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Social Entrepreneurs' Perceptions of the Institutional Environment: The Influence of Human and Psychological Capital

Gary Schwarz ^a, Ghadah W. Alharthi ^b, and Susan Schwarz ^c

^aQueen Mary, University of London, London, UK; ^bCentral Saint Martins, University of the Arts London, London, UK; ^cKing's Business School, King's College London, London, UK

ABSTRACT

This research explores individual-level factors that influence social entrepreneurs' perceptions of the institutional environment and examines why some individuals pursue, and persevere in, the social entrepreneurship field. Based on qualitative interviews with social entrepreneurs in Saudi Arabia, we find that human capital—represented by education and professional experience— influences the perception of regulative institutions, but can create a mismatch between expectations and reality. The four psychological capital components affect social entrepreneurs' perceptions of regulative institutions at different stages of the venture. Self-efficacy and optimism are useful at the beginning of the social entrepreneur's journey, whereas hope and resilience are more important for the viability of social enterprise at later stages.

KEYWORDS

Social entrepreneurship; institutional environment; human capital; psychological capital; Saudi Arabia

Introduction

Governments increasingly rely on social enterprises and other hybrid organizations to address wicked social problems such as poverty, climate change, disability, inclusion, education, and unemployment (Kim & Moon, 2017; Van Ryzin et al., 2009; Young et al., 2016). Social enterprises support public policies and frequently generate value by collaborating with public sector organizations and providing services to disadvantaged groups (Choi et al., 2020). However, social entrepreneurs' efforts to tackle social problems are influenced by the institutional environment in which they operate (Townsend & Hart, 2008) as well as their perceptions of that institutional context (Mair & Noboa, 2006). In particular, social entrepreneurs' individual approach to the regulative institutional environment may affect how they view the feasibility of their ventures (Urban & Kujinga, 2017).

At the micro-level, individual entrepreneurs interpret and respond to macro-level institutions such as evolving laws and regulations (Mickiewicz et al., 2021). Indeed, the way in which social entrepreneurs perceive and navigate institutional structures often depends upon their individual background, experience, and characteristics (Robinson, 2006). Elements of human capital or “what you know” (Luthans et al., 2004, p. 46)—such as education and experience—are key factors informing the pursuit of social entrepreneurial endeavors (Mair & Noboa, 2006). For instance, higher

levels of education and prior professional experience may be particularly important for identifying and exploiting opportunities for social entrepreneurship (Estrin et al., 2016). Although such cognitive resources are also thought to influence how people engage with government institutions (Christensen et al., 2020), their implications for the viability of social entrepreneurship have not been fully explored.

Similarly, social entrepreneurs' psychological capital provides internal resources that affect both their interpretation of environments and the coping skills available to them to deal with challenges in difficult contexts (Newman et al., 2014). Psychological capital—conceptualized as “who you are” and “what you intend to become” (Luthans et al., 2004, p. 46)—comprises the four components of self-efficacy, hope, optimism, and resilience (Ashmawy, 2022; George et al., 2023) known to affect the entrepreneurial process (Luthans et al., 2007; Schwarz, 2018). While psychological resources such as self-efficacy are considered an antecedent to social entrepreneurial intentions (Mair & Noboa, 2006), less is known about their role in understanding and navigating potentially onerous institutions (Masood & Nisar, 2021; Moynihan et al., 2015) that active social entrepreneurs often encounter. Expanding on these perspectives, the current study explores how social entrepreneurs' individual attributes—namely, their human and psychological capital—influence their perception

CONTACT Gary Schwarz  gary.schwarz@qmul.ac.uk  Queen Mary, University of London, Mile End Road, London E1 4NS, UK

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of the regulative institutional environment when they pursue public value through social enterprise.

In addressing this question, our study combines institutional theory (North, 1990; Scott, 2014) and the cognitive perspective (Baron, 2004; Grégoire et al., 2011) to develop an understanding of social entrepreneurs' perceptions and behaviors in their context. Whereas institutional theory on its own tends to be abstract and concerned with macro-level elements, pairing institutional theory with the cognitive perspective enables analysis of links between perception and institutions (Gupta et al., 2020). Hence, we answer calls to overcome the limitations of institutional theory by moving away from strictly positivist research and incorporating interpretivist methods that consider the subjective ways in which actors experience institutions (Suddaby, 2010) such as government regulations and administrative rules (Burden et al., 2012; Christensen et al., 2020). While previous research examines the returns to human capital for social entrepreneurs relative to institutional context (Estrin et al., 2016), the effect of institutions on their psychological state (Urban, 2013), and social entrepreneurial intentions (Urban & Kujinga, 2017), it does not explore how these individual "capitals" affect interpretation of that context. In contrast, our study explores broader aspects of cognitive and psychological resources (Christensen et al., 2020; Masood & Nisar, 2021; Moynihan et al., 2015) relevant to social entrepreneurs interacting with state institutions. In doing so, we illuminate how elements of human capital—education and experience—influence expectations of the institutional context, while components of psychological capital play important roles at different times during the social entrepreneurial venture.

In addition, previous empirical research on social entrepreneurship has focused on Western contexts (Gupta et al., 2020), which limits the generalizability of social entrepreneurship and management theories. Although other contexts in Southeast Asia have attracted some attention (Choi et al., 2020), countries in the Middle East and North Africa continue to be neglected (Jamali & Lanteri, 2016). Our qualitative exploratory study makes an important contribution by investigating social entrepreneurs' perceptions of their environment and the individual-level factors influencing institutional perceptions in this setting, using information from 37 semi-structured interviews conducted with 12 social entrepreneurs in Saudi Arabia. In doing so, we answer calls in previous studies of the agentic perspective among social entrepreneurs (Bacq & Alt, 2018) for more research on the institutional or contextual perspective. Social entrepreneurs' perceptions of regulative institutions matter because governmental contexts can empower social entrepreneurs to obtain

tangible and intangible resources that facilitate the development of social enterprises (Stephan et al., 2015).

The remainder of this article is structured as follows. We first review the relevant literature related to institutional perceptions of social entrepreneurs, human capital, and psychological capital as groundwork for the study. We then explain how the qualitative data were collected and analyzed, and report our findings. Finally, we discuss the theoretical and practical implications of our study, acknowledge its limitations, and propose directions for future research.

Literature review and theoretical framework

Environmental perceptions

Institutions create a reality that is objective and external to the individual (North, 1990), and individuals hold their own, subjective point of view regarding that reality (Mair & Noboa, 2006). Thus, different individuals may interpret and respond to the possibilities offered by institutions in different ways (Townsend & Hart, 2008). Therefore, it is necessary to distinguish between the external, objective reality and the individual's subjective perception of that reality. An institutional environment is defined as the stable rules, social standards, and cognitive structures in a society that guide, favor, or restrict business activity (Scott, 2014). These institutional patterns strongly influence economic behavior, organizational behavior, and entrepreneurship (North, 1990). Some scholars argue that institutions practically determine the actions of individuals and define preferences and power in society, while also providing the shared meanings and cognitive frames that shape how humans interpret the behavior of others (Powell & DiMaggio, 1991). They shape preferences and even determine what people can imagine themselves doing.

An institutional environment may advance entrepreneurs' performance or hinder it, because institutional context plays an important role in the emergence of entrepreneurs (Urban & Kujinga, 2017). Social entrepreneurs consider the institutional environment an important influence on their interest in social entrepreneurship; for instance, in an analysis of 26 countries, government institutional support was strongly linked with individuals' engagement in nascent or established social entrepreneurship (Stephan et al., 2015). Because the entrepreneurial decision is made at the level of the individual, it is the subjective perception of the environment that matters, not necessarily the actual status of that

environment. Because the nature and quality of regulative institutions in a country affect whether and how individuals pursue entrepreneurial activity (Mickiewicz et al., 2021; Townsend & Hart, 2008) and whether they succeed in their efforts (Searing & Lecy, 2022), understanding social entrepreneurs' views of institutions is important in designing structures to support their work across diverse contexts.

Although not specifically studying institutions, Hockerts (2017) finds that perceived social support as well as social entrepreneurial self-efficacy are important predictors of the intention to engage in social entrepreneurship among university students. Perceived social support reflects views of the external environment, being one of the antecedents of social entrepreneurial intentions, proposed by Mair and Noboa (2006), among prospective social entrepreneurs. In studying current established social entrepreneurs, we do not explicitly examine future intentions, but complement the broader field of social entrepreneurial intentions literature (Bacq & Alt, 2018; Urban & Kujinga, 2017) by addressing the context perspective. Given this previous attention to the external environment, the current study considers the specific environment of institutional context and how active social entrepreneurs perceive it in regard to the viability of their own social enterprises.

Social entrepreneurship is frequently characterized by uncertainty, regulatory issues, and complexity. Social entrepreneurs have certain views and experiences regarding regulative institutions, and these form part of their perception of the institutional environment. The regulatory environment is an important component of the institutional environment. Focusing solely on the social entrepreneurship ecosystem, Littlewood and Holt (2018) showed how a supportive regulatory environment for hybrids and enabling legislation aided the formation of social enterprises in an emerging economy, South Africa. Similarly, Urban and Kujinga (2017) found that the regulatory environment can affect social entrepreneurial intentions via desirability and feasibility. In contrast, an unfavorable regulative institutional environment may inhibit entrepreneurship. Based on extant research, our study considers that perceptions of an unfavorable institutional environment can discourage or hamper the efforts of social entrepreneurs. However, individual experience and characteristics may influence this perception—in this case social entrepreneurs' education and experience or human capital as well as psychological capital—as discussed below.

Individual factors: human capital and psychological capital

Individual characteristics influence how people interpret and cope with regulative institutions in their environment, which in turn affects the perceived feasibility of social entrepreneurship (Gupta et al., 2020; Robinson, 2006). Scholars note that “social entrepreneurs perceive social ventures as desirable because of specific emotional and cognitive attitudes” at the individual level (Mair, 2006, p. 90). In the current study, we view these cognitive and emotional qualities through the lens of human capital and psychological capital.

Human capital represents the stock of personal knowledge, skills, and abilities accumulated by individuals through formal education, training, and other types of experience (Becker, 1994). Numerous studies have identified human capital as a critical element of positive organizational performance that provides access to a wider range of opportunities, including among entrepreneurs (e.g., Bosma et al., 2004). Human capital elements, operationalized as formal education and professional experience, are known to influence the process and outcomes of both social and commercial entrepreneurship (Estrin et al., 2016). In addition, scholars have noted that “people’s human capital influences how they engage with administrative processes” established by government institutions (Christensen et al., 2020, p. 127). An individual’s human capital, including work experience and education, informs their perception of the social entrepreneurial opportunity and what is required to navigate challenges (Robinson, 2006), influencing the capacity to identify and cope with barriers arising from the institutional context.

The concept of psychological capital, meanwhile, encompasses an individual’s “positive psychological state of development” that can be developed and deployed to achieve goals (Luthans et al., 2007, p. 3). Composed of four subdimensions—self-efficacy, optimism, hope, and resilience—psychological capital is linked to positive work outcomes across different organizational contexts (Newman et al., 2014). This includes entrepreneurs, for whom psychological capital has been found to mitigate stress and uncertainty, including in turbulent environments (Hmieleski & Carr, 2007). Such uncertainty is also faced by social entrepreneurs, given that appropriate government policies and laws, with accompanying systems to facilitate transactions, do not yet exist for social entrepreneurship in many states (Robinson, 2006). Perceptions of dubious institutional conditions have implications for the psychological state of entrepreneurs, weakening their confidence (Mickiewicz et al., 2021). Higher levels of psychological

capital should thus influence the individual's attitude and abilities in facing such challenges.

The significant obstacles that social entrepreneurs encounter in their interactions with the state can also be viewed from an administrative burden perspective (Herd & Moynihan, 2018; Jiang et al., 2023). Defining administrative burden as "an individual's experience of policy implementation as onerous" (Burden et al., 2012, p. 741), this literature identifies three types of administrative costs: learning, compliance, and psychological costs (Moynihan et al., 2015). Social entrepreneurs experience cognitive-level learning costs and compliance costs when collecting information to ascertain their eligibility for funding and understanding how to obtain access to it, as well as completing paperwork and providing documentation. In addition, they experience psychological costs due to the stress and frustration of waiting for decisions on permits and funding. By similarly focusing on cognitive and psychological elements, in our study's framework, human and psychological capital align as solutions to perceiving and coping with such burdens, as noted below.

Human capital: education and experience

The amount of formal education completed, in terms of the highest qualification attained, is considered one of the most fundamental indicators of human capital. Exposure through tertiary education frequently serves as a starting point for many entrepreneurs to become acquainted with the concept of social entrepreneurship (Tracey & Phillips, 2007). Thus, a social entrepreneur's entrepreneurial cognition is affected by their education (Lim et al., 2010). People with higher levels of formal education are expected to be more receptive to new ideas and change, and may also be inspired by ideas diffused from international experiences they have learned about (Dacin et al., 2011).

Empirical research suggests that general human capital, in the form of education, is more important to social entrepreneurs than to commercial entrepreneurs (Estrin et al., 2016). Notably, entrepreneurs with lower education levels have been shown to be more affected by changes in rule of law and institutional quality (Estrin et al., 2016), perhaps because highly educated entrepreneurs are more sheltered from institutional effects due to stronger political and social networks (Batjargal et al., 2013). Education improves the individual's capacity to engage in venturing due to possessing both specific technical and general knowledge (e.g., Gist & Mitchell, 1992). Social entrepreneurs with higher education should be better able to integrate new information, adapt flexibly to novel situations, and engage in

independent thinking (Estrin et al., 2016) as required to navigate their institutional context. In addition, higher education, especially incorporating social responsibility themes, can help social entrepreneurs interpret the complexities of opportunities within their operating environment (Nga & Shamuganathan, 2010).

Professional and entrepreneurial experience is considered important because it is expected that entrepreneurs will learn from their past experiences and therefore become better equipped to take on entrepreneurial activities in the present and the future (Bosma et al., 2004). Specific human capital, in the form of work experience, enhances entrepreneurs' skill base, including the ability to be proactive, alert to opportunities, and resourceful in finding solutions to overcome obstacles in the operating context (Estrin et al., 2016). Mitchell et al. (2000) found that entrepreneurs have greater capability to store, recover, and apply information than non-entrepreneurs. These cognition structures enable entrepreneurs to use information more competently than non-expert entrepreneurs. However, Casson (1982) pointed out that irrelevant field experience may limit one's ability to see and understand barriers to entry or business opportunities. In other words, entrepreneurs with limited relevant experience may have a blind spot for the social and institutional barriers to entry, while those with relevant experience benefit. Indeed, prior experience, specifically with social issues, is an antecedent of social entrepreneurship, and social entrepreneurs' experience influences their judgment and actions in their current ventures (Mair & Noboa, 2006).

Psychological capital

As a state-like characteristic, psychological capital includes four components: (1) self-efficacy, or the belief in one's ability to exert the effort needed to excel at challenging tasks; (2) hope, which is the determination to persevere and envision alternative pathways to achieve one's goals; (3) optimism, the degree to which individuals possess a positive outcome expectancy; and (4) resilience, the "capacity to rebound . . . from adversity, uncertainty, conflict, [or] failure" (Luthans, 2002, p. 702).

As an element of psychological capital, self-efficacy is among the antecedents of social entrepreneurial activity (Luthans et al., 2007). Self-efficacy entails the motivation to direct energy toward difficult endeavors and solve problems in organizational life. For instance, among entrepreneurs in a conflict zone, self-efficacy boosted confidence to perform challenging tasks despite significant hurdles (Bullough et al., 2014). Among social

entrepreneurs, levels of self-efficacy as well as optimism are higher than in the general population, as is perseverance, a trait related to hope and resilience (Stephan & Drencheva, 2017). Resilience provides entrepreneurs with both a problem-solving perspective and an adaptive ability to adjust to change, overcome setbacks, and learn from mistakes, especially given the informal and dynamic conditions within the social entrepreneurship field (Bullough et al., 2014; Comfort et al., 2010). Finally, hope is considered “a valuable capability to . . . control emotions in the entrepreneurial process, and develop pathways toward achieving” social goals, acting as a catalyst in social entrepreneurial activity (Kuckertz et al., 2023, p. 5). In particular, stronger psychological resources can lead social entrepreneurs to view their endeavors as more feasible (Mair & Noboa, 2006); as such, they can be expected to influence an individual’s approach to institutions and their perceived viability of social entrepreneurship.

To a greater degree than commercial firms, social enterprises may need to allocate scarce time and resources in organizations run by volunteers or low-paid staff in which finances are severely limited (Schwarz et al., 2022b; Searing & Lecy, 2022). In such contexts, psychological capital is a particularly vital source of energy that drives social entrepreneurs to persevere in their social mission. Newman et al. (2014) suggested that psychological capital is an internal motivational resource that an individual may draw upon, which plays an important role in interpreting and anticipating various challenges that arise. For instance, social entrepreneurs with higher self-efficacy tend to perceive their environment as more fertile with opportunities rather than risks (Urban, 2013). Individuals may also utilize psychological capital to foster positive expectations about future outcomes and build a greater belief in their ability to deal with the difficulties of their job (Newman et al., 2014).

Based on the above, the current study brings together macro institutional and micro behavioral approaches to facilitate an understanding of how individual cognitive factors affect human interaction with institutions (Gupta et al., 2020; Mickiewicz et al., 2021) in the social entrepreneurship context.

Methods

Sample and procedure

We used interviews to explore social entrepreneurs’ perception in the under-studied context of Saudi Arabia. A qualitative approach was particularly appropriate to enable social entrepreneurs to articulate how they perceive the institutional environment. This interpretivist

approach allows consideration of subjective narrative experiences of regulative institutions (Suddaby, 2010).

Qualitative data were collected from two sources. The primary data source was face-to-face semi-structured interviews with currently active social entrepreneurs. During interviews, informed verbal and written consent was obtained and interviews were recorded. The secondary source of data was the documents collected from the social enterprises, which included press releases, official documents, annual reports, brochures, website, and internal company presentations. The collection of these documents was based predominately on respondents referring to the information during the interview and the researchers requesting a copy as contextual background. Primary interview data were then supplemented by analysis of these secondary data materials, which was especially useful for understanding the histories of the different social enterprises. In addition, the documented sources offered an advantage of being more comprehensive and less subject to memory-based bias. The written texts were converted to Word documents and were rigorously examined using NVivo. These data were then cross-referenced in the analysis to identify recurring themes in the responses, for instance regulatory information and processes (Theme 1), sample case studies from education experiences (Theme 2), or evidence of encouraging social enterprise accomplishments (Theme 4). The primary data from interviews, meanwhile, were categorized into codes or indicators, which were analyzed qualitatively. The entire process of data collection (including pilot interviews, document collection, and conducting the interviews) lasted 20 months. Anonymized information about the characteristics of the selected social entrepreneurs is summarized in Table 1.

To ensure independence, we first used purposive sampling to identify primary participants (two social entrepreneurs and three academics) for the pilot interviews (Miles et al., 2018). The purposive selecting supports an exploratory and qualitative style of research (Parker et al., 2019). Participants were selected because of their experience and ability to elaborate on and describe the research phenomena (Patton, 2015). To enhance sample diversity, these experts were diverse, independent, and unrelated to each other. Thus, we followed Etikan et al. (2016, p. 6) recommendation “that the initial set of respondents is sufficiently varied.” As a second step, we asked each of these five experts to provide two contacts, whom we also interviewed. Because both the number of links stemming from each participant ($k = 2$) and the number of waves of the sample ($s = 1$) were limited (Handcock & Gile, 2011), it is not possible that all the social entrepreneurs share similar characteristics. This reduces potential bias in

Table 1. Primary data collection overview: social entrepreneurs.

Code	Gender	Age of social enterprise	Education	Interview location	Social enterprise focus	Number of interviews
Ser1	Male	3.5	Masters	Jeddah	Social issues	4
Ser2	Male	5	Bachelors	Jeddah	Employability skills	4
Ser3	Female	7	Masters	Jeddah	Poverty	3
Ser4	Female	6	Bachelors	Jeddah	Social issues	3
Ser5	Male	5	Masters	Riyadh	Social issues	3
Ser6	Female	4	PhD	Riyadh	Environmental	3
Ser7	Male	4	Masters	Riyadh	Women's employment	3
Ser8	Female	7	Bachelors	Riyadh	Social Issues	3
Ser9	Female	6.5	Masters	Riyadh	Environmental	3
Ser10	Female	5	Masters	Eastern Province	Art and creativity	3
Ser11	Female	5.5	Bachelors	Eastern Province	Health	2
Ser12	Female	6.5	PhD	Eastern Province	Women's employment	2

snowball samples that may otherwise occur among hard-to-reach populations (Parker et al., 2019), such as experienced social entrepreneurs in Saudi Arabia. Notably, Saudi Arabia was chosen as the research setting due to its rapid expansion of social enterprises (Halaoui et al., 2020).

Social entrepreneurs were selected based on the age and location of the social enterprises they founded. This was carried out according to two parameters: (1) we selected social entrepreneurs situated within Riyadh, Jeddah, or the Eastern Province, because these areas have particularly high levels of recorded social entrepreneurial activity; and (2) we selected social enterprises that had been active for at least three years. While some research has analyzed social entrepreneurial intentions by focusing on students or nascent entrepreneurs (Urban & Kujinga, 2017), we take this further, studying more established social entrepreneurs to better understand not only the launch but also the implementation and ongoing process of social entrepreneurship contingent upon environmental factors. In total, 37 semi-structured interviews were conducted with 12 social entrepreneurs, whose work focuses on a range of social issues including employability skills, poverty, environmental sustainability, women's employment, art and creativity, and health.

The interview questions focused on the following key themes: (1) the motivation for starting the social enterprise; (2) the experience of starting a social enterprise; (3) the perception of the field and institutional environment; (4) the struggles the social entrepreneur faced; and (5) cultural aspects. We conducted an average of three interviews with each participating social entrepreneur. The first interview focused on themes (1) and (2), the second interview on theme (3), and the final interview on themes (4) and (5). Having a temporal separation between the interviews allowed us to discuss the various constructs separately, which reduces bias (Podsakoff et al., 2012). Conducting multiple interviews also allowed us to probe the accuracy and consistency of findings over the course of the study. Each interview lasted between 30 and 60 minutes.

Analytical strategy

For the purposes of this study, thematic analysis is well suited for identifying, interpreting, and summarizing the meaning of the data (Braun & Clarke, 2006). The data gathered in this study comprised a vast amount of qualitative information, and therefore required a qualitative analysis tool (NVivo) that could facilitate the extraction of key findings from the data. The use of NVivo was deemed necessary because it allows identification of recurrent themes and underlying assumptions that are frequent in the empirical material, enabling us to analyze the extensive data in a systematic and transparent manner. It also helped to challenge prior assumptions regarding the structure and content of the material (Seymour, 2012). An interpretivist approach was adopted to make sense of the perceptions of social entrepreneurs. After transcribing interviews verbatim, we followed Braun and Clarke's (2006) six steps and applied a thematic network technique (Attride-Stirling, 2001) to support the process of searching, reviewing, and depicting themes. The six steps, with explanations, are outlined in Table 2.

To ensure that the research offers legitimate analysis, we ensured descriptive, interpretive, and theoretical validity (Patton, 2015). We ensured descriptive validity

Table 2. Six steps of conducting a thematic analysis.

Steps	Descriptions
1. Familiarize with the data	Read and re-read the data, note down the sensed patterns and themes.
2. Generate initial codes	Code the data in a systematic fashion, classify the data according to the codes.
3. Search for themes	Collate similar codes into potential themes, gathering all data relevant to each potential theme.
4. Review themes	Check if the themes work in relation to the coded extracts and the entire data set, generating a thematic map of the analysis.
5. Define and name themes	On-going analysis to refine the specifics of each theme and the overall story the analysis tells, generating clear definitions and names for each theme.
6. Produce findings	Select vivid, compelling extract examples, final analysis of selected extracts, relating back of the analysis to the research question and literature,

Source: Adapted from Braun and Clarke (2006, p. 35).

by using interview recordings and transcriptions (Seymour, 2012). Additionally, we increased accuracy by offering participants the option of anonymity, which helped encourage truthful responses from the participants. Interpretive validity is primarily concerned with what these descriptions and interviews actually mean (Seymour, 2012). In interviews, we listened carefully and used probing questions to validate the participants' views. Accuracy of descriptions was imperative to correctly portray the perspectives of the individuals in the study. Theoretical validity refers to the degree to which a "theoretical explanation developed from the research study fits the data, therefore, is credible and defensible" (Johnson, 1997, p. 286). We therefore completed significant literature reviews on social entrepreneurship, the theories we have used, and the constructs in the conceptual framework. As we reviewed the transcripts, we began to develop themes that appeared consistently among participants and that addressed our research questions.

In addition, we applied reflexivity and data triangulation. Reflexivity refers to the process of continual self-awareness and critical self-reflection by the researchers throughout the research study; the intent is to avoid potential biases and predispositions that may affect the research process and findings. Moreover, we used data from document analysis and interviews, both of which support the themes discovered. The use of multiple sources was useful to confirm findings.

Institutional environment

Saudi Arabia is experiencing a strong policy drive to increase its number of social enterprises (Halaoui et al., 2020). In attempting to reduce public reliance on welfare, one of the strategies followed by the Saudi government is to empower individuals to become entrepreneurs and to focus on solving social problems themselves (Moshashai et al., 2020). In essence, the government is aiming to build the capacity of communities and individuals to become more active in solving the issues and meeting the needs of their community.

Following the international trend toward a three-sector paradigm (Young et al., 2016), the Ministry of Commerce and the Ministry of Labor enacted new regulations and legislation with the aim of assisting the development of the third sector. The term third sector is used to describe an alternative sector separate from the state and the market. It encompasses organizations established by individuals on a voluntary basis to pursue social or community goals (Halaoui et al., 2020). The government turned to the third sector following the Arab Spring, even though the political movements did

not affect Saudi Arabia directly, to ask individuals to participate in finding solutions to social problems such as unemployment and environmental issues (King Khalid Foundation, 2018).

As a consequence, there has been a dramatic increase in the number of social enterprises in Saudi Arabia, from 20 in 2010 to 150 in 2014 (King Khalid Foundation, 2018); by 2020, there were an estimated 2,597 social enterprises in the country (Halaoui et al., 2020). This increase is partly due to the work of international foundations (e.g., Ashoka and Acumen), local foundations (e.g., the King Khalid Foundation), corporations (e.g., Abdul Latif Jameel Group), higher education institutions (e.g., Effat University and Dar Al-Hekma College), and charity foundations and personal initiatives of Saudi entrepreneurs (Jamali & Lanteri, 2016). These social enterprises can mostly be categorized as nascent stage, newborn, and adolescent (Searing & Lecy, 2022), and are characterized by their "chaordic" nature (Young et al., 2016). Some of them have not been formally incorporated, they lack funding and other resources, and they do not have well-established processes and programs. In summary, Saudi Arabia is a highly appropriate context for the current study of institutional perceptions of social entrepreneurs in light of positive elements such as official encouragement and growing numbers of social enterprises, combined with negative elements such as myriad new rules and regulations and a government that lacks the administrative capacity to adequately address social enterprises' requests (Al-Hashimi et al., 2022; Weng et al., 2021).

Results

Theme 1: perceptions of unfavorable regulative institutional environment

This theme represents the different regulatory issues that the social entrepreneurs have faced. It demonstrates repetitive patterns that emerged when social entrepreneurs shared their journey to establish and run their social enterprises. Social entrepreneurs reported struggling with the regulatory institutional environment and perceiving it as unfavorable toward social entrepreneurship. The interviewees referenced different occasions where they struggled with ministries or lost funding from sponsors due to regulatory gaps. All have faced similar issues in the field and agreed that it hinders them from achieving their visions. The social entrepreneurs are aware of the inefficiencies in the regulatory system, particularly the lack of legal structures that they can follow, the confusing processes involved in getting the licenses they need, complicated visa regulations when

attempting to hire foreign employees, and the time it takes to process papers in the ministries. Social entrepreneurs therefore have a negative perception of their regulative institutional environment, as demonstrated by the following quotes (a longer list of quotes for each theme is included in [Appendix 1](#)):

I think the biggest struggle is the regulatory mazes we have to go through, and some days it is too much. (Ser7)

It took us a long time to figure out what to register as legally, or even which ministry to go to. (Ser1)

We had funding ready . . . we just needed to register and get the license . . . we spent a year and a half going around the different ministries. . . we lost the funding eventually because the investors thought we would never formally exist. (Ser6)

It also appears that the regulatory environment does not offer sufficient flexibility for social entrepreneurs to implement their ideas and grow:

The biggest challenge for social enterprises and start-ups in Saudi Arabia is the unaccommodating nature of the ministry. They have obstructionist laws and bylaws. It does not allow for innovation in the workplace. (Ser2)

Our analysis focused on laws, regulations, and policies related to entrepreneurship in Saudi Arabia. Our findings are similar to those of studies conducted in other countries where social entrepreneurship is not fully established institutionally, such as Egypt (Abdou & El Ebrashi, 2015). In our findings, formal regulative institutions had a negative influence on the social entrepreneurs' perception of their environment. In addition to regulatory stumbling blocks, social enterprises that are potentially disruptive to their industries often operate in contexts where regulatory frameworks are outdated or non-existent. As a result, such enterprises often commence operations informally or while attempting to acquire licensing that is not specifically suited to their operations. This practice, however, exposes them to regulatory scrutiny and potential harm (Jamali & Lanteri, 2016).

Theme 2: forming education-based expectations of the institutional environment

This theme addresses the importance of education, recognizing that it develops an individual's idea of how the institutional environment should look. It draws attention to the perceptive disorientation caused by the "mismatch" between social entrepreneurs' expectations and the reality of the institutional environment, based on the location of their education and training and the social entrepreneurship case studies they were exposed to there.

Entrepreneurs found a mismatch between the expectations they developed when educated in foreign countries and their experiences in Saudi Arabia.

The social entrepreneurs referenced case studies and examples they had studied abroad. They pointed out the gaps and explained what was missing to make their work in Saudi Arabia more efficient. We also noted that the higher the level of education and exposure to case studies on social entrepreneurship in the educational curriculum, the more likely they were to have a negative view of the institutional environment.

While studying my MBA abroad, we studied examples from all around the world, except the Gulf countries. It gave me an idea of how the field should be here. (Ser12)

It appeared to be in the course of their higher education that they first heard about the concept of social entrepreneurship, mostly in European and US universities. This educational exposure not only sparked their interest, but also their expectations of the external environment. The social entrepreneurs became carriers for ideas diffused from different cultures and educational institutions:

I was doing my MBA in the States when I had a lecture about social entrepreneurship, and I was thinking that this is brilliant. . . this is what I want to do after. (Ser5)

I had access to resources in the university's library and to the social entrepreneurship research center in [overseas university], that is how I learned what it is to be a social entrepreneur and where to start. (Ser7)

Some participants believed that their international education experience had failed to prepare them for some of the practical challenges relevant to their local environment, and that they would need to adjust their institutional expectations to their home context:

I realized after a year that we cannot just apply whatever we learned from other cases abroad because we need to either adapt it to fit our environment or create our own plan to move forward. (Ser9)

The fellowship experience was in an environment that suffered from resources scarcity, danger, and very dire circumstances. I think we have similar issues but not as bad . . . so I feel that I did not gain the exact experience needed to perform well in my country's environment. (Ser8)

In contrast, social entrepreneurs who had studied in Saudi Arabia mentioned that social entrepreneurship did not even feature in their educational curriculum.

Even though I am now a social entrepreneur, I have not studied social entrepreneurship during my higher degree in Saudi Arabia. I would have liked the option, but it was not offered. (Ser3)

Those who were able to study social entrepreneurship, regionally or abroad, found that educational cases featuring other Gulf states were helpful in influencing their view of the context in their home country:

While reading about the topic at university ... I was inspired by examples we saw in Jordan, they have a similar culture and tribal structure in their community. (Ser9)

Education also had an influence on the social entrepreneurs' perceptions and ability to imagine an improved institutional environment. Social entrepreneurs identified what they expected from the institutional environment by comparing it to what they have studied and learned, either in Saudi Arabia or abroad. The location of social entrepreneurs' education and training therefore influenced their expectations of their institutional environment.

Theme 3: forming experience-based expectations of the institutional environment

This theme was developed when social entrepreneurs discussed their previous work and volunteer experience and how it influenced their work as social entrepreneurs. Professional work experience refers to both prior entrepreneurial experience and other types of prior work experience. Regardless of the nature or relevance of prior experience, participants recognized that having prior professional experience helped them develop soft skills and aptitudes for understanding the challenges they faced; it provided them with determination, motivation, and organizational skills. This theme addresses another part of human capital. It reveals that the location and type of professional experience mold the expectations of social entrepreneurs regarding the institutional environment and influence their ability to cope with the challenges they face.

Because of my local previous work experience in a start-up, I am not deterred by setbacks in the field. I know how it is to run a company in Saudi Arabia and how it is to deal with banks and the ministries. Plus, I already knew people in different organizations and in the government who could help me if I needed advice or resources. (Ser8)

I believe my work experience, even though it was in a for-profit business, showed me that I want to work towards a cause I care about, that it is not all about profit for me. (Ser5)

Without prior professional experience, social entrepreneurs were unfamiliar with the uncertainties and struggles in decision-making that other social entrepreneurs with previous work experience may accept; this led

them to perceive their institutional environment as unfavorable. Hence, social entrepreneurs with no prior professional experience had a negative view of the institutional environment because they felt overwhelmed by uncertainties:

I was just fresh out of college, did not have the chance to work anywhere before, but I decided my first job should be creating my own social enterprise. I was so excited but then, the longer I was in the field, the more difficult I realized it is. There were unforeseen regulatory hurdles to navigate. (Ser10)

Social entrepreneurs with professional work experience will therefore likely demonstrate better tolerance for decision uncertainty, having improved their ability to act in the context of missing information. If they have professional experience, they are better able to recognize and assimilate valuable new information to reduce uncertainty and to access support networks:

We were able to use people from the firm I worked with before to support us. (Ser5)

Theme 4: influence of psychological capital on perceptions of the institutional environment

This theme deals with how social entrepreneurs started out and identified their goals and missions and how they sought multiple pathways to implement them, overcame obstacles, and accomplished their goals. Social entrepreneurs who expressed self-efficacy had confidence in their own ability to mobilize motivation, cognitive resources, and courses of action necessary to execute actions within their institutional context.

Social entrepreneurs stated they felt more confident when they had experienced more success, and how they were then undeterred by their institutional environment. In addition, social entrepreneurs expressed that hope supported them to spot opportunities and solutions in their institutional environment. Moreover, optimism encouraged the social entrepreneur to focus on a positive outlook despite the uncertainties in the institutional environment. Optimistic social entrepreneurs showed pride and took credit for their notable accomplishments, sharing their success on social media and displaying their awards around their office. Furthermore, social entrepreneurs showed resilience by demonstrating adaptability in the face of severe disruptions due to external events. They shared how they were able to rebound from adversity, uncertainty, conflict, and failure.

Our interviews revealed that social entrepreneurs might rely on different elements of psychological capital to interpret or filter their institutional context at different stages of

their journey. Hope and resilience were more evident when discussing regulatory institutions; they were important to the social entrepreneurs once they were in the field. Optimism and self-efficacy were useful at the beginning of the social entrepreneur's journey. Optimism was linked to normative institutions and the expected possibility of change in them. Self-efficacy was expressed when dealing with cognitive institutions, securing initial funding, and launching their social enterprise. The four elements of psychological capital are explored below.

Self-efficacy

Social entrepreneurs expressed that self-efficacy positively influences their belief in being able to cope with the challenges they perceived in the institutional environment:

I knew that it would be difficult to start a social enterprise, I have worked with one in Saudi Arabia, but I did not care . . . I knew I would be able to overcome the barriers, just like the other social entrepreneurs did . . . In fact, that motivated me more to prove myself. (Ser5)

It took a lot of courage and confidence to start my social enterprise, and I have been drawing on that confidence every day. (Ser8)

Even though some may have received negative comments from their family or were not taken seriously in the eyes of society, self-efficacy influenced their perceptions regarding these challenges in social norms:

My family told me: You cannot work in this field. My partner could not understand why I would choose to leave a job that pays well, and cause pressure on our lives. But I believed in my vision and myself. It took years, but finally I am a successful, well-recognized social entrepreneur. (Ser1)

In addition, self-efficacy appeared relevant independent of specific educational or professional experiences at the beginning of the social entrepreneurial journey, because some individuals noted the importance of confidence in their perception of struggles in the field:

I was just a fresh graduate from college with zero level of experience, never worked a day in my life, but I wanted to start a social enterprise and I was confident that I would succeed. Yes, there were struggles but I made it. (Ser9)

Hope

Hopeful social entrepreneurs have strong motivation, determination, and willpower to achieve their goals and explore different ways to achieve them, even if they are faced with obstacles:

We figure things out as we go, we had an idea of what we wanted to achieve, and we tried different ways until we succeeded . . . at least there is space to navigate and we are inspired by other social entrepreneurs who, like us, are still existing. (Ser5)

Every day is different for us, but we know that we will find a way . . . Things are changing quickly in the field here and we know it will get better. (Ser6)

Saudi social entrepreneurs demonstrated leadership by establishing their social enterprises and creating their vision despite the challenges they perceived. They persevered toward goals and, when necessary, sought new paths to their goals. Although in the short term, the social entrepreneurs had a negative perception of the regulative institutional environment, they were hopeful that in the long term the situation would improve. This may have been because of Saudi Arabia's 2030 vision and the ongoing conversations that social entrepreneurs are having with policymakers, as well as the new regulations that ministries have been proposing. Hope allowed these individuals to see potential in the institutional environment despite the perceived challenges. It also encouraged their creativity and innovative thinking.

Optimism

When social entrepreneurs discussed their context, they demonstrated a positive explanatory style of attributing positive events to personal, permanent, and pervasive causes and negative events to external, temporary, and situational ones, which is a key characteristic of optimism.

The difficulties we go through are no different than the ones a normal enterprise goes through around the world, but that does not mean we cannot overcome them and achieve our goals. (Ser8)

Social entrepreneurship is associated with being positive, otherwise how else would we see potential and opportunities in our field and see solutions to issues that our society faces. (Ser9)

Nonetheless, some social entrepreneurs expressed how they had to stop for some time after they were faced with too many challenges. Sometimes, therefore, being too optimistic was detrimental to them because it meant they were unable to foresee challenges related to their specific institutional context:

I was too positive in my expectations . . . you would expect that society would welcome you with open arms, that everyone would open their doors, investors or organizations, because you are basically helping society. But after a while you realize it was just pity money they gave you. You can't run on pity money forever. So, we slowed down for a year, I almost quit. But my employees convinced me to give it another try. (Ser9)

Resilience

Social entrepreneurs exhibited resilience in terms of how they interpret and negotiate challenges emerging in their institutional environment. They viewed setbacks as opportunities for learning and growth:

It has not been an easy journey, but we were determined to show everyone that we can succeed . . . We were suddenly dropped by one of our major sponsors last month. The sponsor provided us with our free office space, but we managed to meet in cafes until we found a new affordable office space. It is true, we are not able to find funding easily, but we can manage. (Ser7)

We spent months without being able to pay our employees' salaries, but because we, and they, believed in our mission, we kept going until we became profitable and were able to cover costs again. . . (Ser8)

We started this knowing that there are regulatory challenges and a lack of attention from the government but our goal was to help society. So, we focused on that instead of giving up without trying. (Ser5)

Resilience was an important factor in the social entrepreneurs' ability to continue and persevere. The social entrepreneurs tried to be creative and demonstrated determination to reach their aims. Bringing together these various components—self-efficacy, optimism, hope, and resilience—psychological resources played a key role in the social entrepreneurs' interpretation of the regulative institutional environment throughout the process.

Discussion

Our study combines cognitive and institutional approaches to understand the perspective and experience of social entrepreneurs as they operate within an institutional environment. Our results suggest that individual-level factors—in particular, cognitive elements of human capital and psychological capital—can influence social entrepreneurs' perceptions of the institutional context. We found that social entrepreneurs' human capital informs their perceptions, with education often raising expectations of the field and experience rendering their views more realistic. Individuals' psychological capital influenced their interpretations of their environment, their anticipation of and reaction to contextual challenges, and their expectations of outcomes when dealing with favorable and unfavorable aspects of institutions. Notably, the findings suggest different influences for the components of psychological capital—self-efficacy, optimism, hope and resilience—at various stages of the social entrepreneurial venture. Our

findings have several theoretical and practical implications, which are discussed below.

Theoretical implications

As one of the first to engage in qualitative analysis of social entrepreneurs' perceptions of the institutional environment, this study builds upon existing research regarding the relationship between institutions and social entrepreneurship, including personal factors such as human capital (Estrin et al., 2016; Stephan et al., 2015; Urban, 2013). Our findings complement existing work examining the intention to engage in social entrepreneurship across different contexts (Hockerts, 2017; Mair & Noboa, 2006; Urban & Kujinga, 2017). In doing so, our study provides a micro-level view of the institutional environment and the effect of individual-level characteristics on these institutional perceptions. Reflecting the larger agency-structure debate (Gorton, 2000), we examine the relationship among individual agency and institutional context in the sphere of social enterprise (Estrin et al., 2016). Studying perceptions from the social entrepreneur's vantage not only sheds light on the importance of the institutional field, but also helps explain why some social entrepreneurs are more inclined to engage and persevere. In doing so, we expand on previous research regarding the perceived context of institutions (Mair & Noboa, 2006; Robinson, 2006), while incorporating a cognitive perspective regarding how individuals respond to regulative institutions (Christensen et al., 2020), answering calls for research into “behavioral microfoundations of context-conditioned entrepreneurial decisions” (Mickiewicz et al., 2021, p. 732).

Our theoretical approach shares strong similarities with the administrative burden framework (Herd & Moynihan, 2018; Herd et al., 2013), although this framework has previously been used to understand the experience of individual citizens rather than that of entrepreneurs tackling social problems. Defining administrative burden as the individual's difficult experience with regulative policies (Burden et al., 2012), the concept is also applicable to social entrepreneurs facing a hostile environment. Although previous studies applying this framework have investigated social, financial, cultural, and administrative capital (Masood & Nisar, 2021), they did not examine psychological capital and focused on only one component of human capital, executive functioning (Christensen et al., 2020). Christensen et al. (2020, p. 133) noted that “beyond executive functioning, there is a great deal of room for future research to explore other aspects of

human capital,” as done here. Our findings also support the central theme of administrative burden research on hidden politics (Herd et al., 2013). As a marginalized group that traditionally did not have a power base, social entrepreneurs seem to bear a disproportionate part of the administrative burden in the institutional environment.

In our study, Saudi social entrepreneurs viewed human capital as a crucial factor for their success because they rely on their knowledge to prepare them to deal with the institutional environment and navigate the formal and informal bureaucratic rules and regulations. Our findings build upon those of Estrin et al. (2016) and Van Ryzin et al. (2009)—that individuals with advanced education are more likely to become social entrepreneurs—as we examine how this education informs their approach to context. We find that education can heighten expectations of the institutional environment and how it “should” look, whilst also creating a mismatch due to educational content that differs from the local regulatory context. In contrast, experience-based human capital tempers expectations of the operating context, suggesting nuances among different sources of human capital for these entrepreneurs.

The present study finds that the psychological capital of the social entrepreneurs also influences their perceptions. Our findings are in line with other researchers, such as Hmieleski and Carr (2007), who linked psychological capital and well-being, particularly in regard to how entrepreneurs draw on their psychological capital to succeed in facing challenges. A theoretical contribution of our study is to show that psychological resources have differential significance depending on the stage of the social entrepreneur’s journey. As component of psychological capital, self-efficacy allows nascent social entrepreneurs to view their environment as rich with opportunities rather than risky (Urban, 2013), but may be linked with stubbornness. Optimism encourages positive expectations in dealing with institutions, yet over-optimism may have diminishing marginal returns. For established social entrepreneurs, hope facilitates visions of alternate pathways through bureaucracy, while resilience encourages a rebounding capacity to progress when facing unfavorable conditions (Luthans, 2002).

Because we explore how individual factors—such as human and psychological capital—influence perceptions of the institutional environment, the current study reflects the agency-structure perspective to understand how social entrepreneurs interpret and potentially mitigate their institutional context. Both commercial and social entrepreneurship are considered to result

from the combination of an individual and a situation in which there is an opportunity to engage in entrepreneurial action (Stephan et al., 2015). For the individual, agency refers to perceptions of self-efficacy, that is, “judgements of how well one can execute courses of action required to deal with prospective situations” (Bandura, 1982, p. 122). Organizational research frequently inhabits either an agency-centered behavioral view or a structural view of the field that minimizes individuals, which is arguably an artificial divide (Gorton, 2000). Instead, the current study addresses both individual agency and institutional structure by exploring the influence of individual factors on interpretation of institutional context, contrasting with previous social enterprise research that does the opposite, i.e., examining the effect of institutions on individuals (Urban, 2013).

Practical implications

Perception guides actions, beliefs, and abilities, and may be more important than the reality of the institutional environment due to social entrepreneurs’ limited cognitive abilities and bounded rationality (Burden et al., 2012; Schwarz et al., 2022; Urban, 2013). The social entrepreneurs had expectations derived from their education, through examples of successful foreign social entrepreneurship case studies. At the beginning, they felt encouraged to enter the field, anticipating the support they might find. However, they later developed a negative perception of the regulative institutional environments. Our findings suggest that the lack of knowledge of the reality of the institutional environment created the space in social entrepreneurs’ minds to attempt the endeavor. However, if social entrepreneurs enter the social entrepreneurship field with accurate expectations of the institutional environment, they may be better equipped to deal with their challenges. Greater diversity of case materials, not only from Western countries or the Global North, but also Gulf States, would help inform the perspective of prospective social entrepreneurs. Further, work-based experience would also help create realistic expectations of the institutional context, enabling social entrepreneurs to view associated challenges as part and parcel of the social entrepreneurship journey. In light of the Saudi Vision 2030, this finding is important for policymakers as the government seeks to encourage entrepreneurship support (Moshashai et al., 2020).

Sulphey and Alkahtani (2017) argued that it is advisable for the Middle East in general, and Saudi Arabia in particular, to foster social entrepreneurship amid growing social and environment problems. Yet,

institutional issues such as lack of regulations and funding, combined with ambiguity of legal structure, remain among the top challenges named by social entrepreneurs in Saudi Arabia (Halaoui et al., 2020). Given the findings of our study demonstrate that regulative institutions have an influence on social entrepreneurs' perception and behavior, we emphasize the importance of government adoption of policies that support the establishment and growth of social entrepreneurship. To do so, the government could concentrate on devising specific rules and regulations that facilitate the establishment and ongoing operations of social enterprises.

Limitations and future research

This study advances existing knowledge of social entrepreneurs' perception in the context of developing countries, setting a theoretical and empirical foundation for a better understanding of such phenomena in developed countries as well. Thus, it is important to interpret the results of this study in the context of Saudi Arabian entrepreneurship endeavors. Going forward, comparative studies across different country contexts and regions (e.g., Choi et al., 2020) are needed to establish to what extent our findings could be applied to other settings.

A limitation of this study is that it gathered and analyzed data on how social entrepreneurs perceive their institutional environment, and thus focuses on what they perceived as opposed to what they actually do. We did not follow or observe the actors, but interviewed them. Accordingly, our findings rely on this narration of perceptions and implementation as opposed to what social entrepreneurs really do on the ground. Because the objective of this research is to answer the research questions from the perspective of social entrepreneurs, rather than benchmark practices or processes, a reliance on perceptions and narration was deemed appropriate for this study.

As qualitative exploratory research, the findings of the current study are not intended to establish causal relationships or to be broadly generalizable (Miles et al., 2018). While a semi-structured interview methodology was suitable for this under-explored topic, the results are suggestive rather than causal in nature. Future research could adopt a quantitative approach to hypothesize and test the direct relationship between individual factors of human capital and psychological capital and institutional perceptions of social entrepreneurs at different stages of the social entrepreneurial venture, for instance by using established measures and scales (Luthans, 2002) and large datasets such as

the Global Entrepreneurship Monitor (Stephan et al., 2015). Empirical research could also examine the implied mediating role of institutional perceptions in the link between individual factors and social entrepreneurship outcomes, both intentions and actual activity. Given that all participants of our study are active social entrepreneurs, future studies could also include participants who decided to refrain from social entrepreneurship, and analyze their perceptions of the institutional environment.

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ORCID

Gary Schwarz  <http://orcid.org/0000-0001-6297-3156>

Ghadah W. Alharthi  <http://orcid.org/0000-0001-7464-929X>

Susan Schwarz  <http://orcid.org/0000-0002-6982-9373>

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Appendix 1. Quotes from the interviewed social entrepreneurs

Themes	Quotes
Regulatory institutional environment	<p>"It took us a long time to figure out what to register as legally, or even which ministry to go to." (Ser1)</p> <p>"It is frustrating to be working on supporting society but feeling like the government is not offering a clear guideline to follow so that you won't face any legal issues or be fined for the wrong paperwork in the ministry." (Ser11)</p> <p>"There is a place for improvement when it comes to laws related to social entrepreneurship in Saudi Arabia, especially laws that protect them financially and allow them the flexibility to collect and accept funds." (Ser7)</p> <p>"If we could have a clear legal structure, then we would not have to define ourselves to the ministries and our sponsors... we spend a lot of time navigating all the costs and potential legal pitfalls." (Ser8)</p> <p>"There is no clarity on government decisions and legislations... There is a lot of confusion." (Ser5)</p> <p>"I think the biggest struggle is the regulatory mazes we have to go through, and some days it is too much." (Ser7)</p> <p>"The Ministry of Commerce recently published regulations for nonprofits that may be applied to social enterprises, but it has been months and they did not confirm if they apply or not." (Ser8)</p> <p>"It took me a long time to figure out what to register as, the regulations are unclear, and it takes time to hear back if they approve of the legal registration... I had to chase the paperwork for a long time." (Ser4)</p> <p>"We had funding ready... we just needed to register and get the license... we spent a year and a half going around the different ministries... we lost the funding eventually because the investors thought we would never formally exist." (Ser6)</p> <p>"The biggest challenge for social enterprises and start-ups in Saudi Arabia is the unaccommodating nature of the ministry. They have obstructionist laws and bylaws. It does not allow for innovation in the workplace." (Ser2)</p>
Education	<p>"While studying my MBA abroad, we studied examples from all around the world, except the Gulf countries. It gave me an idea of how the field should be here." (Ser12)</p> <p>"I was doing my MBA in the States when I had a lecture about social entrepreneurship, and I was thinking that this is brilliant... this is what I want to do after." (Ser5)</p> <p>"I got introduced to the concept through foreign curriculums and sources... the focus was definitely on popular Western case studies... and the expectation that this is how the field should look like." (Ser7)</p> <p>"I had access to resources in the university's library and to the social entrepreneurship research center in [overseas university], that is how I learned what it is to be a social entrepreneur and where to start." (Ser7)</p> <p>"I realized after a year that we cannot just apply whatever we learned from other cases abroad because we need to either adapt it to fit our environment or create our own plan to move forward." (Ser9)</p> <p>"The fellowship experience was in an environment that suffered from resources scarcity, danger, and very dire circumstances. I think we have similar issues but not as bad... so I feel that I did not gain the exact experience needed to perform well in my country's environment." (Ser8)</p> <p>"Even though I am now a social entrepreneur, I have not studied social entrepreneurship during my higher degree in Saudi Arabia. I would have liked the option, but it was not offered." (Ser3)</p> <p>"While reading about the topic at university... I was inspired by examples we saw in Jordan, they have a similar culture and tribal structure in their community." (Ser9)</p>
Work experience	<p>"I believe my work experience, even though it was in a for-profit business, showed me that I want to work toward a cause I care about, that it is not all about profit for me." (Ser5)</p> <p>"Because of my local previous work experience in a startup, I am not deterred by setbacks in the field. I know how it is to run a company in Saudi Arabia and how it is to deal with banks and the government. Plus, I already knew people in different organizations and in the government who could help me if I needed advice or resources." (Ser8)</p> <p>"I was just fresh out of college, did not have the chance to work anywhere before, but I decided my first job should be creating my own social enterprise. I was so excited but then, the longer I was in the field, the more difficult I realized it is. There were unforeseen regulatory hurdles to navigate." (Ser10)</p> <p>"We were able to use people from the firm I worked with before to support us." (Ser5)</p> <p>"We had issues with logistics, corruption, language barriers and basically the community was hostile toward the changes the social enterprise in Africa was trying to make, so I think our environment is one where there is definitely more support toward social entrepreneurship." (Ser8)</p> <p>"I had worked in a firm in [foreign country]. It is so different from this sector, but I knew I wanted to work somewhere where it was more than just the money, where I was changing lives. I came back here to start this social enterprise but sometimes I feel we lack a level of professionalism and commitment to our jobs here." (Ser8)</p>

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(Continued).

Themes	Quotes
Self-efficacy	<p>"I knew that it would be difficult to start a social enterprise, I have worked with one in Saudi Arabia, but I did not care . . . I knew I would be able to overcome the barriers, just like the other social entrepreneurs did. . . In fact, that motivated me more to prove myself." (Ser5)</p> <p>"It took a lot of courage and confidence to start my social enterprise, and I have been drawing on that confidence every day." (Ser8)</p> <p>"My family told me: You cannot work in this field. My partner could not understand why I would choose to leave a job that pays well and cause pressure on our lives. But I believed in my vision and myself. It took years but finally I am a successful, well-recognized social entrepreneur." (Ser1)</p> <p>"I was just a fresh graduate from college with zero level of experience, never worked a day in my life, but I wanted to start a social enterprise and I was confident that I would succeed. Yes, there were struggles but I made it." (Ser9)</p> <p>"I believed in my ability and my team's ability to overcome challenges, now we have different offices around the country and we are helping hundreds of people." (Ser11)</p>
Hope	<p>"I am able to inspire hope to my employees even in the darkest of times, we will not be discouraged by the challenges in our environment." (Ser6)</p> <p>"We figure things along as we go, we had an idea of what we wanted to achieve, and we tried different ways until we succeeded . . . at least there is space to navigate and we are inspired by other social entrepreneurs who, like us, are still existing." (Ser5)</p> <p>"Every day is different for us, but we know that we will find a way . . . Things are changing quickly in the field here and we know it will get better." (Ser6)</p> <p>"I was not able to find a job for years. . . then I decided why don't I start a social enterprise? I could hire myself and then teach women how they can start their own businesses! I was able to help 25 women this year start their own business . . . they became agents of change in society and hired more women." (Ser11)</p>
Optimism	<p>"It is normal to have struggles in any business . . . We keep our eyes on the prize and believe that it will all work out." (Ser7)</p> <p>"The difficulties we go through are no different than the ones a normal enterprise goes through around the world, but that does not mean we cannot overcome them and achieve our goals." (Ser8)</p> <p>"Social entrepreneurship is associated with being positive, otherwise how else would we see potential and opportunities in our field and see solutions to issues that our society faces." (Ser9)</p> <p>"I was too positive in my expectations . . . you would expect that society would welcome you with open arms, that everyone would open their doors, investors or organizations, because you are basically helping society. But after a while you realize it was just pity money they gave you. You can't run on pity money forever. So, we slowed down for a year, I almost quit. But my employees convinced me to give it another try." (Ser9)</p> <p>"Working in a continuously changing environment is like walking in the dark believing there will be light . . . but after a while you get tired of the dark . . . you need to find your purpose in being in the field again." (Ser7)</p>
Resilience	<p>"We started this knowing that there are regulatory challenges and a lack of attention from the government but our goal was to help society. So, we focused on that instead of giving up without trying." (Ser5)</p> <p>"It has not been an easy journey, but we were determined to show everyone that we can succeed . . . We were suddenly dropped by one of our major sponsors last month. The sponsor provided us with our free office space, but we managed to meet in cafes until we found a new affordable office space. It is true we are not able to find funding easily, but we can manage." (Ser7)</p> <p>"We spent months without being able to pay our employees' salaries, but because we, and they, believed in our mission, we kept going until we became profitable and were able to cover costs again. . ." (Ser8)</p> <p>"We were not sure how we would continue in the field, but we stood up to challenges we faced, and now we are a strong established enterprise." (Ser1)</p>