

**ANTECEDENTS OF ORGANIZATIONAL FIELD REGULATORY
CHANGE: LINKING INDIVIDUAL PROFILES OF SOCIAL
ENTREPRENEURS WITH THEIR REGULATORY NEEDS AND
PRIORITIES?**

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ABSTRACT

In this paper, we focus on the interplay between social entrepreneurs and their organizations with the regulatory institutional context within which they work toward positive social change. We show that although regulatory context of the social entrepreneurship field is in its infancy, regulatory needs and priorities of the field are well-defined and heterogeneous. To explain the sources of the heterogeneity, we adopt a two-method strategy which combines traditional quantitative methods with qualitative case analysis. Based on the data about values, motivation, and entrepreneurial orientation of social entrepreneurs from four EU countries, we develop a typology of social entrepreneurs. By establishing links between identified profiles of social entrepreneurs and different regulatory needs and priorities we contribute to the institutional theory literature dealing with organizational field regulatory change. Furthermore, we provide valuable insights for policy makers in the social entrepreneurship field.

INTRODUCTION

Studies have shown that the institutional environment plays a key role for entrepreneurs in that it facilitates or hampers venture emergence and survival (Hwang and Powell, 2005; Pacheco et al., 2010). Within different aspects of an institutional environment, laws and regulations are known to be critical drivers of this process as regulatory actors can promote or hinder new products and services through the institutional mechanisms they develop (Edelman and Suchman, 1997; Russo, 2001). While regulated environments are known to be challenging for entrepreneurs, regulation-free environments are not problem-free either. It is relatively easy to observe how the relative lack of institutions and regulations can be an obstacle to entrepreneurs. However, it is less easy in the social entrepreneurship context to conceive how the lack of institutions/regulations can affect the development of social ventures since social entrepreneurship is more likely to occur where there are significant socioeconomic or cultural problems (Dacin et al 2010), Thus little is known about what are regulatory needs and priorities of social entrepreneurs and what determines these needs and priorities. Since there is no real consensus on what would the proper regulation for social entrepreneurship be, in this study we propose that we might as well listen to the individual and collective voices of the community of social entrepreneurs and suggest

policymakers formulate their regulations accordingly. We aim at improving our understanding of differences among regulatory needs and priorities of social entrepreneurs by looking at the link between configurations of individual profiles of social entrepreneurs consisting of their values, motivation and entrepreneurial orientation, and regulatory needs and priorities identified by these entrepreneurs. In other words, in this paper we are suggesting a motivated regulatory needs cognition argument that posits that differences in individual profiles of social entrepreneurs relate to specific regulatory needs and priorities. Furthermore, we suggest that within a broader community of social entrepreneurs there are specific sub-communities characterized by specific configurations of individual characteristics and regulatory needs and priorities. Specifically, we seek to achieve three main goals: first, we seek to establish a typology of social entrepreneurs based on their value profiles (Schwartz, 1994), motivation, and entrepreneurial orientation (Zhao, Seibert, and Lumpkin, 2009). Second, we aim to analyze and classify regulatory needs of social entrepreneurs. Finally, building on the typologies of individual characteristics of social entrepreneurs and classification of regulatory needs and priorities, we aim to establish a link between specific configuration at the individual level and specific regulatory needs and priorities.

In this study we rely on data from SELUSI database containing data on the population of social enterprises located in Hungary, Romania, Spain, and United Kingdom. The data was collected using two survey instruments – an online and a phone survey. The surveys were conducted during 2009-2010 (1st wave) and 2011 (2nd wave) either with the founder or the managing director. In total, the final sample has more than 500 social enterprises some of which were interviewed in two waves of data collection. In our data analysis we rely on the two-method strategy which combines traditional quantitative methods with qualitative case analysis, an approach that is becoming a powerful tool in social science research (e.g., Vaisey, 2007). Specifically, we rely on cluster analysis and fuzzy sets comparative qualitative analysis (Ragin, 2008) to reveal configurations of variables associated with specific policy needs and recommendations.

Benefiting from a diversity of personality profiles, organizational characteristics and regional and national regulatory environments in our data, we are able to capture configurations of individual characteristics of social entrepreneurs that are associated with

specific categories of regulatory needs these entrepreneurs identify and prioritize. By showing that individual profiles determine how we see the institutional context, our theoretical contribution potentially could be applied to other type of communities. Finally, by conducting a research on social entrepreneurship and regulations we hope to contribute to the literature on social entrepreneurship as well as provide valuable insights for policy makers.

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