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Directors' exposure and social enterprise performance: Does entrepreneurial mindset and financial resource availability matter?

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Abstract

Purpose - Building on insights from the upper echelons theory and resource-based view (RBV), this study explains how directors' exposure influences social enterprise performance through the mediating effect of entrepreneurial mindset, and the contingent role of financial resource availability.

Design/methodology/approach – The study follows a quantitative approach, data was gathered from a survey of 168 social enterprises (i.e., Community Interest Companies (CICs)) in the United Kingdom (UK), and covariance-based structural equation modelling (CB-SEM) was used to test the hypotheses.

Findings – The results show that directors' exposure positively relates to social enterprise performance, and that the relationship is mediated by entrepreneurial mindset. Additionally, the findings reveal that financial resource availability moderates the indirect path between directors' exposure and social enterprise performance such that the effect is more pronounced at high levels of financial resource availability.

Originality/value – This study is a pioneering attempt to uncover the linkage between directors' exposure and social enterprise performance. Unlike past research, the study integrates the upper echelons theory and RBV to extend social enterprise research within the social entrepreneurship domain and provide important practical value for social enterprise practitioners.

Keywords: Directors' exposure, entrepreneurship, RBV, social enterprises' performance, upper echelons

Paper type: Research paper

1. Introduction

In recent times, the relevance of social enterprises has continued to gain the attention of both scholars and practitioners (Ciambotti and Pedrini, 2021; Kwong et al., 2023). Social enterprises are firms that place emphasis on achieving a social mission through trading of products and services (Ko et al., 2019; White et al., 2022). Accordingly, studies have begun highlighting different factors that influences the performance of social enterprises such as strategic orientation, bricolage, strategic alliances, and social salience (Liu et al., 2014; Liu et al, 2021; Lortie et al., 2017). Therefore, social enterprise performance is a pertinent research topic (Tasavori and Bhattarai, 2023).

Although, previous studies have improved current understanding on the antecedents of social enterprise performance (Cheah et al., 2019; Kwong et al., 2023), there is a paucity of quantitative-focused research on the impact of top executives' attributes such as directors' exposure on social enterprise performance. This is rather surprising given that extant literature indicates that the attributes of top executives is crucial to the success of firms (Ali et al., 2022; Hsu et al., 2013; Nadkarni and Herrmann, 2010). In this study, directors' exposure represents the degree to which the accumulated knowledge and context-specific experiences of directors relates to the activities of their social enterprises. This definition builds on insights from previous research that suggests that 'exposure' epitomises the experiences and knowledge of top executives in connection to their organisational activities and business environment (Fernhaber and Li, 2013: Lee and Park, 2008). Prior research suggests that directors' exposure is an important attribute of top managers that influences firms' strategic routines and performance (Wang et al., 2016; Sapienza et al., 2006). Thus, directors' exposure is important to the social value creation activities of social enterprises (Gauthier et al., 2019).

Moreover, knowledge on the mediating mechanism that could connect directors' exposure to social enterprises performance continues to lack theoretical precision. This study considers entrepreneurial mindset as a vital firm competency that links directors' exposure to social enterprises performance. Drawing from existing research (Shepherd et al., 2010, p. 62), entrepreneurial mindset refers to the capability of social enterprises "to rapidly sense, act, and mobilize in response to a judgmental decision under uncertainty about a possible opportunity for gain." Entrepreneurial mindset ensures that social enterprises can identify opportunities to conduct their business operations despite prevalent uncertainty within their environment (Daspit et al., 2023; Kuratko, 2020). Additionally, since social enterprises are usually resource constrained (Ciambotti and Pedrini, 2021), the presence of financial resources is important to their activities (cf. Sottini et al., 2022). Hence, financial resource availability might shape the performance of social enterprises. However, scholarly efforts on the role of financial resources availability as a boundary condition under which directors' exposure could affect social enterprises performance remains theoretically under-researched.

To address these research gaps, this study draws on insights from the upper echelons theory (Hambrick and Mason, 1984) and resource-based view (RBV) (Barney, 1991). The upper echelons theory contends that the attributes and backgrounds of executives affects firms' outcomes (Hambrick and Mason, 1984). Besides, the RBV proposes that a firm's unique resources (including capabilities) are sources for achieving sustained competitive advantage (Barney, 1991). Consequently, the integration of these theories within the context of social enterprises emphasises the central roles of top executive backgrounds and unique resources in influencing the routines and competitive advantages for attaining the social mission of social enterprises. Based on this line of reasoning, this study develops a conceptual framework that explicates the effect of directors' exposure on social enterprise performance through entrepreneurial mindset. Also, the study argues that financial resource availability is a contingent factor that influences the indirect linkage between directors' exposure and social enterprise performance. Accordingly, this study aims to address two inter-related research questions: (i) How does directors' exposure influence social enterprise performance? (ii) To what extent does financial resource availability moderate the indirect link from directors' exposure to social enterprise performance? To address these research questions, this study used evidence from the UK social enterprise context.

In the UK, social enterprises represent organisations "with primarily social objectives whose surpluses are principally reinvested for that purpose in the business or in the community, rather than being driven by the need to maximize profit for shareholders and owners" (Cabinet Office of the Third Sector, 2006, p. 10). Recently, the UK social enterprise sector's popularity and importance to the economy has grown significantly, as such social enterprises are found in diverse UK industries including education, finance, healthcare, retail, and hospitality. The sector employs 2.3 million people, generates about £78 billion turnover to the economy and comprises approximately 131,000 social enterprises (Social Enterprise UK, 2023). Also, about 28,878 (i.e., 22%) of these social enterprises are registered as a Community Interest Companies (CICs)[1] as of March 2023 (see Regulator of CICs, 2023). However, UK social enterprises are facing competitive pressure (Social Enterprise UK, 2023; Tasavori and Bhattarai, 2023), with many social enterprises becoming more market-oriented and seeking ways to ensure the delivery of their social mission (Ko et al., 2019). Thus, understanding the implications of their directors' attributes and organisational competences is key to nurturing a viable and resilient UK social enterprise sector.

Taken together, this study contributes to the current literature in four ways. First, this study is one of the first that empirically documents how directors' exposure influences social enterprise performance. Previous studies have largely focused on firm orientations (e.g., Bhattarai et al., 2019; Liu et al., 2014), thereby overlooking the importance of directors'

[1] CICs was introduced in 2005 by the UK government to ensure non-profit firms can use commercial logic of trading in products and services to pursue social and environmental impact while attaining financial sustainability (Hagedoorn et al., 2023).

exposure to social enterprises' performance. Thus, this study extends the social entrepreneurship literature on social enterprise performance (Liu et al., 2021; Tasavori and Bhattarai, 2023) and responds to call for more research focusing on antecedents of social enterprise performance. Second, little is known about the mechanism through which directors' exposure impacts on social enterprise performance. This study addresses this by demonstrating that entrepreneurship mindset serves as a mediating factor in the nexus between directors' exposure and social enterprise performance, thereby extending the social entrepreneurship literature (Kwong et al., 2023). Moreover, the study draws attention to the moderating role of financial resource availability on indirect link between directors' exposure and social enterprise performance. Thus, this adds to current literature by enhancing knowledge on the boundary conditions of directors' exposure in UK social enterprises. Additionally, the study makes a methodological contribution to extant literature by validating a new scale for measuring directors' exposure. Finally, the study integrates the upper echelons theory and RBV to shed new light on the social entrepreneurship literature of how directors' attributes can impact on social enterprises' performance.

The rest of this study is organised as follow. The subsequent section presents the theoretical background and hypotheses development. Next, the research methods and findings are outlined. The final section presents the theoretical and practical implications of this study.

2. Theory and hypotheses development

2.1 Upper echelons theory and RBV in social enterprises

The upper echelons theory proposes that the top managers of firms (e.g., directors) is an important part of the strategic process, and that the attributes of these top managers is a key determinant of the firms' performance outcomes (Hambrick, 2007; Hambrick and Mason 1984). The theory suggests that the attributes of top management such as their experiences, education and personality are vital input factors that influences the strategic routines and performance of firms (Hsu et al., 2013). Within the social entrepreneurship domain, the upper echelons theory has been scarcely used to explain how different attributes of top management can influence social enterprise outcomes (Pasricha et al., 2018; Short et al., 2009). Gauthier et al (2019) proposes that the observable attributes (e.g., exposure) of top executive in social enterprises may potentially impact on social value creation. Shahi and Parekh (2022) suggest that the self-discretion and value expression attributes of directors are important for improving the financing of social enterprises.

Further, the RBV posits that firm resources (including capabilities) influences the attainment of competitive advantage (Barney, 1991). The theory seeks to explicate the internal factors that shapes the superior performance of firms Kraaijenbrink et al., 2010). Recent research has applied the RBV to the social entrepreneurship context to explicate the different resources that determines the performance outcomes of social enterprises (Bacq and Eddleston, 2018; Vezina et al., 2017). For example, Ko et al (2019) suggests that social entrepreneurial passion is a crucial collective-level resource that allows social enterprises to develop solutions to social problems and attain their social value outcomes. Building on this logic, this study considers entrepreneurial mindset a vital resource to the activities of social enterprises (cf. Cardon et al., 2017). Thus, entrepreneurial mindset is perceived as a social enterprise's behavioural competency that ensures they can identify social problems and recognise opportunities for achieving social value creation despite the uncertainties in the environment (Kuratko, 2020; Mohapeloa, 2017). Moreover, since social enterprises are usually face with resource constraints (Desa and Basu, 2013; Ciambotti and Pedrini, 2021), the availability of financial resources can be considered a valuable resource for developing solutions to social problems. This is because access to appropriate finance ensures social enterprises can focus on its social mission and pursue different opportunities for growth (Kickul and Lyons, 2015).

Additionally, previous research indicates that an integration of upper echelons theory and the RBV provide insights into how the interplay between directors' attributes and firms' competences affects the attainment of organisational outcomes (Devine et al., 2019). In particular, the exposure of directors potentially has implications for how they coordinate the resources and competencies of social enterprises, which ultimately may impact on their performance outcomes (Mayr et al., 2021). Therefore, the central theoretical argument of this study is that the success of social enterprises depends not only on its firms' resources and competencies, but also on the exposure of directors that deploys the resources to strategic routines. Following the above logic, this study integrates the complementary theories of upper echelons and RBV to explain how and when directors' exposure impacts on social enterprise performance. More specifically, the study develops hypotheses that examines the linkage between directors' exposure and social enterprise performance, and the mediating influence of entrepreneurial mindset on this relationship. Also, the study investigates the contingent role of financial resource availability on the indirect link between directors' exposure impacts and social enterprise performance.

2.2 Directors' exposure and social enterprise performance

Directors' exposure refers to the accumulated knowledge and context-specific experiences of directors in relation to activities of their social enterprises. Directors' exposure is a vital source of organisational learning and can assist social enterprises to gain the requisite knowledge for social value creation (cf. Estrin et al., 2016; Acquaah, 2012). For this reason, directors' exposure is fundamental to the development of tacit knowledge and coping mechanisms for dealing with uncertainties in the environment (Dong, 2016; Lee and Park, 2008). Thus, directors with more exposure about the tasks of their social enterprises are likely to leverage on it to ensure improved social value creation.

Social enterprise performance is the dependent variable in this research framework. The upper echelons theory suggest that superior firm performance represent one of the important outcomes for firms (Hambrick and Mason, 1984; Heavey and Simse, 2015). From an upper echelons theory logic, directors' attributes such as their exposure is an important factor that can determine a firm's performance (Lee and Park, 2008; Wang et al., 2016). Theorising from this perspective, this study anticipates that directors' exposure should be positively linked to the performance of social enterprises for several reasons.

First, as suggested in prior research (Bhutta et al., 2021; Kim et al., 2021), knowledge subsumed in exposure of top management such as directors is crucial to the firm outcomes. Such knowledge can help guide a social enterprise as the directors can draw from their experiences to design situation-specific routines that can minimise the time spent to develop solutions to social problems (cf. Estrin et al., 2016; Sapienza et al., 2006). This could potentially strengthen the experiential knowledge of people in the social enterprise and ensure the firm's viability in the long-run. Moreover, exposure of directors assists social enterprises to mitigate uncertainty and develop pursue realistic targets. This is because experienced directors possess rich insights about past and relevant social and environmental issues that could help in anticipating future threats or opportunities (cf. Balsmeier and Czarnitzki, 2014). This could lead to better performance outcomes for the social enterprise. Also, directors with greater exposure may have an advantage in gathering important resources like network relationships that might be vital to the attainment of competitive advantage for social enterprises (Acquaah, 2012; Fernhaber and Li, 2013).

Further, previous research suggest that situation-specific experience ensures directors can make informed decisions relating to strategic routines of the firm (Shrader and Siegel, 2007). For example, social enterprises with directors that have more exposure about diverse social problems can potentially come up with several alternative solutions for social value creation by the social enterprise. Additionally, directors with greater exposure can recall on their past mistakes which can guide them in making future decisions on the strategic activities of their firms (Schaltenbrand, 2018). This could assist social enterprises in recognising the possible disadvantages associated with alternative strategic routines on their performance outcomes. Accordingly, one could theorise that those directors with more exposure that are relevant to the activities of their social enterprises are likely to contribute to the success of the firm when compared to their counterparts without such exposure. Implicitly, social enterprises may leverage on the exposure of their directors to achieve superior competitive advantage in their sector (Sirmon and Hitt, 2003).

Building on the above set of arguments, this study contends that social enterprises with directors that have greater exposure should outperform other social enterprises with directors that have less exposure in terms of delivering and fulfilling the needs of their beneficiaries. Hence, the exposure of directors might help foster the performance outcomes of social enterprises. Therefore, this study anticipates that directors' exposure can facilitate improved social enterprise performance. Thus, this study hypothesises that:

H1: Directors' exposure has a positive relationship with social enterprise performance.

2.3 Mediating influence of entrepreneurial mindset

The logic of the RBV suggests that a social enterprise's ability to attain superior performance outcomes is determined by the inimitable resources (including capabilities) within the firm (Barney, 2001). In this study, entrepreneurial mindset captures the competency of social enterprises to recognise and act on opportunities to create social value even in conditions of uncertainty (cf. Kuratko, 2020). It is a social enterprise's capability "to rapidly sense, act, and mobilize in response to a judgmental decision under uncertainty about a possible opportunity for gain." (Shepherd et al., 2010, p. 62). Entrepreneurial mindset ensures that social enterprises recognise that they have limited resources and can channel these resources to activities that aligns well with their social mission (Naumann, 2017). Thus, it allows social enterprises to develop the ability to recognise and respond to opportunities in the environment (Shepherd et al., 2010).

Besides, the upper echelons theory indicates that directors' exposure allows firms to engage in certain strategic routines related to market opportunities (Lee and Park, 2008; Wang et al., 2016). Accordingly, this study anticipates that directors' experience should positively influence social entrepreneurial mindset. Exposure represents a source of knowledge in the firm (Fernhaber and Li, 2013). Directors with greater exposure may have the advantage of using their knowledge to seek new market opportunities for their social enterprises (Estrin et al., 2016: Helfat and Martin, 2015). Prior studies in the entrepreneurship domain indicate that entrepreneurs/founders' experiences could be one of the influential factors that shapes the entrepreneurial mindset of firms (Aarstad et al., 2016; Outsios and Kittler, 2018). In addition, directors with greater exposure have the advantage of being more aware and better positioned since they can draw on their reservoir of knowledge to exploit opportunities in the environment than their counterparts with less exposure (De Clercq et al., 2012; Lee and Park, 2008). This is because exposure ensures directors can focus on pertinent facts about events in the environment in the search for opportunities for their social enterprises. They become curious and willing to take risks to adapt in dynamic environments (Nadkarni and Hermann, 2010). Thus, directors with greater exposure are quick to spot relevant and diverse information that can assist the firm to develop a strong entrepreneurial mindset (Balsmeier and Czarnitzki, 2014).

Also, directors usually use their exposure as a guide for making decisions relating to identifying entrepreneurial opportunities that can be beneficial to the firm (Daspit et al., 2023; Dong, 2016). Therefore, this study argues that development of a collective-level entrepreneurial mindset for social enterprises implores directors to often harness their experiences and knowledge to execute social value-creating activities. This can help the social enterprise to deepen their entrepreneurial acumen on how to cope with environmental uncertainty while pursuing entrepreneurial opportunities. Consequently, directors' exposure is central in providing a strategic direction for social enterprises which involves the tendency to be creative and seek opportunities for social value creation. Thus, this study argues that directors' exposure should positively influence entrepreneurial mindset.

Moreover, this study also anticipates that entrepreneurial mindset can positively impact on social enterprise performance. Previous research indicates that entrepreneurial mindset ensures social enterprises have the necessary vision and drive for creating and implementing novel ideas that can facilitate their goal attainment (Kuratko et al., 2023; McMullen and Kier, 2016). This suggest that entrepreneurial mindset may be considered a value-creating competency that when deployed effectively, can lead to superior performance for social enterprises (Barney, 2001; Ko et al., 2019). Accordingly, higher levels of entrepreneurial mindset will assist social enterprises to meet their goals and outperform others in the delivery of their activities.

Further, entrepreneurial mindset provides social enterprises with a 'way of thinking' in times of uncertainty that can potentially yield positive results which contributes to competitive advantage for the firm (Ireland et al., 2003; Kuratko et al., 2023). Prior studies suggest that social enterprises may become more alert and develop a goal orientation from possessing a strong entrepreneurial mindset which is crucial to their social value creation journey (Naumann, 2017; Pidduck et al. 2023). Entrepreneurial mindset, therefore, provides social enterprises with the competency to pursue opportunities for growth through supporting them to generate new ideas for social value creation and improve competitive advantage. Based on this logic, this study anticipates that entrepreneurial mindset should be positively associated with social enterprise performance.

Combining the arguments above and integrating the upper echelons and RBV, this study expects that entrepreneurial mindset will serve as an intervening mechanism that connects directors' exposure to social enterprise performance for two reasons. First, previous studies on the convergence of upper echelons and RBV indicates that the experiences and skills of directors influences the strategic routines of firms including how resources and competences are deployed and mobilised (Liao and Long, 2018). Thus, the building of competences such as a collective entrepreneurial mindset for achieving firm objectives greatly depends on the attributes and decision-making of directors (Adner and Helfat, 2003). Accordingly, directors with more exposure may be able to design strong experienced-based routines that can enhance entrepreneurial mindset competency within the firm, which would ultimately assist in attaining the social enterprises' goal (cf. Holcomb et al., 2009; Sirmon et al., 2007). This is because 'the experience of management will affect the productive services that all its other resources are capable of rendering' (Penrose, 1959, p.5), thereby suggesting that the interplay between directors' exposure and entrepreneurial mindset could likely foster social enterprise performance.

Further, extant research indicates that the association between directors' exposure and social enterprise performance can be mediated by firm behavioural competences such as entrepreneurial mindset (cf. Nadkarni and Herrmann, 2010). This is because as directors gain more exposure, they will absorb more knowledge routines that conveys to the firm level and bolsters the social enterprises' capability to sense and respond to market opportunities (von den Driesch et al., 2015). Hence, social enterprises are able to sense and collect timely information that can increase their chances of attaining their performance outcomes. Also, past research suggests that while directors' exposure may potentially improve performance outcomes (cf. Ali et al., 2022; Liu et al., 2018), the mechanism for how this link occurs in social enterprises is not yet well understood. Besides, recent research has called for studies examining the entrepreneurial mindset mechanism within the social enterprise context (McLarty et al., 2023).

Therefore, based on arguments above, this study contends that entrepreneurial mindset acts as a conduit that links directors' exposure to superior performance in social enterprises. Thus, entrepreneurial mindset as a behavioural competency ensures social enterprises can leverage on the potential of its directors' exposure and transform it into enhanced social enterprise performance. Consequently, higher levels of directors' exposure will influence entrepreneurial mindset, which in turn translates into greater social enterprise performance. Hence, this study hypothesises that:

H2: Entrepreneurial mindset mediates the relationship between directors' exposure and social enterprise performance.

2.4 Contingent role of financial resource availability

Previous research has highlighted the importance of resources to the performance outcomes of social enterprises (Bacq and Eddleston, 2018; Ko et al., 2019; Kwong et al., 2023). Building on this aspect of the RBV, this study further conceptualises financial resource availability as a contingent factor. Financial resource availability underlines the presence of relevant finance to conduct the activities of a social enterprise. Financial resources are perceived to be generic resources that can be converted into other forms of crucial resources by firms (Dollinger, 2008; Wiklund and Shepherd, 2005). However, since most social enterprises usually suffer from liability of smallness and face resource constraints (Desa and Basu, 2013), the availability of financial resources could be regarded as a valuable resource over the firm's life course (Folmer et al., 2018). Conversely, a lack of financial resources has the potency to limit the operations of social enterprises and weaken its ability to be sustainable (Newman et al., 2018). Thus, the presence of financial resources can aid social enterprises to mobilise funds and seek growth opportunities to achieve its social mission (cf. Adomako and Ahsan, 2022; Surroca et al., 2010).

Further, this study integrates the upper echelons perspective and the RBV to predict that in situations of high availability of financial resources, the indirect impact of directors' exposure on social enterprise performance through entrepreneurial mindset would be strengthened. This is for a number of reasons; first, the presence of financial resources in social enterprises would usually allow directors to use the knowledge embedded in them to search and pursue entrepreneurial opportunities that may be beneficial to their firms (cf. Adomako et al., 2018). This is because access to financial resources assist directors to be flexible in the entrepreneurial creative process and develop strategic routines that can help improve their performance outcomes. Additionally, the availability of financial resource will give directors the freedom to deploy resources to scale up their social entrepreneurial activities and put less pressures on directors with little exposure (Dong, 2016). Contrastingly, social enterprises with inadequate financial resources will find it difficult to pursue opportunities tied to their social mission, and this can hamper the firm survival (cf. Stam, 2015).

Moreover, financial resource availability ensures key decision makers (i.e., directors) in social enterprises can engage in experimentation of their entrepreneurial ideas (see Adomako and Ahsan, 2022; Lumpkin et al., 2013). This will blend with the exposure of directors to ensure that the social enterprise can collect rich knowledge for refining its social entrepreneurial process which can bolster its performance outcomes. Accordingly, the indirect link between directors' exposure and social enterprise performance potentially amplifies when financial resource availability is relatively high. Consequently, this study argues that the interactive effect of financial resources availability and entrepreneurial mindset could intervene in the process of how directors' exposure indirectly impacts on social entrepreneurial outcomes, thereby affecting social enterprises performance. Therefore, this study hypothesises that:

H3: Financial resource availability moderates the indirect effect of directors' exposure on social enterprise performance through entrepreneurial mindset such that the effect is stronger when financial resource availability is high.

Figure 1 illustrates the developed hypotheses of this study.

"Insert Figure 1 Here"

3. Methodology

3.1 Data and sample

This study followed a quantitative approach and collected data from directors/senior managers of UK-based social enterprises that are registered as CICs. These social enterprises are managed by directors (i.e., social entrepreneurs) who have passion for establishing social enterprises that trade in social products (including services) with the purpose of benefiting the community (Ko et al., 2019). In this vein, the UK social enterprise context serves as a rich setting for investigating how directors' exposure influences social enterprises outcomes.

Using a sampling frame developed from the CICs directory, 900 social enterprises was sampled for this study. Based on previous research suggestion (Ko et al., 2019), the sampled social enterprises met the following criteria (i) registered and operational as a CIC; and (ii) generate revenue via buying and selling of product/services related to their social mission. Based on the above criteria, the directors of these CICs were approached with an email containing a cover letter and survey questionnaire to provide responses on behalf of their social enterprises. From the 900 social enterprises contacted, only 168 usable survey responses were received for further analysis[2]. This represents 18.7% valid response rate. With regards to sampling, the study used a random sampling strategy – which gives every social enterprise in the sampling frame an equal opportunity of being selected – and is commonly adopted in social

[2] The completed survey responses contained 6% missing data. Based on Hair et al. (2014) suggestion on treating low missing data, the expectation-minimisation algorithm was used.

entrepreneurship research (Bhattarai et al., 2019; Ko et al., 2019). Despite the low response rates issues associated with this sampling strategy when used in organisational-focused research, extant literature suggests that such a response rate (i.e., 18.7% achieved in this study) is a quality rate for hypotheses testing (Hagedoorn et al., 2023; Kwong et al., 2023). Additionally, nonresponse bias was assessed through a comparison of the early and late respondents of the survey with an independent t-test analysis. The results showed no significant difference ($p > 0.05$) between the two groups, indicating no concern for nonresponse bias.

Table 1 presents the sample characteristics in terms of firm age, size and turnover. As shown, most participants were majorly 4–6 years old (28.2%), followed by those within the 1–3 years range (27.5%) and above 10 years (21.5%) respectively. For firm size, majority of the participants (84.4%) has below 10 employees indicating that most social enterprises are usually small firms (Newman, 2018). For turnover, the majority (32.4%) were below £30000, followed by participants between above £121000 (26.4%) and £31000–£60000 (21.6%) respectively.

"Insert Table 1 Here"

3.2 Measures

The study used multi-item measures to assess the variables with a seven-point Likert rating (see Appendix 1 for measures details).

3.2.1 Directors' exposure

Directors' exposure was measured with four items developed from qualitative interviews of 26 representatives of UK social enterprise sector. Following recommendations of extant research (Clauss, 2017), this exceeded the minimum of three items for new scales. Further, the four items were revised with the help of 2 academics and 10 practitioners to ensure relevance and fit to the study's context (Hagedoorn et al., 2023). The items capture the perceived exposure of a social enterprise's director. Also, an exploratory factor analysis showed that the items reflected a single factor for the construct. Accordingly, the study used all four items to evaluate directors' exposure. (Cronbach's alpha = 0.81).

3.2.2 Entrepreneurial mindset

Entrepreneurial mindset was measured with four items modified from extant research (Siddiqui and Jan, 2019). The respondents were asked to answer questions relating to the extent to which their social enterprises can identify and exploit opportunities regardless of the uncertainty in the environment. (Cronbach's alpha = 0.85).

3.2.3 Financial resource availability

The study measured financial resource availability with five items modified from existing research (Pervan et al., 2015). The measured evaluated the degree to which social enterprises' have access to financial resources that allows them to carry out their business operations effectively. (Cronbach's alpha = 0.84).

3.2.4 Social enterprise performance

In this study, social enterprise performance was evaluated with four subjective items adapted from previous studies (Cox et al., 2022; Lortie, et al., 2017). The measure captured the social performance aspects of social enterprises. The subjective measure was used due to the inability to access objective reports from the social enterprises (Liu et al., 2021; Tasavori and Bhattarai, 2023). (Cronbach's alpha = 0.89).

3.2.5 Control variables

Following previous research suggestions (Cox et al., 2022; Ko et al., 2019), the study controlled for several variables including firm age, firm size, turnover, competitive intensity, and market turbulence. This is because these variables have the potential to confound the observed hypothesised relationships (Li, 2021). Firm age is assessed using the natural logarithm of the operational years of a social enterprise. Firm size was evaluated with the natural logarithm of the total employees in the social enterprise. Turnover is measured with logarithm of the selfreported revenue a social enterprise has generated during the year. Competitive intensity was measured with three-items evaluating the intensity of competition within the social enterprise sector (Jaworski and Kohli, 1993). Market turbulence assessed the degree of changes in customers' preferences in the sector, with two items adapted from prior studies (Jaworski and Kohli, 1993; Sheng et al., 2011).

5. Analysis and findings

The covariance-based structural equation modelling (CB-SEM) was used to analyse the data with AMOS 23 to ensure that measurement errors in the variables can be accounted for during estimation (Collier, 2020). The use of CB-SEM is based on several reasons. Firstly, as opposed to variance-based approach (i.e., PLS-SEM), CB-SEM was appropriate for this study since the focus is on theory testing (Hair et al., 2022). The current study is aimed at testing and confirming a theoretical model evaluating how and when directors' exposure associates with social enterprise performance. Also, unlike variance-based SEM where model fit indices are still evolving, the CB-SEM produces a global goodness-of-fit (GOF) indices to demonstrate how well the data fits the theoretical model (Hair et al., 2022). Moreover, CB-SEM has been employed by prior studies examining social enterprise performance (e.g., Kwong et al., 2023; Liu et al., 2021). The analysis was conducted in two stages: measurement model assessment and structural model estimation.

5.1 Measurement model assessment

A confirmatory factor analysis (CFA) was performed to assess the validity of the measures with maximum likelihood estimation. The CFA results indicated that the measurement model has a good fit: $\chi2$ (155) = 253.92; $\chi2/df$ = 1.37; p = 0.000; CFI = 0.94; TLI = 0.93, SRMR = 0.06 and RMSEA = 0.06. Additionally, the estimated values of composite reliability and average variance extracted (AVE) for the measures exceeded 0.70 and 0.50 respectively. This provides support for internal consistency and convergent validity (Bagozzi and Yi, 2012).

Discriminant validity was attained for each construct as the square root of their AVE values was higher than the correlations between any pair of constructs (Hair et al., 2014). The correlations matrix is illustrated in Table 2.

Moreover, since both the independent and dependent variables were evaluated by the same source, the study followed both procedural and statistical techniques to evaluate common method bias (CMB). First, the respondents were assured anonymity and that there were no right or wrong answers (MacKenzie and Podsakoff, 2012). Second, a method-only CFA was performed as an ex-post remedy to assess CMB, whereby all indicators were loaded on a single latent factor. The results showed a poor fit: $\chi2 = 1478.67$, df = 209, $\chi2/df = 7.08$, CFI = 0.27, SRMR = 0.17 and RMSEA = 0.19. Further, the marker variable technique was also employed to evaluate CMB (Lindell and Whitney, 2001). A single-item measure of tradition[3] modified from Patterson et al. (2005) was used as the marker variable, and CMB-adjusted correlations was calculated. The results showed that CMB is not a concern in the study as there was no change to the significance level of the zero-order correlations (Poppo et al., 2016).

"Insert Table 2 Here"

5.2 Structural model estimation

The hypothesised relationships were tested using CB-SEM with maximum likelihood estimation. Following established procedures, the variables in the structural model were latent constructs except for the interaction term which was a product term of the mean-centered composite scores of entrepreneurial mindset and financial resource availability. This approach helps to mitigate model under-identification and complexity (Adomako and Nguyen, 2024).

[3] 'Directors like to keep to established ways of doing things in the organisation'.

The overall hypothesized structural model indicated an acceptable fit: $\chi2 = 348.24$, df = 213, $\chi2/df = 1.64$, CFI = 0.92 and RMSEA = 0.06. The SEM[4] results is shown in Table 3.

Hypothesis 1 stated that directors' exposure is positively related to social enterprise performance. The result shows that the link between directors' exposure and social enterprise performance is positive (Model 1: $\beta = 0.21$, $p < 0.05$), which supports Hypothesis 1.

Hypothesis 2 argued that entrepreneurial mindset mediates the link between directors' exposure and social enterprise performance. To test this mediation relationship, the estimated link between directors' exposure and entrepreneurial mindset was significant (Model 2: $\beta = 0.29$; $p < 0.01$). However, the estimated direct effect of directors' exposure on social enterprise performance was nonsignificant (Model 3: $\beta = 0.15$, $p > 0.05$) whereas the effect of entrepreneurial mindset on social enterprise performance was positively significant (Model 3: $\beta = 0.23$, $p < 0.05$) when modelled in the same model. The results suggest a full mediation effect, indicating support for Hypothesis 2 (see Baron and Kenny, 1986). Further, the indirect effect was estimated with 5000 bootstrapped samples using 95% bias-corrected confidence intervals (CIs). The results indicate that the indirect link from directors' exposure and social enterprise performance through entrepreneurial mindset was significant ($\beta = 0.07$, 95% CI = [0.01, 0.17]). This provides further support for Hypothesis 2.

Hypothesis 3 predicted that financial resource availability moderates the indirect relationship between directors' exposure and social enterprise performance through entrepreneurial mindset, such that the effect is stronger under high levels of financial resource availability. The SEM results indicate that the moderated mediation effect is positively significant (*Index* = 0.05; 95% CI = [0.01, 0.23]). In particular, the results reveal that the conditional indirect effect of entrepreneurial mindset is strengthened when financial resource

[4] Additionally, the Chi square difference test was used to compare the main effect model to the mediation and moderated-mediation structural models to justify their significance and analysis (see Appendix 2).

availability is high (*Effect* = 0.19; 95% CI = [0.03, 0.85]) than when it is low (*Effect* = 0.06; 95% CI = [-0.04, 0.32]). Thus, the study finds support for Hypothesis 3 that high levels of financial resource availability strengthen the indirect effect of directors' exposure on social enterprise performance when channelled through entrepreneurial mindset.

"Insert Table 3 Here"

5.3 Additional analyses

Additional tests were conducted to confirm the robustness of the results. First, the study evaluated the presence of multicollinearity by calculating the variance inflation factors (VIFs) of the variables. The VIFs values ranged from 1.08 to 1.51, which falls below the restrictive threshold of 3 (Kutner et al., 2004). Second, the study used the two-stage least square (2SLS) regression analysis to assess the potential presence of endogeneity since the data does not originate from a randomised experiment. Following prior research suggestion (Poppo et al., 2016), directors' exposure and entrepreneurial mindset was regressed against firms' age, size, turnover, competitive intensity, market turbulence and financial resource availability to obtain their residuals. The residuals of directors' exposure and entrepreneurial mindset was then used as predictors, and a moderated-mediation regression analysis was performed. The results revealed that directors' exposure is positively associated with social enterprise performance (**H1:** $\beta = 0.19$, $p < 0.05$). Also, the indirect effect of directors' exposure on social enterprise performance through entrepreneurial mindset was significant (**H2:** $\beta = 0.07$, 95% CI = [0.02, 0.13]). Additionally, the index of the moderated-mediation was positive (**H3:** *Index* = 0.04; 95% CI = [0.01, 0.11]). The conditional indirect effect of entrepreneurial mindset was stronger at high levels of financial resource availability (*Effect* = 0.17; 95% CI = [0.05, 0.37]) than at low levels (*Effect* = 0.05; 95% CI = [-0.01, 0.12]). Overall, the pattern of the 2SLS results is identical with those reported in the findings section with CB-SEM, thereby suggesting that endogeneity is not a serious concern in this study.

6. Discussions

Integrating insights from the upper echelons theory (Hambrick and Mason, 1984) and the RBV (Barney, 1991), this study investigated the effect of directors' exposure on social enterprise performance through the mediating role of entrepreneurial mindset, and the moderating influence of financial resource availability. Using survey data from 168 UK-based social enterprises, the findings show that directors' exposure influences the performance of social enterprises, and that this linkage is also mediated by entrepreneurial mindset. Additionally, the findings demonstrates that the indirect effect of directors' exposure on social enterprise performance is strengthened at high levels of financial resource availability. These findings are discussed below.

First, the study uncovers that directors' exposure positively influences social enterprise performance. This finding is in accordance with qualitative evidence from extant research highlighting the importance of social entrepreneurs' experiences as a determinant of the social mission of social enterprises (Au et al., 2023; Germak and Robinson, 2014). Likewise, this positive linkage fits well with the main proposition of the upper echelons theory which posits that the attributes of top management impacts on firm outcomes (Hambrick, 2007). Accordingly, the exposure of directors assists social enterprises to be more matched and motivated to address social and environmental problems, which will ultimately boost performance outcomes (Zur, 2021). In this sense, having directors with strong levels of exposure in UK social enterprises is essential to achieving their social mission goals.

Second, the study's findings demonstrate that entrepreneurial mindset positively mediates the relationship between directors' exposure and social enterprise performance. This quantitative empirical finding from the UK social enterprise context is in line with anecdotal evidence from past studies in other settings that experiences of social entrepreneurs ensure they can leverage on the entrepreneurial mindset embedded in their social enterprises to spot opportunities and improve the chances of delivering on their social mission, which will aid in bolstering their performance outcomes (Germak and Robinson, 2014; Ghalwash et al., 2017). Hence, possessing a strong entrepreneurial mindset could assist social enterprises to navigate uncertainty and balance the competing logics of social and economic value, and in the process attain social performance (cf. Daspit et al., 2023). In this sense, this finding supports the view highlighted by scholars in the integration of upper echelons and RBV in the commercial entrepreneurship domain (e.g., Devine et al, 2019; Holcomb et al., 2009) that attributes of executives (i.e., directors' exposure) is an important source of firms' strategic routines (i.e., entrepreneurial mindset) for achieving firm goals (i.e., social enterprise performance). Consequently, one could argue that firm-level entrepreneurial mindset is a crucial mechanism that can assist social enterprises to transfer the benefits of having highly experienced and skilled directors into enhanced levels of social enterprise performance. Therefore, this indirect effect findings extend the social entrepreneurship literature by answering the recent call for scholars to explicate how social enterprises develop an entrepreneurial mindset (cf. Daspit et al., 2023) as well as the mechanism of entrepreneurial mindset in the social entrepreneurship domain (McLarty et al., 2023).

Further, the results showed that financial resource availability is a critical contingent that influences the positive indirect relationship between directors' exposure and social enterprises performance when channelled through entrepreneurial mindset. However, this moderated-mediation link applies more to UK social enterprises with high levels of financial resource availability. This finding is in line with past research suggestion that the availability of financial resource can provide UK social enterprises with the right support for risk-taking and executing new ideas to ensure continuous pursuing of their social mission (Mswaka et al., 2022). Besides, extant literature suggests that the presence of financial resources gives social enterprises the room to seek social entrepreneurial opportunities that could be relevant to their firm's mission (cf. Adomako et al., 2018). Thus, given the importance of financial resource availability to the routines and success of social enterprises (Ciambotti and Pedrini, 2021; Bacq and Eddleston, 2018), this study's findings demonstrate that it is rational that directors of UK social enterprises with significant exposure can effectively mobilise and harness these resources to deliver on their social mission.

Overall, these findings offer several important implications for theory and practice which are outlined next.

6.1 Theoretical implications

This study makes several contributions to existing knowledge. First, this study advances the social entrepreneurship literature by theoretically testing and providing evidence for the mechanism and boundary conditions of how directors' exposure relates with social enterprise performance. Extant research has empirically focused on the role of firm orientations on social enterprise performance (Bhattarai et al., 2019; Cheah et al., 2019), thereby largely disregarding the aspect of directors attributes. Additionally, prior studies have accentuated the need for new research explicating diverse factors that can influence social enterprise outcomes (Liu et al., 2021; Kwong et al., 2023). Therefore, this study proposed a model that answers the calls from extant studies and addresses the paucity of empirical research focusing on the influence of directors' exposure in the social entrepreneurship literature (cf. Short et al., 2009).

Second, this study extends the social entrepreneurship literature (Sassmannshausen and Volkmann, 2018; Short et al., 2009) by highlighting the positive linkage between directors' exposure and social enterprise performance. Prior research suggests that top management attributes can potentially shape the performance outcomes of social enterprises (Evans et al., 2021; Gauthier et al., 2019). Thus, this study adds to the social entrepreneurship theory by drawing from the upper echelons logic to explicate the importance of directors' characteristics such as exposure in social enterprises. In so doing, this study responds to the call for the use of upper echelons perspective in social entrepreneurship research (Short et al., 2009).

Further, this study enriches the field of social entrepreneurship research (Cheah et al., 2019; Liu et al., 2021) by uncovering that entrepreneurial mindset mediates the link between directors' exposure and social enterprise performance. While prior research has highlighted several factors that influences social enterprise performance (Liu et al., 2014), the mediating effect of entrepreneurial mindset has not yet been examined. Thus, the findings of the study on the mediating role of entrepreneurial mindset adds to existing knowledge on the antecedents of social enterprise performance (Cheah et al., 2019; Tasavori and Bhattarai, 2023). Additionally, the findings contribute to the extant literature by highlighting entrepreneurial mindset as an outcome of directors' exposure. Thus, this study represents the first endeavour to the researcher's knowledge that provides novel insights into the nomological network of entrepreneurial mindset in the social enterprise context.

Moreover, by examining the moderating role of financial resource availability, this study sheds light on the conditions under which directors' exposure is vital for improving social enterprise performance. The findings suggest that financial resource availability strengthens the indirect impact of directors' exposure on social enterprise performance. In particular, the findings show that the indirect effects of directors' experience on social enterprise performance is more pronounced when financial resource availability is high. To the best of the researcher's knowledge, it is the first study to empirically investigate the boundary conditions of directors' exposure in social enterprises. By focusing on social enterprises, this finding adds new insight on the implications of financial resources in social enterprises' performance and extends the social entrepreneurship literature (Ko et al., 2019; Kwong et al., 2023).

Additionally, this study adds to social entrepreneurship literature by integrating the upper echelons theory and RBV into a single framework with regards to social enterprise performance. Previous research has either focused on upper echelon theory (Pasricha et al., 2018; Shahi and Parekh, 2022) or the RBV (Bacq and Eddleston, 2018; Liu et al., 2021). This study advances a theoretical rationale that integrates and demonstrates the complementarity of the upper echelons theory and RBV to explicate the processes of how and when directors' exposure influences social enterprise performance. Hence, this study provides a fresh integrative social entrepreneurship theoretical viewpoint for understanding the relationship between directors' characteristics and performance outcomes in the context of social enterprises.

Also, this study makes an empirical contribution to the social entrepreneurship literature by using a quantitative research design. Prior studies have suggested the need for quantitative-focused research in the social entrepreneurship field (Bhattarai et al., 2019: Sassmannshausen and Volkmann, 2018). Thus, this study responds to these calls by using a quantitative methodology in examining a moderated-mediation framework of directors' exposure and social enterprise performance linkage. Finally, the study contributes methodologically to social entrepreneurship literature (Ciambotti and Pedrini, 2021) by developing and validating a novel measure of directors' exposure. This is an important contribution to social entrepreneurship theory because such a measure could serve as a starting point for gaining rich insights on the dynamics and importance of context-specific exposure of directors to social enterprises.

6.2 Practical implications

This study is relevant to practitioners in three ways. First, the findings of the study show that directors' exposure and entrepreneurial mindset are crucial to the activities of social enterprises. This suggests that managers need to improve their experiential knowledge as it could help their social enterprises to develop strong routines for identifying and exploiting entrepreneurial opportunities that can enhance their social value creation. Second, the results of this study highlight that high levels of financial resource availability strengthens the indirect linkage between directors' exposure and social enterprise performance. This indicate that managers of social enterprises need to discover a means of ensuring the required levels of financial resources is readily available for engaging in the social value-creating tasks that nurtures their social mission. For policymaking, the findings of this study suggests that policymakers should implement intervention programs that can provide more access to financial resources for social enterprises. This can allow managers in social enterprises to exploit more entrepreneurial opportunities and deliver on their social mission. Lastly, the societal implication of this research is the need for social enterprises to prioritise social performance as this can enhance their capacity to contribute to wider societal goals, particularly in delivering community benefits and advancing socially responsible business practices.

7. Conclusions

To conclude, this paper investigated how directors' exposure impacts on social enterprise performance. The results demonstrates that entrepreneurial mindset functions as a conduit through which directors' exposure is positively associated with social enterprise performance. Moreover, the results also uncover that high levels of financial resource availability strengthens the indirect role of directors' exposure on the performance of social enterprises through entrepreneurial mindset. Accordingly, the novel findings enrich current knowledge in social entrepreneurship field and provide rich insights for practitioners (Kwong et al., 2023). From a practical standpoint, the results of this study indicate that social enterprises need to leverage on the exposure of their directors to promote a strong entrepreneurial mindset across the firm, which in turn can help to facilitate enhanced social performance outcomes. For policymaking, the findings indicate that policymakers need to urgently develop financial support programs that can assist social enterprises to use their entrepreneurial drive to attain their social mission and address pressing social problems.

Nevertheless, this study has limitations which provides opportunities for future research inquiry. First, the study is based on a cross-sectional survey which does not allow drawing of conclusions on causation among the variables. Future research should use a longitudinal design to address this limitation. Second, this study examined UK-based social enterprises (i.e., CICs). This limits the generalisability of the findings to only this form of social enterprises. Future research should focus on other countries and diverse forms of social enterprises. This would help to complement this study's results. Finally, a regression-based technique (SEM) was used to test the study's hypotheses. Future research should use other techniques such as fuzzy-set qualitative comparative analysis (FSQCA) to investigate the relationships hypothesised in this study.

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Figure 1. Conceptual framework

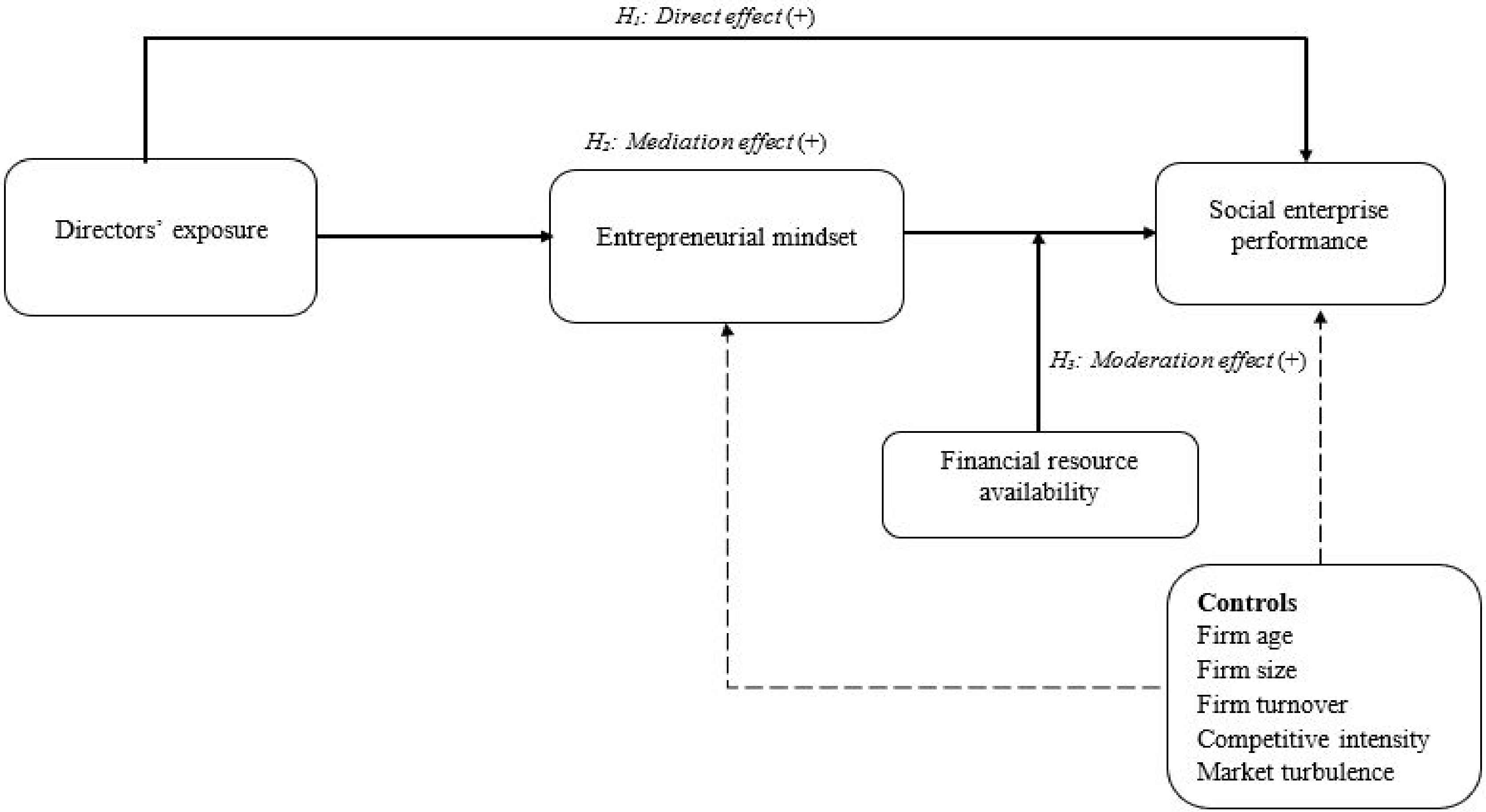

Table 1. Sample characteristics

Characteristics	**Valid Percent**
Firm age	
Below 1 year	2.7%
1–3 years	27.5%
4–6 years	28.2%
7–10 years	20.1%
Above 10 years	21.5%
Firm size	
Below 10 employees	84.4%
11–20 employees	6.5%
21–30 employees	3.4%
Above 31 employees	4.8%
Turnover	
Below £30000	32.4%
£31000–£60000	21.6%
£61000–£90000	12.2%
£91000–£120000	7.4%
Above £121000	26.4%

Table 2. Inter-correlations and validity

	1	2	3	4	5	6	7	8	9
1. Firm age	--								
2. Firm size	0.25***	--							
3. Firm turnover	0.50***	0.37***	--						
4. Competitive intensity	-0.05	0.24**	0.14	**0.77**					
5. Market turbulence	-0.13	0.06	-0.06	0.46***	**0.78**				
6. Directors' exposure	-0.17*	-0.16*	-0.19*	-0.10	-0.16*	**0.75**			
7. Entrepreneurial mindset	-0.04	-0.06	-0.09	0.22**	0.10	0.28***	**0.79**		
8. Financial resource availability	-0.08	-0.00	-0.10	0.02	0.03	0.17*	0.24**	**0.81**	
9. Social enterprise performance	0.15	0.02	0.12	0.15	-0.02	0.16*	0.29***	0.02	**0.82**
Mean	1.13	0.16	0.82	3.48	3.91	6.31	5.80	4.98	6.02
Standard deviation	0.37	0.36	0.62	1.42	1.32	0.86	0.99	1.40	1.03
Composite reliability	--	--	--	0.82	0.76	0.84	0.86	0.85	0.89
Average variance extracted (AVE)	--	--	--	0.60	0.61	0.57	0.61	0.66	0.68

Note: $^{*}p < 0.05$, $^{**}p < 0.01$, $^{***}p < 0.001$
Square roots of AVE are reported bold in the diagonal.

Table 3. SEM results

	Main effect model	*Mediation effect model*		*Moderated-mediation effect model*	
Variables	**Social enterprise performance**	**Entrepreneurial mindset**	**Social enterprise performance**	**Entrepreneurial mindset**	**Social enterprise performance**
	Model 1	**Model 2**	**Model 3**	**Model 4**	**Model 5**
Controls					
Firm age	0.17 (1.93)†	0.09 (1.01)	0.16 (1.74)†	0.09 (0.1.01)	0.18 (2.05)*
Firm size	-0.09 (-1.06)	-0.11 (-1.31)	-0.07 (-0.078)	-0.12 (-1.13)	-0.06 (-0.72)
Firm turnover	0.06 (0.66)	-0.10 (-1.02)	0.09 (0.91)	-0.10 (-1.04)	0.07 (0.81)
Competitive intensity	0.30 (2.39)*	0.38 (2.97)**	0.22 (1.69)†	0.39 (3.06)**	0.19 (1.48)
Market turbulence	-0.12 (-0.99)	-0.03 (-0.25)	-0.11 (-0.96)	-0.04 (-0.33)	-0.11 (-0.93)
Predictor					
Directors' exposure	0.21 (2.32)*	0.29 (3.00)**	0.15 (1.62)	0.30 (3.07)**	0.15 (1.61)
Mediation path					
Entrepreneurial mindset (EMT)			0.23 (2.40)*		0.30 (3.22)***
Moderation effect					
Financial resource availability (FRA)					-0.03 (-0.31)
EMT x FRA					0.21 (2.80)**
R-square	0.13	0.19	0.17	0.20	0.24
Fit statistics					
Chi-square (χ^2)	144.26	251.64		348.24	
Degree of freedom (*df*)	86	145		213	
χ^2/df	1.68	1.74		1.64	
CFI	0.95	0.93		0.92	
RMSEA	0.06	0.07		0.06	

Notes: † $p < 0.10$, □ $p < 0.05$, □□ $p < 0.01$, □□□ $p < 0.001$
Standardised coefficients are reported with t-value in parentheses.

Appendix 1. Measures

Construct	*Loadings
Directors' exposure	
1. Our directors possess the necessary education and/or expertise relating to our organisational activities.	0.55
2. Our directors have first-hand experience of a social problem.	0.76
3. Our directors know individuals or communities that have experience of social challenges.	0.90
4. Our directors have work experience from organisations focusing on societal issues.	0.76
Entrepreneurial mindset	
1. We passionately pursue entrepreneurial opportunities in the organisation	0.74
2. We emphasize the disciplined pursuit of promising opportunities as part of our business development.	0.90
3. We usually have consistent focus on execution.	0.64
4. We have a commitment to engage everyone in identifying and pursuing social entrepreneurial opportunities.	0.81
Financial resource availability	
1. Access to grants encourage our organisation to be innovative.	0.85
2. Presence of funders encourage our organisation to raise funds to be innovative.	0.93
3. Availability of customized financial supports encourage us to invest in research and development.	0.63
4. Effectiveness of financial transparency and accountability standards protects our organisation.	--
5. Ability to list social enterprises on the stock market will make capital available for our programs.	--
Market turbulence	
1. In our kind of business, customers' product and service preferences change quite a bit over time.	0.78
2. Our customers tend to look for new social products and services all the time.	0.78
3. We are witnessing demand for our products and services from customers who never patronise us before.	--
Competitive intensity	
1. The competition in our sector is changing rapidly	0.82
2. We hear of a new competitor move in our sector frequently	0.72
3. There too many similar social products and services in the market	0.77
Social enterprise performance	
1. Our organisation has fulfilled the needs of beneficiaries.	0.70
2. Our organisation has rendered services to beneficiaries.	0.86
3. Our organisation has designed and/or delivered the right programs for beneficiaries.	0.91
4. Our organisation has provided resources to beneficiaries.	0.80

Note: *Standardised factor loadings
-- Deleted due to low loading.

Appendix 2. Chi-square difference test for structural models

Models	χ^2	**df**	$\Delta\chi^2$ **(df)**	***p***
Main effect (M_A)	144.26	86		
Mediation effect (M_B)	251.64	145		
Moderated-mediation effect (M_C)	348.24	213		
M_A vs. M_B			107.38 (59)	0.000
M_A vs. M_C			203.98 (127)	0.000
M_B vs. M_C			96.6 (68)	0.013