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IDENTIFYING CROSS-COUNTRY KEY DRIVERS OF SOCIAL
ENTREPRENEURIAL ACTIVITY

by

Cris Bravo Monge

A dissertation submitted in partial fulfillment
of the requirements for the degree of

Doctor of Philosophy

August 2017

Dissertation Committee

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ABSTRACT

Governmental and philanthropic efforts alone are not sufficient to eradicate poverty. The world needs new frameworks that enable sustainable development by integrating the economic, social and environmental dimensions, and social entrepreneurship is of great interest because it has the capacity for facilitating societal change by fostering innovative ways to address social inequality, unemployment, and climate change. Precisely because social entrepreneurship lays at the intersection of the business and nonprofit worlds, it is a complex phenomenon, and there are many unknowns regarding how the convergence of these dimensions can be understood and managed at cross-national levels.

To investigate this phenomenon, this study used a mixed-methods sequential explanatory design to investigate the correlates of social entrepreneurship among a sample of 55 countries for which sufficient data existed. Specifically, regression analysis was first used to identify the significant socioeconomic factors that explained variation in social entrepreneurial activities both broadly and narrowly defined; then, through in-depth individual interviews with government officials and focus groups composed of social entrepreneurs, the study explored how the quantitative findings manifested in the social entrepreneurial activities in Colombia and Mexico.

Results from the regression analysis revealed the existence of different correlates for the broad and narrow definitions of social entrepreneurial activity. For example, social entrepreneurial activity broadly defined was positively associated with a well-educated labor force and the stock of immigrants, and negatively associated with long-term unemployment and the growth of carbon dioxide emissions. Narrowly defined social

entrepreneurial activity, however, was positively associated with taxes on income, profit and capital gains, and the perceived standard of living in a country, while negatively associated with the growth of carbon dioxide emissions. The cases of Colombia and Mexico added detail on how these factors manifest themselves through the characteristics of the entrepreneur, business, and ecosystem.

In addition to making practical and theoretical contributions to the field of social entrepreneurship by identifying and validating the socioeconomic factors that correlate with the social entrepreneurial activity in countries, the study may help governments manage social entrepreneurship more efficiently and effectively, improving the rate of return on the resources invested in this activity.

Keywords: social entrepreneurship, social entrepreneurial activity, socio-economic drivers, Mexico, Colombia.

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Paz y Bien.

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CHAPTER ONE:

OVERVIEW OF THE STUDY

By defining "entrepreneur" in a broader way we can change the character of capitalism radically, and solve many of the unresolved social and economic problems within the scope of the free market. Let us suppose an entrepreneur, instead of having a single source of motivation (such as, maximizing profit), now has two sources of motivation, which are mutually exclusive, but equally compelling – a) maximization of profit and b) doing good to people and the world.
 --- Muhammad Yunus

The United Nations established that governmental and philanthropic efforts alone were not sufficient to eradicate poverty in all forms and dimensions (United Nations Global Compact, 2012). In order to achieve sustainable development, the United Nations argued that three distinct dimensions of economic, social, and environmental must be considered and managed in a balanced and integrated manner (United Nations, 2015). As such, the concept of social entrepreneurship is of great interest to governments, non-governmental organizations, and corporations because it brings to the table the possibility of addressing social problems in an innovative and sustainable way, adding to the efforts of these other sectors. During the 2008 financial crisis, for example, social entrepreneurship demonstrated an ability to facilitate societal change and build social cohesion by fostering innovative ways to address social inequality, unemployment, and climate change (European Commission, 2014).

In its broadest definition, social entrepreneurship is the attempt to solve social problems through entrepreneurial activities (Austin, Stevenson, & Wei-Skillern, 2006). Not only is social entrepreneurship a recent development, it also lays at the intersection of the business and the nonprofit worlds, making it a difficult phenomenon to understand (Dacin, Dacin, & Matear, 2010; Mair & Marti, 2006). Despite the growing interest,

effort, and investment in social entrepreneurship (Brooks, 2009; European Commission, 2014), the field continues to evolve, and there are many unknowns regarding how this convergence of dimensions can be understood and managed at cross-national levels. This study explored the interaction of these dimensions through economic and social theories, in order to identify the drivers of social entrepreneurial activity (SEA) across 55 nations, and then this work studied how these drivers manifested in the SEA of Colombia and Mexico. In addition to making theoretical contributions to the field of social entrepreneurship by better understanding how the phenomenon of social entrepreneurship manifests, this study contributes to improving the return of investment of social entrepreneurial programs across the countries sampled in this study.

Background of the Study

According to the European Commission (2016), social entrepreneurship exists at the intersection of three dimensions: social, entrepreneurial, and governmental. Several social and economic theories help explain what drives broad civil society activity and commercial entrepreneurship activity: government failure theory, trust theory, supply-side theory, stakeholder theory, interdependence theory, types of economies theory, and social origins theory. While social entrepreneurship activity may be part acts of civil society and commercial activity, the literature review shows that not all of the elements that may explain civil society activity or commercial entrepreneurship activity may be used to explain SEA. Using the European Commission's (2016) framework, the theories separated into the three dimensions, as illustrated in Figure 1.

Figure 1. Allocation of the economic and social theories in the three dimensions of the social entrepreneurship. Adapted from European Commission (2016).

While some theories are found in only one dimension, others are found in several dimensions. As a result, social entrepreneurship can be viewed as a multilayered activity that must be understood and measured taking into consideration both economic and social factors within a country. This is an idea reinforced by the United Nations regarding the mandatory indivisibility of the dimensions required to achieve sustainable development (United Nations, 2015).

Problem Statement

Social entrepreneurship is understood as the attempt to solve social problems through entrepreneurial activities (Austin et al., 2006). However, a review of the literature finds no one single accepted definition, nor a single theoretical framework for the concept of social entrepreneurship (Certo & Miller, 2008; Hill, Kothari, & Shea, 2010; Nicholls, 2010; Weerawardena & Mort, 2006). Without a clear understanding of what the driving factors of SEA in the countries are, little can be done to invest

adequately in and foster social entrepreneurship at the practitioner, policy, or educational level.

Research shows that substantial variations in the level of SEA exist across nations, from 18% of the adult population in Senegal engaging in social entrepreneurship to only 1% percent of the adult population in Bulgaria (Bosma, Schøtt, Terjesen, & Kew, 2016). Such variation cannot be easily explained using economic indicators in the same way that the development of commercial entrepreneurship may be explained.

Furthermore, few studies attempted to understand what drives social entrepreneurship at national levels, or to analyze the differences in SEA among different countries (Lepoutre, Justo, Terjesen, & Bosma, 2013). As multiple dimensions play a role in the development of social entrepreneurship, identifying the economic and social drivers of SEA may provide recommendations for government officials, policymakers, and educational institutions to foster increased levels of social entrepreneurship.

Purpose of the Study

Informed by the socio-economic theories of civil society and commercial entrepreneurship activities, the study identified which macro-socioeconomic indicators significantly correlated with SEA of the 55 countries studied by the Global Entrepreneurship Monitor (GEM). The explanatory findings of quantitative methods guided the in-depth inquiry that follows about the real-life context of social entrepreneurship in Mexico and Colombia. The case studies of these Latin American countries provided a deeper understanding of the phenomenon (Creswell & Plano, 2006; Greene, Caracelli, & Graham, 1989).

Research Questions

This study answered the following four research questions:

1. What is the relation, if any, between specific socioeconomic indicators and a country's social entrepreneurial activity?
2. To what extent do the perspectives of the government officials responsible for the development of social entrepreneurship in each country support the results of the explanatory quantitative data about social entrepreneurial activity predictors?
3. To what extent do the perspectives of social entrepreneurs in the selected countries support the results of the explanatory quantitative data about social entrepreneurial activity predictors?
4. What results emerge from comparing the explanatory quantitative data about social entrepreneurial activity predictors with the perception of social entrepreneurs and the government officials responsible for social entrepreneurial activities in two Latin American countries?

Research Design Rationale

This research used an explanatory sequential mixed methods design. The mixed-methods approach collects and analyzes quantitative and qualitative data to answer the research questions under the premise that the combination of numbers and narratives provide a better understanding of the phenomenon (Creswell & Plano, 2006; Morgan, 2013). The methodology involved first collecting quantitative data to identify the socioeconomic indicators that contributed to the SEA in a country. Then, the in-depth qualitative investigation in two Latin American countries explained the quantitative results.

Significance

By identifying and validating the drivers that affect the SEA in various countries, the study provides empirical evidence regarding which drivers make social entrepreneurship activity different from commercial entrepreneurship activity and civil society activity. The studies in Mexico and Colombia offered practical insights into how the social and economic drivers manifested in the social entrepreneurial daily activity of entrepreneurs. The findings also provided theoretical and practical contributions to the field of social entrepreneurship. The recommendations of the proposed study may not only help encourage greater amounts of social entrepreneurship in the countries, but also help the governments and international organizations generate a better return on investment on the money allocated to developing social entrepreneurship. On an educational level, disaggregating the country factors that affect the index of social entrepreneurship will allow a comprehensive understanding of the competences regarding social entrepreneurship that must develop by the students in tertiary education.

Summary

Social entrepreneurship may help alleviate poverty in all its forms and dimensions; however, because it is a phenomenon at the intersection of government, business, and civil society activities, little research exists regarding what drives SEA in a country. This study provides empirical evidence as to which economic and social drivers have a significant effect on the SEA of 55 countries as well as how these drivers manifest in the SEA of Mexico and Colombia. The study seeks to contribute to a better understanding of social entrepreneurship so governments, policymakers, and funders can develop more efficient and effective social entrepreneurial programs and policies, thereby

not only enabling a higher return on investment, but also strengthening the effects of these programs in their sustainable development efforts.

CHAPTER TWO:

LITERATURE REVIEW

The concept of social entrepreneurship is of great interest to governments, non-governmental organizations, and corporations because it brings a possibility of addressing social problems in an innovative and sustainable way, adding to the efforts of these other sectors. Despite the growing interest, effort, and investment on social entrepreneurship (Brooks, 2009; European Commission, 2014), there is no single accepted definition nor a single theoretical framework for the concept of social entrepreneurship (Certo & Miller, 2008; Hill et al., 2010; Nicholls, 2010; Weerawardena & Mort, 2006). Furthermore, research shows that substantial variations in the level of SEA exist across nations, from 18% of the adult population in Senegal to only 1% percent of the adult population in Bulgaria (Bosma et al., 2016). However, this sort of variation cannot be explained easily, mainly because social entrepreneurship is a new and complex phenomenon that finds itself at the intersection of three dimensions: social, entrepreneurial, and governmental (European Commission, 2016).

Literature Review Methodology

The goal of this literature review was to identify the major works in the field that addressed what social entrepreneurship was and how it could be measured across nations, in terms of findings and methods. Specifically, this literature review had three objectives:

1. To identify the main works related to social entrepreneurship, and place them in the context of contribution to an understanding of the drivers of social entrepreneurship activity across nations.

2. To identify agreement and contradictions in the relevant studies regarding what drives social entrepreneurship, civil society activity, or commercial entrepreneurship.
3. To identify what has been covered and what has not been covered in the subject of cross-national drivers of social entrepreneurship activity.

Scope of the Literature Review

The scope of the literature review focused on social entrepreneurship and socioeconomic elements that could affect the level of social entrepreneurship activity in a country. The literature review for this research encompassed the following themes: concepts of social entrepreneurship, economic and social theories that help explain civil society activity, commercial entrepreneurship, and SEA in terms of findings and methodology.

The literature review started with the following questions:

1. What is social entrepreneurship?
2. What does the academic literature have to say about economic and social drivers that could be relevant to social entrepreneurship activity?
3. What methodology has been used in studies with similar elements that may be useful in measuring social entrepreneurial activity across nations?

Review Protocol of the Literature Review

The purpose of the literature review protocol was to ensure rigor and minimize bias. The following section describes how the search, appraisal, synthesis, and analysis of the documents were conducted (Booth, Sutton, & Papaioannou, 2016).

Search. The review attempted to identify the most significant contributions in the field of social entrepreneurship relevant to measuring the phenomenon. It also included literature about the measurement and drivers of civil society and commercial entrepreneurship activity. The established period was from 2000 onwards; however, research before this date was included when considered appropriate.

As an initial step, I performed a scope search to identify existing studies. The search was performed using Ebsco Host, Google Scholar, ProQuest, and OpenGrey. This scope included articles published in peer-review journals and grey literature. Grey literature was included in the search scope due to the practical nature of the social entrepreneurship field. There was an important amount of material found in practitioner articles, private and nonprofit organizations that provided relevant data. The type of grey literature reviewed included ongoing research, governmental reports, organization reports, conferences abstracts, theses, and dissertations. Besides electronic databases, the search also included citation searching, author searching, and expert consultation.

Appraisal. Potential studies found in the search stage were appraised to determine whether they would be included or excluded from the review. The main selection criterion was the answer to the question: “Is this study relevant to answer my research questions?” The first step was to assess the relevancy of the study. The study must be relevant in context, intervention, mechanisms, and outcome (Table 1; Denyer & Tranfield, 2009). The second step in the appraisal process was analyzing the article’s applicability and its extrinsic and intrinsic factors (Booth et al., 2016). Each article was examined in the light of its applicability or transferability, findings, methodology, and overall strengths and weaknesses.

Synthesis. The synthesis of the findings was mostly narrative, with occasional use of graphical and tabular elements. Narrative synthesis helped the researcher describe the theoretical models found, as well as to present new perspectives on specific issues.

Table 1

Context-Intervention-Mechanisms-Outcomes (CIMO) Framework

	Framework Question	Inclusion / Exclusion
C	Context – Who is being studied?	Countries – Not individual entrepreneurs
I	Intervention – What are the effects of what event, action, or activity are being studied?	Socioeconomic Indicators
M	Mechanism – What are the mechanisms that explain the relationships?	Existence of policy regarding social entrepreneurship, entrepreneurship
O	Outcome – What are the effects of the intervention?	Countries' level of social entrepreneurship, entrepreneurship/

Note. Adapted from Denyer and Tranfield (2009).

Analysis. The analysis of the findings was thematic, using three themes: (a) concept of social entrepreneurship, (b) social and economic theories that address the drivers of social civil society activity—social entrepreneurship and nonprofit—across nations, and (c) methodology. The analysis of each finding was divided in two processes: substantive and methodological findings analyses. The substantive findings analysis identified what the researchers brought new to the field, what the researchers left out, and how the findings informed the shaping of the research questions. The methodological finding analysis identified the research methods used, the methods' strengths and limitations, and how each method could or could not be used in future research. At the end of the review, I summarized the main findings, identified the remaining unknowns,

listed the limitations of the review, and included recommendations to carry on future research in this area.

Literature Review Results

This review aimed to identify, critically evaluate, and integrate the findings of relevant literature addressing the study research questions. The results were arranged around six topics:

- 1) Concepts of Social Entrepreneurship
- 2) Economic and Social Theories Explaining Civil Society Activity
- 3) Explaining Commercial Entrepreneurial Activity
- 4) Explaining Social Entrepreneurial Activity
- 5) Latin America
- 6) Relevant Methodological Findings

Social Entrepreneurship

The concept of social entrepreneurship is of great interest to governments, non-governmental organizations, and corporations. A review of the literature shows that there is no single accepted definition, nor a theoretical framework, for the concept of social entrepreneurship (Certo & Miller, 2008; Hill et al., 2010; Nicholls, 2010; Weerawardena & Mort, 2006). In general terms, an entrepreneur in the business world identifies a gap in the market and designs a product or service to close the gap in a profitable manner. A social entrepreneur does the same task as an entrepreneur in a commercial business, except that the gap that the social entrepreneur tries to solve is a social problem. This is the sole point of coincidence among the many definitions. The differences in the definition of social entrepreneurship vary according to the importance authors assign to

the organization's mission (social mission vs financial mission), to the source of income of the venture (created by the business through the sale of a product or service or through donations and grants), to the geographical scope of the project, and to the replicability of the project.

Schools of thought in social entrepreneurship. It is important to understand the different schools of thought and definitions of social entrepreneurship in order to adequately understand the phenomenon, measure it, and foster its growth. While several schools of thought were identified throughout the literature, three main schools were constantly named: the innovation school, the enterprise school, and the European EMES (*EMergence des Entreprises Sociales en Europe*).

The innovation school of thought (Bravo, 2016; Dees & Anderson 2006; Defourny & Nyssens, 2010; Hoogendoorn, Pennings, & Thurik, 2010) provides the broadest definition of social entrepreneurship: it focuses on the individual, rather than on the organization, and the only required criterion to meet this definition is to have the solving of a social problem in mind using an innovative approach. This definition has brought attention to the work of civil society in addressing social problems; however, the definition is so broad that, under this criterion, civic activity, nonprofit activity, corporate social responsibility activity, and even governmental activity may fit.

The enterprise school of thought (Bravo, 2016; Dees & Anderson, 2006; Defourny & Nyssens, 2010; Hoogendoorn et al., 2010) generally provides a narrower definition, and it focuses on the organization and not on the individual. This school stresses the activities that the organization carries out to self-support operations, while working towards a social objective. This definition applies the concept of commercial

entrepreneurship more closely to the definition of social entrepreneurship, because it mandates the use of business models in the organization.

Development of the schools of thought. Dees and Anderson (2006), Defourny and Nyssens (2010), Hoogendoorn, Pennings, and Thurik (2010), and Nicholls (2010) attempted to study the concept differences found in the literature. Dees and Anderson (2006) identified two schools of thought based on perspectives, priorities, and values: social enterprise and innovation. The school of social enterprise considers that a social entrepreneur is the person who organizes and operates a business that supports a social objective, whether the business makes a profit or not. The school of innovation considers the social entrepreneur as a person who revolutionizes the patterns of social value creation. Defourny and Nyssens (2010) identified some differences in the concepts of social entrepreneurship as understood in the United States and in Europe via a school of generated income, the school of social innovation, and the European EMES School; the authors noted differences in the production of goods and services, economic risk, and governance. They established that both the school of generated income and the school of social innovation belong to the school of social entrepreneurship of the United States. Hoogendoorn et al. (2010) studied 31 empirical investigations and found four schools of thought: the social enterprise school of thought, the social innovation school of thought, the emergence of social enterprise school EMES, and the United Kingdom school of thought. Newer studies suggested that the enterprise school of thought might be divided into two different schools: the Western and the Asian schools, based on the importance given to income source, scalability, and replicability (Bravo, 2016). The Western school of thought asserts that, for an organization to be considered a social business, it must

generate its own income through the sale of products or services, it must be scalable so that it can impact a high number of people, and it must be replicable so that it can be launched in different geographical areas and in different markets. The Asian school of thought asserts that, for an organization to be considered a social business, it must generate its own income through the sale of products or services, but does not consider mandatory the characteristics of scalability of replicability (see Table 2).

Table 1

Schools of Thought in Social Entrepreneurship

School	Definition of Social Entrepreneurship	Characteristics of Social Entrepreneurship
Innovation School of Thought	Individuals who tackle social problems.	Innovation is key. Revenue, replicability, and scalability are desirable, but not mandatory.
Social Enterprise School of Thought (Asian)	Nonprofit venture that generates income while serving a social mission.	Revenue is mandatory. Replicability and scalability are desirable, but not mandatory.
Social Enterprise School of Thought (West)	Nonprofit venture that generates income while serving a social mission.	Revenue, Replicability and Scalability are mandatory.

Definitions of social entrepreneurship. In this section, three definitions of social entrepreneurship are presented. While there is no single accepted definition (Certo & Miller, 2008; Hill et al., 2010; Nicholls, 2010; Weerawardena & Mort, 2006), the following definitions show how the schools of thought shaped the literature and concept of social entrepreneurship.

GEM's broad definition of social entrepreneurship. The GEM works with both a broad and a narrow definition. The broad definition is aligned with the innovation school of thought and it relates to the entrepreneur as a person, not as an organization, who leads an activity with a social objective. The GEM defines SEA as “any kind of activity, organization or initiative that has a particularly social, environmental or community objective” (Bosma et al., 2016 p. 2).

GEM's narrow definition of social entrepreneurship. The narrow definition is aligned with the enterprise school of thought and it relates to the entrepreneurial organization that has a social objective, prioritizes the social goal over a financial goal, and self-generates income by producing goods or services (Bosma et al., 2016).

European Commission's definition of social entrepreneurship. The Small Business Initiative of the European Commission uses an even narrower definition of social entrepreneurship than the GEM. The European Commission defines social enterprises as the combination of social and entrepreneurial organizations that aim to achieve social, environmental, and community objectives. However, the enterprise must meet five criteria: engage in continuous economic activity, have a primary social objective, have limits on the distribution of profits, must be an independent organization from the state or other for-profit organizations, and must have an inclusive governance characterized by democratic decision-making process (European Commission, 2016).

For this literature review, the broad definition of the GEM was used because this organization had readily available data collected in 49 countries in 2009 and in 58 countries in 2015. The advantage of this definition is that it facilitates the distinction of social entrepreneurship from commercial entrepreneurship and from nonprofit

organizations, and may allow for comparison between the data collected by the GEM in 2009 and in 2015.

Social Entrepreneurial Activity Measurement

Due to the different definitions and organizational and legal forms that SEA takes in different countries, it has been an obstacle to map the level of social entrepreneurship in each country. The GEM made the first initiative that attempted to establish a quantitative SEA level per country, measuring 49 countries in 2009 and 58 in 2015. There have been some qualitative attempts sponsored by the European Commission to identify the SEA level in several European countries.

The Global Entrepreneurship Monitor. The GEM carried out the first theory-based data collection on a global scale, surveying 98,000 people across 49 countries in 2009 and 116,000 in 58 countries in 2015. Based on these surveys, the GEM calculated the percentage of the adult population that was actively involved in social entrepreneurship, and they called this the SEA level, using a similar construct like the one the institute used to calculate the total entrepreneurship activity (TEA) of a country. The GEM has been measuring countries' commercial entrepreneurial activity since 1999.

The GEM research produced unique insights into the state of social entrepreneurship on a global scale. The study found that the social entrepreneurship activity varied considerably from country to country: from 18% in Senegal to 1% in Bulgaria, for example. The study did not find a pattern of SEA according to geographic regions so this led the researchers to conclude that, while economic development might be important, it could not exclusively explain the differences in the SEA of a country.

Implications for this study. Based on the reports on social entrepreneurship activity from 2009 and 2015, the present study measured the correlation between the SEA and commercial entrepreneurship, economic development of the country, education, and gender, among other variables. While the GEM's Report on Social Entrepreneurship attempts to make sense of the data and explore the possible relations between SEA, TEA, and other countries' characteristics, this study uses regression models to help explain SEA using economic or human development indexes

European mapping of social enterprises. In 2014, the European Commission mapped the SEA and eco-systems in 29 countries. The mapping included scale of social entrepreneurship, characteristics of the social enterprises, national policies, and legal frameworks regarding SEA. The study was performed using qualitative methods such as document analysis and semi-structured interviews (European Commission, 2014). Although the report indicated that the mapping was created using a common definition and approach, the report limitations noted "diversity of definitions and methods of data collection and estimation that makes aggregation problematic" (European Commission, 2014, p 4).

Individual European countries. United Kingdom has been a pioneer in social entrepreneurship measurement and policy. In 2005, the United Kingdom attempted to measure its SEA, presenting a social enterprise action plan for fostering a culture of social enterprise in schools, high schools and universities, and in the private sector, through facilitating financing and by working closely with the government. The survey concluded that the UK's SEA was 5% of the total population (Cabinet Office, 2007). The latest report in Social Enterprise (2014) concluded that the number of social

enterprises was 27% of all small medium enterprises (SME). However, the methodology from the first report and that of the latest changed, making them incomparable.

Implications for this study. The qualitative methodology used in the European Commission report provides a good example of how to conduct country case studies on social entrepreneurship, but it also indicates the importance of clarifying the definition and school of thought to measure SEA across nations accurately. Furthermore, the studies in the United Kingdom reveal the importance of establishing a clear methodology to measure social entrepreneurship activity, so that future studies may be replicable and comparable.

Other studies. Nissan, Castaño, and Carrasco (2012) used quantitative methods to identify the drivers of non-profit activity across 38 countries. The authors based their study on previous non-profit research, but they also used the hypothesis that social capital (trust), public expenditure in education and health, economic development, and entrepreneurial activity drove non-profit activity. The findings of Nissan et al. (2012) evidence that trust, economic development, and social public expenditure correlate positively with nonprofit activity. Lepoutre, Justo, Terjesen, and Bosma (2013) also found that education and economic development could be associated with SEA. Nissan, Castaño, and Carrasco's study did not find a relationship between commercial entrepreneurship and nonprofit activity. Lepoutre et al. (2013) did not find either an apparent relationship between commercial and social entrepreneurship, but they did suggest that regions with higher commercial entrepreneurship rates also had higher social entrepreneurial rates.

Implications for this study. The study by Nissan et al. (2012) is based on non-profit activity and not specifically in social entrepreneurship, but their study offers important lessons in findings and methodology for future research, especially the notion that social capital may affect SEA.

Explaining Civil Society Activity and Commercial Entrepreneurial Activity

While social entrepreneurship activity may be part of an act of civil society and part as an act of commercial activity, not all the elements that may explain civil society activity or commercial entrepreneurship may be used to explain SEA. The following section addresses the theories that help explain civil society activity and commercial entrepreneurship.

Measuring civil society activity: social and economic theories. This literature review identified six social and economic theories to help explain what drives broad civil social activity: (a) government failure theory, (b) trust theory, (c) supply-side theory, (d) interdependence theory, (e) stakeholder theory, and (f) social origins theory. These theories were selected based on the frequency in which they were mentioned in the literature. The Johns Hopkins Comparative Nonprofit Sector Project tested six of these theories on the nonprofit sector against eight country cases (Salamon & Anheier, 1998). The researchers concluded that only the social origins theory explained the variations among the eight cases. Salamon and Anheier's study investigated the effect of specific economic and social factors and the civil society activity, offering an example of possible methodology for future studies.

Even though civil society activity can be measured, it is important to note that, given the different nature of social entrepreneurship compared to civil society activity,

any future study on social entrepreneurship should revisit these theories. The following section describes the theories; identifies the most relevant work around these theories; and identifies strengths, limitations, and opportunities for future studies.

Government failure theory. In 1975, the economist Burton Weisbrod presented the government failure theory where he identified the role of the nonprofit organizations in market and government failures (Anheier, 2005). Government failure is a result of the dissatisfaction of some citizens about the collective goods. Weisbrod argued that the more heterogeneous the population, the less satisfaction with the government, the higher the likelihood of government failure, and consequently the higher the level of nonprofit activity (Salamon & Anheier, 1998). The heterogeneity may be expressed in terms of ethnicity and religion, as Salamon and Anheier (1998) tested, but in terms of income (Anheier, 2005). Salamon and Anheier (1998) tested the hypothesis that the greater the population diversity, the larger the nonprofit sector; however, the hypothesis failed to be rejected.

Implications for this study. My research used this theory in the study of social entrepreneurship; in this case, the population's heterogeneity may be measured through the index of inequality (Gini Coefficient). Following this theory, it could be argued that the more heterogeneous the populations—a higher Gini coefficient—the less satisfaction with government, the higher the likelihood of government failure, and consequently, the higher the level of social entrepreneurship.

Trust theory. The trust theory explains how information asymmetry on behalf of the customer, provider, or beneficiary may be exploited to the advantage of the supplier, and the increase of mistrust in the customer or beneficiary. The contract failure—trust

failure—occurs when the consumer cannot adequately evaluate the quality or quantity that a firm produces (Hansmann, 1980). According to Hansmann (1980), the non-distribution of profits of the nonprofit organizations builds trust for customers and beneficiaries. Following this line of thought, Salamon and Anheier (2006) tested the correlation between trust in the business sector and the scale of nonprofit activity, finding no significant relationship.

Within the trust theory, we find market failure theory, which may occur when for-profit organizations underprovide goods or over-restrict access to goods, and/or when the client is not satisfied with the quality or quantity offered (also called contract failure). Such failures open a potential role for government and nonprofit organizations to intervene (Steinberg, 2006). Specifically applied to social entrepreneurship, Mair (2010) proposed that social entrepreneurship arose due to market failures, and that this phenomenon was present in all countries, not just in developing nations; however, this hypothesis has not been tested empirically. Some authors lump government failure theory and market failure theory under one heterogeneity theory; however, I believe that while related, these aim to explain different phenomena that may manifest differently at a cross-national level in SEA.

Moreover, Salamon and Anheier (1998) posited that the better the offer of governmental services, the smaller the need for nonprofit activity. From this line of thought, it could be argued that the greater the level of government spending on social welfare, the lower the level of social entrepreneurship activity in the country. Nicholls (2011) pointed out that an increase in the number of civil society organizations and the insufficient funding for these organizations results in the need to develop revenue-making

opportunities in order to subsist (Nicholls, 2010), which could be considered a form of social entrepreneurship. The challenge in testing this theory is that social welfare is a broad term that may include many items and different countries may have similar welfare expenditures but allocated very differently among health, education, and security, for example.

Implications for this study. Since social entrepreneurship depends heavily on the business environment of a country, the social entrepreneurship activity level may be correlated positively with the trust in business, different from what the literature proposes for nonprofit organizations. This suggestion is also reinforced with the previously mentioned findings from Lepoutre et al. (2013) that establish a relationship between entrepreneurial activity and SEA. From this theory, the following premises were tested: (a) the higher the trust in business, the higher the level of entrepreneurship; and (b) the higher the trust in government, the lower the level of social entrepreneurship. The suggested indicators to test the level of trust in a country included the level of government spending on welfare, the Global Competitiveness Index (GCI), the UNDP Freedom Satisfaction, and the World Bank Doing Business Report.

Supply-side theory. The entrepreneurship theory, also called supply-side theory, was developed in the late 1980s by Young in 1983, then James in 1987, and finally Rose-Ackerman in 1996 (Anheier, 2005). James (1987) argued that the presence of entrepreneurs willing to create nonprofit organizations must also be considered when attempting to understand the creation of nonprofit organizations. James linked the presence of entrepreneurs to religious presence in the countries and identified that the size of the nonprofit sector increases with religious diversity (Anheier & Salamon, 2006).

Salamon and Anheier (1998) tested the hypothesis that the greater the level of religious competition, the larger the nonprofit sector.

Implications for this study. According to this theory, the higher the presence of religion, the higher the amount of social entrepreneurship. No research linking SEA and religious presence in a country was identified, nor was there an indicator in the United Nations Development Program (UNDP) that could serve as proxy for religious presence. As in the previous theory, the premise that a high number of entrepreneurship correlated with a high number of social entrepreneurship was tested.

Interdependence theory. The interdependence theory, also known as the voluntary failure theory and third-party government, attempts to emphasize the relationship among nonprofit organizations and government (Salamon, 1987). While the previous theories of mention in this review focus on inefficiencies in the public and private sectors that lead to a higher civil society activity, the interdependence theory describes how the strength of the government agencies compensates for the weakness of the nonprofit organizations, and vice versa. Following this line of thought, Salamon and Anheier (2006) tested the correlation between the level of spending in social welfare and the size of the nonprofit sector; however, no relationship was found between the variables.

Implications for this study. Since no explicit interdependence among government and social entrepreneurship occurred in the literature, this study explored the relationship between social welfare and SEA, considering the expenditures in health and education, as suggested by Lepoutre et al. (2013), Nissan et al. (2012), and Kerlin (2009, 2010).

Similar to the government failure theory, the premise of interdependence theory is that the higher the level of government spending on welfare, the lower the level of SEA.

Stakeholder theory. Stakeholder theory, as developed by Ben-Nern and Van Hooissen (1991), explains that nonprofits exist because the demand for a specific product or service is not being met by a commercial enterprise. Entrepreneurs are personally invested in obtaining a higher quality product or service than the one they are currently receiving from the market and therefore decide to develop it by themselves.

Implications for this study. It could be argued that the greater the entrepreneurial activity of a country, the higher the SEA index. Lepoutre et al. (2013) established this correlation in their study based on the population-based research of different countries. This study examines that relationship.

Social origins theory. This theory takes into consideration the cultural, religious, political, and economic dimensions of the countries to explain the nonprofit sector. Among the six theories tested by the Johns Hopkins Comparative Nonprofit Sector, the social origins theory was the only one that had statistical significance to explain the size of the nonprofit sector (Salamon & Anheier, 1998, 2006). Based on the work of Esping-Andersen (2013), Salamon and Anheier (1998) suggested a division of nonprofit regime types into liberal, social democratic, statist, and corporatist, depending on the combination of civil society employment as a percentage of the economically active population and the public social-welfare spending as a percentage of gross national product. Kerlin (2009, 2010) used this theory when comparing the concepts of social enterprise across seven regions and countries. Kerlin (2010) identified four key elements that affected how the concept was perceived (and possibly enacted): market, international

aid, civil society, and state. The findings of Kerlin's (2010) study agree with the complementarity aspect of what affects social entrepreneurship: social entrepreneurship is more than an economic activity; therefore, it is likely to be affected by social and economic variables.

Inglehart and Welzel (2009) quantitatively demonstrated that cross-national differences regarding democratization changed by societal economic and cultural history. Their study also showed that, as a society had higher levels of existential security, it moved from traditional values towards secular-rational values and from survival values to self-expression values (Inglehart & Welzel, 2010). Even though Inglehart and Welzel measure democratization and Salamon and Anheier measure civil society activity, it can be argued that Inglehart and Welzel findings are in accordance with Salamon and Anheier's social origin theory; consequently, it is reasonable to inquire about the relationship between the social origin's theory and SEA.

Implications for this study. Since the cultural, religious, political, and economic dimensions of countries explain the nonprofit sector activity, it could be argued that similar elements may explain SEA. To test this theory, the socioeconomic indicators used by the UNDP were correlated with the social entrepreneurship activity: schooling, inequality, gender, poverty, health, education, gross national product, environmental sustainability, employment, human security, international integration and perception of wellbeing, perception of employment, and perception of government, among others (UNDP, 2016).

Measuring commercial entrepreneurship activity. Research has shown an empirical relationship between commercial entrepreneurship activity and economic

development (Acs, Desai, & Hessels, 2008; Bosma et al., 2016). The GEM identified a positive correlation between economic growth and entrepreneurial activity (Bosma et al., 2016).

Types of economies. Types of economies associated with entrepreneurial activity in a nation; specifically, the development of entrepreneurship coupled with Porter's stages of national competitive development: factor-driven economies, efficiency-driven economies, and innovation-driven economies. Several studies mentioned Porter's stages of national competitive development (1990) and Hall and Soskice's varieties of capitalism (2001; Lepoutre et al., 2013). The research showed that commercial entrepreneurial activity was usually high in factor-driven economies; as the country moved into an efficiency-driven economy, its level of entrepreneurship decreased; and as the country moved to an innovation-driven economy, the level of entrepreneurship activity increased again.

Stages of national competitive development. There are four determinants associated with a country's competitive advantage: (a) factor-driven conditions; (b) demand conditions; (c) related and supporting industries; and (d) firm strategy, structure, and rivalry (Porter, 1990). The World Economic Forum (WEF) calculates the GCI, which aims to capture the level of productivity of a country. Economies that are more competitive are associated with higher levels of income, higher rates of return of investment, and economic growth in the medium and long run. The GCI is based on 12 pillars of competitiveness. While using the stages of national competitive development and the varieties of capital theories, Lepoutre et al. (2013) only found marginal differences on the SEA and type of economy; such findings coincide with Salamon and

Anheier (1998), wherein they did not find the types of economies as an adequate explanation for the variation of civil society activity. The 12 pillars are also associated with Porter's stages of development, which strengthens the idea of testing the relationship between SEA and types of economies using the GCI.

Implications for this study. It is difficult to place the countries clearly in specific categories, as some are changing from one category to another (Kerlin, 2009); however, this research used the WEF's Global Competitiveness Report to test for correlation between the level of competitiveness and the SEA level. According to the Types of Economies Theories, the closer a country is to an innovation-driven economy, the higher the level of SEA.

Analysis of Socio Economic Theories

The theories described above range from heavily focusing on economic factors: trust theory, government failure theory, and supply-side theory, to more complex theories that incorporate economic and social aspects: social origins theory, interdependence theory, and types of economies theory. Some authors endorse different theories at the same time (Figure 2), and this is reasonable considering that social entrepreneurship is a multidimensional phenomenon.

Government Failure Theory	Supply Side Theory	Stakeholder Theory	Trust Theory	Interdependence Theory	Types of Economies	Social Origins Theory
<ul style="list-style-type: none"> • Weisbrod (1975) • Salamon (1998) 	<ul style="list-style-type: none"> • Young (1985) • James (1987) • Ackerman (1996) • Salamon (1998) 	<ul style="list-style-type: none"> • Ben-Nen (1991) • Nissan (2012) • Lepoutre (2013) 	<ul style="list-style-type: none"> • Salamon (1998) • Anheier (2006) • Steinberg (2006) • Mair (2010) • Nicholls (2011) • Lepoutre (2013) 	<ul style="list-style-type: none"> • Salamon (1987) • Anheier (2006) • Kerlin (2009) • Nissan (2012) • Lepoutre (2013) 	<ul style="list-style-type: none"> • Porter (1990) • Salamon (1998) • Hall (2001) • Anheier (2003) • Lepoutre (2013) 	<ul style="list-style-type: none"> • Esping-Andersen (1990, 2013) • Salamon (1998) • Kerlin (2009) • Inglehart (2009)

Figure 1. Economic and social theories used to explain civil society activity and commercial entrepreneurship.

The European Commission considers that social entrepreneurship is found in the intersection of three dimensions: social, entrepreneurial, and governmental (European

Commission, 2016). Using the European Commission's framework, the theories were allocated in the three dimensions, as illustrated in Figure 3. Some theories are found in only one dimension, and others are found in several dimensions. This concept reinforces the notion that social entrepreneurship is a multilayered activity that must be understood and measured taking into consideration both economic and social factors within a country.

Figure 2. Allocation of the economic and social theories in the three dimensions of social entrepreneurship. Adapted from European Commission (2016).

Latin America and the Caribbean

Latin America and the Caribbean (LAC) is a region comprising 45 countries, most of them considered middle-income economies. Since the beginning of the century, the Latin American countries have adopted important macroeconomic policies to insulate themselves from external influences. With the increased importance of their commodity markets, the LAC region has been able to diminish poverty rates, grow its middle class, and meet the majority of the United Nation's Millennium Development Goals (MDGs) (De la Torre, Filippini, & Ize, 2016; United Nations Development Program, 2016).

Between 2000 and 2012, 90 million people entered the middle class and LAC was considered the most urbanized developing region in the world (United Nations Development Program, 2016). However, as the commodity world prices fell, so did the economic growth of the region; consequently, inflation, unemployment, and inequality are rising (Breene, 2016; United Nations Development Program, 2016). Despite progress, there are still over 220 million vulnerable people in the region living slightly above poverty line—\$4 U.S. per day. These people are vulnerable to falling into poverty during economic downturns or when natural disasters occur. Furthermore, it is also important to note that Latin America and the Caribbean hosts 10 of the 15 most unequal countries in the world (United Nations Development Program, 2016).

The region needs to look for long-term sustainable growth that will allow it to continue its path towards development. Entrepreneurship plays an important role in the economy: it creates jobs and stimulates innovation (Acs, 1992); consequently, Latin American countries would benefit by fostering entrepreneurship as well as social entrepreneurship. As the United Nations (2015) established, the path towards sustainable development was multidimensional, not only economical. Therefore, the region might benefit by fostering social entrepreneurship practices and policies.

Mexico. Mexico is the second-largest economy in Latin America and it is considered an upper middle-income country (World Bank, 2016). Under the Secretary of Social Development, the National Institute of Social Economy (INAES for its acronym in Spanish) is responsible for the program for Fostering Social Economy. In 2012, the government approved a new policy seeking to promote entrepreneurship, cooperatives,

and social entrepreneurship. In the 2015 GEM survey, Mexico has a SEA of 2.7% (Tables 3 and 4; Bosma et al., 2016).

Colombia. Colombia is among the fastest-growing economies in the region. Since 2007, Colombia included the concept of social innovation in its national development plan. In 2003, the city of Medellin started addressing the concept of social innovation, becoming a pioneer not only in Colombia, but also in Latin America (Villa & Melo, 2015). In 2014, the national development plan included social entrepreneurship and social businesses as well. Colombia has a SEA index of 10.8%, the third in the region (Bosma et al., 2016). In 2009, Colombia's SEA index was 4.07% (Terjesen, Lepoutre, Justo, & Bosma, 2012).

Table 3

Economical Indexes of Colombia and Mexico According to the World Bank

Index	Colombia	Mexico
GDP change in 2016	2.2%	2.1%
Real GDP Projected Change in 2017	2.7%	2.3%
Gini Coefficient	53.5	48.2
Population in Multidimensional Poverty (%)	7.6%	6%
Population near Multidimensional Poverty (%)	10.2%	10.1%
Unemployment total (% of total labor force) in 2014	10.1%	4.9%

Note. Source: World Bank datasets.

Table 4

Social Entrepreneurial Activity in 2009 and 2015

Social Entrepreneurial Activity Index	Colombia	Mexico	Average Latin American country
2009	4.07%	N.A.	3.06%
2015	5.90%	1.4%	5.45%

Note. Source: Global Entrepreneurship Monitor.

Review of Methodology

This review addresses the studies that present a methodology that help in answering the research questions in my study. The majority of the studies reviewed used a quantitative approach; however, researchers used qualitative studies mostly to study social entrepreneurship. No studies were found that used a mixed research methodology.

Quantitative methods. Quantitative methods contribute to a broader understanding of a topic since it allows for generalization of the findings. This review considered that four quantitative investigations might inform on the quantitative methods of the ongoing research and thus, focused on Bosma et al. (2016), Nissan et al. (2012), Inglehart and Welzel (2010), and Turkina and Thai (2013).

The GEM used a quantitative approach to establish the level of SEA in 49 countries in 2009, and 58 in 2015. The GEM surveyed over 116,000 people in the countries, at least 2,000 adults per country, and 36 experts per country. The data were then weighted according to the country's population to establish a percentage of SEA. The GEM has been using the same methodology for over 10 years, which provides for very robust results. While the GEM does not run multiple regressions to identify the

relationships between SEA and economic and social factors, it is the most complete study on social entrepreneurship carried out until now.

Nissan et al. (2012) quantitatively identified the drivers of non-profit activity using data collected from 38 countries in 2006. They developed a latent variables model where the dependent variable was non-profit activity, and the independent variables were social capital, economic development, public sector, and entrepreneurial activity. According to the authors “latent variables permit working with theoretical concepts, sometimes abstract concepts, that are not observable” (Nissan et al., 2012, p. 309), which future research in social entrepreneurship may use since it could be argued that social entrepreneurship was a fuzzy concept due to the lack of a specific definition.

Inglehart and Welzel (2010) noted how certain cultural variables played an important role in democratization, finding numerous strong correlations between social and economic indicators and important societal attributes, such as democracy, which suggest that causal linkages exist. Specifically, the researchers found a mean correlation in social indicators such as GDP per capita and democracy measures (Inglehart & Welzel, 2010). Furthermore, they performed a factor analysis from a large number of surveys conducted in 43 countries in the 1990s, and then replicated it twice, with the same results. Hence, social entrepreneurship was also a societal attribute that correlated with social and economic indicators; therefore, a similar study methodology worked for my study.

Finally, Turkina and Thai (2013) performed a quantitative study to establish the relationship between immigrant entrepreneurship and trust level using a sample of 34 OECD countries. The authors ran several regressions where the dependent variable was the percent of foreign-born entrepreneurs as established by the OECD, and four

independent variables that measure social capital as established by the World Value Survey (WVS; Turkina & Thai, 2013). The methodology of this study is relevant to this research because it demonstrates a way in which a type of entrepreneurship (foreign-born entrepreneurship) can be measured using social variables; similarly, social entrepreneurship activity may be measured in the future using social variables.

Implications for this study. Using the socioeconomic theories and the databases available from the GEM, World Bank, and UNDP, the study identified which socioeconomic indicators contributed to the SEA of the countries. The results may provide the field with a better understanding of what may be done to foster social entrepreneurship at a country level.

Qualitative methods. Qualitative methods provide rich information about specific cases. Two of the most relevant qualitative investigations on SEA across nations were developed by the European Commission (2014) and Kerlin (2009, 2010). The European Commission's work on mapping the SEA of 29 countries used qualitative methods: document analysis of national documents; academic documents; grey documents; and semi-structured interviews of different stakeholders including social entrepreneurs, investors, collaborators, and others. Each of the 29 countries made a country report and, based on this report, the overall mapping was created (European Commission, 2014). Kerlin's (2009) global comparison of social enterprises also used qualitative methods, specifically case study analysis of individual regions (Western, East and Central Europe, and Southeast Asia) and five specific countries (the United States, Zimbabwe, Zambia, Argentina, and Japan).

Implications for this study. The use of qualitative methods helps to create an understanding of how the macroeconomic and social factors manifest in the SEA in different countries and regions. Understanding that social entrepreneurship finds itself at the intersection of different dimensions, it is reasonable to consider that the country cases in social entrepreneurship have very distinct characteristics that may only be understood through qualitative methods.

Mixed methods. Mixed-methods research collects and analyzes quantitative and qualitative data in order to answer the research questions (Creswell & Plano, 2006; Morgan, 2013). The premise is that the combination of quantitative and qualitative aspects provides a better understanding of the phenomenon to be studied because the research draws from the strengths of both methods (Creswell & Plano, 2006). No major studies were found to use mixed-research methods; however, due to the multidimensionality of social entrepreneurship, a mixed methods approach could provide a deeper understanding of the phenomenon. The use of quantitative methods helped answer general questions regarding socioeconomic factors that contribute to the SEA. The use of qualitative methods deepened the understanding of how those factors manifest in specific settings in Latin America.

Literature Review Discussion

This review established the extent to which the existing literature progressed in identifying the key drivers of civil society activity, commercial entrepreneurial activity, and SEA in different countries. It identified the relationships among the different theories that may explain these phenomena, the contradictions in the findings, as well as the gaps in the field that may be addressed by future studies.

Relationships, Contradictions and Gaps

Social entrepreneurship relates to social, business, and governmental aspects (European Commission, 2014). What we do not know yet are the details or the extent of those relationships. By studying the social and economic theories that explain the drivers of civil society activity and commercial entrepreneurship activity, we can begin to uncover the details of the interrelationship. Among the different social and economic theories studied in this review, the social origins theory seems to encompass a broader number of dimensions (cultural, religious, political, and economic). It has been the only theory that has been quantitatively demonstrated to explain the level of civil society activity across different countries (Salamon & Anheier, 1998). In qualitative studies, other social entrepreneurship researchers chose the social origins theory as the means to identify cross-national differences in social entrepreneurship activity (Kerlin, 2010; Lepoutre et al., 2013; Mair, 2010).

Among the most important contradictions found in this review are the effects of commercial entrepreneurship on both social entrepreneurship and civil society activities. While some authors believe that an important driver of social entrepreneurship is commercial entrepreneurship (e.g., Lepoutre et al., 2013), Nissan et al. (2012) believes that there is no correlation between commercial and nonprofit activity. This contradiction highlights the gray area where social entrepreneurship resides: in the crossroad between not-for-profit activity and commercial activity.

The reviewed studies hint at what could possibly explain social entrepreneurship activity across nations. However, no definitive studies specifically addressed the relationship between specific socioeconomic factors and social entrepreneurship activity.

Due to the multidimensionality of social entrepreneurship, the gap that exists in the literature may be closed through mixed-research methods studies that can offer generalizations about the field, as well as detailed narratives about the occurrence.

Implications

The concept of social entrepreneurship has been widely defined and several schools of thought define the concept in at least four different ways. The lack of a specific definition makes the phenomena difficult to measure or control. Since social entrepreneurship finds itself at the crossroad of a social dimension, an entrepreneurial dimension and a government dimension (European Council, 2014); this study investigated the specific economic and social drivers that affect the SEA of a country.

A number of purely quantitative and qualitative studies researched the cross-national drivers of social civic activity, commercial entrepreneurship, or social entrepreneurship, but few studies took a mixed-methods approach to understand the cross-national drivers of SEA. Among the different social and economic theories that may explain the phenomena, most research finds itself among three theories: market failure theory (Mair, 2010; Nicholls & Cho, 2006; Salamon & Anheier, 1998; Steinberg, 2006), the types of economies (Lepoutre et al., 2013; Mair, 2010), and the social origins theory (Inglehart & Welzelehart, 2009; Kerlin, 2010; Mair, 2010; Salamon & Anheier, 1998). The market failure and types of economies recognize the market and government's effect on social civil society, commercial entrepreneurship and, possibly, social entrepreneurship, but the social origins theory encompasses both and social factors for explaining the behavior of social civic society.

Limitations of the Literature Review

While this review attempted to follow a systematic approach, some important literature might have been overlooked thereby misrepresenting the findings of the review. Moreover, this review must be updated in the future to take into account new evidence, for social entrepreneurship is a young and growing field, and new findings are being discovered every day. The review only examined articles written in English and Spanish. Many European countries are fast developing this field; therefore, it may be possible to have overlooked important findings published in other languages.

CHAPTER THREE: RESEARCH DESIGN AND METHODOLOGY

This chapter explains the methodology used on the study, articulating the purpose of the research, and the research questions. The first part of the chapter describes the reasoning for using a mixed-methods approach. The second part explains the procedures for data collection and analysis of the quantitative and qualitative phases.

Purpose of the Study

The purpose of this mixed-methods sequential explanatory study was twofold: to identify the macroeconomic and social factors that contribute to the SEA in 55 countries, and secondly, to explain how the findings of the quantitative phase manifest in the SEA in two purposefully selected countries: Colombia and Mexico. An explanatory sequential mixed-methods design was used involving collecting quantitative data and explaining the quantitative results with in-depth qualitative data. In the first data phase of the study, 83 socioeconomic indexes were collected from existing databases in the World Bank and the UNDP and these were tested for correlation with the broad and narrow SEA index created by the GEM. The socioeconomic indexes tested were those suggested in the literature to have some relation with civil society activity or commercial entrepreneurial activity (Phase I: QUAN, secondary data). The second part of the study was qualitative and conducted as a follow up to Phase I to help explain the quantitative results (Phase II: qual, primary data). In this follow-up, the tentative plan was to explore the development of social entrepreneurial Colombia and Mexico. Phase II had two parts: first, in-depth interviews with government officials responsible for the development of social

entrepreneurship at a national level, and secondly, focus groups and individual interviews with social entrepreneurs.

Research Questions

This study attempted to answer the following research questions (RQ):

RQ1. What is the relation, if any, between specific socio-economic indicators and a country's social entrepreneurial activity? (QUAN)

RQ2. To what extent do the perspectives of government officials responsible for social entrepreneurship support the results of the explanatory quantitative data about social entrepreneurial activity Index predictors? (qual)

RQ3. To what extent do the perspectives of social entrepreneurs support the results of the explanatory quantitative data about social entrepreneurial activity predictors? (qual)

RQ4. What results emerge from comparing the explanatory quantitative data about social entrepreneurial activity predictors with the perception of social entrepreneurs and the government officials responsible for social entrepreneurial activities in two Latin American countries? (QUAN → qual)

Mixed-Methods Research Methodology

A mixed-method research methodology was used. Mixed-methods research collects and analyzes quantitative and qualitative data to answer the research questions (Creswell & Plano, 2006; Morgan, 2013). The combination of quantitative and qualitative aspects provided a better understanding of the phenomenon to be studied because the research drew from the strengths of both methods (Creswell & Plano, 2006). The benefits of a mixed-methods approach come at a cost due to the complexities in the

methodology; therefore, the researcher must have solid reasons to pursue this methodology. The integration of both methods may occur at different steps of the research: from the purpose of the research questions to the procedures followed to answer the questions (Morgan, 2013). For this study, a mixed-methods approach helped in the understanding of social entrepreneurship by using the objectivity of the quantitative methods to identify the socioeconomic elements that affect the SEA of a country and by using the subjectivity of the narratives of social entrepreneurs and government officials to understand the context in which SEA develops in specific settings.

Explanatory Sequential Mixed-Method Research Design

The study used an explanatory sequential mixed methodology. In the explanatory sequential design, the methods are implemented in a sequential manner, starting with the quantitative method in Phase I (QUAN) with data collection and analysis; followed by Phase II of qualitative methods of data collection and analysis (qual) that helps explain the quantitative results (Creswell & Plano, 2006). The quantitative phase provides a general understanding of the phenomenon being studied, and the qualitative phase explains the numerical results in more depth through the participants' perspective (Creswell & Plano, 2006; Ivankova, Creswell, & Sticks, 2006). A sequential explanatory method is recommended when the results from the quantitative phase may be unexpected (Ivankova et al., 2006), as was the case in this research. The purpose of the mixed methods design is complementary. Greene, Caracelli, and Graham (1989) explained that such complementarity "seeks elaboration, enhancement, illustration, and clarification of the results from one method with the results from other method" (p. 259). The qualitative part of the study was used to increase the depths of the quantitative findings (Figure 4).

Figure 3. Quantitative and qualitative strands in the mixed-methods study.

Interaction, priority, timing, and integration. In order to choose the sequential explanatory research method design, four key decisions were made, guided by the purpose and procedure of the research questions: interaction, priority, timing, and integration (Creswell & Plano, 2006; Ivankova et al., 2006; Morgan, 2013).

Interaction. The level of interaction among the strands may be independent or interactive. The independent interaction occurs when the strands are kept separate from each other and the interactive occurs when the strands are mixed (Creswell & Plano, 2006). The study had an interactive sequential level of interaction, since the quantitative strand informed the qualitative strand before the final interpretation.

Priority. Refers to the importance of each method in answering the research questions. Both methods may have equal priority, or one method may have priority over the other (Creswell & Plano, 2006). The study prioritized the quantitative methods. The objectivity of the quantitative method provided more general information about the behavior of the SEA of 55 countries, and the qualitative phase interpreted how the socioeconomic indicators manifested at the country level through the perspective of government officials and social entrepreneurs in the two countries.

Timing. The pace in which the strands interact with each other is referred to as timing. Timing may be concurrent, sequential, or multiphase (Creswell & Plano, 2006). The selected timing for this study was sequential with the collection and analysis of numerical data performed first, and the collection and analysis of the qualitative data performed subsequently (Creswell & Plano, 2006).

Integration. This refers to the point to which the quantitative and qualitative strands are joined. Integration may occur at the interpretation phase, during data analysis, data collection, or level of design. This study's primary point of interface was during data collection. The results of the quantitative phase informed the data collection of the qualitative phase (Creswell & Plano, 2006). While the participant countries were purposefully selected previously, the phases were connected via the interview protocols. There was also some level of integration of the research design at the beginning, where the study posited both quantitative and qualitative research questions, and at the end, when the results of both phases were interpreted to help answer the research questions (Table 5; Ivankova et al., 2006).

Table 5

Research Design

Level of Integration	Priority	Timing of the strands	Mixing	Primary point of interface
Interactive	Quantitative	Sequential: Quantitative first	Merging	Data collection

Phase I (QUAN)

The quantitative phase of the analysis identified the socioeconomic factors that contributed to the SEA in 55 countries. Secondary data was used in this phase. The social entrepreneurial index was obtained from the 2015 GEM survey of social entrepreneurship and the economic and social indicators were obtained from the World Bank and UNDP databases. The tested socioeconomic indicators were selected based on the theories that helped explain civil society activity or commercial entrepreneurship activity. The study used the SEA index, in its broad and narrow definition, as the dependent variable. The independent variables included: Gini coefficient, amount of government spending on social welfare, level of multidimensional poverty, level of perception of government, World Bank's doing business report index, WEF's GCI, freedom of satisfaction index, TEA (GEM), government spending on education, government spending on health, perception of ideal job, human development index, gender inequality index, gross national product, carbon dioxide emissions per person (environmental sustainability), homicide rate (human security measure), trade in exports and imports (international integration measure), overall life satisfaction (perception of wellbeing measure), and level of unemployment of the general population, among others. The results of Phase I guided the interview questions on the qualitative phase. Phase I answered the first research question:

RQ1. What is the relation, if any, between specific socio-economic indexes and a country social entrepreneurial activity?

Phase II (qual)

The second phase of the study explained how the findings of Phase I manifest in the SEA in Colombia and Mexico. The qualitative phase included in-depth interviews with government officials working within institutions that foster the development of social entrepreneurship in the two Latin American countries, as well as focus groups and interviews with social entrepreneurs of the same Latin American countries. The rationale for following this design was to obtain an in-depth understanding of how the socioeconomic factors identified in Phase I manifested in the social entrepreneurial life in Colombia and Mexico. The government officials of the countries provided insights into how the drivers interact with the social entrepreneurial index from a country perspective. The focus groups and interviews provided insights into how the drivers are enacted in the everyday life of a social entrepreneur. The two research questions answered in this phase were:

RQ2. To what extent do the perspectives of the government officials responsible for social entrepreneurship support the results of the explanatory quantitative data about social entrepreneurial activity predictors?

RQ3. To what extent do the perspectives of social entrepreneurs support the results of the explanatory quantitative data about social entrepreneurial activity predictors?

Visual Model

A graphical representation of the mixed-methods procedures helps the researcher and the readers better understand how the research will be conducted by outlining the procedures and products of each phase (Figure 5; Ivankova et al., 2006).

Paradigm Foundation

The explanatory design uses a post-positivist approach in Phase I and a constructivist approach in Phase II. The positivist view used in the quantitative phase assumed that the world could be explained through strict scientific methods (Uebel, 2006). The constructivist approach believes that the individuals participate in the creation of their perceived reality and that all knowledge derives by social interactions (Mallick, 2010). This study considers that research questions are of primary importance, and therefore a “practical and applied research philosophy” guides the methodological choice for an explanatory sequential model (Creswell & Plano, 2006, p. 44).

Figure 4. Visual model for mixed-methods sequential explanatory design procedures.

Research Procedures, Data Collection and Analysis

Population and Sample

The target population in this study were the 195 countries and territories recognized by the United Nations as of 2015.

Phase I (QUAN). For the quantitative phase, the sample was made up of 55 countries identified by the GEM in 2015 as having SEA under the broad definition of the concept.

Phase II (qual). For the qualitative phase, the study used purposeful criterion sampling. Purposeful sampling selects “information-rich cases for study in depth” from which the research questions can be best-answered (Patton, 2002, p. 230). While there are no specific guidelines on case selection for sequential exploratory designs, some of the options for selecting cases in this methodology include typical, intensity, or extreme cases (Caracelli & Green, 1993; Invankova et al., 2006; Patton, 2002). The cases were selected via the following criteria:

Geographical focus. The study examined the Latin American and Caribbean regions that register broad SEA in the GEM report.

Intensity. Intensity sampling refers to information-rich cases that depict the studied phenomenon, but do not show extreme characteristics that may distort the manifestation (Patton, 2002). The extreme cases in the report were Barbados (0.5%) and Chile (6.30%). The intense cases included Panama and Mexico with 1.4%, and Peru and Colombia with 5.9%.

Table 6

Latin American Broad Social Entrepreneurial Activity

Latin America and Caribbean	Broad SEA
Barbados	0.50%
Mexico	1.40%
Panama	1.40%
Guatemala	1.60%
Ecuador	1.90%
Puerto Rico	2.10%
Brazil	2.20%
Argentina	2.90%
Uruguay	5.00%
Colombia	5.90%
Peru	5.90%
Chile	6.30%

Note. Source: Global Entrepreneurship Monitor, 2016.

Criterion. Of these four countries, Colombia and Mexico were the most active in the development of social entrepreneurship, and both countries adopted some type of social entrepreneurial policy. The two Latin American countries used in this study, Colombia and Mexico, exhibited important similarities in their socio-economic structure. Both countries are considered upper middle-income economies with a similar growth (World Bank, 2016). However, they have slight cultural differences (Geert Hofstede, 2016) and manage the development of social entrepreneurship in different ways:

- Colombia has the second-highest SEA in the region (5.9%; Bosma et al., 2016), modest economic growth in 2015 (2.7%), but higher than the region's average (-1%; World Bank, 2016), and a government policy regarding social entrepreneurship since 2014, but a social innovation plan since 2007.
- Mexico ranks 8th of 11 in the social entrepreneurial index (1.4%; Bosma et al., 2016), and exhibits modest economic growth in 2015 (2.3%), higher than the region's average (World Bank, 2016), and has had a government policy regarding social entrepreneurship since 2012.

Data Collection

Phase I (QUAN). Existing databases were used for the first quantitative phase. These databases include GEM, the World Bank, and the UNDP. The data was prepared for analysis by organizing the databases and making sure that every country included in the statistical analysis had a complete set of economic and social indicators.

The information on the SEA of the countries was derived from the GEM's research. The GEM is an organization created with the explicit objective of facilitating the cross-country comparison of entrepreneurial activity (Global Entrepreneurship Monitor, 2016). While every year the GEM performs a survey on commercial entrepreneurship activity, in 2009 and 2015, they included a special report on social entrepreneurship. To obtain a SEA index, the organization combined the results of an adult population survey and a national expert survey. The adult population survey consisted of a minimum of 2,000 randomly selected adults in each country (at least 116,000 adults). The surveys were conducted by a third party in each country and were conducted either face-to-face or by telephone in the country's native language. The

national expert survey consisted of surveying at least 36 experts per country (2,088 experts) on topics including entrepreneurial finance, government policy, government entrepreneurship programs, entrepreneurship education, research and development transfer, commercial and legal infrastructure, infrastructure, entry regulation, physical infrastructure, and cultural and social norms (Global Entrepreneurship Monitor, 2016). The data were later harmonized with those of the other countries. The GEM has been conducting this type of research for 17 years and is a trusted resource on entrepreneurship for organizations like the United Nations, the WEF, and the Organization for Economic Cooperation and Development (Global Entrepreneurship Monitor, 2016).

The World Bank development indicators are collected annually from officially recognized international sources (World Bank, 2016). The UNDP dataset includes 101 socioeconomic indicators collected annually from officially recognized agencies and institutions (Yang, 2014). The WEF Competitiveness Report measures the competitiveness of a country based on 114 indicators and its methodology has not changed since 2007 (World Economic Forum, 2016).

Phase II (qual). The qualitative data was collected from two various sources: (a) government officials responsible for the development of social entrepreneurship in each of the two countries and (b) focus groups and individual interviews with social entrepreneurs of each country.

In-depth interviews. Through in-depth interviews, I gained a better understanding of the country's view on social entrepreneurship as well as its explicit and implicit policies on the fostering of social entrepreneurship. The communication for the interviews was conducted face-to-face, by Skype and email, and consisted of semi-

structured questions. During the first part of the interview, I asked the government officer about the country's concept of social entrepreneurship, its importance, and the explicit on-going policies and efforts being made to foster social entrepreneurship. In the second part of the interview, I shared the findings of the quantitative study and inquired about how the officer sees these drivers playing on the country, as well as what could be done in the future to foster the SEA in the country. The participants were initially contacted by e-mail, and a face-to-face meeting at their location was scheduled. The interviews were conducted in Spanish, voice recorded, and then transcribed and translated into English.

Focus groups. Two focus group sessions with social entrepreneurs were conducted, one in each country. The objective of using focus groups in this research was to understand better how the drivers manifest in the day-to-day activity of the social entrepreneurs. The participant selection was done through the aid of two universities that currently work with social entrepreneurs in each country: Instituto Tecnológico de Monterrey in Mexico City, Mexico and Universidad del Rosario in Bogota, Colombia. In Mexico, the participants were participating in a social entrepreneurship festival called Fest. The event was organized by the Tecnológico de Monterrey. In Colombia, the participants were selected from two different events: the first event was a social encounter for social entrepreneurs in Bogota. For the second event, the participants were attending a social innovation event at Universidad del Rosario. Each session lasted 90 minutes. Data collection was done through observation and voice recording. The focus groups were conducted after the in-depth interview with the government official was completed. The participants were initially contacted by e-mail, and the focus group date,

time and location was then agreed upon. The focus groups were conducted in Spanish, voice recorded and then transcribed and translated into English.

Individual interviews. On several occasions, some social entrepreneurs communicated their apprehension about participating in a focus group and asked me to interview them in private.

Data Analysis

Phase I (QUANT). In order to identify the relation between the SEA Index and other economic and human development indexes, the study visually inspected the data and conducted a descriptive analysis. Moreover, it used inferential statistics to calculate the correlation among the variables; then, it ran simple and multiple linear regressions to predict the behavior of the SEA index based on the other significant indicators. This study used Microsoft Excel and SPSS version 24 to work the statistical calculations.

Correlation. Correlation measures the relation between two or more variables. The correlation coefficients may range from 1 to -1, where 1 represents a perfect positive correlation; -1 represents a perfect negative correlation; and 0 represents no correlation (Cohen, Welkowitz, & Lea, 2011). The study used the *Pearson r* correlation coefficient, which expressed the correlation as a linear relationship (Creswell, 2008). The study researched the correlation between specific socioeconomic indicators and the SEA. Scatter plots were used to establish a visual representation of the relationship among the variables.

Statistical significance. The statistical significance identifies the probability of obtaining correlation values by chance; it is measured by the *p* value (Lee, 2015). This

study used an alpha value of 5% (0.05); therefore, the correlation was considered statistically significant if the p value was less than 0.05.

Linear regression. Using the concept of correlation and its expression as a linear relationship, the study used linear regression to predict the behavior of one variable (Y), based on the knowledge of another variable X (Hinke, Wiersma, & Jurs, 2003). The equation for a linear regression is $\hat{y} = bx + a$, where $\hat{y}$ is the predicted value, “b” is the slope, and “a” is the y-intercept. The best regression line is determined by the least squares method. The dependent variable in this study is the SEA and the independent variables are the socioeconomic indicators.

Coefficient of determination. The correlation may be squared to obtain the strength of the relationship; this is called the coefficient of determination. It provides the proportion of variability in Y that can be explained by X (Cohen et al., 2011). The coefficient of determination was calculated to identify the proportion of the variability in the SEA that could be explained by the socioeconomic factors.

Research hypotheses. The research hypotheses stemmed from the social and economic theories explained in Chapter 2. In the next chapter, I specify which indicators were used to test the theories. In all hypotheses, the dependent variable was the SEA index, either the broad or the narrow definition, and all hypotheses involved a two-tail test, with an alpha value of 5%.

Phase II (qual). The analysis of qualitative data was conducted in three levels: (a) a comparison of all the government officials responsible for developing social entrepreneurship in the countries, (b) a comparison of all the social entrepreneurs, and (c)

a country comparison. The integration of the analysis was written in a mini-case format for each country and then as a cross-case analysis.

Case studies. Case studies provide for in-depth description of a phenomenon within a bounded system (Merriam, 2009) using multiple sources of information (Creswell, 2008). The units of analysis for the cases in this research were social entrepreneurs in Mexico and in Colombia.

The qualitative data was analyzed via a thematic network tool to organize, structure, and reveal the salient themes. A thematic network allowed the researcher to uncover the basic, organizing, and global themes following three steps: (a) the reduction of the text; (b) the exploration of the text; and (c) the integration of the exploration (Attride-Stirling, 2001).

Reduction of text. This analysis stage involved coding the material, identifying the themes, and building the thematic network (Attride-Stirling, 2001).

Coding. Coding created the link between the data and the findings (Saldaña, 2013). The data was coded manually using Saldaña's (2013) first and second cycle coding. Two methods, descriptive and *in vivo* coding, were used during the initial coding, since I was unsure what would emerge from the data. The descriptive coding allowed me to identify the emerging topics in the interviews while *in vivo* coding allowed me to capture specific phrases and meanings that were particular to the social entrepreneurial experience (Saldaña, 2013). While the coding was done manually, data were input into Atlas.ti software, version 8.

Identifying themes. The researcher extracted the salient information from the text and refined and identified the themes. Several graphical instruments were used to help in

the understanding of the data: Excel spreadsheets, Atlas.ti, analytical memos, conceptual frameworks, and word clouds. Two types of graphical representations were used in this study to help the researcher make sense of the data: conceptual frameworks and word clouds.

Conceptual frameworks aid in identifying the elements to be studied and the relationships among them (Miles & Huberman, 1984). The diagrams included the data inputs received throughout the process and helped the researcher identify how the external environment played an important part in the social entrepreneurial process of the individuals and the country. The frameworks helped the researcher to organize the data and to place essential elements of the narrative within the framework.

Word clouds counted the frequency of the words in a text and then presented a graphical representation per this frequency. This visual representation allowed the viewer to have a general grasp of the main subjects within a text (McNaught & Lam, 2010). Word clouds are increasingly being used as a research tool for preliminary analysis of the data, and as a validation tool for findings and interpretations (McNaught & Lam, 2010). The study used the word cloud function in Atlas.ti. Analytical memo writing was a helpful tool for clarifying the data analysis process. Memos helped the researcher think about the data and uncover patterns and categories (Charmaz, 2003). Analytical memos were written after each interview and several other times throughout the research.

Constructing the thematic network. This stage involved arranging the themes, selecting the basic themes, rearranging organizing themes, and deducing the global theme

(Attride-Stirling, 2001). The data was organized in groups based on content and theory. The codes were categorized and from this, themes emerged.

Exploration of text. In this stage, the researcher performed a description, exploration, and summarization of the networks. The researcher returned to the original data and using the created networks, interpreted the data and started identifying patterns among the data and networks (Attride-Stirling, 2001).

Integration of exploration. In this final stage, significant themes were linked to the theory and research questions (Attride-Stirling, 2001).

Integration of quantitative and qualitative results. In this phase of the study, I compared the quantitative and qualitative findings and assessed what results emerged from comparing the explanatory quantitative data about SEA predictors with the perception of the government officials and the social entrepreneurs. The strategy for comparing results was a joint display, which placed the quantitative and qualitative data in a table that facilitated comparison (Creswell & Plano, 2006). The category/theme display of merged data analysis identified the themes emerging from the qualitative phase with the socio-economic drivers from the quantitative phase.

Research Procedures

Table 7 presents the visual model of the sequential explanatory design, showing the priority of the quantitative analysis, and the merging points between the two methods.

Table 7

Explanatory Sequential Mixed Methods Procedures

Phases	Procedures	Products	Addressed Research Questions
Phase I: (QUAN)			
Quantitative Data Collection	Identifying existing databases (secondary data sets): Global Entrepreneurship Monitor, World Bank, UNPD.	Identified countries with social entrepreneurial activity and socio economic indexes ($n = 58$) Prepare data for analysis	
Quantitative Data Analysis	Data screening and cleaning Conduct statistical analysis using SPSS: Descriptive statistics Inferential statistics: correlations, single and multiple regression	Descriptive statistics results Inferential statistical analysis Identified socioeconomic factors with significant correlation Regression formula to predict Social Entrepreneurial Activity	Research Question 1 (RQ1)
Phase II (qual)			
Qualitative Data Collection	Develop individual interview protocol for government officials Develop group interview protocol for social entrepreneurs IRB Approval Contact government institutions and social entrepreneurs and invite them to participate in interview	Interview Protocol for Government officials Interview protocol for group interviews IRB Approval	

Table 7 Cont.

	Individual in-depth interview with one government official responsible for social entrepreneurship development in each country	
	Group interviews with social entrepreneurs in each country.	
Qualitative Data Analysis	Transcribe interviews Code interviews Analyze interviews	Research Question 2 (RQ2) Research Question 3 (RQ3)
Integration of Quantitative and Qualitative Results (QUAN -> qual)	Interpretation and explanation of quantitative and qualitative results	Research Question 4 (RQ4)

Note. Adapted from Ivankova et al. (2006).

Validity. In order to reduce the researcher bias, I practiced the following strategies: member checking, triangulation, and self-reflection. In the member checking strategy, the researcher shared the summaries of the findings with key study participants and asked whether the findings provided an accurate reflection of their experiences (Creswell & Plano, 2006; Merriam, 2009). I facilitated the interview transcripts to the government officials and solicited feedback about the accuracy of the interview, as well as approval or corrections.

The objective of triangulation was to “test for consistency” (Patton, 2002, p. 248). The mixed methodology approach helped identify inconsistencies between the quantitative and qualitative results. In the integration phase, I was intentional about identifying possible inconsistencies and reported them accordingly. I also wrote a critical self-reflection (Merriam, 2009) regarding my assumptions about social entrepreneurship,

the elements that may contribute or hinder the SEA in countries, and other elements of the specific countries studied that affected my investigation. My thoughts and reflections were kept in a personal journal.

Research ethics. To conduct this research in an ethical manner, the researcher followed the required process by the University of San Diego. A form for the Institutional Review Board (IRB) was submitted and once approval was granted, the researcher contacted the participants of the qualitative phase to inquire if they would like to participate in this study.

Summary

This section described the rationale for using a sequential explanatory design in answering the research questions in this study (QUAN -> qual). In this design, the quantitative phase collected quantitative data from the GEM, the World Bank, and the UNDP to identify, if any, relations between socio-economic factors and the social entrepreneurship activity in 55 countries. The qualitative phase used the quantitative results to gain a better understanding of how the socioeconomic factors manifested in the SEA of two Latin American countries: Colombia and Mexico. The chapter also presented the information the data collection and data analysis of both phases and period for the procedures.

CHAPTER FOUR:

RESULTS AND FINDINGS

In this chapter, the analysis and results from Phase I and II are presented. Since this research used an explanatory sequential method, the data analysis section is divided in two phases: Phase I presents the results and findings of the quantitative analysis and Phase II presents the results and findings of the qualitative phase.

The purpose of this mixed-methods sequential explanatory study was twofold: to identify the macroeconomic and social factors that contribute to the broad SEA in 55 countries and the narrow SEA in 31 countries; and secondly, to explain how the findings of the quantitative phase manifest in the SEA in two purposefully selected Latin American countries. Social entrepreneurial activity, in its broad definition, is understood as the percentage of a country's population engaged in "any kind of activity, organization or initiative that has a particularly social, environmental or community objective" (Bosma et al., 2016, p. 2). The narrow definition of social entrepreneurship is related to an entrepreneurial organization that has a social objective, prioritizes the social goal over a financial goal, and self-generates income by producing goods or services (Bosma et al., 2016).

This study attempted to answer the following research questions (RQ):

RQ1. What is the relation, if any, between specific socio-economic indicators and a country's social entrepreneurial activity?

RQ2. To what extent do the perspectives of government officials responsible for social entrepreneurship support the results of the explanatory quantitative data about social entrepreneurial activity index predictors?

RQ3. To what extent do the perspectives of social entrepreneurs support the results of the explanatory quantitative data about social entrepreneurial activity predictors?

RQ4. What results emerge from comparing the explanatory quantitative data about social entrepreneurial activity predictors with the perception of social entrepreneurs and the government officials responsible for social entrepreneurial activities in two Latin American countries?

Quantitative Results

In order to identify the relation between the social entrepreneurship activity and other economic and human development indexes, the study used both descriptive and inferential statistics to first identify significant correlations among the variables and then to identify the best-fitted model to predict the behavior of the SEA based on those indicators. In this study, there were two dependent variables: broad SEA, and narrow SEA, and eighty-three independent variables.

Descriptive statistics allowed for a description of the information by classifying and summarizing the data. The mean, median, and mode were calculated to identify the typical percentages of SEA using the broad measure and the narrow measure. The statistics for the traditional entrepreneurship activity are presented to help the reader better grasp the dimension of the all-encompassing entrepreneurial activity and the social activity. The calculation of the mean shows that on average, the broad SEA is 3.80%, the narrow SEA is 1.19%, and the traditional entrepreneurial activity is 13.13%. The results are displayed in Table 8. The dispersion of the scores can also be seen in Figure 6, which displays the five-number summary for the three distinct types of entrepreneurship. The

five-number summary includes the minimum, the first quartile, the median, the third quartile, and the maximum value. The benefit of the boxplot is that it provided a quick way for the researcher to observe the spread, symmetry, and skewness of the data.

Table 8

Descriptive Statistics for Social Entrepreneurial Activity Identified by the GEM in 2015

	Broad Social	Narrow Social	Traditional
	Entrepreneurial	Entrepreneurial	Entrepreneurial
Descriptive Statistics	Activity	Activity	Activity
Mean	3.80	1.19	13.13
Median	2.90	.80	10.80
Mode	1.40	.40	12.80
Standard Deviation	2.95	.98	8.18
Standard Error	.40	.18	1.10
Sample Variance	8.72	.95	66.94
Range	13.60	3.30	35.70
Minimum	.40	.10	2.90
Maximum	14.00	3.40	38.60
Count	55	30	55

Figure 6. Box plot representing the five-number summary of broad SEA, narrow entrepreneurial activity, and TEA according to the Global Entrepreneurship Monitor.

The study used correlation and linear regression to analyze the data for the first research question. The first step in data analysis was to identify what kind of relationship, if any, existed among the variables: broad SEA and 83 socio economic indexes, and narrow SEA and the same 83-socio economic indexes. Using the data from the 55 countries, a correlation function was performed in SPSS. The r-value indicated a positive correlation between 14 variables with a significance level less than 0.05, indicating that the correlation was statistically significant. See Table 9.

Table 9

Correlations Significant at the 0.05 Level between Broad Social Entrepreneurial Activity and Social and Economic Indicators (in Order of Higher to Smaller Correlation)

Indicator	Pearson Correlation	Significance (2-tailed)
Labor force with tertiary education	.50	.00
Net official development assistance received	.47	.01
Carbon dioxide emissions per capita (% average annual growth)	-.42	.00
Unemployment long Term (% of labor force)	-.38	.02
Freedom of choice	.36	.01
Stock of immigrants	.34	.01
Confidence in judicial system	.34	.01
Labor Productivity output per worker (2011 PPP \$)	.33	.02
Unemployment – Youth not in school or employment (% ages 15 -24)	-.33	.04
Gross National Income (GNI) per capita	.31	.02
Foreign direct investment, net inflows	.28	.04
Innovation index 2014	.28	.04
Primary education	-.28	.04

Using the data from the 31 countries, a correlation function was performed. The r-value indicates a positive correlation between 19 variables at a significance level of 0.05. See Table 10.

Table 10

Correlations Significant at the 0.05 Level between Narrow Social Entrepreneurial Activity and Social and Economic Indicators (in Order of Higher to Smaller Correlation)

Indicator	Pearson Correlation	Significance (2-tailed)
Volunteered time	.56	.00
Freedom of choice	.56	.00
Overall life satisfaction	.52	.00
Carbon dioxide emissions per capita average annual growth (%)	-.51	.01
Unemployment long term (% of labor force)	-.51	.02
Standard of living	.49	.01
Taxes on income, profit and capital gain (% of total tax revenue)	.49	.01
Net migration rate	.43	.02
Foreign direct investment, net inflows	.42	.02
Stock of immigrants	.42	.02
Actions to preserve the environment	.41	.03
Employment in services	.41	.03
Domestic Food Price level volatility index	-.40	.04
Feeling active and productive	.39	.04
Global competitiveness index	.39	.03
Gross National Income (GNI) per capita	.38	.04
Ideal job	.38	.04
Private capital flows	-.38	.04

For each of the seven theories, this study included at least one hypothesis to test each theory. The two dependent variables in this study are broad SEA and narrow entrepreneurial activity. The variable of TEA was no longer included in the study, for it

studied TEA, and not solely SEA. The eighty-three independent variables are listed and defined in Appendix A. These variables were obtained from the UNDP, the World Bank, and the WEF. Each one of the variables used in at least one of the seven theories was described in chapter 2.

Theory Testing

Government failure theory. The government failure theory considers that the more heterogeneous the population, the less satisfaction with the government, the higher the likelihood of government failure, and consequently the higher the level of SEA. Heterogeneity may be expressed in terms of income, inequality, or ethnic diversity (Salamon, 2000).

Gini coefficient.

$$H_0: \beta_{\text{Gini Coefficient}} = 0$$

$$H_A: \beta_{\text{Gini Coefficient}} \neq 0$$

The regression model using broad social entrepreneurship activity as the dependent variable and found a significance level of $p = .73$. As such, the regression coefficient was not statistically significant. The regression model using narrow SEA as the dependent variable had a significance level of $p = .09$, also not statistically significant. This study found no relationship between inequality and the SEA.

Poverty levels.

$$H_0: \beta_{\text{Poverty}} = 0$$

$$H_A: \beta_{\text{Poverty}} \neq 0$$

The regression model using broad social entrepreneurship activity as the dependent variable had a significance level of $p = .20$. As such, the regression

coefficient was not statistically significant. The regression model using narrow SEA as the dependent variable had a significance level of $p=.70$, also not statistically significant.

This study found no relationship between poverty levels and the SEA.

Stock of immigrants.

$$H_0: \beta_{\text{Stock of Immigrants}} = 0$$

$$H_A: \beta_{\text{Stock of Immigrants}} \neq 0$$

The regression model using broad social entrepreneurship activity as the dependent variable had a significance level of $p=.01$, signaling a statistically significant predictor, and an R^2 of .12. The regression model using narrow SEA as the dependent variable had a significance level of $p=.02$, signaling a statistically significant predictor, and an R^2 of .18. The study found a relationship between the number of stock of immigrants and SEA.

Net migration rate.

$$H_0: \beta_{\text{Net migration rate}} = 0$$

$$H_A: \beta_{\text{Net migration rate}} \neq 0$$

The regression model using broad social entrepreneurship activity as the dependent variable had a significance level of $p=.46$. As such, the regression coefficient was not statistically significant. The regression model using narrow SEA as the dependent variable had a significance level of $p=.02$, a statistically significant predictor at the $p < .05$, with an R^2 of .19. This study found no relationship between net migration levels and the broad SEA, but it did find a relationship between net migration and narrow SEA.

Government social spending on public health.

$$H_0: \beta_{\text{Government social spending on public health}} = 0$$

$$H_A: \beta_{\text{Government social spending on public health}} \neq 0$$

The regression model using broad social entrepreneurship activity as the dependent variable had a significance level of $p=.51$. As such, the regression coefficient was not a statistically significant predictor. The regression model using narrow SEA as the dependent variable had a significance level of $p=.74$ and as such, was not a statistically significant predictor. This study found no relationship between government social spending on public health and the SEA.

Government social spending on education.

$$H_0: \beta_{\text{Government social spending on education}} = 0$$

$$H_A: \beta_{\text{Government social spending on education}} \neq 0$$

The regression model using broad social entrepreneurship activity as the dependent variable had a significance level of $p=.31$. As such, the regression coefficient was not statistically significant. The regression model using narrow SEA as the dependent variable had a significance level of $p=.40$, also not a statistically significant predictor. This study found no relationship between government social spending on public education and the SEA. When running a stepwise regression for narrow SEA with the independent variables, stock of migrants and net migration rate, only the net migration rate was significant. Table 11 shows the variables that are statistically significant for the government failure theory.

Table 11

Significant Independent Variables for Government Failure Theory

Independent variable	Broad social entrepreneurial		Narrow social entrepreneurial	
	activity		activity	
	Correlation	R ²	Correlation	R ²
Stock of migrants	0.34	.12	.42	.18
Net migration rate			.43	.19

Trust theory. Contract failure—also known as trust failure—occurs when consumers cannot adequately evaluate the quality or quantity that a firm produces (Hansmann, 1980), and therefore decides to produce the product themselves. Some indicators that may proxy for trust are: entrepreneurial activity, doing business index, starting a business index, GCI, trust in national government, confidence in judicial system, perception of freedom of choice, and peace index.

Total entrepreneurial activity.

$$H_0: \beta_{\text{Entrepreneurial activity}} = 0$$

$$H_A: \beta_{\text{Entrepreneurial activity}} \neq 0$$

The regression model using broad social entrepreneurship activity as the dependent variable had a significance level of $p=.10$. As such, the regression coefficient was not statistically significant. The regression model using narrow SEA as the dependent variable had a significance level of $p=.12$, also not a statistically significant predictor. This study found no relationship between TEA and the SEA.

Doing business.

$$H_0: \beta_{\text{Doing Business}} = 0$$

$$H_A: \beta_{\text{Doing Business}} \neq 0$$

The regression model using broad social entrepreneurship activity as the dependent variable had a significance level of $p=.60$. As such, the regression coefficient was not statistically significant. The regression model using narrow SEA as the dependent variable had a significance level of $p=.31$, also not a statistically significant predictor. This study found no relationship between doing business index and the SEA.

Starting a business.

$$H_0: \beta_{\text{Starting a business}} = 0$$

$$H_A: \beta_{\text{Starting a business}} \neq 0$$

The regression model using broad social entrepreneurship activity as the dependent variable had a significance level of $p=.77$. As such, the regression coefficient was not statistically significant. The regression model using narrow SEA as the dependent variable had a significance level of $p=.63$, also not a statistically significant predictor. This study found no relationship between starting a business index and the SEA.

Global competitiveness.

$$H_0: \beta_{\text{Global competitiveness}} = 0$$

$$H_A: \beta_{\text{Global competitiveness}} \neq 0$$

The regression model using broad social entrepreneurship activity as the dependent variable had a significance level of $p=.08$. As such, the regression coefficient was not statistically significant. The regression model using narrow SEA as the dependent variable had a significance level of $p=.03$, statistically significant at the $p < .05$

level, with an R^2 of .16. This study found no relationship between GCI and the broad SEA, but it did find a relationship between global competitiveness and the narrow SEA.

Trust in national government.

$$H_0: \beta_{\text{Trust in national government}} = 0$$

$$H_A: \beta_{\text{Trust in national government}} \neq 0$$

The regression model using broad social entrepreneurship activity as the dependent variable had a significance level of $p=.05$. As such, the regression coefficient was not statistically significant. The regression model using narrow SEA as the dependent variable had a significance level of $p=.06$, also not a statistically significant predictor. This study found no relationship between trust in the national government and the SEA.

Confidence in judicial system.

$$H_0: \beta_{\text{Confidence in judicial system}} = 0$$

$$H_A: \beta_{\text{Confidence in judicial system}} \neq 0$$

The regression model using broad social entrepreneurship activity as the dependent variable had a significance level of $p=.01$, significant at the $p < .05$ level, with an R^2 of .12. The regression model using narrow SEA as the dependent variable had a significance level of .11, not a statistically significant predictor. This study found a relationship between confidence in the judicial system and the broad SEA; however, no relationship between confidence in the judicial system and the narrow SEA.

Freedom of choice.

$$H_0: \beta_{\text{Freedom of Choice}} = 0$$

$$H_A: \beta_{\text{Freedom of Choice}} \neq 0$$

The regression model using broad social entrepreneurship activity as the dependent variable had a significance level of $p=.01$, significant at the $p < .05$ level, with an R^2 of .13. The regression model using narrow SEA as the dependent variable had a significance level of $p=.00$, significant at the $p < .05$ level, with an R^2 of .31. This study found a relationship between perception of freedom of choice and SEA.

Peace index.

$$H_0: \beta_{\text{Peace index}} = 0$$

$$H_A: \beta_{\text{Peace index}} \neq 0$$

The regression model using broad social entrepreneurship activity as the dependent variable had a significance level of $p=.79$. As such, the regression coefficient was not statistically significant. The regression model using narrow SEA as the dependent variable had a significance level of $p=.70$, not a statistically significant predictor. This study found no relationship between peace index and the SEA.

Domestic food price level index.

$$H_0: \beta_{\text{Domestic food price level index}} = 0$$

$$H_A: \beta_{\text{Domestic food price level index}} \neq 0$$

The regression model using broad social entrepreneurship activity as the dependent variable had a significance level of $p=.73$, not a statistically significant predictor. The regression model using narrow SEA as the dependent variable had a significance level of $p=.26$, not a statistically significant predictor. This study found no relationship between domestic food price level index and SEA.

Domestic food price level volatility index.

$$H_0: \beta_{\text{Domestic food price level volatility index}} = 0$$

H_A: $\beta_{\text{Domestic food price level volatility index}} \neq 0$

The regression model using broad social entrepreneurship activity as the dependent variable had a significance level of $p = .58$, not a statistically significant predictor. The regression model using narrow SEA as the dependent variable had a significance level of $p = .04$, statistically significant at the $p < 0.05$ level, with an R^2 of .16. This study found no relationship between domestic food price level volatility index and broad SEA, but it did find a relationship between domestic food price level volatility index and narrow SEA.

When running a stepwise regression for broad SEA and the significant variables for the trust theory, only the perception of freedom of choice was significant. Likewise, when running a stepwise regression for narrow SEA and the significant variables for the trust theory, only the perception of freedom of choice predictor was significant. Table 12 shows the variables that are statistically significant for the trust theory.

Table 12

Significant Independent Variables for Trust Theory

Independent variable	Broad social entrepreneurial activity		Narrow social entrepreneurial activity	
	Correlation	R^2	Correlation	R^2
Perception of freedom of choice	.36	.13	.56	.31
Confidence in judicial system	.34	.12		
Global competitiveness index			.39	.16
Domestic food price level volatility index			-.40	.16

Supply-side theory. The entrepreneurship theory, also called supply-side theory, argues that the presence of entrepreneurs may be used as an indicator to the presence of social entrepreneurship.

Total entrepreneurial activity. As shown under the trust theory section, this study found no relationship between TEA and the SEA.

Innovation index.

$$H_0: \beta_{\text{Innovation index}} = 0$$

$$H_A: \beta_{\text{Innovation index}} \neq 0$$

The regression model using broad social entrepreneurship activity as the dependent variable had a significance level of $p=.04$, significant at the $p < .05$ level, with an R^2 of $.08$. The regression model using narrow SEA as the dependent variable had a significance level of $p=.18$, not a statistically significant predictor. This study found a relationship between the innovation index and the broad SEA; but, no relationship between innovation index and the narrow SEA.

Foreign direct investments.

$$H_0: \beta_{\text{Foreign direct investments}} = 0$$

$$H_A: \beta_{\text{Foreign direct investments}} \neq 0$$

The regression model using broad social entrepreneurship activity as the dependent variable had a significance level of $p=.04$, statistically significant at the $p < 0.05$ with an R^2 of $.08$. The regression model using narrow SEA as the dependent variable had a significance level of $p=.02$, at the $p < 0.05$ with an R^2 of $.17$. This study found a relationship between foreign direct investment and SEA.

Private capital inflows.

$$H_0: \beta_{\text{Private capital inflows}} = 0$$

$$H_A: \beta_{\text{Private capital inflows}} \neq 0$$

The regression model using broad social entrepreneurship activity as the dependent variable had a significance level of $p=.05$, not statistically significant at the $p < 0.05$. The regression model using narrow SEA as the dependent variable had a significance level of $p=.04$, statistically significant at the $p < 0.05$ with an R^2 of .15. This study did not find a relationship between private capital inflow and broad SEA; but, it did find a relationship between private capital inflow and narrow SEA.

When running a stepwise regression for broad SEA and the significant variables for the supply-side theory, no multiple regressions were significant. When running a stepwise regression for narrow SEA and the significant variables for the supply-side theory, only the foreign direct investment predictor showed a significant relationship. Table 13 shows the statistically significant variables for the supply-side theory.

Table 13

Significant Independent Variables for Supply-Side Theory

Independent variable	Broad social entrepreneurial		Narrow social entrepreneurial	
	activity		activity	
	Correlation	R^2	Correlation	R^2
Foreign direct investment	.28	.08	.42	.17
Innovation index	.28	.08		
Private capital inflows			-.38	.15

Interdependence theory. The interdependence theory, also known as the voluntary failure theory and third-party government, attempts to emphasize the relationship among nonprofit organizations and government (Salamon, 1987). The interdependence theory describes how the strength of the government agencies compensates for the weakness of the nonprofit organizations, and vice versa. Following this line of thought, the correlation between the level of spending in social welfare and the SEA was tested, using as proxies: public health expenditure, public education expenditure, total tax revenue, taxes on income, and net official development assistance.

Public health expenditure. As tested in the section for the government failure theory, this study found no relationship between public health expenditure and SEA.

Public expenditure on education. As tested in the section for the government failure theory, this study found no relationship between public education expenditure and SEA.

Education: Mean years of schooling.

$H_0: \beta_{\text{Expected years of schooling}} = 0$

$H_A: \beta_{\text{Expected years of schooling}} \neq 0$

The regression model using broad social entrepreneurship activity as the dependent variable had a significance level of $p=.39$, not statistically significant. The regression model using narrow SEA as the dependent variable had a significance level of $p=.22$, not a statistically significant predictor. This study found no relationship between mean years of schooling and SEA.

Education: Gross enrollment ratio in primary education.

$$H_0: \beta_{\text{Gross enrollment ratio in primary education}} = 0$$

$$H_A: \beta_{\text{Gross enrollment ratio in primary education}} \neq 0$$

The regression model using broad social entrepreneurship activity as the dependent variable had a significance level of $p=.04$, statistically significant at the $p < 0.05$ level, with an R^2 of .08. The regression model using narrow SEA as the dependent variable had a significance level of $p=.65$, not a statistically significant predictor. This study found a relationship between the gross enrollment ration in primary education and broad SEA, but it did not find a relationship between the gross enrollment ration in primary education and narrow SEA.

Education: Gross enrollment ratio in secondary education.

$$H_0: \beta_{\text{Gross enrollment ratio in secondary education}} = 0$$

$$H_A: \beta_{\text{Gross enrollment ratio in secondary education}} \neq 0$$

The regression model using broad social entrepreneurship activity as the dependent variable had a significance level of $p=.57$, not a statistically significant predictor. The regression model using narrow SEA as the dependent variable had a significance level of $p=.32$, not a statistically significant predictor. This study found no relationship between gross enrollment in secondary education and SEA.

Education: Gross enrollment ratio in tertiary education.

$$H_0: \beta_{\text{Gross enrollment ratio in tertiary education}} = 0$$

$$H_A: \beta_{\text{Gross enrollment ratio in tertiary education}} \neq 0$$

The regression model using broad social entrepreneurship activity as the dependent variable had a significance level of .99, not a statistically significant predictor.

The regression model using narrow SEA as the dependent variable had a significance level of $p=.66$, not a statistically significant predictor. This study found no relationship between gross enrollment in tertiary education and SEA.

Total tax revenue.

$$H_0: \beta_{\text{Total tax revenue}} = 0$$

$$H_A: \beta_{\text{Total tax revenue}} \neq 0$$

The regression model using broad social entrepreneurship activity as the dependent variable had a significance level of $p=.20$, not a statistically significant predictor. The regression model using narrow SEA as the dependent variable had a significance level of $p=.20$, not a statistically significant predictor. This study found no relationship between the total tax revenue (percentage GDP) and SEA.

Taxes on income, profit and capital gain.

$$H_0: \beta_{\text{Taxes on income, profit and capital gain}} = 0$$

$$H_A: \beta_{\text{Taxes on income, profit and capital gain}} \neq 0$$

The regression model using broad social entrepreneurship activity as the dependent variable had a significance level of $p=.06$, not a statistically significant predictor. The regression model using narrow SEA as the dependent variable had a significance level of $p=.01$, a statistically significant predictor at the $p < 0.05$ level, with an R^2 of .24. This study found no relationship between taxes on income, profit, and capital gain and broad social entrepreneurship; but, it did find a relationship between taxes on income, profit, and capital gain and narrow social entrepreneurship.

Net official development assistance.

$$H_0: \beta_{\text{Net Official Development Assistance}} = 0$$

H_A: $\beta_{\text{Net Official Development Assistance}} \neq 0$

The regression model using broad social entrepreneurship activity as the dependent variable had a significance level of $p=.01$, statistically significant at the $p < 0.05$ level, with an R^2 of .22. The regression model using narrow SEA as the dependent variable had a significance level of $p=.13$, not statistically significant at the $p < 0.05$ level. This study found a relationship between net official development assistance and broad social entrepreneurship; but, it did not find a relationship between net official development assistance and narrow social entrepreneurship. When running a stepwise regression for broad SEA and the significant variables for the interdependence theory, only net official development assistance received was identified as a statistically significant predictor. Table 14 shows the variables that are statistically significant for the interdependence theory.

Table 14

Significant Independent Variables for Interdependence Theory

Independent variable	Broad social entrepreneurial activity		Narrow social entrepreneurial activity	
	Correlation	R^2	Correlation	R^2
Net official development assistance received	.47	.22		
Gross enrollment in primary education	-.28	.08		
Taxes on income, profit, and capital gains			.49	.24

Stakeholder theory. The Stakeholder theory explains that nonprofits exist because the demand for a specific product or service is not being met by a commercial enterprise. Entrepreneurs are invested personally in obtaining a higher quality product or service than the one they are currently receiving from the market, and therefore they decide to develop it themselves. It could be argued that the greater the entrepreneurial activity of a country, the higher the SEA index of a country.

Total entrepreneurial activity. As explained in the trust theory segment, this study found no relationship between TEA and the SEA.

Gross national income.

$$H_0: \beta_{\text{Gross National Income}} = 0$$

$$H_A: \beta_{\text{Gross National Income}} \neq 0$$

The regression model using broad social entrepreneurship activity as the dependent variable had a significance level of $p=.02$, statistically significant at the $p < 0.05$ level, with an R^2 of .09. The regression model using narrow SEA as the dependent variable had a significance level of $p=.04$, statistically significant at the $p < 0.05$ level, with an R^2 of .14. This study found a relationship between gross national income and SEA.

Perception on education quality.

$$H_0: \beta_{\text{Perception on education quality}} = 0$$

$$H_A: \beta_{\text{Perception on education quality}} \neq 0$$

The regression model using broad social entrepreneurship activity as the dependent variable had a significance level of $p=.56$, not a statistically significant predictor. The regression model using narrow SEA as the dependent variable had a

significance level of $p = .17$, not statistically significant. This study found no relationship between the perception of education quality and SEA.

Perception of health quality.

$$H_0: \beta_{\text{Perception on health quality}} = 0$$

$$H_A: \beta_{\text{Perception on health quality}} \neq 0$$

The regression model using broad social entrepreneurship activity as the dependent variable had a significance level of $p = .35$, not statistically significant. The regression model using narrow SEA as the dependent variable had a significance level of $p = .06$, not a statistically significant predictor. This study found no relationship between the perception of health quality and SEA.

Market: Labor force participation rate.

$$H_0: \beta_{\text{Labor force participation rate}} = 0$$

$$H_A: \beta_{\text{Labor force participation rate}} \neq 0$$

The regression model using broad social entrepreneurship activity as the dependent variable had a significance level of $p = .13$, not a statistically significant predictor. The regression model using narrow SEA as the dependent variable had a significance level of $p = .14$, not a statistically significant predictor. This study found no relationship between labor force participation rate and SEA.

Market: Labor force with tertiary education.

$$H_0: \beta_{\text{Labor force with tertiary education}} = 0$$

$$H_A: \beta_{\text{Labor force with tertiary education}} \neq 0$$

The regression model using broad social entrepreneurship activity as the dependent variable had a significance level of $p = .00$, statistically significant at a $p < 0.05$

level, with an R^2 of .25. The regression model using narrow SEA as the dependent variable had a significance level of $p=.39$, not a statistically significant predictor. This study found a relationship between labor force with tertiary education and broad SEA; but, it did not find a relationship between labor force with tertiary education and narrow SEA.

Market: Labor productivity output per worker.

$$H_0: \beta_{\text{Labor productivity output per worker}} = 0$$

$$H_A: \beta_{\text{Labor productivity output per worker}} \neq 0$$

The regression model using broad social entrepreneurship activity as the dependent variable had a significance level of $p=.02$, statistically significant at a $p < 0.05$ level, with an R^2 of .11. The regression model using narrow SEA as the dependent variable had a significance level of $p=.06$, not statistically significant. This study found a relationship between labor productivity output per worker and broad SEA; but, it did not find a relationship between labor productivity output per worker and narrow SEA.

Market: Unemployment total percentage of labor force.

$$H_0: \beta_{\text{Unemployment total percentage of labor force}} = 0$$

$$H_A: \beta_{\text{Unemployment total percentage of labor force}} \neq 0$$

The regression model using broad social entrepreneurship activity as the dependent variable had a significance level of $p=.24$, not statistically significant. The regression model using narrow SEA as the dependent variable had a significance level of $p=.17$, not a statistically significant predictor. This study did not find a relationship between unemployment total percentage of labor force and SEA.

Market: Unemployment long term (percentage of labor force).

$$H_0: \beta_{\text{Unemployment long term percentage of labor force}} = 0$$

$$H_A: \beta_{\text{Unemployment long term percentage of labor force}} \neq 0$$

The regression model using broad social entrepreneurship activity as the dependent variable had a significance level of $p=.02$, statistically significant at the $p < 0.05$ level, with an R^2 of .14. The regression model using narrow SEA as the dependent variable had a significance level of $p=.02$, statistically significant at the $p < 0.05$ level, with an R^2 of .26. This study found a relationship between unemployment long-term percentage of labor force and SEA.

Market: Unemployment in youth (percentage of youth labor force).

$$H_0: \beta_{\text{Unemployment in youth}} = 0$$

$$H_A: \beta_{\text{Unemployment in youth}} \neq 0$$

The regression model using broad social entrepreneurship activity as the dependent variable had a significance level of $p=.09$, not a statistically significant predictor. The regression model using narrow SEA as the dependent variable had a significance level of $p=.08$, not a statistically significant predictor. This study did not find a relationship between unemployment in youth as a percentage of youth labor force and SEA.

Market: Unemployment in youth not in school or employed.

$$H_0: \beta_{\text{Unemployment in youth not in school or employed}} = 0$$

$$H_A: \beta_{\text{Unemployment in youth not in school or employed}} \neq 0$$

The regression model using broad social entrepreneurship activity as the dependent variable had a significance level of $p=.04$, statistically significant at the $p <$

0.05 with an R^2 of .11. The regression model using narrow SEA as the dependent variable had a significance level of $p=.21$, not statistically significant. This study did find a relationship between unemployment in youth not in school or employed and broad SEA; but, no relationship between unemployment in youth not in school or employed and narrow SEA.

Market: Unemployment in services.

$H_0: \beta_{\text{Employment in services}} = 0$

$H_A: \beta_{\text{Employment in services}} \neq 0$

The regression model using broad social entrepreneurship activity as the dependent variable had a significance level of $p=.16$, not statistically significant. The regression model using narrow SEA as the dependent variable had a significance level of $p=.03$, statistically significant at the $p < 0.05$ with an R^2 of .17. The regression model using narrow SEA as the dependent variable had a significance level of .21, not a statistically significant predictor. This study did not find a relationship between employment in services and broad SEA; but, it did find a relationship between employment in services and narrow SEA. When running a stepwise regression for broad SEA and the significant variables for the stakeholder theory, only the labor force with tertiary education presented as a significant predictor and when running the stepwise regression for narrow entrepreneurial activity and the significant variables, only the long-term unemployment (percentage of labor force) predictor was found significant. Table 15 shows the variables that are statistically significant for the stakeholder theory.

Table 15

Significant Independent Variables for Stakeholder Theory

Independent variable	Broad social entrepreneurial		Narrow social entrepreneurial	
	activity		activity	
	Correlation	R ²	Correlation	R ²
Gross national income	.31	.09	.38	.11
Long term unemployment (% of labor force)	-.38	.14	-.51	.26
Labor force with tertiary education	.5	.25		
Labor productivity output per worker	.33	.11		
Unemployment in youth not in school or employment (% ages 15–24)	-.33	.11		
Employment in services			.41	.17

Social origins theory. The social origins theory posits that multiple factors play a role in the development of a state and its parts. Kerlin (2009, 2010) used this theory when comparing the concepts of social enterprise across seven regions and countries and identified four key elements that affect how the concept is perceived (and possibly enacted): market, international aid, civil society, and state. To test this hypothesis, the study identified whether or not a relationship existed between several variables and SEA.

Human development index.

$$H_0: \beta_{\text{Human Development Index}} = 0$$

$$H_A: \beta_{\text{Human Development Index}} \neq 0$$

The regression model using broad social entrepreneurship activity as the dependent variable had a significance level of $p=.60$, not a statistically significant predictor. The regression model using narrow SEA as the dependent variable had a significance level of $p=.26$, not a statistically significant predictor. This study found no relationship between the human development index and SEA.

Education: Expected years of schooling.

$$H_0: \beta_{\text{Expected years of schooling}} = 0$$

$$H_A: \beta_{\text{Expected years of schooling}} \neq 0$$

The regression model using broad social entrepreneurship activity as the dependent variable had a significance level of $p=.96$, not a statistically significant predictor. The regression model using narrow SEA as the dependent variable had a significance level of $p=.76$, not statistically significant. This study found no relationship between expected years of schooling and SEA.

International aid: Net official development assistance. As shown in the interdependence theory segment, this study found a relationship between net official development assistance and broad SEA; but, it did not find a relationship between net official development assistance and narrow SEA.

Civil society: Gender development index value.

$$H_0: \beta_{\text{Gender development index value}} = 0$$

$$H_A: \beta_{\text{Gender development index value}} \neq 0$$

The regression model using broad social entrepreneurship activity as the dependent variable had a significance of level of $p=.75$, not a statistically significant predictor. The regression model using narrow SEA as the dependent variable had a

significance level of $p=.15$, not a statistically significant predictor. This study found no relationship between gender development index and SEA.

Civil society: Perception of standard of living.

$$H_0: \beta_{\text{Perception of standard of living}} = 0$$

$$H_A: \beta_{\text{Perception of standard of living}} \neq 0$$

The regression model using broad social entrepreneurship activity as the dependent variable had a significance level of $p=.22$, not a statistically significant predictor. The regression model using narrow SEA as the dependent variable had a significance level of $p=.01$, statistically significant at the $p < 0.05$ level, with an R^2 of .24. This study found no relationship between the perception of standard of living and broad SEA; however, it did find a relationship between the perceptions of standard of living and narrow SEA.

Civil society: Overall life satisfaction.

$$H_0: \beta_{\text{Overall life satisfaction}} = 0$$

$$H_A: \beta_{\text{Overall life satisfaction}} \neq 0$$

The regression model using broad social entrepreneurship activity as the dependent variable had a significance level of $p=.08$, not a statistically significant predictor. The regression model using narrow SEA as the dependent variable had a significance level of $p=.00$, statistically significant predictor at the $p < 0.05$ level, with an R^2 of .27. This study found no relationship between overall life satisfaction and broad SEA; but, it did find a relationship between the overall life satisfaction and narrow SEA.

Civil society: Perception of ideal job.

$$H_0: \beta_{\text{Perception of ideal job}} = 0$$

$$H_A \beta_{\text{Perception of ideal job}} \neq 0$$

The regression model using broad social entrepreneurship activity as the dependent variable had a significance level of $p=.75$, not a statistically significant predictor. The regression model using narrow SEA as the dependent variable had a significance level of $p=.04$, statistically significant predictor at the $p < 0.05$ level, with an R^2 of .14. This study found no relationship between the perception of ideal job and broad SEA; but, it did find a relationship between the perception of ideal job and narrow SEA.

Civil society: Perception of feeling active and productive.

$$H_0: \beta_{\text{Perception of feeling active and productive}} = 0$$

$$H_A \beta_{\text{Perception of feeling active and productive}} \neq 0$$

The regression model using broad social entrepreneurship activity as the dependent variable had a significance level of $p=.50$, not statistically significant. The regression model using narrow SEA as the dependent variable had a significance level of $p=.04$, statistically significant at the $p < 0.05$ level, with an R^2 of .15. This study found no relationship between the perception of feeling active and proactive and broad SEA; but, it did find a relationship between the perception of feeling active and proactive and narrow SEA.

Civil society: Perception of volunteered time.

$$H_0: \beta_{\text{Perception of volunteered time}} = 0$$

$$H_A \beta_{\text{Perception of volunteered time}} \neq 0$$

The regression model using broad social entrepreneurship activity as the dependent variable had a significance level of $p=.05$, not a statistically significant predictor. The regression model using narrow SEA as the dependent variable had a

significance level of $p=.00$, statistically significant at the $p < 0.05$ level, with an R^2 of .31.

This study found no relationship between the perception of volunteered time and broad SEA; but, it did find a relationship between the perception of volunteered time and narrow SEA.

Civil society: Perception of actions to preserve the environment.

$H_0: \beta_{\text{Perception of actions to preserve the environment}} = 0$

$H_A: \beta_{\text{Perception of actions to preserve the environment}} \neq 0$

The regression model using broad social entrepreneurship activity as the dependent variable had a significance level of $p=.17$, not a statistically significant predictor. The regression model using narrow SEA as the dependent variable had a significance level of $p=.03$, a statistically significant predictor at the $p < 0.05$ level, with an R^2 of .17. This study found no relationship between the perception of actions to preserve the environment and broad SEA; but, it did find a relationship between the actions to preserve the environment and narrow SEA.

Civil society: Carbon dioxide emissions per capita.

$H_0: \beta_{\text{Carbon dioxide emissions per capita}} = 0$

$H_A: \beta_{\text{Carbon dioxide emissions per capita}} \neq 0$

The regression model using broad social entrepreneurship activity as the dependent variable had a significance level of $p=.09$, not a statistically significant predictor. The regression model using narrow SEA as the dependent variable had a significance level of $p=.14$, not a statistically significant predictor at the $p < 0.05$ level. This study found no relationship between carbon dioxide emissions per capita and SEA.

Civil society: Carbon dioxide emissions per capita average annual growth.

$$H_0: \beta_{\text{Carbon dioxide emissions per capita average annual growth}} = 0$$

$$H_A: \beta_{\text{Carbon dioxide emissions per capita average annual growth}} \neq 0$$

The regression model using broad social entrepreneurship activity as the dependent variable had a significance level of $p=.00$, statistically significant at the $p < 0.05$ level, with an R^2 of .18. The regression model using narrow SEA as the dependent variable had a significance level of $p=.01$, statistically significant at the $p < 0.05$ level, with an R^2 of .26. This study found a relationship between carbon dioxide emissions per capita average annual growth and SEA. Table 16 shows the variables that are statistically significant for the social origins theory.

Table 16

Single Significant Independent Variables for Social Origins Theory

Independent variable	Broad social entrepreneurial activity		Narrow social entrepreneurial activity	
	Correlation	R ²	Correlation	R ²
Average annual growth of carbon dioxide emissions per capita	-.42	.18	-.51	.26
Perception of freedom of choice	.36	.13	.56	.31
Perception of volunteered time			.56	.31
Overall life satisfaction			.52	.27
Perception of standard of living			.49	.24
Perception of actions to preserve the environment			.41	.17
Perception of feeling active and productive			.39	.15
Perception of ideal job			.38	.14

The findings of Kerlin's (2010) study agree with the complementarity aspect of what affects social entrepreneurship: social entrepreneurship is more than an economic activity; therefore, it is likely to be affected by social and economic variables; furthermore, it is likely to be affected by several variables. To further explore the social origins theory, the study empirically estimated a number of multiple regressions models, using the stepwise method (at the $p = .05$ level) in an effort to better explain the broad and the narrow SEA of a country, at a significance level of $p < 0.05$.

The study found 15 possible multiple regression models with a R^2 that ranged from 37% to 8% of the variation. For narrow SEA, the study found 61 significant multiple regression models, with a R^2 that ranged from 56% to 20%. The multiple regressions with the highest adjusted R^2 are presented in Table 17.

Table 17

Multiple Regression Models for Social Origins Theory with Highest Adjusted R^2

Dependent Variable	Independent Variables	Adjusted R ²
Broad SEA	Labor force with tertiary education (+) and average annual growth of carbon dioxide emissions per capita (-)	0.37
Broad SEA	Long term unemployment as a percentage of the labor force (-) and stock of immigrants (+)	0.37
Narrow SEA	Taxes on income, profit and capital gains (% of tax revenue) (+), average annual growth of carbon dioxide emissions per capita (-), perception of standard of living (+)	0.56

For broad SEA, the interpretation of the output for the model is as follows:

- **Percentage of labor force with tertiary education, and the average increase of annual emissions of carbon dioxide per capita**

$\hat{Y} = 2.05 + (0.09) (\text{Labor force with tertiary education}) - (.041) (\text{Average increase of annual emissions of CO}_2)$

The multiple regression model with two predictors produced an adjusted $R^2 = .37$, $F(2,34) = 10.15$, $p < .001$. The equation shows that the broad social entrepreneurship activity increases by 0.09% if the percentage of labor force with tertiary education increases by 1%, holding the average annual growth of carbon dioxide emissions per

capita constant. Broad SEA decreases by 0.41% for every unit increase in the average annual growth of carbon dioxide emissions per capita, holding the percentage of labor force with tertiary education constant.

- **Long term unemployment (% of labor force) and stock of immigrants (% of the population)**

$$\hat{Y} = 3.19 - (.15) (\text{Long Term Unemployment}) + (.15) (\text{Stock of Immigrants})$$

The multiple regression model with two predictors produced an adjusted $R^2 = .37$, $F(2,37) = 12.23$, $p < .001$. The equation shows a decrease of .15 percentage with a one unit increase in the percentage of long-term unemployment, holding the stock of immigrants (as a percentage of the population) constant and an increase of 0.15 percentage with a one unit increase in the stock of immigrants (as a percentage of the population) holding the percentage of long-term unemployment constant.

The interpretation of the output for the model with the highest explanation variation in the narrow SEA is as follows:

- **Taxes on income, profit and capital gains (% of tax revenue); average increase of annual emission of carbon dioxide per capita, and perception of standard of living**

$$\hat{Y} = -.80 + (.04) (\text{Taxes on Income}) - (.18) (\text{Average Increase of Annual Emissions of CO}_2) + (.02) (\text{Standard of Living})$$

The multiple regression with three predictors produced an adjusted $R^2 = .56$, $F(3,17) = 9.14$, $p < .001$. The equation shows an increase in narrow SEA of 0.04% for every one unit increase in taxes on income, profit and capital gains, holding the annual emissions of carbon dioxide per capita, and the perception of standard of living constant.

The narrow SEA decreases .18% for every one unit increase in the average of annual emissions of carbon dioxide, holding the taxes on income, profit and gains, and the perception of standard of living constant.

Summary of Quantitative Findings

After testing the independent variables using simple and multiple linear regressions, the theory that is best able to explain broad and narrow SEA is the social origins theory, since this theory includes variables from the economy, government, and civil society dimensions. It is important to note that some of the variables included in the multiple regression models were used by other theories but in an independent manner. It is when these variables are combined with variables from other dimensions that the social origins theory manifests (Table 18). The discussion of these findings and conclusions are presented in Chapter 5.

Table 18

Comparison of Theories for Broad Social Entrepreneurial Activity Based on the Highest R^2 Obtained

Theory	Broad social entrepreneurial activity	Narrow social entrepreneurial activity
Social origins theory	.37	.56
Stakeholder theory	.25	.26
Interdependence theory	.22	.24
Government failure theory	.18	.18
Trust theory	.13	.31
Supply-side theory	.08	.17

Qualitative Findings

The goal of the qualitative study was to explain how the findings of the quantitative phase manifested themselves in the SEA of two purposefully selected Latin American countries: Mexico and Colombia. The qualitative data were collected from two sources: (a) government officials responsible for the development of social entrepreneurship in each of the two countries and (b) focus groups and individual interviews with social entrepreneurs from each country.

The interviews of the social entrepreneurs aimed to find information regarding the social problem that their organizations were fighting, the size and type of venture they were running, the location of the beneficiaries, and details about their business model. The interviews with the government officials focused on finding out more about the country's sponsored concept of social entrepreneurship, the country's policy on social entrepreneurship, and the overall situation of the entrepreneurial ecosystem. The interviews were conducted in Spanish, voice recorded, and then transcribed. In this section of the chapter, I explain the qualitative findings from the thematic network analysis and then I present details of the Mexico and Colombia cases. Seventy-two participants were interviewed: 31 in Mexico and 41 in Colombia (Table 19). The details about the interviews structure, focus group script, and participants can be found in Appendix B.

Table 19

Participants Interviewed

Type of Participant / Interview	Mexico	Colombia
Government Officer – Interview	1	1
Social Entrepreneur - Focus groups	15	16
Social Entrepreneur – Interview	15	24
Total	31	41

The participants in Mexico formed a more homogeneous group than the ones encountered in Colombia. Most of the participants in Mexico self-reported to be of middle to upper socioeconomic status, had a college degree, or where in process of completing a college degree, were at least bilingual, and 64% of the businesses related to health, fair trade, or education. In Colombia, the participants were recruited from two sources and this resulted in having a very different experience in both groups. The first group was part a social entrepreneurial network that operated in Bogota. Most of the members of this group had a college degree or where in the process of obtaining a college degree, and self-reported as being middle income. Most of the social businesses in this group attempted to improve the quality of education, the arts, or good citizenship. The second group was mostly inhabitants of Altos de Cazucá, a marginalized community to the east of Bogotá. This group was formed mainly of women in their late 40s, with some elementary education, and their social business attempted to provide gainful employment for themselves and the community.

Thematic network analysis

Throughout the case analysis, I used a thematic network analysis strategy (Attride-Stirling, 2001) and employed Excel and Atlas.ti software to document the themes that emerged from the data. The initial coding framework was based on the interview protocol; then, with the use of Excel and Atlas.ti, I identified patterns of meaningful statements that helped to identify the basic themes. These themes were then grouped together to obtain organizing themes, and, finally, global themes.

Figure 7 compares the word clouds created by the answers of all the participants in Mexico and Colombia. The Mexico word cloud seems to be more compact and more homogeneous than the Colombian word cloud. When examining the Mexico cloud, the most prominent words are “business,” “Mexico,” “City,” and “people.” The most prominent words in the Colombia cloud are “Bogota,” “constituted,” “legally,” “decent,” “work,” “economic,” “peace,” and “growth” (Table 20).

Figure 7. Comparison of word clouds for all participants in Mexico and Colombia.

be more suitable to explain SEA, in Table 21, I included the organizing themes and the possible theory or theories that may be associated with each theme.

Table 20

Basic Themes in Entrepreneurial Activity in Mexico and Colombia (Alphabetically)

#	Basic themes	Organizing theme
1	Access to ecosystem	Access
2	Access to financial aid	Access
3	Access to market	Access
4	Age	Entrepreneur's social identity
5	Education	Entrepreneur's social identity
6	Financial knowledge	Entrepreneur's skills
7	Gender	Entrepreneur's social identity
8	General business knowledge	Entrepreneur's skills
9	Initial investment	Social business
10	Legal Constitution of organization	Social business
11	Location of beneficiaries	Social business
12	Motivation	Entrepreneur's social identity
13	Organization of the ecosystem	Ecosystem
14	Presence of public institutions in the ecosystem	Ecosystem
15	Presence of universities	Ecosystem
16	Replicability	Social business
17	Risk	Social Entrepreneur
18	Scalability	Social business
19	Socioeconomic status	Entrepreneur's social identity
20	Struggles	Social Entrepreneur
21	Transition from commercial to social business	Social business
22	Type of social problem	Social business

Figure 9. Basic, organizing, and global themes from the Mexico and Colombia case.

Table 21

Basic Themes in Entrepreneurial Activity in Mexico and Colombia (Alphabetically)

Organizing theme	Relevant Theories
Access	Access
Entrepreneur's social identity	Social origins theory, trust theory
Entrepreneur's skills	Stakeholder, supply-side
Social business	Stakeholder, government failure, supply-side
Ecosystem	Social origins theory, interdependence theory

Finally, from the organizing themes, global themes were extracted to help answer the research questions and create the final thematic network. The global themes and their arguments are discussed in the next chapter. Chapter 5 presents the discussion and implications of the findings.

Mexico

The SEA in Mexico was studied through a focus group and individual interviews with several social entrepreneurs and a government official. All of the participants were from Mexico City and were contacted at a social entrepreneur festival called *Festival de Emprendimiento Social Transformador en Mexico 2017*, organized by the Instituto Tecnológico de Monterrey, a private university in Mexico, in March 2017.

Social entrepreneurs in Mexico. Thirty social entrepreneurs participated in this case analysis. Through a focus group and individual interviews, I was able to hear their stories on what got them started as social entrepreneurs, what the journey had been like, and what their thoughts were regarding what could foster social entrepreneurship in Mexico. Most of the participants were female, in their late 20's, and had a university degree. Even though I interviewed 30 participants, there were 22 social ventures represented, since some of the ventures were represented by two or three people.

Most of the social entrepreneurs were focused on solving health and trade related social problems (Table 22; however, all of them expressed that the project also addressed other issues by proxy. When specifically asked to choose from the United Nations Sustainable Development Goals, which of the 17 goals was better served through their business venture, the results were somewhat different. Most of the answers related to goal number 12: responsible consumption and production (10 answers), followed by goal number 8: decent work and economic growth (8 answers), with goal number 3: good health and well-being (6 answers; Figure 10).

Table 22

Social problems alleviated through social ventures in Mexico

Social problem	Count
Health related	5 (22.73%)
Fair trade related	5 (22.73%)
Education	4 (18.18%)
Employment	3 (13.64%)
Environment	3 (13.64%)
Other	2 (9.09%)

Figure 10. Manifestation of sustainable development goals solved by social entrepreneurs in Mexico.

Regarding the size of the business, most of the ventures were reported as including between by two and five people. Of the total group, four businesses reported being larger than 20 people, two businesses reported 20 people, and other two business reported more than 100 people. The largest organizations were NGOs, where funding was generated through grants and donations. This question led to investigating the legal form used by the entrepreneurs. Most of the entrepreneurs said that their organization is constituted legally as a *sociedad anónima*, which is the equivalent of sole proprietorship

in the United States. Within *sociedad anónima*, there is a more specific type of sole proprietorship called *sociedad anónima de capital variable*, which allows the organization to have easier access to funding from other investors. Of the 13 organizations using sole proprietorship, four use the more defined form of *sociedad anónima de capital variable*, showing a more sophisticated use of the legal entity, and a clear intent for scalability. Five entrepreneurs expressed that they did not have their business legally constituted yet, but that they would create a *sociedad anónima* in the future. No one expressed an idea about not legally constituting a business. Among the focus group, there were four foundations. All of the entrepreneurs have their office in Mexico City; for half of them their beneficiaries are only in Mexico City, and for the other half, the beneficiaries are in other states of Mexico and in Central America. The possibilities for scalability and replicability may not be available to all of the social entrepreneurs, mostly due to financial constraints, not necessarily because of specifics of their target market.

Regarding their business model, most of the interviewed entrepreneurs have a product or service that they sell to be financially sustainable. Even the organizations that currently depend on grants and donations expressed interest in being able to develop a product or service to sell; however, it is not always easy. It is important to add that even though most businesses are charging for their product or service, only four of the interviewees generate enough income to live only on the income generated by their business venture; the rest have to handle multiple jobs. One interviewee observed, “I wish I would sell something in order to make money, and not depend on donations or grants, but I just don’t know what...” (Paz Personal Communication, March 30, 2017).

Regarding the opportunities for starting up and growing the ventures offered by government programs or other parts of the ecosystem, all the entrepreneurs responded that they were familiar with the *Instituto Nacional de Emprendedores* (INADEM) and the *Fondo para el Desarrollo Social de la Ciudad de Mexico* (FONDESO), but only one third responded that they felt sure about being able to access any funds from INADEM or FONDESO. All participants were familiar with entrepreneur incubators from universities and privately funded ones, as well as entrepreneur competitions such as *Televisa's Posible*—the largest entrepreneurial competition, organized by a communications corporation. The entrepreneurs believed it was easier to be funded through a contest or an incubator and then become financially sustainable, than to get a loan from INADEM or FONDESO.

As a final stage in the interview and focus groups, the researcher shared with the entrepreneurs the economic and social indicators that, according to the quantitative analysis, had an impact on the SEA of a country. Of the six indicators, three were easily understood as generators of SEA, even though none was specifically mentioned during the interviews (average annual emissions of carbon dioxide, labor force with tertiary education, and standard of living). One driver was not easily understood (tax on income, profit and capital gains). Some excerpts of the entrepreneurs' perspectives on the drivers are shared below.

The participants were aware of the importance in taking care of the environment to have a better quality of life for present and future generations. They expressed concern about Mexico City being one of the most polluted cities in the world, and how that affects the quality of life, especially for those who have no choice on where to live.

The pollution in Mexico City is terrible, maybe we, the younger generations, are finally realizing that we have to do something about it... Is like, it starts with paying attention to the environment, and then you are also paying attention to the other social problems. (Annie Personal Communication, March 31, 2017)

All participants either had a university degree or were in the process of completing a university degree. They all agreed on the importance that the university had in exposing them to social problems and enabling them to start up an organization or project to deal with those problems. It is important to note that most of the participants were attending their first social entrepreneurship workshop at the time of the interviews and focus groups. That means, that the university provided skills and techniques that helped them start the business, but they were not necessarily trained on social businesses *per se*.

Many of us here have some relationship with a university, or with Tec Monterrey. The universities are trying to get their students to pay more attention to what is going on in the rest of the country and do something about it. It is not perfect, but from what you say, it might have an impact. (Laura Personal Communication, March 31, 2017)

The participants self-reported as belonging to the middle to upper income socioeconomic status, and of being aware of the many people that live in poverty in Mexico, and in the rest of the world. The general agreement was that even though Mexico was a developing country, was not a poor country, it just needed to distribute its wealth more fairly.

I guess that the better a society is, the more it is willing to share. For example, when I am driving around the city and I see people that are really poor, I want to help. I might not have much, but there are so many others that have nothing. (Laura Personal Communication, March 31, 2017)

Some mistrust on how the government managed taxes became evident when this predictor was shared with participants. The general comments were that they could not

understand how in their country a higher percentage of taxes on income could drive higher activity of social entrepreneurship. One of the interviewees said “Oh, I don’t know about that one... We don’t need more taxes, we need the government to stop take our taxes on their pockets and the put them to work” – (Martha Personal Communication, March 31, 2017). Another interviewee observed “More developed countries, like Scandinavian countries have very high taxes, and they have less inequality. If we knew our taxes were going to the right places, I guess I would be more willing” (Rafa, Personal Communication, March 31, 2017).

Government official. The government official had been working in public office for over 15 years; recently working with the organization for social development of Mexico City –FONDESO. He explained that the Government of Mexico City viewed of social entrepreneurship as closely related to regular entrepreneurship, since both helped communities create wealth, generate employment, and increase well-being. He specifically mentioned the necessity of moving away from assistencialist¹ programs that were so pervasive in the Mexican economy, into ideas that could sustain themselves, could be scaled and replicated: “Entrepreneurship must not depend of public policy, social innovation must arise from civil society... it must not be assistencialist, it must be the result of collaborative work of organizations and communities” (Miguel Angel, Personal Communication, March 31, 2017).

He also mentioned the important of self-sustainability and less assistencialism to reduce corruption and misuse of taxpayer money. When asked what he considered would

¹ Assistencialism refers to the acts of government or public institutions to alleviate the consequences of social problems. Critiques to assistencialism arise due to the possibility of making the receivers of social aid permanently dependent on the government, therefore remaining in a poverty cycle (Fuentes, 2008).

foster social entrepreneurship in Mexico, he answered that the ease of starting a business was a must. He mentioned a recently launched project for which it was now possible to start a business in Mexico in one day. He believed that the more fertile ground there is for social innovation and social entrepreneurship. When the officer reviewed the findings regarding the indicators, he expressed that the order surprised him, but not the elements themselves. The participant pointed out the importance of higher education as an instrument of developing the entrepreneurial spirit and he also pointed out the importance of the awareness of the environment and sustainability practices in all types of entrepreneurship. Ideally, all forms of entrepreneurship would have a transformational element within their business model. The government officer concluded the interview by saying:

Entrepreneurship is a responsibility of everyone in society: society, families, academia, government, corporations, and civil society association. It means to become profitable with a social purpose. There is money, and there is money for investment and development. There are at least 55 seed capital funds, and at least 8 to 10 impact funding opportunities in Mexico. It can be done. (Miguel Angel, Personal Communication, March 31, 2017)

Colombia

Social entrepreneurs in Colombia. Forty social entrepreneurs were interviewed in Colombia, in two separate instances. Both groups were very different and therefore must be considered separate. The first group of interviewed social entrepreneurs is a self-organized informal group called “*La Pola Social*” (The Social Beer). This group meets monthly at various locations in Bogota, and it aims to serve as a networking hub for social entrepreneurs and enthusiasts to connect. The first group of social entrepreneurs was mostly female, in their late 30s, with some college education.

Most of the social problems addressed dealt with improving education and citizenship. The majority of these social entrepreneurs were engaged in another job, either as their main or secondary source of income.

The second group of social entrepreneurs was part of a social entrepreneurship activity called *Encuentro de Innovación Social* (Social Innovation Encounter) organized by a private university, Universidad del Rosario, held on the last week of April 2017. The second group of entrepreneurs was also mostly female, in their late 40's, with no college or high school education. These people are in social entrepreneurship at the bottom of the pyramid and are part of that social group. This bottom of the pyramid businesses attempted to provide gainful employment for themselves and their community.

When specifically asked to choose which of the 17 United Nations Sustainable Development Goals was better served through their business venture, they spoke about the importance of economic growth and peace. Most of the answers related to goal number 16: peace and justice (28 answers), followed by goal number 8: decent work and economic growth (22 answers) and goal number 1: reduce poverty as the third goal (18 answers). See Figure 11.

confident about their ability to scale and replicate their business model. Here are selected comments about replication and scalability:

The office and the beneficiaries are in the south of Bogota. We cannot replicate this model, the community has unique characteristics, even though the problems on the surface seem the same. (Rocky, Personal Communication, April 27, 2017)

Ay licenciado, may God hear you! In in the community of ... in the South... and my clients are from there. I wish I would make the business bigger, but it is not possible for financial reasons, I can barely make it, as it is, and I cannot have access to a loan or any of those things. (Lady, Personal Communication, April 27, 2017)

Regarding the knowledge of the government program on social innovation, I was surprised to hear that none of the entrepreneurs could specifically talk about the program. They have heard about some initiatives, but they have not yet seen anything tangible, at least not for their type of business. Some entrepreneurs reported that they knew the government had an interest in incubating and fostering medical and technology businesses, but not social businesses. In that sense, I was referred to the work that the city of Medellin was doing. Medellin was the first Latin American city to have a social innovation policy and they have been able to get it to work across civil society, academia, and businesses.

The study shared with the entrepreneurs the economic and social indicators that according to the quantitative analysis had an impact on the SEA of a country. Of the six indicators, all but one, taxes on income, profit and capital gains, were easily understood as generators of SEA. Some excerpts of the conversation are presented below:

All of the participants expressed their understanding of the importance of the environment. Their concerns regarding the environment included pollution created by the vehicles in the city, poor waste management, and water pollution. About 14% of the

social entrepreneurs were actively involved in alleviating an environmental problem and all of the respondents saw how a higher concern for the environment might lead to an increase of SEA.

I know there are many people in my community that have found jobs related to recycling: either they collect the recycling material and then sell it, or use the recycling material to create new products. In that sense, I can see how the more aware we are of the importance of the environment, the more social innovation there will be. (Flor, Personal Communication, April 27, 2017)

This topic was somewhat difficult. Most of the participants from the first focus group held a university degree or were in the process of obtaining a university degree, in the second focus group, most of the participants had not complete elementary school. The majority of participants of the first group commented that they found obtaining a tertiary degree as a way to break the cycle of poverty, and that is why they were working on education related social businesses. They also expressed how indirectly the knowledge obtained at the university had helped them understand what should be done to help Colombia move towards a more peaceful and egalitarian society.

The participants of the second group acknowledged the importance of all education, not only university education. One participant in the second focus group said:

My biggest regret is not to have finished elementary school... I started my business with 50,000 pesos, and now -just for fun- I tried to sell it. It can sell for 3,000,000. I would be doing so much better with more knowledge from school, you know? (Mabel, Personal Communication, April 28 2017)

This driver manifested differently in both groups. While the first group considered that knowing that they lived a higher standard of living than the rest of Colombians ignited in them a passion for change; the second group commented that it

was the reality of their living standard that made them take issues in their own hands and start businesses to create gainful employment. An interviewee of the first group commented: “The better I see myself and my family the more I would like to help out. We didn’t really feel the conflict on this side of the city, you know? It is very difficult to grasp” (Academico, Personal Communication, April 27, 2017). This contrasted with a comment of a person from the second group:

When you don’t have anything, because it has been taken from you, and you have children that depend on you, there is not time to waste, no waiting for the government, that’s when I decided to start something, I didn’t know what, just that I was going to start something for me, for my family and for my community. (Ama, Personal Communication, April 28, 2017)

The mistrust in the government’s use of taxes became evident when this driver was shared. The first reaction came from an older gentleman: “No, no, no, no. If the government hears you say that, they will immediately increase our taxes. More money for them!” (Andres, Personal Communication, April 28, 2017). Throughout the discussion of this driver, it became evident that while most participants believed in their democratic system, and were satisfied with the signing of the peace agreement, the approval on the government spending and tax use was very poor. This relationship with the government also became evident when considering that only a few respondents had a legally constituted business.

Government official. Colombia was the first country in Latin America to have a policy on social innovation. The interviewed officer was in government when the policy was first implemented. While he continues to work on social innovation projects, he is not currently in public office. The ex-officer is deeply passionate about social change, social innovation, and social entrepreneurship. His understanding of social

entrepreneurship matches the definition of narrow social entrepreneurship. He believes that the recently signed peace agreement will bring more opportunities for Colombia to practice social innovation “as we are able to move our eyes to our community, instead of the conflict, we will have more energy and resources to make our communities better.” Regarding how the officer’s opinion about the findings on the quantitative phase, he shared that the results were not what he would expect; but, that they were not surprising either. Specifically, he mentioned the importance of universities working together with government and businesses to promote new solutions to end poverty. Regarding the perception of standard of living, he suggested that fostering the entrepreneurial spirit since childhood—in all socio-economic levels—could increase the perception of standard of living and catapult social innovation across the Colombian society.

Chapter 5 presents the discussion of each research question, summarizing the findings and presenting the implications for practice and future research.

CHAPTER FIVE:

DISCUSSION AND CONCLUSIONS

This study has attempted to understand the phenomenon of social entrepreneurship better (both broadly and narrowly defined) by identifying the socio-economic factors that may drive SEA across countries, and then using this information to study how SEA manifests in Mexico and Colombia. Chapter 5 discusses the main results and findings and presents the implications for social entrepreneurship.

Purpose of the Study and Research Questions

The purpose of this mixed-methods sequential explanatory study was twofold: to identify the macroeconomic and social factors that contribute to the SEA in 55 countries, and, secondly, to explain how the findings of the quantitative phase manifest in the SEA in two purposefully selected Latin American countries: Colombia and Mexico. This study answered the following research questions (RQ):

RQ1. What is the relation, if any, between specific socio-economic indicators and a country's social entrepreneurial activity?

RQ2. To what extent do the perspectives of government officials responsible for social entrepreneurship support the results of the explanatory quantitative data about social entrepreneurial activity Index predictors?

RQ3. To what extent do the perspectives of social entrepreneurs support the results of the explanatory quantitative data about social entrepreneurial activity predictors?

RQ4. What results emerge from comparing the explanatory quantitative data about social entrepreneurial activity predictors with the perception of social entrepreneurs

and the government officials responsible for social entrepreneurial activities in two Latin American countries?

Research Question #1: What is the relation, if any, between specific socio-economic indicators and a country's social entrepreneurial activity?

The quantitative phase of the analysis used inferential statistics to identify the socioeconomic factors that contributed to the SEA in 55 countries for the broad definition, and for 31 countries under the narrow definition. The SEA indexes were obtained from the 2015 GEM survey of social entrepreneurship and the economic and social indicators were obtained from the World Bank and the UNDP databases. The tested socioeconomic indicators were selected based on theories that helped explain civil society activity or commercial entrepreneurship activity.

This study found that the socioeconomic drivers for the broad definition of social entrepreneurship and for the narrow definition of social entrepreneurship were different. The only driver that manifest in both the broad and narrow definition was the average annual growth of carbon dioxide emissions per capita. The socio-economic indicators that help predict the SEA of a country are: the percentage of the labor force with tertiary education, the average annual growth of carbon dioxide emissions per capita, the percentage of long term unemployment, the percentage of the stock of immigrants, the percentage of taxes on income, profit and capital gains, and the perception of the standard of living.

The quantitative data analysis suggests that socio-economic indicators may help predict the SEA of a country. For the broad definition of SEA, the two models with the most explanatory power are:

- Model 1Broad: Labor force with tertiary education (+) and average annual growth of carbon dioxide emissions per capita (-), with the equation: $\hat{Y} = 2.05 + (0.09) (\text{Labor force with tertiary education}) - (.041) (\text{Average increase of annual emissions of CO}_2)$. Table 1 presents the results for Mexico and Colombia with this model and compares the result with the GEM score. See Table 23.

Table 23

Comparison of Predicted Broad Social Entrepreneurial Activity Using the 1Broad Model and the Results from the GEM Report 2015

Country	Model using Labor force with tertiary education and average annual growth of carbon dioxide emissions per capita	Broad social entrepreneurial activity as reported by GEM
Mexico	4.26	1.4
Colombia	4.11	5.9
Average	4.50	3.8

Comparing the predicted values from Model 1B with the GEM results, it shows that the predicted SEA for Mexico is higher than the index calculated by the GEM; however, the forecast for Colombia is lower.

- Model 2Broad: Long-term unemployment as a percentage of the labor force (-) and stock of immigrants (+), with the equation: $\hat{Y} = 3.19 - (.15) (\text{Long Term Unemployment}) + (.15) (\text{Stock of Immigrants})$. Table 2 presents the predicted values for Mexico and Colombia with this model and compares the result with their GEM score. Using this model, the calculation for the Mexican SEA returns higher than the one suggested on the GEM report. The Colombian and the average SEA is lower than the index calculated by GEM. See Table 24.

Table 24

Comparison of Predicted Broad Social Entrepreneurial Activity Using the 2Broad Model and the Results from the GEM Report

Country	Model using Long term unemployment as a percentage of the labor force and stock of immigrants	Broad social entrepreneurial activity as reported by GEM
Mexico	3.31	1.4
Colombia	3.08	5.9
Average	3.64	3.80

Using the narrow definition of SEA one final model was identified:

- Model 1Narrow:** Taxes on income, profit and capital gains (% of tax revenue) (+), average annual growth of carbon dioxide emissions per capita (-), Perception of standard of living (+), with the model: $\hat{Y} = -.80 + (.04) (\text{Taxes on Income}) - (.18) (\text{Average Increase of Annual Emissions of CO}_2) + (.02) (\text{Standard of Living})$. This model forecasts a lower percentage of SEA for Colombia, than the one GEM calculated; but a slightly higher SEA than the average. There is no data on the Mexican percentage of taxes on income, profit and capital gains; therefore, no narrow social entrepreneurial score was calculated; at the same time, the GEM did not report any narrow SEA in Mexico. See Table 25.

Table 25

Comparison of Predicted Narrow Social Entrepreneurial Activity Using the INarrow Model and the Results from the GEM Report

Country	Taxes on income, profit and capital gains, average annual growth of carbon dioxide emissions per capita and perception of standard of living	Narrow social entrepreneurial activity as reported by GEM
Mexico	1.03	N.A.
Colombia	1.48	2.7
Average	1.22	1.19

Research Question #2: To what extent do the perspectives of government officials responsible for social entrepreneurship support the results of the explanatory quantitative data about social entrepreneurial activity index predictors?

Since the early years in 2000, both Colombia and Mexico have been working towards strengthening the entrepreneurial ecosystem, initially only as traditional entrepreneurship, but now considering both traditional and social entrepreneurship. Both countries see entrepreneurship as a vehicle to reduce poverty and improve the livelihoods of those people in marginalized areas. While Colombia has a very specific definition of what social innovation is, Mexico has not defined it in as much detail. Mexico and Colombia have different approaches to policy; however, social entrepreneurship appears to be flourishing in both countries.

In Mexico, the INADEM executes the national policy to support entrepreneurship at a national level, and it works closely with FONDESOC in Mexico City, which aims to activate the economy of marginalized areas through entrepreneurship. The Mexican

official expressed interest in improving the ease of making business in Mexico for entrepreneurs; from reducing red tape to offering access to loans, and working together with institutes and universities to promote entrepreneurship. The government official did not mention the socio-economic drivers found in this study; however, these did not come as a surprise either.

In Colombia, the concept of social innovation as part of a government policy was introduced in Medellin around 2003 (Villa & Melo, 2015). Since then it made its way to be part of the national development plan in 2011. While the Center for Social Innovation defines social innovation in what the GEM identifies as narrow social entrepreneurship, the projects respond primarily to solve a social problem, without necessarily paying attention to the business models. The government official expressed interest in the improvement of the quality of life of the population living in extreme poverty, and in doing so, the Center for Social Innovation coordinates with the different stakeholders to provide information about social innovation projects in Colombia, to work with universities, and to provide impact investment opportunities. As in the Mexico case, the socio-economic drivers found in this study were not mentioned by the government official; however, these did not come as a surprise. The officer paid attention to the indicator called *perception of standard of living*. In his opinion, the fostering of the entrepreneurial spirit since childhood may result in a higher perception of freedom of choice, which in turn can bring more social innovation for Colombia.

Research Question #3: To what extent do the perspectives of social entrepreneurs support the results of the explanatory quantitative data about social entrepreneurial activity predictors?

The participants of Mexico and Colombia exhibit very different characteristics; however, after a thorough analysis of the qualitative data, similarities emerge when it comes to the reasons of why these people decide to start a social venture; the most salient differences; however, these show up in the how and in what lies ahead. The common reason for starting a social business is to alleviate a social problem close to the entrepreneur.

When participants were informed of the socio-economic drivers that could affect the SEA in their country, most understood all of them. The driver that was more easily accepted by the social entrepreneurs was the one regarding tertiary education in the labor force. The one driver that was not understood was the one on taxes on income and profit and capital gains. All participants recognized the value of education; 70% had some higher education studies. Their studies were not necessarily related to the problem they were trying to solve, but with some form of framework or lens to understand the problem at hand. Similarly, the notion of a reduction in the average increase of carbon dioxide emissions associated with an awareness of the importance of the environment in our everyday life. There were some social businesses directly working towards the improvement of the environment; but, even the ones that were not did mention the importance of not harming the environment within their business model. The third predictor that caused more interest was the percentage of taxes on income, profit and capital gains. The participants in both countries seemed suspicious about how higher

taxes could possibly enable social entrepreneurship. There was some ambivalence in the relationship of the social entrepreneurs and the government while most of them claimed that the government should provide more support through programs and financing. They also claimed that the government should reduce rules and regulations that negatively affected the startup and growing of a social business.

Research Question #4: What results emerge from comparing the explanatory quantitative data about social entrepreneurial activity predictors with the perception of social entrepreneurs and the government officials responsible for social entrepreneurial activities in two Latin American countries?

The study used quantitative and qualitative methods to understand better what drove the SEA in a country. The quantitative methods suggest that increases in social entrepreneurship strongly correlate with increases in tertiary education in the labor force and decreases in the average annual increased of carbon dioxide emissions; of a combination of higher taxes on income, profit and capital gains, a lower average increase of annual emissions of carbon dioxide per capita, and a higher perception of standard of living.

From the qualitative findings, the study found four emerging themes that may influence the SEA of a country: characteristics of the social entrepreneur; characteristics of the social business; access; and development of the ecosystem.

Characteristics of the social entrepreneur. The characteristics of the social identity of the social entrepreneur seem relevant to the SEA. Most of the participants were female, ranging from early 20's to 40's. The socioeconomic class, education, and struggles shaped the type of business they entered and the reason why. For example, a

person with a higher socioeconomic background entered the social business to help the community, not necessarily to earn gainful employment, and they were more positive about the possibility of scaling and replicating the business. See Figure 12.

Figure 12. Theme 1: Social entrepreneur characteristics.

Characteristics of the social business. The characteristics of the social business itself also seem to influence SEA. For example, there was a concentration of businesses solving specific types of problems in both countries. In Mexico, responsible consumption and production was predominant, while in Colombia, working towards economic growth and peace were the main social problems to attend. The location of the beneficiaries seems to have an effect on the scalability and replicability of the business model. When the business is born with customers from the city at large -not specifically concentrated on a geographical location- the easier it is to think of scalability and replicability. The trust in the government also has an effect on whether the social entrepreneurs decide to become a legal entity from the beginning or to operate under the radar during the first years. See Figure 13.

Figure 13. Theme 2: Social business characteristics.

Access to the ecosystem and development of the ecosystem. These are two different themes, but highly interrelated. It is of great importance to have an ecosystem in place that facilitates and promotes social entrepreneurship; but it is equally important to provide democratic access to this ecosystem. Regarding the organization of the ecosystem, the case studies helped evidenced the importance of having governmental support -in the form of an active institution providing training and financial backup-, not necessarily only policy making. The importance of the universities was also evident and discussed in the quantitative findings as well as the fact that both case studies were conducted -at least partially- during university related events. The presence of other businesses is important, because even though most of the participants have a business to consumer model; there were some business-to-business models, but most importantly, traditional business activate the economy and create new spaces for social business. The importance of impact investors was also evidenced in the study. Most of the participants expressed interest in becoming a market-oriented organization, but impact investment is required in order to give that step; traditional financing does not provide the support for

social entrepreneurs to startup, scale or replicate. Finally, the presence of an active civil society manifested in the cases; the reason of being of these businesses is to solve a problem that is close to them, but that the current available solutions have not been able to solve. See Figures 14 and 15.

Figure 14. Theme 3: Organization of the ecosystem.

Figure 15. Theme 4: Access to the ecosystem.

The quantitative data was not easily explained by the qualitative findings (Figure 16); however, much like social entrepreneurship itself, the similarities were there, although not easily grasped. Figure 16 shows the themes identified through the qualitative research and the predictors identified by the quantitative research.

Figure 16. Comparison of qualitative (left) and quantitative (right) findings.

Joining the findings from the quantitative and qualitative data, as Figure 17 depicts, shows that the organization of the entrepreneurial ecosystem and the characteristics of the social entrepreneur hold most importance as responsible for the SEA of a country.

Figure 17. Joining of basic, organizing, and global themes with quantitative findings.

Implications for Practice

Through quantitative and qualitative methods, this study identified possible drivers of SEA across nations and then explored how these drivers manifested in the daily activities of social entrepreneurs. The findings may have implications for government, organizations, and universities working toward increasing the amount of SEA in their countries.

Government, business, and civil society all play important parts in SEA. All the identified socio-economic indicators that may affect social entrepreneurial in a country can be fostered from the collaborative work of these dimensions. The study would like to provide recommendations regarding policy, the environment, the stock of immigrants, and higher education.

Policy

Social entrepreneurship is an ally of the government efforts to alleviate social problems and the presence of the government facilitating social entrepreneurship is important for the development of social entrepreneurship in a country. It is recommended that policy makers define what social entrepreneurship looks like for each country and to identify which government institution will take the lead in the development of social entrepreneurs. This study shows that the drivers for broad social entrepreneurship and for narrow social entrepreneurship are different; therefore, the policy must be explicit, to obtain a better use of the invested resources.

Stock of Immigrants

The quantitative findings suggest that a higher stock of immigrants as a percentage of the population may increase the broad SEA of a country. The United

Nations identified international migration as a positive driver for development with adequate policies (United Nations, n.d); as the stock of immigration rises; governments may take the opportunity to channel the rise of immigration into a rise in SEA, by providing the immigrants with training and access to the entrepreneurial ecosystem.

Environmentally Aware Population

The lower the average annual growth of carbon dioxide emissions per capita, the higher the SEA in a country, both broad and narrow, which may imply that a higher awareness of the importance of the environment on both the government dimension, the business dimension, and the civil society dimension will work towards generating an array of environmental and social benefits (United Nations, n.d). The recommendation for practice is to develop education and training at all levels regarding the role of environmental management, with the objective of building the communities' awareness and empowerment to reduce carbon dioxide emissions.

Higher Education

The importance of tertiary education manifested in the quantitative and qualitative studies suggested that tertiary education could help prepare students to be more aware of ways to alleviate social problems in their countries, but also to have the business skills required to start a social business. The inclusion of programs that help students understand the problems behind the United Nations sustainable development goals, as well as tools and techniques to foster innovative thinking and the understanding of business skills may prove useful in fostering social entrepreneurial activities in our countries.

Training

Through workshops and training in social entrepreneurship, citizens may become aware that they are capable of alleviating a specific social problem in their community.

The workshops must help participants understand the roots and causes of the social problem, as well as business fundamentals, especially financial literacy.

Array of Funding Options

The environments where social entrepreneurs develop are extremely important. The availability of multiple funding sources is imperative to the development of social entrepreneurship: from one-time use grants, to government funds, traditional investment, and impact investment. The nature of the social businesses varies and each type requires a different combination of funds. It is also important to provide funds for businesses that are in between the nascent and mature stages.

Recommendations for Future Research

To enhance the results of this research and our understanding of social entrepreneurship future studies may consider:

- 1) Using the three suggested models to forecast the broad and narrow SEA of the GEM countries and compare the findings. A future study may run the three multiple regressions suggested by this study on the countries that are on the GEM database, to compare the results and identify whether the differences are statistically significant or not. Furthermore, since the multiple regressions use socioeconomic indicators from the UNDP and the World Bank, it would be possible estimate the SEA of all the countries present in those databases.

2) Run a quantitative study with the data from the 2009 GEM social entrepreneurship report to identify whether the drivers reported in this study coincide with those in 2009. The GEM report on social entrepreneurship from 2009 is not comparable to the 2015 report due to changes in the methodology. However, for the sake of better understanding the behavior of SEA across nations, it would be beneficial to identify what are the socioeconomic drivers that come up as statistically significant predictors for the 2009 data.

3) To include more participants in the study of Mexican and Colombia social entrepreneurial experience. The realities of Mexico and Colombia are very complex. This study was only able to interact with a reduced group of social entrepreneurs in the capital cities. To understand better how social entrepreneurship manifest in the country, it is necessary to extend the case analysis to other regions of the countries, including other cities and rural areas.

4) To compare the findings of the Mexico and Colombia cases with other countries in Latin America. While the Latin American countries hold some similarities among themselves, the SEA may manifest differently in each country; a mapping of the SEA and policies in the Latin American and Caribbean region would benefit understanding of the activity.

5) To explore how the relationship between SEA and the need/use of policy may differ across countries due to cultural differences. As social origins seem to explain the SEA, it is recommended to study more deeply into how culture and its dimensions may play a part in determining the SEA of a country.

Limitations

While attempting to be methodologically rigorous, the study has important limitations to consider when examining the results, and when preparing for future studies.

1) Rapidly growing field: It is possible that the literature review might have overlooked some important literature, thus affecting the study's findings. It is important to note the literature review must be updated to consider new evidence, for social entrepreneurship is a young and growing field, and new findings are being discovered every day. The review of this study only examined articles written in English and Spanish; many European countries are fast developing this field; therefore, it may be possible to have overlooked important findings published in other languages.

2) Sample size: This study uses quantitative methods on only 55 countries, not the 195 countries listed in the United Nations. The GEM database only has information on the social entrepreneurship activity on 55 countries, the largest existing dataset in social entrepreneurship. It is plausible that some significant differences exist between those countries included in the GEM report and those countries not included in the GEM report; if so, the existence of selection bias presents a source of bias associated with my regression findings.

3) Language: The interviews and the focus groups were conducted in Spanish, transcribed, and then translated into English. While I attempted to do a close translation, it was possible that the spirit of the interviews could have been affected by the translation.

4) Transferability: The scope of the qualitative phase included only two countries. Due to the specific nature of the experience of social entrepreneurs in Mexico

and Colombia, the transferability of this study is limited. Similarly, as in the quantitative phase, selection effects also influence the results of this study, since the social entrepreneurs that accepted the invitation to the study are more likely to be inclined towards social entrepreneurship than others.

5) Self-Reported data: All the perspectives collected in this study were self-reported. It is possible that some of the answers given by the participants reflect an aspirational view of social entrepreneurship and not necessarily the actual view of what drives them towards social entrepreneurship.

6) Homogeneity of participants: Although the study aimed to select participants who were heterogeneous with regard to industry, gender, and socio-economic status, that was not always possible.

Significance

Despite the limitations mentioned above, this study contributes to the analysis of the social entrepreneurship phenomena. Since coining of the term, social entrepreneurship activity has been rising to alleviate -- in conjunction with governments, non-government organizations, and the private sector -- some of the countries' most persistent social problems; however, due to the uniqueness of the phenomenon it has been difficult to study and understand. By identifying and validating the drivers that affect the SEA in various countries, the study provided empirical evidence regarding the different drivers for broad and narrow SEA. The study agrees with Kerlin's (2010) work regarding the complementarity aspect of what affects social entrepreneurship: social entrepreneurship is more than an economic activity; therefore, it is likely to be affected by social and economic variables. The complexities of social entrepreneurship are

evidenced in this study, cautioning not to view the phenomenon under a single lens. The case studies offered practical insights into the realities of being a social entrepreneur in Colombia and Mexico, thus enhancing the theoretical framework with practical contributions to the field of social entrepreneurship. The recommendations of the proposed study may not only help encourage greater amounts of social entrepreneurship in the countries, but also help the governments, international organizations and universities generate a better return on investment on the money allocated to developing social entrepreneurship.

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APPENDIX A

Definition of Terms

Social Entrepreneur: Refers to “an individual who is starting or currently leading any kind of activity, organization or initiative that has a particularly social, environmental or community objective” (Bosma et al., 2016, p. 2).

Social Entrepreneurial Activity: Refers to “any kind of activity, organization or initiative that has a particularly social, environmental or community objective” (Bosma et al., 2016, p. 2).

Social Entrepreneurial Activity Measurement: As measured by the Global Entrepreneurship Monitor, the percentage of the population of a country between 18 and 64 years old, who currently own and manage a social business (Bosma et al., 2016).

Total Early State Entrepreneurial Activity: As measured by the Global Entrepreneurship Monitor, the percentage of the population of a country between 18 and 64 years old, who currently own and manage a new commercial business (Bosma et al., 2016).

Established Business Ownership Rate: As measured by the Global Entrepreneurship Monitor, the percentage of the population, between 18-64 years old, who currently own and manage a running business that is over 42 months old (Bosma et al., 2016).

Global Civil Society Index: Created by the Johns Hopkins University Center for Civil Society Studies, this index measures a country’s civil society activity based on three dimensions: capacity, sustainability, and impact (Salamon & Sokolowski, 2004).

Economic Indicators: Statistical data that provides an overall view of short-term economic development of a country (Organization for Economic Co-operation and Development, 2013). Examples of economic indicators include gross domestic product (GDP), business confidence, consumer confidence, and employment rate. This study used the economic indicators as identified by the World Bank.

Social Indicators: Numerical data that provides information about the well-being of a community; the indicators include a combination of social and economic factors considered to influence the levels of well-being of a person or community (United Nations, 1989). Examples of social indicators include poverty rate, inequality rate, educational attainment rate, health expenditure, and life satisfaction. This study used the social indicators identified by the United Nations Development Program.

APPENDIX B

Scripts for Interviews

Identifying cross-national drivers of social entrepreneurial activity Focus Groups Script (In English)

Description

Focus group sessions with social entrepreneurs will be conducted in order to better understand how the drivers manifest in the day to day activity of the social entrepreneurs of the specified country. The participant selection will be done through announcement at social entrepreneurial events and websites, for participants to contact the researcher via email, telephone, or onsite. Whenever possible, I will select participants who are heterogeneous in industry, size of venture, and gender. Each session will last 90 minutes, and will have between 6 to 10 participants. Data collection will be done through observation and voice recording. The focus groups will be conducted after the in-depth interview with the government official has been completed. The participants will be initially contacted by e-mail, telephone or in person, and the focus group date, time and location will then be agreed upon. The interviews will be conducted in Spanish, voice recorded and then transcribed and translated into English. A professor from a local university will observe the focus group, to help in the triangulation of the analysis; this person will not interact with the group. The researcher will do the registration of the participants. During the registration process, the participant will select an alias. The alias will be used during the focus group and the remaining of the study.

Ground Rules

Good morning, before we begin our discussion a couple of ground rules.

1. Let's begin by saying our alias, remember to address each other with the alias - even if you already know the person-, this is respect the confidentiality of everyone in the group.
2. This is professor [Last Name] from [Name of university]. Professor [Last Name] will be observing the group today, not interacting with us during the session. The role of Professor [Last Name] is to help me better understand what will be discussed in group today.
3. You should know that the audio of this focus group is being recorded to help me in the transcribing of the session, and later on in my report. If anyone is uncomfortable, you are free to leave at this time. Let's try to speak one person, to speak up, and to allow everyone on the table to speak up.
4. Finally, I am here to learn from you. Do not worry about what you say, about that I think, about what Professor [Last Name] thinks, or what anyone in the room thinks. Your opinion is what counts in this group.

Introduction

Let's get acquainted with each other. Let's begin by saying our alias and telling us a little about your social venture.

Questions

1. Let's talk about the factors that influenced your decision to start the business.

Possible probes:

The Social Problem(s)

1. What problem is it solving? Does it solve any other problems?

2. Why did you become interested in solving this problem?
3. How has the problem change since you started the business?
4. Do you have a way of measuring how your business impacts the problem?

Employment

5. How many employees do you have in your business?
 - a. Are there any volunteers?
 - b. How would you say the compensation of your paid workers compares to what for profit companies pay?
 - c. How satisfied are you with your workforce?
6. How did you hire these people?

Venture's Stage and Structure

7. How long ago did you start?
8. Is your business legally constituted?
 - a. If yes, what type of structure does your business have (i.e, freelance agent, sole proprietorship, foundation, other?)
 - b. If no, why not?
9. How has the business change since you started?

Location

10. Where is the business located?
11. Where are the beneficiaries located?

Business Model

12. Tell me how does the business manage to create revenue?
13. How did you get the initial investment?

14. Who are your competitors?

15. Do you outperform your competitors based on the social component or based on price?

Training

16. Have you ever had any training on social entrepreneurship?

17. Do you follow closely the activities the government create to support social entrepreneurship?

18. Are you familiar with the social entrepreneurial policy?

19. What do you think to boost the size and reach of your venture?

20. Now I am going to share with you my findings regarding what is driving social entrepreneurial activity under a broad and a narrow definition, how do you think these factors play out in this country?

Individual Interview Guide for Government Officials (English Translation)
(Researcher Developed)

Thank you for meeting with me, Mr. [Last Name]

The objective of the study is to better understand the structure and dynamics of social entrepreneurship in [Country], and since [Country] is one of the few Latin American countries with a social entrepreneurship policy, it would be beneficial to better understand the [Country] experience.

The interview should take approximately 25 minutes. I will be asking you a series of questions to address the topic of the investigation. I will audiotape our conversation for transcribing purposes only. After I transcribe and analyze the content of the interview, I will send you an email with a copy the transcription and initial findings to make sure that I am understanding correctly what you meant to say in the interview. I mentioned on my email, I would be sharing my findings regarding the [Country] case with you. Is there anything you would like to know regarding the research before we begin?

1. Tell me about the office that you represent.
2. How does your institution define social entrepreneurship?
3. Is your office responsible for promoting traditional and social entrepreneurship?
4. What other stakeholders collaborate with you in promoting social entrepreneurship?
 - a. In your opinion, how can the relationship with other stakeholders be improved to foster social entrepreneurship?
5. Tell me about the current policy on social entrepreneurship?
 - a. When did it start?

- b. Where you at the government at that time? If yes, in what role?
 - c. Is there a particular segment that your office is most interest in developing social enterprises (education, health, poverty, etc.)?
6. How has the policy changed, if at all, since it started?
 7. How do you foresee this policy changing?
 8. What would you say are the expected outputs and outcomes of the policy?
 9. Now I am going to share with you my findings regarding what is driving social entrepreneurial activity under a broad and a narrow definition, how do you think these factors play out in this [Country]?

After I transcribe and analyze the content of the interview, I will send you an email with a copy the transcription and initial findings to make sure that I am understanding correctly what you meant to say in the interview. Is there anything you would like to add?

Thank you very much for your time.

Date: 7-17-2017

IRB #: IRB-2017-26

Title: IDENTIFYING CROSS-COUNTRY KEY DRIVERS OF SOCIAL ENTREPRENEURIAL ACTIVITY

Creation Date: 3-4-2017

End Date: 3-28-2018

Status: **Approved**

Principal Investigator: cris bravo

Review Board: USD IRB

Sponsor:

Study History

Submission Type	Initial	Review Type	Expedited	Decision	Approved
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Key Study Contacts

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