Social Enterprises: Relationship between Economic Profits and Social Values

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จุฬาลงกรณ์มหาวิทยาลัย
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วิสาหกิจเพื่อสังคมถูกก่อตั้งเป็นองค์กรที่มีการผสมสผานระหว่างคุณลักษณะขององค์กรที่แสวงหาและองค์กรที่ไม่แสวงผลกำไร โดยวิสาหกิจเพื่อสังคมได้รับความสนใจที่เพิ่มขึ้นในฐานะหนึ่งในปัจจัยขับเคลื่อนการพัฒนาทางเศรษฐกิจอย่างยั่งยืน วิสาหกิจเพื่อสังคมมีวัตถุประสงค์เชิงเศรษฐกิจและเชิงสังคมซึ่งสามารถเกิดความย้อนแย้งระหว่างกันและกัน จนอาจทำให้องค์กรจำเป็นต้อง Trade-Off หรือเลือกที่จะมุ่งเน้นเพียงวัตถุประสงค์ข้อใดข้อหนึ่งโดยผ่อนปรนในอีกข้อ อย่างไรก็ดีวัตถุประสงค์ทั้งสองของวิสาหกิจเพื่อสังคมสามารถสร้าง Synergy เพื่อเกื้อหนุนเพิ่มพูนกันและกันได้เช่นกัน งานวิจัยนี้จึงต้องการที่จะศึกษาว่าวัตถุประสงค์เชิงเศรษฐกิจและเชิงสังคมของวิสาหกิจเพื่อสังคมในประเทศไทยสร้าง Trade-Off หรือ Synergy และต้องการศึกษาถึงปัจจัยในระดับจุลภาค ระดับกลาง และระดับมหภาคที่สามารถส่งผลกระทบต่อความสัมพันธ์ระหว่างวัตถุประสงค์ทั้งสองของวิสาหกิจเพื่อสังคม งานวิจัยนี้ใช้วิธีการวิเคราะห์การถดถอยของข้อมูลเกี่ยวกับวิสาหกิจเพื่อสังคม และวิเคราะห์ปัจจัยในระดับมหภาคของประเทศไทยที่ส่งผลต่อวิสาหกิจเพื่อสังคมผ่านกรอบแนวคิด Macro-Institutional Social Enterprise ผลลัพธ์แสดงให้เห็นว่าวิสาหกิจเพื่อสังคมในประเทศไทยสร้าง Trade-Off โดยมีการให้ความสำคัญกับวัตถุประสงค์เชิงเศรษฐกิจเหนือวัตถุประสงค์เชิงสังคม ซึ่งสอดคล้องต่อปัจจัยในระดับมหภาคที่แสดงให้ถึงงบประมาณภาครัฐสำหรับสวัสดิการสังคมและการรับเงินอุดหนุนจากต่างประเทศที่อยู่ในระดับต่ำ และการพัฒนาเศรษฐกิจที่ขับเคลื่อนโดยการเพิ่มประสิทธิภาพในการผลิต (Efficiency-driven economy) ซึ่งบ่งชี้ถึงปัญหาด้านการแทรกแซงหลักการ (Co-optation) ของวิสหกิจเพื่อสังคมโดยบริษัทเอกชน มากไปกว่านี้ ผลลัพธ์แสดงให้เห็นว่าการให้เงินอุดหนุนต่อวิสาหกิจเพื่อสังคมสามารถเพิ่มผลผลิตของวัตถุประสงค์เชิงสังคม ด้วยเหตุนี้ งานวิจัยนี้จึงเสนอให้นโยบายส่งเสริมนั้นสร้างแรงจูงใจให้บริษัทเอกชนหันมามอบเงินอุดหนุนต่อวิสาหกิจเพื่อสังคมแทนทการก่อตั้งวิสาหกิจเพื่อสังคมเสียเองเพื่อลดการแทรกแซงหลักการของวิสาหกิจเพื่อสังคม โดยมีเงื่อนไขว่าวิสาหกิจเพื่อสังคมจำเป็นต้องแสดงถึงผลผลิตของวัตถุประสงค์เชิงสังคมที่เพิ่มขึ้นจึงจะขอรับเงินเงินอุดหนุนได้

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Pramon Karnchanapimonkul : Social Enterprises: Relationship between Economic Profits and Social Values. Advisor: Asst. Prof. Dr. SAN SAMPATTAVANIJA, Ph.D.

Social enterprises emerge as a newer type of organization that that combines elements of for-profit and non-profit organizations, and are gaining recognition as a potential driver of sustainable development. Social enterprises typically have the economic and the social objective that may contradict each other to produce trade-offs, or reinforce each other to produce synergies. Hence, this research aims to determine whether there are trade-offs or synergies between the economic and the social objective of social enterprises in Thailand, and determine the micro, meso and macro level factors that influence the relationship between the objectives of social enterprises. This research performed regression analysis on social enterprises data, and also analyze macro level factors of Thailand based on the Macro-Institutional Social Enterprise (MISE) framework. The results show that social enterprises in Thailand show trade-offs with prioritization of the economic objective over the social objective, which is consistent to the macro level factors showing relatively low government social welfare spending and international aid, and an efficiency-driven economy. These findings raise the potential concern of the co-optation of the social enterprise concept by private companies. Additionally, the results show that funding by grants lead to higher output of the social objective of social enterprises. With this in mind, this research recommends that policy support should incentivize private companies to give funding in the form of grants to social enterprises to deter co-optation, while social enterprises must also be able to demonstrate higher output of the social objective to be eligible to receive the grants.

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CHAPTER 1: INTRODUCTION

Social enterprises emerge as hybrids of both for-profit and non-profit organizations having both economic and social objectives. In Thailand, social enterprises are gaining recognition as one of the major drivers of sustainable development, with the government giving increasing amount of support to facilitate their growth. However, the economic objective and the social objective of social enterprises oftentimes contradict each other to produce trade-offs. By reinvesting profits toward the social objective, social enterprises are able to engage in social activities to increase the social values being created but, often, at the cost of operational efficiency and the economic objective. Similarly, market-oriented social enterprises focus on the economic objective in exchange for lower social values. On the other hand, social enterprises also have the potential to produce synergies where the economic objective and the social objectives reinforce one another, thus drawing out the full potential of social enterprises as hybrid organizations.

In addition, factors that shape the emergence of social enterprises and help determine whether the social enterprises will produce trade-offs or synergies should also be studied at the different level of analysis, namely the micro, meso and macro levels. Micro and meso level factors are more specific to the individual entrepreneurs and the social enterprises as organizations such as organizational maturity and income model. Macro level factors affect social enterprises at a broader level by providing macro contexts in which the social enterprises are established and operated upon. Hence, this research has three objectives:

Objective 1: To determine whether there are trade-offs or synergies between the economic objective and the social objective of social enterprises in Thailand by conducting ordered logistic regression analysis.

Objective 2: To determine the micro and meso level factors that can influence the trade-offs or synergies between the objectives of social enterprises in Thailand by integrating these micro and meso level factors into the ordered logistic regression models.

Objective 3: To analyze macro level factors that influence the social enterprises in Thailand by categorizing them according to the Macro-Institutional Social Enterprise (MISE) Framework.

Through the analyses for each objective, this research will provide insights for policy makers and recommendations for future research on ways to promote the growth of social enterprises in Thailand. The results of Objective 1 will help determine whether there are trade-offs or synergies between the economic objective and the social objective of social enterprises in Thailand. Since there is no study on this topic, the results of this research can contribute greatly to the existing literature. Additionally, the results can inform policymakers on how to effectively promote social enterprises as certain types of policy support may be more appropriate for the certain social enterprises that produce trade-offs but not for those that produce synergies.

The results of Objective 2 can help policy makers to identify factors that are shown to increase synergies, which can then be integrated into future policy support for social enterprises. This further contributes to the existing literature as there is no previous quantitative study on factors affecting how social enterprises in Thailand produce trade-offs or synergies between their two objectives.

In addition, the results of Objective 3, obtained from analyzing macro level factors to categorize social enterprises in Thailand into models according to the MISE Framework, are important in providing a more comprehensive understanding. By categorizing social enterprises into models, this research is able to clearly depict the characteristics of social enterprises in Thailand that allow for more thorough comparison with the results of Objective 1 and 2. This comparison attempts to combine the quantitative approach of Objective 1 and 2 together with the qualitative approach of Objective 3, in which the consistency between the results can strengthen

the insights and conclusions obtained from this research. Importantly, analyzing the results of the three Objectives together will contribute to the existing literature as there is currently a limited number of studies on social enterprises in Thailand that combine the micro, meso and macro levels of analysis.

CHAPTER 2: LITERATURE REVIEW

This research will first provide a comprehensive review of the theoretical frameworks on social enterprises and the relationships between their two objectives in Chapter 2.1. Next, this research will explain how social enterprises can be affected by factors belonging to the micro, meso and macro levels, and demonstrate how these levels of analysis are connected to each other in Chapter 2.2. This research will then dig deeper to provide further background information on the micro and meso level factors that can have effects on the social enterprises in Chapter 2.3 and on the macro level factors in Chapter 2.4. Chapter 2.4 is structured based on the Macro-Institutional Social Enterprise (MISE) Framework beginning by describing the Institutional Theory in Chapter 2.4.1, how the government influences civil society sector and economic development in Chapter 2.4.2 and Chapter 2.4.3, and then tying everything together to describe how the government, the civil society sector and the economic development can all influence social enterprises in Chapter 2.4.4. Finally, this research will summarize the current landscape of social enterprises in Thailand in Chapter 2.5.

2.1 Social Enterprises as Hybrid Organization

Independently owned entities traditionally consisted of for-profit and non-profit organizations (Besley and Ghatak, 2017). For-profit organizations are businesses with the sole economic objective of maximizing profits for their owners and shareholders and can often overlook social and environmental externalities. In contrast, non-profit organizations have varying purposes many of which focus on the social objective of providing social welfare and addressing social issues (Besley and Ghatak, 2017). Non-profit organizations often operate under the non-distribution constraint that prohibits the rewarding of earned profits to managers and owners (Hansmann, 1980). Although non-profit organizations can earn profits, but all profits must be fully reinvested into the social objective (Hansmann, 1980). On the

downside, non-profit organizations mostly rely on funding from grants or charitable donations to operate, making them susceptible to financial strains (Reilly, 2016).

Social enterprises emerge as a newer type of hybrid organization that combine elements of for-profit and non-profit organizations as described by the European Commission (2014) in Figure 1. The economic objective represents how social enterprises "engage in continuous economic activities" to become self-sustaining and generate profits that are then rewarded to owners and shareholders similar to that of for-profit organizations (European Commission, 2014). The social objective represents how social enterprises put forth their social activities to create social values similar to that of non-profit organizations (European Commission, 2014). The governance dimension represents the "mechanism in which social objectives are locked in." In other words, social enterprises operate under a partial non-distribution constraint that allows for only a certain portion of the profits to be reinvested into the economic objective as rewards to owners and shareholders, while the remaining profits must be reinvested into the social objective as contribution for creating social values (European Commission, 2014).

Figure 1 Dimensions of Social Enterprises
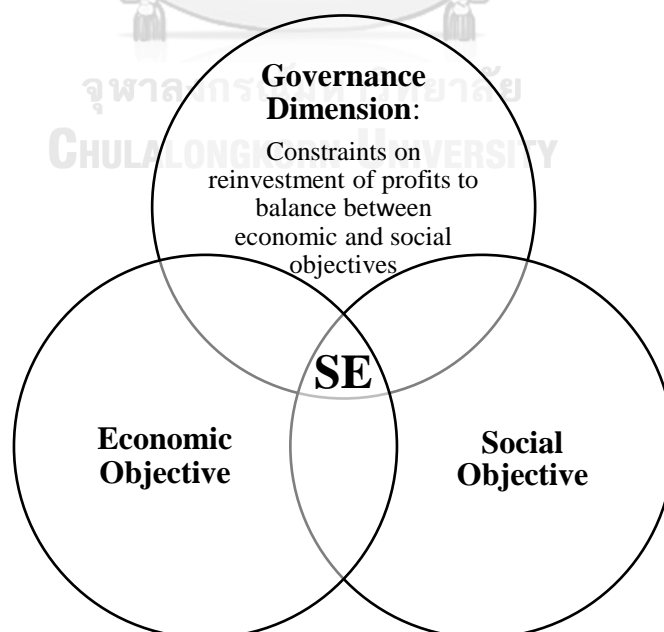
Source: European Commission (2014)

Several studies offer different views on how the two objectives of social enterprises interact with each other to produce trade-offs or synergies. Trade-offs are when social enterprises either prioritize the economic objective over the social objective or vice versa. Notably, trade-offs do not necessarily mean that the other objective that is not being prioritized will have lower output, but also include circumstances where it will have the same level of output. Despite following the governance dimension by reinvesting profits in both the economic and social objectives (Panwar et al., 2018), these social enterprises producing trade-offs are not putting efforts to increase the outputs of both objectives are they are meant to.

In support of trade-offs with prioritization of the economic objective over the social objective, Battilana et al. (2015) suggested that social enterprises must generate revenue by engaging in commercial activities to maintain their operations as shown in the left side of the diagram in Figure 2. Thus, the social enterprises should be willing to prioritize the customers over the beneficiaries. This way, social enterprises can attain higher competitive advantage, gain the support of price-sensitive customers, and generate higher profits that can be reinvested to increase the output of the economic objective. Increase in the output of the economic objective means higher rewards to owners and shareholders, resulting in them giving more funding to the social enterprises that can be used to expand the commercial activities.

On the other hand, the same or less amount of resource are being allocated toward the social activities causing the social enterprises to have lower legitimacy as shown in the right side of the diagram in Figure 2. Then these social enterprises can lose the support of socially-conscious customers and lose the profits that can potentially be earned through the social objective. Here, the social enterprises are functioning almost as if they are regular businesses by only giving higher rewards to the owners and shareholders, while not doing anything to continuously better the society despite creating the same amount of social value.

Figure 2 Trade-offs with Prioritization of the Economic Objective over the Social
　　　Objective of Social Enterprises
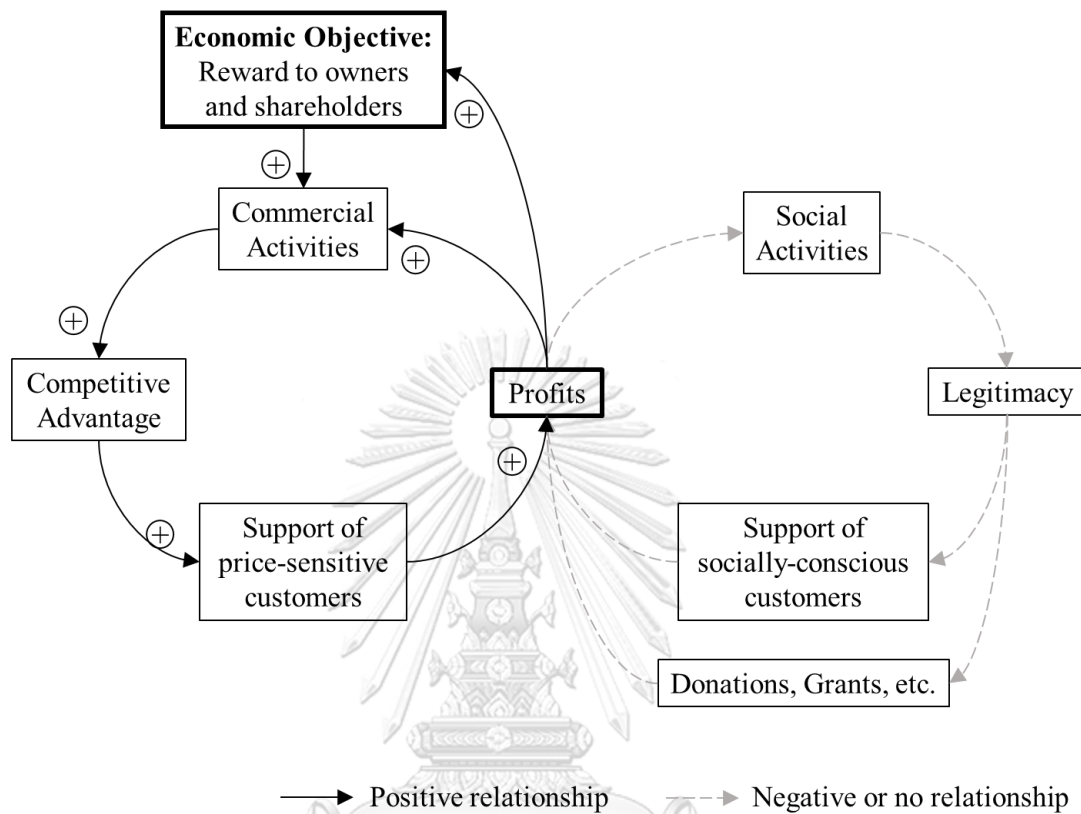
Source: Modified from Moizer and Tracey (2010)

　　　In support of trade-offs with prioritization of the social objective over the economic objective, Mozier and Tracy (2010) proposed that the main focus of social enterprises should be to engage in social activities to establish and attain higher legitimacy as shown in on the right side of the diagram in Figure 3. Higher legitimacy will help these social enterprises gain the support of socially-conscious customers through some form of commercial activities, and also attract donations, grants, and etc. This results in the social enterprises having higher profits that can be reinvested to increase the social values as output of the social objective.

　　　Similarly, the same or less amount of resource are being allocated toward the commercial activities causing the social enterprises to have competitive advantage as shown in the left side of the diagram in Figure 3. Then these social enterprises can

lose the support of price-sensitive customers and lose the profits that can potentially be earned through the economic objective. Here, the social enterprises are functioning almost as if they are non-profit organizations that focus on increasing social value creation, while not putting enough efforts into expanding the commercial activities leading to financial stress.

Figure 3 Trade-offs with Prioritization of the Social Objective over the Economic Objective of Social Enterprises
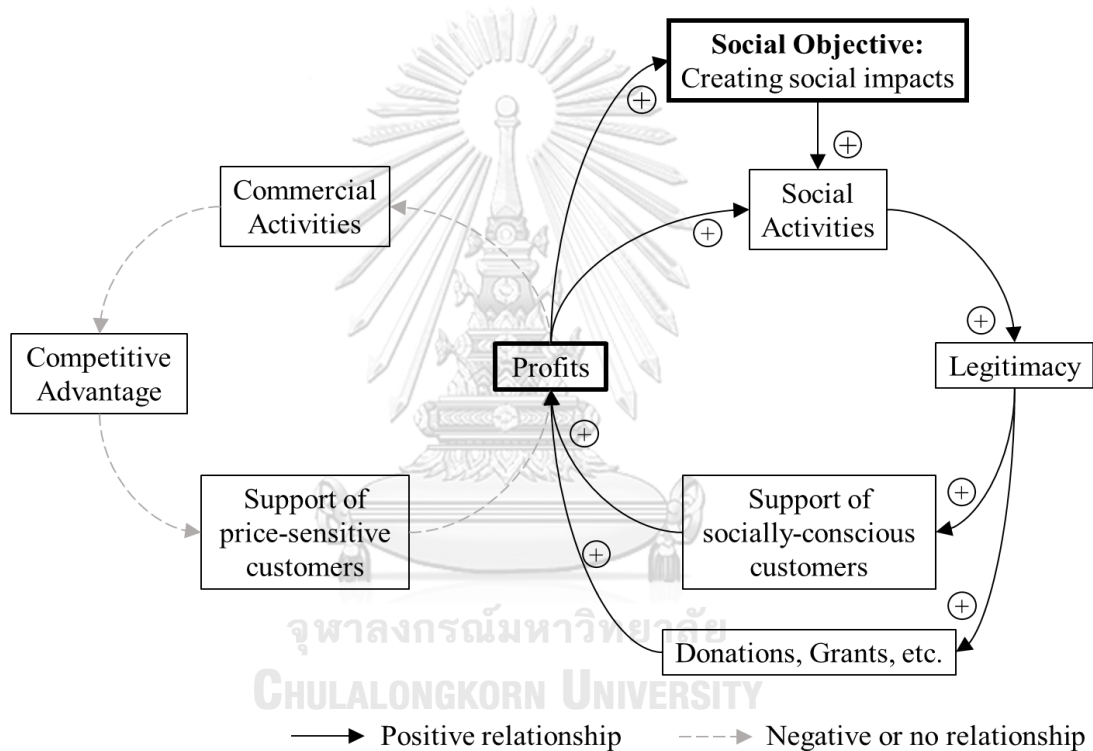
Source: Modified from Moizer and Tracey (2010)

Synergies are when the economic and social objectives are mutually constructive of each other (Besharov et al., 2013) as shown in Figure 4. Efforts toward the economic objective and commercial activities led to social enterprises having higher competitive advantage that will gain support from price-sensitive customers leading to higher profits. Social enterprises that have high output of the economic objectives can attract owners and shareholders to increase funding.

Important to synergies, the funding received can then be allocated toward the social objective and social activities. With this, social enterprises can strengthen their legitimacy and gain support from socially-conscious customers, donations, grants and etc. leading to higher profits that can be reinvested in either objective.

This research considers synergies as the more optimal relationship between the objectives of social enterprises as synergies allow social enterprises to leverage the strengths of for-profit and non-profit organizations to increase the outputs of both objectives. Synergies allow for social enterprises as hybrid organizations to effectively increase both rewards to the owners and shareholders, and the social values to the beneficiaries.

Figure 4 Synergies between the Economic and the Social Objectives of Social Enterprises
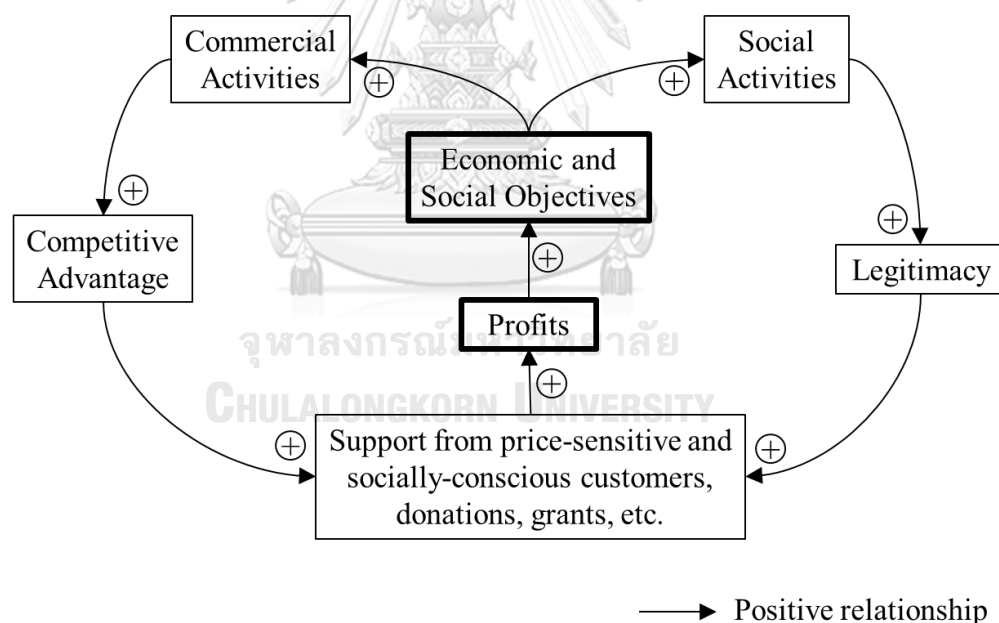
Source: Modified from Moizer and Tracey (2010)

Now that the relationships between the objectives of social enterprises have been proposed, this research can test for Objective 1 to determine whether there are trade-offs or synergies between the objectives by conducting logistic regression analysis. Nevertheless, the results to Objective 1 alone are not enough to make

recommendations on effective policy support for social enterprises as they are also largely influenced by micro, meso and macro level factors. Micro level factors are those affecting entrepreneurs at the individual level and meso level factors are those affecting social enterprises at the organizational level. In addition, macro level factors provide the contexts in which social enterprises are established and operate in. Studying these factors and how they are connected to each other will contribute to a more comprehensive understanding of social enterprises in Thailand, which can help policymakers to identify and integrate the specific factors that can encourage synergies between the objectives of social enterprises into future policy support.

2.2 The Three-Cycle Model: Connecting between the Micro, Meso and Macro Level Factors of Social Enterprises

Just from quickly observing organizations around oneself, it is clear that they are influenced by individual, organizational and contextual factors. For example, a company must focus on the mission as defined by the founders, operate on a certain business model and organizational capabilities, and follow the laws of a given country. The individual factors being the mission and personal commitment established by the entrepreneurs are studied at the micro level of analysis. The organizational factors being the business model and organizational capabilities are studied at the meso level of analysis. The contextual factor being legislation are studied at the macro level of analysis. Other macro-institutions include historical contexts, the public sector, civil society sector and the economy.

Simply defining social innovations[1] as "novel solutions to social problems," van Wijk et al. (2019) observed that current studies on social innovations are mostly

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[1] van Wijk et al. (2019) defines social innovation as novel solutions to social problems that involved re-negotiations of settled institutions among diverse actors and systems with conflicting logics. This implies that social problems may be present in settled institutions, that these institutions can be re-negotiated to solve social problems, and that the re-negotiation process induced by social innovations involve diverse actors that may not necessarily agree to each other. In terms of social enterprises, the novel solutions must feature economic elements to varying degrees

conducted either at the micro or macro level. This observation seems true for micro level studies that narrow down to the individual factors and how they inspire the creation of social innovations. In contrast, certain macro level studies such as the Macro-Institutional Social Enterprise (MISE) Framework proposed by Kerlin (2012) mainly focuses on the effects of macro institutions on social enterprises. (The MISE Framework will be further explained in the following sections of this research.) If social enterprises are to be considered as a type of social innovation that feature both economic and social objectives, then such studies do not take into account micro, meso and macro level factors as a whole.

van Wijk, et al. (2019) proposed the Three-Cycle Model of Social Innovation (Figure 5) to bridge between micro, meso and macro levels of analysis and demonstrate how they holistically influence the emergence of social innovations. At the micro level, the Three-Cycle Model focuses on the behaviors and perspectives of individuals in creating social innovations. At the meso level, the Three-Cycle Model focuses on how organizations interact among one another to co-create social innovations. Zooming out to the macro level, the Three-Cycle Model focuses on how institutional contexts like the government, level of economic development and social norms make up society, and enable or constrain the creation of social innovations (van Wijk, et al., 2019). In the Three-Cycle Model (Figure 5), the arrows represent processes that occur at each level of analysis when creating social innovation, and overlaps represent the connection between the three levels of analysis. In terms of social enterprises, micro level of analysis focuses on the social entrepreneurs, meso level of analysis focuses on the interactions between social enterprises and other organizations, and macro level of analysis focuses macro-institutions.

Figure 5 Three-Cycle Model of Social Innovation

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in addition to the social elements. The re-negotiation process and the actors involved can also be applied to social enterprises.
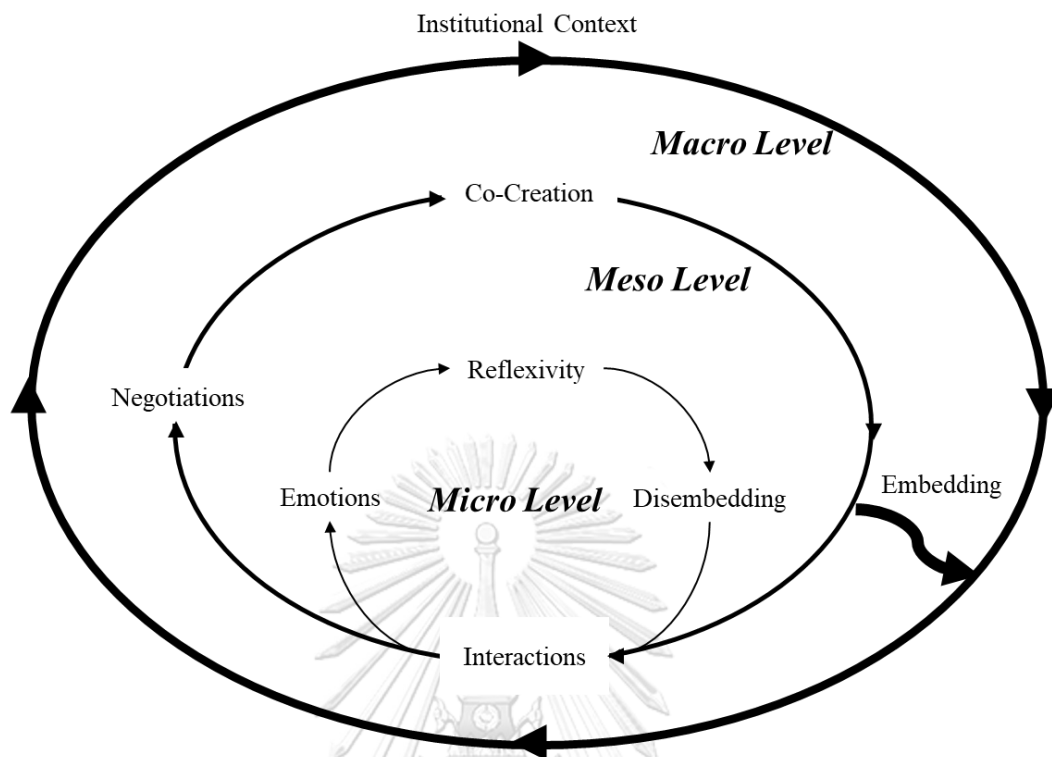
Source: Modified from van Wijk, et al. (2019)

2.2.1 The Micro Level

This research will describe the Three-Cycle Model starting at the micro level and expand outward to the macro level (Figure 5). Before that, the Three-Cycle Model demonstrates how macro contexts dictate rules and social norms that shape individuals and organizations alike. According to van Wijk, et al. (2019), individuals normally replicate and act by rules and social norms. In order words, individuals are said to be "embedded" in old world-views shaped by macro contexts, and are unlikely to produce the radical changes required to solve society's problems. The same can also be applied to organizations at the meso level.

Now focusing on the micro level of analysis, individuals embedded into the pre-existing macro context must become agents of change in order to create social innovations. This transformation is described by the micro cycle and can be broken down into 1) Interactions, 2) Emotions, 3) Reflexivity, and 4) Disembedding (van Wijk, et al., 2019). In terms of social enterprises, ordinary individuals become social entrepreneurs after interacting with the others, feel strong emotions and become

inspired to create changes, are able to absorb new ideas through reflexivity, and finally are able to realize opportunities into actual social enterprises.

Interactions

Although the different stages of the micro cycle can occur simultaneously, interactions with other actors can help individuals be exposed to new world-views external to their embedded macro context.

Emotions

During interactions, individuals may feel positive emotions that connect them to others who are passionate about the same cause. Positive emotions can help motivate individuals to commit to certain beliefs, values, or specific social groups.

Reflexivity

Being exposed to new perspectives and feeling positive emotions, individuals are more likely to obtain reflexivity to become aware of social problems (van Wijk, et al., 2019). Individuals with reflexivity can become aware of how pre-existing macro contexts impose constraints upon society, and may identify new opportunities arising from those constraints.

Disembedding

Eventually, individuals can become disembedded from old macro contexts. Then they may continue to undergo the micro cycle again to strengthen their abilities to envision social innovations as means of forming alternative institutional contexts.

2.2.2 The Meso Level

Disembedded individuals can associate with other one another in the micro cycle to form organizations in the meso cycle. In terms of social enterprises, social entrepreneurs can establish social enterprises to engage in long-term efforts to drive the changes that they have envisioned. Thus, the analysis shifts from individuals at the micro cycle to organizations at the meso cycle, which also consist of different stages

including 1) Interactions, 2) Negotiations, 3) Co-Creation, and 4) Embedding (van Wijk et al., 2019).

Interactions

The micro and the meso cycles overlap at the interactions stage, showing how interactions between individuals can affect the broader organization. Similarly, interactions between organizations can also influence the emotions, reflexivity and disembedding of individuals. Interactions between organizations in the meso cycle occur in what van Wijk et al. (2019) referred to as interactive spaces, or events where face-to-face encounters between different organizations are being facilitated. Organizations exchange ideas, form networks, and align themselves with one another to create better opportunities for growth within such spaces. Interactive spaces can include actual events such as conferences and trade fairs, or social gathering such as social movements.

Negotiations

Negotiations stage occur when multiple organizations belonging to different macro contexts interact (van Wijk et al., 2019). These organizations can contend or collaborate, leading to the formation of new ideas and solutions.

Co-Creation

After negotiations, organizations can enter the co-creation stage to realize ideas into actual social innovations that are still referred to as proto-institutions. These are new social arrangements that are still limited to certain organizations as they have not yet established themselves as mainstream. Proto-institutions only involve organizations that are already interacting, negotiating and co-creating with each other.

Embedding

Proto-institutions must try to embed themselves into the contexts of external actors to gain broader acceptance. This can be done by advocating to influential actors like the government or by linking to broader "collective of actors" including non-

profit activists, corporations, political movements, etc. van Wijk et al. (2019) has noted that social innovations may also fail to embed or cause unintended consequences that limit or displace any social impact that have been created.

In terms of social enterprises, social entrepreneurs form social enterprises in the meso cycle through interactions and with peers, investors, academics and other actors within the ecosystem. Such interactions can occur in interactive spaces such as networking events, and incubation or acceleration programs. After negotiating with other actors, social enterprises' ideas can be refined and co-created to be considered as proto-institutions. Next, social enterprises must try to expand beyond the niche market to embed themselves in the mainstream. One way of how the embedding process can occur is through partnership with private corporations or government institutions.

2.2.3 The Macro Level

As mentioned earlier, macro contexts are linked to micro and meso cycles by imposing rules and social norms. Now, as individuals and organizations go through thee micro and meso cycles, they have reached the embedding process where social innovations must be sustained in the long term to "gain permanence" and "diffuse" to external groups of actors. Successful embedding can result in social innovations becoming regarded as new macro contexts.

Fields, Issue Fields, and Field Conditions

Other than macro context, Van Wijk et al. (2019) proposed that field conditions at the macro cycle can in turn affect the micro and meso cycles. Fields are described as groups of similar actors that "interact more frequently and fatefully with one another" (Wooten and Hoffman, 2016). Issue fields are interactions between fields that are active in the same area although fields may contradict each other from being embedded in different macro contexts. In terms of social enterprises, an example is organic rice. The fields relevant to organic rice may include social enterprises that market the rice, local farmers that grow the rice, and non-profit organizations that advocate for organic agriculture. In issue field, this group of actors

belonging to a certain field may interact with other groups belonging to another field, such as agribusinesses that use pesticides to produce rice on an industrial scale.

Next, field conditions refer to the characteristics of issue fields with van Wijk, et al. (2019) focusing on multiplicity and institutionalization field conditions. Multiplicity refers to the degree of contradiction between opposing issue fields (van Wijk et al., 2019). High multiplicity field condition means that the interacting issue fields are embedded in highly contradicting macro contexts. Institutionalization refers to how "actionable" an issue field seems to the actors (van Wijk et al., 2019). In this case, institutionalization focuses on how likely social innovations seem to the issue fields involved. In highly institutionalized field condition, field actors are closely aligned with each other causing the macro contexts to be rigid to change. On the other hand, in less institutionalized field condition, field actors are fragmented making the macro contexts more likely to change.

Combining Different Field Conditions

Combinations of multiplicity and institutionalization field conditions at the macro cycles are proposed to have varying effects on micro and meso cycles (van Wijk et al., 2019). "Opportunity hazy" field conditions occur when issue fields feature high multiplicity and low institutionalization, which can pose challenges in driving issue fields. When analyzed at the micro level, high multiplicity can increase reflexivity of individual actors because contradicting macro contexts provide more opportunities for reflexivity and higher chances that individuals become disembedded from pre-existing macro contexts. Nonetheless, low degree of institutionalization means that macro contexts are likely to change but can produce unpredictable and unintended effects (Dorado, 2005). When analyzed at the meso cycle, interactions between contradicting macro contexts can be deconstructive to negotiations and co-creation, as organizational actors may be less likely to compromise with each other. Furthermore, low institutionalization field condition can be negative to negotiations and co-creation as the organizational actors are too varied and fragmented to reach a conclusion.

"Opportunity opaque" field conditions occur when issue fields feature low multiplicity and high institutionalization, which present challenges in driving issue

fields. When analyzed at the micro level, low multiplicity implies fewer opportunities for reflexivity in individual actors, and high institutionalization means that macro contexts are rigid and difficult to change (Dorado, 2005). When analyzed at the meso level, low multiplicity presents highly aligned organizational actors, making it hard to have negotiations and co-creation due to the low contentions among the actors.

Rather, the field conditions that can effectively drive issue fields feature moderate degree of both multiplicity and institutionalization (van Wijk et al., 2019). When analyzed at the micro level, moderate multiplicity still provides opportunities for reflexivity among individual actors, while moderate institutionalization enables actors to still act on the social innovations as the macro contexts are not too rigid to be unaffected by change nor are they too fragmented that outcomes become unpredictable. When analyzed at the meso level, moderate multiplicity creates the appropriate degree of contradictions between organizational actors that negotiations and co-creation can be facilitated. Furthermore, moderate institutionalization involves macro contexts that have the appropriate degree of propensity for change and embedding.

Continuing from the example of organic rice from earlier, interactions between social enterprises and agribusinesses can be considered as having moderate multiplicity field condition. Although social enterprises and agribusinesses have different farming methods, there still exists opportunities for collaboration between both parties. In this case, agribusinesses can make investment in social enterprises to expand its business while social enterprises can benefit from the funding to scale up their operations. Furthermore, interactions between social enterprises and consumers in this example can also be considered as moderate institutionalization field condition. By selling organic rice, the social enterprises offer a market-based solution to mitigate the negative impacts of chemical use in industrial-scale agriculture as well as benefitting local farmers via income generation. The social enterprises do not make radical changes but rather align themselves with the pre-existing macro context being the capitalist system. These social enterprises must interact with consumers beyond its niche market to build mainstream traction for organic rice. They must try to change the consumers' behavior by educating them of the environmental benefits of organic agriculture so that they higher willingness to pay premium for the organic rice.

Despite trying to change consumption behavior, these social enterprises are only introducing a minor change and still operate within the pre-existing capitalist system.

The Three-Cycle Model helps bridge between factors at the micro, meso and macro levels, which allow for a more comprehensive study on the factors that influence social enterprises. Thus, this research will subsequently narrow down to provide further details of factors at the different levels of analysis by starting with the micro and meso level factors in Chapter 2.3 and then macro level factors in Chapter 2.4.

2.3   Micro and Meso Level Factors of Social Enterprises

As seen in the Three-Cycle Model, entrepreneurs and social enterprises continue to change as they journey through the micro and meso cycles. At the micro cycle, social entrepreneurs undergo interactions, emotions, reflexivity and disembedding, and then the social enterprises cycle back to interactions. At the meso cycle, social enterprise cycle through interactions, negotiations, co-creation, and then back to interactions once more until they can finally become embedded into the macro context. These processes are transformative and can result in changes to social enterprises over time. Furthermore, as seen in how the micro and meso cycles overlap, changes to social entrepreneurs at the individual level can be passed onto social enterprises at the organizational level. Two factors that are shown to have this transformative effect on social enterprises at micro and meso levels are organizational maturity and income models.

2.3.1 Organizational Maturity

Vandor et al. (2012) highlighted organizational maturity to reflect this dynamic nature of social enterprises at the micro and meso levels. Based on Gartner's (1985) framework on new venture creation, Vandor et al. (2012) categorized social enterprises' organizational maturity into five stages: Intention Formation, Idea Development, Start-up Initiative, Running Operations, and Impact Scaling.

Intention Formation Stage and Idea Development Stage

Highly involve social entrepreneurs as individuals and occur before the actual formation of social enterprises (Vandor et al, 2012). At nascent maturity, these two stages focus on how social entrepreneurs explore new opportunities and ideas that stemming from personal commitment and social problems that they had experienced. After social entrepreneurs have settled upon an idea, they now have to develop business plans to advance those ideas (Vandor et al, 2012).

Start-up Initiative Stage

In the start-up initiative stage, social entrepreneurs start to form teams, establish social enterprises, and identify customers and beneficiaries (Vandor et al, 2012). This stage also highlights "legal formalizations" such as the registration of social enterprises as companies, formation of organizational structure, and the focus on financing. Referring to the Three Cycle Model, the intention formation and idea development stages pertain to social entrepreneurs as individuals in the micro cycle while the start-up initiative stage pertains to social enterprises as organizations in the meso cycle.

Running Operations Stage

The running operations stage is focused on social enterprises' attempts to validate their "proof-of-concept" as they become more mature (Vandor et al, 2012). Their operations, revenue streams and beneficiaries must be stable and consistent for them to be able to demonstrate feasibility and scalability to stakeholders.

Impact Scaling Stage

Lastly, well-established social enterprises with "visible first impact" can seek to expand their solutions at broader scale in the impact scaling stage (Vandor et al, 2012). This stage has the highest organizational maturity and focuses on expanding to new regions, identification of strategies, acquisition of resources for scaling, and development of new capabilities (Vandor et al, 2012). Referring to the Three Cycle Model, the running operations stage pertains to the meso cycle as social enterprises are still evolving before becoming fully mature, and also their early attempts at

embedding into the macro context from the organizational growth. The impact scaling sage reflects the latter phase of the embedding process before social enterprises finally become institutionalized at the macro level.

2.3.2 Income Models

Another factor studied by Vandor et al. (2012) to reflect the dynamics of social enterprises at micro and meso levels is income models. Vandor et al. (2012) categorized income models of social enterprises into earned income and subsidy. Examples of earned income include revenue generated from licensing fees, membership fees, product sales, and service fees, etc. Examples of subsidy include private donations, private sponsors, public grants and funding, etc. Importantly, social enterprises receive varying mixes of earned income and subsidy to acquire flexible sources of financing.

Earned income provides social enterprises with certain advantages over subsidy (Vandor et al, 2012). Earned income gives social enterprises more constant and reliable source of income than subsidy, of which social enterprises have to depend on donors or grantors. Moreover, earned income allows for higher freedom as there are "no restrictions on how the fund are used and repaid, and there is no external control." But earned income requires social entrepreneurs to have market-oriented skills, and be able to self-impose internal control to balance between the economic and social objectives.

Subsidy provides social enterprises with funding from donors and grantors, but with certain extent of external control. This also implies that social enterprises receiving subsidy can prioritize on the social objective to "provide sufficient direct mission impact to justify for any the additional fundraising." Subsidy requires social entrepreneurs to have strong communication and impact measurement skills.

Organizational maturity and income models are two of the micro and meso level factors that this research will incorporate into the regression analysis to test for Objective 2. The results should inform policymakers whether future policy support should take into account for these two factors. Other micro and meso level factors that are also tested for Objective 2 include sources of funding, main purpose of the

organization, most important overall objective, impact measurement and work-integration social enterprise model.

2.4 The Macro-Institutional Social Enterprise Framework

Going beyond individuals at the micro level and organizations at the meso level, this research will focus on the macro level factors that provide contexts, dictating how social enterprises act. The following Chapter 2.4.1, 2.4.2 and 2.4.3 offer explanations on the underlying macro contexts that influence social enterprises and the relationship between their objectives through Institutional Theory (Scott, 2005) and the Macro-Institutional Social Enterprise (MISE) Framework.

2.4.1 Overview of the Institutional Theory

Institutions are defined as social structures created to regulate and give stability to social behavior (North, 1992; Scott, 2005). In other words, institutions are "rules of the game" that shape how people interact with one another in society (Chen et al., 2009). Institutions include "formal rules" that are dictated by the government, such as laws and regulations, and "informal rules" that are known and cognitively internalized by people in society, such as social norms, cultures and ethics (Kerlin, 2012; North, 1992; Scott, 2005). People behave in certain ways to follow the laws mandated by formal institutions, and to comply with the social norms and cultures established by informal institutions. Relating the Three-Cycle Model to Institutional Theory, macro contexts can be considered as institutions. Moreover, Institutional Theory suggests that older institutions shape newer institutions. For example, the government is an existing institution that can support or restrict certain actions through laws and public policies. The economy and the civil society sector then emerged as newer institutions that are subsequently shaped by the government, laws, and public policies.

Proposed by Kerlin (2010), the Macro-Institutional Social Enterprise (MISE) Framework applies the Institutional Theory to explain how older institutions, being the government, the economy and the civil socity sector, shape social enterprises

emerging as a newer type of institution at the macro level (Figure 6). Chapter 2.4.2 will provide more details on the MISE Framework by first explaining how the government and the different approaches it took in providing social welfare influence the civil society sector (Anheier et al., 2000; Kerlin, 2012). Chapter 2.4.3 will then describe how different public policies implemented by the government influence economic development. Finally, this research will explain how these macro institutions influence social enterprises according to the MISE Framework (Baller et al., 2018; Bosma et al., 2021; Chen et al., 2009).

Figure 6 MISE Framework for the Emergence of Social Enterprises
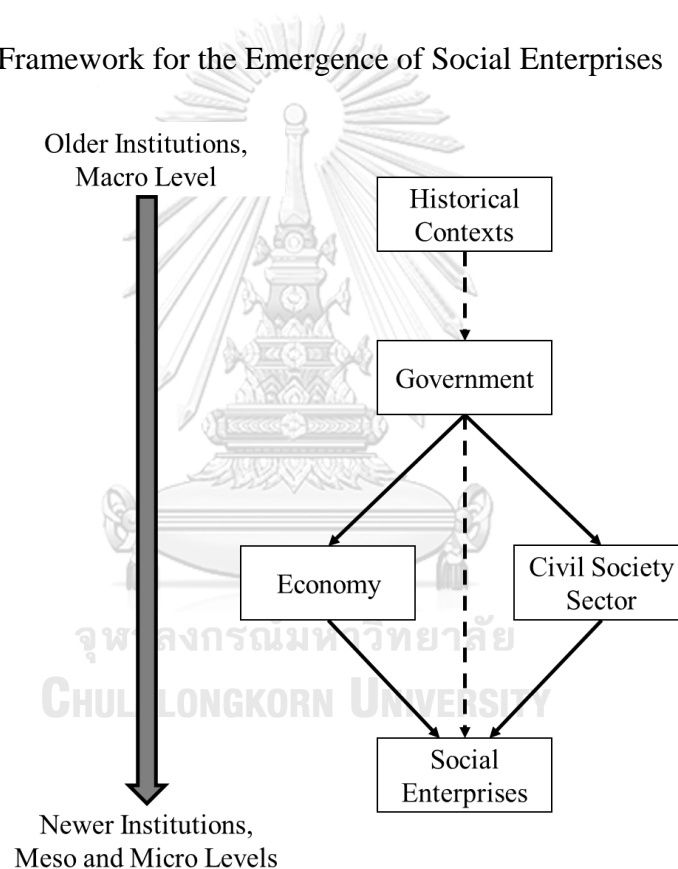
Source: Modified from Kerlin (2012)

2.4.2 How the Government influences the Civil Society Sector

Kerlin (2010) referenced the Comparative Non-profit Sector Project (CNP)[2] by John Hopkins University's Center for Civil Society Studies to explain how government influence the civil society sector as part of the MISE Framework. In a

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[2] https://ccss.jhu.edu/research-projects/comparative-nonprofit-sector-project/

working paper published in 2000, Anheier et al. proposed the Social Origins Theory to categorize civil society sectors into four broad models being the statist model, the social democratic model, liberal model and the corporatist model. In 2010, Salamon and Sokolowski proposed five similar civil society sector models being the deferred democratization model, the social democratic model, the liberal model, the welfare partnership model and the traditional model. Particularly, civil society sector models are characterized by the amount of government social welfare spending and the size of the civil society sector themselves (Table 1).

Table 1 Civil Society Sector Models

Civil Society Sector Models		Government Social Welfare Spending	Size of Civil Society Sector	Examples
Anheier et al. (2000)	Salamon and Sokolowski (2010)			
-	Traditional	Low (High international aid)	Small	Kenya, Uganda, Pakistan
Statist	Deferred Democratization	Low	Small	Brazil, Colombia, Japan
Social Democratic		High	Small	Finland, Sweden
Liberal		Low	Large	US, UK, Australia
Corporatist	Welfare Partnership	High	Large	Netherlands, Belgium, Germany

Source: Anheier et al. (2000); Salamon and Sokowski (2010)

Traditional Civil Society Model

Proposed by Salamon and Sokolowski (2010), the traditional model is characterized by low government social welfare spending, civil society sector that is small in size and heavily depend on international aid. With the government providing small amount of social welfare spending, international aid plays a huge role as external sources of funding for social welfare services and civil society sector, almost all of which focus on poverty relief. Here, the civil society sector is operated on traditional social relationships, such as those among community members living in the same village (Salamon and Sokolowski, 2010). Examples of the traditional model are Kenya, Uganda, and Pakistan.

Statist and Deferred Democratization Civil Society Sector Model

The statist and the deferred democratization model are characterized by low government social welfare spending and civil society sectors that are small in size. According to the statist model, governments have high influence on society, but often tend to self-interest or that of business elites (Anheier et al., 2000). The statist model suggests that the people are submissive towards the authority leading to a small-size civil society sector (Anheier et al. 2000). On a similar note, the deferred democratization model suggests that governments view the civil society sector as a threat to their regimes, and so give little support or even suppress the civil society sector (Salamon and Sokolowski, 2010). An example of the statist model is Japan where the government and the associated ruling class was able to maintain authority since the absolute monarchy of Imperial Japan (Anheier et al., 2000). Moreover, extensive benefits offered to employees by conglomerates made social welfare provided by the government, or public services provided by the civil society sector less relevant to the Japanese people. Therefore, there is low government social welfare spending and a small civil society sector in Japan. Interestingly, an earthquake in 1995 and weak disaster relief measures by the government at that time had led to increasing support to the civil society sector and to later social enterprises, showing that institutions are dynamic and subject to change (Kerlin, 2010). An example of the deferred democratization model is Brazil where the authoritarian government often limits social welfare spending and suppresses social movements (Salamon and Sokolowski, 2010).

Social Democratic Civil Society Sector Model

The social democratic model is characterized by high government social welfare spending and civil society sectors that are small in size. Social democratic model has governments that advocate for strong social welfare programs that reduce society's demand for service-providing civil society organizations (Anheier et al., 2000). Therefore, civil society sector in the social democratic model is small in size, focuses on "expressive functions" like politics, culture, and sports, and enjoys high level of engagement and support from the general population (Salamon and

Sokolowski, 2010). One example of the social democratic model is Finland where the government social welfare spending is high. The civil society sector in Finland is relatively small in size, but has high memberships and receives strong support from volunteers consisting of mostly people from the working class. Hence, the civil society sector is influential and can successfully advocate for progressive social policies.

Liberal Civil Society Sector Model

The liberal model is characterized by low government social welfare spending and civil society sectors that are large in size (Anheier et al. 2000). The liberal model belongs to countries that discourage government intervention, and have strong inclination for individual voluntary actions (Anheier et al. 2000). Therefore, these counties often have limited social welfare program, while there is have high demand for public services provided by civil society sectors of which have to rely on private donations and volunteers. Examples of the liberal model are the US, UK and Australia (Anheier et al. 2000). These countries have the middle-urban class as the dominating group in society rather than a ruling class or a working class as in the case of Japan or Finland. The dominant middle-urban class tends to oppose government intervention, resulting in limited government social welfare spending. Nonetheless, the absence of social safety net meant that there is high demand for public services provided by civil society sector.

Corporatist and Welfare Partnership Civil Society Sector Models

The corporatist and the welfare partnership models are characterized by high government social welfare spending and civil society sectors that are larger in size (Anheier et al. 2000). The corporatist model has government that is influential, but dependent on support of the civil society sector and the associated social elites (Anheier et al. 2000). Hence, government in the corporatist model provides high government social welfare spending that is channeled through the civil society sector. Similarly, the welfare partnership model describes the partnership between government and civil society sector to administer social welfare programs, thus resulting in the civil society sector being large in size (Anheier et al. 2000). An

example of the corporatist and the welfare partnership model is Netherlands. In the past, government of the Netherlands had to compromise with powerful religious organizations by providing public funding for private education. Thus, the notion of "private provision of publicly paid services" would later spread from education to other social services (Anheier et al. 2000).

2.4.3 How the Government influences the Economic Development

The MISE Framework connects the government to the economy as shown in Figure 7 through each country's level of competitiveness and stage of economic development, which are annually reported by the World Economic Forum in the Global Competitiveness Report (GCR). GCR 2010-2011 defined competitiveness as "the set of institutions, policies, and factors that determine the level of productivity of a country" (Almunia et al., 2010). In other words, a country with high competitiveness can achieve high productivity, which can also increase return on investments that eventually result in economic growth.

Figure 7 Twelve Pillars of Competitiveness and Stages of Economic Development

Twelve Pillars of Competitiveness	Stages of Economic Development
Basic Requirements 1. Institutions 2. Infrastructure 3. Macroeconomic environment 4. Health and primary education	**Factor-Driven** GDP per capita: < 2,000 USD Mineral goods = More than 70% of total exports
Efficiency Enhancers 5. Higher education and training 6. Goods market efficiency 7. Labor market efficiency 8. Financial market development 9. Technological readiness 10. Market size	**Efficiency-Driven** GDP per capita: 3,000 – 9,000 USD
Innovation and Sophistication Factors 11. Business sophistication 12. Innovation	**Innovation-Driven** GDP per capita: >17,000 USD

Source: Modified from Almunia et al. (2010)

Competitiveness is being conceptualized by the Twelve Pillars of Competitiveness with the pillars grouped into the basic requirements pillars, the efficiency enhancers pillars, and the innovation and sophistication factors (Figure 7). The basic requirements pillars consisted of the most fundamental components of an economy that must first be developed (i.e. institutions, infrastructure, macroeconomic environment, health and primary education). The efficiency enhancer pillars focus on improving production efficiency and product quality (i.e. higher education and training, goods market efficiency, labor market efficiency, financial market development, technological readiness, market size). The innovation and sophistication pillars focus on pushing the boundary of a country's competitiveness (i.e. business sophistication, innovation).

GCR 2010-2011 also categorized economic development into the factor-driven stage, the efficiency-driven stage, the and innovation-driven stage with transitional stages existing in between (Figure 7). The factor-driven stage is the most basic stage of economic development competing on low-price products or commodities produced from natural resources and low wage workers (Almunia et al., 2010). The efficiency-driven stage of is the second stage of economic development that focuses on industrialization to achieve higher productivity (Almunia et al., 2010). Workers have higher skills that earn them higher wages, which cause efficiency-driven economies to compete on improving efficiency in order to maintain competitive prices for high quality products. The innovation-driven stage is the most advanced stage of economic development with workers having the highest productivity level and earn the highest wages (Almunia et al., 2010). Innovation-driven economies can sustain the high wages and economic growth only by creating new products and services.

In GCR 2010-2011, GDP per capita and share of mineral goods (e.g. oil, gas, coal, metal, and precious stones) in total exports can also act as indicators for economic development. As countries become more developed and have higher competitiveness, they have higher productivity as measured by the GDP per capita (Figure 7). Countries that have more than 70% of total exports in mineral goods can

also be considered as having factor-driven economies, most evident in oil-exporting countries such as Saudi Arabia and Venezuela.

Importantly, Figure 7 shows that the Twelve Pillars of Competitiveness drive economic development in a linear pathway. Low-income economies start at the factor-driven stage, develop into the efficiency-driven stage, and then finally reach the innovation-driven stage (Almunia et al., 2010). In the same way, the Twelve Pillars of Competitiveness are numbered with increasing significance in driving subsequent stages of economic development (Almunia et al., 2010).

On the contrary, the updated Twelve Pillars of Competitiveness 4.0 from GCR 2018 (Baller et al., 2018) better represent the modern economy and the Fourth Industrial Revolution (4IR). Highly competitive economies in the 4IR are characterized by resilience to financial crises and mass unemployment, agility to quickly adapt to disruptions, human-centric focus, and an innovation ecosystem that is able to thoroughly drives innovation from ideation to commercialization (Baller et al., 2018). The Twelve Pillars of Competitiveness 4.0 are grouped into four broader categories as shown in Figure 8. The enabling environment pillars comprise of the first four pillars (i.e. institutions, infrastructure, ICT adoption, and macroeconomic stability) and form a country's basic requirements for developing into the modern economy. The human capital pillars comprise of the fifth and sixth pillars (i.e. health, and skills) and address human-centric economic development. The markets pillars comprise of the seventh to tenth pillars (i.e. product market, labor market, financial system, and market size) and describes market characteristics that drive economic growth. Lastly, the innovation ecosystem pillars comprise of the eleventh and twelfth pillars (i.e. business dynamism, and innovation capability) that are achieved by only the most competitive economies. The pillars can be affected by one another as improvement in one can benefit the others (Baller et al., 2018). Despite the interconnectedness, the pillars cannot replace one another and a country must excel in all pillars to achieve the highest level of competitiveness.

Interestingly, the 4IR provides countries with the potential to quickly transition their economies without having to follow the linear pathway depicted in GCR 2010-2011 that expects economic development to progress from factor-driven to efficiency-driven to innovation-driven stage (Figure 7). In contrast, the 4IR allows for

economies to leapfrog, or skip over intermediate stages of economic development to become innovation-driven economies (Figure 8). Advancement in cutting edge technologies like robotics and artificial intelligence, and the high accessibility of everyday technologies like smartphones make the development pathway more flexible and uncertain (Baller et al., 2018). Low-income countries can exploit these technologies to innovate new business models and products. Returning to the MISE Framework, this research will incorporate the Twelve Pillars of Competitiveness 4.0 to offer a better representation of the present context and will examine each pillar to show how the government and its actions can largely influence competitiveness and economic development.

Figure 8 Twelve Pillars of Competitiveness 4.0 and Stages of Economic
Development during the Fourth Industrial Revolution
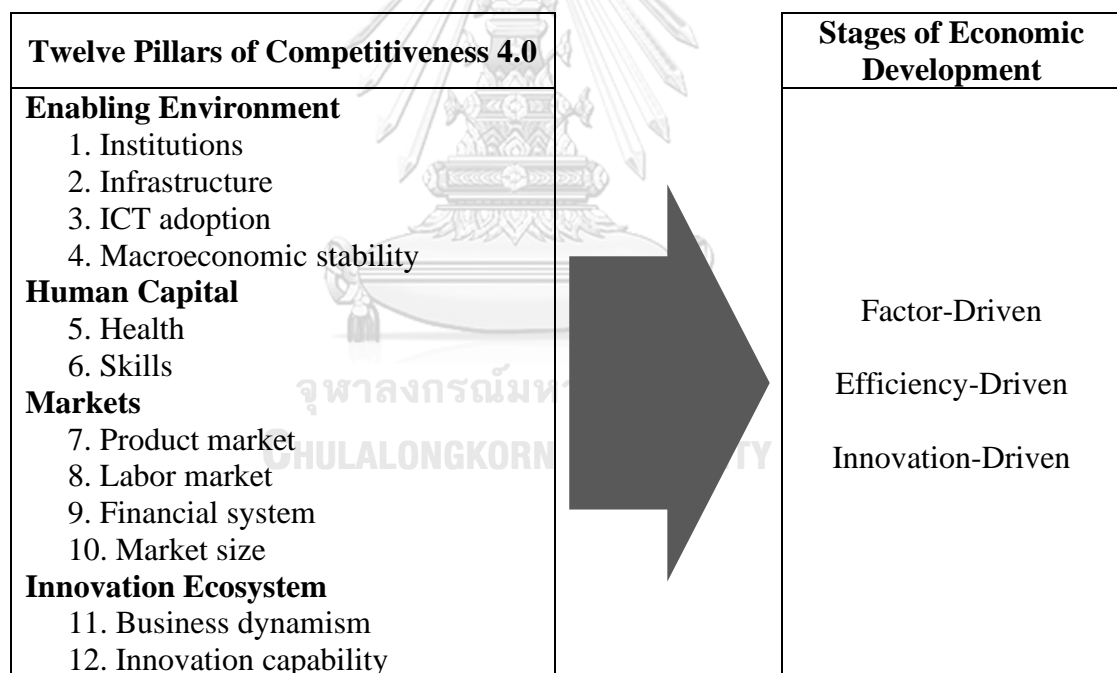
Source: Modified from Baller et al. (2018)

Pillar One refers to the formal and informal institutions that shape how businesses and individuals behave (Baller et al., 2018). Formal institutions include governance and legal system, and informal institution includes social norms and culture. Government can increase competitiveness through formal institutions by ensuring effective management of public funds and fair legal systems. Additionally,

openness of the government to check and balances can increase competitiveness through informal institutions by establishing good corporate governance as the norm for businesses and individuals.

Pillar Two refers to the transport and utility infrastructure that are mostly built and maintained by the government (Baller et al., 2018). Expansive and well-maintained infrastructure increases competitiveness by increasing the efficiency of production and transportation, and facilitating the flow of goods and labor.

Pillar Three refers to the extent that the information and communication technologies (ICT) have been integrated into the economy (Baller et al., 2018). The original Twelve Pillars regarded ICT as an "efficiency enhancer" but the 4IR now regards ICT as a basic requirement at the infrastructure level. With the widespread access of basic technologies such as computers, smartphones and the internet by the general population and businesses, ICT has now become another fundamental infrastructure of the modern economy critical to efficient flows of information and ideas. Although largely driven by the private sector, governments that are adoptive of ICT can develop more efficient processes to reduce bureaucracy that are important in driving competitiveness.

Pillar Four refers to the stability of the macroeconomic environment, which are mainly determined by government actions (Baller et al., 2018). The government can directly increase competitiveness through macroeconomic stability by maintaining stable inflation rates and fiscal policies that reduce risks to investments.

Pillar Five refers to the physical and mental health of the labor force (Baller et al., 2018). Government can invest in health for instance by providing an accessible and affordable healthcare system to ensure that the labor force can perform at higher capacity, which increases competitiveness.

Pillar Six refers to skills required for innovation and for adapting to the disruptive business environment of the modern economy (Baller et al., 2018). Previously, the original Twelve Pillars of Competitiveness characterized skills as primary and higher education, which were regarded as a mean to improve workers' productivity. The Twelve Pillars of Competitiveness 4.0 now regard skills as a mean to prepare the labor force for the 4IR, and include other capabilities in addition to productivity, such as critical and creative thinking, digital literacy, and interpersonal

skills. Therefore, government that invests in quality education aims to train workers with the skills demanded by advanced-technological and innovative industries that can increase competitiveness.

Pillar Seven refers to how well the product market facilitates trade and competition among firms (Baller et al., 2018). Government can increase efficiency of the product market by minimizing tariffs and foreign investment restrictions to promote free trade and fair competition between domestic and foreign firms. Competition benefits consumers and the economy by decreasing prices, and driving innovation in products, services and organizations.

Pillar Eight refers to how well the labor market facilitates human resource and talent management (Baller et al., 2018). Efficient labor market enables firms to manage human resources with flexibility. For example, firms that can lay off employees without facing high costs of compensating the employees are likely better adapted to economic shock. Furthermore, efficient labor market enables workers to achieve high productivity by matching talents with jobs most suited to their skills. For example, workers that are unhappy with their current jobs should be able to take the risk and quit to seek new opportunities without bearing high costs during unemployment. Efficient labor market motivates workers to improve their skills and earn higher wages. Government can increase efficiency of the labor market by implementing appropriate mix of labor protection policies and unemployment benefits.

Pillar Nine refers to how well the capital market facilitates financial activities (Baller et al., 2018). Well-developed financial system can effectively allocate capital obtained from people savings to investments that yield high returns. Well-developed financial system also ensures equal access of information to investors to support accurate assessment the capital market and financial products. Government can increase efficiency of the capital market and develop financial system with proper regulation of financial institutions and businesses to ensure transparency and appropriate risk management that can help prevent financial crisis.

Pillar Ten refers to the size of the both domestic and foreign markets (Baller et al., 2018). Large market allows for businesses to leverage economies of scale to reduce production cost, and receive higher returns from large number of consumers

and high demand. Government can help increase market size by promoting consumption and supporting exports.

Pillar Eleven refers to the capability of firms in adapting to new technologies and rapid changes (Baller et al., 2018). Mainly addressing agility, firms that have high dynamism can become resilient to disruptions due to their willingness to take risks. As a result, these firms have higher capability to transform products, services, business model, and organizational structures to stay competitive. Business dynamism has replaced business sophistication from the original Twelve Pillars of Competitiveness, which refers to how business networks are interconnected to increase efficiency, such as business clusters and complex value chains. Business sophistication has become obsolete in the 4IR as technological disruption and shocks can lead to downfall of some of the most sophisticated businesses. Government can encourage business dynamism by developing policy framework that help reduce administrative cost in starting a company, or help companies recover from bankruptcy.

Pillar Twelve refers to a country's capability of creating innovation (Baller et al., 2018). Research and development can lead to the accumulation of knowledge and ideas, but realizing ideas into actual products and services require proper supportive environments. Collaboration and exchange of ideas between people of diverse backgrounds are essential to an environment that foster innovation. Government can increase innovation capability by investing in research and development, funding for start-ups, supporting partnership between research institutions and private sectors, and protecting intellectual properties.

Other than the Twelve Pillars of Competitiveness, the MISE Framework also connect the government to entrepreneurship through the Entrepreneurial Framework Conditions developed by the Global Entrepreneurship Monitoring (GEM). The GEM Global Report is an annual publication to report on the state of entrepreneurship in different countries around the world and provides one of the most comprehensive and reliable sources of information on entrepreneurship research. The Entrepreneurial Framework Conditions shown in Figure 9 is one of the central framework that GEM used to analyze the factors significant in driving entrepreneurship (Bosma et al., 2021). Access to entrepreneurial finance means that new business can easily get

funding from either bank loans, venture capital, or the government. Government policy can promote new businesses through administration support, tax benefits and support programs. Entrepreneurial education at school embeds business-oriented attitudes for young people, such as enquiry, opportunity recognition, and creativity, while post-school entrepreneurial education teaches college students and professionals about concepts and practical skills for starting and running businesses. Research and development transfer helps to scale-up and commercialize innovations developed in universities. Commercial and professional infrastructure assists entrepreneurs in legal and accounting services required to run businesses. Ease of entry encourages new businesses to enter the market by having regulations that do not restrict new entries, and providing an open market that is protected from unfair competition from existing corporates. Physical infrastructure, such as roads, internet coverage and speed, and rents that are extensive and affordable can promote new businesses.

Figure 9 Entrepreneurial Framework Conditions

1. Access to entrepreneurial finance
2. Government policy
   - Support and relevance
   - Taxes and bureaucracy
3. Government entrepreneurship programs
4. Entrepreneurial education at school and post-school
5. Research and development transfer
6. Commercial and professional infrastructure
7. Ease of entry
   - Market dynamics
   - Market burdens and regulations
8. Physical infrastructure
9. Social and cultural norms

Source: Bosma et al. (2021)

Last but not least, social norms and cultures also affect the society's attitudes toward entrepreneurship (Bosma et al., 2021). Based on Hofstede's Cultural Dimension Theory, culture can be measured with five dimensions: power distance index, masculinity vs. femininity, short-term orientation vs. long-term orientation, individualism vs. collectivism, and uncertainty avoidance. Individualism vs collectivism measures whether a society values independent actions and the needs of

each person, or group efforts and the needs of the group as a whole. Uncertainty avoidance measures a society's tolerance for uncertainty and ambiguity. According to Kerlin (2012), countries with high individualism and low uncertainty avoidance encourage people to become entrepreneurs.

2.4.4 How the Government, the Civil Society Sector and the Economic Development influence Social Enterprises according to the MISE Framework

The main objective of the MISE Framework is to conceptualize the effects of older institutions on the emergence of social enterprises. So far, this research demonstrates how the government influences the civil society sector and economic development that in turn influence social enterprises as hybrids between for-profit and non-profit organizations. Government social welfare spending and size of civil society sector shape how social enterprises secure funding, legitimacy of the social objective, and support from the general public. Economic development shapes how social enterprises engage in entrepreneurial activities to deal with economic pressures and risks, such as losing revenue and going into insolvency (Cho and Nicholls, 2006; Defourny and Nyssens, 2010). Market-oriented social enterprises enhance efficiency and deploy effective allocation of resources including sales of products, public subsidies, donations and volunteers to deal with economic pressures (Cho and Nicholls, 2006).

Social enterprise models resulting from interactions between the civil society sector and the economic development are presented in Table 2. This research will also present empirical evidence for each social enterprise models by summarizing the case studies accounted by Defourny and Nyssens (2010), Kerlin (2012; 2017), Jeong (2017), and Cui and Kerlin (2017).

Table 2 Social Enterprise Models according to the MISE Framework

Social Enterprise Models	Govt. Social Welfare Spending	Civil Society Sector Size and Model	Economic Development	Characteristics
Sustainable subsistence	Low	Small, Traditional	Factor driven	Small-scale SEs supported by international aid, focus on poverty relief, and operate mostly by self-employment and family.
Autonomous mutualism	Low	Small, Deferred demo-cratization	Efficiency driven	Small to medium scale SEs capable of larger operations, and tend to independently provide social welfare neglected by more authoritarian govt.
Semi-strategic focused	Low	Small, Statist	Efficiency driven	High state control and more authoritative govt. allow funding for SEs that focus on issues that align with the govt.'s agenda
Strategic diverse	Low	Small, Statist	Innovation driven	Establishment of SEs by civil society sector as a way to address to social issues is highly encouraged by the govt. through legal and policy support.
Autonomous diverse	Low	Large, Liberal	Innovation driven	SEs engage in diverse issues due to lack of social welfare but also has to engage in commercial

				activities due lack of funding by non-intervention liberal govt.
Enmeshed focused	High	Small, Social-democratic	Innovation driven	SEs partner with govt. to focus on limited social issues, as most issues are already addressed by social democratic govt.
Dependent focused	High	Large, Welfare partnership	Innovation driven	Civil society sector and SEs have high influence in society, so govt. provide them funding in order to gain their support.

Source: Kerlin (2012; 2017)

Sustainable Subsistence SE Model

Sustainable subsistence model is characterized by traditional civil society sector model and factor-driven stage of economic development (Kerlin, 2012). Traditional model has small civil society sector and receive low government social welfare spending causing it to depend on international aid for financial support, while the factor-driven economy indicates low income (Almunia et al., 2010; Salamon and Sokolowski, 2010). Therefore, sustainable subsistence model normally consists of small-scale social enterprises that are supported by international aid and focus on poverty relief efforts, such as microfinance (Kerlin, 2012). Microfinance are financial services that target low-income people who would otherwise be excluded from conventional financial services due to having bad credit rating, having no collateral, and being unemployed. For example, low-income people who would normally be denied by conventional banks can take out very small amount of loans (also called microloans) for very small-scale projects that can help pull them out of poverty. Sustainable subsistence social enterprises operate based on the traditional social relationships within the villages, and are run mostly by self-employed entrepreneurs and family members, thus the name subsistence (Kerlin, 2012).

An empirical evidence of the sustainable subsistence model is Zimbabwe (Kerlin, 2012). Zimbabwe has an authoritarian government that view civil society sector as threats, and so order arrests, threats, and limit freedom of expression of the civil society sector. With the government and civil society sector opposing each other, the economy of Zimbabwe remains at the factor-driven stage and is assisted by international aid. The interactions between these institutions result in the sustainable subsistence model with small scale social enterprises offering microfinance services. Social enterprises will have to sustain themselves with revenue generated from microfinance and funds obtained from international aid. From a cultural standpoint, Zimbabwe has high degree of collectivism leading to many social enterprises operating based on traditional social interactions within communities.

Autonomous Mutualism SE Model

The autonomous mutualism model is characterized by deferred democratization civil society sector model and efficiency-driven stage of economic development (Kerlin, 2012). Deferred democratization model has small civil society sector and receive low government social welfare spending, but is also characterized by authoritarian or post-authoritarian government (Salamon and Sokolowski, 2010). The efficiency-driven economy indicates mid-range income (Almunia et al., 2010). Therefore, autonomous mutualism model consists of small and medium scale social enterprises that operate independently from the government or even going against the authoritarian government on certain public issues, thus the name autonomous (Kerlin, 2012). Moreover, social enterprises would focus on achieving social justice through the provision of social welfare that is neglected by the authoritarian regime, which are viewed favorably by people in society. The social enterprises are also capable of engaging in larger entrepreneurial and manufacturing activities due to the higher productivity and income of the efficiency-driven economy.

An empirical evidence of the autonomous mutualism model is Argentina (Kerlin, 2012). Argentina was governed under an authoritarian regime until a democratic election in 1983 started various institutional changes in the government, the civil society sector, and the economy. Many of Argentina's civil society sector organizations were dependent on populist support from the old regime, and underwent

privatization in the 1990s (Kerlin, 2012). Soon after, Argentina experienced economic downturn in 2001 causing the civil society sector to become autonomous from government subsidies and shifted toward mutualism. Mutualism-oriented organizations are usually self-organized by local communities to provide social welfare services including healthcare, insurance, and even temporary housing for members of the communities. An example of mutualism-oriented organization is co-operatives or businesses that are owned and democratically run by members for the benefits of the members. Another example of mutualism-oriented organizations is co-operative recuperated companies or "failed companies that are restructured to become co-operatives." With the transformation of civil society sector, social enterprises in Argentina also emerged as mutualism-oriented organizations focusing on "group self-sufficiency." The efficiency-driven economy allows for social enterprises to have medium to large scale of operations that may even own factories as seen in the case of recuperated co-operatives (Kerlin, 2012).

Semi-Strategic Focused SE Model

The semi-strategic focused model is characterized by statist civil society sector model and efficiency-driven stage of economic development (Cui and Kerlin, 2017). Statist model has small civil society sector and receives low government social welfare spending, but with high state involvement in civil society sector and social enterprises. The government recognizes the importance of civil society sector in providing social welfare but it must also exerts control on the civil society sector to prevent anti-government attitudes (Cui and Kerlin, 2017).

An empirical evidence of the semi-strategic focused model is China. The government is supportive of the civil society sector that it even requires that there must be at least eight civil society organizations for every 10,000 population (Cui and Kerlin, 2017). But government oversight remains high, limiting activities of the civil society sector to certain social welfare services that it deems as appropriate.

Enmeshed Focused SE Model

The enmeshed focused model is characterized by social democratic civil society sector model and innovation-driven stage of economic development (Kerlin,

2012). Social democratic model has small civil society sector and receive high government social welfare spending, while the innovation-driven economy indicates high income (Almunia et al., 2010; Salamon and Sokolowski, 2010). The government has already implemented extensive social welfare programs, which meant that the social enterprises in the enmeshed focused model have less relevance in providing social welfare and focus only on certain issues. The government may also form partnerships and provide funding for social enterprises, thus the name enmeshed focused (Kerlin, 2012). The high income indicated by the innovation-driven economy gives the government enough resources to have high social welfare spending, and push for public policies that foster innovation.

An empirical evidence of the enmeshed focused model is Sweden. Sweden has a social democratic government that traditionally differentiates between the roles of the government, civil society sector, and private sector. The government is expected to provide social welfare as seen by the extensive welfare state and social safety nets. The private sector is expected to ensure "the production, the accumulation, and the creation of jobs" (Defourny and Nyssens, 2010). The combination of good governance and a competitive private sector results in Sweden achieving the innovation-driven economic stage. High income generated by the innovation-driven economy help the government obtain enough resource to fund social welfare. The civil society sector is small in size and is expected to engage in expressing societal agenda, such as culture, sports, and politics as almost all of social welfare services are already being provided by the government (Defourny and Nyssens, 2010). The few civil society organizations that provide social welfare services are given funding or support from the government.

On the contrary, social enterprises emerged as a new type of organization that merge the roles of the government, the private sector, and the civil society sector in the enmeshed focused model (Kerlin, 2012). For example, work integration social enterprises (WISE) address unemployment by hiring individuals at risk of being excluded from the labor market. These people work as employees to generate revenue for the social enterprises, thus blurring the lines between the government, the private sector, and the civil society sector. In addition, many work integration social

enterprises are founded with public support and are often regarded as the government's "labor market policy tool" (Kerlin, 2012).

Another example of social enterprises in the enmeshed focused model is parent co-operative preschools. In Sweden, the government provides social welfare funding for all types of preschools, which include government-owned public preschools, privately-owned preschools, and parent co-operative preschools (Garvis, 2018). Uniquely, parent co-operative preschools are jointly administered by parents and school staffs with the public funding from the government. Parents are expected to volunteer in school administration as to develop an alternative form of early childhood education (Defourny and Nyssens, 2010). Parent co-operative preschools can be considered as a type of social enterprise that perform the role of the government by providing childcare, the role of the private sector by independently running the schools, and the role of the civil society sector by expressing the parents' societal agenda (Defourny and Nyssens, 2010).

Dependent Focused SE Model

The dependent focused model is characterized by welfare partnership civil society sector model and innovation-driven stage of economic development (Kerlin, 2012). Similar to social democratic model, welfare partnership model has high government social welfare spending, but with the distinction being the civil society sector's relationship toward the government. Civil society sector in welfare partnership model, such as religious organizations, has high influence in society (Salamon and Sokolowski, 2010). To gain support from the influential civil society sector, the government would give funding for social welfare services that are mainly provided by the civil society sector, which lead to the civil society sector growing large in size (Salamon and Sokolowski, 2010). This relationship also applies to social enterprises in the dependent focused model. Government gives funding to social enterprises to provide social welfare services, thus the name dependent focused (Kerlin, 2012). Furthermore, civil society sector and social enterprises in the dependent focused model address a broader array of issues when compared to those in the enmeshed focused model. The high income associated with the innovation-driven economy helps government secure resource to have high social welfare spending.

One empirical evidence of the dependent focused model is Germany. In the 1980s, many European countries experienced economic downturn that led to higher unemployment and lower government social welfare spending (Defourny and Nyssens, 2010). Civil society sectors in many European countries addressed unemployment with the "passive approach" of providing services like food and shelter to help people during periods of interrupted income and job search (International Labour Organization, 2017). In contrast, civil society sector in Germany together with the government implemented the "active approach" through professional training and "social economy" that specifically aimed at creating jobs in social welfare provisions (International Labour Organization, 2017). In this fashion, dependent focused social enterprises in Germany are also supported by the government to create jobs in social welfare provisions. The government dealt with lower resource during economic downturn with efficient allocation of social welfare spending to civil society sector and social enterprises.

Italy is another empirical evidence of the dependent focused model. Just like Germany in the 1980s, Italy faced decrease in government spending due to economic downturn, which led to many civil society organizations adopting social cooperative structure (Defourny and Nyssens, 2010, and Kerlin, 2012). Social co-operatives are organizations that are managed by multiple stakeholders including workers, volunteers, customers, donors, and even the government (Kerlin, 2012). Social enterprises in Italy also adopted the social co-operative structure to address unemployment during the economic downturn, and were supported by government subsidies and public policy (Kerlin, 2012). Italy became the first country in Western Europe to legally recognized social enterprises as "A-Type" social co-operatives to provide education and social welfare services, or as "B-Type" social co-operatives to engage in other activities for work integration (Borzaga, 2020). The innovation-driven economic stage for both Germany and Italy enables the government to have high social welfare spending.

Autonomous Diverse SE Model

The autonomous diverse model is characterized by liberal civil society sector model and innovation-driven stage of economic development (Kerlin, 2012). Liberal

model has large civil society sector and receive low government social welfare spending, and the innovation-driven economy indicates high income (Almunia et al., 2010; Salamon and Sokolowski, 2010). Scarce public funding and subsidies for social welfare meant that there is high demand for social welfare services. Therefore, social enterprises, often considered as "income generators" for civil society organizations, are established to meet these social needs and are operated through diverse entrepreneurial activities, thus the name diverse (Kerlin, 2012). Moreover, the high income associated with the innovation-driven economy offers a supportive environment for entrepreneurship. This also meant that there is quite a number of wealthy individuals that can support social enterprises through private donations and by paying for the products or services being sold.

One empirical evidence of the autonomous diverse model is the United Kingdom. The UK government initially gave funding to government agencies and civil society organizations to providing social welfare during the World Wars (Defourny and Nyssens, 2010). Wartime meant that there was significantly high demand for social welfare services leading to the civil society sector growing in size. However, the large scale of these government agencies and civil society organizations were later seen as bureaucratic and inefficient, thus calling for reforms during the 1970s and 1980s (Defourny and Nyssens, 2010). As a result, government spending on social welfare was made open to market competition, in which government agencies, civil society organizations, and even private businesses must compete based on efficiency to become contractors in providing social welfare services (Defourny and Nyssens, 2010). In recent years, the economy took a downturn and government revenue declined leading to higher employment and lower government social welfare spending. Thus, social enterprises emerged in the UK to address these two issues. Through commercial activities, social enterprises are able to mostly stay autonomous from public funding and are able to provide social welfare services to alleviate unemployment.

The United States is another empirical evidence for the autonomous diverse model. Economic liberalization under had led the US government to further cut social welfare spending, while the economic recession led to increase in demand for social welfare services and also civil society organizations who provide these services

(Kerlin, 2012). Dwindling public funding and private donations eventually engaging in commercial activities (Kerlin, 2012). Social enterprises in the US also prioritize on generating revenue, and autonomy from government support. Innovation-driven economic stage and high income help social enterprises in both the UK and the US to grow develop diverse products and services.

Strategic Diverse SE Model

The strategic diverse model is characterized by a statist civil society sector model, and innovation-driven stage of economic development (Jeong, 2017). Similar to the deferred democratization model, the statist model has small civil society sector and receives low government social welfare spending (Jeong, 2017). However, different from the deferred democratization model in that the government implements policies that "strategically" position the civil society sector to providing social welfare services, while the civil society sector must also be self-sustaining and contribute to economic development (Jeong, 2017). This is similar to the autonomous diverse model in that social enterprises are utilized as "income generator" for the civil society sector but different in that the government is directly involved.

An empirical evidence for the strategic diverse model is South Korea. The main economic driver for social enterprises in South Korea is the Asian Financial Crisis in 1997, which resulted in high unemployment and high inequality. Therefore, the government encouraged the formation of social enterprises to address these problems by providing both employment and welfare services (Jeong, 2017). With the enactment of the Social Enterprise Promotion Act in 2006, social enterprises are defined to provide work opportunities or social services for vulnerable individuals, but must also perform business activities to generate a certain percentage of their total revenue from earned income (Jeong, 2017). This law comes with the government giving managerial, operational, financial and even tax supports to social enterprises (Jeong. 2017).

This research tests for Objective 3 by analyzing the macro level factors and categorizing the social enterprises in Thailand into models according to the MISE Framework, which provide a more comprehensive understanding of the factors that affect social enterprises. Furthermore, this research has combined quantitative and

qualitative approaches to enhance insights being provided by making comparisons between the results of Objective 1, 2 and 3. This research has also combined the micro, meso and macro levels of analysis together in studying social enterprises.

2.5 Landscape of Social Enterprises in Thailand

Thailand can be considered as a middle-income country with a GDP of USD 501.795 billion in 2020 (World Bank and OECD, 2021) and has been struggling to overcome the middle-income trap (Wharton School, 2017). Thailand has successfully transformed itself from an agricultural economy into an export-led economy with huge industrial production and agribusiness sectors. However, wages in Thailand are now too high to compete with less developed countries, but Thailand also lack the innovation and skilled workers to compete with industrialized economies in high-technology sectors. This middle-income trap has resulted in low economic growth in recent years with low investment. Moreover, inequality remains a big development concern in Thailand with the top 1% of individuals owning 66% of all the wealth in 2018 (Davies et al., 2018), and the top 10% of individuals owning 66% of all the wealth in 2020 (Davies et al., 2021). Despite the downward trend in income inequality as measured by the GINI coefficient, the Covid-19 pandemic is shown to exacerbate inequalities with vulnerable groups including women, and people working in informal sectors, and the tourism sector most affected (Serechetapongse and Udomkerdmongkol, 2020). Thus, social enterprises become a potential tool for Thailand to free itself from the middle-income trap and also address inequalities.

The current social enterprise landscape in Thailand mainly stems from the Social Enterprise Promotion Act 2019. Through this legislation, the Social Enterprise Promotion Committee, the Office of Social Enterprise Promotion (OSEP), and the Social Enterprise Promotion Fund were established in 2019. The Social Enterprise Promotion Committee is the governance body responsible for developing policy and improving existing regulations on social enterprises and reports to the Ministerial Cabinet (British Council, 2020). OSEP acts as the main focal point for providing academic and administrative support, and manage the registrar and information center

for social enterprises (British Council, 2020). The Social Enterprise Promotion Fund managed by OSEP provides funding to new social enterprises and gives loans to registered social enterprises (British Council, 2020). Importantly, the Social Enterprise Promotion Act 2019 has legally defined two types of social enterprises being profit-sharing to owners and shareholders, and non-profit-sharing. Both types of social enterprises must comply with the following criteria:

- Have the objective of creating social impact by employing disadvantaged individuals, addressing or improving community, society or environmental problems, or benefiting the general public
- Have good governance
- Have never been revoked from the social enterprise registrar
- Have no more than 25% of partners, board members, or representatives involved in social enterprises that have been revoked from the social enterprise registrar.

Profit-sharing social enterprises have to comply with additional criteria as the following:

- Having at least 50% of revenue from selling products and services
- Have to reinvest at least 70% of profit into the social enterprise, which can be considered as reinvesting in the social objective

Only the entities that meet the above criteria and are registered with OSEP can legally be defined as "social enterprise." As of September 2022, there are 213 legally registered social enterprises in Thailand (NXPO and Thailand Future Foundation, 2023).

When viewed from the MISE framework, Doherty and Kittipanya-Ngam (2020) proposed that social enterprises in Thailand fit into a newly defined authoritarian state-corporate model. Since the 1997 Asian Financial Crisis, there has been increase in economic inequality, political instability, and social and environmental problems in Thailand (Doherty and Kittipanya-Ngam, 2020). But with recent decrease in financial support to local civil society organizations, Thailand sees increase in demand for social welfare services. Moreover, the Thai government has been described as authoritative (Doherty and Kittipanya-Ngam, 2020) as evident from two coup d'etats since 2006, and a former military-chief and coup-leader as the Prime

Minister. Different from the strategic diverse social enterprise model that sees the government encouraging the civil society sector to form social enterprises, the Thai government did this through public-private partnership (PPP). Policies haven been implemented to provide legal framework for social enterprises, but this also come with incentives including tax incentive, soft loans and grant programs (Doherty and Kittipanya-Ngam, 2020). Especially, the tax incentives are offered to private companies donating or investing in social enterprises as corporate tax deduction as long as total annual expenses do not exceed 2% of annual net profit. Furthermore, the Pracharath policy initiated by the government provides framework for public-private partnership to address rural economic growth. To this effect, large private corporations led the establishment of social enterprises throughout Thailand under the network called Pracharath Raksamakkee. Nevertheless, criticisms pointed to large private corporations taking advantage of the tax incentives via establishing social enterprises without pushing for the social objective (Doherty and Kittipanya-Ngam, 2020).

Despite establishing the policy framework to support social enterprises in Thailand through funding from the Social Enterprise Promotion Fund, tax incentive and public procurement among others, it was found that no comprehensive support program has yet been provided to social enterprises due to unclear eligibility criteria (Phumpuong and Jongjakapun, 2022). Additionally, the social enterprises interviewed by Phumpuong and Jongjakapun (2022) stated that the supposed support offered to registered social enterprises do not meet their expectations, such as being unable to receive funding from the Social Enterprise Promotion Fund and unable to have public procurement with the government. Importantly, Thailand has no clear national roadmap to develop social enterprises leading to difficulties in coordinating efforts among the different actors within the support ecosystem (NXPO and Thailand Future Foundation, 2023).

These limitations to the government's efforts resulted in the private sector and the civil society sector leading the development of social enterprises in Thailand (NXPO and Thailand Future Foundation, 2023). Among the different types of social enterprises in Thailand, private businesses-based social enterprises or those that are established by private companies, mainly as extensions of corporate social

responsibility initiatives, serve as another interesting approach to promote sustainable development (NXPO and Thailand Future Foundation, 2023). Distinct from PPP, these social enterprises but are led by private companies, rather than the government, under the concept of creating shared values (CSV). Private companies utilize their business acumen to benefit stakeholders and society, while at the same time leading to the creation of new business models and opportunities to generate higher revenue (Sopha et al., 2021). Nonetheless, CSV approach do not limit only to private businesses-based social enterprises but can also be applied to bilateral partnerships between the private companies and other social enterprises. Examples of major private companies in Thailand implementing CSV programs range from those in the oil and gas sector, food and beverage sector, to the retailing sector.

Social enterprises in Thailand also have a supporting ecosystem or networks of enabling organizations consisting of government agencies, support organizations, impact investors and research institutions that are working together to create and scale-up social enterprises. Government affiliated organizations perform various roles within this ecosystem ranging from the National Innovation Agency (NIA) providing grants and in-kind support like social impact assessment and the Stock Exchange of Thailand (SET) for capacity building and networking between social enterprises and publicly listed companies (British Council, 2020). Certain private companies and non-profit organizations act as incubators and accelerators that give grants, and provide workshop and trainings to social enterprises such as SE Thailand, SEED and Rise Impact, as impact investors such as Asian Development Bank Ventures and ChangeVentures that provide equity-like funding to social enterprises, or as crowdfunding platform for social enterprises such as Taejai.com (British Council, 2020). Lastly, research institutions including the Aspen Network of Development Entrepreneurs (ANDE), British Council, Thailand Development Research Institute (TDRI) and Thammasat University provide academic research, knowledge sharing, and college education (British Council, 2020).

CHAPTER 3: METHODOLOGY

3.1 Conceptual Framework

This research involves multiple theoretical models to explain the relationships between the economic and the social objectives of social enterprises, and how they can be influenced by factors at the micro, meso and macro levels. The conceptual framework in Figure 10 summarizes these theories as a basis for the data analysis in Chapter 3.2.

Figure 10 Conceptual Framework
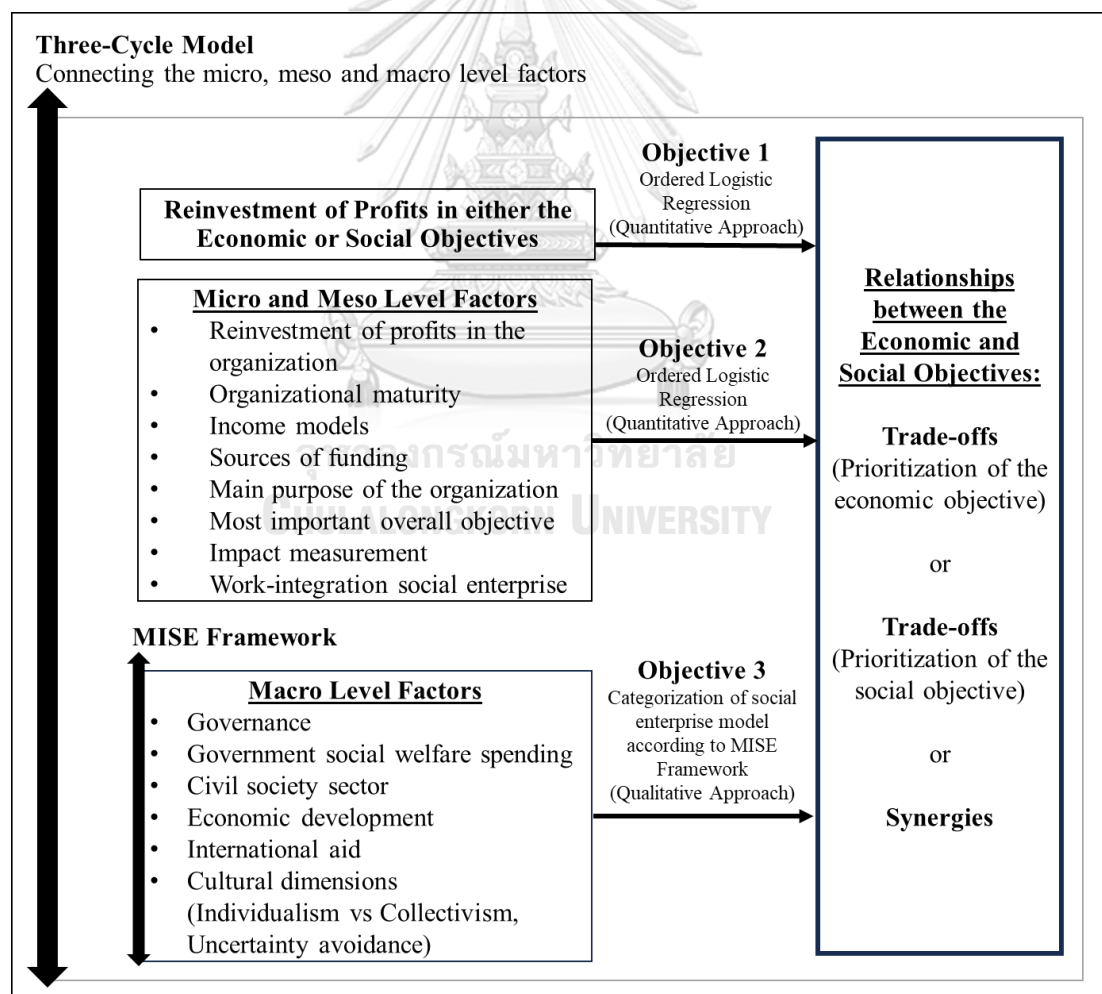
3.2 Data Analysis

In the conceptual framework, Objective 1 aims to determine the relationships between the economic and the social objectives of social enterprises in Thailand, which produce three outcomes being 1) Trade-offs with prioritization of the economic objective over the social objective, 2) Trade-offs with prioritization of the social objective over the economic objective, or 3) Synergies. To test this, ordered logistic regression will be used to analyze the effects of reinvesting profits in the economic objective on the output of the social objective together with the effects of reinvesting profits in the social objective on the output of the economic objective. This is further explained in Chapter 3.2.1.

Next, Objective 2 aims to determine the micro and meso level factors that influence the relationships between the economic and the social objectives of social enterprises in Thailand. These factors will have to be incorporated and tested together with the ordered logistic regression models from Objective 1. They include reinvestment of profits into the organization, organizational maturity, years of operation, income models, sources of funding, main purpose of the organization, most important overall objective, impact measurement and work-integration social enterprise model. This is further discussed in Chapter 3.2.2.

Lastly, Objective 3 aims to use macro level factors to categorize social enterprises in Thailand into social enterprise models according to the MISE Framework. The social enterprise model categorization allows for a clear description of the characteristics of social enterprises in Thailand, which may influence the relationships between the objectives of social enterprises. This is further described in Chapter 3.2.3.

Most importantly, the results of Objective 1 and 2, and the results of Objective 3 can be compared with each other to provide more comprehensive understanding of the factors that influence social enterprises in Thailand. This comparison is enabled by the Three-Cycle Model serving as the underlying framework that bridges between factors belonging to the micro, meso and macro levels of analysis. Additionally, this comparison also combines the quantitative approach used in Objective 1 and 2, and

the qualitative approach used in Objective 3. Consistency between the results of all three Objectives can strengthen the insights and conclusion being drawn in Chapter 5.

3.2.1 Objective 1: Determining the whether there are Trade-offs or Synergies between the Economic and the Social Objectives of Social Enterprises in Thailand

For Objective 1, this research will determine whether there are trade-offs or synergies between the objectives of social enterprises in Thailand. Data used in the research had been collected in 2020 by Dr. Boonwara Sumano and her team from Thailand Development Research Institute (TDRI), which were presented in "The State of Social Enterprise in Thailand" report commissioned by the British Council (2020). As of the present, this report remains one of the most thorough studies on social enterprises in Thailand. To test Objective 1, this research has identified *Profit_Owners* and *Benef* as the dependent variables, and *Reinvest_Econ* and *Reinvest_Social* as the main independent variables. These variables are used to develop the following empirical models:

Model 1 (Objective 1)
Profit_Owners = β_0 + β_1(*Reinvest_Econ)* + β_2(*Reinvest_Social)* + ε

Model 2 (Objective 1)
Benef = β_0 + β_1(*Reinvest_Econ)* + β_2(*Reinvest_Social)* + ε

Interpreting the results of these two empirical models together is crucial to determine the relationships between the objectives of social enterprises in Thailand. *Profit_Owners* is the dependent variable representing the percentage of profits shared to owners and shareholders in the previous year. *Benef* is the dependent variable representing the number of direct beneficiaries supported in the previous year. *Profit_Owners* is used in Model 1 to represent the output of the economic objective and *Benef* is used in Model 2 to represent the output of the social objective. Both dependent variables had been collected in the survey as ordinal data or data that are

separated into categories and have natural order as shown in Table 3. Hence, this research uses the ordered logistic regression analysis.

As for the independent variables, *Reinvest_Econ* represents reinvestment of profits the economic objective as rewards to owners and shareholders. *Reinvest_Social* represents reinvestment of profits in the social objective as contributions toward the beneficiaries or community, own social/environmental missions, and/or as funding for third party activities.

Note that there is a discrepancy in the timeframes between the dependent and the independent variables caused by limitations in the survey data. The survey collected the data for the dependent variables based on a "previous year" timeframe by asking how much profits did the social enterprises rewarded to their owners and shareholders in the previous year, and how many direct beneficiaries did the social enterprises contributed to in the previous year. In contrast, the survey collected the data for the independent variables based on a "current year" timeframe by asking how the social enterprises plan to reinvest their profits in current year. To resolve this discrepancy and align all variables based on the "current year" timeframe, this research will make the assumption that the data for the dependent variables will remain unchanged and have the same data between the previous and the current year.

Table 3 Dependent and Independent Variables for Objective 1

Variables	Survey Question	Answer Choices
Profit_Owners (Model 1 dependent variable, Ordinal data)	Survey Q26: Percentage of profits shared to owners and shareholders in the previous year	0-30%, 31-50%, 51-70% or 71-100%
Benef (Model 2 dependent variable, Ordinal data)	Survey Q30: Number of direct beneficiaries in the previous year	0, 1-20, 21-50, 51-100, 101-500, 501-1,000 or >1,000
Reinvest_Econ (Independent variable)	Survey Q25: Reinvest profits in economic objective by sharing with owners and shareholders	Yes or No
Reinvest_Social (Independent variable)	Survey Q25: Reinvest profits in social objective by either rewarding to beneficiaries or community, supporting own social/environmental mission, and/or funding third party activities	Yes or No

Relationships between the economic and the social objective of social enterprises have three outcomes as shown in the conceptual framework with the first being trade-offs with prioritization of the economic objective over the social objective. For this, the results of the regression analysis testing Model 1 must only show *Reinvest_Econ* having a statistically significant positive relationship with *Profit_Owners*, while the results of the regression analysis testing Model 2 must show *Revinvest_Social* having either negative or no relationships with both *Profit_Owners* and *Benef*. This is to account for how the trade-offs prioritize on increasing the output of the economic objective while the output of the social objective decreases or remains unchanged as shown in Figure 11.

Figure 11 Results of the Regression Analysis showing Trade-Offs with Prioritization of the Economic Objective over the Social Objective
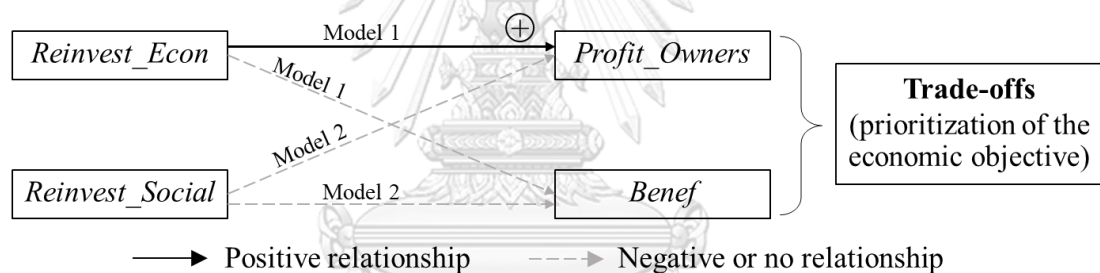
The second outcome of the relationships between the objectives of social enterprises is trade-offs with prioritization of the social objective over the economic objective. To show this, the results of the regression analysis testing Model 1 must show *Reinvest_Econ* having either negative or no relationships with both *Profit_Owners* and *Benef*, while the regression analysis testing Model 2 must only show *Revinvest_Social* having a statistically significant positive relationship with *Benef*. This is to account for how the trade-offs prioritize on increasing the output of the social objective while the output of the economic objective decreases or remains unchanged as shown in Figure 12.

Figure 12 Results of the Regression Analysis showing Trade-Offs with Prioritization of the Social Objective over the Economic Objective
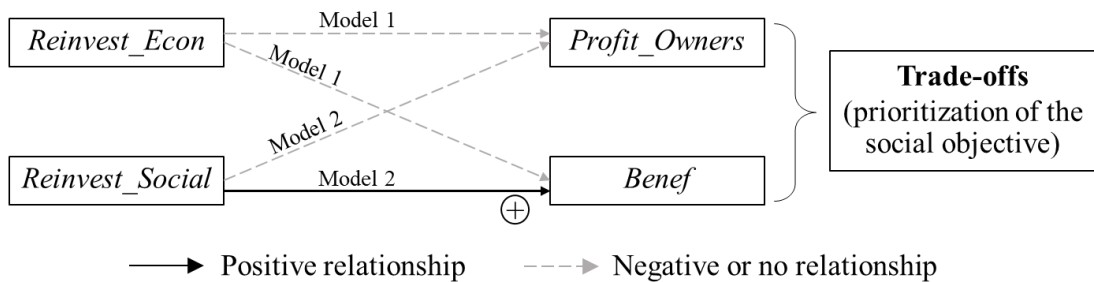
The third outcome of the relationships between the objectives of social enterprises is synergies. To show this, the results of the regression analysis testing Model 1 must show *Reinvest_Econ* having statistically significant positive relationships with both dependent variables, and also the results of the regression analysis testing Model 2 must show *Revinvest_Social* having statistically significant positive relationships with both dependent variables. This is to account for how synergies allow for reinvesting profits in either the economic or the social objective to lead to increases in the outputs of both objectives as shown in Figure 13.

Figure 13 Results of the Regression Analysis showing Synergies
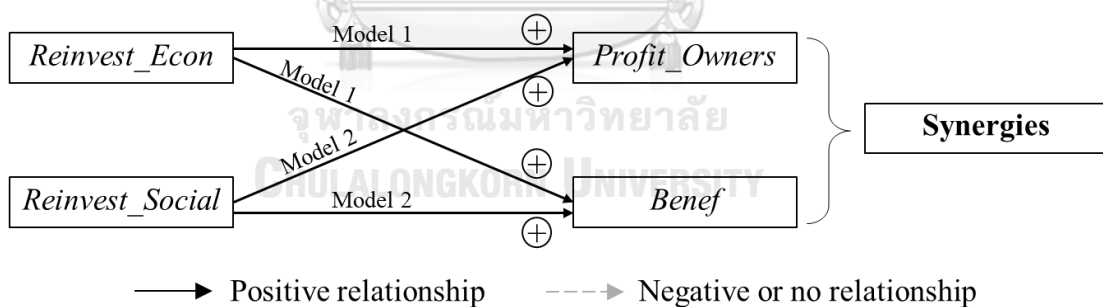
3.2.2 Objective 2: Determining the Micro and Meso Level Factors that affect the Relationships between the Economic and the Social Objectives of Social Enterprises in Thailand

For Objective 2, this research has identified micro and meso level factors of interest that can influence the relationships between the economic and the social objective of social enterprises in Thailand. These factors are considered as independent variables that will be incorporated into the empirical Model 1 and 2 as described in Table 4.

Model 1 (Objective 1 and 2)
Profit_Owners =

$\beta_0 + \beta_1(Reinvest\_Econ) + \beta_2(Reinvest\_Social) +$
$\beta_3(Reinvest\_Org) + \beta_4(Year\_Operation) + \beta_5(Maturity) +$
$\beta_6(Trading\_Revenue) + \beta_7(Funding\_No) + \beta_8(Funding\_Creditor) +$
$\beta_9(Funding\_Grant) + \beta_{10}(Funding\_Personal) + \beta_{11}(Purpose\_Social) +$
$\beta_{12}(Purpose\_Both) + \beta_{13}(Obj\_SellProduct) + \beta_{14}(Impact\_Eval) + \beta_{15}(WISE) + \varepsilon$

Model 2 (Objective 1 and 2)
Benef =

$\beta_0 + \beta_1(Reinvest\_Econ) + \beta_2(Reinvest\_Social) +$
$\beta_3(Reinvest\_Org) + \beta_4(Year\_Operation) + \beta_5(Maturity) +$
$\beta_6(Trading\_Revenue) + \beta_7(Funding\_No) + \beta_8(Funding\_Creditor) +$
$\beta_9(Funding\_Grant) + \beta_{10}(Funding\_Personal) + \beta_{11}(Purpose\_Social) +$
$\beta_{12}(Purpose\_Both) + \beta_{13}(Obj\_SellProduct) + \beta_{14}(Impact\_Eval) + \beta_{15}(WISE) + \varepsilon$

Table 4 Micro and Meso Level Factors as Independent Variables for Objective 2

Variables	Survey Questions	Answer Choices
Reinvest_Org	Survey Q25: Reinvest profits in the organization by building reserves, and/or rewarding to staffs	Yes or No
Year_Operation	Survey Q2: Year that the organization formally begin operation	Number of years
Maturity[3]	N/A	Stage 1 and 2, 3, 4, or 5

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[3] *Maturity* is a new variable that is based on definitions of different stages of organizational maturity described by Vandor et al. (2012), and is derived from variables in the data set.

Trading_Revenue	Survey Q22: Percentage of revenue from trading revenue (sales/ earned income) vs. subsidy (grants/ donations)	Trading revenue 0%, 1-50%, 51-99% or 100%
Funding_No	Survey Q20: No funding received in the last 3 years	Yes or No
Funding_Creditor	Survey Q20: Funding received as concessional loan, commercial loan, and/or crowdfunding in the last 3 years	Yes or No
Funding_Grant	Survey Q20: Funding received as grants from government, foundation, corporate, incubator or accelerator, or donations in the last 3 years	Yes or No
Funding_Personal	Survey Q20: Funding received as equity or equity-like investment, personal income, and/or family or friends in the last 3 years	Yes or No
Purpose_Social	Survey Q8: Main purpose of the organization is social/environmental mission	Yes or No
Purpose_Both	Survey Q8: Main purpose of the organization is both equally (social/environmental mission and for-profit)	Yes or No
Obj_SellProduct	Survey Q3: Organization's most important overall objective is to sell a product or service	Yes or No
Impact_Eval	Survey Q32: Organization measures social and/or environmental impact either by self, or by independent verification	Yes or No
WISE[4]	Organization is a WISE: • Survey Q18: Organization employs a certain group of people • Survey Q29: Organization's core business activities directly benefit the same group of people as answered in Survey Q18 E.g. Employs elderly and also considers elderly as direct beneficiaries	Yes or No

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[4] *WISE* is a new variable that is derived indirectly from other variables based on the work-integration social enterprise described by Cooney et al. (2023).

Maturity is a variable that is not collected in the survey and must be derived using definitions of the different stages of organizational maturity as described by Vandor et al. (2012). Table 4 maps the criteria used to derive *Maturity* against the most relevant questions asked in the survey. For example, social enterprises that fall within the criteria for stages 1 and 2 of organizational maturity are still in the very early stages prior to forming the organization. Hence, social enterprises responding that they do not yet have a legal entity in question 6 of the survey are categorized as being in stage 1 or 2. In another instance, stage 4 of organizational maturity is described as social enterprises having regular activities and are attempting to implement solutions on a broader scale. Stage 5 of organizational maturity is described as focusing on actively expanding into new territories or fields (Vandor et al., 2012). Thus, social enterprises responding that they expect to grow over the next year in question 27 of the survey can be categorized as being in stage 4 or 5. Moreover, the main distinction between stage 4 and 5 lies in the method of growth. Social enterprises responding that they expect to grow by expanding into new territories, develop new products/services, or merge or acquire another organization in question 28 of the survey can be categorized as being in stage 5. Social enterprises responding that they expect to grow by increasing sales with existing customers or replicate via franchising in question 28 of the survey can be categorized as being in stage 4. How this research categorized social enterprises into different stages of organizational maturity is shown in Figure 14.

Table 5 Criteria for Stages of Organizational Maturity

Stages of Organizational Maturity	Criteria	Survey Questions
1. Intention Formation: Looking for opportunities and ideas to create something new	- Opportunity recognition - Individual commitment of entrepreneurs	Q6: What kind of legal entity do you have?
2. Idea Development: Deciding on an idea and developing its concept and business	- Define theory of change for desired impact - Advance initial ideas into attractive opportunities	
3. Start-up Initiative: Starting first activities	- Form organization, teams, and internal operating	Q27: Do you expect your organization to

and building the structures around it	structures around initial ideas - Viability of the solution with beneficiaries and/or clients to be assessed	grow over the next year? Q33: What are the major barriers which your organization faces? Q34: What have been your organization's top three constraints to financing?
	- First legal formalizations	Refer to Q6 above.
	- Focus on further financing	N/A
4. Running Operations: Having regular activities and running an established organization	- Attempts to implement solution on a broader scale	Refer to Q27 above. Q28: How does your organization plan on achieving growth in the future?
	- Proof-of-concept with clear portfolio and established market position - Running operations marked by certain regularity in operations and activities - Wider organizational development and institutionalization	Refer to Q27, Q33, and Q34 above.
	- Visible first impact	N/A
5. Impact Scaling: Actively expanding into new regions or fields to grow in size and impact	- Spread impact into new territories or fields	Refer to Q27 and Q28 above.
	- Identification of strategies to scale impact - Acquisition of resources for scaling - Development of new capabilities in the organization	N/A

Source: Vandor et al. (2012)

Figure 14 Assigning Stages of Organizational Maturity to the Social Enterprises

Do you have legal entity? — **Yes** → Do you experience **ANY** of the following major barriers or constraints?

1) Business model is not refined
2) Limited performance record
3) Lack of demand for product or service, low sales

— **No** → Do you expect to grow over the next year? — **Yes** → Do you expect to grow over the next year by using **ANY** of the following methods?

1) Expand into new geographic areas
2) Develop and launch new products and services
3) Merge with another organization
4) Acquire another organization

— **Yes** →

Do you have legal entity? — **No** → **Stage 1:** Intention Formation and **Stage 2:** Idea Development

Major barriers — **Yes** → **Stage 3:** Start-up Initiative

Do you expect to grow — **No** → **Stage 3:** Start-up Initiative

Growth methods — **No, Expect to grow by other methods** → **Stage 4:** Running Operations

Growth methods — **Yes** → **Stage 5:** Impact Scaling

Source: Vandor et al. (2012)

In addition, this research aims to account for the work-integration social enterprise (WISE) as represented by the variable *WISE*. WISEs are social enterprises with the goal of integrating disadvantaged groups into the labor market and society through productive activity (Cooney et al., 2023). This research focuses on WISEs that engage in commercial activities as a mean to provide permanent employment for disadvantaged people. This meant that the economic and social objectives in WISEs are aligned as expanding the commercial activities directly lead to more employment of the disadvantaged groups who are the beneficiaries. From the survey, social enterprises are considered as WISE only if they both employ and account for their direct beneficiaries to be same group of disadvantaged people. For example, a social enterprise will be considered as *WISE* if it responded that it employs ex-offenders in question 18 of the survey and also responded that its direct beneficiaries include ex-offenders question 15 of the survey.

3.2.2 Objective 3: Macro Level Analysis to categorize the Social Enterprise Model according to the MISE Framework

For Objective 3, this research will qualitatively analyze macro level factors to determine if social enterprises in Thailand can be categorized into models according to the MISE Framework, especially the authoritarian state-corporate model proposed by Doherty and Kittipanya-Ngam (2020). Macro level factors used in the analysis include indicators on governance, government social welfare spending, civil society sector, economic development, international aid and cultural dimensions being individualism-collectivism and uncertainty avoidance.

3.3 Data Collection and Descriptive Statistics

3.3.1 Data Collection

Data used for Objective 1 and 2 had been collected in the survey by Dr. Boonwara Sumano and her team from TDRI in 2020. Initially, there were 146 respondents to the survey, and this research reduced the sample size to 49 respondents with screening criteria as follows:

1)   Eliminate incomplete or duplicate responses.

2)   Eliminate respondents who answered that their main purpose is solely for-profit to ensure that for-profit organizations are eliminated from the sample. The remaining respondents should have answered that their main purpose is for social/environmental mission, or equally social/environmental and for-profit.

3)   Eliminate respondents who answered that they rely solely on grants/donations to ensure that non-profit organizations are eliminated from the sample. The remaining respondents should have answered that they rely on a combination of trading revenue and grants/donations.

4)   Eliminate respondents who answered that they did not make profit in the previous year to ensure that respondents who cannot reinvest profits are eliminated from the sample. The remaining respondents should have answered

that they had earned profits in the previous year and are able to reinvest them into the economic and social objectives.

Data used to test for Objective 3 are obtained from multiple publicly available databases as shown in Table 6.

Table 6 Macro Level Factors accounted by the MISE Framework

MISE Framework	Macro Level Factors	Indicators	Source
Government	Governance[5]	Regulatory quality percentile ranking	Kraay and Kaufmann (2021)
		Rule of law percentile ranking	
		Control of corruption percentile ranking	
Social welfare	Government social welfare spending	Public spending on health and education as % of GDP	World Health Organization (2021), World Bank (2021)
Civil society	Size of civil society sector	Non-profit employment as % of non-agricultural employment	Anheier et al. (2000), NESDB (2010), NSO (2007), Salamon et al. (2017)
Economy	Economic development	Economic development stage	Brown et al. (2019)
	Competitiveness	Global Competitiveness Index (GCI) Ranking	
International aid	International aid	Amount of international aid per capita	World Bank (2021)
Culture	Individualism vs. Collectivism	Scale of 1-7 (Higher score corresponds to greater collectivism.)	Hofstede (2001) Data last updated on 16 August 2015.
	Uncertainty avoidance	Scale of 1-7 (Higher score corresponds to greater	

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[5] Kerlin (2012) referenced the Worldwide Governance Indicators (WGI) to measure governance through regulatory quality, rule of law, and control of corruption (Kraay & Kaufmann, 2021). The WGI is updated yearly and described regulatory quality as capability of the government to pass policies and laws that encourage business development, rule of law as the extent to which individuals and businesses have confidence in and follow the law, and control of corruption as the extent to which the government exert its authority for personal gains. These indicators are in percentile ranking (1-100) with higher values correspond to better governance.

| | | uncertainty avoidance.) | |

Source: Modified from Kerlin (2012)

3.3.2 Descriptive Statistics

Descriptive statistics for all variables of interest to this research are presented in Table 7.

Table 7 Descriptive Statistics

Variables	Answer Choices	n (Percentage)
Profit_Owners	0%	34 (69.4%)
	1-30%	9 (18.4%)
	31-50%	0 (0%)
	51-70%	4 (8.2%)
	71-100%	2 (4.1%)
	Median	0%
Benef	0 person	0 (0%)
	1-20 persons	6 (12.2%)
	21-50 persons	5 (10.2%)
	51-100 persons	7 (14.3%)
	101-500 persons	6 (12.2%)
	501-1,000 persons	3 (6.1%)
	>1,000 persons	22 (44.9)
	Median	501-1,000 persons
Reinvest_Econ	Yes	18 (36.7%)
Reinvest_Social	Yes	33 (67.3%)
Reinvest_Org	Yes	39 (79.6%)
Year_Operation	Minimum	1 year
	Maximum	50 years
	Mean	14.4 years
	Median	8 years
	Standard Deviation	15.1 years
Maturity	Stage 1 and 2	4 (8.2%)
	Stage 3	23 (46.9%)
	Stage 4	2 (4.1%)
	Stage 5	20 (40.8%)
	Median	Stage 3
Trading_Revenue	Trading revenue 0%, Subsidy 100%	0 (0%)
	Trading revenue 1-50%, Subsidy 99-50%	13 (26.5%)
	Trading revenue 51-99%, Subsidy 49-1%	11 (22.4%)
	Trading revenue 100%, Subsidy 0%	25 (51.0%)

	Median	Trading Revenue 100%
Funding_No	Yes	12 (24.5%)
Funding_Creditor	Yes	18 (36.7%)
Funding_Grant	Yes	28 (57.1%)
Funding_Personal	Yes	14 (28.6%)
Purpose_Social	Yes	19 (38.8%)
Purpose_Both	Yes	26 (53.1%)
Obj_SellProduct	Yes	13 (26.5%)
Impact_Eval	Yes	23 (46.9%)
WISE	Yes	30 (61.2%)

Source: British Council (2020)

3.3.3 General Information on Social Enterprises

Other than the variables of interest, the survey also collected other general information on social enterprises presented in Table 8.

Table 8 General Information on Social Enterprises in Thailand

Parameters	Answer Choices	n (Percentage)
Sector (Top 5)	Education	11 (22.4%)
	Agriculture, animal husbandry, fisheries	9 (18.4%)
	Health and social care	6 (12.2%)
	Arts and craft	6 (12.2%)
	Energy, clean technology, environment	4 (8.2%)
Employment of vulnerable groups (Multiple answers, Top 5)	Young people	24 (49.0%)
	Women (including single mothers)	22 (44.9%)
	Elderly	11 (22.4%)
	Individuals with physical disabilities	9 (18.4%)
	Young parents	9 (18.4%)
	None	9 (18.4%)
Type of direct beneficiaries from business activities (Multiple answers, Top 5)	People with low-income	29 59.2%)
	Children and youth	25 (51.0%)
	Elderly	22 (44.9%)
	Women	20 (40.8%)
	Other organizations (NGOs, micro/small businesses, social enterprises, self-help groups, community)	13 (26.5%)
Major barriers (Multiple answers, Top 5)	Difficulties obtaining grant funding	15 (30.6%)
	Insufficient capital (debt/equity)	13 (26.5%)
	Lack of cash flow	13 (26.5%)
	Difficulties recruiting other staff	12 (24.5%)
	Shortage of managerial skills	10 (20.4%)
Constraints to	Business model is not refined	16 (32.7%)

Parameters	Answer Choices	n (Percentage)
financing (Multiple answers, Top 5)	Access to investors is low due to limited network of personal/ organizational contacts	16 (32.7%)
	Don't meet requirement for bank loans (no legal entity, revenue, profitability and insufficient collateral)	11 (22.4%)
	Generating revenue for equity investors	9 (18.4%)
	Limited track/ performance record	9 (18.4%)
	Securing capital and financing is not one of major constraints	15 (30.6%)

Source: British Council (2020)

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CHAPTER 4: RESULTS

4.1 Results of Objective 1 and 2

For Objective 1 and 2, the results of the regression analysis to determine the relationships between the objectives of social enterprises by using micro and meso level factors are presented in Table 9 and Table 10. Due to technical limitations of the ordered logistic regression, this research has broken down Model 1 into Model 1.1 to 1.8 and Model 2 into Model 2.1 to 2.13 in order to test for all micro and meso level factors in Objective 2. Moreover, the assumptions of the ordered logistic regression include absence of multicollinearity and proportional odds. The models that satisfy these assumptions are Model 1.1 to 1.8, 2.2 and 2.13. Hence, interpretations of the results will only focus on these models.

Starting with the Objective 1, the results found that social enterprises reinvesting profits into the economic objective, represented by *Reinvest_Econ*, has a statistically significant positive relationship with *Profit_Owners*. On the other hand, the results also found that *Reinvest_Econ* does not have statistically significant relationship with *Benef*. When looking at social enterprises reinvesting profits into the social objective, represented by *Reinvest_Social*, the results found that social enterprises reinvesting profits into social objective do not have statistically significant relationship with neither *Profit_Owners* nor *Benef*. In other words, the results show that social enterprises reinvesting profits in the economic objective leads to increase in percentage of profits shared to owners and shareholders, while social enterprises reinvesting profits in the social objective do not have any effect on percentage of profits shared to owners and the numbers of direct beneficiaries.

Interestingly, the absence of statistically significant relationship towards *Benef*, especially the absence of a statistically significant negative relationship, does not mean that social enterprises are "sacrificing" the social objective for the economic objective. Rather, the results imply that these social enterprises are not continuously reinvesting profits to increase the numbers of direct beneficiaries.

Table 9 Results of Objective 1 and 2: *Profit_Owners*

Variables	β (P-Value)				
	Model 1.1	**Model 1.2**	**Model 1.3**	**Model 1.4**	**Model 1.5**
Reinvest_Econ	3.51 (0.012*)	5.18 (0.011*)	4.98 (0.011*)	5.30 (0.0098**)	18.11 (0.047*)
Reinvest_Social	1.27 (0.28)	2.38 (0.14)	2.71 (0.11)	3.75 (0.063)	8.99 (0.090)
Reinvest_Org	-1.98 (0.21)	-2.71 (0.18)	-2.40 (0.22)	-2.26 (0.27)	-17.21 (0.071)
Year_Operation	0.085 (0.0031**)	0.10 (0.0071**)	0.11 (0.0071**)	0.12 (0.0067**)	0.21 (0.014*)
Maturity	0.33 (0.43)	0.57 (0.28)	0.51 (0.35)	0.56 (0.34)	2.16 (0.13)
Trading_Revenue	0.19 (0.72)	0.38 (0.60)	0.48 (0.52)	0.56 (0.47)	1.30 (0.31)
Funding_No		3.87 (0.086)	3.80 (0.077)	5.16 (0.043*)	21.25 (0.067)
Funding_Creditor		-0.52 (0.71)	-0.55 (0.69)	0.085 (0.96)	4.093 (0.28)
Funding_Grant		3.20 (0.037*)	3.17 (0.035*)	4.45 (0.019*)	14.35 (0.076)
Funding_Personal		-1.53 (0.25)	-1.42 (0.30)	-1.93 (0.25)	-14.77 (0.11)
Purpose_Social			-1.12 (0.32)		
Purpose_Both				2.51 (0.067)	
Obj_SellProduct					3.73 (0.16)
Impact_Eval					-8.54 (0.14)
WISE					8.011 (0.090)
Assumption: No Multicollinearity	Yes	Yes	Yes	Yes	Yes
Assumption: Proportional Odds	Yes	Yes	Yes	Yes	Yes

Method: Ordered Logistic Regression   **Observations**: 49

*Significance Level = 0.05   ** Significance Level = 0.01

Table 9 (Cont.) Results of Objective 1 and 2: *Profit_Owners*

Method: Ordered Logistic Regression	Observations: 49			
Variables	**β** **(P-Value)**			
	Model 1.6	**Model 1.7**	**Model 1.8**	
Reinvest_Econ	3.86 (0.015*)	3.90 (0.014*)	3.85 (0.016*)	
Reinvest_Social	1.25 (0.29)	2.10 (0.12)	2.02 (0.14)	
Reinvest_Org	-2.39 (0.19)	-2.69 (0.15)	-2.35 (0.21)	
Year_Operation	0.086 (0.0041**)	0.089 (0.0048**)	0.097 (0.0034**)	
Maturity	0.39 (0.37)	0.42 (0.36)	0.37 (0.41)	
Trading_Revenue	0.28 (0.62)	0.55 (0.37)	0.32 (0.58)	
Funding_No				
Funding_Creditor				
Funding_Grant				
Funding_Personal				
Purpose_Social		-1.68 (0.15)		
Purpose_Both			1.34 (0.20)	
Obj_SellProduct	0.17 (0.86)	0.019 (0.98)	-0.093 (0.92)	
Impact_Eval	-0.38 (0.72)	-0.81 (0.47)	-0.37 (0.73)	
WISE	0.54 (0.58)	0.88 (0.41)	0.49 (0.63)	
Assumption: No Multicollinearity	Yes	Yes	Yes	
Assumption: Proportional Odds	Yes	Yes	Yes	

*Significance Level = 0.05   ** Significance Level = 0.01

Table 10 Results of Objective 1 and 2: *Benef*

Method: Ordered Logistic Regression	**Observations**: 49				
Variables	β (P-Value)				
	Model 2.1	**Model 2.2**	**Model 2.3**	**Model 2.4**	**Model 2.5**
Reinvest_Econ	-0.79 (0.25)	-1.21 (0.11)	-1.018 (0.19)	-1.18 (0.13)	-0.10 (0.91)
Reinvest_Social	-0.060 (0.93)	0.39 (0.59)	0.12 (0.88)	0.35 (0.65)	0.63 (0.40)
Reinvest_Org	0.62 (0.39)	0.29 (0.70)	0.35 (0.65)	0.30 (0.70)	-0.62 (0.47)
Year_Operation	0.048 (0.027*)	0.053 (0.046*)	0.055 (0.041*)	0.053 (0.047*)	0.054 (0.059)
Maturity	-0.013 (0.95)	0.098 (0.69)	0.15 (0.56)	0.11 (0.68)	0.15 (0.56)
Trading_Revenue	-0.47 (0.17)	-0.35 (0.39)	-0.38 (0.35)	-0.35 (0.38)	-0.30 (0.48)
Funding_No		2.20 (0.039*)	2.20 (0.039*)	2.19 (0.040*)	1.95 (0.076)
Funding_Creditor		0.95 (0.25)	0.85 (0.31)	0.93 (0.26)	0.35 (0.69)
Funding_Grant		1.75 (0.029*)	1.80 (0.026*)	1.74 (0.029*)	1.19 (0.16)
Funding_Personal		0.80 (0.30)	0.63 (0.42)	0.78 (0.32)	0.55 (0.50)
Purpose_Social			0.65 (0.33)		
Purpose_Both				-0.088 (0.89)	
Obj_SellProduct					-1.28 (0.068)
Impact_Eval					-1.40 (0.039*)
WISE					-0.15 (0.81)
Assumption: No Multicollinearity	Yes	Yes	Yes	Yes	Yes
Assumption: Proportional Odds	No	Yes	No	No	No

*Significance Level = 0.05   ** Significance Level = 0.01

Table 10 (Cont.) Results of Objective 1 and 2: *Benef*

Method: Ordered Logistic Regression		**Observations**: 49				
Variables	β (P-Value)					
	Model 2.6	**Model 2.7**	**Model 2.8**	**Model 2.11**	**Model 2.12**	**Model 2.13**
Reinvest_Econ	0.030 (0.97)	0.055 (0.94)	0.036 (0.96)	-0.043 (0.96)	-0.091 (0.81)	-0.50 (0.47)
Reinvest_Social	0.30 (0.67)	0.23 (0.76)	0.29 (0.70)	0.48 (0.56)	0.61 (0.45)	0.50 (0.45)
Reinvest_Org	-0.37 (0.65)	-0.35 (0.67)	-0.37 (0.65)	-0.57 (0.51)	-0.62 (0.47)	
Year_Operation	0.047 (0.051)	0.048 (0.049*)	0.047 (0.052)	0.055 (0.055)	0.054 (0.059)	0.057 (0.012*)
Maturity	0.049 (0.84)	0.056 (0.82)	0.052 (0.84)	0.18 (0.52)	0.16 (0.56)	
Trading_Revenue	-0.30 (0.40)	-0.31 (0.39)	-0.30 (0.40)	-0.32 (0.45)	-0.30 (0.47)	
Funding_No				1.93 (0.078)	1.94 (0.080)	1.50 (0.080)
Funding_Creditor				0.27 (0.76)	0.33 (0.72)	
Funding_Grant				1.23 (0.15)	1.18 (0.16)	1.57 (0.038*)
Funding_Personal				0.45 (0.59)	0.54 (0.52)	
Purpose_Social		0.17 (0.79)		0.32 (0.65)		
Purpose_Both			-0.034 (0.96)		-0.043 (0.95)	
Obj_SellProduct	-1.46 (0.029*)	-1.42 (0.037*)	-1.45 (0.032*)	-1.20 (0.096)	-1.27 (0.074)	
Impact_Eval	-1.39 (0.026*)	-1.37 (0.028*)	-1.39 (0.026*)	-1.39 (0.041*)	-1.41 (0.040*)	-1.56 (0.011*)
WISE	-0.28 (0.66)	-0.27 (0.67)	-0.28 (0.67)	-0.13 (0.84)	-0.15 (0.82)	
Assumption: No Multicollinearity	Yes	Yes	Yes	Yes	Yes	Yes
Assumption: Proportional Odds	No	No	No	No	No	Yes

*Significance Level = 0.05   ** Significance Level = 0.01

Table 11 Results of Objective 1 and 2 tested with Ordinary Least Squares

Method: Ordinary Least Squares	Observations: 49					
Variables	**β** **(P-Value)**					
	Model 1.1	**Model 1.2**	**Model 1.5**	**Model 2.1**	**Model 2.2**	**Model 2.13**
Reinvest_Econ	0.58 (0.0017**)	0.63 (0.0011**)	0.68 (0.0026**)	-0.85 (0.21)	-1.036 (0.14)	-0.24 (0.69)
Reinvest_Social	0.16 (0.34)	0.19 (0.29)	0.18 (0.32)	-0.069 (0.91)	0.44 (0.53)	0.43 (0.45)
Reinvest_Org	-0.12 (0.55)	-0.14 (0.46)	-0.18 (0.41	0.59 (0.42)	0.25 (0.74)	
Year_Operation	0.022 (0.000096**)	0.022 (0.00037**)	0.022 (0.00055**)	0.050 (0.016*)	0.046 (0.046*)	0.045 (0.014*)
Maturity	0.028 (0.64)	0.052 (0.39)	0.057 (0.36)	0.019 (0.93)	0.12 (0.62)	
Trading_Revenue	0.021) (0.81)	0.026 (0.80)	0.052 (0.62)	-0.50 (0.15)	-0.43 (0.27)	
Funding_No		0.37 (0.17)	0.36 (0.20)		2.13 (0.047*)	1.039 (0.19)
Funding_Creditor		-0.060 (0.76)	-0.11 (0.60)		0.88 (0.24)	
Funding_Grant		0.32 (0.10)	0.35 (0.11)		1.25 (0.10)	0.79 (0.25)
Funding_Personal		-0.15 (0.39)	-0.19 (0.30)		0.67 (0.31)	
Purpose_Social						
Purpose_Both						
Obj_SellProduct			0.11 (0.54)			-0.83 (0.17)
Impact_Eval			-0.11 (0.52)			-1.19 (0.025*)
WISE			0.11 (0.49)			

*Significance Level = 0.05   ** Significance Level = 0.01

However, note that the results only refer to social enterprises "that already have profits."[6]

For Objective 2, the results found that reinvesting profits into the organization by building reserves, and/or giving rewards to staffs, as represented by *Reinvest_Org*, do not have statistically significant relationship with both social enterprise objectives. This implies that social enterprises may be reinvesting their profits back into the organization only to maintain their business operations, which do not necessarily increase outcomes of either the economic or the social objectives at least within the immediate timeframe. Similarly, results found that *Trading_Revenue* do not have statistically significant relationship with neither social enterprise objectives.

The initial assumption of this research is that organizational maturity will have a positive relationship with the social enterprise objectives because the more mature social enterprises are, the more profits that they can earn, and the higher their capabilities to reward owners and shareholders and contribute to the beneficiaries. Nevertheless, organizational maturity, as represented by *Maturity*, does not have a statistically significant relationship with any of the social enterprise objectives, but rather years of operation, as represented by *Year_Operation*, has statistically significant positive relationships with both social enterprise objectives. This may imply that organizational maturity, not being asked in the survey and indirectly derived from other variables, may lead to inaccuracies in the results. In contrast, social enterprises with longer years of operations are able to increase both profits shared to owners and shareholders, and the numbers of direct beneficiaries.

As for the sub-variables of interest, this research tests the effects of funding received within the last three years on the economic objective of social enterprises in Model 1.2 to 1.5, and on the social objective of social enterprises in Model 2.2 and 2.13. The results found that *Funding_No* has statistically positive relationships with the economic objective in Model 1.4 and with the social objective in Model 2.2. But a closer look shows that *Funding_No* has positive relationships with both economic and

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[6] It is important to emphasize any conclusion and recommendations in this research sample are based on social enterprises that have already made profits. As explained above, social enterprises included in the research sample are those that have already made profits as to measure the effect of profit reinvestment on the outputs of the economic and social objectives.

social objectives at the 10% significance level in all models. This implies that social enterprises that do not receive any funding within the last three years contribute to a certain extent to increase in profits being shared to owners and shareholders, and in the numbers of direct beneficiaries. As for *Funding_Grant*, results found that it has statistically significant positive relationships with both social enterprise objectives. This implies that funding by grant within the past three years, which do not have as much restrictions as other sources of funding contribute to increase profits shared to owners and shareholders, and the numbers of direct beneficiaries.

For *Funding_Creditor* and *Funding_Personal*, results found that these two variables do not have statistically significant relationship with both social enterprise objectives. This implies that the debt obligations owed to equity or equity-like investment, personal income, and/or family or friends within the past three years are separate from the social enterprise objectives. Even though this research expects that funding from personal sources or equity-like investors, and the economic objective of rewarding owners and shareholders would be aligned with each other, the results show otherwise. Note that the survey asked for funding received by social enterprises in the last three years. Therefore, funding received earlier cannot be fully taken into consideration by this research. In addition, funding sources are based on a "last three years" timeframe, while the social enterprise objectives are based on a "last year" timeframe. The difference in timeframes between independent and dependent variables may lead to some errors in the results.

In addition, the results found that both *Obj_SellProduct* and *Impact_Eval* have no statistically significant relationship with the economic objective. As for the social objective, Model 2.2 and 2.13 are the only two models that satisfy the assumptions of ordered logistics regression with only *Impact_Eval* being included. Hence, the results found that *Impact_Eval* has statistically significant negative relationship with the social objective, and do not have any result for *Obj_SellProduct*. This implies that social enterprises having an overall objective of selling a product or service have no effect on the social enterprise objectives. Furthermore, this implies that social enterprises measuring their social and/or environmental impacts have no effect on the economic objective, but rather lead to decreases in the numbers of direct beneficiaries.

Last but not least, *Purpose_Social*, *Purpose_Both* and *WISE* do not have statistically significant relationship with the economic objective of social enterprises, and cannot be tested for the social objective. This implies that social enterprises having social/environmental mission as the main purpose, equally social/environmental and for-profit missions as the main purpose, and work integration model do not have any effect on the social enterprise objectives.

4.2 Results of Objective 3

Testing for Objective 3, this research will qualitatively analyze macro level factors to categorize social enterprises in Thailand into a social enterprise model according to the MISE Framework. Categorization of the social enterprise model proves useful as the model can help provide clear characteristics to social enterprises in Thailand that can then be used to compare with the results of Objective 1 and 2. Thus, this research can draw conclusions that combine micro, meso and macro level factors and also combine both quantitative and qualitative methods. The macro level factors are shown in Table 12, while the social enterprise models have already been described in Chapter 2.4.4. Note that the macro level factors are either from the year 2020 or the closest available year being 2019. This is to ensure the timeframe of the macro level factors are aligned with the timeframe of the micro and meso level factors obtained from the survey data collected in 2020.

Table 12 Results of Objective 3

Macro-Level Factors	Indicators (Year 2020)	References
Governance	• Regulatory quality = 55.77 percentile rank • Rule of law = 56.73 percentile rank • Control of corruption = 36.54 percentile rank	Kaufmann and Kraay (2021)
Govt. Social Welfare	• Education and healthcare = 5.74% of GDP (year 2019) Consisted of government expenditure on education (3.02% of GDP in 2019) and domestic general government health expenditure (2.72% of GDP in 2019).	World Bank (2022)

Civil Society Sector	• Civil society sector models = Statist model, Deferred democratization • Non-profit employment = 0.62 % of non-agricultural employment (year 2006) Consisted of non-profit employment (130,681 people in 2006) and non-agricultural employment (20,995,700 people in 2006). Note that available data on non-profit employment in Thailand has been collected by the NESDB for the year 2006.	Anheier et al. (2000), NESDB (2010), NSO (2007), Salamon et al. (2017)
Economic Development	• Efficiency-driven economy • Global Competitiveness Index = Rank 40 of 141 (year 2019)	Brown et al. (2019)
International Aid	• International aid = USD 2.77 per capita Consisted of net official development assistance and official aid received (USD 197,850,006.10) per total population in Thailand (71,475,664).	World Bank (2022)
Individualism vs. Collectivism	• 20 score	Hofstede (2015)
Uncertainty Avoidance	• 64 score	

The results show that governance indicators for Thailand were similar to those for China having regulatory quality at 44.23 percentile rank, rule of law at 52.40 percentile rank, and control of corruption at 54.33 percentile rank. According to Kerlin (2012; 2017), China is considered having low to moderate scores for governance. Additionally, Kerlin (2012; 2017) also considered Zimbabwe as having low government social welfare spending, and it appears that Thailand's government social welfare spending accounting for 6.65% of GDP was lower than that of Zimbabwe.

Referring to Table 1, civil society sector models can be characterized from government social welfare spending and size of the civil society sector determined by non-profit employment as a percentage of the total non-agricultural employment. The results show that Thailand had non-profit employment being 0.62% of the total non-agricultural employment, which is lower than that of Mexico, Colombia, and

Argentina[7] (Salamon et al., 2017, and World Bank, 2021). With Mexico, Colombia and Argentina considered to all have small size civil society sectors (Anheier et al., 2000), Thailand can be assumed to have a small size civil society sector and low government social welfare spending, thus characterized as having the statist or the deferred democratization model.

Thailand was ranked 40 out of 141 on the Global Competitiveness Index, which is between China's rank 28 and Argentina's rank 83. With Kerlin (2012; 2017) considering China and Argentina to both have efficiency-driven economies, this research referencing Kerlin's work will also consider Thailand as having an efficiency-driven economy. Moreover, Thailand is assumed to have received low international aid in comparison to Zimbabwe's USD 49 per capita which was considered by Kerlin (2012; 2017) as having received high international aid.

Last but not least, cultural dimensions can be analyzed based on the scale established by Hofstede (2015). With maximum score of 100, low score corresponds to high collectivism and low uncertainty avoidance, while high score corresponds to high individualism and high uncertain avoidance. From the results above, Thailand can be assumed to have high collectivism and moderately-high uncertainty avoidance cultural dimensions.

Referring to the social enterprise models under the MISE framework, Thailand's low scores for governance indicators are consistent to Doherty and Kittipanya-Ngam (2020) describing Thai government as authoritative. Next, Thailand's low amount of government social welfare spending, rising inequality and political instability among other social and environmental problems reflect the society's need for social welfare services (Doherty and Kittipanya-Ngam, 2020). Therefore, it is likely that Thailand sees social enterprises as a potential solution to address inequality and social issues but still lack of support from international aid. To overcome lack of support, social enterprises in Thailand are likely to sustain their operations through commercial activities with ties to the private sector as enabled by

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[7] Mexico, Colombia and Argentina had non-profit employment as percentage of total non-agricultural employment of 0.83% in 2003, 2.33% in 1995 and 3.07% in 1995 respectively. These figures have been calculated by using the numbers of non-profit employment surveyed by Salamon et al. (2017), and employment by sector and total labor force surveyed by World Bank (2021) and ILO (2021).

the efficiency-driven economy, consistent to Doherty and Kittipanya-Ngam (2020). As for the civil society sector, Thailand can be assumed to have the statist/deferred democratization model, which is consistent to the low government social welfare spending and low support for the civil society sector (Anheier et al., 2000).

For cultural dimensions, Kerlin (2012) described collectivism as "expressing pride, loyalty and cohesiveness to organization or families," and uncertainty avoidance as "avoiding uncertainty by relying on established social norms, rituals and bureaucratic practices." Kerlin (2012) further pointed out that entrepreneurship in countries that are characterized by collectivism and uncertainty avoidance often use "networked resources" and "external ties." Therefore, social enterprises in Thailand having a high degree of collectivism and moderately-high degree of uncertainty avoidance are consistent to Doherty and Kittipanya-Ngam's (2020) description of how social enterprises in Thailand tend to have ties to private companies and the government. For example, social enterprises often sell goods to private corporations (e.g. Lemon Farm selling organic products in Bangchak gas stations, and Muser supplying coffee for the Air Asia airline). Social enterprises and social network organizations can also have direct ties to macro-institutions (e.g. Nise Corporation as an intermediary of the People with Disability Act 2007, or the Mae Fah Luang Foundation as a royal project initiated by King Rama IX).

To this, the results show that Thailand's social enterprise model under the MISE framework follows the authoritarian state-corporate model proposed by Doherty and Kittipanya-Ngam (2020) that highlights growing private-public-partnership (PPP) to establish social enterprises in the recent years. Under this model, private companies are encouraged to establish and operate their own social enterprises to receive policy support such as tax incentives. The government in turn benefits from local economic development that are driven by social enterprises.

CHAPTER 5: DISCUSSION AND CONCLUSION

5.1 Potential Policy Gaps for Social Enterprises

The results of this research prove useful in providing better understanding of social enterprises in Thailand and the relationships between their two objectives. By synthesizing the results of Objective 1 and 2 together with the results of Objective 3, this research is able connect micro, meso and macro level factors together while also combining the results of quantitative and qualitative methods. This allows this research to gain insights into the potential policy gaps as numbered 1 to 3 in Figure 15.

Figure 15 Potential Policy Gaps for Social Enterprises
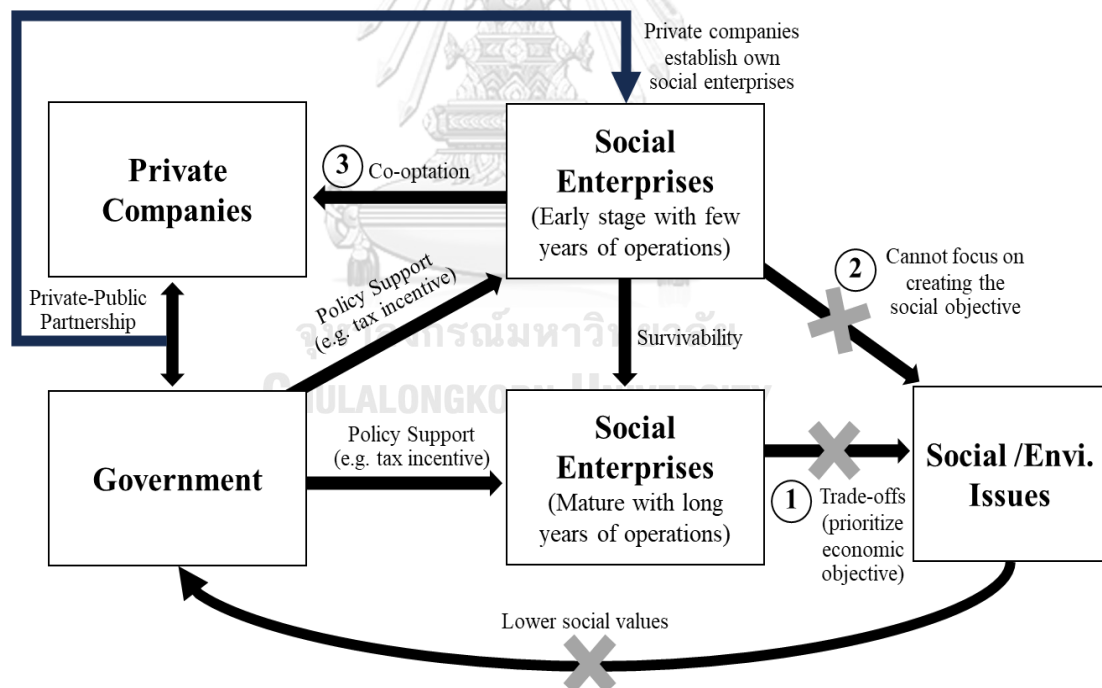
1) **Trade-offs with prioritization of the economic objective over the social objective of social enterprises**

The results of Objective 1 found that social enterprises in Thailand produce trade-offs with prioritization of the economic objective over the social

objective. This poses a problem for the government and current policy support. According to the authoritarian state-corporate social enterprise model found from Objective 3, the government provides policy support (e.g. tax incentive) to social enterprises in order to promote sustainable development. But the results showing trade-offs with prioritization of the economic objective implies social enterprises cannot effectively meet the expectations of the government and that the current policy support may have limited effects.

2) Social enterprises in the early stage and social enterprises that receive funding with high pressures on business and financial performance are unable to focus on the objectives

The results of Objective 2 found that years of operation have statistically positive relationships with both objectives of social enterprises. In other words, social enterprises that have longer years of operation have higher capability to increase the outputs of both objectives when compared to those that are in the early stage.

The results of Objective 2 also found that *Funding_Creditor* and *Funding_Personal* has no significant relationship with the objectives of social enterprises. This may imply that that pressures on strong business and financial performance are significant in preventing social enterprises from increasing the outputs of both objectives. Commercial banks and financial institutions often place importance on strong business and financial performance when assessing on whether to approve loans (NXPO and Future Thailand Foundation, 2023). Thus, funding from concessional loans or loans with below market rate and commercial loans, as represented by *Funding_Creditor,* is not appropriate for social enterprises that may not be as commercially viable as regular for-profit businesses (NXPO and Future Thailand Foundation, 2023). This result is funding from loans being inaccessible to most social enterprises (British Council, 2020). However, the social enterprises that managed to receive the loans should be expected to prioritize on business and financial performance in order to pay off the debt

obligations rather than putting efforts in increasing the outputs of the objectives of social enterprises.

In addition, funding by equity or equity-like investment, crowdfunding, personal income and money from family or friends, as represented by *Funding_Personal*, is also likely to put high pressures on business and financial performance. For instance, the report by NXPO and Future Thailand Foundation (2023) pointed out that angel investors or start-up investors expect their investments to generate extremely high returns, such as the case of start-up companies. Nonetheless, such high returns are unlikely for investment in social enterprises that often provide lower returns over the long term. Rather, it was suggested that investors for social enterprises should be willing to accept no returns on investment and even losses of the capital especially during development of new innovation (NXPO and Future Thailand Foundation, 2023). Impact investors that can tolerate these risks are still very limited in Thailand. Additionally, according to British Council (2020), many social enterprises in Thailand receive funding from informal sources (i.e., personal income and family or friends). This poses as risks to the personal finance of entrepreneurs and is likely to put pressures in social enterprises prioritizing on repaying the debt obligations over the social enterprise objectives.

In contrast, the results of Objective 2 found that *Funding_Grants* and *Funding_No* have statistically significant positive relationships with both objectives of social enterprises. Funding by grants from corporate, foundation, government, incubator or accelerator and donations, as represented by *Funding_Grants*, are supposed to have fewer financial constraints than funding from loans or personal sources. This allow for social enterprises have more flexibility in allocation of resources to address inherent financial problems, which can enable these social enterprises to make profits that can be reinvested to increase the outputs of both objectives. Similarly, the social enterprises that did not receive any funding should have the highest flexibility to fully focus on achieving both of their objectives.

3)   **Concerns for co-optation of social enterprises by private companies**

The results Objective 3 show that the authoritarian state-corporate social enterprise model is characterized by lack of government social welfare spending and funding for social enterprises. This contributes to the social enterprises relying on commercial activities done in relation to private companies. Moreso, the government focuses on private-public partnership (PPP), which encourages private companies to become involved in promoting social enterprises.

The PPP approach raised the potential concern of co-optation of social enterprises by private companies (Doherty and Kittipanya-Ngam, 2020). In the interviews conducted by Doherty and Kittipanya-Ngam (2020), it was pointed out that some private companies established their own social enterprises mainly to take advantage of the tax incentives without pushing for the social objective. This observation based on the results of Objective 3 is consistent to the results of Objective 1 showing trade-offs with prioritization of the economic objective over the social objective.

Nonetheless, private companies are still crucial to the development of social enterprises in Thailand. Other enabling organization in the social enterprise ecosystem especially non-profit organizations and academia can provide capacity building, training or networking support to social enterprises, but they still lack the expertise and experience in running business unlike private companies (NXPO and Future Thailand Foundation, 2023). Additionally, certain private companies are seeking for other social enterprises to support through their CSV programs (NXPO and Future Thailand Foundation, 2023).

5.2 Recommendations

To address the limitations of current policy support for social enterprises, this research will provide recommendations by also drawing upon insights from the results of Objective 1, 2 and 3. The recommendations are summarized in Figure 16 with main points including 1) stricter requirements on the output of the social objective when

providing support, 2) funding by grants for early stage social enterprises, 3) incentive for private companies to provide funding by grants and 4) financial and technical support for impact measurement. With these recommendations, the government will be able to resolve the policy gaps and leads an active role in promoting social enterprises.

Figure 16 Recommendations
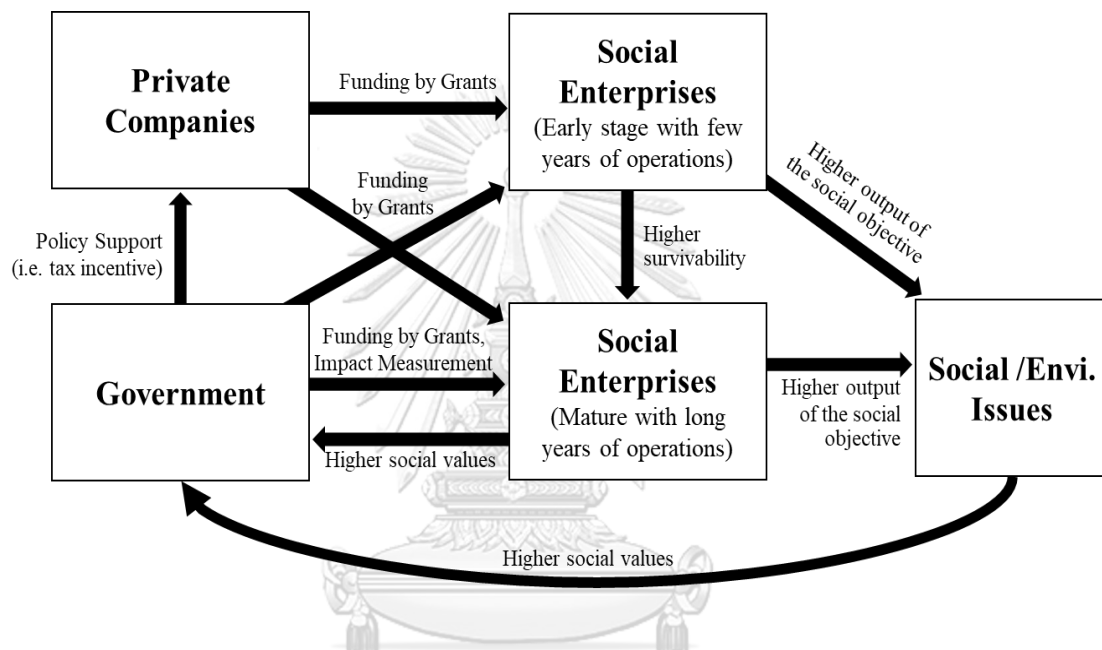
1)   **Stricter requirements on the output of the social objective when providing support**

To address the problems caused by social enterprises producing trade-offs with prioritization on the economic objective over the social objective, this research recommends that there should be stricter requirements on the output of the social objective when providing support. Specifically, policy support should require a clear demonstration of increases in the output of the social objective. Thus, social enterprises are incentivized to further the social objective instead of trade-offs with prioritization of the economic objective. Additionally, this recommendation should also help to reduce co-optation as the social enterprises owned by private companies must also demonstrate increases in the output of the social objective to be eligible for tax incentive or any other policy support.

It is important to note that this recommendation does not place constraints on how social enterprises should reinvest their profits but rather at the output of the social objective. This research views that social enterprises should be allowed to reinvest profits into the economic objective and give reward to owners and shareholders as long as they do not produce trade-offs and are still able to increase the output of the social objective. As best practice, this recommendation encourages social enterprises to reinvest profits in both the economic and the social objective as to produce synergies.

2)   Funding by grants for early stage social enterprises

When analyzing the results from Objective 2 testing for years of operations and sources of funding, it can be implied that social enterprises in the early stage has lower capability to increase the output of the social objective, and are probably the social enterprises that need funding the most. On the contrary, it can also be implied that social enterprises having longer years of operation have better survivability and are able to make profits that can be reinvested to increase the outputs of their objectives. This conclusion poses as a huge problem as not all social enterprises are able to survive for long enough leading to lost opportunities to create social values.

As to not put pressure on business and financial performance, support for social enterprises in the early stage should be in the form of grants as seed funding that have few restrictions (NXPO and Future Thailand Foundation, 2023). This can be crucial as shown in the survey by the British Council (2020) that over 70% of the 146 social enterprises being surveyed were young with years of operation of not more than 15 years. When considering the pressure on strong business and financial performance, funding by loans and personal sources are not appropriate for social enterprises. This recommendation is consistent to the findings by UNDP and ChangeFusion (2019), which surveyed funding and enabling organizations for social enterprises in Thailand showing that 11 out of 15 respondents have previously provided grants to social enterprises, but mostly at the seed and venture stage. Nevertheless, the value of the grants provided were quite limited at no more

than 1 million baht and had been provided to only few social enterprises (UNDP and ChangeFusion, 2019).

Building onto the first recommendation, stricter requirements on the output of the social objective should target more mature social enterprises with longer years of operation. As shown in the results, these social enterprises have higher survivability and are less affected by business and financial pressures. Thus, they should not be receiving support if they cannot increase the output of the social objective.

3) **Incentive for private companies to provide funding by grants**

As another approach to addressing the co-optation of social enterprises, policy support should also be extended to encourage private companies to provide funding by grants to other social enterprises. The concerns of co-optation are due to the potential case of private companies establishing their own social enterprises to take advantage of the tax incentive and other policy support. However, if the tax incentive can be extended to funding by grants that are given to other social enterprises, then these private companies can now benefit from the tax incentive without having to establish their own social enterprises. Private companies are already seen to give grants to social enterprises as accounted by British Council (2020). From the survey, it was found that 26% of the 146 social enterprises being surveyed had received grants from a corporate. Moreover, the tax incentive can even be extended to individuals and private companies giving donations into the Social Enterprise Promotion Fund that is managed by OSEP (British Council, 2020).

Funding by grants as recommended by this research should address certain limitations to ensure more effective support of social enterprises. NXPO and Future Thailand Foundation (2023) pointed that, previously, grants are often given as prizes from business model competitions that come with certain constraints. Furthermore, these competitions often focus on digital products and services of which are not offered by many social enterprises, and the amount of money awarded are not very high, making these competitions not worth the time and resource. This research recommends funding by grants

to social enterprises should have few constraints, be accessible to all social enterprises, and raise the amount of money being given.

**4)**   **Financial and Technical Support for Impact Measurement**

The results of Objective 1 and 2 found that impact measurement has statistically significant negative relationship with the output of the social objective. This may imply that conducting social/environmental impact measurement can help reduce overestimation of the output of the social objective. Not only can it reduce overestimation, but accurate impact measurement can also help the social enterprises to measure their impact through more appropriate indicators depending on the context. For example, social return on investment (SROI) may be a better metric to measure the impact created by social enterprises that work to support entire communities beyond than simply measuring the numbers of direct beneficiaries. In another instance, measuring social cost of carbon should be able to accurately capture for the positive impact created by the social enterprises that focus on climate change.

Nonetheless, impact measurement can be a costly process the most social enterprise cannot afford. According to British Council (2020), it was found that although 50.8% of 146 social enterprises surveyed have conducted impact measurement, most of them were self-assessed with only 6.3% being assessed by third party. Inaccurate impact measurement leads to more complications for the social enterprises in fundraising, especially when this research recommends that policy support should only be given to social enterprises that can clearly demonstrate increase in the output of the social objective. Impact measurement can also contribute to greater public awareness of the positive impact created by social enterprises and help prevent sustainability washing (NXPO and Future Thailand Foundation, 2023).

5.3 Limitations and Future Research

Last but not least, there are certain limitations that should be taken into account by future research. Despite the results showing no significant relationship between work-integration model and social enterprise objectives, it may not be accurate as *WISE* is not included and must be derived from the data set. For future research that directly collects data on the work-integration model, this research expects that the results are likely to show statistically significant positive relationships between *WISE* and social enterprise objectives. This is because the work-integration model should have aligned both social enterprise objectives with each other, so reinvesting profits in any of the objectives should be able to produce synergies. Additionally, *Profit_Org* representing reinvestment of profits into the organization is also expected to help reinforce the synergies between the two social enterprise objectives. This is because, in many work-integration social enterprises, staffs serve as both the owners and the beneficiaries. Hence, reinvesting profits into the organization should help these social enterprises grow, which is likely to result in higher rewards to the staffs/owners and higher capacity to hire more staffs/beneficiaries. The potential of *WISE* leading to synergies is conceptualized in Figure 17. Future research should also tests for other types of social enterprise business models to determine models that can most effectively produce synergies between social enterprise objectives.

Figure 17 Potential Alignment of Owners and Shareholders, Beneficiaries and Staffs leading to Synergies in Work-Integration Social Enterprises
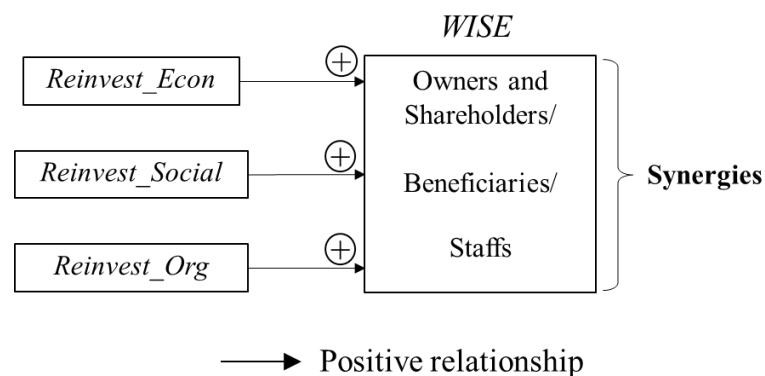
Future research should directly collect data on organizational maturity to provide insights on how the support should be given to social enterprises in the early

maturity level to effectively help them thrive in the long term. Furthermore, future research should also include social enterprises that cannot generate profits to provide insights on ways to improve the survivability for struggling social enterprises.

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