

THE EMPIRICAL STUDY OF FACTORS AFFECTING THE SUCCESS OF  
SOCIAL ENTERPRISE ON MARKETING AND SOCIAL PERFORMANCES

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By Miss Siripak Mattavanont

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This study is the first empirical research conducted in Thailand to examine the performance of social enterprise (SE) through the involving internal and external factors. The objectives of this study are twofold: (1) to discover how the internal and the external factors affecting the success of SE performance and (2) to investigate how marketing and social performances associated with SE performance.

The internal factors were social mission, value-based leadership, shared vision, and customer orientation. The external factors were perceived environmental uncertainty and relationship with external organizations. These six variables were based on integrating four theories, i.e. institutional theory, resource-based view theory, social capital theory and contingency theory. Six SE executives were interviewed to explore the key success factors related to SE performance. Questionnaire were developed and pretested, then mailed to 1,475 SEs that were listed in Thai Social Enterprise Office (TSEO). The 300 completed questionnaire returned were from agricultural industry (50.3%), retails (23.7%), food and beverages (14.3%) and the rest were from finance, health care, tourists, education and others.

The data was analyzed using SEM-PLS path modeling. The reliability and construct validity were assessed through measurement model. The results of structural model showed that all variables had significant and positive impacts on SE performance i.e. social mission ( $\beta = 0.09$ ,  $p < 0.05$ ), value-based leadership ( $\beta = 0.10$ ,  $p < 0.01$ ), shared vision ( $\beta = 0.17$ ,  $p < 0.01$ ), customer orientation ( $\beta = 0.23$ ,  $p < 0.01$ ), relationship with external organizations ( $\beta = 0.19$ ,  $p < 0.01$ ), and perceived environmental uncertainty ( $\beta = 0.11$ ,  $p < 0.05$ ). These variables explained 45% of SE performance. The results of second order construct also revealed that SE performance was strongly associated with marketing performance ( $\beta = 0.92$ ,  $p < 0.01$ ), and social performance ( $\beta = 0.92$ ,  $p < 0.01$ ),  $R^2 = 0.85$ .

The study provided theoretical and managerial contributions to academicians and executives to better understand the factors affecting SE performances in order to formulate effective marketing strategies for SEs.

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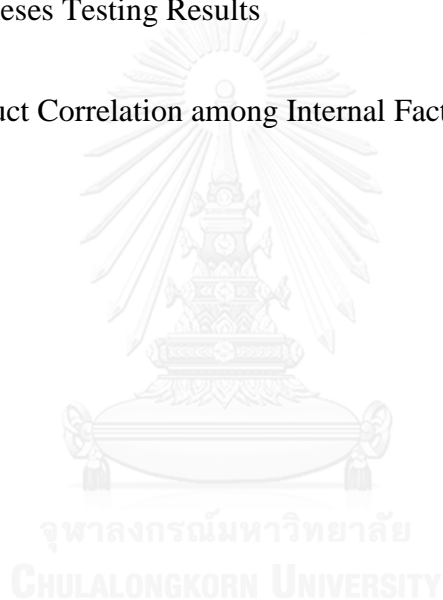


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# Chapter 1

## Introduction

### 1.1 Rationale

The phenomenon of social enterprise (SE) has attracted the attention of policy-makers and practitioners around the world (Wilson & Post, 2013) and the associated rise in scholarly interest is reflected in the growing number of academic publications regarding SE (Lepoutre *et al.*, 2013; Lumpkin *et al.*, 2013). The UK Government Report defines “*Social enterprise*” as: “*Business(es) with primarily social objectives whose surpluses are primarily reinvested for that purpose in the business or in community*” (Department of Trade and Industry, 2002, p.7). Strothotte and Wüstenhagen (2005) used social impact incurred to define social enterprise as companies that are founded with a mission to bring about change in a specific socially oriented way rather than to provide an economic return on investment. Unlike commercial-focus entities, the primary objective of social enterprise is to enhance social condition that goes beyond financial return alone (Dee, 2001); social enterprise tends to be categorized as a sub-set of nonprofit sector (Dunn & Riley, 2004). Therefore, Dart (2004) categorized social enterprise as a hybrid between non-profit and for-profit activities. While there is no single definition, most authors agree that the key distinguishing feature of a social enterprise is their social aims and social ownership are combined with trading viability (Business strategy review, LBS, 2004).

Social enterprises usually start small by entrepreneurs with the goals to tackle social issues such as food shortage, disease, education, family planning, poverty, inequality and unemployment. Yet, some can grow to be a new worldwide phenomenon, for example; Yunus Social Businesses, founded by the Nobel prize winner—Mohammad Yunus, has 20 social businesses in 7 countries which resulted in more than 800 jobs created and sustained with USD 5.7 millions deployed to social business (Yunussb.com). His initiatives cover various areas such as increased

healthcare access for low-income families in Colombia, and Grameen Bank which gives loan to the poor without collateral in Pakistan. In Asia, social enterprise gain more attention from scholars, government, and non-profit organizations as a key factors alleviating social problems (J Defourny & S., 2011); Defourny and Kim (2011) exhibited the positive correlation between the rise of social enterprise in East Asia during 1990s and the rise in income inequality and poverty.

Often people are confused between social enterprise and social marketing. Thus, it is worth highlighting the difference between these two terms. Social enterprise and social marketing share a common objective in creating greater social benefit. Yet, they differ in the sense that social marketing focuses on using integrated marketing approach to influence ones' behavior benefiting both individuals and society and thereby creating positive impact to society (International Social Marketing Association, 2013). Kotler and Lee (2008) defined social marketing as *“a process that applies marketing principles and techniques to create, communicate, and deliver value in order to influence target audience behaviors that benefit society (public health, safety, the environment, and communities) as well as the target audience.”* Social enterprise, on the other hand, is a subset of socioeconomic initiatives so called the third sector, focusing on improving social conditions (Defourny, 2001). According to aforementioned definitions of social marketing; social marketing is primarily about using marketing tools to influence behavior that creates positive impact to individuals and society; whereas, social enterprise is an institute founded to serve social purpose with financial sustainability.

Although the concept of social enterprise has been widely discussed worldwide in the past decade, most academic research are descriptive and lack of theoretical perspectives that can provide concrete predictions such as the study regarding definitions of social enterprise, emerging theories related to social enterprise and the evolution of social enterprise (Borzaga and Defourny, 2001; Chell, 2007; Nyssens, 2006).

Moreover, most common discipline contributing to this field of research was management such as the effect of management on organizational goals (Ruth and Rick, 1994; Townsend and Hart, 2008) and how companies select employees based on their motivation fit (Lin and Wang, 2005; Shore and Strauss, 2008), followed by entrepreneurship. The study on social enterprise in relation to entrepreneurship ranges from the definition of enterprise vs. entrepreneur (Southern, 2001; Chell, 2007) to why leaders of social enterprise should behave like entrepreneurs (Dees, 1998; Foster and Bradach, 2005). However, less research has been done in the marketing area.

Social enterprise in Thailand is in an early stage of development in which guideline for firm and its operation that will facilitate the growth and the success of the company is inadequate. However, as mentioned that most previous studies are descriptive in nature and have been done outside marketing area. Thus, the empirical study with predictive power regarding factors influencing success of social enterprise will be useful for practitioners and also academician in term of expanding frontier of knowledge regarding social enterprise.

One might wonder how factors affecting social enterprise performance would be different from those of other firms or why social enterprises do not directly learn from the best practice of big corporations. Since the primary objective of social enterprise is social value enhancement rather than operating with profit-maximizing motives, and any excess earnings are typically distributed to associated causes or reinvested in the firm's social purpose rather than distributed as profits (Doherty et al., 2009). Thus, economic profitability and efficiency, the central goals of for-profit businesses, are not necessarily appropriate measures for social enterprise performance. In other word, the ample research in understanding general performance factors for for-profit firms cannot be directly applied to social enterprise.

Thus, researcher aims to develop a predictive model regarding the social enterprise under the marketing discipline and the objective of this research are to examine the internal and external factors affecting the success of social enterprise and

to investigate the association of two performance dimension, marketing and social performance, upon the social enterprise performance.

DiMaggio and Powell (1983) introduced the notion of institutional theory as an attempt to explain how organizations arise or change. In addition of reason of firm existence, institutional theorists assert that the institutional environment can strongly influence the development of formal structures in an organization and its outcomes Campbell-Hunt et al. (2010). Kinder and Domini (1997) stated that institution's mission, its purpose and calling, indicates organization's policy and drive organization behavioral elements to match with institution's mission and its environment .

In context of social enterprise, the *social mission* needs to be clearly stated so that the organization's strategies can be formulated to serve the mission. Further, there is a clear trend in corporate governance toward increased attention to social and environment impacts of business operation (Cormac & Haney, 2012). Investment executives in recent year focus not only on financial performance but more on other sustainability index called ESG (Economic, Social, and Governance) since it is convinced that integration of ESG into investment process maximizes long-term interest (sec.or.th). Also, good corporate governance and sustainability will contribute to the creation of long term value for shareholders. Therefore, social enterprise which also focuses on sustainability shall include ESG properties into the social mission to reflect the purpose and position of the firm.

In addition to organization's mission, value-based leadership and shared vision are proposed as internal factors influencing social enterprise performance. Resource-Based Theory emphasizes the importance of firm's internal capabilities to acquire and utilize both tangible and intangible resources in formulating strategy and facilitate the growth of the firm (Peteraf, 1993). Mahakunajirakul (2011), Escobar and Vredenburg (2010), and Gallagher and Andrew (2000) found that management system and the managerial capability (*value-based leadership*) are important factors in order to gain competitive advantages. Once mission statements are articulated, it is the role of the leader to examine how subjective, interpersonal, and political processes either facilitate



or inhibit the actualization of an organizational vision and mission as well as to engage organization members to agree and share the same goals. Particularly, leader who has individual-specific resources will be able to recognize new opportunities and assemble resource for the venture (Alvarez and Busenitz (2001)

Furthermore, the potential value of resource exchange and combination are better utilized when organization members have common goals and interest. A *shared vision* embodies the collective goals and aspirations of the member of the organization (Tsai and Ghoshal, 1998). The Social Capital Theory which refers to any aspect of social structure that creates value and facilitates the actions of the individuals within that social structure has supported this idea, Coleman (1988). Leana and Van Buren (1999) contended that social capital reflects "*the character of social relationships within the organization, realized through members' levels of collective goal orientation and shared trust*" has direct affect to a firm's performance. Nahapiet and Ghoshal (1998) have explained social capital into three dimensions namely structural dimension, relational dimension and cognitive dimension. While shared vision is considered cognitive dimension which refers to those resources providing shared representations, interpretations, and systems of meaning among parties (Cicourel, 1981); *relationship with external organizations* both intraindustry and extraindustry relationships is considered structural dimension. Ritter and Gemunden (2003) have defined the relationship with external organizations as capability of firms in creating, maintaining, making use of the relationship to acquire meaningful information related to industry and environment; as a result, organization expect to have more insights to develop comprehensive marketing strategy and better performance (Atuahene-Gima and Murray, 2004).

Recall the institutional environment contains a community's social and cultural norms which affects that the organization's structure and elements (Handelman and Arnold 1999). Contingency theory which states that "The best way to organize depends on the nature of the environment to which the organization must relate" also presents the similar idea regarding the impact of environment toward organization (W. R. Scott, 1987). The combination of these two theories emphasized that organizations must adapt

to their environment in order to survive, grow, and sustain. Bourgeois (1985) also contended that a match between environmental conditions, organization capabilities and resources is critical to firm's performance.

The environment here refers business environment in which the firm is facing including market turbulence, competitive intensity, change in customer demand and technological turbulence (Jaworski and Kohli, 1993; Miles and Snow, 1978). To survive and grow in the dynamic environment which can create opportunities and threats for individual firms (Duncan, 1971 and Lenz, 1980), this research proposes that firm needs to be *customer orientation* and be aware of *perceived environmental uncertainty*.

Customer orientation refers to *"degree to which the organization obtains and uses information to develop strategy which aims to meet customer needs, and implements that strategy by being responsive to customers' needs and wants"* Ruekert (1992). Webb et al. (2000) had found that customer orientation helps improve customer satisfaction and firm's performance in service industry. Dashpande et al. (1993) have also presented the positive correlation between business performance and customer orientation among Japanese firms. Moreover, Sheth et al. (2000)'s empirical study showed that customer-oriented firm tends to have lower variable cost. However, customer in social enterprise might be broader than normal firm since it involves various stakeholders; for example, customers, end users, funders, communities and society as a whole. Bull (2007) suggested that the essence is to integrate customer oriented marketing strategy to ask organizations, "To achieve our vision, do we really know our stakeholders and how do we appear to them?"

A match among environmental conditions and organizational capability and resources is critical to firm performance (Bourgeois, 1985). Milliken (1987) has defined perceived environment uncertainty as lack of information and inability to predict the future environment and consequences where the firm is in. It is emphasized that firm needs to adapt to environment forces to maintain organizational viability;

however, the effect of environmental uncertainty has not been empirically studied in social enterprise before.

Social enterprise is described by many researchers and practitioners such as Defourny (2001) and Social Enterprise Alliance by using two dimensions, namely social dimension and economic dimension; therefore, this study specifically examines the impacts of both internal and external factors upon the social and economic performances. While economic performance has been measured in various studies, social performance has been rarely examined (Mahakunajirakul, 2011). In this research, social performance refers to social enterprise's role covering social issues such as a better working environment (Dunphy, 2003) will be measured. Economic performance which is called marketing performance in this study includes sales and profit that firms what to achieve to be able to be financially sustain. Liu, Eng and Takeda (2013) study eight types of marketing capability which were considered as part of internal factors affecting social enterprise performance. However, the proposed internal and external factors have not been studied together in social enterprise context.

Therefore, the proposed antecedents influencing social enterprise performances consists of four internal factors; social mission, value-based leadership, shared vision, and customer orientation, and two external factors; relationship with external organizations and perceived environmental uncertainty. These six proposed factors use to analyze the impact toward the consequence which is social enterprise performances; both marketing and social performances.

All in all, this study is the first systematic approach to propose a comprehensive conceptual framework, using the empirical study of both external and internal factors affecting the success of social enterprise in the light of providing the useful guideline for business executives to better understand the factors influencing social enterprise performance. In addition, it will provide the firm with insights to formulate effective marketing strategy and resource utilization plan to enhance firm's performance and sustainability in the long run.

## 1.2 Research Questions

1. What are the external and internal factors affecting the success of social enterprise, in light of marketing and social performances?
2. How the marketing and the social performances explain the social enterprise performance?

## 1.3 Research Objectives

1. To develop a causal model of the success factors, both internal and external factors, affecting the social enterprise performance
2. To examine the impact of marketing and social performances upon the social enterprise performance

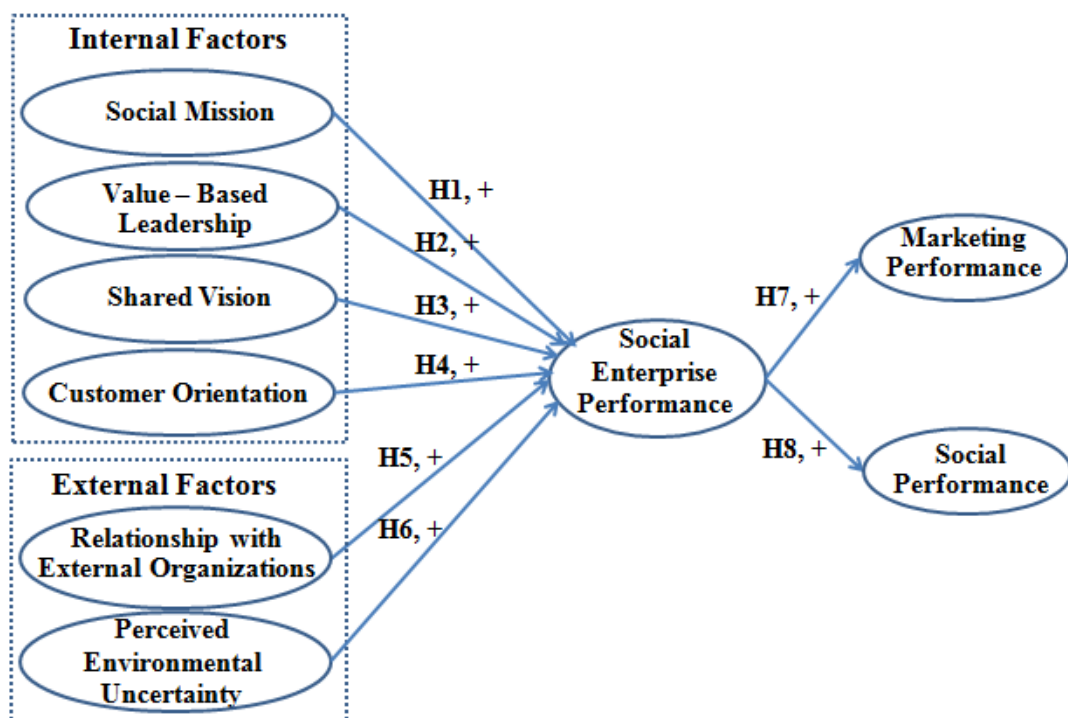
## 1.4 Framework of Study

This study develops systematic framework indicating the factors influencing the key success of social enterprise performance. There are three groups of constructs included: internal factors consisting of value-based leadership, shared vision, organization policy, and customer orientation; external factors consisting of relationship with external organizations and perceived environmental uncertainty; and social enterprise performance which further explained by social and marketing performance. The proposed model of social enterprise is shown in figure 1.1

The proposed model consists of seven measurement models (includes a second order construct) and one structural model. There are totally 24 observed variables for all eight constructs consisting of social mission, value-based leadership, shared vision, customer orientation, relationship with external environment, perceived environmental uncertainty, marketing performance and social performance. Furthermore, there are 8 relationships proposed in hypothesis testing and 3 error terms for endogenous latent

variables. Taken 24 observed variables multiply by two and add number of 8 relationships proposed in hypothesis testing and 3 error terms for endogenous latent variables, totally, there are 59 parameters.

**Figure 1.1**  
**The Proposed Model of Factors Affecting the Success of Social Enterprise on Marketing and Social Performances**



### 1.5 Operational Definitions

Since there are several technical terms presented in the proposed model above, this section provides the definitions of each term as follows:

1. **Social Enterprise** defines as the firm that has a clear and primary mission toward social and/or environmental improvement in which generating income its income through trade and service viabilities. In other word, it needs to be “profitable but not-for-profit” (TSEO.or.th).

2. **Social Mission** refers to firms' social reasons for existence. For example, creating equal opportunities among women, reducing poverty, improving environment (Schellohorn, 2001 and Chamnanlertkit, 2014).
3. **Value-based leadership** is leadership that has a moral basis, an intention to lead for the sake of others. It has intent and pays attention to aligning a community or an organization's values, mission and vision with its strategy, performance management, rewards, processes and systems. The key qualities for values-based leaders includes self-reflection, balance, self-confident, and humility (Frick et al., 2009; wordpress.com and Saylor.org)
4. **Shared vision** defines as a common mental model of the future state of the team or its tasks that provides the basis for action as a common mental model of the future state of the team or its tasks that provides the basis for action within the team (Pearce & Ensley, 2004).
5. **Relationship with External Organizations** refers to both intraindustry and extraindustry relationship. Intraindustry relationships are executives or members of the firm ties with knowledgeable people in social enterprise type of firm. Through such a relationship, firm gains more comprehensive knowledge of social enterprise strategic norms and more insights into the marketing and conditions of other firms. The diversified perspectives from others will enhance firm choices and strategies. Extraindustry relationship which refers to relationship with external organization such as government agencies, institution, etc will provide broader ranges of information about environment and strategy to social enterprise executives. (Atuahene-Gima and Murray, 2004).
6. **Perceived environment uncertainty** is defined as a firm's ability to perceive or have knowledge to exactly describe the existing state, a future outcome, or more than one possible outcome in the environment where the organization is. The environment here includes customer, competitor,

and/or technology sectors, a state of dynamism that organization faces (Grewal & Dharwadkar, 2001).

7. **Social enterprise performance** refers to social enterprises the actual output or results as measured against its intended outputs such as goals and objectives). The multiple dimensions to be measured include economic or marketing performance and social performance.
8. **Marketing performance** is defined as the performance of the firm in retaining and achieving target markets and clients while introducing its business to new customers. It includes both financial output such as profit sales revenue, sales growth, number of customer increase, etc. and non-financial output such as brand equity, market share and customer loyalty (Clark, 1999 and Piriyakul, 2011).
9. **Social performance** refers to “*the effective translation of an institution’s mission into practice in line with accepted social values*” (Social Performance Task Force (SPTF)). Specifically, an institution’s mission refers to social mission and corporate governance. This could include serving larger numbers of poor; improving the quality of lives of those people to some extents; and improving social responsibility of an organization. In addition to serving external customers, social enterprises indicate the appropriate behavior of managements and employees so they shall be well responsible for their own tasks with integrity and honesty.

## 1.6 Research Methodology

This part of the study presents the source of data and the methodology as the following

### 1.6.1 Source of Data

This study collected the primary data from two sources as the following

1. **Qualitative data** was derived from the interview five to ten experts in the social enterprise field in order to gain preliminary insights of those executives to develop and verify the questionnaires.
2. **Quantitative data** was obtained from the questionnaire interview. The name list of social enterprise to distribute the questionnaire was derived from Thai Social Enterprise Office (TSEO), under Prime Minister Office decree to formulate the measurement instrument.

The unit of analysis was the firm which was social enterprise in Thailand.

### 1.6.2 Methodology

- 1 **Target population:** The target population in this study was social enterprises in Thailand. The list was drawn from Thai Social Enterprise Office in which currently (2015) there were over 116,000 social enterprises (TSEO.or.th).
- 2 **Sampling and sample size:** According to Hair et al. (2003) the suggested the sample size should be at in the range of 150-400. Later, in 2006, Hair et al. suggested that a ratio of respondent to parameter of 5 to 1 was the minimum to be acceptable. Thus, this proposed model has 59 estimated parameters. Applying a ratio of 5 to 1, the researcher aimed to collect the minimum  $59 \times 5 = 295$  observations.

This study used simple random sampling technique as a sampling method. The researcher expected that the return rate would be 20% therefore 1,475 samples of social enterprise were selected.



- 3 Data collection method:** The questionnaire package including a cover letter, a souvenir, and a self-addressed stamped envelope was sent to 1,475 selected samples in July 2015. The telephone follow up was made in November 2015. In sum, the data were collected through mail survey and telephone follows up from August to December 2015.
- 4 Research instrument:** The questionnaire was divided into five main parts consisting of (1) respondent information, (2) social enterprise information, (3) proposed antecedents toward social enterprise performance, (4) social enterprise performance which further explained to social and marketing performance and lastly (5) the respondent perception toward social enterprise.
- 5 Research instrument quality assessment and data analysis:** This study employed structure equation modeling (SEM - PLS) to analyze a conceptual model regarding social enterprise. The preliminary data analysis included normality test of data and descriptive statistics. The measurement model was then assessed by analyzing construct reliability and validity. After that, the structural model was tested their statistical significance levels. In addition, the strength and direction of relationships was analyzed by examining path coefficients. The SPSS and WarpPLS statistical packages were employed to analyze the data.

### **1.7 Scope of the Study**

This study employed structural equation modeling (SEM - PLS) to test, and analyze the proposed model. The unit of analysis was firm or social enterprise in Thailand which represented by the executives who were also policy maker of their organizations. The sampling frame was drawn from Thai Social Enterprise Office (TSEO) as it was the most extensive database that provides sampling which were

qualified and confirmed to be a social enterprise. Data were collected through mail survey questionnaire and telephone followed up.

This study is divided into five chapters in which chapter one discussed the proposed model, the source of data as well as its research methodology, rationale, research questions and objectives, and the proposed conceptual framework.

Chapter 2 reviews social enterprise definition, construct, theories and literature related to this study. The hypothesis development was then proposed from previous literatures and theories integration. Chapter 3 explained the research methodology in detail including targeted population, sample size, sampling method, measurement and questionnaire development, data collection and data analysis technique.

Chapter 4 analyzes the data and provides descriptive statistics, measurement of reliability and validity, and assessment of structural model. Then, the analysis is presented. Finally, Chapter 5 includes the conclusions, discussions, theoretical and managerial contributions. Further, the limitations of the study and future research are reported.

### **1.8 Summary**

The chapter presents the holistic view of this research “the empirical study of factors affecting the success of social enterprise on marketing and social performances”. While there has been rising importance of social enterprise, the limited number of research of on social enterprise under marketing discipline, the shortage of comprehensive predictive model on social enterprise, and the lack of focus on customer orientation in social enterprise context. As a result, this research proposed the empirical research to examine the factors influencing key success of social enterprise performance and to investigate the social enterprise performance in association with marketing performance and social performance.

The rationale of the study was first deliberated, then, research questions and objectives were proposed together with the framework and scope of this study. The operational definition was defined for the constructs in the proposed model. The methodology for data collection, preliminary analysis, measurement and structural model assessment were discussed. Since this study is the first empirical research conducted in Thailand to examine SE performance, this research has not only demonstrated beneficial for practitioners but also extend the frontier of academic knowledge.



## Chapter 2

### Literature Review

This chapter divided into four main parts. The first part presents previous literature on social enterprise, its definition and scope, antecedents, and consequences. The second part discusses theories in relative to social enterprise and its performance including institutional theory, resource-based view theory, social capital theory and contingency theory. The third part proposes hypothesis developed from previous empirical studies and theoretical foundations. Lastly, the fourth part presents the proposed model of social enterprise.

#### 2.1 Social Enterprise

Social enterprise has a longer history in a private sector than a public one (Alter, 2007). It emerged and evolved in many forms starting from a cooperation in the UK during mid-1800s, to a nonprofit sector in the US in 1960s, and to micro-finance organization in developing world in 1970s (Alter, 2007).

The economic entity so called the third sector, that belongs neither to private sector nor to the public sector and of which social enterprise and co-operatives were included, has been widely studied by scientists throughout 20th century (Defourny, 2001); the topic received scholars' interest over decades (The Institution for Entrepreneur, 2008). Although not much evidence support the rising number of social enterprise, the term is being widely used among scholars, policy makers, as well as those in community sectors (Nicholls and Young, 2008; Hill et al., 2010; Parkinson and Howorth, 2008).

The distinction of third sector as an entity that is neither focusing on making profit nor belongs to a public sector has not emerged until the mid-70s (J. Defourny, 2001); one of the reasons is the economic downturn in the 70s and 80s. The word “social

enterprise” emerged in the USA in the 80s (Levitt, 1973). Economic crisis in the US during the period, for example, caused substantial cutback on nonprofit funding by the government. Such reduction brought about the rise of social enterprise as a means to generate revenue from commercial activities (Crimmins & Keil, 1983; Eikenberry & Kluver, 2004; Kerlin, 2006). Salamon (1993) mentioned that, between 1977 and 1989, fees and other commercial means accounted for nearly 40% growth of social service entity revenue.

In Europe, the trend of social enterprise did not take place until late 1970 to 1990 when several EU countries encountered economic slowdown, budget constraint as well as increased unemployment rates from 3% or 4% to 10% during 1980s and 90s (Kerlin, 2006). It was firstly introduced in Italy in 1980s to address the unmet need to some groups of individual excluded from the labor market and later applied in European level in mid 1990s (Defourny & Nyssens, 2008). The meaning of Social Enterprise varies depending on people, culture, context, and points in time (Kerlin, 2006).

The concepts of social enterprise differ between US and Europe; the concept of social enterprise in the US is broader and more vague when compare with that in Europe (Kerlin, 2006). On the one hand, in the US, social enterprise refers to the deployment of market-related activities to serve social objective (Defourny & Nyssens, 2006). Dee (1998) for example defines social enterprise as an innovative way to tackle reduction in funding from private donors, government, etc. On the other hand, in Europe, social enterprise is considered as a collective movement within the third sector in response to the unmet social need by public sector (Defourny & Nyssens, 2008; Borzaga & Santuari 2001). Moreover, although the social enterprise in Europe took place around the same time as in the USA, how they were created is different. The European social enterprise was originated based on cooperative tradition eg. Beechwood College in UK in 1970s (Spreckley, 1981; Defourny & Nyssens, 2008); while, that in the US often came from employing market approach to address social problems and from individualistic approach rather than collectivism (Kerlin, 2006; Kickul et al., 2011).

Despite the term being newly created, social enterprise is rather an evolution of non-profit, co-operation and general commercial business than a new form of organization (Defourny and Nyssens, 2008); in other words it is the arrangement of existing phenomena under the hegemonic discourse of the third way (Amin, 2005). Thus far, the attempt of social enterprise have borne its fruits in many area in the sense that such social enterprises as Minnesota Diversified Industries ([mdi.org](http://mdi.org)), Pioneer Human Services ([pioneerhumanserv.com](http://pioneerhumanserv.com)), Grameen Bank ([grameen-info.org](http://grameen-info.org)) are self-sustainable through revenue earn with small grant and support from the government

Thus, the social enterprise can be viewed as a third way or hybrid form of activity, existing between non-profit agencies and charities and for-profit firms (Dee, 2001; Dart, 2004; Dunn & Riley, 2004). Although the social enterprise may generate excess earnings, these earnings are typically reinvested in the social activity in focus rather than distributed to owners or shareholders (Department of Trade and Industry, 2002).

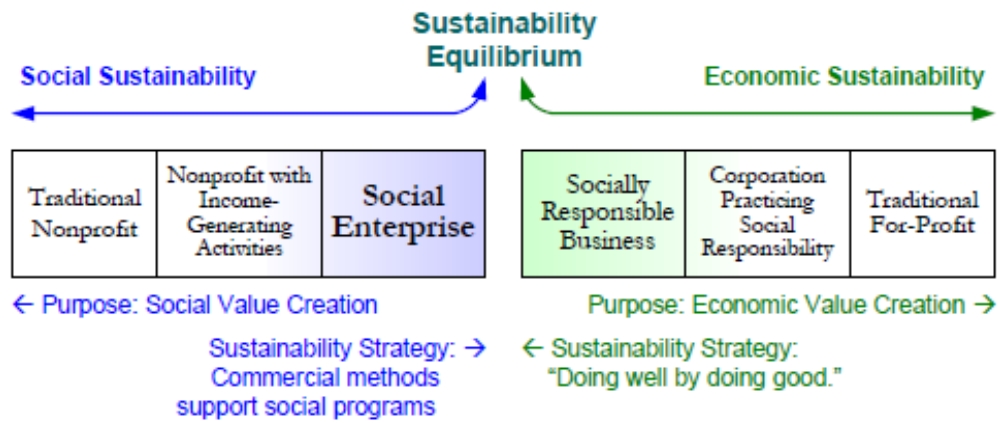
### **2.1.1 Definition and Scope of Social Enterprise**

The definition of social enterprise is varied depending on school of thoughts as well as geography. For instance, there are two schools of thought attempting to define the meaning of social enterprise: one defines social enterprise as social entrepreneurship, the use of innovative approach by individual to address the unmet social needs; the other defines social enterprise as a collective movement within the third sector (Nyssens, 2006). In addition, the concept of social enterprise varies across geographical area; for example, the US social enterprise operates in market economy thus it can be anywhere between for-profit entities to non-profit; whereas, the EU social enterprise is considered as a part of social economy limited to the forms of cooperatives, mutual organizations, associations, and foundations (Kerlin, 2006; OECD, 2003). As such, social enterprise in Europe, as opposed to the U.S., may involve redistribution of profits to cooperative members.

Nonetheless, most authors agreed that the key distinguishing feature of a social enterprise is their social aims and social ownership are combined with trading viability (Business Strategy Review, London Business School, 2004; Peattie and Morley, 2008), they also stated that social goal and trading focus are two distinct characteristics of social enterprise (Peattie & Morley., 2008). The trading focus makes social enterprise differs from a traditional nonprofit sector, mainly driven by a dependency model (Netting, 2011); social enterprises need to maximize its assets not only to serve community's interest but also to sustain long-term financial viability (Low, 2006). Thomson (2006) identified seven characteristics as criteria to select cases used in his research on social enterprise. First and most importantly, the organization have a clear and explicit social purpose and aim for social value creation. Second, the asset and wealth are deployed for community benefit. Third, they trade in market place. Fifth, profits generated from trade are not to be shared with shareholders. Sixth, members of social enterprise are eligible to involve in some decision making roles as well as accountable for both community and members. Lastly, the success or performance of social enterprise is measured by healthy social and financial return.

Later, the focus of social enterprise goes beyond social goal and commercial viability by adding the concept of sustainability, both social and economic sustainability. For example, TSEO has posted a criterion of employing The Philosophy of Sufficiency Economy in one of social enterprise characteristics in order to ensure self-sufficiency as well as sustainability. Therefore, social enterprise could be considered as hybrid organization with the aim for dual value creation in order to reach sustainability equilibrium as show in figure 2.1. Also, the table 2.1 summarized the definition of social enterprise with different focuses.

**Figure 2.1**  
**Social Enterprise Sustainability Equilibrium (Alter, 2007)**



**Table 2.1**  
**Definition of Social Enterprise**

Source	Definition	Focus
Social Enterprise Alliance	“An organization or venture (within an organization) that <b><u>advances a social mission through market-based strategies</u></b> . These strategies include receiving earned income in direct exchange for a product, service or privilege.”	Market-based approach and social goal
Grenier, 2003	Social Enterprise is an innovative approach in which individuals uses <b><u>commercial activities to address social needs</u></b>	Market-based approach and social goal
Social Enterprise UK, 2011	SE is an organization that <b><u>applies commercial strategies to maximize improvements in human and environmental well-being</u></b> , rather than maximizing profits for external shareholders	Market-based approach and social goal



**Table 2.1 (Continued)**  
**Definition of Social Enterprise**

<b>Source</b>	<b>Definition</b>	<b>Focus</b>
Strothotte & Wüstenhagen, 2005	Social Enterprises are companies which are founded with a mission to <b><u>bring about change in a specific socially oriented way</u></b> rather than to provide “an economic return on investment”	Social goal
Department of Trade and Industry, 2002	“Social enterprise” as: “Business(es) with <b><u>primarily social objectives</u></b> whose surpluses are primarily reinvested for that purpose in the business or in community”	Market-based approach and social goal
Public services (SE and Social Value) Bill, 2010	“A social enterprise as being a business, the activities of which are being carried on <b><u>primarily for a purpose that promotes or improves the social or environmental well-being of the United Kingdom</u></b> ”	Market-based approach and social goal
Social Enterprise Reporter, 2015	Social Enterprise is “any nonprofit-owned <b><u>revenue-generating venture created for the purpose of contributing to a social cause</u></b> while operating with the discipline, innovation and determination of a for-profit business.”	Market-based approach and social goal
Fowler, 2000	SE is defined as the “ <b><u>creation of viable socioeconomic structures, relations, institutions, organizations, and practices the yield and sustain social benefit</u></b> ”.	Market-based approach, social goal, sustainability
Thai Social Enterprise Office, 2011	Social enterprise aims to <b><u>solve social or environmental problem by effectively using market-based approach</u></b> and through services provided. Various innovative solutions are deployed to tackle existing and future social and environmental issues and <b><u>ensure organization’s self-sufficiency for country’s sustainable development...</u></b> ”	Market-based approach, social goal, and sustainability

**Table 2.1 (Continued)**  
**Definition of Social Enterprise**

Source	Definition	Focus
EMES Research Network	Social Enterprise is entities explicitly aiming to <b>benefit the community</b> , created by citizenry and in which limited return to capital investors is limited.	Market-based approach and social goal
Chell, 2007; Dees, 1998	Social Enterprises <b>aim to create social value</b> rather than personal wealth for the leader	Social goal
Social Enterprise Coalition (SEC)	<i>“Businesses that trade in the market with a social purpose. They use <b>business tools and techniques to achieve social aims</b> and include an incredibly wide range of organizations, for example, co-operatives, development trusts, community enterprises, housing associations, social firms, and leisure trusts.”</i>	Market-based approach, social goal, and sustainability

In accordance with the definition from TSEO together with the market-based approach, social goals, and sustainability focused, this study defines social enterprise as a firm that has a clear and primary mission toward social and/or environmental improvement, not maximizing profit for stakeholders, in which its revenue is generated through trade and service viabilities. In other word, it needs to be “profitable but not-for-profit per se” and has characteristics including 1) having clear objective toward social and environmental enhancement, not profit maximization 2) generating revenue via trade and service activities 3) being social and environmental friendly 4) reinvesting excessive earning in its social objectives and 5) operating transparently (TSEO.or.th).

In Thailand, the outcome of the economic development and the expansion without preparedness for society and environment has become problems in modern Thai society which is more complex than in the past. In recent years, social enterprise has been gaining interest from both private and public sectors as an alternative approach to solve social or environmental problems. Many royal projects in Thailand have long been applying the social enterprise concept into their strategies to order for expanding

and sustaining their operations before the social enterprise concept itself has become widespread in Thailand. For example, the late Her Royal Highness Princess Srinagarindra, mother of the present King of Thailand, founded the Mae Fah Luang Foundation in 1972. It became one of the oldest and the biggest social enterprises in Thailand, and successfully tackled several social problems such as deforestation, opium cultivation, and human trafficking by solving the root cause of poverty and lack of opportunity of local people in the northern Thailand.

To respond to the worldwide trend of social enterprise, the Thai Social Enterprise Office (TSEO) was established in 2010 by Thai government to facilitate the growth of Thai social enterprises, develop their networks in Thailand, and stimulate cooperation among them. The Social Enterprises Master Plan 2010-2014 was approved and the Social Enterprise Promotion Commission was appointed as a mechanism to promote social enterprise in Thailand. Presently, there are about 116,000 Thai social enterprises registered at TSEO. The criteria for them to be eligible are 1) having clear objective toward social and environmental enhancement, not profit maximization 2) generating revenue via trade and service activities 3) being social and environmental friendly 4) reinvesting excessive earning in its social objectives and 5) operating transparently (TSEO.or.th) .

Social enterprises in Thailand have been supported and growing faster in recent years. However, they still in an early stage and encounter some obstacles and challenges that deter their performances. Thai social enterprises sometimes struggle to find financial support after the set up. Even though start-ups and an early stage social enterprises can get some funding from government agencies or from some corporate firms but after that they need to find financial support on their own.

One of the biggest obstacles for Thai social enterprises to sell their products is that it is difficult to find them markets, gain customer insights, and convince consumers to buy products from them. This is due to the lack of knowledge of most Thai consumers regarding social enterprise. However, the lack of true understanding of what a social enterprise is and why they need to buy their products remain. In other words, it is

necessary for social enterprise to communicate to customer to raise the understanding of social value that consumers can get when they buy products social enterprises.

Furthermore, most social enterprises cannot succeed in isolation. Each social enterprise faces distinct challenges. To sustain their social works, they need to build their own network with other social enterprises and partners with a private sector in order to obtain collaboration and secure some fundings. The commitment and continuity of one or two individuals to lead and coordinate the social enterprise is also important to sustain the growth of social enterprises. Leaders of social enterprises need to be able to work among all partners from understanding the business aspects to building collaboration at the community level, obtaining support from government, and educating consumers about their social objectives in exchange of consumers patronizing their products.

The section below discusses theories related to social enterprise and its performance including institutional theory, resource-based view theory, social capital theory and contingency theory.

### **2.2.2 Previous Studies**

The review of this literature showed that, in general, there was a limited number of studies about the success or failure of the social enterprise. Instead, studies tended to focus on origins, practices, social mission and social capital structure and building of these organizations. Relatively few negative studies of social enterprise could be found, although some (such as the case study conducted by Dey (2007)) demonstrated some of the organizational and practical difficulties of social enterprise. This suggests there is a gap in the literature surrounding social enterprises and marketing success.

There were also problems with a shared definition of the social enterprise and the characteristics of success. For example, while most studies reviewed did use a definition of social enterprise as including a social mission and shared ideal, whether

or not there was a customer orientation involved in the definition varied widely. Another aspect of the definition that varied was whether the social enterprise was meant to provide social services or consumer services. In part, this is a cultural difference; for example, a comparison of US and European social enterprise models showed that while in the US social enterprises were more likely to be religious in nature and oriented toward social services, in Europe social enterprises were likely to be arranged around Fair Trade or other social consumption concerns and were less likely to be religious in nature. J. Defourny and M Nyssens (2010) can be contrasted to the situation in developing countries, where providing for consumer needs in the absence of large companies willing to build markets in the bottom of the pyramid (BOP) is considered a social service (Sridharan & Viswanathan, 2008).

In summary, although there are a lot of studies on social enterprise, the actual knowledge about their success or failure conditions is limited. Studies tend to be small-scale case studies or qualitative interviews, or alternatively the viewpoints of a single social entrepreneur. Studies also tend to focus more on the social mission of the social enterprise than its consumer orientation or marketing success. There are cultural differences in social enterprises that are also largely unexplored.

Table 2.2 summarizes the studies reviewed in order to identify key success factors in social enterprise. These studies show certain characteristics of the body of literature about social enterprises and marketing and commercial success. One of the characteristics is that these studies tend to be small-scale and exploratory, with almost all studies using qualitative interview based or case study designs including only a few enterprises. This means that the results are difficult to generalize and cannot be easily applied to another situation, which reduces their usefulness in predicting outcomes of a different social enterprise (Creswell, 2014). However, the studies do provide a lot of detail and information about the cases, tending to focus on multiple aspects of their success rather than a single success. A lot of other studies were mainly interviews or analytical works written from the perspective of a single social enterprise specialist.

Table 2.2

## Summary of Studies Related to Key Success Factors in Social Enterprise

Sources	Objectives	Factors Investigated	Methodology	Results
Murdoch (2014)	Comparing effective leadership in non-profits and social enterprises	Values-based leadership Voluntarism Religious ethics	Comparative case study of Salvation Army and Emmaus	Value-based leadership was a key success factor for both of these sectors, social enterprise and non-profit organization, in both countries.
Sonnino & Griggs-Trevarthen (2013)	Describing the success factors and outcomes of community food enterprises	Shared vision Social mission Relationships with external organizations Organizational isolation Social capital	Multi-case study of five community food enterprises in the UK	The organizations benefited from a shared vision and social mission, which enabled them to build social capital within their communities. These allowed them to draw on to increase their effectiveness. Therefore, the authors stated having a joint organization or other body would help improve organizations' outcomes.
Von der Weppen and Cochrane (2012)	Examining success factors in sustainable tourism	Values-based leadership Shared vision Social mission Customer orientation Market structure	Multi-case study of tourism social enterprises	Values-based leadership and shared vision were significant success factors. However, the social mission of the organization had to be balanced against customer and market orientation in order to make sure the organization actually had a market and could be commercially successful.

**Table 2.2 (continued)****Summary of Studies Related to Key Success Factors in Social Enterprise**

<b>Sources</b>	<b>Objectives</b>	<b>Factors Investigated</b>	<b>Methodology</b>	<b>Results</b>
Mazzarol, Limnios, & Reboud (2012)	Studying cooperative enterprises and inter-relationships	Relationships with external partners Perceived environmental uncertainty Cooperative networks Network resources	Multi-case study from Australia and France	Relationships in cooperative networks of social enterprises were critical factors in helping individual enterprises manage perceived environmental uncertainty. Organizations could pool resources and develop strategies to reduce external impact of these risks.
Kantabutra (2011)	Studying sustainable leadership in healthcare settings	Values-based leadership Organizational ethics Shared vision Social mission	Case study of a Thai social enterprise (public healthcare provider)	Values-based leadership was essential for this organization, but was not being implemented fully. More emphasis on ethical, sustainable leadership and shared vision was needed.
(Chew, 2010)	Studying strategic positions of social enterprise subsidiaries of established charities	Customer orientation Relationships with external organizations Relationship with parent organization Perceived environmental uncertainty Strategic outcomes	Multi-case study	Social enterprises were routinely spun off by charities to provide a more customer orientated commercial enterprise. However, these organizations were often not as strategically strong as parent companies, having reduced external relationships and being subjected to higher environmental uncertainty.

**Table 2.2 (continued)****Summary of Studies Related to Key Success Factors in Social Enterprise**

<b>Sources</b>	<b>Objectives</b>	<b>Factors Investigated</b>	<b>Methodology</b>	<b>Results</b>
Campbell-Hunt, Freeman and Dickson (2010)	Explaining the role of social enterprise in community development	Values-based leadership Shared vision Social mission Governance Relationships with external organizations	Multi-case study of New Zealand wildlife sanctuaries	The five factors examined in this study were shown to lead to increase in community development surrounding the wildlife sanctuaries and development of social capital within the community.
Coburn and Rijdsdijk (2010)	Studying success factors for social enterprise in Scotland	Social mission Customer orientation Financial management Efficiency management Perceived environmental uncertainty	Multi-case study	Success as a social enterprise was determined by being able to balance the social mission of the organization and customer needs. Customer orientation, along with improved revenue and cash management and improved efficiency, was a strategy adopted based on environmental uncertainty.
Sridharan & Viswanathan (2008)	Studying marketing by social enterprises to bottom of pyramid (BOP) consumers	Social mission Customer orientation Customer-entrepreneur relationships Customer limitations Marketplace structure	Case study of South Indian social enterprises	The relationship between the social enterprise and its customers was close and personal. Only products selected with customers in mind could succeed in the market. Customers had strict limitations on what they could or would purchase, and the firm could not take advantage of its customers.



Table 2.2 (continued)

## Summary of Studies Related to Key Success Factors in Social Enterprise

Sources	Objectives	Factors Investigated	Methodology	Results
Dey (2007)	Studying organizational change in social enterprise	Value-based leadership Shared vision Social mission Customer orientation Perceived environmental uncertainty System design	Case study of Traidcraft plc.	The author described an attempted introduction of social accounting. The organization had values-based leadership, shared vision, and social mission in place. The introduction failed, due to poor design. The company was forced into a customer orientation in order to deal with environmental risk.
Gliedt and Parker (2007)	Studying establishment of social enterprise in Canada	Social mission Alignment to social needs Relationships with external partners Perceived environmental uncertainty Lack of for-profit competition	Small qualitative study of energy auditors in Canada	The establishment of the social enterprises was driven by a loss of external support and environmental uncertainty. The firms succeeded based on their alignment to social needs and their strategic relationships with external organizations, including energy firms and other auditors.

**Table 2.2 (continued)****Summary of Studies Related to Key Success Factors in Social Enterprise**

<b>Sources</b>	<b>Objectives</b>	<b>Factors Investigated</b>	<b>Methodology</b>	<b>Results</b>
Mosek & Gillin (2007)	Studying the relationship between a social enterprise and a donor	Shared vision Social mission Relationships with external partners Trust between enterprise and donors	Case study of a non-profit social enterprise	The initial relationship between the donor (external partner) and the enterprise was based on shared vision and social mission. Over time, trust developed and the donor became a source of business, other advice, and funding. This allowed the social enterprise to draw on external resources to help it succeed commercially as well as socially.
Kay (2006)	Defining a model of social capital	Shared vision Social mission Social capital	Qualitative interviews	Having a shared, ideals-based vision was one of the factors that allowed the social enterprise leader to lead effectively.
Luke and Verreynne (2006)	Examining the role of government in entrepreneurial and economic development.	Shared vision Social mission	Case study of New Zealand MetService (state-owned social enterprise)	A shared vision and mission enabled the organization's members to work toward the vision.
Mancino & Thomas (2005)	Describing the Italian social cooperative	Shared vision Social mission Relationships with external partners	Qualitative study	The Italian social cooperative is based on a membership body with a shared vision and social mission. If the basis of the social cooperative is strong, it will receive support from government.

**Table 2.2 (continued)****Summary of Studies Related to Key Success Factors in Social Enterprise**

<b>Sources</b>	<b>Objectives</b>	<b>Factors Investigated</b>	<b>Methodology</b>	<b>Results</b>
Austin (2000)	Examining the relationship between non-profits and business	Relationships with external organizations	Multi-case study	The authors found that non-profits and social enterprise could use external collaborations with businesses strategically to achieve goals such as capacity building and value creation.

**2.2 Related Theories**

Four related theories discussed in this section including institutional theory, resource-based view theory, social capital theory, and contingency theory are applied as a framework of this study.

**2.2.1 Institutional Theory**

The traditional organization theories have view the organization as rational exchange system to meet short-term demand and constrained by limited resource. For example, its goals are to maximizing return of investment for shareholder, providing customer with quality product and pay supplier on time. Although, this is not wrong, it considered short term and incomplete especially when it neglects social dimension (Handelman and Arnold, 1999). Since the ultimate goal of social enterprise is adopting a mission to create and sustain social value not maximizing shareholder benefit, Dart 2004 employed the institutional theory as a framework to explain social enterprise in a perspective that integrating wide sociological understanding rather than focusing on rationalist and economics-based theorizing of social enterprise.

Institutions are defined as “*multifaceted, durable social structures, made up of symbolic elements, social activities and material resources*” (W. R. Scott, 2008). The key insight of institutional theory is the acknowledgement of the institutional environment (Handelman and Arnold, 1999); therefore, it concerns how to promote survival and legitimacy of organizations. By doing so, organization should conform to the rules and norms of the institutional environment rather than focusing solely on efficiency-seeking behavior (Meyer & Rowan, 1991; Roy, 1997; Scott, 2008). In addition to having a similar ground to other organizations which are the products of rational and institution elements; social enterprises’ central reason of being existence is involving social mission in which their values and cultural norms are built around maximizing social benefits (Mason et al., 2006). With the unique aim and characteristic, institutional theory has been employed to explain the complexities of the organization and management of social enterprise; for example, how the value and norm control organization’s behavior and activity to comply with its social mission (Mair and Marti, 2004; Mason et. al, 2006). Moreover, Handelman and Arnold (1999) applied institutional theory as a one theoretical lens integrating noneconomic and economic-oriented marketing actions and found that when organization became institutional actions; containing community’s social and cultural norms, it reflected full integration of noneconomic criteria in its strategic decision making and provided the organization with umbrella to guide the range of organization’s activities.

### **2.2.2 Resource-Based View Theory (RBV)**

Resource-Based View Theory takes the perspective that valuable, costly-to-copy firm resources and capabilities provide the key sources of sustainable competitive advantage to the firm (Hart, 1995). The theory has been extensively applied variously in both marketing literature and management literature; yet, they shared the same assumption in which “*resources and capabilities can be heterogeneously distributed across competing firms, that these differences can be long lasting, and that they can help explain why some firms consistently outperform other firms*” (Barney, 1991). Firm resources has been defined by Daft (1983) as all assets, capabilities, organization processes, firm attributes, information, knowledge, etc. controlled by a

firm that enable a firm to conceive of and implement strategies that improve its efficiency and effectiveness. Resources are categorized into tangible and intangible resources; tangible resource includes financial assets and physical assets (Grant, 1991). Intangible includes intellectual property assets (Hall, 1992), organizational assets (Barney, 1991; Fernandez et al., 2000), and reputational assets (Roberts and Dowling, 2002). Helfat and Petteraf (2003) refer firm's capability as "*the ability of an organization to perform a coordinated set of tasks, utilizing organizational resources, for the purpose of achieving a particular end result*".

The Resource-Based View is not only employed to explain the factors impacting the firm's competitive advantage, but also firm performance (Penrose 1959; Andrew 1971; Drerickx and Cool 1980; Barney 1991; Peteraf 1993; Mahakunajirakul 2011). The studies by Penrose's (1959) and Wernerfelt's (1984) are considered the very influential forces. Penrose's work provides a comprehensive explanation regarding the linkage between resource-based relatedness and firm level performance (Kor and Mahoney, 2004). It posits that drivers of rate and growth of the firm is mainly due to the effective management and exploring available resources by management. Wernerfelt's work looked at firm in term of its resource endowment and analyzes firm's relationship between resources and profitability as well as the ways firm's resource position is managed overtime. His study brought strategy scholars back toward resources as important antecedents to products and, ultimately, to firm performance (Priem and Butler, 2001; Mahoney and Pandian, 1992).

However, not all firms' resources hold the same and potential of sustainable competitive advantage which leading to higher firm performance, Barney (1991) has also suggested four attributes of resource to have this potential including valuable, rare, inimitable and non-substitutable. Various studies have shown that those resources that are intangible in nature have more significantly impact on firm success tangible resource (Collis, 1994; Day, 1994; Teece et al., 1997). For example, Galbreath (2005)'s study examined the relative contribution levels of various resources on firm success of manufacturing and services firms operating in Australia, showed that

organizational assets, such as culture, human resource, management policies and corporate structure can significantly impact on a firm's success. Specifically, human is considered the more important and a valuable resource to improve performance since it has a strong barrier to duplicate (Barney, 1991; Backer and Gerhart, 1996, Hitt, 2000; Wright et al., 2001). Fitz-enz (2000) contended that people, not cash, buildings or equipment, are the critical differentiators and the key to business success. Vorhies and Morgan (2005) also found that several researchers have adopted a resource-based perspective to address the contribution of leadership to business value (value-based leadership). For example, Wernerfelt (1984) stated that the leaders who have high experience curve and execute correctly would help the firm to move forward faster with the lower cost. However, the resource-based view does not limit the capability of leader to only utilize resources and foresee opportunity, it includes organization process and knowledge in which needed to learn and share collectively and explicitly to be able to achieve common objectives and gain a competitive advantage (Barney, 1991; Spenver 1999).

In summary, the Resource-based view theory provides empirical studies indicating linkage between firm's capabilities and its performance. Therefore, it can be said that social enterprise which has value-based leadership will gain competitive advantage which leads to higher performance.

### **2.2.3 Contingency Theory**

External interactive forces of rapid technological advances, increase globalization, market upheavals, and aggressive and risky competitive strategies have created unprecedented levels of uncertainty for organization (Sanchez, 1997). Understanding the factors that shape how organizations respond to environment uncertainty is critical as it ultimately affects firm's survival and performance (Fredericks, 2005). Contingency theory emphasizes the significance of the situational influence on strategic management and the performance of the firm (Venkatraman, 1989) since relationships among organizational characteristic are contingent or dependent upon the wider environment in which it is set. Even though the

“environmental uncertainty” is considered perceptual phenomenon (called perceived environment uncertainty in this study), the most commonly cited definitions are

- 1 An inability to assign probabilities as to the likelihood of future events (Duncan, 1972; Pennings, 1981; Pennings & Tripathi, 1978; Pfeffer & Salancik, 1978);
- 2 A lack of information about cause-effect relationships (Duncan, 1972; Lawrence & Lorsch, 1967);
- 3 An inability to predict accurately what the outcomes of a decision might be (Downey & Slocum, 1975; Duncan, 1972; Hickson, Hinings, Lee, Schneck, & Pennings, 1971; Schmidt & Cummings, 1976)

Several studies have applied Contingency Theory to the organization, for example; Aldrich (1979)’s study applied Contingency Theory to firm’s decision making strategy and Van and Miller (1980) conducted empirical study to investigate the impacts of environmental factors on the design of production planning and control system.

Hence, Contingency theory and the Resource-based view perspective were utilized to enhance our knowledge of firm’s internal capability and emphasize the importance of external factors toward organizational performance (Fredericks, 2004).

#### **2.2.4 Social Capital Theory**

The concept of Social Capital has gain significant attention since late 1990, however; there is no single concrete definition of Social Capital (Lisakka and Alanen, 2006). Many researchers have defined various definition of Social capital, for example; Bourdieu (1985) defined the concept of Social Capital as “*the aggregate of the actual or potential resources which are linked to possession of a durable network of more or less institutionalized relationships of mutual acquaintance or recognition*”. Woolcock and Narayan (2000) had summarized the idea of social capital as “*the norms*

*and networks that enable people to act collectively*". Nahapiet and Ghoshal (1998) defined Social Capital as *"the sum of the actual and potential resources embedded within, available through, and derived from the network of relationships possessed by an individual or social unit"* as well as identify three dimensions of social capital as follows:

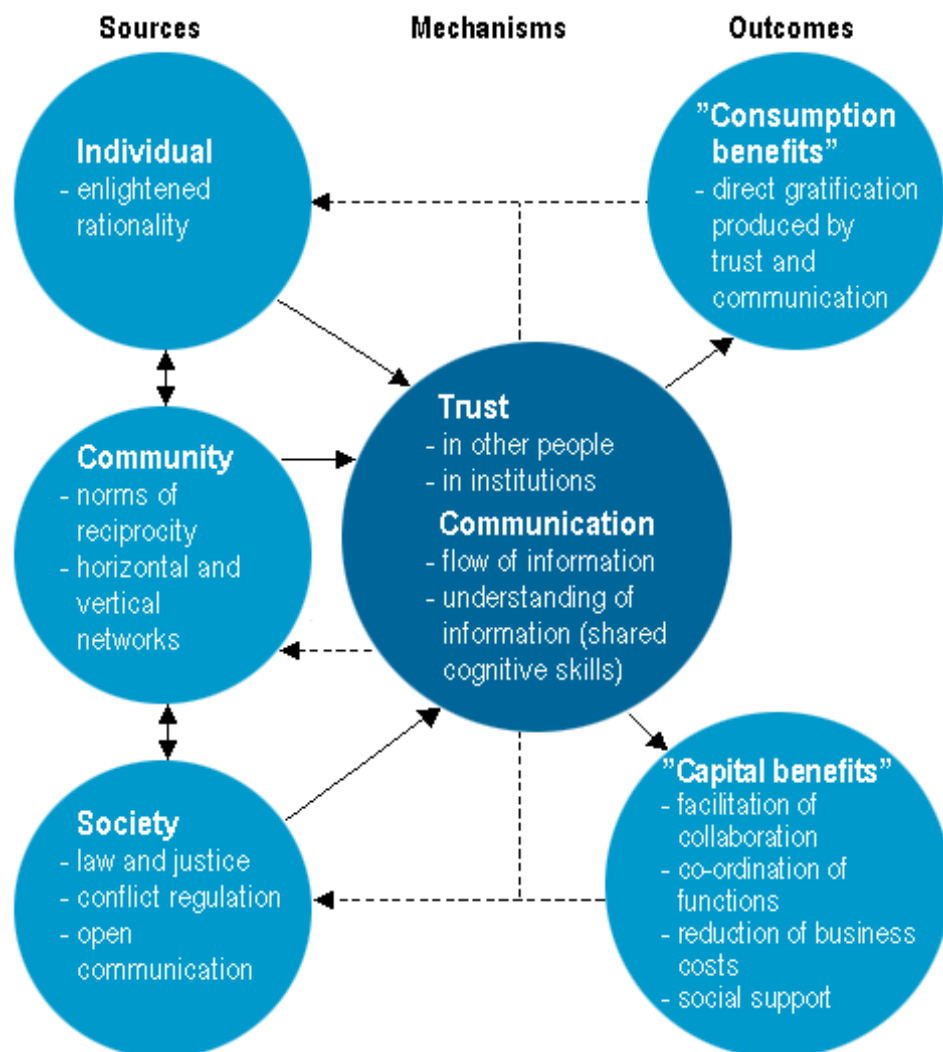
- 1 The structural dimension refers to the overall pattern of connections between actors. Rostila (2010) referred this dimension to social networks (defined as relationship with external organizations in this study) which includes formal and informal contacts in both closed and open network structures.
- 2 The relational dimension refer to those assets created and leveraged through relationships, and parallel to what Lindenberg (1996) described as behavioral, as opposed to structural, embeddedness and what Hakansson and Snehota (1995) referred to as "actor bonds."
- 3 The cognitive dimension refers to those resources providing shared representations, interpretations, and systems of meaning among parties (Cicourel, 1973). Hoe (2007) has defined this dimension as shared vision.

Ruuskanen (2001) considered sources of social capital separately at three different levels, i.e. the individual, community and society. Halpern (2005) also classified sources of capital in similar manner (Iisakka and Alanen, 2006). As illustrate in the figure 2.2; trust and communication are mechanism to facilitate flow of communication for the source to reach the outcome which can be both consumption and capital benefits, leading to firm competitive advantage and better performance. The study by Tsai and Ghoshal (1998) contended that social capital support firm's value creation. Their study found that all three dimensions of social capital namely social interaction, trustworthiness and shared vision have significant effect, both direct and indirect, on resource exchange and combination. Resource exchange and combination directly associated with value creation such as product innovations. Therefore, this



study investigates shared vision and relationship with external organizations as social capital factors affecting social enterprise performances.

**Figure 2.2**  
**Mechanisms and Outcomes of Social Capital**



**Sources: Mechanisms and Outcomes of Social Capital , Ruuskanen (2001)**

Since social enterprise is complicated in nature, neither profit or non-profit firm with multiple performances to be measured, one theory cannot explain all factors affecting its success. Table 2.3 summarizes the four theories that will be integrated into

this study, considering their general approach to firm success, internal and external factors in firm success, and how success is measured. As this table shows, the theories have different focuses and have been developed in different environments. Perhaps the simplest theory is contingency theory, which states that firm success is determined by (contingent upon) the firm's ability to respond to changing conditions and external uncertainty in markets, institutions and other factors (Venkatraman, 1989). While contingency theory is relatively straightforward, it does not examine *how* the firm may respond to external markets. The other three theories address this question to some extents.

In some ways, institutional theory and the resource-based view (RBV) are complementary. Institutional theory posits that the firm is embedded in an institutional context, and it is largely this context that determines the reason why a firm exist, how a firm can operate and what kind of strategies and actions it can choose (Dart, 2004). Ultimately, the firm must operate within this institutional context, and their legitimacy and power is derived from their position within it. Under the RBV, in contrast, it is the firm's possession and use of competitive resources, such as human resources and capital that determine its outcomes (Barney, 1991; Hart, 1995). The final theory compared, social capital theory, focuses on *social capital*, or the skills, resources and relationships of individuals and social structures (social networks or relationship with external organizations) as the main source of competitive advantage and success. This theory identifies the development of social relationships and individual knowledge and skills as the only way the firm can succeed.

In summary, these four theories are not contradictory. Instead, they can be integrated into a single theoretical framework that addresses the external and internal conditions of the firm, its employees, and its context in order to explain successful outcomes at different levels of social enterprise.

**Table 2.3**  
**Summary of Theories Used in the Study**

	<b>Contingency theory</b>	<b>Institutional theory</b>	<b>Resource-based view theory</b>	<b>Social capital theory</b>
<b>Brief theoretical statement</b>	Competitive situations influence how the firm can best be managed in order to compete (Venkatraman, 1989). Put another way, the firm's response to environmental uncertainty influences its outcomes.	Social enterprises exist within a structural framework of established institutions (Dart, 2004).	The firm's use of valuable and difficult to copy resources determines competitive advantage and success (Hart, 1995).	The firm's success and/or performance is contingent on networks of people and their resources (social capital) working toward the goal (Nahapiet and Ghoshal, 1998; Woolcock & Narayan, 2000). Resource exchange and utilization by firm members and between firms and other institutions determines chances of success.
<b>Internal factors in firm success</b>	The firm's leadership response and strategic adaptation to external conditions and environmental uncertainty (Fredericks, 2005).	Organization structure in response to its mission and position (Scott, 2008)	Resources and capabilities such as human resources, capital, licenses, intellectual property, organizational skill. Resources must be rare, valuable, inimitable and non-substitutable (Barney, 1991).	Structures (social networks) (Rostila, 2010) Relationships and behaviors (Lindenberg, 1996) "actor bonds" (Hakansson & Snehota, 1995) Cognitive resources (Cicourel, 1981)

**Table 2.3 (continued)**  
**Summary of Theories Used in the Study**

	<b>Contingency theory</b>	<b>Institutional theory</b>	<b>Resource-based view theory</b>	<b>Social capital theory</b>
<b>External factors in firm success</b>	The extent to which the firm experiences environmental uncertainty (unknown operating conditions, risk, information asymmetries) (Downey & Slocum, 1975; Duncan, 1972; Hickson, et al., 1971; Schmidt & Cummings, 1976)	Institutional position in the market and framework of the firm (including external markets, governments, agencies, and other firms).  Acknowledgement of institutional environment (Handelman & Arnold, 1999)	Resources possessed by other firms.  Fit between the firm and the market.	Information flow at society and community levels (Ruuskanen, 2001)
<b>Dimensions of success considered</b>	Not specified, but have previously been studied primarily based on decision strategies rather than decision outcomes (Aldrich, 1979; Van & Miller, 1980).	Legitimacy and performance outcomes.  Accomplishment of social mission.	Primarily market performance.	Firm value creation (Tsai & Ghoshal, 1998)  Social outcomes

In the model development process, it is important to select appropriate variables to capture the contents of SE in the model. Cassotti and Grisoni (2012) state that the selection of the optimal variables would improve the interpretability of the model as well as reduce noise by neglecting non-significant effects. This would increase the model predictive ability.

Since this research gears toward an exploratory study rather than a confirmatory study, the large number of potential exploratory variables is required before reducing to a few appropriate subsets for a final consideration. In order to derive all exploratory variables, this research includes variables from literature review since 2000 – 2014 as shown in Table 2.2 and includes variables related to the theoretical framework in social enterprise context as shown in Table 2.3.

The experts' opinion would a good starting point in doing this kind of research. In addition, the variable selection method in many fields is currently predominantly guided by expert opinions (Gunter, Zhu, and Murphy, 2011). Therefore the total potential variables provided in table 2.2 and table 2.3 were discussed and reviewed with experts in the fields. As a result, there are six variables selected for this research including social mission, value-based leadership, shared vision, customer orientation, relationship with external organizations, and perceived environmental uncertainty; in which the first four variables are classified as internal variables and the last two variables are classified as external variables. The six selected variables will be employed in the hypothesis in the next section.

## **2.3 Hypothesis Development**

### **2.3.1 Social Mission**

Social mission refers to firms' social reasons for existence; for example, creating equal opportunities among women, reducing poverty, improving environment (Schellohorn, 2001 and Chamnanlertkit, 2014). The concept of the social mission is derived from institutional theory. Previous studies have shown that the institution's social mission determines and directs policy and behaviour, which create a match between the institution's mission and its institutional environment (Kinder & Domini, 1997). The social mission is particularly important for social enterprises, who must adapt to the institutional environment instead of simply pursuing profit maximization as private profit-making firms can (Meyer & Rowan, 1991; Roy, 1997; Scott, 2008). Without a specific profit-oriented goal, the social enterprise needs to

establish a clear social mission in order to succeed in the institutional environment. The social mission is the way the social enterprise establishes its goals and determines what would indicate success under those goals (Kinder & Domini, 1997). Furthermore, the institutional framework of the social enterprise requires that it has a specifically social intended outcome or goal rather than being purely profit-driven (Scott, 2008).

There are many variables refer to social mission; however, this study focuses on social value sustainability creation which includes social and environmental dimensions. Dow Jones Sustainability Indexes 1999 identifies social and environmental indicators including (1) human resource development (2) labor practice (3) talent attraction and retention (4) Corporate governance (5) corporate environmental report (6) corporate environmental evaluation. The sustainability index has rising importance when many countries develop sustainability index to be a standard for investor's evaluation of the firm. Also, investors are increasingly used sustainability index to understand the processes in society with focusing on the key factors. From investors' perspectives, the comprehensive companies' valuation and evaluation of sustainable development at the level of enterprises include environmental, social, and corporate governance (ESG) indicators which reflect the development of changes in the development of company over a specified time period. It implies the long-term performance of companies in which they invest financial resources. (Kocmanova and Docekalova, 2012; Bassen and kovacs, 2008). Financial Times has defines ESG (environmental, social and governance) as *"a generic term used in capital markets and used by investors to evaluate corporate behavior and to determine the future financial performance of companies"* (FT.com).

Malaysia has applied MSCI world ESG (Economic, Social and Governance) index to their own ESG index to stimulate firm responsibility toward society and environment. Moreover, Malaysian Stock Market holds Bursa Maylasia's Business Sustainability Programmme (BSP) to support listed company to applied sustainability development into their company's strategy (sec.or.th). Therefore, it can be said that social mission is one of factors that investor look at whether to invest in a firm which lead to higher capital source of fund.

Social mission is not an antecedent toward positive result of only listed company, but also social enterprise. Campbell-Hunt, Freeman and Dickson (2010)'s study found that clear social mission facilitate community development. Social mission does not only help align organization's mission with its strategy, also it guide the member's effective participation. Therefore, performance of the enterprise tends to be improved (Gliedt and Parker, 2007; Mosek and Gillin, 2007; Coburn and Rijdsdijk, 2010). Therefore, this research hypothesizes a positive relationship between social mission and social enterprise performance as follows.

H1: Social mission has a positive influence on social enterprise performance.

### **2.3.2 Value-Based Leadership**

Value based leadership has been widely applied as contributor to effective leadership across cultures (House et al., 1998). House et al., 1998 has defined value based leadership as *"a relationship between a leader and one or more followers based on strongly internalized ideological values espoused by the leader and strong follower identification with these values"*. In short, the followers will be motivated and committed in following the leader if the values are appeal to them. O'Toole (1996) defined value based leadership as an attitude about people, philosophy, and process. In addition, he explains essence of value-based leadership is to understand and overcome resistant to change by building an alternative belief appeal to the minds and hearts of their followers and allowing them to adopt as their own.

The importance of values-based leadership is one of the insights offered by the RBV. Under the resource-based theory of the firm, leadership is one of the inimitable and non-substitutable competitive advantages the firm draws on to create competitive advantage (Barney, 1991). Leadership is particularly important within this framework because it is essentially the directing resource of the firm's strategy (Hart, 1995). Values-based leadership has been found in other studies to be a significant determinant in establishment and achievement of competitive goals (Mahakunajirakul, 2011; Escobar & Vredenbrug, 2010; Gallagher & Andrew, 2000). The organization's

managerial systems and managerial capabilities determine to a large extent how effective the organization can be at setting and meeting goals. Leadership is also essential for identifying new opportunities and collecting and directing resources for future action venture (Alvarez & Busenitz, 2001). Thus, values-based leadership is one of the key resources the firm can draw on to accomplish its mission.

According to O'Toole (1996) the following are some characteristics of values-based leadership

1. Integrity: Leadership requires truth telling, honesty, and moral behavior. In addition, the leader can extend to personality that related to much-admired trait of wholeness or completeness which is achieved by self confidence and self-esteem leaders. Since self-esteem allows them to esteem and respect others, in turn, it allows others to esteem and respect them.
2. Vision: The values-based leadership is based on an inspiring vision since leader is required to build a vision, find ways to communicate their visions to their followers to understand and be able to adopt as their own. In the end, the leader's vision becomes the followers' vision because it is built on their needs and aspirations.
3. Trust: Values-based leaders inspire trust and hope in their followers. As trust facilitates the communication across the border and hope motivates actions, the followers become encouraged to serve, to sacrifice, to persevere, and to lead change.
4. Listening: Values-based and effective leaders listen to their followers because they respect them and believe that they are responsible for the welfare of the followers
5. Respect for followers: Values-based leaders value and respect their followers.
6. Clear thinking: The leaders must be clear about their own beliefs. They have to understand assumptions about human nature, the role of the organization, the measurement of performance, and so on.



7. Inclusion: Values-based leadership fully involves followers to contribute to the organization by sharing information, fostering a sense of community, and creating a consistent system of rewards, structure, process, and communication.

Mahakunajirakul (2011) cited from four studies that value-based leadership contributes to variety of organizational outcomes via a moderating variable or in the strategic management of the firm. Caldwell (2014) states that value-based leadership can help companies continue to engage employees and encourage positive performance. He further explains that the high-performance cultures create a stimulating work environment and processes where top talent is inspired and everyone is provided significant development opportunity. In short, value-based leadership promotes organizational culture as a key source of competitive advantage and brand differentiation (Fry & Matherly, 2006). They specifically investigated and found that vision which leaders and followers experience a sense of calling in that life has meaning and makes a difference increase organization performance. Further, Liu, Fu and Wu (2008) contended that value-based leadership affects the financial performance of the company through influencing corporate culture which reflects the ways organizations conduct their business, treat their customers and supplier as well as employees.

In addition, it has also found value-based leadership helps reduce strategic tension and increase employee commitment, especially during organization transition period. It facilitates communication of shared value and understanding the change throughout the organization which affecting companies' survival and performance. (Graber and Kilpatrick, 2008; Boxall, 1996). In sum, Values-based leaders effectively engage, motivate and equip their follower to create a culture of trust and common belief thereby enabling organization to have effective execution, professional growth and higher performance. Therefore, this research hypothesizes a positive relationship between value-based leadership and social enterprise performance as follows.

H2: Value-based leadership has a positive influence on social enterprise performance

### 2.3.3 Shared Vision

Tsai and Ghoshal (1998) state that shared vision represents the common goals and aspiration of the firm's members. When organization members have common goals and interest as well as understand how to interact with others, it tends to foster communication among members. They are more likely to exchange and combine resources and ideas, and avoid miscommunications. Chow and Chan (2008) surveyed of 190 managers from Hong Kong firms and confirmed that a social network and shared vision significantly contributed to a person's volition to share knowledge. The study by Chiu et al. (2006) contended that shared vision is positively related to the quality of knowledge shared by members. The quality of shared knowledge in his study refers to six attributes including relevance, ease of understanding, accuracy, completeness, reliability, and timeliness. Thus, shared vision is viewed as "*a bonding mechanism that helps different parts of an organization to integrate or combine resource*" (Tsai and Ghoshal, 1998).

Shared vision is not limited within social capital theory, Hart (1995) employed resource-base view to explain shared vision as a rare resource of the firm. In order to achieve a shared vision, it requires top managements to have strong leadership quality to engage, encourage, and empower the employees. He also proposed that when a firm shows shared vision capability, it will be able to build up the necessary skills faster than those without shared vision capability. As a result, shared vision leads the firm to gain competitive advantage and achieve its goal.

The idea of shared vision has a dual origin, from RBV and social capital theory. Shared vision emerges from common goals, beliefs, and activities of the organization's members (Tsai & Ghoshal, 1998) and passed through the organization's social networks and relationships (Chow & Chan, 2008). As a result, it is intimately connected to the social capital theory, which establishes that the common relationships and social structures of the organization are the main source of the organization's potential for success (Nahapiet and Ghoshal, 1998; Woolcock & Narayan, 2000).

However, shared vision is also important within the RBV, which views the shared vision of the firm, established by its leaders, communicated to its members, and embedded within the organizational culture, as a fundamental competitive advantage (Hart, 1995). Thus, the shared vision of the organization is a critical internal competitive advantage (under RBV) or a fundamental requirement for successful social network building (under social capital theory).

Krause et al. (2007) applied shared vision to study its relationship and firm's performance in supply chain context and found that when buyers and their key suppliers have similar goals and values for their relationship, cognitive capital will positively affect performance. In social enterprise context, shared vision helps reduce transactional and production cost of the firm since stakeholders share the common vision and trust others members. Therefore, they are willing to share resource and information as well as less concerned on compensation. Therefore, this research hypothesizes a positive relationship between shared value and social enterprise performance as follows.

H3: Shared value has a positive influence on social enterprise performance

#### **2.3.4 Customer Orientation**

For over three decades, academics scholars and marketing practitioners have confirmed that a business that continuously improves its customer orientation will enhance customer satisfaction and the firm's performance (e.g. Appian-Adu and Singh, 1998; Deshpande *et al.*, 1993; Levitt, 1960). There are various definitions of customer orientation; however, in this study will employ the meaning which organization-wide emphasis on evaluating and addressing customer needs. This common focus have been presented in many definitions of customer orientation; for example, Kohli and Jaworski (1990) suggest that customer orientation represents the degree to which customer information is both collected and used by the business unit. Shapiro (1988) has extended the same concept and defined customer orientation as "*the dissemination of information about customers throughout an organization, formulation of strategies and*

*tactics to satisfy market needs inter-functionally and achievement of a sense of company-wide commitment to these plans”.*

The theoretical basis of customer orientation is in contingency theory and Resource-based theory. Under contingency theory, the firm must identify key information in its environment in order to reduce environmental uncertainty and improve its potential for success (Venkatraman, 1989). Customer orientation is a strategic approach in which the firm draws information from its customers in order to determine how it can best meet customer needs (Appian-Adu & Singh, 1998; Deshpande *et al.*, 1993; Levitt, 1960). In other words, the firm is acting to reduce the amount of risk or unknown information in its environment. Viewed another way, the firm's ability to collect and leverage information about its customers and their needs can be considered to be a competitive advantage (Barney, 1991). This information is a resource from the firm perspective, which can be combined with other resources (like service development knowledge) in order to improve performance in the marketplace.

Applying customer orientation to social enterprise, Coburn & Rijsdijk (2010)'s study the “success factors for social enterprise in Scotland” found that success of a social enterprise was determined by being able to balance the social mission of the organization and customer needs. When customer orientation was adopted as a strategy, it results in improved revenue and cash management and improved efficiency. Weppen & Cochrane (2012) employed value-based approach to study social enterprise in tourism and confirm the idea that leadership and shared vision were significant success factors. However, the social mission of the organization had to be balanced against customer and market orientation in order to make sure the organization actually had a market and could be commercially successful. Therefore, this research hypothesizes a positive relationship between customer orientation and social enterprise performance as follows.

H4: Customer orientation has a positive influence on social enterprise performance

### 2.3.5 Relationship with External Organizations

As stated in SE Master Plan 2000 that one of main problems in which social enterprise facing is lack of ability to integrate various resources such as human resources and capital resource to strengthen their enterprise. For example, some social enterprises might not have sufficient management skills and relationships to build a strong network to support the enterprise. Also, they might not have access to resources and not be able to manage resource efficiently. Therefore, it hardens them to produce value added product and expand their enterprise to higher level such as from community-based level to provincial or country level.

The existence and nature of relationships with other institutions is an important theoretical point in both institutional theory and social capital theory. Under institutional theory, the organization (in this case the social enterprise) succeeds through a strong fit between its goals and its institutional framework and context (Dart, 2004). Thus, relationships with other institutions determine the firm's position in the institutional framework, as well as its organizational legitimacy, resources and potential for success. Viewed another way, relationships between institutions are formalizations of relationships between individuals. Social networks or social structures, as well as actions and relationships, are determinants of cooperation and success (Lindenberg, 1996; Rostila, 2011). In a sense, we can consider inter-institutional relationships to be institution-level actor bonds, which create strong ties and allow institutions (firms) to draw on each other's resources and knowledge (Hakansson & Snehota, 1995). In both cases, the relationship with other institutions is a potential factor in the organization's success.

Gelekanycz and Hambrick (1997) stated that external organization were source of information about the environment in which firm made decisions. Relationship with external organizations refers to both both intraindustry and extraindustry relationships. Intraindustry relationships are executives or members of the firm ties with knowledgeable people in the industry. Extraindustry relationship refers to trade association, academic institution, and firms in related industries. Ritter

and Gemünden (2003)'s study define relationship with external organizations as capability of firms in creating, maintaining, and making use of the relationships to acquire meaningful information. This idea is supported by social capital theory which its central themes is constituting a source of information (Nahapiet and Ghoshal, 1998), coleman (1988) explained that network increase trust, reduce amount of time and investment required to gather information. Burt (1992) further explained that information could be benefit in three forms. First, access refers firm receives valuable information. Second, timing of information flow refers to firm receives information in timely manner, usually faster than competitor. Lastly, referral refers to process in which providing information on available opportunities to people in the network. In sum, assessment to valuable information which help firm to exemplify strategic options (Gelekanycz and Hambrick, 1997).

Similar idea in social enterprise context, various studies found that non-profits and social enterprise could use external collaborations with businesses strategically to achieve goals like capacity building, value creation, and increased community development (Austin 2000; Campbell-Hunt, Freeman and Dickson, 2010).

In the early state of social enterprise establishment, Gliedt & Parker (2007) states that firms succeeded based on their alignment to social needs and their strategic relationships with external organizations, including energy firms and other auditors. Mancino and Thomas (2005) also support this idea that receiving support from government bodies, including funding and operational assistance. This helps develop the social cooperative's organizational goals.

In the later stage relationship with external organizations is still necessary, Chew (2010) and Mazarol et al. (2012) found relationship with external organization enable them to develop better understanding about market landscape as well as customer demand and trend. Therefore, it helps them to become customer oriented and be able to manage perceived environmental uncertainty Pennings et al. (1998) found the positive relationship between relationship with external organizations and macro-organization performance. Sonnino & Griggs-Trevarthen (2013) studied multi-case

study of five community food enterprises in the UK and found that having a joint organization or other body would help improve performance. Also, the study by Collins and Clark (2003) contended that firm performance (sales growth and stock growth) were mediated through their top managers' social networks. Therefore, this research hypothesizes a positive relationship between relationship with external organizations and social enterprise performance as follows.

H5: Relationship with external organizations has a positive influence on social enterprise performance

### 2.3.6 Perceived Environmental Uncertainty

Environmental uncertainty usually used to describe the state of organization environment which commonly refer to external environment of the organization. Dancan (1972) identified five components comprising organization's external environment including customer, supplier, competitor, socio-political, and technological components. Perceived environment uncertainty is defined as perceptual experience of uncertainty and inability to understand or predict the future consequences of decision (Conrath, 1967; Taylor & Bogdan, 1984; Milliken, 1987). The state of uncertainty is the result of three characteristics: *(1) the lack of information regarding environmental factors associated with decision-making situations, (2) the lack of knowledge about the organizational consequences of a decision if decision is incorrect, (3) the inability to assign probabilities as to the effect of environmental factors on the success or failure of organization in performing its function.*

Perceived environmental uncertainty is derived from contingency theory. Contingency theory states in brief that the firm's response to environmental uncertainty is the determining factor in successful outcomes (Venkatraman, 1989). The competitive environment is full of environmental uncertainty and risk associated with the firm's markets, competitors, customers, institutional environment, and uncontrollable factors (Downey & Slocum, 1975; Duncan, 1972; Hickson, et al., 1971; Schmidt & Cummings, 1976). Perceived environmental uncertainty is important because it is how the firm acts

to resolve information asymmetries that create it, and how they respond to unexpected and known conditions, that determines the success of its strategic actions. The firm's ability to respond to strategic uncertainty is in a way what determines the firm's success in the competitive environment (Fredericks, 2005). At the same time, perceived environmental uncertainty could create negative effects in the firm's operations and activities.

External environment of an organization can result in both opportunities creation and threat for the organization (Swanmidass and Newell, 1987). For example, rapid technological advances and increased globalization might benefit the first mover and being a threat for others. When executives are uncertain about environment, it renders their decision-making ability. Bourgeois (1985) states that senior executives' perceptions and actions toward external environment play a large role in corporate conduct and performance since firms need to adapt to external forces to maintain organizational viability. In other word, firms need to create a strategic fit between organizational capabilities and resources and environmental condition and trend. External environment does not only impact firm's strategy formulation, but also organization administrative arrangement. Burns and Stalker (1961) and Lawrance and Lorsch (1967) suggested that when an organization is facing turbulent, change, or significant level of uncertainty; the organization should be more flexible to be able to adapt to changing and complex environment.

Even though the result of perceived environment uncertainty on firm performance is inconclusive in general context; the empirical studies on perceived environment uncertainty in social enterprise context found the positive relationship between these two variables. For example, non-profit environmental service organizations (ESOs) in Canada experienced the funding cut in 2006 which threatening their survival. However, they anticipated the funding cut again in 2011 and used different approaches to adapt to similar external shocks. They relied on partnerships with local organizations and service diversification to survive. In other word, by adapting to their external environments and creating new services with the help of partnerships, social capital, internal skills, and new funding arrangements; ESO



continued their operation smoothly (Gliedt and Parker, 2014). Therefore, this research hypothesizes a positive relationship between perceived environment uncertainty and social enterprise performance as follows.

H6: Perceived environment uncertainty has a positive influence on social enterprise performance

### **2.3.7 Marketing Performance**

There are various measures and indicators employed to measure marketing performance. Clark (1999) studied the history of marketing performance measurement and found financial output including profit, sales revenue, and cash flow normally applied by most firms. Later firms include more measures to reflect their strategies; for example, nonfinancial measures (services quality, customer satisfaction, brand equity, etc), marketing input measures (marketing implementation, marketing audit, etc), and multidimensional measures (efficiency and effectiveness). Unlike traditional commercial firm, the objectives of social enterprise are at two spectrums, where one end is the “social” driven and another at “enterprise” driven organization. In other words, on economic or marketing performance perspective, social enterprise does not aim at maximizing revenue or profit but aim at financial sustainability (Bull, 2007). Somers (2005) and Figge (2002) have applied Kaplan and Norton (1992) Balanced scorecard by adding sustainability dimension (revenue increase, both trading and non-trading revenues, and cost management) which have direct relationship with social enterprise performance. Therefore, this research hypothesizes a direct relationship between social enterprise performance and marketing performance as follows.

H7: Social enterprise performance has relationship with marketing performance

### 2.3.8 Social Performance

Sustainability which covers integration of economics, social, and environmental performances together with long-term impact has been increasingly adopted by many countries. There are many indexes developed to measure sustainability; for example, Ecological Footprint (EF), Index of Sustainable Economic Welfare (ISEW), City Development Index (CDI), Human Development Index (HDI), Environmental Vulnerability Index (EVI), Environmental Policy Index (EPI), Living Planet Index (LPI) (Mori and Aris Christodoulou (2011)). Among all indexes Dow Jones Sustainability Indexes and ESG indexes are most commonly applied by listed companies, SCG is one of the Thai organizations that has been ranked in Dow Jones Sustainability Indexes (sec.or.th). SCG has been regarded as a high performing company including social, environmental, marketing and financial performances, which is considered to be satisfied by various stakeholders' interests (Mahakunajirakul, 2011).

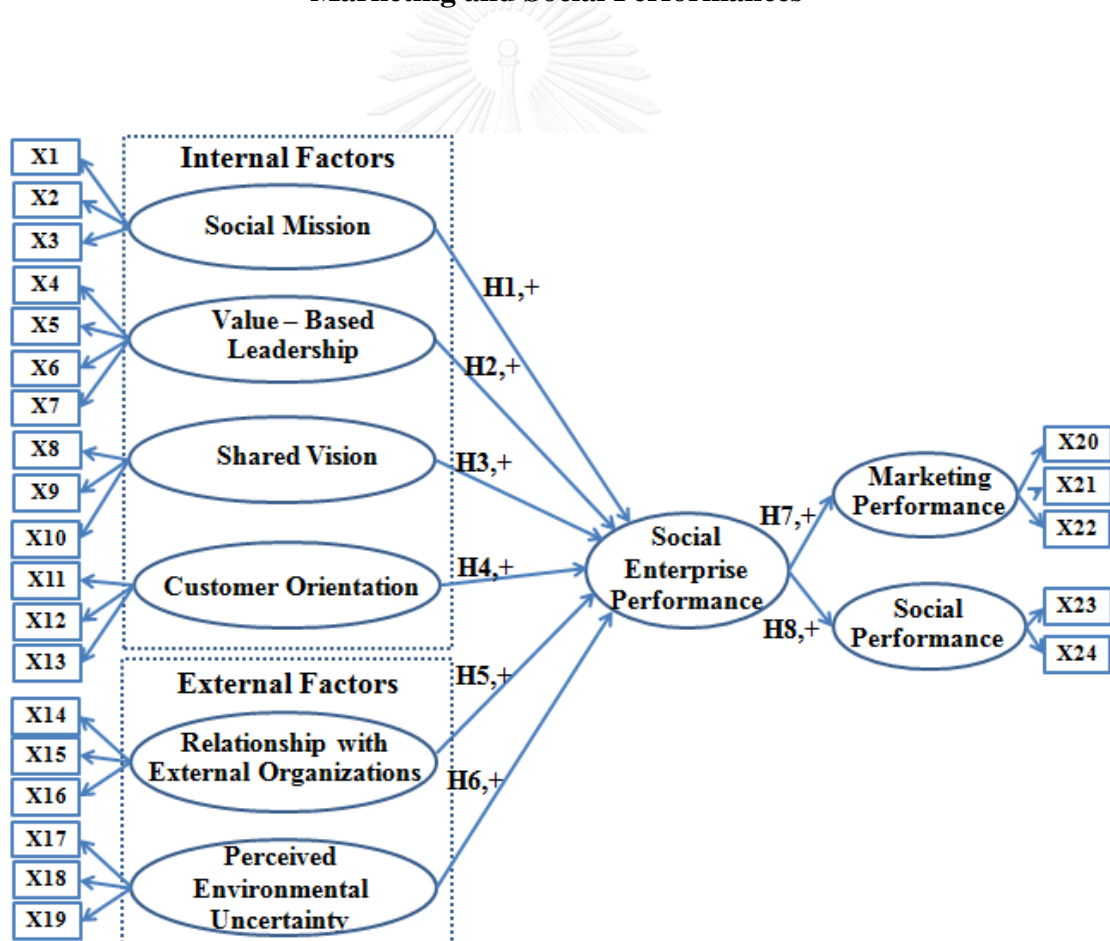
Social enterprise also needs to manage and satisfy various stakeholders. While commercial firms normally focus on shareholder, customer and employee, social enterprise is more focused on creating balance among funding bodies, customers, professional groups within provider organizations and, most importantly, underprivileged people. According to institutional theory, it seeks for legitimacy with secure access to vital resources and long-term survival rather than profit maximization. The indicators and/or measurements which guide the performance therefore should match between environment and structure since they have a direct relationship with overall social enterprise performance (Brignall & Modell, 2000). Therefore, this research hypothesizes a direct relationship between social enterprise performance and marketing performance as follows.

H8: Social enterprise performance has a relationship with social performance

## 2.4 Proposed Model

Figure 2.3 shows the proposed full model of factors affecting the success of social enterprise on marketing and social performance. The model includes the antecedents which are external and internal factors and consequences which is social enterprise performance.

**Figure 2.3**  
**The Proposed Model of Factors Affecting the Success of Social Enterprise on Marketing and Social Performances**



## 2.5 Summary

This chapter explains the concept of social enterprise and provides definitions of social enterprise in various contexts. Then, it critically assesses the relevant theories and concept as well as integrated the reviewed theories in order to support the propose model and develop hypotheses. In total, there are eight hypotheses proposed.



## Chapter 3

### Research Methodology

The objective of this chapter is to present the research methodology of the proposed model of “Factors Affecting the Success of Social Enterprise on Marketing and Social Performances” employed in this study. The research methodology includes defining target population, sample size, sampling procedure, data collection method, research instrument and measurement, structural model and data analysis techniques.

#### 3.1 Target Population

Both public and private sectors in many countries, such as the United States, the United Kingdom, Singapore, Ireland, and South Korea have raised interest and provided support to social enterprise over the decades (Kerlin, 2006). For example, in the United States, Kellogg Foundation, Kauffman Foundation, Surdna Foundation, and Rockefeller Foundation provide information, consultation and network creation for social enterprise. Moreover, Roberts Enterprise Development Fund focuses on supporting social enterprise start-ups. In the United Kingdom, The Office of the Third Sector was established in 2006 as a division within the Cabinet Office in May, 2006 (renamed to be “Office for Civil Society in 2010”) in recognition of the increasingly important role the third sector plays in both society and the economy. Its aims to help the sector to campaign for change, deliver public services, promote social enterprise and strengthen communities ([civilsociety.co.uk](http://civilsociety.co.uk); [innovationunit.org](http://innovationunit.org)). Moreover, the Department of Trade and Industry in the United Kingdom central government has created a Social Enterprise Unit responsible for implementing a three-year program, “*Social Enterprise: A Strategy for Success*”, with the objective to create a supportive environment for social enterprise through a coordinated effort by DTI, Regional Development Agencies, government offices, and local government (DTI, 2004).

Similar to other countries, Thailand also aware of the importance of social enterprise, there are some associations established by both public and private sectors to support social enterprise in Thailand. For example, Change Fusion which was established by a group of young social entrepreneur focuses on providing support for social enterprise on business model and accounting consultancy. NISECorp is also another example which acts as an intermediate or a social impact partner leveraging network alliance such as government agencies, social related institutions, and private organizations with the objective to scale up social impact. Thai government also found an official organization to support the creation of social enterprise, so called Thai Social Enterprise Office (TSEO), under Prime Minister Office, which has the main mission to create direct and indirect supportive environment to enhance culture and sustainability improvement of social enterprise among all social sectors.

In order to develop culture of social enterprise, TSEO serves as national body of social enterprise in Thailand providing guidelines, knowledge, activities, and network opportunities for social enterprise in Thailand. As a result, the list of population on social enterprise in Thailand was derived from TSEO. The unit of analysis is the social enterprise firm represented by the executives who are also policy maker of their organizations.

### **3.2 Sample Size**

This study uses structural equation modeling to analyze whether the proposed antecedents influencing social enterprise performance. According to Hair et al. (2003) the suggested the sample size should be at in the range of 150-400. Later, in 2006, Hair et al. suggested that a ratio of respondent to parameter of 5 to 1 was the minimum to be acceptable.

This research has 59 estimated parameters. Therefore, applying a ratio of 5 to 1, the minimum sample size is  $59 \times 5 = 295$  observations.

### **3.3 Sampling Procedure**

The sampling frame in this study covered social enterprise firm currently registered and operating in Thailand at the time of the study (2015). Candidates were drawn from the registration lists of the Thai Social Enterprise Office (TSEO), which listed over 116,000 SEs. The response rate of this study is conservatively expected to be approximately 20% according the previous literatures (Hoonsopon, 2009; Edward et al., 2007). Since the population is firm that considered small and stable, this study uses simple random sampling technique to select at least 1,475 samples of social enterprises. The questionnaires were distributed by mail to all target population and expected be returned at least 295 in order to be qualified by minimum sample size based on a ratio of 5 to 1 participants and 59 estimated parameters (Hair et al., 2006).

### **3.4 Data Collection Method**

The data was collected by both qualitative and quantitative approaches. These two techniques were selected because of available contact information from the TSEO, and because not all participants could be expected to use Internet or email. The primary data was collected applying qualitative approach by using face-to-face interview. The face-to-face interview with executives of 6 social enterprise firms was conducted in the form of in-depth interview with the objectives to gain insights on how social enterprise in Thailand evolve, operate, specifically the key success factors in running social enterprise; and trends in relative to social enterprise. The result of the interview was used to verify the model as well as develop the questionnaire further.

The quantitative data was collected through mail survey from August to December 2015. Since the required sample sized mentioned in previous section was at least 295 social enterprise; to ensure adequate returned questionnaire, the multiple techniques were used as follows

1. The mailing packages were sent to social enterprises included

- a. cover letter explaining the objective of the research and a questionnaire
  - b. a souvenir for respondents
  - c. a self-addressed stamped envelope
2. Mail and telephone follow up

With a telephone follow up, 300 completed questionnaires returned in December 2015 were used for the data analysis which was accounted for 20.7% response rate. The activities and time periods for data collection were from April to December 2015 as shown in the table 3.1 below.

**Table 3.1**  
**Activity and Time Period for Data Collection**

Item	Month								
	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
In-Depth Interview									
Pretest and Revise Questionnaire									
Distribute the Questionnaire									
Collect Returned Questionnaires									
Resend Questionnaires to Non-Respondents									
Call to follow up									

### 3.5 Research Instrument and Questionnaire Development

The questionnaire is divided into five main sections, each section consisting of a set of questions. Section One is about the brief information of the respondent including position, level of education, and length of working in the company. Section Two is about the company including type of social enterprise, number of employee, length of running social enterprise and its annual revenue. Section Three is about internal and external factors affecting social enterprise performance from



respondent's perspectives. Section four is about social enterprise performance, both social and marketing performances. Lastly, section five is the respondent perceptions toward social enterprise.

Applying Churchill Jr (1979) and Bagozzi (1994) guidelines, this research develops scales and questionnaire as follows

1. The questionnaire was prepared by borrowing and adapting constructs that obtained from the intensive review of literatures and in-depth interviews with 6 SE firms.
2. The questionnaire was reviewed by two marketing academicians and one management in a social enterprise. Then, the questionnaire was revised according to their feedbacks.
3. The questionnaire was initially designed in English, however; this research is conducted in Thailand, it is necessary to have a Thai version of questionnaire to avoid language problems and to fit with the object of study and with Thai environment. The questionnaire then was translated and refined by the back translation method. Two independent translators who are bilingual will translate the questionnaire from Thai to English, then the questionnaire will be translate back to Thai to check the quality of translation by the third translator. After that, the questionnaire was refined and tested with a target population to ensure all measurements and questions are clearly understood.
4. Finally, the questionnaire was confirmed its validity by pre-testing with 8 SE executives and academicians to assess content validity and to ensure the appropriateness of structure, languages, and measurement before sending to all targeted respondents. In addition, Item-Objective-Congruence (IOC) evaluation was conducted with 3 experts. The results of IOC index rating from all experts as stated in chapter 4 are above 0.7 for each part of

questionnaire which higher than acceptable number of 0.5 (Rovinelli and Hambleton, 1997). Thus, the results show high degree of content validity.

Finally, after all the revision, the final questionnaire was sent to all targeted respondents by mail.

### **3.6 Variable Measurement**

This section presents the measurement constructs borrowed from previous studies and adapted to suitable with Thai social enterprise environment. Below internal and external proposed constructs are shown below

#### **3.6.1 Social Mission**

The measurement contains 3 items that are adapted from previous studies including Chamnanlert (2014) and Dees et al. (2002). Each item is measured on 4-point Likert scales anchored by “strongly disagree” (1) to “strongly agree” (4)

1. Firm states clear mission toward objectives of social enterprise
2. Firm has strategic alignment to social mission
3. Firm’s operation concerns properties in social mission to ensure sustainable growth

#### **3.6.2 Value-Based Leadership**

The measurement contains 4 items that are adapted from previous studies including Alarez and Busenitz (2001) and O’toole (1996). Each item is measured on 4-point Likert scales anchored by “strongly disagree” (1) to “strongly agree” (4)

1. Leadership is virtuous and honest

2. Leadership has ability to recognize resource opportunity (such as raw material, manpower, technology, etc)
3. Leadership has ability to leverage resource opportunity (such as raw material, manpower, technology, etc) and convert the resource to firm's output
4. Leadership has ability to communicate with employee and others

### **3.6.3 Shared Vision**

The measurement contains 3 items that are adapted from Aragón-Correa et al. (2008), Tsai and Ghoshal (1998) and Jehn (1995). Each item is measured on 4-point Likert scales anchored by “strongly disagree” (1) to “strongly agree” (4)

1. Firm disseminates information about social enterprise
2. All units in the organization share the same ambitions and visions
3. Everyone freely contribute his/her points of view about how to run smoothly

### **3.6.4 Customer Orientation**

The measurement contains 3 items that are adapted from previous studies including D. Wedd et al. (2000), Appliah –Ahu and Singh (1998), and Deshpande et al. (1993). Each item is measured on 4-point Likert scales anchored by “strongly disagree” (1) to “strongly agree” (4)

1. Firm's product/ service development is based on good market and customer information
2. Firm understands how customers value and have attitude towards its products
3. Firm's operation concerns customer interest and benefit ahead of others

### 3.6.5 Relationship with External Organizations

The measurement contains 3 items that are adapted from Atuahena-gima and Murray (2004). Each item is measured on 4-point Likert scales anchored by “strongly disagree” (1) to “strongly agree” (4)

1. Management has closed interaction with other SEs’ managements
2. Management receives a lot of information from other executives within SE industry
3. Management receives a lot of information from other sources outside SE industry (such as other institution, association, etc.)

### 3.6.6 Perceived Environment Uncertainty

The measurement contains 3 items that are adapted from Swanidas and Newell (1987) and Downton et al. (1975). Each item is measured on 4-point Likert scales anchored by “always predictable” (1) to “never predictable” (4)

1. Firm is aware of uncertainty of customers’ demand of its products/ services
2. Firm is aware of uncertainty of competitor such as the number of competitors and their strategies
3. Firm is aware of uncertainty of its related environment such as change of rule and regulation, change of economics and social factors

### 3.6.7 Marketing Performance

The measurement contains 3 items that are adapted from Punthasen et al. (2003) and Somers (2005). Each item is measured on 5-point Likert scales anchored by “Far below expectation” (1) to “Far above expectation” (4)

1. Firm's revenue increase
2. Firm uses resource more efficiently
3. The number of customer increase

### **3.6.8 Social Performance**

The measurement contains 2 items that are adapted from ESG and Dow Jones Sustainability Indexes. Each item is measured on 5-point Likert scales anchored by "Far below expectation" (1) to "Far above expectation" (5)

1. Firm achieves its social mission which initially defined
2. All staffs and units are well responsible for their own tasks

### **3.6.9 Perception towards Social Enterprise**

The measurement contains 4 items assessing the perception of respondent toward social enterprise. This section uses 5-point Likert scales anchored by "the least" (1) to "the most" (5)

1. Have you ever heard or read about social enterprise?
2. Do you think you understand social enterprise concept?
3. Do you think others firms should adopt social enterprise concept?
4. Do you think your firm adopt social enterprise concept?

## **3.7 Data Analysis Technique**

This study employs structural equation modeling (SEM - PLS) to test, and analyze the proposed model. Partial Least Squares (PLS) path analysis was conducted. PLS path modeling is a technique for analyzing linear multivariable relationships, including both observed and latent variables (Sanchez, 2013). This technique offers a number of advantages for testing conceptual models and frameworks (Sanchez, 2013). PLS path modeling uses two distinct models, including a structural model (which

measures relationships of latent variables) and a measurement model (which relates measured variables and latent variables) (Tenenhaus et al., 2005). Causality is measured within the model using single linear regressions equating the various measured and latent variables using a PLS algorithm. PLS is particularly useful when a highly flexible approach to modeling and analysis of multiple tables as it allows small sample size and non-normality of data (Tenenhaus et al., 2005).

The SEM PLS technique is chosen as the analytical tool to analyze the data because it is efficiently suitable for prediction or identifying the key driver constructs, for analyzing a complex model such as the second order construct model, and when the research model is in an early stage of development which has characteristic of exploratory model (Zhu et al. 2006; Hair et al. 2011). As the researcher stated in Chapter 2 that SE in Thailand is in the early stage of development and there is a very limited research regarding SE in Thailand. Thus, the SEM PLS technique is appropriate and the software used for analyzing the data in this study was WarpPLS program.

Following initial analysis of descriptive data analyzed by SPSS software, the second step is measurement model assessment. In this step, the constructs reliability and validity were analyzed including Cronbach's alpha, composite reliability, convergent validity, and discriminant validity.

The third step is to test a structural model or theoretical framework. The structural model was assessed by their statistical significance levels. In addition, the strength and direction of relationships was analyzed by examining path coefficients. In sum, eight hypotheses for factors affecting social enterprise performances are tested in these steps.

### 3.8 Summary

This chapter explains the research methodology used to test the proposed model and hypotheses. The target population was social enterprise firm in Thailand. The list of social enterprise in Thailand is drawn from Thai Social Enterprise Office, Prime Minister Office decree. The sampling random technique is used to select 1,475 samples from sampling frame. 300 completed questionnaires returned in December 2015 accounted for 20.7% response rate were used for the data analysis. Lastly, the Structural Equation Modeling (Partial Least Square) is used as data analysis technique.



## Chapter 4

### Data Analysis

This chapter contains seven parts. The first two parts begin with the proposed model to be tested which explained all constructs in the proposed model, then data preliminary data analysis which illustrated the result of normality test, descriptive statistic, mean difference, and construct correlation. The third part showed firm and respondent demographics while the fourth part reported the respondents' perception toward social enterprise. The fifth part assessed reliability and validity of measurement model. Part six showed the results of the estimated structural model and the results of hypothesis testing. Then, the summary was presented in part seven.

#### 4.1 The Proposed Model

The initial observed variables in this study are twenty four variables. These variables can be classified into two groups i.e. exogenous variable consisting of nineteen variables and endogenous variable consisting of five variables.

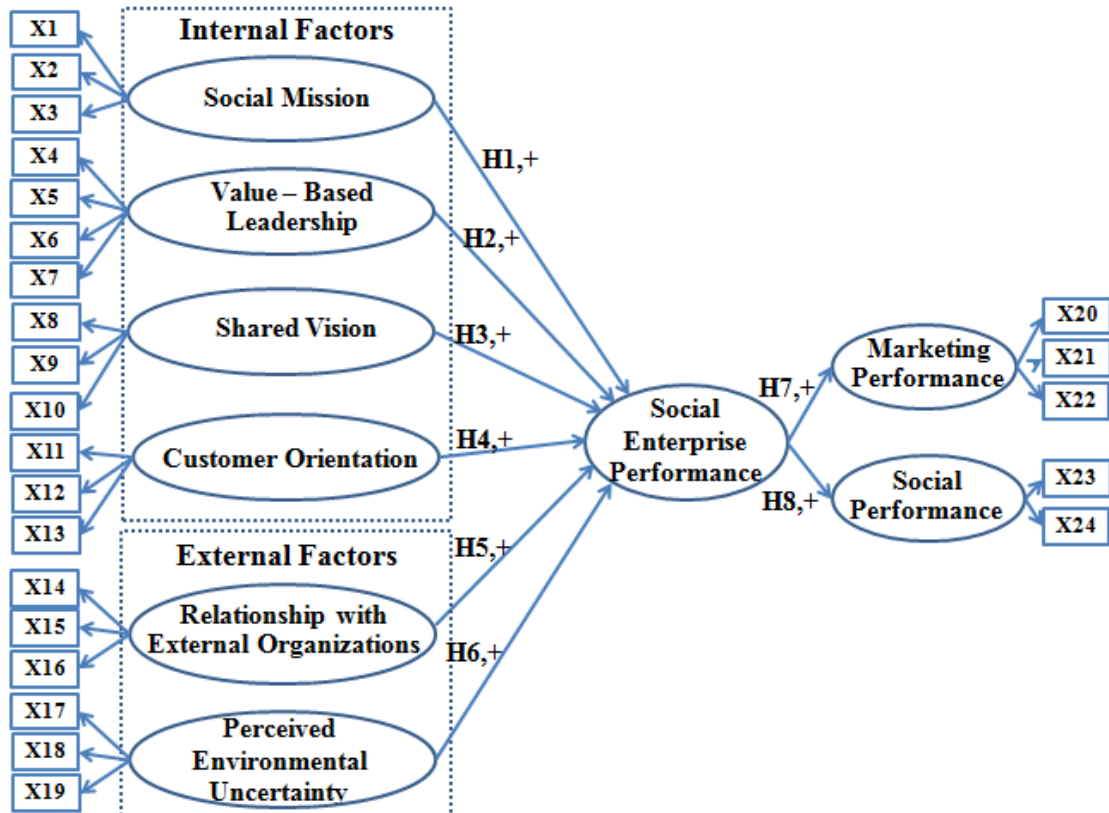
For exogenous variables, there are six constructs including social mission (3 observed variables), value based leadership (4 observed variables), shared vision (3 observed variables), customer orientation (3 observed variables), relationship with external organization (3 observed variables), and perceived environment uncertainty (3 observed variables). The first four constructs are considered internal factors which last two constructs are considered external factors. For endogenous variables, there are two constructs including marketing performance (3 observed variables) and social performance (2 observed variables). All abbreviations of the constructs and observed variables in the study are present in Table 4.1 and the model of antecedents and consequences of social enterprise with eight proposed hypotheses is shown in Figure 4.1.



**Table 4.1**  
**Abbreviations of Exogenous and Endogenous Constructs and Variables**

<b>Construct</b>	<b>Construct Abbreviation</b>	<b>Observed Variable Abbreviation</b>
<b>Internal Factors (Exogenous Latent Variables)</b>		
Social Mission	SM	SM1, SM2, SM3
Value Based Leadership	VBL	VBL1,VBL2, VBL3, VBL 4
Shared vision	SV	SV1, SV2, SV3
Customer Orientation	CO	CO1, CO2, CO3
<b>External Factors (Exogenous Latent Variables)</b>		
Relationship with External Organization	REO	REO1, REO2, REO3
Perceived Environment Uncertainty	PEU	PEU1, PEU2, PEU3
<b>Social enterprise performances (Endogenous Latent Variables)</b>		
Social Enterprise Performance	SEP	Second Order Construct
Marketing Performance	MP	MP1, MP2, MP3
Social Performance	SP	SP1, SP2

**Figure 4.1**  
**The Proposed Model of Factors Affecting the Success of Social Enterprise on Marketing and Social Performances**



#### 4.2 Preliminary Data Analysis

The objective of this section is to investigate all variables in the proposed model whether the data collected is eligible for further analysis. This section contains four parts. First, the normality test of data is done by observed variables' skewness and kurtosis assessment (Hair et al, 2006). Second, mean differences are tested among group to see whether any control variables such as firm age, firm income, etc should be added in the model. Third, descriptive statistics including mean, standard deviation, maximum and minimum of constructs as well as variables are reported. Lastly, the correlation among constructs is investigated.

#### 4.2.1 Normality Test of Data

The skewness and kurtosis of all constructs and their indicators are tested whether there is any deviation from normal distribution by comparing the z score of the skewness and kurtosis value to a specific value criterion which should be between  $\pm 1.96$ , 95% significance level (Hair et al, 2006). If the data does not fall into this range, the result might be biased. Table 4.2 shows that all the data are not normally distributed. Therefore, the results of the proposed model of factors affecting the success of social enterprise are robustness and considered not to have impact from non-normal distribution.

**Table 4.2**  
**Skewness and Kurtosis Statistics of Indicators**

Indicator	N	Skewness		Kurtosis	
	Statistic	Statistic	Std. Error	Statistic	Std. Error
SM	300	-0.430	0.141	-0.497	0.281
VBL	300	-0.736	0.141	1.436	0.281
SV	300	-0.682	0.141	0.421	0.281
SM	300	-0.430	0.141	-0.497	0.281
VBL	300	-0.736	0.141	1.436	0.281
PEU	300	-0.120	0.141	-0.659	0.281

#### 4.2.2 Descriptive Statistics

The variables in the proposed model are reported in terms of their mean, standard deviation (S.D.), minimum and maximum in order to describe the characteristics of data in quantitative terms. Table 4.3 summarizes descriptive statistics, interpretation and ranking for each of the six internal and external factors in the social enterprise performance. As the table shows, means ranged from 2.91 to 3.54. The highest ranked factor was values-based leadership ( $\bar{x} = 3.54$ , SD = 0.45), followed by

shared vision ( $\bar{x} = 3.45$ ,  $SD = 0.47$ ), social mission ( $\bar{x} = 3.43$ ,  $SD = 0.46$ ), customer orientation ( $\bar{x} = 3.35$ ,  $SD = 0.54$ ), relationship with external organizations ( $\bar{x} = 3.16$ ,  $SD = 0.59$ ), and perceived environmental uncertainty ( $\bar{x} = 2.91$ ,  $SD = 0.58$ ). The means of these factors primarily fell into “agree” or “strongly agree” based on the interpretations offered in the original four points Likert scale. However, it should be noted that these items were all relatively close in mean (with a 0.63 mean difference between the lowest and highest mean). Additionally, all items had relatively similar standard deviations, ranging from  $SD = 0.45$  to  $SD = 0.59$ . None of the standard deviations were very high. Overall, most of the factors were perceived in a relatively similar fashion, and none of the variables really stands out as noticeably more or less important than others.

For the external factors, the means and standard deviation are higher than those of internal factor, marketing performance ( $\bar{x} = 3.61$ ,  $SD = 0.80$ ), and marketing performance ( $\bar{x} = 3.84$ ,  $SD = 0.75$ ).

**Table 4.3**  
**Descriptive Statistics of Constructs and Indicators**

Indicators	N	Minimum	Maximum	Mean	Std. Deviation
<b>Exogenous Variables (internal factors)</b>					
SM	300	2.00	4.00	3.43	0.46
SM1	300	2.00	4.00	3.57	0.54
SM2	300	1.00	4.00	3.33	0.60
SM3	300	1.00	4.00	3.40	0.67
VBL	300	1.50	4.00	3.54	0.45
VBL1	300	1.00	4.00	3.66	0.53
VBL2	300	2.00	4.00	3.51	0.58
VBL3	300	1.00	4.00	3.45	0.59
VBL4	300	2.00	4.00	3.55	0.57

**Table 4.3 (continued)**  
**Descriptive Statistics of Constructs and Indicators**

<b>Indicators</b>	<b>N</b>	<b>Minimum</b>	<b>Maximum</b>	<b>Mean</b>	<b>Std. Deviation</b>
<b>Exogenous Variables (internal factors) (continued)</b>					
SV	300	1.67	4.00	3.45	0.47
SV1	300	1.00	4.00	3.46	0.60
SV2	300	2.00	4.00	3.40	0.58
SV3	300	2.00	4.00	3.48	0.58
CO	300	2.00	4.00	3.35	0.53
CO1	300	2.00	4.00	3.36	0.63
CO2	300	2.00	4.00	3.24	0.63
CO3	300	2.00	4.00	3.44	0.62
<b>Exogenous Variables (external factors)</b>					
REO	300	1.33	4.00	3.16	0.59
REO1	300	2.00	4.00	3.23	0.67
REO2	300	1.00	4.00	3.13	0.71
REO3	300	1.00	4.00	3.13	0.73
PEU	300	1.00	4.00	2.91	0.58
PEU1	300	1.00	4.00	2.94	0.63
PEU2	300	1.00	4.00	2.89	0.68
PEU3	300	1.00	4.00	2.90	0.69
<b>Endogenous Variables (social enterprise performance)</b>					
MP	300	1.67	5.00	3.61	0.80
MP1	300	1.00	5.00	3.43	0.98
MP2	300	1.00	5.00	3.83	0.89
MP3	300	1.00	5.00	3.56	0.97
SP	300	1.50	5.00	3.84	0.75
SP1	300	2.00	5.00	3.90	0.85
SP2	300	1.00	5.00	3.77	0.87

### 4.2.3 Mean Difference

This section presents the result of mean difference testing of the variables in the model classified into three groups including type of industry, firm size and age by using ANOVA analysis. The basic assumption of ANOVA states that variances are equal across groups or population. Therefore, Levene's test can be used as preliminary step to verify the homogeneity of variances (Hair et al., 2006). Then, ANOVA will be

performed. If the results do not reveal a significant difference of mean of all variables at a level of significance 0.05, they can be interpreted that there are no difference in mean among groups. It means that the tested variables have no significant effect on the hypothesized model. Therefore, these variables will not be included in the model.

- **Type of Industry**

This study classifies industry into four groups which are agriculture, retail, food and beverage, and banking and finance. However some are not grouped into these four groups are classified as others. Therefore mean differences among five groups are tested and the findings are presented in Table 4.4. The results from Levene's test shows that all seven constructs except SM have equal variance across the groups at a level of significance 0.05. It means that type of industry has no significant effect on the hypothesized model. Thus, type of industry is not included from the model

**Table 4.4**  
**Mean Difference among Types of Industry**

Constructs	Levene's test (sig.)	ANOVA	
		F	Sig.
SM	0.106	2.565	0.038
VBL	0.209	1.026	0.394
SV	0.666	2.148	0.075
CO	0.170	1.569	0.183
REO	0.651	0.37	0.830
PEU	0.728	1.239	0.295
MP	0.417	0.753	0.557
SP	0.672	0.643	0.632

\*p<0.05

- **Firm Size**

Previous literatures suggested that firm size might affect firm's performance (Morgan, 2005). Therefore, the mean difference between groups of firm size is examined. The size of firm here is determined by the number of employees that classified into five group (1) less than 20 employees (2) 21-50 employees (3) 51-80 employees (4) 81-120 employees (5) more than 121 employees. Similar to type of industry, the results from Levene's test shows that all seven constructs except SM have equal variance across the groups at a level of significance 0.05. It means that firm size has no significant effect on the hypothesized model. Thus, firm size is excluded from the model.

**Table 4.5**  
**Mean Difference among Firm Size**

Constructs	Levene's test (sig.)	ANOVA	
		F	Sig.
SM	0.137	3.367	0.010
VBL	0.678	0.585	0.674
SV	0.450	0.552	0.698
CO	0.042	0.063	0.993
REO	0.515	1.275	0.280
PEU	0.455	0.423	0.792
MP	0.056	0.092	0.985
SP	0.062	0.324	0.862

\*p<0.05

- **Firm Age**

Firm age is grouped into four groups: firms that are found less than 3 years, 3-5 years, 6-10 years, and more than 10 years. The results from Levene's test

shows that all seven constructs have equal variance across the groups at a level of significance 0.05. It means that firm age has no significant effect on the hypothesized model. Thus, firm age is excluded from the model.

**Table 4.6**  
**Mean Difference among Firm Age**

Constructs	Levene's test (Sig.)	ANOVA	
		F	Sig.
SM	0.322	1.176	0.319
VBL	0.427	1.259	0.289
SV	0.800	0.955	0.414
CO	0.069	0.16	0.923
REO	0.172	0.747	0.525
PEU	0.751	0.291	0.832
MP	0.470	0.154	0.927
SP	0.729	0.217	0.885

\*p<0.05

#### 4.2.4 Construct Correlation

This part employs Pearson's correlation to measure the strength and direction of association that exists between two continuous variables. Tale 4.7 reveals that all constructs have positive association. The correlations among six exogenous constructs and two endogenous constructs show moderate relationship. Thus, the SEM analysis can be preceded.



**Table 4.7**  
**Construct Correlation**

	SM	VBL	SV	CO	REO	PEU	MP	SP
SM	1.000							
VBL	0.611	1.000						
SV	0.529	0.687	1.000					
CO	0.540	0.582	0.604	1.000				
REO	0.502	0.567	0.502	0.578	1.000			
PEU	0.393	0.477	0.492	0.543	0.624	1.000		
MP	0.471	0.464	0.490	0.558	0.541	0.501	1.000	
SP	0.359	0.383	0.415	0.442	0.411	0.347	0.703	1.000

### 4.3 Respondents and Firms' Profiles

This section uses the data collected from 300 completed questionnaires to describe demographic of firm and respondent. It examines firm characteristics including type of industry, firm age, firm revenue, number of employee and length of establishment. It also investigates respondent demographics including respondents' position, education and length of time working within the firm.

#### 4.3.1 Respondents' Profiles

In accordance with initial object which to have executives or firm's decision makers to represent the firm. The majority of surveys were completed by the chairman (226 people or accounted for 75.3%). Other large groups of respondents included Members (21 people or accounted for 7%), Secretaries and Vice Chairpersons (16 people or accounted for 5.3% each), and Directors (13 people or accounted for 4.3%). The remainder of respondents included Consultants and Managers.

Most participants had an education level lower than Bachelor degree level (252 people or accounted for 84%). While most of the participants had a Bachelor degree (44 people or accounted for 14.7%), four of them had higher than a bachelor degree. 54.7% of respondents had five years or less work experience. The detail of respondents profile is provided in the table 4.8.

**Table 4.8**  
**Respondents' Profiles**

	<b>Items</b>	<b>Frequency</b>	<b>Percentage</b>
<b>Position</b>	Chairman	226	75.34
	Director	13	4.33
	Consultants	4	1.33
	Vice chairman	16	5.34
	Manager or supervisor	4	1.33
	Member	21	7.00
	Secretary	16	5.33
	Total	300	100.00
<b>Education level</b>	Lower than bachelor's degree	252	84.00
	bachelor's degree	44	14.67
	Higher than bachelor's degree	4	1.33
	Total	300	100.00
<b>Years of working Experiences</b>	Less than 3 years	89	29.67
	3-5 years	75	25.00
	6-10 years	77	25.67
	More than 10 years	59	19.67
	Total	300	100.00

### 4.3.2 Firms' Profiles

The social enterprises represented in the study were engaged in a number of industries. The most common industries included Agriculture (151 firms, 50.3%), Retail (71 firms, 23.67%), and Food and beverage (43 firms, 13.3%). Other industries included Banking and Finance (12 firms, 4.00%), Medical and Health (5 firms, 1.67%), Travel and Tourism (4 firms, 1.33%), Education (2 firms, 0.67%), and other industries.

82% of the firms in this study would be classified as small firms in Thailand (Less than 50 employees). Most firms are also relatively new, having been established in the last five years (55.3%). Almost all firms (96.3%) have annual company revenues of less than 5 million baht. The detail of firm profile is provided in the table 4.9.

**Table 4.9**  
**Firms' Profiles**

Items		Frequency	Percentage
Type of business	Agriculture	151	50.33
	Retail	71	23.67
	Food and beverage	43	14.33
	Bank, insurance, financial institute	12	4.00
	Medical and Healthcare	5	1.67
	Travelling and tourism	4	1.33
	Education	2	0.67
	Others	12	4.00

**Table 4.9 (continue)****Firms' Profiles**

<b>Items</b>		<b>Frequency</b>	<b>Percentage</b>
<b>Number of employees</b>	Less than 20	167	55.67
	21-50	79	26.33
	51 - 80	26	8.67
	81 - 120	15	5.00
	More than 120	13	4.33
<b>Years of establishment</b>	Less than 3 years	93	31.00
	3 - 5 years	73	24.33
	6 – 10 years	74	24.67
	More than 10 years	60	20.00
	Total	300	100.00
<b>Company revenue</b>	Less than 5 million Baht	289	96.34
	5-10 million Baht	7	2.33
	11-15 million Baht	2	0.67
	16-20 million Baht	1	0.33
	More than 20 million Baht	1	0.33
	Total	300	100.00

**4.4 Perception of Respondents toward Social Enterprise**

The results of perception toward social enterprise as shown in table 4.10 shows similar manner; the means range from 3.51 to 3.69 and standard deviations range from

0.85 to 1.00. The social enterprise representatives who answered the questionnaire mostly report that they have good knowledge about social enterprise. Most of them have an awareness on social enterprise by hearing or reading ( $\bar{x} = 3.51$ ,  $SD = 1.00$ ) and have a good understanding of social enterprise concept ( $\bar{x} = 3.69$ ,  $SD = 0.82$ ). Moreover, they think that their firm has adopt social enterprise concept ( $\bar{x} = 3.69$ ,  $SD = 0.92$ ) and believe that other firms adopt social enterprise concept as well ( $\bar{x} = 3.57$ ,  $SD = 0.86$ ).

**Table 4.10**  
**Perception of Respondents toward Social Enterprise**

Questions	N	Min	Max	Mean	Std. Deviation
Have you ever heard or read about social enterprise?	300	1.00	5.00	3.51	1.00
Do you think you understand social enterprise concept?	300	1.00	5.00	3.69	0.92
Do you think others firms should adopt social enterprise concept?	300	1.00	5.00	3.57	0.86
Do you think your firm adopt social enterprise concept?	300	2.00	5.00	3.69	0.85

#### 4.5 Measurement Model Assessment

Prior to precede on structure model assessment, content validity, reliability test, and construct validity of social enterprise performance model are assessed to ensure quality of instrument and measurement model.

- **Content Validity**

Content validity refers to “*the degree to which the content of the items reflects the content domain of interest*” (APA, 1954). It helps address the adequacy and representativeness of the items to the domain of testing purposes with simple procedure and calculation. By doing so, three experts were asked to rate 3 scores for individual item in the questionnaire based on Item-Objective-Congruence (IOC) Index (Rovinelli & Hambleton, 1977); +1 means the expert thinks that the items clearly measuring according to the purpose while -1 indicates not clearly tap the objective and 0 indicates the content is unclear. Table 4.11 shows that the results of IOC index rating from all experts are above 0.7 for each part of questionnaire which higher than acceptable number of 0.5 (Rovinelli and Hambleton, 1997). Thus, the results show high degree of content validity.

**Table 4.11**  
**Results of Item-Objective Congruence Calculation**

IOC Index	Question Part 1 (No. of Items)	Question Part 2 (No. of Items)	Question Part 3 (No. of Items)	Question Part 4 (No. of Items)	Question Part 5 (No. of Items)	Total Items
1	3	3	16	5	3	30
0.70-0.99	-	1	3	-	1	5
Total Items	3	4	19	5	4	35

- **Reliability Test**

Table 4.12 shows that all latent constructs have Cronbach’s alphas above 0.7 (Nunnally, 1978) which indicates high internal of consistency of indicators measuring individual constructs. Furthermore, the reliability is confirmed by all latent variables

showing composite reliability at threshold or above 0.6. Thus, the results confirmed that all constructs had acceptable measurement property on reliability.

**Table 4.12**  
**Results Summary of Measurement Model**

<b>Latent Variable</b>	<b>Indicators</b>	<b>Outer Loadings</b>	<b>Cronbach's Alphas</b>	<b>AVE</b>	<b>Composite Reliability</b>
<b>SM</b>	SM1	0.767	0.729	0.802	0.574
	SM2	0.775			
	SM3	0.730			
<b>VBL</b>	VBL1	0.752	0.795	0.867	0.622
	VBL2	0.825			
	VBL3	0.853			
	VBL4	0.716			
<b>SV</b>	SV1	0.836	0.733	0.849	0.652
	SV2	0.819			
	SV3	0.767			
<b>CO</b>	CO1	0.854	0.801	0.883	0.716
	CO2	0.879			
	CO3	0.803			
<b>REO</b>	REO1	0.806	0.792	0.878	0.707
	REO2	0.887			
	REO3	0.826			
<b>PEU</b>	PEU1	0.852	0.839	0.757	0.903
	PEU2	0.898			
	PEU3	0.858			
<b>SEP</b>	Second-order construct		0.826	0.920	0.852
<b>MP</b>	MP1	0.856	0.788	0.876	0.703
	MP2	0.803			
	MP3	0.854			
<b>SP</b>	SP1	0.874	0.790	0.866	0.763
	SP2	0.874			

- **Construct Validity**

To assess the convergent validity, the measurement model is confirmed by the results of AVE (table 4.12) which exceed 0.6 threshold value of 0.7 for all variables (Fornell and Larcker 1981) indicating the variance extracted from each latent variable is significantly larger than the variance due to measurement error. Table 4.12 also shows the results of all factor loadings which exceed value of 0.7 (Hulland, 1999) indicating that variances in each indicator are explained by their underlying variables.

**Table 4.13**  
**Inter-Construct Correlation Matrix with Square Roots of AVEs**

Cross Construct Correlation									
Const ruct	SM	VBL	SV	CO	REO	PEU	SEP	MP	SP
SM	0.758								
VBL	0.604	0.788							
SV	0.523	0.680	0.808						
CO	0.532	0.576	0.602	0.846					
REO	0.493	0.563	0.503	0.576	0.841				
PEU	0.385	0.478	0.492	0.542	0.623	0.870			
SEP	0.438	0.454	0.490	0.542	0.517	0.459	0.923		
MP	0.457	0.461	0.491	0.557	0.542	0.501	0.821	0.838	
SP	0.351	0.377	0.414	0.443	0.412	0.345	0.832	0.703	0.874

*Note: Square roots of AVEs are presented on the diagonal. Construct correlations are shown below the diagonal*

Results from Table 4.13 show that square root of AVE for each construct were higher than the corresponding inter-construct. This confirms that each latent variables shares more variance with its own measurement variables that with other constructs, in other word, the discriminant validity is confirmed.



#### 4.6 Structural Model Assessment and Hypotheses Testing

After validating the measurement model, the structural model was assessed to examine the relationship of proposed hypotheses. The structural model was analyzed by examining path coefficients and the significance levels of proposed hypotheses which are summarized in table 4.14. The explanatory power of a structural model was evaluated by examining  $R^2$  value of the SE performance and the results are shown in Figure 4.2 and Table 4.15.

**Table 4.14**  
**Summary of Hypotheses to Be Tested**

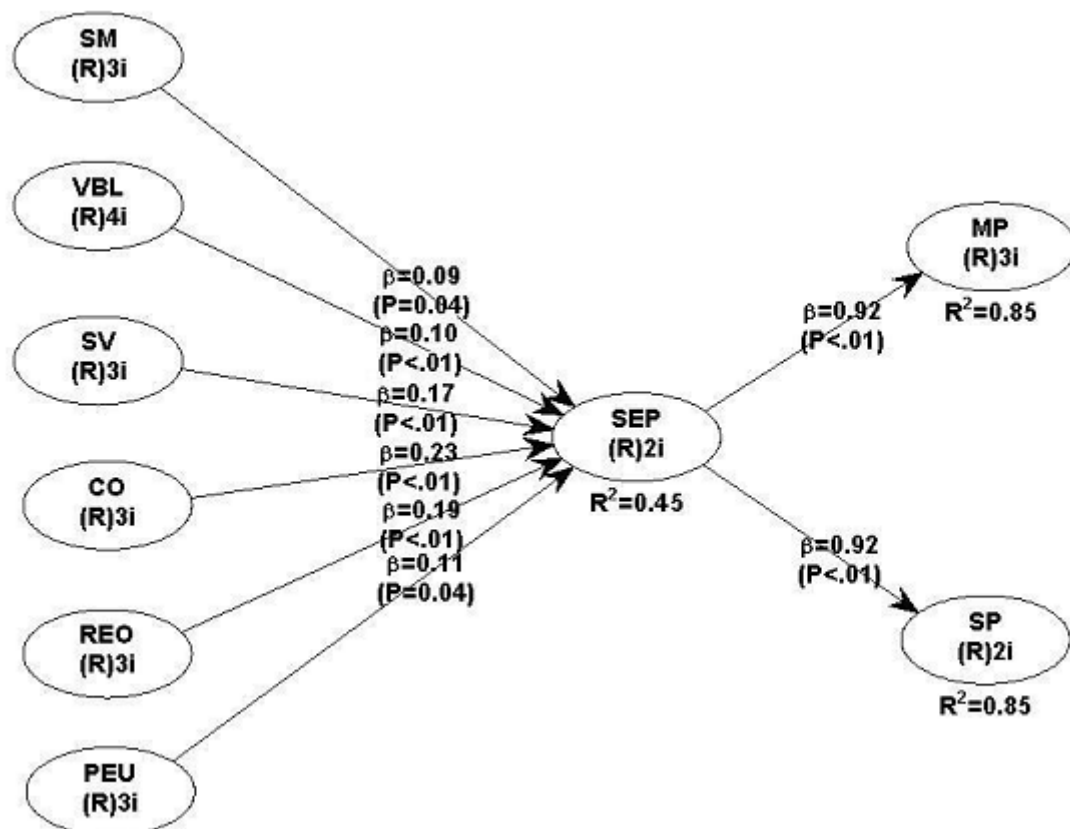
<b>Hypotheses to be Tested</b>
<p><b><i>Internal Factors (Antecedents)</i></b></p> <p>H1: Social mission has a positive influence on social enterprise performance.</p> <p>H2: Value-based leadership has a positive influence on social enterprise performance</p> <p>H3: Shared value has a positive influence on social enterprise performance</p> <p>H4: customer orientation has a positive influence on social enterprise performance</p>
<p><b><i>External Factors (Antecedents)</i></b></p> <p>H5: Relationship with external organizations has a positive influence on social enterprise performance</p> <p>H6: Perceived environment uncertainty has a positive influence on social enterprise performance</p>
<p><b><i>Social Enterprise Performance (Consequences)</i></b></p> <p>H7: Social enterprise performance has relationship with marketing performance</p> <p>H8: Social enterprise performance has relationship with social performance</p>

First is to assess whether the relationships in the structural model are statistically significant. Examination of observed variables contributing to SEP shows that all variables meet the standard  $p < 0.05$  or  $p < 0.01$  criteria for statistical significance. While SM and PEU have significant relationships to SEP at the 5% significance level; VBL, SV, CO, and REO have significant relationships to SEP at the 1% significance

level. SEP also has a significant relationship to both MP and SP ( $p < 0.01$ ) at which confirmed second order constructs.

Strength and direction of relationships is indicated by the  $\beta$  terms and vectors (arrows) for each relationship. The standardized path coefficients range from 0.10 to 0.92 and relationship directions are positive as predicted. While the path coefficients of second order are very strong ( $\beta = 0.92$ ), those for contributors to SEP are relatively weak ( $\beta = 0.09$  to  $\beta = 0.23$ ). However, this does not necessarily indicate a weak relationship or one that should be discarded (Sanchez, 2013). The path coefficients of SEP->MP and SEP->SP ( $\beta = 0.92$ ) are very strong.

**Figure 4.2**  
**Results of Structural Model Assessment**



**Table 4.15**  
**Hypotheses Testing Results**

Hypothesis	Coefficient Estimate ( $\beta$ )	p- Value	Proposed Relationship	Hypothesis Result
H1: SM $\rightarrow$ SEP	0.095	<0.05 (=0.049)	Positive	Supported
H2: VBL $\rightarrow$ SEP	0.105	<0.01	Positive	Supported
H3: SV $\rightarrow$ SEP	0.169	<0.01	Positive	Supported
H4: SV $\rightarrow$ SEP	0.233	<0.01	Positive	Supported
H5: REO $\rightarrow$ SEP	0.191	<0.01	Positive	Supported
H6: PEU $\rightarrow$ SEP	0.109	<0.01	Positive	Supported
H7: SEP $\rightarrow$ MP	0.923	<0.01	Positive	Supported
H8: SEP $\rightarrow$ SP	0.923	<0.05 (=0.040)	Positive	Supported
R <sup>2</sup> of SEP		45%		
R <sup>2</sup> of MP		85%		
R <sup>2</sup> of SP		85%		

Next, coefficient of determination ( $R^2$ ) is determined. It is used to measure the proportion of variance of endogenous variable that is explained by exogenous variable in which the higher value indicates more explanatory power. The  $R^2$  coefficients of correlation for observed variables MP ( $R^2 = 0.85$ ) and SP ( $R^2 = 0.85$ ) can be considered as good to exceptional based on standard regression and PLS path modeling standards (Sanchez, 2013) while the result of  $R^2$  coefficient of determinant of SEP which shows 45.3% indicates explanatory power to social enterprise performance is relatively good (Sanchez, 2013).

In summary, all of the relationships proposed in the model are statistically significant which indicate positive relationships as hypothesized. Thus, all hypotheses are supported

#### 4.7 Summary

This chapter presents the results of data analysis the model estimation of the antecedences and consequences of social enterprise performances in detail. Normality, mean difference, descriptive statistic as well as respondent and firm demographics is preliminary analyzed to check whether observed variables are valid. The measurement model and structural models then are assessed. The results show that the hypotheses have positive relationship toward social enterprise performance which the detail are reported and summarized in this chapter



## **Chapter 5**

### **Conclusion, Discussion, and Recommendation**

This chapter mainly discusses the result of this research “the empirical study of factors affecting the success of social enterprise on marketing and social performances”. It first provides holistic views of this study in the conclusion part, and then discussed the results obtained from previous chapter in detail. After that, the researcher presents theoretical and managerial contributions. Lastly, the limitations and recommendations for future research are deliberated.

#### **5.1 Conclusion**

This research is the first systematic approach to develop an empirical model of factors affecting the social enterprise performance in Thailand. The objectives of this research are to examine the internal and external factors affecting the success of social enterprise and to investigate two performance outcomes of the social enterprise performance, marketing performance and social performance. Therefore, this research incorporates six variables (four internal factors and two external factors) as antecedents of the model. The internal factors were social mission (SM), value-based leadership (VBL), shared vision (SV), and customer orientation (CO). The external factors were perceived environmental uncertainty (PEU) and relationship with external organizations (REO). The consequences are social enterprise performances (SEP) which are explained by marketing performance (MP) and social performance (SP).

The proposed model was developed based on integrating social enterprise concept and four theories, i.e. institutional theory, resource-based view theory, social capital theory and contingency theory. The target population is social enterprise firm currently registered and operating in Thailand at the time of the study (2015). 1,450 candidates were drawn from the registration lists of the Thai Social Enterprise Office (TSEO) with simple random sampling technique.

To test the model, a data set of 300 observations was collected, through a mail survey and telephone follow up form vary industries, mainly from agriculture, retail, food and beverage, and bank, insurance, financial institute. Then the structural equation modeling (SEM-PLS) was employed to analyze the data. The analysis was completed by SPSS and WarpPLS programs. The results from the hypotheses testing reveal many interesting points which are presented the later sections.

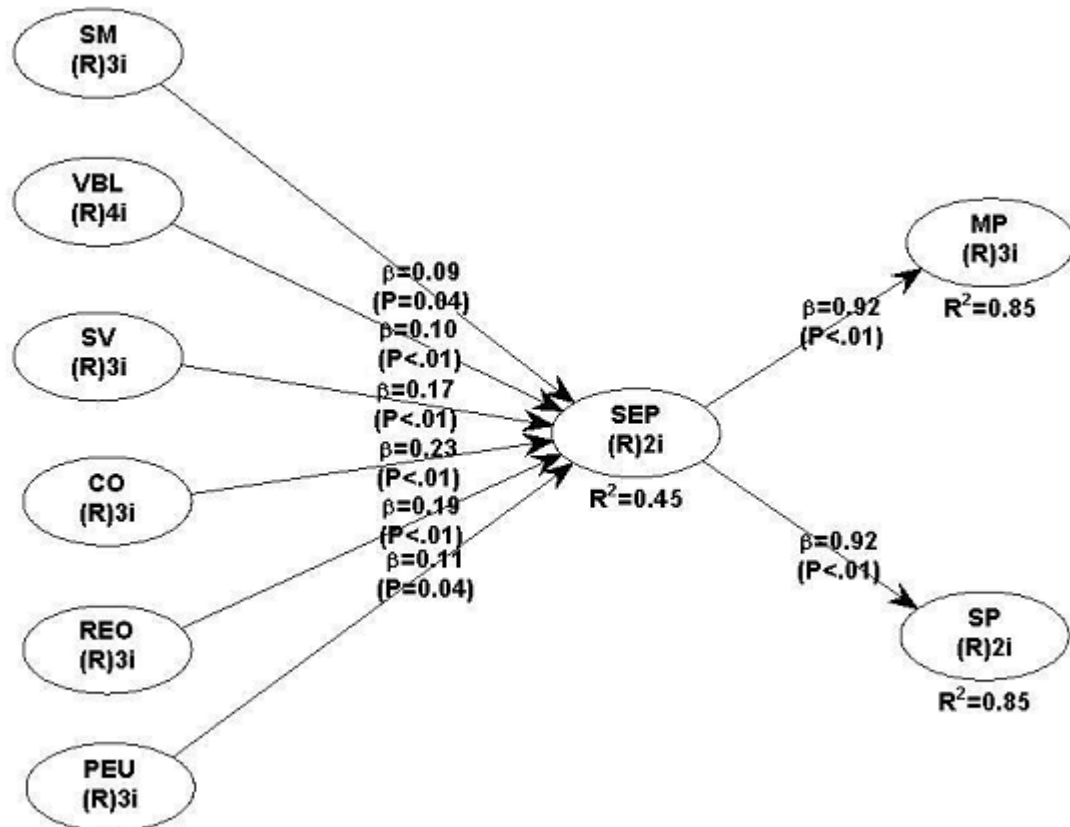
Prior to assess the structural model, the preliminary analysis had done and the result showed that the data is normal distributed, has no mean difference, and have moderate correlation, therefore; the structural model can be preceded.

The results of the hypothesis testing all variables for both internal and external factors had significant and positive impacts on SE performance i.e. social mission ( $\beta = 0.09$ ,  $p < 0.05$ ), value-based leadership ( $\beta = 0.10$ ,  $p < 0.01$ ), shared vision ( $\beta = 0.17$ ,  $p < 0.01$ ), customer orientation ( $\beta = 0.23$ ,  $p < 0.01$ ), relationship with external organizations ( $\beta = 0.19$ ,  $p < 0.01$ ), and perceived environmental uncertainty ( $\beta = 0.11$ ,  $p < 0.05$ ). These variables explained 45% of SE performance. In addition, the results of second order construct also revealed that SE performance was strongly associated with marketing performance ( $\beta = 0.92$ ,  $p < 0.01$ ), and social performance ( $\beta = 0.92$ ,  $p < 0.01$ ) with  $R^2 = 0.85$ .

## 5.2 Discussion

The PLS path model demonstrated that the research model for this study (Figure 5.1) represents the structural relationships of latent and observed variables in the sample. All of the relationships for this study were significant and had positive relationship. These results support the proposed hypothesis. The outcomes from hypothesis testing that shall be discussed as follows.

**Figure 5.1**  
**Results of Structural Model Assessment**



- **Internal factor: social mission, value-based leadership, shared vision, and customer orientation**

H1 stated that the social mission would have a positive influence on the social enterprise's performance. This hypothesis was supported and it is clear that mission of the firm is important as it reflects how a firm would organize and operate. In addition, it allows others to understand and support the firm (Sonnino & Griggs-Trevarthen, 2013). In other word, social mission does not only help align organization's mission with its strategy, also it guide the member's effective participation. Therefore, performance of the enterprise tends to be improved (Gliedt and Parker, 2007; Mosek and Gillin, 2007; Coburn and Rijdsdijk, 2010). Even though the statistic result revealed the positive relationship, the magnitude of the estimated relationship in this model is quite small ( $\beta = 0.09$ ,  $p < 0.05$ ); some care should be taken when interpreting this

finding, because of the difference in definition and position of SE in terms of its social mission (J Defourny & M Nyssens, 2010). As these researchers have pointed out, there are different understandings of the role of the social mission in the United States and in Europe. Furthermore, there has been some blurring of the concept of the social mission to include the socially-oriented activities of for-profit companies (J Defourny & M Nyssens, 2010).

Thus, while the social mission is required for the social enterprise to gain legitimacy within the institutional context, the simple presence of a social mission is not enough to offer this legitimacy *as* SE. Another group of researchers has also pointed out that the social mission of SE may not remain dominant in the definition or activities of the firm, particularly under some organizational structures (J Defourny & Nyssens, 2008).

In H2, we posited that value-based leadership would also positively affect social enterprise performance. This hypothesis was supported and the reason for it is clear from the literature. The importance of value-based leadership was mentioned under the RBV, and has been found to be significant in several previous studies (Fry & Matherly, 2006; Liu, Fu & Wu, 2008). Leadership is also critical for establishing a positive and effective organizational culture to allow for organizational goal fulfillment (Martins & Terblanche, 2003). While Martins and Terblanche (2003) addressed leadership's role in creativity within the organization, leadership practices also contribute to establishing ethical values (Thoms, 2008). The leadership of the organization is responsible for establishing the moral tone and ethical practices of the organization (Thoms, 2008). This simple fact is why leadership is important for SE, it is the norms and values of the leader that set the tone for the firm. Thus, it was not surprising that value-based leadership was significant for this study. Value-based leadership could also influence other factors, such as customer orientation (a key strategy) and perceived environmental uncertainty (related to information asymmetries and response). Some of these relationships have been demonstrated in studies in for-profit firms. For example, a link has been observed between transformational leadership practices and customer orientation, as well as service performance (Liaw et al., 2010). Leadership practices have also been associated



with risk perception and establishment of a safety climate in the firm(Nielsen et al., 2013). Thus, even though it did not have the highest path coefficient, the value-based leadership component could be the most important factor in social enterprise performance. This remains an area for future study, as are some interesting questions to be answered about the role of leadership in the SE.

H3 addressed the importance of shared vision for social enterprise performance. H3 was supported as well. While value-based leadership is clearly important, it would not be effective without a shared vision or common goals, which serves as both an organizational resource and an important factor in the formation and maintenance of relationships under social capital theory (Chow & Chan, 2008; Hart, 1995; Russkanen, 2001). Simply, the shared vision provides the glue of the organization, creating relationships and shared ideas about the purpose of the organization and its goals. One of the other reasons for the importance of shared vision in the SE is that individuals are most productive and form relationships (and thus social capital) fastest when they feel they share norms and values with others around them(Kay, 2006). Individuals that feel they share the norms of the organization and others of its members are more likely to be effective at their jobs, to perform those jobs efficiently, and to provide full support for the organization(Kay, 2006). In contrast, a group without shared values, or with conflicting values, is likely to fail to coalesce and to decline in performance quickly(Kay, 2006).

This factor could potentially interact with the social mission, as it may be not the specific social mission per se, but the shared vision of the organization members toward the social mission, which determines success. However, the shared vision may also be uniquely vulnerable, because of this intimate connection to the social mission of the organization. A case study of a single social enterprise points out that a shared vision of the purpose of the organization began to disintegrate during a period of political conflict, when organizational modernizers began to move the organization toward a consumer retail organization rather than its original social orientation(Dey, 2007). This caused significant loss of efficacy in the organization as it struggled to

resolve and regain its shared vision(Dey, 2007). This type of indirect relationship was not tested here, but could be tested in further studies of social enterprise.

In H4, it was proposed that customer orientation would positively influence social enterprise performance. H4 was also accepted, and here too it is clear that there are some potential interactions with other factors. This is consistent with the literature, which suggests that customer orientation is one of the critical factors in the success of social enterprises and public management activities (Hong & Cho, 2012; Rod & Ashill, 2010; Sridharan & Viswanathan, Marketing in subsistence marketplaces: Consumption and entrepreneurship in a South Indian context, 2008). It is also consistent with the principles of the RBV, which state that the firm's ability to identify and meet customer demand is a significant resource (Appian-Adu & Singh, 1998; Deshpande et al., 1993; Levitt, 1960). As with shared vision, customer orientation also has an impact on the performance of individual employees(Dey, 2007; Rod & Ashill, 2010). Individual employees with strong customer orientations are more likely to have improved performance and job satisfaction, particularly when they work in customer-facing roles.

Thus, customer orientation is also related to human capital, in particularly effectiveness and satisfaction of individuals within the firm. There may also be similar relationships between customer orientation and perceived environmental uncertainty, since customer orientation is a strategic tool to collect information about customers and use this information in the organization's activities to meet their needs (Appian-Adu & Singh, 1998; Deshpande et al., 1993; Levitt, 1960). Collecting such information is one way of reduced environmental uncertainty and formulating improved responses to it (Taylor & Bogdan, 1984; Milliken, 1987). More research is needed on customer orientation and its role in the SE. However, this research does demonstrate that there is a relationship between customer orientation and the performance of the firm.

- **External factor: relationships with external organizations and perceived environmental uncertainty**

H5 argued that relationships with external organizations would influence social enterprise performance. This hypothesis was also accepted, as predicted by social capital theory and institutional theory (Dart, 2004; Lindenberg, 1996; Rostila, 2010). Theoretically, the firm's relationships with external organizations represent both external social capital it can draw on and its institutional role and legitimacy. Relationships with external organizations also affect the firm's absorptive capacity, or ability to use the resources it has available to it (Chalmers & Balan-Vnuk, 2013). There is also the social relationships with external organizations, including horizontal, vertical, and embedded relationships, which is that it recognizes that the SE is not an isolated structure, but instead exists as part of multiple layers of networks of formal and informal links, both latent and explicit (Kistruck & Beamish, 2010). These relationships assist the organization in gaining access to resources it cannot otherwise, and it also embeds the SE within a matrix of other organizations and people – these relationships form part of the sociality of the social enterprise. The literature shows that there may be some significant interactions with other factors. For example, interorganizational relationships can help reduce uncertainty by increasing organizational flexibility and information (Lindenberg, 1996; Rostila, 2010).

However, care should be taken in interpreting this finding, since it is not the case that external organizations will necessarily share the same goals or approach as the social enterprise (Haugh & McKee, 2004). Development of a model of SE relationships remains a topic for future study.

Finally, H6 stated that perceived environmental uncertainty would influence social enterprise performance. This final hypothesis was accepted, as predicted by the previous literature on the external environment and contingency theory (Downey & Slocum, 1975; Duncan, 1972; Hickson, et al., 1971; Schmidt & Cummings, 1976). Previous literature has suggested that social enterprises may be effective at adapting to environmental uncertainty because they can use effectuation, or identification of different paths and response to uncertainty freed from the demands of profit-making (Di Domenico et al., 2010). Social enterprise may even emerge from conditions of environmental uncertainty, particularly in areas that are not government or market-

oriented activities (Smith, 2010). However, environmental uncertainty can also have a negative impact on the organization, particularly when it causes internal conflict about the organization's vision or goals or its key activities (Dey, 2007). This type of conflict may inhibit the organization's ability to deal with environmental uncertainty. Ultimately, environmental uncertainty is somewhat under-explored as an area of SE research, and is one that would benefit from additional in-depth study and theorization.

- **Social enterprise performance: marketing performance and social performance**

This research analyzes the firm performance in terms of marketing and social performances. The results of hypothesis testing (H7 and H8) in accordance with definition as well as objectives of social enterprise in that social enterprise performance was strongly associated with marketing performance ( $\beta = 0.92$ ,  $p < 0.01$ ), and social performance ( $\beta = 0.92$ ,  $p < 0.01$ ),  $R^2 = 0.85$ .

Overall, the proposed model was effective at demonstrating the relationships between the main constructs and the outcome variables as the results showed that social enterprise performance can be influenced by both internal and external factors especially are customer orientation (CO), relationship with external organizations (REO), and shared vision (SV) which considered the key success factors. The findings were generally in line with the literature on social enterprise and the underlying theories that relate to it, i.e. institutional theory, the RBV, social capital, and contingency theory.

## **5.3 Contributions**

### **5.3.1 Theoretical Contribution**

Since this study is the first empirical research conducted in Thailand to examine SE performance through the investigation of the impacts of both internal and external factors that have never been empirical tested before on social enterprise performance. It is the development of a holistic theoretical that incorporates aspects of

institutional theory, the RBV, contingency theory, and social capital theory. The research has not only demonstrates that all of these theoretical perspectives have validity, also shown that a multi-dimensional perspective on social enterprise is effective.

For example, resource-based view perspective suggested that firm's resources especially human resource is the one of the most important resources to drive a company's success, however; this factor would be well-complemented with agreement and corporation among employees. The social capital theory has confirmed the importance of relationship at different level including individual, community, and society as it serves as mechanism of information flow, mutual agreement, and trust to facilitate company's operation to gain competitive advantages and achieve a common goal. The results of this empirical research have also provided support for this notion.

In addition to institutional theory not only explained firm objectives and behaviors, it suggested firm needs to be adapted to environment to be able to survive and sustain. Together with contingency theory, they would guide the firm's executives to be aware and respond to the environment it faces such as customer's demand and changes in market trends. The results of this empirical research have also provided support for this notion. These help to enhance frontier of knowledge and further develop the literature on social enterprise, which does have some gaps in understanding how SE effectiveness can be assessed.

Another theoretical contribution of the study is the extension of existing literature on social enterprise performance in Thailand which has never been empirically tested before. This has been done by demonstrating of interaction between financial and non-financial perspectives on social enterprise performance which had been confirmed with high coefficient of determinant between social enterprise performance and marketing performance as well as with high coefficient of determinant between social enterprise performance and social performance. It is easy to consider SE as distinct from profit-making firms because they do not have a profit *motive*, but this study demonstrates that some shared characteristics of performance, such as

customer orientation and marketing performance, still contribute to the success of the SE.

This serves as an empirical reminder of a point that is often lost in theoretical discussions – that the SE is a hybrid organization, dependent for performance in both market-oriented and socially-oriented tasks. While there might be many unanswered questions about SE success and its antecedents, this study provides support for the association between social enterprise performance and both financial and non-financial performances. Therefore, it should be theoretically and pragmatically useful for other researchers studying the topic.

### **5.3.2 Managerial Contribution**

The results provide SE executives with better understanding of social enterprise and what need to consider when establishing a social purpose and strategy and resource utilization for fulfilling that purpose. Top three items playing significant roles affecting SE performances, defined by financial and/or indicators, are customer orientation, relationship with external organizations, and shared vision. Thus, firm should consider customer value creation when formulating the marketing strategy. By doing so, customer's demand and their attitude towards firm's products and services should be assessed.

In addition, as Thailand is considered a collectivist culture, executives should have a good relationship with other organizations since it serves as a good source of information and network to help a firm to exemplify strategic options and decision making. In order to efficiently operate, executives should encourage all staffs and units to have trust and motivation to achieve the common goals.

Another contribution of this research is that it points out that SE cannot ignore financial performance, even if they attend to social performance. SEs may be vulnerable to poor management because of a lack of immediate accountability to shareholders or owners, and thus do need to remain aware of their financial obligations

and need to control their financial performance. By demonstrating the importance of financial performance for the SE, this study can help managers to balance social and financial performance of the firm.

This research provides support for SE leaders establishing a strong organizational culture and social vision consistent with their social goals. This helps to validate the idea of the SE by pointing out that the financial performance of the SE is in part dependent on the strength of its social orientation, as well as its marketing success. In a broader managerial sense, these results show that social enterprises can be commercially successful while still retaining fidelity to their underlying social values and goals. The research showed that, contrary to the perception that SE are more concerned with people than profit and may not be viable in the marketplace, in fact SE can be highly economically efficient as well as enacting the underlying values and principles they were founded on. To managers and companies, this should suggest that there is no need to violate or abandon ethical, moral or social principles in order to be successful in business. The social enterprise concept founded on the firm's core principles could also be a way to incorporate social and ethical values into the organization's practices. Thus, managers and entrepreneurs should not be conservative about including ethical and social principles in their business model.

The final managerial implication of this study is that it is not enough to simply have a set of ethical or social principles stated in the firm's founding documents. Instead, these principles need to be enmeshed in the organization's culture, policies, and vision, as well as its practices and processes, in order for them to have an effect on the organization's performance and the actual achievement of its social goals. This is likely to be true whether or not the organization is explicitly a social enterprise; for any organization, the alignment of its stated principles and values is required to make sure that these principles are enacted through the organization's activities. Thus, managers need to take responsibility for incorporating the organization's principles in the organization's culture and practices.

#### **5.4 Limitations**

There are a number of limitations and concerns related to the outcomes of this study, which should be considered when applying its findings. First, there was significant internal correlation between the four constructs within the proposed model. This is not entirely surprising given the nature of the constructs (for example, it is not surprising that there would be a high correlation between the social mission and value-based leadership). It is possible that some of these variables could have been grouped in order to reflect a second-order variable, rather than being considered separately. While this was not planned for this research, it will be useful for future models to do so.

Obviously, the relatively low path coefficients raise the question of whether there are additional unmeasured variables that could improve the measurement model. Therefore, the future research is worth to explore some other variables such as financial management, efficiency management, marketplace structure, common social mission, etc. The additional of these variables could improve the coefficients that lead to the improvement of the model. Also, a larger sample of the SE population could improve the reliability of the study and provides more generalizable results.

The other question that needs to be further explored is whether the factors identified in the model are more important for SE than for other types of organizations. For the time being under this study, it is difficult to say. This represents some research questions for the future research.

#### **5.5 Suggestions for Future Research**

Since most SEs in Thailand are in an early stage of development, further study with more sophisticated models could be explored in order to gain deeper understanding about SE. We can comprehend that the future model of SE could be expanded to more sophisticated model. For example, table 5.1 suggested the construct correlation among internal factors which are social mission (SM), value-based leadership (VBL) and



shared vision (SV). The interrelationships among these constructs worth to closely investigate and develop them to be a new second order construct for the antecedents or mediator construct which might potentially have stronger impact on the SE performance. This remains an area for future research.

**Table 5.1**  
**Construct Correlation among Internal Factors**

	SM	VBL	SV	CO
SM	1.000			
VBL	0.611	1.000		
SV	0.529	0.687	1.000	
CO	0.540	0.582	0.604	1.000

It may also be useful to conduct a longitudinal study, tracking the same groups over the period of time, to deeper understand the motivations and operating conditions of social enterprise in Thailand across the generations. This type of research would help to develop a better understanding of the institutional frameworks and contexts of social enterprise in Thailand as well as the available resources and human capital available to the firm. This type of research could be supported by an extended study, for example a study of social enterprise in a specific region. By examining the factors contributing to social enterprise performances over the long period of time, the solid result might be able to generalize to other type of firm that has objective and characteristic similar to social enterprise.

In addition, future research could explore the social enterprise model for some particular industries such as agricultural, retail, or financial industries because different industries could have different characteristics in their organizational culture, structure, and operation. By undertaking research in this area, it will expand the frontier of knowledge for researchers and practitioners to understand more about social enterprise performance.

A more theoretical concern for future research is development of a stronger consensus definition on the structure and nature of social enterprise itself. Definitions of SE, while forming a rough consensus around the not-for-profit nature of the organization, do not clearly define how SEs can be classified or understood. This is particularly noticeable in some of the literature, where there is confusion between social enterprise as an organization conducting client-based work (for example social work organizations) and social enterprise engaged in primarily commercial sectors (for example Fair Trade collectives). This type of theoretical development would also require a cross-cultural research element, since it is clear that the social enterprise is not consistent across national borders.

## **5.6 Summary**

The research “The Empirical Study of Factors Affecting the Success of Social Enterprise on Marketing and Social Performances” is the first systematic empirical study in Thailand to explore the antecedents affecting social enterprise performance and examining social enterprise performance upon the social and marketing performances. The data analysis reveals that the proposed internal and external variables have significant and positive impacts on SE performance i.e. social mission, value-based leadership, shared vision, customer orientation, relationship with external organization, and perceived environmental uncertainty. It is also found that there are significant relationships between social enterprise performance and marketing as well as social performances. It is strongly recommended that the future researchers should conduct the extension of the study in this area in order to provide additional insightful and valuable results for the social enterprise in Thailand.

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## Appendices



## **Appendix A**

### **Letter of Requesting Information**



15 กรกฎาคม 2558

เรื่อง ขอบความอนุเคราะห์ในการตอบแบบสอบถาม

เรียน.....

สิ่งที่แนบมาด้วย แบบสอบถามและซองจดหมายสำหรับส่งกลับคืน

ด้วยดิฉัน นางสาวสิริกัก มัทวานนท์ นิสิตหลักสูตรปริญญาเอก สาขาการตลาด คณะพาณิชยศาสตร์และการบัญชี จุฬาลงกรณ์มหาวิทยาลัย รหัสนิต 5583058026 กำลังทำวิทยานิพนธ์ปริญญาเอกเรื่อง “การศึกษาเชิงประจักษ์ของปัจจัยที่มีผลต่อความสำเร็จของกิจการเพื่อสังคมด้านการตลาดและด้านสังคม” (The Empirical Study of Factors Affecting the Success of Social Enterprise Performance on Marketing and Social Performances ) โดยมีศาสตราจารย์ ดร. กุณฑล ธีรรมย์ เป็นอาจารย์ที่ปรึกษาวิทยานิพนธ์

งานวิจัยเรื่องนี้มีวัตถุประสงค์เพื่อศึกษาปัจจัยที่มีผลต่อความสำเร็จของกิจการเพื่อสังคมและวัดผลการดำเนินงานด้านการตลาด การเงิน สังคมและสิ่งแวดล้อมของบริษัท ผลของงานวิจัยคาดว่าจะก่อให้เกิดประโยชน์ต่อผู้บริหารที่ดำเนินงานกิจการเพื่อสังคมในปัจจุบันและผู้บริหารที่สนใจจะดำเนินการกิจการเพื่อสังคมในอนาคต ทั้งนี้ ผลงานวิจัยจะทำให้เกิดความรู้ความเข้าใจในการดำเนินงานของกิจการเพื่อสังคม อันจะนำไปสู่การสร้าง ความยั่งยืนให้แก่ธุรกิจและสังคมไทยต่อไปในอนาคต เนื่องจากบริษัทของท่านมีคุณสมบัติเหมาะสมให้เป็น บริษัทตัวอย่างของงานวิจัย ดิฉันจึงใคร่ขอความอนุเคราะห์เวลาจากท่านผู้บริหารในการตอบแบบสอบถามที่แนบมา นี้ ทั้งนี้ ข้อมูลทั้งหมดจะใช้เพื่องานวิจัยเรื่องนี้นี้นั้นและจะถูกเก็บรักษาไว้เป็นความลับ และเพื่อเป็นการ ขอบพระคุณท่านที่กรุณาสละเวลาตอบแบบสอบถาม ดิฉันจะจัดส่งผลสรุปงานวิจัยมายังท่านเมื่องานวิจัยแล้ว เสร็จสมบูรณ์เพื่อท่านจะได้นำไปใช้ประโยชน์สำหรับบริษัทของท่านต่อไป

ดิฉันหวังเป็นอย่างยิ่งว่าท่านจะกรุณาสละเวลาให้ความอนุเคราะห์ในการตอบแบบสอบถามนี้ และขอ ความกรุณาท่านได้โปรดส่งคืนกลับมายังดิฉัน โดยใช้ซองจดหมายที่ชำระค่าไปรษณีย์ที่แนบมา ภายในวันที่ 15 กันยายน 2558 ดิฉันขอขอบพระคุณท่านล่วงหน้าเป็นอย่างสูงในความอนุเคราะห์ของท่าน อนึ่ง หากท่านจะมี ข้อเสนอแนะหรือคำถามใดๆ ที่เกี่ยวกับแบบสอบถาม กรุณาติดต่อดิฉันที่หมายเลข 086-397-8190 หรือ [siripak.mattavanont@gmail.com](mailto:siripak.mattavanont@gmail.com)

ขอแสดงความนับถือ

(นางสาวสิริกัก มัทวานนท์)

นิสิตหลักสูตรปริญญาเอก ภาควิชาการตลาด

คณะพาณิชยศาสตร์และการบัญชี

จุฬาลงกรณ์มหาวิทยาลัย

## Appendix B

### Questionnaire (Thai Version)





**แบบสอบถามท่านผู้ประกอบการ/ผู้บริหาร**  
**เรื่อง "การศึกษาเชิงประจักษ์ของปัจจัยที่มีผลต่อความสำเร็จของกิจการเพื่อสังคม**  
**ด้านการตลาดและด้านสังคม"**

**ข้อแนะนำในการตอบแบบสอบถาม**

แบบสอบถามฉบับนี้ประกอบด้วยคำถามทั้งหมด 5 ส่วน แบ่งเป็น

- ส่วนที่ 1 ข้อมูลของผู้ตอบแบบสอบถาม
- ส่วนที่ 2 ข้อมูลทั่วไปของบริษัท
- ส่วนที่ 3 ทศนคติของท่านที่มีต่อปัจจัยที่มีผลต่อการดำเนินงานของบริษัท
- ส่วนที่ 4 ผลประกอบการของบริษัท
- ส่วนที่ 5 การรับรู้ถึงกิจการเพื่อสังคม

ข้อมูลที่ท่านได้ให้ความอนุเคราะห์ในการตอบแบบสอบถามนี้จะใช้เพื่องานวิจัยเรื่องนี้เท่านั้น โดยที่ข้อมูลทั้งหมดจะถูกจัดเก็บเป็นความลับ ทั้งนี้เมื่องานวิจัยแล้วเสร็จสมบูรณ์ ผู้วิจัยจะจัดส่งผลสรุปวิจัยมายังท่านเพื่อจะได้นำไปใช้ประโยชน์สำหรับบริษัทของท่านต่อไป

ขอขอบพระคุณเป็นอย่างสูง

**ส่วนที่ 1 โปรดตอบคำถามที่ตรงกับตัวท่านมากที่สุด**

1. ตำแหน่งปัจจุบันในบริษัทของท่าน.....
2. ระดับการศึกษาของท่าน
  - ต่ำกว่าปริญญาตรี       ปริญญาตรี       สูงกว่าปริญญาตรี
3. ท่านทำงานในบริษัทนี้มาเป็นระยะเวลา
  - น้อยกว่า 3 ปี       3-5 ปี       6-10 ปี       มากกว่า 10 ปี

**ส่วนที่ 2 ข้อมูลทั่วไปของบริษัท**

1. บริษัทที่ท่านทำอยู่เกี่ยวกับ (โปรดระบุคำตอบเดียว)
  - การเกษตร       การค้าปลีก/พาณิชย์       ธนาคาร/เงินทุน/ประกันภัย
  - อาหารและเครื่องดื่ม       การศึกษา       การท่องเที่ยว/สันทนาการ
  - การแพทย์สาธารณสุข       อื่นๆ (โปรดระบุ) .....
2. บริษัทมีจำนวนพนักงานประมาณเท่าใด?
  - น้อยกว่า 20 คน       21-50 คน       51-80 คน       81-120 คน
  - มากกว่า 120 คน
3. บริษัทก่อตั้งมานานเท่าใด?
  - น้อยกว่า 3 ปี       3- 5 ปี       6-10 ปี       มากกว่า 10 ปี



ข้าพเจ้าคิดว่า.....	เห็นด้วย อย่างยิ่ง		ไม่เห็นด้วย อย่างยิ่ง	
	1	2	3	4
14. ผู้บริหารของบริษัทรู้จักผู้ประกอบการเพื่อสังคมรายอื่น				
15. ผู้บริหารได้รับข้อมูลมากมายจากผู้ประกอบการเพื่อสังคมรายอื่น				
16. ผู้บริหารได้รับข้อมูลเกี่ยวกับกิจการเพื่อสังคมจากบุคคลหรือหน่วยงานภายนอก (เช่น สหพันธ์ สมาคม ภาครัฐ ภาคเอกชน ฯลฯ)				
17. บริษัทสามารถรับรู้ถึงความไม่แน่นอนเกี่ยวกับความต้องการของลูกค้า				
18. บริษัทสามารถรับรู้ถึงความไม่แน่นอนเกี่ยวกับคู่แข่ง (เช่น จำนวนของคู่แข่ง กลยุทธ์ของคู่แข่ง)				
19. บริษัทสามารถรับรู้ถึงความไม่แน่นอนเกี่ยวกับสภาพแวดล้อมที่อาจเกิดขึ้น (เช่น การเปลี่ยนแปลงของกฎหมาย เศรษฐกิจ สังคม)				

#### ส่วนที่ 4 ผลประกอบการของบริษัท

คำชี้แจง โปรดทำเครื่องหมาย ✓ ลงในช่องที่ตรงกับความคิดเห็นของท่านมากที่สุด

ข้าพเจ้าคิดว่าใน 3 ปีที่ผ่านมาบริษัท.....	เห็นด้วย น้อยที่สุด		เห็นด้วย มากที่สุด		
	1	2	3	4	5
1. มีการเจริญเติบโตของยอดขาย					
2. สามารถใช้ทรัพยากรอย่างมีประสิทธิภาพ					
3. มีจำนวนลูกค้าเพิ่มขึ้น					
4. บรรลุเป้าหมายทางสังคมที่กำหนดไว้ เช่น ช่วยสร้างรายได้ เพิ่มโอกาสทางการศึกษาและอาชีพให้แก่คนในชุมชน มีการจัดดำเนินการด้านสิ่งแวดล้อม ฯลฯ					
5. มีพนักงานที่มีความรับผิดชอบในการทำงานในหน้าที่ของตนในภาพรวม					

**ส่วนที่ 5 การรับรู้ถึงกิจการเพื่อสังคม**

**คำชี้แจง** โปรดทำเครื่องหมาย ✓ ลงในช่องที่ตรงกับความคิดเห็นของท่านมากที่สุด

ข้อความ	เห็นด้วย				
	น้อยที่สุด				มากที่สุด
	1	2	3	4	5
1. ท่านเคยทราบหรือเคยอ่านเรื่องราวเกี่ยวกับกิจการเพื่อสังคมจากหนังสือ/สื่อต่างๆ					
2. ท่านมีความเข้าใจในเรื่องกิจการเพื่อสังคม					
3. บริษัทอื่นๆ ควรนำหลักการของกิจการเพื่อสังคมไปประยุกต์ใช้					
4. บริษัทของท่านได้นำหลักการของกิจการเพื่อสังคมมาประยุกต์ใช้					

กรุณากรอกข้อมูลในกรอบด้านล่างนี้เพื่อใช้ในการจัดส่งรายงานผลสรุปการทำวิจัยให้ท่าน

1. ชื่อและนามสกุลของท่าน.....
2. ชื่อบริษัท.....
3. สถานที่ตั้ง.....
.....
4. โทรศัพท์..... 5. โทรสาร.....
6. E-mail Address.....

## Appendix C

### Questionnaire (English Version)



## QUESTIONNAIRE

### “The Empirical Study of Factors Affecting the Success of Social Enterprise on Marketing and Social Performances”

This questionnaire consists of 5 parts

- Part 1 Respondent's information
- Part 2 Company's information
- Part 3 Attitude toward firm operation
- Part 4 Firm Performance
- Part 5 Perception toward social enterprise

Your valuable information will be used for this research only and will be treated as confidential. When this research has been completed, you will be provided with the result in the hope that it can be useful for you and your company.

Thank you very much

#### **Part 1 Respondent's Information**

1. Your current position.....
2. Your education level
  - Below Bachelor's degree
  - Bachelor's degree
  - Above Bachelor's degree
3. Years of experience working in this company
  - Less than 3 years
  - 3-5 years
  - 6-10 years
  - More than 10 years

#### **Part 2 Company's Information**

1. Your company business type (Please choose only one)
  - Agriculture
  - Retail
  - Bank, insurance, financial institute
  - Food and beverage
  - Education
  - Travelling and tourism
  - Medical and Health
  - Others (Please identify).....
2. How many employees does your company have?
  - Less than 20 people
  - 21-50 people
  - 51-80 people
  - 81-120 people
  - More than 120 people
3. How long has your company been established?
  - Less than 3 years
  - 3- 5 years
  - 6-10 years
  - More than 10 years
4. What is the company revenue?
  - Less than 5 million Bath
  - 5-10 million Bath
  - 11-15 million Bath
  - 16-20 million Bath
  - More than 20 million Bath

**Part 3** Attitude toward Business Operation**Instruction** Please mark  $\surd$  in the scale that reflects your opinion the most

I think .....	Extremely Disagree		Extremely Agree	
	1	2	3	4
1. Firm states clear mission toward objectives of social enterprise				
2. Firm has strategic alignment to social mission				
3. Firm's operation concerns properties in social mission to ensure sustainable growth				
4. Leadership is virtuous and honest				
5. Leadership has ability to <u>recognize</u> resource opportunity (such as raw material, manpower, technology, etc) and convert the resource to firm's output				
6. Leadership has ability to <u>leverage</u> resource opportunity (such as raw material, manpower, technology, etc) and convert the resource to firm's output				
7. Leadership has ability to communicate with employee and others				
8. Firm disseminates information about social enterprise				
9. All staffs and units in the organization share the same ambitions and visions				
10. Everyone freely contribute his/her points of view about how to run smoothly				
11. Firm's product/ service development is based on good market and customer information				
12. Firm understands how customers value and have attitude towards its products				

I think .....	Extremely Disagree		Extremely Agree	
	1	2	3	4
13. Customer's interest should always come first, ahead of its owners and competitors				
14. Management has closed interaction with other SEs' managements				
15. Management receives a lot of information from other executives within SE industry				
16. Management receives a lot of information from other executives outside SE industry (such as other institution, association, etc.)				
17. Firm is aware of uncertainty of users' demand of its products/ services				
18. Firm is aware of uncertainty of competitor such as the number of competitors and their strategies				
19. Firm is aware of uncertainty of its related environment such as change of rule and regulation, change of economics and social factors				

**Part 4** Firm's Performance

**Instruction** Please mark  $\surd$  in the scale that reflects your opinion the most

I think in the past few years,.....	Least Agree		Extremely Agree		
	1	2	3	4	5
1. Firm's revenue increase					
2. Firm uses resource more efficiently					
3. The number of customer increase					
4. Firm's social report or indicators (achievement of social mission which initially defined)					
5. All staffs and units are well responsible for their own tasks					



**Part 5** Perception toward social enterprise**Instruction** Please mark  $\surd$  in the scale that reflects your opinion the most

Statement	Least Agree $\longrightarrow$ Extremely Agree				
	1	2	3	4	5
1. Have you ever heard or read about social enterprise?					
2. Do you think you understand social enterprise concept?					
3. Do you think others firms should adopt social enterprise concept?					
4. Do you think your firm adopt social enterprise concept?					

Please fill your information in the box below so that the researcher can provide you with the result of this research

Name.....Last Name.....
Company Name.....
Company Address.....
Tel ..... Fax .....
E-mail Address .....

## VITA

Siripak Mattavanont is a Thai native, born in June, 1983. She earned her first degree from Faculty of Economics, international program, Thammasat University. Before pursuing her Master degree, she worked at General Electric as a financial management trainee and CRM program manager. After that, she entered the Master of Business Administration at China Europe International Business School in Shanghai, China. She had also spent 3 years in Shanghai working in the business development unit at CP Shanghai.

At the present, she has been pursuing her doctoral degree at department of marketing,

Faculty of commerce and accountancy, Chulalongkorn University and worked in marketing field as an executive marketing manager at True Corporation Co.,Ltd.

