

Determinant factors of successful social entrepreneurship in the emerging circular economy of Lebanon: exploring the moderating role of NGOs

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Abstract

Purpose – Social entrepreneurship is gradually becoming a potent driving force for economic and social development in developing countries as a result of governance deficits. The purpose of this study is to examine the determinant factors of successful social entrepreneurship in the emerging circular economy of Lebanon. The objective extends to exploring the mediating role of non-governmental organizations (NGOs) in the success of social entrepreneurship in Lebanon.

Design/methodology/approach – Using a cross-sectional survey design, the authors collected primary data from 389 social entrepreneurs through questionnaires in selected locations in Lebanon. The data collected were analyzed using descriptive and inferential statistics. The hypotheses were tested using linear regression and structural equation modeling (SEM) for predicting the impact of independent variable on the dependent variable. The validity, progressive and various models fits were tested using root mean square of approximation, root mean square of residuals, standard root mean square residuals, incremental fit index, fitness of the extracted and non-normal fit index.

Findings – The SEM estimations reveal that three main factors determine the success of social entrepreneurs in Lebanon, namely, environmental factors, psychological factors and prior experience. Moreover, the results reveal that support of NGOs positively moderates the relationships between the success of social entrepreneurship and two different variables (psychological factors and environmental factors), but failed to moderate the relationships between success of social entrepreneurship and four variables (experience, education, leadership and founding team composition).

Originality/value – The study contributes to the entrepreneurship and circular economy literature by explicating empirically the determinant factors of successful social entrepreneurship in Lebanon's emerging circular economy. It also provides a fact-based social awareness on the role of local and international NGOs in supporting the social entrepreneurs in driving the idea of a circular economy. The study also validates multiple entrepreneurship theories.

Keywords Entrepreneur, Social entrepreneurship, NGO, Success of entrepreneurship

Paper type Research paper



1. Introduction

It is generally accepted that entrepreneurship is one of the driving factors behind the development and growth of the market economy. Entrepreneurship refers to any effort by an individual, group of individuals or established companies to develop new business or

enterprise such as self-employment, a new business organization or the expansion of existing business (Ojiaku *et al.*, 2018). Moreover, entrepreneurship entails a complex and dynamic activity outcome and decides the desirability and feasibility of such outcomes and performance (El-Chaarani and El-Abiad, 2020).

The economic downturn is often suppressed by entrepreneurial activities that aim to improve economic performance. The entrepreneurial practices are known to trigger the creation of innovative businesses that have a positive impact on economic development (Khatab *et al.*, 2017). Another strand of entrepreneurship called social entrepreneurship has been well embraced by non-governmental organizations (NGOs), social changers, policymakers and academics because it a blended entrepreneurial innovative activity with a social purpose in either the private or non-profit sector, or across both, with the ultimate objective of giving back to society (Dee, 1998; Austin and Reficco, 2008; Defourny and Nyssens, 2008; Defourny and Nyssens, 2013).

Governments have been more concerned with entrepreneurship development and the contribution of entrepreneurship to the national economy and stimulation of the circular economy (Raimi and Yusuf, 2020). For example, Kelley *et al.* (2011) found that entrepreneurship is a driver of economic growth and national competitiveness. Additionally, they argue that most policymakers and scholars believe in the importance of entrepreneurship to society and economic development. They believe that entrepreneurship will stimulate positively innovation and economic reform. Entrepreneurship also provides humans and society with an array of products, services and technologies, including the prospect of future goods, better solutions to the vexing social and environmental problems and innovative services yet-to-be-discovered, created and exploited (Baron, 2002; Van Praag and Versloot, 2007; Santos, 2013; Ratten, 2021). Moreover, entrepreneurship rewards the entrepreneurs with enhanced revenue at the end of the economic activities, return on investment, foreign direct investment, employment opportunities, urbanization and increases in the gross domestic products of nations (Luke *et al.*, 2007; Raimi *et al.*, 2014).

From the foregoing discourse, it is obvious that the relationship between economic growth and entrepreneurship is direct. To stimulate growth, therefore, economists can add the entrepreneurship factor to the traditional economic development factors, such as taxes and public spending (Mendez-Picazo *et al.*, 2020). That is why there has been an interest in exploring what factors would, in turn, affect entrepreneurship and ensure its success, to identify the most effective measures to stimulate these factors and thus stimulate economic growth. Many studies have attempted to identify the most important drivers of an entrepreneurial process, by analyzing not only various contextual variables and sociological conditions that promote entrepreneurship success, but also assessing individual entrepreneurs (Mirjana *et al.*, 2018).

As laudable as entrepreneurship is, it comes with challenges, externalities and sustainability threats that are beyond the capacities of the government. The greatest challenge is in the beginning, to develop the business and to keep going ahead for a sustainable business in the first three years (Iskandarini, 2014). Some of the externalities of entrepreneurship are the energy and materials loops leading to pollutions and emissions of different forms, energy leakage and unsustainable production, and large accumulation of domestic and industrial waste products with serious environmental implications (Saiz-Alvarez, 2020; Tseng *et al.*, 2020).

The subject of well-being as a component of the overall development of society is becoming a front-burner issue because of monetary and non-monetary deprivation that affects a large proportion of the world's population. Subjective well-being refers to how individuals assess their life and recognize satisfaction (Ngamaba *et al.*, 2018). However, improving the well-being of billions of people is of paramount importance for social

development, especially for the NGOs and other welfare-oriented institutions. It also assumed that NGOs could play a critical role in the development process by providing different support services aspiring entrepreneurs to increase the success of new businesses and stimulate entrepreneurship (Rahman *et al.*, 2019). This assertion is particularly expedient for Lebanon, where there are more than 529 NGOs that work in the country's ecosystem to promote and stimulate entrepreneurship activities (Civil Society Directory, 2021). Nowadays, besides the traditional business entrepreneurship, all the Lebanese-owned and international NGOs are focusing on the issue of empowerment of the marginalized groups leveraging social entrepreneurship.

It is therefore correct to state that social entrepreneurship emerged in developing countries because of the public sector's inability and weak capacity to drive socio-economic development and worse still the traditional social service providers or charities are too bureaucratic in adopting novel ways of meeting the expectations and needs of society (Shaw and Carter, 2007; Urban and Gaffurini, 2018). Two dominant narratives have emerged as logical explanations of the emergence of social entrepreneurship, namely, European and non-European perspectives (Wulleman and Hudon, 2016). The European perspective asserts that social entrepreneurship emerges in the social scene because of the governance gaps, which is explained as the inability of the public authorities (governments) to properly fulfill its statutory obligations that directly impact the lives of the citizens. The non-European perspective explicates that social entrepreneurship emerged because of the resource gaps, that is, the challenge of inadequate financial resources experienced by the NGOs, charities and civil society organizations while attempting to tackle social problems (Wulleman and Hudon, 2016).

The intent of the emerging concept of social entrepreneurship, otherwise called entrepreneurial philanthropy, is to develop sustainable projects that have a positive social impact on the society through empowerment of women and youth and other vulnerable groups at a time of shrinking government funding (Harvey *et al.*, 2011); it extends to working selflessly to decrease poverty, improve the educational level and enhance psychological and social conditions in disadvantaged communities (Maclean *et al.*, 2013). Social entrepreneurship in most developed countries has been successful by the virtue of its innovative programs and projects with far-reaching social impacts on the vulnerable communities and beneficiaries. This is not the case Lebanon – a country that suffers from serious economic inequalities, military conflict and political instability and deep social cleavages and division along sectarian fault lines (Dahi, 2014). Moreover, Jaspal *et al.* (2020) and El-Chaarani (2021) noted that the deplorable economic situation in Lebanon has precipitated very high rates of unemployment, inflation, poverty and devaluation of the national currency. The aforementioned socio-economic and political problems are further worsened by the entry of Syrian refugees resulting in overstretching of health and education infrastructure in addition to unprecedented higher rents and declining access to public utilities (Dahi, 2014).

In Lebanon, the local and international NGOs and philanthropists whose memberships cut across religion, social support groups and community-based associations have been helpful before and during the COVID-19 outbreak in providing physical and emotional supports services to the vulnerable population (Dahi, 2014). But the fundamental question is:

Q1. How sustainable are the business models of these charities and NGOs?

Moreover, it is expedient to report that in developing country contexts such as Lebanon, the majority of entrepreneurs are engaged in entrepreneurial activity out of necessity (Beynon *et al.*, 2016). Consequently, the social maximization objective of social entrepreneurship may

not be attractive. The hallmark of social entrepreneurship is to attain business sustainability and improve social benefits and well-being of poor communities from the created business (Alberto, 2014). Therefore, should existing NGOs and charities adopt and promote the ideals, culture and activities of social entrepreneurship and entrepreneurial philanthropy in Lebanon, it is anticipated that they will have sustainable positive impacts on the economic, well-being and social conditions of the whole country.

In view of the foregoing, the purpose of this paper is to explore the determinants of successful social entrepreneurship projects and the role of NGOs in promoting social entrepreneurship in Lebanon. The special interest in NGOs is because of their number, rapid growth and impact on economic and social development in Lebanon. The two pertinent questions to be addressed by this research include:

- Q2. What are the determinant factors of successful social entrepreneurship in Lebanon?
- Q3. Do the local and international NGOs in Lebanon play a positive impact on successful social entrepreneurship?

This study is different from previous empirical research because it assesses the role of NGOs in developing social entrepreneurship activities during a recent period (2021) and based on a large sample of social entrepreneurs in the emerging circular economy of Lebanon.

To the best of the authors' knowledge, no prior study examined the determinant factors of successful entrepreneurship projects by considering the moderating role of NGOs in emerging circular economy. Therefore, this study provides many theoretical and empirical inputs to the literature of social entrepreneurship activities in emerging circular economy. First, this paper develops the literature of social entrepreneurship and NGOs contributions in the Lebanese emerging economy. There is no study that explores the role of NGOs and key success factors in the Lebanese context. Second, the practical contributions of this paper could be used by NGOs and governments in emerging circular economy to enhance their roles and improve the social entrepreneurship activities. Third, social entrepreneurs could use the results of this study to understand the different factors that could lead them to be successful in their social entrepreneurship activities.

Apart from the introduction (Section 1), the rest of this research is organized into five sections. Section 2 reviews the literature review of entrepreneurship, social entrepreneurship, the role of NGOs and the determinants of successful entrepreneurship. Section 3 explains the research methodology. Section 4 present the empirical findings. Section 5 discusses the findings and conclusion in relation to previous studies. Section 6 explicates the implications and further research direction.

2. Literature review

2.1 Entrepreneurship: the advancing to modern and innovative society

Entrepreneurship takes place in a market controlled and shaped by an institutional framework, generally defined as the exploitation of opportunities for profit (Bylund and McCaffrey, 2017). Entrepreneurship stands for "achievements" by achieving something new and tangible. It is the production of wealthy goods and services and the act of creating value businesses. It is on the verge of making or building something new, and advancing modern society to new heights, from essentials to comforts, to luxuries, to super luxuries and beyond establishing space colonies (Mehmood *et al.*, 2019). The entrepreneur as the activator not only has to possess the knowledge required to recognize innovative opportunities within extant systems but also must have the needed skills and abilities to set up a business

enterprise by taking advantage of the innovative or entrepreneurial opportunity in the society. At the same time, the entrepreneur is expected to work with a traditional social environment or a context to break down barriers to the growth of a business opportunity. Mendez-Picazo *et al.* (2020) argue that entrepreneur requires unique knowledge, skills, expertise and abilities that are adapted to the society in which they operate to establish new ideas.

To have entrepreneurship, first, entrepreneurial opportunities must be available in the society where entrepreneurs exist. Entrepreneurs have to explore new opportunities in the traditional society by fulfilling a market need through a modern and innovative combination of resources to produce superior value (Kuckertz *et al.*, 2017). Shane and Venkataraman (2000) argue that the discovery of a new opportunity is a necessary condition for entrepreneurship.

Because the range of choices and the implications of exploiting modern opportunities are unknown, it is not possible to make entrepreneurial decisions through an optimization process in which mechanical calculations are made in response to a certain set of alternatives (Shane and Venkataraman, 2000). Besides their skills and knowledge, entrepreneurs have to use their intuitions. They also have to ask for some help from entrepreneurship experts and institutions such as NGOs.

2.2 Social entrepreneurship: the advancing to a sustainable society

Entrepreneurship has had a positive influence on economic development and growth, and this relationship has been examined thoroughly in recent decades (Castano *et al.*, 2016; Doran *et al.*, 2018; Stoica *et al.*, 2020). This positive relationship is primarily attributed to the entrepreneur's activities, such as the development of new products, the search for new markets and the introduction of innovations, which have a positive impact on economic growth, job creation and social well-being. Given this possibility of stimulating economic growth via entrepreneurial activity, the literature also concentrated on identifying the factors that can stimulate entrepreneurship to design effective economic policy (Mendez-Picazo *et al.*, 2020).

Furthermore, the growing interest in environmental externalities that come with industrial development led to the emergence of the concept of sustainable development. Sustainable development refers to the effort to achieve economic development that will meet current needs without compromising the condition of future generations. With the help of the United Nations and NGOs, this situation has led to modifying the conventional business practices initiated by entrepreneurs and that are perceived environmentally unsustainable, and therefore, environmental damage is reduced (Mendez-Picazo *et al.*, 2020). Sustainable development concept has developed other activities and other ways of entrepreneurship thinking, especially that are related to social well-being. Thus, the social entrepreneurship concept has originated and has been increasingly considered in analyses (Middermann *et al.*, 2020).

The growing awareness of the contribution of social entrepreneurship to economic and social well-being is fueling scholar's interest in the process and its effects on social value creation (Dwivedi and Weerawardena, 2018). In recent years, a substantial amount of research has particularly concentrated on debating what is included or excluded in the notion of social entrepreneurship (Canestrino *et al.*, 2020). It is not easy to describe social entrepreneurship, mainly because of the lack of homogeneity in the available studies about the issue, as well as the thriving perspectives, used to discuss the phenomenon. Moreover, social entrepreneurship is challenging to outline because of the difficulty in describing its two constituent principles: entrepreneurship and social outreach (Rey-Marti *et al.*, 2016).

Various definitions of social entrepreneurship have been offered (Mair and Marti, 2006; Hockerts, 2017) and, accordingly, Dacin *et al.* (2010) have counted 37 definitions of social

entrepreneurship and social entrepreneur. The most important one is that social entrepreneurship is a mechanism involving opportunities and actions that pursue new ways to solve social and environmental problems by searching for innovative solutions (Miska *et al.*, 2013; Mendez-Picazo *et al.*, 2015).

Social entrepreneurship aligns with the philosophy of a circular economy and sustainable development in several respects, while the intent of social entrepreneurship is to solve social problems sustainably through social innovations for long-term social impacts (Raimi *et al.*, 2021). The intent to the circular economy, on the other hand, is to rethink development in a manner that integrates economic, social and environmental considerations for the purpose of maximizing ecosystem functioning and human well-being (Murray *et al.*, 2017). The circular economy focuses on economic, social and environmental dimensions of sustainable development, otherwise called the sustainable development triangle in the development literature (Munasinghe, 2012; Raimi and Yusuf, 2020). As in the case of general entrepreneurship, social entrepreneurship has a positive impact on sustainable development through facilitating job creation, and thus, increasing the aggregate demand of the economy which will boost the economic growth (Mendez-Picazo *et al.*, 2020).

The term social entrepreneurship is defined in this study as the creation of new sustainable business project that meets the needs of market demands, and at the same time provides enduring solutions to environmental and social problems facing the society. The three main components of the social entrepreneurship are the society, external environment and economic profit required to sustain and develop the new entrepreneurship project. In order of priority, the mission of serving the society and solving social problems comes as the first objective of social entrepreneurs, then the sustainability of external environment comes as a second objective and, finally, the maximization of profit comes as the last objective (Figure 1).

2.3 Non-governmental organizations and entrepreneurship: a constructive combination
NGOs are not part of any government and they are non-profitable organizations (Yanacopulos, 2017). They have existed to sustain certain areas, such as environmental, health, human rights and so on based on their particular missions. NGOs are also committed

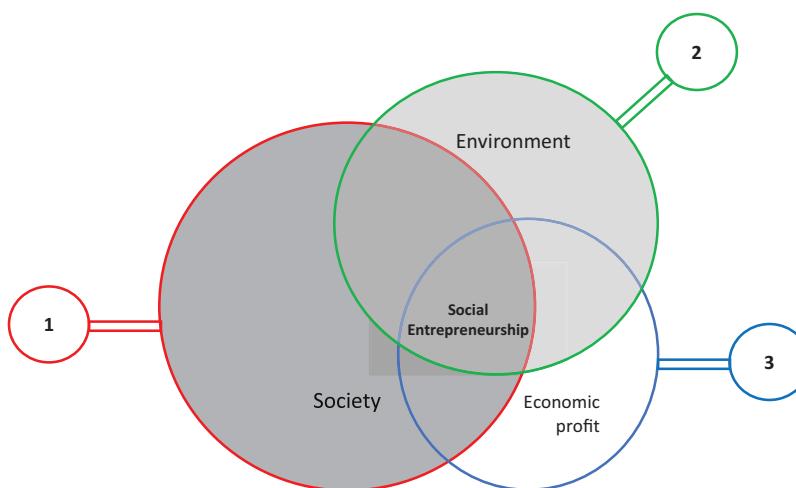


Figure 1.
Concept of social
entrepreneurship

to resolving social needs and strengthen human conditions. They have the capacities and capabilities to handle socio-economic and humanitarian challenges that cannot or will not be addressed by organizations in other sectors or even governments (Irini and Norazlina, 2012). They are gradually becoming more actively involved in the agenda of sustainable development by developing new strategies for engaging with the business communities and less focus on governments (Kourula and Laasonen, 2010). They have a huge influence on society (Kleibl and Munck, 2017). Lebanon's local and international NGOs play a fundamental role in the provision of services, delivering welfare, technical, legal and financial services to the huge poor community. Lebanon is suffering from economic recession, government corruption and political crises since 2010, and thus has led to an increase in the level of poverty (El-Chaarani and El-Abiad, 2017; El-Chaarani and El-Abiad, 2019). The development role of NGOs in Lebanon extends to precipitating social change and policy reforms through direct lobbying and social advocacy.

As for the role of NGOs in the Lebanese entrepreneurship projects, their development activities and contributions became noticeable in the last decade. They offer various types of support services to increase the entrepreneur's business success (Rahman *et al.*, 2019). Usually, some of the support services offered are direct/traditional assistance, such as consultancy, entrepreneurship training programs, skills development, advisory, financial aid and micro-credit to individuals. Alongside, these NGOs provide poverty reduction programs for strengthening the capacities of small and medium-sized entrepreneurial businesses (Tubey, 2012). Previous studies indicate that micro–small–medium enterprises in developing countries consider the support of NGOs as very important in getting access to financial aid and grants for the business start-up (Tambunan, 2008). Bauchet and Morduch (2013), Nitani and Riding (2014) and Boamah and Alam (2016) revealed that access to finance with the help of NGOs is an important factor contributing to the growth and success of small businesses. Besides, Carroll (2015) explicated that NGOs funding initiative is an effective support mechanism in developing countries because of the poor economic condition of the government. Even though NGOs provide numerous support services and organized empowerment programs for the underprivileged and marginalized in the society, there has been considerable debate about the contribution of NGOs to entrepreneurship and enterprise development, in both developed and developing countries. For example, Kelley *et al.* (2011) recorded that 42% of entrepreneurs opined that they preferred financial assistance from banks and financial institutions. On the other hand, Sandberg (2012) found that many of the NGOs comparatively charge a high interest rate for the micro-credits given to beneficiaries.

Based on an exploratory case study in the Baltic Sea region, Lindberg *et al.* (2011) revealed that NGOs play important roles such as linking women entrepreneurs to academics and government, developing women skills and competencies and carrying societal dimension of entrepreneurship. Similarly, Nandan and Kushwaha (2017) reported a positive impact of NGOs in social entrepreneurship in Allahabad District, where they empower the micro-entrepreneurs involved in handicrafts and agro-based activities through providing women by skills training, advising and assisting. Many other scholars such as Torri and Martinez (2014), Lenka and Agarwal (2015), Prasad (2016) and Singh and Nain (2016) explicated the positive impact of NGOs in promoting social entrepreneurship in different contexts. Overall, they found that NGOs are helping and motivating women in promoting their new sustainable businesses. Besides the financial support, the NGOs empower women and social entrepreneurship through constructive advice, training and psychological support. Moreover, Auplat (2006) found that NGOs have a positive influence on the creation of new ventures in the fields of nanotechnologies and biotechnologies. They provide three types of support interventions related to funding, regulation and identification of market

needs. Adeyeye (2016) found that NGOs have a positive impact on the income and growth of social entrepreneurship in Nigeria, especially with a focus on the training process and human rights protection for beneficiaries.

2.4 Determinants of successful entrepreneurship

Some researchers categorize the determinants of successful entrepreneurship projects into three main groups: entrepreneurial psychological elements and personality traits; entrepreneurial managerial skills and training; and the external environment in which the business operates (Benzing *et al.*, 2009). Others such as Rauch and Frese (2000) have contrasted the value of personality traits with the need for entrepreneurs' experience, training and managerial skills to achieve business success. For Green and Pryde (1989), the determinants contributing to business success are the ability of the entrepreneurs to take initiatives and to get support from their networks and environment. Local business experience and knowledge also play a significant role in the success of entrepreneurship projects (Hussain and Windsperger, 2010). Some other researchers such as Eroglu and Picak (2011) have correlated the success of entrepreneurship projects to national cultural attributes. The above perspectives underpin the personality traits theory of entrepreneurship.

2.4.1 Psychological factors. This perspective explicates that an individual has a certain inherent tendency to be engaged in entrepreneurial activities, while other individuals who have no driving characteristics will hardly become entrepreneurs (Farmer *et al.*, 2011). Numerous studies have clarified the importance of individual characteristics to the success or failure of entrepreneurs (Farmer *et al.*, 2011). Many scholars also believe that it is essential to understand what are the psychological factors that affect an individual's process of decision-making (Douglas, 2005). Therefore, psychological dimensions are essential for entrepreneurship success. The different psychological factors considered and discussed are presented below.

2.4.1.1 Need for achievement. The need for achievement is a unique human motivational trait, which can be explained as a desire for success or to accomplish something brilliant. In McClelland (1965), the need for achievement has been defined as an inclination to pursue any activity that carries a reasonable chance of success or satisfaction of personal achievement. To build and expand a business, an entrepreneur needs to have a strong desire known as a need for achievement (Rauch and Frese, 2000).

2.4.1.2 Locus of control. According to Chatterjee and Das (2015), *locus* of control is the generalized belief of a person in controlling his/her destiny. It is the perception of an individual about controlling life events (Findley and Cooper, 1983). Those who accredit themselves to the control of events and destiny are likely to have an internal *locus* of control and are classified as internals. However, those who endorse control to forces out and beyond their control are classified as externals and they are known to have an external *locus* of control (Spector, 1982).

Several literature studies have shown, via empirical findings, that internal *locus* of control is an entrepreneurial trait that can significantly stimulate entrepreneurial activity (Spector, 1982).

2.4.1.3 Self-efficacy. Self-efficacy refers to a person's judgments concerning his/her ability to perform a given task (Bandura, 1997). Self-efficacy is a deep confidence in one's own ability to combine and accomplish a particular task and achieve the goal by using necessary resources, skills and expertise (Bandura, 1997). According to Ho and Koh (1992), self-efficacy is an important psychological trait that helps to understand individual entrepreneurial orientation. Self-efficacy may be expressed as a reflection of the tasks that

need to be undertaken and the development of new ventures which are representative of the entrepreneurial act ([Chatterjee and Das, 2015](#)).

2.4.1.4 Tolerance of ambiguity. [Burden \(1962\)](#) has defined tolerance for ambiguity as the ability to interpret ambiguous or doubtful circumstances as open and neutral or as desirable. In an ambiguous situation like the new entrepreneurship project, an individual is provided with information that is complicated, insufficient or outwardly conflicting. An individual with a high tolerance for ambiguity and uncertainty is the one who finds ambiguous situations desirable, challenging, fascinating and he/she toils hard to triumph uncertain and unforeseeable circumstances to perform well ([Norton, 1975](#)).

2.4.1.5 Risk-taking propensity. Risk-taking propensity has been perceived as the propensity of an individual to undertake or avoid risk ([Petrakis, 2005](#)). The tendency to take deliberated risks has been perceived as an essential trait for the success of entrepreneurial activities around the world ([Rauch and Frese, 2000](#)). In the entrepreneurship literature, risk-taking tendency has been recognized as the willingness to take moderate risks ([Begley, 1995](#)). Also, the risk-taking propensity is perceived to have a positive impact on entrepreneurial orientation.

2.4.1.6 Innovativeness. Innovativeness is seen as an essential component of the entrepreneurial process. According to [Chatterjee and Das \(2015\)](#), an entrepreneur is an innovator. Various kinds of literature on entrepreneurship have generally mentioned innovativeness as a distinct characteristic of the entrepreneurs ([Jun and Deschoolmeester, 2008](#)). [Chatterjee and Das \(2015\)](#) suggested that innovation is a tool by which entrepreneurs may exploit new ideas to create new services and business opportunities. Various empirical studies also support the belief that entrepreneurs are more innovative and creative than non-entrepreneurs ([Koh, 1996](#)).

2.4.1.7 Independence and autonomy. Being independent and act autonomously, and not being dependent on others for accomplishing any task, is a significant trait of an entrepreneur and entrepreneurial person ([Rauch and Frese, 2000](#)). Independence means taking the responsibility to act as the self-judgment process rather than pursuing the blind opinions of others. Independence is a necessary component in an entrepreneurial role. [Hisrich \(1984\)](#) indicated that one of the prime factors for starting a business was a desire to be independent.

2.4.1.8 Optimism. The concept of optimism as an entrepreneurial trait has most often been the subject of psychological studies. Optimism will describe entrepreneurial attitude. Entrepreneurs perform and act by a distinct set of cognitive thinking processes and respond accordingly, thus supporting their optimistic characteristics ([Chatterjee and Das, 2015](#)). Further studies of literature on entrepreneurial characteristics show that entrepreneurs make decisions and judgments based on their optimistic outlook ([Palich and Bagby, 1995](#)). All the insightful discussions above underpin the psychological theory of entrepreneurship.

2.4.2 Environment factors. The establishment of a new entrepreneurial project requires some external resources and information. The degree of resource abundance is called environmental munificence, and it will significantly influence the start-up phase and the success of any entrepreneurship project. Many environmental factors were found in the literature ([Doris and Irena, 2013](#)). However, this study focuses on four factors, namely, financial support, government policy, business and professional infrastructure and culture and social norms. Further explanations on the four environmental factors that provide an enabling environment for entrepreneurship are provided hereunder.

2.4.2.1 Financial support. Financial support included the availability of numerous formal institutional and informal financial sources for new and growing businesses such as the banking system, venture capital, informal investment and business angels ([Gartner, 1985](#)). Entrepreneurs can have some difficulties assessing financial assistance; however, the

existence of financial support is crucial to the creation of successful new businesses. Both banks and venture capitalists (the most common financiers for entrepreneurship projects) are highly selective in providing financing (Meulman and Maeseneire, 2012). The NGOs can play a positive role in helping entrepreneurs to get access to funds and grants. Moreover, they can provide social entrepreneurs financial support in forms of donation and micro-credit.

2.4.2.2 Government policy. Governments in developing countries have to make the start-up application process easy and friendly by providing and an enabling legal and regulatory environment. Later, they should provide support for the growing and dynamic entrepreneurs, as well they have to give incentives to new businesses in the initial stages of growth (Radas and Bozic, 2009).

2.4.2.3 Business and professional infrastructure. The quality and accessibility of business, legal and technical infrastructure and incubators are essentially required by newly established and growing businesses (McAdam and Mcadam, 2006). Various consultants in an entrepreneur's social network and various professional consultants are crucial for their performance and success (Doris and Irena, 2013). Through the provision of a favorable business environment, newly founded firms are enabled to grow and survive. Entrepreneurs should have convenient access to physical infrastructure, including telecommunications, energy and utility supply.

2.4.2.4 Culture and social norms. Preferences or aversions in confronting entrepreneurial activity have a significant influence on entrepreneurial activates. More new businesses will be produced, in societies in which they respect social worth and people who have successfully created a new start-up (Usman *et al.*, 2021). The existence of meeting areas, entrepreneurship clubs and incubators for entrepreneurs, where they can discuss ideas, problems and solutions, has been noted to be beneficial to ideation and supportive of entrepreneurship ideas and successful projects than other areas (Doris and Irena, 2013).

2.4.3 *Education*. Education is thought of as being wider in scope than training; it extends to short-term and long-term professional and academic development. Its purpose is to develop the individuals in a formal setting such as school or university through the acquisition of general knowledge and the creation of basic mental abilities that make learners distinct and proficient (Genty *et al.*, 2015). Entrepreneurial education is the extent to which an individual has been appropriately educated from high school to doctoral levels (Jo and Lee, 1996). Entrepreneurship education offers a deeper examination of how learners across education and cultural backgrounds engage and participate in the learning process through a multi-dimensional sense of obligations, independent ways of thinking and the ability to connect to one's and other people's needs (Genty *et al.*, 2015). Jo and Lee (1996) suggest that education for entrepreneurs has a more beneficial influence on profitability than other demographic factors such as experience because it provides a substantial understanding as well as it offers certain information relevant to the market of product. However, Dickson and Weaver (2008) claim that there are beneficial effects of general education on entrepreneurs' success because education taught students how to put theory into practice as well as demonstrate an understanding of entrepreneurship. Therefore, students during their educational achievement cycle are expected to develop self-confidence and motivation, and become proactive, creative and learn how to work on a team. Moreover, Dickson and Weaver (2008) consider the general level of education as one of the determinants of successful entrepreneurs because the entrepreneurial activities that lead to profitability, growth in sales volume, venture survival rates and wealth accumulation, among others, are the deductive result of education attained. Similarly, Rae (2007) argues that education is essential in developing entrepreneurship capacities, and for achieving

success; therefore, education programs should focus a great deal on the development of student competencies and other skills required later in the market context. The foregoing perspective on education as a catalyst for entrepreneurship fits the human capital theory of entrepreneurship.

2.4.4 Experience. According to [Jo and Lee \(1996\)](#), entrepreneurial experience refers to the experience received in the course of organizing previous startups. It is the cumulative number of years and role played as entrepreneurs in all former ventures that strengthen the entrepreneurial experiences of individuals. The experience also can be based on previous participation in decision-making about the firm mode of operation. Thus, the experience could be either gained at the start-up of the business or gathered from equity holding and management of existing business ([Genty et al., 2015](#)). However, studies have shown a high correlation between experience and entrepreneurship success ([Dchesneau and Gartner, 1990](#); [Jo and Lee, 1996](#); [Sarasvathy and Menon, 2013](#)). [Sarasvathy and Menon \(2013\)](#) studied the reason for the failure of entrepreneurs and concluded that the success and failure of entrepreneurs depend on the experiences that the entrepreneurs possess in the business. Moreover, experience is an important determinant of the success and failure of the entrepreneur because gained knowledge by the entrepreneurs in their previous roles will play a significant and direct effect on the management of the new ventures. In the same line, [Rae \(2007\)](#) claimed that working from a background of experience in the industry and expertise in the area of work is an important added value to the enterprise because it increases the chances of success for the business. This perspective, such as the explanation on education above, fits the human capital theory of entrepreneurship.

2.4.5 Leadership. Leadership and entrepreneurship have been conceptualized as a specific set of characteristics, competencies and behaviours ([Engelen et al., 2015](#)). The marriage of the two fields has now been designated entrepreneurial leadership – a concept that how an entrepreneur or an entrepreneurial organization influences and directs the performance of group members toward achieving those organizational goals while recognizing and exploiting entrepreneurial opportunities with the business environment ([Renko et al., 2015](#)). With specific reference to NGOs and social enterprises, the term social entrepreneurial leadership explicates how leaders of social enterprises create and manage innovatively entrepreneurial organizations or ventures for the purpose of initiating social change and development through cross-fertilization of opportunities ([Prabhu, 1999](#)). These two fields have enhanced enterprise/business developments in many ways ([Ensley et al., 2006](#)), although recent studies have separately analyzed leadership and entrepreneurship ([Van Hemmen et al., 2013](#)). Some scholars may argue that entrepreneurship is simply leadership in a specific context ([Vecchio, 2004](#)). The fundamental assumption in entrepreneurship research is that an entrepreneur is a person that makes the difference in the success of a new business, either through his/her propensity to take risks ([Stewart and Roth, 2001](#)) or through his/her capacity to spot opportunities that others do not ([Alvarez and Busenitz, 2001](#)). It is important to understand entrepreneurs characterized by leadership, as they constantly face uncertainty and risk. [Harrison et al. \(2016\)](#) proposed that entrepreneurs should be equipped with leadership skills to recognize and exploit opportunities. Previous literature has shown that leadership is an important attribute and value with which entrepreneurs are equipped; moreover, it is an important determinant of entrepreneur success ([Leitch and Volery, 2017](#)).

2.4.6 Founding teams composition. A growing trend in the literature on entrepreneurial success has been to move the analytic focus away from the characteristics of entrepreneurs, toward a focus on the composition of entrepreneurial founding teams. The tendency derives from two factors. The first is the realization that many new businesses and projects are not

founded by solo entrepreneurs but rather by teams of individuals (Pfeffer, 1983). The second is the increasing understanding in the literature on organizational and team behavior of the importance of group composition for group performance. It has been shown that group composition is related to group success in two ways: through its implications for conflict and teamwork in the group and through its effects on the diversity of ideas and group (Williams and O'Reilly, 1998).

In fact, many are the ways by which group structure influences the entrepreneurial success but the main one remains through the level of group cohesion and the outcomes of group behavior. Research in organizational demography by Williams and O'Reilly (1998) typically supports the conclusion that as the diversity of a group rises, group cohesion decreases, and conflict increases. This relationship has been demonstrated for diversity in various individual characteristics, such as age, education, race, sex and work experiences. In turn, group cohesion and conflict have repercussions for group processes such as decision speed, decision quality and task execution (Pfeffer, 1983). The effective conflict between group members reduces the efficiency of the venture, possibly by its effects on decision speed and the implementation of the task, as these are likely to be difficult for people who dislike each other (Ensley and Pearce, 2001).

This indicates that group cohesion indirectly improves performance and ensures group success. Firms whose top management teams have diverse prior company affiliations are more likely to be successful than a firm with fewer company affiliations. Similarly, teams in which founding team members hold a range of key positions have greater entrepreneurial success (Williams and O'Reilly, 1998). This discussion suggests that the success of an entrepreneurial project depends heavily on the presence of optimal entrepreneurial teams in which the demographic composition balances the benefits of homogeneity and heterogeneity. Homogeneous groups are less likely to have disagreements and maybe more cohesive, but they will likely be less creative and innovative. However, heterogeneous groups may be more innovative, but internal group conflicts may prevent them from implementing their ideas (Ensley and Pearce, 2001).

Taking into account the important insights from the reviewed literature with regard to the roles of NGOs in stimulating social entrepreneurship in an emerging circular economy, the authors formulated the following 12 hypotheses:

- H1.* Psychological factors have a positive impact on the success of social entrepreneurship.
 - H2.* Environmental factors have a positive impact on the success of social entrepreneurship.
 - H3.* Education of entrepreneur has a positive impact on the success of social entrepreneurship.
 - H4.* Experience of entrepreneur has a positive impact on the success of social entrepreneurship.
 - H5.* Leadership skills of entrepreneur have a positive impact on the success of social entrepreneurship.
 - H6.* Efficient composition of entrepreneurial founding team has a positive impact on the success of social entrepreneurship.
- H1a.* NGOs support for entrepreneurs moderates the relationship between psychological factors and success of social entrepreneurship.
 - H2a.* NGOs support for entrepreneurs moderates the relationship between environmental factors and success of social entrepreneurship.

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- H3a.* NGOs support for entrepreneurs moderates the relationship between education factors and success of social entrepreneurship.
 - H4a.* NGOs support for entrepreneurs moderates the relationship between experience factors and success of social entrepreneurship.
 - H5a.* NGOs support for entrepreneurs moderates the relationship between leadership factors and success of social entrepreneurship.
 - H6a.* NGOs support for entrepreneurs moderates the relationship between efficient composition of entrepreneurial founding team and success of social entrepreneurship.

3. Research methodology

3.1 Research design

The main objective of this research is to reveal the determinant factors of successful social entrepreneurship *in an emerging circular economy*. The objective extends to identifying the role of Lebanese and international NGOs in promoting successful social entrepreneurship projects. The structural equation modeling (SEM) was used to explore the interaction relationship among variables, mainly the success of entrepreneurship, determinant factors of success and NGOs' contribution. The use of SEM analysis can reveal the impact of each independent variable on the dependent variable without being affected by the intercorrelation among the independent variables. The validity, progressive and various models fits were tested using root mean square of approximation (RMSEA), root mean square of residuals (RMR), standard root mean square residuals (SRMR), incremental fit index (IFI), fitness of the extracted (NFI) and non-normal fit index (NNFI).

The research model is presented in [Figure 2](#). The dependent variable is the success of social entrepreneurship. The independent variables are all the determinant factors of successful social entrepreneurship mainly the psychological factors (Pf), environmental factors (Ef), education (Ed), experience (Ex), leadership (Le) and founding teams composition (Ft). The contribution of NGOs in boosting success for social entrepreneurship is measured in this research through a mediator variable.

3.2 Definition and measurement of variables

3.2.1 Dependent variable. The concept of entrepreneurial success among scholars is very contentious and highly debated in the literature. While several parameters have been used to evaluate entrepreneurs' success rate, these metrics are still controversial ([Genty et al., 2015](#)). Entrepreneurs' success can be seen from both financial and non-financial metrics, whereby achievement was reported from an organizational performance angle.

The success of entrepreneurship projects is defined in this research based on the interpretation provided by several researchers ([Vesper, 1990](#); [Watson and Hogarth-Scott, 1998](#); [Taormina and Mei Lao, 2007](#)) who endorse the notion that successful entrepreneurship is a business that has been functioning with an acceptable level of growth, profitability and financial returns for several years. However, [Vesper \(1990\)](#) argues that only 10% of businesses survive after three years of operation. The success variable [success of social entrepreneurship (SSE)] was measured by using six items rated on a five-point Likert scale ranging from 5 (very high level) to 1 (very low level).

3.2.2 Independent variables. Six independent variables are used in this study. The Pf were measured using eight items related to the need for achievement; *locus* of control; self-efficacy; tolerance of ambiguity; risk-taking propensity; innovativeness; independence and autonomy;

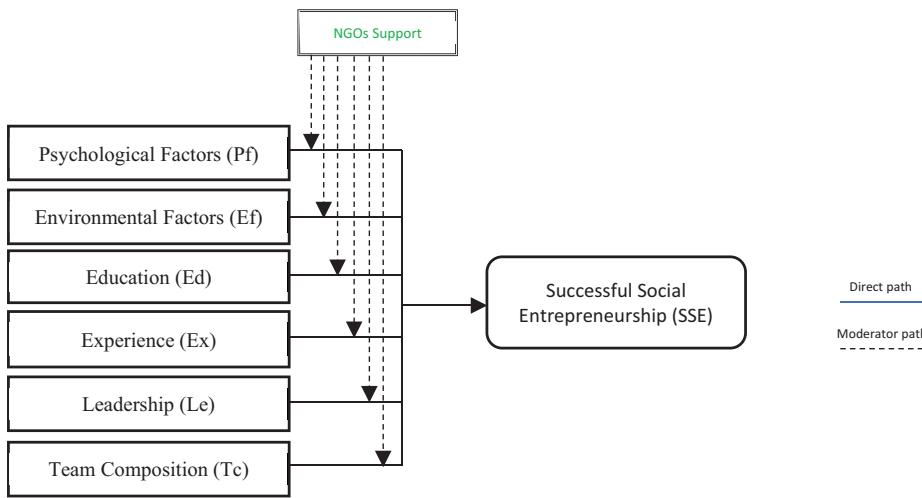


Figure 2.
Research model

and optimism. The Ef were measured using four items linked to financial support; government policy, culture and social norms; and business and professional infrastructure. The Ed variable was measured using four items related to general educational level, entrepreneurship knowledge program, entrepreneurship training program and other soft skills training. As for the Ex, this variable was measured using three items linked to general experience; experience level in the same industry of new business; and entrepreneurship experience related to the opening of new business. The Le variable was measured using six items related to integrity, self-confidence, communication skills, decision-making, influence and empathy. The last dependent variable is the Ft. This variable defines the characteristics of team composition of the new business and it is related to six items: team size, cohesion, homogeneity, gender composition, age and experience. All the six independent variables were measured based on five-point Likert scale ranging from 5 (strongly agree) to 1 (strongly disagree).

3.2.3 Moderator variable. The local and international NGOs in Lebanon are expected to alter the strength of the relationship between the success of social entrepreneurship and its determinant factors. The impact of NGOs was examined by splitting the social entrepreneurs into two different groups. The first group involves the entrepreneurs that have received a high level of support from local and international NGOs. The second group involves the entrepreneurs that have not received any valuable level of support from Lebanese and international NGOs. The unconstrained and constrained paths were examined on each group to test the impact of NGOs on the overall model. This multi-group analysis can reveal the impact of NGOs on the success of social entrepreneurship. Moreover, the NGOs contribution was measured using two different items based on five-point Likert scale ranging from 1 (in the case of the entrepreneur that received very low-level support) to 5 (in the case of the entrepreneur that received a very high level of support).

3.3 Sample

The target population is all the social entrepreneurship projects existing in Lebanon. In this study, a structured questionnaire with 45 questions was distributed to 468 Lebanese social entrepreneurs during the first quarter of 2021. Out of 403 answered questionnaires in the second quarter of 2021, only 389 are qualified as valid for analysis. The valid response rate of 468 questionnaires was 83.11%.

The different characteristics of the sample are presented in **Table 1**. The social entrepreneurship ecosystem in Lebanon is dominated by the females. Out of 389 social entrepreneurs, 71.7% are females and 28.3% are males. The majority of social entrepreneurs in Lebanon (45.24%) were in the category of age between 25 and 35 years. In middle age, social entrepreneurs are more motivated to open their new businesses. They have more experience, maturity and financial stability.

Most respondents have less than 10 years of experience. Out of 389 social entrepreneurs, 40.62% of respondents have less than 5 years of experience and 36.76% have between 5 and 10 years of experience. The social entrepreneurship activities in Lebanon decrease with the increase in prior experience. The majority of respondents are single (56.81%) or divorced (26.48%). Only (16.71%) are married. Being financially independent increases the motivation toward the creation of new start-ups with social impact. Most of the respondents (60.93%) have no prior start-up experience. So, a prior entrepreneurship experience cannot be considered as a source of motivation to open a new social business. Finally, the results of the sample description show that the sampled social entrepreneurs in Lebanon are mostly working in three main sectors: agriculture (21.08%), food/catering (20.05%) and service (16.20%).

4. Empirical results

The different descriptive statistics and the coefficients of correlation of the sample are presented in **Table 2**. The values of composite reliability (CR) range from 0.799 to 0.913. The CR values for the different constructs are acceptable. The Cronbach's alpha coefficient for each construct is greater than 0.7, the minimum standard threshold. Specifically, they range from 0.789 to 0.902, which reveals internal consistency and reliability for each construct. The values of average variance extracted (AVE) are ranging from 0.723 to 0.832. This result

Item of respondents	Characteristics of respondents	Frequency	(%)
Gender	Female	279	71.7
	Male	110	28.3
Work experience	Between 0 and 5 years	158	40.62
	Between 5 and 10 years	143	36.76
	Between 10 and 15 years	52	13.37
Age	More than 15 years	36	9.25
	Less than 25 years	81	20.82
	Between 25 and 35 years	176	45.24
	Between 35 and 45 years	93	23.91
Marital status	More than 45 years	39	10.03
	Single	221	56.81
	Married	65	16.71
Prior entrepreneurship experience	Divorced	103	26.48
	Yes	152	39.07
	No	237	60.93
Sector	Education	29	7.46
	Industrial	47	12.08
	Agriculture	82	21.08
	Technology	54	13.88
	Art	36	9.25
	Food/catering	78	20.05
Sample description	Service	63	16.20

Table 1.
Sample description

Construct	Mean, standard deviation, AVE and Cronbach's alpha	Items	Cronbach's alpha	AVE	CR	Mean	SD	SSE	Pf	Correlation	Ef	Ed	Ex	Le	Ft	NGO
Success of social entrepreneurship (SSE)	6	0.862	0.723	0.872	2.91	0.23	1									
Psychological factors (Ph)	8	0.902	0.829	0.913	2.05	0.42	0.39*	1								
Environmental factors (Ef)	6	0.851	0.746	0.864	1.98	0.35	0.46**	0.34	1							
Education (Ed)	4	0.789	0.758	0.799	2.64	0.43	0.18	0.52	0.12	1						
Experience (Ex)	3	0.873	0.821	0.889	2.83	0.34	0.09	0.39*	0.08	0.26	1					
Leadership (Le)	6	0.811	0.779	0.831	3.31	0.41	0.27*	0.61*	0.23	0.32	0.12	1				
Founding teams composition (Ft)	6	0.793	0.742	0.801	3.01	0.24	0.03	0.21	0.12	0.27	0.32	0.23	1			
NGO (dichotomous variable)	2	0.892	0.832	0.902	3.09	0.52	0.32	0.63	0.23	0.33	0.42	0.31	0.34	1		

Note: ** , *Correlation is significant at the 0.01 and 0.05 levels, respectively (two-tailed test)

Table 2.
Descriptive statistics
and correlation

indicates that the constructs have a good discriminant validity because the values of AVE are greater than the minimum threshold (0.5).

The coefficient correlation matrix shows positive and significant correlation between success social entrepreneurship and three different variables: Pf, Ef and Le. The correlation is positive and significant between Pf and two different variables: Ex and Le.

The Le variable has the highest mean level (3.31). The Ef variable has the lowest mean level (1.98). The mean value of Pf variable is very low (2.05). These results are explained by the absence of suitable environmental and psychological factors for the opening of a new social environment. The government should improve the entrepreneurship infrastructure conditions. The SEM is used to determine the relationship between the success of social entrepreneurship, its determinant factors and the role of NGOs. The quality, validation and predictive relevance of the model are assessed by using different indicators. The results in [Table 3](#) indicate that the used SEM model has acceptable standards and fit indices. The IFI, NNFI and NFI are greater than 0.9, the minimum acceptable threshold ([Du Toit and Du Toit, 2008](#)). The RMR and SRMR are close to 0.1 and 0, respectively. The RMSEA is less than 0.1, and finally, the absolute value of the residuals (Chi-square/df) is less than 3, the accepted maximum threshold ([Du Toit and Du Toit, 2008](#)).

The results in [Table 4](#) and [Figure 3](#) show the nature of relationship between the SSE *in an emerging circular economy* and its determinant factors. Moreover, they indicate if the Lebanese and international NGOs moderate the relationship between Pf, Ef, Ed, Ex, Le and Ft with success social entrepreneurship.

The results in [Table 4](#) reveal that Pf and Ef are considered the most important factors affecting the success of social entrepreneurship in Lebanon. The path coefficients of Pf and Ef are 0.384 and 0.421, respectively, which indicates that *H1* and *H2* are supported. The prior Ex of social entrepreneurs also has a significant impact on the success of social entrepreneurship in Lebanon. The coefficients causal pathway between Ex and SSE is positive (0.107) and significant, which indicates that *H4* is supported. Ed, Le and Ft are not considered as determinant factors of success for social entrepreneurship in Lebanon. These results indicate that *H3*, *H5* and *H6* are not supported.

The path coefficients of Pf and Ef toward the SSE are positive and significant when the NGOs support the creation of the new business. In the case of valuable support by NGOs for social entrepreneurs, the path coefficients of Pf and Ef are 0.453 and 0.506, respectively. The standard path coefficients in the case of empowerment provided by NGOs are relatively higher than the case of the absence of any valuable support by NGOs, indicating that the support of NGOs is a significant mediator for the relationships. The support of NGOs positively moderates the relationships between the SSE and two different variables: Pf and Ef. Therefore, *H1a* and *H2a* are supported. The results reveal that Ex, Ed, Le and Ft have no significant impact on the success of social entrepreneurship when the social entrepreneurs

Table 3.
Fit and standard
indices of structural
equation modeling

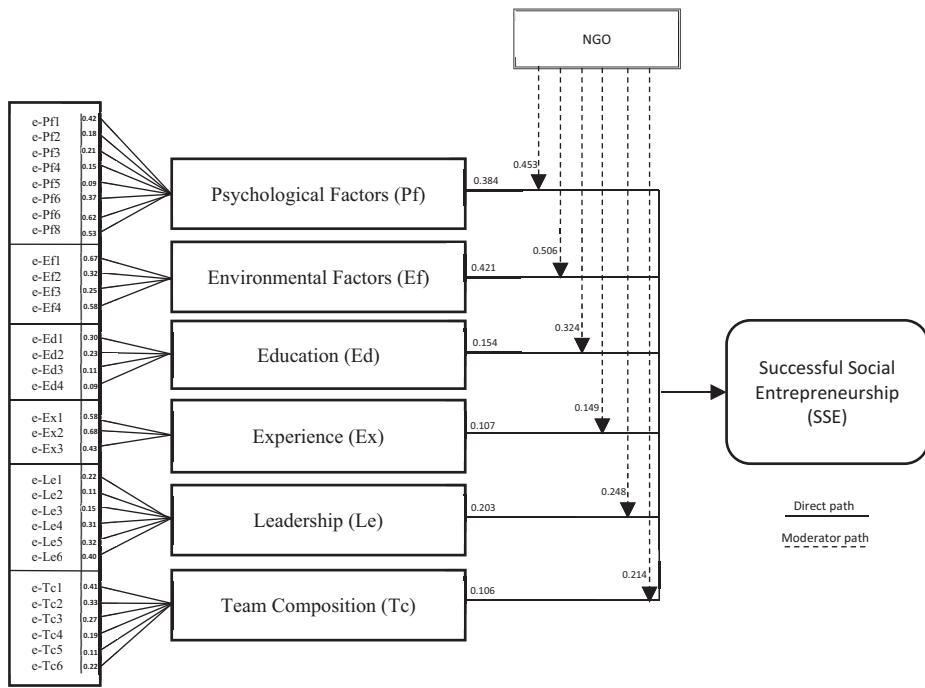
	Value
Chi-square	86.28 ($p < 0.05$)
Absolute value of the residuals (Chi-square/df)	1.213
Root mean square of approximation (RMSEA)	0.011
Root mean square of residuals (RMR)	0.089
Standard root mean square residual (SRMR)	0.009
Incremental fit index (IFI)	0.956
Fitness of the extracted (NFI)	0.991
Non-normal fit index (NNFI)	0.977

Hypothesis	Structural path	Path coef.	t-Value	p-Value	Conclusion
<i>Direct path</i>					
H1	Psychological factors (Pf) → Success of social entrepreneurship (SSE)	0.384	2.93***	0.000	Supported
H2	Environmental factors (Ef) → Success of social entrepreneurship (SSE)	0.421	2.38***	0.001	Supported
H3	Education (Ed) → Success of social entrepreneurship (SSE)	0.154	0.31 n.s.	0.365	Not supported
H4	Experience (Ex) → Success of social entrepreneurship (SSE)	0.207	2.56 **	0.001	Supported
H5	Leadership (Le) → Success of social entrepreneurship (SSE)	0.203	0.21 n.s.	0.390	Not supported
H6	Founding teams composition (Ft) → Success of social entrepreneurship (SSE)	0.106	0.22 n.s.	0.312	Not supported
<i>Moderating impact of NGOs</i>					
H1-a	Psychological factors (Pf) × NGOs → Success of social entrepreneurship (SSE)	0.453	2.42**	0.000	Supported
H2-a	Environmental factors (Ef) × NGOs → Success of social entrepreneurship (SSE)	0.506	3.92***	0.000	Supported
H3-a	Education (Ed) × NGOs → Success of social entrepreneurship (SSE)	0.124	2.01 n.s.	0.421	Supported
H4-a	Experience (Ex) × NGOs → Success of social entrepreneurship (SSE)	0.149	0.18 n.s.	0.346	Not supported
H5-a	Leadership (Le) × NGOs → Success of social entrepreneurship (SSE)	0.248	0.28 n.s.	0.316	Not supported
H6-a	Founding teams composition (Ft) × NGOs → Success of social entrepreneurship (SSE)	0.214	0.35 n.s.	0.290	Not supported

Notes: * $p < 0.05$, ** $p < 0.01$, *** $p < 0.001$, n.s.: non-significant

Table 4.
Results of SEM
model

Figure 3.
Results of the SEM model



are assisted by Lebanese and international NGOs. These results indicate that *H3a*, *H4a*, *H5a* and *H6a* are not supported.

5. Discussion

This research intends to reveal the determinant factors of successful social entrepreneurship and determine the role of NGOs in supporting social entrepreneurs. Based on 389 social entrepreneurs in Lebanon, the results of the study show that there are three main factors that affect the success of social entrepreneurs.

The first factor is related to the psychological level of entrepreneurs. The need for achievement, *locus* of control, self-efficacy, tolerance of ambiguity, risk-taking propensity, innovativeness, independence, autonomy and optimism are conducting the social entrepreneurs to achieve themselves through the opening of new social entrepreneurship projects. Other individuals are willing to choose the traditional type of employment instead of taking risks to be social entrepreneurs. Many scholars revealed similar findings by showing that the success of any entrepreneurship project is affected by the psychological factors of entrepreneurs (Palich and Bagby, 1995; Rauch and Frese, 2000; Rose *et al.*, 2006; Jun and Deschoolmeester, 2008; Makbul and Hasun, 2011; Chatterjee and Das, 2015).

The second factor is related to the environmental conditions in which the entrepreneurs are working. The results of the study show that the most important factor that determines the success of social entrepreneurship project is related to environmental factors such as the financial support; government policy; culture and social norms; and business and professional infrastructure. The environmental conditions are the key determinants of successful social entrepreneurship. These results are in line with the empirical findings of Radas and Bozic

(2009), Meulman and Maeseneire (2012) and Usman *et al.* (2021) who revealed that it is not possible to initiate a social entrepreneurship project if the entrepreneur is not supported by its external environment.

The third and the last factor that determines the success of social entrepreneurship is related to the prior experience of social entrepreneurs. A previous experience in the labor market, prior entrepreneurship project, interaction with customers and taking decisions after defining a global vision are very important factors that lead to increase the success of social entrepreneurs. This result is consistent with the findings of Rae (2007) and Sarasvathy and Menon (2013) who showed that prior experience could lead to increase the success level of entrepreneurship activities.

As for the role of Lebanese and international NGOs, the results of the study show that they empower the social entrepreneurship activities in Lebanon. The results reveal that the NGOs moderate the relationship between Pf and Ef with the success of social entrepreneurship. The Lebanese and international NGOs play a crucial role in helping the social entrepreneurs in Lebanon by providing them financial aid, financial access and creating business and professional infrastructure. Also, they encourage and motivate social entrepreneurs by providing psychological motivation and assistance. These results confirm the empirical findings of Kelley *et al.* (2011), Carroll (2015) and Boamah and Alam (2016) who revealed that NGOs could enhance the entrepreneurship activities in Europe, Canada and Asia-Pacific region.

However, the results do not reveal any moderating impact of NGOs in the relationships between Ed, Ex, Le and Ft with the success of social entrepreneurship. Therefore, NGOS have to revise their educational and personnel empowerment strategies in the Lebanese context.

6. Conclusion

Social entrepreneurship is becoming a crucial factor to develop the Lebanese economy and reduce poverty and societal pressures. This concept of social entrepreneurship is not like traditional business entrepreneurship. The mission of business entrepreneurs is to maximize the profit for the business owners while the mission of social entrepreneurs is to meet social needs based on sustainable business projects. Social entrepreneurs address economic development and social problems such as poverty, gender inequality, inadequate education and health-care services.

Nowadays, several Lebanese and international NGOs are contributing to the development of social entrepreneurship in Lebanon. They provide financial and non-financial support to social entrepreneurs through international funds provided by international institutions such as United States Aid and the European Commission. They collaborate with social entrepreneurs by conducting training programs, stimulating, counseling, assisting, funds raising and providing psychological support.

NGOs in Lebanon and in developing countries should adapt their strategies to fit with the changing environment especially after the COVID-19 epidemic period. They have to put the empowerment of social entrepreneurship at the center of their strategy. They should formulate new multi-policies to promote social entrepreneurship across all industries because focusing on one policy does not fit at all. Moreover, the NGOs have to focus on the development of the entrepreneurship ecosystem after considering the challenges and the opportunities in each country. They should optimize regulations, enhance soft skills, improve access to finance, promote local and international networking, increase awareness and facilitate innovation.

Social entrepreneurs in Lebanon must understand what can lead them to be successful in their social entrepreneurship activities. They must be highly motivated, independent, optimistic and innovative. They should be able to take risk and control their psychological factors.

7. Implications, limitations and future research direction

The research findings have far-reaching managerial, policy and theoretical implications in the fields of social entrepreneurship, management and development studies.

The managerial implication indicates that the psychological readiness of social entrepreneurs is a necessary condition for the success of social entrepreneurship, but the intervention support from the empathetic NGOs could strongly complement and accelerate the path toward success. Therefore, aspiring and established social entrepreneurs, NGOs, mentors and capacity building managers should focus on building the psychological level of entrepreneurs, particularly on characteristics such as the need for achievement, *locus* of control, self-efficacy, tolerance of ambiguity, risk-taking propensity, innovativeness, independence, autonomy and optimism.

The policy implication of the study is that the government, NGOs and other empathetic institutions should work collaboratively at providing an enabling environment for social entrepreneurship to thrive. This is important because environmental factors such as the financial support, government policy, culture and social norms and business and professional infrastructural services are necessary for the success of social entrepreneurship and creation of successful startups by entrepreneurs. Without an enabling legal and regulatory environment, the intervention support from the NGOs would not be effective.

The third and the last factor that determines the success of social entrepreneurship is related to the prior experience of social entrepreneurs. A previous experience in the labor market, prior entrepreneurship project, interaction with customers and taking decisions after defining a global vision are very important factors that lead to increase the success of social entrepreneurs.

Another managerial implication suggests that aspiring and established social entrepreneurs should leverage prior experience when setting up and managing new business and projects. The valuable support interventions of local and international NGOs are critical for empowering social entrepreneurs in Lebanon to be able to bring about needed social and economic development because of the weak governance capacity of the Lebanon government.

The theoretical implication of the research is that the research validates and provides empirical support for the soundness and robustness of the personality traits and psychological and human capital theories of entrepreneurship.

The two main limitations of this important study are the sample size and sampling technique. First, the sample of 389 respondents may be viewed as statistically unrepresentative of the population of social entrepreneurs in Lebanon. Although it provides very useful insights on determinants of success of social entrepreneurship and the roles of NGOs, the findings cannot be generalized to cover other countries since it reflects the social entrepreneurship only in Lebanon. Second, the use of purposive sampling is another limitation because such a sampling technique is viewed as non-random sampling and subjective. In this research, it was preferred because the population of social entrepreneurs is large and unknown in the absence of a sample frame. The research found purposive sampling relevant because of the preference for social entrepreneurs that are knowledgeable and experienced about the phenomenon of social entrepreneurship in the developing context of Lebanon struggling with multiple socio-economic and political crises. Despite the two limitations explicated and justified above, this study is unique and distinct, as it opens the space for further studies on this contemporary topic. Further studies may consider increasing the sample size, explore the use of random sampling technique and tempt to unveil the reason why the role of NGOs failed to moderate the relationships between four determinant factors (education, experience, leadership and founding teams' composition) and success of social entrepreneurship.

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