Institutions and social entrepreneurship: The role of institutional voids, institutional support, and institutional configurations

Ute Stephan\textsuperscript{1}, Lorraine M Uhlaner\textsuperscript{2} and Christopher Stride\textsuperscript{3}

\textsuperscript{1}Aston Business School, Aston University, Birmingham, UK; \textsuperscript{2}People, Markets and Humanities Department, EDHEC Business School, Lille, France; \textsuperscript{3}Institute of Work Psychology, University of Sheffield Management School, Sheffield, UK

Correspondence:
Ute Stephan, Aston Business School, Aston University, Aston Triangle, Birmingham, B4 7ET, UK.
Tel: +44 (0)121 204 3183;
email: u.stephan@aston.ac.uk

Abstract
We develop the institutional configuration perspective to understand which national contexts facilitate social entrepreneurship (SE). We confirm joint effects on SE of formal regulatory (government activism), informal cognitive (post-materialist cultural values), and informal normative (socially supportive cultural norms, or weak-tie social capital) institutions in a multilevel study of 106,484 individuals in 26 nations. We test opposing propositions from the institutional void and institutional support perspectives. Our results underscore the importance of resource support from both formal and informal institutions, and highlight motivational supply side influences on SE. They advocate greater consideration of institutional configurations in institutional theory and comparative entrepreneurship research.

Journal of International Business Studies (2015) 46, 308–331. doi:10.1057/jibs.2014.38

Keywords: social entrepreneurship; institutional theory; institutional void; cultural values; comparative entrepreneurship; social capital

The online version of this article is available Open Access

INTRODUCTION
Public and private initiatives increasingly recognize social entrepreneurship (SE) as a means of addressing a wide range of social needs (\textit{The Economist}, 2010). The US-based Skoll Foundation has invested more than US$ 358 million in social entrepreneurs worldwide (Skoll Foundation, 2013). Public initiatives to encourage private-sector SE include the UK government’s “Big Society”\textsuperscript{1} and the European Commission’s “Social Business Initiative” (European Commission, 2013). An extensive review of SE research (Short, Moss, & Lumpkin, 2009) suggests a dramatic rise in academic interest in the past two decades. However, SE research lags behind practice (Nicholls, 2010). While the prominence of SE varies substantially across countries (Lepoutre, Justo, Terjesen, & Bosma, 2013), we know little about factors that may drive national differences. The purpose of our study is to understand which national contexts may facilitate SE.

We build on institutional theory (North, 2005; Scott, 1995) and enhance it with the institutional configuration perspective to identify nation-level antecedents of individuals’ engagement in SE.
So far, SE research has mainly discussed the role of formal institutions in SE (Dacin, Dacin, & Matear, 2010; Estrin, Mickiewicz, & Stephan, 2013a; Mair & Marti, 2009; Zahra, Gedajlovic, Neubaum, & Shulman, 2009). As used here, the institutional configuration perspective recognizes that human behavior is shaped jointly by the constraints, incentives, and resources provided by formal and informal institutions, which can be more or less compatible with each other. This proposition has often been discussed in extant research (Bruton, Ahlstrom, & Li, 2010; Scott, 2005; Whitley, 1994) but has rarely been empirically tested. We develop a multilevel model for nation-level institutional influences on individual SE that proposes both main and interactive (synergistic and substitutive) effects of formal and informal institutions. Our findings support the institutional configuration perspective, advancing our understanding of the national drivers of SE and research on institutional theory in International Business (IB) more generally.

This investigation of institutional configurations also allows us to resolve conflicting perspectives on the role of formal, regulatory institutions. According to the institutional void perspective (Dacin et al., 2010; Estrin et al., 2013a), SE motivation increases in resource-scarce environments in which social problems are abundant. Less active governments, in particular, may trigger higher social need, and thus greater demand for SE (Dacin et al., 2010; Zahra et al., 2009). A countervailing perspective, which we henceforth refer to as institutional support, is that countries with more active governments will support and thus enhance SE (Evans, 1996; Korosec & Berman, 2006; Zahra & Wright, 2011). We resolve these apparent inconsistencies by considering that institutions may influence individual behavior, both as stimulants of motivation and as providers of tangible and intangible resource support to social entrepreneurs. More broadly, our study follows recent calls for greater consideration of the impact of context on entrepreneurial behavior (Welter, 2011; Zahra & Wright, 2011), and for the advancement of SE research through quantitative methods (Dacin, Dacin, & Tracey, 2011; Short et al., 2009).

SE AS A FIELD OF INQUIRY

A social entrepreneur is an individual working for his or her own account while primarily pursuing pro-social goals, that is, goals set to benefit people other than the entrepreneur (Bierhoff, 2002). The first part of this definition – working for one’s own account – draws upon the occupational definition of entrepreneurship (Hébert & Link, 1982). This definition is not restrictive with regard to the types of goals that entrepreneurs pursue, that is, to generate social vs economic wealth. Thus we can apply the definition to both commercial and social entrepreneurs. The emphasis on pro-social goals and social wealth creation over economic wealth creation differentiates social from commercial entrepreneurs and is consistent with recent SE definitions (Mair & Marti, 2006; Zahra et al., 2009).

By applying institutional theory to SE, we can develop new insights for both (social) entrepreneurship and institutional theory (Dacin et al., 2010, 2011; Mair & Marti, 2006, 2009; Zahra & Wright, 2011). Comparative entrepreneurship research draws largely on economic institutional theory and the rational, self-interested actor model, including the importance of incentives (e.g., Aidis, Estrin, & Mickiewicz, 2012; Bowen & De Clercq, 2008). However, the social entrepreneur’s decision and action logic often relates to pro-social or “other” interests (Santos, 2012; Zahra et al., 2009). Thus the influence of formal and informal institutions may also differ. First, whereas larger government may even deter commercial entrepreneurship (CE) (Aidis et al., 2012), it may benefit social entrepreneurs who often depend directly or indirectly on government support to carry out their missions. Unis-Cité in France and CDI in Brazil, described by Santos (2012), offer two examples of social enterprises that initially relied on private funding but achieved scale through their government’s financial support. Second, while certain cultural values (e.g., independence and autonomy) may pertain to both social and commercial entrepreneurs, the importance of other values may differ sharply. For instance, whereas postmaterialist values and CE are negatively associated at the country (Uhlaner & Thurik, 2007), regional (Pinillos, 2011) and individual levels (Morales & Holtschlag, 2013), the opposite may be true for SE. Finally, to develop a valid model of SE, one must consider an institutional framework specific to SE (Dacin et al., 2010) and one that jointly considers formal and informal institutions.

RESEARCH FRAMEWORK: NATIONAL INSTITUTIONS AND SE

Institutions refer to deep aspects of social structure, which act as authoritative guidelines and constraints for behavior (North, 1991, 2005; Scott, 2005). Institutions are taken-for-granted rules that can be explicit and consciously perceived by individuals, or can
act as implicit guidelines for individuals’ actions (Powell & DiMaggio, 1991). *Formal* institutions refer to the objective constraints and incentives arising from government regulation of individual and organizational actions (Bruton et al., 2010; Scott, 1995, 2005). *Informal* institutions refer to more implicit, slowly changing, culturally transmitted and socially constructed institutions. Scott’s (1995, 2005) three-pillar framework further differentiates two types of informal institutions, cognitive and normative, arguably corresponding to the concepts of cultural values and practices in cross-cultural research (Javidan, House, Dorfman, Hanges, & Sully de Luque, 2006). Specifically, *cognitive* institutions include the culturally shared understandings closely associated with cultural values, whereas *normative* institutions describe social obligations and expectations about appropriate actions modeled on existing dominant practices or norms in a given culture (Bruton et al., 2010; Javidan et al., 2006; Scott, 2005; Stephan & Uhlaner, 2010).

Separate disciplines define two streams of comparative entrepreneurship research, depending on the institution (formal vs informal) chosen to predict entrepreneurship (Bruton et al., 2010; Jones, Coviello, & Tang, 2011). Comparative entrepreneurship research based on institutional economics examines formal institutions (Autio & Acs, 2010; Estrin, Korosteleva, & Mickiewicz, 2013b), whereas that based on cultural sociology and cross-cultural psychology typically examines informal institutions (e.g., Autio, Pathak, & Wennberg, 2013). Although institutional theorists in other research domains have suggested the possibility of joint effects (Carney, Gedajlovic, & Yang, 2009; North, 2005), empirical studies integrating both streams in comparative entrepreneurship research are still rare (Stephan & Uhlaner, 2010).

In our proposed model (Figure 1), government activism is an important formal regulatory institution affecting demand for SE (Dacin et al., 2010; Estrin et al., 2013a). The prevalence of postmaterialist cultural values (henceforth postmaterialism) among a nation’s citizens represents the cognitive pillar and enhances the supply of potential social entrepreneurs within a country by motivating SE. Socially supportive cultural norms (henceforth socially supportive culture (SSC)) represent the normative pillar in our framework. SSC provides weak-tie social capital, and thereby serves as an important informal mechanism for lowering transaction costs and providing access to much needed resources (Stephan & Uhlaner, 2010). We propose and test a mixed-determinant, multilevel model (Kozlowski & Klein, 2000) in which the three institutions of government activism, postmaterialism, and SSC, alone and in combination, affect an individual’s probability of engaging in SE.

![Figure 1](Research model: Institutional drivers of SE.)
Regulatory Institutional Context: Government Activism (Hypothesis 1)

Government activism reflects the extent to which a nation’s formal institutions redistribute economic wealth through progressive tax structures and spending to provide for the common welfare of its citizens (Aidis et al., 2012; Castles & Dowrick, 1990). It thus reflects a government’s ability to address social issues and provide public goods. Hypotheses 1a and 1b propose opposite influences of government activism on SE based on the institutional void and support perspectives.

**Government activism in the institutional void perspective (Hypothesis 1a)**

Whereas in the IB literature, the term institutional void typically refers to the absence of strong rule of law (Carney et al., 2009; Khanna & Rivkin, 2001), in the SE literature the term describes conditions of limited government support especially for social programs. Under such conditions, social needs such as poverty or environmental pollution are more abundant, triggering greater demand for SE (Dacin et al., 2010; Estrin et al., 2013a; Mair & Martí, 2009; Zahra et al., 2009). According to this perspective, government inactivity motivates social enterprises and others in the private sector to fill this gap, or “void.” Conversely, the presence of active and engaged governments leads to fewer societal problems and lower demand for SE, and thus fewer individuals are likely to be motivated to engage in SE. Mair, Battilana, and Cárdenas’s (2012) content analysis of 200 social enterprise profiles supports this view. Social enterprises frequently appear where governments fail to provide for social needs such as adequate health care, children’s social services, or environmental protection. In a cross-national quantitative study, Estrin et al. (2013a) find that more government activism is negatively correlated with SE start-up efforts.

Within research on nonprofits, government failure theory provides parallel arguments (Nissan, Castaño, & Carrasco, 2012; Salamon & Anheier, 1998): When governments fail to provide public goods and social welfare, nonprofits step in to provide such goods and services. Conversely, it is argued that a larger, wealth-redistributing welfare state crowds out private pro-social initiatives (e.g., Warr, 1982). A cross-national study supports government failure theory, that is, less active governments are correlated with a larger nonprofit sector (Matsunaga, Yamauchi, & Okuyama, 2010).

In line with the institutional void perspective, we thus propose:

**Hypothesis 1a:** Government activism at the national level is negatively associated with the likelihood of individuals engaging in SE.

**Government activism in the institutional support perspective (Hypothesis 1b)**

In contrast to Hypothesis 1a, one can also argue that government activism, by providing tangible and intangible resource support for social entrepreneurs, can enhance SE (Evans, 1996; Korosec & Berman, 2006; Zahra & Wright, 2011). Tangible resources include grants, subsidies, and other direct funding. Less tangible resources may include assistance with completion of grant applications, endorsements, and sponsorship of activities that help social enterprises to network with each other or with other stakeholders (Korosec & Berman, 2006; Meyskens, Carsrud, & Cardozo, 2010b; Meyskens, Robb-Post, Stamp, Carsrud, & Reynolds, 2010a).

In this view, which we label as the institutional support perspective, a key role of government is to provide public goods and to look after the welfare of citizens, while social entrepreneurs create their enterprises to address social needs. Thus government and social enterprises could be regarded as natural partners to achieve social goals (Sud, van Sandt, & Baugous, 2009; Zahra & Wright, 2011). More active governments may augment the social entrepreneur’s personal resources or those gained through the entrepreneurs’ informal social networks. In a sample of US counties, Saxton and Benson (2005) find a positive relationship between government activism and the creation of nonprofit organizations. Marcuello (1998) presents similar evidence for 40 Spanish counties. The previously mentioned case examples of CDI and Unis-Cité also illustrate such governmental support for social entrepreneurs (Santos, 2012). These studies highlight the importance of resource support provided by active governments.

Thus consistent with the institutional support perspective, we propose:

**Hypothesis 1b:** Government activism at the national level is positively associated with the likelihood of individuals engaging in SE.

Cognitive Institutional Context: Postmaterialism (Hypotheses 2 and 3)

Career decision-making research highlights individuals’ values as key determinants of their occupational
The impact of nation-level government activism on the likelihood of individuals engaging in SE is negatively moderated by nation-level postmaterialism, such that individuals are most likely to engage in SE where government activism is low and postmaterialism is high.

**Normative Institutional Context: SSC (Hypotheses 4 and 5)**

SSC refers to informal cultural norms that encourage cooperation based on repeated experiences of friendliness, supportiveness, cooperation, and helpfulness (Stephan & Uhlaner, 2010: 1351). SSC arguably captures the most generic aspects of (weak-tie) social capital at the national level, that is, norms that facilitate interaction and cooperation even among strangers (Fukuyama, 2001; Westlund & Adam, 2010). Research has shown that national-level SSC positively affects CE (Autio et al., 2013; Stephan & Uhlaner, 2010). Related nation-level research observes similar positive associations of other aspects of social capital (trust and association activity) with both CE (De Clercq, Danis, & Dakhli, 2010) and opportunity recognition (Kwon & Arenius, 2010).

SSC is particularly important in stimulating SE for two reasons. First, SSC serves as a model of cooperative and caring behavior, which should influence more individuals within a society to choose SE as an occupation. Therefore, SSC affects the motivation and supply of potential social entrepreneurs in a country. Second, social entrepreneurs face requirements similar to those of commercial entrepreneurs in terms of gaining access to and assembling resources. In this regard, social capital can lower transaction costs by enabling resource access through collaboration and cooperation (Meyskens et al., 2010a; Meyskens et al., 2010b). Similarly, in order to achieve social impact and introduce social
change, social entrepreneurs need to build collaborative relationships with numerous diverse stakeholders (DiDomenico, Haugh, & Tracey, 2010; Mair & Marti, 2009). This is probably easier in cultures in which weak-tie social capital facilitates contact and cooperation even among strangers. Katre and Salipante’s (2012) analysis of 31 social entrepreneurs underscores the importance of weak-tie social capital, revealing that more successful social entrepreneurs go beyond their existing networks and initiate new relationships to secure pro-bono and financial resources for product/service exploration. Thus:

**Hypothesis 4:** National-level SSC is positively associated with the likelihood of individuals engaging in SE.

As noted in Hypothesis 3, clusters of national institutions may have different effects depending on particular combinations. SSC may serve to enhance and supplement the effect of active government. Similarly, active governments may be seen as more “caring” because, by definition, they provide social welfare to a greater extent and thus reinforce norms of supportiveness in the broader society. This idea of synergy between government involvement and informal, private cooperative efforts is not new among political scientists and development economists (Skocpol, 2008; Woolcock & Narayan, 2000). We argue that the positive effects of formal institutional support (government activism) are reinforced by informal cooperative norms (SSC), and consequently enable SE. Thus:

**Hypothesis 5:** The impact of nation-level government activism on the likelihood of individuals engaging in SE is positively moderated by nation-level SSC, such that individuals are most likely to engage in SE where government activism and SSC are high.

**METHOD**

**Overview of the Sample and Data Sources**

We tested our model (Figure 1) using a multilevel design in which individuals (Level 1) were nested within countries (Level 2). The data came from several independent and publicly available sources. Individual-level data were collected in 2009 through a large population-representative survey, the Global Entrepreneurship Monitor (GEM) (Global Entrepreneurship Research Association, 2013; Lepoutre et al., 2013; Terjesen, Lepoutre, Justo & Bosma, 2012). In GEM surveys, individuals are randomly chosen, although the sampling method varies in order to adjust for country-specific conditions (e.g., random dials from telephone lists in countries such as Spain or Slovenia; multi-stage random walks in South Africa, China, and Guatemala). Individuals were thus either interviewed over the phone or face-to-face. A number of procedures (e.g., the number of callbacks required for telephone and face-to-face interviews) were standardized. More detail about the protocols, including steps taken to assure comparability across countries, is included in the GEM manual (Bosma, Coduras, Litovsky, & Seaman, 2012). Lepoutre et al. (2013: 698) provide specific information on data collection protocols per country for 2009.

Data for country-level variables were collected from 1995 through 2008, and came from the World Values Survey (WVS), the “Global Leadership and Organizational Behavior Effectiveness” GLOBE database, Heritage Foundation, and the World Bank. We lagged all country-level variables by at least 1 year to reduce potential endogeneity between the hypothesized antecedents and the outcome, SE.

The 2009 GEM survey was conducted in 49 countries. Twenty-three countries for which data were missing, either in GEM or in the country-level data sources (WVS, GLOBE), were excluded. (Japan, although it participated in the 2009 GEM survey, skipped the SE-related questions.) Within countries we restricted the sample to adults aged 18–64 years, that is, the typical working-aged adult population. Our final sample consisted of 106,484 individuals from 26 countries for whom full information on socio-demographic variables and SE was available. The number of respondents per country ranged from 1498 to 28,632 with a median of 2000 respondents. Table 1 lists the countries included in our study and provides country-level summary statistics. In terms of development stage, three countries in our sample were “factor-driven”, nine “efficiency-driven”, and the remainder “innovation-driven” economies (Lepoutre et al., 2013).

**Dependent Variable at the Individual Level: SE**

The SE survey questions (Appendix A) were developed based on the SE literature and via GEM pilot studies in the United Kingdom (Lepoutre et al., 2013; Levie, Brooksbank, Jones-Evans, Harding, & Hart, 2006) before they were implemented in the 2009 GEM survey. GEM took a broad view of SE and included enterprises with purely social and environmental goals (such as nonprofits) as well as hybrids, for example, commercial enterprises reporting that
they worked predominantly on social/environmental issues. This is in line with the generally accepted notion that SE is not constrained to a specific legal form (Mair & Marti, 2006).

We used one primary indicator to measure the dependent variable that reflects individuals’ engagement in SE. Individuals were coded = 1 if they met criteria for either a nascent or operating social entrepreneur, or = 0 otherwise. Appendix A provides a detailed flow chart of the actual survey questions. To summarize, individuals were classified as nascent social entrepreneurs when they indicated that they had taken steps in the past 12 months toward creating a social enterprise that they would either partly or fully manage, but that the social enterprise had not provided services or received external funding for more than 3 months. Respondents were classified as operating social entrepreneurs when they were partly or fully managing a social enterprise that was actively trading at the time.

A second SE measure, “revenue-generating SE”, was included as a robustness check, as some argue that revenue-generation through market-based transactions constitutes the “entrepreneurial” element in SE (Lepoutre et al., 2013; Stephan, 2010). Revenue-generating social entrepreneurs were a subset of social entrepreneurs as identified above who indicated that at least some of the revenue for their activity had come (or would come) from income generated through sales of products or services (see Appendix A). Individuals were coded = 1 if engaging in revenue-generating SE, and = 0 otherwise.

Table 1 Country-level descriptive statistics

| Country      | N  | % Social entrepreneurship (SE) | % SE revenue-generating | Government activism (0–100) | Postmaterialism (%) | Socially supportive cultural norms | GDP Age (1–lowest to 5–highest) | Gender % male (0–lowest to 6–highest) | Education |
|---------------|----|--------------------------------|-------------------------|------------------------------|---------------------|------------------------------------|---------------------------------|--------------------------------------|----------|
| Argentina     | 1674 | 8.06                          | 2.57                    | 24.28                        | 19.80               | 0.12                               | 14,413                          | 3.05                                 | 41.34    |
| Brazil        | 2000 | 0.50                          | 0.05                    | 37.92                        | 11.00               | −0.24                              | 10,405                          | 2.75                                 | 48.90    |
| China         | 3405 | 1.62                          | 1.06                    | 21.95                        | 4.00                | 1.32                               | 6202                            | 2.96                                 | 48.08    |
| Colombia      | 2031 | 1.48                          | 0.89                    | 28.00                        | 18.60               | −0.12                              | 8957                            | 2.87                                 | 49.14    |
| Denmark       | 1999 | 12.16                         | 6.20                    | 72.59                        | 16.10               | 1.30                               | 39,830                          | 3.55                                 | 46.07    |
| Finland       | 1988 | 4.38                          | 2.92                    | 53.30                        | 11.15               | 0.68                               | 38,081                          | 3.20                                 | 50.40    |
| France        | 1623 | 2.16                          | 1.05                    | 66.81                        | 17.75               | −0.79                              | 34,041                          | 3.12                                 | 49.80    |
| Germany       | 5865 | 1.14                          | 0.63                    | 53.78                        | 16.40               | −1.57                              | 37,119                          | 3.22                                 | 50.88    |
| Greece        | 1970 | 1.88                          | 0.81                    | 38.31                        | 16.70               | −1.19                              | 29,604                          | 3.30                                 | 48.63    |
| Guatemala     | 2148 | 0.14                          | 0.14                    | 12.12                        | 7.50                | 0.49                               | 47,399                          | 2.65                                 | 44.55    |
| Hungary       | 1964 | 1.22                          | 0.76                    | 51.73                        | 2.40                | −1.55                              | 20,432                          | 2.99                                 | 50.41    |
| Israel        | 3130 | 0.89                          | 0.54                    | 17.16                        | 9.95                | 0.75                               | 11,289                          | 2.58                                 | 54.06    |
| Italy         | 1832 | 2.84                          | 1.31                    | 54.49                        | 12.60               | 0.27                               | 25,600                          | 2.87                                 | 41.87    |
| Iran          | 2930 | 0.92                          | 0.24                    | 58.13                        | 23.85               | −0.12                              | 33,372                          | 3.42                                 | 49.86    |
| Korea         | 1975 | 0.20                          | 0.10                    | 18.49                        | 7.10                | 1.91                               | 14,561                          | 3.30                                 | 61.42    |
| Morocco       | 1498 | 0.67                          | 0.20                    | 30.73                        | 6.50                | −0.14                              | 4131                           | 2.57                                 | 50.00    |
| Netherlands   | 2126 | 1.60                          | 0.89                    | 55.11                        | 19.65               | −0.29                              | 42,915                          | 3.64                                 | 46.05    |
| Russia        | 1631 | 0.25                          | 0.06                    | 25.69                        | 1.80                | 0.84                               | 20,276                          | 2.99                                 | 47.64    |
| Slovenia      | 3014 | 3.05                          | 1.76                    | 52.23                        | 15.60               | 0.19                               | 29,074                          | 3.13                                 | 46.78    |
| South Africa  | 2793 | 1.11                          | 0.61                    | 26.82                        | 7.70                | 0.17                               | 10,427                          | 2.55                                 | 48.73    |
| South Korea   | 1940 | 0.31                          | 0.05                    | 25.81                        | 3.85                | −0.48                              | 26,689                          | 2.90                                 | 50.62    |
| Spain         | 28,632| 0.56                          | 0.18                    | 44.65                        | 14.65               | −1.09                              | 33,158                          | 3.39                                 | 49.39    |
| Switzerland   | 1516 | 0.99                          | 0.53                    | 35.22                        | 24.30               | −0.36                              | 47,946                          | 3.41                                 | 40.30    |
| UK            | 21,906| 3.67                          | 1.85                    | 49.39                        | 23.80               | −0.22                              | 36,062                          | 3.58                                 | 39.07    |
| USA           | 3340 | 2.93                          | 1.32                    | 35.93                        | 21.75               | −0.16                              | 46,760                          | 3.71                                 | 49.52    |
| Venezuela     | 1554 | 1.29                          | 0.58                    | 22.87                        | 14.40               | 0.29                               | 12,895                          | 2.78                                 | 41.06    |
| Total/Mean    | 106,484| 2.15                          | 1.05                    | 38.98                        | 13.42               | 0.00                               | 24,583                          | 3.10                                 | 47.84    |

Table 1 continues...

---

Table 1 continues...

### Notes

|   |   |
|---|---|
| a | Unequal sample sizes per country are due to varying resources available for GEM data collection. |
| b | Weighted, giving equal weight to each country. |

---

**Journal of International Business Studies**

**Institutions and social entrepreneurship**

Ute Stephan et al.
Country-Level Predictors

Government activism
In line with past research on nonprofit and comparative entrepreneurship (Aidis et al., 2012; Nissan et al., 2012; Salamon & Sokolowski, 2003), we included the variable government activism to estimate the ability of the government to address social issues as a function of progressive taxation and overall spending. We used the version of government activism developed and validated by Aidis et al. (2012), which was based on mean country scores for “fiscal freedom” and “government size”, two sub-indicators available from the Heritage Foundation’s “Index of Economic Freedom” (Beach & Kane, 2008; Heritage Foundation, 2010) (Cronbach’s α = 0.72 for our 26-country sample). The “fiscal freedom” sub-indicator, a taxation variable reflecting wealth redistribution, included a country’s tax revenue as a percentage of gross domestic product (GDP) as well as the top marginal tax rate on corporate and individual income. The “government size” sub-indicator reflects total government expenditure as a percentage of GDP and covers several aspects of the welfare state (e.g., provision of health services, education, pensions, unemployment insurance, and services such as skills development) (Beach & Kane, 2008). We used information on government activism for 2008, with higher values reflecting more taxation and spending, and thus higher government activism.

Postmaterialism
Postmaterialism was measured using the 4-item version of the postmaterialism index developed by Inglehart (1997), which is available from the World Values Survey (WVS, 2010) – a population-representative survey. The 4-item postmaterialism index has been widely used in research in political science, sociology, and psychology (Bekkers, 2005; Franzen & Meyer, 2010; Moors, 2007), and also in entrepreneurship (Uhlaner & Thurik, 2007). Researchers have found that postmaterialism is highly stable and that it changes primarily through intergenerational replacement and socialization rather than through intra-individual value changes (Inglehart, 2008; Kroh, 2009). We used data from the 1999–2002 and 2005–2008 waves, computing the average rate across the two waves when a country participated in both periods. The stability of postmaterialism between the two waves was confirmed by a strong positive correlation between them (r = 0.86, p < 0.001, N = 21). The score used in the analyses (Table 1) reflects the percentage of individuals in each country’s sample that were scored as postmaterialists (see Appendix B).

Socially supportive culture
SSC is an index based on GLOBE cultural practices data. From 1995 to 1997, the GLOBE project surveyed matched samples of 17,370 middle managers from 951 local companies in three industrial sectors (food-processing, finance, and telecommunications) to arrive at country-level scores (House, Hanges, Javidan, Dorfman, & Gupta, 2004). House et al. (2004) provide a description of the methodology, and identify nine cultural practice dimensions that emerged from multilevel factor analyses and which show high internal reliability, high inter-rater agreement, and were validated against multiple macro-level indices. SSC, a second-order dimension developed and validated by Stephan and Uhlaner (2010), consists of an average of two of these dimensions – humane orientation and assertiveness (the latter being reverse scored, see Appendix B; Cronbach’s α = 0.75, reported in Stephan & Uhlaner, 2010, and 0.61 in the present sample). Higher values on SSC indicate more supportive cultures characterized by greater ease of contact, positive interpersonal climate, and norms of cooperation.

Individual-Level Controls

Gender
Research suggests that men are somewhat more likely than women to engage in SE (Estrin et al., 2013a). We controlled at the individual level for gender (female = 0, male = 1).

Age and age-squared
Evidence suggests that younger individuals may be more inclined to engage in SE (Estrin et al., 2013a), and there may also be covariance between younger generations and postmaterialism (Inglehart & Baker, 2000). Other evidence indicates that age may have an inverted-U effect on SE (Estrin et al., 2013a). Thus we included respondents’ age and age-squared as control variables. Respondents reported their age in the following categories: 18–24, 25–34, 35–44, 45–54, and 55–64, which we coded as categories 1–5, respectively.

Education
Research suggests that education is positively related to SE (Estrin et al., 2013a). There is also a
long-standing debate about the possible confounding effects between education and postmaterialism (Abramson & Inglehart, 1994; Warwick, 1998). Thus we controlled for respondents’ education level coded as pre-primary = 0, primary/first stage basic education = 1, lower secondary/second stage basic education = 2, upper secondary = 3, post-secondary, non-tertiary education = 4, first stage of tertiary education = 5, and second stage of tertiary education = 6.

Country-Level Controls

National wealth (GDP)

National wealth has been associated with the prevalence of SE (Lepoutre et al., 2013) and with postmaterialism (Abramson & Inglehart, 1994). For the current study, we adopted accepted best practice in IB and entrepreneurship research (Aidis et al., 2012; Levie & Autio, 2011; Uhlaner & Thurik, 2007) to deal with potential endogeneity of national wealth with our predictors by including it as a control variable. To measure national wealth, we used 2008 GDP per capita in purchasing power standards expressed in millions of international dollars, henceforth referred to as GDP (World Bank, 2012).

GDP growth

Since changes in national wealth may also impact SE or postmaterialism, we included GDP growth for 2008 (World Bank, 2013) as a control variable for selected robustness checks.

Rule of law

For another robustness check, we added a rule of law measure as a control variable from the World Bank’s Worldwide Governance Indicator database (2012; Kaufmann, Kraay, & Mastruzzi, 2011) to test whether or not our results would be better explained by this constitutional-level formal institution (Estrin et al., 2013a). The indicator reflects perceptions of the quality of the rule of law (in 2008), including the quality of contract enforcement, property rights, police, and courts, as well as the likelihood of crime and violence.

Data Analysis

We tested our hypotheses by fitting a series of logistic multilevel regression models since our aim was to explain how an individual’s SE, a binary variable with an assumed Bernoulli distribution, is influenced by country-level institutional contexts. Our models were estimated in R (R Foundation, 2012) using the Laplace approximation. Performing a multilevel analysis has three advantages over a conventional single-level regression analysis. First, it reduces the risk of Type I errors that would occur through not acknowledging the existence of a higher level, and treating all variables as if they were observed at (and therefore had the sample size of) the individual level. Second, it also offers an improvement over the option of aggregating the data to the country level, which substantially reduces the sample size and also carries the risk of aggregation biases that occur when constructs or relationships at the individual level are generalized to the country level, an artifact known as “ecological fallacy” (Peterson, Arregle, & Martin, 2012). Third, multilevel regressions enabled us to account for clustering, that is, non-independence of observations within the same countries. Individuals within a country share common experiences that differ from those of individuals living in other countries. The Type 1 intra-class correlations (ICC(1)) (Hox, 2010) for SE and the alternative dependent variable, “revenue-generating SE”, provided evidence of such clustering: the observed values of 0.24 and 0.28, respectively, indicate that 24% and 28% of the total variance resided at the country level for SE and revenue-generating SE. That is, a large proportion of their variance resided at the country level. ICC(1)s exceeding 0.15 are deemed large (Hox, 2010).

In line with Bryk and Raudenbush (2002), we standardized all independent variables. Country-level variables were standardized based on their county-level mean and standard deviation. Individual-level variables were grand-mean standardized, that is, standardized based on their individual-level mean and standard deviation across the sample. (Robustness checks using group-mean centered individual-level controls yielded the same results, which are available from the authors.) The centering implicit within standardization also sidestepped the systematic multicollinearity between main and interaction effects as specified in Hypotheses 3 and 5 (Dawson, 2014). Standardizing as opposed to just centering enabled the simple illustration of interaction effects by plotting the standardized scores of the relevant variables at 0.5 and 1 standard deviation above, below, and at their mean against the individual’s likelihood of engaging in SE (Dawson, 2014; Hox, 2010).

We used the variance inflation factor (VIF) and the condition index statistic (CIS) to test for multicollinearity displayed in Table 2. Both statistics suggested that no multicollinearity was present among our
country-level predictor variables as the VIF scores were <10 and the CIS <30 (Hair, Anderson, Tatham, & Black, 1998).

We first tested main effects (Hypotheses 1a, 1b, 2, and 4) with all control variables and all three independent variables included in the model, but without the added interaction terms. To test for the interaction effects (Hypotheses 3 and 5), we initially assessed each interaction term individually. We then carried out a series of robustness checks: (1) for Hypotheses 1, 2, and 4, adding each predictor (government activism, postmaterialism, and SSC) alone as recommended by Parboteeah, Hoegl, and Cullen (2008) for small country samples; and (2) for Hypotheses 3 and 5, including both interaction terms together. Further robustness checks for Hypotheses 3 and 5 included: (1) adding GDP growth; (2) adding Rule of Law as an additional control variable; and (3) substituting revenue-generating SE as a dependent variable.5

For each model, in addition to the estimated regression coefficients B, we report the results of the change-in-deviance, or likelihood ratio, test (Hox, 2010) to establish whether the model is a significant improvement over the previous model. To provide an effect size for the predictor(s) added at each stage, we also report the change in the proportion of country-level variance explained by a model relative to its preceding model, calculated as change in “pseudo $R^2$” (Hox, 2010: 71).

RESULTS

Descriptive Statistics, Correlations, and Multicollinearity

Table 3 displays correlations for the individual-level variables, and Table 4 for the country-level variables.

Table 2 Multicollinearity tests

| Dependent variable | Main model | Robustness checks |
|--------------------|------------|-------------------|
|                    | Social entrepreneurship (SE) | SE | SE | Revenue-generating SE |
| Government activism | VIF \(^*\) | VIF \(^*\) | VIF \(^*\) | VIF \(^*\) |
| Postmaterialism | 1.960 | 2.078 | 2.410 | 1.960 |
| Socially supportive cultural norms | 1.640 | 1.645 | 1.803 | 1.640 |
| GDP | 1.161 | 1.263 | 1.162 | 1.161 |
| GDP growth | 2.530 | 3.148 | 6.035 | 2.530 |
| Rule of law | 2.554 | 5.735 |
| Condition index for model | 3.027 | 3.705 | 5.838 | 3.027 |

\(^*\)VIF = Variance inflation factors.

Hypotheses Tests Using Multilevel Modeling

The models used to test the hypotheses are displayed in Table 5. Model 1 includes individual-level (Level 1) and country-level (Level 2) control variables. Model 2 adds the main effects of our three focal predictors. Model 3 adds the first interaction term (government activism $\times$ postmaterialism), and Model 4 replaces this with the second hypothesized interaction term (government activism $\times$ SSC). Models 5–14 present the aforementioned supplementary analyses to check the robustness of the results of, and hence the conclusions drawn from Models 1 to 4.

Hypotheses 1, 2, and 4: Government Activism, Postmaterialism, SSC, and SE

Model 2 of Table 5 shows a positive effect of government activism on SE supporting the institutional support perspective (Hypothesis 1b) but not the institutional void perspective (Hypothesis 1a). These results also support the positive relationship between postmaterialism and SE as predicted in Hypothesis 2. The positive effects of government activism and postmaterialism were replicated in robustness checks when entered alone (Models 6 and 7, respectively, Table 5).

We also found a positive but less robust relationship between SSC and SE as predicted in Hypothesis 4. SSC impacted SE in combination with the other two predictor variables (Model 2), but not when entered alone (Model 8). Especially given the low multicollinearity between SSC and the other two predictors (Tables 3 and 4), these findings suggest a reciprocal suppression effect (Maassen & Bakker, 2001: 245). Reciprocal suppression occurs when two variables share information irrelevant to the dependent variable but in opposite directions. When both variables are included in the regression, they...
suppress part of each other’s irrelevant information. Our results suggest that SSC has an important additive effect on SE but only in combination with the other two institutional variables.

This joint effect is underscored by the fact that the three predictors considered together explained 5% more of the country-level variation in individual SE (Model 2) compared with their additive effects in Models 6, 7, and 8. This supports the notion of institutional configurations. Overall, the three main predictors jointly explained 35% of the country-level variation (corresponding to 8.4% of the total variation) in individuals’ engagement in SE (Model 2).

Hypotheses 3 and 5: Interactive Effects of Government Activism, Postmaterialism, and SSC

We found a significant, negative interaction effect of postmaterialism with government activism on SE (Model 3) but its precise form was in line with the institutional support perspective and not the institutional void perspective originally hypothesized. Thus the results provide only partial support for Hypothesis 3. Comparing Models 2 and 3, we see that the interaction term explains an additional 17% of country-level variance. Figure 2 displays this interaction, illustrating that strong postmaterialism may compensate for low government activism, while making little difference at medium to higher levels of government activism. Thus the interaction qualified the institutional support effect of government activism on SE – it held especially under low to medium–high levels but was weaker at very high levels of postmaterialism. These findings hold in further robustness checks (Models 9, 11, and 13, Table 5).

As predicted by Hypothesis 5, and shown in Model 4 (Table 5), we found support for a positive interaction of government activism and SSC. A comparison of Models 2 and 4 shows that this interaction term explains an additional 6% of the country-level variance in SE. As displayed in Figure 3, and in line with Hypothesis 5, SSC further enhanced the positive effect of government activism on SE such that the highest level of SE was found in countries that have both a strong SSC and a more active government. This interaction effect was replicated in two of the three robustness checks, with alternate sets of controls (Models 10 and 12), but was not robust for revenue-generating SE (Model 14) or when both interaction terms were entered together in the same model (Model 5). A similar, mixed picture emerged from additional robustness checks (which are available from the authors upon request). For instance, the interaction effect was significant when GDP was removed but not significant when Denmark (which could be considered to be an outlier) was removed from the sample. These mixed results are likely due

| Table 3 Individual-level correlations |
|--------------------------------------|
| (1) Social entrepreneurship (SE)      | —                      |
| (2) Revenue-generating SE             | 0.694***               |
| (3) Government activism               | 0.442*                 |
| (4) Postmaterialism                   | 0.325                  |
| (5) Socially supportive cultural norms| 0.251                  |
| (6) GDP                              | 0.296                  |
| (7) GDP growth                        | 0.191                  |
| (8) Rule of law                       | 0.320                  |
| (9) Education                         | 0.079***               |
| (10) Revenue-generating SE            | 0.079***               |
| (11) Government activism              | 0.079***               |
| (12) Postmaterialism                  | 0.079***               |
| (13) Socially supportive cultural norms| 0.079***             |
| (14) GDP                              | 0.079***               |
| (15) GDP growth                       | 0.079***               |
| (16) Rule of law                      | 0.079***               |
| (17) Education                        | 0.079***               |

| Table 4 Country-level correlations |
|-------------------------------------|
| (1) Social entrepreneurship (SE)    | —                      |
| (2) Revenue-generating SE           | 0.965***               |
| (3) Government activism             | 0.511**                |
| (4) Postmaterialism                 | 0.429*                 |
| (5) Socially supportive cultural norms| 0.291                 |
| (6) GDP                              | 0.347†                 |
| (7) GDP growth                       | 0.688***               |
| (8) Rule of law                      | 0.751***               |

<p><sup>1</sup>p<0.10; <sup>2</sup>p<0.05; <sup>3</sup>p<0.01; <sup>4</sup>p<0.001 (two-tailed), N=26.</p>
Table 5  Effects of institutions on individual engagement in SE (Regression coefficients (B))

|                  | Controls       | Main effects | Main+GA+PM interaction | Main+GA+SSC interaction | Main+both interactions |
|------------------|----------------|--------------|-------------------------|-------------------------|------------------------|
| **Model 1**      |                |              |                         |                         |                        |
| B                | p              | s.e.         | B                       | p                       | s.e.                   |
| Intercept        | -4.35***       | 0.19         | -4.35***                | 0.15                    | -4.09***               | 0.1                   |
| Age              | 0.03           | 0.02         | 0.03                    | 0.02                    | 0.03                   | 0.02                  |
| Age-squared      | -0.07**        | 0.02         | -0.07**                 | 0.03                    | -0.07**                | 0.03                  |
| Gender           | 0.17***        | 0.03         | 0.17***                 | 0.02                    | 0.17***                | 0.02                  |
| Education        | 0.59***        | 0.02         | 0.59***                 | 0.03                    | 0.59***                | 0.03                  |
| **Level 2 (controls)** |             |              |                         |                         |                        |
| **GDP**          | 0.25           | 0.19         | -0.43†                  | 0.24                    | -0.39*                 | 0.19                  |
| **Level 2 (predictors)** |             |              |                         |                         |                        |
| Government activism (GA) | 0.64**        | 0.21         | 0.68***                 | 0.17                    | 0.52**                 | 0.20                  |
| Postmaterialism (PM)  | 0.52**        | 0.19         | 0.46***                 | 0.16                    | 0.46*                  | 0.18                  |
| Socially supportive cultural norms (SSC) | 0.29†         | 0.16         | 0.50***                 | 0.14                    | 0.19                   | 0.16                  |
| Interaction GA+PM | -0.62***       | 0.17         |                         |                         |                        |
| Interaction GA+SSC | 0.28†          | 0.15         |                         |                         |                        |

**Random effects and model fit**

|                      |               |               |               |               |               |
|----------------------|---------------|---------------|---------------|---------------|---------------|
| Residual country-level variance | 0.86          | 0.49          | 0.31          | 0.42          | 0.30          |
| Deviance (-2 log likelihood) | 18,484        | 18,470        | 18,459        | 18,466        | 18,458        |
| Degrees of freedom (df) | 7             | 10            | 11            | 11            | 12            |
| Δ pseudo-R² from M0*  | 0.19          |               |               |               |               |
| Δ pseudo-R² from M1   |               | 0.35          |               |               |               |
| χ² (df) from M1       |               | 13.81**(3)    |               |               |               |
| Δ pseudo-R² from M2   |               |               | 0.17          | 0.06          | 0.18          |
| χ² (df) from M2       |               |               | 10.61**(1)    | 3.45(1)       | 11.71** (2)   |

* p < 0.10; ** p < 0.05; *** p < 0.01
Table 5: Continued

|                      | Controls+GA only |                      | Controls+PM only |                      | Controls+SSC only |                      |
|----------------------|------------------|----------------------|------------------|-------------------|-------------------|---------------------|
|                      | Model 6           |                      | Model 7           |                      | Model 8           |                      |
|                      | $B$   | $p$   | s.e.  | $B$   | $p$   | s.e.  | $B$   | $p$   | s.e.  | $B$   | $p$   | s.e.  |
| Fixed effects        |                  |                      |                  |                    |                  |                      |
| Intercept            | $-4.35^{***}$    | 0.17                |                  | $-4.35^{***}$     | 0.18              |                    | $-4.34^{***}$       | 0.19              |
| Level 1 (controls)   |                  |                      |                  |                    |                  |                      |
| Age                  | 0.03             | 0.02                |                  | 0.03              | 0.02              |                    | 0.03              | 0.02              |
| Age-squared          | $-0.07^{**}$     | 0.03                |                  | $-0.07^{**}$      | 0.03              |                    | $-0.07^{**}$       | 0.03              |
| Gender               | $0.17^{***}$     | 0.02                |                  | $0.17^{***}$      | 0.02              |                    | $0.17^{***}$       | 0.02              |
| Education            | $0.59^{***}$     | 0.03                |                  | $0.59^{***}$      | 0.03              |                    | $0.59^{***}$       | 0.03              |
| Level 2 (controls)   |                  |                      |                  |                    |                  |                      |
| GDP                  | $-0.15$          | 0.24                |                  | $-0.05$           | 0.23              |                    | $0.30$            | 0.20              |
| Level 2 (predictors) |                  |                      |                  |                    |                  |                      |
| Government activism (GA) | $0.58^*$   | 0.24                |                  | $0.49^*$          | 0.23              |                    | $0.16$            | 0.20              |
| Postmaterialism (PM) |                  |                      |                  |                    |                  |                      |
| Socially supportive cultural norms (SSC) |                  |                      |                  |                    |                  |                      |
| Interaction GA+PM    |                  |                      |                  |                    |                  |                      |
| Interaction GA+SSC   |                  |                      |                  |                    |                  |                      |
| Random effects and model fit |                  |                      |                  |                    |                  |                      |
| Residual country-level variance | 0.70       |                    | 0.74              | 0.82              |                    |                      |
| Deviance (−2 log likelihood) | 18,478     |                    | 18,479            | 18,483            |                    |                      |
| Degrees of freedom (df) | 8           |                    | 8                 | 8                 |                    |                      |
| $\Delta$ pseudo-$R^2$ from M0$^a$ | 0.15        |                    | 0.12              | 0.03              |                    |                      |
| $\Delta$ pseudo-$R^2$ from M1 | $5.42^* (1)$ |                    | $4.25^* (1)$      | 0.62 n.s. (1)     |                    |                      |
| $\chi^2$ (df) from M1 | $5.42^* (1)$ |                    | $4.25^* (1)$      | 0.62 n.s. (1)     |                    |                      |
| $\chi^2$ (df) from M2 |                    |                      |                    |                    |                    |                      |
### Further robustness checks

| Robustness check for | Adding GDP growth as control | Adding rule of law as a control |
|----------------------|------------------------------|---------------------------------|
| Model 3              | Model 4                       | Model 3                         | Model 4 |

#### Fixed effects

|                      | Model 9 | Model 10 | Model 11 | Model 12 |
|----------------------|---------|----------|----------|----------|
| Intercept            | −4.10***| −4.24*** | −4.10*** | −4.25*** |
|                      | 0.14    | 0.14     | 0.13     | 0.14     |
| Level 1 (controls)   |         |          |          |          |
| Age                  | 0.03    | 0.03     | 0.03     | 0.03     |
|                      | 0.02    | 0.02     | 0.02     | 0.02     |
| Age-squared          | −0.07** | −0.07**  | −0.07**  | −0.07**  |
|                      | 0.03    | 0.03     | 0.03     | 0.03     |
| Gender               | 0.17*** | 0.17***  | 0.17***  | 0.17***  |
|                      | 0.02    | 0.02     | 0.02     | 0.02     |
| Education            | 0.59*** | 0.59***  | 0.59***  | 0.59***  |
|                      | 0.03    | 0.03     | 0.03     | 0.03     |
| Level 2 (controls)   |         |          |          |          |
| GDP                  | −0.34   | −0.29    | −0.65*   | −0.82*   |
|                      | 0.22    | 0.24     | 0.31     | 0.34     |
| GDP growth           | 0.10    | 0.29     |          |          |
|                      | 0.19    | 0.21     |          |          |
| Rule of law          |         |          |          |          |
|                      | 0.32    | 0.30     | 0.48     | 0.34     |
| Level 2 (predictors) |         |          |          |          |
| Government activism  | 0.71*** | 0.57**   | 0.59**   | 0.38†    |
| (GA)                 | 0.17    | 0.20     | 0.18     | 0.22     |
| Postmaterialism (PM) | 0.47**  | 0.47**   | 0.53**   | 0.55**   |
|                      | 0.16    | 0.17     | 0.16     | 0.19     |
| Socially supportive  | 0.48**  | 0.13     | 0.50**   | 0.20     |
| cultural norms (SSC)| 0.15    | 0.16     | 0.13     | 0.15     |
| Interaction GA×PM    | −0.60***| −0.60*** |          |          |
|                      | 0.17    | 0.17     |          |          |
| Interaction GA×SSC   | 0.31*   |          | 0.29*    |          |
|                      |         | 0.14     | 0.14     |          |

#### Random effects and model fit

|                      | Model 9 | Model 10 | Model 11 | Model 12 |
|----------------------|---------|----------|----------|----------|
| Residual country-level variance | 0.30    | 0.39     | 0.29     | 0.39     |
| Deviance (−2 log likelihood)     | 18,459  | 18,465   | 18,458   | 18,464   |
| Total df              | 12      | 12       | 12       | 12       |
| Total pseudo-R² beyond controls | 0.52    | 0.43     | 0.50     | 0.41     |
| Δ pseudo-R² Controls to Main model | 0.36    | 0.36     | 0.34     | 0.34     |
| χ² Controls to Main (df)      | 14.74**(3) | 14.74**(3) | 14.05**(3) | 14.05**(3) |
| Δ pseudo-R² Main to Interaction model | 0.16    | 0.07     | 0.16     | 0.07     |
Table 5: (Continued)

| $\chi^2$ | Main to Interaction model (df) | 9.86**(1) | 4.19*(1) | 10.35**(1) | 4.01*(1) |
|-----------|-------------------------------|-----------|----------|-----------|----------|
| Further robustness checks | Revenue-generating SE |
| | Model 13 | Model 14 |
| Robustness check for | Model 3 | Model 4 |
| | B | p | s.e. | B | p | s.e. |
| Fixed effects | | | | | | |
| Intercept | −4.83*** | 0.17 | −5.05*** | 0.18 |
| Level 1 (controls) | | | | | | |
| Age | 0.01 | 0.04 | 0.01 | 0.04 |
| Age-squared | −0.10** | 0.04 | −0.10** | 0.04 |
| Gender | 0.23*** | 0.03 | 0.23*** | 0.03 |
| Education | 0.59*** | 0.04 | 0.60*** | 0.04 |
| Level 2 (controls) | | | | | | |
| GDP | −0.33 | 0.24 | −0.36 | 0.28 |
| GDP growth | | | | | | |
| Rule of law | | | | | | |
| Level 2 (predictors) | | | | | | |
| Government activism (GA) | 0.69*** | 0.20 | 0.55* | 0.25 |
| Postmaterialism (PM) | 0.41* | 0.19 | 0.43† | 0.23 |
| Socially supportive cultural norms (SSC) | 0.60*** | 0.17 | 0.30 | 0.19 |
| Interaction GA×PM | −0.68** | 0.21 | | |
| Interaction GA×SSC | | | | 0.18 |
| Random effects and model fit | | | | | | |
| Residual country-level variance | 0.43 | | 0.62 | |
| Deviance (-2 log likelihood) | 10,380 | | 10,388 | |
| Total df | 11 | | 11 | |
| Total pseudo-$R^2$ beyond controls | 0.49 | | 0.34 | |
| $\Delta^2$ pseudo-$R^2$ Controls to Main model | 0.31 | | 0.31 | |
| $\chi^2$ Controls to Main (df) | 10.16*(3) | | 10.16*(3) | |
| $\Delta$ pseudo-$R^2$ Main to Interaction model | 0.18 | | 0.03 | |
| $\chi^2$ Main to Interaction model (df) | 8.84**(1) | | 0.94(1) | |

$N=106,484$ at individual-level, $n=26$ countries, †$p<0.10$; *$p<0.05$; **$p<0.01$; ***$p<0.001$ (two-tailed); relative to intercept only model (variance 1.07).
to the relatively small country-level sample size and the statistical power required to detect interaction effects. We conclude that Hypothesis 5 is only weakly supported.

The effects of the three institutional predictors together with their interaction effects (Model 5) explained 53% of the country-level variance beyond the control variables, corresponding to 12.7% of the total variation in SE. The interaction effects alone explained 18% of the country-level (and 4.3% of the total) variation in SE (Model 5) and provide further support for the institutional configuration perspective.

**DISCUSSION**

This multilevel study contributes to our understanding of national contexts facilitating individuals’ engagement in SE. Beyond the specific results which enhance our understanding of SE as a domain of inquiry, our study contributes to institutional theory by advancing an integrative, configurational view of formal and informal institutions; and by clarifying the role of institutional voids vs institutional support. It also contributes to entrepreneurship research by highlighting the importance of contexts that enable resource access.

**Contributions to Institutional Theory**

Our findings demonstrate that joint institutional configurations of formal and informal institutions offer more explanatory power than examinations of their individual effects. The configuration perspective enables greater integration of research on formal and informal institutions and thus transcends the theoretical debate on whether formal or informal institutions are more important for certain outcomes in IB research. Theorizing and testing the effect of configurations is an established practice in such disciplines as strategic management and psychology (Short, Payne, & Ketchen, 2008; Tett & Burnett, 2003), but has received little attention in institutional theory (Scott, 2005), particularly in comparative entrepreneurship research (Bruton et al., 2010; Jones et al., 2011). One exception is past entrepreneurship research that focused on how informal social relationships may substitute for the effects of weak rule of law (Estrin et al., 2013b; Puffer, McCarthy, & Boisot, 2010). Our findings offer a wider perspective, by demonstrating that informal and formal institutions can also have additive and mutually reinforcing effects (e.g., government activism and SSC weak-tie social capital).

Collectively our findings provide strong backing for the institutional configuration perspective as opposed to the institutional void perspective. Although very high levels of postmaterialism may to some extent compensate for low government activism, SE activity is generally higher when government activism is high. Thus our findings are at odds with the view that creating greater demand for SE by reducing government activism (through lower government spending or less progressive taxation) stimulates greater engagement in SE, or that government activism would “crowd out” private pro-social initiatives such as SE. By contrast, our findings point to the importance of complementary support from formal and informal social capital institutions. This way our study extends emerging research in behavioral and public economics suggesting that greater government activism can “crowd in” rather than “crowd out” further private financial support (Andreoni, Payne, & Smith, 2014; Heutel, 2014). It also shows that notions of synergy between government
involvement and private cooperative efforts (Skocpol, 2008; Woolcock & Narayan, 2000) extend to SE.

Building on Scott’s three-pillar framework, our research emphasizes the benefit of an integrated, multidisciplinary configurational approach to theorizing about institutions, which combines the focus in cross-cultural psychology on informal institutions with the focus in institutional economics on formal institutions. Scott’s differentiation of cognitive and normative informal institutions parallels the notions of cultural values and practices in cross-cultural research (Javidan et al., 2006) and thus enables the integration of this rich research tradition into institutional theory and research. Consequently, we suggest cross-cultural psychologists should consider formal institutions when exploring the effects of culture as well as differentiate between cultural values and norms. We encourage researchers in new institutional economics to consider informal institutions when exploring the effects of formal institutions.

**Contribution to Social (and Commercial) Entrepreneurship**

This study contributes to recent calls for greater consideration of context in examining entrepreneurial behavior (Zahra & Wright, 2011; Welter, 2011). Our findings suggest that national context drives individual engagement in SE mainly through resource-based mechanisms and supply side motivational influences and less through incentives arising from demands (such as institutional voids). Specifically, they highlight the importance of national contexts that enable organizations to access tangible and intangible resources through formal and informal channels. Similar results with regard to the importance of informal cultural support were identified in past research on CE (Autio et al., 2013; Stephan & Uhlmaner, 2010). Consequently, we suggest that future research in comparative (social) entrepreneurship may fruitfully build closer links between institutional theory and the resource-based view (Barney, Ketchen, & Wright, 2011), and give resource considerations a more central role in theorizing alongside motivational mechanisms. To date, resources are only discussed as a side-issue in supply–demand models in CE research, variously seen as one capability of individuals on the supply side (Wennekers, Uhlmaner, & Thurik, 2002) or implicitly treated as aspects of demand (Thornton, 1999).

Our findings also underscore the need to investigate contextual drivers specific to distinct types of entrepreneurship (Zahra & Wright, 2011) including theoretical models specific to SE. Comparisons of our findings with past research on CE highlight opposite effects of government activism and postmaterialism on CE and SE (Aidis et al., 2012; Uhlmaner & Thurik, 2007). It could be that by controlling for other types of entrepreneurship by motive, some of the past contradictory results in research on cultural values can be sorted out: for instance, individualism may be primarily linked to independence-motivated entrepreneurship, whereas collectivism may be linked to the prevalence of family-owned firms.

**Limitations and Directions for Future Research**

This study followed state-of-the-art practices in testing multilevel hypotheses on a sample of over 106,000 individuals across 26 diverse countries from four continents and at various phases of development. Data for the independent and dependent variables were collected from different sources, thus eliminating concerns about common method bias. In addition, data on all independent variables were collected before the data on the dependent variable (SE), enhancing our confidence in the causal direction of these findings. Nevertheless, some limitations were beyond our control.

First, our analyses should be repeated on a larger sample of countries, as factor-driven economies were under-represented and innovation-driven economies somewhat over-represented in our data set. Notably, significant effects, especially when testing interactions, are harder to establish with smaller sample sizes, which limit statistical power. Similarly, the low incidence rate of SE (Table 1) limited statistical power. However, the high ICC(1) statistic for SE indicated that a large proportion of the total variance in SE resided at the country level, which partially mitigated these statistical power concerns. The fact that we found support for our hypotheses, including a robust interaction effect of postmaterialism and government activism, even within a relatively small sample of countries, supports the validity of our findings. The results from the various supplementary analyses (e.g., entering predictors separately, adding GDP growth and rule of law as control variables, and using revenue-generating SE as an alternative dependent variable) also support the robustness of the findings.

Second, we used one indicator of overall SE activity. Future research may investigate SE as a process across countries (Bergmann & Stephan, 2013), addressing questions about the emergence and sustainability of SE in more detail. For instance,
comparing our findings to Estrin et al. (2013a) suggests differences in institutional drivers of early stage SE start-up efforts. Although we identified revenue-generating SE as one quality indicator, future research could differentiate SE by the scale of its social impact, for example, addressing local needs vs creating large-scale social change (Zahra et al., 2009).

A third limitation is how SE was measured in the GEM study. The initial screening question included examples of social or community objectives while omitting examples of environmental objectives (Appendix A), which may lead to an under-representation of environmental SE.

A fourth limitation is the general way in which government activism was measured. Cross-country data do not allow us to determine the type of spending that might be most effective, that is, direct subsidies for entrepreneurs, financial support for the unemployed, or skills training for potential or existing (social) entrepreneurs.

Fifth, one of our measures of institutions, SSC, is based on the GLOBE study (House et al., 2004). GLOBE data were collected between 1995 and 1997, about 13 years before the data for SE. Also, some criticize the way in which GLOBE measured cultural values (Brewer & Venaik, 2010; Maseland & van Hoorn, 2010). However, since the SSC index builds on practice scores, most such critiques do not apply to our study.

Finally, as with many IB studies, endogeneity is a concern, particularly since past research emphasizes the link between postmaterialism and economic growth. However, recent research suggests that economic development plays a less important role in the development of postmaterialism in contrast to cultural socialization (Kroh, 2009). We also adopted common precautions to deal with endogeneity concerns such as using time lags between the independent and dependent variables and controlling for potential alternative causes at the country and individual levels.

We chose predictors guided by the three-pillar framework presented by Scott (1995) and by theorizing on SE. Future research may nevertheless wish to investigate other cultural values and norms such as those included in CE research (Hayton, George, & Zahra, 2002). Since SE entails dealing with uncertainty, cultural uncertainty–avoidance may be relevant, potentially in configuration with formal institutions (such as rule of law). In-group collectivism may also play a role through enabling resource support within families. Future research could also explore cross-level interaction effects, for example, testing how institutions including culture moderate the impact of individual-level variables on SE.

Practical Implications
Our findings can ultimately inform policymakers wishing to enhance SE. One of the most important implications relates to the institutional void perspective. Our study provides clear counterevidence for policies designed to stimulate SE by cutting services or reducing other types of government support. Our data suggest that radical cuts in the state sector (such as those seen in many countries in response to the global economic crisis that started in 2007) are unlikely to motivate more individuals to engage in SE. Our results clearly suggest that more (not less) active governments (i.e., those that have relatively high levels of progressive taxation and government spending) help foster the creation of operating social enterprises, in line with the institutional support perspective. Thus governments should not be timid in supporting SE for fear that this will reduce privately led initiatives.

Our findings on institutional configurations suggest that policymakers need to take formal and informal institutions into account when pondering policy decisions. This includes both cultural values that are prevalent in their country and the informal norms regarding social support.

CONCLUSION
The institutional configuration perspective recognizes that human behavior is jointly shaped by formal and informal institutions, a proposition often discussed but rarely empirically tested. Collectively our findings support the notion that one important route to advancing IB and comparative entrepreneurship research is to integrate the largely separate research streams on informal institutions/culture and formal institutions by considering configurations of both types of institutions.

Furthermore, our research is one of the first multi-level studies to examine the contextual drivers of SE and to provide an empirical test comparing the institutional void perspective to the institutional support perspective. We find strong support for the institutional support perspective, consistent with the notion that access to tangible and intangible resources from both government and private individuals is a key enabler of entrepreneurial activity. This calls for future research to integrate resource-based approaches more closely into theorizing about how
national context and institutions impact enterprising activity.

ACKNOWLEDGEMENTS
Data for this study were provided by the Global Entrepreneurship Monitor (GEM), which is a consortium of research teams representing more than 85 countries across the globe. Names of the members of national teams, the global coordination team, and the financial sponsors are published in the annual GEM Reports, which can be downloaded at http://www.gemconsortium.org. We thank all the researchers and their financial supporters who made this research possible. We thank Tomasz Mickiewicz and Ian Macdonald for helpful comments on previous versions of this manuscript. Earlier versions of this article were presented at the 2010 GEM research conference, the 2010 NYU Stern Conference on Social Entrepreneurship, the 2011 Academy of Management Annual Meeting in San Antonio, the 2011 ISBE Conference, and at the ESRC seminar series on Reconstructing Social Enterprise in 2013. We thank the participants at these conferences for their helpful feedback. Ute Stephan gratefully acknowledges financial support from the European Commission, Socioeconomic Sciences and Humanities Grant Agreement 613500 (Seforis project).

NOTES
1The Big Society initiative seeks to empower local communities and voluntary and community organizations. It includes the setting up of a dedicated financing institution and regulatory changes.
2To measure government activism, an indicator that directly measures welfare spending may be preferable. However, harmonized cross-country data for welfare spending were either not available for all countries or were not sufficiently recent. Correlations between our government activism indicator and other specific indicators supported its validity as reflecting governments’ social vs military engagement. In a 20-country subsample, government activism showed a strong positive correlation with the percentage of GDP spent on total public social protection and health care in 2006 (OECD, 2011) (r=0.88, p<0.001), but only a trivial correlation with military spending (SIPRI, 2013) (r=0.07, n.s., N=26). In separate analyses available from the authors, we substituted government activism with military spending and, as expected, found non-significant effects on SE. This further supports our view that government activism reflects social rather than military spending.
3Some researchers use a 12-item version of the post-materialism index, also termed survival/self-expression index. We prefer the 4-item index because, unlike the 12-item index, it does not mix value items with other items tapping into trust, behavioral description, and self-description items of happiness (Bond et al., 2004). The correlation between the 4- and 12-item versions was high (0.86 across the 26 countries in our data set).
4Stephan and Uhlaner (2010) report details of the secondary factor analysis used to derive the SSC index, which was successfully replicated by Autio et al. (2013) across 40 countries, and by us for our 26-country sample. We used z-standardized scores of humane orientation and assertiveness (reverse scored) before taking their average.
5We conducted a range of further robustness checks including removing GDP (exploring endogeneity concerns) and separately removing Denmark as it has the highest SE rate in the sample. Their results support the pattern of findings reported in the results section and are available from the authors upon request.

REFERENCES
Abramson, P. R., & Inglehart, R. 1994. Education, security, and postmaterialism: A comment on Duch and Taylor’s ‘Postmaterialism and the economic condition’. American Journal of Political Science, 38(3): 797–814.
Aidis, R., Estrin, S., & Mickiewicz, T. M. 2012. Size matters: Entrepreneurial entry and government. Small Business Economics, 39(1): 119–139.
Andreoni, J., Payne, A., & Smith, S. 2014. Do grants to charities crowd out other income? Evidence from the UK. Journal of Public Economics, 114(June): 75–86.
Autio, E., & Acs, Z. J. 2010. Intellectual property protection and the formation of entrepreneurial growth aspirations. Strategic Entrepreneurship Journal, 4(3): 234–251.
Autio, E., Pathak, S., & Wennberg, K. 2013. Consequences of cultural practices for entrepreneurial behaviors. Journal of International Business Studies, 44(4): 334–362.
Barney, J., Ketchen, D., & Wright, M. 2011. The future of resource-based theory: Revitalization or decline? Journal of Management, 37(5): 1299–1315.
Beach, W., & Kane, T. 2008. Methodology: Measuring the 10 economic freedoms. Washington DC: The Heritage Foundation.
Beckers, R. 2005. Participation in voluntary associations: Relations with resources, personality, and political values. Political Psychology, 26(3): 439–454.
Bergmann, H., & Stephan, U. 2013. Moving on from nascent entrepreneurship: Measuring cross-national differences in the transition to new business ownership. Small Business Economics, 41(4): 945–959.
Bierhoff, H. W. 2002. Prorsocial behaviour. Hove: Psychology Press.
Bond, M. H., Leung, K., Au, A., Tong, K. K., De Carasquiel, S. R., Murakami, F., & Sam, D. L. 2004. Culture-level dimensions of social axioms and their correlates across 41 cultures. Journal of Cross-Cultural Psychology, 35(5): 548–570.
Bornstein, D. 2007. How to change the world: Social entrepreneurs and the power of new ideas. Oxford: Oxford University Press.
Bosma, N., Coduras, A., Litovsky, Y., & Seaman, J. 2012. GEM manual. http://www.gemconsortium.org/docs/download/2375, accessed November 2012.
Bowen, H. P., & De Clercq, D. 2008. Institutional context and the allocation of entrepreneurial effort. Journal of International Business Studies, 39(4): 747–767.

Brewer, P., & Venaik, S. 2010. GLOBE practices and values: A case of diminishing marginal utility? Journal of International Business Studies, 41(8): 1316–1324.

Bruton, G. D., Ahlstrom, D., & Li, H.-L. 2010. Institutional theory and entrepreneurship: Where are we now and where do we need to move in the future? Entrepreneurship: Theory and Practice, 34(3): 421–440.

Bryk, A. S., & Raudenbush, S. W. 2002. Hierarchical linear models. Newbury Park, CA: Sage.

Carney, M., Gedajlovic, E., & Yang, X. 2009. Varieties of Asian capitalism: Toward an institutional theory of Asian enterprise. Asia Pacific Journal of Management, 26(3): 361–380.

Castles, F. G., & Dowrick, S. 1990. The impact of government spending levels on medium-term economic growth in the OECD. 1960–85. Journal of Theoretical Politics, 2(2): 173–204.

Dacin, M. T., Dacin, P. A., & Tracey, P. 2011. Social entrepreneurship: A critique and future directions. Organization Science, 22(5): 1203–1213.

Dacin, P. A., Dacin, M. A., & Matear, M. 2010. Social entrepreneurship: Why we don’t need a new theory and how we move forward from here. Academy of Management Perspectives, 24(3): 37–57.

Davidsson, P., & Wiklund, J. 1997. Values, beliefs and regional variations in new firm formation rates. Journal of Economic Psychology, 18(2–3): 179–199.

Dawson, J. F. 2014. Moderation in management research: What, why, when and how. Journal of Business and Psychology, 29(1): 1–19.

De Clercq, D., Danis, W. D., & Dakhli, M. 2010. The moderating effect of institutional context on the relationship between associational activity and new business activity in emerging economies. International Business Review, 19(1): 85–101.

DiDomenico, M., Haugh, H., & Tracey, P. 2010. Social bricolage: Theorizing social value creation in social enterprises. Entrepreneurship Theory and Practice, 34(4): 681–703.

The Economist. 2010. Social innovation. Let’s hear those ideas. http://www.economist.com/node/16789766/print, accessed 12 August 2010.

Egri, C. P., & Herman, S. 2000. Leadership in the North American environmental sector: Values, leadership styles, and contexts of environmental leaders and their organizations. Academy of Management Journal, 43(3): 571–604.

Estrin, S., Mickiewicz, T., & Stephan, U. 2013a. Entrepreneurship, social capital, and institutions: Social and commercial entrepreneurship across nations. Entrepreneurship Theory and Practice, 37(3): 479–504.

Estrin, S., Korosteleva, J., & Mickiewicz, T. 2013b. Which institutions encourage entrepreneurial growth aspirations? Journal of Business Venturing, 28(4): 564–580.

European Commission. 2013. The social business initiative of the European Commission. http://ec.europa.eu/internal_market/publications/docs/sbi-brochure/sbi-brochure-print_en.pdf, accessed 23 July 2014.

Evans, F. 1996. Government action, social capital and development: Revisiting the evidence on synergy. World Development, 24(6): 1119–1132.

Franzen, A., & Meyer, R. 2010. Environmental attitudes in cross-national perspective: A multilevel analysis of the ISSP 1993 and 2000. European Sociological Review, 26(2): 219–234.

Fukuyama, F. 2001. Social capital, civil society and development. Third World Quarterly, 22(1): 7–20.

Global Entrepreneurship Research Association. 2013. GEM 2009 APS global – individual-level data. http://www.gemconsortium.org/docs/3130/gem-2009-aps-global-individual-level-data, accessed July 2014.

Hair, J. F., Anderson, R. E., Tatham, R. L., & Black, W. C. 1998. Multivariate data analysis, 5th edn. Upper Saddle River, NJ: Prentice Hall.

Hayton, J. C., George, G., & Zahra, S. A. 2002. National culture and entrepreneurship: A review of behavioral research. Entrepreneurship Theory and Practice, 26(4): 33–52.

Hébert, R. F., & Link, A. N. 1982. The entrepreneurs: Mainstream views and radical critiques. New York: Praeger.

Heritage Foundation. 2010. Index of economic freedom data. http://www.heritage.org, accessed June 2010.

Heutel, G. 2014. Crowding out and crowding in of private donations and government grants. Public Finance Review, 42(2): 143–175.

House, R. J., Hanges, P. J., Javidan, M., Dorfman, P. W., & Gupta, V. 2004. Culture, leadership and organizations: The GLOBE study of 62 societies. Thousand Oaks, CA: Sage.

Hox, J. 2010. Multilevel analysis: Techniques and applications, 2nd edn. London: Routledge.

Inglehart, R. 1997. Modernization and postmodernization: Culture, economic and political change in 43 societies. Princeton, NJ: Princeton University Press.

Inglehart, R. 2008. Changing values among western publics from 1970 to 2006. West European Politics, 31(1–2): 130–146.

Inglehart, R., & Baker, W. E. 2000. Modernization, cultural change, and the persistence of traditional values. American Sociological Review, 65(1): 19–51.

Javidan, M., House, R. J., Dorfman, P. W., Hanges, P. J., & Sully de Luque, M. 2006. Conceptualizing and measuring cultures and their consequences: A comparative review of GLOBE’s and Hofstede’s approaches. Journal of International Business Studies, 37(6): 897–914.

Jones, M. V., Coviello, N., & Tang, Y. K. 2011. International entrepreneurship research (1989–2009): A domain ontology and thematic analysis. Journal of Business Venturing, 26(6): 632–659.

Katre, A., & Salipante, P. 2012. Start-up social ventures: Blending fine-grained behaviors from two institutions for entrepreneurial success. Entrepreneurship Theory and Practice, 36(5): 967–994.

Kaufmann, D., Kraay, A., & Mastruzzi, M. 2011. The worldwide governance indicators: Methodology and analytical issues. Hague Journal on the Rule of Law, 3(2): 220–246.

Khanna, T., & Rivkin, J. W. 2001. Estimating the performance effects of business groups in emerging markets. Strategic Management Journal, 22(1): 45–74.

Knafo, A., & Sagiv, L. 2004. Values and work environment: Mapping 32 occupations. European Journal for Psychology of Work and Education, 19(3): 255–273.

Korosec, M. L., & Berman, E. M. 2006. Municipal support for social entrepreneurship. Public Administration Review, 66(3): 448–462.

Kozlowski, S. W., & Klein, K. J. 2000. A multilevel approach to theory and research in organizations: Contextual, temporal, and emergent processes. In K. J. Klein, & S. W. Kozlowski (Eds), Multilevel theory, research and methods in organizations: 3–90. San Francisco: Jossey Bass.

Kroh, M. 2009. The preadult origins of postmaterialism: A longitudinal sibling study. European Journal of Political Research, 48(5): 598–621.

Kwon, S.-W., & Arenius, P. 2010. Nations of entrepreneurs: A social capital perspective. Journal of Business Venturing, 25(3): 315–330.

Lepoutre, J., Justo, R., Terjesen, S., & Bosma, N. 2013. Designing a global standardized methodology for measuring social entrepreneurship activity: The Global Entrepreneurship Monitor social entrepreneurship study. Small Business Economics, 40(3): 693–714.

Levie, J., & Autio, E. 2011. Regulatory burden, rule of law, and entry of strategic entrepreneurs: An international panel study. Journal of Management Studies, 48(6): 1392–1419.

Levie, J., Brooksbank, D., Jones-Evans, D., Harding, R., & Hart, M. 2006. Measuring social entrepreneurship: Lessons from three years of experimentation by the UK Global Entrepreneurship Monitor team. Frontiers of Entrepreneurship Research, 26: Article 3.
Maassen, G. H., & Bakker, A. B. 2001. Suppressor variables in path models: Definitions and interpretations. *Sociological Methods and Research*, 30(2): 241–270.

Mair, J., & Martí, I. 2006. Social entrepreneurship research: A source of explanation, prediction, and delight. *Journal of World Business*, 41(1): 36–44.

Mair, J., & Martí, I. 2009. Entrepreneurship in and around institutional voids: A case study from Bangladesh. *Journal of Business Venturing*, 24(5): 419–435.

Mair, J., Battilana, J., & Cárdenas, J. 2012. Organizing for society: A typology of social entrepreneurship models. *Journal of Business Ethics*, 111(3): 353–373.

Marcello, C. 1998. Determinants of the non-profit sector size: An empirical analysis in Spain. *Annals of Public and Cooperative Economics*, 69(2): 175–192.

Maseland, R., & van Hoorn, A. 2010. Values and marginal preferences in international business. *Journal of International Business*, 41(8): 1425–1429.

Matsunaga, Y., Yamauchi, N., & Okuyama, N. 2010. What determines the size of the non-profit sector?: A cross-country analysis of the government failure theory. *Voluntas: International Journal of Voluntary and Nonprofit Organizations*, 21(2): 180–201.

Meyskens, M., Robb-Post, C., Stamp, J. A., Carsrud, A. L., & Reynolds, P. D. 2010a. Social ventures from a resource-based perspective: An exploratory study assessing global Ashoka fellows. *Entrepreneurship: Theory & Practice*, 34(4): 661–680.

Meyskens, M., Carsrud, A. L., & Cardozo, R. N. 2010b. The symbiosis of entities in the social engagement network: The role of social ventures. *Entrepreneurship & Regional Development*, 22(5): 425–455.

Moors, G. 2007. Testing the internal validity of the Inglehart thesis by means of a latent class choice model. *Acta Sociologica*, 50(2): 147–160.

Morales, C. E., & Holtschlag, C. 2013. Postmaterialist values and entrepreneurship: A multilevel approach. *International Journal of Entrepreneurial Behaviour and Research*, 19(3): 266–282.

Nicholls, A. 2010. The legitimacy of social entrepreneurship: Reflexive isomorphism in a pre-paradigmatic field. *Entrepreneurship Theory and Practice*, 34(4): 611–633.

Nissan, E., Castaño, M. S., & Carrasco, I. 2012. Drivers of non-profit activity: A cross-country analysis. *Small Business Economics*, 39(3): 303–320.

North, D. C. 1991. Institutions. *Journal of Economic Perspectives*, 5(2): 97–112.

North, D. C. 2005. *Understanding the process of economic change*. Princeton, NJ: Princeton University Press.

Noselet, F. 2010. The entrepreneurial culture: Guiding principles of the self-employed. In A. Freytag, & R. Thurik (Eds), *Entrepreneurship and culture*: 41–54. Berlin: Springer.

OECD. 2011. Social expenditure database (SOCX). http://www.oecd.org/social/expenditure.htm, accessed 23 July 2014.

Opp, K.-D. 1990. Postmaterialism, collective action, and political protest. *American Journal of Political Science*, 34(1): 212–235.

Parboteeah, K. P., Hoegl, M., & Cullen, J. B. 2008. Managers’ gender role attitudes: A country institutional profile approach. *Journal of International Business Studies*, 39(5): 795–813.

Peterson, M. F., Arregle, J. L., & Martin, X. 2012. Multilevel models in international business research. *Journal of International Business Studies*, 43(5): 451–457.

Pinillos, M. J. 2011. Cultura postmaterialista y variaciones en el espíritu emprendedor. (Postmaterialist culture and variations in the entrepreneurial spirit). *Investigaciones Europeas de Dirección y Economía de la Empresa*, 17(1): 1135–2523.

Powell, W. W., & DiMaggio, P. J. 1991. *The new institutionalism in organizational analysis*. Chicago: University of Chicago Press.

Puffer, S. M., McCarthy, D. J., & Boisot, M. 2010. Entrepreneurship in Russia and China: The impact of formal institutional voids. *Entrepreneurship Theory and Practice*, 34(3): 441–467.

R Foundation for Statistical Computing. 2012. R version 2.14.2. Vienna, http://www.R-project.org, accessed October 2013.

Rocca, S., Sagiv, L., Schwartz, S. H., & Knafo, A. 2002. The Big Five personality factors and personal values. *Personality and Social Psychology Bulletin*, 28(6): 789–801.

Salamon, L. M., & Anheier, H. K. 1998. Social origins of civil society: Explaining the nonprofit sector cross-nationally. *Voluntas: International Journal of Voluntary and Nonprofit Organizations*, 9(3): 213–248.

Salamon, L. M., & Sokolowski, W. 2003. Institutional roots of volunteering: Toward a macro-structural theory of individual voluntary action. In P. Dekker, & L. Halman (Eds), *The values of volunteering: Cross-cultural perspectives*: 71–90. New York: Kluwer.

Santos, F. M. 2012. A positive theory of social entrepreneurship. *Journal of Business Ethics*, 111(3): 335–351.

Saxton, G. D., & Benson, M. A. 2005. Social capital and the growth of the nonprofit sector. *Social Science Quarterly*, 86(1): 16–35.

Schwartz, S. H. 2006. A theory of cultural value orientations: Explication and applications. *Comparative Sociology*, 5(2–3): 137–182.

Scott, W. R. 1995. *Institutions and organizations*. Thousand Oaks, CA: Sage.

Scott, W. R. 2005. Institutional theory: Contributing to a theoretical research program. In K. G. Smith, & M. A. Hitt (Eds), *Great minds in management: The process of theory development*. Oxford: Oxford University Press.

Shane, S., & Venkataraman, S. 2000. The promise of entrepreneurship as a field of research. *Academy of Management Review*, 25(1): 217–226.

Short, J. C., Moss, T. W., & Lumpkin, G. T. 2009. Research in social entrepreneurship: Past contributions and future opportunities. *Strategic Entrepreneurship Journal*, 3(2): 161–194.

Short, J. C., Payne, G. T., & Ketchen, D. J. 2008. Research on organizational configurations: Past accomplishments and future challenges. *Journal of Management*, 34(6): 1053–1079.

SIPRI (Stockholm International Peace Research Institute). 2013. Military expenditure database. http://www.sipri.org, accessed April 2013.

Skocpol, T. 2008. Bringing the state back in: Retrospect and prospect. *Scandinavian Political Studies*, 31(2): 109–124.

Skoll Foundation. 2013. About the Skoll Foundation, http://www.skollfoundation.org/about/, accessed June 2013.

Stephan, U. 2010. The entrepreneurial spirit (in German). In M. Lukes, & M. Laguna (Eds), *Entrepreneurship: A psychological approach*: 17–35. Prague: Oeconomica.

Stephan, U., & Uhlman, L. M. 2010. Performance-based vs. socially supportive culture: A cross-national study of descriptive norms and entrepreneurship. *Journal of International Business Studies*, 41(8): 1347–1364.

Stephan, U., Huyseventuyt, M., & Van Looy, B. 2010. Corporate social opportunity recognition and the value(s) of social entrepreneurs. Paper presented at NYU Stern Annual Social Entrepreneurship Conference, 3–5 November.

Sud, M., van Sandt, C. V., & Bajous, A. M. 2009. Social entrepreneurship: The role of institutions. *Journal of Business Ethics*, 85(1): 201–216.

Terjesen, S., Lepoutre, J., Justo, R., & Bosma, N. 2012. GEM 2009 report on social entrepreneurship, http://www.gemconsortium.org/docs/2519/gem-2009-report-on-social-entrepreneurship, accessed November 2013.

Tett, R. P., & Burnett, D. D. 2003. A personality trait-based interactionist model of job performance. *Journal of Applied Psychology*, 88(3): 500–517.

Thornton, P. H. 1999. The sociology of entrepreneurship. *Annual Review of Sociology*, 25(1): 19–46.

Uhlman, L. M., & Thrír, R. 2007. Postmaterialism influencing total entrepreneurial activity across nations. *Journal of Evolutionary Economics*, 17(2): 161–185.
Institutions and social entrepreneurship

Ute Stephan et al

Warr, P. 1982. Pareto optimal redistribution and private charity. *Journal of Public Economics*, 19(1): 131–138.
Warwick, P. V. 1998. Disputed cause, disputed effect: the post-materialist thesis re-examined. *Public Opinion Quarterly*, 62(4): 583–609.
Welter, F. 2011. Contextualizing entrepreneurship – Conceptual challenges and ways forward. *Entrepreneurship Theory and Practice*, 35(1): 165–184.
Wennekers, A. W. E., Uhlaner, L. M., & Thurik, A. R. 2002. Entrepreneurship and its conditions: A macro perspective. *International Journal of Entrepreneurship Education*, 1(1): 25–64.
Westlund, H., & Adam, F. 2010. Social capital and economic performance: A meta-analysis of 65 studies. *European Planning Studies*, 18(6): 893–919.
Whitley, R. 1994. Dominant forms of economic organization in market economies. *Organization Studies*, 15(2): 153–182.
Wilson, M. S. 2005. A social-value analysis of postmaterialism. *Journal of Social Psychology*, 145(2): 209–224.
Woolcock, M., & Narayan, D. 2000. Social capital: Implications for development theory, research and policy. *The World Bank Research Observer*, 15(2): 225–249.
World Bank. 2012. GDP per capita. http://data.worldbank.org/indicator, accessed November 2012.
World Bank. 2013. GDP growth. http://data.worldbank.org/indicator, accessed December 2013.
World Values Survey (WVS). 2010. World Values Survey. http://www.worldvaluessurvey.org/wvs/WSData.jsp, accessed June 2010.
Worldwide Governance Indicators (WGI). 2012. The Worldwide Governance Indicators (WGI) project. http://info.worldbank.org/governance/wgi/index.asp, accessed November 2012.
Zahra, S. A., & Wright, M. 2011. Entrepreneurship’s next act. *Academy of Management Perspectives*, 25(4): 67–83.
Zahra, S. E., Gedajlovic, E., Neubaum, D. O., & Shulman, J. M. 2009. A typology of social entrepreneurs: Motives, search processes and ethical challenges. *Journal of Business Venturing*, 24(5): 519–532.
Appendix A

Questions for SE from the GEM (2009)

Are you, alone or with others, currently trying to start or currently owning and managing any kind of activity, organization or initiative that has a particularly social, environmental or community objective? This might include providing services or training to socially deprived or disabled persons, using profits for socially oriented purposes, organizing self-help groups for community action, etc.

Yes, currently trying to start
Yes, currently owning-managing.
Yes, currently trying to start & owning managing

Over the past 12 months have you done anything to help start this activity, organization or initiative, such as looking for equipment or a location, organizing a start-up team, working on a business plan, beginning to save money, or any other activity that would help launch an organization?

Yes
No
Don't know
Refused

Will you personally manage, all, part or none of this intended activity, organization or initiative?

All
Part
Not further considered:
None
Don't know
Refused

Has the activity, organization or initiative provided services to others, or received external funding for more than three months?

Yes
No
Don't know
Refused

Social entrepreneurs

Nascent social entrepreneurs

Operating social entrepreneurs

What was the first year the activity, organization or initiative provided services to others, or received external funding?

< 2010
Not further considered:
Don’t know
Refused

Does any of the revenue for this activity, organization or initiative come from income, for example, through sales of products or charging for services?

Yes

Operating, revenue-generating social entrepreneurs

Revenue-generating social entrepreneurs

Appendix B

Questions Used to Measure Postmaterialism and SSC

Postmaterialism cultural values
These items were measured as part of the WVS (2010). In this index, respondents are asked to select the most important and second-most important goals a country should have from the following four items: (a) maintaining order in the nation, (b) giving people more to say in important government decisions, (c) fighting rising prices, and (d) protecting freedom of speech. The postmaterialism index is based on the percentage of the population indicating items (b) and (d) as their first and second choices, irrespective of the order. In the WVS data set these individuals are coded “3” – Postmaterialist.

SSC norms
These items are part of the humane orientation and assertiveness cultural-practice scales taken from the GLOBE project (House et al., 2004) and validated as the SSC construct by Stephan and Uhlaner (2010). Items were answered on a 7-point scale. R indicates

“Don’t know” and “refused” were treated as missing values.
items that were recoded in correspondence with coding for the SSC scale (Stephan & Uhlaner, 2010).

Humane orientation cultural practices scales
In this society, people are generally …
1 very concerned about others – 7 not at all concerned about others (R)
1 very sensitive toward others – 7 not at all sensitive toward others (R)
1 very friendly – 7 very unfriendly (R)
1 very tolerant of mistakes – 7 not at all tolerant of mistakes (R)
1 very generous – 7 not generous at all (R)

Assertiveness cultural practice scales
In this society, people are generally …
1 aggressive – 7 non-aggressive
1 assertive – 7 non-assertive
1 dominant – 7 non-dominant
1 tough – 7 tender

ABOUT THE AUTHORS
Ute Stephan is a Senior Lecturer at Aston Business School, Economics and Strategy Group, UK and a member of the UK Global Entrepreneurship Monitor team. She holds a PhD in Psychology from the University of Marburg, Germany. Her research focuses on the relationship between culture/informal institutions and entrepreneurship. Other research interests include social entrepreneurship, entrepreneurial leadership, and motivation.

Lorraine M Uhlaner received her PhD in Organization Psychology from the University of Michigan, Ann Arbor. She is Professor of Entrepreneurship at EDHEC Business School, Lille, France. Her research interests include comparative entrepreneurship, innovation, and corporate governance in SMEs, family businesses, and other privately held firms (email: Lorraine.uhlaner@edhec.edu).

Chris Stride is the Statistician at the Institute of Work Psychology, University of Sheffield. He has published across a wide range of social science disciplines, with occasional forays into pure science and arts/humanities, and is particularly interested in the use of statistical methods to support and add rigor to research in areas where advanced quantitative analysis would typically be considered an anathema (email: c.b.stride@sheffield.ac.uk).

This work is licensed under a Creative Commons Attribution 3.0 Unported License. The images or other third party material in this article are included in the article's Creative Commons license, unless indicated otherwise in the credit line; if the material is not included under the Creative Commons license, users will need to obtain permission from the license holder to reproduce the material. To view a copy of this license, visit http://creativecommons.org/licenses/by/3.0/