegetable produce in the small retail chains
Handicrafts	Beijing	10	Help physically challenged artisans sell their products
Jewelry	Beijing	10	Help skillful traditional artisan find the right market and better price
Minority handicraft	Beijing	7	Help minority artisan sell their produce
Organic vegetables	Beijing	7	Help migrant worker families grow and sell organic vegetables
Plant-a-tree	Beijing	8	Create environmental awareness in the urban population. Provide additional source of income to rural population through plant-a-tree program.
Prevention	Beijing	6	Create HIV Awareness through performing art
Sustainable alternatives	Beijing	8	Create awareness about environmental protection
Trade fair	Beijing	4	Connect artisans with potential buyers
Dairy food	Inner Mongolia	9	Aggregate dairy produce of small farmers to help them get better price
Environs	Inner Mongolia	9	Create awareness about protecting environment through ecotourism
Green agri	Inner Mongolia	12	Promote non-polluting and less water consuming farming. Increasing income by decreasing cost of production
Health care	Inner Mongolia	11	Provide health care to poor, who have no access, at reasonable price
Micro-credit	Inner Mongolia	12	Provide micro-credit to poor to help them increase income
Mongol cloths	Inner Mongolia	7	Help in selling traditional garments to local and regional markets.
Old age home	Inner Mongolia	11	Provide care to elderly people and keep them socially engaged
Plantations	Inner Mongolia	9	Prevent desertification through plantation. Employ poor people in plantation projects
Traditional printing	Inner Mongolia	11	Keep physically challenged people productively engaged. Provide employment to physically challenged people
Sheep farm	Inner Mongolia	6	Train physically challenged people to rear sheep. Provide physically challenged people a regular source of income
Silver lining	Inner Mongolia	6	Provide training to visually challenged. Help them earn regular income through activities such as massage
Chat room in darkness	Shanghai	5	Provide online communication platform for the visually challenged
Designers	Shanghai	6	Employ deaf people in productive designing and help them earn livelihood
Ecotourism	Shanghai	12	Organize ecotourism to create awareness about environment protection
Education loans	Shanghai	9	Provide education loans to poor students with no interest charged during their studies
Floriculture	Shanghai	7	Help poor families grow and sell flowers
Maid training	Shanghai	4	Provide training in domestic work and help migrant women find better opportunities as domestic maid
Minority gift	Shanghai	5	Help members from minority community sell their artisan products
Real skills	Shanghai	8	Provide usable skill training to laid-off workers, poor people, disabled and migrant workers to enhance possibility of their re-employment
SocLearn	Shanghai	6	Provide specialized training to social workers

Table 4 continued

Project	Location	Age ^a	Activities
Workers helpline	Shanghai	7	Online platform to help immigrant worker solve their employment, social, health and legal problems
Bamboo	Sichuan	11	Help poor farmers grow and sell bamboos to a Panda base
Eco-community	Sichuan	4	Help in low carbon emission community construction
Elderly care	Sichuan	5	Provide various services to elderly (recreation, legal and psychological help)
Embroidery	Sichuan	10	Keep women from disaster affected area productively engaged, provide them social context to share their feelings. Help them earn regular income through embroidery
Let's learn	Sichuan	7	Support library in the rural primary schools. Organize ecotours to rural areas to create awareness in the urban population
Micro-finance	Sichuan	10	Provide loan to poor families to help them increase their income
Mulberries	Sichuan	8	Link small growers to the market
Sichuan garments	Sichuan	10	Assist in designing and selling tradition garments to local and regional markets
Silk cocoon	Sichuan	12	Train and help poor farmers to raise silkworm and sell cocoon
Thrasher	Sichuan	6	Maintain cleanliness through garbage collection, sorting and recycling

^a In months at the time when initial interview was conducted

Appendix 2

See Table 5.

Table 5 Q-sample, Z-scores and array position

S. no.	Q-sample (statements used for Q-sorts)	F1 _Z	F1 _I	F2 _Z	F2 _I	F3 _Z	F3 _I	F4 _Z	F4 _I
1	Because parents would rather want their son/daughter become financially stable before involving in social issues	0.94	+2	-0.01	-1	1.52	+4	-0.76	-2
2	Because people normally mistook social goals of social enterprises as a marketing gimmick	0.78	+1	-1.03	-3	-1.06	-4	0.92	+3
3	Because people think government has primary responsibility to take care of social issues	1.73	+5	0.93	+2	0.88	+2	-0.92	-3
4	Because people feel this is a western idea and will not succeed in China	-0.16	0	0.96	+3	-0.03	0	0.21	+1
5	Because of many high-level corruption cases, people have no faith in the government to solve social issues	-1.39	-4	-0.40	-1	-0.97	-3	0.07	0
6	Because of the news and social media, most of the people know exactly what social enterprise is and how they function	-0.77	-2	-1.51	-5	-0.81	-2	-0.04	0
7	Because establishing social enterprise is difficult due to lack of clear guidelines	-0.16	-1	0.45	0	0.83	+2	1.32	+4
8	Because people believe that their responsibility toward fellow marginalized citizens is important than generating personal wealth	-1.07	-3	-0.86	-3	-1.81	-5	-0.06	0
9	Because there is apprehension that the government care more about businesses than social issues	-1.52	-5	-0.81	-3	-0.71	-2	-0.03	0
10	Because most of the people are materialistic and do not care about social issues	1.07	+3	0.10	0	1.74	+5	-0.76	-1
11	Because people think government has resources to solve most of the social problems	1.54	+4	0.82	+1	0.92	+3	-0.98	-3
12	Because people believe social enterprises have no real power to bring social change	-0.52	-2	1.28	+4	-0.29	-1	0.47	+2
13	Because people think goal of the government is to create social harmony and social issues are the core of their agenda	1.54	+4	0.60	+1	0.74	+1	-1.02	-3
14	Because young graduates care more about high salary jobs rather than use their talents to start a social enterprise	1.05	+2	-0.21	-1	1.57	+4	-0.76	-2
15	Because people believe that government misuses the resources for benefiting elites and businesses rather than taking care of social issues	-1.62	-5	-0.48	-2	-0.98	-3	-0.12	-1

Table 5 continued

S. no.	Q-sample (statements used for Q-sorts)	F1 _Z	F1 _I	F2 _Z	F2 _I	F3 _Z	F3 _I	F4 _Z	F4 _I
16	Because government encourages establishing social enterprise	0.13	0	-0.60	-2	-0.71	-1	-1.67	-5
17	Because people believe it is easy to open a social enterprise without political interference	0.24	0	0.57	+1	-0.77	-2	-1.31	-4
18	Because people have very high trust on government to solve social problems	1.72	+5	0.82	+2	0.96	+3	-0.90	-2
19	Because there is clear legal status for the activities performed by the social enterprise	0.18	0	0.57	0	-0.84	-3	-1.38	-4
20	Because people believe that individuals can solve social issues better than the government	-1.42	-4	-0.72	-2	-0.95	-3	-0.20	-1
21	Because people believe that it is possible to forgo financial gains in order to create social value	-0.95	-3	0.25	0	-1.69	-5	0.08	+1
22	Because there is not enough media coverage about social enterprises	-0.28	-1	1.29	+4	-0.40	-1	0.12	+1
23	Because there is no clear understanding about the activities performed by social enterprise	<i>1.05</i>	+3	<i>1.02</i>	+4	0.78	+2	<i>1.04</i>	+4
24	Because getting involved into social issues could be problematic	-0.22	-1	0.97	+3	0.59	+1	1.65	+5
25	Because people think government has willingness to solve the social problems and creating right atmosphere for social enterprises	1.11	+3	<i>-1.01</i>	-3	0.74	+1	<i>-1.05</i>	-4
26	Because close relatives actively discourage potential social entrepreneurs as there are no financial benefits from social enterprise	0.89	+2	-0.06	-1	1.63	+4	-0.76	-1
27	Because people believe that social goals should be supported from donation and not from revenue-generating activities	0.45	+1	0.97	+3	0.00	0	0.86	+3
28	Because various natural disasters (e.g., Sichuan earthquake) have created awareness about social enterprises	0.88	+1	-1.31	-4	0.27	0	0.76	+2
29	Because lack of vibrant civil society movement prevent creation of awareness about social issues	-0.23	-1	1.43	+5	-0.20	-1	0.04	0
30	Because there is no tax incentives for supporting social enterprise	-0.25	-1	0.92	+2	0.76	+1	1.47	+4
31	Because people do not trust business models to solve social problems	0.42	+1	-0.68	-2	1.06	+3	0.38	+2
32	Because some parents would rather see their son/daughter engage in addressing challenging social issue then engage in routine jobs	-0.93	-3	0.17	0	-1.61	-4	0.32	+1
33	Because everyone wants to become rich as soon as possible and social issues are their least priorities	1.10	+3	0.05	-1	1.72	+5	-0.92	-2
34	Because close relatives see social enterprise as a viable source of income	-0.97	-3	0.74	+1	-1.53	-4	0.90	+3
35	Because there is lots of misinformation about social enterprise	-0.34	-2	1.47	+5	-0.56	-1	-0.24	-1
36	Because people think government does not have innovative ideas to solve the social problems	<i>-1.08</i>	-4	<i>-1.06</i>	-4	0.25	0	0.34	+1
37	Because people think government has infrastructure to solve most of the social problems	1.64	+4	0.93	+2	1.02	+3	-1.02	-3
38	Because government provides training and financial support	0.31	0	0.57	+1	-0.82	-2	-1.58	-5
39	Because people believe that social enterprises have been an important force of social change across the world	0.85	+1	-1.49	-5	0.27	0	0.76	+2
40	Because there is apprehension that trying to solve social issues may create political problems	-0.29	-2	0.96	+3	0.85	+2	1.49	+5
41	Because people believe that social enterprise can play an important role alongside with the government in solving social issues	0.98	+2	-1.33	-4	0.74	+1	0.94	+3

Number in bold indicates Z-scores for the statements used in discourses for the respective factors; italicized cells are the statements that have extreme array positions (+4 or -4) and could be used for discourses for the respective factors; however, they have similar loading at least on one more factor (making them consensus statements) and therefore are excluded from the discourse

SN statement number; F1_Z Z-score for factor 1; F2_Z Z-score for factor 2; F3_Z Z-score for factor 3; F4_Z Z-score for factor 4; F1_I array position (statement placement) for factor 1; F2_I for factor 2; F3_I for factor 3; F4_I for factor 4

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