



## An Empirical Model of Motivation for Social Entrepreneurship

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### Abstract

This paper responds to calls for more empirical research in social entrepreneurship (SE) and aims to empirically establish the role of intrinsic, extrinsic, and complex motivations, alongside employment status and the existence of start-up capital on motivation for SE. A quantitative methodology is employed, using multiple linear regressions (MLR). Six hypotheses are tested and the results reported show that all variables have a positive effect on SE. For the first time, this study tested the “complex motivation” which has a positive impact on SE up to the level that intrinsic and extrinsic motivation, become non-significant.

**Keywords:** intrinsic; extrinsic; common motivation; start-up capital; employment status; social entrepreneurship.

**JEL classification:** A14; E02; E03; E61; M14; O31; O52; P52.

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### 1. INTRODUCTION

Literature reveals that there is a called for SE scholars for using more empirical methods and larger data samples (Antonioli *et al.*, 2016; Sassmannshausen and Volkmann, 2018) to offer hard evidence in supporting existing SE theories. Previous research in SE substantiate a significant advance (Austin *et al.*, 2006; Zahra *et al.*, 2009) but little progress has been made in settling various views existing in motivation theory for SE (Carsrud and Brannback, 2011; Amit and Muller, 1995; Cerasoli *et al.*, 2014; Antonioli *et al.*, 2016). This empirical study responds to this call pushes the boundaries of SE conceptualization by testing various theories and views from different schools of thought.

The most common motivation discourses are postulated by Ryan and Deci (2000) of extrinsic and intrinsic motivation. This study pushes the boundaries of motivations for SE further and states that motivation for SE implies a mix of intrinsic, extrinsic, and complex motivational factors (Austin *et al.*, 2006; Antonioli *et al.*, 2016), along with employment status and the existence of start-up capital. The common views in SE motivation emphasise

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that commercial entrepreneurs are primarily motivated by an extrinsic factor (maximizing profit); meanwhile, social entrepreneurs are motivated by intrinsic motivation or social values creation (Austin *et al.*, 2006). Similar views are also adopted by Martin and Osberg (2007) which specifically acknowledge that social entrepreneurs may be motivated less by extrinsic factors (money) and more by intrinsic motivations (community wellbeing and philanthropy). These motivational factors, individually are well documented but their reciprocal influence and role on the social entrepreneurial process were never been empirically tested.

This is a consequence of the lack of a generally accepted definition of SE. Seem that, OECD/European Union (2013) SE definition may synthesize the current definitions in used as: “any private activity conducted in the public interest, organised with an entrepreneurial strategy, but whose main purpose is not the maximisation of profit but the attainment of certain economic and social goals, and which has the capacity for bringing innovative solutions to the problems of social exclusion and unemployment” and guides this study. This paper aims to add originality and value to this study by filling in the existing gap in the literature, answering the following research question:

*(RQ) - Which factors determine an individual's motivations for social entrepreneurship?*

This paper provides also a useful framework for further empirical research of SE motivations and may have a practical implication on individuals considering SE as an occupational choice.

## 2. LITERATURE REVIEW AND HYPOTHESIS DEVELOPMENT

Several researchers argue that social entrepreneurs differ from commercial entrepreneurs due to their specific mission (Anderson, 1998; Austin *et al.*, 2006; Martin and Osberg, 2007; Antonioli *et al.*, 2016) which affect the way they perceive and assess business opportunities. As stated by Dees (2008) this is the “key dimension” in the conceptualisation of SE.

Social value creation is understood as an action that helps people satisfy “urgent and reasonable needs that are not satisfied by any other means” (Tran and Von Korflesch, 2016, p. 18). However, social value creation is strongly embedded in individuals’ entrepreneurial intention, which is an important first step towards a comprehensive theory of SE (Mair and Noboa, 2006). Creation of a social venture is the outcome of an individual’s intentions to act entrepreneurially, fulfilling unmet social needs (Fayolle and Liñán, 2014), which is determined by a mix of motivations that constitute this study independent variables (Gartner, 1985; Haugh, 2005; Kuratko *et al.*, 1997). The current study focuses on the following independent variables that may play an important role in social venture creation: intrinsic, extrinsic, and complex motivations, and the two contextual variables of employment status and start-up capital.

### *Extrinsic Motivations*

Social entrepreneurs act on economic opportunities, driven by extrinsic motivation, and use strategies and methods characteristic of commercial entrepreneurs to achieve their social objective (Lehner and Kansikas, 2011). They are required to use creative economic approaches to sustain their social mission. Extrinsic motivation, *per se*, appears to be less important to social entrepreneurs’ intention, playing only a supporting function for their social mission, as stated by several researchers (Krueger *et al.*, 2000; Mair and Marti, 2004, 2006; Mair and Noboa, 2006). These prior judgments argue for testing the following hypothesis:

*H1: Extrinsic motivations have an influence on social entrepreneurship intentions.*

### ***Intrinsic Motivations***

Intrinsic motivation that drives social entrepreneurs is activated by personal affective feelings, as described by [Ryan and Deci \(2000, p. 55\)](#) that are oriented towards social welfare ([McClelland, 1961](#); [Amit and Zott, 2001](#); [A. J. Germak and Robinson, 2013](#)). These entrepreneurs are confronted with similar problems to commercial entrepreneurs during venture creation ([Sharir and Lerner, 2006](#)); but they are differentiated by the fact that they identify a social need as a business opportunity ([Johnson, 2003](#); [Haugh, 2005](#); [Ivanescu et al., 2013](#)). In this context, utility maximisation holds lower importance, up to the level of creating a sustainable venture ([Christopoulos and Vogl, 2015](#)). The above information led to the following hypothesis for testing:

*H2: Intrinsic motivations have an influence on social entrepreneurship intentions.*

### ***Intrinsic and extrinsic motivations reciprocal effect***

To conceptualize intrinsic and extrinsic motivations reciprocal effect, [Ryan and Deci \(2000\)](#) develop the Self Determination Theory (SDT) and established a behavioral continuum, ranging from non-self-determination to self-determination. In this light, this research suggests that individuals' entrepreneurial intentionality is determined by self-efficacy, understood as a person's belief that he/she is capable of performing the entrepreneurial task. This belief influences the development of entrepreneurial intentions. The SDT model of motivations suggests a possible inverse relationship between intrinsic and extrinsic motivation during performing a task, as expressed in crowding theory. This argument advances the following hypothesis for testing.

*H3: There is an inverse relationship between the intrinsic and extrinsic motivations for social venture creation.*

### ***Complex Motivations***

Conceptualisation of social entrepreneurs' complex motivation is vague, as research in this area is scarce. Only a few researchers have mentioned that there may be some other motivations that affect social entrepreneurial intention. [Austin et al. \(2006\)](#) questioned whether 'social and commercial entrepreneurship [are the] same, different, or both' (2006, p. 1), and opened a discussion on this topic by concluding that they have many commonalities. Over time, it seems that this view has gained some weight in management discourses, with other researchers sharing similar views, without specifically naming them ([Haugh, 2005](#); [Nicholls, 2006](#); [Bacq et al., 2011](#), [Kroeger and Weber, 2015](#)). The current study fills this gap by closely analysing the complex motivation role in social entrepreneurial intention during new venture creation. These limitations led to the following hypothesis:

*H4: In the presence of complex motivations in the model, both intrinsic and extrinsic motivations have a non-significant influence on social entrepreneurship intentions.*

### ***Employment Status***

Thus far, the influence of employment status on venture creation has remained unsettled. The management school of thought considers employment status as a contextual factor that may have a significant role in social venture creation and sustainable development ([Nash, 2016](#)). The predominant view of employment status in SE is related to self-employment as an occupational choice, and an alternative to unemployment or wage choice, based on economic,

sociological and psychological variables (Krueger, 2009, Kolvereid, 2016). Based on this view, the following hypothesis is proposed:

*H5: Employment status has an influence on social entrepreneurship intentions.*

### ***Existence of Start-up Capital***

Several scholars view the existence of start-up capital as increasing the ‘entrepreneurial potential of potential entrepreneurs’, and playing a significant role in new social venture creation (Krueger and Brazeal, 1994; Thompson *et al.*, 2000; Verheul and Thurik, 2001; Krugman *et al.*, 2012). The literature provides evidence that the existence of start-up capital eliminates significant psychological and economic barriers to becoming a social entrepreneur (Deaton, 1991; Dunn and Holtz-Eakin, 2000). The above views on SE intention lead to the emerging hypothesis, answering the research question.

*H6: Start-up capital has an influence on social entrepreneurship intentions.*

A summary of the empirical studies linking motivation to SE intention is presented in Table no. 1.

**Table no. 1 – Summary of Studies Linking Individual’s Motivations to SE Intention**

<b>Studies</b>	<b>Extrinsic Motivation</b>
Ryan and Deci (2000); Ruskin and Webster (2011)	Money and other material rewards
Amit and Muller (1995); Antonioli <i>et al.</i> (2016)	Push and pull (necessity) entrepreneurs
Jayawarna <i>et al.</i> (2011)	Profit, bonuses and supplementing income
Carsrud and Brannback (2011)	Priority of the social outcome. Influence is not unidirectional
Ruskin and Webster (2011); Antonioli <i>et al.</i> (2016)	Priority of the social outcome
<b>Studies</b>	<b>Intrinsic Motivations</b>
Ryan and Deci (2000); Mair and Noboa (2006); Ruskin and Webster (2011)	Emotional (happiness, frustration, pleasure, satisfaction, reputation, prestige)
Ruskin and Webster (2011)	Autonomy, competence, relatedness, achievement
Antonioli <i>et al.</i> (2016); Paswan <i>et al.</i> (2017); A. J. Germak and Robinson (2013); Locke and Baum (2007)	Interest, reciprocity, self-determination, need for achievement
Ruskin and Webster (2011); Jordaan (2014); Antonioli <i>et al.</i> (2016)	Commitment to the community (obligation, social justice, belonging to the community)
<b>Studies</b>	<b>Extrinsic v. Intrinsic</b>
Ryan and Deci (2000); Carsrud and Brannback (2011)	Both apply to entrepreneurship
Ryan and Deci (2000); Amit and Muller (1995); Antonioli <i>et al.</i> (2016); Hallam <i>et al.</i> (2016)	Inverse relationship; exclusive effect
Mair and Marti (2006); Haugh (2005); Ruskin and Webster (2011)	Complementary; simultaneity effect
Dysvik and Kuvaas (2011); Boluk and Mottiar (2014)	Moderating effect
<b>Studies</b>	<b>Complex Motivation</b>
Gorgievski <i>et al.</i> (2011)	Personal and business-related motivations
Jayawarna <i>et al.</i> (2011)	Achievement, independence, power, status and role-model
Austin <i>et al.</i> (2006)	Contextual factors, analogous in many ways
Boluk and Mottiar (2014); Andrew J. Germak and Robinson (2014)	Acknowledging the existence of complex/common motivations

Studies	Employment Status
Evans and Jovanovic (1989); Blanchflower and Meyer (1994); Parker (2009); Gawel (2010)	Increase self-employment
Evans and Leighton (1989); Coleman (2016); Nash (2016)	Increase entrepreneurial activities
Yamawaki (1990)	Reduce entrepreneurial activity
Amit and Muller (1995); Antonioli <i>et al.</i> (2016)	Push and pull (necessity) entrepreneurs

Studies	Start-up Capital
Evans and Leighton (1989); Fairlie (1999); Gentry and Hubbard (2000); Hurst and Lusardi (2004)	Opposite relationship
Verheul and Thurik (2001); Geroski <i>et al.</i> (2010); Krugman <i>et al.</i> (2012)	Valuable, rare, inimitable and non-substitutable
Cunneen and Mankelov (2010)	A significant role in new venture creation
Kuratko and Hodgetts (1998); Kolvereid (2016)	Competitive parity, competitive advantage
	Venture's growth and success, common sense, survival
Gentry and Hubbard (2000); Hurst and Lusardi (2004); Gartner <i>et al.</i> (2012); Ranyard and Ferreira (2017)	Is an essential factor for entrepreneurial entry and following processes

*Source: Developed for this research*

The hypotheses developed above will be tested to be confirmed or rejected as presented in the coming section.

### 3. METHODOLOGY

This paper investigates multiple variables that are believed to affect the SE process, by using a quantitative method. As stated by several researchers (Creswell, 2009; Sassmannshausen and Volkmann, 2018) a quantitative method is recommended in the investigation of cognitive and attitude questions as used in this study (Baron, 2000; Urban and Wood, 2015).

This study adopted Hinkle *et al.* (2002) view that the research sample size depends on the research objectives and methodology employed. In the case of this study, the multiple linear regression (MLR) technique meets the requirements of this study as examine multiple independent variables and a single dependent variable (Coakes, 2013). The sample size, 143 participants, as documented by Maxwell (2000, p. 435) needs to be sufficiently large to obtain a reasonable prediction equation to test the statistical significance of the multiple correlation coefficients. The minimum number of cases required is at least five times more cases than independent variables, with a preferred ratio of 10 to 20 times the cases reported to the number of independent variables (Hair *et al.*, 2014). The ratio of cases to independent variables in the case of this study is as follows: the number of cases ( $n = 143$ ) divided to five independent variables equals 28.6. The sample size used in this study exceeds the requirements of a minimum sample size.

The target population of this research is a group of established social entrepreneurs from Romania, which were randomly contacted using the database of the Ministry of Labour, Family and Social Protection, the Institute of Social Economy (ISE), and the regional Chamber of Commerce, covering all administrative regions. Data collected have been aggregated into a national database, embedding any potential geographical differences, and provides a comprehensive sample of the social enterprises in Romania.

Participants' profile satisfies the following criteria:

- The research participants' age distribution covered all groups between 20 and 60 plus, with the majority falling into the age range of 30 to 50.
- The majority of the participants held a university degree, which ensured a good understanding of the political, social, and economic environment, leading to an informed entrepreneurial decision.
- Very few participants had a family tradition of entrepreneurship.

The research instrument used in this research is inspired by Alderfer's (1967, 1969) theory of needs, using the following concept: the importance of (social) needs and intention to fix these needs.; The instrument was enhanced by Cohen *et al.* (2003) recommendations regarding the relationship between facts (social needs) and normative principles (intention for SE). The survey built allowed to orthogonally estimate the effects of each independent variable on the intention to become a social entrepreneur.

The items used in the survey were drawn from prior entrepreneurial motivation research as follows: Sections A and B followed Jayawarna *et al.* (2011) approach in investigating commercial entrepreneurs' motivations, yet adapted to be specifically oriented to SE context. The demographic section, Section C, featured questions that assess the participants' wealth, age, education, and other demographic information.

#### 4. RESEARCH VALIDITY AND RELIABILITY

Validity is understood as the degree to which an indicator measures the variables intended to be assessed (Winter, 2000), while reliability is the accuracy or precision of a measuring instrument (Kerlinger, 1973). Validity is measured as an error variation that takes a specific direction, while reliability measures the random error that yields consistent results (Babbie, 2001). In the case of this study, both approaches were adopted. This study reports the convergent validity and internal consistency or reliability using Cronbach's Alfa test.

##### *Convergent validity*

The convergent validity of multiple-indicator constructs determines the extent to which an item is positively related to the other items of the same construct (Henseler *et al.*, 2014). To establish convergent validity, each of the reflective, multi-item constructs was assessed individually by performing a principal-components factor analysis, featuring varimax rotation (Kaiser normalisation and Mineigen > 1) criterion was conducted as presented in Table no. 2.

Table no. 2 – Construct Factor Loadings

Constructs and their respective Items	Factor Loadings*
<b>Extrinsic motivations</b>	
Having a 'reasonable' salary	.810
Having a 'reasonable' profit	.922
Having extra revenue	.841
<b>Intrinsic motivations</b>	
Contribute to community wellbeing	.729
Concern for a high level of unemployment	.730
Concern for a high level of pollution	.535
Concern for the low level of medical assistance	.704
Concern for community expectations	.702
Concern for community wellbeing—volunteering	.813

Constructs and their respective Items	Factor Loadings*
<b>Complex motivations - dimensions as parcels**</b>	
Complex - community (summated parcel)	.705
Complex - home life (summated parcel)	.691
Complex - work (summated parcel)	.808
<b>Complex motivations - home life</b>	
B3.1 Working from home	.670
B3.2 Balancing family and working time	.799
B3.3 Controlling working time	.855
B3.4 Importance of being your own boss	.787
<b>Complex motivations - community</b>	
B3.7 Need for community recognition	.560
B3.8 Need for community respect	.886
B3.9 Need for reputation in the community	.930
B3.10 Need to be a role model	.837
<b>Complex motivations - work</b>	
B3.5 Need for control	.886
B3.6 Need for leadership	.886

Source: Developed for this research. Notes: \* Final factor loadings reported from principal-components factor analysis using varimax rotation and Mineigen > 1. \*\* A summated parcel is the average of the items from the original dimension.

Testing [Hypothesis 4](#) is on the overall effects of the complex motivation construct (as a whole), the three subdimensions were treated as parcels, with the items summated for each dimension ([Hall et al., 1999](#)). The use of parcels to measure a construct - such as complex motivations in this research - is appropriate if the study's purpose is to understand the construct and its relationships to the other constructs of interest, as it is the case in this study ([Little, 2013](#)). The resulting three summated items (parcels) were then checked for convergent validity for the complex motivations construct using principal-components factor analysis. The preliminary checks were satisfied, and the three summated items loaded strongly and cleanly on the one factor (all loadings > .69, see [Table no. 4](#)). These results suggest that convergent validity is achieved for this construct. In summary, these results indicated a satisfactory convergent validity of the latent constructs used in this research.

#### **Internal Consistency: Reliability**

To measure reliability, this study used Cronbach's Alpha test ([Cronbach and Shavelson, 2004](#); [Bryman and Bell, 2011](#); [Hair et al., 2014](#)), calculating the coefficient  $\alpha$  of reliability that ranges from 0 to 1. Cronbach's Alpha values are reported in [Table no. 3](#). All the Cronbach's Alpha values exceeded the recommended .70 benchmark, thereby suggesting that the scales had a good level of internal consistency (reliability). However, the analysis did reveal that one item 'need for community recognition' - factor loadings (.559) and the factor loading for the 'concern for a high level of pollution' (.535) had the lowest loading. Dropping these items would improve each construct's reliability slightly; therefore, both items were retained for theoretical purposes, to explain the motivation construct's various social and psychological aspects and feature a greater sampling of the theoretical domain of interest in this study ([Churchill, 1979](#)).

**Table no. 3 – Internal Consistency – Cronbach’s Alpha**

Construct	Cronbach’s Alpha ( $\alpha$ )	Number of Items
Intrinsic motivation	.795	6
Extrinsic motivation	.820	3
Complex motivation	.787	10
Complex—community	.815	4
Complex—home life	.771	4
Complex—work	.725	2

*Source:* Developed for this research.

Some researchers have argued that Cronbach’s Alpha test has numerous limitations. To compensate for the shortcomings of the Cronbach’s Alpha test, this research also used Composite Reliability (CR) to assess the reliability of the multi-item scales. CR combines all true score variance and covariance values into a composite of the indicator variables related to the constructs. For exploratory research, CR values of 0.60 to 0.70, meanwhile values ranging from 0.70 to 0.90 are considered satisfactory. The CR analysis is calculated in Microsoft Excel based on the factor loadings of each item (Table no. 2). The CR scores are reported in Table no. 4 and are .78 or greater for the constructs, thereby suggesting good reliability.

**Table no. 4 – Internal Consistency – CR**

Construct	CR	Number of Items
Intrinsic motivation	.936	6
Extrinsic motivation	.894	3
Complex motivation—overall*	.780	3
Complex-community	.885	4
Complex-home life	.861	4
Complex-work	.880	2

*Note:* \* uses the three parcels as items.

*Source:* Developed for this research.

The CR analysis also suggested that dropping the two identified items of ‘need for community recognition’ and ‘concern for a high level of pollution’ would produce only a very small increase in the CR scores; thus, the items were retained for further analysis.

## 5. TESTING THE RESEARCH HYPOTHESES

The hierarchical regression results are presented in Table no. 5, which displays the strength, valence, and significance of the independent variables when regressed on the dependent variable. Three models (steps) were used in the hierarchical regression analysis to address the hypotheses. Model 1 featured extrinsic and intrinsic motivations, addressing Hypotheses 1, 2 and 3. Model 2 added complex motivation to the analysis, addressing Hypothesis 4. Finally, Model 3 added employment status and start-up capital to the analysis, addressing Hypotheses 5 and 6.



**Table no. 5 – Hierarchical Regression Results**

Coefficients <sup>a</sup>								
Model	R <sup>2</sup>	Unstandardised Coefficients		Standardised Coefficients	t	Sig.	Collinearity Statistics	
		B	Std Error	Beta			Tolerance	VIF
1 (Constant)		3.115	.411		7.577	.000		
Extrinsic motivation	.067	.193	.067	<b>.244</b>	2.855	<b>.005</b>	.923	1.083
Intrinsic motivation		.170	.082	<b>.177</b>	2.077	<b>.040</b>	.923	1.083
2 (Constant)		2.223	.448		4.964	.000		
Extrinsic motivation		.026	.076	<b>.032</b>	.337	.736	.653	1.532
Intrinsic motivation	.166	-.007	.089	<b>-.007</b>	-.076	.939	.702	1.425
Complex motivation		.555	.137	<b>.395</b>	4.056	<b>.000</b>	.636	1.572
3 (Constant)		2.080	.446		4.663	.000		
Extrinsic motivation		.007	.075	<b>.009</b>	.096	.924	.637	1.569
Intrinsic motivation		.072	.089	<b>.075</b>	.807	.421	.653	1.533
Complex motivation	.229	.431	.138	<b>.307</b>	3.120	<b>.002</b>	.586	1.705
Employment status		.297	.142	<b>.171</b>	2.088	<b>.039</b>	.845	1.184
Start-up capital		.180	.063	<b>.225</b>	2.854	<b>.005</b>	.916	1.091

Source: Developed for this research. <sup>a</sup> Dependent variable: the intention of being successful.

The standardised beta ( $\beta$ ) coefficient is reported to accommodate the differences in scale in how the variables were measured. Based on these results, the research hypotheses were tested.

### 5.1 Testing Hypothesis 1

Hypothesis 1 was articulated as follows:

*H1: Extrinsic motivations have an influence on social entrepreneurship intentions.*

The regression results in Model 1 (Table no. 5) were used to test Hypothesis 1. A positive influence was found between extrinsic motivations ( $\beta = .244$ ,  $p = .005$ ) and social entrepreneurship intentions. Therefore, Hypothesis 1 is supported.

### 5.2 Testing Hypothesis 2

Hypothesis 2 was articulated as follows:

*H2: Intrinsic motivations have an influence on social entrepreneurship intentions.*

The regression results in Model 1 (Table no. 5) were used to test Hypothesis 2. A positive relationship was found between intrinsic motivations ( $\beta = .177$ ,  $p = .040$ ) and social entrepreneurial intention. Therefore, Hypothesis 2 was supported.

### 5.3 Testing Hypothesis 3

Hypothesis 3 was articulated as follows:

*H3: There is an inverse relationship between intrinsic and extrinsic motivations for social venture creation.*

Hypothesis 3 tested whether there was an inverse relationship between intrinsic and extrinsic motivations in the context of social venture creation. The correlation measures used to test Hypothesis 3 were drawn from the construct correlation matrix presented in [Table no. 5](#). A significant, inverse relationship was found between intrinsic and extrinsic motivations ( $r = -.277, p < .001$ ). Therefore, Hypothesis 3 was supported.

#### 5.4 Testing Hypothesis 4

Hypothesis 4 was articulated as follows:

*H4: In the presence of complex motivations in the model, both intrinsic and extrinsic motivations have a non-significant influence on social entrepreneurship intentions.*

Hypothesis 4 tested whether there was an effect of complex motivations on extrinsic and intrinsic motivations during the formation of social entrepreneurship intentions. The results in Model 2 ([Table no. 5](#)) were used to evaluate Hypothesis 4. A significant, positive relationship was found between complex motivations and social entrepreneurship intentions ( $\beta = .395, p = .000$ ). The results for Model 2 also indicated that both intrinsic motivations ( $\beta = -.007, p = .939$ ) and extrinsic motivations ( $\beta = .032, p = .337$ ) had non-significant effects on social entrepreneurship intention with complex motivations in the model. Therefore, Hypothesis 4 was supported.

#### 5.5 Testing Hypothesis 5

Hypothesis 5 was articulated as follows:

*H5: Employment status has an influence on social entrepreneurship intentions.*

The results in Model 3 ([Table no. 5](#)) were used to evaluate Hypothesis 5. Employment status was found to have a positive and significant influence on intentions for social entrepreneurship ( $\beta = .171, p = .039$ ). Therefore, Hypothesis 5 is supported.

#### 5.6 Testing Hypothesis 6

Hypothesis 6 was articulated as follows:

*H6: Start-up capital has an influence on social entrepreneurship intentions.*

The results for evaluating Hypothesis 6 were taken from Model 3 in [Table no. 5](#). Start-up capital was found to have a positive and significant influence on intentions for social entrepreneurship ( $\beta = .225, p = .005$ ). Therefore, Hypothesis 6 is supported.

### 6. FURTHER ANALYSIS

The analysis related to [Hypothesis 4](#) established the significant influence of the overall complex motivations construct on individuals' intentions to become a social entrepreneur, while both the extrinsic and extrinsic motivations became non-significant with complex motivations in the model. These results raised the question of how this relationship might differ when complex motivations were deconstructed into their three underlying dimensions (parcels). In

other words, how might these complex motivation dimensions separately influence an individual's intentions for social venture creation? To answer this question, an additional hierarchical regression analysis was performed, with the three complex motivation dimensions introduced as independent variables in the second stage. The preliminary checks suggested that the regression assumptions were satisfied. The model summary results are presented in [Table no. 6](#) and the influence of the complex motivation dimensions is presented in [Table no. 7](#).

**Table no. 6 – Model Summary – Complex Motivation Dimensions**

Model Summary									
Model	R	R Square	Adjusted R Square	Std Error of the Estimate	Change Statistics				
					R Square Change	F Change	df1	df2	Sig. F Change
1	.258 <sup>a</sup>	.067	.053	.807	.067	4.971	2	139	.008
2	.456 <sup>b</sup>	.208	.178	.752	.141	8.059	3	136	.000
3	.505 <sup>c</sup>	.255	.216	.734	.047	4.225	2	134	.017

*Note:* <sup>a</sup> Predictors: (constant), intrinsic motivation, extrinsic motivation. <sup>b</sup> Predictors: (constant), intrinsic motivation, extrinsic motivation, complex-community, complex-home life, complex-work. <sup>c</sup> Predictors: (constant), intrinsic motivation, extrinsic motivation, complex-community, complex-home life, complex-work, start-up capital, employment status.

Complex motivations deconstruction is presented in [Table no. 7](#).

**Table no. 7 – Hierarchical Regression Results—Complex Motivation Dimensions**

Coefficients <sup>a</sup>								
Model	Unstandardised Coefficients			Standardised Coefficients	t	Sig.	Collinearity Statistics	
	R <sup>2</sup>	B	Std Error	Beta			Tolerance	VIF
1 (Constant)		3.115	.411		7.577	.000		
Extrinsic motivation	.067	.193	.067	.244	2.855	.005	.923	1.083
Intrinsic motivation		.170	.082	.177	2.077	.040	.923	1.083
2 (Constant)		2.149	.449		4.790	.000		
Extrinsic motivation	.208	.035	.076	.044	.460	.646	.632	1.583
Intrinsic motivation		.000	.091	.000	.000	1.000	.647	1.546
Complex-community		.246	.097	.240	2.534	.012	.651	1.535
Complex-home life		.026	.096	.024	.268	.789	.736	1.359
Complex-work		.271	.088	.279	3.093	.002	.715	1.399
3 (Constant)		2.090	.451		4.636	.000		
Extrinsic motivation	.255	.015	.075	.019	.205	.838	.620	1.612
Intrinsic motivation		.063	.092	.066	.690	.491	.608	1.645
Complex-community		.210	.096	.204	2.188	.030	.637	1.569
Complex-home life		.012	.095	.012	.130	.897	.707	1.415
Complex-work		.210	.089	.216	2.370	.019	.669	1.494
Employment status		.303	.142	.174	2.139	.034	.836	1.196
Start-up capital		.144	.065	.180	2.232	.027	.856	1.169

*Note:* <sup>a</sup> Dependent variable: the intention of being a successful entrepreneur.

*Source:* Developed for this research.

Deconstructing the complex motivations construct into its three underlying dimensions improved the explanatory power of the regression model by 11.4%, from  $R^2 = .229$  to  $R^2 = .255$ , although this was with a trade-off in increased model complexity (in terms of the number of variables). More interesting was the improved granular detail regarding the complex motivations through the decomposition of their underlying dimensions into independent variables.

The ‘complex - community’ motivation encompassed the community concern aspects and was found to have a significant positive influence on social entrepreneurial intentions in Model 2 ( $\beta = .240, p = .012$ ). This influence did not change much in Model 3 with the introduction of employment status and start-up capital ( $\beta = .204, p = .03$ ).

The ‘complex - home life’ motivation encompassed ‘working from home’ and other personal fulfilment aspects. However, this dimension was not found to have a significant influence on social entrepreneurial intentions in Model 2 ( $\beta = .024, p = .789$ ). This influence did not change much in Model 3 with the introduction of employment status and start-up capital ( $\beta = .012, p = .897$ ).

The ‘complex - work’ motivation encompassed the work/business-related aspects and was found to have a significant positive influence on social entrepreneurial intentions in Model 2 ( $\beta = .279, p = .002$ ). This influence did not change much in Model 3 with the introduction of employment status and start-up capital ( $\beta = .216, p = .019$ ). Finally, employment status ( $\beta = .174, p = .034$ ) and start-up capital ( $\beta = .180, p = .027$ ) both had significant influences, although the magnitude of the effects for both variables was not much different from when the overall complex motivations construct was included in the model.

## 7. DISCUSSION AND INTERPRETATION OF HYPOTHESES TESTS

This study aimed to identify the influence of different motivations for SE, thereby establishing the role of the intrinsic, extrinsic, and complex motivations, employment status, and the existence of the start-up capital of social entrepreneurs.

### 7.1 Discussion and interpretation of findings for Hypothesis 1 (H1)

In the case of **H1** this study indicated that extrinsic motivations have a positive influence on SE intentions, which means that, with an increasing extrinsic motivation level ( $\beta = .244, p = .005$ ), the intention to engage in SE will also increase. These findings are consistent with previous studies in the field ([Table no. 1](#)), which have demonstrated a positive relationship between extrinsic motivations and intentions for SE. H1 demonstrate that monetary or material rewards are the higher order of extrinsic motivations ([Locke and Baum, 2007](#); [Besley and Ghatak, 2013](#)), that also aligns with the Self Determination Theory ([Ryan and Deci, 2000](#)).

In the case of **H1**, extrinsic motivations were operationalised, with the following items deemed important by the research participants. The cumulative values of the ‘agree’ and ‘strongly agree’ responses were as follows: ‘achieving a reasonable profit’ = 76% (Q-B1.1), ‘wages’ = 55% (Q-B1.2) and ‘bonuses’ = 76%, Section 1 (B1.1 -B1.3) of the research questionnaire. All variables were measured using a five-point Likert scale.

In summary, the **H1** test results identified a significant positive influence of extrinsic motivations on the participants’ intentions for SE, expressed particularly by the monetary rewards that were considered important when performing their social missions. This finding extends prior knowledge in the field of SE.

## 7.2 Discussion and interpretation of findings for Hypothesis 2 (H2)

In the case of H2, the findings of this study showed that intrinsic motivations have a positive influence on SE intentions. This means that, with increasing intrinsic motivation levels ( $\beta = .177$ ,  $p = .004$ ), the intention to engage in SE will also increase. Intrinsic motivations were operationalised as a sense of obligation, such as social justice, compassion, and belonging to the community, alongside emotions such as satisfaction, reputation, and prestige. These predictors were identified in instrument Section 2 (Q - B2.1 to B2.6) of the research questionnaire and indicate that the participants were concerned about community welfare (56%), unemployment (57%), medical services (34%), the environment (27%), community expectations (36%) and volunteering (48%).

These findings indicate that intrinsic motivations play a significant role in explaining why individuals will engage in social ventures, despite no prospect for financial rewards (Mair and Noboa, 2006; Locke and Baum, 2007; Paswan *et al.*, 2017). This finding supports several researchers' view that intrinsic motivations for SE, expressed by the desire to create social value, appear to be the primary motivation for social entrepreneurs (Table no. 1).

The findings indicate that community welfare and social issues (unemployment and medical services) were two of the most important intrinsic motivational factors for individuals' intentions for SE. These social issues trigger compassion, which is the strongest of the intrinsic motivations (Miller *et al.*, 2012; Hockert, 2017). Environmental issues were considered to be less important than the other intrinsic motivations as are well covered by legislation and, therefore, considered to be 'under control'.

These findings are somewhat different from other empirical studies (Stephan and Drencheva, 2017), as the social and cultural contexts of Romania differ from other countries. Summarising the findings related to this hypothesis, the results indicated that intrinsic motivations played a significant positive role in driving the social entrepreneurial intentions, thereby supporting the literature in this field (Table no. 1).

## 7.3 Discussion and interpretation of findings for Hypothesis 3 (H3)

H3 identified a significant inverse relationship between extrinsic and intrinsic motivations ( $r = -.277$ ;  $p < .001$ ) in the context of social venture creation that supports the theory of self-determination, which asserts that extrinsic and intrinsic motivations have an inverse relationship in response to SE intentions (Ryan and Deci, 2000; Antonioli *et al.*, 2016; Hallam *et al.*, 2016).

The finding of H3 aligns with the literature in this area (Table no. 1). Research participants stated that extrinsic motivations were important for 40% of the participants which stated that creating a very profitable enterprise was important to them, concurrently 56% of participants declared that they felt they owed something to the community and that the severity of social issues (an intrinsic motivation) determined to act to address these issues.

Overall, H3 results suggest that social entrepreneurs combine profit with a social purpose, thereby securing a balance between economic efficiency and pro-social behaviour (Austin *et al.*, 2006; Antonioli *et al.*, 2016; Besley and Ghatak, 2013). In the case of social entrepreneurs participating in this study, the size of the enterprise's profit (extrinsic motivation) was relevant only up to the level that it satisfied their needs, and an excessive

and/or extravagant lifestyle was generally not their goal. This finding supports previous research in the area (Ivanescu *et al.*, 2013).

#### 7.4 Discussion and interpretation of findings for Hypothesis 4 (H4)

In the case of H4 the findings of this study indicated that complex motivations have a significant influence on social entrepreneurship ( $\beta = .395, p = .000$ ), with intrinsic motivations ( $\beta = .007, p = .337$ ) and extrinsic motivations ( $\beta = .032, p = .939$ ) becoming non-significant. The complex motivations were identified in the study instrument in Section 3 (Q-B3.1 to B3.10), and their importance for the research participants is presented by the aggregated data of 'agree' and 'strongly agree' revealing that nearly all of these variables are important, thereby justifying the inclusion of complex motivation in this inquiry.

H3 results demonstrate that the entrepreneurs participating in this study placed a high value on personal/family-related factors, work-related factors, and community factors as important in the process of new venture creation. In addition, they valued ethical business behaviour that rewarded them with a good reputation (96%). The H4 finding demonstrated that complex motivations play a critical role in the SE process - even more, important than extrinsic and intrinsic motivations, which became non-significant in the process of SE. H4 findings present a logical way to integrate these motivations into a social entrepreneurial intention model that will increase its predictive power and SE theory will be better understood.

#### 7.5 Discussion and interpretation of findings for Hypothesis 5 (H5)

In the case of H5, the findings of this study indicated that employment status has a significant positive effect ( $\beta = .177, p = .004$ ) on SE intentions. This means that employment status or lack of employment affects individuals' intentions to engage in SE. H5 supports that there is a 'positive effect of personal unemployment on the likelihood of an individual to become an entrepreneur'. These findings also demonstrate that individuals' economic situations (employment status) have a positive effect on their intentions for social venture creation, contributing to the theory of SE. These findings enable a better understanding of the relationship between an individual's employment status and SE as the literature reveals that ambiguities are frequent in terms of their relationship being positive, negative or neutral (Taylor, 1996; Gawel, 2010; Kolvereid, 2016).

The aggregated results of Section C (Q- 2) indicate that 28% of the individuals participating in this research had no source of revenue (being unemployed) at the time of engaging in creating their own business and 65% had a very low wage (< €1,000/month). These individuals fell into the 'push' category of entrepreneurs, while employed people have a higher proclivity to engage in SE in comparison with unemployed people (Stephan and Drencheva, 2017). Unemployment is asserted by some entrepreneurs as a business opportunity, as the surplus of the workforce in the job market offers cheap labour. In contrast, social needs that emerge from unemployment stimulate social venture creation (Van Praag and Cramer, 2001). The type of venture that an individual creates - commercial or social - depends on the prevalence of the individual's intrinsic or extrinsic motivations (Weerawardena and Mort, 2006; Stephan and Drencheva, 2017).

H5 findings lead to the conclusion that social ventures may be considered to be a new type of business using a different business model, as many social ventures are associated with

some form of commercial enterprise. Based on the chronologies of their creation, the social enterprises were created first to solve selected social issues, and the commercial-based activity was created later out of the need to support this mission. From an economic perspective, the researcher named these entities ‘inserted social enterprises’, as they were created with the expressed objective of supporting an existing social activity. From an economic perspective, the H5 findings demonstrate that employment status is a driving factor for SE that affects the business models, as they must adapt to accommodate the social mission.

### 7.6 Discussion and interpretation of findings for Hypothesis 6 (H6)

In the case of H6, the findings of this study indicated that the existence of start-up capital had a significant positive effect ( $\beta = .225, p = .005$ ) on SE intentions. This means that the existence of start-up capital increases and positively affect an individual’s intentions to engage in social entrepreneurship. Section C of the research questionnaire (Q-1 to Q-9) was dedicated to this issue. The aggregated results indicated that 53% of the participants in this study had less than €5,000 in savings in the bank before they created their venture, while some had no salary or another source of revenue (28%) or a very low wage (65%). Also, they received very little support from the government in the form of grants, with only 24.5% gain access to government support (aggregated values from Q- 8).

The findings for H6 empirically demonstrated that a lack of start-up capital precludes prospective social entrepreneurs from proceeding with a new social venture. This finding supports the literature in this area (Table no. 1). Based on the participants’ statement (Section C, Q-1 to 9), this study identified as generally limited capital was available; therefore, they considered opportunities at a very low cost and were risk-averse. These findings align with previous research findings (Ivanescu *et al.*, 2013).

Prospective social entrepreneurs’ financial capability and ability to access EU and government grants remain low and, subsequently, can be considered to be a significant barrier to SE in Romania (Cace *et al.*, 2010; Matei and Matei, 2012). Therefore, Romanian social entrepreneurs fit into the category of ‘constrained entrepreneurs’ described in liquidity constraint theory (Evans and Jovanovic, 1989; Deaton, 1991), as their start-up capital or personal wealth is likely to be insufficient to create a new venture. According to the research participants’ statements, only 25% of applicants for funding received government or EU grants (Section C, Q-8). The rest of the funds remain mostly unused in government accounts (Etchart *et al.*, 2014). Therefore, most of the participants in this study used their own limited personal resources to fund their new venture.

H6 indicated that the existence of start-up capital, in the form of personal savings, has a positive and significant influence on individuals’ intentions to act as social entrepreneurs. The interesting aspect of this finding is that extrinsic motivations ( $p = .924$ ) and intrinsic motivations ( $p = .421$ ) both became insignificant in the presence of complex motivation. As previously stated, in the case of a wealthy entrepreneur, the motivation for financial rewards is significantly decreased because of their financial freedom, and subsequently, the intrinsic motivations gain in importance and the chance of social venture creation increases substantially (Ryan and Deci, 2000). The H6 findings confirmed that an individual’s robust financial situation increases the proclivity for social venture creation.

## 8. FURTHER DISCUSSION AND INTERPRETATION OF COMPLEX MOTIVATIONS

The specialised literature is silent on complex motivations, as very few researchers acknowledge it. This study fills this gap and empirically established the importance of complex motivations as significantly influence individuals' intentions to become social entrepreneurs. The importance of complex motivations was demonstrated as both the extrinsic and intrinsic motivations becoming non-significant with its inclusion. This unexpected result stimulated the researcher to ask which of the complex motivation dimensions had the greatest influence on SE intentions. In other words, how might these complex motivation dimensions separately, influence individuals' intentions for social venture creation? The new complex motivations dimensions identified in this study were as follows.

*Complex - work motivation* ( $\beta = .216, p = .019$ ): embeds work/business-related variables that had a positive and significant effect on social entrepreneurial intention and on extrinsic and intrinsic motivation, as both became non-significant (Model 3, [Table no. 7](#));

*Complex - community motivation* ( $\beta = .204, p = .030$ ): embeds community concern variables that had a positive and significant effect on social entrepreneurial intention and extrinsic and intrinsic motivation, as both became non-significant (Model 3, [Table no. 7](#));

*Complex - home life motivation* ( $\beta = .012, p = .897$ ): embeds 'personal fulfillment motivations' that had a positive and non-significant influence on social entrepreneurship intention and can subsequently be considered the real 'common motivation' (Model 3, [Table no. 7](#)).

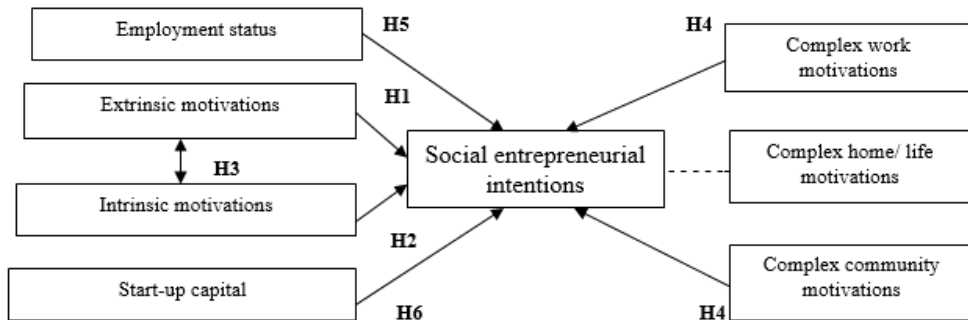
However, one could say that the 'complex - home life' motivation is the 'real common motivational variable', which exists in the entrepreneurial process, yet equally influences commercial and social entrepreneurs. This is a new finding in the SE domain and advances research in this field.

## 9. THE MODEL OF SOCIAL ENTREPRENEURSHIP MOTIVATIONS

This study's results indicated that all the hypotheses were confirmed and all the variables had positive and significant effects on SE intentions. This study demonstrated that extrinsic and intrinsic motivations had significant importance in the process of social venture creation by supporting the entrepreneurs' social missions. Meanwhile, when tested simultaneously, their influence did not increase or decrease in the same incremental proportion.

Concurrently, complex motivations had a significant positive influence on individuals' intention to act social entrepreneurially. Applying a deconstructive process to complex motivations, this research identified three new dimensions: (i) 'complex - community' and (ii) 'complex - work related' dimensions, both of which had a positive and significant influence on social entrepreneurial intention, and (iii) 'complex - home life' dimension, which was positive, yet not significant in social venture creation. Finally, this study's results indicated that an individual's employment status and the existence of start-up capital both affect the individual's intention for social venture creation. Based on these results, and in the case of these variables, this research proposes the following model of motivations for SE, presented in [Figure no. 1](#).





**Figure no. 1 – Updated Model of SE Motivations**

Note: --- had a non-significant result over social entrepreneurial intention

Source: Developed for this research

The updated model captures the disaggregated effects of complex motivations as reflected by its three constituent dimensions. This updated model explains the mechanism of the motivations for SE and advances the development of SE theory.

## 10. CONCLUSION

Whichever entrepreneurial option is chosen, commercial or social, extrinsic and intrinsic motivations exist, yet have different weights in the processes of social venture creation. This role may change over time as an individual's conditions change, or as a consequence of environmental jolts. This research has confirmed that motivations related to community concerns, as part of complex motivations, have a strong influence on the social entrepreneurial process. The existence of start-up capital and an individual's employment status also affects the processes of social venture creation. Embedding all the research findings into one statement, this study support Santos (2012)'s assessment by saying: *Social entrepreneurship is the search for sustainable solutions to neglected social needs.*

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