AN INSTITUTIONAL-LEVEL EXPECTANCY MODEL OF SOCIAL ENTREPRENEURSHIP MOTIVATION (SUMMARY)

Marne Arthaud-Day  
*Kansas State University, USA*

Saurav Pathak  
*Kansas State University, sauravp@ksu.edu*

Etayankara Muralidharan  
*MacEwan University, Canada*

Siri Terjesen  
*American University, USA*

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Summary

An Institutional-Level Expectancy Model of Social Entrepreneurship Motivation

Marne Arthaud-Day, Kansas State University, USA
Saurav Pathak, Kansas State University, USA
Etayankara Muralidharan, MacEwan University, Canada
Siri Terjesen, American University, USA

Principal Topic

Social entrepreneurs carefully navigate and create synergies amongst competing institutional logics (Misangyi, Weaver, & Elms, 2008; Battilana, 2006; Aguiler, Judge, & Terjesen, 2016). They interact with commercial entities to secure access to funds, build supply chains and distribution networks, and develop customer relationships. They are simultaneously embedded in the public sphere and therefore accountable to a wide array of stakeholders with varying demands (Dees, 1998; Mair & Martí, 2006). This study seeks to understand what motivates social entrepreneurs to start ventures and integrates expectancy theory and institutional theory to explain the antecedents of social entrepreneurship (SE). We use institutional theory to identify sociocultural processes through which SE gains legitimacy while drawing up on the expectancy theory provides guidance in selecting measures for each institutional dimension. We pair Scott’s (1995) institutional dimensions—cognitive, normative, and regulatory—with the three corresponding components of the expectancy model: expectancy [E], valence [V], and instrumentality [I]). The cognitive pillar relates to the aggregate beliefs regarding the feasibility of starting a social business; the normative dimension reflects the degree to which SE is perceived as culturally desirable; and the regulatory climate determines the likelihood of achieving both social and commercial goals.

Method

For the cognitive/expectancy dimension we utilize country-level aggregate subjective well-being (SWB; Diener, 2000) to capture the cognitive and emotional aspects of self-efficacy. Aggregate trait theory suggests that societies with higher SWB levels have happier citizens who are more likely to start socially-oriented businesses. The normative/valence dimension utilizes embeddedness values which increase SE’s valence through social capital and social learning. The regulatory/instrumentality dimension is measured by the quality of regulatory institutions which creates a conducive SE environment. We also examined the interactions between SWB (expectancy) and embeddedness values (valence). We use GEM data from 132,540 individuals in 33 countries, country-level indicators for SWB and embeddedness from the Gallup study and Schwartz Value Survey respectively, and regulatory quality from Worldwide Governance Indicators.

Results and Implications

Our results show that SWB (expectancy) and embeddedness (valence) dimensions increase the likelihood of SE, whereas the regulatory (instrumentality) dimension decreases SE likelihood. Furthermore, the link between a country’s SWB level and the likelihood of an individual becoming a social entrepreneur is moderated positively by a country’s embeddedness values. The fact that we find evidence of a positive interaction between SWB (E) and embeddedness (V) therefore provides an important extension of prior research on the institutional-level antecedents of entrepreneurial decision making. While having either high levels of SWB or embeddedness is good (with respect to SE engagement), having high levels of both is even better.

Contact: Saurav Pathak; sauravp@ksu.edu; (T): 785-532-4354; (F): 785-532-1339; 1300 Lovers Lane, 3091 Business Buidling, Kansas State University, Manhattan, KS, 66503.