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Consequences of Cultural Leadership Styles for Social Entrepreneurship: A Theoretical Framework

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Abstract: The purpose of this conceptual article is to understand how the interplay of national-level institutions of culturally endorsed leadership styles, government effectiveness, and societal trust affects individual likelihood to become social entrepreneurs. We present an institutional framework comprising cultural leadership styles (normative institutions), government effectiveness (regulatory institutions), and societal trust (cognitive institutions) to predict individual likelihood of social entrepreneurship. Using the insight of culture–entrepreneurship fit and drawing on institutional configuration perspective we posit that culturally endorsed implicit leadership theories (CLTs) of charismatic and participatory leadership positively impact the likelihood of individuals becoming social entrepreneurs. Further, we posit that this impact is particularly pronounced when a country’s regulatory quality manifested by government effectiveness is supportive of social entrepreneurship and when there exist high levels of societal trust. Research on CLTs and their impact on entrepreneurial behavior is limited. We contribute to comparative entrepreneurship research by introducing a cultural antecedent of social entrepreneurship in CLTs and through a deeper understanding of their interplay with national-level institutions to draw the boundary conditions of our framework.

Keywords: social entrepreneurship; cultural leadership styles; charismatic; participative; government effectiveness; societal trust

1. Introduction

Social entrepreneurs operate in organizations ranging from for-profit firms to non-profit firms with a key focus on bringing about social change in the community that they operate in [1,2]. Social entrepreneurship (SE) as a body of knowledge has therefore gained attention due to its promising potential for alleviating problems such as poverty and illiteracy [1–8] and “carries particular relevancy for sustainability research in entrepreneurship” [9] (p.21). Social entrepreneurial processes address not only economic sustainability, social sustainability, and ecological sustainability [10], but also psychological sustainability [11].

However, the influence of context on SE stands out as an under researched area [6,12]. In particular, scholars have suggested theorizing a contextualized perspective of social entrepreneurial behavior [13]. To fully understand SE, the influence of the institutional environment on entrepreneurial behavior must be accounted for to understand determinants of such behavior [14]; unfortunately, research in this area is limited [15]. All entrepreneurial behavior is contextually embedded in social, cultural, and political institutions [16–21]; therefore, there is growing recognition that such behavior must be interpreted in the context in which it occurs [22,23]. Such behavior is particularly important in the context of sustainability [11,24,25]. Different contexts can facilitate or constrain key entrepreneurial processes, such as innovation [26,27]. While it is observed that SE varies substantially across countries [28],

our knowledge of the factors at the micro (individual) and macro (country) levels that drive these differences is limited [29,30]. We attempt to add to this field of scholarship by examining the influence of macro-level institutions, mainly by elucidating the lesser researched role of cross-cultural leadership styles on SE and how their effects are moderated by other prevailing institutions in a country.

Studies on social entrepreneurial behavior suggest that such behavior like commercial entrepreneurial behavior is influenced by leadership skills [13]. However, the context of leadership has received scant attention in SE research [31], further limiting our understanding of the links between leadership and SE [32]. Research has yet to find leadership patterns that are specific to entrepreneurship [33]. The entrepreneurial process in general has previously been viewed in the same vein as leadership [34]. SE in particular has been viewed as “catalytic leadership” with the objectives of social change in areas pertaining to social issues [35–37]. The links between leadership styles and entrepreneurship remain unclear [34], as do the links between culturally endorsed leadership styles and entrepreneurship, both commercial and social. More recently, scholars have begun to examine the effect of culturally endorsed implicit leadership theories (CLTs) on entrepreneurship [38], particularly SE [25,39,40].

Our framework seeks to address the leadership–entrepreneurship gap by specifically examining how cultural leadership styles influence SE. As our starting point, we define leadership as

“the nature of the influencing process – and its resultant outcomes – that occurs between a leader and followers and how this influencing process is explained by the leader’s dispositional characteristics and behaviors, follower perceptions and attributions of the leader, and the context in which the influencing process occurs [italics added].” [41] (p. 5)

This definition suggests that the effectiveness of leadership may be contingent upon the context within which leadership behaviors occur [42]. In other words, different leadership styles may be required in different contextual settings, such as in different cultures.

Drawing upon implicit leadership theory (ILT), our framework attempts to elucidate the influence of CLTs—that is, culturally shared stereotypes of effective and outstanding leaders—on individuals’ engagement in SE. Specifically, the leadership of social organizations has been shown to be intrinsic to societal culture [43]. Our approach is consistent with the full-range leadership theory [44,45] that contributes to the research on the topic by moving beyond leaders’ characteristics and traits to leadership styles, such as transactional, transformational, instrumental, charismatic, visionary, etc., and how these styles affect the influencing process, in this case engaging in SE. We identify CLTs that are strongly influenced by societal-level cultural orientations [46] as dimensions of a country’s normative institutional context. We specifically examine CLTs that reflect (1) the ability to inspire and motivate (charismatic CLT) and (2) the degree to which leaders involve others in making and implementing decisions (participative CLT).

Contextual factors may influence which leadership styles are effective in inducing desired behaviors in followers [47]. However, such a likelihood is a function of individuals’ feasibility assessments and the influence of other contextual variables [48,49]. Therefore, the effects of CLTs in inducing socially motivated entrepreneurial behaviors may also be influenced by other national institutions, a factor that leads us to propose the moderating role of the quality of the other formal and informal institutions in the influence of CLTs on SE. The more these formal and informal institutions support individual agency, the stronger will be the effects of CLTs on the likelihood of individuals becoming social entrepreneurs. Specifically, we review literature to understand the role of country-level government effectiveness and societal trust, two contextual factors that strengthen individuals’ agency beliefs and make it easier for them to access the resources required for their enterprises [10,30,50].

Government effectiveness, which is a formal institution, ensures that resources are made easily available for individuals engaging in SE [10,30]. Similarly, informal institutions, such as generalized interpersonal trust (societal trust), also form a basis on which these individuals establish credibility to garner resources for their social enterprises [50]. Therefore, in our theoretical framework we

accommodate a country's regulatory institutional context manifested by government effectiveness and a country's cognitive institutional context manifested by the post-materialistic societal value of interpersonal trust. With these three institutions in place, we build on Scott's [51] and North's [52] institutional theories and posit that culturally endorsed leadership styles are manifestations of normative institutional contexts that can in isolation and in combination with other institutions (regulatory and cognitive) influence individuals' propensity to engage in SE.

The remainder of this article proceeds as follows. In the next section, we review literature on SE, national institutions, leadership, and CLTs that underlie our conceptual framework. Thereafter, we use the understanding of culture–entrepreneurship fit and the institutional configuration perspective to derive propositions regarding the effects of charismatic and participative CLTs as normative institutions on SE and the moderating effects of government effectiveness (regulatory institution) and societal trust (cognitive institution). We then present the discussion, report the implications of our framework for theory and practice, and offer conclusions.

2. Conceptual Framework and Proposition Development

2.1. Social Entrepreneurship

The activities of SE involve the recognition, evaluation, and exploitation of opportunities that result in addressing the basic and long-standing needs of societies or, in other words, in the creation and establishment of social values [53]. The underlying objective for SE is the creation of social value [54]. Such value creation is through developing novel combinations of products, services, organizational structures, processes or production practices [55]. Social entrepreneurs derive their motivation from within, while primarily pursuing goals that benefit society rather than the entrepreneurs themselves [56,57]. SE therefore involves the creation of social enterprises, and this emphasis on the creation of social wealth over economic wealth differentiates social entrepreneurs from commercial entrepreneurs [58] and involves better ways to create and sustain social wealth [56]. While SE can be understood as a process that facilitates social change [59], social entrepreneurs address social problems that result from market shortcomings [15]. They operate as change agents, who through social innovation bring about changes in the social equilibrium [58,60].

Individual-level resources play a very important role in the social entrepreneurial goals of individuals [61]. Financial, human, and social capital have strong influences on both social and commercial entrepreneurial activity [62,63]. Social entrepreneurs depend on external resources, such as funding from individual contributions, foundation grants, member dues, user fees, and government financing [53,64]. Such funding sources are community-based; therefore, to a large extent, social entrepreneurs must depend on their network of contacts in the community and must develop skills to nurture their relationships within these networks [53,65]. This is important because social entrepreneurs develop their enterprises based on a community-oriented vision they share with the members of their community and with all the stakeholders of the enterprise.

External stakeholders, such as government donors (who share the vision of the social entrepreneur), would be not apprehensive to donate resources for a social cause. However, these external agencies “may withhold resources necessary for the functioning of the organization” in case they do not approve of the social entrepreneur's strategies [64] (p.11). Therefore, as the field of SE gains legitimacy and as social entrepreneurs increase their efforts, their ability to attract and maintain resources remains a challenge [66]. Such entrepreneurs may therefore broaden their funding model by “exploiting profitable opportunities” [67] (p.11), thereby blurring the very factors that distinguish social enterprises from commercial enterprises, such as social mission and values [68]. For this reason, scholars suggest examining the critical role of external institutions in ensuring that the objectives of SEs are met.

Further, a social entrepreneur's non-financial resources have a strong influence on how the venture operates [64]. Austin et al. suggest that “political and relationship management skills are

of utmost importance to social entrepreneurs because such a large portion of the resources they rely upon for success are outside their direct control, from board members to donors, partners, and volunteers" [53] (p.13). Through their interactions with the community and government agencies, social entrepreneurs gather non-financial resources, such as positive reputation, local knowledge and awareness, and perceived trustworthiness [65]. To obtain these resources, social entrepreneurs, must "focus on building a rich network of contacts and resources, developing skills to manage various relationships in this network effectively, and seeking out creative arrangements" [53] (p.13). They would need to collaborate well with different stakeholders with varying objectives to access resources required to run their enterprises [26]. Again, such networks can be developed in environments that are conducive for social entrepreneurs to do so. They can rely on societal institutions that can facilitate the development of networks.

2.2. National-level Institutions

Institutions can be described as social structures that facilitate and constrain behavior [51,52,69]. They act as implicit guidelines for an individual's actions [70]. These institutions are environmental factors that help to build, develop, and manage various relationships within the community that facilitate individuals' entry into SE [18,30,71,72]. The critical role of such institutions, more specifically formal (regulations and rules) and informal institutions (such as norms and values), is an important theme in SE literature, for their ability to facilitate or constrain social entrepreneurial behavior (for detail review on institutions and SE please refer Philips et al. [2]). For example, a study on Spanish social enterprises shows that while both formal and informal institutions are important, informal institutions are crucial because they influence not only the implementation of the social enterprise but also its formation [73].

While formal institutions relate to explicit incentives and constraints arising from government regulation, for example [51,74], informal institutions are implicit, socially constructed, and culturally transmitted [30]. As an individual's likelihood of starting a social enterprise is linked to pro-social interests [58,75], the influence of formal and informal institutions on commercial and social enterprises may differ [30]. For example, compared to commercial enterprises, social enterprises may receive more funding from government agencies [75]. Further, the influence of cultural values on social and commercial entrepreneurs may differ as well. While post-materialist values and commercial entrepreneurship are negatively associated at the country level [76] and the individual level [77], the opposite may be true for SE [30]. The three-pillar framework of Scott [51,74] calls formal institutions regulatory institutions and further differentiates informal institutions as normative and cognitive, corresponding to the concepts of cultural values and practices respectively [78].

New institutional theorists suggest that behaviors reflect the normative, regulatory, and cognitive institutions of society and that adherence to these institutions ensures legitimacy [15,74,79]. Scholars have used this understanding to explain entrepreneurial behaviors. Country institutional environments have been found to determine and shape the entrepreneurial intentions, desirability, and feasibility of entrepreneurial ventures [15,80].

Regulatory institutions are "formal rules" that facilitate or constrain entrepreneurial behavior and control social entrepreneurial processes [81]. The existing research suggests that social enterprises are successful in contexts in which there are favourable perceptions of regulatory institutions [6,81,82]. Normative institutions model themselves on dominant practices (or norms) in a given national culture [51,78,83], elaborating the social obligations and expectations of actions based on existing norms or practices [83,84]. They reflect the generally accepted behaviors that individuals admire, perceive, and adhere to [85,86]. They form mechanisms that shape the context of social entrepreneurial ventures by creating norms of conduct and expected entrepreneurial behavior [81]. Cognitive institutions influence the "schemas, frames, and inferential sets, which people use when selecting and interpreting information" and reflect the knowledge shared by individuals in a given nation [87] (p.180). These institutions are the culturally shared understandings associated with cultural values [83,84]. They

reflect templates shared among members of a society [81]. Cognitive legitimacy is the extent of alignment of organizational structures, processes, and outcomes with societal beliefs [88]. Cognitive attributes, such as societal trust, have been associated with social entrepreneurial intention and SE [20,89].

Drawing on the above insights from institutional theory, we develop an understanding of CLTs of charismatic leadership and participative leadership as normative institutions and discuss their influence on SE. Further, institutions may not act in isolation but in an interactive fashion to stabilize social behavior [51]. We therefore use the institutional configuration perspective that suggests human actions are shaped jointly by both formal and informal institutions to understand the influence of normative, regulatory, and cognitive institutions on SE [30]. In our model (Figure 1), CLTs of charismatic and participative leadership represent normative institutions. Government effectiveness in a country represents the formal or regulatory institution, and the cultural value of societal trust represents the cognitive institution. We propose a multilevel theoretical model in which CLTs, government effectiveness, and societal trust, alone and in combination, affect an individual’s probability of engaging in SE.

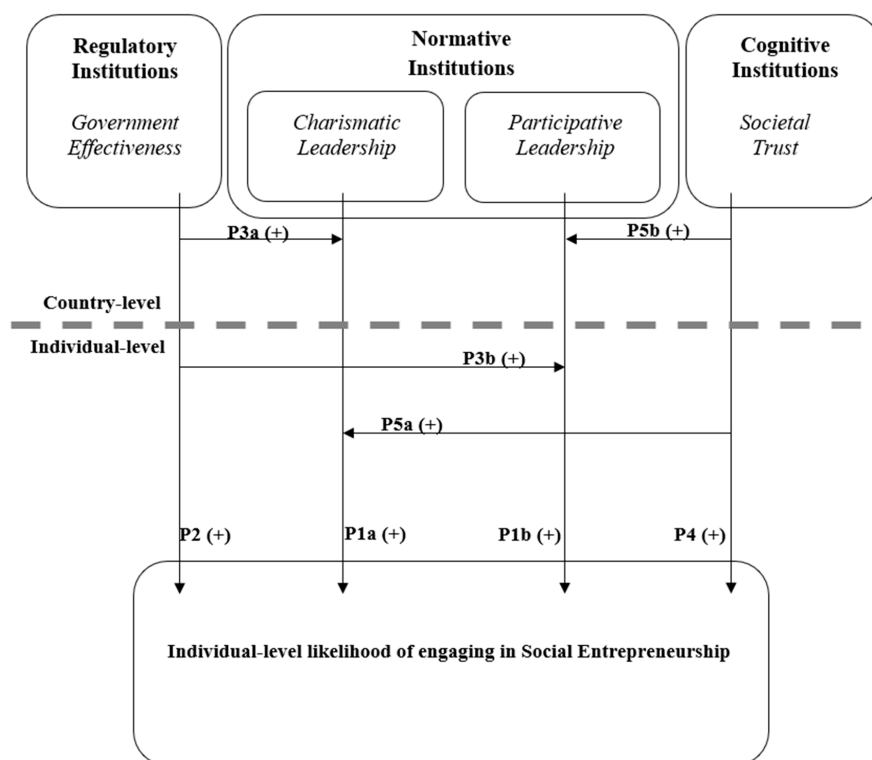


Figure 1. Conceptual framework.

2.3. Leadership, Culturally Endorsed Implicit Leadership, and Social Entrepreneurship

Review of leadership theories reveals three key areas of future research. First, although it is known that there is no leadership without followers, research in this area is just emerging [90]. Leadership is understood to be a process created by social interactions between individuals [91]. In other words, leadership can happen only if there are followers and “leadership cannot be fully understood without considering the role of followers in the leadership process” [90] (p.89). Second, leadership is a complex phenomenon that cuts across multiple levels of analysis [92,93]. Results of a review on leadership articles over a 25-year period have revealed that multi-level data analysis methods are used in less than twenty percent of all articles published, and hence the need to build leadership theories using a multi-level perspective [94]. Third, is to understand cross-cultural perspectives of leadership [93]. Discussions on CLTs and their effect on SE are developed based on the above insights.

Before discussing the relevance of CLTs vis-à-vis SE, we first discuss the general idea of ILTs, of which CLTs are a type. ILTs draw on the follower-centric perspective in which followers are assumed to have schema to evaluate effective leadership [90]. Followers ILTs are formed through past experiences [95,96] and these ILTs are activated when followers match leader behavior to the leadership stereotypes they hold in their memory [97]. ILTs are therefore normative institutions that legitimize the behaviors, attributes, and motivations of leaders, and these theories influence individuals' choices in terms of who they will accept and categorize as leaders [98,99]. Followers' perceptions of a leader are embedded in the nation's cultural values, which are outcomes of repeated behaviors that shape the cultural expectations and views of ideal leadership, and leaders tend to behave in line with these expectations [46]. Therefore, individuals are more likely to emerge as leaders and be successful in their leadership role if they demonstrate characteristics that are consistent with the ILTs held by followers [100].

As ILTs are culturally shared within countries and vary across countries, we can expect different types of leaders to emerge in different cultures, depending on how strongly certain ILTs are culturally endorsed. In summary, CLTs build on ILTs [99] and are therefore normative institutions, as they refer to individuals' stereotypical ideas about the attributes and behaviors of effective leaders [78,101]. CLTs elevate the traditional definition of leadership to the societal level and state that societies have implicit preferences for acceptable characteristics of outstanding leadership [102].

We draw on the culture fit perspective regarding the emergence of social entrepreneurial leaders [103] to propose that individuals are more likely to choose to become social entrepreneurs in countries where CLTs fit with and are supportive of motives and attributes linked with SE. A cross-cultural research program called Global Leadership and Organizational Behavior Effectiveness (GLOBE) conducted a study that extended the understanding of ILT and highlighted the concept that individuals' implicit belief systems about ideal leaders are culturally endorsed [78,101]. In other words, although these belief systems vary between cultures, there is consensus within a culture on the attributes of outstanding leaders [101,104].

Although we have addressed CLTs in general terms so far, we point out that the cultural endorsement of a particular attribute and particular behavior can have a specific cultural impact. The GLOBE study advanced six different dimensions to describe the content of CLTs (i.e., charismatic, participative, self-protective, humane-oriented, team-oriented, and autonomous). These dimensions explain the extent to which leaders are expected to be self-focused and competitive (self-protective leadership), to display individualistic attributes (autonomous leadership), to encourage and involve others in decision making (participative leadership), to motivate and inspire others through a compelling vision and to expect high performance (charismatic leadership), to care for team members (team-oriented leadership), and to be modest and supportive (humane-oriented leadership) [38]. Organizational leadership literature suggests two key conditions required for innovation processes. Organizations can be more innovative and responsive to change through participative-decision making and transparency in communications [105]. Participative leadership can therefore help create conditions of participative-decision making for social enterprises in their initiatives to create social innovation. The other condition to develop processes that support innovation [106] is through charismatic leadership. Charismatic leadership helps set that compelling vision for followers to achieve that high performance associated with innovation [107]. In view of the above, charismatic and participative CLTs, are conceptually most closely related to entrepreneurship [38,108], and hold particular relevance for SE. Further, although cross-cultural research emphasize that different cultures are likely to have different conceptions of what outstanding leadership should entail, the attributes of charismatic and participative leadership are believed to prototypical of outstanding leaders in all cultures [102]. The overall dimensions of charismatic and participative leadership have showed high reliability and meaningful within-country agreement and between-country variation [109]. The other CLTs may have a less compelling theoretical rationale to facilitate implementation of a social

enterprise [73]. In the next two sections we elaborate on the theoretical rationale that support the role of charismatic and participative CLTs in facilitating SE.

2.4. Normative Institutional Context: Charismatic and Participative CLTs

Using the notion of culture–entrepreneurship fit [103], we propose that individuals are more likely to become entrepreneurs in countries where CLTs fit with and are supportive of the above social entrepreneurial attributes and behaviors. In particular, we argue that charismatic and participative CLTs capture key aspects of entrepreneurial agency and therefore can be seen as important cultural predictors of individuals' engagement in SE. We argue that these are normative conditions that support social entrepreneurial agency.

SE has been viewed in terms of the catalytic leadership provided in areas of social concern with the specific objective of change [39,40,110]. Charismatic leaders broaden and elevate the interests of their employees, generate awareness and acceptance of their social organization's purposes and mission, and motivate their employees to look beyond their own self-interests to the good of others [111]. To accomplish this objective, charismatic leaders use the key entrepreneurial leadership strategies of attention through vision, meaning through communication, trust through positioning, and confidence through respect [112]. As charismatic leaders, such entrepreneurs have a vision of how things could be, and they clearly communicate this vision to their employees and, through their own enthusiasm, motivate their employees to support it. Dees [113] argues that the primary purpose of the social entrepreneur is to create superior social value for their clients, stating that social entrepreneurs look for innovative ways to ensure that their enterprises will have access to resources as long as they are creating social value.

The CLTs of charismatic leadership capture the kind of proactive leadership required for SE. They characterize effective leaders as visionary, performance- and future-oriented, and as being able to motivate their employees based on core values, integrity, and vision [101]. Such leaders therefore provide the necessary direction through visioning, setting high performance expectations, and motivating individuals to create and implement social innovations. Therefore, cultures that endorse charismatic leadership provide the required environment within which social entrepreneurs are likely to thrive, as their entrepreneurial actions (initiatives to bring about social change) are more likely to be accepted by others in their culture. Therefore:

Proposition 1a (P1a). *Charismatic CLT is positively associated with the likelihood of individual-level social entrepreneurship.*

Entrepreneurs take initiative and shape the future of their organizations to achieve their mission of social change, often working cooperatively with other like-minded individuals [114]. While social entrepreneurs, like traditional entrepreneurs, believe in the centrality of their role, the former must take care to include the collective of volunteers in the decision making and in the operations of the enterprise [115]. CLTs of participative leadership therefore capture the followers' expectations that leadership should be non-autocratic [101], and participative leaders strive to motivate and facilitate the involvement of their subordinates in making decisions since doing so promotes approval and commitment [116]. The highest level of participative leadership is delegation of decision making, which includes power-sharing, empowerment, and reciprocal influence processes [117].

Participation is achieved through various means. Extant research has shown that participative leaders extensively use groups, which increases the interpersonal interactions among and the members of the organization [116]. These leaders also tend to use formal or informal meetings to facilitate subordinate participation in decision making, which improves communication, promotes collaboration, and facilitates conflict resolution [118]. An open work environment characterized by collaboration will minimize the negative effects of task conflict on performance of social enterprises [119]. In these ways, the participative leadership style of an entrepreneur can create the necessary cooperative work

environment inside and outside a social enterprise. This nature of this CLT is a cooperative virtue that could distinguish social entrepreneurs from commercial entrepreneurs by emphasizing the positive community endeavor of SE [120].

Participative leaders therefore provide the required transparency and create the necessary conditions for individuals to participate in the decision making on initiatives that lead to social innovations. Consequently, cultures that endorse participative leadership provide the required environment within which social entrepreneurs are likely to thrive since their entrepreneurial actions are likely to be accepted by others. Therefore, individuals within cultures that endorse participative leadership are more likely to be motivated to start a social enterprise. Hence:

Proposition 1b (P1b). *Participative CLT is positively associated with the likelihood of individual-level social entrepreneurship.*

2.5. Regulatory Institutional Context: Government Effectiveness

Government effectiveness can be viewed as the extent to which governments implement policies and regulations that promote and support entrepreneurship and businesses [121]. When we specifically address the levels of government effectiveness, we refer to differences in the levels of government effectiveness in countries that either facilitate or constrain social entrepreneurial activity. These differences can determine the extent of government support for SE [122]. Scholars argue that government support in the form of providing tangible and intangible resources can enhance SE [10,72]. Tangible resources include grants, subsidies, and funding [30], and intangible resources include assistance with completing grant applications, providing endorsements, and sponsoring activities that facilitate networking between like-minded entrepreneurs or with other stakeholders in the environment [123]. Such support takes the form of governmental assistance in providing public goods and looking after the welfare of the citizens, while social entrepreneurs set up organizations to address social needs and issues [30].

Over and above the access to resources for social entrepreneurs that government support can provide, the availability of strong institutions facilitates the smooth operations of social ventures. Examples of such institutions include sophisticated banking systems and financial institutions, strong and stable public equity markets, and strong venture capital industries [124]. These institutions can also provide operational support for new social ventures and reduce the risks for individuals starting a new enterprise [75]. Countries with such institutions also have well-established legal systems and effective governance and enforcement mechanisms, all of which facilitate growth and provide protection to entrepreneurial firms and their stakeholders. Therefore:

Proposition 2 (P2). *A country's governmental effectiveness is positively associated with the likelihood of individual-level social entrepreneurship.*

2.6. CLTs, Governmental Effectiveness, and Social Entrepreneurship

Entrepreneurial action has often been suggested to be a product of an individual's social-minded goals combined with a context that provides both the opportunity and the support required to achieve those goals [125]. On their own, CLTs of charismatic and participative leadership in a given country may therefore not be sufficient to motivate a large number of individuals to become entrepreneurs. Within the environment itself, there must be support for these activities. As noted in Proposition 1, the prevalence of the CLTs of charismatic and participative leadership motivates individuals to become social entrepreneurs. However, the government's active support through the effectiveness of its various national policies and institutions reinforces the support that social entrepreneurs already have in the country. Effective government systems facilitate charismatic leadership towards individual agency when individuals realize that they will face no hindrances in terms of resource acquisition and that their efforts will be adequately rewarded.

Similarly, involving others in participative-decision making for a social entrepreneurial activity will result in lower transaction costs when effective government systems are in place. This synergy between government involvement and private-sector efforts has been debated by political scientists and development economists [30,126]. We argue that the positive effects of the CLTs of charismatic and participative leadership are reinforced by the country's government effectiveness, and consequently, these effects enable SE. Therefore:

Proposition 3a (P3a). *A country's government effectiveness positively moderates the effect of charismatic CLT on the likelihood of individual-level social entrepreneurship such that the greater the government effectiveness, the stronger will be the effect of charismatic CLT.*

Proposition 3b (P3b). *A country's government effectiveness positively moderates the effect of participative CLT on the likelihood of individual-level social entrepreneurship such that the greater the government effectiveness, the stronger will be the effect of participative CLT.*

2.7. Cognitive Institutional Context: Societal Trust

The existing research on career decision making reveals that individuals' values serve as the key determinants of their occupational choices [127,128]. These choices are argued to be deliberate decisions predicted by personal values [129], and they reflect the importance of beliefs for a society's inhabitants that are an aggregate of personally important goals these individuals hold [130]. The aggregate trait hypothesis has been used in existing research to explain why cross-cultural differences in values give rise to differences in individual choices for commercial entrepreneurship. Stephan et al. [30] use the aggregate trait hypothesis to maintain that the greater the number of inhabitants in a society who hold values consistent with SE, the greater the number of individuals who engage in SE.

Scholars have identified two forms of societal-level trust [131], particularistic trust and general trust. Particularistic trust involves a narrow circle of familiar others, and general trust relates to a wider circle of unfamiliar others and is important in daily interactions with unknown others [132]. We focus on general trust, which is termed societal trust in our framework and which can be defined as the trust extended to unknown others within society [133]. It is a societal-level construct that defines the extent to which a community shares a set of moral values in a manner that creates expectations of honest behavior [134,135].

According to Kramer [136], societal trust consists of the general disposition to trust others within a given country. It is based on the expectation that others are trustworthy [137], and the construct captures a general tendency to trust others [138]. Muethal and Bond [139] argue that in countries whose citizens have a high propensity to trust, individuals are likely to trust not only people they know but also strangers.

Scholars have argued that societal trust has long been considered an essential component of social transactions and that the willingness to interact with others in a society is contingent on the prevalence of such trust [140]. Cooperative behavior within a society represents an imperative condition for supporting social efforts [141], and successful social entrepreneurs are more likely to be those who can build on networks of trust that help them create the necessary legitimacy in society [142]. Social entrepreneurs must build and maintain trust among stakeholders and other participants in the environment to gain access to the various resources that are of primary importance to the sustainability of their social ventures [141]. Further, they require the trust of their followers to successfully share their mission, their vision, and the risks associated with the sustainability of the social venture.

Participants who trust (the various stakeholders) and those who are trusted (social entrepreneurs) give and receive information and provide and receive resources freely without fear of being cheated or misled [143]. In summary, if a society has a significant number of individuals who value trust, according to the aggregate trait hypothesis we would expect societal trust to be an important antecedent to SE. Therefore:

Proposition 4 (P4). *Societal trust is positively associated with the likelihood of individual-level social entrepreneurship.*

2.8. CLTs, Societal Trust, and Social Entrepreneurship

Leadership is a continuous process of influencing between leaders and followers and one that is affected by the context in which this process takes place [41]. Societal trust, which is a contextual influence, can predict the degree of success that leaders can achieve in gaining followers for their cause. Similarly, for participative leaders who operate through participative-decision-making processes, the level of success would be enhanced when the trust that exists between such leaders and their followers reduces the uncertainties that may arise in transactions between them. Further, conflicts and disputes may occur during the development of a new enterprise [144], and because strong trust enables joint problem solving [145], a high level of societal trust can promote conflict resolution between followers and leaders in the participative processes. Therefore, the higher the level of societal trust, the easier it is for charismatic and participative leadership to successfully lead social enterprises.

Another challenge stems from the fact that when compared to commercial entrepreneurs, social entrepreneurs have a greater challenge in gaining access to resources [53]. Commercial enterprises, which have the potential for generating a profit, likely represent attractive prospects for obtaining financial loans or investment funds, whereas the not-for-profit nature of social enterprises means that they have far less access to such forms of funding [146]. The social objectives of a social entrepreneur create greater challenges for measuring performance than in the case of the commercial entrepreneur, who can rely on relatively quantifiable measures of performance, such as financial performance and market-share indicators [31,53]. Social entrepreneurs must therefore depend on social capital (e.g., trust) to gain access to the resources they require.

Higher levels of interpersonal trust are associated with ease of accessing resources—particularly information but also financing—as transaction costs become lower [147]. If individuals trust each other, there is less need for monitoring and devising long contracts [133]. Further, it has also been suggested that high levels of trust in society strengthen the motivation of individuals to engage in initiatives to solve societal problems [148]. Therefore:

Proposition 5a (P5a). *Societal trust positively moderates the effect of charismatic CLT on the likelihood of individual-level social entrepreneurship such that the greater the extent of societal trust, the stronger the effect of charismatic leadership.*

Proposition 5b (P5b). *Societal trust positively moderates the effect of participative CLT on the likelihood of individual-level social entrepreneurship such that the greater the extent of societal trust, the stronger the effect of participative leadership.*

3. Discussion

Leadership is a social process that helps achieve organizational goals [149]. In a social enterprise, leaders have to motivate and facilitate followers to foster and support innovation through the creation of new products, services, processes and practices that enable social change. Entrepreneurs in general and social entrepreneurs in particular have to constantly influence others around them including investors, customers, suppliers, and other stakeholders to launch and manage their businesses successfully. Besides recent literature has referred to the strong influence that leadership has on entrepreneurship. For example, CLTs have been found to influence commercial entrepreneurship [38]; authentic leadership, positive leadership initiatives that focus on developing follower capabilities, has been found to have the strongest impact on the psychological capital of entrepreneurs [150]. However, entrepreneurship and leadership have generally been treated as separate fields of study [33,34]. Although there have been arguments for the convergence of research in entrepreneurship and leadership arenas to enable an interchange of ideas between the two fields [33,34,151], there has

been little linkage made between entrepreneurship and leadership research [152]. In particular, there are calls to find leadership patterns that are specific to entrepreneurship [33]. In light of the above we elaborate the potential contributions that our framework can make to extant literature as follows.

3.1. Contributions

We draw on gaps in SE literature and leadership literature to develop our conceptual framework. Specifically, our conceptual framework integrates leadership and entrepreneurship research by introducing a cultural leadership paradigm that advances our understanding of the emergence of social entrepreneurial leaders across different cultures. In doing so, we contribute to the development of multidisciplinary research to advance the application and understanding of leadership theory [93]. Our conceptual framework contributes to research on leadership and comparative SE in that the motivations to become social entrepreneurs are embedded in and shaped by the wider national context, including not only CLTs but also other national-level institutions. Our conceptual framework thus adds to the emerging comparative perspective in SE research [84] in the following ways.

First, our contextual perspective highlights the role of the national context in the motivation of individuals to lead social enterprises, in contrast to individual differences that are believed to drive such motivations [153]. Second, our conceptual framework adds to the comparative perspective in leadership research by integrating predictions based on institutional theory [51,52] to arrive at more comprehensive explanations of leadership. We establish the value of CLTs as normative institutions and suggest their standalone explanatory role in the individual agency of SE but also suggest that its influence is contingent upon other national institutions. Third, although researchers have used specific national cultural values as possible factors to explain cross-country differences in levels of entrepreneurship, the findings are mixed [38]. Scholars have therefore suggested that national cultural values impact entrepreneurship only indirectly [83], and hence implying the existence of mechanisms linking national cultural values and entrepreneurship [154]. CLTs have shown to be such mechanisms through which national cultural values influence entrepreneurship. For example, national cultural values of uncertainty avoidance and collectivism have been shown to influence entrepreneurship indirectly, through CLTs [38]. Since national cultural values are broad and general concepts and entrepreneurship (and SE in our framework) is a specific behavior our conceptual framework emphasizes a greater focus on CLTs that are more proximal to SE [38].

We also suggest that the effects of normative institutions of charismatic and participative CLTs on leaders' aspirations may be contingent upon cognitive and regulatory institutions, such as societal trust and government effectiveness, respectively. Leadership researchers have predominantly focused on the role of culture [101], economists have predominantly focused on the role of formal institutions [6], and sociologists and political scientists have predominantly focused on trust [133]. We have attempted to combine the above three perspectives in our framework.

Our multilevel theorizing, while addressing the calls for using multilevel designs in leadership theorizing, contributes to the understanding of national contexts facilitating individuals' entry into SE by using the explanatory power of joint institutional configurations. The configuration perspective provides a greater integration of research on formal and informal institutions [30], and the practice of theorizing and using configurations is well established in strategic management and psychology [155], but it has received little attention in institutional theory [51] and comparative entrepreneurship research [84].

Third, our conceptual framework contributes to calls for increased consideration of context in examining entrepreneurial behavior [72]. In particular, our conceptual framework stresses the importance of a socially supportive culture for entrepreneurial behaviour, as identified in past research [83,156], by suggesting that CLTs may need to be supported by formal institutions (such as government effectiveness) and informal institutions (such as societal trust) for individuals to become social entrepreneurs. Specifically, it contributes to the call for attention to cultural leadership styles as salient predictors of cross-cultural differences in entrepreneurship [157].

3.2. Implications for Practice and Future Research

To overcome the various socio-economic and environmental challenges that exist in society, both scholars and practitioners agree that firms and individuals can address these challenges by adopting social value creation goals in their activities [24,61,120]. Further, societal-level leadership styles and sustainability conditions also have a bearing on the demand and supply of social entrepreneurs [25,39,40]. Our present conceptual framework adds to the above research that emphasizes the importance and the role of leadership context in facilitating social value-creating activities.

Our conceptual framework may have implications for social entrepreneurs, educational institutions and policy makers. Since leadership ideals are more proximal than cultural values, they are more malleable [38]. Social entrepreneurs would benefit from being aware of the CLTs endorsed in the cultures in which they are operating in, enabling them to take account of their stakeholders' (donors, customers, suppliers, community, employees) expectations of them. Social entrepreneurs' own ILTs can be reflected upon [158] in the context of the culture's CLTs [46,101] in which they operate in to bring about social innovations. Educational institutions can develop training strategies to align social entrepreneur's behaviors with their culture's expectations of effective leaders and ultimately increase the legitimacy and success of their enterprises [38]. Further, effectiveness of the government in facilitating leaders to become successful entrepreneurs as suggested by our framework, implies the increased role of government to legislate and implement social entrepreneur friendly policies. In societies where lack of interpersonal trust could constrain social innovation activities, public education initiatives and assurance services could help build the legitimacy of social entrepreneurial leaders. Awareness of the challenges due to the lack of trust in such societies will also help social entrepreneurial leaders to proactively plan to address them.

Another important implication is that CLTs and SE may have a strong bearing on the sustainable development of societies. We add to the literature that examines the implication of the role of leadership on the sustainability of societies [159]. Cultures differ in the way human, economic, and environmental well-being are prioritized [25], leading to different sustainability conditions across societies. The lack of sustainability conditions in society increases the demand of social entrepreneurs, and their supply is again facilitated by CLTs [25]. Our conceptual framework suggests additional institutional drivers such as government effectiveness and societal trust that are important for the supply of social entrepreneurs. In the future, researchers can theorize using these additional drivers to understand how they can address the demand for social entrepreneurs under conditions of low societal sustainability.

Our framework and propositions may be empirically tested by constructing a cross-national data set consisting of country wise population-representative surveys potentially from the Global Entrepreneurship Monitor (GEM) for social entrepreneurs. The GEM data set can provide data on individual-level responses by social entrepreneurs. This information can be combined with country data on leadership styles, government effectiveness, and societal trust from the GLOBE study, World Governance Index (WGI) study, and World Values Survey (WVS), respectively for empirical testing. While the above are suggested secondary sources of data that may be used for testing the framework which is based on extant research for similar frameworks [38], researchers may also use other sources of secondary data and also primary data (through case studies and semi structured interviews of social entrepreneurs in country-specific contextual settings) to validate the findings.

Future research may also examine the effects of other cultural values and norms studied by comparative entrepreneurship researchers [160]. As mentioned earlier, national cultural values have been observed to influence entrepreneurial behavior only indirectly, and that they do so via CLTs. For example, national cultural values of uncertainty avoidance and collectivism have been shown to influence entrepreneurship through charismatic and self-protective CLTs [38]. These CLTs have been considered as mechanisms through which national cultural values influence entrepreneurship. Further, participative and charismatic CLTs may not have the same effect on the individual-level likelihood of SE in all the cultures. Variations may be accounted for differences in the dimensions of national cultural values. For example, participative CLTs could have a more positive impact in

low power distance cultures, while charismatic CLTs could have a more positive impact in high power distance cultures. Future research may need to theorize and empirically examine whether such dimensions of national cultural values have a moderating effect on SE propensity or whether the CLTs suggested in our framework mediate their effect on SE propensity. While our framework focuses on the proximal aspects of culture, i.e., conceptually closer to SE, future research may extend our framework by incorporating other national institutions in it to present a more eclectic view on how CLTs interact with other national-level institutions to influence SE. Finally, future research may investigate SE as a process across countries [161], thereby addressing questions about the CLTs and the sustainability of social entrepreneurial processes, such as whether CLTs play a role in the sustainability of social entrepreneurial processes.

We consistently observe, specifically in the context of developing nations, that multi-national non-government organizations (MNNGOs) work with local social workers and social entrepreneurs. MNNGOs could be effective in their mission of service if their leadership styles align with local CLTs that are reflective of the styles of local social entrepreneurs. Research on how MNNGOs adapt their leadership styles to match with local contexts in order to work synergistically with local social entrepreneurs would be another area for future research.

4. Conclusions

Our suggested conceptual framework contributes to the research on societal-level leadership styles and to comparative SE research. It addresses the gaps in SE and leadership literatures at the interface of entrepreneurship and leadership, in contextualizing social entrepreneurial behaviour and understanding cross-cultural perspectives of leadership through a multilevel framework. The framework is based on the assumption that individuals are more likely to choose to become entrepreneurs where CLTs fit with and are supportive of motives and attributes linked with SE. In other words, it is assumed that SE will flourish where cultural leadership ideals align with social entrepreneurial behaviors, or where there is a 'CLT-Social Entrepreneurship fit'. We believe our conceptual framework adds to the ongoing discussions on the emergence of social entrepreneurs and to the growing stream of research on the consequences of CLTs.

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