Ethics in Social Entrepreneurship

Raju Ranjan Kumar Paswan

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Supervisors
Professor Maria Teresa Campos Proença
Professor Carlos José Cabral-Cardoso

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I would like to dedicate this thesis to my mother, for being my inspiration. To my father, for saying never give up. To my supervisors, for their continuous guidance and not giving up on me and to my love for continuous encouragement and support.
Ethics in Social Entrepreneurship
We cannot wait for great visions from great people for they are in short supply at the end of history. It is up to us to light our own small fires in the darkness (Charles Handy, 1994, p. 274).
Biographical Note

Raju Ranjan Kumar Paswan was born on 23rd October 1983 in a city named Ranchi in India. He has two brothers and one sister. His parents and are retired from Indian government services and lives in India.

Raju has concluded his bachelor degree in 2006 with honours in Russian language and literature from Jawaharlal Nehru University, New Delhi. During his college life, he volunteered in Greenpeace activity, and represented Greenpeace India at conferences of United Nations and Intergovernmental Panel on Climate Change (IPCC) in Bangkok, Thailand. Later in 2007, he went to study master of arts in social entrepreneurship at Tata institute of social sciences, Mumbai. After completing Master, he joined M.Phil. program at Indian Institute of Technology, but later dropped out and started working as a business analyst in Mumbai.

With the desire to travel around the world, he left the job and 2010 came to France. After returning from Europe he started working in a not-for-profit organisation on the Right to Education project in New Delhi as a program officer and implemented various projects in different states in India.

In 2012, he received Erasmus Mundus scholarship to pursue Ph.D. in the Faculty of Economics under the business and management department at the University of Porto. During the program, in 2017 he took part in a University social responsibility auditing course from the University of Edinburgh, UK and completed as a non-graduating student.

During the Ph.D. program, Raju has taken part in the summer school of social economy in Italy and EMES conferences in Finland and Belgium, where he presented his papers on social entrepreneurship topic. In 2018, he had received an invitation to work as a visiting professor at Universidade de las America Puebla in Mexico. He is very ambitious and determined to dedicate his life to social empowerment.
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The role of teachers has been given the highest importance in Indian society. There is a verse in Sanskrit that says “Guru Brahmā, Guru Vishnu, Guru Devo Maheshwarahā, Guru Sākshat Para Brahmā, Tasmai Sree Gurave Namahā!” It means, teacher (guru) represents the energy, that can create, nurture knowledge, and destroy ignorance.

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Abstract

Social entrepreneurship, as a research domain as well as a domain of action has been growing since the last few decades. Though, despite its rise in popularity, scholars are finding difficult to reach on a common opinion to describe, what social entrepreneurship means (Kickul & Lyons, 2012; Dees, 1998). Some speculate that it is an idea of solving social problems using business methods (Peredo & McLean, 2006; Austin et al., 2006a), while others believe that social entrepreneurship is just a nonprofit activity (Williams & K’nife, 2012). This complexity has led to numerous ideas and approaches to describe the field of social entrepreneurship.

Another idea is that, like conventional entrepreneurs, social entrepreneurs also work in an environment that is highly competitive and unpredictable. In such volatile market, social entrepreneurs also need to take a tough strategic decision that often challenges their pillars of ethics (Zahra et al., 2009). In business, environmental ethics is considered as an oxymoron. The infringement of ethical practice in business is common. Despite this, social entrepreneurs are believed to be more ethical than business entrepreneur. Although scientific study on the issues of business ethics has garnered considerable attention, there is an insufficient study that suggests whether social entrepreneurs experience any ethical issues or they are ethical all time (Dey & Steyaert, 2016; Bull et al., 2010). This study has tried to bridge this gap by carrying out an empirical investigation in the social entrepreneurship field.

The main objective of the study is to comprehend the meaning of social entrepreneurship, investigate the motivation behind doing social entrepreneurship and identify ethical issues and ethical dilemmas associated with social entrepreneurship. Firstly, it has clarified the blurred concept of social entrepreneurship by reviewing the literature and then it proposed a workable definition of social entrepreneurship. Secondly, literature related to entrepreneurship and social entrepreneurship motivation is examined. Thereafter, existing literature on ethics from the business and entrepreneurship field are reviewed to comprehend the theoretical understanding of ethics in an organisation. Subsequently, a qualitative study using a phenomenological research method is used to conduct this investigation. Primary data were collected from 20 social entrepreneurs from Portugal in the form of semi-structured
in-depth interviews. Data were systematically analysed using interpretative phenomenological analysis (IPA) to address the research questions.

Findings of the study focused on three areas: first, it has identified themes related to the social entrepreneurship motivation process; second, themes related to ethical issues in social entrepreneurship are categorised, and third, ethical dilemmas in social entrepreneurship are presented. Study discussed that social entrepreneurship motivation flows in four stages, in the beginning, socio-environmental context ignites the interest of individual towards social mission, which followed by emotional antecedents that further pushes the motivation to the third stage that is self-oriented motivation and other-oriented motivation which acts as a fuel and motivate individual to start the social enterprise; fourth stage is related with the motivation to proceed, where social entrepreneur focuses on the important need that requires the social enterprise to sustain.

The study identified six themes, where social entrepreneurs face ethical issues; deciding about legal structure, achieving financial sustainability (fund dependency and fund diversion), choosing partnerships, managing human resources (unfair recruitment and compensation), assuring transparency and accountability and facing mission drift.

Finally, and furthermore, the study also identified five ethical dilemmas faced by social entrepreneurs, social mission Vs. Private life, social responsibility Vs. Professionalism, lying Vs. Hiding, keeping Vs. Firing (dilemmas related to managing human resources) and staying Vs. Leaving. In each case, it was evident that the primary driver of individual actions was social value creation. However, the study argues that social entrepreneurs are not immune to ethical issues, and like any other entrepreneurs, they also face ethical challenges. The study concluded by expressing limitations that emerged during the research and proposed future directions for the research.
Resumo

O empreendedorismo social emergiu como domínio de investigação e como um domínio de ação, nas últimas décadas. Apesar de sua crescente popularidade, o consenso sobre o que o empreendedorismo social realmente significa, não parece fácil entre académicos e profissionais (Kickul & Lyons, 2012; Dees, 1998). Muitos especulam que se trata de resolver problemas sociais usando métodos comerciais com fins lucrativos (Peredo & McLean, 2006; Austin et al., 2006a), enquanto outros acreditam que o empreendedorismo social é apenas uma atividade sem fins lucrativos (Williams & K'nife, 2012). Esta situação resulta em várias definições e abordagens diferentes no campo do empreendedorismo social.

Outra ideia é que, semelhante aos empreendedores convencionais, os empreendedores sociais também trabalham em um ambiente altamente competitivo e imprevisível. Em tais mercados voláteis, os empreendedores sociais também precisam tomar decisões estratégicas difíceis que muitas vezes desafiam os seus pilares de ética (Zahra et al., 2009). No ambiente de negócios, a ética é considerada um oxímoro. A violação da prática ética nos negócios é incomum. Apesar disso, alguns acreditam que o empreendedor social é mais ético do que o empreendedor comum.

Embora o estudo científico sobre as questões da ética nos negócios tenha atraído uma atenção considerável, não há estudos suficientes que sugiram se os empreendedores sociais vivenciam qualquer questão ética ou são éticos o tempo todo (Dey & Steyaert, 2016; Bull et al., 2010). Esta tese procura preencher esta lacuna, realizando uma investigação empírica para explorar a ética no empreendedorismo social.

Em primeiro lugar, clarifica o conceito confuso de empreendedorismo social, revendo a literatura sobre empreendedorismo e empreendedorismo social. Em segundo lugar, propõe relacionada com o empreendedorismo e a motivação do empreendedorismo social. Posteriormente, a literatura existente sobre ética do campo de negócios e empreendedorismo é revisada para compreender a compreensão teórica da ética na organização. Posteriormente, um estudo qualitativo utilizando o método de pesquisa fenomenológica é utilizado para conduzir esta investigação. Dados primários foram coletados de 20 empreendedores sociais de Portugal na forma de entrevistas semiestruturadas em profundidade. Os dados foram
sistematicamente analisados usando análise fenomenológica interpretativa (IPA) para abordar as questões de pesquisa.

Os resultados do estudo centraram-se em três áreas: em primeiro lugar, identificou temas relacionados com o processo de motivação do empreendedorismo social; em segundo lugar, temas relacionados a questões éticas no empreendedorismo social são categorizados e, em terceiro, são apresentados os dilemas éticos do empreendedorismo social. Estudo discutido que a motivação do empreendedorismo social flui em quatro estágios, no início contexto socio-ambiental inflama o interesse do indivíduo em direção à missão social, que segue antecedentes emocionais que empurraram ainda mais a motivação para o terceiro estágio que é a motivação auto-orientada e outros orientados motivação que age como combustível e motiva o indivíduo a iniciar o empreendimento social; A quarta etapa está relacionada com a motivação para prosseguir, onde o empreendedor social se concentra na necessidade importante que exige que o empreendimento social se sustente.

O estudo identificou seis temas, nos quais os empreendedores sociais enfrentam questões éticas; decidir sobre a estrutura legal, alcançar a sustentabilidade financeira (dependência de fundos e desvio de fundos), escolher parcerias, administrar recursos humanos (recrutamento e remuneração injustos), assegurar a transparência e a responsabilidade e enfrentar o desvio da missão.

Finalmente, e além disso, o estudo também identificou cinco dilemas éticos enfrentados pelos empreendedores sociais, missão social vs. vida privada, responsabilidade social vs. profissionalismo, mentindo vs. escondendo, mantendo vs. disparando (dilemas relacionados à gestão de recursos humanos) e ficando vs. deixando. Em cada caso, ficou evidente que o principal motor das ações individuais era a criação de valor social, no entanto, o estudo argumenta que os empreendedores sociais não são imunes a questões éticas e, como qualquer outro empreendedor, também enfrentam desafios éticos. O estudo concluiu expressando as limitações surgidas durante o estudo e propôs direções futuras para a pesquisa.
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Abbreviations:

CASEx: António Sérgio Cooperative for Social Economy
CICL: Community Interest Company
CSR: Corporate Social Responsibility
EMES: Emergence des Entreprises Sociales en Europe
FPC: Flexible purpose corporation
IES: Social Entrepreneurship Institute
IPA: Interpretative phenomenological analysis
IPSS: Private Institution of Social Solidarity
Ltd: Limited
MIES: Map of Innovation and Social Entrepreneurship
NGO: Non-Governmental Organisation
SDT: Self Determination Theory
SE: Social Entrepreneurship
SESA: Social Economy Satellite Account
SIP: Social Innovation Portugal
SWOT: Strength, Weakness, Opportunity, and Threat
UK: United Kingdom
US: United States
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CHAPTER 1 – INTRODUCTION

The globalisation process brought an increased interest in the field of entrepreneurship. Government and private sectors are vigorously encouraging individuals and society to undertake entrepreneurial activities (Defourny & Nyssens, 2010). Almost every business university around the world are teaching theoretical and practical courses in entrepreneurship. According to Global Entrepreneurship Monitor (GEM) 2016 report (Herrington & Kew, 2016), entrepreneurs are admired and given high importance in society. There are several business competitions around the world that aim to recognise and promote entrepreneurship, now considered as a good career choice. Therefore, many business people holding small or big enterprises want to tag their name or organisation under this domain of entrepreneurship. Despite of all these charms, attractions and debates many entrepreneurship related issues remain unclear. What is entrepreneurship? Can any business venture be called an entrepreneurial activity? Who can be called entrepreneur? How are they different from common business people? These are the prime questions coming in our mind whenever we hear about the term entrepreneurship or entrepreneur.

Despite the extensive literature in this field, there is no definite definition of what is entrepreneurship. For some authors, entrepreneurship is a process of creating an enterprise by harnessing innovative ideas and strategies (Huybrechts & Nicholls, 2012), while, others give importance to the personal characteristics of the individual that enable him/her to create an enterprise (Thompson, Alvy, & Lees, 2000).

The definitional debate on entrepreneurship is still not over and yet another notion - ‘social entrepreneurship’-, has emerged meaning entrepreneurial activity initiated with the purpose of solving societal problems such as poverty, lack of medical facilities, poor education, social as well as economic inequality. According to the World Bank Group (2017) report, still more than 14 % of the global population are living under extreme poverty and there is a continuous rise of inequalities in the society. Although these issues are not new, but the way of tackling these problems has been changing over the years.
Entrepreneurship aiming at social benefits has become ubiquitous (Mair & Noboa, 2006, p. 121). There is an increased interest in the field of social entrepreneurship, especially after the 2008 world’s financial crisis, when the decrease of corporate and government funds for social welfare and development, led to a growing discussion around social entrepreneurship (Pirson, 2012). As mentioned by Nicholls (2006), there are more than 3.5 million jobs related to not for profit enterprise in Europe and almost 1.5 million people are actively engaged in this social enterprise sector. Although, he also accepted that many of these nonprofit enterprises may not necessarily be socially entrepreneurial, even though, this figure represents that the phenomenon of social entrepreneurship has grown globally and it is a growing demand in this field (Nicholls, 2006).

Despite its rise in popularity, scholars and practitioners are finding it difficult to reach on a common agreement to define and describe, what social entrepreneurship really means (Choi & Majumdar, 2014). Though it is commonly acknowledged that social entrepreneurship is different from traditional entrepreneurship (Austin, Stevenson, Wei-Skillern, & Wei-Skillern, 2006a; Dees, 1998b; Shockley & Frank, 2011). Some authors describe it as solving social problems using for-profit business methods (Peredo & McLean, 2006), while for others it is hard to digest that business and social development activity can go together side-by-side. For instance, Friedman (2007) argued that the main purpose of business is to maximize its profit. He also mentioned that earned profit must be shared with the shareholders and businessperson can use only his own part of earnings for social welfare activity and not the entire profit of the company. Many believe that social entrepreneurship is related to non-profit activity (Defourny & Nyssens, 2010; Kerlin, 2012). In spite of this ambiguity, society has been acknowledging the contributions made by social entrepreneurs in improving human life and society and numerous definitions and approaches are made to understand the field of social entrepreneurship (Choi & Majumdar, 2014).

The paradigm of social entrepreneurship offers an extensive range of solutions to address various societal problems, while for others it is an opportunity to take control of market based business models for social development purpose (Nicholls, 2006b). Nicholls believe that social entrepreneurship is an autonomous field of study that regulates social change and not controlled by not-for-profit or charity management. He defined social
entrepreneurship as an innovative action where individuals or organisations create or transform existing institutions to address the inadequate provision, or unequal distribution of social and environmental goods (Nicholls, 2009).

Typologies of social enterprise and its activities are also categorised based on its expertise, size, and operations (Zahra et al., 2009). Though, the definitional debate on social entrepreneurship is ongoing, it is clear that social entrepreneurs are the owner or manager of social enterprise and they possess the idea of venturing social enterprise with a motive of addressing social problems by utilizing innovative entrepreneurial practices. It is still not very clear from where and how these individuals get motivation to do these activities. Nevertheless, social entrepreneurs are treated like a heroes or saviors by many organisations, media and scholars (Ashoka, 2015; Fayolle & Matlay, 2010; Young, 2013). Some even believe that social entrepreneurs are flawless actors and are highly ethical compared to common people or business entrepreneurs. Regardless of all these perceptions, we cannot forget that social entrepreneurs are human beings and like conventional or commercial entrepreneurs they also work in economically scarce and competitive environments.

All profit and nonprofit organisations continue to work in competitive and fragile economic environment, where every day leaders need to make decisions that demand ethical sensitivity and clear guidelines (Haugh, 2005; Peredo & McLean, 2006). The ethical dimension of organizations is generally recognized as an important dimension of organizational behaviour and success. Any wrong or unethical practice can adversely affect the organizations’ reputation and their businesses. In such a stressful environment, the pressure to neglect ethical concerns are inevitable. According to Vyakarnam et al. (1997), in business ethics, there are few definite rights or wrongs. In several occasions, person’s decision is based on their own definition of right and wrong. How to decide which kind of decision is ethical and unethical?

To Socrates “the foundation of ethics was based on a simple question: How should one live? Aristotle undertakes this to describe ethics is about living the good life (Hartman, 2015). However, in contemporary time this view of ethics is not the one that most of us would take. Ethics is essentially about how people treat each other, not about what is best for oneself (Hartman, 2015; Hartman, DesJardins, & MacDonald, 2015).
Nowadays, the manifestos depicting the ethics and morals values of organisations aiming to regulate the action and decision of individuals involved and in this settings ‘staying within the rules of the game’ represents a framework for moral evaluation (Bull, Ridley-Duff, Foster, & Seanor, 2008, p. 2). It is a fact that unethical practices are common in organisations. In many occasions people make unethical decisions with a motive to get quick reward or benefit. There were numerous examples in the past in which corporations were involved in wrong practices such as corruption or deception (Treviño & Brown, 2004) i.e. Volkswagen, Enron, Tyco, Vivendi, Uber, Facebook are few of them.

Corresponding to profit-making enterprises, many non-profit organisations that are meant for the social welfare and development were also found to be indulged in unethical practices, though the non-profit sector is said to be particularly sensitive to the negative effects of fraud (Deci, Koestner, & Ryan, 2001). Examples around the globe show that non-profit or social development sector is not immune to unethical practices. There are several examples showing that in many occasions’ leaders of non-profit organisations engage in unethical practices. Recently, a non-profit organisation in Portugal named “Rarissimas” was in the news because media claimed that its president was involved in malpractices such as fraud and misuse of the organisation’s money (Chacón, 2017). In another example, an organisation SKS Microfinance in India was also in the news because SKS was exercising unethical practices such as coercion for collecting money from poor money borrowers or defaulters (Estrin, Ute, & Vujić, 2015; Galaskiewicz, Barringer, Galaskiewicz, & Barringer, 2012; Polgreen & Bajaj, 2010). In early February 2018, the Times newspaper accused international charity organisation Oxfam UK’s top officials for sexual misconduct in Haiti earthquake relief operation. Surfacing of these immoral practices brought shame to the organisation and distrust among the donors, leading cancellation of thousands of donations to Oxfam (BBC, 2018).

There are several similar examples showing that people engaged into altruistic welfare activities or social development activities somehow got diverted from their mission or end up doing unethical practices (Campbell & Göritz, 2014; Chen, Tang, & Tang, 2014; Friedrichs, 2010). It is unclear what makes these individuals getting involved into unethical practices, specifically when they are motivated and determined to solve societal problems.
and who willingly choose a profession that it isn’t meant to incur any financial benefits. What makes some of them behave immorally or we can also ask this question, why good people do bad things?

Social entrepreneurs are considered as new breed of entrepreneur and leader (Christopoulos & Vogl, 2015; Hockerts, Mair, & Robinson, 2010; Weerawardena, Sullivan, & Mort, 2006). They engage into business activities to solve social problems and to benefit the society by creating social value. Their entrepreneurial actions result into prosocial behaviour and therefore, social entrepreneurs are automatically accepted as possessing strong ethical fiber and highly morals (Sophie Bacq, Hartog, Hoogendoorn, & Lepoutre, 2011; Bornstein, 2004; Bull & Ridley-Duff, 2018). Towards this taken for granted assumption of strong ethical fibreness and moral characteristic of social entrepreneur, there is no empirical evidences that justify this claim. Therefore, it is important to understand, does social means ethical and if social entrepreneur’s motivation is social, does it mean they are ethical too?

What motivates social entrepreneurs to start social enterprise?

Some researchers have discussed that love of money or greed are related to unethical attitudes (Tang, Chen, Tang, & Chen, 2008). Stealing, lying, tax evasion, manipulation of data, wrong partnership, favouritism, forging of financial or non-financial records, misusing of funds, accessing resources improperly, discrimination, abuse, unfair treatment, etc. are some of the common corrupt practices found in several corporate as well as in non-profit organisations (Rhode & Packel, 2009).

Dey & Steyaert, (2014) identified power, subjectivity, and freedom as the neglected but crucial area for understanding the ethics of social entrepreneurship. In theory, power linked with subjectivity that is exclusively related with negative phenomena such as domination or exploitation, in practice-based approach, subjectivity forms the space where the competing demands between power and responsibility towards others are played out and thus, an individual may act unethical but become ethical by constituting themselves as moral subjects of their own action (Dey & Steyaert, 2014). The study endorsed a moral space in social entrepreneurship. Bull et al. (2010) explains that ethical decisions doesn’t only depends on an individual but it depends on the interaction between groups, materials and
emotional gains and losses. An action can be considered as ‘moral’ if it has a positive impact on both, self, and others.

Realising that social entrepreneurs engage into two types of environment, business and social, that require entrepreneurial acumen as well as selfless commitment for social development. So, considering of this dual nature of this activity, where motivation towards profit generation is important for the survival of organisation, in the same time ability to ensure that motivation for social value creation doesn’t get impacted in this process. How are right decisions made without losing the essence of social entrepreneurship?

There is considerable body of literature on business ethics, but ethics in social entrepreneurship is underexplored. Several researchers have emphasized the need of researching on ethics and social entrepreneurship (Chell, Spence, Perrini, & Harris, 2016; Harris, Sapienza, & Bowie, 2009; Zahra, Gedajlovic, Neubaum, & Shulman, 2009). So far, the literature has failed to provide any pragmatic evidence that can explore this significant issue. This empirical study is an attempt to contribute to fill this gap.

Social entrepreneurs come from diverse socio-economic and professional background and they tend to work on various social issues such as environment, health, education, livelihood, social development etc. based on their interests and expertise. These areas are vast and the key issues differ from each other. Therefore, the relevant literature on social entrepreneurship is explored in two stages. The first stage deals with the understanding the phenomenon of social entrepreneurship by reviewing the literature on entrepreneurship and social entrepreneurship and then presenting a workable definition of the terms. In the second stage, the literature concerning motivation theories, ethics, business ethics and social responsibility is explored in what pertains entrepreneurship and social entrepreneurship. Social entrepreneurship is a nascent field and therefore several scholars have argued about the importance of conducting interdisciplinary research (Austin, Stevenson, Wei-Skillern, & Wei-Skillern, 2006; Braunerhjelm & Stuart Hamilton, 2012; Mair, Robinson, & Hockerts, 2006), as a means to better explain a phenomenon. In the following section, the study is outlined.

Considering the significance of the issue and personal interest in the subject matter, this research was designed and investigated. For this purpose and based on convenience, the
Portugal was selected as a platform for data collection. Although third sector activities have been conducted in Portugal, until now there is no accepted definition and structure of the concept of social entrepreneurship in Portugal. The Portuguese government recognises the activities of social entrepreneurship under the domain of social economy. Social economy is a widespread terminology that accept a wide range of activities that fall into the third sector. The terminology is widely used in dialogues by politicians.

A study was conducted by the Social Entrepreneurship Institute (IES) in 2013 to create a database, named "Map of Innovation and Social Entrepreneurship in Portugal" (MIES). The IES study identified Portuguese organisations working in third sector or involved in non-profit activities and whose sustainability is partially or fully depending on external funding sources.

Following varied available resources, selection criteria were defined to select the right participants (social entrepreneurs) for the purpose of this study. Many have advocated for the use of qualitative study method to understand complex and underexplored phenomena (Mair, Robinson, et al., 2006). Phenomenological approach based on qualitative method is used to study the ethical dimension of social entrepreneurship (Berglund, 2007; Laverty, 2008; Malpas & Gander, 2014; Moustakas, 1994). During interview detailed life stories were collected and analysed to understand the social entrepreneur’s motivation, ethical issues, or dilemma they face. Phenomenology explains that the world around us can only be understand through lived experiences (Fisher & Lovell, 2009, p. 357). Robinson, Mescht, & Lancaster (2003) described that phenomenology is the capable scientific method that can explore the existence in consciousness and therefore it is suitable to study the experiences of individuals that deals with ethical issues.

Social entrepreneurship is still an emerging but contested concept, because of its dual nature of business and social development activity. Definitional ambiguity and confusion persist in the literature. This investigation has overcome this ambiguity by building on the different notions of entrepreneurship and social entrepreneurship and adopting a workable definition of the phenomenon of social entrepreneurship. This study has critically analysed the concept of social entrepreneurship and discussed various areas such as meaning and
motivation of doing social entrepreneurship as well as ethical issues and dilemmas that require serious attention.

Unlike the current view of social entrepreneurship is rapidly growing and social entrepreneurs are considered as an impeccable moral heroes and social entrepreneurship as flawless concept, this research argued that the social entrepreneurs like any other individual or entrepreneur faces ethical issues and ethical dilemmas in relation to his/her daily operations. This study on ethics in social entrepreneurship is relevant in contributing to the knowledge of the academia and practitioners. The dissertation has critically analysed the notion of social entrepreneurship and explored several dimensions of the ethical challenges faced by social entrepreneurs.

The dissertation is organised in seven chapters. Chapter 2 and 3 review the literature from the field of entrepreneurship, social entrepreneurship, motivation, and ethics. It aims to comprehend the existing work in this field and identify the major gaps. Chapter 4 justifies the research methodology and process used to conduct this study. In chapter 5 findings of the study are presented. Chapter 6 discusses the major findings and the contribution of the study to the literature. Chapter 7 presents the major conclusions and limitations; it also highlights some recommendations for further research.
LITERATURE REVIEW
CHAPTER 2 – UNDERSTANDING SOCIAL ENTREPRENEURSHIP

Chapter 1 provided the background and the justification for the study of the topic social entrepreneurship and ethics. To conceptualise an understanding of the theme, the commencing point for this study is to review available literature in relation to the research topic. Since the notion of social entrepreneurship is vague and many easily get confused between social and entrepreneurship terminology. Therefore, it is essential to establish some clarity around these concepts and propose a workable definition for this study.

The review of literature is aim to gain a pre-understanding of the subject of social entrepreneurship and to identify gaps which this study can address. The available literature offers a range of approaches towards the idea of social entrepreneurship and ethics, therefore a range of selected themes will be presented, compared, and critically examined. In the following chapters, the available literature of social entrepreneurship is reviewed by classifying into two broad areas in two distinct chapters namely chapter 2 and 3.

At first, chapter 2 aims to understand the concept of social entrepreneurship, its emergence, and the theoretical lens of structuration of social entrepreneurship, social entrepreneurs, and social enterprises. Thereafter, it also reviews the literature connecting motivation and social entrepreneurship to comprehend the background of social entrepreneurs and their motivation in starting social enterprise. Since the concept of social entrepreneurship is still emerging, an interdisciplinary approach is used throughout the literature to prepare a base for further study the field of ethics. Chapter 3 review the literature related with business ethics and social entrepreneurship. It concludes by presenting the research gap that are addressed in this dissertation.
2.1. INTRODUCTION

The term ‘social entrepreneur’ was coined by Banks (1972), in the book “the sociology of social movements” for the individuals who uses their managerial skills directly for socially constructive purpose. Later in 1980s, Bill Drayton popularise the terminology of ‘social entrepreneurship’ by establishing a not-for-profit organisation named “Ashoka’, whose main aim is to identify and support world’s leading social entrepreneurs. The word Ashoka is derived from sanskrit word “A-shok” that means “active absence of sorrow.” As reported in the organisation website, the name Ashoka is inspired from Indian emperor named Ashoka, who reigned the Indian subcontinent during 268–232 BCE (Ashoka, 2018). He is also considered as one of the world’s earliest social entrepreneur and changemaker who uses innovation as a tool to do social welfare and economic development.

Bornstein (2009) mentioned that, changemakers are believed to be always existing in the society. Earlier, they were popularly called as social reformers, visionaries, humanitarians, philanthropists, saints, or great leaders whose vision, compassion and courage enables them to create a system that were able to solve existing social problems in the society. For example, Florence Nightingale founded the professional training school for nurses and modernized hospital construction. Through non-violent movement, Mohandas Gandhi Karamchand Gandhi was able to build a strong decentralized political movement that enabled India to get freedom from the British regime and that inspired several other countries to follow the similar strategy. There are several such examples where individuals involved into voluntary or not for profit activities that aim for solving social problems. Similarly, during industrial revolution there were many businessperson and entrepreneurs who were owning for-profit businesses and in the same time they were actively participating into social development and welfare activities, such as construction of bridges, schools, hospitals or creating new employment opportunities. All these examples show that extraordinary
individuals around the world have somehow participated and contributed to the social development.

The understanding of what social entrepreneurship has evolved over recent decades (Bornstein, 2009). Academic study of social entrepreneurship is said to begin in the late 1970s when globalization, high competition for growth and development was continuously being dominated by business and entrepreneurship. In the same time increased economic crisis, budgetary constraint and failure of social welfare schemes encourages individuals and society to look beyond existing funding sources such as philanthropy or charity or donation and to start socially motivated entrepreneurial activity for addressing the social issues such as unemployment, housing problems, child care, health care and etc. (Borzaga & Defourny, 2001; Haugh, 2005; Peredo & McLean, 2006).

Over time, there have been several scholars who have offered their views on what social entrepreneurship means and the role that social entrepreneurs play in social and economic regeneration. Many have argued that social entrepreneurship is still in its infancy and there is a dearth of common consensus over its definition (Bacq & Janssen, 2011; Bornstein & Davis, 2010; Dees, 1998b; Peredo & McLean, 2006; Rahim & Mohtar, 2015). Dees (1998b) agreed that social entrepreneurship is confusing and difficult to understand. Some researchers believe that social entrepreneurship is only related with nonprofit activities whose motivation is to create social value to those who are disadvantaged and in need (Peredo & McLean, 2006; Williams & K’nife, 2012). While, many others believe that it is another form of doing corporate business (Austin et al., 2006). Some argued that social entrepreneurship is different from conventional entrepreneurship, corporate social responsibility (CSR) and social work activities (Bacq & Janssen, 2011).

It seems that “social” and “entrepreneurship” these two dubious terms are creating the confusion, as ‘entrepreneurship’ is a term that is directly related to business, while ‘social’ directs towards social work or welfare activities. The reason behind this ambiguity is not having an exact definition of the entrepreneurship itself. Therefore, some suggested that before making any effort to clarify the definition of social entrepreneurship, one must begin with the explanation of entrepreneurship (Nicholls, 2006a; Rahim & Mohtar, 2015).
In recent times organisational and typological diversity of social entrepreneurship has been increased tremendously. For example, different business models and legal structures such as nonprofit, for-profit, public, or even hybrid models are emerging as a social enterprise and founder or manager of these organisations prefer to identify themselves as social entrepreneur. All these leads to the situation of more confusion and vagueness in understanding social entrepreneurship. Moreover, it is found that “social enterprise”, “social entrepreneurship” and “social entrepreneur” are sometimes used interchangeably by practitioners and academia and in many occasions misunderstood and tagged with different definition and meanings. Hence, it is essential to clarify any doubts revolving around these concepts. Therefore, this chapter starts with reviewing of literature on entrepreneurship and thereafter it elucidates the concepts of social enterprise, social entrepreneurship, and social entrepreneur.

2.2. Exploring Entrepreneurship

Entrepreneurship is an important field of study and practice. Since it is believe that entrepreneurship plays a substantial role in the growth of economy by contributing significantly in employment generation and economic development around the world (Miller, Grimes, McMullen, & Vogus, 2012). Examples or debate of entrepreneurship often includes high profile businessperson or big companies for example: Google, Facebook, Uber, Twitter, Apple etc. and more specifically to technological sector. Although, the earliest credit for theoretical development of the concept of ‘entrepreneur’ was attributed to economic theory, later concept developed into non-economic theory and substantial contributions on entrepreneurship research was extended in the field for technology development, behavioural research, sociology and small business research (Bjerke, 2007). Several economist and scholars such as Richard Cantillon (1680–1734), Adam Smith (1723-1790), Jean-Baptiste Say (1767–1832), Joseph Schumpeter (1883–1950), McClelland (1967) and Gartner (1985) played an important role in building the concept. Now entrepreneurship attracts individuals from diverse academic and practice fields such as economics, politics, business, or others.
In contemporary time it is fancy to use the term entrepreneur or entrepreneurship rather than business or businesspeople. Many founders or co-founders of new startups or ventures prefer to call their activity as an entrepreneurship activity and themselves as an entrepreneur. Although, there have been several publications on the topic related with entrepreneurship, we still do not know much about it. Many researchers believed that entrepreneurship is not well defined and confusing. In many occasions term “enterprise”, “entrepreneur” and “entrepreneurship” are also used interchangeably. Additionally, there is another term that creates confusion is called “Intrapreneurship”. Therefore, it is important to clarify these concepts.

The words enterprise, entrepreneur and entrepreneurship are all believed to be derived from the same root word 'entreprendre’’ (Bridge, Simon; O’neil, Bridge, & O’Neill, 2012). It involves innovation, risk-taking, decision making by undertaking an economic activity. Thus, entrepreneur and enterprise are inter-linked and its success is dependent on the capability of entrepreneur. Entrepreneurs can be an individual or group of individuals, while enterprise is a structure of organisation. Bruyat & Julien (2001, p. 172) discussed that an individual and an organization are two different entity. Organization is no longer led and control by one person, who possess complete power, in the same way an individual doesn’t define innovative community, since innovation is an essentially collective phenomenon. Enterprise, therefore, incorporates entrepreneurship and an entrepreneur, whose behaviour (being entrepreneurial) enables and disables the conditions and structures of the enterprise. Below a detailed exploration of these terminologies are examined.

2.2.1. Entrepreneur & Entrepreneurship

The evolution of entrepreneurship can be traced back to the era of 16th century when Richard Cantillon (1680–1734), an Iris economist and banker introduced the word of ‘entrepreneur’ in the book called “Essai Sur la Nature du Commerce en General1”. He believed that entrepreneurs play a significant role in the economic development, because of

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the virtue of owning individual property rights as a capitalist. For Cantillon, an entrepreneur need not necessary to be an innovator. In his description, entrepreneur is a person who is futuristic, confident and endures risk because the entrepreneur buys the product at a given price but doesn’t know what the demand or selling price will be in the future (Bridge, Simon; O’neil et al., 2012).

Until 18th century entrepreneurs were distinguished under specific characteristics such as: owner, organiser, risk-taker, and decision maker. Adam Smith in his book “the wealth of nation2” identified the capitalist as the owner or manager of industrial enterprise (Bridge, Simon; O’neil et al., 2012).

In the beginning of 19th century several other scholars came forward and added into this definition. Jean-Baptiste Say described the term ‘entrepreneur’ for an economic agent who gathers all the necessary resources and increases the value of products by re-establishing his invested capital and value of the wages and rents that he pays (Bridge et al., 2012). Say & Biddle (1971) stressed on the functions of co-ordination, organisation, and supervision. Researchers believed that entrepreneurs transform economic resources from lower to higher productivity and greater yield (Dees, 1998a; Say & Biddle, 1971).

Until now several scholars have explored the terms of entrepreneur, presented in table 1, still many finds it difficult to define the term entrepreneur. It has been argued that there are several ways to define the term entrepreneur. Some focus on the personality traits of entrepreneur while other focus on activity.

In this regard some scholars have argued that instead of focusing on characteristic of entrepreneur, the definition of entrepreneur should be based on what entrepreneur does (Filion, 2011; Howorth, Tempest, & Coupland, 2005). Entrepreneurs are also described as a founder/ owner, decision maker, risk taker, innovator, opportunist, leader.

Entrepreneurs are individuals who own or run an enterprise (Walter & Heinrichs, 2015). Gartner (1985) interpreted the term entrepreneur as an individual who ventured a new business where there was none before. So, from this perspective it can be said that the main

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characteristic of an entrepreneur is an owner or manager of a company. Entrepreneurs earn livelihood by becoming self-employed and exercising a commercial activity that can be profitable (Bruyat & Julien, 2001). Dees (1998b) argued that, although the term entrepreneur is associated with starting a business but it is a very loose notion and therefore, he proposed that any business cannot be considered as an entrepreneurial business, until and unless it has any change orientation. He also argued that entrepreneurs not necessarily to be motivated towards profit (Dees, 1998a, 1998b; Dees, Emerson, & Economy, 2002). Martin & Osberg (2007) discuss that entrepreneur is someone who brings higher productivity by using limited economic resources.
Table 1. *Definition & Characteristics of Entrepreneurs*

<table>
<thead>
<tr>
<th>Source</th>
<th>Definition</th>
<th>Characteristics</th>
</tr>
</thead>
<tbody>
<tr>
<td>Albert Shapero (1975)</td>
<td>Entrepreneurs take initiative, organize and regulate social and economic resources and accept risk of failure.</td>
<td>Initiative taker Leader</td>
</tr>
<tr>
<td>Baumol (1990)</td>
<td>Entrepreneurs who are ingenious and creative in finding ways that add to their own wealth, power and prestige.</td>
<td>Creative</td>
</tr>
<tr>
<td>Carland, Hoy, Boulton, Carland, &amp; Carland (1984)</td>
<td>The entrepreneur is characterized principally by innovative behaviour and will employ strategic management practices in the business.</td>
<td>Strategic manager Innovator</td>
</tr>
<tr>
<td>Dees (1998a)</td>
<td>Entrepreneurs shift economic resources out of an area of lower and into an area of higher productivity and greater yield</td>
<td>Transformer</td>
</tr>
<tr>
<td>Jean Baptiste Say (1797)</td>
<td>Separated profits of entrepreneur from profits of capital</td>
<td>Organiser</td>
</tr>
<tr>
<td>Kirzner (1973)</td>
<td>The entrepreneur recognizes and acts upon market opportunities. The entrepreneur is essentially an arbitrageur.</td>
<td>Arbitrageur, Decision maker</td>
</tr>
<tr>
<td>McClelland (1967)</td>
<td>The entrepreneur is a person with a high need for achievement. This need for achievement is directly related to the process of entrepreneurship. Entrepreneur is an energetic moderate risk taker.</td>
<td>Motivator and Risk taker</td>
</tr>
<tr>
<td>Peter Drucker (1964)</td>
<td>Entrepreneur maximizes opportunities through systematic innovations.</td>
<td>Opportunist</td>
</tr>
<tr>
<td>Richard Cantillon (1725)</td>
<td>Person bearing risks is different from one supplying capital.</td>
<td>Risk taker</td>
</tr>
<tr>
<td>Schumpeter (1934)</td>
<td>An entrepreneur is an innovator who implements entrepreneurial change within markets, where entrepreneurial change has five manifestations: Introduction of new or improved good The introduction of new method of production Opening of a new market Exploitation of a new source of supply The carrying out of the new organisation of any industry</td>
<td>Innovator</td>
</tr>
</tbody>
</table>

*Definition & Characteristics of Entrepreneurs*
Entrepreneurs are those who take moderate risk and creates a new business, retains innovative and strategic management practices in the business for the purpose of commercial benefit. Entrepreneurs organise and regulate resource in the same time they also accept risks of failure. Risks are not only limited to running business in uncertain economic environment, but various other kinds of risks are associated in entrepreneurship. Bjerke (2007) discussed various kinds risks such as financial, career, family, and social risk. Therefore, entrepreneur can also be called as the risk manager, who analyze the market and tries to minimize the risk as much as possible.

Austrian economist Joseph Schumpeter (1934) discussed that entrepreneur in an advanced economy is an individual who takes risk to do business, but risk taking is an essential part of owning a business or taking part in entrepreneurship, therefore it is not a trait of entrepreneur, instead he portrayed entrepreneurs as innovators who drive the creative-destructive process of capitalism and reform or revolutionize the pattern of production (Minard, 2009)

Thus, entrepreneur as an innovator follow the process of creative destruction and uses creativity to introduce new products, process, and organizational units to implements entrepreneurial changes within the markets. He/she does this by exploiting an invention for producing a new commodity or by refurbishing an old one. In this process entrepreneur reorganise an industry and creates a structure for delivering of goods or services in new way. Schumpeter also believed that entrepreneur is the individual who has strong desire to embrace autonomy and starting a business with the motive of making profits within larger economy (Carland et al., 1984). As mentioned by Bridge et al. (2012) gradual innovation brings transformation and enhancement that eventually contribute to the growth and decrease in expenditures and thus, increase demand of innovative products, or services.

Drucker (1985) believe that entrepreneurs are those who search for change, respond to it using innovation as an instrument and exploit it as an opportunity. From this perspective entrepreneur can also be described as an opportunist (Dees, 1998). Entrepreneurs as a leader can be described as visionary, risk taker, business venturer, opportunity recogniser and exploiter to maximize the profit. They are visionary, since they vision the idea of starting the business. They are the leaders, who analyse the business environment differently and predicts
the future. They perceive and accept risks differently than others. Following all these elements, it can be said that entrepreneur act as an actor, who innovates by recognizing opportunities and taking moderate risk decisions that leads into actions requiring the efficient use of resources and contributing an added value (Filion, 2011 p. 47).

To have a better understanding the term of entrepreneurship, Cunningham & Lischeron (1991, p. 47) described entrepreneurship model using six schools of thoughts as presented on table 2.

1. The "Great Person" School of Entrepreneurship
2. The Psychological Characteristics School of Entrepreneurship
3. The Classical School of Entrepreneurship
4. The Management School of Entrepreneurship
5. The Leadership School of Entrepreneurship
6. The Intrapreneurship School of Entrepreneurship

The “Great person” school of entrepreneurship and the psychology school of entrepreneurship discussed that, the personal qualities, or traits distinguishes a great person from common people. Since, most of the examples of entrepreneur or entrepreneurship focus on very wealthy business person and their big companies. They are always portrayed of possessing specific set of traits such as vigour, diligence, high self-esteem, and popularity. Personal qualities such as personal values, risk-taking propensity and the need for achievement are also important in entrepreneurship creation.

Some may even think that entrepreneurship is in gene and only specific people with certain background possess these qualities (Dees, 1998b). Here the creation of a new venture that distinguish an entrepreneur from a common person. Cunningham & Lischeron (1991) argued that the psychological and great person schools can explain the traits and personal values of entrepreneur. The classical school of entrepreneurship follows Schumpeter’s innovation theory and describes that opportunities exploration based on innovation is compulsory for entrepreneurship. Whereas, the management and the leadership school of entrepreneurship focus on operation and managing interest of entrepreneurship. It relies more on practical features of management and believe that entrepreneurship can be taught or
trained in classroom. It suggests that entrepreneur act as a manager in the organisation. Whose role and responsibility include risk-taking, supervision and control. The Intrapreneurship school explored the notion of entrepreneurship within pre-existing organisation. It believes on remodelling of business and bringing innovation by encouraging employee to work as entrepreneurs within entrepreneurial culture.

Table 2: Approaches for describing entrepreneurship based on different school of thoughts

source: Cunningham & lischeron (1991, p. 47)

<table>
<thead>
<tr>
<th>Entrepreneurship school of thoughts</th>
<th>Central focus or Purpose</th>
<th>Assumption</th>
<th>Behaviour and skills</th>
<th>Situation</th>
</tr>
</thead>
<tbody>
<tr>
<td>Great person school</td>
<td>The entrepreneur has an intuitive ability sixth sense and traits and instincts with which he or she is born</td>
<td>Without this inborn intuition, the individual would be like the rest of us mortals, who lack what it takes</td>
<td>Intuition, Vigor, energy, persistence, and self esteem</td>
<td>Start-up</td>
</tr>
<tr>
<td>Psychological characteristics school</td>
<td>Entrepreneurs have unique values, attitudes, and needs that drive them</td>
<td>People behave in accordance with their values; behaviour results from attempts to satisfy needs</td>
<td>Personal values, Risk taking need for achievements and others</td>
<td>Start-up</td>
</tr>
<tr>
<td>Classical school</td>
<td>the central characteristics of entrepreneurial behaviors is Innovation</td>
<td>The critical aspect of entrepreneurship is in the process of doing rather than owning</td>
<td>Innovation, creativity and discovery</td>
<td>Start-up and early growth</td>
</tr>
<tr>
<td>Management school</td>
<td>Entrepreneurs are organizers of an economic venture; they are the people who organize, own and assume the risk</td>
<td>Entrepreneurs can be developed or trained in the technical function of management</td>
<td>Producing planning, people, organizing capitalization and budgeting</td>
<td>early growth and maturity</td>
</tr>
<tr>
<td>Leadership school</td>
<td>Entrepreneurs are leaders of people; they have the ability to adapt their style to the needs of people</td>
<td>an entrepreneur cannot accomplish his or her goals alone, but depends on others</td>
<td>motivating directing and leading</td>
<td>early growth and maturity</td>
</tr>
<tr>
<td>Intraprener school</td>
<td>Entrepreneurial skills can be useful in complex organisations intrapreneurship is the development of independent units to create market and expand services</td>
<td>Organisations need to adapt to survive; entrepreneurial activity leads to organization building and entrepreneurs becoming managers</td>
<td>Alertness to opportunities maximizing decisions</td>
<td>Maturity and change</td>
</tr>
</tbody>
</table>

Table 2. Entrepreneurship school of thoughts
Since all schools have focused on different but important aspect of entrepreneurship it can be argued that it is not possible to understand the concept of entrepreneurship just by focusing only one school of thought. Various criteria and methods of managing an enterprise is simultaneously important in understanding entrepreneurship. Therefore these various schools of thought play important role in understanding the concept of entrepreneur or entrepreneurship (Cunningham & Lischeron, 1991). Baum, Frese, & Baron (2014) mentioned that till now there are hundreds of definitions of entrepreneurship. Table 3 shows entrepreneurship definition and their various characteristics.

Table 3. *Definition of Entrepreneurship*

<table>
<thead>
<tr>
<th>Authors</th>
<th>Definition</th>
<th>Characteristics</th>
</tr>
</thead>
<tbody>
<tr>
<td>Kao and Stevenson</td>
<td>Entrepreneurship is an attempt to create value through recognition of business opportunities</td>
<td>Value creation</td>
</tr>
<tr>
<td>(1985)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Robert Hisrich</td>
<td>Entrepreneurship is a process of creating something different with value by devoting the necessary time and effort, assuming the accompanying financial, psychological, and social risks and receiving the results rewards of monetary and personal satisfaction.</td>
<td>Process</td>
</tr>
<tr>
<td>(1985)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Gartner (1988)</td>
<td>Entrepreneurship is a process of venturing a new business for the principal purposes of profit and growth</td>
<td>New Business</td>
</tr>
<tr>
<td>Peter Schmitz</td>
<td>Entrepreneurship is that activity which clearly understands the fact that productivity, as an intensive factor, represents the motor of the society.</td>
<td>Productivity or Profit</td>
</tr>
<tr>
<td>(1999)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>GEM (2000)</td>
<td>Global Entrepreneurship Monitor (GEM) definition of entrepreneurship explains “any attempt to create a new business enterprise or to expand”</td>
<td>New business or expand</td>
</tr>
</tbody>
</table>
Entrepreneurship is about initiating and creating an enterprise rather than merely observing others, basically creating something from practically nothing. It is the ability to identify opportunities where others see confusion, conflict, and mistake. It is the knack of organising and controlling resources while assuming calculated risks (Bridge et al., 2012). This definition focuses on the range of activities that are essential to create and to grow a new business. Bridge et al. (2012) also discussed that entrepreneurship takes place when individuals discard traditional way of thinking and acting and accept innovative ideas that aim to fulfil the needs and demand of the consumer. Entrepreneurship is a process of creating an economic enterprise that is innovative and whose products and services are significantly different from another enterprise. Entrepreneurship is therefore concerned with innovation or originality, in terms of new ideas, strategy, products, services that aimed towards satisfying the needs of consumers. Thus, it can be said that entrepreneurship is a process of doing business innovatively and sustainably by an entrepreneur.

2.2.2. Enterprise

Word ‘enterprise’ is used in a range of context and have several meanings, for example, small and medium enterprise, enterprise in higher education, young enterprise, entrepreneurial culture, etc. Bridge et al. (2012) has discussed that understanding of

<table>
<thead>
<tr>
<th>Name</th>
<th>Definition</th>
<th>Source</th>
</tr>
</thead>
<tbody>
<tr>
<td>Stevenson (2004)</td>
<td>Entrepreneurship is the pursuit of opportunity beyond the resources you currently control.</td>
<td>Opportunity</td>
</tr>
<tr>
<td>Timmons and Spinelli (2008)</td>
<td>Entrepreneurship is a way of thinking, reasoning, and acting that is opportunity obsessed, holistic in approach and leadership balanced.</td>
<td>Leadership</td>
</tr>
</tbody>
</table>
Enterprise can be consolidated into two approaches, one in ‘narrow’ sense or can be also said ‘economy school’ and other in ‘broad’ sense or ‘education school’.

According to ‘Economy school’ enterprise has a narrow perspective that is more related to business or entrepreneurialism. In simple terms, it can also be said that enterprise is about starting and running an organised small business activity that meant to create job and channel economy. It is the basic unit of an economic organisation. It produces goods and services that ultimately generates economy. Enterprise is an undertaking, especially one which involves activities.

‘Education school’ describe the concept of enterprise in a broader approach. It believes in qualities and competencies of individuals that can transform the community and organisation to be more creative and contributive towards socio-economic change. Hence, the phenomenon of enterprising involved uses of innovation, creativity, responsibility, finding ideas, making decisions, and managing in various contexts (Bridge et al., 2012). Thus, the notion of enterprise is indebted into the social and cultural values of the environment and institutions where entrepreneurship is encouraged and takes places.

2.2.3. Intrapreneurship

Intrapreneurship is an entrepreneurial activity that occurs within a large organisation and relatively in small units that aim create or develop the services, technologies, or methods in innovative ways (Nielsen, Peters, & Hisrich, 1985). Intrapreneurs are those who vision the idea and takes responsibility for creating innovation within an organisation. Hemingway (2005) discussed that the term “intrapreneur” and “entrepreneur” are referred to managers who demonstrate entrepreneurship interest in terms of idea generation, innovation, creativity, and organising resources to transform the business into a profitable reality. In Intrapreneurship, either new products are developed, or new semi-autonomous units are formed within the organisation (Hemingway, 2005).
2.2.4. Summary

In this section, we reviewed the existing literature related to entrepreneurship and clarified the notion of entrepreneur, entrepreneurship, enterprise and intrapreneur. It is found that the idea of entrepreneurship is complex and heterogeneous. The idea of entrepreneurship has been explored within many different disciplines such as economics, business and technology, sociology, philosophy, psychology etc. This has led to a variety of opinions about its meaning and definitions.

Analysis of the literature can categorise the entrepreneurship discourse in three types, first who some gives priority to the traits of entrepreneurs such as risk-taking propensity to start business, second, those who give importance to process and environment that includes innovation and creativity in the activity, while, the third kind of researchers gives importance to profit nature of business activity.

It is no doubt that the personal characteristics of individual entrepreneurs play an essential role in the success of the enterprise. They are considered as a visionary who is equipped with exceptional mind-set and aimed to create an enterprise with the purpose of maximising the profit and success. Entrepreneur as an innovator explains the creativity to introduce new products, new process, and new organisational units to implements entrepreneurial changes within the markets. Some researchers have argued that entrepreneurs may risk personal capital in doing business. in contrary it can also be argued that when entrepreneurs plan to do a business, they often seek for funding support from various sources, who then fund for their project, so in reality entrepreneurs may or may not risk personal financial capital in starting a new venture, but it is the investor who is endangering the financial money and not necessarily an entrepreneur. Since financial risk is not the only risk, but other non-financial risks are also associated with starting an enterprise.

Before venturing a new start-up, an entrepreneur often analyses the market and prepare the strategy or business plan. This strategy development enables the entrepreneur to assess the minor or significant risks involved in the enterprise. Therefore, it would be appropriate to say that the entrepreneur takes a calculated risk to avoid failing in the market.
Therefore, entrepreneurs are often attributed to being a moderate risk taker, but risk-taking is a part of the business. Like an entrepreneur, intrapreneurs also innovate and create a new product or project that is sustainable and profitable since intrapreneur has this facility to utilise supports and resources available in the organisation. The risk propensity of an intrapreneur is lesser than the entrepreneur.

The definitional issue of entrepreneurship and entrepreneur will remain. However, an understanding of the concept of entrepreneurship can be generated by combining all these definitions. For this study, entrepreneurship can be defined as the process of discovering and developing opportunities by applying innovative ideas to create sustainable value for an existing or new organisation (Amabile, 1997; Brenkert, 2009). Entrepreneurs are individuals or group of a people who own or manage an enterprise and takes a calculated risk, exploits opportunities and apply innovative business practices, with a motive of getting the maximum benefit (Bucar, Glas, & Hisrich, 2003; Carland et al., 1984) while the enterprise is a structure of organisation where innovation and creativity take place.

So, entrepreneurship is a phenomenon that involves the enterprise and entrepreneur altogether with the purpose of channelising an economic activity by applying innovation in the practice. In the present section, the aspect of entrepreneurship was clarified. Next section review literature to understand the domain of social entrepreneurship.
2.3. Exploring the field of Social Entrepreneurship

Section 2.2 clarified the differences between enterprise, entrepreneurship, entrepreneur, and intrapreneurship. Present section reviews literature to have thorough understanding of social enterprise, social entrepreneur, and social entrepreneurship. This will clarify the understanding of social entrepreneurship and guide the further study.

As an emerging field, social entrepreneurship lacks a widespread, accepted definition (Mair & Marti, 2006; Martin & Osberg, 2007; Peredo & McLean, 2006). The notion of social entrepreneurship can be categorised in three sections, social enterprise, social entrepreneur, and social entrepreneurship:

a) social enterprise is a formal organisation and work environment whose mission and vision are defined to achieve social mission using entrepreneurial tactics.

b) social entrepreneur is an individual or a group of individuals who has this idea of starting the social enterprise to achieve social mission.

c) social entrepreneurship is the complete process that bring together social enterprise and social entrepreneur and their impact on society.

In the following section a detailed exploration of social enterprise, social entrepreneur and social entrepreneurship is made to understand the phenomenon of social entrepreneurship.
2.3.1. Defining Social Enterprise, Social Entrepreneur & Social Entrepreneurship

Social Enterprise

An organisation is a social organisation, if its mission and objectives are meant to achieve social purpose and they works towards attaining the social mission. Social objective of organisation may vary from providing food, housing, clothing, health, and education for the poorest or to the needy one. Not-for-profits, charitable, trust, philanthropic, co-operative, fair trade comes under the umbrella of social organisation. Aim of these organisations are to solve social problems on their own way without seeking any personal benefit. A social led organisation cannot be called as a social enterprise, if it entirely ignores the economic independency and solely depends on external sources such charity, donations, individual sponsorship, government or corporate for funding, by believing that inclusion of business into their operation can hamper the organisation mission and vision (Zahra et al., 2009).

Social enterprise aims to implement sustainable business to pursue a social mission and to address several social problems, such as education, inequalities, health care, unemployment etcetra. However, the definition of social enterprise is not clear in literature (Dart, 2004). Very often terms such as ‘social enterprise’, ‘voluntary organisation’, ‘social economy’ and ‘third sector’ are used interchangeably. Haugh (2005) described that the term “social enterprise” can be used for various organizations that incorporate social mission in their business. It includes for-profits, nonprofit organisations, cooperatives, associations, mutual organisations, and foundations. Organisation may adopt any legal formats, but their main goal is to achieve social mission through business activity.

Many discussed that notion of social enterprise varies in each country (Defourny & Nyssens, 2012; Kerlin, 2009; 2012). In this regard, Defourny & Nyssens (2012) explored United States (US) school and European school of the notion of social enterprise based on two different approaches, one is “mission driven business approach” also called as the "earned income school of thought” while other is “social innovation approach”.
According to US school, Social enterprises are mission driven or earned income driven and it refers to the use of commercial activities by non-profit organizations to support of their social mission. Non-profits organisations uses market based commercial activities to sale goods or services that may or may not be directly related to their organisational mission. “Grameen Bank” from Bangladesh can be an example of for-profit nature of social purpose organisation.

Defourny & Nyssens (2012) describes that in European environment, the notion of social enterprise is influenced by social innovation approach that focused on how an organisation acts and is governed. According to it, the role and credibility of individual as a social entrepreneur plays an important role. Emergence of co-operative, mutual and association paved the way for social entrepreneurship in Europe. In this domain, they give more importance to social change purpose and creativity, innovativeness used in social part of entrepreneurship activity and for them legal form of the organisation plays less importance (Mair & Marti, 2004). Here, economic independence is given less importance and organisation relies heavily on external fund, such as, donation or grants to support the activities to reach social mission. They define the social entrepreneurship as only that social entrepreneur able to actively contribute to social change with the creativeness and innovative-orientation typical of the classical entrepreneurial process (Perrini & Vurro, 2006).

In this approach researchers described social entrepreneurs as a flawless, virtuous, hero who is dedicated to achieve social mission, by acting as an entrepreneur (Sullivan & Weerawardena, 2006). Entrepreneurs are those who employ innovative ideas into business practices to maximise the benefit.

Kerlin (2009) described that European countries expanded the legislation criteria of social enterprise differently. Early 90s the term ‘social enterprise’ was not in use, instead different terminologies such as co-operative enterprises or community enterprises was more usual practice. The objective of these organisations was to provide social development activities while relying on government subsidies. Later, in the 1990’s the term of “social enterprise” starts evolving and popularly used to describe third sector organisations who falls in between voluntary run enterprises and independent market driven community business (Defourny & Nyssens, 2012; Pearce & Kay, 2003). The third sector includes all not-for-profit
organisations such as cooperatives, associations, mutual societies, or foundations. In European countries, third sector is often considered as a part of "social economy".

In 1991, Italy became the first country in Europe who created a legal structure in the form of ‘social co-operatives’ status to develop social enterprise organisations. While in 2006 Italy expanded the legal status for various other types of organizational activities and not limited to social cooperatives (Defourny & Nyssens, 2012). Portugal legalised the business oriented third sector activity in 1998 under the form of ‘social solidarity cooperatives’ (Kerlin, 2009). While, in 1999 Spain inducted it under social initiative cooperative. In 1996 Belgium created “social purpose company” that goes beyond social cooperative tradition. In 2004, United Kingdom (UK) introduced “community interest company” to legalized such kind of social entrepreneurial activity (Kerlin, 2009). Later years, other european countries have adopted more broad and inclusive approach to assimilate organisation as social enterprise in practice. That includes other than cooperative, not for profit organisations, associations, and investor owned organisations.

The European Commission (2018) described that the central purpose of social enterprise is to make social impact rather than generating money for their shareholders. It uses innovation and entrepreneurship to produce product and services and profit earned are meant to be reinvested to achieve social objectives. The European Commission (2018), used the term 'social enterprise' to cover the following types of business:

- Those for who the social or societal objective of the common good is the reason for the commercial activity, often in the form of a high level of social innovation.
- Those whose profits are mainly reinvested with a view to achieving this social objective.
- Those where the method of organisation or ownership system reflects the enterprise's mission, using democratic or participatory principles or focusing on social justice.

It is important to note that social enterprise is just a notion and there is no such term used in the legislation (Defourny & Nyssens, 2012).
<table>
<thead>
<tr>
<th>Source</th>
<th>Definition</th>
</tr>
</thead>
<tbody>
<tr>
<td>Bull, Ridley-Duff, Foster, &amp; Seanor (2008)</td>
<td>Pearce (2003) describe social enterprises as part of the third system, closer to the first system (private business), than the second system (public provision), yet primarily social and secondly a business.</td>
</tr>
<tr>
<td>Dart (2004)</td>
<td>Social enterprise differs from the traditional understanding of the nonprofit organization in terms of strategy, structure, norms, and values and represents a radical innovation in the nonprofit sector.</td>
</tr>
<tr>
<td>European Commission (2018)</td>
<td>A social enterprise is an operator in the social economy whose main objective is to have a social impact rather than make a profit for their owners or stakeholders. It operates by providing goods and services for the market in an entrepreneurial and innovative fashion and uses its profits primarily to achieve social objectives. It is managed in an open and responsible manner and involves employees, consumers and stakeholders affected by its commercial activities.</td>
</tr>
<tr>
<td>Haugh (2005)</td>
<td>Social enterprise is a collective term for a range of organizations that trade for a social purpose. They adopt one of a variety of different legal formats but have in common the principles of pursuing business-led solutions to achieve social aims and the reinvestment of surplus for community benefit. Their objectives focus on socially desired, nonfinancial goals and their outcomes are the nonfinancial measures.</td>
</tr>
<tr>
<td>Peredo &amp; McLean (2006)</td>
<td>Social enterprise as an activity (normally represented by using the term without a definite or indefinite article) is commonly</td>
</tr>
</tbody>
</table>

Table 4. *Definitions of Social Enterprise*
equated (as several quotations will illustrate) with social entrepreneurship.

<table>
<thead>
<tr>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Zainon et al. (2014)</td>
<td>Social enterprise refers to nonprofit that operate businesses both to raise revenue and to further enhance the social missions of their organisations.</td>
</tr>
</tbody>
</table>

Defourny & Nyssens (2012) explains that, according to EMES International Research Network\(^3\) an organisation can be called a social enterprise if it involved economic and social dimension in its activities and assimilates following criteria:

1. Continuous business activity such as producing goods or providing services
2. Involve substantial level of economic risk
3. Must be able to pay minimum salary to its employee
4. Main aim is to benefit society and desire to promote sense of social responsibility
5. Launched by any individual or civil society organisations
6. Profit distribution
7. Autonomy
8. Decision making power, that is not based on capital ownership
9. Involves various stakeholders

Considering all these varied definitions, social enterprise can be described for a broad range of organisations that include entrepreneurial sustainable business activity that aims to generate money to achieve social mission. The next section attempts to understand the idea of social entrepreneurs.

\(^3\) EMES stand for "EMergence des Entreprises Sociales en Europe (Defourny & Nyssens (2012))" – Now it is known as EMES International Research Network.
Social Entrepreneur

Social entrepreneurship plays an important role in benefiting society by creating a social venture, where the success of a venture very much depends on the social entrepreneur’s ability to achieve the social mission (Mair, Martí, et al., 2006). Yunus (2007) mentioned that social entrepreneurship depends on the social entrepreneur’s personal social vision and mission. Since, it is the social entrepreneur, who acts in this process, researchers often ask, who are these social entrepreneurs (Zain, Azli, Ibrahim, Bin, & Hamid, 2013).

Bornstein & Davis (2010) discussed that social entrepreneurs come from a diverse social and professional background, they can be a teacher, nurse, doctor, engineer, social worker, journalist, programmer, sportsperson, artist, architect or business people or it can be from varied (rich or poor) socio-economic background. According to Dees (1998b, p.4), a social entrepreneur is an individual or a group of individuals who plays the role of change agents in the social sector by:

- a) Adopting a mission to create and sustain social value and not just private value
- b) Recognizing and relentlessly pursuing new opportunities to serve that mission,
- c) Engaging in a process of continuous innovation, adaptation, and learning,
- d) Acting boldly without being limited by resources currently in hand and
- e) Demonstrating a heightened sense of accountability to the constituencies served and for the outcomes created.

Dees (1998b), believe that social entrepreneur can also be called as a change agent, since they bring fundamental changes by adopting a social mission and employing innovative action. They are said to be persistent and possessing unique abilities of identifying opportunities and attracting resources for solving the social problems. Social entrepreneurs are trustworthy and accountable of their deeds. They do impact assessment by recognising social, financial, and managerial outcomes.

According to Tan, Williams, & Tan, (2005 p 359) social entrepreneur is described as a person who attempts to innovately profit

1) society alone, in a way that involves that society, at risk of personal loss.
2) society alone, in a way that involves that society, at risk of foregoing personal profit.

3) society by profiting himself, in a way that involves that society, at risk of incurring personal loss.

4) society by profiting himself, in a way that involves that society, at risk of forgoing personal profit.

5) himself by profiting society, in a way that involves that society, at risk of personal loss.

6) himself by profiting society, in a way that involves that society, at risk of foregoing personal profit.

Several researchers have discussed that social entrepreneurs possess special traits and leadership skills that are not very common in conventional entrepreneur (Bornstein & Davis, 2010; Mair, Martí et al., 2006). Sivathanu & Bhise (2013) pointed that social entrepreneurs use traits and skills by combining innovation, creativity and opportunity to find a practical solution for difficult social problems. Bornstein & Davis (2010), argued that the combination of compassion, willfulness, humility, audacity, restlessness, and persistence leads to the change process.

Table 5. Definition and core characteristics of social entrepreneurs

<table>
<thead>
<tr>
<th>Source</th>
<th>Definition</th>
<th>Core Characteristics</th>
</tr>
</thead>
<tbody>
<tr>
<td>Ashoka (2016)</td>
<td>Social entrepreneurs are individuals with innovative solutions to society’s most pressing social problems. They are ambitious and persistent, tackling major social issues and offering new ideas for wide-scale change.</td>
<td>Visionary Ambitious Committed</td>
</tr>
<tr>
<td>Bornstein, (1998)</td>
<td>Defines social entrepreneurs as “pathbreakers with a powerful new idea, who combine visionary and real-world problem-solving creativity, have a strong ethical fiber and who are ‘totally possessed’ by their vision of change.”</td>
<td>Mission leader Persistent</td>
</tr>
<tr>
<td>Author (Year)</td>
<td>Social entrepreneurs are those who:</td>
<td>Role</td>
</tr>
<tr>
<td>--------------</td>
<td>-----------------------------------</td>
<td>------</td>
</tr>
</tbody>
</table>
| Brinckerhoff (2009) | • are willing to take reasonable risk on behalf of the people that their organization serves  
• are constantly looking for new ways to serve their constituencies and add value to existing services  
• understand that all resource allocations are really stewardship investments  
• always keep mission first, but know that without money, there is no mission output | Stewardship  
Reasonable risk taker  
Leader |
| Dees (1998b) | Social Entrepreneur play the role of change agents in the social sector by:  
Adopting a mission to create and sustain social value  
Recognizing and relentlessly pursuing new opportunities to serve that mission:  
Engaging in a process of continuous innovation, adaptation, and learning:  
Acting boldly without being limited by resources currently in hand;  
Exhibiting a heightened sense of accountability to the constituencies served for the outcomes created. | Change agent  
Highly accountable  
Dedicated  
Socially Alert |
| Leadbeater, (1997) | Social entrepreneurs are:  
Entrepreneurial: they take under-utilized, discarded resources and spot ways of using them to satisfy unmet needs  
Innovative: they create new services and products, new ways of dealing with problems, often by bringing together approaches that have traditionally been kept separate  
Transformer: they transform the institutions they oversee, taking moribund organisations and turning them into dynamic creative ones. Most importantly, they can transform the neighbourhoods and communities they serve by opening possibilities for self-development.  
Successful social entrepreneurs are also: leaders, storytellers, people managers, visionary opportunists, and alliance builders. | Leader  
Manager  
Opportunist  
Alliance builder |
| Thompson, Alvy, & Lees, (2000) | Social entrepreneurs are people who realise where there is an opportunity to satisfy some unmet need that the state welfare system will not or cannot meet and who gather together the necessary resources (generally people, often volunteers, money and premises) and use these to make a difference". | Emotionally charged  
Social value creator |
Social Entrepreneurship

Social entrepreneurship is said to be playing a significant role in socio-economic growth. Several governmental, non-governmental organisations such as Skoll Foundation, Schwab Foundation, EMES, Ashoka, Echo-green and others around the world are actively promoting the notion of social entrepreneurship through various manners. Academic interest and discussions in social entrepreneurship have been significantly grown over past few decades (Austin et al., 2006a; Bornstein & Davis, 2010; Kraus, Filser, O’Dwyer, & Shaw, 2014).

In Europe, the notion of social enterprise and social entrepreneurship are used interchangeably and meant to describe an organisation whose actions are directed to achieve a social mission using innovative business practices. The emergence of social entrepreneurship happens with the initiation of cooperative, mutual and the association. The notion of social entrepreneurship involves both social entrepreneur and social enterprise, where social entrepreneur ventures a social enterprise to create social value and achieve a social mission.

As it is discussed in an earlier section that the idea of social entrepreneurship is based on two schools, one that believes that social entrepreneurship is a part of a nonprofit theory, while others give importance to social innovation in entrepreneurship. According to a charitable perspective, organisation sell products or services to generate funds, thus becoming self-sustainable or self-reliant. Other school has taken an inclusive approach and

| Source: adopted from Abu-Saifan, 2012 |  |

| Zahra, Rawhouser, Bhawe, Neubaum, & Hayton, (2008) | Social Entrepreneur encompasses the activities and processes undertaken to discover, define and exploit opportunities to enhance social wealth by creating new ventures or managing existing organizations in an innovative manner” | Initiative taker Innovator Manager |
believe that social entrepreneurship can be considered as a new and independent inter-sectoral domain of research (Mair, Martí, et al., 2006; Perrini & Vurro, 2006). In this approach, economic independence is given less importance to reach a social mission.

Many researchers have a similar notion about the concept of social entrepreneurship. Leadbeater (1997) stated that in social entrepreneurship, entrepreneurial behaviour for social ends rather than for-profit objectives, while profits generated from market activities are used for the benefit of a specific disadvantaged group. Thompson (2002), refer it to the idea of employing market expertise and skills in the nonprofit sector. Sullivan & Weerawardena (2006) discussed that enterprises founded with the motive of social value creation that also including profit-generating initiatives identify as social entrepreneurship. Harding & Cowling (2006) emphasise that the notion of social entrepreneurship can be an attempt towards nature of new social enterprise or even development of an existing social enterprise, that intends to provide employment to self or others, while maintaining social goals in its core value and the profit generated is re-invested into the organisational activity rather than returning to investors.

Social entrepreneurship involves applying an innovative business approach to the social mission of the organisation (Austin et al., 2006; Mair, Martí, et al., 2006). According to Germak & Robinson (2013), social entrepreneurship is a process of identifying specific social problems and finding its solution. Dees (1998b) proposed three dimensions of social entrepreneurship:

Sociability: Solving a social problem, & creating social value
Innovation: Being innovative, breaking patterns, & changing systems.
Market Orientation: Being entrepreneurial, taking advantage of opportunities, accepting risks, being resourceful, & practising leveraging.

Zahra et al. (2009) define that social entrepreneurship is meant to enhance social wealth by exploiting opportunities. Social entrepreneurship is about creating social value by taking risks, recognising opportunities, and employing innovation to develop social venture (Peredo & McLean, 2006). Next section presents the boundaries of social entrepreneurship.
2.3.2. Boundaries of Social Entrepreneurship

This section aims to understand the boundaries or limitation of social entrepreneurship. Previous section observed that social entrepreneurship is getting popular among academician, practitioners, and policy makers. However, lack of definite legal structure of social enterprise creates an ambiguous situation that states that social entrepreneurship can be approached by several ways. This confusion often leads to the situation of wrong association or mistaken identity. Therefore, it is essential to identify the operational boundaries of social entrepreneurship.

Abu-Saifan (2012) categorises the boundary of social entrepreneurship based on two strategies for-profit with mission driven strategy and non-profit with earned income strategies as presented in figure 1.

![Figure 1. Boundaries of social entrepreneurship](image)

**Figure 1.** The entrepreneurship spectrum illustrating the boundaries of social entrepreneurship

Source: (Abu-Saifan, 2012)
For-Profit organizations are legally defined to create profit, however; their primary mission is grounded in social improvement or development. In this process primary goal of social entrepreneur is to design the organisational activities in such a way that it can exploit the market-based opportunity to generate profit for the organisation. This strategy allows the organisation to stay self-sustainable as well as profitable. for example: Grameen Bank. Grameen Bank is a microcredit organisation in Bangladesh founded by Muhammad Yunus. According to Grameen Bank’s annual report 2016, company is earning profit and paying dividends to shareholders.

Not for profit social enterprise aim is not only to achieve social goals, but also to engage in market-driven activities. Non-profit social enterprise with earned income strategy’s main mission is to create social value and runs commercial activities to sustain social activities. The profit earned from the success of commercial activities are not meant for personal gain but to reinvest for the further development of organisation, for example: Ashoka a not for profit organisation started by Bill Drayton raises fund from donors and distribute it among social entrepreneurs under fellowship program. Social entrepreneurs are the founder or manager of social enterprise.

Neck, Brush, & Allen (2009) categorises the idea of social entrepreneurship based on two dimensions; social mission and economic outcomes as presented in Figure 2.
Figure 2. Social and economic dimension of social enterprise

Source: Neck et al. (2009)

Within this dual dimension, Neck et al. (2009) propose five different types of enterprises. Social Purpose Ventures or for-profit social enterprise are built to solve a social problem without losing the for-profit identity; in this dimension, the market impact is perceived as economic. Traditional Ventures or for-profit enterprise’s focus is on enhancing financial performance and making an economic impact. These enterprises run a profitable business by exploiting market-based opportunities and doesn’t have any explicit social mission. Social Consequence Ventures are like traditional enterprise. However, outcomes of their activities are social, although the purpose of this organisation is not purely social to do business. Companies with corporate social responsibility (CSR) align with the social consequence venture. Enterprising non-profits are not for profit organisation who applies a market-oriented entrepreneurship method to earned income. These organisations show
interest in economic growth and sustainability and may be supported by venture philanthropists. A hybrid social enterprise that is in the centre of picture demonstrates a combination of behaviours and characteristics. Hybrid organisations can be defined as those enterprises whose business models combine for-profit and nonprofit models, to generate income for solving specific social cause (Haigh, Walker, Bacq, & Kickul, 2015). They adopt the business model just like the profit organisation and generate income, thereby making the social enterprise, self-supporting. Hybrid organisations work beyond the boundaries of for-profit or not for profit organisations and try to achieve the social or ecological mission by engaging in commercial activities to generate revenue to sustain their operations.

Another idea discussed by Zahra et al. (2009) is that social entrepreneurship can also exist in public organisation. Where tasks can be outsourced from governments to individual experts or by making a partnership with specialised organisations that are explicitly created to coordinate distinct tasks and to counteract the perceived inefficiencies of governments programs (Zahra et al., 2009).

Zahra et al. (2009) discussed that organisations that are having the sole objective to earn profits usually excluded from the sphere of social entrepreneurship. For-profit companies involved in philanthropic or socially responsible activities are also not kept inside the boundary of social entrepreneurship. Similarly, not-for-profit organisations, who ignore the economic importance in their operations are not included the boundaries of social entrepreneurship.

Social entrepreneurship matches a range of terms, including nonprofit ventures and social innovation (Light, 2005). All these settings can generate significant social value by applying a market-oriented entrepreneurship approach, thus can be considered as social entrepreneurship activity. Next section aims to clarify the differences between social and conventional entrepreneurship.

### 2.3.3 Social Vs. Conventional Entrepreneurship

Some researchers have argued that conventional entrepreneurship also directly or indirectly contributes to society by solving social problems, such as creating employment
opportunities and also helping the economy (Venkataraman, 1997). However, social entrepreneurship and conventional entrepreneurship can be differentiated into various different aspects such as, goal and mission, recognition or accesses of opportunity, formation of organisational structure (Austin et al., 2006a; Certo & Miller, 2008). A differentiation between social and commercial entrepreneurship is made on Table 6.

Table 6. Social Vs. Conventional Entrepreneurship

<table>
<thead>
<tr>
<th>Social Entrepreneurship</th>
<th>Differentiation</th>
<th>Conventional entrepreneurship</th>
</tr>
</thead>
<tbody>
<tr>
<td>Social Mission</td>
<td>Goals &amp; Mission</td>
<td>Mission is focused to achieve Commercial goals.</td>
</tr>
<tr>
<td>Value creation for society is the priority</td>
<td>To create value appropriation for shareholders</td>
<td></td>
</tr>
<tr>
<td>Driven to solve social and environmental problems</td>
<td>Recognition and access of Opportunity &amp; Resources</td>
<td>Driven by profit expectations</td>
</tr>
<tr>
<td>Constrained access to financial and human resources</td>
<td>For short term “wants”</td>
<td></td>
</tr>
<tr>
<td>Various structures (for-profit, not for profit, public and hybrid)</td>
<td>Organisational Form</td>
<td>For-profit organisational form only</td>
</tr>
</tbody>
</table>

Goal and Mission

The primary mission of social entrepreneurship is to solve a social or environmental problem, while conventional entrepreneurship is aimed to maximize profitable return on their investment (Austin et al., 2006). Social entrepreneurship creates social value, while commercially entrepreneurship aims towards benefiting their shareholder’s economic costs. Bjerke (2007) discussed that social entrepreneurs make long term goals and use their own experiences to carry out a social mission; for them, a profit is just a medium towards the organizational activity. It is only the byproduct of the action, not the primary goal. On the other hand, conventional entrepreneurs focus on personal skills and knowledge and focus on the short-term goals to achieve financial benefit. For them, profit is essential.

We can take an example of Volkswagen and Grameen Bank. For instance; Volkswagen is an automaker company that produces hundreds of new machines every
month, in this procedure, they create several employment opportunities and provides welfare for their employee, their activities also somehow support a local economy, but their primary purpose is to get maximum profit for their shareholders by selling maximum machines. In contrary Grameen Bank is a microfinance organization and a community development bank, whose main aim is to provide micro-lending to poor people for starting their own small business. In this way, Grameen Bank creates social value and reinvest the profit for the organization mission development. Although both are a for-profit organization, however, Volkswagen viewed as commercial enterprise while Grameen Bank is a social venture. Social and commercial entrepreneurship takes place within the market system; however, their motivation and mission are very different from each other.

Recognition and access to opportunity & resources

Recognition of opportunity and mobilization of supplies are an essential aspect of the entrepreneurial process. In this process, entrepreneurs discover, evaluate and exploit opportunities (Shane & Venkataraman, 2007; Yitshaki & Kropp, 2016). They create new product or services by analyzing the scarcity of resources and skills that can have higher future returns (Yitshaki & Kropp, 2016). In this role

Entrepreneurs’ knowledge, prior experience and learning capabilities play an essential role in opportunity recognition. Opportunity recognition in entrepreneurship is seen from the perspective of profit generation. Entrepreneurs motivated to earn a maximum profit for self and their shareholders. This action leads to an increase in the accessibility of funds to start the venture. Opportunity recognition in social entrepreneurship depends on the social mission. Based on their own experiences, social entrepreneur recognizes the opportunity.

They shift their focus from an economic return to improve the system, creating solutions and finding new ways to solve social problems (Seelos & Mair, 2005). Monllor & Attaran (2008), argued that their family background and personal experiences also influence opportunity recognition among social and commercial entrepreneur. Since retail entrepreneur is more likely to have been raised by parents from entrepreneurship background or they are raised or studied in a business environment, they recognize opportunity more commercially oriented. They may have eased to access the resources while social entrepreneurs experience in volunteering or underprivilege may influence opportunity recognition and resource
mobilization. Opportunity recognition in social entrepreneurship involves various actors from the same field who work together to create social value (Yitshaki & Kropp, 2016)

Organizational form

As it is discussed before social entrepreneurship is mainly social mission-oriented and can be approached by a various organizational structure such as for-profit and not for profit. Most often, social entrepreneurship activity is seen from a third sector perspective. Hence, they received the tax benefit and funding support from various sources that don’t require to pay back. Commercial entrepreneurship mainly motivated to earn profit from business or entrepreneurial activity they follow for-profit organizational form, thus, applicable to taxes. In commercial entrepreneurship, investors or shareholders are liable to receive their money back.

The present section has clarified the differences between social and commercial entrepreneurship. There are several occasions when corporation do the socially responsible activity, and often scholars researching social entrepreneurship consider corporate social responsibility as social entrepreneurship, to make a better understanding about how social entrepreneurship is similar or different from corporate social responsibility, next section explores this domain of social entrepreneurship by distinguishing it corporate social responsibility
2.3.4. Social Entrepreneurship Vs. Corporate Social Responsibility

Often the notion of corporate social responsibility (CSR) is dragged into the debate of Social entrepreneurship and often scholars and practitioners misunderstand CSR as social entrepreneurship, probably social and business aspects in these both concepts cause this confusion.

The roots of CSR can be traced back from 1950’s with the beginning of the term stakeholder, where primary focus of business was to do good work for society (Carroll & Buchholtz, 2008; Carroll & Shabana, 2010). A stakeholder is “any group or individual who can affect or is affected by the achievement of an organization's purpose (Lumpkin, Moss, Gras, Kato, & Amezcua, 2013).”

It is believed that since, business deals with society and it has social conscience, therefore business has responsibility towards society if it has to stay long term doing business in the society (Carroll & Shabana, 2010). Friedman (2007) argued that only people have responsibility and people who are associated with the business have responsibility to make profit from business for his shareholders. However, people have their own social conscience and sometimes they desire to do something good for society and therefore they donate their own pocket money to some activity that satisfy their desire. Friedman (2007) discussed that it is person’s own responsibility and not corporations. Sometimes corporation decides to donate some money to charity or not for profit organisation, because of the goodwill gesture of shareholders. In this situation shareholders give away some part of their profit for social purpose. From this perspective CSR is a secondary desire of corporation.

As a part of CSR contribution, enterprises may spend some part of their net profit for the social or environmental cause. Profit-making companies have this practice for various reasons. Some are genuinely committed to doing social responsibility, while many just do it to compensate the damage their business due to the environment or the society. Some also says that the implication of CSR activities in business create a goodwill brand image among stakeholders and thus attract investors. Sometimes external pressure by government or stakeholders also force firms to do this responsibility. In many cases, companies do this contribution by forming a new not for profit unit directed by CSR committee whose main
responsibility is to participate in social purpose activities. In these new CSR units, enterprise do not involve into any income generation activities. Many enterprises also do CSR by giving donation or philanthropy activities to other not for profit or trust organisations. In more general it can be said that CSR is not the primary responsibility of companies.

In the World Bank (2004) sustainability review report, CSR is described as the commitment of business to contribute to sustainable economic development, working with employees, their families, the local community and society at large to improve quality of life, in ways that are both good for business and good for development. Several other definitions of CSR direct towards business practices that aims to benefit the stakeholders. Baron (2007) has defined CSR as a part of corporate practices which aim to make the workplace better and help the community. The European commission (2011) has defined CSR as “a concept whereby companies integrate social and environmental concerns in their business operations and in their interaction with their stakeholders on a voluntary basis”. According to European commission the objectives of corporate social responsibility are to:

a) maximize the creation of shared value for their owners/shareholders and for their other stakeholders and society at large; and

b) identify, prevent, and mitigate their possible adverse impacts.

The concept of CSR differs from country to country. In some countries government trust that companies will voluntarily practice CSR while in other countries it is a compulsory practice for business enterprise to participate into CSR activities. According to European commission (2011) enterprises in Europe are expected to be voluntarily contributing to the social or environmental development. While, In India CSR is a mandatory practice and under CSR regulation, it is compulsory for companies to contribute 2 % of their net profit in social or environmental development. The idea towards social responsibility of business is that firms embraces the economic, legal, ethical and humanitarian expectation of society (Carroll & Shabana, 2010).

In contrary, organisation involved into social entrepreneurship, determine their primary goal is to achieve social mission (Santos, 2014). Social entrepreneurship
organisations include income generation activities in their business model to stay sustainable (Bull, & Ridley-Duff, 2018). Profit earned from the business or other activities are not meant for the personal benefit but just to reinvest into development of social mission (Defourny, & Nyssens 2014). Therefore, the approach and motivation to deal with social issues are the main distinguishing factor in corporate social responsibility and social entrepreneurship.

As it is already discussed that social entrepreneurs come from diverse social-professional background, with an idea to solve social problems according to their need and capacity. Some social problems require locally based solution while other global issue require alternative solution. Based on these settings their social impacts also change. Next section attempts to explore the typology of social entrepreneurship.

2.3.5. Typology of Social Entrepreneurship

Discussions around social entrepreneurship indicates that practicing of social entrepreneurship can be done at different stages or levels. Since most of the social entrepreneurs begin with a small community-based activity and can grow from local to national or international level (Thompson, 2002; Zahra et al., 2009). Zahra proposed three types of social entrepreneurs, the social bricoleur, social constructionist and social engineer that exist in society and they address social problems in distinctive ways (Zahra et al., 2009).

<table>
<thead>
<tr>
<th>Scale</th>
<th>Social Bricoleur</th>
<th>Social Constructionists</th>
<th>Social Engineers</th>
</tr>
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<tbody>
<tr>
<td>Focus</td>
<td>Specific local knowledge</td>
<td>Focus on social needs which</td>
<td>Focus to Solve Systematic</td>
</tr>
<tr>
<td></td>
<td></td>
<td>are failed to addressed</td>
<td>problems within society</td>
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<tr>
<td>Resources</td>
<td>Uses locally based resources</td>
<td>Require huge financial and human</td>
<td>Uses political capital to</td>
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<td></td>
<td>resources</td>
<td>achieve legitimacy</td>
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<tr>
<td>Strategy</td>
<td>Improvisation</td>
<td>Planning and formalised considerables</td>
<td>Facilitate innovation and</td>
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<td></td>
<td>solutions and applying innovation</td>
<td>change using creative</td>
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<td>destruction</td>
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<tr>
<td>Challenges</td>
<td>Opportunities and Scaling up is</td>
<td>High competition for resources</td>
<td>Difficulties in gaining</td>
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<td></td>
<td>limited to local level</td>
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<td>legitimacy</td>
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Figure 3. Typologies of social enterprise Source: Zahra et al, (2009)
Social Bricoleur: Relating to the Hayek’s (1945) notion of entrepreneurship that takes place locally, Zahra et al. (2009) proposed that the social bricoleurs are locally based social entrepreneurs, who address local social needs by exploiting the opportunities with locally available resources. They work in a small local level sphere and possess tacit knowledge about local issues and tries to solve these issues. Since their activity, resources and social impact are based on local parameter. It creates challenges such as limiting their capability to address other social problems or even to scale their social impact geographically. However, because of small scale activity in the limited zone, social entrepreneurs are able to enhance social harmony at the local level.

Social Constructionists: Zahra et al. (2009) believed that social constructionist is based on Kirzner (1973) perspective of Entrepreneurship. The social constructionist focuses on the broader market. It can grow until the national level. Zahra et al. (2009) emphasize that social constructionist addresses social issues that are poorly addressed by the government or other private agencies. They remove gaps by addressing those problems which are left unaddressed. They want to bring the change by introducing reforms and innovations to a broader level. Although social constructionists aim to solve locally based social problems, however, their problem-solving idea can be replicable to different areas or contexts.

Social Engineers: Zahra et al. (2009) proposed the idea of social engineers based on Schumpeter’s (1934) work on the theory of economic development, where he described entrepreneur as a “creative destructor” and “innovator”. Social engineers are the creators of the newer and more effective social system to replace the existing one, and they work on a considerable level and address the social issues by introducing revolutionary change. The focus of social engineers is based on broad social problems and more significant social impact. Their problem-solving activities bring sweeping changes in society. To achieve this significant social impact, government and society provide access and support.
2.3.6. Social Entrepreneurship in Portugal

The term of Social entrepreneurship, social enterprise, or social entrepreneur is non-existent in Portuguese regulation. As we discussed above in chapter 2 that Portugal introduced market oriented third sector under the form of ‘social solidarity cooperatives’ (Kerlin, 2009). That allowed people to form the not for profit organisation with the purpose of income generation. Although, the terminologies of social entrepreneurship are not present, it is frequently used by practitioners, policy makers, academicians, or politicians in Portugal.

Several new institutes and organisations such as Institute of social entrepreneurship (IES) 2008 and António Sérgio Cooperative for Social Economy (CASES) was formed in 2010, with a mission is "to recognize and promote the social economy sector" in Portugal (Kerlin, 2009; Marques, 2014). All these efforts have contributed to the growth of social entrepreneurship in Portugal. Now several private and public universities in Portugal are also promoting the academic interest through their social entrepreneurship courses.

Although, the concept of social entrepreneurship is growing and it lacks a specific legal boundary that can be appropriate to the development of social entrepreneurship that can give better opportunity and benefits to social entrepreneurs. In Portuguese and European legislation, the notion of social enterprise or social entrepreneurship is embedded under the notion of social economy. Portuguese legal system recognise the domain of social economy by the inclusion of following entities under article 4 of social economy in 2013.4

The following entities are part of the social economy, provided they are covered by the Portuguese legal system:

a) Cooperatives;

b) Mutual associations;

c) The mercies;

d) Foundations;

e) Private social solidarity institutions not covered by the previous paragraphs; (IPSS)

---

f) Associations with altruistic purposes that act in the cultural, recreational, sport and local development;

Some characteristics of IPSS allowed people to register their organisation as a private not for profit organisation that can allow them to include market-oriented approach to solve social problems without getting monetary benefit from its success as well as tax benefits.

According to article 1 of the social economy law, organisations registered under IPSS are defined that these institutions are collective persons, not for profit, constituted exclusively by private initiative, with the purpose of giving organized expression to the moral duty of justice and solidarity, contributing to the realization of the social rights of citizens, since which are not administered by the State or another public body.

The objectives of IPSS are achieved through the concession of goods, services and other initiatives to promote the well-being and quality of life of people, families and in the following areas: support for children and young people, including children and young people in distress; family support; support for the elderly; support for people with disabilities and disabilities; support for social and community integration; social protection of citizens in the event of illness, old age, invalidity and death, as well as in all situations of lack or diminution of means of subsistence or of capacity for work; prevention, promotion and protection of health, in particular through the provision of preventive, curative and rehabilitative care and medical assistance; education and training of citizens; resolution of population housing problems; other social responses, provided that they contribute to the realization of citizens' social rights. IPSS may continue in a secondary profit-making manner, if they are compatible with the social objective it proposes (Article 1 (2), Decree-Law No 119/83)\(^5\).

All organisations registered under these regulations are considered as third sector or not for profit organisations. It means, if someone wants to register a for profit organisation for social mission. Then more likely a person won’t be having other choice rather than opting for not for profit.

\(^5\) IPSS – Instituições Particulares de Solidariedade Social, consta do DL no 119/83 de 25.02

2.3.7. Summary

Literature review clarifies that social entrepreneurship is a broad and growing field of study and people from various sectors participate information of social entrepreneurship activity. It is found that, despite its popularity, understanding about social entrepreneurship is unclear to many. In this review of the literature, a thorough understanding of the notion of social entrepreneurship is made by reviewing the literature on entrepreneurship and social entrepreneurship. Definitional debate on entrepreneurship is vast, some scholars (Peredo & McLean, 2006; Austin et al., 2006a), consider entrepreneurship as a part of the business structure, where purpose of business is to make the profit for shareholders, while, others (Huggins & Thompson, 2015; Williams & K’nife, 2012), consider entrepreneurship as a process of employing innovative practices to utilise resources and expand enterprise.

The term entrepreneur and entrepreneurship are trendy, and everyone wants to associate themselves with it. For instance, some people inherit the family business, built by their parents or grandparents; however, often they are also being called as entrepreneurs. It is because they apply entrepreneurial strategies that identify opportunities, using innovation, creativity and sustainability that ultimately transform the existing family business into an entrepreneurial business. Therefore, entrepreneurship can be defined as an act of starting a new or managing a current enterprise by applying an innovative approach in practice and are sustainable with the primary purpose to achieve success and get benefited from its success. In this process, the entrepreneur role is essential since he/she makes all decisions and takes the personal and financial risk to run the enterprise.

After that, the phenomenon of social entrepreneurship is reviewed thoroughly examining the notion of social enterprise, social entrepreneurship, and social entrepreneur. A study found that there is no legal term as such social enterprise. However, it is in fashion and very often used in literature. The terminology is used to describe any organisation whose primary purpose is to create and maintain social mission by participating in social purpose activity. According to it, any organisation either it is for-profit or not for profit, whose primary goal is to create social value and achieve the social mission by using sustainable
business practice can be called as a social enterprise. The purpose of business practice in such organisation is to achieve financial sustainability and expand their social mission. Although, there is an ongoing debate as to whether such an organisation involved in the social mission should also be included in business activity or not (Austin et al., 2006a; Nicholls, 2006).

Since many believe that inclusion of business activity in the organisation may distract organisation from its primary social mission (Borzaga & Santuari, 2003; Peredo & McLean, 2006; Certo & Miller, 2008), while others believe that simultaneous practising of business and social activity will enable organisation to do their social development activity without relying on others and with less external interferences and by this way another external body won’t influence their decision and action (Nicholls, 2006; Austin, Stevenson & Wei-Skillern, 2012).

Literature review suggests that social entrepreneurship is a process where an individual or a group of individuals start a social enterprise whose primary purpose is to create social value. In this process, social entrepreneurs are described as individual who enjoys autonomy, takes calculated risk and can recognise opportunity and mobilising resources and leading the activity (Dey & Steyaert, 2016; Pirson, 2016; Saebi et al., 2019; Phillips et al., 2015).

Furthermore, the difference between conventional entrepreneurship and social entrepreneurship were made. Although, several attributes of social and commercial entrepreneurs are similar such as both are innovative, passionate, risk-taker, highly motivated and driven by a vision and both work in the same market system (Austin et al., 2012; Santos, 2012; Bacq et al., 2011). Despite this uniformity, social entrepreneurship is a different form of entrepreneurship. The purpose of conventional entrepreneurship is most likely to get financial benefit. In contrast, social entrepreneurship is a process towards achieving the desired social mission and to find a solution for the unsolved social problems and social entrepreneurs reinvest all their earned profit for the maximisation of social purpose.

Often CSR activities of companies are also confused by many as social entrepreneurship (Baron, 2007; Szegedi et al., 2016). We also made a distinction between CSR and social entrepreneurship. In this, we found that CSR is a corporate supported, socially responsible activity of business for their stakeholders. The main goal for CSR may
or may not be entirely social; it is possible that activities of CSR are meant to promote the goodwill of companies or to compensate the wrong impact of its activities on stakeholders, while in social entrepreneurship ventures are set up to solve a social problem.

After that, the typologies of social entrepreneurship are reviewed. Social entrepreneurs are categorised into three main types, social bricoleurs, social constructionist and social engineers (Zahra et al., 2009). These typologies distinguish social entrepreneurs based on their activities and social impact on the community. Social entrepreneurs exist depending on the size of a social issue, ability to solve that issue and capacity to replicate the solution in another place it can go from local, to national or to international level. Social bricoleur works only at community level, their social objectives are expressly limited to that community, while other social constructionism focuses on social issues that can make an impact from local to national level, the third type of social entrepreneur are social engineers who work at more significant scale, their social objective and effects are from federal to global level.

In this chapter, a comprehensive approach is used to describe social entrepreneurship that aims to solve social and environmental problems using sustainable business approach and without seeking profit for personal benefit. Social entrepreneurs are the individual or a group of people who are more determined to solve social problems using business practices rather than benefitting from the success of the organisation. The present discussion made it clear what social entrepreneurs do. However, it is still a matter of debate: why they do social entrepreneurship? What makes them follow such a profession where monetary profit is given less importance? And how do individuals get the idea to start a social enterprise? These questions are crucial that require further reviewing of motivation literature. Next section will discuss research related to social entrepreneurs and their motivation.
2.4. Social Entrepreneurship Motivation

2.4.1. Introduction

Motivation plays a significant role in organisation formation (Braga, Proença, & Ferreira, 2014; Segal, Borgia, & Schoenfeld, 2005). It is considered as an enduring behaviour that is defined by the willingness and desire to act. Literature often describes entrepreneurs as those who create, organise, and run a business activity. Doing entrepreneurship is not said to be an easy task. Being an entrepreneur is about taking risks and having to face daily life situations that are filled with insecurity, deterrents, and failures (Gregorio, 2005; Segal, Borgia, & Schoenfeld, 2002). Despite these hindrances, entrepreneurs take associated financial risks with a desire to get monetary benefit from the success of the business (Paswan, Proença, & Cardoso, 2017; Segal et al., 2002). Contrary, social entrepreneurs are said to be social mission-driven individuals that endeavour to create positive social impact in the society by implementing sustainable business ventures (Germak & Robinson, 2013). They also accept risks to start a new social enterprise. However, the success of the social business doesn’t permit them to get the monetary benefit for self or shareholders (Paswan et al., 2017). Many discussed that their reward goes beyond the motives of mere economic generation (Gras & Mendoza-Abarca, 2014). Therefore, it becomes essential to understand what motivates a person to pursue social entrepreneurship (Haugh, 2005).

Scientific study on motivation in social entrepreneurship is still emerging. So far, it has received little attention (Germak & Robinson, 2013). Thus, making an understanding based on existing motivation theories can provide a base to understand social entrepreneurship motivation (Haugh, 2005). Therefore, in the next section, existing motivation theories are explored to understand entrepreneurship development and subsequently, how motivation towards creating a business or entrepreneurship get formed is discussed.
2.4.2. Motivation Theories

Since the last few decades, there is a growing interest in entrepreneurship motivation in psychology and business literature. Several motivation theories discuss psychological and organisational factors behind work motivation. However, there is little empirical study to understand social entrepreneurship motivation and intention (Tran, 2016; Braga et al., 2014; Mair & Noboa, 2003; Tan & Yoo, 2014).

Social entrepreneurship is an emerging field, and the intention of individuals behind doing social entrepreneurship is not very clear. Mair, Robinson, et al. (2006) propose that individuals influenced by specific emotional and cognitive attitudes tend to create social enterprise; they also possess strong social efficacy that helps them to stay entrepreneurial and to create the social enterprise. Existing motivation theories are explored to understand social entrepreneurship motivation.

Motivation theories can be divided into content and process theories (Braga et al., 2014; Fudge & Schlacter, 1999), as mentioned in Table 7. Content theories primarily focus on individual needs and work behaviour. It gives attention to different attributes that motivate them. Process theories focus on how cognitive process influences the behaviour of people; here, individual’s interaction with the environment plays an important role.

Some of the principal authors who categorised content and process theories are as follows: content theories incorporate need theory (Maslow & David McClelland), push and pull method (Kirkwood & Walton) and self-determination theory (Deci & Ryan), whereas, process theories include.

Table 7. Motivation Theories

<table>
<thead>
<tr>
<th>Content Theories</th>
<th>Process theories</th>
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<tbody>
<tr>
<td>Need Theory (Maslow, McClelland)</td>
<td>Expectancy theory (Victor Vroom),</td>
</tr>
<tr>
<td>Push and Pull theory (Kirkwood &amp; Walton)</td>
<td>Goal Setting theory (Edwin Locke)</td>
</tr>
<tr>
<td>Self Determination theory (Deci and Ryan)</td>
<td>Self-efficacy theory (Albert Bandura)</td>
</tr>
</tbody>
</table>
Content Theories

Need theory includes the hierarchy of needs, proposed by Maslow (1943). Maslow was a social psychologist who was interested to understand what influences human behaviour in the broadest sense. He believed that human behaviour is driven by people’s unsatisfied basic needs as motivators and persuade them to act in precise manner. He proposed five kinds of basic needs;

1. Physiological needs: It refers to essential needs of human life. For example, food, clothes, shelter, and various other necessities of life.
2. Safety needs: Once physiological needs are satisfied, another requirement such as safety or security comes into force. For example, economic security for wellbeing, protection from dangers are related to this need.
3. Love needs: love needs are more related to belongingness at the family, group, and society.
4. Esteem needs: the esteem needs relate to ego or status of individuals. It consists of self-esteem, achievement, or competence.
5. Self–Actualisation needs: the need for self-actualisation is related to the realisation of one’s own potential for self-fulfilment.

Maslow (1943) used the term hierarchy to categorise the range of need dominance from highest to lowest. However, all these need factors are essential and interlinked with each other. He believed that it is possible to satisfy individual’s need both in the workplace and outside.

After that, McClelland (1967) in his book “the achieving society” explained that a person has three types of needs, need for achievement, need for affiliation, and need for power. According to the achievement theory, human beings are influenced by specific achievement needs such as the need to succeed or achieve and exceed. Need for affiliation refers to individual’s desire to get associated with particular social group and feel a sense of involvement and maintain a friendly relationship. Need for power signifies the desire to dominate, influence or control others.

In a business environment, entrepreneurial aspiration can be explained by means and motives of the entrepreneur (Hessels, Van Gelderen, & Thurik, 2008). Entrepreneurship is
often associated with innovation, job creation and economic growth. Still, Hessels et al. (2008), argued that hardly anyone ventures business to achieve change, to create jobs or grow the national economy. On the contrary necessity of people forces them to start a company such as a desire to get autonomy and monetary benefit from the profit. Germak & Robinson (2013) explain this in terms of self-actualisation need or also believe that the desire to satisfy the basic need of family or oneself can be the reason for starting a business. Entrepreneurship is not just a mean to survive or meet basic livelihood requirements. Still, it is a channel through which entrepreneurs realise self-expression, self-actualisation, and meaningful engagement in society. A high need for self-actualisation is a common motivation of entrepreneurs. Entrepreneurs may achieve self-actualisation by becoming a successful entrepreneur and aspire for more success and growth (Segal et al., 2005). They are also driven by this need to achieve and excel, so achievement motivation plays an important role in understanding and defining the entrepreneur’s motivation. Need for achievement forces entrepreneur to compete with other entrepreneurs and to accomplice better and quicker than them (Germak & Robinson, 2013). About social entrepreneurs’ motivation Germak & Robinson (2013) argued that social entrepreneurs are influenced by the more involved level of motivation; however, self-actualisation need enables social entrepreneurs to go beyond achieving any basic need.

Pull and Push theory

Scholars have identified two broad categories of entrepreneurship motivations, according to a logic of opportunity (pull) or necessity (push), ending up as the pull and push theory (Amit & Muller, 1995; Gilad & Levine, 1986; Kirkwood, 2009). According to pull method, individuals are pulled by potential reward or challenge associated with starting a business. In push theory, individuals are pushed out of their current position to start own business venture because of coincidental factors such as dull or uninterest job in current location (Amit & Muller, 1995).

Entrepreneurs may be attracted by pull factors, including starting the venture to satisfy their desire, for instance, for self-actualisation or achievement. According to
Kirkwood (2009), monetary motivations are also categorised as a pull factor, depending on the use of money or the urgency of the money. Entrepreneurs who are attracted by pull factors often venture new business because either they are excited by remarkable business idea or they see a great personal benefit.

In push theory, individuals are pushed towards entrepreneurship by factors that are more situational based. It can be personal or external factors, such as redundancy, job frustration, limited opportunities for advancement or career prospects (Kirkwood, 2009). Entrepreneurs who are pushed to take entrepreneurship activity are often unsatisfied with their current situation or position and are forced to initiate a venture.

Kirkwood (2009) identified four main elements that are significant in the push and pull motivations towards entrepreneurship, such as the desire for autonomy, monetary benefits, family, and work-related issues. The desire for independence is an essential factor that attracts many to start their business venture. Similarly, seeking for tangible benefits such as money or assets may also be related to pull factor. Kirkwood (2009), argued that monetary gain does not always attract people still, it is considered as an essential pull factor. Family-related factors such as family obligation, domestic commitments push a person to become an entrepreneur (Kirkwood, 2009). Some researchers have argued that pull and push theory is like goal setting theory since entrepreneur or social entrepreneur consciously undertake actions to accomplish desirable goals (Amit & Muller, 1995; Yitshaki & Kropp, 2016).

Self Determination theory:

Ryan and Deci believed that human motivational behaviour could be explained by understanding intrinsic and extrinsic tendencies of human-being. Therefore, they proposed self-determination theory SDT (Deci & Ryan, 1985). SDT has a significant influence on diverse research domains such as health, sports, education, entrepreneurship, and social psychology (Sheldon, Turban, Brown, Barrick, & Judge, 2003). Ryan & Deci (2000) believes that motivation is associated with the vigour, direction, diligence, and intention. It is central to cognitive and social regulation. SDT uses a multidimensional approach to satisfy the self-determined motivation of individual (Gagné et al., 2015; Ryan & Deci, 2000).
According to SDT theory, people have three essential psychological needs; autonomy, competence, and relatedness (Ryan & Deci, 2000). Independence can be explained as the freedom to act in accordance to one’s consciousness (Ryan & Deci, 2000; Sheldon et al., 2003). In this context, the individual is not controlled or influenced by others and are have complete freedom to take their own decisions (Darner, 2010). Competence refers to individual’s capability to produce desired results. When somebody uses their aptitudes to solve issues, then they are more likely to feel competent in problem-solving. The enhancement of a person’s skills and knowledge that enables them to solve problems brings satisfaction and happiness (Sheldon et al., 2003). Relatedness refers to the sense of belongingness where a person feels connected with others in social groups. Researchers discussed that all these three psychological mediators are likely to be supported by socio-contextual factors (Robert J. Vallerand & Losier, 1999). The socio-contextual or background environments such as family, friends, work experience, or any incidents etc. may act as a foundation for the motivation formation and plays a vital role in motivation development (Robert J. Vallerand & Losier, 1999). SDT proposes that the degree of wellness in a context will be based upon the extent to which the contextual conditions support, or on the contrary, thwart these psychological needs. SDT describes different types of motivation that encourage or discourage person behaviour. These are intrinsic motivation and extrinsic motivation shown in the figure. 4 Ryan and Deci (2000).
Amotivation refers to the disinterest or absence of motivation towards doing an activity (Ryan & Deci, 2000). A person feels amotivated when he or she does not see any contingencies between their own actions and outcomes. An amotivated person is neither intrinsically nor extrinsically motivated to do any task.

Extrinsic motivation is associated with the desire to achieve some separable outcome (Ryan & Deci, 2000). The separable outcome is related with an external demand or reward contingency that the participant wishes to achieve. Rewards can be tangible or intangible. The tangible reward is related to monetary gain or increase in personal wealth, while the intangible reward is linked with the sense of doing right thing or recognition. Ryan & Deci (2000) described four types of extrinsic motivation such as external regulation, introjected regulation, identified regulation and integrated regulation.

External regulation exhibits extrinsically motivated behaviours that are controlled by external means. In this person feels obligated to perform the action in a certain way because he or she is controlled by the constraint or reward (Ryan & Deci, 2000; Vallerand & Bissnnotte, 1992). For example, a person may start the business to give employment to
him/herself. External regulation fuelled by a desire for rewards or an entrepreneur may work very hard to increase his outreach and profit. Introjected regulation is directed by contingent self-esteem. It involves obeying rules but not fully accepting it. In this situation actions are made to evade guilt, anxiety or to maintain ego or pride (Ryan & Deci, 2000). Egoism is described as a form of introjected regulation where people are motivated to exhibit their own ability to avoid failure and achieve success to maintain feelings of self-worth (Ryan & Deci, 2000). Identified regulation is related to conscious valuing of one’s own behaviour goal or regulation, in such a way that the behaviour is accepted and given high importance (Ryan & Deci, 2000). A person focuses on goal and values and wanting to make the difference because he/she believe that mission achievement is very important goal. Integrated regulation is a form of extrinsic motivation that occurs when an individual incorporates externally imposed set of values and goals into his or her cognitive structure (Darner, 2010; Ryan & Deci, 2000). In this form of extrinsic motivation, the person does not necessarily obtain pleasure by performing the action, but he or she wishes to perform the action because it corresponds with his or her value system.

Intrinsic motivation refers to action or behaviour that gives internal satisfaction or happiness rather than for some separable consequences (Ryan & Deci, 2000). Intrinsically motivated people involve into activities but do not desire for any material or non-material benefit.

Cognitive evaluation theory (CET) a sub theory within SDT in terms of external factors (social and environmental) that promote or undermine intrinsic motivation (Ryan and Deci, 2000, p. 70). CET focuses on the fundamental needs for competence and autonomy. In an experimental investigation Ryan and Deci (2000), found that social-contextual incidents such as feedback, communications, rewards can influence the competence feeling, thus affect intrinsic motivation. For example: optimal challenges such as feedback and appraisals were found to facilitate intrinsic motivation, whereas negative performance, criticism diminished the intrinsic motivation.
Process theories

Process theories as described by Fudge & Schlacter (1999) are based on the interaction of individual with their environment and explains why motivation occurs and how the process will influence the behaviour of person. According to Segal et al. (2005) process theories begin with Vroom' (1964) expectancy theory and then succeeded by Locke’s (1968) goal-setting theory and later by Bandura’s (1977) self-efficacy theory.

According to expectancy theory of motivation, individuals are influenced by surroundings and environment and they choose specific behaviour over other, hence expectation they made are based on their perception of the environment (Vroom, 1964). There are three expectancy conditions that must be met for occurrence of motivation, effort-performance, performance-outcome or instrumentality and valence. Effort-performance expectancy discuss the relationship between effort and performance level of individual. An individual with high effort performance may be highly motivated to act than others with low effort performance (Fudge & Schlacter, 1999). Performance outcome or Instrumentality refers that reward of people will depend on the level of performance. A person with high effort-performance will have greater instrumentality and therefore possess higher motivation to perform well. Valence is related with the importance of outcome of the action. It depends on how much value a person gives to the reward. The greater the valence, the greater the effort. So, if the person gives high importance to the value of reward, then he/she will also increase or decrease his performance level (Fudge & Schlacter, 1999).

In goal setting theory, goal is defined as a target or aim of an action that a person wants to achieve (Locke, Shaw, Saari, & Latham, 1981). Carsrud & Brännback (2011), described that goals setting are mental representations of what the future can be. Some researchers have categorised goals in three types: focal goal, lower-level subordinate goals and higher-level superordinate goals. Focal goal focuses on supreme objective and answers the question “What is it that I strive for?” Lower-level subordinate goals answer the question “How can I achieve what I strive for?” and higher-level superordinate goals answer to the question “Why do I want to achieve what I strive for?” (Bagozzi & Dholakia, 1999, p. 23; Elfving, Brännback, & Carsrud, 2017, p. 87). Researchers argued that these three types of goal scan explain the motivation behind starting a business (Elfving et al., 2017). Individual’s
commitment towards goal attainment will grow stronger based on hierarchy of goal types and the person will feel more committed to reach the goal.

According to Yitshaki & Kropp (2016) goal theory is a conscious processes that establish stages of an action to achieve the goals. In 1936 Lewin described that seeking of success and avoiding of failure, are important variables that are important in goal setting. People’s action towards goal achievement is mainly perceived by their confidence to perform those actions. Goal setting enable individuals not to give up and plan the action strategy in advance. Goal motivates people to persist in activities through time and it directs people attention to specific behaviours. According to goal setting theory, goal motivation can make someone perform better than others despite both possessing equal skills and knowledge, (Amit & Muller, 1995). Goal theory is often use to explain work motivation and understand employee’s motivation and performance (Shane, Locke, & Collins, 2003).

The notion of self-efficacy is derived from Bandura’s social learning theory (1986). It signifies person's capability and intention to perform a given task (Carsrud & Brannback, 2011). It can also be said that, it is the primary driver of motivated action. Present section studied overview of various motivational theories such as content and process theory, next section review literature on social entrepreneurship motivation.
2.4.3. Motivation for Social Entrepreneurship

Motivation can be explained by the effort and diligence applied for certain behaviour or action (Braga et al., 2014). Maslow (1943) described that typically an act has more than one motivation. Social entrepreneurship motivation is relatively a new phenomenon (Austin et al., 2006a; Braga et al., 2014; Germak & Robinson, 2013; Helm, 2004; Zahra et al., 2009). Considering the conceptual complexity of social entrepreneurship in terms of definition, practice, and regulation some researchers have suggested that to understand the social entrepreneurship motivation, it requires a more mixed level of motivational bases (Bull & Crompton, 2006; Germak & Robinson, 2013; Ruskin, Seymour, & Webster, 2016).

Some researchers studied the pull and push motivation (Yitshaki & Kropp, 2016), while others studied the goal setting and SDT in entrepreneurship motivation. An empirical study on social entrepreneur’s motivation shows that pull factor and intrinsic-extrinsic factor both play essential role in the motivation formation (Braga et al., 2014). Short, Moss, & Lumpkin (2009) suggested examining social entrepreneurs’ motivation through the lens of goal-setting theory. Goal-setting theory aims to understand employees work motivations, commitment, and performance (Tosi, Locke, & Latham, 1991). In goal-setting theory, motivations are considered as a conscious process that determines the performance level of defined goals. Motivations to accomplish goals established the linkage between intentions and actions (Carsrud & Brännback, 2011). Goal-setting theory enables a person to decide stages of activities and to understand how to achieve the goals. However, it doesn’t clarify how this motivation is generated. Attainment of the target depends on how strong the motive is.

In an empirical study, social entrepreneurs in the UK demonstrate social-moral aims as a motivation factor (Shaw & Carter, 2007a). While others believed that social entrepreneurs’ motivation is influenced by cognitive, emotional, and behavioural approaches (Yitshaki & Kropp, 2016). Therefore, social entrepreneurs’ motivations are mission-driven and intending to advance the growth of a defined group or society at large.

Drawing from psychology literature, Ruskin et al. (2016) discussed the idea of a social entrepreneur’s motivation based on self and other-oriented motivation. Ruskin et al.
(2016) believed that emotion plays an essential role in social entrepreneurs’ motivation. The researchers argued that emotional reactions influence the direction, intensity, and persistence of motivated behaviour. For example, positive emotions, such as happiness tends to change decisions towards entrepreneurial opportunities or venture creation and thus, increase the likelihood of commitment and diligence. In contrast, negative emotions, such as embarrassment tend to reduce motivation for entrepreneurship. But, negative emotions, such as anger, may incline entrepreneurial action. Researchers created a framework to describe social entrepreneurship motivation in three ways, emotional antecedents, self-oriented motivation, and other-oriented motivation as presented in the figure.

Figure 5.  
_Model for social entrepreneur’s motive_
Source: Ruskin et al., (2011)
Ruskin et al. (2016) identified passion, frustration, sympathy, and empathy as emotional antecedents that are associated with social entrepreneurial motivations. Achievement, autonomy, relatedness, and influence are related to self-oriented motivation. Other-oriented motivations are altruism, nurturance, social justice, and sense of obligation. Social entrepreneurs start a social venture with a desire to solve identified social problems.

Passion can be categorised into two types positive and negative (Michl, et al. 2009). Positive emotion is happiness, satisfaction, hope, interest, pride. Negative emotions are anger, disgust, sadness, anxiety. Emotions can be defined as psychological states of a person, that can influence the decision-making process and judgments (Baron 2008; Michl, et al. 2009). They are said to be passionate and want to make a difference in peoples’ lives, so “passion” motivation, can be an emotional antecedent for social entrepreneurship. Braga et al. (2015) believe that in social entrepreneurship, passion and personal interest are intrinsic motivation.

Self-oriented motivation is related with personal interest and need that encourage people toward motivation and behaviour. People motivated by own need seeks to safety, freedom, love, and success. In Maslow (1943), the hierarchy of need, physiological needs satisfy primary personal necessity before moving upward for other requirements such as belongingness and need for self-actualisation. Need for achievement describe that individuals driven by own need seek for challenging tasks such as taking risks and venturing a business. Personal needs such as the need for autonomy, freedom, flexibility, or volition play essential role in entrepreneurial motivation (Ryan & Deci, 2000). Some researchers believe that social entrepreneurs also moved by these personal needs, but at the same time, they are committed to achieving social mission (Shaw & Carter, 2007).

Other oriented motivation can be described as an external motivation that aims to benefit others. Ruskin (2016) identified altruism, nurturance, social justice, and sense of obligation as important other-oriented motivation factors. Other oriented motivation factors are related to selfless needs, which is to act selflessly and to benefit other people. Some researchers believe that social entrepreneurs are driven by altruism or prosocial factors (Yiu,
Ruskin (2016) described that altruism is a voluntary drive that aims to help others without expecting any extrinsic rewards.

Empirical findings of Ruskin et al. (2016), shows that emotional antecedents, such as passion and frustration lead to self-oriented motivations that are achievement, autonomy, relatedness, and influence. While, sympathy and empathy relate to other-oriented motivations, such as altruism, nurturance, social justice, and sense of obligation. Copp (2006) believe that there are certain “biases” that are built into human empathy. For example, dealing with the nearby and visible situation as opposed to a distant and unseen location or dealing with our moral duties or obligations towards humans versus animals, we also seem to have an empathic bias in favour of fellow humans. People with empathic nature are more inclined towards generous, or caring motivation.

Miller et al. (2012) suggest other emotions such as compassion as influencing social entrepreneur’s motivation since social entrepreneurs are compassionate toward solving social problems. Compassion is akin to empathy. However, people with compassionate nature are more likely to associate themselves with people who are sufferings, while people with empathic nature are more likely to experience positive or negative emotions of others (Ruskin et al., 2016). Miller et al. (2012) propose the process of prosocial behaviour and commitment makes an individual to transform compassion into social entrepreneurship. Yitshaki & Kropp (2016) discussed that this compassion might be based on sympathy or empathy towards other. Therefore, sympathy and understanding can lead to prosocial behaviour among individuals.

Study of Ruskin et al. (2016), explored emotions and motives related only with the successful social venture. But, in practice, several ventures fail because of known-unknown reasons, and the influence of the feelings and motivations among successful and failed experiment may differ.
2.4.4. Summary

This section assimilates the conclusive knowledge from the literature on motivation and presented insights of social entrepreneurship motivation. The literature show that a series of motivations are associated with social entrepreneurship. Different motivation theories in relation with entrepreneurship and social entrepreneurship are reviewed. We have discussed above that the idea of social entrepreneurship involved venturing a social enterprise whose primary motive is to solve social and environmental problems and reinvest the profit from the business without desiring to use it for personal gain. Social and environmental problems such as healthcare, education, poverty, or environmental problems such as climate change or global warming are potential opportunities for social entrepreneur, that they exploit using new technologies and innovative solution. By combining entrepreneurial attitude and deep understanding of social problems and proper resources an individual can venture a social enterprise that is self-sustainable.

In entrepreneurship, motivation is often associated with tangible or intangible reward. The tangible reward such as money, company share, benefits or other form of compensation. While rewards in intangible form are other benefit such as status, power, social acceptance, social recognition, or admiration etc.

Social entrepreneur’s motivation may vary from the commercial entrepreneur. Since, intention and motivation emerge differently on people, for example a commercial entrepreneur intention can be getting monetary profit while social entrepreneur intention can be serving the society without seeking profit. From various motivation theories we found that there are several circumstances that trigger different kinds of motivation factors.

Individual and situational variables both play important role in determining entrepreneurial motivation. Individual who are influenced by psychological mediator such as desire for autonomy, volition, or relatedness triggers entrepreneurial behaviour. In this regard, social-contextual or situational factors such as social, economic, and political play important role in entrepreneurship or venture creation.

Intentions influence the motivational factors that guide behaviour. Therefore, intentions of solving social problems is important for person’s behaviour, especially in the
case of purposive, planned and goal-oriented behaviour (Bagozzi, 1992). Social entrepreneurs are said to be selflessly driven to achieve social missions, where monetary rewards are not the main force for social entrepreneurs, apparently, social entrepreneurs take economic reimbursement from their activity to support their ongoing participation.

Although there are several theories and subsequently various factors within the theory that influence individual motivation, literature shows that social entrepreneurs are more likely to be influenced by mix motivational factors. This chapter examined existing motivational theories to explore individual’s motivation towards entrepreneurship development. Review of SDT theory show that intrinsic and extrinsic both play important role in entrepreneur’s motivation formation. Ruskin et al. (2016) model signifies the emotion and motives play important role in entrepreneurial motivation. It shows that emotional antecedents influence the self-oriented and other oriented motivation. Factors such as wanting desire of volition, autonomy gives internal satisfaction to entrepreneur. Whereas factors such as desire for tangible rewards influences extrinsic motivation.

As we discussed above social entrepreneur starts a social enterprise with main aim of solving social issues by including business. Intrinsic motivation plays a role in knowing, why social entrepreneurs start social enterprise when there is no financial reward. While practicing social entrepreneurship, happiness or pleasure can be a factor that satisfies the person intrinsically. Satisfaction also be related with the true fulfilment of the human nature (Colle & Werhane, 2008). Yitshaki & Kropp (2016), discuss that compassion may be embedded in a general sense of empathy towards other as it relates equal experiences faced by the person, or a sense of sympathy that is not based on similar experiences. Both empathy and sympathy motivations can be reason for prosocial activities. Some argued that altruism is the possible motivation behind social entrepreneurship (Prabhu, 1999; Yiu et al., 2014). Intrinsic motivation refers to a personal interest in doing the particular task that might have been triggered by emotional sensitivity towards particular issues that social entrepreneurs encounter (Amabile, 1997).
Chapter 3 - Ethics in Business, Entrepreneurship and Social Entrepreneurship

3.1. Introduction

Ethics and morality is a widely discussed topic in the various field including organisation and business settings (Cremer & Vandekerckhove, 2017). Ethics play important role in a business environment. Since, any ethical infringement can adversely affect the reputation of organisation and its activity business (Ferrell & Fraedrich, 2014). There are numerous examples where unethical practices in organisation wrecks big business and ruins people’s life. Therefore, now a days many business leaders made a customarily practice to include ethical code of conduct in their manifestos and agendas to show presence of good conduct in the organisation (Bull et al., 2008).

Like conventional entrepreneurs, social entrepreneurs also involve into business practices and apply innovative approaches to increase monetary profit, that aim to sustaining organisation social mission and not to benefit personally. Motivation and objective of doing entrepreneurship differentiate a social entrepreneur from a conventional entrepreneur. Therefore, often social entrepreneurs are considered as hero who carries strong ethical fiber, are self-motivated, passionate and commitment towards solving identified social problems with their innovative business idea (Bacq & Janssen, 2011; Drayton, 2002). Literature also describes them as an individual, who determined with egoist approach to achieve the success in social business (Zahra et al., 2009).

Social entrepreneurship is a rapidly growing field of study and practice, it has an important place in literature, still, there is a significant gap to study the ethical issues in social entrepreneurship (Pate & Wankel, 2014). It is believed that competitive and unstable economic environment where social entrepreneurs work may force them to make difficult decision which possibly can provoke or hamper the ethical attitude of the social entrepreneur (Zahra et al., 2009). Therefore, it would be important to understand the ethics in social entrepreneurship and to know if social entrepreneur also faces ethical issues and if yes, what
are those ethical issues and dilemmas? There have been several studies concerning with ethics in philosophy, business, or entrepreneurship. Hence, it makes sense to explore existing literature from these fields.

In the next section of this chapter general idea of ethics and morality are explored thereafter existing literature on ethics in philosophy are reviewed to understand the normativity of business ethics. Traditionally, ethics and social responsibility in business environment have been widely conversed based on the doctrinaire of philosophical traditions. So, building a foundation based on philosophical paradigm is a good start to explore this phenomenon. Furthermore, literature related with ethics in business and entrepreneurship are analysed and subsequently literature of ethics within the field of social entrepreneurship are reviewed. This chapter explores the domain of ethics within the field of social entrepreneurship with an aim to develop the theoretical understanding that guide the study.
3.2. Defining Ethics and Morality

“Ethics” derived from the Greek word called ‘Ethos’, that means “custom” or “sentiment” (Toffler, 1986). It is difficult to define ethics, but ethics are said to be morally sound principles and can affect person's behaviour, decisions and actions (Bartlett & Preston, 2000). Ethics deals with the situation of “what is right” and “what is wrong” (Morris, Schindehutte, Walton, & Allen, 2002). It goes beyond compliance towards rules and examines the reason behind those rules making.

Weiss (2014) explains that ethics is a branch of philosophy that tackles questions about morality. That’s why it is called a moral science or moral philosophy. The goal of ethics as a science is to investigate the nature of the human conduct that is morally right. It is a phenomenon that explores all moral and ethical features of human life. It gives an opportunity not just to reflect and think but also to analyse the contents of its thoughts. This is the primary reason ethics must be studied from the perspective of the Philosophy.

Researchers have argued that it is difficult to define ethics accurately, but it is said to be the code of moral principles and values that usually affects the behaviour, decisions and actions of an individual or group and leads them to distinguish between right and wrong conduct (Bartlett & Preston, 2000). More specifically ethics tries to define what is good and what is bad in decision-making.

Fischer (2004) explains that ethics is the principles and morals of an individual behaviour that define standards of doing right and wrong or good and bad. It is related with the principles of morality, that includes moral judgments, standards and rules of conduct (Morris et al., 2002). Morality refers to ideals of moral conducts defined by the society or social practices within cultures and institutions that together with other kinds of customs, rules and traditions passes from generation to generation (Arnold, Beauchamp, & Bowie, 2014).

There are several components of morality such as moral principles, moral norms, and moral standards. Moral principles are about following common rules such as rights, justice, equity, and utility that require to form moral norms. Moral norms are described as an expectation of behaviour that either forbid or permit individuals behaviour, for example,
showing respect and acting honest. Moral standards are the criteria that derived from moral norms where individual use to guide their decision-making. Moral aspects contain values and rules in relation to every individual conscience, while ethical aspects include values and relation to traditions, norms, directives and written and unwritten laws (Gulcan, 2011; Klimsza, 2014).

The term ethics and morality are often used interchangeably (Trevino et al., 2000). Some researchers have tried to distinguish between the term ethics and morality. Fisher & Lovell (2009), described that ethics deals with defining the good life for humankind by focusing on goodness. It is the philosophical reasoning for or against the morality that has been decreed by society. Hemingway (1999) has discussed that morality is judged by how you feel after the action. It consists of what a person ought to do to conform to society’s norms of behaviour. Morality focuses on justice and asking to prevent wrong doings and if wrongs are done then it demands compensation. Following these terms, it can be said that ethics is developmental whereas morality is judgmental.

Ethical transgression happens when a person fails to act morally right. Ethical issues can occur in any stage of life in business or nonbusiness activity where moral concerns are important in order to choose one correct decision from two or more choices. Payne & Joyner (2006) identified four categories where ethical issues arise such as individual’s entrepreneurial value, organisation culture, customer satisfaction and external accountability decisions. Entrepreneurial value is related with the integrity, honesty, and a strong work ethic of the entrepreneur. In this respecting stakeholder value is given high importance. In the construct of organizational culture employee well-being is given priority. Notion of customer satisfaction is related with provision of quality products or service to customers at a fair price. External accountability decision demands entrepreneurs to be accountable to the business community and society.

Ethical decision making can potentially create an environment of an ethical dilemma. The ethical dilemma as defined by many is a complex judgment on the balance between the economic performance and the social performance of an organisation. Situation demands action however there is uncertainty which action to choose, this situation causes dilemma. People face ethical dilemmas when they are obliged to choose between two decisions, or
when they believe neither decisions are to be morally justifiable. Harris et al. (2009) discussed that ethical dilemmas in entrepreneurship can be caused by various organizational or environmental factors. According to Robinson et al. (2003, p. 6), an ethical dilemma can arise, if:

- The decision requires a choice between rules
- The decision where there is no rule or examples to follow
- The decision that morally requires two or more courses of action and in practice it is incompatible with each other.
- The decision that should be taken in one’s self-interest, but which appears to violate a moral principle that you can support.

The need to make ethical choices can arise if person feels that other person’s need should be valued because action can have right or wrong consequence; also, the desire to act is aligned with one’s personal values.

The concept of business ethics can be approached from various ways, such as normative way or empirical way. Normative way discuss the philosophical part of business while empirical approach is related with management and social sciences such as Psychology, Sociology, anthropology (Trevino, Weaver, Treviño, & Weaver, 1994).

### 3.3. Ethical Theories and Business Ethics

Business ethics can be categorised into three approaches of ethics, descriptive, normative, and meta-ethics (Skorupski, 2010; J. D. Smith, 2009; Zingano, 2014). Descriptive ethics is about people’s behaviour and moral standards they follow, how a person is behaving, and what values and rule they are following. On the other hand, normative ethics create and evaluate ethical standards; it directs what person should do and whether their behaviour is moral or not. Meta-ethics is related to the nature of morality in general.

Fischer (2004) discussed that descriptive ethics or comparative ethics is an empirical science that describes or attempt to describe customs, traditions, and behaviours of individual or group. It is about people’s beliefs and ideas about morality. It aims to uncover people’s
knowledge about values and action, what is right and what is wrong and what kind of good work are more virtuous. Descriptive ethics ask questions about what is ethical and what represents moral and immoral among specific society. In business, graphic ethics deals with the moral and ethical activities of employers and employee and their customers (DesJardins & McCall, 2014; Fischer, 2004).

Normative ethics establish conditions that allow the prediction to be made about one’s future decision in terms of what a person should do (Jones, 1991; Trevino et al., 1994). It deals with the creation of preconditions for the proper course of action and the right choices and refers to rules and regulations that control an individual’s opinion and actions.

There are three types of normative ethics; consequentialism, deontology, and virtue.

Ethical theories that are based on the suppositions that the moral rightness of an action is defined only by its outcome or consequences often refer to it as consequentialist theory (Ferrell & Fraedrich, 2014). There are several paradigms of consequentialist theory, such as Utilitarianism and Egoism. Utilitarianism is commonly being used in business ethics. Utilitarian raises the question of doing business in such a manner that it will contribute to the more significant benefit to society. Many researchers have agreed that a useful perspective in the industry provides a guiding framework for ethical behaviour that describes humanity as the utmost importance is a moral decision (Gustafson, 2013). The focus of practical perspective is that their consequences should evaluate any action. In this manner, utilitarianism is consequentialism to ethics. Individuals action should be performed in a way that it produces better results such as promoting human well-being, happiness, good health, dignity, integrity, freedom, and other welfare to all affected people (Hartman, DesJardins, & MacDonald, 2008). In another word, it can be said that utilitarianism is about producing the greatest good for the highest number. In utilitarianism, the ethical goal of action is to make the best outcome for those who are affected by the decisions.

A social entrepreneur operates his/her business with a mind setup of delivering more significant benefit to those who come under its project. As discussed by Gustafson (2013), utilitarianism perspective helps to address the ethical relationship and responsibilities between business and society. Often entrepreneurs suffer from numerous hosts of ethical challenges, such as egoism (Bowie 2000).
Egoism is related to consequentialism and focuses on the happiness of individuals who make the decision. According to Ferrell & Fraedrich (2014), there are two types of egoism: psychological egoism and ethical egoism. In psychological egoism, people tend to act because of perceived self-interest. While in ethical egoism, the morality of an action is based on self-interest. From egoist point of view, choices of all work should be concentrated towards the well-being of self, and it meant for self-promotion or to achieve their objective. An entrepreneur with egoist nature is more interested in self-promotion and do not give much importance to others (Arnold et al., 2004).

In egoism, consequences to oneself define action as ethical or unethical, while in utilitarianism, activities are considered moral or not ethical, based on its consequences to others (Gulcan, 2011). Zahra et al. (2009) discussed that egoism or self-centeredness is significantly essential for social entrepreneurs because the passions to solve locally based social problems usually compels them to form and run social ventures. Social entrepreneurs and professionals are often influenced by their social conscience and ego when taking steps to solve social issues with their innovative and entrepreneurial strategies. Therefore, entrepreneurs with egoist nature may feel that any decision made to satisfy their goal is ethically justified (Longenecker, McKinney, & Moore, 1988). In contrary, people influenced by altruism nature gives importance to others well-being, without giving conscious regards to self-interest (Davis Andersen, & Curtis, 2001). According to (Millon & Lerner, 1978), altruism is the motivation to increase other person’s welfare, in contrary to egoism, where motivation is to improve one’s self welfare. The altruistic motivated act is related to internal rewards that include feelings of goodness and personal worth (Ferrell & Fraedrich, 2014).

The word “deontology” derived from the term ‘Don’t’, which means duty. , it can be said that deontology ethics focuses on function. In other word doing right is the duty and we act right when we respect other freedom, rationality, dignity. Our actions said to be wrong and so our mission if we don’t recognise and treat other human beings correctly but use them as just little things. Gulcan (2011) discussed that in deontology, actions are considered ethical or unethical depends on duty or the intentions of an actor. It explains that the consequences of work can be right or wrong depending on the purpose and act of an individual. The fundamental idea of the deontological theory is that people should behave in such a way that
would bring welfare to all (Macdonald & Beck-Dudley, 1994). Deontology ethics focus on intention and action and not into the consequence of the work and thus, it is also called as non-consequentialism.

Virtue ethics is about how emotions are related to the behaviour of human beings and their ability to control their actions to gain happiness for themselves. It is based on personal characteristics that ensure that the people will make the right decision in any complicated ethical situation’ (Sison, 2014; Younkins, 2012; Fisher, 2006). Fisher & Lovell (2009) discussed that virtues are the means for life that provide the foundation of ethics for an individual to lead a good experience. In all these definitions, characters of individual play an important role.

Ethics of care is virtue-based ethics. A person with care ethics nature maintains an amicable relationship with others and concern for others feelings and emotions (André & Pache, 2016). It is believed that a solution to an ethical issue should be based on respect and mutual care. Ethics of care suggest that that individual’s action are considered right or permissible if their actions exhibit caring attitude towards others (Slote, 2007).

Ethics of Justice in business and entrepreneurship is directly related to the commitment to evaluate and interact with individuals. Researchers have discussed that there are three types of justice approaches Distributive, Procedural and Compensatory, retributive (Weiss, 2006). According to distributive justice, people should be treated unequally because of the differences among them. In distributive justice, inequality based on different characteristics is allowed. Distributive justice demands a proper principle designed to cover the distribution of benefits and burden of economic activity (Rainer, Martin, & Fowler, 2011). Procedural Justice is about the fairness of the work or action process and demands that all legal or ethical rules must be justified clearly to everyone in the workplace. Compensatory Justice approach requires fair compensation or reimbursement.

Meta-ethics studies the origin of ethical values, from where a person gets his/her moral principles and what they mean. It examines the origin, nature and meaning of ethical theories. Does it come from the society or family or religious institution influence it, and if ethical principles are part of an individual’s emotions and attitudes? Meta-ethics addresses these questions and focuses on issues of universal truths, the will of God, the role of reason
in ethical judgments and the meaning of moral terms themselves (Weiss, 2006). More practically, ethical principles of a person can be inquired by knowing his/her life and work history; these beliefs were adopted (Weiss, 2006). Meta-ethics believes that individuals naturally perceived situations from their perspective; hence, there is no impartial way of solving ethical disputes between value systems and individuals (Ferrell & Fraedrich, 2014).

3.4. Ethics in Business or Entrepreneurship

Ethics is an important topic in business environment. It plays an important role in the development of organisation. It concerns about organisation and its member behaviour, whether they can be considered morally acceptable or not. There are several cases around the world when unethical practice in organisation destroyed the reputation of the organisation or they were penalised to pay high compensation. Some examples can be: Enron (corruption and financial fraud)\(^6\), Volkswagen (wrong practices, fraud)\(^7\), Facebook (privacy and data breach)\(^8\), Google (Anti-trust and data breach)\(^9\). Crane (2004) believed that business ethics is about analysing the right and wrong issues in organisational practices. Academic study of Business Ethics in America is said to begin around 1970s, while in Europe it only begins around 1980s (Ferrell & Fraedrich, 2014).

Business ethics can be categorised in three levels: micro, meso and macro. The micro-level studies individual perspective in the organization. Meso level focus on organization, its structure and culture. Macro level is concerned with institutions, the market, government,  

\(^6\)Enron gone bankrupt for corruption and mismanagement. [https://www.theguardian.com/business/2006/jul/06/corporatefraud.enron](https://www.theguardian.com/business/2006/jul/06/corporatefraud.enron) (access date: 20 November 2018)

\(^7\) Volkswagen fined of €1bn (£881m) in Germany over fraud and the emissions scandal [https://www.independent.co.uk/news/business/news/volkswagen-emissions-scandal-fine-test-cheat-euro-germany-a8397351.html](https://www.independent.co.uk/news/business/news/volkswagen-emissions-scandal-fine-test-cheat-euro-germany-a8397351.html) (access date: 20 November 2018)

\(^8\) The Facebook data breach is a scandal [https://business.financialpost.com/diane-francis/big-techs-dirty-little-secret-is-that-their-business-model-is-unethical-its-time-to-hold-them-accountable](https://business.financialpost.com/diane-francis/big-techs-dirty-little-secret-is-that-their-business-model-is-unethical-its-time-to-hold-them-accountable) (access date: 20 November 2018)

national culture, and traditions (Spence, 1999). According to Svensson & Wood (2008), business ethics in the organisation depends on three components, expectation (what society expects from the organisation), perception (how society perceives organisation value, its norms and relationship) and evaluation (how the organization evaluates the organisation and its performance). Society expects that organisation while doing business will abide by rules and regulation and contribute towards social growth. An organisation operates in the community and involve various stakeholders. Therefore, society perceives the role and relationship of the organisation with its stakeholders. Similarly, evaluation aims to understand the social responsibility of the organisation and organisational business impact on society through its actions or its inactions.

Often literature in business ethics directs towards the role of individual in the organisation (Brown & Mitchell, 2010; Bucar & Hisrich, 2001; Coye, 1986; Jones, 1991; Treviño et al., 2000), while others believe that organisational culture influences the ethical behaviour (Ferrell & Fraedrich, 2014; Vyakarnam et al., 1997), other believe that business ethics of organisation can be understood through its social responsibility (Ferrell & Fraedrich, 2014).

### 3.4.1. Individuals in organisation

Many believe that if an organisation employs good people who possess strong ethical values, then the person will be a good employee in the organisation (Ferrell & Fraedrich, 2014). This states that an individual play an important role in organisations. While relating the ethics and individuals, researchers observed that roots of ethics are associated with their own entrepreneurial behaviour (Hannafey, 2003; Zahra et al., 2009). Individual as an entrepreneur in an organisation, can be the founder, owner, a manager, or leader of a business, who creates and run the business (Bucar & Hisrich, 2001). Entrepreneurs make decisions that influence the future of their organisations but also of the people who work for them, including stakeholders and shareholders who may have invested funds in their company (Bhal & Sharma, 2001).
Individuals have their own values, personality, and motivation, and at the same time, they may have different interpretations for rules and regulations when dealing with various social, environmental, and personal issues. They may also have unpredictable standards and understanding of social-environmental challenges, which can reflect negatively on their decisions. Despite this, they have moral or ethical obligations toward organisations, such as to obey rules and related to their operations, simultaneously increasing profitability and growth (Treviño et al., 2000). Entrepreneurial leaders have different understandings of ethics and ethical decision making when it comes to profit-making, growth and environmental management. Some researchers argued that leadership, culture, and individual tendencies are some of the factors that are attributed to unethical behaviour in organisations (Hannah, Avolio, & Walumbwa, 2011; Yazdani & Murad, 2015). Literature focusing entrepreneurship and business ethics directs towards a dual aspect of individualism: moral person and moral manager (Brown & Mitchell, 2010; Treviño et al., 2000).

Moral person refers to the qualities or traits of the person as an ethical leader, such as possessing as strong morals, honesty, trustworthy and integrity play an essential role in making an ethical leader. Traits are considered as inherent characteristics of an individual. They exhibit empathic concern for others while performing in a fair and virtuous manner. Brown & Mitchell (2010) believes that moral persons are often righteous in both their personal and professional lives. Based on an empirical study Trevino et al. (2000) proposed that traits, behaviours, and decision making are some of the characteristics of a moral person. Kirkpatrick & Locke (1991) described that honesty and integrity are virtues of a person, and without these qualities, successful leadership is not possible.

Trevino et al. (2000) argued that notion of ethical leadership is associated with the individual’s ethical concerns, such as: doing the right thing, showing concerns toward other individuals, being open and having personal morality. Doing the right thing is the correct way to do ethical business. Showing concern is related to treating others with dignity and respect. Being open means, the leader is approachable and a good listener and with whom their employee can share issues or griefs. Personal morality signifies greater responsibility a person is willing to take.
In ethical decision-making, leaders are expected to act justly by showing deep concern for society by keeping high moral values. In this regard, Trevino et al. (2000) suggest that, while making an ethical decision, a leader should ask a question to him/herself, if they would like to see the action, they are contemplating on tomorrow morning’s front page? The question reflects the ethical leader’s sensitivity to community standards (p. 133). The moral manager refers to business leaders or managers who use leadership position to promote or encourage ethical conduct in an organisation. They give importance to ethics while performing in an ethical way. Moral managers define ethical standards and fix rewards and punishments to ensure those standards are followed by the employee. Rewarding and punishment is a powerful way to control desirable and undesirable behaviour in organisation. Trevino et al. (2000) proposed that for ethical leadership, a moral manager should exhibit the following characteristics: by becoming a role model, by rewarding and by communicating about values. Role modelling is related to the leader visible actions in the organisation that may bring reputation or shame. Therefore, the leader must be very transparent and show examples on and off the job. Since employee follow their leader so if action will be unethical more likely employee will also follow similar behaviour.

Trevino et al. (2000), further discussed that to be perceived as an ethical leader, manager/leader should be able of influencing and transforming organisation based on the moral principle in such a manner that it automatically guides employee’s ethical behaviour. Smith (2009) suggests that values serve as standards that govern ethical conduct and defines the boundaries of ethical practice. It follows from benefiting one to other person and influences any decision-making process in which the individual is involved. According to Hemingway (2005), individuals, personal values play an essential role in ethical decision making in the organisation.

### 3.4.2. Organisational Culture

In an organisation, the positive motivation and commitment of its employee depend on the excellent fit between the employee and the organisation (Huhtala & Feldt, 2016). This often depends on the employee’s perception towards the ethical culture of the organisation.
Organisational culture is vital in corporate ethics (Kujala, 2015; Sinclair, 1993; Kaptein, 2011), since it may influence entrepreneur’s decisions to act ethically or unethically (Ardichvili, Mitchell, & Jondle, 2009). Organisational culture is based on how members in an organisation interact and behave with each other. It refers to the practices and customs that are embraced and practised by people over a time (Schein, 1990). It consists of a complex combination of formal and informal components (Ardichvili et al., 2009; Kuye et al., 2013; Pučėtaitė et al., 2016). The legal part is based on leadership, strategies, compensation, association, and decision making. Various tools of ethics such as code of ethics, ethical training, and auditing and leadership and human resource management practices influences the ethical culture in the organisation. While the informal components such as customs, languages, assumptions, beliefs, values, includes role modelling creates and strengthen the ethical culture in the organisation.

Sinclair (1993) discussed that culture is not something an organisation has, but something an organisation is and management cannot control culture because management is a part of that culture (p. 63). Sinclair (1993) further mentioned that organisational culture describes how people behave ethically in the organisation. It guides the ethical action of its members based on a preexisting broader set of moral principles that include standards of behaviours. The ethical culture in startup and small enterprise is usually undeveloped (Hannafey, 2003). Huhtala & Feldt (2016) described that ethics in organisational culture refers to the ethical quality of work environment, that can be defined as the shared values, norms and belief that can stimulate ethical behaviour.

Sinclair (1993) proposes two approaches to the development of organisational ethical culture. The first approach is related to the creation of unitary culture and second is the subcultural approach. It is believed that in unitary culture, the moral conscience of an organisation can be maintained by rational and enlightened decision-making and by necessary contractual agreements (Sinclair, 1993). In this approach, organisation can create a robust organisational culture around the core ethical value of an organisation that can be shared by all members. In this approach, corporate philosophy, its mission, and strategy guide the organisation and its members who can be automatically guided by the defined ethical culture. Organisations are often formed of several groups of people and different subcultures.
Therefore, the subculture approach may create a better ethical organisational culture (Kujula, 2015). Subculture as defined in Sinclaire (1993), is a subset of an organisation’s member who interacts regularly with one another, identify themselves as a distinct group within the organisation and share a set of problems commonly defined to be the problems of all and routinely take action on the basis of collective understandings unique to the group (p. 68). The subcultural approach can develop the process of self-inspection, critique, and open culture for debate within the organisational culture, thus influencing an individual’s ethical behaviour. In general ethics in organisation culture exhibits how a member adhere and perform the corporate value and change it to others in the course of socialisation or inaction.
3.4.3. Social Responsibility

Over the years, discussion over ethics and business focus on the social dimension of business more specifically on social responsibility or corporate social responsibility. The idea of social responsibility means different to different people. To some, social responsibility is related with liability or legal responsibility, while for others, social responsibility means ethical behaviour, some other also think that social responsibility is similar with voluntary activities or charitable contribution (Kolk, 2016).

Carroll categorised four responsibilities of business: the economic, legal, ethical, and discretionary (Philanthropic) (Carroll, 2016). Financial burden states that to be able to survive or stay sustainable, a business needs to earn a profit. So, if a firm doesn’t make enough profit to survive, it automatically goes out of business and thus cannot fulfil other responsibility; therefore, the economic burden is the essential requirement of a business. The legal obligation is about following the laws and regulations defined by lawmakers that reflects society’s or stakeholders’ expectations for fair business practices.

Ethical responsibilities signify that a business will engage into fair practices, and in addition to following a legal rule and regulation firms will also embrace activities, norms, standards, and practices concerning the protection of stakeholders’ moral right. The difference between ethics and social responsibility is that people have ethics while organisations have a social responsibility to protect and enhance the society in which they operate (Fischer, 2004, P. 392).

Philanthropic responsibilities are related to the voluntary or discretionary activities of the business. Although it is an optional activity, it is expected from companies to contribute in the form of charity activity. Usually, philanthropic activities are guided by the desire to participate in social activities that are not mandated and not required by the law. Carroll discusses that some company participate in philanthropy activities because of the expectation of earning ethical capital. Ethical capital is an idea that believes that excellent and ethical action will have a high return. Companies involved in moral capital believe that people have a sense, and they are watching, so their work will depend on their perceived judgement about organisation activities (Bull et al., 2010).
Social responsibility is ethics in an organisational context (Fischer, 2004). Social responsibility in the organisation is related with the organisation obligation towards a society where it functions, while, ethics is central to the inner belief of individuals about right or wrong and good or bad (Fischer, 2004).

Carroll (1999) presented the idea of Sethi (1975) on three dimensions of corporate social performance: social obligation, social responsibility, and social responsiveness. Social responsibility refers to the commitment of businesspeople to pursue those policies to make those decisions, or to follows those lines of action which are desirable in terms of the objectives and values of our society (Carroll 1999, p. 270). In social obligation, organisational behaviour is influenced by the economic or legal constraints; social responsibility is about enabling organisational behaviour agreeing to the social norms, social values, and social expectation of organisational performance. Social responsiveness is anticipatory and related to the adaptation of corporate behaviour to social needs (Carroll, 1999).

The media has been playing a more significant role in increasing awareness about social and environmental challenges among individuals and companies about their responsibility to apply ethics in business (Fryer, 2011). Researchers believe that ethics and social responsibility have a positive effect in relation with organisational success, knowing that consumer purchasing decision is influenced by their ethical judgement of companies (Singhapakdi, Karande, Rao, & Vitell, 2001).

### 3.5. Social Entrepreneurship and Ethics

Social entrepreneurs are often called as ‘sub-species’ of the entrepreneurs’ family (Dees, 1998b, 1998a). Like entrepreneur characteristics, social entrepreneurs are also defined as an individual or group of individuals who vision the idea of achieving a social mission and creates a social enterprise to make it. They are described as the leader, the owner or the manager of the enterprise or the project and carries out entrepreneurship process that offers
new ways for wealth creation and social development (Austin et al., 2006; Ruskin, Seymour, & Webster, 2011).

In business literature, ownership is the notion of autonomy. It refers to the individual’s ability to work independently and make decisions, that aimed towards carrying out business (Lumpkin et al., 2013). Autonomy explains the person’s independent choice of action or behaviour that embraces liberty and responsibility. Entrepreneurs are said to possess a high level of independence that enables them to have greater control over the development of the venture and their own lives (Defourny & Nyssens, 2010; Shepherd & Haynie, 2009). They are considered as egoistic, wayward, dominant, and opportunistic, while the social entrepreneurs are represented as the famous embodiment of ethical virtuousness that enables them to pursue social mission (Bornstein, 2004; Drayton, 2002).

Some believe that vague and unclear practice in social entrepreneurship may raise severe ethical concerns (Fowler, 2000; Martin & Osberg, 2007; Zahra et al., 2009). Since the domain of social entrepreneurship is new, and there is no clear definition, people often get confused about what social entrepreneurship is? In media, social entrepreneurs are presented as heroes, market leaders, who carry noble and creative ideas to solve severe social problems. We do not know what makes a social entrepreneur ethical and if social entrepreneurs can avoid any unethical transgression. Therefore, it wouldn’t be fair to brand social entrepreneurs as a hero with high moral or ethical principles. Perhaps, it can be argued that ethical decision making for social entrepreneurs can become more challenging especially when it concerns with social responsibility towards others or more specifically to a profession that aims to create a market as well as a social value. Many scholarly journals and books have been produced about ethics, but ethics of social entrepreneurship is underexplored, several researchers have emphasised the need of researching on ethics and social entrepreneurship (Chell et al., 2016; Harris et al., 2009).

Unethical behaviour is either illegal or morally intolerable and unacceptable to society, while ethical practice refers to conduct that is both legal and ethically acceptable to the larger community (Collewaert & Fassin, 2013; Jones, 1991). Although, how to be sure if something is acceptable to society will be morally right too, since every organisation has different customs and culture, similarly how to confirm if something is legal, it will be ethical
too. Vyakarnam et al. (1997) have agreed that ethics is a complex area, and in business ethics, there are few absolute right or wrongs.

In a business environment, people make difficult decisions that demand ethical sensitivity and clear guidelines. Moral transgression in commercial business or entrepreneurship are not uncommon, and examples can be seen in daily life stories. Rhode & Packel (2009) argue that unethical behaviour remains a persistent problem in organisation indulge in for-profits, non-profits, or alike activities. They presented the records of internal revenue services of America that claim several non-profit organisations, involved in abusing tax exemption and charging excessive interests on loans and missing organisation’s funds to satisfy personal and relatives’ lavish life (Rhode & Packel, 2009).

In the corporate environment, entrepreneurs or business leaders are often perceived to be willing to do almost anything to succeed (Hannafey, 2003). Zahra et al. (2009) believe that social entrepreneurs are driven by an ethical obligation and desire to improve societies, but egoism can drive them to follow unethical practices. Among entrepreneurs, selfishness is believed to be vital as it incites their passions to create and lead ventures and may make them think that their objectives and actions towards this are ethically justified (Longenecker, McKinney, & Moore, 1989). Among social entrepreneurs, egoism is essential because the passions to solve locally based social problems usually compels them to venture social enterprise (Zahra et al., 2009). Social entrepreneurs are often influenced by their conscience and ego when taking steps to solve social issues; however, they may get obsessed that only their idea or way is the solution to solving a social problem. Although the motivation for social entrepreneurship is to create social value, it doesn’t mean that the practice will follow an ethical approach (Chell et al., 2016) entirely.

André & Pache (2016) explored the ethics of care among social entrepreneur. Researchers argued that social entrepreneurs consider care as a goal and process towards the social mission. They believed that scaling up is desirable and an important strategy in reaching out to a new beneficiary or network. However, in this process of scaling-up social entrepreneurs may find issues related to the ethics of care (André & Pache, 2016).

A social entrepreneur may face challenges related to resource mobilisation, process optimisation and performance evaluation that can hamper their ability to create social mission
Resource mobilisation is one of the crucial strategies enabling any enterprise from the start and run the venture. When social entrepreneurs venture a social enterprise, they need to recruit staff, rent offices, setup systems (André & Pache, 2016). Considering the nature of the social mission, social entrepreneurs rely on complex business models that tend to generate money and supported by various stakeholders, including public and private investors. The inconsistent flow of funds to the social enterprise may cause an issue of resource dependence. This resource dependence can distract social entrepreneurs’ ability to focus on care.

Process optimisation is another challenge related to social entrepreneurship. Process of standardisation and optimisation aims to deliver efficient services despite limited resources. In this process, some organisational members will become care specialist while others no longer need to care. This may make members feel disassociated from the value of the organisation and its ability to create a social mission. Hence, optimisation may challenge the focus on care as a goal as well as the caring process involved in ‘care giving’ (André & Pache, 2016).

Performance evaluation is related to the ability to monitor and measure the capacity of positive social impact created by the social enterprise. The researcher argued that a continuous pressure by resourceful stakeholders including government and investors to prove the positive social impact by scientific experiments or social outcomes in numbers could create a situation where a social entrepreneur may neglect the quality impact and focus more on quantity and satisfy the demand of resourceful stakeholders — thus risking or losing empathetic connection with beneficiaries and losing the ability to create a social mission. André & Pache (2016) proposed that the ability to develop social purpose can be lost if social entrepreneur transforms from caring entrepreneur into caring enterprise although the researcher identified the issues that is relevant to the understanding of ethics in social enterprise. Still, there is a significant gap in the field of social entrepreneurship and ethics that requires immediate attention.

The assumptions that social entrepreneurs are more virtuous or ethical all the time are misleading. Cornelius et al. (2008a) believed that ethics in social entrepreneurship required a more robust study. Chell et al. (2016) argued that regardless of social entrepreneurs’ motive
for social mission, issues related with the need for different capitals, especially financial may contribute to mission drift
3.6. Summary

One might find that social entrepreneurs’ interest in solving social problems are opposed to a commercial entrepreneur, who are mainly motivated to seek profit. Since the nature of social business is not to earn a profit. Still, to create social value, they may face fewer challenges than their counterpart, who are driven to making a profit from entrepreneurial success. Literature review shows that social value creation is said to be the main objective of social entrepreneurs. However, it may not be the only motivating factor, such as making a monetary profit is not the only motivating factor for entrepreneurs. We should not see commercial and social entrepreneurship in such a dichotomous way, that what distinguishes them if it is the financial or social issue. To a large extent, the motives towards social entrepreneurship also include less altruistic reasons such as personal fulfilment (André & Pache, 2016; Mair, Martí, et al., 2006).

Social entrepreneurs act as a leader who wants to bring change in society. Trevino, Hartman, & Brown (2000) discuss that the reputation of ethical leaders is based on pillars of a moral person and moral manager. The pillar of a moral person refers to the traits, behaviours and decision making of the person in the executive position, while the pillar of moral manager refers to the capability of the person to act in such manner that promotes ethical conduct in the organisation. As described by Trevino et al. (2000), being a moral person is the essential basis of ethical leadership. Honest persons are those who possess specific traits such as honesty, trustworthiness and integrity and act accordingly. The nature of social entrepreneurship creates an impressive and trusting image of a social entrepreneur in society. They are said to be possessing specific traits and values that connect him with the community.

Therefore, society expects that social entrepreneur will be honest and do the right thing. In such an environment, a social entrepreneur may feel obligated to behave ethically and not to lose the trust of society. In the same time, social entrepreneurs hold an executive position where they have the power to control the conduct in the organisation. In this sense, the social entrepreneur’s role as a leader in society and organisation becomes essential for its development. They are said to be possessing leadership skills and trustworthiness that enables them to mobilise resources and get help in achieving social mission (Sullivan,
Although the social entrepreneur’s main objectives are to meet the social mission, they also play the role of business manager and so generating funds and making a profit for the development of the organisation also concerns them. Since these funds enable them to measure the extent to which their business can make a positive impact on society. They use various channels to raise funding and make the business sustainable, which may further complicate the situation by making them dependable.

Since the process of creating a social enterprise is based on business prospects, it required to follow the rules and manage resources needed for an organisation, such as establishing shared values between employee, adhering code of conduct, building the partnership and organisational developments (Haugh, 2005). In between these social and organisational pressure to benefits the organisation, as well as act ethically, it won’t be surprising if social entrepreneurs face a situation of an ethical dilemma. However, researchers have accepted that without a moral fibre, it is difficult for social entrepreneurs to create any social value (Dey & Steyaert, 2014). Social entrepreneurs, like any other entrepreneurs, confront ethical quandaries in their everyday life, and they can develop and nurture strong ethics & virtuousness through time (Dey & Steyaert, 2014).

Researchers argued that social entrepreneurs not only desire for social justice, but they are also motivated by the need to be loyal to their principles and social responsibility (Idowu, Frederiksen, Mermod, & Nielsen, 2014; Mair & Noboa, 2003; Prabhu, 1999). Therefore, social entrepreneurs may display a high level of moral judgment. According to Mair and Noboa (2003), an individual’s righteous judgment is affected by several factors, such as facing various social experiences, the magnitude of the consequences and the social consensus.

Zahra et al. (2009) discussed that all different social entrepreneurs face unique ethical challenges that depend on their motives, the resources required to pursue their ambitions and the governance and control mechanisms in place to regulate their behaviours. Furthermore, ethical challenges can be encountered in the situation during dealing with business or other activity. Since there is a lack of study in this field of social entrepreneurship and business ethics, it is essential to understand if there are challenges other than financial that can hamper social entrepreneurs’ capacity to stay ethical. Until now, the domain of ethics in social
entrepreneurship is still unexplored. This study will bridge this gap by exploring the ethical issues and dilemma in the context of social entrepreneurship. In the next chapter research methodology used for this study is justified.
CHAPTER 4 - RESEARCH METHODOLOGY

The primary objective of this research is to understand the ethical dimension of social entrepreneurship by exploring the ethical issues and moral dilemma in social entrepreneurship. Review of literature shows that the notion of social entrepreneurship is unclear. Still, common understanding portrays the purpose of social entrepreneurship is to create social value by solving social problems using the market-based business method; however, profit earned from this activity are not meant for personal gain. It is discussed that money plays an essential role in influencing ethical or unethical behaviour of business people. Since social entrepreneurs are not supposed to earn monetary profit from social enterprise, it is unclear the motive as well as motivation for starting an enterprise. To explore the primary objective, it becomes essential to explore motivation aspects of social entrepreneurs. The research also intends to analyse ethical decision making by social entrepreneurs. To pursue these objectives, a qualitative investigation was designed and carried out by interviewing 20 social entrepreneurs from Portugal.

The present chapter provides a detailed outline of the research design and methods used to addresses research questions on the topic of ethics of social entrepreneurship. It outlines the methodological choices which directed this study such as choosing: a qualitative over a quantitative approach; phenomenology; and semi-structured interviews as opposed to surveys or narratives. Section 4.1 describes the overall background. Section 4.2 describes the research approach and discusses the phenomenological stance used in the study. Section 4.3 discusses data collection methods and interview technique used to conduct this study. Section 4.4 describes the data collection process. Section 4.5 discusses the steps for data analysis. Section 4.6 presented the data and information about the participants involved in the study. Section 4.7 summarises this chapter.
4.1. Introduction

Research refers to a search for knowledge. It can be defined as an art of scientific investigation where scientific and systematic methods are used to search for pertinent information or expertise on a specific topic (Kothari, 2004). The research methodology is an essential part of any research study. It is the basis of any scientific research that studies the social reality and human nature by using specific techniques and process for collecting and analysing information (Burrell & Morgan, 1979; Corbin & Strauss, 2015). Its purpose is to justify the method and process used to conduct the study. A clear methodology is more likely to advance existing knowledge. The focus of this study is to explore ethical issues and ethical dilemma in social entrepreneurship. This study follows a qualitative approach to research as opposed to a quantitative approach, since, the use of a qualitative approach is to describe and explain a situation. In contrast, quantitative approach measures the variability. Some researchers have mentioned it is essential to use the qualitative method if the study wants to make sense of the phenomenon that is underexplored and complex (Mair, Martí, et al., 2006).

By following qualitative methods, researchers can dig into deep uncover the detailed information about the people and their experiences (Patton, 1990; Miles and Huberman, 1997). Although, qualitative data are often so rich in information that automatically can make it difficult for the researcher to find an analytic way to study (Miles, 1979). Miles (1979) describe this situation as an ‘attractive nuisance’. The most common qualitative methods to collect data are observations, interviews, focus groups and observational techniques. Observational techniques involve making observations in a natural setting; the technique requires a researcher to participate in the culture or context being observed. Interviewing is a progressive technique that allows an investigator or interviewer to know the details and experiences of participants. Purposive sampling and snow bowling techniques are a standard method that can be used to contact participants.

The qualitative study is carried out by using the phenomenological approach to investigate the lived experiences of individuals (Cope, 2005; Patton, 2002). A
phenomenological approach, based on a qualitative method, is used to study 20 social entrepreneurs from Portugal. Data were collected in a mixed setting, face to face and Skype. Full life stories using semi-structured interview method were collected and analysed by following Interpretative Phenomenological Analysis (IPA) technique.

4.2. Research Objective

The main objectives of this study are
- to comprehend the understanding of social entrepreneurship
- to explore the motivation behind doing social entrepreneurship
- to gain an insight of ethics in social entrepreneurship and to identify ethical issues and dilemma in social entrepreneurship.

4.3. Research Approach for the Study

Considering that, the social entrepreneurship is an emerging field and contends with fundamental issues such as the meaning, typology, entrepreneurial and ethics prospects, phenomenology can help explore the topic that aims to understand the social phenomenon in a natural setting (Neergaarg, Helle & Ulhoi, 2007). Since, the central purpose of the phenomenology is to analyse the humans lived experience in specific situations and to express its meanings in simple ways (Neergaarg, Helle & Ulhoi, 2007). The phenomenological interview is a very efficient method of gaining a detailed description of the participant’s experience in the given context (Cope, 2005).
4.3.1. Phenomenology

The term “Phenomenology” derives from Greek words: phenomenon (an ‘appearance’) and logos (‘reason’ or ‘word’) (Cope, 2005). It means the ‘study or description of phenomena’. Phenomenology is the study of an individual’s lived experience. It aims to find the core of skills and to describe issues encountered during experiences (Laverty, 2008). Edmund Husserl (1859–1938) is referred as the founder of phenomenology, who believed that the existing scientific method that follow hypotheses testing and using explicit measurement tools are epistemologically imperfect because it mainly emphasise on operational definitions and contingent measures and give less importance to human experience (Berglund, 2007; Moran, 2002).

According to Husserl, just by measuring only empirically available information of reality, absolute truth is always going to be beyond the reach of scientific inquiry (Berglund, 2007, p. 77). Husserl believed that the phenomenological method is a proper way of reaching true meaning through in-depth enquiry and by examining the experiences of people (Berglund, 2007). A phenomenology is a research approach that aims to comprehend the implications of human experience as it is lived and oriented to practice (Manen, 2007). The phenomenological study focuses on how physical environment such as objects, people and situations influence the behaviour of individuals. It can be explained as a philosophy, a research paradigm, a methodology associated with qualitative research (Anosike & Ahmed, 2012). It aims to describe, reflect, and interpret experiences. This approach is adequate to gain an in-depth understanding of nature and to explore the unexplored issues (Patton, 2002).

The phenomenology research method is widely used in the research field related to psychology, business and entrepreneurship, sociology, health sciences and education (Anosike & Ahmed, 2012; Berglund, 2007; Cope, 2005; Creswell, 2009; Manen, 2007). It helps understand the complex phenomena such as organisation and management related activities in real life (Anosike & Ahmed, 2012). Berglund (2007) argued that the entrepreneurship research focus should be on understanding and presenting the lived experiences of the entrepreneur. It is discussed by many that phenomenological research approach is suitable to understand the skills and conscience of social entrepreneurs and it has
been used by several other researchers from the field (Cope, 2005; Germak & Robinson, 2013; Makarand, Jonathon, Sandra, & William, 2015). The goal of phenomenological methods is to capture and present the meaning of human lives in empathic and straightforward ways (Berglund, 2007). Creswell (2007) reported that, in this approach, the researcher sets aside prejudice, prejudgments or prior knowledge regarding the phenomenon being investigated and relies on intuition, imagination and universal structures to obtain a picture of the experience and uses systematic methods of analysis as advanced (p. 237).

Given the exploratory nature of phenomenology can allow the investigators to get close to participants, know their experiences and produce an understanding of the contemporary practices and ethical challenges they face while creating social entrepreneurship (Shaw & Carter, 2007a).
4.4. Data Collection Method & Interviewing Technique

This section presents the data collection method and interview technique used for this qualitative study. It identifies the strengths and weaknesses of the data collection methods.

A research method involves gathering and analysing data by using defined techniques and procedure. Primary data using semi-structured interview methods were used in this study. Interviews are the primary and important way of collecting data in qualitative research. (Cohen & Crabtree, 2006; Gill, Stewart, Treasure, & Chadwick, 2008; Qu & Dumay, 2011). It is an effective way of collecting information since it can divulge rich information and issues that interviewer may not have thought about (Bryman, 2001).

An interview refers to formal or casual interaction between two individuals (interviewer and interviewee). During the interview process, interviewer and interviewee exchange personal information through which interviewer ask specific questions to the interviewee to obtain relevant information (Baker & Foy, 2008). The design and structure of the interview can differ in the form of formal (structure) and casual (semi-structured or unstructured). Structured interview, is based on a set of specific questions, while semi-structured interview follows the topic that is interested to the interviewee and can incite interviewee to answer naturally.

The unstructured interview may not follow any predefined or preconceived ideas or theory; here, the interviewer let idea emerged naturally from the answers of the participant. In a semi-structured and unstructured interview, questions are open-ended and follow a progressive strategy that is raising the questions based on responses (Baker & Foy, 2008; Gill et al., 2008; Kvale, 1996).

As discussed before, social entrepreneurship is an emerging phenomenon and confusing to many, whether it is for-profit or not for profit activity or something different. These lead to the development of numerous definitions and ideas about, what is social entrepreneurship? Despite the lack of consensus on the definition, it is accepted that social entrepreneurship create social value and solve societal problems, by defining social mission, applying innovation, making it sustainable by adopting market-based approaches, and ability to increase social impact by replicating it in another place (Austin et al., 2006; Bacq and
Janssen, 2011; Choi & Majumdar, 2014; Santos, 2012; Zahra et al., 2009). Following this, we set our criteria for the selection of participants and its social enterprise for data collection. According to it, the organisation should have these characteristics: social mission, Innovativeness, a business model that allows sustainability (partial or full), idea have potentials to replicate in a different place. Under this criterion, we excluded organisations or firms who are registered as a for-profit company and engage in CSR activity.

To this study, the semi-structured interview method was selected because of its flexibility to guide the interview discussion based on what recognised as critical matters. Furthermore, the semi-structured interview also facilitates the progress of a personal narrative and the gaining of insight by encouraging participants to bring up issues that they believe are relevant to the study. The in-depth semi-structured interviews are used ‘not only to reveal and understand the “what” and the “how” but also to place more emphasis on exploring the “why”’ (Kvale, 1996; Qu & Dumay, 2011; Saunders et al., 2003). It means that there is an opportunity to probe and understand the meaning, attitudes, opinions, and personal experiences. Next section explains the process of data collection used in this study.

4.5. Data collection process

For this study, primary data were collected from 20 social entrepreneurs in Portugal. Interviews with 20 social entrepreneurs are made to learn about their experiences, personal backgrounds, motivations, ethical issues, and the dilemma they encounter. All participants in this research are based in Portugal.

Semi-structured interviews were used for the data collection. Participants for this study belong to diverse occupational and hierarchal backgrounds, making it a heterogeneous group. A total of 20 respondents that include founder, co-founder, or the manager were selected for the interview. Some researchers have proposed that it is essential to include a heterogeneous group to secure the validity of the result (Barriball & While, 1994). Each interview lasted between one and two hours and were all electronically recorded using QuickTime software of Mac Book laptop, transcribed and re-analysed for this research.
After initial scrutiny of secondary data set available by “Map of Innovation and Social Entrepreneurship in Portugal” (MIES) and “Social Innovacão Portugal” or Portugal Inovação social (SIP) which is a national public initiative under the framework of Portugal 2020 that recognises and facilitate social enterprises in Portugal a total 42 social entrepreneurship projects in Portugal were identified.

MIES project was undertaken by Social entrepreneurship institute (IES) with the purpose to identify and map all social initiative in Portugal. MIES project followed an inclusive approach based on ES plus methodology developed by IES (Megre et al., 2012). ES plus methodology selected social initiative organisations based on four criteria: innovation, the potential for replication/scalability, social mission, and potential for social impact. Although this selection criteria are essential characteristic of a social enterprise, however it is a comprehensive approach for identifying social enterprise. For instance, organisations who do not have self-sustainable business model and are entirely depended on government and other funding body are also included in the map, other organisations such as charity or foundations or who have clear social purpose are also considered as a social enterprise.

The online platform, websites, blogs, and social networking sites such as Facebook, Linkedin were also used to identify social entrepreneurs in Portugal and to collect details of the participants after that “purposive” and “snowball” sampling methods were used to contact selected participants.

After collection of necessary contact information, a formal email and research tools containing “invitation letter” (see Appendix 2), “letter of consent” (see Annex 3) and brief information about research were sent to all 42 founders of social enterprise and invited to participate in the interview for this research study. After an interval of 1-2 weeks, three reminders were sent using emails, telephone calls and “Whatsapp” messages. Initially 25 social entrepreneurs shown their interest to participate in the interview however, due to unavailability of participants or their decrease in importance, the researcher was unable to do interviews with all the participants. The final sample contained 20 individuals comprising nine females & eleven males. All agreed participants were asked to sign the consent form before interviews. Selected social entrepreneurs/ participants were interviewed by the author/
researcher using a semi-structured, open-ended method. The semi-structured interview was
designed (see Appendix 1) for this purpose. Twelve interviews were done in person while
for eight interviews, skype was used. Nineteen meetings were in the English language, and
one interview was done in the Portuguese language with the help of an interpreter since the
participant was not comfortable to speak in English and agreed on the condition to talk to the
Portuguese language. In a multicultural environment, the language barrier is a common issue
in a semi-structured interview. Interviewing the participants in their native language makes
them feel more comfortable and encouraged to provide the necessary information (Barriball
& While, 1994).

Days before the interview, the researcher has provided the research tool and list of
the semi-structured questionnaire used for the discussion to the interpreter. After that, three
pilot interviews were made using interpretation techniques to make interpreter acquaintance
with the concept and process. On the day of the meeting, the researcher accompanied the
interpreter. Researcher/ interviewer made questions in English, and the interpreter translated
it to the participant.

Interviews were held at locations of participant’s convenient place that includes
participant’s offices, home, or researcher’s department. The duration of each meeting lasts
between 60-110 minutes. All interviews were recorded using QuickTime software in
MacBook and transcribed verbatim by the author. Predominantly, semi-structured open-ended
questions were used that enabled participants to describe their experiences without
losing the track from the topic of the study.

The importance of this study is to understand social entrepreneur’s personal
experiences in dealing with ethical issues and dilemmas. Participants were asked to describe
their life story, the motivation behind starting a social enterprise, ethical matters, and
difficulty they face during the social venture. During the interview, participants disclose their
personal stories leading them to start the social investment and ethical challenges they face.
The research design enables the researcher to make an in-depth exploration of the ethical
perspectives of the social entrepreneurs, as they are the owner and decision-maker in their
social business. Life stories method provide comprehensive information about the social and
environmental condition of social entrepreneur and how did they grow and the events influence them to make a decision.

4.6. Data Analysis

To ensure the robustness of study it is crucial to exhibit rigour data analysis. An interpretative phenomenological analysis (IPA) is used for the purpose of analysing the interview. IPA offers clear and flexible guidelines for the analysis of data (Cope, 2005; Smith & Shinebourne, 2012). After completion of interviews and its transcription, researcher followed following guidelines for data analysis suggested by Holroyd (2001) and Smith & Shinebourne (2012):

Step 1: to gain a comprehensive understanding of the story and phenomena under investigation, the data analysis begins by reading and re-reading of the transcribed interviews. This comprehensive understanding is important in knowing, how the stories are formed.

Step 2: after thoroughly knowing the story, emergent patterns are identified and formed by interpreting each of the transcripts, leading to the development of a more interpretative version.

Step 3: third stage requires transformation of pattern into thematic development and structuring of themes. Structure formation or frames illustrates the relationships between themes.

Step 4: fourth stage require narrative development or illustration based on extracted data.

An emergent strategy was followed by performing labour-intensive analysis of long interviews that includes thoroughly reading of transcribed interviews. At first transcribed interviews were analysed individually, thereafter according to objective of the study categories are made and patterns developed based on biographical information (such as age, gender, education, experience, family background), significant life events, motivations, achievement, opportunity recognitions, ethical issues, problems, dilemma, or future
challenges. Emergent patterns were organised according to thematic categories and themes are formed supported by narrative examples. Since all participants work in different social issues and they have different social, educational, and occupational backgrounds, each story was unique. This data analysis enabled an understanding of the patterns of connections participants made between life events, motivations, ethical issues, dilemma, or problems they face and opportunity recognitions.

4.7. Data Information

Participants Profile of the Participants and their social enterprise

In the present section profile of the 20 participants and the organisation are presented in table 8. To protect the anonymity of all 20 participants, name of the participants and organisation are represented by sequence SE1, SE2, SE3… SE20. Profile of the participants describes a brief information about their role/position in the organisation, biographical sketch includes gender, education, family information, work experience and interest. Brief profile of the organisation shows the organisation identity, activity, area of operation and information related with sustainability. Organisation profile presented here belongs to typologies discussed in chapter 2. They range from social bricoleur to social engineer types whose operational area can range at small scale from local or community level activity at large scale in national and international level.
<table>
<thead>
<tr>
<th>SE</th>
<th><strong>Profile of the participant</strong></th>
<th><strong>Profile of the organisation</strong></th>
<th><strong>Type of Organisation and field</strong></th>
<th><strong>Area</strong></th>
<th><strong>Age</strong></th>
<th><strong>Sex</strong></th>
</tr>
</thead>
<tbody>
<tr>
<td>SE1</td>
<td>The participant is the co-founder. She studied psychology and later worked as a social worker in a local NGO. While working she got an opportunity to start the social enterprise.</td>
<td>Organisation involve into industrial paper waste recycling &amp; and providing skill development training to people with low skills and in need of work.</td>
<td>Association</td>
<td>Recycling</td>
<td>36</td>
<td>F</td>
</tr>
<tr>
<td>SE2</td>
<td>The participant is the manager. She studied bachelor in Sociology and started her professional career as a social worker.</td>
<td>The organisation uses community tourism to promote and preserve local socio-cultural identity of the community.</td>
<td>Association</td>
<td>Tourism</td>
<td>32</td>
<td>F</td>
</tr>
<tr>
<td>SE3</td>
<td>The Participant is the co-founder of the project. He studied dental education.</td>
<td>Organisation works toward oral health care awareness and provides dental clinical service to poor people in Portugal by charging low prices.</td>
<td>NGO</td>
<td>Health Care</td>
<td>38</td>
<td>M</td>
</tr>
<tr>
<td>SE4</td>
<td>The participant is the founder of SE. She studied Law and presently work full time in an insurance company.</td>
<td>Organisation involved into recycling of old fabrics and engage elderly women to create new cloths</td>
<td>Association</td>
<td>Recycling</td>
<td>36</td>
<td>F</td>
</tr>
<tr>
<td>SE5</td>
<td>The participant is the co-founder of SE. She is also a primary public-school teacher. She studies sociology.</td>
<td>Organisation runs a restaurant in Porto. It provides skill development training and support to people who are unskilled, unemployed and are recovering from drug addiction by training them into in kitchen work.</td>
<td>Association</td>
<td>Restaurant</td>
<td>56</td>
<td>F</td>
</tr>
<tr>
<td>SE6</td>
<td>The participant is the co-founder of SE. He studied business administration and thereafter worked in private companies. He also co-founded 9 companies.</td>
<td>The organisation in based in Porto. It has designed a tool kit that aim to educate and empower society to fight with autism issue. Their focus is on dissemination of knowledge through conferences or talk show. They organise three conferences per week, all-around the country and sell certificates of participation.</td>
<td>Association</td>
<td>Health Care</td>
<td>52</td>
<td>M</td>
</tr>
<tr>
<td>SE7</td>
<td>The participant is the director of the SE. He has completed his bachelor degree in</td>
<td>The not for profit organisation involved into various activities that aims to create and</td>
<td>Association</td>
<td>Training and development</td>
<td>36</td>
<td>M</td>
</tr>
<tr>
<td>SE8</td>
<td>The participant was the founder of the SE. She has started also her own for-profit business in Porto.</td>
<td>The not for profit program, is a sustainable innovative partnership program between municipal of Porto and student association of university of Porto. It uses innovative ideas to solve two issues. 1. Elderly senior citizen care 2. Housing problems of students. This program work as a platform to bring them together where elderly, from Porto, share their residence with university students in exchange of care and monetary rent.</td>
<td>Association</td>
<td>Housing for students</td>
<td>54</td>
<td>F</td>
</tr>
<tr>
<td>SE9</td>
<td>The participant is the founder and manager of SE in Portugal. He born in Portugal and completed his PhD from faculty of engineering. He also runs for profit consultancy.</td>
<td>Not for profit organisation aim to preserve and restore rivers in Portugal. Organisation uses scientific and practice-based knowledge to disseminate aware about benefits of environment. They organise various seminars and activities and engage municipality and people.</td>
<td>NGO</td>
<td>River management</td>
<td>57</td>
<td>M</td>
</tr>
<tr>
<td>SE10</td>
<td>The participant is the founder of the project. She also works as a program manager on community intervention with red cross. She has a bachelor degree in Psychology.</td>
<td>The not for profit project integrates retired grandparents of school children into school curriculum activities and share their knowledge with school children.</td>
<td>Association</td>
<td>Related to Primary School and grandparents</td>
<td>34</td>
<td>F</td>
</tr>
<tr>
<td>SE11</td>
<td>The participant is the founder of the SE in Cascais, Portugal. He has an academic degree in management. Before starting social enterprise, he was working as a business manager in a private company. He also worked as a consultant manager in communication and marketing.</td>
<td>The not for profit social entrepreneurship project is based in Cascais. Its objective is to promote and improve the social well-being and success of children and young people through the practice of Surfing. Organisation receives support of the municipality of Cascais.</td>
<td>Association</td>
<td>Sea Surfing</td>
<td>42</td>
<td>M</td>
</tr>
<tr>
<td>SE12</td>
<td>The participant is the co-founder of not for profit organisation in Alentejo</td>
<td>The not for profit organisation aims to enhance entrepreneurship development</td>
<td>Association</td>
<td>Consultancy in Rural development</td>
<td>54</td>
<td>M</td>
</tr>
<tr>
<td>SE13</td>
<td>The participant is the founder of SE in Lisbon. She studied finance in Harvard and Entrepreneurship in United Nation University. She travelled India, Nepal, and Tibet and after returning from there she started her own not for profit organisation.</td>
<td></td>
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<td></td>
</tr>
<tr>
<td>SE14</td>
<td>The participant is the founder and based in Caiscais. She studies Geography and after finishing her studies she was teaching in a high school as a geography teacher. She also started a for profit business.</td>
<td></td>
<td></td>
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<td></td>
</tr>
<tr>
<td>SE15</td>
<td>The Participant is the director of not for profit organisation. He studies chemical engineering and was sure that he will work in consultancy. He started educational project in Portugal and in some countries in Africa. Thereafter, he worked for social business school and gave training &amp; mentoring to social entrepreneur.</td>
<td></td>
<td></td>
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<td></td>
<td></td>
</tr>
<tr>
<td>SE16</td>
<td>The Participant is the co-founder of SE in Lisbon. He studies medicine and later did masters in communication science, journalism, and economic sociology. He started a national university magazine. Later he joined public sector and worked as a high commission for immigration in Portugal.</td>
<td></td>
<td></td>
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</tr>
<tr>
<td>SE17</td>
<td>The participant is the founder of SE. He has an academic qualification in video programming. After completion of studies he started to work in his family business. Thereafter he started his own company in IT sector. He also worked for public sector.</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Participant</td>
<td>Description</td>
<td>Objective of the Project</td>
<td>Association</td>
<td>Industry</td>
<td>Gender</td>
<td></td>
</tr>
<tr>
<td>-------------</td>
<td>-------------</td>
<td>--------------------------</td>
<td>-------------</td>
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<td>--------</td>
<td></td>
</tr>
<tr>
<td>SE18</td>
<td>The Participant is the founder of SE located in Montelegre, Portugal. She grew in a rural area near Braga. But later went to Lisbon to complete her studies. She has an academic degree in culture and language studies and started working in a Museum in Lisbon. After the project was over, she came back to her village and started her own organisation. The nonprofit organisation located in Montelegre, Portugal. Its objective is to create a sustainable development of the rural community with the help of eco-tourism. Under this project organisation create social value by engaging tourist into various community activities and guide them in exploring the area.</td>
<td>The objective of the project is to provide classroom training and workshop in entrepreneurship development that eventually create entrepreneurs in real life.</td>
<td>SE18</td>
<td>Rural Eco - Tourism</td>
<td>54</td>
<td>F</td>
</tr>
<tr>
<td>SE19</td>
<td>Participant born in Portugal and founder of the SE. She described that her parents are agronomist. Her father is a professor and mother a primary teacher in the school. She has work experiences in various sectors. She worked in a seed company where she was responsible for commercial and event engagement. She also worked in a traditional sausage company where she was in-charge of food safety and quality control. The social enterprise in based in Alentejo, Portugal. Earlier organisation was registered as a co-operative, however due to operational issue they changed it to for-profit organisation. They focus on local development, based on sustainable production, environmental protection, landscape preservation and conservation of natural resources. Organisation also receives 45 % of financial support from European union. Organisation process and sells various food products made from fruits.</td>
<td>The organisation is based in Aveiro. It Identified Problem of Isolation among young and old people, less smiles, particularly of seniors. Unemployment, school dropout, aging is some of the intervention areas. They address topics such as motivation, time management, how to improve self-esteem, how to achieve dreams, how to deal with obstacles, and how vital it is to transform students into citizens of excellence. Organisation follow a progressive strategy from less</td>
<td>SE19</td>
<td>Food processing and packaging</td>
<td>32</td>
<td>F</td>
</tr>
<tr>
<td>SE20</td>
<td>Participant is the founder of not for profit organisation aimed to solve social problems using smile therapy. He is also a teacher and teaches in secondary and senior secondary schools. He completed his bachelor education in Theology. The organisation is based in Aveiro. It Identified Problem of Isolation among young and old people, less smiles, particularly of seniors. Unemployment, school dropout, aging is some of the intervention areas. They address topics such as motivation, time management, how to improve self-esteem, how to achieve dreams, how to deal with obstacles, and how vital it is to transform students into citizens of excellence. Organisation follow a progressive strategy from less</td>
<td>The objective of the project is to provide classroom training and workshop in entrepreneurship development that eventually create entrepreneurs in real life.</td>
<td>SE20</td>
<td>Coaching and personality development</td>
<td>58</td>
<td>M</td>
</tr>
</tbody>
</table>
good students to good, and from good to excellent by improve students' personal lives that help them to succeed in school have goals / dreams in life and know how to achieve them.
4.8. Summary

This dissertation aims to understand the ethical dimension of social entrepreneurship. Therefore, in the present chapter detailed description of research methods, data collection, process, data analysis and data information were discussed. The use of qualitative research method based on phenomenology approach to conduct the study was justified. The chapter also described the data collection process and sample size for the purpose of the study. The choice of conducting interviews using semi-structured technique is also discussed and steps were described for the data analysis. At the end a list of 20 participant’s and their organisation’s profile were presented. Next chapter presents the findings of interviews.
CHAPTER 5 - FINDINGS

The central purpose of this chapter is to present the findings of the study. The study used a qualitative research method by conducting in-depth semi-structured interviews from 20 social entrepreneurs from Portugal. The findings reported in this study is based on a phenomenological study. At first, biographic analysis of the data is presented; after that, findings show the motivation of participants for starting a social enterprise. Third, and the fourth, findings presented the nature of ethical issues and the ethical dilemma faced by the participants.

5.1. Participants and organisation characterization

Table 9 shows a total of 20 individual participants, with an average age of 47 years old, were interviewed. The sample involved a heterogeneous group of male and female participants. The gender profile shows that 55% of participants were men and 45% female. Nineteen participants are Portuguese by birth, while one participant was born in Spain.

Table 9. Biographical Sketch of Participants

<table>
<thead>
<tr>
<th>Total Participants</th>
<th>20</th>
</tr>
</thead>
<tbody>
<tr>
<td>Age group</td>
<td>32-58</td>
</tr>
<tr>
<td>Gender</td>
<td></td>
</tr>
<tr>
<td>Female</td>
<td>9</td>
</tr>
<tr>
<td>Male</td>
<td>11</td>
</tr>
<tr>
<td>Bachelor</td>
<td></td>
</tr>
<tr>
<td>Completed</td>
<td>12</td>
</tr>
<tr>
<td>Pursuing</td>
<td>0</td>
</tr>
<tr>
<td>Master</td>
<td></td>
</tr>
<tr>
<td>Completed</td>
<td>3</td>
</tr>
<tr>
<td>Pursuing</td>
<td>2</td>
</tr>
<tr>
<td>PhD</td>
<td></td>
</tr>
<tr>
<td>Completed</td>
<td>2</td>
</tr>
<tr>
<td>Pursuing</td>
<td>3</td>
</tr>
<tr>
<td>Animal husbandry</td>
<td>1</td>
</tr>
<tr>
<td>Education</td>
<td>Subjects</td>
</tr>
<tr>
<td>-----------</td>
<td>-------------------------------------------------------------------------</td>
</tr>
<tr>
<td></td>
<td>Courses on social entrepreneurship</td>
</tr>
<tr>
<td></td>
<td>Courses on social entrepreneurship</td>
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<tr>
<td></td>
<td>Courses on social entrepreneurship</td>
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<td></td>
<td>Courses on social entrepreneurship</td>
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<td>Courses on social entrepreneurship</td>
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<td>Courses on social entrepreneurship</td>
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<td>Courses on social entrepreneurship</td>
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<td>Courses on social entrepreneurship</td>
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<td></td>
<td>Courses on social entrepreneurship</td>
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<td></td>
<td>Courses on social entrepreneurship</td>
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<tr>
<td></td>
<td>Courses on social entrepreneurship</td>
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<tr>
<td></td>
<td>Courses on social entrepreneurship</td>
</tr>
<tr>
<td></td>
<td>Boot camp training on social entrepreneurship</td>
</tr>
<tr>
<td></td>
<td>Boot camp training on social entrepreneurship</td>
</tr>
<tr>
<td></td>
<td>Family entrepreneurial background</td>
</tr>
<tr>
<td></td>
<td>Family entrepreneurial background</td>
</tr>
<tr>
<td></td>
<td>Previous experience in founding business/ entrepreneurship</td>
</tr>
<tr>
<td></td>
<td>Previous experience in founding business/ entrepreneurship</td>
</tr>
<tr>
<td></td>
<td>Previous work experiences</td>
</tr>
<tr>
<td></td>
<td>Previous work experiences</td>
</tr>
<tr>
<td></td>
<td>Previous work experiences</td>
</tr>
<tr>
<td></td>
<td>Previous work experiences</td>
</tr>
</tbody>
</table>
Findings indicate that all the social entrepreneurs have a university degree before starting their own business. Analysis of academic qualification shows that 45% have completed a bachelor degree, 30% have done master education, and 25% are PhDs. Although, only two participants have their academic degree in business or management, while others have varied educational background such as sociology, psychology, economics, geography, language studies etcetera. The majority, 20% are graduated in psychology, while 15% have taken diploma courses on social entrepreneurship. It shows that business graduates do not dominate the social entrepreneurship field, but people from varied academic background pursue social entrepreneurship. The study also indicates an increasing number of people from the psychology background started the social enterprise. Research shows that participants who have any formal course or training in social entrepreneurship are more likely to start a social enterprise.

35% of participants had ventured business before starting a social enterprise.

Interestingly the dominance of male group with entrepreneurship venture experience can be seen in this finding. 25% of participants have had experience working in the private sector, while 15% of participants worked in the public sector. Results also show that 35% of participants participated in volunteering activities. 15% of participants had an entrepreneurial environment at home. While engaging in the family business, they have also founded their profitable or not-for-profit enterprise — however, 70% of the participant’s home environment at home. Regardless of their academic qualifications, all participants described their life experiences and family environment as being most relevant to their current social mission activities.

According to findings, more people with work experience in the private sector moved towards starting their own business. It also indicates that participants ventured social enterprise after acquiring both education and life-work skills. Findings also present that 80% of participants have participated in an entrepreneurship development boot camp training program organised by IES in Portugal. It shows that training programs related to entrepreneurship development play an essential role in pushing people for the formation of social enterprise. It can be said that people who venture in social enterprise are more likely to join entrepreneurship development training programs before or after venturing the
business. It can also argue that those who do not have formal education in business development join some entrepreneurship development training program to acquire or boost their skill and knowledge in enterprise creation or evolution.

Next findings related to social entrepreneur’s motivation for starting social enterprise are presented.

5.2. Motivation for social entrepreneurship

This section presents the findings of social entrepreneurship motivation. The data illustrates the motivation of participants in venturing social enterprise. The thematic analysis of interviews based on IPA guidelines are presented here. Findings of the interviews classified in four main themes, socio-environmental context, emotional antecedents, motivation to begin and motivation to proceed, as shown in table 10. Theme 1, socio-environmental meaning refers to the early stage where intention formation takes place. Theme 2 is the second stage, where emotional antecedents fuel social entrepreneur intention. Theme 3 identified motivation that is related to starting a social enterprise. It assimilates two types of motivation, self-oriented motivations and other-oriented motivation that focuses on the need of social entrepreneur that force the social entrepreneur to begin the venture. Theme 4 presents the motivation to proceed. It identified other-oriented motivation such as the need for money or financial support that motivates people to continue with their social enterprise.

Table 10. Themes for venturing social enterprise

<table>
<thead>
<tr>
<th>S. No.</th>
<th>Theme</th>
<th>Sub Theme</th>
<th>Illustration</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Socio-environmental context</td>
<td>Family Background</td>
<td><em>My elder daughter was having autism and so me and my wife decided to learn about it.</em></td>
</tr>
<tr>
<td></td>
<td></td>
<td>Volunteering</td>
<td><em>I went Guinea Bissau to do volunteering and after returning from there I decided to start the organisation.</em></td>
</tr>
<tr>
<td></td>
<td>Emotional Antecedents</td>
<td>Opportunity (Business Competition)</td>
<td>I was first runner-up in business idea competition.</td>
</tr>
<tr>
<td>---</td>
<td>----------------------</td>
<td>-----------------------------------</td>
<td>-----------------------------------------------</td>
</tr>
<tr>
<td>2</td>
<td>Passion</td>
<td>I am in love with my job</td>
<td>I love to help, it is my passion.</td>
</tr>
<tr>
<td></td>
<td>Sympathy</td>
<td>When I saw homeless people on the street, was crying and wanted to do something for them.</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Empathy</td>
<td>I was living in village with my mother and there were many women in the village who were living alone at home without job, so I wanted to do something for them.</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Frustration</td>
<td>Rivers were so polluted and no one was thinking about it.</td>
<td></td>
</tr>
<tr>
<td>3</td>
<td>Self-Oriented Motivation</td>
<td>Autonomy</td>
<td>I wanted to have an independence. I can plan my schedule whenever I want.</td>
</tr>
<tr>
<td></td>
<td>Relatedness</td>
<td>I wanted to be in the group</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Competence</td>
<td>I went to IES entrepreneurship training boot-camp</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Social recognition</td>
<td>Our work is recognised by president of Portugal and I meet him.</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Self-Employment</td>
<td>Many people joined boot-camp to earn self-employment</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Other-Oriented Motivation</td>
<td>Reciprocity</td>
<td>I think if my daughter can get better with this treatment why can’t others. I am disseminating my tools through conferences so that others child can get better too.</td>
</tr>
<tr>
<td></td>
<td>Social Responsibility</td>
<td>It is our social responsibility to help the society</td>
<td></td>
</tr>
<tr>
<td>4</td>
<td>Motivation to proceed</td>
<td>Other oriented motivation</td>
<td>Money/Financial Support</td>
</tr>
</tbody>
</table>
5.2.1 Socio-Environmental Context

Socio-Environmental context act as a trigger or ignition point where intention for social development or social venture creation takes place. Socio-Environmental context is related to events, circumstances or lived experience, faced by individuals, which somehow swayed their emotions and induced the desire of social care. Thus, these people decide to do something to change the existing situation.

These circumstances are related to the family or to the social-environmental context where a person born and raised, got an education, or employed or find opportunity. The study has identified three subthemes, family background, volunteering, opportunity (business competition) that shows how idea or intention formation took place for social entrepreneurship.

Family-background often plays an essential role in triggering the desire for doing something good for the loved ones who are suffering or solving the issues of the society or environment. It is also an early environment where individual influenced by the parental value and home education. For instance, one participant described that he was born and raised in a family of good economic background and their parents have high social value, every day during dinner they were discussing about society, politics, and economy.

Which somehow influenced his interest and made him more aware and compassionate towards social issues. Hence, after graduation, he participated in a volunteering program. After he went to study a course on social entrepreneurship, and eventually, he started a social enterprise.

Other participant described that, before starting a social enterprise, he was working in his own for-profit company, and never thought about starting any social organisation. However, one day, he met his girlfriend and found that one of the daughters of his girlfriend has Autism. From that moment, he decided that he want to do something to help her. Thus, they decided to venture a social enterprise in the field of Autism.
One of the participants started an organisation for eldercare. Her idea was to solve home isolation issue of older people by bringing together children and grandparents at school, where grandparents can share their knowledge with children. Participant described:

“Eldercare is a very sensitive theme for me… I am very attached with my grandparents, now a day’s grandparents are living alone at home they have less interaction with their grandchildren since most of the time children are at school and they do not have enough time to interact with each other. So, I always wanted to do something for them, and I thought school is the place where children spend most of the time and since grandparents have their knowledge and skill. Why not combine both things together? Grandparents can help schools with their curriculum, and at the same time, they are not alone at home… so we created this project”

Another participant believed that her home environment influenced her to start a social enterprise. She started a not for profit organisation that aim to recreate designer clothes using old or recycled fabrics, and at the same time organisation aim to provide an opportunity to older women to work with the organisation and earn some income from the activity. She said:

“During my childhood, I was living in an old zone near Porto, and many older women were living alone at home and were not earning any income… My mother was a tailor, and we are four sisters, so we grew up wearing recycled clothes...I enjoy to see the details of the cloth, and I can understand how they are made, so I was saying to my sister that when we grow old, we can start a sewing company…”

Findings show that volunteering in social cause activities plays an essential role in triggering the intention of doing something for society. 35% of participants had volunteering experiences, and for some of them, it was a life-changing experience and influenced them to start their social enterprise. In another story, a participant who graduated from dental education described that he was initially looking for a job, but then he got an opportunity to participate in volunteering in another country, and this has changed his life he said:
“I was finishing my dental studies, and I heard about job opportunities are not good… so, I decided to go for volunteer experiences, and it was like a challenge, as an adventure, so with my colleague, I went to Guinea Bissau. There I saw many people waiting for us to be treated; we were only two trainee dentists for many people. It was an amazing experience, not only from the clinical perspective but also from the human perspective. When I came back, I thought we have so many people here in Portugal who cannot afford oral care, and it is vital for health… so why not I do something here. I said ok now, I need to do something and I talked with my colleague, and then I created a team and started a not for profit organisation.”

Findings show that getting an opportunity was another factor for starting the social enterprise. Opportunity can be the availability of a supportive environment, occasion, or events. Some participants described that they wanted to do something but not knowing what to do. However, they see the opportunity, and then they thought it is a moment to start something. For example, some of the participants described that they got the opportunity to participate in a social business idea competition that further leads to the formation of social enterprise. One of the participants described that she was a geography teacher in a primary school. In the school always, some experts from the nutrition field were coming and giving ideas, advice to students and teachers. She said that several ideas were coming in her mind, and she believes that all her ideas were terrific, which if she starts will be a good business. She said:

“Now a day’s people eat so unhealthy fast food and so their children, but if we include children in decision making and let them decide about their food, it can also influence their parents and other about healthy food choice… so, I thought about the idea of making children chef, and children preparing healthy food and letting elders eat their food.

One day she found that her local municipal government near Lisbon is organising a social business idea competition, and then she participated in the competition. Her idea for
the community kitchen was also selected, and the mayor told her that he likes her idea and want her to start the social enterprise in the city park. So, she decided to start the organisation. Similarly, one other participant described that she needed to prepare a business plan for her coursework. So, she prepared a business plan related to community tourism. After submission of this business plan to university, she thought that since the business plan is ready, why not start it. So, she registered the organisation.

Another participant mentioned that, after finished his bachelor studies, he got an opportunity to work on a university research project related to the third sector. This opportunity helped him to grow his interest in the social economy and social entrepreneurship.

These evidences and illustrations show that socio-environmental context plays a vital role in motivation towards starting the social enterprise.

5.2.2. Emotional antecedents

The study has identified emotional antecedents such as passion, sympathy, empathy, and frustration as an important sub-theme that influences social entrepreneurship motivation. While describing their lived experiences, participants expressed strong emotions experienced in life.

Passion is one of the intense emotions expressed by the participants. Passion can be defined as a strong inclination and desire toward an activity one likes, find essential and invests time and energy (Vallerand & Houlfort, 2003; Vallerand et al., 2006). Some participants mentioned that they are incredibly passionate about their work, believing that their work will bring a positive impact and therefore, it will inspire and changes the lives of those with whom they work. One of the participants described that he feels pleasure in doing this activity. Other participants in this study described that they love their job. They feel excited about the job. Participants indicated that they feel happy when they see that their effort is creating social value in society.
“I grew up happily…I had an easy life, so I never thought about money. I think social entrepreneurship is about my personality. I am a giver. I always give give give…”

“My father was a chemical engineer, my mother worked in human resources, and they always worked for the private sector… Lots of conversation during dinner table was about justice and fairness, whether it was about employee rights or the company they worked with or various political issue. So, at a young age, I aware of different issues even if more political then specific on the social sector…”

One of the participants described that when he was in the university, he started a university magazine to provide knowledge and information to parents or people who do not have access to the university services, for a better selection of university program and activities. He said it was the first success, and thus he got motivated to work more for society, and then he started several projects related to social service and education. Then later he started a not for profit organisation that aims towards leadership development for the people from disadvantaged socio-economic groups.

“Since childhood, I believed that I could change things… I always wanted to help the world. My passion is to help people, and when I am doing this thing, I am shining.”

Participants also expressed the emotion of sympathy. Sympathy can be described as a feeling of affinity and alignment with the feeling of the other. It can be in tune with positive situations or situation of suffering. For instance, one participant who worked for homeless people said that before starting a social enterprise, she was working with a, not for profit organisation. That organisation was working for the homeless. At the beginning of her job, she felt unfortunate that people do not have a home, and they sleep on the streets. She shares emotions and concern towards them and thus wanted to solve their problem.

She said:
“In the beginning I see more homeless people living on the street, with no food, no cloth and I feel very sad, I was crying and crying and I was telling myself, I will not be able to save the world. In one Christmas evening, I saw one homeless person sleeping on the street, it was cold, and I felt unfortunate and then I brought the person at my home.”

Interview analysis also shows that participants share a robust empathic feeling with the beneficiaries. Empathy can be defined as an affective state that stems from the apprehension of another’s emotional state or condition (Eisenberg & Miller, 1987, p. 91). In more general, it can be said that it is the ability to feel what another person would feel if she/he was in the same situation experienced by her/ him. It reflects the type of emotional connection that individual feel connected toward the community by experiencing or observing their situations.

A story, as described by the participant, where she started an organisation related to dress designing from recycled fabrics, described that she grew up in a remote area near Porto. Her family was not wealthy, and she was living with her mother and sisters. Her mother was a tailor and working at home. She observed that there were women who were experts in knitting and weaving. They lived alone in the village and were not earning any money. Considering all these issues, the participant thought to start an enterprise that can combine cloth recycling as well as economically empowering older women’s life. This shows the empathic nature of the participant who shares feelings with women living in a similar situation like the participant was before.

Frustration was another emotion expressed by the participants. Frustration can be referred to the feeling of stress, irritation, and annoyance (Ruskin et al., 2016). Participants feel annoyed that social and environmental problems exist. One of the participants described that he saw that no one was taking care of the environment, especially rivers, and since more roads and new cities are getting created the size of rivers are continuously decreasing. So, he thought to change it, and therefore he started working on the river project.

Another participant who ventured her social enterprise-related with rural tourism expressed her frustration, she said:
“I live in a village, and it is beautiful here. We have so beautiful landscape and scenery and no one cares about it.”

One participant worked with people who are homeless and rehabilitated from drug abuse. She expressed her frustration over the inefficiency of government in solving social problems such as poverty. She said:

“it is a blunder that so many people are poor.”

She believed that it is not difficult to solve the issue of poverty or to create a job opportunity. She started her social enterprise with a mission to empower people from homelessness and to recover from drug abuse.

It is evident from these excerpts that social entrepreneurs possess a strong sense of emotional feeling and they are determined to do something for the society, and they satisfy this desire by starting an organisation. Their engagement in the projects explains their self-actualisation of doing good or noble that they desire over time. All participants indicated that they feel happy when they see that their activity is creating social value. These emotional antecedents show that social entrepreneurs’ motivation is influenced by their emotion-related with the issues that need attention.

5.2.3. Motivation to start

Motivation to begin is related to the motivation or individuals need that enable them to start the social enterprise. Under this theme, we identified two types of motivation self-oriented and other-oriented motivation that plays an essential role.

Self-oriented motivation

Self-oriented motivation, as described by Ruskin, is a motivation that forces people to engage in activities that are based on their self-interest and personal needs (Ruskin et al.,
Social entrepreneurs are motivated by self-oriented motivation identified as autonomy, relatedness, competence, social recognition, and self-employment.

Social entrepreneurs start a social enterprise with a desire to get control of their work. The idea of getting autonomy or ownership plays an essential role in entrepreneurship development. Autonomy may follow freedom from a feeling of being in control, but it is not the same thing. Enterprising people have a strong desire to go it alone. Participants responded that they had this desire to control their own lives and live freely. They described that they enjoy autonomy, which enables them to concentrate better on doing what they want to do, that is creating social value. 35% of participants said that they have flexibility at work; they can organise their plan or activities whenever they want. Some of the respondents said that several times they work until very late at night. Because of this autonomy, many of the participants have two or more jobs.

58% of social entrepreneurs have already started for profit or not for profit organisation. Findings reveal 15 participants that are 75% had work experience in the private sector. This means that they desire an independent environment, and this may lead them to start their own social enterprise. The participant said that he enjoys his work because he can decide what, how and when he can do the task. He said

“I said to myself, I want to live in a warm place, next to the ocean and I want to have my own companies and so that I will be free. I move to Cascais next to Lisbon. I used to do windsurfing… so, I built my first company…”

Relatedness is related to the sense of belonging with the community or feeling to identify himself or herself with the related community or other individuals from a similar field; in this case, it is social entrepreneurship. The interview shows that social entrepreneurs feel connected with social issues and thus wants to solve social problems. This belongingness motivates the person to continue their entrepreneurial projects. One participant started the enterprise in the environment field because he feels that he relates to the river and environment. Other started their organisation in elder care because they feel connected with the issue since it is someone dear to them is affected by this issue. Other participants who are
skilled and knowledgeable in this social entrepreneurship field also feel their connectedness with issue or idea related to a social mission.

Competence is related to the capability of doing things. Since social entrepreneur comes from various social, economic, and academic background competencies of individual play an important role, competencies can be having confidence in starting the venture or can be a combination of attitude and skills. Participants described that they develop their skills by participating in entrepreneurship development training programmes organised by the IES institution. Competence can also explain how a person feels in a new activity.

“My father is a good successful man. He is an entrepreneur. My father parents were poor. He went to study in hotel management in Lisbon and did very well. So, I think that it was very easy for me if my father was able to build a hotel with no or little money. What I am doing is really a very simple thing…”

“... my motivation was to learn, to develop and stay in contact with the people who inspire me and make me feel a better person and even today, three years ago I was much more motivated than today, but even today when I am tired, they give me little more strength to continue…”

Social recognition is related to admiration or positive feedback or acknowledgement from society. Social recognition or desire for status can encourage individual to pursue social entrepreneurship. During social entrepreneurship process, the person gets the opportunity to grow their network and meet influential or essential people such as political or corporate leaders. Although social recognition motivates people to do social, engage in social development activities, it is not the primary factor for involvement in this sector. Society reward individual based on their activity and its impact on society. However, the desire for social recognition may influence the activity, and social entrepreneur may increase its activity that is more meant to get recognition.
Analysis of the interview shows that three participants meet the Portuguese President and received several recognition awards for their work. One participant responded that she was recognised by the local Government and participated in some decision-making activities, while another two participants went to the European parliament. Besides that, they often get interviewed on national television. These recognitions play an essential role in the holding and development of motivation. The participant who organises conferences and gets an opportunity to speak in public such as “TedTalk“, he said that he enjoys and feel happy when at the end of talk people clap and come to talk.

Self-Employment is one of the crucial causes of starting a social enterprise. It is believed that individual may be motivated to venture business if they think that valued outcomes in starting the business are more likely higher in self-employment then working for others (Segal et al., 2005). Self-employment is also related to the lifestyle of the person. If a person has an entrepreneurial life, he is more likely to start an enterprise. 30% of participants described that they had experienced an entrepreneurial environment at home, and their childhood was very happy and enjoyable. Other participants mentioned that they did not know what social entrepreneurship is. Findings of the interview show that self-employment was one of the essential factors in venturing social enterprise.

“When my career-ending was approaching, I was worried what would be my profession…”

“I felt that my colleagues who stayed in boot camp and after, they wanted to start the social business they felt that it could be an opportunity to salary and to even create a job for themselves…”

“I have to study culture and language study… I was working in a museum… I was working in a museum, but when the project at the museum stopped, I became unemployed. I came back to Braga, and I start to think to do something…”
“I was born in a family that allowed me to think to question and to travel around, and that was mandatory for the process that I have been into… they offered me the opportunity to go to opera, to go to concerts, ballet, so they open my eyes to the business, social sector.”

Findings show that there were several factors responsible for self-employment: such as unemployment, entrepreneurial family environment, availability of resources. Lack of job opportunities tends to encourage people towards entrepreneurial motivation. If the family background of the person is entrepreneurial, he or she is more likely to start an enterprise.

Other Oriented Motivation

Motivation can be considered as other-oriented if the individual participates into action with the primary intention to help or benefit another people and receiving personal rewards for the behaviour are secondary (Ruskin et al., 2016). The study identified reciprocity and social responsibility as some of the main factors of motivation towards social entrepreneurship.

Reciprocity is related to exchanging things with others for mutual benefit. So, if a person gets benefited from some activity, he/she may feel obligated to share the secret of success with others too. People involved in social development or charity activity may feel that since they have benefited and achieved what they desire for, they should maximise the beneficiary. Analysis of the interview shows that this reciprocity desire influences some of the participants.

The participant who was trying to find the solutions of autism went to the United States to learn some therapy that helps people deal with Autism situation. After finding improvement from this method, they thought to help other people who are in a similar situation. Thinking this, they started their social enterprise and organised conferences and consultations where they share their knowledge and tools, and they also sell certificates to sustain their activity.
“I think if my daughter can get better with this treatment, why can’t others, and I am disseminating my tools through conferences so that other child can get better too.”

Social Responsibility: A person with a sense of social responsibilities believe that it is their duty and responsibility to help society for solving social problems. They believe that an organisation has not only economical and legal obligations, but it also has specific responsibilities towards society.

“I developed the idea of food education centre because I thought food is so important in ours and everyone’s life and no one is learning how to read and make good food choices, and then I realise what should I do it and where should I do it… at school, it won’t be possible because we have to involve families and are not at school.”

Findings show that some participants feel that it is an obligation of society to provide the necessary support to solve societal issues. One participant described that solving societal issues are not the only responsibility of the Government, but everybody must think and do something thing about it.

“I think that it is a shame if there is poverty, it is a scandal, that people do not have basic life. I think it is not the only Government’s responsibility to fix the problem. However, I can do this…, poverty is not a big issue; if everyone takes responsibility and do a small part, then the problem can be solved quickly.

One of the founders, believe that social responsibility towards society and environment can be understood by realising the quality of life, he said:

“There are some fundamental requirements to have the quality of life… for quality of life, I need to have quality in family, quality with friends with social groups, quality of work and good money to survive and make a family happy. When the
quality of the river is improved, then the quality of tree life will improve too, and so lands, animals and people who are involved in the process.”

Sense of social-environmental responsibility is one of the critical factors that motivate people to start a social enterprise. One of the participant’s social entrepreneurial activity is to provide skill-full training to people who are unemployed and recovering from drugs abuse. She mentioned that she felt that it is her social obligation to support these people.

5.2.4. Motivation to proceed

Another theme that emerged from the analysis of the interview is aligned with other-oriented motivation to proceed. While asking the participants about their present urgent need, almost all emphasised that money is one of their need and motivation to take forward the project.

Analysis of interviews shows that the need for money/financial support is also one of the reasons for participants motivation towards social enterprise development. The idea of social entrepreneurship promotes innovation and sustainability; it means it is expected from social entrepreneurs to prepare a business model that is more self-sustainable and market-oriented. However, many of the participants describe that to make their business sustainable; they depend on various projects. One participant described that social entrepreneurship is a fashion in Portugal, and there are lots of funds available for it under various program such as Portugal 2020. It is found that Guilbeikan foundation and EDP Portugal supports most of the participants. Although many social enterprises have a sustainable business model still, they apply for funding from various corporate or governmental agencies. Many mentioned that their social business was not able to generate enough money, and that makes them depend on other funding sources. Nine participants said that they have a second main job that enables them to support their activity from money earned from these jobs since money is essential to initiate and to take forward the social enterprise.
5.2.6 Interpretation and Discussion

Social entrepreneurship is a growing area of study. Several researchers have agreed that there is a need to understand the motivation related to entering or staying in this field (Mair and Marti 2006; Kuratko et al. 1997). In this regard, our research indicates that there is an inner desire behind venturing a social enterprise that is to make a positive contribution to their society and the environment. The analysis of the interviews identified five themes related to social entrepreneurs’ motivation: the socio-environmental context, emotional antecedents, self-oriented motivation, other-oriented motivation, and motivation to proceed that align with other-oriented motivation.

In the socio-environmental context, family background or home environment can be considered as an initial stage where ideas or intentions first occur for doing something good for society. There can be various circumstances that can trigger this. Family background or surroundings is an environment where individuals are born, live, and get an education. In such an environment, if a tragic event or situation occurs, then the person is more likely to be affected by it, and this pain can trigger the desire to solve the issues or improve the situation. In this way, if the idea is feasible, then that individual may also want to spread the solution in such a manner that other people will not suffer. It is well known that in enterprise formation, the role of a family business or entrepreneurial family background plays an important role. A person with an entrepreneurial family background is more likely to venture an enterprise than others (Rey-Marti et al., 2016). Home is the place where individuals inherit values and customs from the family, and it also encourages entrepreneurial intention. According to Neck et al. (2009), awareness of problems or issues in a social and environmental context such as healthcare, education, poverty, hunger, or pollution brings opportunities and triggers the motivational cause of social entrepreneurs and to solve these problems from the society.

Similarly, participating in volunteering activities was an essential factor that influences social entrepreneurs to start a social enterprise. It is possible that during an individual volunteering experience, any events or situations may shake the emotional conscience of persons and incite the desire to work in social entrepreneurship. Braga et al. (2015) also
reported that volunteering practice transmitted the value and experience to the respondents and influenced their motivation to create their social project.

There is another socio-environmental situation, such as availability of opportunity. In many occasions, a suitable opportunity and supportive environment also trigger and nurture entrepreneurial activity. Findings show that some individual got the opportunity in the form of social business idea competition or work opportunity in this socially relevant activity which can motivate the mind of an individual to think about the social venture. If a person wins the competition or at-least selected as runner-up, then person more likes to be highly motivated to venture the business. Like this, provision for training and facility to participate in entrepreneurship development training program also play an important role in motivation development and founding the organisation. Similarly, to Chell (2007), a supportive environment plays an essential role in social entrepreneurship development.

Emotional antecedents such as passion, empathy, sympathy, and frustrations are related to social entrepreneurs’ motivation. Carsrud et al. (2009) agreed that there is a significant role of emotion in entrepreneurship.

Passion is often related to entrepreneurship. Passion is an emotional force that encourages individual to carry out the work, so social entrepreneurs combine the passion for the social mission to solve societal issues (Alter, 2007). People feel passionate if they enjoy what they are doing and getting success in it. Social entrepreneurship definition explains that social entrepreneurs aim to create social value by solving social and environmental problems, and for many, it is their goal. When social entrepreneurs find that their action is doing good to the society, they feel happy or and want to commit more (Braga et al., 2014), they feel passionate and committed with the activity. Another emotional antecedent that influences social entrepreneurs’ motivation is frustration. When social entrepreneur sees lots of problems existing in society or ample of resources or opportunity available but getting wasted or unutilised, they feel frustrated and want to change it for good. In this, frustration acts as an emotion that influences the social entrepreneur to act. Frustration is a negative emotion that can encourage an individual positively to solve social problems. If an individual find that welfare schemes and development plans are failing, he/she may feel frustrated and take it as a challenge to solve the existing problem. As it is seen in the findings that some participants
felt frustrated that the government is not able to solve the unemployment issue and thus, they start a restaurant to employ others. Sympathy and empathy are considered as an emotional feeling or moral sentiments/emotions that brings society together (Nicholls, 2006; Spence, 2014). Human behaviours are driven by sympathy (Santos, 2012). A person influenced by sympathy or empathic nature shows concern for society.

The third and fourth theme of finding is related to starting the social venture. In this stage, two types of motivation influence social entrepreneur to begin. Self-oriented and other-oriented motivation. Maslow (1943) argued that humans are motivated by their primary need, among them psychological needs is considered as an essential need of human being where the person wants to satisfy a psychological need that satisfies them intrinsically.

Regarding self-determination theory (Ryan & Deci, 2000), it is also explicit the importance of the fulfilment of the three basic needs in social entrepreneurship: competence, autonomy, and relatedness. Findings show that several participants start social enterprise because they feel competent, as they had worked or studied in this field.

A desire for autonomy or independence is always associated with entrepreneurship (Defourny & Nyssens, 2008). Findings of the study show that participant desire to get autonomy influences them to venture social business. Relatedness is expressed by behaviours, such as involvement, caring, helping, supporting, giving (Schröder et al. 2013).

Motivation to proceed identified money as another oriented motivation, participants desire for money was not for self but for organisation and its activities whose mission is to create social value. Here the creation of social mission was in the main agenda and earning money was the secondary to sustain the social business.

If the person’s priority for profit generation exceeds the desire to create social value, then it can lead to the circumstances that can be responsible for the triggering of ethical issues. The findings show that social entrepreneurship follows a mix-motivational flow or process, that begins from the socio-environmental context until achieving the final social mission. It is the first stage where the individual finds an idea of doing something good for society or the environment. We suggest that this first stage that comprehended the socio-contextual environment (i.e., Family background, volunteering and any favourable opportunity etcetera.) may be considered as distant antecedents that may trigger the social
mission factors and influence the person’s emotional antecedents, that we may designate as proximal antecedents such as sympathy, empathy, frustration, or passion. These emotional antecedents reinforce and combine with substantive social entrepreneurs self-oriented or/and other-oriented needs to begin a social enterprise. Money as another oriented motivation plays a significant role in deciding how the social entrepreneur will proceed.

Findings show that social entrepreneurs may also follow a combination of motivational process. A person may have an entrepreneurial family environment, but at the same time, he/she is influenced by reciprocity or social responsibility.
5.3. The ethical issues in social entrepreneurship

Analysis of the interview identified six themes and subthemes in relation to ethical issues in social entrepreneurship, as shown in table 11. In the table, we present also an illustrative quotation of the interpretation of each subtheme.

Table 11. Ethical issues in social entrepreneurship

<table>
<thead>
<tr>
<th>S.No.</th>
<th>Themes</th>
<th>Sub theme</th>
<th>Interpretation</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Legal structure</td>
<td>Choosing the right</td>
<td>&quot;We do not have legal structure for social enterprise. &quot;</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Legal status</td>
<td></td>
</tr>
<tr>
<td>2</td>
<td>Financial Sustainability</td>
<td>Fund dependency</td>
<td>&quot;Sometime social entrepreneurs change the business model to go after certain lines of funding...&quot;</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Lobbying</td>
<td>&quot;There is a lobby who influences funding to organisations. Fix organisation receive continuous funding while not other.&quot;</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Fund diversion</td>
<td>&quot;If one source delays payment, social entrepreneurs will divert funding of some project to pay to other expenses...&quot;</td>
</tr>
<tr>
<td>3</td>
<td>Partnership</td>
<td>Wrong partnership</td>
<td>How to choose right partner?</td>
</tr>
<tr>
<td>4</td>
<td>Human resource management</td>
<td>Unfair recruitment</td>
<td>&quot;I don't feel good of not hiring correctly the people...&quot;</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Nepotism</td>
<td>&quot;Many organisation employee their own family members in the organisation and this is ethically incorrect....&quot;</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Unfair compensation</td>
<td>I feel guilty of not paying correctly.</td>
</tr>
<tr>
<td>5</td>
<td>Transparency and accountability</td>
<td>Truthfulness</td>
<td>&quot;I prefer to omit or hide than lie...&quot;</td>
</tr>
</tbody>
</table>
5.3.1. Legal structure for the social enterprise

Interview analysis shows that social entrepreneurs in Portugal face difficulties in choosing the right legal status for creating a social enterprise. Dissatisfaction with legal structure makes them feel lost or disconnected with the social mission. 70% of participants mentioned that they were unsure of what could be the right legal structure for organisation formation. One of the social entrepreneurs initially wanted to create a co-operative organisation. She described that unclear legal structure limited her interest to form co-operative social enterprise.

“We started as a co-operative, but it has some legal issue… with co-operative there were some problems such as, you were not eligible for some support from the European Union. Being a co-operative, Portugal used to give some taxes benefit and does not give anymore and then we wanted to put farmers together. However, we can’t so the main objective of co-operative was thrown away, so that is why we wanted to change.”

“Portugal, in the last few years, have experiences rise in social entrepreneurship. We need a clear definition, because it may not be clear when we talk about third sector organisation or civil society organisation. It is not the same when we talk about social entrepreneurship organisation, and we need to make it different. Our project was exactly a social enterprise. However, we do not have this model in Portugal. So, we started as an association whose aim was to publish university magazine for student and parents…”

“I was searching for the legal structure related to social enterprise, but we do not have this structure in Portugal, besides I wanted to earn profit from the activity,
but if I register as a for-profit company then I would need to pay tax… however, in not for profit structure, I do not pay tax, and it is not necessary to have a profit-making model, and I think it is not right. I think there should be a structure that allows us to build a social enterprise with tax benefit…”

Unavailability of definite legal structure makes social entrepreneur choose the structure that they do not desire for, and this further complicates the whole business model. For instance, if an entrepreneur wants to start a self-sustainable for-profit social enterprise, and chooses a for-profit model, they will need to fulfil conditions related with a for-profit structure such as paying taxes and in the same time using the profit for social value creation. So many prefer to choose the nonprofit structure that will enable them to get a tax benefit, but in the same time, they lose their interest towards entrepreneurial innovation and income generation and can become more financially dependent rather than self-sustainable.

Considering the field of social entrepreneurship that is still evolving and many new names, structures are still emerging, such as for-profit, co-operative, association, not for profit, social solidarity, fair share, hybrid, and etcetera. It may further complicate in defining social enterprise, leading to vagueness and difficulty in legal structure for social enterprise formation.

5.3.2. Financial sustainability

The success of a social enterprise depends on the financial sustainability of the organisation. Many social entrepreneurs receive financial supports from various agencies such as companies, foundations, NGOs, or even government to carry out the organisational activities. Analysis of the interviews identified fund dependency, lobbying and fund diversion as essential issues that influence the ethical behaviour of the social entrepreneur.

Fund dependency is one of the critical issues that were raised by participants. Fund dependency leads to various issues such as, losing the essence of being social entrepreneurial that is staying innovative, creative, or even entrepreneurial, chances of losing control over
organisation objective and activity. When social entrepreneurs create the organisation, they must mobilise various resources to make the organisation run. Social entrepreneurs engage in income generation activities to sustain their activity; at the same time, they also apply for government grants and other funding opportunities from various sources. Analysis of the study shows that 18 out of 20 participants received funding support. Although 4 participants started the enterprise without needing or seeking any support from the external financial institution later, they applied for various funding projects.

"Financial sustainability, that is the biggest challenge that we have... we can do much better, but we do not have many resources to do so in Portugal…It is my wife running around the country and charging from people who want tool kit and certificate, and that helps us cover our cost of transport and salaries. However, the rest of the association is dealing directly with children, and that is costly. Because we work with these children on one to one, this is the biggest challenge because it is a very costly way to help them…"

"…unavailability of enough fund makes it difficult to implement the activities of the project…"

Although the illustrations mentioned above do not show specific ethical issue, the issue of financial dependency is significant, and it is directly or indirectly influencing the ethical behaviour of social entrepreneurs. For instance; to attract fund, social entrepreneurs spend much time in finding funding opportunities. They spend their time and energy on applying for grants that ultimately decrease the organisation ability to innovate and find solutions for new problems and thus the essence of social entrepreneurship that depends on innovation, creativity and entrepreneurialism can lose. For instance, one participant said:

"…one of the main challenges we face is we do not know how to innovate…"

Another issue related to funding dependency is losing control over goal and operations. Since most of the social entrepreneurs also look for private companies funding.
Participants describe that it is difficult to attract corporate funding, since companies talks in number, for example: how many beneficiaries receive funding or how significant is the social impact creation. Often corporate funding is defined for a specific social cause. Some participants believe that it is a common practice in an organisation to create projects according to available funding. This desperate need to get funding may force the social enterprise to change their objective of impact size.

Furthermore, fund dependency on investors can also give power to investors to control and regulate the actions of social entrepreneurs according to their interest. Since in many occasions, funding agencies search for quantitative impact rather than qualitative, this resource dependency can change the objective defined by social entrepreneurs at the first stage. Another participant whose organisation provide language course said:

"I think the main challenge is always how to have an impact on sustainably. So, in our case, how can we charge a lower price, that is 25-29 euros for three months cost, considered to be the lower cost because we need people who can benefit from our product, to be able to afford it and how to combine that with the structure of sustainability. I think our question is how to maximise impact and still be sustainable from a financial standpoint. When deciding and talking to the investors and finding the strategy, that is our biggest concern…"

Lobbying is an important ethical issue that exists in a corporate environment, where lobbyist influences the decision in their favour. Interview analysis shows that lobbying is another critical ethical issue in social entrepreneurship environment. Participant SE1 believes that social entrepreneurship is a fashion in Portugal, and everyone is exploiting the terminology without understanding its real meaning. She said that there is a lobby which controls public funding on social projects and channelise the money only for their favoured organisation and that is why every year the same organisation received money or not the other or the most important one. Following we present some quotations that illustrate the issues:
"In this fashion of social entrepreneurship that came to Portugal, I feel that I am not a social (sarcasm)... I do not have money. In municipal office (local authority), sometimes the government organise a competition, and it is absurd, for example, they offer the best idea to resolve homelessness and isolation just 5 thousand euros, while the project to solve stray dog problems has five hundred thousand euro of support. There is a lobby who influence the system. Therefore, public funding always goes to the same organisation…"

"The government and some schools supported organisational activities wanted to implement the project in their school, but unavailability of enough fund makes it difficult to expand it…"

Fund diversion is an ethical issue that is related to financial sustainability. Fund diversion can be defined as a practice to counterbalance the other need of the organisation by subsidising the funds from another project. However, this exercise may lead to wrongs practices in the organisation.

Since many social entrepreneurs are fully or partially dependent on funding agencies and their organisation receives funding based on their specific projects for a specific time. So, in this situation, unavailability or delays in receiving money can hamper the social operation and its impact on beneficiary. Interview report shows that many participants face this issue. One participant said that her organisation provides employment and skill development training to drug rehabilitated people, and her organisation receives funding meant for a specific project. However, she needs money to carry out various other important activities for which funds are not available, so in this situation, she diverts the fund of one project to other and submits false receipts for justification.

She gave one example:

"The funding we receive for the project is very specific, and we cannot use it for other purpose but, for example… if there is an urgent need of dental care to one of our beneficiaries and there is no specific funding for dental care, so I help him from funds available in other projects and include different receipts."
"Normally, not for profit organisation receives fund from different sources. If one source delays payment, they will pull out funding of another project to pay to expenses of this one that is not paid yet and inside the same organisation. For me, it's not ethical…"

Participants agreed that fund diversion is a wrong but prevalent practice to compensate the other need of the organisation by shifting the funds from one project to another project.

5.3.3. Managing Partnership

A partnership is identified as another area where social entrepreneurs often face an ethical challenge such as losing trust, failing to comply with their own personal value. It is always challenging for a social entrepreneur to determine and the right partnership and trust on them.

They agreed that on many occasions, they felt difficult ethical situation when it comes to partnership. One of the participants gives the example of a situation where a company is involved in alcohol production business but have their corporate social responsibility in their business that aims to support other not for profit organisation. In this situation, social entrepreneurs face different situation whether to make partnership and take the money from companies that are involved, despite knowing that their business is the cause of social problems the social entrepreneurs are trying to solve.

Some participants agreed that it is ok to take money from these companies because the company has a social responsibility and their organisation need money or support. While many others mentioned that it is not ethical to do a partnership or take any support from companies whose business value is not aligning with the values of the organisation. Besides, many companies do not concern about organisational social mission; however, wants to give funds in exchange for the receipt, or recognition or to get a tax benefit. One of the social entrepreneurs said:
“We do a partnership with corporation whose budget capacity is good, but most of the time we need to understand what their mission is, and focus of the business, for example: we are working with banks, pharmaceuticals industry and in contact with tobacco companies and, you know for us, what is the best company? It is not so easy to define, because some are creating the big problems in terms of bad health, in terms of poor oral health, in term of bad lifestyle, so for us they can support us, but at the same time I think, it may not be ethical to receive money from them… They manage a lot amount of money and doing a bad job, but on the other hand, I think these big companies also need to make their social responsibility; some time is not so truly work. It is a strategy they used to compensate for the development of bad impact they are creating from their products…”

Some participants agreed to take money from any companies who have social responsibility. While others mentioned that it is not ethical to do partnership or take any support from companies whose business value is not aligning with the values of an organisation. Another story described by the participant that his organisation work for children, did a partnership with one Portuguese media channel and during one event the company took advantage of this partnership and without permission they used names and pictures of children to display on their television show.

A partnership also comes with the risk of losing control over the organisation. Some participant believes that while doing a partnership, they must be very careful because in many occasions, partners want to interfere in the decision making and how the organisation will work. Sometimes partnership with corporate involves riskiness since many incorporations want the partnership for instrumental reasons such as managing its social image. The participant said that in the beginning, she was approached by a company who wanted to be strategic partner, so participant enthusiastically agreed to join the company partnered with the hope that both would benefit from the action. However, after a partnership agreement, the company only met for the inauguration session and took pictures, and after that, she never heard from that company.
Another ethical issue related to partnership is that associate with financial dependency, and it is a loss of control over intervention in decision making. If partner organisation participates in funding or sharing of resources, then partners can interfere in decision making, and this can make it more difficult in operating their business.

5.3.4. Human Resource Management

Managing human resources is another biggest challenge mentioned by participants. Analysis of interviews has identified three sub-themes, unfair recruitment, nepotism, and compensation within human resource management that raises the concern of ethical issues in social entrepreneurship. Participants described that it is difficult to find the right candidates who share equal passion and value for the organisation and to ensure they match with the organisational value.

Participants believe that unfair recruitment of employee is one of the essential challenges they often face. Like any other organisation, social entrepreneurs also need to recruit employee to manage and expand their business and activity, however often they find it challenging to recruit the right person who shared equal values and passion for a social mission. Participants described that for recruitment, they often rely on their network, rather than open advertisement or announcement. So, on many occasions, they hire people, because either they are referred by their friends or family. Sometime vulnerability or needy situation of the person also influence the decision in recruitment.

So, if because of some reason they need to remove the employee, they find it very difficult, since dismissing the person from employment can either spoil the relationship with the relative, or the affected person’s life will deteriorate.

They said:

“I do not feel good …of not hiring the people correctly… they have labour rights, but if you make that decision you have a high risk of paying the organisation, so you make more pragmatic decision to minimise the risk and make it happen...”
“We had a situation that people had illegal documents, so you have to be very clear if you ask me if I am ethical more correct… it is life, and we make any mistake…”

**Nepotism:** Nepotism is an ethical issue related to recruitment. Nepotism can be defined as a practice of favouritism, in which family members are preferred for the job in one’s organisation (Darioly & Riggio, 2014) Analysis of interview shows that 40% of the participant’s employee their spouse and relative in their organisation.

One of the participants said, his wife works full time, and his daughters also participate in various national and international activities of the organisation. She has two daughters, and both actively engage in multiple projects of the organisation. Similarly, and his wife both work in the same organisation. Some also accepted that their partner works together full time in the organisation. Some of the participants justified this engagement of family members and believes that they live with the project; they spend their time at work or home thinking about the project and how more than can do. Other said that on many occasions he works until late night at the office and her partner understands this. However, some also raised this concern. It said that many organisation employees their family members in the organisation and this is ethically incorrect to employ their family members in the same organisation.

Purpose of the social enterprise is to create social value, which the founder believes in and have a passion for doing it. However, it is possible that their family members may not share equal passion and value as the founder had. Along with that, when family members work full time in the same organisation, they become entitled to receive all the benefits that an average employee earns.

System of nepotism doesn't let manager hire competitive employee who is a stranger. So, in many ways, it limits the innovation and growth of the organisation. Furthermore, chances of conflict of interest may increase, and the manager or the founder may find it difficult to solve it. Although, on the issue of conflict of interest, all participants deny having any conflict of interest Issue with their partner.
Participants also described that for recruitment, they also rely on their network, rather than open advertisement or announcement. In many occasions, they hire people, because either they are referred by their system or influenced by their vulnerable situation. So, if something goes wrong and required to fire the employee, they find it very difficult to do it since alienation from employment either spoil the relationship with the relative or the person is more in need of jobs.

Like any other young not for profit organisation, many social enterprises also faced challenges to reimburse appropriately. So, in this situation, reduced salary and lack of passion decrease the employee retention rate, which further increases the expenditure of the organisation. Participants agreed that they do not have enough money to recruit the desired number of employees and organisation cannot afford to have fulltime employee. In such a situation, they highly rely on service-based activities or volunteers work. Service-based businesses allow the manager or social entrepreneur to engage employee without paying them fulltime fix salary or any other benefits such as health insurance or holiday allowance and most of the time volunteers do not receive any compensation. Participants described that this is the easiest and more convenient way of making the work done, but they also accept that this is an unethical practice.

One of the participants engaged in cloth and fashion industry, she often needs models to represent her in the fashion show, where she displayed her new designed fabrics. So, need to hire 40-50 models per show, and according to regulation if she has a model working for her, she needs to cover their insurance for that defined period. However, she said that she does not follow these regulations and do not make insurance of models for the events. She agreed that it is an unethical practice, but she cannot afford to insure all participants.

One participant accepted that although her organisation generates profit from the work done by volunteers. Volunteers who work at the organisation are very poor, drug rehabilitated or homeless and they do not have fix salary or any another source income. Despite having profit, manager mentioned not reimbursing any monetary benefit to volunteers. She argued that code of conduct in the organisation prohibits payment for volunteers. She believes that mission alignment is a big issue in the organisation, also to
provide the right incentive to the people. participants accepted that people face discrimination in the organisation.

5.3.5. Transparency and Accountability

In business, there is an increase in corporate fraud and scandals, and that faces public outcry and demand for transparency. Similarly, when social enterprise participates in market-oriented practices, they are not only increasingly accountable to investors, but concern towards public accountability and transparency increases simultaneously. The study shows that transparency and accountability is a critical issue in this sector. One of the participants shared the following story:

“In the organisation, one of the executives and member of the board who owns a for-profit company that sells some product, so he was selling his company products to the organisation at a very high price. The same product can have been purchased from different enterprise with much lower price, but lack of transparency in the organisation makes the action possible and prevalent.”

The participant described that she chooses not to involve in this matter and tried to keep herself away from the activities by opting another role in the organisation. Lack of transparency increases the chances of irregularity and unethical activities in the organisation, that can question the reliability and leadership role of a social entrepreneur. Since in the organisation leadership play an essential role in maintaining the ethical behaviour among their employee, it is expected from the manager to stimulate employee to participate in organisational decisions making and invite them to express themselves more freely and share issues and matter, thus decreasing any chances of conflict and increasing their trust on each other. In many occasion founders of the organisation finds it difficult or particularly threatening to witness losing of power or getting less effective
“I had a situation with the group of people that they tried to steal the organisation from me, and that point for me was one of the toughest in my life. I cannot imagine people can do such bad things to each other but they can. I think people when they see money; they think about money, I think money makes people do childish things and what I felt was they just wanted to not having me on board anymore, and they were my colleagues and my team members. So, it was hard for me to see..., they started to do not good things for one year, and when I realise this situation, I fired all of them …”

The interviewer also requested from the participants to share documents meant for the public, such as annual reports. Purpose of these documents is to provide information related to the financial-nonfinancial aspects of the organisation activities. Only two participants were able to provide such records, some of them share their website and Facebook links; however, other documents such as annual reports meant for the public were unavailable on these platforms.

To maintain transparency and accountability, managers must maintain truthfulness and avoid hiding or lying behaviour. Most of the participant said they do not lie, but instead of lying, they prefer to hide or not to tell the truth. They believe that by omitting the matter from the discussion is better than lying.

Some of the participants said that it is not necessary to tell everything. However, one participant believes that she is very truthful; that is why she does not have enough income or funding. She said that she knows many people in this profession who follow dishonest behaviour and they flourish well.

Another participant believes that lie depends on the consequences of deception, if the lie is not big and not causing any harm to others, then they may think about it. While others said, they will not lie. Instead, they prefer to hide the issue from the discussion. One of the participants mentioned that few days before he had meeting with some investors and they were pushing it hard to know some information, so on that moment he lied to them, however when he came back home, he didn’t feel good about it, so after few days he went to meet them and told the truth. He believes that lie can worsen the situation, and if we are truthful
from the beginning, we will not be having any problem and increases the trusts relationship.
On the same time, he also believes that it is not necessary to tell all the information to the
employee or partners. The story about providing a false receipt to investors is a similar issue
that falls under transparency and accountability.

5.3.6. Mission drift

Analysis of interviews shows that mission drift could be one of the significant ethical
issues that the founder or co-founders are facing. There are various reasons for the mission
drift. One of them is a failure to incur income generation from the social enterprise. To
compensate this scarcity, most of the social entrepreneur engaged in multiple occupations.
Investigation shows that 55% of participants simultaneously work for a different for-profit
company, other than their social enterprise. While many own for-profits as well as not for
profit organisation. For example:

Participants work full time 9 to 5 pm in companies, but at the same time, they run
their social enterprise and only after 5 pm they have time for the organisation. One participant
mentioned that she is on sabbatical from her job to focus on this social project, and she might
think about joining the school again. In the same time, she started another for-profit company
and work simultaneously on both. Similarly, other participant runs a for-profit company and
work as a consultant on environmental projects. While another participant who is a teacher
at school, and at the same time, he also runs his own not for profit organisation.

These examples show that participants are in the dual occupation because of two
significant reasons, one is earning money, and other is a desire to do something good for
society. Since activities in the social enterprise do not incur enough profit, which could have
held them back within the social projects, so chances of mission drift are high.
5.3.7. Interpretation and discussion

In recent years the reputation of social entrepreneurship has increased and is continuously receiving global attention. Reason for increased interests in the field is embedded in its notion, that is social value creation by applying entrepreneurial strategies that include risk-taking, using innovation, harnessing opportunities, and maintaining sustainability. In the same time, it is expected from social entrepreneur to maintain high ethical standards and reinvest earned profit into the development of social value creation. Contrary to business or entrepreneurship, social entrepreneurs are not expected to give back the benefit to shareholders (Chell et al., 2016).

Third sector researcher proposed that social entrepreneurs are more ethical than others (Dees, 1998, 2007). Chell et al. (2016) and Cornelius et al. (2008) argued that social entrepreneurship lacks a robust analysis from the ethics perspective. It is not necessary that if the action is socially-oriented, the motivation towards that action will be ethical too. It is possible that if the motivation towards social mission and motives are not right, then more likely it will raise several ethical issues (Chell et al., 2016). The Metaphor of Robin hood can be an example to understand this. Robin hood is portrayed as a heroic character who is a robber and involve in robbing rich people and disseminating the robed or theft materials to local poor people. In this story, Robin hood has a social mission that is to eradicate poverty by robbing from the rich. However, this action is not ethical since it uses unethical practices. Similar kind Robin hood tactics are used by several mafias to empower the local community. So, something social does not mean it will be ethical too.

Findings of the study have identified seven themes such as legal structure, financial sustainability, partnership, human resource management, transparency & accountability, and mission drift, where social entrepreneurs or the manager of social enterprise face ethical problems. Findings revealed that one of the significant challenges a social entrepreneur faces is defining the right legal structure for their organisation.

In Portugal, the provision to start a social enterprise is not very clear. According to law, there is no such word called social enterprise, and all organisation who wish to involve in social development activities are kept under social economy law. Social economy law is
an umbrella term to include all kind of organisation that is not for profit and participate in solving social or environmental related issues, commonly known as third sector activities. Under social economy, there is a provision that an organisation who wants to engage in social or ecological mission activities and in the same time wants to engage in market-oriented activities can register under the IPSS category. Through this condition that they can create not for profit structure and earned income can be used for social development. In the same time, they can also receive funds from different organisations.

The notion of social entrepreneurship aims to decrease dependency on external funding and to create a more self-sustainable social enterprise which is different from the original objective of these entities that is social work. It is believed that the introduction of market-oriented approach in the social service organisation not only leads to the issue of conflict with the mission and objective but can also lose or dissolve the essence of social service.

The notion of social entrepreneurship is trendy, governments and the corporate world are promoting it widely, and many are encouraged to join. Furthermore, the unclear legal structure creates situations that lead to ethical dilemmas as they struggle to promote and preserve a reputation of transparency and accountability to their constituents, investors, and the public at large, while also trying to find the most favourable tax treatment for their social enterprise (Alter, 2007, p. 54). From this, it can be said that although enterprising non-profits is a significant force for sustainability, yet not much attention is given to the issues related to legitimising the social enterprise legal structure (Zainon et al., 2014).

Arguments are given that if social enterprise is forced under specific regulation, it may hinder the novelty of the meaning. Therefore, they do not want to restrict it under rule and regulation. We would argue that the delaying or not giving a legal structure is the biggest hurdle in the path of social enterprise to achieve its real purpose. For example, without legitimacy, social enterprise is treated as another organisation like social work. Several investors hesitate to invest in this sector because of two reasons, first they afraid that while investing into this sector, they may not get their money back and second if they invest into this sector the social value would have created while donating to social work organisation would not have been the same with social enterprise. Not having a legitimate formation also
blurs the taxation criteria to social enterprise. So, in this case, control on profit-making by social enterprise would not be possible, and any for-profit organisation can easily misuse the concept of social enterprise by branding them as doing socially responsible business.

Findings uncover that a vague regulation makes them faces several ethical challenges. Participant agrees that they are unable to distribute the profit earned through business, for example, when organisation recruits’ people to work as a volunteer but shows incapability to reimburse because of the legal structure of not for profit, they easily escape from paying any compensation to the worker. However, this situation makes the manager feel guilty. Despite guilt feeling, they prefer to stick with the organisation rules and prefer not to pay any compensation to volunteer worker.

Financial sustainability is another critical issue in social entrepreneurship that demand attention. The key to organisational survival is the ability to acquire and maintain resources (Froelich, 1999, p. 247). Findings of the study reveal that many of the participants depend on external funding, although, many of them run some activities that generate some partial income for the organisation. It is not enough to make the organisation run sustainably. Financial sustainability leads to another two situations that often cause an ethical issue in the organisation. Study identified fund dependency and fund diversion as two critical issues that may create ethical issues in social entrepreneurship. Fund dependency leads to the situation of complying the demands of investors and hence losing the large degree of control over their policies, procedures, and programs. Unavailability of funds can make it difficult for the social entrepreneur or manager to project their future strategy and create social impact.

On the other hand, social entrepreneurs also choose to change their objectives and program based on the donors’ agenda and funding available for those projects. Hence it diverts the attention. For example, a situation raised by a participant, for local government influential agenda and fund is possible to deal with not much important issue while essential issues are often undermined and their biased decision benefit only selected their favourite organisation. Fund diversion is a practice to counterbalance the other need of the organisation by subsidising the funds from another project. Often organisation receives funding for specific activity or projects and organisation supposed to provide receipts related with the
business, however as it is seen in findings that participants agree on the mismanagement of fund and providing a false receipt to investors.

The partnership is an essential aspect for the growth and development of social enterprise. The occupational nature of not for profit organisation automatically brings the society close to the organisation. Most of the time, society blindfold trust these not for profit social developmental organisation. In contrary, many for-profit companies such as pharmaceutical, alcohol or tobacco companies, are considered less trustful and unethical. To create their positive image in society, these companies participate in philanthropy and social responsibility activities and so engage into a partnership program with several not for profit organisation and many times it is a part of market strategy. In this situation, it becomes essential to see how the founder of the social enterprise organisation behaves, how to make sure that the partnership is ethical, and there is no hidden agenda. If the company involved in tobacco production but, ultimately, they also have corporate social responsibility. In the field of social and market-oriented environment, it is difficult to define who can be the right partner and how to make sure that they are ethically correct.

Managing accountability and transparency is an essential matter in any organisation. Pieces of evidence show that transparent and accountable organisation are highly appreciable and positively recognised by society. Incorporate firms, shareholders and stakeholders demand their company to stay open and responsible for their actions. Similarly, in not for profit organisation, which is based on stakeholders or society expects from an organisation to remain transparent and accountable. One way of staying transparency is to do auditing of the organisation and publish their report in the form of an annual report that covers mission, vision, activities of the organisation details of the people responsible for the organisation operation, income, and expenditure details. Findings show that most of the participants did not provide any annual or financial report. Results show that truthfulness is essential in an organisation; the study shows that most of the participants do lie. However, they said that instead of lie, they prefer to omit or hide the matter. Deleting or hiding is not a fair practice, but sometimes the entrepreneur feels it is essential to protect the idea or thing from others.

Many participants agreed that there is pressure from both government and investors because either they provide financial support to very trendy issue or they demand more
numbers. Some researchers also believe that there is also a growing pressure to adopt a more self-sustainable model and combing business as well as social aspects. Bull & Crompton, (2006) believe that by adopting commercial oriented model social entrepreneurs also become more accountable to funders, that ultimately increase the importance of transparency and public accountability.

In this pace of competition and challenging funding environment, social entrepreneurs are expected to make a quality impact on a large scale that is quantifiable. Since most of the time, corporate funding influenced by its predefined objective and expects measurable data. In these difficult circumstances, desperate need of funding can affect the social entrepreneur’s ability to stay ethical, and that may change their objective accordingly. Some researchers argued that the focus of social enterprise should be on how impact improves quality and increases social networks (Dees, Anderson, & Wei-Skillern, 2004).

Many researchers have raised this concern of mission drift in the social entrepreneurial organisation (Austin et al., 2006; Liudmila, 2014). They believe that if the social entrepreneur is motivated by two distinct goals such as social value creation as well as income generation, then this dual nature of motivation may distract social entrepreneur’s attention from social goals towards economic goals, thus causing the situation of mission drift. Mission drift is often related to the growth decision or scarcity of funding.

Austin et al. (2006) argued that social entrepreneurs and their organisations are often pulled into rapid growth by pressure from funders, demand for their products or services and pushed by their social missions to meet those needs.

Findings of the study show that participants are concerned about insufficient income or funding from the social entrepreneurial activity and therefore, many either works on different companies or own another for-profit company that channelise income. Some of the participants mentioned that they find it challenging to balance private and personal life, many works till late night and other who work full time in different companies find difficult to give proper time and commitment. All these situations can eventually lead to the cause for mission drift. Mission drift is an ethical issue that can damage the image of social enterprise and decrease trust.
5.4. Ethical dilemmas in social entrepreneurship

Based on the interview analysis, the study has identified 5 ethical dilemmas that founders or the manager of social enterprise often encounters.

1. Social mission Vs. Private life:
2. Social Responsibility Vs. Professionalism
3. Lying Vs. Hiding
4. Keeping Vs. Firing
5. To Stay or To Leave

5.4.1. Social Mission Vs. Private life

In the previous section, several areas are identified where social entrepreneur faces ethical issues, such as the desire for financial dependency and managing human resources. Lack of financial sustainability makes social entrepreneurs work double or triple times from the usual hours, on many occasions they spend their late evenings at the office trying to build business strategies and thus decrease quality time with friends and family. Many social entrepreneurs engage their family members into the organisational activity, and the reason can be either to create employment for them or to have people on whom they trust. In both situation engagement of family members in the occupation means bringing work at home, so even when they have free time, it will more like to be to thinking about next organisational activity or strategy. Whatever the situation, somehow leads to psychological as well as ethical conflict. In this connection between personal and professional values, the main risks social entrepreneurs face is failing to make a balance between the two identities.

“sometimes ethical dilemma is about balancing work and private life, in our teams, many times we face huge difficulties because we do not have enough resources for our work and we need to work too much to run our business and projects. People
need to work double or triple times than the normal hours, and this is a dilemma, how to balance between private life and personal life and works…”

Employing family members in the organisation also impact their relationship and work culture. Since they employ their family members, it closes the opportunity for another competent applicant with diverse skills, knowledge, and experience to join the team, and this leads to the situation of failing to stay entrepreneurial or innovative. In the same time, it is also doubtful if the family members can be as passionate as the social entrepreneur towards the organisational social mission.

5.4.2. Social Responsibility Vs. Professionalism

All participants agreed that they face the dilemma that confronts their personal and professional value. Social entrepreneurs are those who engage in a business that aims to solve social issues. They act as a manager who seeks to maximise activity by proper utilisation of resources. At the same time, they are meant to be social leaders who equipped with emotional antecedents and believe that it is their responsibility to solve social problems. They concern about social wellbeing of people. In such complex activities, they often face the dilemma that demands their ethical or moral stance. For example, the participant said that her organisation provides training and works opportunities to those who are without skills and qualifications, mainly rehabilitated from drug addiction. In her story, she described:

“There was a man and his wife working in her organisation in Porto, Portugal. Both were rehabilitated from drug addiction. One year later the man left the job and went somewhere without giving any information. While his wife continued working with the same organisation. A few days then, they came to know about his location in Spain and found that he was again taking drugs. One month later his wife got the news that the man died in Spain. She did not have enough money, so she asked the organisation to help her to bring the dead body back to Porto. After checking the price
of transportation, they found it was costly. So, in this situation, I had to decide either to bring the body back or to leave the dead body in Spain. Eventually, I received a call from the relative of the man that she will take care of this matter. I had already decided that I am not going to pay for this. It was a significant amount, and I think that money could have been used for another beneficiary in the project.”

One of the participants shared a similar story that involves an ethical dilemma, whether to give compensation to volunteers or not. The organisation engages in waste paper recycling, collected from various companies and sell these manufactured products to several companies or shops. The organisation earns profit from this business. So, the organisation engages people who are unskilled, homeless, and rehabilitated from drug addicts to participate in voluntary work. Volunteer activities involve recycling and reproducing of the paper materials. However, volunteers do not receive any monetary benefits, and the participants mentioned that in the beginning, they were providing one yoghurt and some compensation to each volunteer, but later they stopped it.

The participant described that it is not right, not to pay to volunteers, because they earn good profit from this business. She believes that free labour is an unethical practice, so she must compensate for the volunteers; however, according to organisation protocol, volunteers are not entitled to receive any compensation. Therefore, she cannot do anything and act according to the organisation practice.

So, she said:

“In the beginning, we were paying for 2 hours of work to beneficiaries, but then later we stopped giving it since those people receive some social supports from the Government and volunteer activity is not employment; people do it willingly. So, for the organisation to pay to them as a service provider, we need to have receipt of their service, and that is not possible. We cannot give them full employment because they do not qualify and can only engage them as a volunteer, but cannot give reimbursement because it is against organisation rules.”
In one story participant described, in the Christmas evening, when she was going home from the office, she saw a homeless person sleeping on the road, just in front of her office. It was cold, and he was without proper warm clothing. She felt sad and worried by thinking that on this festive occasion, a person is alone and in suffering. She wanted to bring the person at home, but it was a dilemma for her. If she should have brought him home, who is a stranger or left him alone in the cold night in the street without food and proper warm clothes. Especially in the evening when everyone in the city is celebrating Christmas. She thought, it may violate her personal space and professionalism, but living him alone was against her value and nature of professionalism, that is related with social service. She was wondering what to do; she decided to bring the person at her home. However, soon after she realised that it is not correct and she could have use different approach to handle this issue. Findings show that social entrepreneurs face an ethical dilemma.

5.4.3. Lying Vs. Hiding

During the interview, a common question was asked to all participants: Would you lie, if a small lie is benefiting your organisation? Except for one participant, all have agreed that lying is not good, and they would not lie. However, 60% have mentioned that they would not lie. Instead, they would hide or omitted the information.

A situation was presented to the participants and asked how comfortable they are with lying, and what would they do if they need to Lie. Participants accepted that it is an ethical dilemma they face often. Although all participants said, they would not lie 12 out of 20 mentioned that they would prefer to hide or omit than a lie. In the case of, a participant described that she receives money for limited activities. However, there are several essential activities, and there is no budget for it. In this situation, she often faces an ethical dilemma whether to withdraw money from other projects and complete the task and to justify this money diversion, so should she tell the truth or lie to auditors? She prefers to give different excuse by including the false receipt for the use of money. Similarly, in another case, when participant found that one of the board members from her organisation was involved in shady
practices in the organisation, she preferred to stay silent than becoming a whistle-blower. Another said that it is a dilemma social entrepreneur often faced.

He said:

“It depends on the lie… Last week It was a partnership with the foundation and the foundation was trying to push and know the details. We were trying to say respectfully, so I needed to lie, but when I came back at home, I thought it was not right, and then I met them and told the truth, and they accepted our proposal…”

5.4.4. Keeping Vs. Firing

The profession of the third sector or social enterprise is highly dependable on personal contacts. In many situations, they need to use their own connections to hire new employees; sometimes, they recruit employee based on their vulnerable social and economic background. So, in a situation when conflict arises between employee and founders, founders find it difficult to let the person go. When they think about firing the person, they often believe that a person is in every need, and if they fire the person, maybe their situation will deteriorate. Faced with this moral issue, usually, the social entrepreneur doesn’t let the person go away. Similarly, the case of family members is also discussed. Many participants include their family members in the organisation occupation, so here the dilemma can be if things go wrong between them, will they keeping the person or will they fire them?

“The main dilemmas for me is sometime the level of decisions about human resources, about people, sometimes hire or fire someone to decide the end of the collaboration of one member of our team, sometimes it was a dilemma because If we decide only by a very objective perspective, we need to decide to fire this person, but when you look for their needs, his need or his family need and other topics of this person, we have this dilemma, for me it is one of the most difficult dilemmas…”
5.4.5. To Stay or to leave

It is common that managers or executives are fearful of losing control of their organisations. They often faced a moral dilemma related to their occupation, whether they should stay with the organisation or leave the organisation. An organisation that they build and attached their emotions it is difficult for many to lose control over it. They feel hesitant and doubtful that the passion or effort they have given to begin and grow the organisation would be the same or less if they let another person take over and lead the organisation? Or if they want to close the business, what would happen to an employee who is working with them.

“If, I am obliged to make the decision of ending the project... they (employee) are going to be without work and money, and I think about it, but it’s not easy…”

“Sometimes I think that I have finished my contribution to the organisation, but then I think that I have a little more to accomplish… I have a heritage with this…”

5.4.6. Interpretation and discussion

Findings of the study show that five kinds of dilemmas influence ethical or moral behaviour of social entrepreneurs. These dilemmas are about balancing social vs private life; performing social responsibility vs maintaining professionalism; lying vs hiding, to keep or to fire; and to stay or to leave social venture.

Social entrepreneurship is a practice that enables a person to set up a social enterprise with the aim of achieving a desirable social mission. They involve their passion and emotions with this social mission, however, knowing that social entrepreneurs work in an environment that is competitive and resources are scarce. Hence, these circumstances demand extra attention and effort, to achieve their desired goal social entrepreneurs often work extra hours, in many occasions, they either bring work at home or involve their family members in the organisational activity. They often forget about family and work-life balance, and this situation complicates the relationship within the family in the same time, the involvement of only relatives or family members in the business limits the social entrepreneur’s capability
staying entrepreneurial and being innovative. A study conducted by Verschoor (2007) shows that work-life balance influences ethical behaviour in the organisation.

Social entrepreneurs venture social enterprise to solve social problems. They combine their emotions, skills, and knowledge to achieve that social mission. During this process of social entrepreneurs play two crucial roles one as a person with compassionate who wants to solve social problems and another as a manager who wants to expand his social business so that he/she can make maximum impact. In this process, social entrepreneurs often face a situation that creates an ethical dilemma. In findings, we saw a social entrepreneur finds it difficult to decide, how to treat a volunteer, whether she should give compensation realising that the volunteer is in need and in the same time his activity is benefiting the organisation or she just follow professionalism equipped with organisational protocol and treat that needy volunteer’s activity as an individual’s interest-based community service that doesn’t require compensation. Nowadays when competitions are high, and companies or organisation are eager to reduce as much as cost, and they are expecting volunteers to do employee like role this kind of ethical dilemma may arise (Orwig, 2011).

Deceitful behaviour in an organisation is not a new thing. Our findings demonstrate that most of the social entrepreneur prefer not to lie. They believe that lying is not a good thing. Some participants have said they do not lie, while according to them, lying depends on the consequence of lie. So, if there is no big problem with the lie, they do not mind lying. Many of the participants said that they prefer to hide than to lie, and they also used the word omitting.

Since social entrepreneur works in a challenging environment, on several occasion, they depend on funding from external sources. In the absence of funds or support, they cannot make future projection and thus, it may impair their social mission. Therefore, social entrepreneurs continuously explore new opportunities. In many occasions, these opportunities demand certain information or details that social entrepreneur may prefer to omit or hide.

Managing human resource is a must in almost every kind of organisation. Social entrepreneurs who manage social enterprise face this challenge of managing people. They often face a dilemma that can influence their ethical decision-making behaviour. Our findings
show that social entrepreneurs rely on their networks or family relation to recruiting a new employee. If they recruit a person, because of his/her poor economic background, if the person is hired but didn’t do good at workplace, social entrepreneur face difficulties in deciding what to do, since if they fire the person, his personal family life may deteriorate, this setting makes decision making difficult for social entrepreneur.

Another dilemma identified in this study is to social entrepreneur decision related to job occupation, whether he should leave the job or to keep continuing it. Findings show that many social entrepreneurs want to leave the job. However, they find it very difficult to take the decision. Many of the social entrepreneurs want to quit their social entrepreneurial activity (Ohana & Meyer, 2010). Some participants described that they find it very difficult to manage the job. However, they feel worried about the people working in the organisation. They feel that if they close the organisation, it will impact the lives of stakeholders. Another reason for not willing to quit the job is lack of trust over the new manager. Social entrepreneurs venture the organisation with a keen interest and passion for a social mission. The social entrepreneur believes that the new manager may not contain similar enthusiasm or passion and will impact the organisation social mission. In this study, we identified various issues that make social entrepreneur ethical decision making more difficult and challenging.
Chapter 6 - Discussion and Contribution

This chapter presents the discussion and contribution of the study. This study is based on a phenomenological approach that provides a deeper understanding of the subjective idea of ethics and social entrepreneurship. Data from 20 Portuguese social entrepreneurs were collected by conducting semi-structured interviews. The structure for interpreting the described experiences of participants is derived from a thematic analysis of the interviews and transcripts. Each participant described venturing social enterprise within the framework of their values and experiences. All the participants shared their different stories. Next section presents the discussion and contribution to the literature. It has explored the concept of social entrepreneurship, the motivations for social entrepreneurship, ethical issues, and dilemmas in social entrepreneurship.

Social entrepreneurship

The phenomenon of social entrepreneurship is trendy (Chell, 2007) because it aims to offer solutions to the problems of humanity. However, the conceptual understanding of social entrepreneurship is still evolving. Some researchers think it is a business-oriented activity whose sole purpose is to solve social problems without wishing to take any extra monetary benefit from the success of the business (Frankel & Bromberger, 2013; Osterwalder, 2009; Pirson, 2012; Yunus, Moingeon, & Lehmann-Ortega, 2010). Many scholars relate it to the concept of corporate social responsibility (Baron, 2007; Beckmann & Zeyen, 2015; Cornelius et al., 2008). Some researchers think that social entrepreneurship is a non-profit activity and social entrepreneurs should not involve into business-oriented activity as it can distract them from the social mission they are involved in (Defourny, 2001; Evers & Laville, 2004; Weerawardena et al., 2006). Thus, it is no surprise that until now, there is no universally accepted definition. Despite the definitional differences of social entrepreneurship, common opinion agrees that the motive of social entrepreneurial activity should be the “creation of social value” or “social mission.” Their activities should be
entrepreneurial that involving risk-taking, innovativeness and sustainability. The profit they earned from the success of organisation business or its activity should not be meant for self or shareholders, but the development of the organisational mission.

Our study shows that social entrepreneurship is a growing phenomenon in Portugal and other parts of the world and it is gaining popularity (Braga et al., 2014; Borzaga & Defourny, 2004), and several steps have been taken by the various government including European commission to promote and support social entrepreneurship culture. It is considered as a trendy and people want to be part of it. However, a lack of clear guidelines or specific legal structure makes this phenomenon vague and not attractive. In Europe, social entrepreneurship is a part of the social economy or also called it third sector activity. The social economy is an umbrella term to include all kind of not for profit, charity, foundations, associations, co-operative etcetera organisations are a part of third sector activities. In Portugal also, it is kept under the domain of social economy and according to the Portuguese regulation any entity such as NGO, co-operative, association, social-solidarity or any not for profit whose motive is social mission and to create social value, can be used for the social venture purpose and hence can be called a social enterprise. NGOs often adopt a business model to run a social mission-based project. NGOs are defined as formally constituted organisations, non-profit, voluntary, and organizationally separate from the government (Wong & Tang, 2006). Under the social economy model, some specific structure that resembles social enterprise criteria allows an organisation to engage into market-oriented activity. In the same time, they can also receive the tax benefit and grants/ funding from governments or private bodies.

This not for profit structure ignores the importance and capability of enterprise, which started as a for-profit with a social mission motive. Study shows that some participants wanted to start for-profit social enterprise model with a motive to earn some benefit such as tax deduction. However, the non-existent of specific social enterprise model forces entrepreneurs to follow the not-for-profit model. Not for profit model for social enterprise, further raises several issues such as difficulty in differentiating from other not for profit organisation which are not social enterprise and therefore difficulty in attracting private investment. It is well known that several not for profit organisations use various strategies to
generate funds such as organising cultural events, or by selling some products or asking for donations. In this case, the absence of a specific legal structure makes it difficult to determine, how a social enterprise is going to differentiate from other third sector organisation and convince investors by proclaiming that they are unique.

The positive side is that loose structure in social enterprise legislation creates an inclusive approach and give flexibility to any organisation that wants to create and promote social entrepreneurship. Individuals from diverse occupational and social-cultural environment participate in this act. They are equipped with different skills-set, knowledge, and interest towards social issues. However, all are interested in one mission that is the creation of a social mission.

Adopting from existing definitions we can propose that any individual can be called social entrepreneur, when a person creates an organisation with the motive of solving social or environmental problems such as education, health, poverty, homelessness, or climate change, by participating in market-oriented activities such as providing services and selling products, which can incur benefit and provide financial sustainability to the organisation and increasing the impact of its social mission (Rahim & Mohtar 2015; Kickul, 2016). These organisations can be called social enterprise. Although social enterprises engage in entrepreneurial activities, their primary goal should be a social mission and not earning profit to benefit self or shareholders. In exchange for their service, a social entrepreneur should also be able to receive a salary as an earned income (Borzaga & Defourny, 2001).

**Motivation of social entrepreneurship**

Motivation is the process of achieving defined activities or goals. In other words, to be motivated means to be moved to do something (Ryan & Deci, 2000). There are several motivation theories that aim to explain human motivation (Cook & Artino, 2016). In the field of social entrepreneurship, social entrepreneurs come from a diverse social-economic background with an objective to achieve a social mission. Mix motivational approach seems to be suitable in explaining the social entrepreneur’s motivation (Braga et al., 2014; Germak & Robinson, 2013; Grant, 2008). Our study has identified that motivation for social
entrepreneurship follows a cognitive process that begins from a socio-environmental context, where a social entrepreneur gets its idea or develop an interest in venturing social business.

Based on our findings, we argue that the motivation for social entrepreneurship process follows in four stages as presented in figure 6.

Stage 1 is the early stage for motivation where individual’s social-environmental context, helps in the formation of an idea or interest development. This stage can also be called as an ignition point for the idea or intention formation for social entrepreneurship. Various factors, such as family background, volunteering, or opportunities such as supportive environment, play a crucial role. Stage 2 presents the emotional antecedents such as passion, empathy, sympathy, and frustration; these emotions develop during the process and pushes the social entrepreneur’s interest for further action. Stage 3 focuses on the need of the individual; it can also be called as a stage that motivates social entrepreneurs to begin the venture. Her motivation to begin is categorised into two types of motivations or needs, self-oriented motivation and other-oriented motivation. In self-oriented motivation, individuals are motivated by a desire or need that is central to the creation of a social mission. Other-oriented motivation is the degree to which an individual is a concern for other’s well-being. Stage 4 is related to the other-oriented motivation. Here social entrepreneur decides to whether he/she wants to keep continue doing social entrepreneurship or stop it.
Findings of the empirical study show a motivational process/pattern of participants who ventured their social business. Socio-environmental context can be described as the first stage of motivation formation. Some researchers have discussed that context plays an essential role in understanding the motivation and behaviour of an entrepreneur (Carsrud et al., 2009). It explains that socio-environmental setting such as family background, volunteering, or events such as business competition or any tragic events can trigger the idea and desire for doing something good for society. In our empirical study, we found that all participants described some stories from where they got the motivation to involve in social mission activity. In their stories, they described the role of parents-family environment and values they grow with, volunteering experiences, or other supportive opportunities were responsible for venturing social business (Braga et al., 2014; D. Y. Choi & Gray, 2008).

In Stage 2 of the motivation, process study has identified emotional antecedents such as passion, frustration, empathy, and sympathy that is associated with social entrepreneurs’ motivation (Ruskin et al., 2016). Love plays an important role in entrepreneurship development (Cardon, Wincent, Singh, & Drnovsek, 2009). It is related to the positive energy
that gives joy or happiness to the social entrepreneur (Ruskin et al., 2016). Braga et al. (2015) described that passion is a feeling of emotions, and it is associated with the motivation of social entrepreneurship. People with passion tends to enjoy the activity they engage in. People with a passion for solving social problems can make a positive change in others life by venturing social enterprise. They feel happy and worthy when they see a positive impact of their work, and thus it motivates them to do more.

Similarly, frustration is also an emotion that makes people feel stressful or annoyed (Ruskin et al., 2016). When a person observes or experiences of some situations that are not right or according to their way, they feel annoyed, anxious, and stressed, and they want that situation to change. If they find no one else is doing anything to change that system or solve that issue, they come forward to take control of their hand. For instance, if there is a social problem existing in society such as poverty, poor hygiene, or illiteracy, then social entrepreneur comes with his idea to solve that problem. In our study, one participant was annoyed and worried about the situation of the environment. He found that no one is caring about the river and rivers getting narrowed and polluted and vanishing from the city. He believed that clean rivers are linked to a clean environment. Therefore, he started his project related to saving the lives of the river. There are several similar stories where frustration enables a person to involve in social entrepreneurship project.

Empathy is a compassionate nature of emotion that is related to the person’s experience or observation of some situation or surroundings (Yitshaki & Kropp, 2016). Yitshaki & Kropp (2016) found that social entrepreneurs are more empathic towards others and want to improve others life and to prevent them from sufferings they had experienced. In our study, there were several cases where social entrepreneur develops empathy towards others, and so they wanted to make their lives better. Sympathy is also an emotion that guides social entrepreneurs. Sympathy is considered a fundamental human value that regulates human behaviour (Santos, 2012).

Stage 3 is related to individual need or motivation that allows the social entrepreneur to start the social enterprise. It is divided into two types of motives, such as self-oriented and other-oriented motivation. At this stage, social entrepreneurs combine their idea, emotion with interest or need. Factors that influence self-oriented motivation are autonomy,
relatedness, competence, social recognition, and self-employment, while other-oriented motives are reciprocity and social responsibility. Self-oriented motivations are intrinsically or extrinsically driven. Ryan & Deci (2000) discuss that children of parents who are more autonomy-supportive and proficiency-oriented are more likely to naturally explore and extend themselves than other children who born and raised in a more controlling environment. Ryan and Deci (2000) suggest that some people are more oriented toward autonomy in jobs, and thus, they are more likely to experience intrinsic motivation. Participants described that they enjoy freedom as independence that allows them to organise their daily activity according to their wish and so they can concentrate more on the organisation activity. A person motivated with the desire to create a social mission and seeking autonomy creates an organisation that enabled them to do what they wish to do. Autonomy structure gives freedom to social entrepreneur, and they can define their goals and strategy accordingly.

Relatedness is also an intrinsically driven motivation where a person with relatedness personalities wants to connect himself with the cause or community. In that environment, a person feels safe and connected and exhibiting genuine caring, mutual respect and safety (Cook & Artino, 2016). A person with competence needs wants to prove him/herself that he/she can do it and capable of doing it. As it is discussed above that social entrepreneurs, come from diverse background, and they often lack some skills that are required for venturing the business. Therefore, they join a related training program or activity that empower their skills and knowledge in the field.

In self-oriented social entrepreneurs are also extrinsically driven to solve social problems, for example, self-employment is also a self-oriented motivation, where person pushed by certain circumstances such as loss of job or dislike of the current situation or desire to provide economic support to self or family. Findings of our study show that some participants have started a social enterprise with a motive of getting self-employment, and they combine this desire of getting self-employment with the passion of solving the social cause, and hence they venture social enterprise. Self-employment is also connected with emotion such as frustration. If a person is dissatisfied with his occupation due to various reasons such as disinterest or paltry salary, then he/she seek self-employment.
Social recognition is self-oriented motivation since, the primary intention of a social entrepreneur is to benefit others, but by doing so, he/she received an acknowledgement or recognition for the social impact they are making. Some researchers believe that recognition by media or big organisation like Ashoka or Skoll Foundation, often increases the popularity of small or growing social enterprise and this further brings funding from investors (Dacin, Dacin, & Matear, 2010). When a person is motivated by social recognition, he/she expects that society will acknowledge the contribution they are making and give them positive feedback or reward. In our study, we found that social entrepreneurs enjoy social recognition. Some participants got the opportunity to meet ministers and president of Portugal and while many mentioned having received a reward or certificate by several institutions. Some of the participants were also interviewed for a television show. This social recognition act as positive motivational factors that make social entrepreneurs more engaged in impacting society (Ruskin et al., 2011).

Reciprocity is another oriented motivation. If an individual gets benefited from the success of its action, he/she may want to pay back it to the society, so that other people can also take benefit of it. (For example, a person who recovers from severe illness or extreme sufferings are more likely to increase his visit to holy places or wants to participate in charity or social service than others).

Several participants expressed the feeling of social responsibility. André & Pache (2016), discussed that social entrepreneur care about specific issues or people. Therefore, they feel that they have a responsibility to look after them and nurture them. A person influenced with social responsibility considers it is his/her duty to serve society. They are driven by the norm of social responsibility which includes the moral obligation such as helping people who are in difficult situations (Huybrechts et al., 2012). In our study, participants show concern about social issues, some of them said that there are poverty and health problems, and it is our responsibility to solve it. One participant noted if everyone will consider it as their responsibility and do some part, then, the problem is not significant. Social entrepreneurs take responsibility to act because they reject the idea that there is no solution by believing that there is a solution for the people they care about (André & Pache, 2016).
Stage 4 is related to the social entrepreneur’s motivation to progress. In our study, most of the social entrepreneur said that money is the crucial need they have. Money is necessary because it will help social entrepreneurs to prepare a projection plan, and in the absence of funds, they may struggle to continue. Even though some of the social enterprises are self-sustainable, they seek more funding support to extend their activities. This situation of expecting for more funds gets complicated because of high competition and decreased the interest of social investors.
Ethical issue in Social Entrepreneurship

Social entrepreneurship is a concept that is often linked to having a positive relationship with ethics (Dees, 1998a; Santos, 2012). Ashoka and other organisations also portrayed the image of social entrepreneurs to be more ethical than other non-entrepreneurs. Dey & Steyaert (2014) described that the moral image of social entrepreneurship depends on the social motives of social entrepreneurs and that they are flawless and Nobel. However, he argued that the idea of ethics is dubious in social entrepreneurship.

In our study, we found that social entrepreneurs as flawless and absolute ethical are misleading; social entrepreneurs also face complex ethical issues and dilemmas. We identified six areas where social entrepreneur often faces ethical issues, as shown in figure 6.

Figure 7. Ethical issues in social entrepreneurship
Our study used phenomenology method that meant to explore lived experiences of the 20 participants based in Portugal. Findings show that social entrepreneurs face ethical issues when it comes to deciding on choosing the right legal structure for creating a social enterprise. Some participants stated that their business model is self-sustainable and can achieve complete autonomy on the project and activities. However, unavailability of definite legal structure for social enterprise business leads them to choose from traditional methods that are available under for-profit or not for profit categories. So, if they decide the for-profit structure, then they will be obliged to pay taxes according to their business. While, if they choose not for profit, which means they will get a tax benefit, but will not be able to own or claim on any asset they invested in starting the social enterprise. This difficulty in legal structure also leads to several associated issues such as establishing network or relationship between complex input factors (applying for grants, earning through market-oriented activities, making social capital etcetera) and social impacts related to the social mission of the enterprise (Nicholls, 2009).

I am considering the complexity of the social enterprise, that involves complex business model to solve a social issue, making them combine two different identities, one as a business person and other as a person who wants to serve to the society. This complexity leads to issues such as compliance of regulation and facing competition and defining how their social impact can be assessed.

Most of the social entrepreneur mentioned that they find it very difficult to get money from investors, banks, or government. Most of the investors focus on numbers (for example, how many people are rehabilitated?). In contrast, social entrepreneurs focus more in quality than quantity, (for example, whether the rehabilitation cause was solved, and how are his/her conditions after rehabilitation, whether he/she can integrate into the society or not). Nicholls (2009), argues there is no specific mechanism to measure or compare the performance and impact of social value creation. This can lead to the situation of vagueness and ignorance towards social entrepreneurship, mainly in what concerns the investors perspective, and perhaps it can also question the authenticity or legitimacy of social enterprise. Moreover, it is visible at the same time a utilitarian perspective to satisfy investors needs and funding
needs of the organisation) and a virtue perspective (to treat the people in need with dignity, respect, and genuine care).

Managing human resources is another area where social entrepreneur often faces various situations such as recruitment and compensation that demand ethical sensitivity. Organisations need to recruit employee to expand their business. However, failing to hire the right candidates and inability to compensate them adequately can lead to practices related to an ethical issue. Social entrepreneurs recruit people they mostly rely on the traditional method such as their networks. In other cases, social entrepreneur, or employee own family members. These actions create the issue of biases in employee recruitment and selection. Maybe other valuable candidates are not selected for personal reasons. Moreover, employees from the private network or family member may lack the passion or may fail to align with organisational value, and this may decrease the chances of retention rate or even may affect the organisational creativity and innovation.

Recruiting the right person with appropriate skills and values is challenging as it will increase the cost of recruitment. At the same time, how to keep the staff motivated by the organisation’s social mission (Nicholls, 2006) as compensation levels are not usually as high as other sectors (Hynes, 2009)? Is it fair to reward employees for below-market values?

In several occasions, social entrepreneurs also recruit volunteers to participate in organisational activities. The need for volunteers and funding are the most sought resource in the field of social entrepreneurship (Volkmann et al., 2012). Findings of our study show that some social entrepreneur relies on free service of volunteers. Is it moral to use volunteers when an organisation needs a more stable and long-lasting labour relation? Often volunteers participate in an activity without seeking for any reimbursement from the service. However, compensation can reflect the value of an exchange relationship (Volkmann et al., 2012).

Defining the right partnership is challenging in the sector of social enterprise. The nature of social enterprise appeals government, public and corporations as it brings these various stakeholders closer to social entrepreneur, which is a potential opportunity for them to sector to create a better image in society. In many occasions, companies involved in tobacco or alcohol production may want to partner with these not for profit social enterprise in exchange of name and tax benefit. In this situation, the social entrepreneur faces hard time
to define the right partnership. There is also another issue with business is when social 
investors want to invest in the organisation, they want to influence the decision making of 
social enterprise by diverting them from their objective and social mission. They are afraid 
that many organisations change their purpose to attract funding. Also, they mentioned that 
for them organisational value if very important, so if they are doing a partnership with any 
company or organisation, first they invite them to know the organisational values and 
operation. Failing to ensure how the partners give worth to the value of an organisation is a 
challenging issue.

Gino & Pierce (2009) believed that financial benefit is an essential driver of deceptive 
behaviour, “individuals often act dishonestly to hurt or help others even when they receive 
no personal economic benefits or suffer financially from their dishonesty (p.1153). Froelich 
(1999) mentioned that the key to organisational survival is the ability to acquire and maintain 
financial resources (p. 247). Zahra et al. (2009), in his conceptual article, raises many 
questions concerning ethical issues and social entrepreneurs. Researchers raised some issues 
related to the financial area such as the pressure to obtain necessary funding that can lead to 
unethical practices such as spinning the truth for personal motives or losing the ability and 
efficiency in allocating these resources for true purpose. Findings of the study reveal that 
many of the participants depend on external funding, although, some of them run some 
activities that generate partial income for the organisation, that is not enough to make the 
organisation run sustainably hence, these circumstances lead to ethical issue.

Our study has identified fund dependency and fund diversion as essential issues that 
create ethical issues in social entrepreneurship. Dependency on funding agencies may lead 
to the situation of complying the demands of investors and hence losing the large degree of 
control over their policies, procedures, and programs. Unavailability of funds can make it 
difficult for the social entrepreneur or manager to project their future strategy and create 
social impact. On the other hand, social entrepreneurs can also undermine the objectives. It 
shows that fund diversion is a practice that meant to subsidise money from one source to 
another source. Most of the time, the fund received are intended for a specific purpose or 
project, and that means they cannot spend this money for other purposes. However, they have 
another purpose in an organisation that need attention and money. So, in these situations,
they divert money from that project to different activities, and they include false receipt to justify the expenses. This practice leads to unethical behaviour such as manipulation of information or misleading the investors. It also makes social entrepreneur less innovative, and thus, this may fail to the concept of self-sustainability.

Compliance to transparency was another area that creates a situation for ethical issues. Participants believe that they do not have to share all the details with their employees. Also, some participants believe that hiding is better than lying. One of the participants mentioned that she knows some organisation in her network, which involve in lying, and that is why they are succeeding. She says that she does not lie and therefore, she does not have enough money to sustain the business. Other participants described a story that a few days before he lied to an investor, but afterwards, he did not feel good and thus, he went back and told the truth. Although, the participant agrees that lie is not right, and he does not feel good with it.

One of the essential concerns related to the ethical issue in social enterprise is mission drift. Mission drift is a situation when a social entrepreneur distracts from the mission of an organisation. Cornforth (2014) defines mission drift as when an organisation secedes from its primary purpose or organisational mission. Mission drift happens in both visible and nonvisible ways when an organisation distracts from its mission, vision and strategy, priorities etcetera. Some researchers believe that the commercialisation of business and fund dependency can be the reason for mission drift in the organisation (Jones, 2007; Weisbrod, 2004).

Findings reveal that many participants have two different activities such as their for-profit business or working in a different company and simultaneously running not for profit organisation. Perhaps, it may be a way of survival, if the social entrepreneur is not taking a salary from the social enterprise. Some participants agreed that many times it is difficult for them to pay necessary attention to not for profit organisational activities, and this is a big issue that can jeopardise the mission of the organisation. When social entrepreneurs choose to be simultaneously guided by two distinct goals such as creating social value and generating income, then social entrepreneurs may shift their attention from the purpose of social value creation to the intent of revenue generation, thus experiencing a mission drift.
**Ethical Dilemmas**

Robinson (2003, p. 6) wrote that, ethics in business has to do with making the right choices and any decision where moral concerns are important can potentially give rise to an ethical dilemma, for example:

1. A decision that requires a choice between rules
2. A decision where there is no rule, precedent, or example to follow
3. A decision that morally requires two or more courses of action, which are in practice incompatible with each other.
4. A decision that should be taken in one’s self-interest, but which appears to violate a moral principle that you support.

The study has identified five ethical dilemmas (see figure 8) in social entrepreneurship, such as balancing between social mission and private life, how to make a choice between social responsibility and professionalism, choosing between lie or to hide to lie or to hide, how to make decisions regarding human resources and when to decide whether to keep or to fire the employee, or how to decide when it is the right time to let go off the enterprise.
Balancing between social mission and private life is one of the important dilemmas of social entrepreneurs. Social entrepreneurs are the founder and manager of social enterprise. They create organisation with a passion for achieving a social mission, dreamed, and defined by them. Their values are embedded in this so their commitment and engagement with activities that define the success of the social mission. Especially in those situations when they need to maintain financial sustainability, they work extra hours or different jobs.

In many cases social entrepreneurs opt for two or more jobs, either they work in private companies to earn money or they start for profit companies to earn profits. In this dual nature of job where social entrepreneurs often find difficult to decide what is important and which one should be given priority private life where they earn more profit and able to spend quality time with family or friends.

Since competitive environment and limited resources makes social entrepreneurs’ workaholic, balancing between private life and organisational social mission can incite a dilemma. If they do not spend much time for the growth of organisation, then its social mission will get impacted, but if they spend much time for organisation growth then private life may get impacted.
As some of our participants also said that by involving family members, they can manage this issue and can work together until several hours, even if they are at home, they can discuss about project in dining table. Perhaps, social entrepreneurs’ preference to employee their family members in their organisation is because of various reasons, it can be either employment generation for the family member and they can be more trustful than outsiders. They may find it difficult to trust other, or handover the organisation to someone, because they may afraid that if it goes on others hand then the person who will control, may not share the equal passion and value towards the social mission. So, by engaging family members in the organisational activity they may feel that both can work together and hence able to overcome from this situation of missing quality family time.

Social entrepreneurs try to solve this issue by engaging family members in the organisational activity but this leads to other issues such as staying creative, innovative, and entrepreneurial. Many participants from our study agreed to employ their family members but in the same time they are facing challenges such as staying innovative and finding it difficult to develop and maintain similar organisational values among its employee.

Another dilemma that social entrepreneurs often face is managing between social responsibility vs professionalism. Social entrepreneurs by nature are empathetic and show compassionate concerns towards other. They have their own personal value that results in a desire for social mission and social value creation. Social entrepreneur venture social enterprise to satisfy this concern and find solutions of the problems. As soon as venture creation happens, his personal value joins with organisational value. This arrangement creates a dilemma situation for social entrepreneurs. During a dilemma situation, he may struggle between social responsibility that is part of his personal value and professionalism that is part of organisational value. A story was discussed in the finding where the manager of the organisation was not knowing if she should help to brings back the dead body of his ex-employee who was homeless and drug addict and died in different country far away from his wife, who is currently employed in the same organisation and cannot afford the cost, or be professional and let the things go away. The participant described it was an ethical dilemma, and she chose to let it go. Similarly, another participant who face dilemma described that one Christmas evening she find a homeless person on the street and she did
not know what to do, to leave him outside in the cold night or to bring him home. She decided to bring him home, but later she felt it was an unprofessional act.

To keep or to fire is a dilemma related to human resource management. Social entrepreneurs often face this situation when it comes to the management of their employee. Some of the social enterprise employee needy people, such as those who were unskilled, ignored or rehabilitated from drug abused. So, because of some reason, if the person is not doing good in the organisation, how the social entrepreneur should react, whether he should fire the employee and think about organisational growth or to keep the employee because if he is out of job than his personal or dependent family life will worsen and chances of him going back to abused life will increase. In one of the stories from our interview, the social entrepreneur decided not to fire the employee by thinking of the consequences of this decision on employee life and believing that she should give another opportunity to that employee.

To lie or to hide is a dilemma situation, where social entrepreneurs find it difficult to decide whether to lie or to hide. Since social entrepreneurs work in a competitive environment, they continuously seek for opportunities for the growth of the organisation and their own career. In this process, they encounter several situations where they feel the need to protect organisation or themselves from bad outcomes. In those circumstances, options of lying or hiding overpower on their decision making. One of the participants said that that she knows several of her colleagues who are in a similar occupation, lie and hide, and therefore they achieve more and are more successful while she never lies or hides that’s why she is struggling and finding it difficult to grow her organisation. Many participants from our study agreed that they never lie. However, they said if they’ll face such situation they prefer to hide or omit the matter. One participant said that he had such a situation where he was being asked to give some information, in that moment the participant lied, but thereafter he felt bad and regretted. Many agreed that they prefer to hide than to lie. Findings also reveal that social entrepreneurs do not hesitate to manipulate or hide the information to gain benefit. Hiding or manipulating the information is very related to unethical practice.

To stay or to quite is a moral dilemma often faced by social entrepreneurs. Social entrepreneurs venture their social business and involve their emotions, passion, and interest.
Social entrepreneur finds it difficult to decide about whether they should stay with the organisation or to go away from it. There are two reasons for this dilemma. One is lack of financial resources and second is an emotional attachment. Many of the social entrepreneurs engage into two or more activities or occupation, other than running a social enterprise. Most of the time these other activities or occupation are meant to earn income. Since social mission is the project related to emotion and social responsibility, they feel the need to carry out. However, unavailability or lack of resources makes this activity makes it difficult to run the project, in those case, either social entrepreneur's fund from their own earned income or think about quitting the project. If they wish to close the organisation, it is not because they want to close. Sometimes they also feel that they should not close the organisation because it will negatively affect the employee or people associated with the organisation and its activity.

Emotional attachment with an organisation often makes social entrepreneur feel difficult to decide whether they should quit or continue. Most of the social entrepreneur emotionally attached to their organisation and its social mission. They come with a passion and emotions that gives them the strength to keep going with the social mission. This emotional attachment scared them from losing control over the social enterprise. They believe that letting someone else control the social enterprise may not be a good idea since it is not sure whether the new person will have similar passion and emotions towards this social mission. One of the participants said she wants to leave the organisation but she still feels that she has more things to do, so it is not sure when she will leave.
Chapter 7 - Conclusion, Limitation and Recommendation

7.1. Summarizing the Thesis

Often the terms of “social enterprise,” “social entrepreneur,” “Social entrepreneurship” as well as “social economy” are used interchangeably and often unclear to many. That leads to the situation of vagueness or confusion of the social entrepreneurship domain (Borzaga, 2004; Kickul, 2016; Dacin & Tracey, 2011; Ridley-Duff & Bull, 2015). In European countries often, the social economy is an inclusive term used for an organisation that is involved in third sector activities (Borzaga, 2004).

Although the idea of social development is not new and always exiting in the society, however, there is definitional differences and undefined specific legal structure for on social entrepreneurship. Surely, social entrepreneurship is a rapidly emerging sector. In between this vagueness and confusion, there is a growing pressure, where organisations are expected to create a self-sustainable social enterprise. Various institutions are promoting and recognising the idea of social entrepreneurship, they are branding social enterprise as an ethical organisation, and social entrepreneur is an impeccable ethical leader who solves social as well as economic problems. The idea of a social entrepreneur as a hero who possesses flawless qualities are not very realistic. Social entrepreneurs work towards solving social problems and like any other business person or conventional entrepreneur work in a competitive and difficult economic environment where their actions and decision demand more ethical sensitivity. So far limited study was conducted to understand the ethical dimension of social entrepreneurship and often lacks empirical evidence (Bull et al., 2008; 2012; 2018; Zahra et al., 2009; Dey & Steyaert 2016; Chell et al., 2016).

To bridge this gap, this thesis assimilates knowledge from the literature on social entrepreneurship and carried out a qualitative study followed by interpretative phenomenology to understand the ethics of social entrepreneurship. Thesis study various aspects such as motivation and ethical dimension of social entrepreneurship. Chapter one
was concerned to provide an overall introductory idea about the study and defining objectives and research questions. Chapter two has explored available literature related to conceptual clarification of the concept of social entrepreneurship, followed by a theoretical understanding of various motivation theories. Motivation theories provided an idea, how a person motivated to start a social enterprise. Thereafter we explored theories of ethics. In this section, we covered the ethical paradigm and business ethics and decision making in entrepreneurship. In chapter five, we provided research methods used in this study. Chapter six and seven provides data analysis and findings of the study.

The study shows that social entrepreneurship follows a series of motivations, beginning from socio-contextual factors, which can be called as influencer or trigger point for social entrepreneurship. The thesis has explored various motivation theories specific to motivation in social entrepreneurship. We found that social entrepreneurship is a complex phenomenon, and it follows a motivational process that combines various motivations. Our study has explored the process of social entrepreneurship motivation. In this, social entrepreneur goes through four stages of motivational process, at first stage idea for starting social enterprise gets ignited, in the second stage social entrepreneurs combine his emotional antecedents strengthen his desire for social mission activity, which further combines with the third stage that is related with motivation to start, where social entrepreneur influenced by self-oriented and other-oriented motivation or need to start the social enterprise. Self-oriented is associated with the intrinsic or extrinsic motivation that relates the characteristics such as autonomy, relatedness, competence, social recognition, or self-employment, while, other-oriented motivation such as reciprocity, and social responsibility starts the social enterprise. These interests enable social entrepreneurs to take the decision to begin ventures. The fourth stage is related to the social entrepreneur’s need motivation for taking forward the social mission.

Our study explored the ethics of social entrepreneurship. It is found that social entrepreneur, like any other entrepreneur or non-entrepreneur, also faces ethical issues and dilemma. The thesis has explored six areas where a social entrepreneur may face ethical issues. These areas are related to defining legal structure, managing human resources, finding financial sustainability, transparency, and accountability, managing partnership and mission
drift. Furthermore, the study also explores complex dilemma that demands ethical sensitivity. These ethical issues are common in third sector organisation; however, the domain of social enterprise is new within third sector organisations, and until now, no attempt was made to explore this field. Therefore, this study is significant in this field. The empirical study is purely based on a phenomenological study that seeks to understand the matter by examining real-life issues. The study was conducted among Portuguese social entrepreneurs. The study has contributed to the scientific knowledge of academia by presenting new models of social entrepreneurship motivation process, types of ethical issues and ethical dilemma in social entrepreneurship. The study has thoroughly assimilated the existing literature and discussion presented in the study and contributed based on the findings. In the next section, the study presents limitation and suggestions for future research is presented.

7.2. Limitations of the research and areas for further study

The field of social entrepreneurship research is largely undiscovered. Within this, the ethics of social entrepreneurship is still emerging. This study involves extensive qualitative investigation in the field of social entrepreneurship. It has started to fill this gap by firstly analysing the concept of social entrepreneurship and exploring the motivation for social entrepreneurship, ethical issues, and ethical dilemma.

Like any investigation, this study is not free from limitation. The study is limited by the geographical boundary. Sample size collected for this field is limited to small or medium size social enterprise as represented by Zahra et al. (2009) as social bricoleur and social constructionist. Although the motivation to start social enterprise may have similar context among other social entrepreneurs, however, ethical issues and dilemma identified here are limited to specific type or size of social enterprise. A social enterprise with big social impact and covering distant geographical area may face different ethical issues. Since most social enterprises participated in this study are semi-independent and receive grants from different funding bodies. Perhaps, study-related with the complete self-sustainable social enterprise may have different issues.
A qualitative study by applying phenomenology is very appropriate to understand the social entrepreneur’s life experience. This study, in a broader sense, is right and contribute to the scientific body for future direction two areas that need attention. Since, new names and business models are still emerging and getting the tag of social enterprise, in the same time legal structure for the formation of social enterprise differs country wise, so, it is important to revisit and define the meaning of social entrepreneurship. Second, since the present empirical study confirms that ethical issues exist in a social entrepreneurial organisation, it would be important to know how social entrepreneurs make an ethical decision? Since ethics is a concept that differs in different cultures and society. Next study can also be done in a different geographical area to understand if these issues also exist in other places. Since, contemporary practices of social enterprise resemblances with their for-profit counterparts, a comparative study may highlight some significant differences.
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Appendixes
Appendix 1. Interview Sheet

Question Guidelines for Interview

Part 1: Biographical details

Name of Organisation............................
Address........................................
Date of beginning..................................
Main Area/ activity of Organisation................

Name of the Interviewee....................... 
Role (Founder/ Co-Founder/ Manager) ...........
Age: ................
Place of birth (Country): ....................

Family Background
Father’s occupation: ......................... Mother’s occupation: ............
Education.................................
Part 2
Semi-Structured Interview questions

- Can you describe me about your organisation’s objective, mission and activities (What do you do)? Who are your stakeholders?
- Do you regard any aspect of the firm's operation as novel, innovative and sustainable? (Unique Idea, new product, new market, new technique, new organisation)
- Can you please describe me about yourself? What is your role in this organisation? What you were doing before joining this organisation?
- Can you describe me the story, whose idea was this and how this idea to start the social business came in your mind and Why you chosen this to do?
- Can you describe me how your family (Wife, Husband) and parents supported you in starting your social business? Can you please tell me what do they do? If any of your family member are employed or legal member in the organisation?
- Can you describe something about decision making in your organisation? How company choose its cause or how decision is made in the organisation? Does it happen at higher level or you take all decision independently?
- Can you describe what are the difficulties or challenges you are facing? how you are able to run a not for profit business? Can you tell me how is your business going?
- What is your opinion about current financial situation in the organisation? Do you think you have sufficient fund for the projects/business? If no how are you planning to solve this issue?
- Do you have any conditions where you decide with whom you want to receive fund?
- Can you describe me any incident where you took some decision within the organisation and later realise that it was not right? What you did in that situation?
- Can you describe some ethical issues you are facing or faced in the organisation?
- Can you share any story or incident related with ethical dilemmas you are facing or faced in the organisation?
➢ It is said that a person has to lie or cheat sometimes in order to succeed. What is your opinion? Do you think that sometime it is ok to lie if it is not too big or harming others?

➢ Have you ever taken workshop or organised any training on ethics? Free or paid? Was it worth? Would you like to take or organise any training or workshop on ethics in near future?

➢ Do you think that training on ethics is worth? Would it improve the ethical decisions of entrepreneurs or employees?

➢ Do you have ethical Code of Conduct in your organisation? Why did you need the code? Have you thought about having one?

➢ Can you remember an event where you were in ethical dilemma to choose one out of two or more options (i.e. Choosing between partnership, Funding agencies, recruitment, or any other decision) Can you describe me the situation? What was the dilemma? Why did you think it was an ethical dilemma? How did you handle the situation?

➢ Can you describe me what effect did it (facing a dilemma) have on you?

➢ Have you ever faced any situation where someone asked you for cunha (for job or for some favor)?

➢ Can you tell me something about employee and volunteer in your organisation? Are they reimbursed? Who decide about the employee recruitment and salaries issue?

➢ Do you have partners or collaborator in organization? Or are you wishing to collaborate with any one? Can you describe what are the custom or condition you follow before partnership? (Spence & Rutherford, 2001)

➢ How do you balance family and business altogether? Was this starting a business was a challenge for family?

➢ At the present time, what is your greatest need? (Spence & Rutherford, 2001).

➢ What is your opinion about the corruption and ethical environment in business and society in Portugal? How do you see what the challenges for social enterprise in are these environments?

➢ What is your future plan? Can you tell me where you'll be after 4-5 years from now?
Appendix 2. Letter of Invitation

June 14, 2016

To whom it may concern:

This is to inform that Mr. Raju Ranjan Kumar Paswan is a full-time PhD candidate in business and management at Faculty of Economics, University of Porto, Portugal. As a part of his PhD Investigation title: “The Ethics of Social Entrepreneurship: Is Social business up to the Challenge” he will be contacting you for the Interview. We kindly ask you to co-operate with his ongoing investigation and thank you in advance.

Supervisors,
Professor Carlos Cabral Cardoso
PhD Director,
Business and Management
Faculty of Economics
University of Porto, Portugal

[Signature]
Professor Teresa Proença
Faculty of Economics
University of Porto,
Portugal
Appendix 3. Letter of Consent

Statement of consent

By signing below, you are indicating that you

- Agree to participate into the PhD project to study *The Ethics of Social Entrepreneurship: Is Social business up to the Challenge* by Raju Ranjan Kumar Paswan
- Have read and understood the information document regarding this project
- Understand that the project will include audio recording and note taking

Name:
Signature:
Date: