

# Macro-Institutional Effects on Social Enterprise Performance: A Conceptual Paper Based on Literature Review

**Quyen, To Nguyen**

*Graduate School of Business, Universiti Sains Malaysia,  
Pulau Penang, Malaysia*

**Jeffrey S.S. Cheah \***

*Graduate School of Business, Universiti Sains Malaysia,  
Pulau Penang, Malaysia  
Email: jeffrey\_cheah@usm.my*

**Azlan Amran**

*Graduate School of Business, Universiti Sains Malaysia,  
Pulau Penang, Malaysia*

*\* Corresponding Author*

## Abstract

**Purpose:** Through a review of the literature within social entrepreneurship studies, this paper strives to provide insights into the potential impact of macro-institutions on the performance of social enterprises.

**Design/methodology/approach:** Findings from the prior studies were synthesized systematically to shed some light on the specific mechanisms of regulatory, normative, and cognitive institutions in stimulating better performance of social enterprises.

**Findings:** The outcomes provide at least 04 regulatory mechanisms tied to a supportive legislative framework for social enterprise sector and its broader ecosystem. Other 04 normative mechanisms regarding the positive attitudes of society towards this sector. Additional 03 cognitive mechanisms may strengthen necessary abilities and skills to lead and perform a successful social enterprise. A group of three institutions could collaborate to foster and motivate the start-up and the scale-up of social enterprises.

**Originality/value:** This paper proposed a structural framework that integrates stimulating mechanisms of institutions to enhance social enterprise performance. This is in the hope of enabling further large-scale empirical research using more advanced econometrics methods to prove these connections in the future.

**Keywords:** Institutions, Social entrepreneur, Social enterprise, Social entrepreneurship, Social enterprise performance

**Classification:** Conceptual paper

## Introduction

Social enterprise (SE) is a business organization that has emerged and developed over time, especially in post-industrial society. SE lies in the borderland of for-profit and non-profit organizations and is often connected with notions such as ‘third sector’ or ‘hybrids’. This business sector is unique in that it operates in a self-sustainable and business-like manner while offering services that align with its social or environmental missions (Yunus, 2010); however, its ambiguous structure and hybrid status have posed questions about its performance to achieve both financial effectiveness and social impact (Cheah et al., 2023). Furthermore, the issue of attaining sustainability of businesses, including SEs, is more relevant and essential now than ever as the COVID-19 pandemic has significantly reshaped the global economic landscape and disrupted economic stability (Amran et al., 2023). Therefore, it is imperative to comprehend the fundamental factors that impact organizational performance of social enterprises, and one of the most powerful forces is: macro-institutions.

As stated by Rueschemeyer (2009): “institutions are clusters of norms with strong but variable mechanisms of support and enforcement that regulate and sustain an important area of social life”. Until recently, the literature generally agreed that variations in the institutional environment may account for the differences observed in the performance of SEs across countries (Defourny & Nyssens, 2017; Schin et al., 2023). We have identified two gaps in the existing literature. Firstly, while institutional theory has predominantly highlighted the impact of macro-institutions on entrepreneurs’ behavior, their influence on social enterprise performance remains underexplored (see Aljarodi et al., 2023; Fuentelsaz et al., 2018). Secondly, previous studies have typically focused on a single dimension of institutions rather than embracing their holistic subsections (see Canestrino et al., 2020; Engelke et al., 2016). What's missing is a comprehensive framework that links three elements of regulatory, normative, and cognitive institutions to the survival and growth of SEs. In this connection, this paper seeks to address the question: What mechanisms of regulatory, normative, and cognitive institutions facilitate the organizational performance of SEs?

## Methodology

The methodology for this paper involves conducting a library search and systematic literature review. The framework used in this study is self-developed based on previous literature.

The process began with a broad search on the two primary electronic databases: Scopus and Web of Science. The keywords used in our search were *social entrepreneurship\**, *social enterprise\**, *social business\**, *social venture\**, *entrepreneurial non-profits\**, and *social cooperatives\** without restricting categories or disciplines, covering all available years in each database. The citation analysis is limited to English language articles, not including foreign language papers, working papers, dissertations, or books. This resulted in 1,489 hits on Scopus and 351 hits on Web of Science.

Next, duplicates and entries not profiled in the most impactful journals were eliminated, leaving 588 results for further consideration. Subsequently, a further filtering was conducted where there was an absence of keywords such as *performance\**, *effectiveness\**, and *sustainability\** in their titles, abstracts, or keywords. This step reduced the article pool to 282 articles.

To finalize the core article list from 282 remainders, each of the articles was manually reviewed by examining the title, abstract, keywords, hypotheses, and findings to double-check whether the articles were primarily related to (1) quantitative data analysis, (2) social enterprise performance, and (3) regulatory/normative/cognitive institutions. The computerized and manual search process yielded 18 core articles whose substantial findings were consistent with our research objectives. Figure 1. displays the systematic review process, as well as list of journals from Scopus and Web of Science databases.

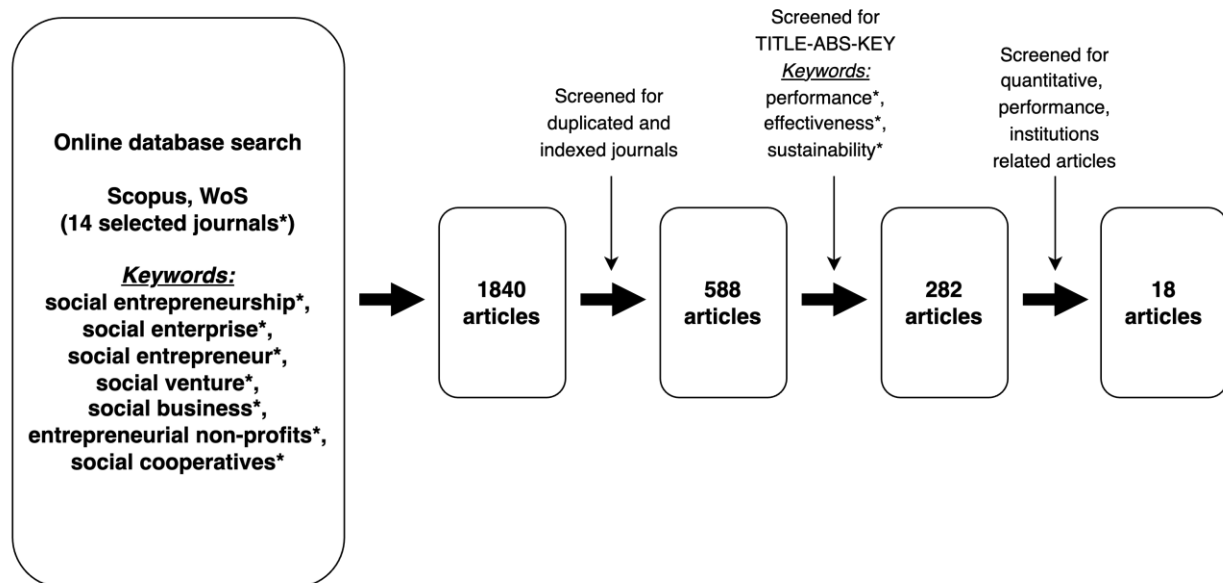


Figure 1: Core Literature Selection Procedures in the Systematic Review Process

Note:

1. Searching terms: *social entrepreneurship\**, *social entrepreneur\**, *social enterprise\**, *social business\**, *social venture\**, *entrepreneurial non-profits\**, and *social cooperatives\**
2. 14 selected Journals. *Entrepreneurship Research Journal*, *Entrepreneurship Theory and Practice*, *Environmental Innovation and Societal Transitions*, *Journal of Business Ethics*, *Journal of Business Research*, *Journal of Cleaner Production*, *Journal of International Business Studies*, *Journal of World Business*, *International Business Review*, *International Small Business Journal*, *Public Administration Review*, *Sage Open*, *Systems Research and Behavioral Science*, *Voluntas*.

## Macro-Institutional Effects on Social Enterprise Performance

### *Social Enterprise Performance*

Throughout the 1990s, the social enterprise idea concurrently evolved in the US and Europe. A social entrepreneur performs the same tasks as a business entrepreneur, except that the social entrepreneur tries to solve a social problem rather than a market demand, and that he or she reinvests a significant portion of surpluses in the social mission; this is one point of agreement among the various interpretations of the term. Core characteristics often noted of the SE include the importance of an ethical or social goal, income generation through commercial activity, stakeholder participation in governance, limited profit distribution, and innovation in handling societal issues. In this paper, SE is described as an organization that adopts market-driven strategies to further its social mission.

Social enterprise performance, thus, has been a tough topic to pin down when they walk a fine line between social and financial objectives (Chowdhur et al., 2021). Staessens et al. (2019) found that hybrid performers excel not by focusing solely on social or economic dimensions, but by simultaneously meeting both social and economic goals. This generates a ‘virtuous circle’ between financial revenues and social impact, highlighting how financial performance and social impact can reinforce each other. When perform well financially, SEs can invest more in social initiatives. These initiatives, in turn, enhance their legitimacy and public trust, which can lead to even better financial performance (Lee et al., 2020). Failure to strike a balance between financial and social performance frequently jeopardizes the SE’s viability.

This hybrid nature of SEs can cause paradoxes and complexities that require diverse forms of support from external sources (Vakkuri et al., 2021). Therefore, the organizational performance of SEs is highly tied to the macro-institutions available. As evidence, the United States, Canada, and the United Kingdom are leading countries for SEs (Thomson Reuters Foundation, 2019). These nations not only have robust economies but also provide substantial assistance through government policies and well-established ecosystems for the growth and sustainability of SEs.

### ***Macro-Institutional Perspectives***

The institutional approach emphasizes how important the surrounding environment of an economic sector is. Shane and Foo (1999) soon explored the significant role of institutions, including legal factors and social structures, in shaping entrepreneurial decisions. It increasingly became clear that the institutional environment is made up of two types: *formal and informal institutions*, both of which can interact and form the entrepreneurial landscape and, in turn, entrepreneurial performance and success (Shirokova et al., 2021). Formal institutions wield regulatory power codified in laws, policies, and formal agreements. Informal institutions embody shared norms and attitudes, or social expectations. Scott (2008) then further categorized institutions into three dimensions of pillars - *regulative, normative, and cognitive* - which were empirically examined on entrepreneurship strand by Busenitz et al. (2000). They found that, a supportive regulatory dimension (e.g. fewer procedures, reduced risks, various government-sponsored privileges), positive normative influences (e.g. social attention and admiration for entrepreneurial activity and innovation), and favorable cognitive conditions (e.g. entrepreneurial skills and reduced fear of failure) can significantly increase the likelihood of entrepreneurial endeavors.

Like other economic activities, social entrepreneurship is affected by both formal and informal institutions, composing regulatory, normative, and cognitive dimensions (Cagarman et al., 2020;

Escandon-Barbosa et al., 2019). Most previous literature viewed institutions as antecedents, concentrating on how predictable and stable institutional environments can lessen uncertainty, increase financial viability and societal acceptance, as well as improve knowledge and skills required to manage a SE (Saebi et al., 2019). Indeed, a group of three institutions may work together to foster the formation and growth of SEs.

### ***Linking Macro-Institutional Factors to Social Enterprise Performance***

Macro-institutions exert their powerful influence through the social entrepreneurship journey because SE by itself is insufficient to solve societal issues (Kerlin, 2017). This argument has also been affirmed by several scholars. For example, Iskandar et al. (2022) showed that the institutional setting in which SEs operate always impacts organizational performance and success. Garg et al. (2023) named some institutional determinants such as law system, government policies, cultural value, education level, and impact investing ecosystems. Similarly, Sahasranamam & Nandakumar (2020) stated governments as a significant component in promoting SEs within the community. Canestrino et al. (2020) examined the considerable impact of socio-political and cultural factors on community-business development. Put differently, Lyne et al. (2019) suggested that religious institutions influence SE efficacy. Therefore, it is plausible to assume that macro-environment variables (e.g. legal, political, socio-economic, or cultural factors) influence the SE system in some way; and countries with better-developed formal and informal institutions have the potential to bolster and improve SE performance.

A summary of selected empirical literature on social entrepreneurship studies relevant to this paper's area of discussion can be found below.

Table 1. Summary of Selected Empirical Literature's Findings on Relevant Variables

No.	Research Title	Authors	Roles	Findings
1.	Measuring Social Performance in Social Enterprises: A Global Study of Microfinance Institutions	Beisland et al. (2021)	Predictor	Developed regulatory institution is associated with social performance.
2.	Social entrepreneurship: Does institutional environment make a difference?	Bernardino et al. (2016)	Predictor	Cognitive institutions have an effect on SE performance.
3.	An ecosystem view of social entrepreneurship through the perspective of systems thinking	Bhardwaj et al. (2022)	Predictor	Institutional factors influence SE establishment and growth.
4.	External oriented resources and social enterprises' performance: The dominant mediating role of formal business planning	Cheah et al. (2019a)	Predictor	Regulatory institutions significantly impact SE performance.
5.	Internal oriented resources and social enterprises'	Cheah et al. (2019b)	Moderator	Institutions moderate the link between internal

	performance: How can social enterprises help themselves before helping others?			oriented resources and SE performance.
6.	Home country institutions, social value orientation, and the internationalization of ventures	Chen et al. (2018)	Predictor	Better-developed regulatory institutions are found to have a positive impact on the SE expansion.
7.	Institutional quality and inclusive strategies at the base of the pyramid	De Beule et al. (2020)	Moderator	Institutions moderate the link between social impact and SE financial performance.
8.	Conceptualizing and operationalizing the social entrepreneurship construct	Dwivedi et al. (2018)	Predictor	Regulatory institutions positively influence SE performance
9.	Entrepreneurship, social capital, and institutions: Social and commercial entrepreneurship across nations	Estrin et al. (2013)	Predictor	Regulatory institutions facilitates SEs.
10.	Social value and organizational performance in non-profit social organizations: Social entrepreneurship, leadership, and socioeconomic context effects	Felício et al. (2013)	Moderator	In a favorable environment, SEs contributes significantly to social values.
11.	Outsiders and Intrapreneurs: The Institutional Embeddedness of Social Entrepreneurship in Germany	Grohs et al. (2017)	Predictor	High-developed regulatory and normative institutions foster SE performance.
12.	An empirical investigation on the psychological antecedents of social entrepreneurship	Kim et al. (2019)	Predictor	Institutions contribute to the enhancement of financial and social performance.
13.	Municipal support for social entrepreneurship	Korosec et al. (2016)	Predictor	Regulatory institutions provide supports enhance SE effectiveness.
14.	Institutional complexity and social entrepreneurship: A fuzzy-set approach	Muñoz et al. (2016)	Predictor	Formal and informal insitutions encourage SE performance.



15.	A multilevel study of nascent social ventures	Ruvio et al. (2011)	Predictor	Normative institutions are related with SE performance.
16.	Identifying the Entrepreneurial Success Factors and the Performance of Women-Owned Businesses in Pakistan: The Moderating Role of National Culture	Shakeel et al. (2020)	Predictor, Moderator	Institutions impact performance of women-owned business. National culture moderates the link between internal resources and performance of women-owned business.
17.	Institutions and social entrepreneurship: The role of institutional voids, institutional support, and institutional configurations	Stephan et al. (2015)	Predictor	Institutions facilitate social enterprise development.
18.	Social enterprises towards a sustainable business system: A model of institutional dynamics	Vasquez-Delsolar et al. (2021)	Predictor	Institutions improves social entrepreneurs' ability to handle conflicts.

*Note: The similar variables are synchronized based on their concept and notion to ease the comparison and discussion.*

## Proposed Research Framework

After reviewing the literature on institutions and SE performance, we developed the framework presented in Figure 2. The proposed framework depicts major mechanisms of regulatory, normative, and cognitive institutions to support SE performance. The subsequent section looks through the significance of favorable institutions and discusses testable hypotheses for assessing the impact of institutions on SE effectiveness.

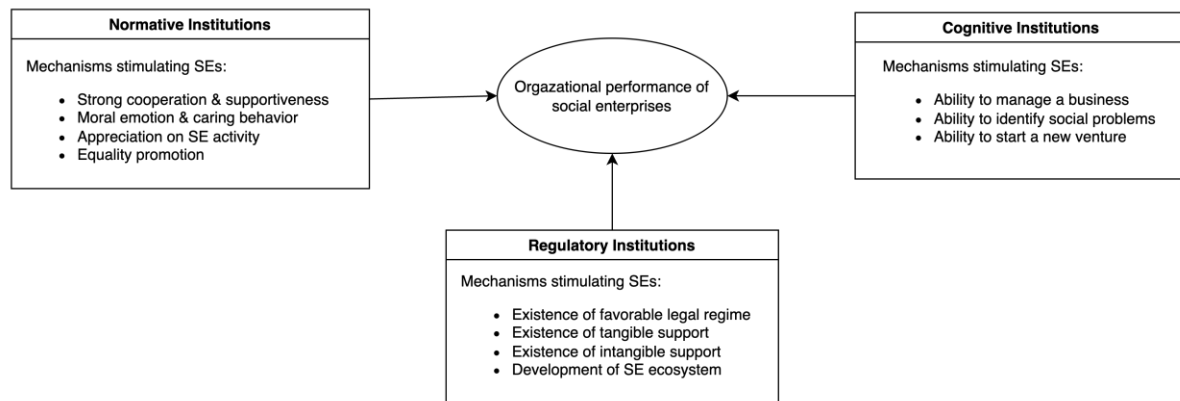


Figure 2. Proposed research framework

### ***Regulatory Institutions***

As a broad-based enabler, an active government is a significant player in promoting and providing multifaceted assistance to SEs across different areas and stages of their development. After analyzing our sample of papers, governments have put in place at least 4 levels of regulatory mechanisms as follows: (1) existence of favorable legal regime for SEs, plus with simplicity and facility of administrative procedures for SE (e.g.: Beisland et al., 2021; Dwivedi et al., 2018); (2) existence of tangible support for this type of organization (e.g.: Bhardwaj et al., 2022; Kim et al., 2019); (3) existence of intangible support through training and social marketing (e.g.: Korosec et al., 2006; Cheah et al., 2019b); (4) development a robust ecosystem for social entrepreneurship (e.g.: Chen et al., 2018; De Beule et al., 2020).

*First*, a country's developed legal framework can guarantee its market operates effectively by eliminating factors that lead to entry barriers, transactional uncertainty, and needlessly stifling regulations (Anser et al., 2024). As for the social enterprise sector, by clearly defining the types of activities that qualify as SEs, establishing clear guidelines for their creation, operation, and dissolution, and specific regulations around volunteerism; governments can provide a stable and supportive environment to SEs. Besides, ensuring robust property rights and high-quality contracts can reduce risks and build trust among investors and partners. These measures collectively promote transparency and motivate social entrepreneurs to confidently engage in market transactions and long-term contracts. Furthermore, if SEs are not burdened with excessive procedural requirements, report to a variety of entities, and spend significant time and money fulfilling paperwork requirements; they will get more focused on their organization's performance. Lim et al. (2021) also demonstrated how less complicated bureaucratic processes can strengthen entrepreneurial opportunity beliefs. As such, the availability of a favorable legal framework for SEs, along with the ease and flexibility of administrative procedures can enhance the performance of this sector.

*Second*, governments offer various financial support to SEs (Bozhikin et al., 2019). Grants, subsidies, lower taxes, and other direct support are some examples of tangible resources that will enable the pursuit of commercial opportunities with better margins. In addition, governments can sponsor award programs, competitions, and innovative social challenges to identify, screen, and incentivize promising and excellent SEs; and spread recognition and awareness about their impact to the broader public (Estrin et al., 2013). Less tangible resources can encompass support for completing grant applications, assistance with contract bidding, endorsements, and sponsorship for networking events (Maher, 2017; Meyskens et al., 2010). Such finance-related interventions of governments are anticipated to have a great impact on SE development.

*Third*, the government can also act as a catalyst in energizing SEs through the educational system and the media. Active governments place a high priority on educating and training social entrepreneurs and their staff, as well as providing advisory services to strengthen their leadership capabilities, technical/business proficiency, and interpersonal skills without much relying on public funding. Promoting SEs through social marketing is considered another effective way governments adopt to support SEs. They develop endorsing statements, launch media campaigns, and create labels that set their products and services apart from those of for-profit businesses to encourage SEs. Governments also occasionally employ media to declare their successful



implementation in the SE field, inspiring investors to engage in socially beneficial activities, thereby fostering a vibrant ecosystem for social innovation. Training provision and media promotion are intangible support to SEs from governments.

*Fourth*, to be more effective, governments can direct their policies and regulations to influence major non-state actors and the entire SE ecosystem (Bozhikin et al., 2019). In addition to favoring social entrepreneurs and their organizations, government authorities can also extend their support to key players within the social entrepreneurship ecosystem to further develop SE, namely financial organizations, media, NGOs, customers, suppliers, retailers, educational organizations, social innovators who collaborate with and facilitate SEs in various ways. Measures like tax cuts, subsidies, and other forms of administrative assistance can be effective in this direction. Thus, by implementing excellent government practices, the overall effectiveness of policies aimed at social entrepreneurship ecosystems may be enhanced.

Government and social entrepreneurs are seen as natural collaborators in achieving social objectives. Government laws and regulatory frameworks are essential to ensure social transformation while the SE sector is becoming ‘wide-reaching’. Therefore, it is argued that:

*Hypothesis 1: Well-developed regulatory institutions influence the organizational performance of social enterprises*

### ***Normative Institutions***

Normative institutions are concerned with the norms, beliefs, and attitudes of a society (Urban, 2019). After analyzing our paper sample, we discovered that there are four normative mechanisms stimulating SE performance. They are (1) strong social cooperation and supportive network (e.g.: Munoz et al., 2016; Stephan et al., 2015); (2) moral emotion and caring behavior (e.g.: Grohs et al., 2017; Vasquez et al., 2021); (3) appreciation of social entrepreneurship and innovative thinking (e.g.: Munoz et al., 2016; Ruvio et al., 2011); and (4) equality promotion (e.g.: Grohs et al., 2017; Shakeel et al., 2020).

*First*, in environments characterized by friendliness, supportiveness, helpfulness, interactions, and cooperation; social entrepreneurship is socially supported (Coker et al., 2017; Stephan & Uhlaner, 2010). Because of the helpful and cooperative stakeholders among suppliers, investors, customers, strategic partners, and government organizations; social entrepreneurs can more easily access a variety of resources and useful information, approach new markets, cope with barriers, and get transactions done with lower costs (Estrin et al., 2013).

*Second*, given that SEs operate with a focus on collective interest and social change, driven by the desire to combat injustice and alleviate suffering, it can be argued that moral emotions play a significant role in motivating individuals within society to engage in SE activities. When a society embraces moral emotions - such as compassion, guilt, or gratitude - it tends to exhibit interest in the emerging business model as characterized by Proka et al. (2018): going beyond mere monetization and emphasizing a value orientation, considering stakeholders network beyond customers, having an ambition of shaping the broader context rather than merely focusing on survival and economic success. A moral society also gives rise to a new category of venture

capitalists: social investors or impact investors, who seek to blend financial returns with social impact. These investors establish international networks to collaborate, share, and support SEs globally, which is particularly beneficial to the development of SEs where there has been high demand for capital and capacity building.

*Third*, in the context of how much a nation's citizens consider social entrepreneurship to be "desirable, proper, or appropriate" as well as value creative initiatives; there appears to be broad support for products and services provided by SEs and their transformation activities (Kedmenec et al., 2015). In this normative institution, there will be a higher number of individuals who share values aligned with social entrepreneurship, such as supporting social initiatives, experiencing fear of failure, and viewing social entrepreneurship as a valid career path. Accordingly, this will result in a greater number of people motivated to pursue the social entrepreneurship career.

*Fourth*, even while SEs have a higher level of representation than the private sector, there is still room for even higher level of equality, particularly women-led and minority ethnic group-led SEs. Women-led SEs have significantly boosted economic and social well-being in specific sectors like youth/childcare/counseling/ health and social care that have traditionally had a heavily feminized workforce (Chatterjee et al., 2020). Ethnic minority-led SEs have developed livelihoods for ethnic minority groups living in remote or mountainous areas, and being valued for their role in promoting social cohesion and multiculturalism (Sepulveda & Rabbevåg, 2021). Despite their recognized contributions, women and ethnic minority leaders are still under-represented and face actual discrimination. Therefore, societies with high equality and diversity can make entrepreneurial activities led by women and ethnic minority groups more valuable and socially acceptable, providing greater backing to amplify their positive impacts.

In sum, a context with higher cooperation and moral emotion, greater social entrepreneurship appreciation, and better equality and diversity will make it possible to foster an environment conducive to gaining higher performance of SEs. Formally:

*Hypothesis 2: Well-developed normative institutions influence the organizational performance of social enterprises*

### ***Cognitive Institutions***

The cognitive institution reflects how well its citizens can think and work through the amount of knowledge, skills, experience, and productive R&D (Bala Ado & Maje, 2017). Upon examining the previous literature, we uncovered three cognitive mechanisms that promote SE performance, comprising (1) ability to manage a business (e.g.: Kim et al., 2019, Shakeel et al., 2020); (2) ability to identify social challenges (e.g.: Grohs et al., 2017; Vasquez et al., 2021), and (3) ability to start a new venture (e.g.: Bernardino et al., 2016; De Beule et al., 2020).

*First*, prior studies on the entrepreneurial mindset (ability to rapidly sense, act, and mobilize, even under highly uncertain conditions - Ireland et al., 2003) suggested that social entrepreneurs foster innovation, resourcefulness, and a capacity to view risks as opportunities. In countries where knowledge about business management is widely dispersed, individuals may grasp the basic steps needed to hold their SEs against market dynamics. In this context, beyond technical knowledge

(e.g., accounting, marketing, financing), behaviors like creativity, independence, self-sufficiency, flexible thinking, networking, and risk-taking are also encouraged among people. Thus, individuals from countries equipped with a stronger entrepreneurial mindset and abilities to run a business are likely to exhibit higher levels of crucial qualities for leading SEs towards better financial sustainability.

*Second*, research indicated that social entrepreneurs place significant value on both pro-sociality (concern for others) and autonomy (individual independence). This joint preference is captured by the notion of post-materialism (Wilson, 2005). At the individual level, post-materialism is associated with pro-social attitudes, pro-environmental behaviors, volunteering, and political activism. These intrinsic rewards provide employees with job satisfaction and a sense of fulfillment resulting from giving back to the community (Kachlami et al., 2018). As such, people in this society are likely to have a higher ability to identify social necessity and sustainable development. Social innovations are often the ultimate goal of their activities to produce novel solutions more effective and efficient than the existing ones.

*Third*, a strong competence to start a new business or project of people in the country also creates a good condition for SEs. Some countries with developed educational systems typically improve founders' start-up abilities and expand their understanding of business procedures, thereby preparing entrepreneurs to launch a new company (Breschi et al., 2018; Martin et al., 2013). Starting a new business requires a unique set of abilities involving a high degree of innovation and interest in theoretical thinking (the ability to discover and experiment in different ways), as well as meta-competence (focusing on seeking knowledge, adaptability, continuous learning, and open to growth). Various behavioral traits have been linked to new ventures, including the bravery to face social criticism, enhanced perseverance, strong communication skills, the ability to appear trustworthy, meet customer needs, and handle uncertainties (Haynie et al., 2016). Sinking in this institution of cognitive institutions, social entrepreneurs can develop the skills and abilities needed to start their new SEs and enhance their credibility with stakeholders.

Hence, the ability to open and run a business, coupled with the ability to identify social problems of a country's citizens are expected to synergistically improve social entrepreneurship outcomes. Thus:

*Hypothesis 3: Well-developed cognitive institutions influence the organizational performance of social enterprises*

A group of three institutions could collaborate to foster the performance of SEs. Proactive governments might be seen as more "caring" since they inherently provide greater social benefits, reinforcing norms of supportiveness and cooperativeness, as well as disseminating needed knowledge and skills in the broader society. In return, a socially supportive culture and a well-trained community can enhance and complement the impact of an active government. This synergy between formal governmental actions and informal cooperative norms, bolstered by an educated society, ultimately allows SE to function more effectively and efficiently.

## **Conclusion**

SE appears as an answer to poverty alleviation and social transformation by contributing to regional development, climate change adaptation, and other avenues that call for positive transformation. SEs might be essential to assisting emerging economies and those recovering from crises, such as the recent COVID-19 pandemic, in achieving their economic and social objectives. Therefore, a thorough investigation of the performance of this sector is serious and worthy. Theoretically; regulatory, normative, and cognitive institutions are identified as key variables that significantly impact the performance of SEs. We found that there are at least 4 regulatory mechanisms (i.e. favorable legal regime, tangible and intangible support, SE ecosystem support), 4 normative mechanisms (i.e. strong cooperation & supportiveness, moral emotion & caring behavior, appreciation on SE activities, equality promotion), and 3 cognitive mechanisms (i.e. abilities to manage a business, identify social problems, and start a new venture) facilitating the development of SEs.

This paper has created a detailed framework that could be beneficial for future research in this field. While the conceptual framework suggested potential relationships between independent and dependent variables, empirical data is necessary to confirm these connections. Hence, there is a call for large-scale empirical research using more advanced econometrics methods to prove these connections. Additionally, the proposed independent variables, along with their various mechanisms, can each be separately examined to understand their relationship with the dependent variable, which is also recommended for future studies.

As for practical implications, this paper may provide a reference for governmental leaders to assess their direct action in constructing and maintaining a supportive environment toward social entrepreneurship. This is both critical and timely, as the present political and economic environment is pushing SEs to not only generate market income but also address increasingly complex social issues. As for social entrepreneurs, the findings provided them with useful insights to evaluate the macro environment while making their strategic plans.

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