



Fostering social entrepreneurship through public administration support

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Accepted: 3 January 2023 / Published online: 14 January 2023

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Abstract

This research empirically examines the role of the Romanian public administration in supporting social entrepreneurship initiatives to address local community development challenges. Data were collected from a survey of 145 representatives of non-governmental organizations (NGOs) working closely with Romanian public administration institutions involved in social entrepreneurship projects. Increased awareness of social problems and publicly funded incentives enable social entrepreneurs to develop social projects. Descriptive statistical analyses were used to test several hypotheses based on the theoretical background. According to the analyses, high involvement of local public administrations in social entrepreneurship initiatives is strongly correlated with the importance of social projects for local communities and with citizens' positive perception of the managers of public institutions. High involvement of local public administrations is moderately correlated with citizens' interest in supporting social causes and projects that add value to the community. It is also weakly correlated with the interest of private companies in co-financing such projects through public–private partnerships (PPPs) and the capacity of public institutions to attract non-reimbursable European funds for this purpose. This research contributes to the entrepreneurship literature by illustrating the role of public institutions in strengthening relationships with private companies and NGOs to develop social projects.

Keywords Social entrepreneurship · Public administration · Community · Social challenges

Introduction

Scholars and practitioners cite social entrepreneurship as a key tool for exploiting opportunities to solve social problems and support sustainable development. National authorities and public administrations have a mission to help social entrepreneurs with their initiatives by providing financial and logistical support, as well as human capital skills (Onyx & Leonard, 2010). Public administration institutions can leverage their partner networks with social entrepreneurs to connect with local community stakeholders (Bozhikin et al., 2019). Social entrepreneurship is useful because of its role in creating value for society instead of capturing value from the surroundings (Santos, 2012). It aims to solve local environmental and social problems. This research is built on the entrepreneurial ecosystem approach (Bernardino et al., 2016). Under this approach both government institutions and NGOs play a key role in using public policies to develop a regulatory framework to support social entrepreneurs.

Researchers have reported the role of social entrepreneurs in creating social capital. This form of capital is the building block of public–private partnerships (PPPs) to establish and develop links between a wide range of stakeholders (McQuaid, 2002; Li, 2016). In creating social innovation, PPPs offer strategic ways to cope with social outcomes. They can purposely balance the economic and social opportunities afforded by innovation (Battisti, 2019). Furthermore, social capital and collaborative knowledge developed through PPPs offer valuable insights to prosper in the post-COVID-19 world (Al-Omouh et al., 2020).

Although studies of social entrepreneurship have examined different social sector relationships, the role of the public administration in encouraging social entrepreneurship initiatives has barely been discussed. There is a growing interest for social entrepreneurship in public sector due to pressing societal and environmental issues, combined with the need to develop entrepreneurial leadership in the public sector (Grimm & Bock, 2022). Researchers have primarily focused on the role of PPPs in exploiting social entrepreneurship opportunities. In this stream of research, the following relevant research questions require answers: How do public administrations support social entrepreneurship initiatives? What provisions offered by public administrations to social innovation projects could be supported by the business environment? What is the added value of social projects in terms of increased quality of life within the local community? How can people gain more trust in supporting social entrepreneurship projects through PPPs?

This paper enhances the current understanding of public administration support for social entrepreneurship by providing greater knowledge that could attract interest in this topic. It does so by analyzing the correlations between high involvement of local public administrations in social entrepreneurship initiatives and the following dependent variables: the importance of social projects for local communities; citizens' positive perception of the managers of public institutions; the interest of citizens in supporting social causes and projects that add value to the community; the capacity of public institutions to attract non-reimbursable European funds for this purpose; and the interest of private companies in co-financing such projects through PPPs. Statistical methods (Spearman's correlation, Kruskal-Wallis, and Mann-Whitney U) are used to test the research hypotheses.

The academic importance of this research lies in the fact that it provides evidence of the moderating role of NGOs in the expansion of PPPs to support social entrepreneurs. Representatives of these NGOs participated in the study. The practical implications of this study include the fact that public policies must attract the interest of private companies in co-financing social projects through PPPs. Furthermore, the study adds knowledge to the literature on social entrepreneurship in relation to the added value for local communities derived from triple stakeholder interactions (public authorities, private companies, and NGOs) within social projects.

The paper first provides a literature review of social entrepreneurship research. This review focuses on the role of public administrations in supporting social projects and proposes a conceptual model that delineates its empirical boundaries. Next, the hypothesis testing procedure is presented, with a description of the statistical methods used for this part of the analysis. The findings then lead to suggestions for future research on the role of public administration as an enabler of social entrepreneurship.

Theoretical background and hypothesis development

The concept of social entrepreneurship is well established in the academic literature. It refers to entrepreneurship pursuing exclusively social goals and not-for-profit status (Peredo & McLean, 2006). Despite the prevalence of this concept in the literature, the role of public policies in creating and scaling social ventures needs more attention from researchers. Given that creating social value is one of the main goals of social entrepreneurs, social entrepreneurship is crucial in today's economic climate, which is characterized by a severe global crisis dating back to the COVID-19 pandemic. Consequently, public authorities and decision makers should take measures to foster social entrepreneurship by addressing the key challenges in promoting social entrepreneurship (Méndez-Picazo et al., 2015).

The success of social entrepreneurship is conditioned by environmental factors, such as access to financial resources for projects that address social needs, support from the public administration, access to social capital, educational programs, business coaching services, and adequate infrastructure (Staniewski & Awruk, 2019). Social entrepreneurship in the public sector depends on the ability of public organizations to develop adequate public policies in this field. Researchers have argued that public administration support needs to address social entrepreneurs' leadership skills. Such skills include personal credibility and the ability to secure followers' commitment to projects by framing them in terms of important social values (Weerawardena & Mort, 2006).

Representative articles from this research stream were selected to illustrate how public administration institutions have implemented policies and regulatory mechanisms to support and stimulate social entrepreneurship. Researchers have outlined the role of the government in encouraging social entrepreneurs and their social ventures. They have described regulatory mechanisms for supporting social enterprises and have suggested public policies for improving awareness and competitiveness (Yoon & Kim, 2016). Borges Ladeira and Machado (2013) examined public policies adopted in Denmark and Brazil in support of social entrepreneurship. Recommen-

dations were made to involve public administration leaders in the management of structures of the third sector to seek the improvement of local social capital. Stephan et al., (2015a, b) found that public administration support is essential for enabling and then developing social entrepreneurship and encouraging the creation of social ventures. Nevertheless, these studies explain neither the levels of government intervention nor the key regulatory mechanisms used to stimulate social entrepreneurship (Bozhikin et al., 2019). Because the motivations and features of social entrepreneurs differ from those of their profit-oriented peers, governments should tailor incentives accordingly (Ferreira et al., 2019). Public organisms need to explore and understand the opportunities, challenges, and weaknesses of social entrepreneurship and play a pivotal role in encouraging more local and direct action toward such projects (Davis et al., 2021). Entrepreneurial intentions in different sectors of the economy and the way in which they contribute to the development of social entrepreneurship are topics that are worthy of special attention from governments (Lupoae et al., 2022).

Public administration institutions could support social entrepreneurs' endeavors in financial resource acquisition by providing them with funding opportunities (startup or seed capital) and helping them acquire additional resources from private organizations to implement social projects for local communities (Herman and Redina, 2001). Moreover, public institutions can offer consultancy services to social entrepreneurs who submit grant proposals to public calls (Korosec & Berman, 2006). Public policy decision makers who develop, legitimize, and implement innovative social entrepreneurship projects for local communities are responsible for idea generation, social need framing, strategic activities, and social project outcome demonstration. They can thus cultivate partnerships with private firms interested in social ventures with clear advantages for local communities (Short et al., 2009).

The philanthropic orientation of businesses has evolved into a social entrepreneurial form. This form of entrepreneurship often involves partnerships with public administration institutions and NGOs to provide solutions that are transferable, scalable and cost-effective and that address social projects for local communities (Chand, 2009). Social entrepreneurship per se is not enough to address social projects for local communities. Instead, it needs to happen in collaboration with public institutions and NGOs capable of bringing about social change (Waddock & Steckler, 2016). Social entrepreneurs are leading stakeholders in the process of rebuilding local economies when local public authorities offer them the legal, logistical, and financial framework to support this endeavor (Deslatte et al., 2020). Therefore, the following hypothesis is proposed:

H1: High involvement of local public administrations in social entrepreneurship initiatives is associated with the importance of social projects for local communities.

The perceived situational fit perspective explains why public–private investment in social firms is needed to cope with demands from social needs (along with social entrepreneurs' attitudes and behavior) and achieve success (To et al., 2020). According to van Gelderen (2016), a high degree of decision-making autonomy helps social entrepreneurs develop new business ventures or turn opportunities into valuable outcomes for society.

The involvement of the local public administration in social projects serves as a model of collaborative and caring behavior. This model should encourage more indi-

viduals to choose social entrepreneurship as a career path. This approach can increase the supply of potential social entrepreneurs within a society, creating a positive perception among citizens of government efforts to stimulate social projects (Stephan et al., 2015a, b). Public managers who creatively solve social problems through a proactive use of PPPs with social entrepreneurs could be considered rule breakers. They are appreciated and respected by the community (Borins, 2000). The public sector has many points in common with the private sector. With regard to social goals, both sectors aim at raising efficiency and increasing the satisfaction of customers or citizens (Ferreira et al., 2018).

The managers of public institutions are committed to developing partnerships with social entrepreneurs and NGOs to achieve the Sustainable Development Goals, also known as SDGs (Chopra et al., 2022). Thus, they are highly appreciated by the members of local communities. The managers of public institutions should promote PPPs with companies to achieve a meaningful social mission (Slatten et al., 2021) and improve their institutional image. Therefore, the following hypothesis is proposed:

H2: High involvement of local public administrations in social entrepreneurship initiatives is associated with citizens' positive perception of the managers of public institutions.

Public authorities can create public policies to incentivize citizens to support social causes on a personal level. Implicitly, they can support social ventures, as well as firms that allocate some share of their profits to social causes (Baron, 2007). If managers of both private and public organizations are determined to deliver more value to stakeholders from corporate social responsibility (CSR) activities, they need to understand how they can encourage citizens to support social causes (Phillips et al., 2015). An organizational culture based on social innovation (Naveed et al., 2022) at the local public institutional level actively influences citizens to support social causes promoted by public authorities in collaboration with social ventures and local NGOs.

Social entrepreneurs engage in activities including opportunity identification and mobilization of resources to meet social needs. However, social entrepreneurial behaviors are mainly influenced by public institutions' allocation of funds to achieve a social mission while capturing revenue-generating opportunities derived from social problems. Social value creation is the result of public institutions' decision making regarding social outcomes and the exploration of new avenues to offer entrepreneurial solutions to social challenges (Gali et al., 2020). There has been a shift from social services to platforms as intermediaries for creating social value with the involvement of citizens to achieve community goals (Nambisan et al., 2018). A study conducted in Poland revealed that the main factors determining the decisions of individuals to become involved in social ventures are social causes, public administration support, personal values focused on adding value to the community, self-fulfillment, social and family models, and beliefs and ideas (Pacut, 2020). Therefore, the following hypothesis is proposed:

H3: High involvement of local public administrations in social entrepreneurship initiatives is associated with citizens' interest in supporting social causes and projects that add value to the community.

In the social entrepreneurship context, competitive forces lead private organizations to maximize revenues, while public sector institutions embrace the principles

of collective choice and public benefit (Gupta et al., 2020). The most commonly reported challenges faced by social entrepreneurs include difficulty in accessing non-reimbursable funds if they are unsupported by public institutions. The absorption rate of European funds dedicated to social entrepreneurship is correlated with the systemic ability of the public institutions responsible for managing these funds to deploy efficient mechanisms and appropriate management systems (Antohi et al., 2020).

Non-reimbursable European funds dedicated to social entrepreneurship causes are efficient in terms of reliance on cross-sector and cross-level linkages, while delivering improved social and individual outcomes (Jenson, 2017). European Union (EU) countries have received financial support from the European Social Fund for activities, which focuses on the development of social entrepreneurship. In Romania, the empowerment of vulnerable people through social entrepreneurship has proven to be an exception rather than a sustainable employment solution. The employment of vulnerable people in specific areas is mainly enabled by social integration enterprises (Stanescu, 2013). In Poland, most funded projects have led to an increase of jobs for people at risk of social exclusion (Kruk, 2022). The strategy for the development of social entrepreneurship in Croatia offers a framework for the development of the social entrepreneurship sector (Tisma et al., 2022). Therefore, the following hypothesis is proposed:

H4: High involvement of local public administrations in social entrepreneurship initiatives is associated with the capacity of public institutions to attract non-reimbursable European funds for this purpose.

At the global level, there are different practices regarding private companies' co-funding of social projects. In specific cases, public policies aim to increase the involvement of the private sector with government funding to address social issues. Other public policies are aimed at encouraging private enterprises to engage in social entrepreneurship initiatives (Tan et al., 2005).

Social entrepreneurship has a positive effect on sustainable development through PPPs, supporting job creation, and implicitly increasing the aggregate demand of the local or regional economy. From the institutional perspective, without efficient public institutions that promote social initiatives, few private companies would be interested in social entrepreneurship (Méndez-Picazo et al., 2020). Social entrepreneurs aim to change the status quo that serves the interests of several actors within public institutions. Therefore, clear meanings must be attached to these changes and consensus must be built among the supporters of PPPs to make social entrepreneurship initiatives credible and worth implementing (Biygautane et al., 2019). Therefore, the following hypothesis is proposed:

H5: There is an association between the high involvement of local public administrations in social entrepreneurship initiatives and the interest of private companies in co-financing social projects through PPPs.

Methods and conceptual model

An online questionnaire was completed by 145 people. These respondents were members of NGOs in Romania focused on social entrepreneurship projects developed through PPPs. The sample distribution was balanced across the regions of Romania. Accordingly, there were 21 respondents from NGOs affiliated with the Southeast region, 17 respondents from NGOs affiliated with the Northeast region, 16 respondents from NGOs affiliated with the Southern region, 26 respondents from NGOs affiliated with the Bucharest-Ilfov region, 14 respondents from NGOs affiliated with the Southwest region, 15 respondents from NGOs affiliated with the Central region, 20 respondents from NGOs affiliated with the Western region, and 16 respondents from NGOs affiliated with the Northern region. Responses were collected electronically from November 2019 to January 2020.

The questionnaire was sent only to NGO representatives involved in PPPs related to social projects. Their perceptions were considered to be more relevant than those of public institution managers or private company managers involved in these social projects because they act as the nexus between public and private institutions. The questionnaire items captured data to test the research framework (Fig. 1) of five hypotheses. The aim of this testing was to deepen the understanding of the relationships between the independent and dependent variables.

In addition to the survey responses, interviews with respondents were also conducted. In these interviews, respondents reported their experience in dealing with social entrepreneurship activities. The purpose of these interviews was to assess respondents' views on the relevance of the questionnaire items regarding the role of public managers in enabling social entrepreneurship.

To test the hypotheses, several analyses were performed. The involvement of public administration decision makers in social entrepreneurship was quantified using a series of items. To reduce the number of factors and determine the latent variables behind these items, principal component analysis (PCA) with Varimax rotation was performed. For the first iteration, the correlation matrix had a positive determinant ($t=0.172$). The KMO value was 0.611. Bartlett's test of sphericity was significant ($\chi^2(15)=512.321$, $p<0.001$). These results indicate that the chosen sample was suitable for this type of test. All communalities (the proportion of variation in the variable explained by the factors) were around the recommended value of 0.7, except for two items. These items were removed from the analyses. The lowest value was 0.415 (for the item "There are not enough incentives for social entrepreneurship"). This value meant that a small proportion of the variation was common to the other factors. As a result, this item was eliminated, and the analysis was resumed. After removing the item, the determinant of the correlation matrix remained positive ($t=0.212$), the KMO value decreased but remained above the critical threshold of 0.5 (Field, 2009) with a value of 0.524, and Bartlett's test of sphericity was significant ($\chi^2(10)=414,131$, $p<0.001$). The smallest communality was 0.618. In the resulting model, there were two latent variables (factors) that together explained 73.75% of the variation. After performing Varimax rotation, the matrix in Table 1 was obtained. The first factor contains items related to extrinsic qualities of the involvement of

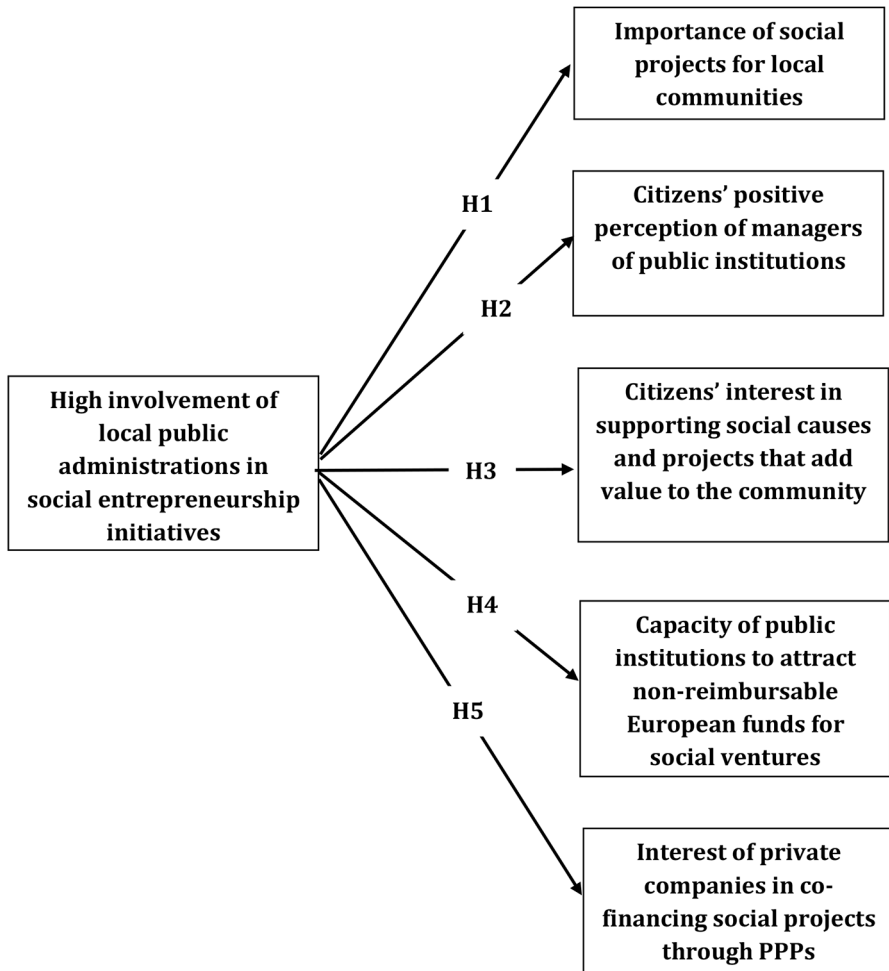


Fig. 1 Conceptual framework

Source: Authors.

public administration decision makers in social entrepreneurship. The second factor contains items related to intrinsic factors of decision makers' involvement. Factor regression scores were retained and used in subsequent analyses.

Findings

The association between high involvement of local public administrations in social entrepreneurship initiatives and the importance of social projects for local communities was captured by the **first hypothesis**. Before testing the first hypothesis (H1), outliers for both variables were eliminated using the quartile method. Spearman rank correlations were calculated for the relationship between respondents' perception of

Table 1 The rotated component matrix

| Item | Latent variable (Factor)* | |
|---|---------------------------|-------------------|
| | Intrinsic factors | Extrinsic factors |
| I have much more confidence in the support of social entrepreneurship projects by partnerships between private companies and the public administration. | 0.811 | |
| I believe that the provisions offered by the public administration to social innovation projects must be supported by the business environment. | 0.806 | |
| I believe that the added value of social projects must be translated into increasing the quality of life of the local community. | 0.623 | |
| Social entrepreneurship is a significant funding opportunity for local communities. | | 0.812 |
| Interest in social entrepreneurship must be encouraged by national grant schemes. | | 0.824 |

Extraction method: principal component analysis (PCA).

Rotation method: Varimax with Kaiser normalization. Rotation involved three iterations.

*Values under 0.4 were eliminated.

the involvement of public administration decision makers in social entrepreneurship and the scores for the two factors described earlier. The results of the analysis are presented in Table 2. Strong positive correlations were identified between intrinsic factors (Factor 1) and the importance of PPPs. Moderate positive correlations were found for social project idea generation platforms. A weak positive correlation was observed for competitions with the awarding of the most innovative social projects. In the case of the second factor, the correlations were non-significant.

The correlation matrix had a positive determinant ($t=0.142$). The KMO value was 0.816. Bartlett's test of sphericity was significant ($\chi^2(15)=604.724$, $p<0.001$). These results indicate that the sample was suitable for factor analysis. The lowest commonality was 0.516. According to Field (2009), for a sample of 145 responses and a small number of factors, communalities of around 0.5 are acceptable. The model resulted in the identification of two latent variables (factors) that together explain 64.5% of the variation. After performing Varimax rotation, the matrix in Table 3 was obtained. The first factor contains items related to the interaction of public administration decision makers with the business environment to support social projects. The second factor contains items related to citizens' perception of public institution managers regarding their efforts to support social entrepreneurship projects. Factor regression scores were retained and used in subsequent analyses.

The **second hypothesis** proposed the existence of a correlation between high involvement of local public administrations in social entrepreneurship initiatives and citizens' positive perception of the managers of public institutions. Pearson correlation was calculated for the relationship between the involvement of public administrations in social entrepreneurship and the image of managers of public institutions (Table 4). The analysis resulted in a significant but weakly positive association between Factor 1 of the involvement of public administrations in social entrepreneurship and the two factors of the image of managers of public institutions.

To test the **third hypothesis**, the method involved calculation of the Spearman rank correlation between citizens' interest in supporting social causes and projects

Table 2 Spearman correlation between involvement of public administration decision makers in social entrepreneurship and specific initiatives

| Factor | Indicator | How important are the following initiatives of public administration decision makers? | | | | | |
|--|-----------------------------|---|--|--|---|-------------------------------------|--|
| | | Public-private partnerships (PPPs) | Financial support of social projects through company involvement | Platforms for generating ideas for social projects | Competitions with the awarding of the most innovative social projects | Added value for the local community | Involvement of companies in social innovation projects |
| Degree of involvement of public administrations in social entrepreneurship (intrinsic factors) | Correlation coefficient (p) | 0.508** | 0.346** | 0.464** | 0.290** | 0.314** | 0.383** |
| | Significance (p) | <0.001 | <0.001 | <0.001 | <0.001 | <0.001 | <0.001 |
| Degree of involvement of public administrations in social entrepreneurship (extrinsic factors) | Correlation coefficient (p) | 0.104 | 0.185 | 0.212 | 0.302 | 0.112 | 0.119 |
| | Significance (p) | -0.021 | -0.074 | -0.067 | 0.046 | -0.012 | 0.049 |
| | Respondents (N) | 145 | 145 | 145 | 145 | 145 | 145 |

** Correlation significant at the 0.01 level (bilateral).

* Correlation significant at the 0.05 level (bilateral).

that add value to the community and the scores for the two factors of the degree of involvement of public administration decision makers in social entrepreneurship. The results of the analysis are presented in Table 5. Significant but moderate correlations were observed for citizens' very high or high interest in supporting social causes and projects that add value to the community. In the case of the second factor of the degree of involvement of public administration decision makers in social entrepreneurship, significant negative correlations were observed for all categories.

The **fourth hypothesis** proposed an association between the high involvement of local public administrations in social entrepreneurship initiatives and the capacity of public institutions to attract non-reimbursable European funds for this purpose. Spearman rank correlation was used to test this association. The results of the analysis are presented in Table 6. As expected, a high positive association was found only for a high capacity of public institutions to attract non-reimbursable European funds for social entrepreneurship projects.

The **fifth hypothesis** proposed an association between the high involvement of local public administrations in social entrepreneurship initiatives and the interest of private companies in co-financing such projects through PPPs. The significance values for the rest of the scale were under the minimum threshold of 0.05. Spearman rank correlation was used to test this association. The results of the analysis are presented in Table 7. Significantly high positive associations were found for a high interest of private companies in co-financing such projects through PPPs.

The analysis also tested whether there was a significant difference in the frequency of social entrepreneurship projects in different regions between groups of entrepreneurs with different aspirations. A Kruskal-Wallis test was used to test for such differences. Significant results were investigated using a Mann-Whitney U test. The results of the test are presented in Table 8.

Respondents reported that the frequency of social entrepreneurship projects was higher in regions where the multiplier effect of social projects was felt by most citizens. Table 9 summarizes the results of the hypothesis testing based on the perceptions of the NGO representatives who participated in this research.

The perceptions of public and private managers involved in social projects with NGOs may differ. This issue should be explored in future qualitative research.

Discussion

The growing importance of the role of public administrations in promoting social entrepreneurship initiatives in Romania is due to several factors. First, their role provides solutions that help mitigate risks of social problems. They can also activate a new generation of social entrepreneurs and introduce innovative public policies to accelerate social change. Social entrepreneurship can thus contribute to improving local, regional, and national governance, implicitly driving socio-economic development. Second, public administration involvement is essential to ensure the impact of public policies recently introduced in Romania to modernize the public administration. Therefore, social entrepreneurship can act as a catalyst to increase the value of public services in meeting social needs and making changes to create a positive

Table 3 The rotated component matrix for high involvement of local public administrations in social entrepreneurship initiatives

| Item | Latent variable (Factor)* | |
|--|---------------------------|-------|
| | 1 | 2 |
| Constant communication in the online environment of social projects supported by funds from the local public administration. | 0.815 | |
| Constant communication in the traditional media of social projects supported by funds from the local public administration. | 0.802 | |
| Positive mentions on the social media accounts of citizens about social projects supported by the local public administration. | 0.762 | |
| Support through free consultancy of people who apply for grants for social entrepreneurship. | 0.725 | |
| Perception of the results of social innovation projects. | | 0.845 |
| Validation of the results of social innovation projects through added value perceived by members of the local community. | | 0.757 |

Extraction method: principal component analysis (PCA).

Rotation method: Varimax with Kaiser normalization. Rotation involved three iterations.

*Values under 0.4 eliminated.

Table 4 Pearson correlation matrix for the association between degree of involvement of public administrations in social entrepreneurship and image of managers of public institutions

| | | Positive image (Factor 1) | Positive image (Factor 2) |
|--|------------------------------------|---------------------------|---------------------------|
| Involvement of public administrations in social entrepreneurship (intrinsic factors) | Correlation coefficient (ρ) | 0.132* | 0.122* |
| | Significance (p) | 0.022 | 0.024 |
| | Respondents (N) | 145 | 145 |
| Involvement of public administrations in social entrepreneurship (extrinsic factors) | Correlation coefficient (ρ) | -0.052 | -0.094 |
| | Significance (p) | 0.302 | 0.096 |
| | Respondents (N) | 145 | 145 |

** Correlation significant at the 0.01 level (bilateral).

* Correlation significant at the 0.05 level (bilateral).

perception among citizens regarding the managers of public institutions. The strategic focus of public administration institutions toward social entrepreneurship governance should be reconsidered. Their role should be more oriented to the attraction of non-reimbursable European funds for social ventures. Third, the intensification of social problems in Romania and the emergence of new ones in the context of the COVID-19 pandemic and the subsequent economic crisis have increased the demand for social services. The public administration's responsibility to seek new methods of creating social ventures based on entrepreneurial solutions should be aligned with the interests of citizens in supporting social causes and projects that add value to the community. Due to the growing role of social ventures in the Romanian economy, there is a need for in-depth research to close the existing gaps.

Comparing the findings for one country (in this case Romania) and those from studies of general perceptions of social entrepreneurship in the context of PPPs is

Table 5 Spearman correlation between citizens' interest in supporting social causes and projects that add value to the community and involvement of public administration decision makers in social entrepreneurship

| Factor | Indicator | Citizens' interest in supporting social causes and projects that add value to the community | | | | | |
|--|------------------------------------|---|-----------------|-----------------|-----------------|----------------|----------------|
| | | Very high | High | Average | Low | Very low | NA |
| Involvement of public administrations in social entrepreneurship (intrinsic factors) | Correlation coefficient (ρ) | 0.437** | 0.398** | 0.246** | 0.193** | 0.308** | 0.256** |
| | Significance (p) | <0.001 | <0.001 | <0.001 | <0.001 | <0.001 | <0.001 |
| | Respondents (N) | 145 | 145 | 145 | 145 | 145 | 145 |
| Involvement of public administrations in social entrepreneurship (extrinsic factors) | Correlation coefficient (ρ) | -0.178** | -0.215** | -0.170** | -0.176** | -0.116* | -0.07 |
| | Significance (p) | 0.001 | <0.001 | 0.002 | 0.001 | 0.032 | 0.142 |
| | Respondents (N) | 145 | 145 | 145 | 145 | 145 | 145 |

** Correlation significant at the 0.01 level (bilateral).

* Correlation significant at the 0.05 level (bilateral).

Table 6 Spearman correlation between involvement of local public administration in social entrepreneurship initiatives and capacity of public institutions to attract non-reimbursable European funds

| Factor | Indicator | Capacity of public institutions to attract non-reimbursable European funds | | | | | |
|--|------------------------------------|--|---------------|----------------|-------|----------------|---------------|
| | | Very high | High | Average | Low | Very low | NA |
| Involvement of public administrations in social entrepreneurship | Correlation coefficient (ρ) | 0.4452** | 0.134* | 0.267** | 0.102 | 0.148** | 0.137* |
| | Significance (p) | <0.001 | 0.012 | <0.001 | 0.061 | 0.007 | 0.01 |
| | Respondents (N) | 145 | 145 | 145 | 145 | 145 | 145 |

** Correlation significant at the 0.01 level (bilateral).

* Correlation significant at the 0.05 level (bilateral).

difficult. This study shows that high involvement of local public administrations in social entrepreneurship initiatives is highly correlated with the importance of social projects for local communities and with citizens' positive perception of the managers of public institutions. These findings are in line with those reported by Waddock & Steckler (2016) and Deslatte et al., (2020), who found that PPPs encourage social entrepreneurs to make a difference in society. The present study reveals that a high level of involvement from public authorities in social entrepreneurship is weakly correlated with the interest of private companies in co-financing social projects through PPPs. These findings are similar to those reported by Méndez-Picazo et al., (2020), who highlighted a lack of incentives for private companies to become financially

Table 7 Spearman correlation between funds allocated by public administration to social projects and interest of private companies in co-financing such projects through public-private partnerships (PPPs)

| Factor | Indicator | Interest of private companies in co-financing social projects through PPPs | | | | | |
|--|------------------------------------|--|-------|---------|-------|----------|-------|
| | | Very high | High | Average | Low | Very low | NA |
| Funds allocated by public administrations to social projects | Correlation coefficient (ρ) | 0.202** | 0.118 | 0.042 | 0.117 | 0.122** | 0.02 |
| | Significance (p) | 0.001 | 0.062 | 0.412 | 0.071 | 0.002 | 0.642 |
| | Respondents (N) | 145 | 145 | 145 | 145 | 145 | 145 |

** Correlation significant at the 0.01 level (bilateral).

* Correlation significant at the 0.05 level (bilateral).

Table 8 Mann-Whitney U test for respondent profiles

| Variables (v1 - v2) | Average rank v1 | Average rank v2 | U | Sig. (p) |
|---|-----------------|-----------------|-----|---------------|
| Respondents' perception of entrepreneurs with significant experience in social innovation | 50.8 | 12.14 | 962 | *0.012 |
| Respondents' perception of entrepreneurs with low experience in social innovation | 16.23 | 6.25 | 112 | *0.008 |

Table 9 Summary of hypothesis testing

| Hypothesis | Result |
|--|---------------------|
| High involvement of local public administrations in social entrepreneurship initiatives is highly correlated with the importance of social projects for local communities. | Supported |
| High involvement of local public administrations in social entrepreneurship initiatives is highly correlated with citizens' positive perception of the managers of public institutions. | Supported |
| High involvement of local public administrations in social entrepreneurship initiatives is highly correlated with citizens' interest in supporting social causes and projects that add value to the community. | Partially supported |
| High involvement of local public administrations in social entrepreneurship initiatives is highly correlated with the capacity of public institutions to attract non-reimbursable European funds for this purpose. | Rejected |
| High involvement of local public administrations in social entrepreneurship initiatives is highly correlated with the interest of private companies in co-financing such projects through PPPs | Rejected |

involved in social projects. However, the lack of correlation between high involvement of public authorities in social entrepreneurship and the capacity of public institutions to attract non-reimbursable European funds for this purpose contradicts the findings of Stanescu (2013), Kruk (2022), and Tisma et al., (2022) across the EU. Those authors found that valuable social outcomes were a result of investment through the European Social Fund.

Startups with a social ethos need to display strong leadership to attract both public and private funds. They rely heavily on grants, fundraising activities, and volunteer support (Thompson, 2002). This idea is in line with the findings of the current study, which highlights the high interest of private companies in co-financing social ventures through PPPs. The findings also suggest that the success of social entrepreneurs depends on their ability to attract resources from public sector stakeholders. This idea was suggested by Pache & Chowdhury (2012), who argued that public funding agencies' financial support of social ventures engaged in transferring and scaling their social innovations depends on the level of maturity of government institutions. The present study shows citizens' increased interest in supporting social causes and projects that add value to the community. These findings are consistent with those of Staniewski and Awruk (2016), who affirmed that people deeply convinced of their role in solving social needs could cope with running a social business.

The findings of this study are consistent with those reported by Iancu et al., (2020), who found that a lack of experience and involvement in social projects and a lack of necessary funds largely influence the intention to set up social enterprises in Romania. The moderate association between the involvement of public administrations in social entrepreneurship and the image of managers of public institutions found in this study is in line with the idea that organizational culture in public administration institutions is not sufficient to explain differences in national social entrepreneurship rates (Kedmenec and Strasek, 2017). In social entrepreneurship research streams, scholars have failed to recognize how different sources of support from public administration institutions fit into a broader framework of enabling social ventures (Ratinho et al., 2020). To help focus future research on the role of public administrations as a key enabler of social enterprises, a myriad of publicly managed sources should be considered as institutions capable of providing the environment to encourage social startup development.

Conclusion

This study examines the role of high involvement of local public administrations in social entrepreneurship initiatives from a quantitative perspective. Using empirical data and descriptive statistics, five hypotheses were tested. Validation of these hypotheses makes a substantial contribution that expands existing knowledge of the role of public administrations in encouraging social entrepreneurship initiatives. This situation can then lead to citizens' positive perception of the managers of public institutions. The analysis shows that public administration decisions to support social entrepreneurship are determined by specific causes, combined with the interest of private companies in co-financing such projects through PPPs. The public institutional approach enables comprehensive analysis of social entrepreneurship not only in the context of local community needs but also in relation to the added value of social projects, which can translate into better quality of life at the local community level.

The findings reveal the level of confidence of respondents in both intrinsic factors (PPP's focused on social projects and increased quality of life in the local community) and extrinsic factors (funding opportunities and stimulation of social entrepreneurs'

interest). Local public institutions' involvement in social entrepreneurial projects is ranked according to the degree of socio-economic development of the region and the effectiveness of communication between public bodies and private firms, facilitated by NGOs with a social vision.

This research confirms the importance of confidence in the support of social entrepreneurship projects through PPPs. Moreover, interest in social entrepreneurship in Romania is stimulated by national and EU grant schemes. The provisions offered by the public administration to social innovation projects must be supported by the business community. The findings of the study emphasize respondents' perceptions of the outcomes of social innovation projects. They also validate the results of social innovation projects through added value perceived by members of the local community.

Theoretical implications

The theoretical importance of this research lies in the fact that it highlights the moderating role of NGOs in facilitating PPPs that support the activities of social entrepreneurs. Regarding the practical contributions to knowledge of social entrepreneurship, only NGO representatives' perceptions were examined in this study. Thus, this study appears to be the first attempt to explore NGO representatives' unbiased opinions about the involvement of local public administrations in social entrepreneurship initiatives.

The implications of the findings of this research are important for both theory and practice. Researchers are interested in studying the business models of social entrepreneurship, sustainable value creation, and the internationalization of social ventures. This article theoretically enriches knowledge in this area by examining the role of public administration institutions in enhancing interest in social entrepreneurship.

Practical implications

The empirical analyses contribute to a better understanding of public administration involvement in social entrepreneurship initiatives by exploring the precursors of PPPs to foster citizens' interest in applying for social venture funding schemes. Moreover, the results are important for public decision makers to design and implement public policies to support the creation and development of social ventures with help from private firms. Those involved in the process of developing new public policies in Romania to reinforce social entrepreneurship should consider the findings of this study.

Public managers play a key role in bridging the gaps related to PPPs in this endeavor. They do so by setting the framework for collaborations between local public administrations and social entrepreneurs. PPPs in the development of effective grant proposals by applying for non-reimbursable EU funds can help emerging social entrepreneurs solve social challenges in their regions. From a public policy perspective, one key implication of this study refers to the need to foster a culture of social entrepreneurship mediated by PPPs by reducing the traditional rigidity of public authorities and promoting social ventures' flexibility via open innovation platforms.

The findings should lead to a reconsideration of academic programs on public management and may suggest higher education institutions offering this type of lectures to revise curriculum by introducing social entrepreneurship in public administration.

Limitations

This quantitative study has certain limitations. First, the findings cannot be generalized to the entire social entrepreneurship ecosystem in Romania because convenience sampling was used. Second, the study focuses only on the idiosyncrasies of public administration support for social entrepreneurship in Romania, which limits its international applicability.

Future research agenda

Further analyses can provide new insights into how public administration institutions should design strategies to support social entrepreneurship. A future quantitative study should enable replication of participants, in the form of adding new ones to the initial sample size, thus enhancing generalization, as well as statistical power of the findings. A configurational approach based on qualitative comparative analysis (QCA) could enable the study of how different causal combinations lead to an increased impact of the public administration on social entrepreneurship. Furthermore, a qualitative study of this research topic could contribute to the development of new meanings of the constructs if the sample were enlarged to include public and private managers. Cross-country analyses should also be included in the research agenda because they offer valuable comparisons of the same constructs in different contexts.

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