

# **THE MOTIVATION STRUCTURE OF SOCIAL ENTREPRENEURS AND ITS ANALYSIS FROM THE PERSPECTIVE OF SELF- DETERMINATION THEORY**

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## **Abstract**

In spite of the increasing research attention on social entrepreneurs, there is a lack of empirical studies investigating their motivations. Moreover, in ex-socialist countries, like Hungary, the foundation and acceptance of social enterprises are in a few decades delay in relation to Western Europe, which increases the need of related research in the region. The aim of the present qualitative study was to explore social entrepreneurs' motivation and to investigate to what extent this motivational structure is autonomous. To reach these goals the researchers applied semi-structured personal deep interviews with open coding and analysis method.

The identified motivational structure includes 19 motivational subcategories grouped into 5 main categories: social motivations; entrepreneurial motivations; personal motivations; environmental motivations; and governmental incentives. According to the results, for someone to become a social entrepreneur, the coexistence of at least three motivational main categories (entrepreneurial, social, and personal) seem to be necessary, while the other two main motivational categories (governmental incentives and environmental motivations) are only supportive ones. The research also found that the motivation of social entrepreneurs is dominantly autonomous. Controlled motivations are only significantly presented in two main motivational categories (personal motivations and governmental incentives).

Keywords: social entrepreneur, motivation, goals, self-determination theory

## **INTRODUCTION**

Nowadays, a spreading solution for current social problems is the concept of social enterprises, which means enterprises are established to solve social problems in a financially sustainable way (Borzaga and Solari 2004, Smith et al. 2012, Roh 2016). However, while the number of publications dealing with social entrepreneurship is increasing, the number of empirical studies available is still low (Cukier, et al. 2011, Sastre-Castillo et al. 2015). According to Shepherd and Patzelt (2017), there is much more to learn and explore in the framework of sustainable entrepreneurship (it contains social and environmental entrepreneurs and even some elements of the CSR). Moreover, in the post-socialist countries-

including Hungary- the empirical research need is even higher, as the first social enterprises were established only decades later compared to, e.g. Western European countries. Moreover, in Hungary, there is cultural opposition against cooperatives and general lack of trust in solidarity movements, which makes the operation of social enterprises more difficult (G. Fekete et al. 2017). Furthermore, there is no generally accepted legal definition and form for the concept of social entrepreneurs in Hungary, which makes it difficult to measure or observe them consistently (G. Fekete et al. 2017). However, empirical research carried out in this region can help to deepen our understanding of social entrepreneurs and entrepreneurship.

Carsrud and Brännback (2011) summarize that in the early ages of entrepreneurship research, investigating entrepreneurs' motivation was popular among researchers, but with time, the number of researches has continuously decreased, leaving the research field undiscovered. Moreover, even in present days, too little attention is paid to examining entrepreneurial motivations (Elfving et al. 2009) and most of the studies lack the integration of psychological and cognitive aspects (Yitshaki and Kropp 2018). In addition, researchers focus primarily on conventional profit-oriented entrepreneurs' motivation (Germak and Robinson 2014). In the case of social entrepreneurs, most of the studies aim to separate them from other entrepreneurial and organizational forms (Miller et al. 2012; Sastre-Castillo et al. 2015). Other interesting aspect is that most of those studies that investigated the motivations of social entrepreneurs focused mainly on prosocial motivations and gave little attention to the profitmaking and innovation parts of their motivational structure (Douglas and Prentice 2019). Douglas and Prentice (2019) also added that researching in this more complex way can lead to a broader theory about entrepreneurs, which will include social entrepreneurs under the same theory as conventional entrepreneurs.

Moreover, social entrepreneurs have a dual purpose within the enterprise (Zahra et al. 2009, Barraket et al. 2016, Roh 2016), which can increase their level of stress and decrease well-being (Kibler et al. 2019). According to Kibler et al. (2019), this negative impact can be mitigated if entrepreneurs' motivation becomes autonomous and intrinsic. Therefore, self-determination theory seems to be suitable to analyze which motivations belong to which regulatory styles (on the scale of intrinsic to extrinsic motivations) (Deci and Ryan 2000, Ryan and Deci 2000). In conclusion, the field of social entrepreneurs' motivations requires further empirical research (Carsrud and Brännback 2011, Miller et al. 2012, Renko 2012, Germak and Robinson 2014), especially in an Eastern-European context.

Present study intends to contribute to the fulfilment of the above-described research gap and integrate the social and business motivations of social entrepreneurs in the same

motivational model. The study's **main research question** is what motivates Hungarian social entrepreneurs to start and operate social enterprises. For the better and deeper understanding of the motivations, **besides this main question**, the study also investigated to what extent social entrepreneurs' motivation is autonomous. The first (and main) part of the empirical study is a qualitative exploratory research using a series of semi-structured depth interviews. The second part of the empirical study, with the goal of a better and deeper understanding of the motivations, uses deductive methodology by using the conceptual framework of an existing theory (self-determination theory) (Deci and Ryan 2000).

We start our paper with introducing the theoretical background of the research, including the definition of social entrepreneurs, their motivations, and the presentation of self-determination theory as a categorization tool. After that, we shortly describe the methodology used, the research sample and the Hungarian context of social entrepreneurs. Empirical results are separated into two major parts 1) description of the motivational structure of social entrepreneurs and 2) the analysis of this structure from the perspective of the self-determination theory. After the results, there is a discussion chapter and we finish our study with conclusions.

## THEORETICAL BACKGROUND

Numerous definitions of social enterprises exist in the literature, also reflecting regional differences (Bacq and Janssen 2011, Sastre-Castillo et al. 2015). It is common in all approaches that the primary goal of social enterprises is not profit maximization, but to create 'social value', by serving the interest of a community/group. This social goal explicitly appears in the mission of social enterprises (Dees 2001, Blackburn and Ram 2006, Defourny and Nyssens 2010a, 2010b, BIS 2011, Borzaga et al. 2012). Thus, social enterprises aim to provide solutions for (essential) social problems while functioning within the frames (circumstances) of the market (economy) (Defourny and Nyssens 2010a).

The social enterprise definitions differ in the importance of social interest and goals (Smith et al. 2013); profit allocation (Yunus 2006, Borzaga et al. 2012, Roh 2016); innovativeness (Blackburn and Ram 2006, Tóth et al. 2011); economic risk taking (Defourny and Nyssens 2010a); and importance of democratic decision-making (Defourny and Nyssens 2010b, G. Fekete et al. 2017). Other aspects that make more complicated to define social enterprises are the competing concept like corporate social responsibility, corporate sustainability (Málovics

et al. 2011) or policy entrepreneurship (Hemingway 2005), because in these cases that boundaries not always clear (Hemingway 2005).

Within the present research, authors define **social enterprises** as enterprises that were established or transformed to solve social problems in a financially sustainable way. Consequently, social entrepreneurs are thus individuals who founded or manage enterprises characterized by the above criteria (Bosma et al. 2016).

A number of researches investigated why people become entrepreneurs, however, there are researchers who think there is still much to discover in this area (Elfving et al. 2009, Carsrud and Brännback 2011). **Motivation** can be described with those psychological processes which energize, direct, and sustain action (Pardee 1990, Ramlall 2004, Locke and Baum 2007, Carsrud and Brännback 2011, Renko 2012). Some researchers emphasize that motivations and intentions are the most important elements in defining social enterprises and distinguishing them from ‘conventional’ enterprises (Tóth et al. 2011).

### **Separation of social and commercial motivations**

In the initial entrepreneurial studies, researchers thought that entrepreneurs are motivated to risk their personal resources because of the hope of financial return and profit maximization (Carsrud and Brännback 2011, Miller et al. 2012). Carsrud and Brännback (2011) added that entrepreneurs with business focus indeed start an enterprise for money, prestige, and/or status, however, these factors cannot explain every entrepreneur’ motivation. Among social entrepreneurs, the previous self-centered motivational researches in most situations are inadequate (Miller et al. 2012), because one of their main motivators can be the social value creation (Carsrud and Brännback 2011, Renko 2012). Renko (2012) highlights that the previous studies investigated entrepreneurial motivations (such as self-fulfillment, financial success, personal growth, status, and autonomy) from the perspective of the individual’s or one’s family’s well-being and wealth, and they neglected the prosocial motivations. Douglas and Prentice (2019) summarizes that contrary to the “self-centered” profit and psychic income seekers, there are social entrepreneurs who are considered as “other-centered”, and they provide benefits for people outside the enterprise. According to the results of Repisky and Tóth (2019), social entrepreneurs can be described not only with need for achievement as conventional entrepreneurs, but with a higher degree of need for affiliation (desire for interpersonal relationships) and some need for power (influence others), which can be caused by their pro-social motivations and collectivistic values.

Renko (2012) also added that previous researches showed that prosocial motives are connected to the individual’s well-being, and social entrepreneurs can follow both prosocial

and self-centered goals, too. In addition, social entrepreneurs' secondary objective can be profit seeking to finance and facilitate the growth of the social mission (Douglas and Prentice 2019) or from other perspective entrepreneurial goals (Christopoulos and Vogl 2015). On the other hand, the balancing between these two different motivations (social and business) can increase the stress level of entrepreneurs and it can negatively impact their subjective well-being (Kibler et al. 2019).

### **Role of compassion and empathy**

Compassion is the broader manifestation of empathy, which is an antecedent of social entrepreneurial intention (Forster and Grichnik 2013). Miller et al. (2012) stated that compassion can support people to become social entrepreneurs. In the approach of Miller et al. (2012), compassion is a pro-social emotion that connects the person to a suffering community, and it makes the person more sensitive to others' needs and pains. Other researchers also state that empathy is a key distinguishing factor to separate social entrepreneurs from commercial ones (Bacq and Alt 2018). However, according to the results of Bacq and Alt (2018), empathy has an indirect support for social entrepreneurial intentions through two mediating mechanisms: SE self-efficacy and social worth. With this kind of prosocial motivations, entrepreneurs can understand others' needs better and they construct better solutions for these needs (Forster and Grichnik 2013, Shepherd and Patzelt 2018). In the opinion of Miller et al. (2012), this kind of integrative thinking can support the synthesis of different interests, like the two basic interests of social enterprises (social and business interests).

In the theory of Miller et al. (2012), the other process which can foster becoming a social entrepreneur is the prosocial cost-benefit analysis. In this type of cost-benefit analysis, our costs and benefits complement with others' costs and benefits, so we internalize our decision impact on others. In this behavior, non-action can be perceived as a kind of "emotional tax". In this theory, the third process is the escalating commitment to reduce others' suffering, because in this way an individual can see oneself helpful and caring, moreover, it shortens the distance between one's ideal self and actual self (Miller et al. 2012).

Yitshaki and Kropp (2018) summarized that there are two types of compassion: self-compassion and other-regarding compassion. In the previous segment, we mostly discussed the other-regarding compassion, which "occurs when a person notices another person's suffering, feels empathic concern and responds to the suffering" (Yitshaki and Kropp 2018: 12). "Self-compassion differs from other-regarding compassion because the genesis of self-compassion is awareness of one's own suffering, a desire to heal oneself and increase well-

being” (Yitshaki and Kropp 2018: 12). When a social entrepreneur follows this self-compassion, which is in an inner process, the entrepreneur feels a desire to alleviate not only his/her own suffering, but also others’ suffering (Yitshaki and Kropp 2018). This type of relatedness to the problem can appear in the way that someone is disabled or has serious health problems, and in this situation he/she will search for a career option that offers flexibility and autonomy, such as the entrepreneurial life. In the USA, disabled people choose entrepreneurial career twice as many as other people (Shepherd and Patzelt 2018). This type of personal relatedness can support someone to become social entrepreneur, because he/she will experience the drawbacks of social problems first-hand. Similarly, when an environmental or societal problem threaten someone’s psychological or physical health, one will tend to do everything to solve this problem (Shepherd and Patzelt 2018).

### **Goals and motivational structures**

Germak and Robinson (2014) studied social entrepreneurs’ motivation with qualitative methods, through interviews. From their results 5 major motivational themes emerged: 1) personal fulfilment; 2) helping society; 3) nonmonetary focus; 4) achievement orientation; and 5) closeness to social problem. Douglas and Prentice (2019: 76) carried out research which resulted in a three-dimensional motivational structure that “not only conforms to the three pillars of social entrepreneurship but is also applicable to commercial entrepreneurs who wish to innovate, make profits, and serve a social purpose (practicing corporate social responsibility)”.

According to an international study (G. Fekete et al. 2017), the three most common elements of social entrepreneurs’ missions were improving the labour market situation, job creation (21%); goals related to the local community (12%); and improving the situation of people with disabilities (11%). In this study, the typical business starting motivations were: realization of social or community goal with the involvement of the stakeholders (85%), solving social problems (83%), supporting the public good (81%) and enhancing sustainable development (80%).

Several researchers agree that the goals and motivations of entrepreneurs can change over time (Elfving et al. 2009, Carsrud and Brännback 2011, Miller et al. 2012, Renko 2012). For example, someone’s initial goal was to provide living for oneself, but later it has changed with the emergence of growth opportunities (Elfving et al. 2009), or a focus shift can occur when a person starts a business because of the enjoyment of the activity, but over time the financial benefits become more appreciated (Carsrud and Brännback 2011). According to Miller et al. (2012) there can be a focus shift between the self-centred and prosocial motivations, however,

leaders' prosocial motives usually stay strong over time (Renko 2012). Therefore, it can be assumed that a social enterprise rarely turns into a traditional profit-oriented business.

### **Self-determination theory (SDT)**

The importance and impact of goals have been given growing attention among motivation studies in recent years (Carsrud and Brännback 2011), because well-chosen goals impact enterprises' performance and survival chances positively (Robichaud et al. 2001, Rosa et al. 2006, Locke and Baum 2007;). Both the personal definition of success (Sherman et al. 2016) and entrepreneurial goals (Carsrud and Brännback 2011) can be divided into extrinsic (such as wealth, status, or power) and intrinsic factors (such as achievement or personal fulfilment).

It is necessary to introduce self-determination theory to understand the results of the secondary research question. The secondary goal was to understand the social entrepreneurs' motivations more deeply and not to develop a new general goal motive categorization. This is why we choose an existing theory to categorize the goal motives of social entrepreneurs (self-determination theory). We chose this theory because it has the smooth transition between autonomous and controlled motivations.

To understand this theory, first, we have to define goal contents (intrinsic vs. extrinsic) and goal motives (autonomous vs. controlled). The goal motive represents why people pursue certain goal contents (Deci and Ryan 2000; Vansteenkiste et al. 2006). For example, students can choose an after-school job to earn money (extrinsic goal content), because they feel pressured by their parents (controlled motive) or because they have a greater goal, such as going to college and they need money to achieve it (autonomous motive) (Vansteenkiste et al. 2006). In relation of this study the explored motivation structure will describe the goal content and using the following categorization of self-determination theory the goal motive will become visible too.

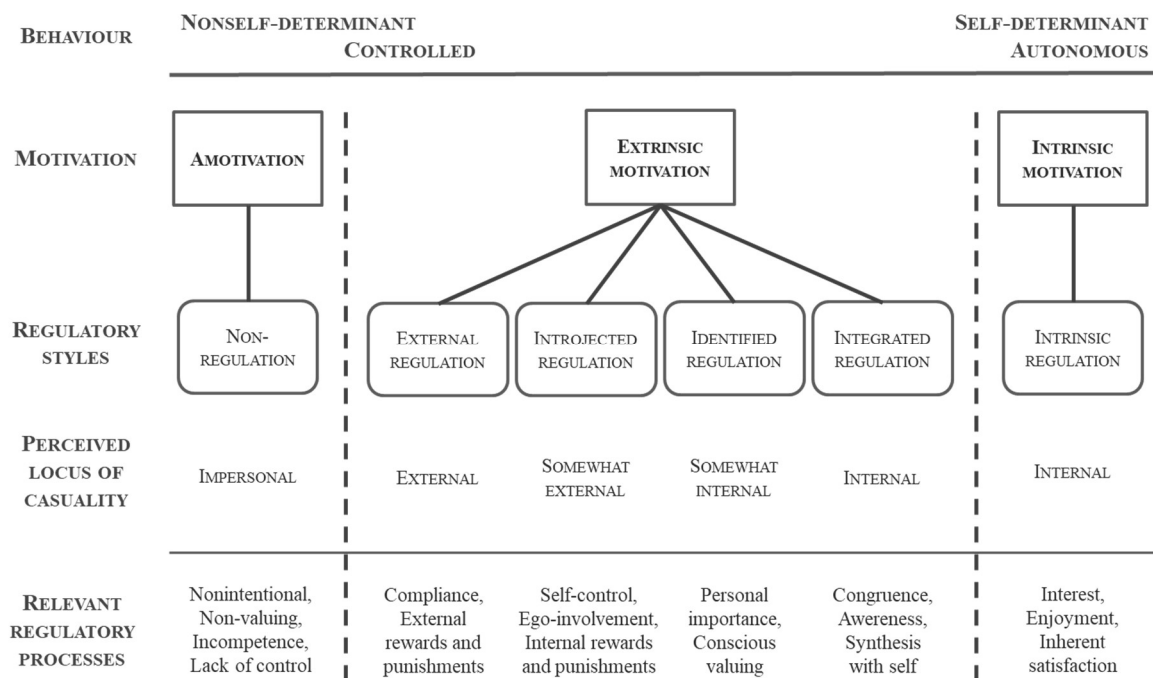
The importance of knowing social entrepreneurs' goal motives can be twofold. Firstly, it can be crucial to have as much internalized motivation as it is possible because it can be harder to stay alive and to hold on in a social enterprise than a conventional one, and surviving can be the primary success for them (Sharir and Lerner 2006). Moreover, previously it was summarized that social entrepreneurs can feel bigger stress and decreasing well-being because of the dual nature of their business (Kibler et al. 2019). According to Kibler et al. (2019), this negative effect can be mitigated if the entrepreneurs' motivation becomes autonomous and intrinsic, which increases the importance of researching this aspect of their motivation too.

In the self-determination theory (SDT), there are three basic psychological needs (Deci et al. 2001, Greguras and Diefendorff 2009): need for autonomy (need to choose freely and have

control over one's actions), need for competence (need to have an effect on one's outcomes and surroundings in optimally challenging task) and need for relatedness (need to be connected and respected by others and sense of caring and reliance with others). According to SDT, to reach psychological growth, well-being, and optimal functioning, it is essential to satisfy these three psychological needs (Greguras and Diefendorff 2009).

In the Ryan and Deci's (2000) formulation, **extrinsic motivation** is when we perform an activity which leads to a clear result, and **intrinsic motivation** is when we do something for the inherent enjoyment. In the **self-determination theory**, extrinsic motivation can be divided into four parts on a continuum between amotivation and internal motivation, according to the degree of internalization and the degree of autonomous versus controlled regulation (Deci and Ryan 2000, Ryan and Deci 2000, Gagné and Deci 2005), as it is illustrated on Fig. 1. According to previous studies, all three psychological needs are necessary for internalization (Gagné and Deci 2005).

**Figure 1** The self-determination continuum and the summary of the six regulatory styles



Source: Own editing based on Ryan and Deci (2000: 72)

In the Tab. 1, there is a summary about the basic characteristics and boundaries of each regulatory style. However, it needs to be clarified, that the external and introjected regulations are **controlled motivations** and identified, integrated and intrinsic regulations are **autonomous motivations**.



**Table 1** – Defining regulatory styles of SDT

NAME	DESCRIPTION	REFERENCES
<b>Amotivation – non-regulation</b>	In this state, one lacks the intention to act and he/she does not really know why he/she is doing it. The reason of amotivation can be that the person does not value the activity, or one does not feel competent for the task or the person believes in external locus of control, i.e. one cannot control one's own life.	Bandura 1993, Deci and Ryan 2000, Gagné and Deci 2005 Pajor 2015, Rotter 1966, Ryan and Deci 2000
<b>Extrinsic motivation – external regulation</b>	This is extrinsic motivation in the conventional meaning and it is the prototype of controlled motivation. This regulatory style is less autonomous, so there is no internalization at all. In this case, one is acting because of external rewards or punishments and threats.	Deci and Ryan 2000, Pajor 2015, Pólya and Martos 2012, Ryan and Deci 2000, Vansteenkiste et al. 2006
<b>Extrinsic motivation – introjected regulation</b>	In this case, the regulations are partially internalized by the person, but the person does not consider them as her/his own, so the person is acting because of 'have to' and not 'want to'. In the case of introjected regulation, people engage in an activity to comply with internal pressure, which can be avoidance of internal punishments, such as feelings of guilt and shame, or through ego-involvement people try to prove they are capable of doing a certain task and in this way they can be proud of themselves.	Deci and Ryan 2000, Gagné and Deci 2005, Pajor 2015, Pólya and Martos 2012, Ryan and Deci 2000, Vansteenkiste et al. 2006
<b>Extrinsic motivation – identified regulation</b>	In this case, the person identifies the value of a behaviour and accepts the regulation as one's own. In this autonomous type of extrinsic motivation, people feel greater freedom and volition, because the chosen behaviour is more congruent with their personal goals, identity, and well-being, so in this case we can talk about self-determination. A good example for identified regulation is when someone admits that exercising is good for one's health, so one starts doing sports, but not for the inherent enjoyment.	Deci and Ryan 2000, Gagné and Deci 2005, Pajor 2015, Pólya and Martos 2012, Ryan and Deci 2000, Vansteenkiste et al. 2006
<b>Extrinsic motivation – integrated regulation</b>	This is the fullest type of internalization and the most autonomous volitional extrinsic motivation. In this regulatory style, people not only identify the value and importance of the behaviour, but they integrate and synthesize it with their identity, interests, and values. Even if the perceived locus of casualty is internal, integrated regulation does not become an intrinsic motivation, because people choose the behaviour as instrumentally important for personal goals, so they are doing it for the desired outcome and not for the inherent enjoyment of the activity.	Deci and Ryan 2000, Gagné and Deci 2005, Ryan and Deci 2000
<b>Intrinsic motivation – Intrinsic regulation</b>	This is the prototype of self-determinant and autonomous behaviour and classical intrinsic motivation, when people are acting because of the inherent enjoyment or interest of the activity. This type of regulation is closely the same as we call flow state.	Deci and Ryan 2000, Pajor 2015, Pólya and Martos 2012, Ryan and Deci 2000, Shepherd and Patzelt 2018

Source: Own editing based on articles referred in the table

## METHODOLOGY, SAMPLE AND CONTEXT

After revising the theoretical background, we present in this chapter the applied methodology, the inquired entrepreneurs and the Hungarian context. The study's **main research question** is what motivates Hungarian social entrepreneurs to start and operate social enterprises. There are numerous effects from the environment which can stimulate enterprise launching, such as competitors, regulations of the country, or the availability of venture capital (Shane et al. 2003). However, this study's focuses only on the motivational factors. Because of the exploratory nature of the theme, the research was inductive and qualitative, and it focused on deeper understanding.

**Besides this main question**, it was investigated to what extent social entrepreneurs' motivation is autonomous in order to gain deeper understanding of the obtained motivational structure. At this part of the research the goal was not to build a new general motivation categorization but to understand goal motives of social entrepreneurs deeper based on an existing categorization framework – as a deductive element of the study. We chose self-determination theory (Deci and Ryan 2000), which has not only two endpoints (extrinsic, intrinsic), but it separates 4 types of extrinsic motivation according to the degree of felt autonomy, which helps this exploratory research to get more finely detailed results. .

### Methodology

During the research semi-structured personal in-depth interviews were conducted with Hungarian social entrepreneurs. The interviews were conducted along with predetermined topics, with a continuous focus on the research questions. However, the questions were opened to give the interviewees freedom to talk about what is important for them within the framework of the topic (Kvale 2007). With this methodology, we can understand the interviewees' point of view, opinion, and emotions better with allowing the emergence of interesting new observations. Before data gathering, the interview questionnaire was discussed with a Hungarian business consultant who specialized on social entrepreneurs to contain more relevant questions.

To find the potential interviewees more channels were used in two rounds. To reach the first group of potential interviewees we used the, recommendations of the mentioned business consultant and we participated on an event organized for social entrepreneurs. In order to increase the sample size, in the second round, we browsed the list of the winners of tenders established to help social enterprises. The main selection criterion for potential interviewees was to meet the used social enterprise definition formulated by Bosma et al. (2016). In the absence of legal definition and form, and usage of this wide research definition caused some

degree of researcher subjectivity in the sampling. To decrease this subjectivity multiple ways was used to check the criterion: recommendation of the business consultant, short introduction of enterprises on the event, online introductory materials of winners of social enterprise tenders, and personal short talks with the potential social entrepreneurs. Most of the potential interviewees were asked in person (at the event arranged for them and in local crafts market) for participation and from 17 invited entrepreneurs, 9 participated in the research. After the agreement of the interviewees, the interviews were recorded and typed word-for-word with the purpose of a more accurate analysis.

As this was an exploratory research, during the analysis it was continuously monitored that how many new individual motivations appeared in each interview to determine the saturation point. In the last three interviews we found only three new individual motivations and all of these were in the penultimate interview; and the rest of their motivations only confirmed the previously revealed closely 40 other ones. Consequently, we reached the saturation point and there wasn't need to start searching for new interviewees. During the analysis we tried to use as much opened text analysis method as possible, so every important theme could emerge in the framework of motivation. The interviews were analysed in four phases.

1) In the first phase, both two of us coded the interviews independently from the existing theories to allow the emergence of new results. In this initial phase, 'in vivo' codes were also used to preserve the interviewee's point of view better (Charmaz 2006). We used codes that can be traced back to interview parts for the case of necessary recoding.

2) In the second phase, the existing codes were organized into larger logical units (categories), which emerged from the interviews and were relevant from the perspective of motivation. In this way the categories are more abstract than codes and can be the basis of theory making (Gelencsér 2003). In the following segments this methodologically larger units will be referred as individual motivations.

3) The goal of the third phase was consensus making. The first two analysis phases were conducted independently from each other for the purpose of quality assurance, to decrease researchers' subjectivity and to increase validity and reliability. Consequently, we discussed our results only in this third phase. The outcome of this phase was the final list of individual motivations and the motivational categories. To make the theory more valid, all emerged individual motivations were used to preserve the opinions of the interviewees more accurately.

4) In the last phase, we analyzed the previously accepted motivational structure from the perspective of the self-determination theory as a framework to determine which goals were

autonomous and which were controlled. Firstly, we placed case by case each individual motivation independently (it means closely 150 individual motivations) in the six regulatory styles of the self-determination theory from amotivation through the four types of extrinsic motivation to intrinsic motivation. To do this it was necessary to read again the interviews to understand the context better, why the individual motivations motivate each entrepreneur. Then this individually categorized motivations were summarized into tables to understand better their distribution in the six regulatory styles of SDT. As in previous phases, firstly this categorization was made independently from each other, which was followed by the discussion and consensus making of the results.

### The sample

In this research, nine interviews with social entrepreneurs were analysed. The investigated social enterprises were mostly micro enterprises with less than 10 employees, but some of them become small companies and had little more employees, like the 5<sup>th</sup> enterprise with 19 people. Among them there were freshly started organizations with 1-2 years operation (like 1; 6; 7; 9) and growing businesses with more than 3 years of operation (2; 3; 4; 5; 8). The main activities of the social entrepreneurs are summarized in Fig. 2.

**Figure 2** Brief characterization of the social entrepreneurs in the sample

	ECONOMIC ACTIVITY	SOCIAL ACTIVITY
1.	Furniture renovation, making of paintings and bags from used materials	Employing people who are excluded from the labor market
2.	Making handicraft products, holding handicraft workshops	Supporting and employing people with central nervous system disease
3.	Operating integrative family crèche for children and babysitter mediation	Developing and integrating children with SEN; employing disadvantaged people
4.	Making handicraft products	Community building for disadvantaged youngsters; employing disadvantaged people
5.	Making handicraft products	Employing disadvantaged people; community building
6.	Consultancy, mentoring and investment mediation for social entrepreneurs	Promoting social entrepreneurs among venture capitalists; community building
7.	Applied art, manufacturing of 3D wall panels	Community building and employment of disadvantaged people
8.	Fruit juice and briquette production	Promoting healthy lifestyle; building short supply chain
9.	Operating intelligent playhouse; creative workshops; knowledge dissemination	Helping disadvantaged children; supporting Roma integration

Source: Own editing

In Fig. 2 it can be seen that the most common social goal was the employment of people with changed working abilities or the disabled. The importance of integrating disabled people in workplaces is important not only in Hungary (Csillag et al. 2018), but all over the world (Gidron 2014). The social goal to integrate the Roma also appeared, as Roma people in Europe are clearly among the poorest and most vulnerable ethnic minorities and often suffering from spatial segregation (Cretan et al. 2020). Other social goals were improvement of the quality of life of people who are suffering from a special disease; supporting families with small children and establishment of local food chains. The investigated enterprises have a wide range of economic activities, such as furniture renovation; fruit juice and briquette making; operating nursery and playhouse; and even preserving traditions and selling handicraft products.

### **Hungarian context**

Before presenting the results it is essential to understand the Hungarian context and situation of social entrepreneurs. From the historical perspective the concept of social entrepreneurship is in its infancy and there isn't even any accepted definition in Hungary, which hardens to measure or research their situation (G. Fekete et al. 2017). Because of the short history of social entrepreneurship in Hungary and the lack of legal definition, the number of social enterprises can only be estimated (Tóth et al. 2011, European Commission 2014). There are researchers whom place this number around a few hundred: 300-400 (Petheő 2009) or 600 (Kiss 2017), however, according to the calculations of G. Fekete et al. (2017) in Hungary there can be potentially 3360 social enterprises. To place these numbers in context, based on the database of the Hungarian Central Statistical Office at 2018 the average number of registered enterprises with legal entity in Hungary was 523 thousand, which barely decreased to mid-2023 (517 thousands). However, the situation is similar in the whole Central and Eastern Europe, because the importance of the social enterprises is marginal and most of these enterprises cannot reach the economic sustainability with only business revenue, they need different donations, grants and volunteer work (G. Fekete et al. 2017). However, in the research of SEFORIS consortium (2016) they found out that more than 60% percent of the financing of social enterprises comes from revenues and different fees; and only 25% of the financing comes from grants and also the importance of external resources is decreasing. In contrary, G. Fekete et al. (2017) found nearly the opposite of this, 36% percent revenue and 52% percent different external financial support.

Moreover, as the consequence of the socialist era, there is cultural opposition against cooperatives and general lack of trust in solidarity movements, which hardens the operation of social enterprises in Hungary (G. Fekete et al. 2017). G. Fekete et al. also added that the

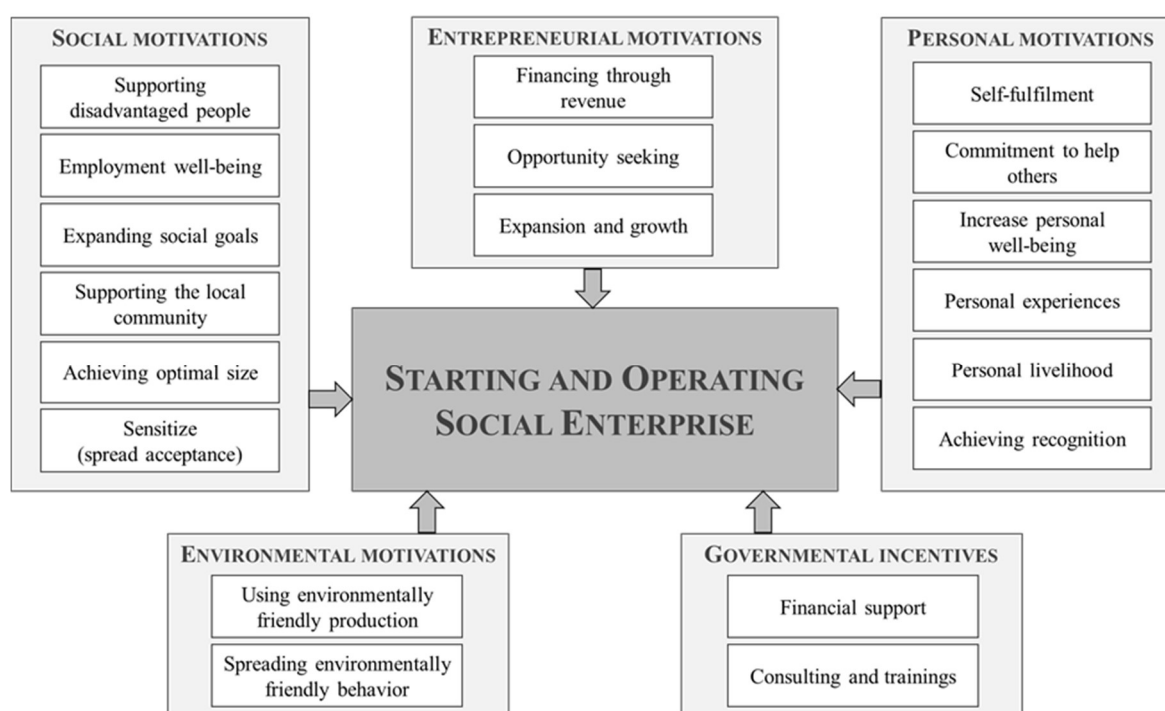
social entrepreneurs leadership and business skills are very low and they usually need some kind of consulting services like the international organization of Nonprofit Enterprise and Self-Sustainability Team (NESsT).

## RESULTS - MOTIVATIONAL STRUCTURE OF SOCIAL ENTREPRENEURS

After summarizing the economic and social goals of the investigated social enterprises, the identified motivational structure of social entrepreneurs will be presented. Then we present how autonomous the entrepreneurs' motivations are, using the SDT as categorization framework.

During the interviews we investigated the motives of social entrepreneurs through several questions. From these interviews, more than 40 individual motivations emerged, which were grouped into 19 motivational subcategories. The 19 motivational subcategories can be classified into 5 main motivational categories as follows: 'Social motivations', 'Entrepreneurial motivations', 'Personal motivations', 'Environmental motivations' and 'Governmental incentives'. So the emerged motivational structure contains 3 levels: individual motivations, motivational subcategories and main motivational categories, and the two bigger, more abstract constructs are presented on the Fig. 3. In the following segments there will be a short description of each motivational category and subcategory using the emerged individual motivations.

**Figure 3** Social entrepreneurs' motivational structure in Hungary



Source: Own editing

**1) Social motivations:** The individual motivations in this main category primarily have a dominant social origin (social interests), and in some cases this is extended with motivations to engage in economic activity (economic interests). This main category contains the categories where the pursuit of entrepreneurial activity is encouraged by the need of financing the social goals set by the organization (*such as implementation of rehabilitation programs or children's camp*), or the economic activity itself is the tool for achieving the social goal (*such as employment as a 'therapeutic' (5) opportunity; sale of handicraft products made by disabled persons*). This dual direction is in line with the thoughts of Miller et al. (2012) about how entrepreneurs can channel the two basic interests of a social enterprise (social and economic) into one direction. In their opinion they either reinvest the profit into the social goal, or they should treat their beneficiaries as costumers rather than recipients of gifts.

The most dominant subcategory among social motives is 'Supporting disadvantaged people', which contains the following individual motivations: provide income or services for the targeted disadvantaged groups; employment of members of the target group, contributing those disadvantaged people to *'feel themselves useful'* (2). This commitment was well expressed by the interviews: *'it is like a sanatorium, so we are moving more slowly'* (4); *'it is more like a therapeutic work than a classical business'* (5); *'one is spiritually good, but technically unsuitable to get a job'* (7). Other important subcategory, which comes from the previous one, is to increase 'Employment well-being' which contains good, pleasant working atmosphere creation. Moreover, the third social motivational subcategory was to 'Expand social goals', because in this way they can help more people and leave bigger impact on society.

The other three social motivational subcategories focused on the community around the enterprise. In more cases it was important motivational to 'Support the local community', which can happen with community building (*'Bring the lost youngsters into the community'* – 4; *'be in one place and help each other'* – 7) or producing local products. Several social entrepreneur mentioned that there is an 'optimal size' which they do not want to exceed. This upper limit can be product specific, they do not want to be *'one on the shelf'* (8) or human specific, *'I don't want a factory, I want to see who I work with'* (5). The last motivational subcategory was sensitization and facilitating acceptance in relation with a disadvantaged target group. This sensitization can happen with *'empathy therapy'* (3), which means that disabled adults perform creative activities together with children.

**2) Entrepreneurial motivations:** The subcategories in this main motivational category are solely economic, so the economic and entrepreneurial motivations are dominant. The

individual motivations of this main category gives the ‘for-profit leg’ of the social enterprise. On the other hand, entrepreneurial motivations alone do not result in starting a social enterprise, only together with other main motivational categories.

The most dominant entrepreneurial motivation subcategory was the enterprise’s self-financing (*‘We get the funding, but this does not mean success. We have to make revenue...’* – 4; *‘The real milestone will be when we reach our goal to produce enough profit to finance the salary of our staff.’* – 9.). The second subcategory is ‘Opportunity seeking’, which can be break down into the following individual motivations: innovation; exploitation of an identified market gap (*‘This was the demand.’* – 3); and implementation of a business idea. The last entrepreneurial motivation subcategory aims the ‘Expansion and growth’ of the enterprise, which can appear in general growth like *‘The decision is to go ahead.’* (8) and in more specific goals like expanding product range (*‘The goal is to have a bigger product list and reach a bigger market...’* – 7), appear on foreign markets (*‘I believe we have to think abroad’* – 7) or develop business processes.

**3) Personal motivations:** This main motivational category contained the most diverse individual motivations, but it can be grouped into six subcategories. The first personal motivational subcategory is the ‘Self-fulfilment’ which can be observed through the demand to create something; search for challenges or simply hold on in business life. Other dominant subcategory was the ‘Commitment to help others’ which can be the commitment to a social goal, or directly to help others (*‘I’m not an angel, I just want to be one. I would like to help everyone.’* – 4). It only appeared in the case of the 8<sup>th</sup> interviewee, but he talked about it very passionately, that he would like to set an example for others with a successful implementation of a grant financed project, when something would actually be created, and the project was not only ‘*paperwork*’.

Not surprisingly, one of the personal motivational subcategory aims to ‘Increase personal well-being’. It contains individual motivations like: enjoyment of the activity (*‘it’s important for me to do what I love to do’* – 7); make a meaningful work; be part of a supporting ‘*value community*’ (6) and it feels good to do good (*‘It would be demagogic to say that it makes me feel good, but it could still be the case.’* – 7)

Some entrepreneurs started social enterprise because of their previous ‘Personal experiences’. This can be negative experience in the for-profit sector (*‘If I didn’t smile, my boss called me to his office and asked what my problem was. I told him what my problem was. He told me to go back and do not even try not to smile.’* – 1), or in contrary after 15 years in the for-profit sector one of them wanted to ‘*give this back to the society*’ (6). Other very



important motivation, that roots in personal experiences, was the personal involvement in a social problem (*'...and a lot of patients among us [she has central nervous system disease], like me, has a university degree or qualification and we cannot find a job'* – 2), as it was highlighted by Shepherd and Patzelt (2018).

More social entrepreneurs have motivations in connection with their 'Personal livelihood'. Even the most common personal motivation was to ensure personal livelihood (*'its purpose is to make seven families live'* – 1; *'but also a source of livelihood for myself'* – 7), but in the case of three social entrepreneur another interesting aspect of this subcategory appeared, because in their case the personal wealth accumulation was not a goal (*'I am lucky because I do not drive such a big car or live in a huge house like others, but I am happy to do what I love to do.'* – 7; *'when we hired our colleagues, it was a basic condition that this enterprise was not for getting rich. The goal is to make everyone successful, stay motivated and maintain the playhouse.'* – 9).

The sixth and last personal motivational subcategory is to 'Achieve recognition', which contains two individual motivations: achieve general recognition (*'It is success that they recognize the work we do'* – 5; [it is success] *'that you called me and we are talking now'* – 7) and become recognized as an expert.

**4) Environmental motivations:** Although the sample contained social entrepreneurs, in 6 cases environmental motivations were found in their motivational structures. It means people inserted motivations that targeted sustaining and protecting their natural environment, like environmental entrepreneurs do (Shepherd and Patzelt 2017). This is interesting because it may suggest that sometimes social and environmental entrepreneurs can overlap. Even Shepherd and Patzelt (2017) mentioned social and environmental entrepreneurs together several times under the concept of sustainable entrepreneurship. However, it has to be stated that in these cases it was obvious that social motivations were more dominant than environmental ones.

This main motivational category can be divided into two motivational subcategory. Firstly, the 'Usage of environmentally friendly production'. The most common individual motivation in this subcategory was recycling, which appeared in four social enterprises (1, 2, 4 and 5). As the 1<sup>st</sup> interviewee said, *'I am pleased because people have realized that we should value our things and not throw them away'*. Two entrepreneurs' (6 and 8) key motivation was to build a short supply chain, as the 6<sup>th</sup> interviewee said, *'We can locally produce healthy and delicious products from local ingredients'*. Third individual motivation was making environmentally friendly products.

The other subcategory appeared in three cases, which was enhancing environmentally friendly behaviour in their local communities with training and lectures in schools (8); recycling together with kids, and helping Roma women and people living in deep poverty to save and reuse more products (2); and try to steer people towards buying environmentally friendly products (6).

**5) Governmental incentives** is the last main motivational category, which contains financial incentives like various EU and government funded grants for social entrepreneurs and for social objectives or decrease in taxes; and non-financial incentives like trainings and consulting services. In the interviews, the most dominant incentives were the grants for social entrepreneurs, but some of them used consulting services or training programs as well. One of them even highlighted that *‘There are good social enterprise starting programs. Not those that give you money, but those that involve long business trainings, .... presentations .....and consulting’* – 2. All the examined enterprises used or investigated the possibility of using grants for funding in the future. In two cases (3, 7), these grants played key motivational role to start not conventional, but social enterprise.

The 4<sup>th</sup> interviewee said that *‘if there is no capital, we raise [the necessary funding for operation] from grants’*. Interestingly that the 6<sup>th</sup> interviewee is working on an alternative funding opportunity for social entrepreneurs. They are trying to increase the recognition of social entrepreneurs among venture capitalists to open up this type of funding opportunity for them.

The grants impacted the social enterprises and entrepreneurs’ life in several ways. Some of the impacts were trivial in Hungary, because most of these were mandatory to get the grant, such as job creation, equipment procurement, business starting motivation, and employing workforce from preferred groups. However, there were some more interesting positive effects, too. There is an entrepreneur who wants to set an example that we can implement a grant funded project well (8); there are some of them who expand and develop more courageously (9), or experienced higher willingness for new members to join the enterprise (6).

On the other hand, during this research a number of negative impacts have emerged, such as hindering administration (1, 3, 5), difficulty of retaining the number of employees required after a grant funded project (4, 8), danger of becoming lazy (9), or problematic transition from free to paid services after the closure of a grant funded project (3). Another unfortunate situation was indebtedness for own contribution (*‘We won the tender, we celebrated it, we drank the champagne, we spent the 10% own contribution with invoices and eventually we did not get the funding. In conclusion, I have to take a bank loan to pay back the 10% spent to the*

*family pot and I have to pay the instalments for 5 years.*’ – I). Renko (2012) also mentioned that social enterprises usually need external support, or they have to collaborate with governmental organizations to stay alive, however, these institutions are usually bureaucratic and insufficient, which creates barriers for social entrepreneurs.

## RESULTS - MOTIVATIONAL STRUCTURE FROM THE PERSPECTIVE OF SDT

As it was detailed in the methodology section, the previously presented motivational structure was analyzed from the perspective of SDT (Deci and Ryan 2000, Ryan and Deci 2000) to determine the degree of autonomous nature of social entrepreneurs motivational structure and to get a deeper understanding of their motivations. Most of the individual motivations appeared in several interviews, however in not all cases were the same individual motivation regulated by the same regulatory style. Good example is why they choose recycled materials: they do not have money for better materials (5 – external regulation), benefits for our planet (4 – identified regulation) and recycling is in harmony with their core believes and values (1 and 2 – integrated regulation). This made it necessary to classify each individual motivation independently in the case of each interviewee (which means 145 individual motivation instances). These individually classified motivational instances were aggregated and summarized by main categories. As a reminder, controlled motivations are ‘External and Introjected Regulations’ and autonomous motivations are ‘Identified, Integrated and Intrinsic Regulations’.

In the case of ‘**Social motivations**’, it is noticeably clear that the dominant regulation is the ‘Integrated regulation’ and only in few cases appeared controlled, identified and intrinsic regulations. According to these results most of the motivational categories were deeply rooted in the entrepreneurs’ personality and core values. It is crucial for them to do something useful for the society. However, the behaviour is internally important for them and it is autonomous, in most cases they do not pursue the activity for the inherent enjoyment, this is why these motives are not intrinsic motives.

In case of ‘**Entrepreneurial motivations**’, the only difference was that how deeply the individual motivations were integrated into the entrepreneurs’ personality and values. This means that behind the ‘Entrepreneurial motivations’ there were only two regulatory styles, the ‘Identified’ and the ‘Integrated regulation’, with a little bit stronger ‘Identified regulation’. Thus, in all cases they recognized the value of the pursued goals and the behaviour was autonomous, but they never did anything for the inherent enjoyment. There were some

individual motivations, such as innovation, growth and expansion, whose classification was not the similar in the case of every entrepreneur. For some of the interviewees, innovation and working on new ideas was a basic motivation and they always worked on new ideas (1, 4, 7, 8), while others recognized the importance of innovation, but was not core of their believes and personality (6, 9).

In case of '**Personal motivations**', the regulatory styles were the most diverse. At least one individual motivation has been classified in each regulatory style, except 'Non-regulation' ('Amotivation'). Moreover, only in this main motivational category was the 'Intrinsic regulation' the most dominant regulatory style. According to the results, individual motivations are concentrated into two groups. The smaller group is positioned in the controlled side of extrinsic motivation ('External and Introjected regulation') and the larger group is concentrated in the most autonomous part of the self-determination continuum ('Integrated regulation' and 'Intrinsic motivation'). It is noticeable that only two individual motivations were classified as 'Identified regulation' between the two groups. The most common individual motivation in the 'External regulation' was providing income for personal life (external reward). In the introjected regulation there was previous negative for-profit or non-profit experience classified (pushing emotional factors) or recognition (internal ego-involving rewarding). In contrary, in the self-determined categories there were: personal involvement, enjoyment of the activity, doing good and doing useful or meaningful work. It was interesting that motivations like helping others or commitment toward a social goal in some cases were intrinsic motivation (entrepreneurs enjoyed them), and in other cases, these were characterized with integrated regulatory style (they pursue them because of the expected positive results).

Among '**Environmental motivations**' the situation is similar to the 'Entrepreneurial motivations', because the two main dominant regulatory styles are the 'Identified and the Integrated regulations'. Consequently, the 'Environmental motivations' are autonomous, because the entrepreneurs choose these goals because of the identified positive outcome ('Identified regulation') or because their core values dictate it ('Integrated regulation'). 'External regulatory style' only appeared in one case (6), when the interviewee said, '*We recycle because we only have an opportunity for this, we can buy very few materials.*'

In case of '**Governmental incentives**', visibly there were two groups among the interviewed social entrepreneurs. Entrepreneurs in the first group had a project idea and the EU or state funded grant was only a tool for the implementation (1, 2, 3, 4 and 8). Their regulatory style was classified as 'Identified regulation', because they perceived the advantages of the grant, their behaviour was more autonomous, and the locus of causality was

somewhat internal. While in the other group, the logic was reverse: after they were informed about the grant for starting a social enterprise, they tried to find out a fitting project or business (5, 7 and 9). In their situation, the dominant motivation factor was the money that they can earn with the grant (external reward) and their motivation were controlled by this, therefore, their motivation was classified as ‘External regulation’.

**Table 2** – Dominant motives and regulatory styles behind the main motivational categories

MAIN MOTIVATIONAL CATEGORY	DOMINANT MOTIVES	DOMINANT REGULATORY STYLES
<b>Social motivations</b>	Autonomous	Integrated with little identified regulation
<b>Entrepreneurial motivations</b>	Autonomous	Identified and integrated regulations
<b>Personal motivations</b>	Autonomous and controlled	Integrated, intrinsic and controlled, introjected regulations
<b>Environmental motivations</b>	Autonomous	Identified and integrated regulations
<b>Governmental incentives</b>	Autonomous or controlled	External or identified regulation

Source: Own editing

After analysing **the classification from the perspective of each social entrepreneur**, we found that most of their motivations are autonomous with integrated regulatory style. However, some of them were more intrinsically motivated (1, 2, 4) than others. It was interesting that in the case of the third interviewee, none of the relevant individual motivations were classified as intrinsic motivation. The most significant concentrations into one regulatory style were observed in the case of the 5<sup>th</sup> and 8<sup>th</sup> interviewees, nearly two-thirds of their individual motivations were characterized within the integrated regulatory style.

Overall, we can conclude that most of the motivations of the social entrepreneurs belong to the autonomous part of the self-determination continuum. This result becomes more important if we evoke the results of Kibler et al. (2019) suggesting that the autonomous and internal motivations can decrease the stress caused by the dual nature of social entrepreneurial life, when they are balancing between the social and entrepreneurial goals and motivations.

## DISCUSSION OF THE MOTIVATIONAL STRUCTURE

Comparing this motivational structure with previous motivational studies, such as the study of Germak and Robinson (2014), we found that there were similarities and, in some places,

only the categorizations were different (e.g. their ‘achievement orientation’ mainly equals with ‘Entrepreneurial motivations’ main category; ‘personal fulfilment’ are close to this study’s subcategory of ‘Self-fulfilment’; and ‘closeness to social problem’ are part of the ‘Personal experience’ motivational subcategory of current research). Douglas and Prentice (2019) used a three-dimensional motivational structure, which contained social purpose, innovation, and profitmaking. Their first dimension is consistent with our ‘Social motivations’ main category, while the other two dimensions are part of the ‘Entrepreneurial motivation’ main category. However, what is more interesting that current research can complement previous researches with new individual motivations and even whole new main motivational categories (‘Governmental incentive’ and ‘Environmental motivations’).

The ‘Social motivations’ can be interpreted in more levels, which means that some of these motivations target only the workers of the enterprise, others target local communities and local problems, and in some cases, they target social-level problems. Similar concepts also appeared in other studies, like the mutual and general interest in the model of Defourny and Nyssens (2017) and separation of providing non-economic gains for individuals or for the society in the book of Shepherd and Patzelt (2017).

Miller et al. (2012) emphasized that compassion is an important pro-social feeling for social entrepreneurs, which appeared in two ways in current research. Firstly, some of the interviewees (1, 4, 7 and 9) are committed to help a somehow disadvantaged group that they do not belong to. While the other group (1, 2, 4, 5, 6 and 8) has longer-term goals from the perspective of the society, because they integrated environmental aspects in their operation, which has only an indirect impact on society. Moreover, from the approach of Yitshaki and Kropp (2018), reader could observe both self- and other-regarding compassion in this research.

## CONCLUSION

The main goal of the study was to explore what motivates Hungarian social entrepreneurs and to what extent the social entrepreneurs’ motivations are autonomous. The main result is the emerged motivational structure of social entrepreneurs with the 5 main categories and the 19 motivational subcategories, which can be either a basis for broader empirical research in the theme of motivation of social entrepreneurs, or a starting point for quantitative operationalization (for example, a future questionnaire). The 5 main categories are: ‘Social motivations’, ‘Entrepreneurial motivations’, ‘Personal motivations’, ‘Environmental motivations’ and

‘Governmental incentives’. According to the results, it may necessitate the coexistence of at least three motivational main categories (entrepreneurial, social, and personal) for someone to start and operate a social enterprise; while the other two main motivational categories (governmental incentives and environmental motivations) seem to be only supportive ones, because they did not appear in all cases. Finally, we examined to what extent the motivations are autonomous, using self-determination theory as a categorization framework. According to this analysis, the motivation of social entrepreneurs is dominantly autonomous, but in main categories of ‘Governmental incentives’ and ‘Personal motivations’ more controlled, externally regulated motivations also appear.

The novelty of the study is twofold. Firstly, research that focuses on social entrepreneurs' motivations is in its infancy globally, but especially in Hungary. Consequently, present research not only confirmed some previous motivational studies, but supplemented them with motivation subcategories and even new motivational main categories (governmental incentives and environmental motivations). Secondly, this wider motivational structure was analysed from the perspective of the SDT to determine the goal motives (why those goals motivate the entrepreneurs?) behind the explored goal contents (what goals motivate entrepreneurs?). This deeper analysis of social entrepreneurs' motivation extended the previous researches not only with new conclusions, but shows example for new directions for future research.

As it was detailed in the contextualization subchapter, social entrepreneurship is a relatively new and not well defined entrepreneurial form in Hungary. Most of the interviewed social entrepreneurs have been leading social enterprises only for a few years, which can cause bias in the data, because their motivations might change when the enterprise becomes well-established and reaches a mature state. Moreover, the research was conducted in Hungary, so the motivational structure can differ in other cultural backgrounds, even within the CEE Region. As a result, further international research may be needed to better understand contextual factors of social entrepreneurial motivations. Also, this study can be a basis of future quantitative research supporting the conduction of further international studies.

During the research potential interesting topics were recognised for future social entrepreneurial researches. 1) The explored motivational structure in this study is more complex than the previous ones and it can be adapted to conventional, business oriented entrepreneurs too. This way there is a possibility to make more finely detailed comparison between social and conventional entrepreneurs. 2) In this research, some social entrepreneurs were sensitive not only to social, but to environmental problems too. In future researches it

might be useful to include environmental entrepreneurs into the samples, because it can provide further understanding about the connection between social and environmental entrepreneurs by providing a more general theory in the field of sustainable entrepreneurship.

3) In addition, both interviews with social entrepreneurs and the preliminary discussion with the business consultant suggest that tensions between the two fundamental interests of social enterprises (social and economic) could be an interesting research theme. Moreover, researchers working with social entrepreneurial tensions (like Moss et al. 2011, Smith et al. 2013, Barraket et al. 2016, Jenner 2016), can also build on our results and use the self-determination theory to determine the degree of autonomy of social entrepreneurs' motivations, because as Kibler et al. (2019) concluded the autonomous motivations can help decrease these tensions.

Besides the theoretical and research benefits of the study, being aware of the entrepreneurs' motivational structure can be useful for decision-makers to facilitate social enterprise establishments. Moreover, there are also some managerial implications for social entrepreneurs too. Firstly, social entrepreneurs can increase the employees' social and economic commitment in a more focused way by understand others motivations structure Secondly, the conscious internalization of the motivations can decrease the stress within the social enterprise.

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