THE KEY DETERMINANTS OF SOCIAL ENTERPRISE PERFORMANCE IN THE EMERGING OF SOCIAL ENTREPRENEURSHIP NATIONS

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ABSTRAK

Perusahaan sosial adalah organisasi yang didorong oleh misi yang mengejar (1) kebebasan kewangan sambil beroperasi dengan cara yang lestari dan bersifat perniagaan, dan (2) impak sosial dan/atau alam sekitar yang positif untuk menangani isu sosial tertentu. Walau bagaimanapun, mencapai kedua-dua matlamat kewangan dan sosial adalah satu cabaran, terutamanya bagi perusahaan sosial yang beroperasi di negara-negara baru berkembang dalam keusahawanan sosial (yakni Malaysia, Singapura dan Vietnam), keadaan ini menimbulkan persoalan tentang prestasi perusahaan sosial yang lestari dan berkesan. Sehubungan itu, berdasarkan teori berasaskan sumber, teori efektuasi dan teori institusi, data empirikal mengenai 155 perusahaan sosial Malaysia, Singapura dan Vietnam telah dianalisis menggunakan pendekatan pemodelan persamaan berstruktur untuk menjelaskan pemacu prestasi perusahaan sosial. Sampel dipilih menggunakan strategi persampelan bertujuan bagi menyasarkan dan memasukkan kumpulan demografi yang sukar dikenal pasti, seperti perusahaan sosial, dengan lebih berkesan. Secara khusus, orientasi keusahawanan dan efektuasi memberi pengaruh positif terhadap prestasi kewangan perusahaan sosial, manakala orientasi sosial dan penyebaban menunjukkan kesan ketara terhadap prestasi sosial. Dapatan ini menekankan kepentingan pemilihan bidang penambahbaikan yang tepat dalam membimbing dan mengawal perusahaan sosial untuk mencapai matlamat dwifungsi mereka. Selain itu, kajian ini mengesahkan hubungan yang signifikan antara prestasi kewangan dan sosial, sekali gus

menekankan peranan penting daya maju kewangan dalam menjana nilai sosial jangka panjang. Institusi normatif dengan tahap pengaguman dan harapan yang tinggi terhadap keusahawanan sosial boleh menimbulkan tekanan serta melemahkan hubungan positif antara prestasi kewangan dan prestasi sosial. Selaras dengan analisis regresi standard, matriks kepentingan-prestasi menekankan bahawa orientasi keusahawanan adalah tumpuan utama untuk memacu kejayaan kewangan, dan kausasi adalah bidang yang paling berpotensi yang harus ditumpukan untuk memastikan prestasi sosial perusahaan sosial. Penemuan ini menambah kepada pengetahuan sedia ada tentang keusahawanan sosial dan mempunyai implikasi praktikal untuk usahawan sosial, penggubal dasar, pelabur sosial dan pihak berkepentingan yang ingin menambah baik sektor perusahaan sosial dalam menghadapi kesukaran.

THE KEY DETERMINANTS OF SOCIAL ENTERPRISE PERFORMANCE IN THE EMERGING OF SOCIAL ENTREPRENEURSHIP NATIONS

ABSTRACT

Social enterprises are mission-driven organizations that pursue both (1) financial independence in a manner that is self-sustainable and business-like, and (2) positive social and/or environmental impacts to alleviate a specific social issue. However, performing for both financial and social goals is a challenge, especially for those operating in emerging social entrepreneurship countries (i.e., Malaysia, Singapore, and Vietnam). This poses questions about the sustainable and effective performance of social enterprises in these countries. In this connection, grounded on resource-based theory, effectuation theory, and institutional theory, the empirical data on 155 Malaysian, Singaporean, and Vietnamese social enterprises was analyzed by using a structural equation modeling approach to shed light on the social enterprise performance drivers. The sample was selected using a purposive sampling strategy to effectively target and include hard-to-identify demographic groups like social enterprises. Notably, entrepreneurial orientation and effectuation positively influence social enterprise's financial performance, while social orientation and causation demonstrate a significant impact on social performance, highlighting the importance of selecting specific areas for improvement in guiding and controlling social enterprises to achieve the dual goals. Furthermore, the research validates a noteworthy association between financial and social performance, underscoring the pivotal function of financial viability in generating long-

term social value. Surprisingly, normative institutions of high social entrepreneurship admiration and expectation may cause pressures and decrease the positive relationship between financial performance and social performance. Consistent with the standard regression analysis, the importance-performance matrix emphasizes that entrepreneurial orientation is the focal area for driving financial success, and causation is the most potential area that should be concentrated to ensure social performance of social enterprises. These findings add to the existing body of knowledge on social entrepreneurship and have practical implications for social entrepreneurs, policymakers, social investors, and stakeholders looking to improve social enterprise sector in the face of adversity.

CHAPTER 1

INTRODUCTION

1.1 Introduction

This chapter provides the background of the study, presenting the conceptual and contextual underpinnings of social entrepreneurship as well as its recent development globally, with a focus on Southeast Asia, specifically Malaysia, Singapore, and Vietnam. The proceeding sections highlight the problem statement, research objectives, research questions, scope of the study, signification of the study, definition of the key concepts, and organization of chapters.

1.2 Background of the Study

Today, one of society's greatest challenges is rooted in the growing levels of risk and vulnerability of the economy, people, and the environment (Eizenberg & Jabareen, 2017; Sapena et al., 2018). Social enterprises closely monitor these issues, blending their entrepreneurial activities of offering goods and services with prominent social and environmental missions. Certainly, social enterprises are making a visible impression in both social and economic spheres, showcasing their innovative capabilities while also caring about the needs and welfare of people (Defourny & Nyssens, 2017; Joyce et al., 2022).

The need for social enterprise growth stems from the fact, that conventional political and economic solutions are insufficient to ensure the standard of living for a rising population. Meanwhile, non-profit organizations who mainly develop sustainable social solutions find themselves amidst a fiercely competitive landscape, marked by an escalating rivalry for donations and grants (da Silva Azevedo, 2022; Kim, 2013). The complements of for-profit and nonprofit qualities can explain the emergence and popularity of social social enterprises. In the public sector, social enterprises cooperate with governing bodies to tackle the most critical concerns facing humanity (George et al., 2016), and also minimize the financial burden on the governments when public services have become unaffordable in light of the rising number of people (Steiner & Teasdale, 2019). In the social sector, traditional non-profit groups have embraced the social enterprise model to create their own capital to improve their independence and sustainability from donations and government resources (Ko et al., 2021). In the private sector, numerous forward-thinking multinational corporations have adopted Corporate Social Responsibility (CSR) policies by co-founding or partnering with a range of social enterprises to demonstrate their commitment to social values, as a means of gaining a competitive edge (Khan et al., 2021; Hånell, et al., 2023; Rasheed et al., 2022). The social entrepreneurship movement appears among traditional public, social, and private sectors as a new public management in meeting fundamental societal needs while promoting economic prosperity (Alvord et al., 2004; Spicer et al., 2019). In social entrepreneurship, profit is not an end, but a means to an end, since surpluses or profits are predominantly reinvested for social goals (Cheah et al., 2019b).

Recognizing their positive impact in contemporary society; the European Union (EU), the United States of America (USA), East Asian regions such as South Korea, Japan, and Taiwan, Latin America, and many other parts of the world have approved social enterprises in their legal system and introduced key policy action to support this sector (Gouvea et al., 2021). Additionally, the European Commission (EC) has promoted the establishment of social enterprises as a keystone for facilitating inclusive, intelligent, and sustainable growth with a focus on people and social cohesion (European Commission, 2020). Besides, a growing number of support organizations have been assisting social entrepreneurs. For instance, the United Nations (UN) created the United Nations Social Enterprise Facility (UNSEF) to help social entrepreneurs expand internationally (UNDP, 2015). Numerous international organizations such as Ashoka, British Council, Schwab Foundation, Tilleke & Gibbins, Thomson Reuters Foundation, Yunus Social Business have offered free legal assistance, funding, and training; conducted research to pinpoint opportunities and obstacles facing social enterprises; and advised governments on how to implement policies that encourage the formation and the growth of social enterprises and social impact investments.

Across Southeast Asian countries, social entrepreneurship is becoming recognized as an approach to solving environmental degradation, empowering women and girls, and tackling income inequality (British Council, 2018). In the last few years, local governments began promoting social entrepreneurship within their regions. Investment continues to blossom when individuals and organizations work together to create new and varied ways to assist the expanding number of social entrepreneurs. What's important is that a lot of young people are becoming social entrepreneurs and they are taking the lead in creating profitable, self-sustaining solutions to address environmental and social issues in their communities. This singular type of leader works across the public, private, and third sectors; and tries to strike a balance between the necessity for financial sustainability and the demand for social impact. The landscape of social enterprises in

Southeast Asia has been evolving, but challenges indeed persist and they have faced hurdles to keep them surviving (ESCAP, 2021).

Because of their ambiguous nature or due to the hybrid form, there have always been questions regarding the performance of social enterprises in both financial and non-financial aspects (Amran et al., 2023). While social enterprises are widely accepted as more than just a trend and are seen as a powerful force for positive change, their survival and success are often doubted. This is particularly true in emerging social entrepreneurship contexts, where these organizations face unique resource restrictions (e.g., limited access to funding, human capital) and challenges of balancing their entrepreneurial and social orientations, which impacts their strategic orientation and decision-making processes (e.g., whether to prioritize goals or available resources) (Mashhour, 2022; Hessels & Terjesen, 2010). Therefore, important factors that enhance the performance of social enterprises in their nascent environments and effective strategies to use their resources need to be studied.

In summary, the meaningful roles of social enterprises in the quality of society along with the demanding challenges they have to face have necessitated them to strive for higher performance, thereby the movement from the conventional framework can happen and steer positive social transformation.

1.2.1 Definition of Social Entrepreneurship, Social Enterprise, Social Entrepreneurs

Throughout the 1990s, the social enterprise concept concurrently evolved in the United States and in Europe. Social enterprise lies in the borderland between for-profit and non-profit organizations, and is often connected with notions such as 'third sector'

(OECD, 2003) or 'hybrids' (Doherty et al., 2014). In general, a business entrepreneur recognizes a market gap and designs a profitable product or service to close the gap. A social entrepreneur performs the same tasks as a business entrepreneur, except that the gap the social entrepreneur seeks to solve is a social problem, and he or she reinvests a large portion of surpluses to the social mission; this is the one point of agreement among the various interpretations of the term.

The concept of social entrepreneurship is diverse and categorized into three main groups of definitions (Dees, 2018). The *first* group emphasizes not-for-profit organizations in adopting financial plans and management schemes to produce social value (e.g., Austin et al., 2006; Brooks, 2009; Khieng et al., 2015). A *second* group of academics is on entrepreneurially virtuousness behaviors (e.g., Sullivan et al., 2003; Gali et al., 2020). The understanding and description of social entrepreneurship borrows many of its core concepts of business entrepreneurship. A *third* group sees social entrepreneurship as a mechanism to resolve societal issues and catalyze social transformation (e.g., Desa, 2012; Mair and Marti, 2006). All three definitional groups embrace social value over individual and shareholder wealth, and emphasize innovation over simple practices. Core characteristics often noted in the social enterprise involve the centrality of an ethical or social goal (Defourny et al., 2006), income generation through commercial activity (Hynes, 2009), stakeholder participation in governance (Thompson & Doherty, 2006), limited profit distribution (Langdon & Burkett, 2004), and innovation in handling societal issues (Dees & Anderson, 2003).

In most English-language literature, the three notions of social entrepreneurship, social entrepreneur, and social enterprise are used nearly interchangeably; nonetheless, selecting one term over another has specific implications (Petrella & Richez-Battesti, 2014). As clearly explained by Defourny and Nyssens (2008), the notion of "social entrepreneurship" mainly emphasizes the entrepreneurial process, the notion of “social enterprise” refers to the “tangible outcome of social entrepreneurship” in the form of an organization, and individuals who started these organizations are termed “social entrepreneurs”.

A social entrepreneur is a central figure and a key player in social entrepreneurship. An individual who launches social initiatives and develops innovative solutions to bring about particular social change in the target community is considered a social entrepreneur (Khare & Joshi, 2018). It is further stated that social entrepreneurs are typically involved in long-term social projects that are integral to their visionary social missions rather than short-term charitable endeavors. Social entrepreneurs are now leveraging innovative business models, impact investing, and cross-sector partnerships to create systemic change. They are not just focused on alleviating symptoms of social issues but are also working to address root causes, often through community-driven approaches and sustainable practices (Cohen et al., 2019). Based on the identified dimensions of behavior and orientation, this study defines a social entrepreneur as an individual who is motivated by a particular social orientation while adopting a financially independent and sustainable entity. A social entrepreneur is highly innovative in blending great entrepreneurial business acumen driven by a strong sense of autonomy through effective management to bring about change.

Social entrepreneurship is a process through which social entrepreneurs can creatively combine their resources and expertise to serve and satisfy an unmet social gap that has not been addressed by the traditional welfare system (Jain, 2009). Certo & Miller (2008) restated it as a process that entails the identification, evaluation, and exploitation of opportunities that yield social values. These social values encompass giving targeted communities and people in need access to necessities such as food, water, shelter, healthcare, and education. To influence social value, Haldar (2019) emphasized the importance of understanding the multiple interdependencies that reside within the larger social system rather than focusing on fixing immediate social problems. Understanding the big picture allows for greater social impacts. In this study, social entrepreneurship is defined as the practice that is different from other forms of entrepreneurship by incorporating social activities with business endeavors that are self-sustaining, profitable, and innovatively progressive in their management to enhance the social well-being of communities.

A social enterprise embodies the following three characteristics: the primacy of social missions, the importance of innovation, and the function of earned revenue (Lepoutre et al., 2013). More importantly, social enterprises can create jobs even in hard times by virtue of their ability to assist others. By providing employment opportunities for people to become more self-sufficient, most of the pressing problems related to health, poverty, and education can be alleviated (Arend, 2021). Social enterprises have demonstrated that they are capable of swiftly adapting and offering creative solutions to improve urgent societal problems, as evidenced by the COVID-19 pandemic (Erro-Garces, 2020). For example, some social enterprises repurposed their manufacturing facilities to produce personal protective equipment (PPE), while others developed digital platforms to support remote learning for underserved communities. In this study, a social enterprise should be an organization or entity that prioritizes making a quantifiable and beneficial social impact by providing services aligned with their social objectives in a self-sustainable and business-like manner.

According to the Malaysian Social Entrepreneurship Blueprint 2030 (SEMy 2030) which was released by the official social enterprise agency - Ministry of Entrepreneur Development and Cooperatives (MEDAC), an organization can be designated as a social enterprise if it is registered “under a written law in Malaysia, purpose-driven and has a financially viable business model that addresses social and/or environmental challenges, aiming to achieve positive impacts to its beneficiaries and to the economy" (MEDAC, 2022). This definition encapsulates the core principles that distinguish social enterprises from traditional businesses and non-profit organizations, highlighting their unique role in the Malaysian landscape.

Singapore, very much like Malaysia, has no established official legal frameworks for social entrepreneurship. The Singapore Centre for Social Enterprise (raiSE) defines “Social enterprises as business entities set up with clear social goals; and where there is clear management intent and resources allocated to fulfill their social objectives” (raiSE, 2021). At its core, a social enterprise in Singapore is a “mission-driven organization” that prioritizes social impact alongside financial sustainability. It emphasizes that these organizations must have a clear social mission enshrined in their governing documents, demonstrate a commitment to social impact through measurable outcomes, and operate with a high degree of transparency and accountability. This framework ensures that the pursuit of profit does not overshadow the core social purpose through maintaining a balance crucial for the integrity and credibility of the sector. Singapore agencies' definition of social entrepreneurship is clearly similar to the description used in the Malaysian Social Entrepreneurship Blueprint 2030 (SEMy 2030).

Defining a social enterprise in these two countries goes beyond just the simple duality. A social enterprise is more than just a business with a social conscience. It is a carefully constructed model that leverages entrepreneurial spirit and market mechanisms to create sustainable solutions for societal challenges. Guided by a clear social mission, supported by government initiatives, and driven by a commitment to transparency and accountability, social enterprise is carving a unique niche in Malaysia's and Singapore's vibrant economy, proving that profit and purpose can indeed coexist and thrive. In an emerging trend, social enterprises also fulfill the aspirations of a new generation of Malaysians and Singaporeans who are passionate about doing good through means other than charities.

In Vietnam, Enterprise Law No. 68/2014/QH13 and Decree 96/2015/NDCP describe a social enterprise as one that fits the following key criteria:

a) its objectives are to solve social and environmental issues for community benefits;

b) at least 51% of annual surpluses are reinvested and used for registered social and environmental goals (Economic Law, 2015).

Social enterprises in Vietnam have been defined as entities with social missions as their primary priority, complemented by business activities to fulfill their social objectives, mainly focusing on the bottom-of-the-pyramid groups. The requirement that not less than 51% of profit must be reinvested for social purposes may result in the reluctance of many social enterprises to apply for the status.

Realized from the three countries, some aspects of their divergent meanings are shared. First, social enterprise is characterized as a business with two objectives: earning income from sales of products or services and bringing about positive social or environmental changes. Second, it can take on any form of organizational structure, including a partnership, a corporation, an association, a cooperative, a foundation, etc. In these three countries, the notion of social enterprise has been kept deliberately open to allow a broad spectrum of organizations that identify themselves as social enterprises to be included. That diversity of the social enterprise definition may be beneficial to prevent the lock of emerging patterns of social entrepreneurship.

In this research, social enterprises are chosen following indicators developed by Borzaga & Defourny (2001) and Dees (2012) for the most comprehensive understanding. This description is corresponding to the characterization employed by government agencies in Malaysia (MaGIC, 2016), Singapore (raiSE, 2016), and Vietnam (Economic Law, 2015):

1) Economic and entrepreneurial dimension of social enterprise
    a. A continuous activity producing goods and/or selling services
    b. A high level of economic risk
    c. A certain quantity of paid work
2) Social dimension of social enterprise
    a. An overt desire to help the community

b. An initiative launched by a group of citizens or civil society organizations

c. A limited profit distribution

3) Governance-related dimension of social enterprise

a. A high degree of autonomy

b. A decision-making power not based on capital ownership

c. A participative nature, which involves various stakeholders

1.2.2 Social Enterprise Typologies

In response to the wide-ranging concepts of social enterprise, various scholars have attempted to classify them into distinct categories and propose typologies. Defourny & Nyssens (2017) paved the way for a triangular framework that segments the entire economy into three main types of organizations: General Interest (GI) (i.e., State, governmental associations that serve the public good and highly rely on non-market resources), Mutual Interest (MI) (i.e., cooperatives, voluntary associations which are driven by their own members' interests), Capital Interest (CI) (i.e., for-profit companies which are driven by capital interest and rely on market resources). From this Triangle, four distinct social enterprise typologies can be derived, which can be grasped through two movements.

The first movement could be observed within public and non-profit sectors, where organizations historically dependent on government subsidies and donations are increasingly engaging in market-oriented activities. This has led to the rise of:

1. **Entrepreneurial non-profits (ENPs):** Non-profits that develop market activities to support their social missions.

2. **Public sector social enterprises (PSEs):** Government entities partnering with third-sector organizations to deliver social services.

The second movement is the transition from the capital and mutual interest toward the general interest:

1. **Social cooperatives (SCs):** These organizations go beyond the traditional cooperatives in that they combine the interests of their members with the wider community.

2. **Social businesses (SBs):** These are businesses designed to integrate economic activities and social objectives.

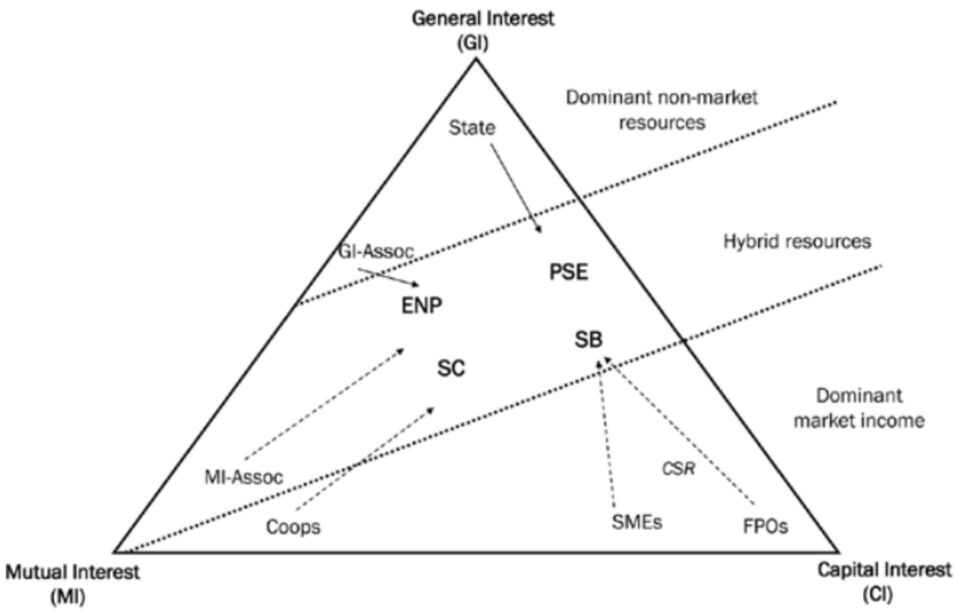

Figure 1.1: Social Enterprise Typologies

Note: Referred to Defourny & Nyssens (2017)

ENP = entrepreneurial non-profit; PSE = public sector social enterprises; SC = social cooperative; SB = social business

1.2.3 Difference between For-Profit Company, Social Enterprise, Non-profit Organization

Social entrepreneurial initiatives tend to come from private, public, and voluntary sectors (Leadbeater, 1997; Ridley-Duff, 2019). For the public sector, government agencies have adopted new methods in the public sector, as Borins (2009) argued that the government is proactively focusing on cost-effective results over bureaucratic rules. Public agencies are being forced to alter their behaviors by a movement toward a people-centered, results-driven, market-based strategy. As a result of this approach, government agencies have become more reliant on non-profit and commercial sectors to operate as public suppliers in the context of an increasing population. Non-profits or philanthropic organizations need to apply effective financial and managerial mechanisms to become more sustainable in the long term (Pyanov et al., 2021). Regarding private organizations, they not only operate for themselves, but also contribute to society by delivering high-quality products and services, and building social wealth (Camilleri, 2017). Social entrepreneurs collaborate across sectors, leveraging the strengths of each. Private sector expertise in business management, innovation, and scalability combines with public sector knowledge of societal needs and voluntary sector passion for impact. This collaboration fosters innovative solutions that transcend traditional boundaries. The overlapping of the three sectors is demonstrated in Figure 1.2.

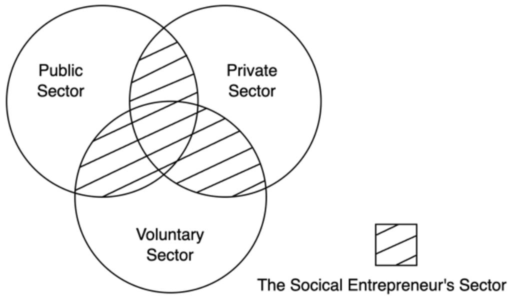

Figure 1.2: Overlapping among Sectors

Note: Referred to Leadbeater (1997), Ridley-Duff (2019)

Social enterprise and For-profit company. Social enterprises and conventional businesses have certain things in common, particularly in their self-reliance to earn enough income for their life and their aggressiveness in response to the market (Alinaghian, 2021); however, it is necessary to distinguish them from others in order to conceptualize the term social enterprise and to capture its unique characteristics. The first aspect is that social enterprises' profits are primarily used to fund social programs and initiatives. Social entrepreneurs, in contrast to regular business owners, prioritize social benefit over economic worth. The success of a social enterprise is measured in terms of quantitative financial and qualitative social change (Bacq et al., 2013). The second aspect is the potency of the good image of social enterprises. Social enterprises differentiate themselves by purpose-driven branding, authentic storytelling, and transparency, which build trust and create emotional connections with stakeholders, customers, and the community (Lin et al., 2021). Last, social enterprises have more options and are more flexible than small and medium enterprises (SMEs) when it comes to raising funds from public, private, third sectors, and individuals; volunteers are used widely by social enterprises as well (Cortes et al., 2021).

Social enterprise and Corporate Social Responsibility (CSR). Social enterprises are organizations that combine business practices with a commitment to positive social impact. The social mission is intrinsically woven into their core business model, and they actively work to address social or environmental challenges. Meanwhile, CSR programs often emerge after a company is established, aiming to improve existing practices to benefit society (e.g., funding a sports club or donations to social organizations), these initiatives still fall within the company's profit-maximizing objective and are directed toward boosting shareholder value appropriation. It is a reactive approach in that social and environmental considerations are just integrated and supplemented into business strategies (Ortiz-Avram et al., 2018).

Social enterprise and Non-profit/philanthropic organizations. Similar to social enterprise, non-profit organizations play critical roles in addressing societal challenges, broadly defined as "the fulfillment of basic and longstanding needs such as providing food, water, shelter, education, and medical services to those members of society who are in need" (Certo & Miller, 2008). Although some non-profits can generate revenue to their entire budget through fundraising and donations, these revenues are usually quite modest and contingent on the success of a specific project. For a non-profit organization to qualify as a social enterprise, their income-generating activities must have a long-term strategic orientation with measurable growth and revenue targets. Borzaga et al. (2017) pointed out that the social enterprise is run like a business where its main revenues come from the sale of goods and the provision of services. They increasingly have become self-financing through growth, making their organizations less dependent on grants or donations. They operate sustainably, doing business while prioritizing their mission over profits.

1.2.4 Disentangling Social Entrepreneurship from Other Related Concepts

Due to the diversity of hybrid entrepreneurship ecology, there is still significant confusion between social entrepreneurship and other concepts that look similar but actually different; for example, *sustainable entrepreneurship, institutional entrepreneurship*, *bottom of pyramid*, *blended or shared value*, which will be briefly described in turn below. While highlighting the concept of social entrepreneurship, it should not overlook these concepts because the distinction may be meaningful in better understanding the nature and managing the operation of social enterprises.

Sustainable entrepreneurship combines two words, "sustainability" and "entrepreneurship", in which "businesses engage in sustainable business practices by balancing the impacts of their environmental, business, and social activities" (Gast et al., 2017; Schaltegger & Wagner, 2011). Sustainable entrepreneurship can thus be differentiated from social enterprise in its pursuit of a triple instead of a double bottom line of balancing (1) social benefits, (2) reduction of environmental degradation, and (3) economically viable organizations. Besides, the root of the term 'sustainable' in sustainable entrepreneurship stems from the definition of "development that meets the needs of the present without jeopardizing the ability of future generations to meet their own needs" (Ramadani et al., 2022; WCED, 1987), so sustainable entrepreneurship implies the principles of both present generations and future generations; meanwhile, social entrepreneurship mainly focuses problems that affect people today (Belz et al., 2017; Thompson et al., 2011). Third, sustainable entrepreneurship is limited to the studies of hybrid organizations or for-profit organizations with a social strategy, while social entrepreneurship also encompasses non-profit organizations (Belz & Binder, 2017).

Institutional entrepreneurship or Development entrepreneurship is seen as “a change agent which initiates divergent changes, thereby possibly contributing to transform current institutions or to create new institutions in ways that will enhance social welfare” (Battilana et al., 2009; Micelotta et al., 2017). Thus, the idea of institutional entrepreneurship comes close to what Zahra (2009) classified as ‘social engineers’ – who establish new norms and behavioral patterns to accomplish a highly valued goal. However, social entrepreneurship’s activities do not only seek to change existing institutions radically but also develop scalable solutions to address local current problems. Thus, institutional entrepreneurship could be considered a subset of the social entrepreneurship domain.

The Bottom of Pyramid (BoP) approach has two versions. BoP 1.0 represents the idea that companies should provide the poor with right products and services (Prahalad, 2002). BoP 2.0 shifts the approach to partnership with them in commercial ventures (Karnani et al., 2007). The guiding principle of BoP and social entrepreneurship has the common notion of addressing poverty in a profitable way (Goyal et al., 2016). While social enterprise is concerned with providing access to innovation and social solutions in both developed and developing countries (Qi et al., 2023), the BoP is applied chiefly to communities experiencing ‘extreme poverty’ in low-income countries, paying little attention to the rising number of people living in ‘relative poverty’ in high-income countries (Brueckner et al., 2013; Khan et al., 2020). Hence, it is reasonable to subsume BoP under the umbrella term of social entrepreneurship.

Blended value or Shared value is defined as "policies and operating practices that enhance the company's competitiveness while advancing the economic and social conditions in the communities in which it operates" (Porter & Kramer, 2011). In this aspect, it overlaps the idea of corporate social responsibility (CSR) (Hechavarría et al., 2017). Social entrepreneurship and blended value are different and independent concepts. While social enterprise is a business model, blended value or shared value is just a trend of traditional enterprises mobilizing social support to make their business look good without changing its nature.

To this end, upon examining the overlaps and differences between social entrepreneurship and some related concepts, it can be observed how social entrepreneurship differs from other perspectives as a distinct concept. This study concurs with the understanding of social enterprise as "the process of launching a hybrid organizational form that creates social value through market-based methods" (Miller et al., 2012), which delineates social enterprise from other forms of prosocial or change-oriented endeavors.

1.2.5 Social Entrepreneurship Emergence and Development

While the term 'social enterprises' has seen a resurgence in the last 40 years or so, these entities are not new but emerged and matured in very differing manners depending on the history, existing legal and socio-cultural contexts of the region concerned. The following discussions expound on the rise and recent development of social enterprises in the global context, in Asia, in the Southeast Asian region, and its nascent social entrepreneurship nations such as Malaysia, Singapore, and Vietnam.

1.2.5(a) Social Entrepreneurship Emergence and Development in Global Context

The period after World War II witnessed a long phase of economic prosperity and the flourishing of non-profit organizations (NPOs) (Hall et al., 2010). However, the subsequent global financial crises led to a decline in financial support from local governments and corporations, as well as intense competition among NPOs to be granted while the relief fund was running dry. To address these challenges and promote sustainability and innovation, social entrepreneurship emerged as a powerful solution (Sepulveda, 2015). Social entrepreneurship has even gained momentum due to the inefficiency of traditional government aid agencies in achieving social transformation (Ghalwash et al., 2017).

Over the past several decades, social enterprises have transcended national borders to become a global movement. This growth can be attributed to several factors. First, the globalization trend has facilitated cross-border connections, knowledge sharing, and the replication of successful models for social enterprises. Second, humanity values have been strongly promoted. It is time when people talked about post-industrial society and the role of civil society. There are a series of social movements such as environmental preservation, Fair Trade, Corporate Social Responsibility (CSR), Millennium Development Goals, Sustainable Development Goals, and the Human Development Index. Third, there is the presence of social impact investors who are interested in social benefit rather than traditional profit. They establish international networks to collaborate, share, and support social enterprises globally, which is particularly beneficial to the development of social enterprises where there have been high demand for capital and capacity building. Jiao (2011) and Talavera et al. (2020) added two more reasons for the emergence of social entrepreneurship. First, social entrepreneurship allows nonprofits to innovate and adapt in the face of resource reduction. Second is that it fosters the alliances between for-profit and non-profit organizations, as well as the cooperation among different components in society.

The two most typical social entrepreneurship countries are the United Kingdom (UK) and the United States (US) whose social enterprise sector has developed in a steady and orderly way. The United Kingdom was the birthplace of social enterprises and continues to be the country with the most established social enterprises. In 2017, the UK government reported roughly 471,000 social enterprises, with 72% of them being 10 years or older, contributing £60 billion to the UK's economy and employing more than 2 million people (Stephan et al., 2017). Nearly a quarter of social enterprises (23%) operate in the most impoverished communities of the UK which have gained higher turnover and employed more staff than those in wealthier areas (Barclays, 2021). This suggested the outperformance of social enterprises in the UK in reducing inequalities and building a more inclusive economy. With this evidence, social enterprises have even been dubbed as the UK's "future of public service" (Office, 2010; Sepulveda, 2015). Furthermore, the UK has developed several international organizations aiming to fund new social enterprises and amass necessary skills or networks to make it all happen, for example, 'Big Society Capital' known as the world's first social investment bank; British Council, Social

Enterprise UK, UnLtd, Impact Hub known as the global leading social enterprise enablers spreading across 20-70 countries. This proactive approach, coupled with targeted funding and incubator programs, creates a fertile ground for social enterprises to flourish in the country.

The United States is another country that has experienced a simultaneous expansion in the social enterprise sector. The history of social entrepreneurship in the US dates back to the 1970s when the soaring oil prices caused an economic downturn and forced the government to cut funding on social welfare. However, the actual number of social enterprises in the US remains unknown to date. An initial discovery from The Great Social Enterprise in 2013 disclosed that social enterprises in the US already contributed over $300 million in revenue, about 3.5% of total US GDP, and employed an estimated 14,000 people in 28 states (Thornley, 2013). According to the Annie E. Casey Foundation, there were an estimated 500 social enterprises in the U.S. in 2020, generating over $1 billion in revenue and employing 56,000 people annually (Annie E. Casey Foundation, 2020). The institutional environment has strongly supported and reinforced social enterprises inside and outside the USA. For example, private foundations such as the Kellogg Foundation and the Kauffman Foundation focus on information collection and network development, while others like Ashoka and The Skoll Foundation are known as leading organizations in recognizing and awarding social entrepreneurs. Academic institutes such as Yale University, Stanford University, and Harvard Business School provide a broad range of courses and certificate programs to develop human resources for the sector. The coordination among the mentioned supporting organizations is intended to produce social welfare where the official public welfare system may have failed.

1.2.5(b) Social Entrepreneurship Emergence and Development in Asia

Asia is uniquely positioned to suffer the great global challenges of the 21st century. Containing 60% of the world's population, its dense populations are vulnerable to economic downturns, social upheaval, and environmental degradation. Yet, Asia is also the incubator of the most groundbreaking innovations to these challenges. Social entrepreneurship is a burgeoning sector that has the potential to contribute to the socio-economy of the countries in Asia and help to address their social challenges.

Asia has indeed been the birthplace of several remarkable social enterprises such as BRAC (originated in Bangladesh, now in 14 countries worldwide), Self-Employed Women's Association of India (SEWA, with over 600,000 members), or the Population and Community Development Association in Thailand (PDA, top 100 NGOs in the world by The Global Journal in 2012). The best-known Asian social enterprise is Grameen Bank, a microfinance institution founded by Professor Muhammad Yunus in Bangladesh in 1983 and awarded the Nobel Peace Prize in 2006. The Bank makes small loans to the poor to enable them to start their businesses and pull themselves out of poverty. The Grameen Bank has expanded to over 2,500 branches throughout Bangladesh within 20 years, and replicated the model across 58 countries such as the United States, Canada, France, the Netherlands, and Norway. After the success of Grameen Bank, social enterprise has been acknowledged as an economic instrument for closing social and economic disparities in Asian countries. The foundation of the Institute for Social Entrepreneurship in Asia (ISEA) in 2008 also marked the important role of social enterprises in the region. Its mission is to catalyze knowledge creation, capacity development, and movement building for social entrepreneurship across the region.

Despite the positive impacts of social entrepreneurship in lifting some of Asia's population out of poverty, many difficulties remain to be overcome. Most of the social enterprises in Asia are mid-sized, with neither abundant access to capital nor the essential recognition of their impactful work (De Silva et al., 2020). With the proper capital infusion, they can expand their overall impact, but still far left from their United States and European counterparts. Some social enterprises are "investor-ready"; for instance, some have the ability to issue bonds or equity securities, as well as to provide financial and impact reports, yet they often struggle to secure consistent and substantial funding streams that will allow them to go to scale (Lim, 2022; Shahnaz & Tan, 2009).

1.2.5(c) Social Entrepreneurship Emergence and Development in Southeast Asia

Southeast Asia is a significant economic powerhouse in Asia and a strategic global player, comprising a market of 600 million consumers and amounted to approximately 3.66 trillion U.S. dollars in 2022 (O'Neill, 2023). GDP of the Association of Southeast Asian Nations (ASEAN) has been skyrocketing for a few years now, reflecting the region's thriving economy. However, the rapid growth in Southeast Asia has also resulted in a rise in inequality within societies, posing critical challenges for balanced and sustainable development in the region (Dayley, 2018; Kanbur et al., 2014). Therefore, welfare and social initiatives are increasingly becoming crucial in this region. At the same time, foreign aid to some of the Southeast Asian countries has decreased as some of them have prospered and advanced from low-income economies to lower-middle-income economies. For those reasons, social enterprise is gaining traction in the region and is increasingly seen as one of the tools for long-term assistance to the poor and vulnerable groups in the region. In fact, social enterprise has been recognized as an effective means to help accomplish the ASEAN Framework Action Plan on Rural Development and Poverty Eradication 2016–2020 (ASEAN Secretariat, 2017). This point is also supported by Kerlin (2010) who noted the recent increasing interest in social entrepreneurship in the Southeast Asia region is because social challenges are not sufficiently handled by government welfare programs.

The concept of “social enterprise” has been gaining prominence in Southeast Asian countries over the past decade and across various sectors, including education, finance, rural development, health, water, and energy, collectively improving the lives of millions by creating livelihood opportunities and expanding access to essential services (Bidet & Defourny, 2019). However, since there is no consensus on its definition, most social enterprises are self-identified or loosely classified through their membership in various social enterprise networks. Among the Southeast Asian nations, only Malaysia, Thailand, and Vietnam have official legal definitions or accreditation schemes for social enterprises. Even in these three countries, many social enterprises are not legally recognized or accredited because the threshold to be recognized or accredited is relatively high. That’s the reason why the exact number of social enterprises as well as their economic, social, and environmental impacts in Southeast Asian countries is currently underestimated (USAid, 2018).

Today, social enterprises work in a diverse range of fields throughout the region, heavily impacted by the general economic system of their own country. There are many social enterprise activities in the agricultural sector in countries like Indonesia, the Philippines, Thailand, and Vietnam, but there are fewer in urban economies like

Singapore and Malaysia (ESCAP, 2021). Social enterprises are constantly evolving and innovating with time and the changing needs of society. Compared to a decade ago, in addition to traditional social enterprises, there are now increasingly more social enterprises using technology and crowdfunding to drive social change. For example, Crowde in Indonesia is a crowd-investing platform that enables farmers to raise working capital through either a loan or profit-sharing scheme; Jaga-Me in Singapore provides an online platform that matches caregivers and healthcare professionals to clients. However, the bulk of social enterprises in the Southeast Asian region are small, employing just a handful of employees. Social enterprises are also reported to face several challenges. Many are grappling with financial viability and considerable barriers to scaling up (e.g., skill set and financial access) (USAid, 2018).

Across Southeast Asia, many countries have not yet enacted policies to foster the development of social enterprises. Malaysia, Thailand, Singapore, and Vietnam have taken the lead in establishing either legal definitions, accreditation mechanisms, or supportive policies for social enterprises. However, Vietnam's legal definition does not come with additional incentives. Malaysia's accreditation system was initiated in July 2017, and its effects are still being assessed. Singapore allows social enterprises to enroll as part of the Singapore Centre for Social Enterprise (raiSE) and be acknowledged as a Business for Good, yet this does not equate to a separate legal recognition or accreditation framework. Thailand, on the other hand, has a more comprehensive approach with fully developed governance structures for social entrepreneurship. Thailand’s government passed the Royal Decree on Tax Exemption in 2016 and the Social Enterprise Promotion Bill in 2019, which include a legal definition and also fiscal