Social entrepreneurship orientation and institutional pressures: Role of level of utilitarian identity and level of other regarding values

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ABSTRACT

This paper intent to test the relationship between institutional pressure (regulatory, cognitive, and normative) and social entrepreneurship orientation in the presence of level of utilitarian identity, level of other-regarding values. The data collection was through a survey-based method from 270 social enterprises that participated. The comprehensive integrated model was designed to test the impact of institutional pressure (regulatory, cognitive, and normative) on social entrepreneurship orientation with moderating role of the level of utilitarian identity, and the level of other-regarding values. The findings of the study reveal that institutional pressure, level of utilitarian identity, and level of other-regarding values positively and significantly influence social entrepreneurship orientation. Furthermore, the level of utilitarian identity positively and significantly moderates the relationship between institutional pressure and social entrepreneurship orientation while, the level of other-regarding values negatively and significantly moderates the relationship. This study provides the pathway to social entrepreneurial orientation to an organization currently operating social enterprises domain.

Keywords: social entrepreneurship orientation; institutional pressures; level of utilitarian identity; level of other-regarding values

1. Introduction

How to overcome social issues and inequalities has been getting attention from recent studies. Scholars have argued and recommended the social entrepreneurship orientation as the best solution for resolving such social problems and inequalities. Moreover, literature witnesses the social enterprises for addressing the social issues, inequalities, and sustainability challenges which usually persist and may rise due to their debate by the state heads and scientific societies [34;17]. Such challenges have been acknowledged globally and seem to be given the least attention despite their critical need for and importance of the well-being of societies, seeking to call the orientation of individuals and institutions towards the emergence and development of social enterprises as debated by the researchers due to their mission and basic function which mainly focusses on addressing the
social problems and engaging the social entrepreneurs [12]. The association between institutional pressures and social entrepreneurship orientation is still inconsistent in the current scenario. Besides, the variations in their relationship and the reasons underlying such variations are also unclear at the moment. This study answers these questions “What is the link between social entrepreneurship orientation and institutional pressures? And which factors cause variations in their relationship and under what conditions, do these variations occur?” Due to the scarcity of research on social entrepreneurship orientation, it is conceptualized to (by slightly modifying the scales of Entrepreneurial orientation) influence the performance of the social enterprises or the tendency of individuals toward social entrepreneurship [23]. Moreover, the increasing trend of Social Entrepreneurship Orientation (SEO) is useful to respond to the rising gap in providing services and immersions in addressing the structural, societal as well as behavioral challenges which are accountable for the increasing divide between the rich and poor [12].

One of the important research dilemmas is SEO which has the potential to advance the understanding of not only social entrepreneurship and social enterprises, but it also educates the individuals and firms to tend towards it and do something useful for society and their organization. The concept of a social entrepreneurship orientation (SEO) has been pivotal in the field of entrepreneurship, [12] define it “as the nature of the decision-making mindset, behaviors, and processes underpinning the firm’s strategy creation practice, competitive posture, and management philosophy and thus encapsulates the entrepreneurial tendencies of the firm”. SEO is understood as a modification of the EO that affects the performance of social enterprises [23]. Most of the previous studies discuss entrepreneurship, but only a handful of studies are found related to social entrepreneurship which became the basis to conduct this research. The orientation towards social entrepreneurship has been affected by several factors as well as the institutions and has a very close association with institutions which are the main sources for its emergence and growth. In this regard, certain pressures seem to have a notable impact on it but are not well established in the current literature. This study is an attempt to unravel such dilemmas which may prove to be useful for solving these issues and tend the orientation of youth in social entrepreneurship. Social entrepreneurship based on the attention structure tries to identify the various antecedence and their role in individual values towards social entrepreneurship [56;9;50].

A combined effect of formal and informal institutions has been assessed and results affirm that both have mutually and incrementally effects on social entrepreneurship [50]. Structures were considered as underlying determinants which establish the grounds for attention which was eventually influenced due to a particular situation or context, they were facing [51]. Institutional pressures and other important relevant concepts are somewhat discussed in social entrepreneurship orientation. Structures of “the level of utilitarian identity” and “the level of other-regarding values” are closely associated with SEO and literature shows their notable effects on it [51]. This encourages us to test these constructs with SEO due to the reason that it has been derived from and has a close association with the concept of social entrepreneurship. Therefore, we choose to study and validate them concerning SEO. This study is unlike the past studies which mainly discuss entrepreneurship and very few are related to social entrepreneurship while no study discusses concerning SEO. But we mainly focus on the orientation of social enterprises in China towards social entrepreneurship and analyze the influence of these factors on it.

By applying the institutional theory, our study makes some important contributions to theory and practice. First, we developed new insights for both the SEO as well as institutional theory. The results largely advance the significance of SEO and resolve the inconsistency on the impact of institutional pressures on it. Second, this research proposes a model which discusses both the constructs and the relationship between them. Most of the prior studies are found to discuss neither of them, no study has discussed both impacts over each other. Third, the integration of moderating effects of attention structures gives the idea of variation in the direct
relationship between social entrepreneurship orientation and institutional pressures and the extent of variation in their influence over each other. Finally, this research provides empirical evidence regarding the social entrepreneurship orientation and the impact of institutional pressures, level of utilitarian identity, and level of other-regarding values over it. The results of this research will be very useful for individuals and firms to uplift their orientation towards social entrepreneurship under different circumstances.

2. Theoretical foundation

Institutional theory is well acknowledged and established to test or measurement of various constructs in the domain of management studies. The institutional theory deals with members’ perceptions about the distinctive and central qualities of the organization [2]. The claims institutional theory is based on the theme “who are we”, these core values, beliefs, and perceptions emerge in organizational behaviors which drive the organizations to achieve its objectives [55]. These beliefs and perceptions are explicitly based on the views of top management on what an organization represents and what it is. The well-established literature acknowledged social entrepreneurship reflects social objectives from its activities and characteristics [28]. [28] claims that in the domain of social entrepreneurship such as “decision-making power not based on capital ownership” and “a participatory nature, which involves the various parties affected by the activity” the reflection of the social charter of the organization is an area of attention. Moreover, the literature suggests that social organizations should be managed, governed, and owned in such a manner that meant group or individual sustainable benefits [30]. Furthermore, [26] documented that institutional theory is to be employed to test the dual identity of organizations to assess the impact of social ventures. Moreover, results claim that organizational identity was intrinsically dualistic because it combines the characteristics of commercial and social organizations [26].

[11] revealed that organizations with multiple and competing identities are categorized as a normative system. Organizations with normative systems are the results of ideology, vision, and charismatic leadership [1]. While, traditional symbols, altruism, ideology and focus on internationalization for self-interest or to maximize the profits as a utilitarian system. Organizations with utilitarian systems focus on economic rationality, minimizing cost, and higher returns through operations [1]. Thus, the current study incorporates normative and utilitarian identity as a moderating variable. This study will provide theoretical as well as practical in understanding the social entrepreneurial orientation and how institutional pressure affects social entrepreneurial orientation in the presence of level of utilitarian identity and level of other-regarding values.

[12] examined how social entrepreneurship orientation influences the social and financial performance of Austrian firms. Their findings highlighted the mechanisms which affect the performance of firms in Austria. Further, they have recommended that future studies examine the social entrepreneurship orientation in different cultures and firms to generalize the findings. Another study by conducted [8] in mainland Portugal and the Autonomous Regions of the Azores and Madeira examined the impact of SEO on the performance of non-profit organizations. Their research has also given some implications and policy recommendations in terms of the social entrepreneurship orientation of the enterprise and has recommended conducting such studies. Our study is an attempt to answer these important calls to further investigate the domain. The overall research model has been delineated in Figure 1.

3. Hypothesis development

The concept of entrepreneurial orientation (EO) has developed as a center in the area of entrepreneurship [58] that entrepreneurial orientation can be best explained as an aspect of the approach to making decisions, performances, and the procedures that underpin firms’ practice of making strategies, modest deportment, as
well as the philosophy of management. Thus, it captures the firm’s entrepreneurial tendency. Accordingly, the EO is proved to be a crucial competency of the firms (herein referred to as entrepreneurial firms) as it is considered as the prerequisite of such type of firms and organizations and their capability to recognize and coup the prospects creating value [59].

Figure 1. Theoretical framework.

[60] has been the pioneer in the research to develop the construct of EO, he recognized it in the year 1983 and found it to comprise three dimensions namely; innovativeness, risk-taking, and proactiveness. All three dimensions together characterize the process of entrepreneurship and encourage the diverse scales of measurement individually. Miller described innovativeness as an act of will to bring something new or innovative via the process of creativity or experimentation which results in the original or improved outputs and products, services, or processes for it. He observed the undertaking of risk as a bold behavior such as volunteering or venturing into the fields with little information or investing substantial capital of own or sometimes borrowed and or any other available resources to endeavor within uncertain environments in uncertain circumstances. Finally, Miller perceived proactiveness as an act that involves opportunity seeking and behavior that looks forward such as the one actively exploiting the opportunities of the market in an intentional effort to contend with the other enterprises and firms. The primary objective of this study and development of the theory was to explore the variations in entrepreneurship and its drivers in diverse forms of organizational configurations and the situations when any of those elements are missing partly or entirely, the whole process might be a little less than that of entrepreneurial. Later on some other scholars such as [58;60] also draw on his assumptions and identified two more dimensions of the construct of EO which are; competitive aggressiveness and autonomy. They observed competitive aggressiveness as the extent of aggressiveness exhibited by the firms in their competitive orientation while autonomy was found to be related to the extent of freedom occupied by the individuals and groups within the firms such as in the process of their decision-making.

Despite the widespread and growing interest in the tools and techniques which going to deal with inequalities and sustainability in terms of environmental, economic, and social factors, it was well
acknowledged that such issues and challenges need and endure accelerating, because scientific communities, professionals, and head of states were debated on their existence [6; 38; 34; 23]. Social enterprises and their sustainability were considered potential tools to address such concerns. Since its inception, the theme of social entrepreneurship, despite its significance and global presence in literature, is concerning how and what is the possible best way to explain the phenomena [7; 6].

A debate is accelerating over time as interest in the social entrepreneurship domain increases and several studies try to conclude what they do and who they are [6]. Moreover, few studies tried to seek how these definitions changed over the period, for example, [53] try to categorize social entrepreneurship in a better way [23]. Definitions of social enterprises evolve and widen throughout 1990–2010 in England. According to [53], these definitions of social enterprises were shaped during periods. 1998–2001 social enterprises were initiated as a movement, 2001–2005 social enterprises were introduced as social businesses and 2005–2010 social enterprises moreover was the third phase talking about the social purpose. They further revealed that mainstream social entrepreneurship does not explore and there is a lack of discussion particularly on the effect of neoliberal policies, in the withdrawal of resources from markets which creates the gap and resultant big society push towards the theme of social enterprises to fill the gap through social enterprises. Most recent literature categorizes social entrepreneurship into; entrepreneurial nonprofit, managed or operated through foundations and charities; public sector entities managed or operated through municipal or state organizations; social cooperative, managed or operated based on the multi-stakeholder model to serve the community; social businesses, managed or operated through market-based strategies by private business models which is far beyond the Corporate Social Responsibility (CSR).

Summarizing the historical debate in the current competitive environment institutions are largely embedded and influenced largely by the regulatory, economic, and social environment. The institutional theory recognizes and considers several actors within the system to create influence in social entrepreneurship. The social entrepreneurial orientation is a change that can be accomplished through policy by working with regulators (informal institutional policies) or regulatory authorities to force organizations towards social entrepreneurship, or through a social norm approach (informal institutions) [27] (Figure 1). The role of cognitive and normative forces along with regulatory pressure strengthen social entrepreneurial orientation [10]. Moral legitimacy deals with the acceptable leading standards to consistent with normative pressure on individuals towards the society at large, cognitive legitimacy pertains to the concepts and actions that are considered appropriate and required at a broader level moreover, pragmatic legitimacy is how the organization and to which extent those organizations tries to achieve the level of interests of its stakeholders.

3.1. Institutional theory

Institutional theory is well acknowledged and established to test or measure the various constructs in the domain of management studies. The institutional theory deals with members’ perceptions of the distinctive and central qualities of the organization [2]. The claims of institutional theory are based on the theme “who are we”, these core values, beliefs, and perceptions emerge in organizational behaviors which drive the organization to achieve its objectives [55]. These beliefs and perceptions are explicitly based on the views of top management on what an organization represents and what it is. The well-established literature acknowledged social entrepreneurship reflects social objectives from its activities and characteristics [28]. [28] claims that in the domain of social entrepreneurship such as “decision-making power not based on capital ownership” and “a participatory nature, which involves the various parties affected by the activity” the reflection of the social charter of the organization is an area of attention. Moreover, the literature suggests that social organizations should be managed, governed, and owned in such a manner that means a group or individual sustainable benefits [30]. Furthermore, [26] documented that institutional theory is employed to
test the dual identity of organizations to assess the impact of social ventures. Moreover, results claim that organizational identity was intrinsically dualistic because it combines the characteristics of commercial and social organizations [26].

3.2. Regulatory pressure

There is no point in agreement on the definition of regulatory pressure. The term regulatory pressure is quite wide with a vague concept [61]. Most of the literature documented regulatory pressure as government interference and regulations. The term regulatory pressure is discussed in the literature in terms of regulation as a mechanism. Regulatory pressure has also referred to the impact or control imposed by the regulators on regulations [62]. Regulatory pressure enables the regulatory authorities to control the organizations or agencies operating in the country. In case of non-compliance may organizations have to face penalties.

The regulatory pressure facilitates the public at large in terms of a deal with certain problems and issues in the public organization based on the accountability mechanisms. Moreover, literature documented regulatory pressure or regulations as predictive of accountability [15]. The regulatory pressure was previously tested on the risk management practices under institutional theory. The results conclude that regulatory pressure is the statutory duty of the government to ensure knowledge sharing and performance management [63]. However, the current study considers regulatory pressure as a source of performance in the domain of social entrepreneurship. One of the key reasons considered by the current study is that social organizations may waste resources in the absence of a control system that affects the public at large. Based on the above discussion and research objectives of the current study we hypothesized.

H1: Regulatory pressure positively and significantly influences social entrepreneurship orientation.

3.3. Cognitive pressure

The pressure can be from any utterance of internal and external stakeholders. However, the level of pressure diverges between external and internal stakeholders. However, external stakeholders are usually in a communicative capacity to pressure internal stakeholders to tailor utterances and address the needs of external stakeholders accordingly [64]. The result of cognitive pressure on internal stakeholders is to tailor or alter their actions as required. The rigorous findings demonstrate that a set of policies designed by social organizations is an outcome of cognitive pressure in unconventional ways.

Moreover, social entities are typically influenced by the religious theme, the cognitive pressure is well aligned with this religious theme. That facilitates the external stakeholders to communicate pressure towards the internal stakeholders in social entities to achieve the required set of actions or decisions. Furthermore, found that cognitive pressure is an effective tool for short-run performance however, regulatory pressure is effective for long-run performance [65]. Moreover, [66] findings suggest that human decision-making without trade-offs is exist under cognitive pressure. Based on the above discussion and research objectives of the current study we hypothesized.

H2: Cognitive pressure positively and significantly influences social entrepreneurship orientation.

3.4. Normative pressure

The underpinning theme of normative pressure is embedded within the theme of institutionalization as “social processes, obligations, or actualities come to take on a rule-like status in social thought and action” [67]. Normative pressure is an outcome of voluntarily, unconsciously following the social actions of other actors, attitudes, beliefs, behaviors, and practices particularly when the actions were copied from various actors. Normative pressure also facilitates the management of organizational systems or structures, to act or perform with a similar approach, attitude, and behavior in which other social entities were founded. It is also
found that normative pressure is one of the strong components in predicting the performance of social enterprises.

Based on the literature on beliefs and values related to donating perception, normative pressure facilitates explaining the intentions or behavior to donate. Normative pressure and its positive consequences facilitate the one, moreover, normative behavior is considered difficult, and social pressure facilitates achieving the state action or behavior [68]. Literature also affirms that normative pressure by coworkers to donate simply counter-argues with weak positive behavior [69]. However, in a challenging environment to be viable, social entities need to increase their exposure to capture new opportunities based on normative pressure. Based on the above discussion and research objectives of the current study we hypothesized.

H3: Normative pressure positively and significantly influences social entrepreneurship orientation.

3.5. Organizational identity

[11] revealed that an organization with multiple and competing identities is categorized as a normative system. Organizations with normative systems are the results of ideology, vision, and charismatic leadership [1]. While, traditional symbols, altruism, and ideology focus on internationalization for self-interest or to maximize profits as a utilitarian system. Organizations with utilitarian systems focus on economic rationality, minimizing cost, and higher returns through operations [1].

This study will provide theoretical as well as practical in understanding the social entrepreneurial orientation and how institutional pressure affects social entrepreneurial orientation in the presence of a level of utilitarian identity and level of other-regarding values. Therefore, the following subsections entitled “level of utilitarian identity” and “level of other-regarding values” explain and provide the basis for the current study to hypothesize that the level of utilitarian identity and level of other-regarding values moderate the relationship between institutional pressure (i.e., Regulatory, Cognitive, and Normative) and social entrepreneurship orientation.

3.6. Level of utilitarian identity

This study used the operationalization concepts, which are based on the findings of [11] to measure the devotion to a utilitarian identity. Furthermore, four items (e.g., the value of products or services) were considered, which characterize the utilitarian identity. Similarly, cost minimization, economic rationality, and revenue maximization have governed organizations, which contain a utilitarian identity.

According to [70] hence a financial return is essential for persistence and is also a key sign of success. Such features have been applied in the literature of extant strategic management to recognize and explain entrepreneurial ventures. Social ventures can also evident a utilitarian identity because they pursue to reduce cost [71] and rise incomes through earned income, philanthropic donations, and for-profit events that function for a social purpose (e.g., [72]. [73] mentioned that actually, all the above-mentioned indicators of a utilitarian identity are consistent with one conspicuous conceptual model of SE in which risk management, pro-activeness, and innovativeness are key manifestations in the creation of social value.

[28] described that for in-depth understanding, two cooperative manifestations were changed into two items attributed to social originalities in general (e.g., the excellency of work is more essential than the profit). Whereas, perceived organizational identity was measured following the findings of [55], therefore, research work captures and highlighted the beliefs of leaders related to the organizational identity by evaluating their opinions about the ideology and core values.

Therefore, it advocates that an entrepreneurial approach or posture to running the business may thus reveal a utilitarian identity in all categories of ventures, which also includes social ventures. Moreover,
maximization of profit may be a prerequisite of social initiatives that are supported by venture businesspersons [74] and will logically happen as ventures target to minimize the cost minimization, which finally leads toward the better utilization of scarce resources. Based on the above-mentioned discussion, the current study hypothesized the relationship between Pressures (i.e., Regulatory, Cognitive, and Normative) and Social Entrepreneurship Orientation in presence of the Level of Utilitarian Identity as a moderated.

**Hypothesis H4a:** The influence of Regulatory Pressures on Social Entrepreneurship Orientation is moderated by the Level of Utilitarian Identity, such that the individuals and firms are likely to show more social entrepreneurial orientation in presence of a high level of regulatory pressures and utilitarian identity.

**Hypothesis H4b:** The influence of Cognitive Pressures on Social Entrepreneurship Orientation is moderated by the Level of Utilitarian Identity, such that the individuals and firms are likely to show more social entrepreneurial orientation in presence of a high level of cognitive pressures and utilitarian identity.

**Hypothesis H4c:** The influence of Normative Pressures on Social Entrepreneurship Orientation is moderated by the Level of Utilitarian Identity, such that the individuals and firms are likely to show more social entrepreneurial orientation in presence of a high level of normative pressures and utilitarian identity.

### 3.7. Level of other-regarding values

A measure to capture the level of other-regarding values was constructed by [75]. Values probably differ from the “profit maximization firm-centered values to other-system-centered values”. Other-regarding values were constructed by incorporating three items (e.g., “helpful—working for the welfare of others” and “loving—being affectionate, tender”). A key aspect that notifies the economic and social missions of a social initiative, is the level of self-regarding and other-regarding values of the social industrialist [75]. Similarly, to what level is behavior eventually self-interested or do individuals perform in such ways that help others, even to their disadvantage? People notice and consider such belongings as significant, related to their self-regarding or other-regarding values which affect the decisions taken by the organizational decision-maker and policymaker and leaders. The level of the self-regarding and other-regarding values affects the economic and social missions of the organizations and establishments because the balance between the self-regarding and other-regarding values “is specific to each individual and shapes the types of activities and organizational behavior in which he/she engages”. Persons who place a strong burden on others’ interests will be likely to associate together in the perspective of organizations dedicated to increasing the advantages for others in society [76].

“A comfortable life (a prosperous life)” and “wealth (making money for myself and family)” indicated and assumed as self-regarding values, while “helpful (working for the welfare of others)” and “loving (being affectionate, tender)” are cases of other-regarding values. To capture additional authentication of self-regarding values and other-regarding values, a comparative measure was used, which captures the significance of profit-boosting in the organizations and firms as compared to other four issues (for example, organization longevity—see the study of [77], which used a comparable approach to measure the orientation of growth). Therefore, we can conclude and argue from the above discussion that the level of other-regarding values updates us about social entrepreneurship amongst social enterprises. Following the above-mentioned details discussion and literature review, this research work hypothesized the relationship between Pressures (i.e., Regulatory, Cognitive, and Normative) and Social Entrepreneurship Orientation in presence of a level of other-regarding values as a moderated;

**Hypothesis H5a:** The influence of Regulatory Pressures on Social Entrepreneurship Orientation is moderated by the Level of other-regarding values, such that the individuals and firms are likely to show more social entrepreneurial orientation in presence of a high level of regulatory pressures and other-regarding
values.

**Hypothesis H5b:** The influence of Cognitive Pressures on Social Entrepreneurship Orientation is moderated by the Level of other-regarding values, such that the individuals and firms are likely to show more social entrepreneurial orientation in presence of a high level of cognitive pressures and other-regarding values.

**Hypothesis H5c:** The influence of Normative Pressures on Social Entrepreneurship Orientation is moderated by the Level of other-regarding values, such that the individuals and firms are likely to show more social entrepreneurial orientation in presence of a high level of normative pressures and other-regarding values.

**4. Research methodology & rationale of the study**

Based on the review of the literature and theoretical justification a framework connecting the constructs was tested to achieve the research objective as shown in Figure 1. The measurement of institutional pressure includes regulatory pressure, cognitive pressure, and normative pressure which are positively associated with social entrepreneurship orientation which is measured through social innovation, social risk-taking, social pro-activeness, and socialness. The terms regulatory pressure (regulatory requirement), cognitive pressure (individual know-how), and normative pressure (society norms, culture, and know-how). The measurement of institutional pressure is a combination of regulatory pressure, cognitive pressure, and normative pressure. The measurement of social entrepreneurial orientation is a combination of social innovation (new ways to deal with social issues), social risk-taking (servings society boldly), social pro-activeness (forefront make society better), and socialness (social mission). In most developing countries just like China, the understanding of social entrepreneurship orientation and institutional pressure is very low as compared to developed economies. The measurement of the level of utilitarian identity (quality service/product with lowest profits), and level of other-regarding values (serving society with compassion). Table 1 (annexure 1) reports the measurement and operationalization of constructs taken under consideration.

<table>
<thead>
<tr>
<th>Table 1. Demographics of respondents.</th>
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<tbody>
<tr>
<td><strong>Frequency</strong></td>
</tr>
<tr>
<td>Firm size</td>
</tr>
<tr>
<td>Small (10–49 employees)</td>
</tr>
<tr>
<td>Medium (50–150 employees)</td>
</tr>
<tr>
<td>Large (151–250 employees)</td>
</tr>
<tr>
<td>Age</td>
</tr>
<tr>
<td>25–40 years</td>
</tr>
<tr>
<td>41–60 years</td>
</tr>
<tr>
<td>61–79 years</td>
</tr>
<tr>
<td>Education</td>
</tr>
<tr>
<td>High school to graduation</td>
</tr>
<tr>
<td>Graduation to masters</td>
</tr>
<tr>
<td>Masters to onward</td>
</tr>
<tr>
<td>Ownership style</td>
</tr>
<tr>
<td>Family-owned</td>
</tr>
<tr>
<td>Non-family owned</td>
</tr>
</tbody>
</table>

**5. Procedure and method**

**5.1. Population and sampling technique**

The survey-based method is appropriate for the correlational-descriptive nature of the study [4; 43]. The survey tool considered for the current study is the most complete and comprehensive for measuring the
A comprehensive integrated relationship between institutional pressure (regulatory, cognitive, and normative pressure) and social entrepreneurship orientation in the presence of level of utilitarian identity (product and process) and level of other-regarding values was previously elaborated in literature ([3; 50; 51]). The survey tool for measuring dependent variable social entrepreneurship orientation was previously elaborated on and developed [23]. The survey questionnaire was translated, and face validity was tested by the expert to make it suitable for data collection in China context. The final version of the survey questionnaire was based on 37 items to measure the constructs on a 5-Likert scale and also include demographic questions about the ownership structure.

Sampling decision was considered a crucial factor in the domain of management sciences and particularly in social entrepreneurship research because it is really hard to access the information of social enterprises in China so “creative solutions are needed to provide the adequate sample sizes necessary to utilize the rigorous application of multivariate techniques” [40]. To deal with such issues research scholars can either (1) follow judgmental sampling or (2) a respondent-driven sample [39]. To calculate the minimum sample size G*Power 3.1.9.2 tool was used based on linear multiple regression with the effect size \( f^2 \) 0.15, power (1-\( \beta \) err prob) 0.99, \( \alpha \) err prob 0.05 as suggested by [64] (refer to Table 2). The minimum sample of 125 firms was sufficient based on the calculations of a priori. Thus, firms actively participating socially for group and individual benefit were considered as a participant in this survey. A total of 270 firms were selected as samples based on the non-probability sampling (judgment or representative sampling) technique.

The evaluation of the measurement model to assess the relationship between measured constructs, three statistical tools need to perform (i) confirmatory factor analysis, (ii) face, convergent validity, and reliability, and (iii) discriminant validity [18; 44;45;46;47;48]. To assess the confirmatory factor analysis minimum threshold value for each item being used to measure constructs in the current study was 0.50 [54]. As compared to collective concepts, the presence of hidden higher-order concepts can be tested through the most suitable method named CFA [24]. The structural models will test before checking the validity of measurement of the model cause to avoid unclear theoretical explanations [15].

<table>
<thead>
<tr>
<th>Table 2. Correlation matrix.</th>
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</thead>
<tbody>
<tr>
<td><strong>Cognitive pressures</strong></td>
</tr>
<tr>
<td>Cognitive pressures</td>
</tr>
<tr>
<td>Level of utilitarian identity</td>
</tr>
<tr>
<td>Level of other regarding values</td>
</tr>
<tr>
<td>Normative pressure</td>
</tr>
<tr>
<td>Regulatory pressures</td>
</tr>
<tr>
<td>Social entrepreneurship orientation</td>
</tr>
</tbody>
</table>

5.2. Measurement model assessment

To assess the relationship among the measured constructs measurement model, evaluate based on three types of validity (i) face validity, (ii) convergent validity, and (iii) discriminant validity. Face validity was ensured after translation and little modification of scales through expert opinion before proceeding with the collection of data. Convergent and discriminant validity were examined followed by the confirmatory factor analysis. Before proceeding to test the consistency, rationality and path structures, and numerous assumptions related to the normality as well as multicollinearity, the common method bias is essential to be analyzed [16].
5.3. Data analysis

The convergent validity was established based on AVE and composite reliability followed by the factor loadings [13]. The value of loadings was higher than 0.5, similarly, all the values of composite reliability were above 0.7 and AVE was higher than 0.50 (Table 3). The values of Cronbach’s alpha for each measured construct (institutional pressure = 0.904, level of utilitarian identity = 0.746, level of other-regarding values = 0.856, and social entrepreneurial orientation = 0.856) are higher than the threshold value of 0.70 reported in Table 4. The value of composite reliability and average variance extract were also higher than threshold values 0.70 and 0.50 (Institutional Pressure = CR = 0.921, AVE = 0.698, level of utilitarian identity = CR = 0.831, AVE = 0.598, level of other-regarding values = CR = 0.889, AVE = 0.536, social entrepreneurial orientation = CR = 0.886, AVE = 0.546) (refer Figure 2).

![Figure 2. Structural Model with moderating effect](image)

Table 3. Convergent validity.

<table>
<thead>
<tr>
<th>Construct</th>
<th>Item</th>
<th>Loading</th>
<th>Cronbach’s Alpha</th>
<th>rho_A</th>
<th>CR</th>
<th>AVE</th>
</tr>
</thead>
<tbody>
<tr>
<td>Institutional pressure</td>
<td>Regulatory pressures</td>
<td>RP1</td>
<td>0.646</td>
<td>0.904</td>
<td>0.916</td>
<td>0.921</td>
</tr>
<tr>
<td></td>
<td></td>
<td>RP2</td>
<td>0.709</td>
<td>RP3</td>
<td>0.795</td>
<td>RP5</td>
</tr>
<tr>
<td></td>
<td></td>
<td>CP2</td>
<td>0.847</td>
<td>CP3</td>
<td>0.685</td>
<td>CP4</td>
</tr>
<tr>
<td>Cognitive pressures</td>
<td></td>
<td>NP1</td>
<td>0.766</td>
<td>NP2</td>
<td>0.502</td>
<td>NP3</td>
</tr>
<tr>
<td></td>
<td></td>
<td>NP4</td>
<td>0.834</td>
<td>Level of utilitarian identity</td>
<td>LUI1</td>
<td>0.710</td>
</tr>
<tr>
<td></td>
<td></td>
<td>LUI2</td>
<td>0.780</td>
<td>LUI3</td>
<td>0.618</td>
<td>LUI4</td>
</tr>
<tr>
<td></td>
<td></td>
<td>LUI5</td>
<td>0.781</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
6. Results

The results for this study are drawn from the data collected from the social enterprises in China. The techniques and tools used are PLS SEM which followed two steps approach. Each approach followed several steps and tests which derived the results based on the proposed hypotheses of the study. The results for all the hypotheses are supported in this research. All the results show significant and positive results which indicate a positive impact of the institutional pressures (all three types which include regulatory pressures, normative pressures and cognitive pressures) on the social entrepreneurial orientation of social enterprises in China. Moreover, the moderating variables; level of utilitarian identity and level of other regarding values are found to strengthen the link between social entrepreneurial orientation and institutional pressures.

6.1. Discriminant validity

The most appropriate and reliable statistic for the measurement of discriminant validity considered in the literature was heterotrait-monotrait (HTMT) ratio after the statistically proven criticism of Fornell-Larcker [18]. Furthermore, there are two schools of thought [22] that claim that the maximum value of HTMT must be not more than 0.85 while [14] claims that the maximum value of HTMT must not be more than 0.90. If the value of the HTMT ratio is higher than 0.90 then there is an issue of discriminant validity. The results of the HTMT ratio indicate that the value was less than the threshold values criterion defined [14]. The results of the HTMT ratio was given in Table 4.

Table 4. Discriminant validity (htmt ratio).

<table>
<thead>
<tr>
<th>Institutional pressure</th>
<th>Level of utilitarian identity</th>
<th>Level of other-regarding values</th>
<th>Social entrepreneurship orientation</th>
</tr>
</thead>
<tbody>
<tr>
<td>Institutional pressure</td>
<td>0.742</td>
<td>0.828</td>
<td>0.854</td>
</tr>
<tr>
<td>Level of utilitarian identity</td>
<td>0.625</td>
<td>0.828</td>
<td></td>
</tr>
<tr>
<td>Level of other-regarding values</td>
<td>0.625</td>
<td>0.854</td>
<td></td>
</tr>
<tr>
<td>Social entrepreneurship orientation</td>
<td>0.859</td>
<td>0.869</td>
<td>0.854</td>
</tr>
</tbody>
</table>
6.2. Structural model assessment

The structural model should be assessed with the resampling of 5000 via bootstrapping and need to consider $R$-square, beta, and $t$-values [16]. Furthermore, the $p$-value just informs the reader about the presence or absence of effect while not about the size of effect so the other two factors further need to consider for the assessment of structural model $q$-square and $f$-square [33]. Moreover, studies need to report both the effect size and statistical significance of measured constructs [16]. As per the suggested criteria, the results of effect sizes and statistical significance were reported in Table 5. The results of institutional pressure positively associated with social entrepreneurial orientation ($\beta = 0.436, t = 9.167, p < 0.01$) give support to H1. Furthermore, results showed that H2 ($\beta = 0.172, t = 2.644, p < 0.01$), and H3 ($\beta = 0.395, t = 5.493, p < 0.01$) were supported based on results of positive and significant association between the measured constructs. The results of hypothesis testing were reported in Table 6 and Figure 3.

![Figure 3. Structural Model without moderating effect.](image)

### Table 5. Testing of hypothesis without moderating effect.

<table>
<thead>
<tr>
<th>Constructs</th>
<th>Original sample (O)</th>
<th>Standard deviation (STDEV)</th>
<th>$T$ statistics ($O/STDEV$)</th>
<th>$P$ values</th>
</tr>
</thead>
<tbody>
<tr>
<td>Institutional pressure→Social entrepreneurship orientation</td>
<td>0.436</td>
<td>0.048</td>
<td>9.167</td>
<td>0.000</td>
</tr>
<tr>
<td>Level of utilitarian identity→Social entrepreneurship orientation</td>
<td>0.172</td>
<td>0.065</td>
<td>2.644</td>
<td>0.008</td>
</tr>
<tr>
<td>Level of other regarding values→Social entrepreneurship orientation</td>
<td>0.395</td>
<td>0.072</td>
<td>5.493</td>
<td>0.000</td>
</tr>
</tbody>
</table>

Level of utilitarian identity and Level of other-regarding values as moderating variables in the relationship between institutional pressure and social entrepreneurship orientation.

The results of moderation reveal that both level of utilitarian identity and the level of other-regarding values significantly moderate the relationship between institutional pressure and social entrepreneurial orientation. Furthermore, the results of Figure 4 reveal that level of utilitarian identity positively moderates
the relationship between institutional pressure while the level of other-regarding values negatively moderates the relationship between institutional pressure and social entrepreneurial orientation.

Moreover, institutional pressure positively and significantly influences social entrepreneurial orientation ($\beta = 0.437, t = 8.935, p < 0.01$) H1 supported. The level of utilitarian identity positively and significantly influences social entrepreneurial orientation ($\beta = 0.137, t = 2.067, p < 0.05$) H2 supported. The level of other-regarding values positively and significantly influences social entrepreneurial orientation ($\beta = 0.418, t = 5.701, p < 0.01$) H3 supported. Furthermore, the level of utilitarian identity moderates the relationship positively between institutional pressure and social entrepreneurship orientation ($\beta = 0.148, t = 2.542, p < 0.05$) H4 supported. Level of other-regarding values moderates the relationship negatively between institutional pressure and social entrepreneurship orientation ($\beta = -0.159, t = 2.599, p < 0.01$) H5 supported.

### Table 6. Testing of Hypothesis with moderating effect.

| Hypothesis | Constructs | Original sample (O) | Standard deviation (STDEV) | T statistics (|O/STDEV|) | P values | Decision |
|------------|------------|---------------------|-----------------------------|----------------------|----------|----------|
| H1         | Institutional pressure→Social entrepreneurship orientation | 0.437 | 0.049 | 8.935 | 0.000 | Supported |
| H2         | Level of utilitarian identity→Social entrepreneurship orientation | 0.137 | 0.066 | 2.067 | 0.039 | Supported |
| H3         | Level of other regarding values→Social entrepreneurship orientation | 0.418 | 0.073 | 5.701 | 0.000 | Supported |
| H4         | Moderating effect 1→Social entrepreneurship orientation | 0.148 | 0.058 | 2.542 | 0.011 | Supported |
| H5         | Moderating effect 2→Social entrepreneurship orientation | -0.159 | 0.061 | 2.599 | 0.009 | Supported |

### 6. Discussion

Institutions have three underpinning pillars namely regulatory, normative, and cognitive pressure that provide related but different bases of legitimacy [35]. These pillars must be responsive based on expectations and demands considered compulsory for survival [25]. Social entrepreneurship emerges from historical and social contexts. The contexts were based on the routines, conventions, and norms that challenge social
orientation processes. The level of utilitarian identity is defined as “A comfortable life (a prosperous life)” and “wealth (making money for myself and family)” while, “helpful (working for the welfare of others)” and “loving (being affectionate, tender)” defined as level other-regarding values.

The contribution of this paper was multi-fold, each one discussed below in detail;

Firstly, institutional pressure was a first-order level variable with three dimensions (regulatory, cognitive, and normative pressure). The results affirm that institutional pressure positively and significantly influences social entrepreneurship orientation. The results of institutional pressure positively and significantly influence social entrepreneurial orientation were aligned with literature [41]. Furthermore, institutional pressure positively and significantly influences social entrepreneurship orientation in the presence of a level of utilitarian identity and negatively and significantly influences social entrepreneurship orientation. This study documented first time the relationship between institutional pressure and social entrepreneurship orientation.

Secondly, social entrepreneurial well established and acknowledged theme in the most recent literature in the domain of entrepreneurship. However, there is still no clear definition and measurement of social entrepreneurship orientation in the literature furthermore, the most recent study develop the scale of social entrepreneurship orientation [23]. The social entrepreneurship orientation is positively and significantly associated with institutional pressure, level of utilitarian identity positively and significantly influences social entrepreneurship orientation, level of other-regarding values positively and significantly influences social entrepreneurship orientation. Furthermore, the level of utilitarian identity positively and significantly moderates the relationship between institutional pressure and social entrepreneurship orientation while, the level of other-regarding values negative and significantly moderates the relationship between institutional pressure and social entrepreneurship orientation. The findings of the current study are a bit contradictory with the literature in terms of the direction of moderating relationships. The findings of the current study reveal that level of utilitarian identity (social and economic benefit) is positively and significantly associated with social entrepreneurship orientation in other words social entrepreneurship must be based on financial benefits. The level of other-regarding values (serving the community/society with compassion) serving the community without financial reward negatively and significantly moderates the relationship between institutional pressure and social entrepreneurship however, the indirect relationship it’s found positive and significant. Moreover, the current study validates the current scale of social entrepreneurship orientation, institutional pressure positively and significantly influences social entrepreneurship orientation. The level of utilitarian identity and other-regarding values moderates the relationship.

Third, the level of utilitarian identity positively and significantly influences social entrepreneurship orientation. Moreover, level utilitarian identity positively and significantly moderates the relationship between institutional pressure and social entrepreneurship orientation. Institutional theory and literature support the findings of the current study [51].

Fourth, the level of other-regarding values indicates a positive and significant relationship with social entrepreneurship orientation, while in the case of moderating effect level of other-regarding values negatively and significantly moderates the relationship with social entrepreneurship orientation. Literature reveals that the level of other-regarding values is negatively associated with the performance of social entrepreneurship while, the results of the current study reveal that level of other-regarding values negatively but significantly moderates the social entrepreneurship orientation [51; 50].

7. Conclusions

The results of the current study support the hypotheses which were presented earlier in this study based on the review of the literature and institutional theory. The results of the current study also validate the scale
of social entrepreneurship orientation in the context of China and particularly institutional pressure (regulatory, cognitive, and normative), level of utilitarian identity, and level of other-regarding values positively associated with social entrepreneurship orientation. This study concludes that social entrepreneurship orientation is an outcome of organizational cultural and regulatory influences (institutional pressure) and the level of utilitarian identity and level of other-regarding values also positively and significantly influences the social entrepreneurship orientation however, the level of utilitarian identity positively influences and level of other-regarding values negatively and significantly influences the social entrepreneurship orientation. It has been extracted from the literature that there is a lack of orientation in the domain of social entrepreneurship orientation in the Chinese context. However, most organizations focus on the level of other-regarding values and managing social entrepreneurial activities for self-interest as compared to the level of utilitarian identity.

The findings of the current study suggest the following important insights to organizations operating in the domain of social enterprises. This study provides the pathway to social entrepreneurial orientation to an organization currently operating social enterprises domain. The finding also suggests the level of utilitarian identity and level of other-regarding values influences the social entrepreneurship orientation which will facilitate the organizations in understanding the organizational aims and objectives accordingly. The government of China needs to redesign the policies and need to facilitate the organizations operating in the domain of social enterprises to understand the required level of regulatory pressure and society needs to be aware of the rights and responsibilities so society can positively influence social organizations. The government of China also needs to support healthier competition among the social enterprises to enhance the normative pressure on social organizations. The number of social enterprises is increasing with time, however, still is not up to the required level.

Future studies need to address some limitations which may provide more valuable insights on the relationship between institutional pressure (regulatory, cognitive, and normative), level of utilitarian identity, level of other-regarding values, and social entrepreneurship. Future studies may be conducted in different cultures to test the findings. The researchers are recommended to use a longitudinal study design. The social impact and firm performance may also be a useful future research direction. The current study considered the sample from social enterprises operating in China, the findings of the study may not apply to the other regions. Future studies need to test this framework on other regions and other countries with similar characteristics. The current study considered ownership style as a control variable in the current study, however, well-established literature evident that family-owned social enterprises were significantly different from non-family-owned businesses so future studies need to perform Multi-Group Analysis (MGA) to test the impact of ownership style on social entrepreneurship orientation.

Author contributions

Conceptualization, SS and SKA; methodology, SS; software, MS; validation, SS, SKA and AAK; formal analysis, AU; investigation, SS; resources, SKA; data curation, SS; writing—original draft preparation, SS and SKA; writing—review and editing, SS; visualization, RU; supervision, SS; project administration, SS and SKA. All authors have read and agreed to the published version of the manuscript.

Availability of data and materials

The datasets generated and/or analyzed during the current study are confidential and not publicly available.

Conflict of interest

The authors declare no conflict of interest.
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