

**SOCIAL ENTREPRENEURSHIP AND ORGANIZATIONAL
PERFORMANCE: COMBINING THE RESOURCE
DEPENDENCE AND RESOURCE-BASED VIEWS**


Sookyuen Tepthong

**A Dissertation Submitted in Partial
Fulfillment of the Requirements for the Degree of
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Sookyuen Tepthong

School of Public Administration


Associate Professor..........Major Advisor
(Tippawan Lorsuwannarat, Ph.D.)

The Examining Committee Approved This Dissertation Submitted in Partial
Fulfillment of the Requirements for the Degree of Doctor of Philosophy
(Development Administration).

Professor..........Committee Chairperson
(Boonton Dockthaisong, Ph.D.)

Associate Professor..........Committee
(Tippawan Lorsuwannarat, Ph.D.)

Assistant Professor.....Committee
(Kasemsarn Chotchakornpant, Ph.D.)

Professor..........Dean
(Nisada Wedchayanon, Ph.D.)

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ABSTRACT

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The increasing number of social enterprises and number of charities becoming social enterprises is heartening in terms of the potential impact that we will see in the future on our society and the environment. Social enterprises might be recognized as a new phenomenon in Thailand, but actually there are many frustrations regarding their performance. The objectives of this study, then, were to investigate the role of social entrepreneurship and the social capital of the social enterprise in terms of resources and performance, to examine the effects of social entrepreneurship and social capital on organizational resources and performance, and to make recommendations for management and government policies to promote social enterprises as part of public service providers.

The research employed both quantitative and qualitative methods. Of the 1,000 social enterprises that were mailed the survey, 158 (15.8%) returned completed questionnaires. The proposed path analytic model was tested using structural equation modeling to evaluate the theoretically-specified constructs in order to measure and examine the proposed causal relationship model. The results of the hypothesis testing indicated that only three of the six hypotheses were significant, social entrepreneurship had a positive effect on social capital, social capital had a positive effect on organizational resources, and organizational resources had a positive effect on organizational performance.

Integrating resource dependence theory with the resource-based view can be a better link to organizational performance than using only one theory. The study results make contributions to those that are involved in administration and politics. Social entrepreneurs will have a better understanding of the factors affecting their performance. Managers should build and use their entrepreneurship to gain social capital and organizational resources. For further research, the model proposed in this study should be examined using other types of social enterprises or organizations. Social return on investment may be seen as a part of organizational performance. Comparative study between modern NGOs that have adopted the concept of social entrepreneurship and traditional NGOs could be conducted, and the barriers or obstacles of social enterprises could be studied to enhance and sustain their performance.

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

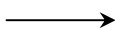
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ABBREVIATIONS AND SYMBOLS

Abbreviations

Equivalence

AGFI	Adjust Goodness of Fit Index
CFI	Comparative Fit Index
CMIN/DF	Chi-square Statistic Comparing the Tested Model and the Independent Model with the Saturated Mode
df	Degree of Freedom
F	F-Distribution
GFI	Goodness of Fit Index
IE	Indirect Effect
IFI	Incremental Fit Index
n	Sample Size
NFI	Normal Fit Index
P-value	Probability Value
r	Pearson Product Moment Correlation
R ²	Square Multiple Correlation
RMR	Root Mean Square Residual
RMSEA	Root Mean Square Error of Approximation
S.D.	Standard Deviation
S.E.	Standard Error
t	t-Distribution
\bar{x}	Arithmetic Mean
χ^2	Chi-Square Test
	Observed Variable
	Latent Variable
	Causal relationship between exogenous and endogenous variables. The arrowhead shows the direction of the influence.

CHAPTER 1

INTRODUCTION

1.1 Significance of the Study

Social enterprise is an organizational form that rapidly emerged and began to attract both academic and civil society in the early to mid-1990s. The complements of for-profit and nonprofit strengths explain why social enterprises have emerged and are popular. Dees and Anderson (2003: 16) argue that the growing sector, integrating for-profit and nonprofit enterprises, blurs the distinction and boundary between them. With the change in funding, traditional third sector or civil society organizational forms such as nongovernmental organizations (NGOs), philanthropies, and charities have tried to adopt the social entrepreneurship concept and have begun to identify themselves as social enterprises for more dependence on donations and government resources. Additionally, some for-profit organizations have claimed to be social enterprises as well because their social purposes are not private profit proposes as a whole. Maryam (2012: 168) proposes that the concept of the social enterprise has been on the rise all over the world and organizations have started to admit and recognize the need for this phenomenon. The social structure of postindustrial society may create the potential for human growth as well as economic growth (Faunce, 1968: 175). In coming years, both government agencies and nonprofit organizations will adapt themselves to be more businesslike; they will change their modes of operation by taking innovative and aggressive action, but still adhere to their goals regarding social proposes. This organizational type has developed and evolved over time. However, the need for understanding and promoting social enterprises is quite limited. In Thailand, this kind of organization emerged formally by The Regulations of the Office of the Prime Minister on National Social Enterprise B.E. 2553.

Due to its ambiguous form and status or because of the term “social enterprise,” questions have always been posed about the performance of social enterprises in both nonfinancial and financial aspects. Although they are clearly accepted as a trend of society’s development, their survival and prosperity are doubted. In the case of traditional NGOs, the situation is that donors and their fund supporters in Thailand are decreasing while government support is unpredictable. This has forced the nonprofits to adopt methods of earned income (Juree Vichit-Vadakan, 2002: 9). However, no research has confirmed whether social entrepreneurship adoption is better than NGOs in the traditional view. As approaches that mix the benefit of private, public, and nonprofit sectors, resource acquisition and organizational performance have been increasingly discussed. Do they have enough resources and what are the factors that affect their performance that need to be examined? The main problems of social enterprises are resources and their performance. The empirical research that shows the ability to gain and utilize resources is limited. Additionally, the performance issue is also not clear and needs to be studied.

Another point of view related to the social enterprise is social capital. There has been an amount of research on organizational practices and arrangements that is network-like in form (Powell, 2003: 315). Social capital is a valuable resource that is embedded in any organization. It serves a social structure function, producing organizational capability and competitive advantage. There are many policies and academic papers focusing on the dimension of social capital to generate both micro- and macro-level outcomes, such as family wellbeing and group and organization competency, as well as social and national economies. Social capital contributes meaningfully to gaining and developing resources and generating competency for social exchange between an organization and stakeholders or outsiders. Previous studies have shown that the higher levels of social capital can create overall growth. Baker (1990: 619) argues for example that social capital is a mechanism related to a resource that organizations derive from social structures and then use to pursue their interests. Consequently, social capital can be seen as a catalytic-driven approach for organizations to do anything. Trust, networks, and related issues are critical for their success. This study will adopt social capital as a chief mediator to explore its effect on

social entrepreneurship and its direct effect on organizational resources and organizational performance.

The resource-based view (RBV) and resource dependence theory (RDT) are widely accepted as having the ability to explain organizational competitive advantage and survival (Pfeffer and Salancik, 1978; Barney, 1991; Miller and Shamsie, 1996; King, 2007). RDT and RBV have impacted academics and the strategic decision making of organizations. However, they have limitations in explaining organizational performance related to resources. Although the two theories have stressed resources, they have different points of view, such as a focus on internal and external resources and strategies for competitive advantages. Even though there is already some empirical evidence on integrating RBV and RDT (Altholz, 2010; Nemati, Bhatti, Maqsal, Mansoor and Naveed, 2010; Huang and Wang, 2013; Lui, 2013), the literature is still confronted by a lack of theoretical explanation and empirical evidence regarding the combined effects of RBV and RDT on organizational performance. This paper proposes a theoretical model which explains how RBV and RDT individually and together affect organizational resources and organizational performance. The effects of RBV and RDT have been largely argued about the assumption and concept. Regarding the combined effects of RBV and RDT, this paper will argue the integrated view of each variable contained the main characteristics of these theories.

There is a limitation in the number of research papers on social enterprise and social entrepreneurship. Braunerhjelm and Hamilton (2012: 45) also found that most of previous research papers used the qualitative method. They suggested that the quantitative research approach should be used with rigorous hypothesis testing.

In sum, this study examines the effect of how social enterprises adopt social entrepreneurship and social capital on their organizational resources and organizational performance. The integration of these two theories may fill the gap in these theories and explain the results in relation to resources and organizational performance effectively. This in turn may help scholars and social entrepreneurs understand the conditions necessary to respond to constrained environments.

1.2 Objectives of the Study

In this study, there are three main objectives as follows:

- 1) To investigate the role of social entrepreneurship and the social capital of social enterprises regarding organizational resources and organizational performance
- 2) To examine the effects of social entrepreneurship and social capital on organizational resources and organizational performance
- 3) To make recommendations for management and government policies in order to promote social enterprises

1.3 Scope of the Study

The scope of this study concerns the influence of social entrepreneurships and social capital on organizational resources and performance. The boundary of the theoretical framework is related to the resource-based view and resource dependence theory. The financial and non-financial perspectives will be a measure of their performance. Regarding organizational type, organizations in any form, such as NGOs, foundations, associations, companies, etc. that have adopted the social entrepreneurship concept, will be treated as social enterprises.

The research will use qualitative and quantitative research methods. In the quantitative, the frame of sample respondents contains the persons that are the owner, president, committee member, manager or at a high level of the organizations. In the qualitative method, key interviews were asked about the influence of the variable on the organizational performance.

1.4 Contributions of the Study

The contributions of this research are at the theoretical and practical level as follows.

1.4.1 Theoretical Contributions

At the theoretical level, combining RBV and RDT is better for explaining organizational resources than using only one theory. The RBV is related to how a competitive advantage is defined while RDT focuses on how a firm manages its dependence on the environment as a result of insufficient internal resources. Both theories can also be integrated by sharing their similarities and differences for powerful clarification of organizational performance. RDT is based on an external-oriented approach while RBV is an internally-oriented view. The integration of these theories is focus on both internal and external view and is represented by related variables. Critiques on the RBV and RDT are helpful to link the firm's resource capabilities, sustainable competitive advantage, resources and performance. Resource utilization will also be filled the gap of RDT implication for generating organizational performance. An integrated model is also proposed for providing a holistic view of the performance of social enterprises regarding social entrepreneurship, social capital and resources. Combining these two theories suggests that they should complement each other in order to fill the organizational resource and performance perspective.

1.4.2 Practical Contributions

At the practical level, the study results suggest a comprehensive model for organizational decision making in the future to concentrate on and invest in related variables regarding their resources and competency. The findings of this study present the factors that are most relevant to the case of the social enterprise in Thailand.

In order to sustain organizational resources, social enterprises should to try new processes and management methods, as well as launch new products which are different to the existing ones. Similar to commercial organizations, social enterprises confront resource constraints. Social capital has a direct effect on organizational resources. Through networks, social enterprises need to involve themselves in the

environment such as through associations and public agencies. Creating social trust by formal and informal channels drives reliability. Based on the resource-based view and resource dependent theories, in this study organizational resources were portrayed in terms of resource acquisition, uniqueness, and utilization. Further, the results of this study suggest that nonprofit organizations might transform themselves into social enterprises by engaging in commercial activities while providing social value, and all kinds of organizations can adopt social entrepreneurship and the social capital concept.

The study can also be used as a reference basis for comparative study in the same or related fields such as non-governmental organizations (NGOs), etc., in order to monitor the current performance of NGOs and to find ways to improve related factors. Regarding the contribution to policy, the recognition of social enterprise needs is the key factor for social enterprise success. Social entrepreneurship as well as the concept of social capital will be broadly adopted by social enterprises.

1.5 Organization of the Paper

This dissertation is organized into six chapters. Chapter 1 introduces the topic, the background and significance of the study, the objectives of the study, the scope of the study; additionally, the organization and contributions of the study are also discussed. Chapter 2 explains the definition of social enterprise, distinguishing social entrepreneurs from others, the emergence of social entrepreneurship, earned income opportunities, social enterprises in Thailand, and previous research on social entrepreneurship. Chapter 3 provides some brief details about the theoretical frameworks regarding the resource-based view and resource dependence theory. A literature review on organizational performance, social capital, and organizational resources is also provided. In addition, the conceptual framework and hypothesis development are also discussed. Chapter 4 explains the methodology, which describes the proposed research design, the research instrument, the population of the study, the unit of analysis, the data collection procedure, and the method of data analysis. Chapter 5 deals with the findings. The collection and analysis of the data, which test the hypotheses suggested in chapter 3, together with descriptive statistics, are

discussed. The last section, chapter 6 contains the conclusion and a discussion of the results and provides some insights into the implications of the findings and offers recommendations for policy makers and social enterprises, and suggestions for further research.

CHAPTER 2

SOCIAL ENTERPRISE AND SOCIAL ENTREPRENEURSHIP

This chapter provides the definitions and characteristics of the social enterprise, the background of the social enterprise in Thailand, and social entrepreneurship.

2.1 Social Enterprise

Social enterprises have existed for many centuries, but gained a reputation only in recent decades. This part of the present study defines the definition of social enterprise, the characteristics of the social enterprise, the nonprofit organization as a social enterprise, and the resources of the social enterprise.

2.1.1 Definition of Social Enterprise

There is a variety of terms related to social enterprise. The words social enterprise, social entrepreneur, and social entrepreneurship have been used interchangeably. “To clarify, one could say social entrepreneurship was seen as the process through which social entrepreneurs created social enterprises” (Defourny and Nyssens, 2008: 203). The idea of the social enterprise first appeared in Italy in the late 1890s (Defourny and Nyssens, 2008: 202). Later, it became more common when it began to appear customarily among both academics and practitioners in other countries in Europe and the United States. However, the definitions of social enterprise have not been consistent in the international literature (Dart, 2004). Moreover, the social enterprise is not a formal legal form of organization in some countries, for example in Thailand. The definitions in different regions are quite diversified.

A number of scholars view social enterprise as mostly not-for-profit organizations which devote their resources and activities to solving social problems. However, recent papers have shifted away from only the not-for-profit organization to extend the boundary of the social enterprise to not-for-profit and for-profit organizations. Social enterprises can be any kind of organization in the public, private, or other domains. From this perspective, the definition and boundary of the social enterprise are ambiguous, and it is necessary to clarify the characteristics of these for greater understanding.

The social enterprise term is a mixed concept due to its philanthropic and cooperative background (Ridley-Duff and Bull, 2011). The concept itself is not universally recognized. In some countries, there is also emphasis on community organization rather than philanthropy. In Thailand, the social enterprise can be any form of organization (The Office of the Prime Minister, 2011) such as a company, a partnership, a foundation, an association, a cooperation, etc. Unlike other kinds of organizations, there is no exact number of social enterprises in Thailand.

According to Talbot, Tregilgas and Harrison (2002: 2), the social enterprise is an organization that uses a market-based approach to achieve agreed social ends. It is characterized by behaviors of creativity, social innovation, entrepreneurship, and a focus on public or community rather than individual profit. The Centre for Community Enterprise (2008: 2) defines social enterprise as a business with two goals: to earn revenue through the sales of goods or services and to achieve social, cultural or environmental outcomes. From this point of view, this term portrays social enterprise as organizational behavior that applies commercial strategies to maximize improvements for social purposes rather than maximizing profits for external shareholders. Social enterprises can be for-profit or non-profit if they can serve the public or society, and they can have a variety of legal forms and can be public, private, or third sector.

According to The Regulations of the Office of the Prime Minister on National Social Enterprise B.E. 2553, the social enterprise is an organization which has a clear objective to develop a community by solving its social or environmental problems. It must have core revenue from service or product sales which is parallel to its social objectives and must not focus only on maximizing profit for its stakeholders. This

regulation was approved in order to accelerate the development of the social enterprise in Thailand and to make it more efficient.

In sum, it is not a universal term. However, the different definitions share some elements. First, the social enterprise has a social purpose or benefit society and the environment. Second, it can be of any kind of organizational form. Third, it has more than one bottom line. The performance of the social enterprise is for both the purposes of engaging in profit-making activities and for social good. Table 2.1 summarizes the definitions of social enterprise.

Table 2.1 Definitions of Social Enterprise

Author	Definition
Borzaga and Defourny (2001: 16)	Social enterprises are not engaged in advocacy activities as a major goal or in the redistribution of financial flows, but they are involved in the production of goods or the provision of services to people on a continuous basis.
Talbot et al. (2002: 2)	Social enterprise is a means by which people come together and use market-based ventures to achieve agreed social ends. It is characterized by creativity, entrepreneurship, and a focus on community rather than individual profit.
Haugh (2005: 347)	Businesses that trade for social purpose. Their social mission prioritizes social benefit above financial profit, and if a surplus is made, it is used to further the social aims of a beneficiary group or community, and not distributed to those with a controlling interest in the enterprise.
Defourny and Nyssens (2008: 204)	Social enterprises are not-for-profit private organizations providing goods or services directly related to their explicit aim to benefit the community. They rely on a collective dynamics involving various types of stakeholders in their governing bodies, they place a high value on their autonomy and they bear economic risks linked to their activity.

Table 2.1 (Continued)

Author	Definition
The Regulations of the Office of the Prime Minister on National Social Enterprise B.E. 2553 (2010)	Organization which has a clear objective to develop a community by solving its social or environmental problems. It must have central revenue from procuring a service or product which is parallel to its social objective and must not concentrate solely on maximizing profit for its stakeholders.

In this study, the social enterprise is any kind of organization whose environmental or social purpose is a part of its mission. It is self-sustaining by creating revenue, but its profit is principally for reinvesting to further its mission.

2.1.2 The Difference between the Business Enterprise, Social Enterprise, and Nonprofit Organization

The business enterprise, the social enterprise, and the philanthropic organization share similar and different approaches. Leadbeater (2001: 9) points out that social entrepreneurial initiatives tend to come from private, public, and voluntary sectors. For the public sector, government agencies have shifted their practices to a new role, as Osborne and Gaebler (1992: 25) argue that the government is proactively steering rather than emphasizing cost-effective results over bureaucratic rules. There is a trend toward a people-centered, results-oriented, market-based approach driving public agencies to change their behavior. In response to this concept, government agencies have become more dependent on other sectors such as the nonprofit and private sectors to act as a public provider. Regarding private organizations, they not only operate for themselves, but they contribute to the society by delivering value products and services, and building social wealth. They have to overcome their limited resources. The overlapping of the three sectors is demonstrated in Figure 2.1.

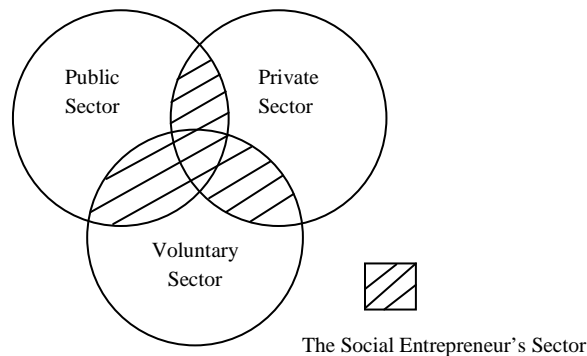


Figure 2.1 Overlapping among Sectors

Source: Leadbeater, 2001: 10.

According to Wolk (2007: 166), all sectors have constraints concerning their environmental effect. They have to respond to market failures and transformative innovations, and additionally that they have to realize financial sustainability. Social entrepreneurs arise from a market failure where profitable markets are unavailable or cannot take a minimal profit. Social entrepreneurs consider the gap between public and private benefit as a source of opportunities to create social value, and at the same time, they can survive through the competency of society and the environment.

Social entrepreneurs are mostly considered as change agents related to breakthrough ideas, social innovation, and proactiveness. They can be either completely new inventions or the creative adoption of existing ones (Peredo and McLean, 2006: 56). Social entrepreneurs acquire resource sustainability from non-financial resources and financial resources. The nonfinancial resources are volunteers, knowledge, and networks. The financial resources come from many sources such as individuals, governments, foundations corporations, and the sale of products or services. Social enterprise do not rely on donations or grants like traditional nonprofit organization. The availability of resources, both financial and non-financial, depends on their approach to management. The social entrepreneurship concept, including social innovation, proactiveness, and risk-taking, has been adopted for some organizations.

Even though social enterprises and businesses share some characteristics, especially in their aggressiveness in response to the market, it is necessary to distinguish them from others in order to conceptualize the term social enterprise and to capture its unique characteristics. There are many criteria which can differentiate the social enterprise from for-profit organizations. The first aspect is the mission, as mentioned in the previous section. The second aspect is the strength of the good image of social enterprises. Last, the new revenue model has enabled social enterprises to have more choices to gain resources from public, private, third sectors, and from the individual.

Allinson, Braidford, Houston, Robinson and Stone (2011: 23-24) distinguish social enterprises (SEs) from small and medium enterprises (SMEs) and civil society organizations (CSOs) in that SEs are more likely than SMEs to be involved in community development or mutual aid. However, SEs are less likely than CSOs to be involved in international development and faith-based activities. Volunteers are used widely by SEs, in proportion comparable to CSOs. Social enterprises are more flexible than SMEs and CSOs in terms of raising funds through commercial revenues and business activities. Therefore, they increasingly have become self-financing through growth, making their organizations less dependent on grants or donations.

Piechowski (2010, 9) argues that social entrepreneurs have an integration of entrepreneurial traits and an overarching desire to generate a double bottom line. With different points of view from traditional entrepreneurs, social enterprises are driven by both social and economic value, but give priority to the previous one. Like for-profit organizations, market failure is considered as an opportunity to create value by applying social entrepreneurship to solve social problems. The success of a social enterprise is measured in terms of quantitative financial and qualitative social change.

Comparing for-profit and social entrepreneurs, Shaw and Carter (2007) found five main differences, comprising opportunity recognition, local network embeddedness, financial risk and profit, credit for success, and creativity and innovation. First, social entrepreneurs are distinguished by their main interest in the gap in social needs. Second, social entrepreneurs not only maximize their benefit from local networks, but also employ networks to create local credibility and support for their mission. Third, social entrepreneurs do not strive for profit maximization for the

individual but rather invest in personal local creditability and reputation. As a result, the success of the social enterprise does not depend on financial loss or profit but loss of credibility or reputation. Fourth, social entrepreneurs share success with a collective of volunteers and society while for-profit entrepreneurs rely only on the consolidating of their ownership. Finally, social entrepreneurs create social innovation to solve social problems while for-profit entrepreneurs create innovation in business goods or services.

Dees (1998: 60) proposes a social enterprise spectrum which demonstrates the range of commercialization in terms of a nonprofit's relationship with its key stakeholders: beneficiaries, capital, workforces, and suppliers (figure 2.2).

		Purely Philanthropic ←————→ Purely Commercial		
Motives, Methods, and goals		Appeal to goodwill Mission driven Social value	Mixed motive Mission and market driven Social and economic value	Appeal to self-interest Market driven Economic value
Key Stakeholders	Beneficiaries	Pay noting	Subsidized rates, or mix of full payers and those who pay noting	Market-rate prices
	Capital	Donations and grants	Below-market capital, or mix of donations and market-rate capital	Market-rate capital
	Workforces	Volunteers	Below-market wages, or mix of volunteers and fully paid staff	Market-rate compensation
	Suppliers	Make in-kind donation	Special discounts, or mix of in-kind and full-price donations	Market-rate prices

Figure 2.2 The Social Enterprise Spectrum

Source: Dees, 1998: 60.

Dees (1998: 2-3) refers to the idea of Schumpeter, Drucker, and Stevenson to differentiate between business and entrepreneurs, asserting that social entrepreneurs are the organizational type in which the social mission is explicit and a central criterion, not wealth creation. The social entrepreneur operates in an imperfect market like business firms. Many social-purpose organizations charge fees for some of their services; however, they may also compete for donations, volunteers, and other kinds of support like a nonprofit.

Maryam (2012: 175) summarizes the differences between a private business and a social enterprise regarding their purpose, management and governance, business strategies, employment, legal form, ownership, customer and communities, capital, and profits and surplus, as presented in table 2.2.

Table 2.2 The Differences between Private Business and the Social Enterprise

Issue	Business enterprises	Social enterprises
Purpose	<ul style="list-style-type: none"> • maximize profit, margins or share value 	<ul style="list-style-type: none"> • create profit to meet social aims
Management and Governance	<ul style="list-style-type: none"> • directive • accountable to shareholders 	<ul style="list-style-type: none"> • engage or democratic • accountable to shareholders
Business Strategies	<ul style="list-style-type: none"> • to maximize profits, earning or market share 	<ul style="list-style-type: none"> • service communities or customers, break even or generate surplus to meet social aims
Employment	<ul style="list-style-type: none"> • least amount and pay to make a profit 	<ul style="list-style-type: none"> • good working conditions • employment and career paths may be a social aims
Legal Form	<ul style="list-style-type: none"> • self employed • company or partnership 	<ul style="list-style-type: none"> • company limited by guarantee • community interest company • industrial and provident society
Ownership	<ul style="list-style-type: none"> • by the shareholders or investors 	<ul style="list-style-type: none"> • by the member-social ownership
Customer and Communities	<ul style="list-style-type: none"> • sensitive to needs to maximize sales 	<ul style="list-style-type: none"> • accountable to stakeholders • sensitive to needs to maximize sales
Capital	<ul style="list-style-type: none"> • private sector, funded from profits • share value can increase or decrease 	<ul style="list-style-type: none"> • private and public • capped return on capital
Profits and Surplus	<ul style="list-style-type: none"> • To owners and shareholders 	<ul style="list-style-type: none"> • Increase services or meet social aims

Source: Maryam, 2012: 175.

Although there are several points of differentiation between the business enterprise and the social enterprise, they share some similarities. Self-reliance is the fundamental basis of both types of organizations; they have to earn income and enough resources for their life. Proactiveness is required for surviving in a dynamic environment. Some social enterprises are corporations which have the same legal entity, so they have to follow the same laws and regulations.

2.1.3 The Nonprofit Organization as Social Enterprise

“A nonprofit charging a fee for its services to those who have an ability to pay is also defined as social enterprise” (Pardee, 2010: 1). This definition is increasingly recognized by academic and entrepreneurial entities. Corresponding with The Regulations of the Office of the Prime Minister on National Social Enterprise B.E. 2553, the ability to create one’s own revenue by the sale of goods and products is a key component. Katz and Page (2010) point out that the social enterprise is operated as a business where its main revenues come from the sale of goods and the provision of services. However, unlike ordinary businesses, the social enterprise aims at social purposes, not private profit. Maryam (2012: 175) has proposed a business model for the social enterprise that can summarize the idea of the social enterprise related to nonprofits. This framework adds the business model, and profit for reinvestment to nonprofit organizations, as key resources of the organization.

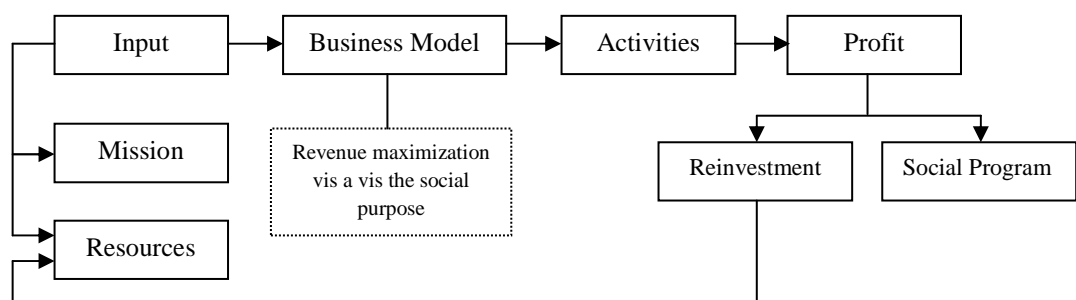


Figure 2.4 Business Operation Model of a Social Enterprise

Source: Maryam, 2012: 175.

Nonprofit organizations are increasingly adopting strategies and concepts from the business sector, such as strategic planning, value creation, and the balanced scorecard, and they have become more business-like by creating ways to generate revenue. Dees (1998: 56) points out that nonprofits have been increasingly seeking additional revenues by behaving like profit organizations: they are raising funds through auxiliary commercial enterprises. Many nonprofits are starting to commercialize their core programs and activities through which their expert and accomplish their mission by searching for away to make these activities rely less on donations and more on fees. Some are serving contracts from government agencies as public-providers, for example, to run training or service programs.

Dart discusses the idea that the social enterprise engages in hybrid nonprofit and for-profit activities. The social enterprise changes from a social mission bottom line to a double or triple bottom line of mission, money, and environment, and from depend on government grants, member fees, and donations to focus on earned income revenue and return on investment (Dart, 2004: 415).

2.1.4 Resources of the Social Enterprise

The resources of the social enterprise are both financial and nonfinancial, and can also be viewed as tangible and intangible resources. The resource approach is one of the most interesting for nonprofits. This approach defines the social enterprise by earned-income strategies in order to use commercial activities in support of their mission (Defourny and Nyssens, 2010: 40). Nonprofits have obviously shown greater interest in income-generating activities as a potential source of new revenue (Massarsky, 2005: 436).

According to Alter and Dawans (2009: 2), social enterprise issues are related to three schools of thought: leadership, funding, and program. The leadership perspective advocates the efforts of individual social entrepreneurs, while the funding perspective supports nonprofits starting commercial ventures to diversify their funding. The program perspective is effective when business activities and social programs are one and the same. However, Adler & Dawans argue that the idea that the social enterprise is rigorously about earned-income or profit is misleading. If organizations cannot convert their profit to meaningful social impact, they have

wasted valuable resources. The social enterprise requires effective resource management. An integrated approach to both financial and non-financial capital could be employed for managing these assets.

Brooks (2009: 6) classifies social enterprise resources into three main types. First, financial resources come from earned revenues, philanthropy, and governments. The latter two are very important issues because they basically have nothing to sell. Second, human resources are needed. The volunteer resources are at the level of staff or leadership. Third, human capital resources refer to the education, experience, knowledge, and expertise needed to make an enterprise operational and competent.

Social enterprises have many ways to earn income. Brooks (2009: 89) summarizes the types of earned income, as shown in Figure 2.4. For commercial endeavors, the social enterprise can earn fee income through direct endeavors. For other activities, transactions occur between the two sectors (for-profit & non-profit); licensing is the use of an organization's name and logo for a fee or percentage of the sales; joint-issue promotion is the cooperation between the nonprofit and the for-profit organization to combat a single issue (Brooks, 2009: 91).

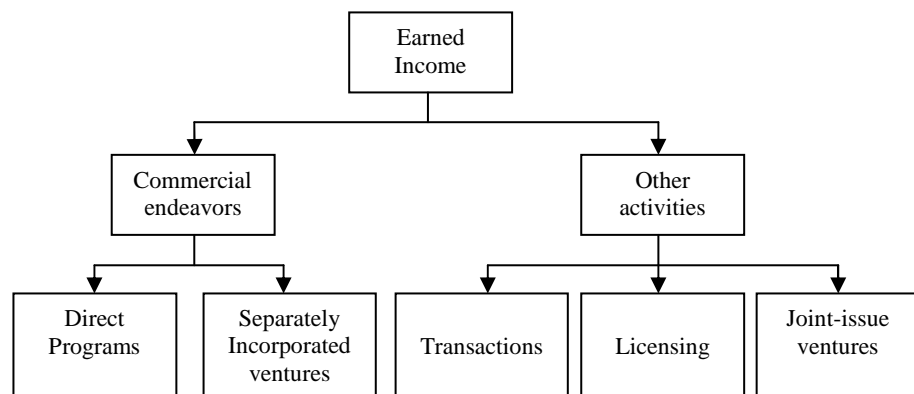


Figure 2.4 The Types of Earned Income for Social Enterprises

Source: Brooks, 2009: 89.

It is possible for nonprofits to have fully commercial revenue covering all costs at market rates without a philanthropic subsidy. Few nonprofits can accomplish full-scale commercialization. However, nonprofits which undertake commercial initiatives may face resistance from for-profit competitors concerning the unfair advantages of tax breaks and the lower cost for labor, capital, and suppliers (Dees, 1999: 145). Meanwhile, organizations within social enterprises have pointed to the internal challenges of the conflict in culture between the “care” and “business” in their governance and operation (Social Firms, 2009 quoted in Aiken, 2010: 153).

According to Alter, there are two types of income-generating activities: “cost recovery” is the costs in delivering their services or activities related to the organization's mission; “earned income” provides a stream of revenue which is generated through activities both related and unrelated to the mission. Growth and revenue targets need to be set for the activity in a business or operational plan accompanied with a qualified workforce. Most nonprofits are engaged in some form of income generation. Knowledge and expertise are needed to realize their potential social and economic benefits for the organization (Alter, 2007: 17).

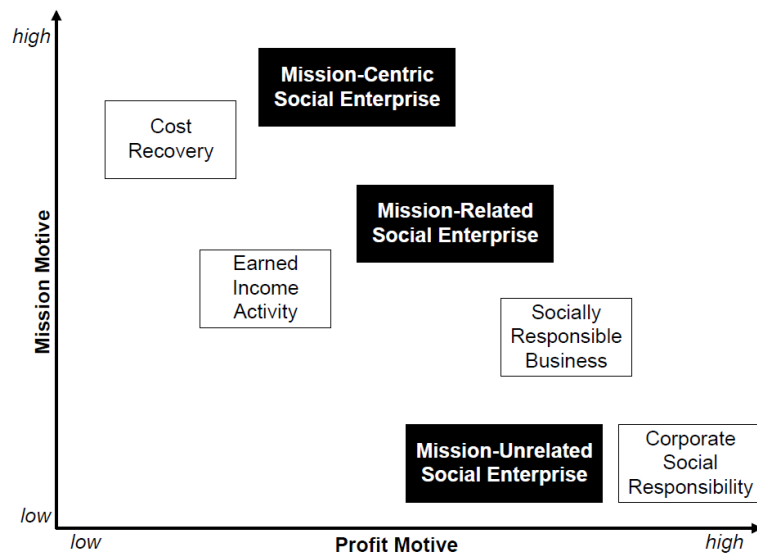


Figure 2.5 Mission and Profit Motive in the Hybrid Organization

Source: Alter, 2007: 22.

Dees suggests a four-step process to assess resource requirements. The first step is defining the capabilities needed for the social enterprise. The second step devises a human resource outline to meet each capability need. The third step is developing a resource plan. The last step is the numbers of resources. Dees's (Dees, 2001 quoted in Brooks, 2009: 86-87) four-step process importantly asks these four questions: (1) What capabilities do we need?; (2) Who will provide them?; (3) How will we meet the capability?; and (4) Where will the resources come from?

Studies on the resources of the social enterprise are fragmented as to whether emphasis on social entrepreneurship has stabilized or destabilized the income flows of the nonprofit affected. Chang and Tuckman (2010: 13-14) suggest for future research that additional research on sources and kinds of income and income diversification be studied. A set of studies would ideally focus on the role of competition as sources of instability in the marketplace. The studies that focus on identifying successful revenue acquisition strategies are interesting. Both cross-sectional and longitudinal studies should be conducted.

In sum, the resources to be addressed in this study are defined as the acquisition of resources, including tangibles and intangibles, resource utilization, and the uniqueness of social enterprise resources.

2.2 Social Enterprises in Thailand

Social enterprises have existed in Thailand for many decades, but they just came into formal identification in 2010. To respond to the worldwide trend of the social enterprise, the Thai government has settled this concept for solving Thai social problems and promoting beneficial activities in society by deploying the social enterprise approach. The effort for promoting social enterprises was introduced by the cabinet in 2010. The Social Enterprises Master Plan 2010-2014 was also approved and the Social Enterprise Promotion Commission was appointed as a mechanism to give the private and third sectors a new role.

By virtue of The Office of the Prime Minister Regulation of National Promotion of Social Enterprises 2011, the Thai Social Enterprise Office (TSEO) was

therefore established under the Thai Health Promotion Foundation Act as the executive authority to follow the Social Enterprises Master Plan 2010-2014. The TSEO's priority is to stimulate cooperation among social enterprises and to develop their networks in Thailand. Its visions are: to support social enterprises as a model for sustainable economic development, to construct a more equal, just, and wise society, and to initiate a social innovation network. The TSEO has the mission to support social enterprises through intermediary organizations and to connect their networks to improve the capacity of social enterprises and to help them smoothly enter the market. The TSEO also supports the initiative of creating innovation with effective and sustainable outcomes by supporting both new and existing social enterprises. Therefore, the TSEO has an important role in building a suitable environment for facilitating the social enterprise sector in Thailand in three core strategic areas: (1) to build a learning environment for social enterprises in Thailand; (2) to develop a new form and the capacity of social enterprises; and (3) to develop a path to capital and resources for social enterprises (Thai Social Enterprise Office, 2011).

According to the TSEO, the social enterprise is a business which has a clear objective to develop a community by solving its social or environmental problems. It must have central revenue from procuring a service or product which is parallel to its social objective and must not concentrate solely on maximizing profit for its partners or stakeholders. A model of the social enterprise might be recognized as a new phenomenon in Thailand but actually, a variety of social enterprises already exists in the form of co-operatives, public enterprises, or schools. These social enterprises both create economic gain and build hybrid cooperation between local and philanthropic organizations and the government sector. Furthermore, in times of economic crisis, social enterprises may attract talented young people to solve marketing problems, develop a creative society, and strengthen the country's economic basis for green and sustainable development (Thai Social Enterprise Office, 2011).

However, Kanjanapaibul points out that the "social enterprise" is not an accepted legal expression in Thailand:

There is no specific law that defines it or gives it a specific legal entity. There is no concept or legal entity that combines the benefits of both the for-profit and nonprofit sector. Instead, social enterprises in Thailand can take a variety of organizational forms. They can be formed as a foundation or even a public limited company. Thus, the founders must carefully consider the current legal environment and existing legal entities before establishing a social enterprise (Kanjanaipabul, 2011, 134).

The TESO classifies social enterprises into six categories based on individual or founded organizations. Examples of social enterprises are shown in table 2.3.

Table 2.3 Examples of Social Enterprises in Thailand

Founder	Types of social enterprise	Examples in Thailand
Community Network and Organization	Community enterprise, Community tourism, Cooperatives and Community Finance Organization	Khlong Pia Saving Cooperatives, Sajja Saving Group of Teachers Sob Yodkeaw
Charitable Organization	Established business and/or its shares are held by charitable organizations	Doi Tung, Mae Fa Luang Foundation Project, Cabbages & Condoms Shop
Government and State Enterprise	Established business and/or its shared are held by government and state enterprises	Abhaiphubet Chaopraya Hospital Foundation
New Entrepreneur	New pioneering business by socially-conscious businessmen	OpenDream Co., Ltd., BE Magazine
Private Sector	Business set up by corporation	Lemon Farm, Health Society
Other	Established business and/or its shared are held by religious organizations, educational institutes, other institutes, etc.	Roong Aroon School

Source: PTT Public Company Limited, 2011: 30.

The future of the social enterprise in Thailand is to reduce gaps and create sustainability for the economy. Chantrapat, Director of TESO (quoted in PPT Public Company Limited, 2011: 29-30), has proposed that Thailand has to encourage more small entrepreneurs to be social enterprises, to enhance awareness and education of the social enterprise area, and to improve their capability. TESO is trying to provide support for social enterprises and stimulate the government and private sector to pay more attention to promoting social enterprises. At the same time, TESO is trying to seek a network to help with this mission.

2.3 Social Entrepreneurship

The term “social entrepreneurship” first appeared in a publication entitled *The Sociology of Social Movements* written in 1972 by J. A. Banks, who proposed the differentiation between traditional entrepreneurs and social entrepreneurs; however, he did not offer a formal definition (Jones, Warner, and Kiser, 2010: 45). Currently, social entrepreneurship has been viewed as a new phenomenon that can solve organizational problems. Social entrepreneurship is growing in significance because of a variety of forces, such as the new public management, and increased competition for donors, grants, and service contracts, and growing needs of target markets (Mort, Weerawardena, and Carnegie, 2003: 85-86). There is a wide variety of concepts of social entrepreneurship (Dees: 1998: 1).

Social entrepreneurship can be classified according to three groups of definition. The first group stresses nonprofit and not-for-profit organizations in adopting funding strategies and management schemes to generate social value. According to Lasprogata and Cotton (2003: 69), social entrepreneurship is comprised of the strategies to sustain organizations financially while having an impact on social mission. Austin, Stevenson, and Wei-skillern (2006: 2) define social entrepreneurship as the innovative, social value generating activity that occurs within or across the nonprofit, business, and government sectors. Brooks (2009: 12) emphasizes the process of pursuing opportunities without limitation using the resources currently in hand. Weerawardena and Mort (2006: 21) view social entrepreneurship as an

emerging field of analysis within the entrepreneurship and not-for-profit marketing literatures.

A second group of researchers focuses on commercial businesses behaviors. Most of definitions and characteristics of social entrepreneurship terms are inspired and adopted from the concept of business entrepreneurial orientation. The definition of social entrepreneurship by Fowler (2000) is “the creation of viable (socio-) economic structures, relations, institutions, organizations, and practices that yield and sustain social benefits.” The characteristics of social entrepreneurship were adopted from commercial concepts that generate social benefits as well as surpluses, or financially support existing social development programs (Fowler, 2000: 649). Mort et al. (2003: 76) conceptualized social entrepreneurship as a multidimensional factor concerning the expression of entrepreneurially virtuousness behavior to achieve the social mission, and key decision-making characteristics of innovativeness, proactiveness and risk-taking. Like Pomerantz (2003: 25), social entrepreneurship is defined as the development of innovative, mission-supporting, earned income, ventures undertaken by individual social entrepreneurs, nonprofit organizations, or nonprofit in association with for-profits.”

A third group views social entrepreneurship as a mechanism to solve social problems and catalyze social transformation. Mair and Marti (2006: 37) view social entrepreneurship as “a process involving the innovative use and combination of resources to pursue opportunities to catalyze social change and/or address social needs.” Light (2008: 12) looks inside the multi-level of social entrepreneurship; individual, group, network, organization, and network, and seeks pattern-breaking ideas in what governments, nonprofits, and businesses do to address social problems.

Noruzi, Westover, and Rahimi (2010: 4-5) pointed out that the definition of social entrepreneurship ranges from broad to narrow. In the broad definition, social entrepreneurship refers to innovative activity with a social objective in the for-profit or in the nonprofit sector, and according to the narrow definition, it refers to the behaviors of applying business capability and market-based techniques in the nonprofit sector. Nevertheless, all definitions support social value rather than personal and shareholder wealth, and focus on innovative and creation rather than simply practices.

Brooks (2009: 3-4) describes entrepreneurship as a process consisting of five parts; opportunities recognition, concept development, resource determination and acquisition, launch and venture growth, and harvest the venture. He also found that among the variance in definitions, one or more including the following: (1) social entrepreneurship addresses social problems unmet by private markets or government, (2) social entrepreneurship is motivated mostly by social benefit, or (3) social entrepreneurship generally works with—not against—market forces.

Zahra, Rawhouser, Bhawe, Neubaum and Hayton (2008) proposed four main causes of the global impact of social entrepreneurship: global wealth disparity, the movement of corporate social responsibility, market failures, and technological advances and shared responsibility, while Jiao (2011: 131) added two more reasons for the emergence of entrepreneurship. First, social entrepreneurship can help nonprofits operate in innovative ways due to resource reduction, and second is the requirement of alliances between for-profit and non-profit organizations and cooperation among different components in society.

Tan, Williams, and Tan (2005: 354-359) clarified the meaning of social entrepreneurship by reviewing the adjective “social” and the noun “entrepreneurship” separately; entrepreneurship is the process of attempting from t_1 - t_2 to make business profits by innovation in the face of risk; social involves society. This definition also indicates the period of time operation.

Billis (2010: 46) argues that we are facing an era of organizational hybridity. Hybrid organizations are ubiquitous, and they are international, multi-sector phenomena, with unclear sector accountability which is definitely difficult to define. The definition of social entrepreneurship has a wide variety of meanings, and there is a variety of social entrepreneurship definitions.

Jiao (2011: 132-133) reviewed the key studies in social entrepreneurship from 1985 to 2009 and classified the definition of social entrepreneurship into three groups: (1) definitions based on the mission focusing on the characteristic of the organizations’ mission, (2) definitions based on multiple dimensions such as innovativeness, risk management, proactiveness, sustainability, and (3) definitions based on the operational process or mechanism.

There are both different and similar points of the definition of social entrepreneurship. Table 2.4 shows a multi-view of the social entrepreneurship concept.

Table 2.4 Definitions of Social Entrepreneurship

Author	Definition
Dees (1998: 1)	“Social entrepreneurship combines the passion of a social mission with business-like discipline, innovation, and determination commonly associated with.”
Fowler (2000: 649)	“Social entrepreneurship is the creation of viable socio-economic structures, relations, institutions, organizations, and practices that yield and sustain social benefits.”
Mort et al. (2003: 76)	“Social entrepreneurship is a multidimensional construct involving the expression of entrepreneurially virtuousness behavior to achieve the social mission, a coherent unity of purpose and action in the face of moral complexity, the ability to recognize social value-creating opportunities and key decision-making characteristics of innovativeness, proactiveness and risk-taking.”
Pomerantz (2003: 25)	“Social entrepreneurship can be defined as the development of innovative, mission-supporting, earned income, job creating or licensing, ventures undertaken by individual social entrepreneurs, nonprofit organizations, or nonprofit in association with for profits.”
Lasprogata and Cotton (2003: 69)	Social entrepreneurship means nonprofit organizations that apply entrepreneurial strategies to sustain themselves financially while having a greater impact on their social mission (i.e. the double bottom line).
Tan et al. (2005: 358)	A legal person is a social entrepreneur from t_1 to t_2 just in case that person attempts from t_1 to t_2 to make profits for society or a segment of it by innovation in the face of risk, in a way that involves that society or segment of it.

Table 2.4 (Continued)

Author	Definition
Mair and Marti (2006: 37)	Social entrepreneurship is viewed as a process involving the innovative use and combination of resources to pursue opportunities to catalyze social change and/or address social needs.
Austin et al. (2006: 2)	Social entrepreneurship is innovative, social value creating activity that can occur within or across the nonprofit, business, and government sectors.
Light (2008: 12)	Social entrepreneurship is an effort by an individual, group, network, organization, or alliance of organizations that seeks sustainable, large scale change through pattern-breaking ideas in what governments, nonprofits, and businesses do to address significant social problems.
Perrini and Vurro (2006: 78)	Social entrepreneurship is a dynamic process created and managed by an individual or team, which strives to exploit social innovation with an entrepreneurial mindset and a strong need for achievement in order to create new social value in the market and community at large.
Brooks (2009: 12)	The process of pursuing opportunities without limitation by resources currently in hand.

Using a grounded theory method, Weerawardena and Mort (2006: 31-32) developed a multidimensional model of social entrepreneurship. Their model portrays social entrepreneurship as holistic, comprising innovativeness, proactiveness, and risk management within the constraints of the environment, sustainability, and social mission, as shown in figure 2.6. They found that the progressively-competitive environment has forced nonprofits to place great emphasis on innovation for creating activities. Social enterprises believe that they need to be proactive to survive and to grow in the market. They have to adopt a highly-cautious approach in dealing with risk having a clear focus on the survival of the organization. Further, the social

entrepreneurial organization's response to environmental complexity has been discussed to create the need for innovativeness, proactive behavior, and risk management (Weerawardena and Mort, 2006: 41-42).

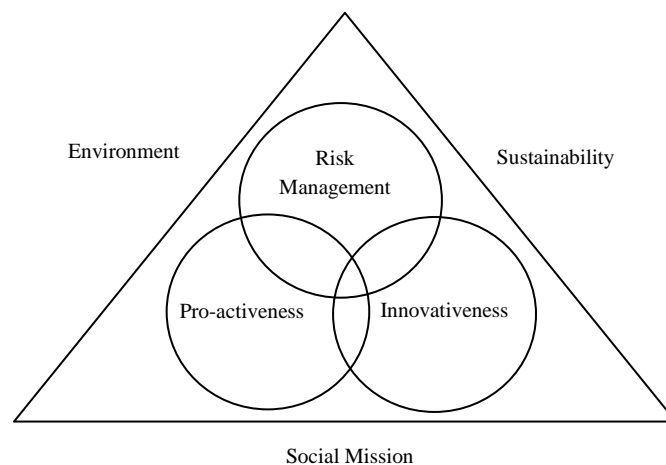


Figure 2.6 Bounded Multidimensional Model of Social Entrepreneurship

Source: Weerawardena and Mort 2006: 32.

Ankinun (2011: 152) proposed an integrated framework for earned income opportunity adoption by nonprofit social entrepreneurship by studying multiple cases in Thailand. He found that there were various factors that influence how nonprofit organizations adopt the way to earn income opportunities, such as perceived social legitimacy, the degree of interconnected, financial constraints, and organizational context.

According to Morris (1998, quoted in Brooks, 2009: 12-13), the previous studies usually concern seven areas. First, innovativeness typically involves innovative people, and develops new ideas to meet specific challenges. Second, an achievement orientation is a set combining personal and social goals. Third, organizational independence or self-reliance needs to study more. Fourth, a sense of control over one's destiny is changed to how one can live in his/her environment. Fifth, low risk-aversion shows that entrepreneurs are more tolerant of risk and more creative. Sixth, tolerance for ambiguity is the topic concerning the suitable characteristics of social enterprises. Finally, community awareness means that social

entrepreneurs see the value of social rewards and devote their work to accumulating these rewards.

The strengths or weaknesses of the concept of social entrepreneurship depend upon the way in which we choose to view social enterprises (Roper and Cheney, 2005: 101). Most of them are in the form of a hybrid between private, non-profit, and public sectors.

Martin (2004: 6) has pointed out that the empirical analysis of social entrepreneurship should explore the relation between changes in the field of philanthropic giving and the generating the concept of social investment. Four dimensions of social entrepreneurship can be measured: (1) innovation is needed to analyze the work as social innovators through empirical research; (2) performance related to the outcomes of how successful social entrepreneurs are, and how we should measure their performance as providers of public and private goods; (3) the leadership issue evaluates how can we render operational the specific nature of the leadership for empirical analysis; and (4) identity measures of how we should conceptualize the emergence of social entrepreneurship as a new identity for social sector leaders. Mort et al. (2003: 85-86) pointed out that better understanding of the construct is required so that the establishment and management of social enterprises can be better understood, especially the organizational characteristics of social enterprises in capability building, innovation, and obtaining a competitive advantage.

In sum, social entrepreneurship should be seen with a holistic view, including the concepts of innovativeness, proactiveness, and risk management within the constraints of the environment, sustainability, and the social mission.

2.4 Chapter Summary

A social enterprise is any kind of organization whose environmental or social purpose is a part of its mission. Social enterprises are self-sustaining in that they create revenues, but their profits are principally for reinvesting to further their mission. The differentiation between a private business and a social enterprise regards their purpose, management and governance, business strategies, employment, legal form, ownership, customer and communities, capital, and profits and surplus. The

social enterprise engages in hybrid nonprofit and for-profit activities. The resources of the social enterprise are financial and nonfinancial, and can be viewed as tangible and intangible resources. The resource approach is one of the most interesting to nonprofits. Social enterprises have existed in Thailand for many decades, but they only earned formal identification in 2010. To respond to the worldwide trend of the social enterprise, the Thai government has used this concept for solving Thai social problems and promoting beneficial activities in society by deploying the social enterprise approach.

CHAPTER 3

LITERATURE REVIEW

This chapter comprises the literature review, including combining the resource-based view and resource dependence theories, social capital, organizational resources, organizational performance and the conceptual framework, and hypothesis development.

3.1 Theoretical Frameworks

This section reviews two main theories of the research, the resource-based view (RBV) and resource dependence theory (RDT), as well as combining these two theories.

3.1.1 Resource-Based View

3.1.1.1 Background and Assumption

The resource-based view (RBV) was developed from the concept of Penrose, Schumpeter, and Ricardo (Scherer, 1980) for sustained competitive advantage by using strategic resources. The resource-based approach concentrates on the characteristics of resources and strategies for organization survival, competitive advantage, and long-term performance (Barney, 1991). Resources and capabilities are seen as sources of superior firm performance. The resource-based view assumes that resources are heterogeneity distributed among the firm and are immobile across the firms (Barney, 2001a). External variables are the strategic factors that impact the firm, including other stakeholders such as buyers, suppliers, intensity of competition, and

industry and market structure (Porter, 1985). These factors impact how resources are conceived, as well as how they are deployed.

3.1.1.2 Key Concepts

Not all resources are important for achieving competitive advantage and firm performance (Fahy, 2000: 96). According to resource-based view, firms with VRIN (valuable, rare, inimitable, and non-substitutable resources) criteria have the competency for achieving high performance (Barney 1991). According to Miller and Shamsie (1996), resources are inputs into an organization's production process that contain tangible and intangible resources, either knowledge-based or property-based. Property-based resources are tangible resources while knowledge-based resources refer to intangible resources. Both of them are necessary for an organization's operation. In the resource-based view, resource acquisition is an important point because resources with value, rareness, inimitableness, and non-substitutability can generate competitive advantages and have a great influence on organizational performance. Basically, resource acquisition can be divided into two aspects: resource acquisition capability and resource acquisition outcome. Zhang, Soh, and Wong (2010) stated that resource acquisition capability is the ability to acquire both tangible and intangible useful resources through organizations or through the environment. Resource acquisition outcome emphasizes the usability of the resources that organizations spent for long-term performance and for competitive advantages. The resource-based view of firms helps an organization to find their strategic resources for greater advantage than others. In this study, there are three perspectives of resources: resource acquisition refers to the organizational competency for acquiring resources; resource uniqueness refers the uniqueness of resources that the organization contains; and resource utilization is the ability to use resources for effective work.

3.1.1.3 Strengths and Limitations

Although the RBV is useful for finding out how firms outperform others, it has both strengths and limitations. There are four main strengths of the RBV. First, the RBV provides a complementary view of why organizations are different such as transactional costs and agency theory. Secondly, the RBV strengthens the organizational resource perspective as a source of competitive advantage, as Barney (1991) strongly recommended. Thirdly, internal resources are

more focused that firms should build up a distinctive capacity and seek to integrate and reconfigure their internal and external resources. Finally, there are several strategic choices for organizations to perform their performance, such as intangible resource patents, intellectual property, contracts, client databases, distribution networks, and supplier relationships.

Regarding the limitations of the RBV, the critiques fall into five categories. First, it is considered a general idea or tautological statement without managerial implications and it not operationally valid (Priem and Butler, 2001: 31). Second, it seems impossible to find and develop such resources. Third, the link between resources and competitive advantage is hindered by causal ambiguity. Fourth, VRIN, as mentioned in this theory, is neither necessary nor sufficiency. Finally, there is limited research that supports the relationship between resources and performance.

Kraaijenbrink, Spender, and Groen (2010: 360) summarized the critiques on the RBV, as shown in table 3.1. Lockett et al. (2009) argues that the value of resources depends on utilization rather than possession. This is not a scope of resource-based approach. However, Barney (2001b) also replied to critiques about the resource-based view, indicating that the resource-based view has a useful perspective for strategic management research.

Table 3.1 Summary and Assessment of the Critiques of the RBV

Critique	Assessment
1. The RBV has no managerial implications.	Not all theories should have direct managerial implications. Through its wide dissemination, the RBV has evident impact.
2. The RBV implies infinite regress.	Applies only to abstract mathematical theories. In an applied theory such as the RBV levels are qualitatively different. It may be fruitful to focus on the interactions between levels rather than to consider higher levels prior as a source of sustainable competitive advantage.

Table 3.1 (Continued)

Critique	Assessment
3. The RBV's applicability is too limited.	<p>Generalizing about uniqueness is not impossible by definition.</p> <p>The RBV applies to small firms and startups as well, as long as they strive for a sustainable competitive advantage.</p> <p>Path dependency is not problematic when not taken to the extreme.</p> <p>The RBV only applies to firms in predictable environments.</p>
4. Sustainable competitive advantage is not achievable.	<p>By including dynamic capabilities, the RBV is not purely static, through it only explains ex post, not ex ante sources of sustainable competitive advantage.</p> <p>Although no competitive advantage can last forever, a focus on sustainable competitive advantage remains useful.</p>
5. The RBV is not a theory of the firm.	<p>The RBV does not sufficiently explain why firms exist.</p> <p>Rather than requiring it to do so, it should further develop as a theory of sustainable competitive advantage and leave additional explanations of firm existence to transactional cost economics.</p>
6. VRIN is neither necessary nor sufficient for sustainable competitive advantage.	<p>The VRIN criteria are not always necessary and not always sufficient to explain a firm's sustainable competitive advantage.</p> <p>The RBV does not sufficiently consider the synergy within resource bundles as a source of sustainable competitive advantage.</p> <p>The RBV does not sufficiently recognize the role that judgment and mental models of individuals play in value assessment and creation.</p>
7. The value of a resource is too indeterminate to provide for useful theory.	<p>The current conceptualization of value turns the RBV into a trivial heuristic, an incomplete theory, or a tautology.</p> <p>A more subjective and creative notion of value is needed.</p>
8. The definition of resource is unworkable.	<p>Definitions of resources are all-inclusive.</p> <p>The RBV does not recognize differences between resources as inputs and resources that enable the organization of such inputs.</p> <p>There is no recognition of how different types of resources may contribute to sustainable competitive advantage in a different manner.</p>

Source: Kraaijenbrink et al., 2010: 360.

3.1.2 Resource Dependence Theory

Resource dependence theory (RDT) was formally developed in the 1970s by Pfeffer and Salancik (1978) with the publication of *The External Control of Organizations*. RDT is the study of how external resources affect the behavior of the organization.

3.1.2.1 Assumption

Resource dependence theory assumes that organizations are externally constrained by the environment for resources. There are four assumptions of RDT. The first is that the survival of an organization includes the ability to obtain resources from the environment (Pfeffer, 1982). In other words, organizations do not have enough resources for their operation and depend on the environment. Organizations also need to obtain resources to satisfy customer demand for their products and services. Throughout the years, the organization will be selected out by the environment for this inability to respond. Therefore, organizational survival depends on the ability of the organization to acquire and maintain resources. For the second assumption, the organization that control the flow of resources could influence other organizations. In the third assumption, in order to be able to sustain themselves within the environment, organizations must have the ability to acquire information from the environment, know how to react to the environment based on this acquired information, and have the ability to develop future responses based on past experiences (Pfeffer and Salancik, 1978). The final assumption is that organizations always seek predictability and certainty regarding the resources that they require (Oliver, 1991). They need to have strategies to acquire, maintain, and sustain their survival and prosperity.

3.1.2.2 Key Concepts

Resource dependence theory defines a resource as anything that an actor perceives as valuable, whereas dependence is a state in which one actor relies on the actions of another for achieving particular outcomes (Emerson, 1962).

The concept of the resource dependence perspective can be simply explained in a diagram, adapted by Nienhuser from Pfeffer and Salancik (2003), as shown in figure 3.1. Box 1 explains the environment as a source of uncertainty and constraint. The central thesis of resource dependence theory is to understand the

organizational behavior in their environment. While most theories focus on internal processes of resource use, RDT concerns gaining resources. The absence of the critical resources for output has been seen as a key target. A specific resource may a small part of the total need but it is an essential part. RDT support the idea that the environment directly influences organizational behavior, but RDT recognizes the organization's relations with the environment. There is uncertainty in the distribution of scarce resources in the environment which cannot be accurately predicted (Pfeffer and Salancik, 2003).

To reduce their dependence, organizations try to reduce their need, acquire alternative sources of resources, or gain control over those resources. Pfeffer and Salancik applied the idea of RDT to the relationship with both the external and internal environment. Arrow 2a describes the external distribution of power and the management of dependency relationships. The actors that control the critical resources needed by other organizations have relative power. The rationale for resource management relies on the level of resource dependency and the amount of uncertainty. Pfeffer and Salancik describe a variety of organizational actions for reducing uncertainty and managing the demands of the environment in terms of both vertical integration and horizontal integration. Arrow 2b refers to the internal distribution of power. Not only do external factors affect the organization, but also the internal actors within the organization such as persons or departments are critical resources. Members of powerful sub-units can make a contribution to the reduction of organizational uncertainty.

Arrow 3 represents the connection between the distribution of power and executive succession. To maintain and enhance their power, managers that possess great power prefer to select someone that depends on their opinion. Arrow 4 and 2b describe the connection between management structure, distribution of power, and decisions or organizational structures. To control resources, external stakeholders also fill important positions of the organization. Arrow 5 shows the feedback effects. According to an argument of Pfeffer and Salancik (2003), it is clear that the decisions and actions in organizations have a feedback effect.

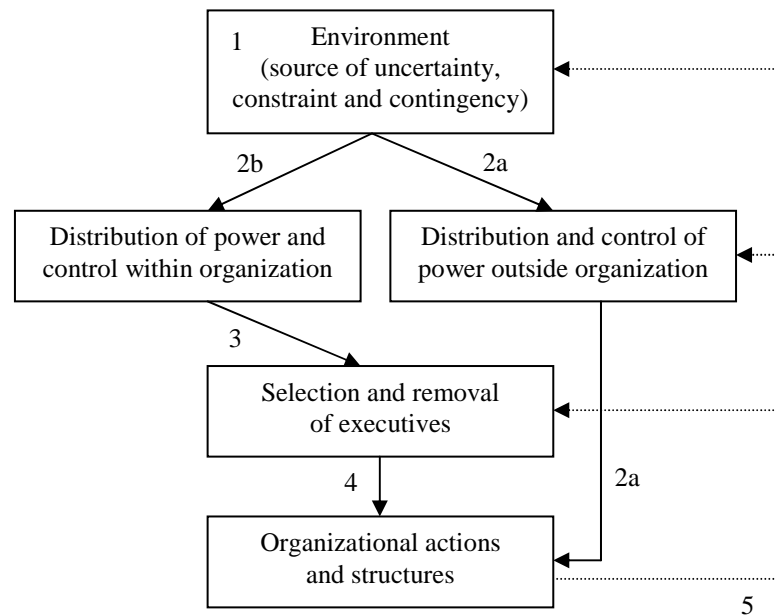


Figure 3.1 The Connection between Environment, Organization, and Organizational Decisions or Action

Source: adapted from Pfeffer and Salancik, 2003: 229 by Nienhuser, 2008: 11.

In summary, organizations actively manage environmental constraints by adopting strategies and structures that ensure the flow of resources. Social enterprises basically face constraints from their environmental stakeholders. They therefore may adopt environmental practices to ensure that those stakeholders will continuously supply resources to the organization.

3.1.2.3 Strengths and Limitations

1) Strengths of Resource Dependence Theory

First, RDT complements the political economy theory from the perspective of power exchange in organizational resources. Second, based on dependence-exchange, RDT points out that organizations have choices in sustaining their resources through the adaption of strategic choices such as in cooperation, joint ventures, partnerships, etc. Third, active choice behavior should be recognized by organizations to manage a fluctuating environment. Finally, RDT provides a systematic explanation of interorganizational relations, and provides a useful foundation for understanding and enhancing resource exchange in the environment.

2) Limitations of Resource Dependence Theory

RDT faces four limitations. First, the analyses are done at the industry level rather than the organizational level, which leaves their results sensitive to claims of an ecological fallacy. Robinson (1950) pointed out that correlation at the group level need not apply at the individual level. Regarding the second limitation, the theory does not show how benefits and costs are to be ascertained in managing particular interdependence. Third, resource-based interests are the main objective of this theory without the social responsibility of the good governance concept. Finally, RDT is resource - or input-oriented. It is not related to or does not mention organizational performance. Resource dependency theory also fails to suitably value a sense of rationality in the organization, although the theory does help to clarify the environment and context in which individual decisions are made within organizations (Nemati et al., 2010: 113).

3.1.3 Combining Resource Dependence Theory with Resource-Based Views

The resource-based view and resource dependence theory share similarities and different points. The resource-based view is related to how a competitive advantage is defined, and why and how firm-specific resources create a competitive advantage. Resource dependence, from another point of view, focuses on how a firm manages its dependence on the environment as a result of insufficient internal resources (Klangboonkrong, 2011).

According to the strengths and limitations of the resource-based view and resource dependence theory, combining these two theories suggests that they should complement each other in order to fill the organizational resource perspective. First, RDT, based on organizational theory, is based on an external-oriented approach, while RBV is an internally-oriented view. The construct of organizational resources could include resource acquisition (from the perspective of resource dependence theory) and resource uniqueness (from the perspective of the resource-based view) accompanied by resource utilization. Secondly, it has been argued that RDT omits society and environment issues while RBV, from a different view, neglects external competitors. The integration of both theories will concentrate on both internal and

external environments. Therefore, the variable used for the integration of these two issues is social entrepreneurship, including social innovation, proactiveness, and the risk-taking dimension, which considers both environmental responsibility (social innovation) and internal success factors (proactiveness and risk taking). Finally, RDT focuses on strategic choices to gain external resources while the RBV argument asserts that it is difficult to find such resources, as Barney mentions. The integration of these theories is represented by the social capital variable, including social trust, networks, and public engagement. Resource utilization will be filled the gap of RDT implication for generating organizational performance.

Critiques on the RBV are helpful to link the firm's resource capabilities, sustainable competitive advantage, and performance, while RDT considers that certain valuable resources are needed to maintain the organization and to enable growth.

Table 3.2 Comparing and Combining Resource Dependence with the Resource-Based View

Issues	Resource-Based View	Resource Dependence Theory	Integration and Proposed Variable
Key concept	Resource characteristics: Firms with valuable, rare, inimitable, and non-substitute resources have the potential for achieving superior performance.	Interrelationship strategies: Organizational resources depend on external resources and level of resource-dependence bases on relative magnitude of the exchange and criticality of the resource.	Organizational resources: resources perspective should be considered in their uniqueness, acquisition, and utilization
Strengths and Limitation (1)	It has been argued that RBV neglects external competitors and the environment.	It has been argued that RDT omits social responsibility and environmental issues.	Social entrepreneurship represents social responsibility while exhibiting aggressive behaviors: <ul style="list-style-type: none"> • Social Innovation • Proactiveness • Risk-taking
Strengths and Limitation (2)	It is difficult to acquire such competitive resources as mentioned by Barney (1991).	External resource is viewed as a source of power. There is loose coupling between the organization and environment.	Social Capital is the main source of resources through networks and relationships: <ul style="list-style-type: none"> • Social Trust • Network • Public Sector Engagement
Strengths and Limitation (3)	There is little research about the relationship between resources and performance.	RDT has no implications directly concerning resource and performance.	The organizational performance perspective is basically needed to appraise: <ul style="list-style-type: none"> • effectiveness • SROI • Growth

3.2 Social Capital

This section reviews the background and definition of social capital, its characteristics, and its contribution to the organizational field.

3.2.1 Physical Capital, Human Capital, and Social Capital

Physical capital, human capital, and social capital are seen as accumulative capital. The important idea of original economic development in the past thirty years has been concentrated on physical capital as embodied in tools, machines, and other product equipment. Physical capital is created by making changes in materials while human capital is created by changes in persons (Coleman, 1990: 304). It is principally accepted that the historical literature on economic growth focuses on physical and human capital as key factors of economic growth and development (Bousrih, 2013: 42).

Physical capital is tangible while human capital and social capital are intangible. An increase in human capital will give rise to reverse transitional effects, and an increase in human capital will bring about a positive accumulation of both physical and human capital (Caballe and Santos, 1993: 1057). Li and Wang (2012) examined the impact of physical capital, human capital, and social capital on economic growth during China's reform period. The results confirmed that physical capital and human capital contribute to economic growth. In addition, comparing human and social capital, it can be seen that physical capital investment has contributed to the economic growth in China. The research findings support the prediction that both human capital and social capital will emerge as important factors in Chinese economic growth in the future (Li and Wang, 2012: 2).

In cross-country studies in Europe, Kaasa and Parts (2008: 30) found that economic growth and convergence processes in Europe were significantly influenced by human and social capital.

Social capital is different from human capital. As seen in figure 3.2, three persons (A, B, and C) reside in the nodes, and social capital resides in the lines connecting the nodes. Social capital and human capital are often complementary (Coleman, 1990: 302-304).

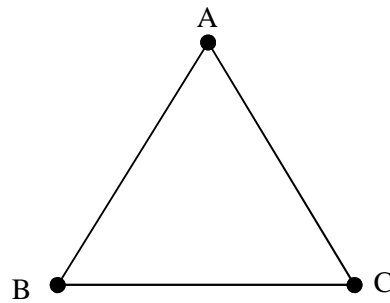


Figure 3.2 Three-Person Structure: Human Capital in Nodes and Social Capital in Relation

Source: Coleman, 1990: 305.

Fatoki (2011: 193), in a study of the impact of human, social, and financial capital on the performance of small and medium-sized enterprises in South Africa, found that there was a significant positive relationship between human, social and financial capital on the organizational performance.

3.2.2 Definitions of Social Capital

There are many approaches regarding the concept of the social capital. OECD (2007: 103) defined social capital as networks together with the shared norms, values, and understandings that facilitate co-operation within and among groups. In this definition, groups or individuals are linked in networks. Adler and Kwon (2002) classified the social capital's concept into three groups of definitions: the external view, internal view, and the integration between the external and internal view.

The first group focuses primarily on external social capital or a bridging view, which means the explanation of the relation between social networks or among organizations. The social capital can help describe the differential achievement of individuals and firms in their competitive contexts (Burt, 1992; Bourdieu, 1997; Portes, 1998) defines social capital as the aggregate of the actual or potential resources which are linked in network of more or less institutionalized relationship of mutual acquaintance and recognition. Additionally, Portes (1998: 6) stresses the competency of actors to gain benefits by virtue of membership in other social structures or networks.

The second group focuses on internal social capital or the bonding view; the linkages among individuals or groups (Coleman, 1990; Putnam, 1995; Thomas, 1996). Coleman (1988: S98) states that social capital can be defined according to its function. It is not a single entity but a variety of different entities, with two elements in common. According to Putnam (1995: 67), social capital means the features of the social organization such as social trust, networks, and norms that facilitate cooperation for mutual benefit. The disengagement from political involvement of Americans since 1950 is the example of declining social capital.

The third group is neutral on both the internal and external dimension (Nahapiet and Ghoshal, 1998; Woolcock, 1998). The advantage of this group's definition is that it has a broad viewpoint. Nahapiet and Ghoshal (1998: 243) defined social capital as the sum of the actual and potential resources in the network possessed by an individual or social unit, while Woolcock (1998: 153) stresses the information, trust, and norms inhering in one's social networks. According to Tripp, Payne, and Diodorus (2009: vii), social capital is comprised of social networks and the norms of reciprocity that arise from them, and the application of these assets in mutual objectives.

By encompassing both internal and external ties, Adler and Kwon (2002: 23) define social capital as "the goodwill available to individuals or groups. Its source lies in the structure and content of the actor's social relations. Its effects flow from information, influence, and solidarity it makes available to the actor." For this research, the definition of external social capital definition will be developed as a common conceptual framework.

Table 3.3 Definitions of Social Capital

Authors	Definitions
Bourdieu (1997: 51)	“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.”
Portes (1998: 6)	“The ability of actors to secure benefits by virtue of membership in social networks or other social structures.
Coleman (1988: S98)	“Social capital is defined by its function. It is not a single entity but a variety of different entities, with two elements in common: they all consist of some aspect of social structures, and they facilitate certain actions of actors within a structure.”
Putnan (1995: 67)	“Social capital refers to features of social organization such as networks, norms, and social trust that facilitate coordination and cooperation for mutual benefit”
Nahapiet and Ghoshal (1998: 243)	“Social capital is 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.”
Woolcock (1998: 153)	“The information, trust and norms or reciprocity inhering in one’s social networks.”
Adler and Kwon (2002: 23)	“Social capital is the goodwill available to individuals or groups. Its source lies in the structure and content of the actor’s social relations. Its effects flow from information, influence, and solidarity it makes available to the actor.”

Table 3.3 (Continued)

Authors	Definitions
OECD (2007: 103)	“Social capital is networks together with shared norms, values and understandings that facilitate co-operation within among groups.”
Tripp et al. (2009: vii)	“Social capital may be defined as social networks, the norms of reciprocity and trust that arise from them, and the application of these assets in achieving mutual objectives.”

3.2.2 Dimensions of Social Capital

In the broad view, the social capital can be distinguished according two dimensions: internal and external social capital. However, this paper concentrates on external social capital or the relationship within environment. Macerinskiene and Aleknavičiute (2011: 116) proposed that earlier social capital was considered as a one-dimensional view (Coleman, 1988; Bourdieu, 1997), but later in the work of several researchers it was discussed from a multidimensional perspective. Andrew and Klaus surveyed the academic research and found that there were many studies on the effect of social capital, such as corporate innovation, interfirm resource exchange, regional production networks, mobilization of finance, collective goal orientation and shared trust, organizational citizenship behavior, corporate entrepreneurship, the creation of new intellectual capital, knowledge acquisition and exploitation, and interfirm learning (Andrew and Klaus, 2009). The previous researches on the multidimensional aspect of social capital are shown in table 3.4.

Table 3.4 The Variety of Social Capital Dimensions

Authors	Social capital dimensions	Sector
Nahapiet and Ghoshal (1998)	Structural dimension (social network); Relational dimension (trust, norms); Cognitive dimension (codes, beliefs).	All
Saxton and Benson (2005)	Bridging social ties, Political engagement, Giving and volunteering, Civic engagement, Informal socializing, Social trust.	Nonprofit
Cheng et al. (2007)	Social interaction, Relationship quality, and External network	Business
Lee and Sukoco (2007)	Trust, Commitment	Business
Bratkovic et al. (2009)	Resource network intensity, Central network person contact intensity, Central network person friendship.	Business
Fatoki (2011)	General and customer network, Social interaction, Relationship quality	Business

3.2.4 Benefits and Risks of Social Capital

While several research papers identify the positive outcomes of social capital, some papers point out the negative side of it. Adler and Kwon conclude that investments in social is the same as other kinds of investments; overinvestment can transform a productive asset into a liability and a constraint. The benefits and risks will have a different value for an actor, depending on a number of factors. The direct benefits of social capital are information, power, and solidarity (Adler and Kwon, 2002: 28-29).

The OECD (2007: 103) points out that the benefits of social capital can be seen by looking at social bonds. At the individual level, friends and families can help people in many ways. For example, a UK government survey found that more people secure their jobs through personal contacts than through advertisements.

Macerinskiene and Aleknaviciute (2011: 121) summarized the benefits of social capital, including less time consumption, reduced transaction costs, strengthened relations with suppliers and customers, reduced business risks, easier to reach company goals, improved manufacturing processes, renewed production and expanded distribution, increased sales and profits of the enterprise, increased flexibility of a company, better communication between companies and reduced uncertainty, strengthened personal relations, ensured permanent business development, easier access to new markets, ensured better portfolios of employees for the enterprise, effective relationships between employees and employers, high efficiency of the company, reduced rotations of employees, better diffusion of information within a company, stimulated innovation and intellectual capital creation in the enterprise, and increased reputation of the enterprise.

On the other hand, social capital can create negative externalities. Network contacts share obligations to help each other, including the competitors in the collective rivalry of the network. Such competitors can get beneficial effects for the broader aggregate, but also carry the risk of the opportunity cost of wasted effort for collaboration. Moreover, the use of social capital by the dominant group can enhance the exclusion of subordinate categories from the information. There is no invisible hand that guarantees that the use of social capital resources connecting the actors will generate an optimal outcome (Yoon, 2006: 9).

Adler and Kwon (2002) explored the risk of social capital by distinguishing the risks of focal actors and negative externalities for the broader aggregate. They proposed that the investment for information may not be cost efficient in certain situations. In some cases, the power benefits of the social capital trade off against its information benefits, and the solidarity benefits, may backfire for the focal actor such as reducing the flow of new ideas into the group (Adler and Kwon, 2002: 30).

Research shows the effect of social capital on many dependent variables. Social capital directly impacts organizational performance, growth, or effectiveness (Cheng et al., 2007; Sherman, 2007; Smerek and Denison, 2007; Bratkovic et al. 2009; Chisholm and Nielsen, 2009; Fatoki, 2011; Gupta et al., 2011; Roxas and Chadee, 2011). Social capital has a positive effect on knowledge transfer or the learning organization (Sorama et al., 2004; Chang et al., 2006; Lakpetch, 2009),

and there is an influence of social capital on innovation or innovativeness (Landry et al., 2000; Chang et al., 2006; Xu, 2011).

3.3 Organizational Resources

Resource can be defined as anything the organization receives in an exchange and uses as inducements to influence those with whom the firm has a relationship (Sheppard, 1995). Organizational resources have been highly inconsistent in the terms used to describe their characteristics. Inspired by the resource dependent and resource-based view, different perspectives have referred to resources, such as tangible-intangible resources, capabilities, distinctive competences, strategic resources, critical resources, etc. Wernerfelt (1984) defined resources as anything which could be thought of as a strength or weakness of a given firm, such as brand name, knowledge, skill, trade contacts, machinery, capital, efficient procedures, etc. Barney introduced the notion that organizational resource can be classified into three kinds. Physical capital resources include the physical technology, plant and equipment, location, and raw materials accessing. Human capital resources include the training, judgment, intelligence, experience, relationships, and insight of individual managers and workers. Organizational capital resources include a reporting structure, planning, controlling, coordinating, and relations among groups and an organization (Barney, 1991: 101). Further, organizational resource can be grouped in many aspects. For example, organizational resources in Cheng et al.'s view consist of market capability, technology capability, and financial resources (Cheng et al., 2007). As reviewed, the previous studies show that there are different kinds of organizational perspectives. Classifying by tangible and intangible resource is mostly mentioned. Physical resources, human resources, and financial resources are another group of organizational resource classification.

The resource-based view of the firm is discussed in several studies. Therefore, the characteristics of resources have been examined and proposed to find the significance of resources and to show the relationship between resources and certain dependent variables such as competitive advantage and organizational performance.

Resource dependence theory emphasizes the critical resource holder, and vital resources for the future success of a firm. Altholz (2010) agrees that resource dependence theory and the resource-based view can be used to provide an appropriate theoretical basis for in-depth understanding of the strategic alignment of the organization.

Resource acquisition is a critical issue proposed in several papers (Ge et al., 2009: 223). Resource acquisition capability is the ability of an organization to acquire both tangible and intangible useful resources through the organization or individual. Rose et al. (2010) studied the relationship between organizational resources and performance by viewing resources from four perspectives: (1) physical resources such as the plant, machinery, equipment, production technology and capacity; (2) financial resources such as cash, bank deposit, and financial capital; (3) experiential resources such as product reputation, manufacturing experience and brand-name; and (4) human resources such as the top and middle management, and the administrative and production employees. In the RBV, resource acquisition seems to be created in the organization or internal environment. Intangible resources and human resources are more important and critical in attaining and sustaining performance because of their nature, being valuable and hard to copy relative to the other types of tangible resources (Rose et al., 2010). From this point of view, critical resources can be acquired from both internal and external environments. Competitive advantage can be created by perceiving and sustaining sufficiency resources for the operation of an organization

Some studies focused on resource utilization. Wernerfelt (1984) explores the usefulness of analyzing organizations from the resource point of view rather than from the product point of view. In order to achieve high performance, Rose et al. (2010) suggested that organizations have to seek understanding regarding the relative degree of relationship between their organizational internal resources, competitive advantage, and performance. To measure the significant relationship between resource utilization and competitive advantage, organizations have to conceptualize the variables in terms of scale resource, programmatic and managerial efficiency and firm performance. Ge et al. (2009: 223) pointed out that resource acquisition outcomes focus on the usability of the resources acquired and on whether these

resources can bring short or long-run competitive advantages. Knowledge as a key resource is generated through the interaction with the environment. Clustering, the relation among a firm's society, enables the development of informal social networks through knowledge transfer (Whittaker et al., 2003). Therefore resource uniqueness, resource acquisition, and utilization need to be measured.

3.4 Organizational Performance

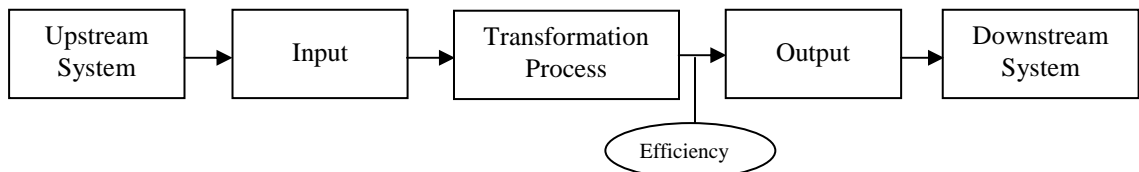
Organizational performance is one of the most important constructs in management research (Richard, 2008). Organizational performance shows the status of organizational competencies. It is one of the most important constructs in management research. Most studies define organizational performance as a dependent variable; however, little attention has been paid to the characterization of the organizational performance phenomenon (March and Sutton, 1997: 698). This section reviews the contexts that frame organizational performance as a dependent variable with specific emphasis on how it is operationalized and measured.

3.4.1 Definitions and Measures

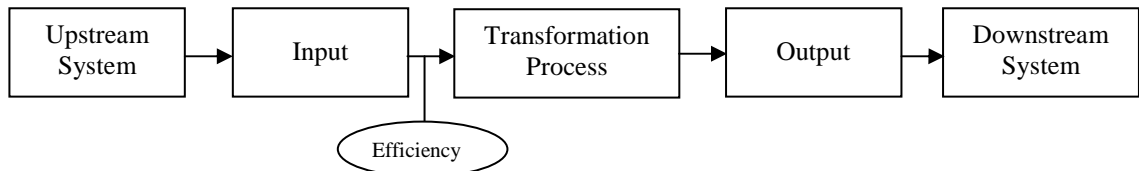
The definition of organizational performance has lacked consensus criteria. In the classical view, organizational performance is generally referred to as financial performance. In other words, organizational success is associated with financial benefits. Davis et al. (2010) pointed out that the most commonly-used measures of organizational performance have been profitability, sales growth, return on investment (ROI) and return on equity (ROE). However, financial outcomes do not reflect good or poor future financial results. One of the problems with financial figures is the uncompleted information of action over time of measurement (Norreklit, 2000: 65). The pressure of reporting organizational performance based on non-financial as well as financial measures has increased the last few years (Sim and Koh, 2001: 18). The non-financial outcomes such as attitude, commitment, and the way individuals acquire knowledge have been used to measure the long-run performance (Yeo, 2003: 202). The combination of financial and non-financial measurements offers more comprehensive view. Kaplan and Norton believe that financial and non-

financial aspects should be mixed to evaluate and motivate company performance. Three non-financial perspectives—customer satisfaction, internal business process, and learning and growth—were introduced and accompanied with the financial perspective (Kaplan and Norton, 1992).

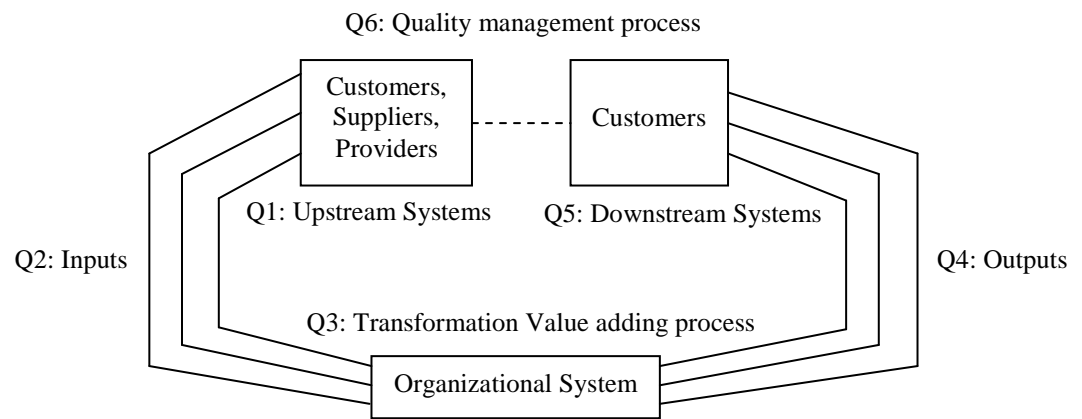
As described by Sink and Tuttle (1989), the traditional approach of performance is a complex interrelationship between six criteria: effectiveness, efficiency, quality, productivity, and innovation and profitability, which Rolstadas (1998) pictured for easy understanding as in figure 3.1



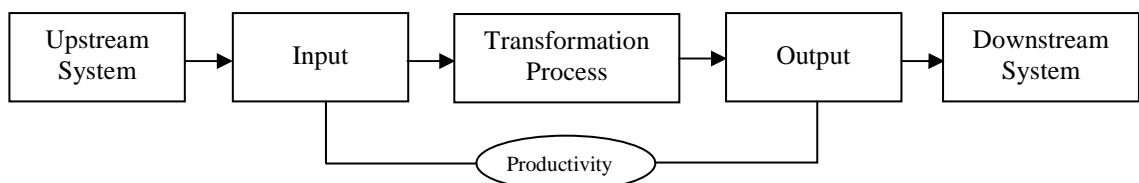
3.3(a) Operational definition of effectiveness



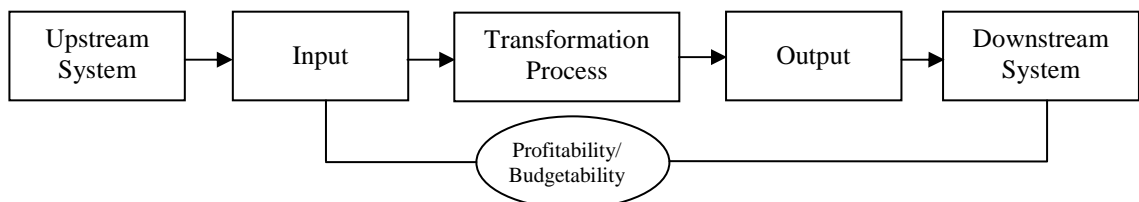
3.3(b) Operational definition of efficiency



3.3(c) The six quality checkpoints



3.3(d) Operational definition of productivity



3.3(e) The interrelationship between the seven performance criteria

Figure 3.3 Performance Criteria

Source: Rolstadas, 1998: 991-992.

According to figure 3.1, Rolstadas (1998) summarizes that “effectiveness involves doing the right thing, at the right time, with the right quality, and can be defined as actual output per expected output” (figure 3.1a). Efficiency is an input and transformation process question which can be defined as the resources expected to be consumed/resources actually consumed (figure 3.1b). Quality is an extremely extensive concept that could be measured at six checkpoints (figure 3.1c). Productivity is the traditional ratio of output per input (figure 3.1d). Quality of work life is an important contribution to a well-performing operation. Innovation is a moderating element for improving performance. Profitability/budgetability represents the ultimate goal for the organization (figure 3.1e).

An effectiveness measure is commonly used in both profit and nonprofit organizations. However, there is no consensus on what the concept means, and the criteria for measurement remains unclear because organizations typically pursue multiple goals and tend to differ according to the type of the organization and its environment. Therefore, the concept of organizational effectiveness is subjective, and it depends on who the evaluator is and the interest they represent. Cameron discusses the idea that many models of organizational effectiveness are products of multiple arbitrary models of the organization. No one best model can be argued to be better than any other. Moreover, the best measures for assessing organizational effectiveness are unknown because individuals often cannot identify their own preferences and expectations (Cameron, 1996). Organizational effectiveness is also seen as an intangible notion. The measurement of organizational effectiveness tends to determine the proxy measure that will be utilized to signify effectiveness (Ullah, 2013: 8). While most studies examine financial performance, some adopt the effectiveness of business processes and output as a significant dependent variable instead of organizational performance.

Aggarwal and Gupta (2006) suggest another point of view: that in addition to financial and non-financial measures, internal and external approach measures could be measured. The internal measures involve the internal factors inside the organization such as stakeholders, strategy, leadership, employees, innovation, information system, and corporate government, while external measures hinge upon

players outside the organization such as suppliers, customers, competitors, and other market-related indicators.

Chong (2008) found that many organizations use a hybrid approach, combining both financial and non-financial measures to evaluate performance based on four main approaches to measuring the performance of organization: the goal approach, the system resource approach, the stakeholder approach, and the competitive value approach. The goal approach and the system resource approach measure the extent to which an organization achieves its goals and accesses resources. The stakeholder approach and the competitive value approach evaluate the competency of an organization based upon its ability to meet the needs and expectations of the stakeholders (Daft, 1995). Although all four approaches aim to measure the extent to which an organization has satisfied its planned targets, the first two approaches focus on the internally-set targets while the latter two focus on the needs and expectations of the external stakeholders (Chong, 2008). Pfeffer and Salancik (1978) point out that the goal approach is the most commonly-used method because of its simplicity, understandability and internal focus. The goal approach is directly used to measure organizational targets based on the stakeholders' interests, and it can cover both financial and non-financial perspectives.

Venkatraman and Ramanujam (1985) illustrated a complete construct in the measurement of organizational performance that includes the following: (1) financial performance is the common indicator which measures the level of achieving economic goals in the organizational and used by traditional research; (2) operational performance is the indicator used for market share; and (3) organizational effectiveness is the indicator used in the strategic management or organizational theory such customer satisfaction. According to Sink and Tuttle (1989), organizational performance can be split into six aspects: effectiveness, productivity, innovation, efficiency, quality, and profitability.

The measurement of organizational performance can also be divided into subjective performance and objective performance. An objective performance is more traditional and quantitative, which is a common indicator in general research, and objective performance is more effective than subjective financial indicators (Chang et al., 2006: 66). The overall organizational performance depends upon the different

levels of people at work and the different goals. Organizations are likely to act like small ones by focusing on sub-units involving individuals and teams in order to cope with increasing environmental fluctuation (Yeo, 2003: 202).

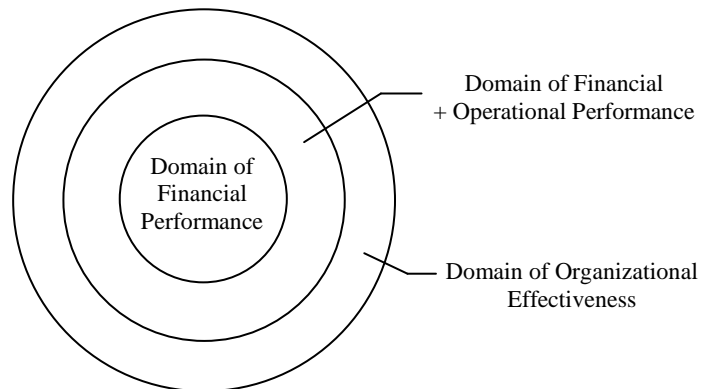


Figure 3.4 Domain of Performance

Source: Venkatraman and Ramanujam, 1985: 23.

In short, effective performance should capture not only the financial aspect of organizational performance but also the non-financial elements in order to present a clearer perception of performance. It is necessary to recognize the multidimensional nature of the performance.

3.4.2 Performance Measurement of the Social Enterprise

As mentioned in chapter 2, social enterprises have a different nature of characteristics from general profit organizations. They differ mainly in their goals and values. For-profit companies are focused on profit-maximization while the operational goal of social enterprises is to maximize social-oriented profits (Yang et al., 2014). According to the assumption of the social enterprise, social entrepreneurs are seen as more effective providers of public goods, and develop markets that are limited by formal-sector enterprises. Martin (2004) challenged how one should go about conceptualizing and measuring social enterprise performance in the delivery of public and private goods, and what measures should be used. Austin et al. (2006) found that social entrepreneurs do not use only financial aspect to determine the success of the

organization, nonfinancial view is a crucial aspect required to measure. Social value and social change as a means of developing suitable measures of social enterprise are needed to define (Bull, 2007). Although the conventional approach can be adapted to measure the performance of the social enterprise, specific tools are also introduced for a more suitable measurement. There are three chief tools for evaluating the social enterprise: social return on investment (SROI), the social enterprise balanced scorecard (SEBC), and social impact for local economies (SIMPLE) (Yang, Huang and Lee, 2014).

SROI, developed by the Roberts Enterprise Development Fund, derives from the financial perspective of social enterprises. This approach is based on traditional cost-benefit analysis. It determines the value of social benefits created by an organization related to the relative costs of achieving such benefits. SROI is equal to the net present value of benefits divided by the net present value of investment. The SEBC, developed in 2005 by Somers at the Social Enterprise London, was inspired by Kaplan and Norton's balanced scorecard (BSC) approach. Some perspectives and strategies were modified such as social goals and stakeholders. SIMPLEs, developed by McLoughlin et al., comprise four steps to help social enterprises conceptualize the impact problem: identify impacts for measurement, develop impact measures, report impacts, and integrate the results in management decision making (Yang et al., 2014).

Survival is another argument that some studies have investigated. Hannan and Freeman (1977) indicated that survival is a common dependent variable in research where increasing attention is paid to ecological explanations of organizational performance. Survival and performance are sometimes closely related due to the internal and external circumstance and the competency of the organization. It is basically measured by the variables promoting the ongoing presence of the organization. Increased demands for accountability by resource providers and stakeholders have increased the interest in using better tools for the measurement of performance of social enterprises.

3.5 Conceptual Framework and Hypothesis Development

This section elaborates the relationship among social entrepreneurship, social capital, organizational resources, and organizational performance and a theoretical model will be proposed.

3.5.1 Social Entrepreneurship and Organizational Resources

Organizational resources are the sum of resource acquisition that an organization obtains over time and they extend to how an organization mobilizes its resources. Additionally, the uniqueness of the resources helps the enterprise to maintain a competitive advantage. According to RDT, organizations need to obtain resources for their operations while organizational resources are externally constrained by the environment. Active choice behaviors and organizational strategies, such as partnership, joint venture, etc. have been recommended. In the case of social enterprises, the organizational resources are generally limited, and it is necessary to support the entrepreneurial capacity for securing them. Social entrepreneurship, then, can be viewed as a strategic preference leading to the main source of resources. As Lasprogata and Cotton (2003: 69) proposed, social entrepreneurship is comprised of the strategies to sustain organizations financially while having an impact on social mission. Mair and Marti (2006: 37) viewed social entrepreneurship as a process involving the innovative use and combination of resources to pursue opportunities to address social change.

RBV also adds the point that the organization needs to concentrate its strategic resource. This study conceptualized social entrepreneurship in terms of three dimensions: social innovation, proactiveness, and risk management. Uniqueness, acquisition, and utilization are the three dimensions of organizational resources. Regarding SMEs, Wiklund and Shepherd (2003: 1312) observed that entrepreneurial orientation has a positive relationship with knowledge-based resources while Cheng et al. (2007: 227) found strong correlations between organizational entrepreneurial orientation and resources and suggested that adequate resources come from a high level of proactiveness, autonomy, and innovation. If the social enterprise fails to

generate social innovation, proactiveness, and risk taking, it is unlikely have enough resources.

In sum, it has been obviously demonstrated that social entrepreneurship will have impacts on organizational resources. In contrast, without social entrepreneurship, social enterprises are constrained in terms of being able to capture organizational resources.

Hypothesis 1: Social entrepreneurship has a positive effect on organizational resources.

3.5.2 Social Entrepreneurship and Organizational Performance

Previous studies in the business sector have revealed that entrepreneurial orientation enhances opportunities to generate resources for sustained competitive advantage, and entrepreneurship has a positive relationship with performance (Cheng, 2007: 218). Like the “entrepreneurial orientation” term in the business sector, social entrepreneurship is an organizational capability for sustaining the competitive advantage of social enterprises. Brooks (2009: 3-4) describes entrepreneurship as a process consisting of five parts: opportunities recognition, concept development, resource determination and acquisition, launch and venture growth, and harvest the venture.

Social innovation, proactiveness, and risk management have been viewed as the key components of social entrepreneurship. Davis et al. (2010) found that organizations have a preference for innovative activities, risk taking, and proactiveness and are in a more favorable position to compete with others. Basically, customers take an interest in new products, services, and technologies which may result in organizational growth. Social enterprises believe that they need to be proactive to survive and to grow in the market. Compared to passive competitors, proactive enterprises can be seen as a first-mover which can dominate the market. For nonprofits, the progressively competitive environment has forced them to place great emphasis on innovation for creating activities as well. Additionally, they have to adopt a highly-cautious approach in dealing with risk management with a clear focus on the survival of the organization. Good risk management leads to retaining and accelerating performance variation in the long term.

Social entrepreneurship has complications regarding organizational performance. According to Oeij et al. (2010: 1), active organizations with social innovation have more often reported improved organizational performance. The social entrepreneurial organization's response to environmental complexity has been discussed to create the need for innovativeness, proactive behavior, and risk management (Weerawardena and Mort, 2006: 41-42). Cheng et al. (2007: 227) found in their research that innovation and proactivity influence a new venture's profit and growth. Fox (2008) suggested that the field of entrepreneurship offers a principle for continuously improving performance.

Hypothesis 2: Social entrepreneurship has a positive effect on organizational performance.

3.5.3 Social Entrepreneurship and Social Capital

More recently, the theory of social entrepreneurship has been expanded to the field of social capital research. Social entrepreneurship and social capital are relatively connected. At the organizational level, Ahmadi (2011: 644) proposed that the entrepreneurship literature has emphasized the influence of social capital in understanding how firms create a network and what the outcomes are. According to Nahapiet and Ghoshal (1998: 243), social capital is the sum of resources derived from the network while social entrepreneurship is the formation of structures, relations, institutions, and practices to yield social benefits (Fowler, 2000: 649).

However, there are limited studies that highlight the relationship between social entrepreneurship and social capital. A few papers have investigated the business field in terms of entrepreneurial orientation instead of social entrepreneurship. Ahmadi (2011), studying a sample of 52 companies, found that there was a meaningful relation between structural, relational, and cognitive, and dimensions of entrepreneurship and social capital. Basu (2012: 386) analyzed the links between social entrepreneurship and social capital by assessing the activities of social entrepreneurs in community organizations. The study found that in the poor socio-economic context, social entrepreneurs can reproduce social capital and sustain an organization. These papers show the connection among social network and trust that are viewed as parts of social capital, and that social capital is strengthened by

social entrepreneurship through proactive behaviors, social innovation activities and risk management.

Hypothesis 3: Social entrepreneurship has a positive effect on social capital.

3.5.4 Social Capital and Organizational Resources

Social capital is the sum of actual and potential opportunity to secure resources. Resource acquisition derived from networks are important for enterprises because they can help organizations overcome market information hurdles and support them to extend new capabilities in an efficient manner (Huang et al., 2010). Organizations are linked to environments by competitive relationships that control the nature and limits of these relationships.

For the social enterprise, social capital should be viewed in terms of at least three dimensions: trust, network, and public sector engagement. Trust means the promise that exists within a community of honesty based on commonly-shared norms. A network is the number of members that are directly connected with specific community. Government can be viewed an important source of resources. Public sector engagement related to government plans and government agencies' projects need service providers to accomplish such projects (Fatoki, 2011: 195). In order to attract resources, that is funding, board members, management, and management and staff—Austin et al. (2006: 6) proposed that social entrepreneurs must have a strong reputation that engenders trust among networks.

This literature review shows the strong link between social capital and organizational resources. For example, Cheng et al. (2007: 227) indicated in their research that there are strong relationships between social capital and organizational resources for new ventures. Consistent with Ge et al. (2009: 233), there is a positive relation between network intensity and resource acquisition capability. Firms that closely work within the network can improve their resource acquisition capability by using contacts for more resources. Moreover, using data from China, Junwei et al. (2007: 135) found that state-owned enterprises have more advantages in using the connection of public agencies, leading to better social status than non-SOEs have. Social capital also has a positive effect on knowledge transfer or the learning

organization (Sorama et al., 2004; Chang et al., 2006; Lakpetch, 2009). These arguments show the robust link between social capital and organizational resources.

Hypothesis 4: Social capital has a positive effect on organizational resources.

3.5.5 Social Capital and Organizational Performance

Several papers have insisted that social capital is important for organizational capacity. Social capital theory explores the benefits and costs derived from social ties and relationships. Using the resource-based theory, resource dependence theory, network theories, and goal theory, Sherman (2007: 2) surveyed data from 228 entrepreneurial social sector organizations to examine the factors that encourage growth and organizational performance. He found that the findings highlighted the importance of social capital in achieving high levels of organizational performance in the social sector. Nevertheless, the social enterprise is contrary to the commercial firm in the sense that financial capacity is not an ultimate goal. In this study it is suggested that organizational effectiveness, growth, and sustainability should be considered.

Social capital directly impacts organizational performance, growth, or effectiveness (Cheng et al., 2007; Sherman, 2007; Smerek and Denison, 2007; Chisholm and Nielsen, 2009; Fatoki, 2011; Gupta et al., 2011; Roxas and Chadee, 2011; Bratkovic et al., 2009). This empirical evidence shows the positive inter-relationships among the firm's social capital, entrepreneurial orientation, and performance. Moreover, firm growth can be influenced by the strategic utilization of the entrepreneur's resource-based social capital.

In addition, as organizational performance is also reflected by the strategies and processes of leveraging knowledge, a network provides crucial information to support their mutual success, and Lakpetch (2009) suggests that the complementarities in terms of strategic and resource alignment between partners are key antecedent factors which have an effect contributing to knowledge transfers. From all of the above arguments the contribution of social capital to organizational performance can be seen.

Hypothesis 5: Social capital has a positive effect on organizational performance.

3.5.6 Organizational Resources and Organizational Performance

According to RBV, resource acquisition is an important point because resources with value, rareness, inimitableness, and non-substitutability can create competitive advantages and have a great effect on organizational performance. The resource-based approach focuses on the features of resources and strategies for organization survival and long-term performance (Barney, 1991). Resources and capabilities are seen as sources of superior firm performance.

Jayatilaka et al. (2002) portrayed the resource-based view as the resources for competitiveness while resource dependence theory focuses on the relationship between the task environment and resources. The resource-based view is related to how a competitive advantage is defined, and why and how firm-specific resources create a competitive advantage. Resource dependence, from another point of view, focuses on how a firm manages its dependence on the environment as a result of insufficient internal resources (Klangboonkrong, 2011).

In this study, organizational resources are portrayed as including acquisition, uniqueness, and utilization. Organizational uniqueness means the specialty of resources that are difficult to find in other places, including more expertise than other organizations in the same industry, information needed by others, difficulty in imitating the organization's procedures, and employees' competencies. Resource acquisition is the ability to acquire all important resources, both tangible and intangible. Certain items should be identified, such as the ability to raise sufficient funds to accomplish the mission, sources of revenue, volunteering, and information from the network. Utilization is the ability of organizations to use resources with effective work, reducing transactional costs, and profit delivering for a better society.

However, the contribution of resources depends upon their utilization. McGivern and Tvorik's research suggests that the firm capability aligning resources mobilizes the firm through the creation of a shared vision, and these symbiotic relationships help the firm to pursue innovation with the expectations of increasing competitive advantage (McGivern and Tvorik, 1997: 428). Social enterprises are forced to revise organizational strategies not only in how they acquire their assets but how they utilize and maintain them for a competitive advantage as well, thus improving organizational performance (Bhatti, Zaheer and Rehman, 2011: 2847). The

study of small and medium-sized firms by Ge et al. (2009: 233) found that both resource acquisition capability and resource acquisition outcomes have a positive impact on performance. Therefore, resources are key factors affecting organizational performance.

Hypothesis 6: Organizational resources have a positive effect on organizational performance.

Figure 3.5 shows the model of the relationship among social entrepreneurship, social capital, organizational resources, and organizational performance of social enterprises.

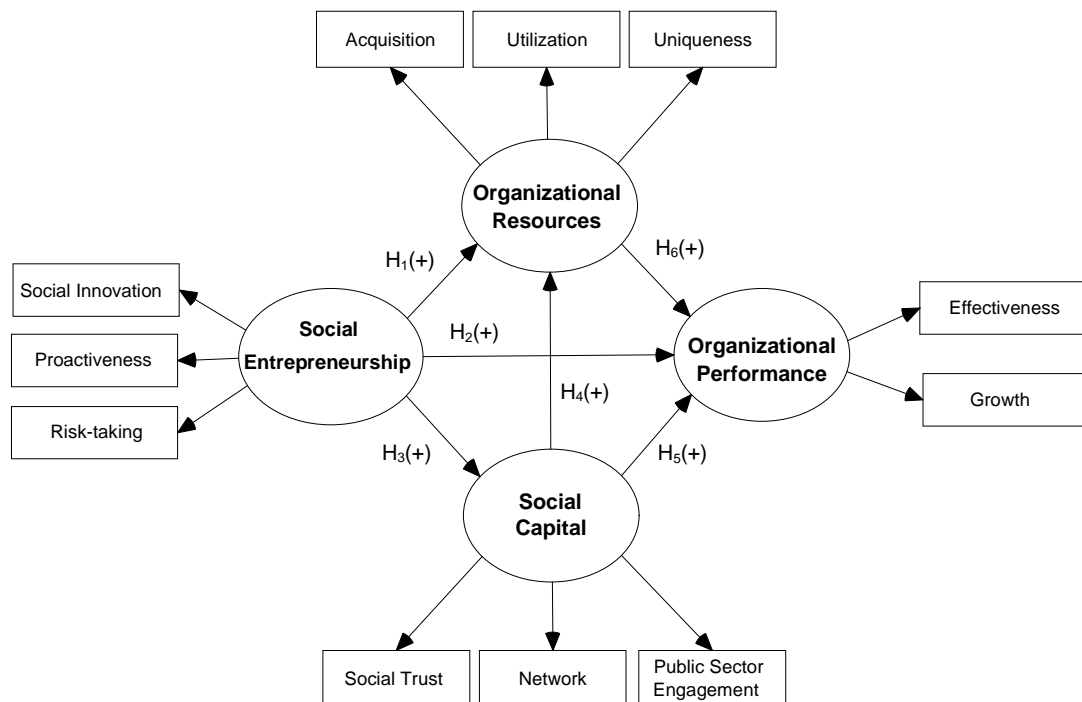


Figure 3.5 Conceptual Framework

3.6 Chapter Summary

The resource-based view (RBV) and resource dependence theory (RDT) are widely accepted as having the ability to explain competitive advantage and survival. This chapter reviews and proposes a theoretical model which explains how the RBV and RDT individually and together affect organizational resources and organizational performance. Social capital is the sum of the intangible resources embedded in an organization derived from the network and relationships possessed by an individual or social unit. This chapter reviewed the diversity of definitions, characteristics, and how to measure social capital. Organizational resources were seen to be the sum of resource acquisition that an organization acquires over time. Organizational resource's issue extends to how organizations mobilize their resources. Further, the uniqueness of the resources helps the enterprise to maintain a competitive advantage. Organizational performance is the result of the activities of an organization's investment over a given period, including multidimensional aspects, and both financial and non-financial perspectives. In the last section, a conceptual framework and hypotheses were proposed for the study by discussing the relationship among the variables.

CHAPTER 4

RESEARCH METHODOLOGY

This chapter describes the research design, operationalization of variables, instruments, and data analysis procedures as follows.

4.1 Research Design

This research is principally based upon a sample survey of social enterprises in which data were collected from a sample of the target population through both quantitative and qualitative methods. This research can be categorized as exploratory, which attempts to explain the relationships between the determinants of the three prediction factors regarding their influence on organizational performance. The qualitative research method was conducted using both primary and secondary data, while the quantitative method adopted a sample survey with a cross-sectional design. Cohen et al. (2002) suggested that a cross-sectional analysis can be used when logical reasoning convinces that one variable precedes the other, and a theoretical framework guides the analysis. The associations in the hypothesized model of this study were drawn in a causal relation on the basis of theory. Therefore, the two criteria above were satisfied in this study. The following are the definitions of terms used for clearly exhibiting the research methodology and analysis.

The quantitative data were collected through a questionnaire. The obtained data were used to examine the causal relationship between the factors through structural equation modeling (SEM). Structural equation modeling is a multivariate technique combining the approaches of factor analysis and multiple regression that enables the simultaneously examination of a series of interrelated dependence relationships among the measured variables and latent constructs (Hair, Black, Babin and Anderson, 2010).

A structural model is a set of one or more dependence relationships connecting the hypothesized model's variables or constructs. Structural relationships suggest that one construct is dependent on another. Exogenous construct is not dependent on another construct while endogenous constructs are dependent on either exogenous or endogenous constructs (Hair et al., 2010).

There are two kinds of variables, measured and latent, to be assessed. A measured variable or manifest variable is an observed value for a specific item or question, obtained either from respondents in response to questions or from some type of observation. Measured variables are used as the indicator of latent constructs (Hair et al., 2010). A latent construct is an operationalization of a construct in structural equation modeling which cannot be measured directly but can be represented or measured by one or more variable (Hair et al., 2010).

Confirmatory factor analysis (CFA), the technique using in this research, is a strategy for analysis of the a priori measurement model in which the factors and indicators are explicitly stated (Kline, 2005).

4.1.1 Population

As reviewed in topic 2.2, there is no specific law regarding the social enterprise in Thailand. Moreover, social enterprises have unclear boundaries, resulting in the difficulty of identification. Therefore, the process of target population selection was carefully defined. According to Thai Social Enterprise Office (TSEO), there are several forms of organizations which might be investigated as a social enterprise: co-operative, community enterprises, savings group for production, community organizations and networks, associations, and foundations.

Although there is no formal list of social enterprises in Thailand, two main sources of social enterprises can be investigated from the TSEO and the National Statistical Office (NSO). TSEO (2011) lists the number of organizations that can be assumed as social enterprises as shown in table 4.1. For this study, the mission and operation of community enterprises, community organizations and networks, associations, and foundations are interesting from the entrepreneurship perspective and will be used.

Table 4.1 Number of Social Enterprises in Thailand Classified by Type of Organizations

Type of Social Enterprise	Number
1. Co-operative	6,291
2. Community Enterprise	59,490
3. Savings Group for Production	35,891
4. Community Organization and Network	12,534
5. Association	126
6. Foundation	104
Total (1-6)	116,298
Total (2,4,5,6)	72,254

Source: The Thai Social Enterprise Office (TSEO), 2010.

The nonprofit sector is another source of organization which can be treated as a social enterprise. However, not all nonprofit organizations are social enterprises. Most of them were founded for legal expression of business transactions. Therefore, a selecting process was used to extract the nonprofit organizations that behave like a social enterprise.

According to National Statistical Office's statistics, in 2007 there were 65,459 NGOs in Thailand. These are social welfare service organizations, trade associations, cremation welfare associations, employer associations/ labor associations/ labor union/ government enterprise officer associations, religious organizations, political organizations, and international organizations. The number and percentage of nonprofit organizations by type and region are shown in table 4.2.

Table 4.2 Number and Percentage of Non-Profit Organizations by Type of Non-Profit Organization and Region

Type of Non-Profit Organization	Region					Whole Kingdom
	Bangkok	Central	North	Northeast	South	
1. Social Welfare Service Organization	6,469	3,674	2,178	2,263	2,184	16,768
2. Trade Association, Chamber of Commerce	608	218	74	84	67	1,051
3. Cremation Welfare Association	338	435	1,899	879	211	3,762
4. Employer Association, Labor Association and Labor Union, Government Enterprise Officer Association	852	1,304	23	96	99	2,374
5. Religious Organization	1,005	8,628	9,934	16,507	5,297	41,371
6. Political Organization	24	11	1	5	1	42
7. International Organization	70	8	9	2	-	89
Total (1-6)	9,366	14,278	14,118	19,836	7,859	65,457
Total (1, 2)	7,077	3,892	2,252	2,347	2,251	17,819

Source: National Statistical Office, 2007.

Referring to table 4.1, the target organization types are the community enterprise, community organizations and networks, associations, and foundations (type 2, 4, 5, 6) and in table 4.2, social welfare service organizations and trade associations (type 1 and 2) might be seen as social enterprises. Therefore, the total target population is 90,000 organizations approximately.

4.1.2 Sample Size and Sampling

Hair et al. (2010) argue that some previous guidelines are no longer appropriate, for example, as big as sample size and sample sizes of 300 are required. Sample decisions must be made based on a set of factors. They also suggest that the

minimum sample sizes are offered based on the model complexity and basic measurement model characteristics. One hundred samples are a minimum size for models containing five or fewer constructs and with high item communalities (0.6 or higher). One hundred fifty samples are a minimum for models with seven or fewer constructs, modest communalities (0.5), and no underidentified constructs. Three hundred samples is a minimum size for models containing seven or fewer constructs, lower communalities (below 0.45), and/or multiple underidentified (fewer than three items) constructs. Five hundred samples are a minimum size for models with large numbers of constructs (Hair et al., 2010).

This paper will mainly use a survey of social enterprises to gather the data necessary to test the model and its hypotheses. The questionnaires were distributed to the sampling respondents, while in-depth interviews were undertaken through purposive sampling by using the snowball technique.

4.2 Operationalization of Variables and Measurement

This section provides operational definitions for all the variables included in the conceptual model and generates items that represent manifestations of these variables.

4.2.1 Dependent Variable

Organizational performance has drawn upon many points of view. Generally, financial and non-financial aspects are the common way to capture the performance view. The social enterprise is contrary the commercial firm in the sense that financial capacity is not an ultimate goal. In this study, the idea of organizational effectiveness shows how effectively an organization achieves outcomes that the organization intends to produce (Etzioni, 1964). Organizational effectiveness is also indicated by the impact on social and environmental problem-solving, public sector support, stakeholder satisfaction, and a flexible and adaptive environment. Organizational growth, represented by an increasing in income, customers, and employees, is measured.

4.2.2 Independent Variables

4.2.2.1 Social Entrepreneurship

While the concept of entrepreneurship has long existed in the private or commercial sector, social entrepreneurship is now one of the hottest issues for policy makers and practitioners seeking new solutions to social problems in the world (Young and Grinsfelder, 2011: 543). Social entrepreneurship can be defined as the development of innovative, mission-supporting, and earned income undertaken by individual social entrepreneurs. There are three dimension of social entrepreneurship in this study. First, social innovation is defined as Lumpkin and Dess (1996) defined it; that is, a tendency of the organization to engage in and create new ideas and creative processes which may result in new products, services, or processes. The questions asked will include the role of social enterprises in influencing social change, being a leader for social problem-solving projects, rating of new programs and service developments compared to other organizations in the field, and new solutions for social problem solving. Proactiveness is taking initiatives by anticipating and pursuing new opportunities and by participating in emerging markets (Lumpkin and Dess, 1996). The items measuring proactiveness are an emphasis on continuous improvement in methods of operation, quickly response to social or member needs, emphasis on new area expansion or new targeting, and compromises among conflicting demands of all stakeholders. Risk taking, according to Lumpkin and Dess (1996), is making large resource engagements by seizing opportunities in the market place for the expectation of high returns. It is also related to taking risks in seizing and exploiting new opportunities, trying to compete with others in the same field, and making large, bold decisions despite uncertainty.

4.2.2.2 Social Capital

According to Nahapiet and Ghoshal (1998: 243), “social capital is the sum of the actual and potential resources embedded within, available through, and derived from the network of relationships possessed by and individual or social unit.” Social capital has been measured in a number of innovative ways based on multidimensional aspects (Yoon, 2006: 9). Social trust, a part of social capital, means the expectation that occurs within a community of honesty, and cooperative behavior, based on commonly shared norms. The questions about social trust concern one’s

good reputation in society, an organization's information referred to by media, members' or people's recognition, and visiting by other organizations. A network is the number of members that are directly connected to social structure. Public sector engagement is the connectedness to public agencies. Networks are measured by items including external alliances, a diversity of friendships in many areas resulting in a positive effect for an organization, informal networks, and playing a significant role in networks. Public Sector Engagement is the connectedness to public agencies by which mutual benefit relates to government supporting plan. It has become common for non-profit providers to depend on government support for the majority of their operating budgets (Lipsky and Smith, 1990; Lune, 2010).

Whether the idea of social capital is as useful a quantitative concept in social science as the concept of physical capital, financial capital, and human capital remains to be seen, and its value also lies in qualitative aspect as well (Coleman, 1990: 305).

4.2.2.3 Organizational Resources

Organizational resources are the sum of resource acquisition that an organization gets over time and they extend to how an organization mobilizes its resources. Additionally, the uniqueness of the resources helps the enterprise to maintain a competitive advantage. The organizational resources which are portrayed in this study then include acquisition, uniqueness, and utilization. Organizational uniqueness means the specialty of resources that are difficult to find in other places including more expertise than other organizations in the same industry, information needed by others, difficulty in imitating the organization's procedures, and employees' competencies. Resource acquisition is the ability to acquire all important resources, both tangible and intangible. Certain items should be identified, such as the ability to raise sufficient funds to accomplish the mission, sources of revenue, volunteering, and information from the network. Utilization is the ability of organizations to use resources with effective work, reducing transactional costs, and profit delivering for a better society.

Table 4.3 Variables, Meaning, and Items

Variables	Meaning	Items
Organizational Performance		
Effectiveness	How effective an organization is in achieving the outcomes that the organization intends to produce (Etzioni, 1964)	<ul style="list-style-type: none"> • Social and environmental problem-solving • The organization mission related to government plan • Time • Stakeholders' satisfaction • The flexible and adaptive to the environment • Financial sustainability
Growth	The ability to achieve higher performance than the past	<ul style="list-style-type: none"> • Income • Customers/clients • Number of employees
Social Entrepreneurship		
Social Innovation	An organization's tendency to engage in and support new ideas, novelty, experimentation, and creative process which may result in new products, services, or technological processes (Lumpkin and Dess, 1996)	<ul style="list-style-type: none"> • Social innovation and social change • The Leader of social problem-solving projects • New programs and services • New solutions for social problem solving
Proactiveness	Taking initiatives by anticipating and pursuing new opportunities and by participating in emerging markets (Lumpkin and Dess, 1996)	<ul style="list-style-type: none"> • The continuous improvement • Quick response to customer needs • New areas or targeting. • Compromising among stakeholder goals

Table 4.3 (Continued)

Variables	Meaning	Items
Risk-taking	Incurring heavy debt or making large resource commitments by seizing opportunities in the marketplace in the interest of high returns (Lumpkin and Dess, 1996)	<ul style="list-style-type: none"> • Seizing and exploiting new opportunities • Trying to compete with others in the same field • Making large, bold decisions despite uncertainty
Social Capital		
Social Trust	The expectation that arisen within a community of regular, honest, and cooperative behavior, based on commonly shared norms	<ul style="list-style-type: none"> • Reputation of organization • Media • Perception on employees' performance • Site visit
Network	A set of actors that connected in social structure.	<ul style="list-style-type: none"> • External alliances. • Diversity of friendships • Informal networks. • Network participation • The role or organization in networks.
Public Sector Engagement	The connectedness and commitment between social enterprises and public agencies.	<ul style="list-style-type: none"> • The policy role • The mission is related to the government supporting plan. • Government needs • Contact with government decision-makers.
Organizational Resources		
Uniqueness	The specialty of resources that are difficult to find in other places	<ul style="list-style-type: none"> • The organization expertise • Information impact • Inimitable • Employees' competencies

Table 4.3 (Continued)

Variables	Meaning	Items
Acquisition	The ability to acquire all important resources, both tangible and intangible	<ul style="list-style-type: none"> • The ability to raise sufficient funds • Sources of revenues • Volunteers • Network information
Utilization	The ability to use resources in effective work.	<ul style="list-style-type: none"> • Efficiency • Cost reduction • Value delivery

4.3 Research Instruments

Based on the operationalization of social capital, social entrepreneurship, organizational resources, and organizational performance, questionnaires were developed. There are seven level of item's rating: strongly disagree, disagree, somewhat disagree, neither agree or disagree, somewhat agree, agree, and strongly agree

For the qualitative data, the interviewees were asked three main issues: (1) the influence of social entrepreneurship on organizational resources, and organizational performance, (2) the influence of social capital on organizational resources, and organizational performance, and (3) the influence of organizational resources on organizational performance.

4.4 Data Analysis and Procedures

The data analysis comprised the application of descriptive and inferential statistics. Descriptive statistics, including frequency, percentage, mean, and standard deviation were used to assess the characteristics of the respondents and demographic data by using the IBM SPSS Statistics 20.0. Inferential statistics were used to examine the reliability of the instruments, confirmatory factor analysis (CFA), and hypothesis testing. CFA involves only a measurement model for the direct effects of the factors on the measured variables. Unlike a full structural equation model (SEM), a CFA is not a causal model that relates the factors to each other (Grimm and Yarnold, 2000: 247). The SEM was used then for examining the hypotheses.

The origins of modern SEM are usually mentioned to Sewall Wright's development of path analysis in 1921 (Hancock and Mueller, 2006: 1). However, the SEM term as it is meant today began when Swedish statistician Karl Joreskog had the idea of combining features of econometrics and psychometrics into a single model in 1970 (Grimm and Yarnold, 2000: 227). The structural equation modeling is a statistical methodology widely used by several scientific fields because it provides researchers with a comprehensive method. (Raykov and Marcoulides, 2006: 1). The term "structural equation modeling" conveys two main aspects of the procedure: the causal processes are represented by a series of structural equation, and the structural relations can be drawn to facilitate a clearer conceptualization of the theory under study (Byrne, 2006: 3).

Hoyle (1995: 15) stated that the SEM approach is a more comprehensive method to research design than any other single statistical model. Although there are research hypotheses that can be tested by standard methods, the structural equation modeling approach provides a mean of testing more complex and specific than can be tested by those methods.

Five steps characterize most applications of SEMs, including model specification, identification, estimation, testing fit, and respecification (Bollen and Long, 1993: 2). The model specification refers to the initial model that a researcher formulates prior to estimation based on the basis of one's theory or past research. Identification determines whether it is possible to find unique values for the

parameters of the specified model. Once a model is identified, selection of estimation techniques is determined. After that the estimates are obtained, if the model is consistent with the data, the process can stop after the fourth step. Moreover, the fit of the model could be improved through respecification, where step 2 through 5 may be repeated, often multiple times.

SEM consists of two parts, the assessing of the confirmatory measurement model or factor analysis, and the assessing of the confirmatory structural models or path analysis. Factor analysis is an analysis of the observed measures in relation to the latent construct while the path analysis tests the causal relations among the latent constructs (Anderson and Gerbing, 1988). In assessing the model fit, four indices were employed: χ^2 (chi-square), GFI (goodness of fit index), CFI (comparative fit index), and RMSEA (root mean square error of approximation).

Chi-square is a measurement of the overall fit of the model with the data (Joreskog, 1993). Considering problems with the χ^2 test, although a p-value indicates no significant difference between the observed and estimated covariance matrices, this does not suddenly imply a good model fit; the researcher should always complement it with other GOF indices. The χ^2 value and the model's degrees of freedom should always be reported (Hair et al., 2010: 670). Table 4.5 shows a guideline for using fit indices in different situations based primarily on simulation research (Cohen and Cohen, 1983; Hair et al., 2010).

The Goodness of Fit Index (GFI) is used to measure the squared residuals from the prediction from the empirical data. Its value ranges from 0 to 1 (poor to perfect fit). A GFI closer to .90 and 1 indicates a better fit. The Root Mean Square Error of Approximation (RMSEA) is an indicator for the overall degree of fit with the data. The acceptable values range from .05 to .08 (Hair et al., 2010). The Comparative Fit Index (CFI) represents comparisons between the estimated model and null or independence model. The CFI values range from 0 to 1, and a large value ($>.95$) indicates goodness of fit (Hair et al., 2010). In this study, the Chi-square test, adjusted chi-square, Goodness of Fit Index, Root Mean Square Error of Approximation, and Comparative Fit Index were used to evaluate how the hypothesized model fit the empirical data.

Table 4.5 Characteristics of Different Fit Indices (N < 250)

No. of Stat. Vars.(m)	M ≤ 12	12 < m < 30	M ≥ 30
χ^2	Insignificant p-values expected	Significant p-values even with good fit	Significant p-values expected
CFI or TLI	.97 or better	.95 or better	Above .92
RNI	May not diagnose misspecification well	.95 or better	Above .92
SRMR	Bias upward, use other indices	.08 or less (with CFI of .95 or higher)	Less than .09 (with CFI above .92)
RMSEA	Values < .08 With CFI = .97 Or higher	Values < .08 With CFI = .95 Or higher	Value < .07 with CFI of .97 or higher

Source: Hair et al., 2010: 672

There were three steps in assessing the theoretical model. First, the full hypothesized model was tested for model adequacy, and hypothesis testing was employed. Secondly, the model modification was performed to improve its fit. For the hypothesized model assessment, the goodness of fit test statistics was obtained simultaneously with the estimation. The parameters were estimated, including the regression coefficients, variances, and covariance. Afterwards, if the model did not fit the empirical data, it was modified to improve the overall chi-square test of the model fit. Modification indices provide indicators of misspecification in terms of correlation measurement errors. Modification of the proposed model should have consistent reliability, which depends on a theoretically-based foundation (Hair et al., 2010).

The study model was tested using AMOS version 20.0 to examine the model fit and to test the hypotheses. AMOS is one of the user-friendly interfaces for this kind of computer program, where the user can sketch the model in a user-friendly drawing environment and then translate the drawing into a program and perform the necessary calculations (Blunch, 2013: 85).

4.5 Chapter Summary

The research was based on both quantitative and qualitative methods. The unit of analysis was a sampling of 1,000 social enterprises in Thailand. The questionnaires were distributed to the sampled respondents while in-depth interviews were undertaken through purposive sampling and using the snowball technique. The purpose of gathering the data from the interviews was to obtain individual opinions and to describe the deeper and more detailed facets of the situations regarding their responsibilities in dealing with social enterprises and their performance. A descriptive, cross-sectional research design was used to examine the relationships among social entrepreneurship, social capital, organizational resources, and organizational performance factors. A hypothesized model of the factors contributing to organizational performance was tested with path analysis using AMOS version 20.0 to examine the model fit and to test the hypotheses.

CHAPTER 5

RESEARCH RESULTS

This chapter is organized into five main sections: the characteristics of the respondents, the descriptive characteristics of the variables, measurement reliability, preliminary analyses, principle analyses, and hypothesis testing.

5.1 Characteristics of Respondents

Table 5.1 describes the respondent's profile. Most of the respondents were female (55.1%) and held a master degree/higher (55.2%). Of the 158 respondents, most of them were owners (32.8%), board/committee members (24.1%), directors/managers (21.5%), secretaries (8.9%), presidents (5.7%), and other (8.9%) such as middleclass management level.

Table 5.2 describes the organization's profile. Most of the respondent organizations were foundations (44.3%); 39.2% were limited companies, and 11.4% were associations. Regarding the organization's mission, 22.8% of the respondent organizations related to children/youth/women/elderly, 21.5% worked in the service industry, 20.3% worked in the product industry, 12.7% had an environmental mission, 7.0% worked in the healthcare area, 6.3% worked with people with a disability, and 4.4% worked with animals. In terms of organization age, most of the respondent organizations were greater than 30 years old, 25.9% were younger 10 years, and 22.8% were 11-20 years old. Fifty-five point seven percent of the respondent organizations had 20 or fewer employees, 17.7% had between 21 and 40 employees, and 25.9% had more than 40 employees.

Table 5.1 General Information about Respondents

Characteristics	Number	Percent
Gender		
Female	87	55.1
Male	71	44.9
Total	158	100.0
Education Level		
Below Bachelor's degree	67	42.4
Bachelor's degree	60	38.0
Master degree/Higher	30	19.0
Not specified	1	0.6
Total	158	100.0
Current Position		
Owner	42	32.8
Board/committee	38	24.1
Manager/Director	34	21.5
Secretary	14	8.9
President	9	5.7
Other	14	8.9
Not specified	7	4.4
Total	158	100.0

Table 5.2 General Information about Organizations

Characteristics	Number	Percent
Organizational Type		
Foundation	70	44.3
Company	62	39.2
Association	18	11.4
Other	8	5.1
	158	100.0
Mission		
Children/Youth/Women/Elderly	36	22.8
Service Industry	34	21.5
Product Industry	32	20.3
Environment	20	12.7
Healthcare	11	7.0
Disability	10	6.3
Animals	7	4.4
Other	8	5.1
Total	158	100.0
Organization Age (year)		
≤10	41	25.9
11-20	33	20.9
21-30	36	22.8
>30	48	30.4
Total	158	100.0
Number of Employees		
≤ 20	88	55.7
21-40	29	17.7
>40	41	25.9
Total	158	100.0

5.2 Characteristics of Variables

A description of the characteristics of the eleven variables—social innovation, proactiveness, risk-taking, social trust, networking, public sector engagement, acquisition, utilization, uniqueness, effectiveness, and growth entrepreneurship—is presented in table 5.3.

Table 5.3 Descriptive Statistics of the Study Variables

Constructs	Observed Variables	\bar{x}	S.D.
Social Innovation	SI1. My organization has major social change as a dominant goal.	5.46	1.319
	SI2. Generally, my organization plays a leader role in social problem-solving projects.	5.08	1.200
	SI3. My organization has a high rate of new programs and service development compared to other organizations in our field.	5.27	1.155
	SI4. My organization always finds new solutions for social problem solving.	5.04	1.294
		20.86	3.90
Proactiveness	PA1. My organization has an emphasis on continuous improvement in its methods of operation.	5.28	1.418
	PA2. My organization quickly responds to social or members' needs.	5.65	1.216
	PA3. My organization emphasizes new area expansion or new targeting.	5.03	1.299
	PA4. My organization creates a compromise among conflicting demands of the different sector	4.63	1.202
		20.58	4.17

Table 5.3 (Continued)

Constructs	Observed Variables	\bar{x}	S.D.
Risk-taking	RT1. My organization takes risks in seizing and exploiting new opportunities.	5.26	1.273
	RT2. My organization tries to compete with others in the same field.	4.68	1.580
	RT3. My organization makes large, bold decisions despite uncertainty.	4.27	1.478
		14.21	3.68
Social Trust	ST1. My organization has a good reputation in society.	5.72	1.046
	ST2. My organization's information has been referred to in the media.	5.09	1.150
	ST3. Members or people have recognized my organization as the first priority compared with other organizations.	5.10	1.211
	ST4. Other organizations pay us a visit oftentimes.	4.12	1.269
		20.04	3.76
Networking	NET1. My organization has external alliances.	5.65	1.082
	NET2. I/our administrators have a diversity of friendships in many areas resulting in a positive effect.	5.83	1.185
	NET3. My organization has informal networks.	5.01	1.319
	NET4. When my organization needs help, we can count on other members of the network.	4.92	1.414
	NET5. My organization plays a significant role in networks.	5.08	1.292
		26.49	4.77

Table 5.3 (Continued)

Constructs	Observed Variables	\bar{x}	S.D.
Public Sector Engagement	PSE1. My organization plays an important role in proposing policy or procedures for social problem solving.	4.65	1.441
	PSE2. My organization's mission is related to government plans.	4.06	1.673
	PSE3. Government agencies need support by my organization.	4.22	1.460
	PSE4. The organization has contacts with government decision-makers.	4.11	1.448
		17.04	5.17
Acquisition	ACQ1. Over the years, my organization has had the ability to raise sufficient funds to accomplish our mission.	4.43	1.142
	ACQ2. Most of the revenue comes from product/service sales and fees.	3.55	1.426
	ACQ3. My organization has received funds by donors or supporters.	3.21	1.326
	ACQ4. Volunteers and experts always work in my organization.	4.13	1.479
	ACQ5. My organization has always gotten updated information from the network.	4.80	1.299
		20.12	4.90
Utilization	UT1. An adequate budget is available for the operations in each year.	5.19	.945
	UT2. My organization works effectively.	5.47	1.026
	UT3. Network organizations have made my organization reduce the cost of work.	4.59	1.168
	UT4. Our profit is delivered for a better society.	5.41	1.095
		20.66	3.36

Table 5.3 (Continued)

Constructs	Observed Variables	\bar{x}	S.D.
Uniqueness	UN1. My organization is more expert than other organizations in the same industry.	5.16	1.076
	UN2. The information of our organization is needed by others.	5.12	1.131
	UN3. It is difficult to imitate my organization' procedures.	4.21	1.242
	UN4. Our employees' competency is outstanding and rare.	5.05	1.093
		19.54	3.55
Effectiveness	NF1. My organization has an impact on social and environmental problem-solving.	5.80	1.037
	NF2. The public sector's mission has been supported by my organization.	5.44	1.091
	NF3. My organization always responds to customers quickly.	5.38	1.007
	NF4. Stakeholders are satisfied with the organization's operation.	5.37	1.061
	NF5. My organization is flexible and adaptive to the environment.	5.22	1.214
	NF6. My organization has financial sustainability.	4.81	1.450
		32.03	5.26
Growth	F1. Income	4.88	1.202
	F2. Customer/client	5.37	1.186
	F3. Number of employees	4.82	1.161
		15.07	3.08

5.3 Measurement of Reliability and Validity

The reliability coefficient known as Cronbach's alpha coefficient refers to the degree of dependability, consistency or stability of a scale. The indicators of highly-reliable constructs are highly interrelated and indicate that they all seem to measure the same thing. However, high reliability is a necessary but not sufficient condition; it does not guarantee that a construct is representing what it is supposed to represent (Cronbach, 1951: 297-334; Hair et al., 2010: 634). The general acceptance of the lower limit for Cronbach's alpha is 0.7, although it may decrease to 0.60 in exploratory research (Drasgow, 1984: 134-135, Hair et al., 2010: 125). In this study, the reliability coefficients of eleven constructs were tested with 158 social enterprises (see table 5.5).

Average variance extracted (AVE) is a measure of convergence among a set of items representing a construct. It is the average percentage of variation explained among the items of a construct (Hair et al., 2010: 688). Fornell and Larcker (1981: 39-50) indicated that the AVE value should exceed 0.5 for a construct. Table 5.4 indicates that the AVE values exceeded 0.5 of all constructs.

Table 5.4 Reliability and Validity

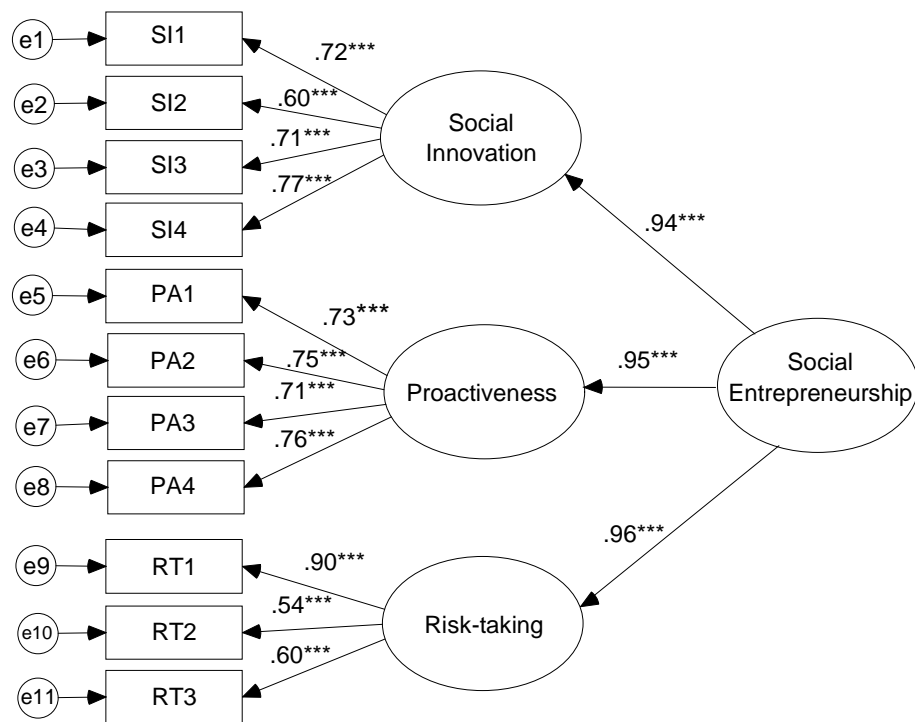
Constructs	Reliability	Validity	
	Alpha Coefficient	Construct	Convergent (AVE)
Organizational Performance		.74	.51
Effectiveness	.85		
Growth	.84		
Social Entrepreneurship		.96	.90
Social Innovation	.79		
Proactiveness	.83		
Risk-taking	.80		
Social Capital		.70	.52
Social Trust	.82		
Network	.81		
Public Sector Engagement	.88		
Organizational Resources		.64	.84
Acquisition	.78		
Utilization	.80		
Inimitability	.79		

5.4 Assessing Measurement Models

5.4.1 Social Entrepreneurship

The first measurement model examined the relationships among the measures of social entrepreneurship. Social entrepreneurship was theorized to consist of three sub-constructs: social innovation (SI), proactiveness (PA), and risk-taking (RT). In terms of reliability, Cronbach's alpha for the overall construct of social entrepreneurship was .905; for social innovation .792; for proactiveness .826; and for risk-taking .802, all indicating reliable measures.

Figure 5.1 presents the standardized estimates for the measurement model of social entrepreneurship with 11 measurement items (questions 1-11 in Appendix B). As illustrated in the figure, factor loadings between items and their underlying sub-constructs ranged from 0.54-0.90, showing that each measurement item is a member of social entrepreneurship variable. The correlations between the three hypothesized dimensions of social entrepreneurship were above 0.70 (0.89-0.92). Overall, the proposed three-dimension measurement model tended to fit the data highly well, as the five indices were all at an acceptable value (GFI, IFI, CFI above 0.90, RMSEA between 0.05-0.08, $p > .05$).



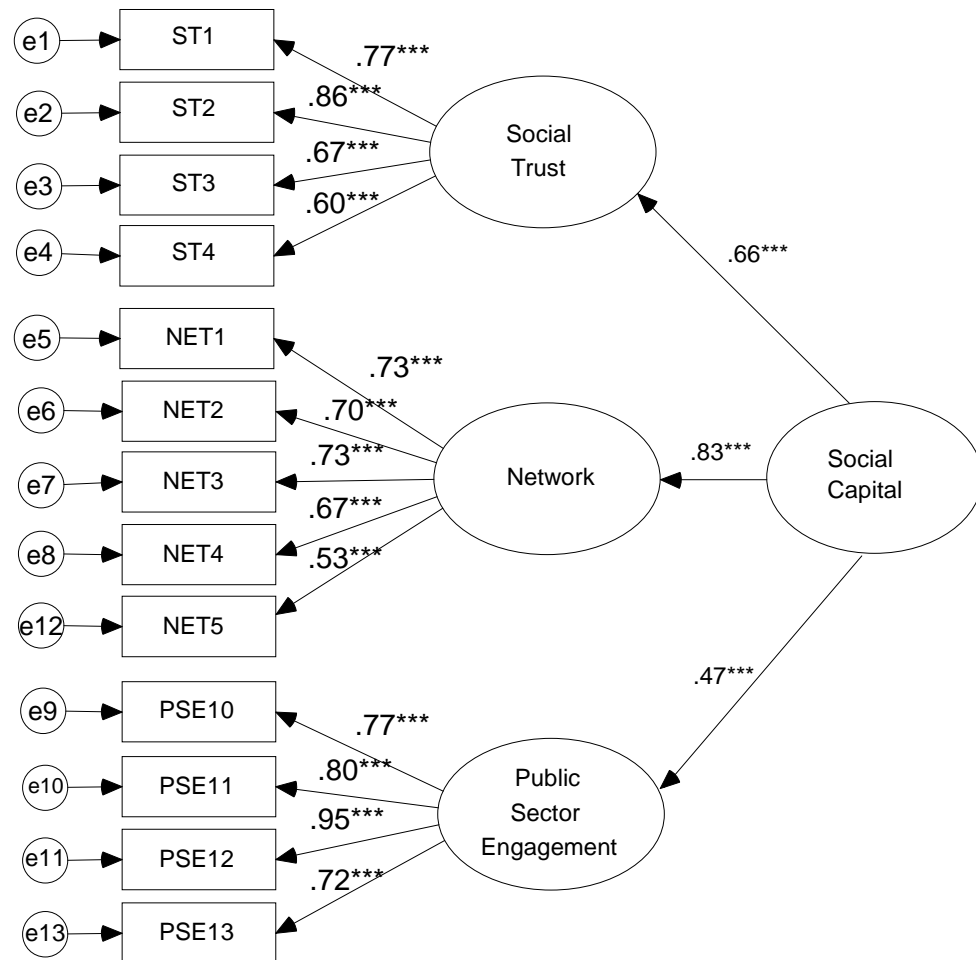
Chi-square=48.594 df=37 p=.063

RMSEA= .050 GFI=.947 IFI= .985 CFI= .984

Figure 5.1 Measurement Model of Social Entrepreneurship.

5.4.2 Social Capital

The second measurement model examined the relationships among the measures of social capital (question 2.1-2.13 in Appendix B). Social capital was theorized to consist of three sub-constructs: social trust, network, and public sector engagement. Cronbach's alpha for social trust was 0.815; for network, 0.811; and for public sector engagement, 0.880), indicating a high level of reliability. Figure 5.2 presents standardized estimates for the measurement model of social capital with 13 items. As illustrated in the figure, the factor loadings of all measures were moderate to high (ranging from 0.53-0.95). All the fit indices showed that the three dimensions provided a moderate level for the observed correlations among the collection of item measures (GFI, IFI, CFI above 0.90, RMSEA between 0.05-0.08).



Chi-square=78.455 df=60 p=.055

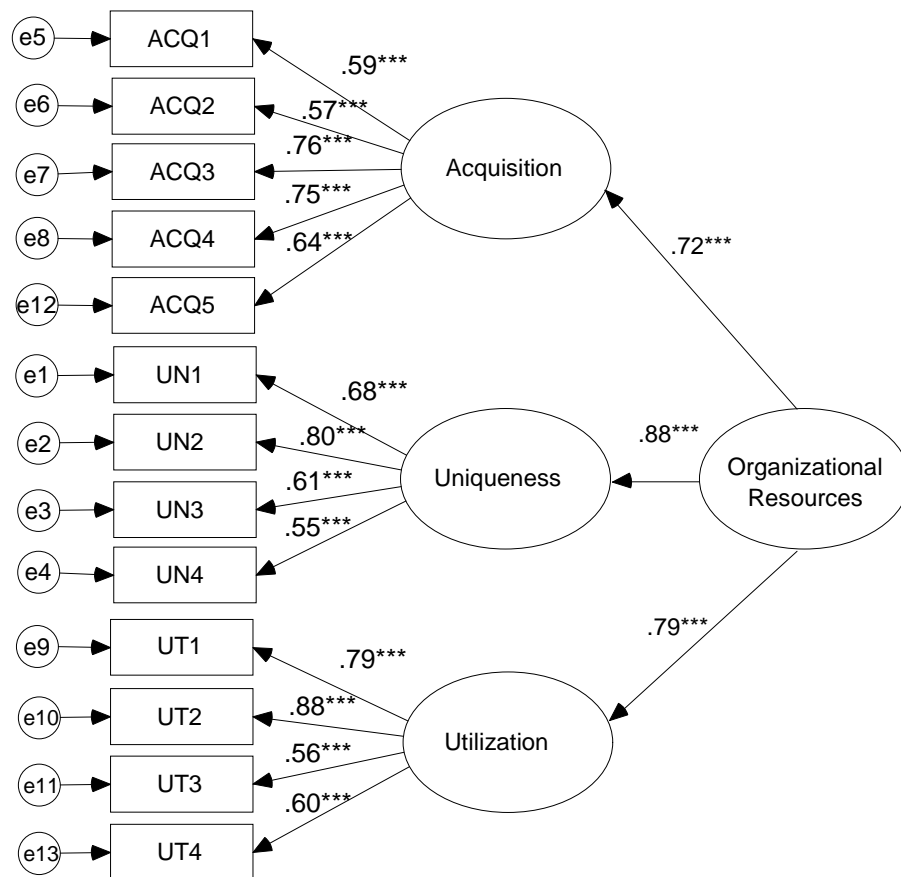
RMSEA= .044 GFI=.932 IFI= .980 CFI= .979

Figure 5.2 Measurement Model of Social Capital

5.4.3 Organizational Resources

The third measurement model examined the relationships among the measures of organizational resources. Organizational resource was theorized to consist of three sub-constructs: acquisition, uniqueness, and utilization. In terms of reliability, Cronbach's alpha for the overall construct of acquisition was 0.781; for uniqueness it was .786; and for utilization, .800, all indicating reliable measures. Figure 5.3 presents the standardized estimates for the measurement model of organizational resources with 13 measurement items (questions 3.1 to 3.13 in Appendix A). As illustrated in

the figure, the factor loadings between items and their underlying sub-constructs ranged from 0.55-0.88, showing that each measurement item appeared to be an adequate indicator of the latent variable of organizational resources. The correlations between the three hypothesized dimensions of organizational resources were acceptable (0.57-0.63). Overall, the proposed three-dimension measurement model tended to fit the data moderately well, as the five indices were all at an acceptable value.



Chi-square=74.271 df=55 p=.043

RMSEA= .047 GFI=.932 IFI= .975 CFI= .974

Figure 5.3 Measurement Model of Organizational Resources

5.4.4 Organizational Performance

The fourth measurement model examined the relationships among the measures of organizational performance. Organizational performance was theorized to consist of two sub-constructs: nonfinancial and financial perspectives. In terms of reliability, Cronbach's alpha for the overall construct of nonfinancial was .851; and for financial, .835, all indicating reliable measures. Figure 5.4 presents the standardized estimates for the measurement model of organizational performance with 9 measurement items (questions 4.1 to 4.9 in Appendix B). As illustrated in the figure, the factor loadings between items and their underlying sub-constructs ranged from 0.33-0.90, showing that each measurement item appeared to be an adequate indicator of the latent variable of organizational performance. Overall, the proposed two-dimension measurement model tended to fit the data moderately well, as the five indices were acceptable.

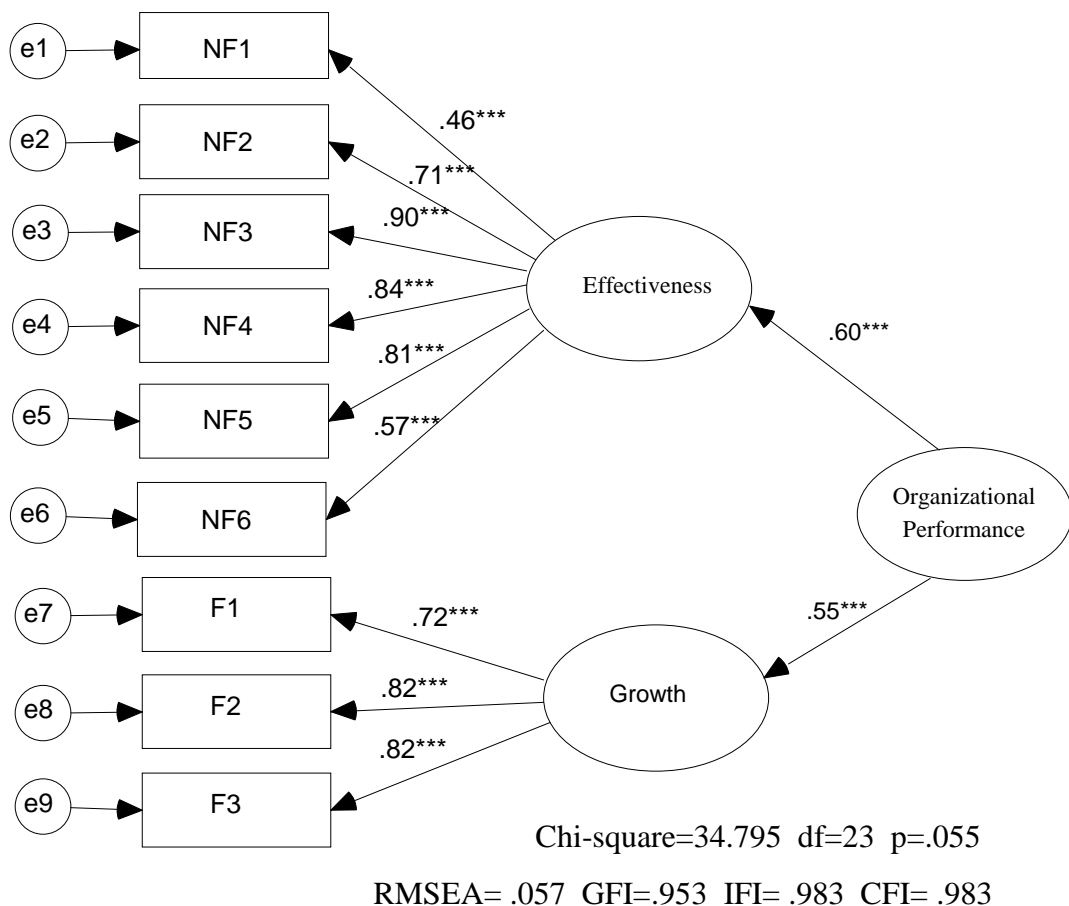


Figure 5.4 Measurement Model of Organizational Performance

Figure 5.5 Summary of Measurement Models

Measurement Model	χ^2	df	p	χ^2/df	GFI	IFI	CFI	RMSEA
Social Entrepreneurship	48.594	37	0.063	1.31	0.947	0.985	0.984	0.050
Social Capital	78.455	60	0.055	1.31	0.932	0.980	0.979	0.044
Organizational Resource	74.271	55	0.043	1.35	0.047	0.932	0.975	0.974
Organizational Performance	34.795	23	0.055	1.51	0.057	0.953	0.983	0.983

5.5 Assessing Structural Model

This section presents the data analysis procedures and findings for each research question and hypothesis. The cross-correlation coefficients were initially used to answer the first research question, and then path analysis through AMOS was employed in order to provide the parameter coefficient of the relationships among the study variables. Path analysis and the goodness of fit indices were performed simultaneously to answer the research questions.

According to Joreskog and Sorborn (1996), Structural Equation Modeling comprises two general sub-models: (1) a measurement model that develops the relationships between the observed variables (indicators) and the latent (unobserved) variables; and (2) a structural or theoretical model that develops the relationships between the latent variables which is based on causal relationships. Both sub-models need to be tested separately. The measurement model was first estimated.

5.5.1 Structural Equation Model Assessment

According to Tabachnick and Fidell (2001), the over identified model is a model with more data points (variances and covariance) than free parameters. Hair et al. (2006) pointed out that structural equation modeling provides the parameter estimated coefficient. In this study, the processes of assessment and evaluation of model fit focused on the adequacy of the parameter estimates, the measures of overall model fit, and modification indices.

5.5.1.1 Hypothesized Model Testing.

For the hypothesized model analysis, the hypothesized model consisted of one exogenous variable, the social entrepreneurship variable, and three endogenous variables: social capital, organizational resources, and organizational performance, with eleven observed variables. The full hypothesized model was tested with SEM using AMOS 20.0. The variables were entered into SEM based on the hypothesized model. The generalized least squares (GLS) method was utilized to estimate the parameters and to assess the sufficiency of the hypothesized model. All the first indicators of each variable in this study—social innovation (variable of social entrepreneurship), social trust (variable of social capital), acquisition (variable of organizational resources), and effectiveness (variable of peer social capital)—were assigned values as 1.00 in order to fix them as reference variables.

As regards the goodness of fit indices for the hypothesized model, the χ^2 value was 80.405 with 38 degrees of freedom at p value = .000, with χ^2/df = 2.12, RMSEA = .084, GFI = .83, IFI = .94, and CFI = .94, indicating that the model did not fit the empirical data. For the hypothesized model analysis, the overall model fit is exhibited in Table 5.5.

In conclusion, the hypothesized model did not fit the empirical data because of poor goodness of fit statistics and some misspecification parameters. Thus, the hypothesized model had to be modified to improve the fit indices.

5.5.1.2 Model Modification and Model Fit

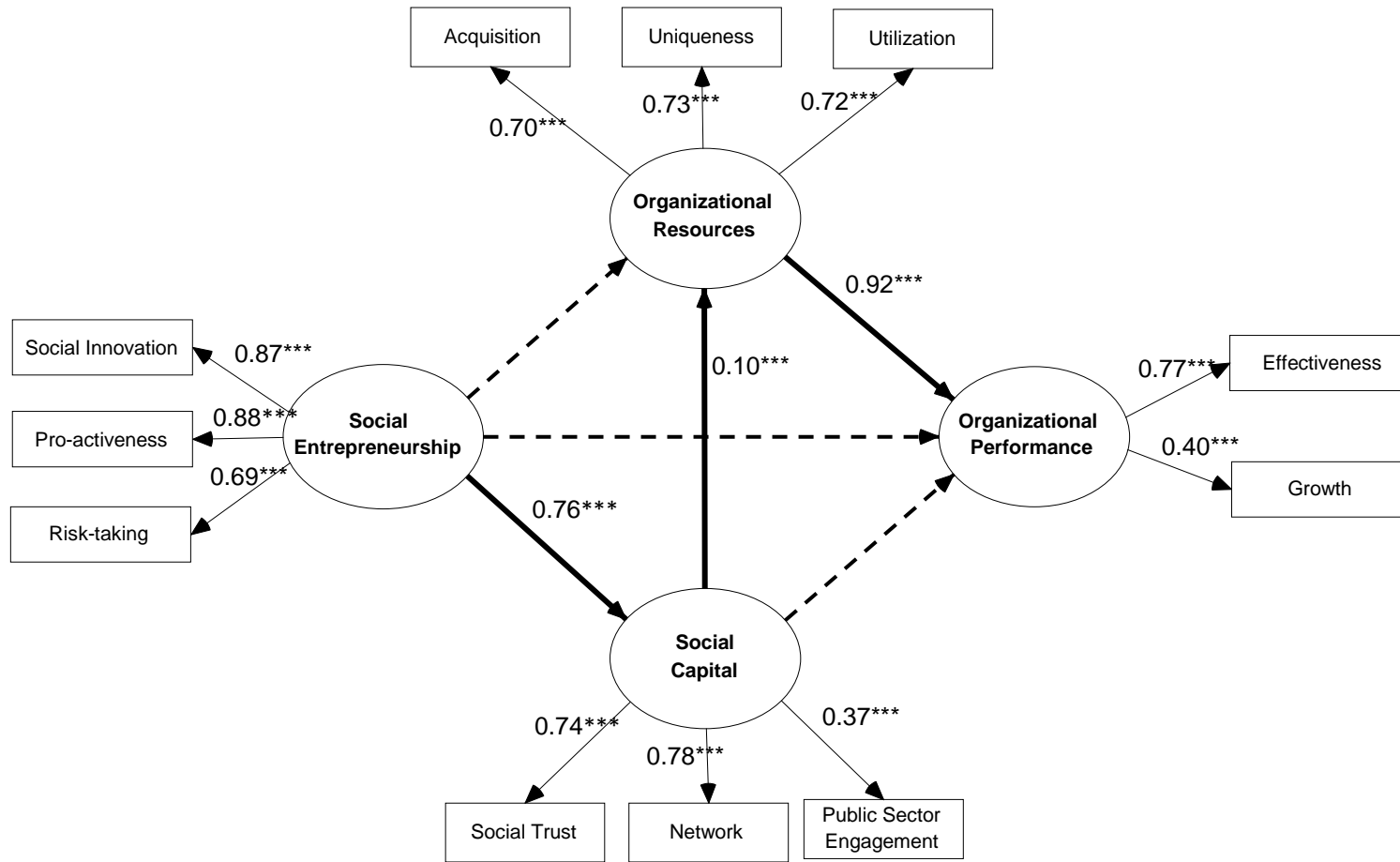
As part of its output, the AMOS program provides two types of information tendency regarding model misspecification: the modification indices (MIs) and the residuals. The modification indices and accompanying expected parameter change statistics, and underlying theoretical reasoning, were used for

adjusting the initially-hypothesized model. The largest modification index was set free, which suggested that the error terms were correlated. It would significantly improve the model and lead to a proximate drop in the model chi-square if the p-value or/and remained non-significant, although the GFI, IFI, and CFI were at acceptable levels. Further modification indexing was performed. Moreover, the modification indices suggested that the modification indices were associated with the correlated errors between the observed endogenous variables and the observed exogenous variables. The modifications were continued until all goodness of fit indices indicated that the modified model had a better fit than the hypothesized model. The final modified model showed that the model fit the data well. The value was decreased from 80.405 to 46.844 with 35 degrees of freedom at p value = .087, with $\chi^2/df = 1.34$, RMSEA = .46, GFI = .949, IFI = .984, and CFI = .983. All fit indices were at an acceptable level for the model (Kline, 2005; Hair et al., 2010). In summary, a comparison between the hypothesized and the modified model indicated that the modified model had a better fit with the empirical data than the hypothesized model (see table 5.6).

Table 5.6 Goodness of Fit Indices of the Hypothesized and Modified Models

Types of goodness of fit index	Goodness of fit statistics	
	Hypothesized	Modified
	Model	Model
Chi-square	80.41	46.84
Degrees of freedom (df)	38	35
p-value	.000	.087
Adjusted Chi-square (χ^2/df)	2.12	1.34
Root Mean Square Error of Approximation (RMSEA)	.084	0.46
Goodness of fit Index (GFI)	.83	.949
Incremental Fit Index (IFI)	.940	.984
Comparative fit index (CFI)	.938	.983

Regarding the structural model fit, three hypothesized relationships are true: the relationship between social entrepreneurship and social capital, the relationship between social capital and organization resources, and the relationship between organizational resources and organization performance. Although non-significant parameters should be removed from the model, Byrne (2006) suggested that the substantive theoretical interest must be considered even though the statistic demonstrates a non-significant parameter. In this study, the non-significant path was included in the model because of the substantive aspects in the theory (Figure 5.5)



Chi Square = 46.844 df= 35 $p=.087$, $\chi^2/df = 1.34$, RMSEA = .046, GFI = .949, IFI = .984, CFI = .983

Figure 5.5 Results of the Hypothesis Testing

5.5.2 Hypothesis Testing

The complete analysis combines structural equation modeling (SEM) and measurement modeling, which also works with confirmatory factor analysis in order to test the hypotheses of the study. The results of the hypothesis testing are as follows.

H₁: Social entrepreneurship has a positive effect on organizational resources.

In hypothesis 1, the results indicated that the direct effect of social entrepreneurship on organizational resources was not statically significant ($\beta = 0.22$; $p > 0.05$); thus, hypothesis one was rejected.

H₂: Social entrepreneurship has a positive effect on organizational performance.

Contrary to expectations, the hypothesis linking social entrepreneurship to organizational performance in hypothesis two was found to be insignificant ($\beta = .76$; $p > 0.05$); thus, hypothesis two was rejected.

H₃: Social entrepreneurship has a positive effect on social capital.

As can be seen, the hypotheses linking social entrepreneurship to social capital in hypothesis 3 were supported by the underlying data. The path leading from social entrepreneurship to social capital ($\beta = .76$; $p < 0.05$) was statistically significant. The more social entrepreneurship there is, the more social capital there will be. Therefore, hypothesis three was supported.

H₄: Social capital has a positive effect on organizational resources.

Hypothesis 4 hypothesizes that social capital will positively affect organizational resources in terms of social trust, network, and public sector engagement. As expected, the path leading from social capital to organizational resource ($\beta = 0.10$; $p < 0.05$) was statistically significant in the expected directions. Therefore, hypothesis four was substantiated.

H₅: Social capital has a positive effect on organizational performance.

Contrary to expectations, regarding the impact of social capital on organizational performance, the path coefficient was statistically insignificant and the sign was reversed ($\beta = -0.16$; $p > 0.05$), thus indicating a lack of support for hypothesis nine.

H₆: Organizational resources has a positive effect on organizational performance.

The effect of organizational resources on organizational performance in hypothesis 6 was found to be significant at the 95 percent confidence level ($\beta = 0.92$; $p < 0.05$), thereby suggesting that organizational resources can have a significant direct impact on organizational performance. Therefore, hypothesis eight was accepted.

Table 5.7 A Summary of the Results of the Hypothesis Testing

Hypotheses	Finding
H ₁ : Social entrepreneurship has a positive effect on organizational resources.	Not Supported
H ₂ : Social entrepreneurship has a positive effect on organizational performance.	Not Supported
H ₃ : Social entrepreneurship has a positive effect on social capital.	Supported
H ₄ : Social capital has a positive effect on organizational resources.	Supported
H ₅ : Social capital has a positive effect on organizational performance.	Not Supported
H ₆ : Organizational resources have a positive effect on organizational performance.	Supported

5.6 Social Entrepreneurship and Organizational Performance: Qualitative Results

The in-depth interviews with five social entrepreneurs and comments from the respondents written in returned questionnaires are summarized in this part. Key questions are related to the level of their social entrepreneurship, social capital, organizational resources, and organizational performance variables, and the relationship among these variables. The findings indicated three main important points as follows.

5.6.1 The Impact of Social Entrepreneurship on Organizational Resources and Organizational Performance

Surprisingly, innovation was one of the main issues raised by almost all of the interviewees that were top managers and entrepreneurs. They have recognized and tried to develop new products or services delivered to society. The process improvement in their operations has been of concern. Moreover, they acknowledged that innovation is the fundamental source of value creation in organization and an important enabler of sustainability. The manager of the foundation for slum childcare stated the following in this connection.

In recent years, we have changed our roles from an operator into a provider who provides the skill and know-how to communities to deal with their problems by themselves, resulted to the foundation's mission was more accomplished effectively.

Corresponding with the AIDS Foundation, the strengthening in their target group is the key role of the organization rather than directly helping with physical materials.

A-chieve," a social enterprise that won the business plan "Banpu Champion for Change," has an innovative social mission to help high school students to find a fit

career before they attend the university. The co-owner portrayed an interesting view in the following:

In the past, most high school students attended the university without thinking about their future career; it was an educational waste. Our organizational service encourages them to meet their right career before they attend the university.

The Kenan Institute Asia, a top nonprofit organization in Thailand, has launched many innovative programs. It provides CSR training, research, and advisory services, and equips private companies with practical tools necessary to implement strategic corporate citizenship programs.

NGOs and social enterprise nowadays have accepted that they face with turbulent circumstances; there are both internal and external forces affecting their survival. Proactiveness is one of a characteristics needed. Many social enterprises have responded to this situation by launching new products/service, innovative techniques and technologies, etc. However, it is different from the business sector; social entrepreneurs realized that they tend to compete with themselves rather than with other competitors.

The influence of social entrepreneurship is clearly related to organizational resources. Innovative new products, services and processes of social enterprise have led them to better resource acquisition and uniqueness. Since resources are the chief factors for their operation, the resources have impacted their organizational performance as well.

5.6.2 The Impact of Social Capital on Organizational Resources and Organizational Performance

Social trust, a part of social capital, is an important source of resources. The long-term survival of organizations, both charity and business enterprises, depend on this factor. The manager of a foundation for slum childcare stated the following in this connection:

Our good image background made we have had many supporters. Some private companies set up a yearly activity for supporting us the funding while other provides us their products continuously.

Trust is also correlated with organizational commitment, which refers to the psychological attachment that organizations have toward their target group or society, including the widespread feeling among people and other organizations that they are willing to support social enterprises. At the individual level, a high level of trust within an organization can help to reduce employee turnover. One of social entrepreneur said that trust at the management level is significantly correlated with turnover rate. In Thai society, the social relationship between individual actors, groups, organizations, and communities is considered as networks. When we need help, we can count on other members in the network, both in formal and informal ways. Having a diversity of friendships has a positive effect.

In dealing with social issues, the open-ended questionnaire comments indicated that there are a lot of limitations regarding government service mechanism. As they are partly supported by government agencies, social entrepreneurs think that they can better solve the social problems in their communities because of social trust, and the good relationships that obtain there. In short, social entrepreneurs emphasize this fact, and social capital, including trust, network, and public sector engagement correlates with the organization's resources and performance.

5.6.3 The Impact of Organizational Resources on Organizational Performance

The consensus on the importance of resources was mentioned by social entrepreneurs. Resource acquisition, especially financial resources, was a main concern. Nowadays, several NGOs have tried to increase revenue from their product/service sales instead of donations. The interviewees proposed in the interview, for example, the following:

The proportion of our income which comes from product sale has been increase every year. We have launched new service such as public training courses provided to the market. Then, we are quite confident that we can sustain our resources and performance.

The uniqueness of resources is the specialty of resources that are difficult to imitate by other organizations. It is sometimes difficult to perceive this feature. However, some social entrepreneurs said that they have more expertise than other organization in the same area, as well as knowledge about the organization's technology and procedure.

The strengths of our organization are organization culture and knowledge. Our employees are full of service mind, and by long-term employ, we can say that our employees are unique. We also have training courses for public.

Additionally, the efficiency of resource utilization needs to be carried out strictly. Social mind is the culture that employees have been inspired by the organization. Social enterprises have the same behavior in spending a reasonable amount of organizational budget and working effectively. Networks also have made them reduce transactional costs.

In sum, entrepreneurs view that resource acquisition, and resource utilization, correlate with organizational performance, and resources should be unique so that they can retain a strong competitive advantage.

5.7 Chapter Summary

This chapter presented the characteristics of the sample, including gender, educational level, positional level, social entrepreneurship, social capital, organizational resources, and organizational performance. Of the 1,000 social enterprises that were mailed the survey, 158 (15.8%) returned a completed questionnaire. Using a structural equation modeling approach, AMOS 20.0 was

employed to test the measurements, and the hypothesized and modified models of the factors contributing to organizational performance. The results indicated that the hypothesized model did not fit to the sample data. Chi-square, goodness of fit indices statistics, and modification indices were employed to modify the hypothesized model. The final modified model had a good fit with the empirical data and explained 46%, 31%, and 36% of the variance in organizational resources, social capital, and organizational performance respectively. Regarding the qualitative data, the interviewees strongly agreed that social entrepreneurship and social capital in their resources play an important role to improve performance.

CHAPTER 6

DISCUSSION AND RECOMMENDATIONS

This chapter interprets and discusses the analysis from chapter five. The chapter begins with a conclusion, followed by section 6.2, a discussion of the findings in chapter five in conjunction with results of other recent studies found in the management literature. Section 6.3 assesses the contribution of the study, while section 6.4 discusses the limitations of the study. Finally, section 6.5 explores future research directions.

6.1 Conclusion

The increasing number of social enterprises and adoption of the social entrepreneurship concept represent the background of this study. Social enterprises have been recognized as a new phenomenon in Thailand, but there are many questions regarding their resources and performance. The objective of this study was to investigate the role of social entrepreneurship and the social capital of social enterprises in relation to organizational resources and organizational performance, to examine the effects of social entrepreneurship and social capital on organizational resources and organizational performance, and to propose recommendations for management and government policies to promote social enterprises as a part of public service providers.

The research employed both quantitative and qualitative methods. The data were collected through a questionnaire and interviews. Preliminary data were collected at the management level of social enterprises in Thailand. A survey instrument was developed by adapting the measures used in previous studies that assessed social entrepreneurship, social capital, organizational resources, and organizational performance based on an integration of the resource-based view and

resource dependence theory. Among the 1,000 social enterprises contacted, 184 responses were received, with a response rate of 23%. However, only 158 samplings (15.8%) could be used for analysis.

The obtained data were used to examine the causal relationship between factors through Structural Equation Modeling (SEM). The study results suggested that all constructs, social entrepreneurship, and social capital, organizational resources, and organizational, fit the model. Hypothesis testing led to the finding that social entrepreneurship (social innovation, proactiveness, and risk-taking) was found to be insignificantly associated with organizational resources (uniqueness, acquisition, and utilization) and organizational performance (growth and effectiveness). However, social entrepreneurship was found to be significantly associated with social capital (social trust, network, public engagement). Social capital was found to affect organizational resources considerably, but it did have an effect on organizational performance; organizational resources however did provide a positive impact on organizational performance. These results will be discussed in topic 6.2.

The finding shows that combining two theories can explain organizational performance better than using only one theory. The results suggest that organizational resources are inspired by social capital, as seen in previous literature, and that social capital is the main source of resources. Social entrepreneurship is active characteristics affecting social capital as well. The implications of this paper will provide a basis for a theoretical model for increasing organizational resources and their performance. The proposed model will fit social enterprise and nonprofit organizations, whose resources are very significant for their survival.

6.2 Discussion

After the data were collected, and the hypotheses were tested by using structural equation modeling. The study results support for the position that social entrepreneurship and organizational resources jointly impacted organizational performance. Thirty-six percent of the variance on organizational performance was explained by the combination of two factors. The following paragraphs discuss each variable that resulted from the hypothesis testing and interviewing.

6.2.1 Hypothesis 1: Social entrepreneurship has a positive effect on organizational resources.

The results indicated that the direct effect of social entrepreneurship on organizational resources was not statically significant. Organizational resources were not inspired by the a social entrepreneurial orientation. Social entrepreneurship in this study was represented by three dimensions: social innovation, proactiveness, and risk-taking. Organizations can acquire enough resources without engaging in social innovation. Therefore, social entrepreneurship is one of the factors affecting organizational resources and it is a choice for organizational development. Nevertheless, without proactiveness, it is not possible that social enterprises can seek specific and valuable resources to support a sustainable competitive advantage.

Even though the interviewees agreed that they needed to create and engage in more active behavior to gain and maintain strategic resources, in reality, there were several factors that directly affected resources. However, the positive covariance between the two variables supported the role of the availability of resources. Social enterprises are like all other organizations that need to acquire and develop their resources (Anheier, 2005). They should provide social entrepreneurship with a roadmap to focus their effort in order to enhance organizational resources.

6.2.2 Hypothesis 2: Social entrepreneurship has a positive effect on organizational performance.

Contrary to expectations, the hypothesis linking social entrepreneurship to organizational performance in this hypothesis was found to be insignificant, and thus the hypothesis was rejected. This finding is inconsistent with the theorized argument that organizations need more innovation, proactiveness, and risk taking to generate the performance.

Innovation is one of the main organizational success issues raised by interviewees, who were social entrepreneurs; otherwise they will experience low performance or cannot survive. However, it is difficult to say that some factors led to organizational performance. The positive covariance between these two variables has to discuss. Innovation had an influence on organizational performance, but it was insignificant.

6.2.3 Hypothesis 3: Social entrepreneurship has a positive effect on social capital.

The result of the hypothesis testing showed that social entrepreneurship had a positive impact on social capital. The study revealed that the more social entrepreneurship that existed, the more social capital there was. By adopting social entrepreneurship, social entrepreneurs can generate the social capital activities such as social participation and social network activities. Although the concept of entrepreneurship emerged in the private sector, this paper shows that it can be adapted in the non-profit and social enterprise sector.

Social entrepreneurial orientation has a constructive influence on social capital. Higher entrepreneurially-oriented companies have greater ability to gain social capital and economic opportunities through their social network (Lee, Lee & Pennings, 2001). Social entrepreneurs can reproduce social capital and sustain the organization if they adopt social entrepreneurship behavior. Therefore, social enterprises can expect a mutual relationship between social capital and entrepreneurial orientation.

6.2.4 Hypothesis 4: Social capital has a positive effect on organizational resources.

The hypothesis related to the positive roles of social capital regarding organizational resources was approved. The internal organizational resources of the social enterprise are limited. The literature mentions that it is necessary to interact with the external environment more to gain reinforcement. Social capital can be viewed as the network connected to businesses. Limited social capital means inadequate interactions with external firms, and will cause negative impacts on organizational resources. It is difficult for non-entrepreneurial-oriented companies to obtain precious resources from their social capital.

For social enterprises, especially NGOs, there is no doubt that their funding generally depends on social trust. Moreover, public policies and government agencies need to share their funds with the social enterprise so that they can obtain sufficient resources. The finding from the interviews and comments by the respondents in the returned questionnaires also indicated that the public sector has to pay more attention

to social enterprises because their mission is socially based, which corresponds directly to the public mission or social benefits.

6.2.5 Hypothesis 5: Social capital has a positive effect on organizational performance.

The results indicated that social capital did not directly influence organizational performance. The high level of social trust, networks, and political engagement did not guarantee the success of the organization. A possible explanation for the lack of significance appears to be twofold. First, although social capital is an opportunity, it not means that the social enterprise can use this contribution effectively. Social trust, networking, and public sector engagement are embedded in the organization and are well-known by society, but they have lain in the air without benefit if the organizations are not spend their opportunities. Second, social capital has a fluctuation overtime, and it can be changed depending on the situation. Cross-sectional data analysis cannot observe this change.

Previously, the organizational performance researches were not directly linked to the social capital. Instead, the result that affected by the social capital such as corporate innovation, interfirm resource exchange, regional production networks, mobilization of finance, collective goal orientation and shared trust, organizational citizenship behavior, corporate entrepreneurship, creation of new intellectual capital, knowledge acquisition and exploitation, interfirm learning (Andrew and Klaus, 2009). Social capital would be seen as a fundamental infrastructure of social enterprises to deal with others. However, social capital is just an opportunity which depends on the use of this chance.

6.2.6 Hypothesis 6: Organizational resources have a positive effect on organizational performance.

This hypothesis found a positive relationship between organizational resources and organizational performance. Little previous research has discussed the effect of organizational resource on organizational performance and some papers have failed to mention this relation. For this paper, three constructs, resources acquisition, uniqueness, and utilization, proved that combining the resource-based view and

resource dependence theory is better explanation of organizational performance. The limitation of the organizational resource factor in the past mostly concerned only resource acquisition or internal resources. Concentration on both acquisition and uniqueness, as well as utilization, have made social enterprises meet their performance.

6.3 Limitations of the Study

This research obtained valuable results; however, several limitations should be discussed. There are a number of methodological limitations that must be considered when evaluating the results of this study. The questionnaire employed in this study must also be considered as a limitation. Although the questionnaires were replied to by top management, self-reporting bias may have occurred in the data-collection process; the respondents may have tried to protect themselves and organizations by overrating their evaluation, etc. Given the emphasis on data collection, the organizational performance data were collected on a subjective basis.

Since there are many kinds of social enterprise in this study, and there have no standard regarding their real financial data and related data, it was difficult to measure the same criteria. The organizational performance data in this study were measured according to the manager's perception, instead of from real financial and output data.

The cross-sectional data of this study are also a limitation that must be considered. All of the variables—social entrepreneurship, social capital, organizational resources, and organizational performance—need to observe in the long-run observation. For example, organizational growth is a dynamic measure of change over time for assessing the amount of growth that a firm has experienced (Weinzimmer, Nystrom and Freeman, 1998: 235). Lyons, Townsend, Sullivan and Drago (2010: 10-11) pointed out that returns may be short term and long-term, and therefore careful research should be conducted to assess the viability of organizational performance. Without multiple response points over time, substantive causal inferences cannot be made. Even though it is presumed that the independent variables and the dependent variable were causally related, only a correlation relationship exists in this study. Although many of the causal relationships between the independent

variables and the dependent variable in this study can be theoretically supported, they need to be examined with a time lag between the independent variables and their impact on the dependent variable for a more rigorous study.

6.4 Recommendations

6.4.1 Policy Recommendations

1) Social enterprise is an interesting kind of organization. It can earn income while tackling social issues. Increasing the number of social enterprises is relevant to the policy and government sponsorships. The role of policies should spur private enterprises to engage in social value, and encourage social organizations and charities to act in a business-like manner in their activities. Such policies need a clear intention and objective regarding the scope of social enterprises in order to address social agenda and goals.

2) In order to create social capital among social enterprises, public policy could formulate cooperation and networks. Financial support may directly carry through the form of purchaser-provider splits. Laws and regulations that support social enterprises would be launched and revised. Funds or loans with low interest as well as tax privileges should be established, and start-up or seed money for program development should be provided. In Thailand, the Thai Social Enterprise Office (TSEO) was established in 2011. The TSEO's priority is to stimulate cooperation among social enterprises and to develop their networks in Thailand. However, the perception of people has been limited. The investment in enhancing charity and private organizations to be social enterprises involve the new public management that would like to scale down the public sector, and transfer the public sector mission to private enterprises.

3) Social entrepreneurship can be viewed as a new concept for Thailand's society. The body of knowledge and implementation plans need to be generated and transferred. Public agencies should enhance awareness and education in this area and improvement of capabilities. Social enterprise courses should encourage knowhow that is distinct from the for-profit and NGOs concept to assist social enterprise in achieving a competitive advantage.

6.4.2 Recommendation for Social Enterprises

The results of this study suggest that social enterprises have to focus on key factors as follows.

1) Similar to commercial organizations, social enterprises confront resource constraints. In order to respond to environmental changes, these results show that social capital has a direct effect on organizational resources. In Thailand, the influence of the relationship is nationwide. Social capital stems from the relationship between friends, and networks to get opportunities to use their resources (Burt, 1992: 58). Through networks, social enterprises need to involve themselves in the environment such as through associations and public agencies. Creating social trust by formal and informal channels drives reliability. Further, the public sector still plays a chief role nowadays, so, engaging public agencies is needed. Nevertheless, of social capital by balancing the degree of involvement in any network should be careful.

2) Social entrepreneurship is an active behavior that social enterprises should recognize. In order to sustain organizational resources, social enterprises should try new processes and management methods, as well as launch new products which are different to the existing ones. Taking initiatives by anticipating new opportunities is part of the proactive characteristics for success. In order to adopt earned income opportunities, social entrepreneurs should behave like business entrepreneurs. These characteristics will help them to generate funding, and nonfinancial aspects, such as knowledge and volunteers.

3) The results showed that the organizational resources factor directly affected organization performance. Based on the resource-based view and resource dependent theories, in this study organizational resources were portrayed in terms of resource acquisition, uniqueness, and utilization. While several papers concentrated on the characteristics of advantage resources, this study also focused on both characteristics and utilization, which will demonstrate the real benefits of resources.

4) The results of this study suggest that nonprofit organizations might transform themselves into social enterprises by engaging in commercial activities while providing social value, and all kinds of organizations can adopt social entrepreneurship and the social capital concept.

6.5 Suggestions for Future Study

This finding and their limitations provided a number of areas where further research might be warranted to deepen the understanding of how social enterprises sustain their performance and respond to the environment.

1) Specific types of organizations need to be studied. The social enterprises in this research were comprised of many forms of organizations, such as NGOs, companies, foundations, associations, community enterprises, and a focus was not made on any single one. Although the research assumption tried to investigate the mutual characteristics of all social enterprise characteristics and to treat them as the same kind of organization, there are many points of their personality that are different in reality. Future research should study exact organization forms separately in order to observe the level of relationships among the factors and their model fit.

2) All variables in this research; social entrepreneurship, social capital, organizational resources, and organizational performance, are changing overtime, then, a longitudinal approach could be taken to test the research model. Leana and Pil (2006) suggested that a longitudinal exploration of the relationships might be helpful for identifying the precursors and other enabling factors for social capital, while Gavrea et al. (2011) suggested that repeating the study in one or two years will offer the possibility to do a comparative analysis and to see how the analyzed firms evolved over time and improved their performance.

3) Comparative study between modern NGOs which have adopted the concept of social entrepreneurship and traditional NGOs will demonstrate the influence of social entrepreneurship on organizational performance. Recently, nonprofit organizations have increasingly applied the concepts from the business sector, such as strategic planning, balanced scorecard, performance management, and financial models, while some nonprofit organizations have been stuck in conventional ways. The results of a comparative study would be very interesting to prove if social entrepreneurship is a good selective choice for the new management concept for social enterprises.

4) Organizational theories, such as population ecology and institutional theory, can be applied for a better understanding of their long-term

competencies. Because this study emphasized the relationship among organizations, the complementary perspective of population ecology and institutional theories will provide for the development of variables and measures regarding the fruitfulness of organizational theories related to organizational resources and performance.

5) The tool for assessing social enterprise success, such as social return on investment (SROI), social enterprise balanced scorecard (SEBC), and social impact for local economies (SIMPLEs), should be developed and introduced as part of organizational performance. Since social enterprises have a different nature of characteristics from general profit organizations, the for-profit company emphasizes profit-maximization while the social enterprise maximizes social-orientation profit. SROI will determine the value of social benefits created by an organization related to the relative cost of achieving such benefit.

6) To avoid of self-reporting bias in the measurement of variables, especially the organizational performance variable, concrete data should be obtained. Future research is encouraged to obtain data from financial papers instead of subjective opinions of top executives.

6.6 Chapter Summary

This chapter portrays the summary of the research paper, including the significance of the study, a key literature review, research methodology, results, limitations, as well as recommendations and suggestions for future study. By integrating the resource-based view and resource dependence theories, the results of the hypothesis testing indicated that three of the six hypotheses were significant: social entrepreneurship had a positive effect on social capital, social capital had a positive effect on organizational resources, and organizational resources had a positive effect on organizational performance. The study results make contributions to those that are involved in policy and management. Social entrepreneurs will have a better understanding of the factors affecting their resources and performance, while policy makers can create supportive environment. However, there are some limitations of the study leading to suggest for future research regarding research methodologies and topics; specific types of organizations, longitudinal study,

comparative study between traditional and modern NGOs, applying more organizational theories, the tools for measuring organizational measures, and manifest data.

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APPENDICES

APPENDIX A

LETTER OF APPROVAL



No. 0526.02/

School of Public Administration
National Institute of
Development Administration
Bangkapi, Bangkok 10240

September 2013

Dear

On behalf of the Graduate School of Public Administration, National Institute of Development Administration, I am writing this letter to request your kind cooperation for Mr.Sookyuen Tepthong to distribute her questionnaire.

Mr.Sookyuen Tepthong, a Ph.D. Candidate in Development Administration, is presently working on her doctoral dissertation, "Social entrepreneurship and organizational performance". He has selected your organization as one of the samples. The information based on the fact that your organization will provide significant insights to his study.

May I take this opportunity to assure you that the information obtained from the questionnaire will be kept confidential, and the research findings will be analyzed and reported at an aggregated level. Please return the questionnaire, using the postage paid pre-addressed return envelope, before July 25, 2013.

Should you need additional information, please contact Mr.Sookyuen directly at the following email address: sookyuen@gmail.com, mobile phone 089-201-6616. Thank you in advance for kind consideration.

Yours sincerely,

Associate Professor Nisada Wedchayanon
Dean

Graduate School of Public Administration
National Institute of Development Administration

APPENDIX B

QUESTIONNAIRE (ENGLISH VERSION)

Part 1 General information about respondents and organizations

General Instruction: Please mark \surd or X in ☐ that best describes your answer.

General information about respondents

1. Gender ☐ Female ☐ Male
2. Education ☐ Below a Bachelor's ☐ Bachelor ☐ Higher than a bachelor's
3. Present Title
 - ☐ Owner ☐ President ☐ Board Committee
 - ☐ Manager/Director ☐ Secretary ☐ Other (Please specify)

General information about organization

1. Organizational Type ☐ Company ☐ Foundation ☐ Association ☐ Other
2. Related Mission
 - ☐ Children/Youth/Women/Elderly ☐ Environment ☐ Product Industry
 - ☐ Disabled ☐ Animal Service ☐ Industry
 - ☐ Healthcare ☐ Other (Please specify)

3. Organization AgeYears

4. Number of EmployeeYears

5. Sources of Income (Please specify No.1, 2, and 3 in the space....)

.....Sale of Products and Fees and Charge for Services

.....Donated by Individual

.....Transferred from Parent Organization

.....Donated by Government

.....Other Private Organizations

.....Donated from Abroad

..... Membership Dues

.....Interest

.....Other (Please specify)

Part 2 Social Entrepreneurship

Please mark √ or X in the space that best describes your answer.

Statement	<div style="display: flex; justify-content: space-between; align-items: center;"> Strongly disagree Strongly agree </div> <div style="text-align: center; margin-top: 5px;"> ← </div>						
	1	2	3	4	5	6	7
1. My organization has major social change as a dominant goal.							
2. Generally, my organization is a leader in social problem-solving projects.							
3. My organization has a high rate of new program and service development compared to other organizations in our field.							
4. My organization always finds new solutions for social problem solving.							
5. My organization has an emphasis on continuous improvement in its methods of operation.							
6. My organization quickly responds to social or member needs.							
7. My organization emphasizes new area expansion or new targeting.							
8. My organization creates a compromise among the conflicting demands of the different individuals we serve, including sources of funding, clients, government, board members, etc.							
9. My organization takes risks in seizing and exploiting new opportunities.							
10. My organization tries to compete with others in the same field.							
11. My organization makes large, bold decisions despite uncertainty.							

Part 3 Social Capital

Please mark √ or X in the space that best describes your answer.

Statement	<div style="display: flex; justify-content: space-between; align-items: center;"> Strongly disagree Strongly agree </div> <div style="text-align: center; margin-top: 5px;"> ← → </div>						
	1	2	3	4	5	6	7
12. My organization has a good reputation in society.							
13. My organization's information has been referred to in the media.							
14. Members or people have recognized my organization as the first priority compared with other organizations.							
15. Other organizations pay us a visit oftentimes.							
16. My organization has external alliances.							
17. I/our administrators have a diversity of friendships in many areas resulting in a positive effect for the organization.							
18. My organization has informal networks.							
19. When my organization needs help, we can count on other members of the network.							
20. My organization plays a significant role in networks.							
21. My organization plays an important role in proposing policy or procedures for social problem solving.							
22. Our mission is related to government supporting plans.							
23. Government agencies need the support of my organization.							
24. The organization has contacts with government decision-makers.							

Part 4 Organizational Resources

Please mark √ or X in the space that best describes your answer.

Statement	<div style="display: flex; justify-content: space-between; align-items: center;"> Strongly disagree Strongly agree </div> <div style="text-align: center; margin-top: 5px;"> ← → </div>						
	1	2	3	4	5	6	7
25. Over the years, my organization has had the ability to raise sufficient funds to accomplish its mission.							
26. Most of the revenue comes from product/service sales.							
27. My organization has gotten funds or received money from donors or supporters.							
28. Volunteers and experts always work in my organization.							
29. My organization has always gotten updated information from the network.							
30. An adequate budget is available for the operations each year.							
31. My organization works effectively.							
32. Network organizations made my organization reduce the cost of work.							
33. Our profit is delivered for a better society.							
34. My organization is more expert than other organizations in the same industry.							
35. The information of our organization is needed by others.							
36. It is difficult to imitate my organization's procedures.							
37. Our employees' competency is outstanding and rare.							

Part 5 Organizational performance in the last 3 years

Please mark √ or X in the space that best describes your answer.

Statement	<div>Strongly disagree ← Strongly agree →</div>						
	1	2	3	4	5	6	7
38. My organization has an impact to social and environmental problem-solving.							
39. The public sector's mission has been supported by my organization.							
40. My organization always responds to customers quickly.							
41. Stakeholders are satisfied with the organization's operation.							
42. My organization is flexible and adaptive to environment.							
43. My organization has financial sustainability.							

Growth (3 years average)	More than 20% decreasing	10-20% Decreasing	less than 10% Decreasing	Neither increase or decrease	Less than 10% Increasing	10-20% Increasing	More than 20% increasing
44. Income							
45. Customer/client							
46. Number of employees							

Part 6 Please provide your opinions on the problems and suggestions for promoting your organization and social enterprise as a whole.

.....

.....

APPENDIX C

QUESTIONNAIRE (THAI VERSION)

แบบสำรวจเพื่อการศึกษา

เรื่อง “ความเป็นผู้ประกอบการเพื่อสังคมและผลการดำเนินงาน”

คำชี้แจง: แบบสำรวจฉบับนี้มีวัตถุประสงค์เพื่อต้องการทราบถึงระดับความคิดเห็นของ
ผู้บริหารของกิจการเพื่อสังคม (SOCIAL ENTERPRISE) เกี่ยวกับความเป็นผู้ประกอบการเพื่อสังคม
ทางสังคม ทรัพยากร และผลการดำเนินงานขององค์กร

เพื่อให้ได้ข้อมูลที่เป็นประโยชน์ต่อการวิจัย ขอความกรุณาท่านโปรดระบุคำตอบที่ตรงกับ
ความคิดเห็นของท่านมากที่สุด โดยความเห็นของท่านจะนำมาวิเคราะห์ในภาพรวมโดยไม่
เฉพาะเจาะจงเป็นรายหน่วยงานทุกคำตอบจะถูกเก็บเป็นความลับและใช้เพื่อการวิจัยครั้งนี้เท่านั้น
ผลการวิจัยจะก่อให้เกิดประโยชน์ทางด้านวิชาการ และการส่งเสริมการดำเนินงานขององค์กรเพื่อ
สังคมต่อไป

ผู้วิจัยขอขอบพระคุณท่านเป็นอย่างสูง ที่กรุณาสละเวลาอันมีค่ายิ่ง ในการให้ความร่วมมือใน
การตอบแบบสอบถามฉบับนี้

ส่วนที่ 1 ข้อมูลทั่วไปเกี่ยวกับผู้ตอบแบบสอบถาม และหน่วยงาน

คำชี้แจง โปรดทำเครื่องหมาย ✓ หรือ X ลงใน ☐ ที่ตรงกับท่านมากที่สุด

ข้อมูลทั่วไปของผู้ตอบแบบสอบถาม

1. เพศ ☐ หญิง ☐ ชาย
2. ระดับการศึกษา ☐ ต่ำกว่าปริญญาตรี ☐ ปริญญาตรี ☐ สูงกว่าปริญญาตรี
3. ตำแหน่งในหน่วยงาน
☐ เจ้าของกิจการ ☐ ประธาน/นายก ☐ กรรมการ
☐ ผู้จัดการ/ผู้อำนวยการ ☐ เลขานุการ ☐ อื่นๆ(โปรดระบุ)

ข้อมูลทั่วไปของหน่วยงาน

1. ประเภทองค์การ ☐ บริษัท ☐ มูลนิธิ ☐ สมาคม ☐ อื่นๆ (โปรดระบุ)

2. การกิจที่เกี่ยวข้องกับหน่วยงาน

- | | | |
|--|--|--|
| <input type="checkbox"/> เด็ก เยาวชน/ สตรี/ ผู้สูงอายุ | <input type="checkbox"/> สิ่งแวดล้อม | <input type="checkbox"/> อุตสาหกรรมการผลิต |
| <input type="checkbox"/> ผู้พิการ | <input type="checkbox"/> สัตว์ | <input type="checkbox"/> อุตสาหกรรมบริการ |
| <input type="checkbox"/> การแพทย์/สาธารณสุข | <input type="checkbox"/> อื่นๆ (โปรดระบุ)..... | |

3. อายุของหน่วยงานนับตั้งแต่ก่อตั้ง ☐ ปี

4. จำนวนพนักงาน ☐ คน

5. รายได้หลักขององค์การท่าน 3 ลำดับแรก (โปรดระบุตัวเลขลำดับ 1 2 และ 3 หน้าช่องว่าง)

- รายรับจากการจำหน่ายสินค้าและบริการขององค์การ
- เงินที่ได้รับการบริจาค/สนับสนุนจากประชาชนทั่วไป
- เงินที่ได้รับการบริจาค/สนับสนุนจากองค์การหลัก/หน่วยงานต้นสังกัด
- เงินที่ได้รับการบริจาค/สนับสนุนจากภาครัฐ
- เงินที่ได้รับการบริจาค/สนับสนุนจากองค์การเอกชนอื่นในประเทศ
- เงินที่ได้รับการบริจาค/สนับสนุนจากองค์การเอกชนอื่นต่างประเทศ
- ค่าธรรมเนียมสมาชิก
- ดอกเบี้ยเงินฝากธนาคาร
- อื่น (โปรดระบุ)

ส่วนที่ 2 ความเป็นผู้ประกอบการทางสังคม (Social Entrepreneurship)

คำชี้แจง โปรดกา✓ หรือ X ลงในช่องที่ท่านเห็นด้วยเกี่ยวกับหน่วยงานของท่านมากที่สุด

ข้อคำถาม	<div> <div>น้อยที่สุด</div> <div>มากที่สุด</div> </div>						
	1	2	3	4	5	6	7
1. การเปลี่ยนแปลงทางสังคมให้ดีขึ้นเป็นเป้าหมายหลักของหน่วยงานของท่าน							
2. หน่วยงานของท่านมักเป็นผู้นำในการดำเนินโครงการเพื่อสังคม							
3. หน่วยงานของท่านมีระดับการพัฒนาสินค้าหรือบริการต่อสังคมสูงกว่าองค์กรอื่นๆ ในประเภทเดียวกัน							
4. หน่วยงานของท่านแสวงหาทางออกใหม่ๆ ในการแก้ปัญหาให้กับสังคม							
5. หน่วยงานของท่านมุ่งเน้นการพัฒนาอย่างต่อเนื่อง การดำเนินงาน							
6. หน่วยงานของท่านไม่รีรอที่จะดำเนินการเพื่อตอบสนองความต้องการของสังคม/สมาชิก							
7. หน่วยงานของท่านมุ่งขยายพื้นที่หรือกลุ่มเป้าหมาย							
8. หน่วยงานของท่านสามารถประนีประนอมความต้องการที่ขัดแย้งระหว่างผู้มีส่วนได้ส่วนเสีย อาทิ หน่วยงานรัฐ แหล่งทุน ลูกค้า และคณะกรรมการองค์กร							
9. หน่วยงานของท่านกล้าที่จะไขว่คว้าและใช้โอกาสใหม่ๆ							
10. หน่วยงานของท่านพยายามที่จะแข่งขันกับหน่วยงานอื่นๆ ที่ต้องการทรัพยากรเหมือนกัน							
11. หน่วยงานของท่านมักทำการใหญ่ แม้จะมีความเสี่ยง							

ส่วนที่ 3 ทูทางสังคมขององค์กร(Social Capital)

คำชี้แจง โปรดกา ✓ หรือ X ลงในช่องที่ท่านเห็นด้วยเกี่ยวกับหน่วยงานของท่านมากที่สุด

ข้อคำถาม	<div> <div>น้อยที่สุด</div> <div>มากที่สุด</div> </div>						
	1	2	3	4	5	6	7
12. หน่วยงานของท่านมีภาพลักษณ์ที่ดีในสังคม							
13. ข่าวสารของหน่วยงานท่านมักถูกกล่าวถึงในแง่ดีผ่านสื่อต่างๆ อย่างสม่ำเสมอ							
14. สมาชิกหรือคนในสังคมให้การยอมรับและนึกถึงหน่วยงานท่านเป็นลำดับแรกๆ เมื่อเปรียบเทียบกับหน่วยงานอื่นที่มีภารกิจใกล้เคียงกัน							
15. หน่วยงานต่างๆ มักมาศึกษาดูงานหรือเยี่ยมชมหน่วยงานของท่าน							
16. หน่วยงานของท่านมีพันธมิตรเป็นหน่วยงานต่างๆ ภายนอก							
17. ท่าน/กรรมการ/ผู้บริหารในหน่วยงานท่านมีเพื่อนในหลากหลายสาขาอาชีพซึ่งส่งผลดีต่อหน่วยงาน							
18. หน่วยงานของท่านมีเครือข่ายแบบไม่เป็นทางการกับหน่วยงานภายนอก							
19. หน่วยงานท่านสามารถขอความช่วยเหลือได้จากเครือข่ายได้เมื่อมีความต้องการ							
20. หน่วยงานของท่านมีบทบาทสำคัญต่อเครือข่ายหรือองค์กรที่หน่วยงานท่านเป็นสมาชิก							
21. หน่วยงานของท่านมีบทบาทในการเสนอนโยบายหรือแนวทางการแก้ไขปัญหาให้สังคม							
22. ภารกิจของหน่วยงานท่านอยู่ในแผนที่ภาครัฐจะสนับสนุน							
23. หน่วยงานภาครัฐต้องพึ่งพาอาศัยหน่วยงานของท่านในการทำงาน							
24. กรรมการ/ผู้บริหารหน่วยงานของท่านมีความสนทนสมกับผู้กำหนดโครงการในหน่วยงานของรัฐ							

ส่วนที่ 4 ระดับความคิดเห็นเกี่ยวกับทรัพยากรองค์การ(Organizational Resources)

คำชี้แจง โปรดกา✓ หรือ X ลงในช่องที่ท่านเห็นด้วยเกี่ยวกับหน่วยงานของท่านมากที่สุด

ข้อคำถามผล	<div> <div>น้อยที่สุด</div> <div>มากที่สุด</div> </div>						
	1	2	3	4	5	6	7
25. ในแต่ละปีหน่วยงานของท่านสามารถจัดหาทรัพยากรที่มีความจำเป็นในการดำเนินงานได้อย่างเพียงพอ							
26. รายได้ส่วนใหญ่ของหน่วยงานมาจากการขายสินค้าหรือบริการ							
27. มีผู้สนับสนุน บริจาคเงินหรือสิ่งของจากภาคส่วนต่างๆ ให้แก่หน่วยงานของท่านอยู่เสมอ							
28. มีอาสาสมัครหรือผู้ทรงคุณวุฒิจากภายนอกมาช่วยงานให้หน่วยงานของท่านอยู่เสมอ							
29. หน่วยงานของท่านได้รับข้อมูลที่ทันสมัย เป็นประโยชน์เพียงพอต่อการดำเนินงานจากภายนอกหรือเครือข่ายอยู่เสมอ							
30. ทรัพยากรที่ได้รับในแต่ละปีช่วยให้การดำเนินงานสำเร็จตามเป้าหมาย							
31. หน่วยงานของท่านมีการใช้ทรัพยากรอย่างคุ้มค่า							
32. หน่วยงานเครือข่ายช่วยให้หน่วยงานของท่านลดการใช้ทรัพยากรที่ไม่จำเป็น							
33. มีการนำผลกำไรทางธุรกิจไปใช้ในการช่วยเหลือสังคม							
34. หน่วยงานของท่านมีความเชี่ยวชาญในการกิจที่ดำเนินงานมากกว่าหน่วยงานอื่น							
35. หน่วยงานของท่านมีข้อมูลหรือองค์ความรู้ที่หน่วยงานอื่นๆ ต้องการ							
36. หน่วยงานอื่นลอกเลียนวิธีการดำเนินงานของหน่วยงานของท่านได้ยาก							
37. ความรู้ความสามารถของบุคลากรในหน่วยงานของท่านมีความโดดเด่นและหาได้ยากจากหน่วยงานอื่น							

ส่วนที่ 5 ความคิดเห็นเกี่ยวกับผลการดำเนินงานขององค์กรในรอบ 3 ที่ผ่านมา

คำชี้แจง โปรดกา✓ หรือ X ลงในช่องที่ท่านเห็นด้วยเกี่ยวกับหน่วยงานของท่านมากที่สุด

ผลการดำเนินการ ในรอบ 3 ปีที่ผ่านมา	น้อยที่สุด มากที่สุด						
	1	2	3	4	5	6	7
38. หน่วยงานของท่านช่วยให้สังคมและสิ่งแวดล้อมดีขึ้น							
39. หน่วยงานของท่านช่วยแบ่งเบาภาระของภาครัฐในการให้บริการหรือแก้ไขปัญหาสังคมและสิ่งแวดล้อม							
40. หน่วยงานของท่านสามารถตอบสนองต่อความต้องการของลูกค้า/ผู้รับบริการได้ด้วยความรวดเร็ว							
41. ผู้มีส่วนได้ส่วนเสียมีความพึงพอใจต่อหน่วยงานท่าน							
42. หน่วยงานของท่านมีความยืดหยุ่นสูง สามารถปรับตัวเพื่อตอบรับกับการเปลี่ยนแปลงของสภาพแวดล้อมได้							
43. หน่วยงานของท่านมีความยั่งยืนทางการเงิน							

การเติบโตขององค์กร โดยเฉลี่ยใน 3 ปีที่ผ่านมา	ลดลงมากกว่า 20%	ลดลงระหว่าง 10-20%	ลดลงไม่เกิน 10%	ไม่เปลี่ยนแปลง	เพิ่มขึ้นไม่เกิน 10%	เพิ่มขึ้นระหว่าง 10-20%	เพิ่มขึ้นมากกว่า 20%
44. การเพิ่มขึ้นของรายได้							
45. การเพิ่มขึ้นของลูกค้า/ผู้รับบริการ							
46. การเพิ่มขึ้นของจำนวนพนักงาน							

ส่วนที่ 6 ปัญหา/ ข้อเสนอเพื่อปรับปรุงส่งเสริมการดำเนินงานของหน่วยงานท่าน

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BIOGRAPHY

NAME

Mr.SookyuenTepthong

ACADEMIC BACKGROUND

Bachelor of Engineering

Suranaree University of Technology, 1999

Master of Public Administration,

National Institute of Development Administration,
2004