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Internal and external drivers of social entrepreneurship: a comparison of base of the pyramid and more affluent social entrepreneurs

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Abstract

Purpose – This study aims to examine how internal and external drivers of social entrepreneurship vary across socioeconomic contexts, comparing entrepreneurs from Brazil's base of the pyramid (BoP) and more affluent groups. Although social entrepreneurship is often framed as a mechanism to address inequality, limited empirical research has analyzed how structural conditions shape entrepreneurial drivers. The study investigates six drivers: entrepreneurial orientation, prosocial motivation, life satisfaction, networking ability, environmental hostility and access to financial capital.

Design/methodology/approach – The study adopts a quantitative survey design based on data from 101 Brazilian social entrepreneurs (41 BoP and 60 non-BoP). Established scales were used to operationalize the drivers. Group differences were examined using *t*-tests, with Wilcoxon tests applied to ensure robustness.

Findings – BoP and non-BoP social entrepreneurs exhibit similar prosocial motivation, challenging assumptions that BoP entrepreneurship is necessity-driven. However, BoP entrepreneurs report lower risk-taking, proactiveness and networking ability, alongside reduced access to financial capital and higher perceived environmental hostility. These patterns suggest that structural inequalities constrain entrepreneurial behavior and limit innovation and scaling.

Research limitations/implications – Limitations include sample size, reliance on self-reported measures and the use of territorial location as a proxy for BoP status.

Practical implications – The findings highlight the need for context-sensitive support mechanisms, including inclusive finance, network-building initiatives and risk mitigation strategies.

Social implications – The study reframes BoP entrepreneurs as agents of social change while highlighting structural constraints that limit their impact.

Originality/value – The study advances a contextually embedded perspective and challenges deficit-based representations of BoP entrepreneurs.

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Keywords Social entrepreneur, Base of the pyramid (BoP), Brazil, Inequality, Entrepreneurial drivers

Paper type Research paper

Fatores internos e externos do empreendedorismo social: uma comparação entre empreendedores sociais da base da pirâmide e de níveis mais abastecidos

Resumo

Objetivo – Este estudo examina como fatores internos e externos do empreendedorismo social variam entre diferentes contextos socioeconômicos, comparando empreendedores da Base da Pirâmide (BoP) no Brasil com grupos mais afluentes. Embora o empreendedorismo social seja frequentemente apresentado como um mecanismo para enfrentar desigualdades, ainda há pouca evidência empírica sobre como condições estruturais moldam seus fatores determinantes. O estudo investiga seis fatores: orientação empreendedora, motivação pró-social, satisfação com a vida, habilidade de rede, hostilidade ambiental e acesso a capital financeiro.

Desenho/metodologia/abordagem – O estudo adota um desenho quantitativo baseado em survey com 101 empreendedores sociais brasileiros (41 da BoP e 60 não BoP). Escalas consolidadas foram utilizadas para operacionalizar os fatores. As diferenças entre os grupos foram analisadas por meio de testes t, com testes de Wilcoxon aplicados para garantir robustez.

Resultados – Empreendedores sociais da BoP e não BoP apresentam níveis semelhantes de motivação pró-social, desafiando a ideia de que o empreendedorismo na BoP é predominantemente orientado pela necessidade. No entanto, empreendedores da BoP apresentam menor propensão ao risco, menor proatividade e menor habilidade de rede, além de acesso mais limitado a capital financeiro e maior percepção de hostilidade ambiental. Esses padrões sugerem que desigualdades estruturais restringem o comportamento empreendedor e limitam a inovação e o crescimento.

Limitações/implicações da pesquisa – As limitações incluem o tamanho da amostra, o uso de medidas autorrelatadas e a adoção da localização territorial como proxy para a condição de BoP.

Implicações práticas – Os resultados destacam a necessidade de mecanismos de apoio sensíveis ao contexto, incluindo finanças inclusivas, fortalecimento de redes e estratégias de mitigação de risco.

Implicações sociais – O estudo reposiciona empreendedores da BoP como agentes de transformação social, ao mesmo tempo em que evidencia as restrições estruturais que limitam seu impacto.

Originalidade/valor – O estudo avança uma perspectiva contextualizada do empreendedorismo social e desafia representações baseadas em déficits sobre empreendedores da BoP.

Palavras-chave Palavras-Chave Empreendedor social, Base da pirâmide (BoP), Brasil, Desigualdade, Impulsores do empreendedorismo
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Introduction

Social entrepreneurship has gained growing attention in academic and practical domains, emerging as a promising field for addressing complex societal challenges (Gupta *et al.*, 2020; Saebi *et al.*, 2019). Although the overarching aim of social entrepreneurship is to address and reduce social injustices (Barton and Muñoz, 2023), social enterprise initiatives often fail to meaningfully involve base of the pyramid (BoP) individuals in the solution-finding process, instead positioning them as consumers, producers or beneficiaries (Sarkar, 2018). Consequently, such practices, albeit unintentionally, risk reinforcing the status quo and exacerbating existing inequalities (Chalmers, 2021).

This study sheds light on individuals from Brazil's BoP who create social enterprises (Sarkar, 2018). These social entrepreneurs (SEs), often located in peripheral urban areas of

the country, experience economic poverty and operate in contexts marked by institutional voids and social marginalization (Prahalad and Hart, 2002; Webb *et al.*, 2010). Spanning sectors, such as education, financial inclusion and housing, their ventures, offer innovative solutions to improve the well-being of disadvantaged populations (Hossain and Sarkar, 2021; Barki *et al.*, 2023). BoP SEs are deeply embedded in their social context, are usually regarded as legitimate by their communities and possess a higher level of understanding of the challenges faced by their peers compared to their more affluent counterparts (non-BoP SEs) (Sarkar, 2018; Saiyed *et al.*, 2023). Notwithstanding, previous research has demonstrated that BoP SEs often lack different kinds of capitals (Hossain and Sarkar, 2021; Kumar *et al.*, 2022), are marginalized and stigmatized (Ruebottom and Toubiana, 2021) and face additional challenges such as liability of poorness (Morris *et al.*, 2022). As a result, BoP entrepreneurs often operate at the margins of the formal entrepreneurial ecosystem.

Despite growing recognition of the role BoP individuals can play as SEs, the literature remains largely focused on either non-BoP SEs or BoP individuals as beneficiaries rather than as agents of change. As a result, limited attention has been paid to understanding what enables or constrains BoP SEs compared with non-BoP SEs.

In particular, there is a lack of empirical research systematically examining the internal and external factors influencing SEs from different socioeconomic backgrounds. This gap is critical, as BoP SEs may face unique challenges, such as resource scarcity, institutional voids and social stigma, that shape their motivations, behaviors and outcomes differently. A clearer understanding of these differences can inform more inclusive support mechanisms, policies and theoretical frameworks. To address this gap and respond to recent calls for greater contextual diversity in social entrepreneurship research (Gupta *et al.*, 2020; Welter *et al.*, 2019), this study asks: How do internal and external drivers of social entrepreneurship differ between BoP and non-BoP SEs?

Accordingly, this study aims to compare internal and external drivers that foster or hamper social entrepreneurship (Kumar *et al.*, 2022) among BoP and non-BoP SEs. As internal drivers, the research uses entrepreneurial orientation (Covin and Slevin, 1989), prosocial motivation (Grant, 2008), life satisfaction (Fritsch *et al.*, 2019; Haerpfer *et al.*, 2022; Wolfe and Patel, 2018) and networking ability (Ferris *et al.*, 2005); the external drivers, are entrepreneurs' perspective on environmental hostility (Wiklund and Shepherd, 2005) and access to financial capital (Wiklund and Shepherd, 2005).

These drivers were selected because they are commonly associated with entrepreneurial behavior and performance and have been validated in the social entrepreneurship literature as particularly relevant for understanding how ventures emerge, survive and scale in different contexts (Bacq and Janssen, 2011; Stephan, 2018). Entrepreneurial orientation, prosocial motivation, life satisfaction and networking ability capture the internal characteristics and dispositions that influence entrepreneurial action and resilience. Entrepreneurial orientation, in particular, has been widely used to assess the dimensions innovation, proactiveness and risk-taking – often shaped by context and access to resources (Covin and Slevin, 1989; Lumpkin and Dess, 1996; Dai *et al.*, 2014).

Prosocial motivation and life satisfaction provide insight into entrepreneurs' personal drivers and well-being, both of which are especially relevant in mission-driven ventures (Grant, 2008; Wolfe and Patel, 2018; Fritsch *et al.*, 2019). Networking ability reflects the entrepreneur's social capital, crucial for opportunity recognition and resource mobilization, particularly in low-resource environments (Ferris *et al.*, 2005; Klyver and Arenius, 2022). Moreover, environmental hostility and access to financial capital capture critical external constraints and enablers, both of which disproportionately affect entrepreneurs operating in unfavorable socioeconomic settings, such as the BoP (Wiklund and Shepherd, 2005; Goyal *et al.*, 2016).

While qualitative research has provided rich insights into SEs' experiences, there remains a need for systematic, generalizable evidence to help distinguish patterns across different socioeconomic contexts (Gupta *et al.*, 2020). By adopting a quantitative approach, we seek to complement existing knowledge with empirical data that reveal how internal and external drivers of social entrepreneurship vary between BoP and non-BoP SEs. This comparative design allows us to assess whether key constructs traditionally studied in more privileged entrepreneurial contexts behave similarly in resource-constrained environments.

Our findings suggest that although both BoP and non-BoP SEs exhibit similar levels of prosocial motivation, BoP SEs are less risk-taking, have lower networking ability, although presenting a slightly higher number of partnerships established, report more limited access to financial capital and perceive greater environmental hostility than non-BoP SEs. These contextual constraints hinder the development and scaling of social innovations in BoP settings.

Theoretically, the study advances literature by empirically demonstrating how structural inequalities, such as resource scarcity, institutional voids and limited social capital, condition entrepreneurial behavior. It expands the notion of "liability of poorness" (Morris *et al.*, 2022) by offering a typology of drivers specific to BoP contexts, contributing to a more nuanced understanding of contextually embedded entrepreneurship. From a managerial perspective, the results highlight the need for support models that account for the unique constraints faced by BoP SEs, such as risk-mitigation mechanisms and capacity-building for network development. In terms of public policy, the study provides evidence to inform targeted interventions – such as improved access to funding, inclusive innovation ecosystems and tailored training programs – that foster the entrepreneurial ecosystem in peripheral areas.

Theoretical background

Social entrepreneurship and social entrepreneurs

Social entrepreneurship refers to identifying and exploiting opportunities to address social problems through innovative, sustainable, market-based approaches (Dees, 1998; Zahra *et al.*, 2009). It combines commercial strategies with a social mission, aiming to generate societal impact alongside financial sustainability (Mair and Martí, 2006).

SEs are individuals who initiate and lead ventures with the explicit goal of addressing societal challenges. They operate with hybrid logics – balancing social and economic goals – and often navigate tensions between mission fulfillment and market demands (Battilana and Lee, 2014). SEs are typically driven by prosocial motivation and a sense of purpose but must also contend with challenges such as resource scarcity, measuring impact and gaining legitimacy (Bacq *et al.*, 2016; Muñoz *et al.*, 2018).

Within the field, three main schools of thought have emerged. The economic school focuses on financial self-sufficiency and market orientation. The social innovation school emphasizes systemic change through novel solutions. The institutional school explores how SEs operate within and transform unequal or resource-poor institutional contexts (Nicholls, 2010; Dacin *et al.*, 2010).

Base of the pyramid social entrepreneurship

BoP entrepreneurship is often framed through three perspectives: remediation (addressing resource scarcity), reform (institutional support) and revolution (alternative economic logics) (Sutter *et al.*, 2019). This study adopts a critical-contextual approach that recognizes both constraints and agency among BoP entrepreneurs.

Mainstream literature tends to portray BoP entrepreneurs as "necessity entrepreneurs" with limited growth or innovation (Dencker *et al.*, 2021). Few studies consider them as social innovators capable of systemic impact (Sarkar, 2018; Barki *et al.*, 2020). This study aligns

with this latter view and explores the drivers that may foster or hinder BoP entrepreneurs' capacity to act as SEs.

Based on these discussions, the next sections will present and discuss hypotheses on internal and external drivers of social entrepreneurship.

Internal drivers: entrepreneurial orientation, prosocial motivation, life satisfaction and networking ability

The study used internal and external drivers well-established in the entrepreneurship literature and relevant for understanding how individuals initiate and sustain social ventures across different socioeconomic contexts. The drivers are entrepreneurial orientation, prosocial motivation, life satisfaction, networking ability, environmental hostility and access to financial capital, and they capture both personal dispositions and contextual constraints that influence entrepreneurial behavior and outcomes (Stephan, 2018; Wiklund and Shepherd, 2005; Grant, 2008). The driver selection aligns with recent efforts to empirically examine how structural inequalities shape entrepreneurial trajectories at the BoP (Morris *et al.*, 2022; Kumar *et al.*, 2022).

Entrepreneurial orientation refers to a firm's decision-making style and strategic posture and comprises three dimensions: innovation, proactiveness and risk-taking (Lumpkin and Dess, 1996; Wiklund and Shepherd, 2005). Innovation reflects a firm's tendency to support creativity, experimentation and new ideas (Schumpeter, 1934); proactiveness relates to anticipating and acting on future opportunities; and risk-taking involves committing resources to uncertain ventures with potential for failure (Miller, 1983; Covin and Slevin, 1989). These dimensions may vary independently depending on contextual factors, and their relationship to performance is not uniform across environments (Lumpkin and Dess, 1996).

Entrepreneurial orientation has been widely associated with higher performance variance. Firms with higher levels of entrepreneurial orientation can achieve breakthrough success or face significant failure (Wales, 2016). This relationship has been extensively studied across contexts. For instance, Rauch *et al.* (2009) conducted a meta-analysis showing that this orientation is positively related to firm performance, although this effect is moderated by contextual variables such as national culture, industry type and firm size. Similarly, Wiklund and Shepherd (2005) demonstrate that entrepreneurial orientation contributes to performance, especially when coupled with resource access and learning orientation. The findings suggest that this orientation, while generally beneficial, is highly sensitive to environmental and structural constraints, making it particularly relevant to compare across BoP and non-BoP entrepreneurs. In resource-scarce contexts, such as the BoP, the costs associated with innovation, proactiveness and risk-taking may outweigh their potential benefits, leading to more cautious behavior (Dai *et al.*, 2014; Shrader *et al.*, 2000). Based on that, we propose the following hypothesis:

- *H1a*. In more favorable social and economic contexts, non-BoP SEs exhibit higher levels of innovation compared to BoP SEs.
- *H1b*. In more favorable social and economic contexts, non-BoP SEs exhibit higher levels of proactiveness compared to BoP SEs.
- *H1c*. In more favorable social and economic contexts, non-BoP SEs exhibit higher levels of risk-taking compared to BoP SEs.

As social entrepreneurship focuses on solving social problems, prosocial traits are crucial for understanding these entrepreneurs (Au *et al.*, 2024; Yamini *et al.*, 2022). Prosocial

motivation is defined as the desire to act out of concern for benefiting others (Shepherd, 2015). In practical terms, prosocial motivations are manifested in personality traits such as agreeableness, disposition toward empathy, helpfulness and values of caring for others (Grant, 2008). In contrast to intrinsic motivation, whereby entrepreneurs take enjoyment and pleasure at work as central aspects of their efforts, seeing the work as an end in itself (Grant, 2008), prosocial motivation highlights meaning and purpose and desire to benefit others as primary drivers of their efforts (Ryan and Connell, 1989; Yu *et al.*, 2021).

However, studies on BoP entrepreneurs emphasize the challenges faced by low-income individuals who usually engage in entrepreneurship by necessity, not by opportunity or by a prosocial motivation. Such entrepreneurs primarily aim to fulfill basic needs (Dencker *et al.*, 2021). The liability of poorness (Morris *et al.*, 2022) – including literacy gaps, scarcity mindset and limited safety nets – contributes to fragile enterprises with low growth. Only a few studies focused on the phenomenon of social entrepreneurship at the BoP (e.g. Sarkar, 2018; Barki *et al.*, 2020; Claeyé *et al.*, 2022). Mainstream literature discusses whether and how BoP entrepreneurship can improve the present and future lives of the poor, but it rarely explores the prosocial motivations of the poor and their willingness to establish social enterprises. The underlying logic is that BoP, owing to the lack of resources and the liability of poorness, should focus on survival and not on more prosocial motives. Against this belief and understanding that there are many SEs with prosocial motives at the BoP, we suggest that:

H2. In more favorable social and economic contexts, BoP and non-BoP SEs exhibit similar levels of prosocial motivation.

While entrepreneurship is seen as a tool to tackle poverty, the mechanism that leads to entrepreneurial action at the BoP remains unclear and the literature on this subject is fragmented and inconsistent (Sutter *et al.*, 2019; Yessoufou *et al.*, 2018). Moreover, "when", "how" and "if" BoP entrepreneurs derive well-being from being entrepreneurs is poorly understood, as research on well-being has not yet explored the BoP context. It is reasonable to expect that the financial distress of BoP entrepreneurs might lower their well-being and job satisfaction (Stephan, 2018; Kwon and Sohn, 2017). Thus, a lower level of life satisfaction is expected, as stated in the following hypothesis:

H3. In more favorable social and economic contexts, non-BoP SEs exhibit higher levels of life satisfaction compared to BoP SEs.

Entrepreneurship is a social role, so entrepreneurs and new ventures depend on the degree of embeddedness in the social, economic and cultural context to be successful and to recognize valuable opportunities (Shu *et al.*, 2018; Brüderl and Preisendörfer, 1998). Although research addressing the link between entrepreneurs' network characteristics and their performance has produced inconclusive results (Semrau and Werner, 2014), it is suggested that while it is possible that network ties are less important in more advanced economies, they are critical in explaining variations in performance outcomes of companies in emerging markets (Boso *et al.*, 2013). Moreover, Klyver and Arenius (2022) propose that this inconsistency may not solely be attributed to the networking itself, but to the effectiveness of entrepreneurs' networking efforts.

In a study of both high-tech and low-tech new businesses, Hansen (1995) found a strong relationship between entrepreneurial networks and new ventures' growth. In particular, entrepreneurial networks were described considering three variables: size (number of people who contribute to the new venture); degree of interconnectivity (ties between members of a

network measured by the communication channels maintained and the ease of information exchange); and frequency (a measure of how often members involved in a given entrepreneurial action interact with each other). As BoP SEs usually have fewer acquaintances in the mainstream market, we suggest that:

H4a. In more favorable social and economic contexts, the levels of networking ability of non-BoP SEs are higher compared to BoP SEs.

Partnership formation is strongly embedded in network access. Because BoP SEs are typically less integrated into mainstream networks, structural constraints are likely to reduce their opportunities to establish collaborative relationships.

H4b. In more favorable social and economic contexts, non-BoP SEs establish a higher number of partnerships than BoP SEs.

External drivers: environmental hostility and access to financial capital

External aspects play a fundamental role in the entrepreneurial process. In this scenario, the external environment refers to the conditions under which organizations are subjected, and that lie beyond their boundaries (Miller *et al.*, 2006). Entrepreneurs' perceptions of the external environment, combined with internal characteristics of their ventures, affect the entrepreneurial orientation and behavior (Casillas *et al.*, 2011). Furthermore, for entrepreneurs to achieve success, they must effectively manage their dependence on external factors and strategically adapt to or modify the external environment (Kotter, 1979; Aldrich and Pfeffer, 1976).

Among the multiple dimensions used to characterize external environments, such as dynamism, munificence and hostility (Dess and Beard, 1984), the research focuses on environmental hostility because it directly captures entrepreneurs' perceptions of threat, scarcity of resources and institutional adversity. These conditions are particularly acute in BoP contexts marked by institutional voids, where entrepreneurs must navigate volatile markets, weak infrastructure and low consumer purchasing power (Webb *et al.*, 2010; Goyal *et al.*, 2016). Prior studies have shown that high perceived environmental hostility negatively impacts entrepreneurial growth and strategic orientation, especially in small firms with low slack resources (Covin and Slevin, 1989; Wiklund and Shepherd, 2005). Thus, it becomes a salient and theoretically grounded construct to assess how external adversity differentially affects BoP and non-BoP SEs.

Environmental hostility refers to dire conditions organizations may face regarding their external environment. Covin and Slevin (1989, p.75) describe such hostility as "precarious industry settings, intense competition, harsh, overwhelming business climates, and the relative lack of exploitable opportunities." Therefore, environmental hostility harms the capacity of a business to perform properly and keep its viability, mainly the smaller ones. Thus, the following hypothesis is suggested:

H5. In less favorable social and economic contexts, BOP SEs perceive a higher environmental hostility compared to non-BoP SEs.

Access to capital is a critical external factor, and research underscores the significance of financial resources for business success among small and medium enterprises (Jasra *et al.*, 2011). Beyond the mere availability of financial capital, it is important for entrepreneurs to have the means to access it (Stevenson and Jarillo, 1991). Financial capital is significant in the profitability of small firms (Coleman, 2007). Initial capital is critical for venture

sustainability (Huang, 2016), and success depends on aligning opportunities with available resources. Therefore, if sufficient resources are available for a small business to grow, the entrepreneur is likely satisfied with their access to this crucial asset. Conversely, when resources for firm development are insufficiently allocated, small business managers are likely to experience dissatisfaction regarding their access to financial capital (Wiklund and Shepherd, 2005).

For BoP SEs, it is expected not only lower initial capital investment, but also a higher difficulty in accessing financial capital. Therefore, the final hypothesis is as follows:

H6. In more favorable social and economic contexts, non-BoP SEs have greater access to financial capital than BoP SEs.

All the stated hypotheses are summarized in Table 1, which includes the key references that underpinned their conceptual measures.

Methods

This study used a survey to explore the differences between BoP SEs and their more affluent counterparts (non-BoP SEs). In this research, BoP SEs are defined as those residing in the urban peripheries of Brazil, which are territories characterized by institutional voids and low-income populations with shared socioeconomic backgrounds. Although the BoP population

Table 1. Hypotheses of the study

	Drivers	Hypotheses	Key references
Internal	Entrepreneurial orientation (risk-taking, proactiveness, innovation)	*H1a*. In more favorable social and economic contexts, non-BoP SEs exhibit higher levels of innovation compared to BoP SEs *H1b*. In more favorable social and economic contexts, non-BoP SEs exhibit higher levels of proactiveness compared to BoP SEs *H1c*. In more favorable social and economic contexts, non-BoP SEs exhibit higher levels of risk-taking compared to BoP SEs	Covin and Slevin (1989)
	Prosocial motivations	*H2*. In more favorable social and economic contexts, BoP and non-BoP SEs exhibit similar levels of prosocial motivation	Grant (2008)
	Life satisfaction	*H3*. In more favorable social and economic contexts, non-BoP SEs exhibit higher levels of life satisfaction compared to BoP SEs	(Fritsch *et al.*, 2019; Wolfe and Patel, 2018)
	Networking ability (number of partnerships established)	*H4a*. In more favorable social and economic contexts, the levels of networking ability of non-BoP SEs are higher compared to BoP SEs *H4b*. In more favorable social and economic contexts, non-BoP SEs establish a higher number of partnerships than BoP SEs	Ferris *et al.* (2005)
External	Environmental hostility	*H5*. In less favorable social and economic contexts, BoP SEs perceive a higher environmental hostility compared to non-BoP SEs	Wiklund and Shepherd (2005)
	Access to financial capital	*H6*. In more favorable social and economic contexts, non-BoP SEs have greater access to financial capital than BoP SEs	Wiklund and Shepherd (2005)

and peripheral residents are not perfectly synonymous, these locations concentrate a substantial share of socioeconomically vulnerable groups. Thus, while acknowledging potential exceptions, residence in these areas was adopted as a valid proxy for BoP conditions in the Brazilian setting. On the other hand, SEs residing outside peripheral areas were classified as non-BoP SEs for analytical purposes.

While additional indicators such as income or education were not collected, we relied on territorial location because it is strongly correlated with systemic disadvantage in the Brazilian context. We recognize this as a simplification, but one that allows for meaningful comparisons between entrepreneurs embedded in structurally distinct environments.

The choice of a quantitative approach was guided by the study's central aim: to compare internal and external drivers of social entrepreneurship between BoP and non-BoP SEs. This comparative objective required a method capable of capturing measurable differences across the selected drivers: entrepreneurial orientation (including the dimensions risk-taking, proactiveness and innovation), prosocial motivation, life satisfaction, networking ability (including the number of partnerships established), perceptions of environmental hostility and access to financial capital. A quantitative design allowed the use of validated scales and statistical techniques, such as mean comparisons and hypothesis testing, providing a systematic basis for identifying patterns and significant differences between the two groups. This approach was particularly appropriate for answering the research question, as it enabled assessment not only of whether differences exist, but also the extent and direction of these differences. Additionally, the survey format facilitated data collection from a geographically diverse sample across Brazil, enhancing external validity and allowing for greater generalizability of the findings.

Data collection

Data were collected through a survey with 101 SEs from all over Brazil in 2020 and 2021, comprising 41 BoP SEs and 60 non-BoP SEs. A non-probability snowball sampling strategy was adopted to access SEs across different socioeconomic contexts and regions of the country. This method is appropriate when the target population is difficult to reach and no clear sampling frame exists, such as entrepreneurs operating outside formal networks or in diverse and decentralized environments (Saunders *et al.*, 2009; Noy, 2008). Snowball sampling enabled access to both BoP and non-BoP SEs through trust-based professional and community networks. To minimize the risk of homogeneity, an inherent limitation of this technique (Atkinson and Flint, 2001; Saunders and Townsend, 2018), initial contact points were diversified by region, sector and organizational background. This approach allowed the inclusion of a wide range of perspectives and experiences, aligning with the study's comparative aim and contributing to a more nuanced understanding of social entrepreneurship within Brazil's heterogeneous landscape.

SEs surveyed had to manage a social enterprise that met three main theoretical sampling criteria: prosocial activities were a core part of their business model; the enterprise was headquartered and operating in Brazil; and more than five percent of their revenue came from selling products or services. This last criterion was intended to exclude pure nonprofit organizations. Data were collected in two phases. In the first phase, SEs completed a self-administered questionnaire to provide information on their demographics and social enterprises. The second phase consisted of an online interview using a structured questionnaire, composed mostly of closed-ended questions and a few open-ended questions to better understand deeper and behavioral aspects. The questionnaire was approved by the ethical committee of the first author's university, and all respondents formally agreed to take part in the study.

Drivers

- *Entrepreneurial orientation, prosocial motivation and life satisfaction*: The three dimensions of entrepreneurial orientation were measured with an adaptation of the traditional nine-item scale developed by Covin and Slevin (1989). Cronbach's alpha was 0.71 for risk-taking, 0.71 for innovation and 0.62 for proactiveness. Regarding prosocial motivation, the three-item scale suggested by Grant (2008) [Cronbach's alpha = 0.85] was used. For life satisfaction, the World Values Survey program measure was adopted (Haerpfer *et al.*, 2022), a single-item ten-point Likert scale that asks participants: "all things considered, how satisfied are you with your life as a whole these days?" Responses ranged from 1 (completely dissatisfied) to 10 (completely satisfied) and measures have been validated in entrepreneurship research (Fritsch *et al.*, 2019; Haerpfer *et al.*, 2022; Wolfe and Patel, 2018).
- *Networking ability*: The six-item scale developed by Ferris *et al.* (2005) was used (Cronbach's alpha = 0.86) to assess this driver. One of the items ("I have developed a large network of colleagues and associates at work whom I can call on for support when I really need to get things done") was excluded due to outliers. Additionally, SEs were asked how many partnerships they had established in the previous year. Then the sample was divided into three subgroups: no partnerships, from one to five partnerships and more than five partnerships. After that, BoP and non-BoP SEs were compared.
- *Environmental hostility*: For environmental hostility, we used a two items scale (Cronbach's alpha = 0.64) based on Covin and Slevin (1989) and Morris *et al.* (2007) with a seven-point scale with the following statements: is "very stressful, exacting, and hostile; very hard to keep afloat" and "poses a great deal of threat to the survival of our organization."
- *Access to financial capital*: This study used the subjective scale developed by Wiklund and Shepherd (2005) to assess SEs' perceived satisfaction with their access to financial capital. The construct was measured on a seven-point Likert scale, ranging from "insufficient and a great impediment for our development" to "fully satisfactory for the firm's development". This subjective measure captures the entrepreneur's perceived adequacy of financial capital to develop their venture. This approach is particularly relevant for comparing BoP and non-BoP SEs, as perceptions of financial access are often shaped by both formal institutional conditions and informal barriers.

Table 2 presents the list of drivers, some examples of items for each driver and the respective sources.

Data analysis

Two sets of data were comparatively analyzed, contrasting BoP SEs group *vis-à-vis* non-BoP SEs, using the *t*-test, comparing the means of the two groups and determining if there was a statistically significant difference between them. To check for robustness, the Wilcoxon non-parametric test was adopted to compare the two groups. The results were the same for both tests.

To enhance the rigor of the research, five key suggestions from Maula and Stam (2020) were followed. First, the research design addressed the objective of comparing two profiles (BoP SEs and non-BoP SEs). Second, although with some limitations, the data were collected directly from the source, allowing for an understanding of possible bias. Third, the

Table 2. Internal and external drivers

Drivers		Items used/sample item	Scale	Cronbach's alpha	Source
Entrepreneurial orientation (9 items in total)	Proactiveness	(1) In dealing with its competitors, my organization typically responds to actions that competitors initiate	Seven-point Likert Seven-point Likert	0.62	Adapted from Covin and Slevin (1989)
		(2) In dealing with its competitors, my organization is very seldom the first business to introduce new programs/products/services, administrative techniques, operating technologies, etc.			
		(3) In dealing with its competitors, my organization typically seeks to avoid competitive clashes, preferring a "live-and-let-live" posture			
	Risk-taking	(1) In general, my organization believes that owing to the nature of the external environment, it is best to explore it gradually via timid, incremental behavior	Seven-point Likert	0.71	
		(2) In general, my organization has a strong proclivity for low-risk projects with normal and certain rates of return			
		(3) When confronted with decision-making situations involving uncertainty, my organization typically adopts a cautious, "wait-and-see" posture to minimize the probability of making costly decisions			
	Innovation	(1) In general, my organization favors a strong emphasis on the marketing of tried and true products or services	Seven-point Likert	0.71	
		(2) How many new products or services has your organization marketed in the past 12 months? No new products or services, or … Very many new products or services			
		(3) Changes in product or service have been mostly of a minor nature, or … usually been quite dramatic			
Prosocial motivation		(1) "I care about benefiting others through my work"	Seven-point Likert	0.85	Grant (2008)
		(2) "I want to help others through my work"			
		(3) "I want to have a positive impact on others"			
		(4) 4. "It is important to me to do good for others through my work"			

(*continued*)

Table 2. Continued

Drivers		Items used/sample item	Scale	Cronbach's alpha	Source
Life satisfaction		1 item: "All things considered, how satisfied are you with your life as a whole these days?"	10-point Likert	–	Haerpfer *et al.* (2022); Fritsch *et al.* (2019); Wolfe and Patel (2018)
Networking ability (6 items in total)	Networking ability	5 items (original 6-item scale; one item removed): (1) Members of my organization spend a lot of time and effort at work networking with others (2) My organization has many connections with important people and organizations (3) My organization is good at using its connections and network to make things happen (4) My organization spends a lot of time and effort at work networking with others (5) My organization is good at building relationships with influential people and organizations	Seven-point Likert	0.86	Adapted from Ferris *et al.* (2005)
	Number of partnerships established	1 item: How many partnerships have you established in the previous year?	Categorical (0, 1–5, > 5)	–	Developed by the authors
Environmental hostility		2 items: (1) The environment is "very stressful, exacting and hostile; very hard to keep afloat" (2) The environment poses a great deal of threat to the survival of our organization	Seven-point Likert	0.64	Covin and Slevin (1989)
Access to financial capital		1 item: How satisfied are you with your access to financial capital? Anchors: "insufficient and a great impediment for our development" to "fully satisfactory for the firm's development"	Seven-point Likert	–	Wiklund and Shepherd (2005)

study considered measures validated in the academic literature. Fourth, the research used simple yet appropriate tools to compare two types of SEs. Finally, this article presents all the questions used in our research, aiming at possible replicability.

Results

The data suggest that BoP and non-BoP SEs share prosocial motivation but differ on the risk-taking dimension of entrepreneurial orientation, as well as on networking ability, perception of environmental hostility and access to financial capital. The drivers are discussed below.

Profile of surveyed entrepreneurs

BoP and non-BoP SEs differ structurally. Women comprised 70% of BoP SEs but only 48% of non-BoP SEs. Racial disparities were pronounced: 87.5% of BoP SEs identified as Black, while 91% of non-BoP SEs identified as white. The average age across groups was 37.

Internal drivers analysis

- *Entrepreneurial orientation*: BoP SEs reported lower risk-taking and proactiveness, supporting *H1b* and *H1c*. These patterns reflect the heightened consequences of failure in low-income contexts. Interestingly, no significant difference was found in innovation (*H1a* not supported), suggesting that BoP SEs also perceive their ventures as innovative compared with non-BoP SEs (see Table 3).
- *Prosocial motivation*: Contrary to the dominant view that BoP entrepreneurs are necessity-driven, both groups demonstrated similar levels of prosocial motivation (*H2* supported), revealing that BoP SEs are equally driven by social purpose (See Table 3).
- *Life satisfaction*: BoP SEs reported lower life satisfaction (*H3* supported), reflecting broader constraints they face beyond entrepreneurial challenges (See Table 3).
- *Networking ability:* BoP SEs reported lower ability to mobilize and activate networks compared to non-BoP SEs, which supports *H4a*. However, the results showed that BoP SEs established a number of partnerships slightly higher than non-BoP SEs, different from what was stated in *H4b* (See Table 4).

External drivers analysis

- *Environmental hostility*: BoP SEs perceive their environment slightly more hostile than non-BoP SEs. These perceptions may be shaped by their daily experience navigating institutional voids, such as a lack of infrastructure, weak public services and fragmented support systems. Operating in low-trust and under-resourced ecosystems, BoP SEs face uncertainty and risk, which affects their ability to grow and sustain their ventures. These findings align with the literature on institutional adversity (Webb *et al.*, 2010). However, the results are not statistically robust to support *H5*, suggesting the need for further studies with larger sample sizes (see Table 5).
- *Access to financial capital*: The data also confirm that BoP SEs face significant constraints in accessing financial resources. In addition to reporting lower satisfaction with financial access, BoP SEs started their ventures with initial capital 37 times lower than that of non-BoP SEs. The results support *H6* and reinforce the notion that a lack of capital is one of the most critical barriers for BoP SEs, limiting their potential to innovate and scale (see Table 6).

Table 3. Analysis of the hypotheses related to entrepreneurial orientation and prosocial motivation

Hypotheses[a]	Means BoP SEs (standardized)	Means Non-BoP SEs (standardized)	*p*-value (*t*-test)	*p* value (Wilcoxon test)	Results
H1a. Innovation	3.667 −0.101	3.967 0.065	0.210 (One-sided)	0.113 (One-sided)	Not supported
H1b. Proactiveness	4.671 −0.484	5.702 0.326	<0.001 (One-sided)	0.001 (One-sided)	Supported
H1c. Risk-taking	3.783 −0.410	4.678 0.283	<0.001 (One-sided)	0.001 (One-sided)	Supported
H2. Prosocial motivation	4.633 −0.054	4.678 0.037	0.332 (One-sided)	0.335 (One-sided)	Supported*
H3. Life satisfaction	5.325 −0.390	6.017 0.269	<0.001 (One-sided)	0.001 (One-sided)	Supported

Note(s): [a]Results were validated using both the *t*-test and the Wilcoxon test for robustness; *As the hypothesis suggested similarity between BoP and non-BoP SEs, the high *p*-value means that there was no evidence of differences between the groups

Table 4. Network ability hypotheses analysis

Hypotheses[a]	BoP SEs	Non-BoP SEs	*p* value (*t*-test)	*p* value (Wilcoxon test)	Results
H4a. Network ability	4.840 −0.274	5.310 0.189	0.012 (One-sided)	0.008 (One-sided)	Supported
H4b. Number of partnerships established	6.741	6.487	0.012 (One-sided)	0.007 (One-sided)	Not supported

Note(s): [a]Results were validated using both the t-test and the Wilcoxon test for robustness

Table 5. Environmental hostility hypothesis analysis

Hypothesis[a]	BoP SEs	Non-BoP SEs	*p* value (*t*-test)	*p* value (Wilcoxon test)	Result
H5. Environmental Hostility	4.662 0.192	4.198 −0.133	0.063 (One-sided)	0.048 (One-sided)	Inconclusive**

Note(s): [a]Results were validated using both the t-test and the Wilcoxon test for robustness; **Although the null hypothesis at a 5% significance level cannot be rejected, the p-value = 6,3% suggests weak evidence to accept *H5*. Further studies with larger sample sizes should be conducted to confirm the difference between the groups

Table 6. Access to financial capital hypothesis analysis

Hypothesis[a]	BoP SEs	Non-BoP SEs	*P* value (*t*-test)	*P* value (Wilcoxon test)	Result
H6. Access to financial capital	2.585 −0.511	4.237 0.355	<0.001 (One-sided)	0.001 (One-sided)	Supported

Note(s): [a]Results were validated using both the t-test and the Wilcoxon test for robustness

Discussion

Drawing on the concept of "liability of poorness" (Morris *et al.*, 2022), the findings contribute to unpacking how social entrepreneurship manifests differently across socioeconomic contexts. The study proposes six interrelated drivers that either foster or hinder BoP social entrepreneurship: prosocial motivation, financial scarcity, risk-taking, lack of proactiveness, lower networking ability and environmental hostility (see Figure 1). These drivers emerge from our hypothesis testing and highlight how structural conditions shape entrepreneurial behavior and capacity at the BoP.

While prosocial motivation is equally present across BoP and non-BoP SEs – challenging the assumptions that survival needs overshadow social missions in low-income contexts – BoP SEs face a layered set of constraints. Financial scarcity and risk-taking are mutually reinforcing, limiting proactiveness and innovation, which echoes prior work on resource-constrained entrepreneurship (Morris *et al.*, 2022). Although the research found that BoP SEs perceive the environment only slightly more hostile compared to non-BoP SEs, these findings align with studies on institutional voids (Webb *et al.*, 2010).

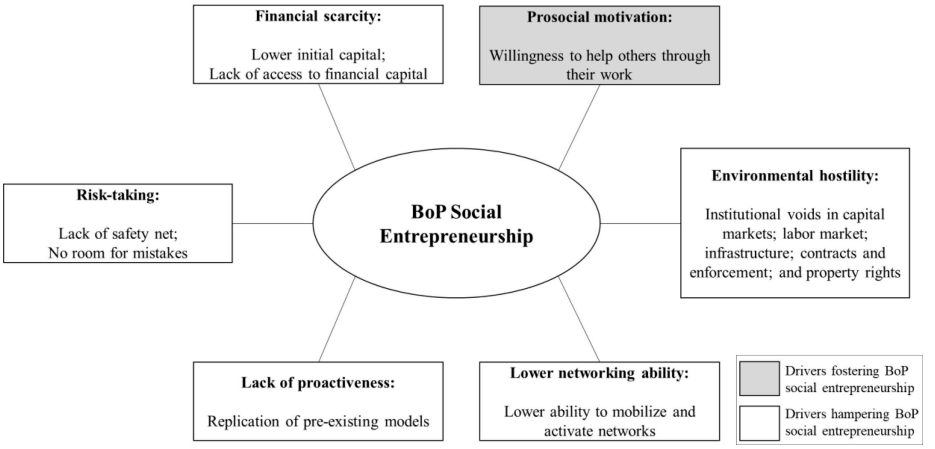


Figure 1. Drivers fostering or hampering BoP social entrepreneurship

The reduced networking ability – despite the presence of localized networks – suggests that BoP SEs struggle with their peripheral market position (Rahman *et al.*, 2019). However, the fact that BoP SEs presented a higher number of partnerships established than non-BoP SEs suggests that these collaborations may be concentrated within geographically and socially proximate networks, often involving actors who face similar structural constraints and therefore provide limited access to new markets and strategic resources. In sum, this study extends existing literature by offering an empirically grounded typology of drivers that condition social entrepreneurship at the BoP and by showing that, although driven by similar motivations, BoP SEs navigate hostile environments with fewer resources and institutional support.

Theoretical implications

This study challenges the dominant framing of BoP entrepreneurs as necessity-driven and lacking agency (Dencker *et al.*, 2021). BoP SEs demonstrate similar levels of prosocial motivation as non-BoP SEs, offering empirical support for emerging perspectives that highlight their embeddedness, purpose and transformative potential (Sarkar, 2018; Claeyé *et al.*, 2022).

The results invite a contextual reconsideration of entrepreneurial orientation. Rather than viewing BoP SEs as less entrepreneurial, their lower proactiveness and risk-taking may reflect strategic adaptation to structural constraints. This contributes to debates on how entrepreneurial orientation manifests under adversity (Dai *et al.*, 2014; Stephan, 2018) and supports calls for more nuanced, context-sensitive approaches.

Finally, the disparities in networking ability alongside a higher number of partnerships point not to an absence of social capital but to a lack of bridging social capital. This reinforces the "liability of poorness" and the challenges of legitimacy and exclusion within entrepreneurial ecosystems (Rahman *et al.*, 2019; Morris *et al.*, 2022).

Societal implications

By showing that BoP SEs are equally driven by prosocial goals as non-BoP SEs but face systemic barriers, this study reframes them not as passive recipients but as active agents of change. This challenges deficit-based narratives and supports more inclusive ecosystem-building.

Policymakers and practitioners should recognize the role of BoP SEs in promoting local development and design place-based strategies that address structural barriers – especially in terms of access to capital, networking and legitimacy. Investments in community infrastructure, inclusive finance and procurement policies can help reduce these gaps.

Ultimately, the findings highlight the potential for social innovation to emerge from the peripheral territories, provided that enabling conditions are in place. Recognizing and supporting this potential is essential for building more equitable and resilient societies.

Final considerations

This study sheds light on how the BoP SEs in Brazil differ from more affluent (non-BoP) SEs in terms of internal and external entrepreneurial drivers. While both groups share similar levels of prosocial motivation, BoP SEs face more severe structural constraints, including limited access to capital, fewer partnerships, greater risk aversion and a more hostile environment. Structural constraints hinder BoP SEs from scaling and innovating, reinforcing systemic inequality.

The research offers two main theoretical contributions. First, it expands the social entrepreneurship literature by empirically characterizing BoP SEs as a distinct profile shaped by systemic disadvantage (Morris *et al.*, 2022). Second, it contributes to the emerging literature on contextually embedded entrepreneurship by identifying six interrelated drivers that shape entrepreneurial action at the BoP, offering a typology that helps refine the liability of poorness framework.

Beyond its theoretical relevance, the study also has important societal implications. By reframing BoP SEs as legitimate agents of social change (Sarkar, 2018), it provides evidence to inform inclusive public policies, place-based interventions and ecosystem-building efforts. In addition, the research highlights the need for support strategies that go beyond access to funding and address deeper issues related to legitimacy, social capital and territorial inequality. These insights may help guide policymakers, development agencies and civil society actors in fostering entrepreneurship that not only generates economic value but also contributes to greater equity and resilience in marginalized communities.

As with any research, this study has limitations. First, the sample size limited the use of more advanced statistical techniques. For instance, future studies could apply cluster analysis to explore different profiles among BoP SEs. Second, the study relies on self-reported perceptions, which, although valuable, may benefit from triangulation with qualitative insights or longitudinal data.

Third, our study relied on territorial location as a proxy for BoP status, without incorporating individual-level indicators such as income or education. While spatial inequality is a strong marker of social exclusion in Brazil, future research could benefit from combining territorial and socio-economic variables to refine group classification. Finally, qualitative approaches could help give more voice to BoP SEs, providing a deeper understanding of their challenges, aspirations and strategies, potentially embracing decolonial research methodologies (Smith, 2008; Harari and Pozzebon, 2024).

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Data availability
The entire dataset supporting the findings of this study is published within the article.

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