The Influence of Contextual Factors on the Entrepreneurial Process

A Multiple-Case Study of Sustainability-oriented and Commercial Entrepreneurship in Central America

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Abstract

Social entrepreneurship and other new forms such as ecological or sustainable entrepreneurship have emerged as promising new solutions to solve societal problems. Therefore these types of sustainability-oriented entrepreneurship also increasingly attract the interest of researchers, but there is no clear theoretical concept for these emerging research areas yet. As for commercial entrepreneurship, existing research has neglected the influence of contextual factors on the entrepreneurial process. Therefore this topic is not well researched yet and requires an increase in knowledge to keep up with its popularity and potential impact on society.

Therefore the research purpose of this study was to systematically analyse how contextual factors, i.e. political & legal, economic, technological, environmental, social and cultural factors, influence the stages of the entrepreneurial process and if this influence differs for commercial and sustainability-oriented entrepreneurs. To fulfill this purpose a theoretical framework depicting the entrepreneurial process in its context was developed, which incorporates the different types of entrepreneurship based on the value they create.

In order to adequately explore the research purpose our theoretical framework was applied to the context of Central America. In line with our interpretivistic standpoint we followed an inductive approach with a qualitative, comparative research design of an exploratory nature. We collected secondary data about Central America and conducted a multiple-case study in which we collected primary data from 13 interviews with entrepreneurs being active in Central America.

The empirical findings were thoroughly analysed and discussed leading to several interesting results which were used to revise our theoretical framework. Despite a great variety among entrepreneurs we realised that they all undergo the entrepreneurial process and we could therefore successfully apply our theoretical framework. All entrepreneurs are differently influenced by contextual factors in their entrepreneurial process, but disparities are mostly due to the background of the entrepreneurs or the type of venture. Some political and legal, and economic factors have been found to influence commercial and sustainability-oriented entrepreneurs differently, while other economic and social factors rather determine differences between non-profit and for-profit oriented entrepreneurs.

This study contributes to theories regarding the influence of contextual factors and concepts in the field of (sustainability-oriented) entrepreneurship as well as methodologies used in this field. It provides considerable practical contributions to entrepreneurs and recommendations for policy-makers which can lead to valuable societal contributions. Throughout the research ethical issues have been considered and quality criteria applied to ensure the trustworthiness of this research.

Keywords: Entrepreneurship, Entrepreneurial Process, Social Entrepreneurship, Ecological Entrepreneurship, Sustainable Entrepreneurship, Sustainability, Contextual Factor(s), Environment, Central America, Multiple-case Study
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1. Introduction

In this chapter we introduce our study by providing relevant information about the background of our topics. We illustrate how sustainability-oriented entrepreneurship has emerged as a promising solution to solve societal problems, but still lacks a clear theoretical concept. We relate this to the problem of the existing entrepreneurship research to neglect the influence of contextual factors on the entrepreneurial process. Therefore we identify several research gaps and outline how our research aims to fill these. In the end of our introduction we indicate potential contributions and limitations of our study and provide a list of key definitions and concepts.

1.1. Problem Background and Discussion

“If we stop thinking of the poor as victims or as a burden and start recognizing them as resilient and creative entrepreneurs and value-conscious consumers, a whole new world of opportunity will open up.” - C. K. Prahalad

There are 4 billion poor people, who live on far less than $2 a day. Prahalad argued how the poorest people, the bottom of the pyramid, can still be seen as a market segment. (Prahalad, 2005, p. 1). This builds on other authors who have recognised that today's social and ecological problems can be tackled with economic approaches. For example, in 1998 Amartya Sen received the Nobel Prize in Economic Sciences for including human welfare into economic thought (Nobel Media AB, 2014b). This was continued by the work of Muhammad Yunus and the Grameen Bank in Bangladesh, who received the Nobel Peace Prize in 2006 "for their efforts to create economic and social development from below". Since its establishment by Yunus in 1983 the Grameen Bank grants small loans on easy terms for poor people, so called micro-credits. (Nobel Media AB, 2014a). According to the Norwegian Nobel Committee those micro-credits are a mean by which large population groups can break out of poverty which serves to advance democracy, human rights and lasting peace (Mjøs, 2006). With his in 2008 published book “Creating a World Without Poverty: Social Business and the Future of Capitalism” and his other work Yunus introduced the concept of social businesses and enterprises to a wider public and became the role model for the new sector of social entrepreneurs (Hergert, 2012).

The mission of social entrepreneurs is to solve societal problems and achieve social and/or ecological change (Keohane, 2013, p. 1). Next to poverty, modern society faces various other problems and challenges in education, health, work and environmental issues that could not be solved so far (Miller et al., 2012, p. 618; Marshall, 2011, p. 186). In the last two decades there have been several government-based efforts to approach poverty and people have largely set their hopes on the government to solve social and environmental problems. Today, it has been recognised that the impact of the government is limited and that the “Government alone is clearly not the answer” (Dees, 2007, p. 25). Different religious and secular civil societies have complemented the governmental efforts, but charity has been found to only provide a temporary relief that cannot effectively fight poverty (Dees, 2007, p. 25). In the end, “Many governmental and philanthropic efforts have fallen far short of our expectations. Major social sector institutions are often viewed as inefficient, ineffective, and unresponsive.” (Dees, 2001, p. 1). This gave rise to the third sector and the emergence of millions of new citizen organisations. Historically those organisations have been described as non-governmental organisations (NGOs). Today those are understood as part of the ‘independent’, ‘non-profit’, ‘citizen’ or ‘third sector’. This citizen mobilization occurs
on a large scale within very diverse and globally dispersed organisations. Increasingly those organisations develop more systematic approaches to problems and forge partnerships with businesses, academic institutions and governments. (Bornstein, 2004, p. 3-6) Thus entrepreneurial approaches and market-based methods to solve social (and ecological) problems emerged (Dees, 2001, p. 1). This is reflected in the fact that social entrepreneurs are operating in a variety of fields, such as health care, environment, education, human rights or civic engagement and the concept is thus relevant for all societies around the world from developing countries to the industrialized ones. (Ashoka, 2014b) “Social entrepreneurship represents another step in the continuing reinvention of the “third sector” over the past one hundred and fifty years” (Dees, 2007, p. 27). Today, social entrepreneurship has gained enormous momentum worldwide and can be expected to be of great importance in the future (Austin et al., 2006; Trivedi, 2010, p. 64; Keohane, 2013). “In less than a generation, we have witnessed a tectonic shift in the way people think about and work toward social change” (Keohane, 2013, p. 1). “Social entrepreneurs are needed to develop new models for a new century” (Dees, 2001, p. 1). Rooted in the history of innovation for the common good, creative change makers develop new approaches to solve social, economic or environmental problems (Keohane, 2013, p. 1).

But there are still several problems with the social entrepreneurship phenomenon. The term ‘social entrepreneurship’ became so popular because it fits very well to our times: “It combines the passion of a social mission with an image of business-like discipline, innovation, and determination commonly associated with, for instance, the high-tech pioneers of Silicon Valley” (Dees, 2001, p. 1). But while social entrepreneurs are clearly on the rise today, they have in fact existed for longer (Bornstein, 2004, p. 1). Another problem is that the social entrepreneurship movement is carried by a few leading actors such as Bill Drayton from Ashoka, the Skolls and the Schwab Foundation and authors such as David Bornstein and Alex Nicholls (Dacin et al., 2011, p. 1206). These organisations characterise social entrepreneurs as heroes that change the world (Bornstein, 2004) and changemakers in society (Ashoka, 2014a). The popularity and attractiveness of the term has caused many traditional of these civic organisations, but also charities and for-profit enterprises, to identify themselves as ‘social enterprises’, which also demonstrates the ambiguity surrounding its definition (Trivedi, 2010, p. 63-64). The problem here is that due to these issues the concept of social entrepreneurship is still poorly understood and there are no clear definitions (Choi & Majumdar, 2014, p. 363). In the literature we can also find terms such as ecological and sustainable entrepreneurship which deal with similar concepts as social entrepreneurship. Therefore we summarised these three kinds with the term ‘sustainability-oriented entrepreneurship’ and use this expression throughout our thesis (see chapter 2).

Sustainability-oriented entrepreneurship can still be classified as entrepreneurial activity (Austin et al., 2006, p. 1) and thus shares many characteristics of the entrepreneurship field. One problem in entrepreneurship research is that it has also been too focused on internal factors such as character traits and motivations of entrepreneurs and neglected the influence of contextual factors (Carlsson et al., 2013, p. 926; Salimath & Cullen, 2010). But “entrepreneurs do not operate in vacuums” (Gartner, 1985, p. 700). The environment or the context entrepreneurs operate in influence the entrepreneurial process from opportunity recognition to venture creation (Carlsson et al., 2013; Gartner, 1985). This context can include political & legal, economic, technological, environmental, social and cultural factors (see chapter 2.3). The contextual factors are in
many ways analogue for different types of entrepreneurs, but can also have different impacts for social and commercial entrepreneurs (Austin et al., 2006, p. 8-9). Thus it seems an interesting area of inquiry for us to compare different types of entrepreneurs in respect to how contextual factors have influenced their entrepreneurial process.

Entrepreneurial activity is viewed as one of the key drivers of economic growth and thus the development and well-being of societies (Abu-Saifan, 2012, p. 22; Carlsson et al., 2013, p. 913). As entrepreneurship is influenced by contextual factors, governments can directly and indirectly influence the development of an environment that supports entrepreneurship (Gnyawali & Fogel, 1994, p. 45-46). Here social entrepreneurship aiming at solving social or environmental problems can play a significant role and has therefore sparked the interest into the topic by governments and policymakers (Shaw & de Bruin, 2013). Consequently, some governments start to promote (social) entrepreneurship and incorporate it into policies, e.g. the EU promotes social innovation and entrepreneurship as part of its strategy for smart, sustainable and inclusive growth (European Commission, 2010).

Creating a conducive environment for entrepreneurship is even more important in developing and emerging countries, because they often have a low level of entrepreneurial activity and difficulties for the entrepreneurs caused by the environment (Gnyawali & Fogel, 1994, p. 45). While these problems have been recognised, existing efforts had only limited impact so far (Co, 2004, p. 185-186). Therefore we have decided to study the influence of contextual factors on the entrepreneurial process in developing and emerging countries. Due to several reasons (see chapter 3.1) we will focus our study on the Central American region. There are around 43 million people living in Central America (CIA, 2014) and although these countries are quite diverse, with Costa Rica and Panama being more developed and stable, they share problems such as poverty, low education rates, unemployment, undernutrition, high rates of HIV and other diseases, and these countries are affected by the climate change and natural disasters such as hurricanes (Johnson, n.d.; United Nations, 2010). But these problems also create a vast potential of opportunities for entrepreneurs and, as we believe, especially for social entrepreneurs. For example, we can see that there are several Ashoka fellows in the region tackling a variety of issues and problems (Ashoka, 2014b). According to Johnson (n.d.) so far many people in Central America are rather conservative and not risk takers. Being employed in a stable job seems more desirable especially given the political and economic instability in many countries. Other barriers are financing and legal processes. Nevertheless these opportunities are continually attracting new start-ups. “Growing middle classes, opening trade and access is creating an entrepreneurial boom in Central America”. For example, in Costa Rica the government and universities have started to invest in entrepreneurial education and aim to support new and small ventures, so it has become easier to do business there than in the other countries. (Johnson, n.d.) The problem remains that it is not clear yet how these contextual factors influence the entrepreneurial process of different entrepreneurs in Central America. Therefore we think it is a worthwhile context for our study.

1.2. Knowledge and Research Gaps
The enthusiasm about social entrepreneurship was at least partly transferred to the academic world and the significance of the topic ignited the interest of many researchers across disciplines in the last 20 years (Dacin et al., 2011, p. 1203-1204; Short et al., 2009, p. 164). Today, there are various textbooks on social entrepreneurship, academic
journals solely dedicated to the topic and specialised research centres at universities. Among the researchers there is an increasing effort to establish social entrepreneurship as a legitimate research domain, but many authors deplore the lack of a theoretical concept (e.g. Trivedi, 2010, p. 64). Various problems with the concept have hindered the academics to agree on a commonly accepted definition and the boundaries of the field (Dacin et al., 2011, p. 1203-1204). Blackburn and Kovalainen (2009, p. 136-137) classify social inclusion also as a ‘novel’ area of entrepreneurship research that is lacking in-depth research. Such novel areas face an underdevelopment of concepts and moreover these concepts are often contested because of the changing demands of society and economy for the sense-making of certain phenomena. (Blackburn & Kovalainen, 2009, p. 137-138) Given the newness of the field it still holds many opportunities for future research (Carlsson et al., 2013, p. 926) and we identified several research and knowledge gaps.

Within the entrepreneurship field there is great focus on internal factors and the other side, how external or contextual factors influence the entrepreneurial process are not yet well covered in research (Carlsson et al., 2013, p. 926; Salimath & Cullen, 2010). Thus studying how these factors and institutions influence the entrepreneurial process is “One of the most promising lines of inquiry in entrepreneurial studies” (Kalantaridis & Fletcher, 2012, p. 199). This research gap can particularly be observed within the area of social entrepreneurship and therefore several authors propose to focus more on contextual factors in this area (e.g. Austin et al., 2006, p.9; Grimes et al., 2013, p. 461; Salimath & Cullen, 2010, p. 372; Shaw & de Bruin, 2013, p. 741; Ucbasaran et al., 2001). The tendency to idealize social entrepreneurs and to focus on the individual-level analysis, should be counterbalanced with “other perspectives that take the context and social dynamics into account” and integrate cultural approaches (Dacin et al., 2011, p. 1206). Austin et al. (2006, p. 9) argue that contextual factors are in many ways similar for social and commercial entrepreneurship, but their influence and how entrepreneurs are dealing with those can be different for the forms of entrepreneurship. Therefore we can identify a gap in the research with respect to the study of contextual factors and their influences on the entrepreneurial process for commercial (‘conventional’) and sustainability-oriented entrepreneurship.

We have decided to focus our study on the context of Central America as we believe it is an interesting and fruitful context for our study. Focussing on Central America will enable us to refrain from the - as we perceive quite common - habit to consider all of Latin America as a whole. It seems that people often talk about Latin America, but in fact only mean Brasil and other South American countries; neglecting the comparable small Central American region (Heim, 2011). Thus we can see that there is insufficient acknowledgement of Central America in the research and popular literature and we aim to approach this knowledge gap.

From the methodological point of view, several gaps and limitations exist in previous research due to the “embryonic state” (Short et al., 2009, p. 169) of social entrepreneurship research. First of all, social entrepreneurship research “to a large extent [...] remains largely descriptive and atheoretical” (Dacin et al., 2011, p. 1205). The literature review by Short et al. (2009, p. 161) reveals that conceptual articles outnumber empirical studies. Secondly, these few empirical studies often lack rigorous methods (Short et al., 2009, p. 161). Existing qualitative and case study designs (Granados et al., 2011, p. 209) have either been single case studies or multiple case
studies concentrating on the nature and motives of social entrepreneurship with little systematic case comparison (Dacin et al., 2011, p. 1205). Thirdly, research on social entrepreneurship relies on various definitions and perspectives, which makes it difficult to compare between authors. (Short et al, 2009, p. 161-162) Further, most research so far has positioned itself primarily in the non-profit or public sector (Short et al., 2009, p. 184). With our study we want to overcome some of these identified research gaps.

1.3. Purpose of the Study

The purpose of our study is to systematically analyse how contextual factors, i.e. political & legal, economic, technological, environmental, social and cultural factors, influence the whole entrepreneurial process and its stages. In particular our aim is to determine if the entrepreneurial process differs for commercial (‘conventional’) and sustainability-oriented entrepreneurs, and if these types of entrepreneurs are differently influenced by the contextual factors. To fulfill this purpose we develop a theoretical framework and apply it to a specific context in our research, which is Central America. Therefore our research question is:

How do contextual factors in Central America influence the entrepreneurial process of different types of entrepreneurs?

With our study we aim to extend existing research on the matter and contribute to minimizing the research gaps explained above. Thus we follow different objectives:

First of all, we conduct an extensive literature review in order to develop a theoretical framework of the entrepreneurial process in its context and with different forms of value creation as outcome. Therefore our theoretical framework focuses on the external factors and how these influence the entrepreneur along the entrepreneurial process. So while the individual entrepreneur and his/her view on the influence of these external factors play an important role in the framework, we specifically do not focus on purely internal factors such as the characteristics, motivations and personality traits of entrepreneurs. Thus we also avoid the heroization of entrepreneurs and their activities. Our theoretical framework also takes into account that there are different types of entrepreneurs based on the economic, social or ecological value they create as an outcome of their venture. Thus we clarify the concepts of commercial, social, ecological and sustainable entrepreneurship so that they are applicable across sectors and countries. By this we aimed to overcome the existing ambiguity in the field concerning its definitions and concepts. The overall aim with our theoretical framework is to create a tool that can be applied to different contexts and countries.

Secondly, an objective of our research is to apply our theoretical framework to the specific context of Central America. Our theoretical framework allows us to study contextual factors in a specific region and revise our theoretical framework to specifically fit that region. We believe this is a good example of how to apply our theoretical framework to a context and other researchers could apply the framework to a different context resulting in a differently revised framework.

Thirdly, we aim to overcome some of the methodological gaps by conducting empirical research with a clear and stringent methodology (see chapter 3). Based on our literature review (see chapter 2) we perceived that contextual factors do have an influence on the entrepreneurial process, but little is known on how they affect different parts of the
process and if there are differences between the types of entrepreneurs. We also see that these contextual factors are complex and intertwined, which makes it difficult to assess them in a quantitative way. Therefore we follow an exploratory, qualitative research design. We use a combination of secondary data about Central America (see chapter 4) and primary data collected through interviews as part of a multiple-case study (see chapter 5). Here we aim to add to existing research by systematically comparing different cases, so that the strength of the study is in gaining comparative insight. Interviews are particularly useful to grasp the views of entrepreneurs as it is the perceptions of the entrepreneurs about their environment that shapes their action (Gnyawali & Fogel, 1994, p. 55).

1.4. Contributions

Theoretical Contribution: This study aims to contribute to the field of entrepreneurship and the areas of social, ecological and sustainable entrepreneurship. Our theoretical framework provides an understanding how the different types of entrepreneurship can be differentiated based on the value they create, but also collectively treated within the entrepreneurship field. Specifically, our theoretical framework explains the influence of contextual factors on the entrepreneurial process with respect to these types of entrepreneurs. Our study also shows how our contextual framework can be applied to a specific context, here Central America.

Methodological Contribution: The study also aims to contribute to the methodology used in (commercial, social, ecological, sustainable) entrepreneurship research by following a rigorous comparative multiple-case study design. The systematic comparison of cases can provide useful insights for similar studies on the influence of contextual factors on entrepreneurial processes.

Practical and Societal Contribution: Our research purpose is to analyse the influence of contextual factors on the entrepreneurial process. This can help entrepreneurs to gain a better understanding on how they are influenced by the environment and how they can in turn influence these contextual factors. Moreover, the study will provide insights to policy makers and intermediary organisations that they can use to improve policies and other interventions to promote and support entrepreneurship. In particular, the results could be used to support “new” forms of entrepreneurship such as social, ecological or sustainable entrepreneurship. Due to the effects of entrepreneurship on economic growth and human welfare (Carlsson et al., 2013, p. 914) and the potential ability of sustainability-oriented entrepreneurship to solve societal problems, this can lead to a valuable societal contribution.

1.5. Limitations

As we aim to approach the topic from a common, sector-independent understanding of entrepreneurship, which incorporates social, ecological and sustainable entrepreneurship, we are not able to take into account specific details of certain sectors (e.g. entrepreneurship in the public sector). We believe that our results are useful for all sectors, but might not answer specific issues of a sector.

We use the region of Central America as the context and instrument to apply our theoretical framework and methodology in order to develop our theory. This may limit the trustworthiness of the findings to that region. While Central America is a relatively small region, we still believe that there are many differences among the countries and the people. Therefore our primary and secondary data collection cannot provide a
complete depiction of the situation in these countries, but rather a general idea about some main issues.

After all, we are also restrained by personal limitations. Neither one of us has extensive knowledge about the Central American region or of (sustainability-oriented) entrepreneurship there. Also the lack of Spanish language skills restricts the access to data and therefore influence our research. Personal attitudes and opinions also impact our research process, since we conduct a qualitative research and have to interpret the results.

1.6. Key Definitions and Concepts
Entrepreneurship: Entrepreneurship is an economic function that is carried out by individuals or teams, i.e. entrepreneurs, acting independently or within organisations, to perceive and create new opportunities, evaluate and exploit those by using innovation and introduce their ideas into the market under uncertainty. The entrepreneurial activity and the entrepreneurial ventures are influenced by the socioeconomic environment. Next to the economic value creation, entrepreneurship can have social or environmental purposes and can ultimately result in economic growth and human welfare.

Entrepreneurial Process: The succession of the opportunity-related process, consisting of opportunity recognition, evaluation and exploitation, and venture creation and innovation.

Entrepreneur: A person who is acting independently or within organisations to perceive and create new opportunities, evaluate and exploit those by using innovation and introduce his/her ideas into the market under uncertainty.

Social Entrepreneurship: Social entrepreneurship is an economic function aiming at social value creation. It is carried out by individuals or teams, i.e. entrepreneurs, acting independently or within organisations, to perceive and create new opportunities, evaluate and exploit those to solve social problems.

Ecological Entrepreneurship: Ecological entrepreneurship is an economic function aiming at ecological value creation. It is carried out by individuals or teams, i.e. entrepreneurs, acting independently or within organisations, to perceive and create new opportunities, evaluate and exploit those to solve environmental problems.

Sustainable Entrepreneurship: Sustainable entrepreneurship is an economic function aiming at social and ecological value creation. It is carried out by individuals or teams, i.e. entrepreneurs, acting independently or within organisations, to perceive and create new opportunities, evaluate and exploit those to solve social and environmental problems.

Contextual Factors: Contextual factors are external influences affecting the entrepreneur and the entrepreneurial process, such as political & legal, economic, technological, ecological, social and cultural factors.

Central America: Central America is the “southernmost region of North America, lying between Mexico and South America and comprising Panama, Costa Rica, Nicaragua, Honduras, El Salvador, Guatemala, and Belize.” (Central America, 2004).
2. Literature Review and Theoretical Framework

In this chapter we review relevant literature and present our theoretical framework to guide our research. The chapter is divided into four parts in which we gradually develop our theoretical framework. At first we present core concepts of the entrepreneurship field including the entrepreneurial process. Based on this we have developed a preliminary theoretical framework as foundation for developing the framework further in the subsequent chapters. In the first chapter we also provide a definition of entrepreneurship and the entrepreneur. In the second part we enlarge upon the element of value creation by discussing the concepts of certain types of sustainability-oriented entrepreneurship, i.e. social, ecological and sustainable entrepreneurship. We conclude the second part with a distinction of these types in relation to commercial (‘conventional’) entrepreneurship and to each other. In the third chapter we turn to another part of our framework by reviewing different contextual factors that can influence entrepreneurship. The combination of the elements from these three chapters is combined into our theoretical framework that we present in the last chapter.

2.1. Entrepreneurship

2.1.1. Entrepreneurship as a Research Field

To date there is no single commonly accepted definition of entrepreneurship, but a variety of views exist within the research field, in the business world and in everyday language. We perceive that the common understanding of entrepreneurship is the creation of new ventures and a strong focus lies on small businesses and the individual who is starting the business, the entrepreneur. This is reflected in the fact that many (university) courses and textbooks addressing entrepreneurship effectively try to explain how to start and run a (small) business. Likewise, in popular literature and business magazines entrepreneurship is often presented as success stories of individual entrepreneurs and “how to” approaches.

Historically, many definitions of entrepreneurship are centered around the individual entrepreneur (Venkataraman, 1997, p. 120). The term ‘entrepreneurship’ originates in the French word ‘entreprendre’ which means “to take into ones own hands” (Roberts & Woods, 2005, p. 46) and has been used since the 12th century (Bacq & Janssen, 2011, p. 377). Jean-Baptiste Say has been one of the earliest scholars of entrepreneurs and has been quoted to define the entrepreneur around 1800 as follows: “The entrepreneur shifts economic resources out of an area of lower and into an area of higher productivity and greater yield” (Drucker, p. 19; Dees, 2001, p. 1). Richard Cantillon has explored the entrepreneur further in economic analysis and can therefore be called “the father of enterprise economics” (Saucier & Thornton, 2010, p. 6). According to him entrepreneurs establish and exchange at markets, and live in uncertainty (Cantillon, 2010; originally published in 1755). Cantillon’s ‘entrepreneur’ has first been translated as ‘undertaker’ (Saucier & Thornton, 2010, p. 16). In the 20th century Joseph A. Schumpeter and other Austrian economists began to study entrepreneurship (Carlsson et al., 2013, p. 917). Schumpeter described entrepreneurs as “innovators who drive the creative-destructive process of capitalism” (Dees, 2001, p. 1). In the 1950s and 1960s the economic research focus shifted towards larger enterprises leaving it to behavioural scientists such as David McClelland to study the entrepreneur further. This lead to a stream of entrepreneurship research that concentrates on the psychological and behavioural aspects of the entrepreneur, i.e. his or her personal characteristics and traits.
The focus on the entrepreneur seems logical since he or she is the person who creates the change and fosters the development; thus the entrepreneur has remained a popular research object until today. Since the 1980s economic changes increased the interest in and the importance of smaller and newly founded enterprises. This gave rise to entrepreneurship as a research field and increased its importance and appearance in popular literature or university courses. (Carlsson et al., 2013, p. 918-921) According to Drucker (1985b, p. 25) “the entrepreneur always searches for change, responds to it, and exploits it as an opportunity”. “Successful entrepreneurs [...] try to create value and to make a contribution” (Drucker, 1985b, p.31). Dees concludes that Say, Schumpeter and Drucker “describe a mind-set and a kind of behavior that can be manifested anywhere” (2001, p. 2). Overall it can be seen that specialists from very diverse disciplines study entrepreneurship and are influenced by the premises of their disciplines when defining entrepreneurship (Bacq & Janssen, 2011, p. 377). Today, the research field of entrepreneurship “has emerged as one of the most vital, dynamic, and relevant in management, economics, regional science, and other social sciences” (Wiklund et al., 2011, p. 1). Nevertheless, entrepreneurship research has struggled to develop a commonly accepted definition of its field and boundaries. Over the years various sub-disciplines have developed (Carlsson et al., 2013, p. 913), but to date there are still discussions of whether entrepreneurship should be considered a separate field at all or a research topic within other fields (Wiklund et al., 2011, p. 4-5).

Wiklund et al. (2011, p. 1-5) criticize that entrepreneurship has so far been theory driven and mostly concerned with the context of small, young, or owner-managed businesses. As a consequence they argue for a shift from a context-based view of entrepreneurship to a phenomenon based view, in which entrepreneurship is rather seen as a phenomenon that is concerned with the “emergence of new economic activity” (p. 5). According to the authors, this view also enables authors to transfer the entrepreneurship concept into new domains, such as social entrepreneurship. (Wiklund et al., 2011, p. 5). Likewise Sarasvathy and Venkataraman (2011, p. 113-114, 121, 125) conclude that in over four decades entrepreneurship researchers have not managed to develop a dominant wisdom and commonly accepted theories. They see that emerging trends such as social entrepreneurship indicate that researchers have done a “category error” by putting entrepreneurship as part of economics. Researchers might have thought about entrepreneurship in the wrong way. They suggest “to move beyond entrepreneurship as a phenomenon” (p. 121) and consider entrepreneurship as a method similar to the scientific methods. Thus they conclude that “there exists a distinct method of human problem solving that we can categorize as entrepreneurial. The method can be evidenced empirically, is teachable to anyone who cares to learn it, and may be applied in practice to a wide variety of issues central to human well-being and social improvement” (p. 125).

With these perceptions in mind, we approached our understanding of entrepreneurship and the formation of our theoretical framework. Carlsson et al. (2013, p. 925) have developed a figure that depicts the domain of entrepreneurship research (see Figure 1). We assess that this figure combines many relevant concepts of the entrepreneurship field and we therefore use it as a basis for our discussion and the development of our framework. In the following sections we will discuss three topics of the figure in further detail: (a) opportunities and the entrepreneurial process, (b) individual characteristics of
entrepreneurs, and (c) entrepreneurial orientation.\footnote{Individual sections are marked in blue in Figure 1}

![Diagram showing the domain of entrepreneurship fields and their relationships with socioeconomic environment, institutions/norms/culture, knowledge creation, economic & social policies, geography, clusters, finance, and learning.]

Figure 1: The Domain of the Entrepreneurship Field (Carlsson et al., 2013, p. 925)

2.1.2. Opportunities and the Entrepreneurial Process
In 2000, Shane and Venkataraman described a conceptual framework for entrepreneurship as a research field, which since then has been the basis for the discussions by many other authors and “agenda-setting” for the field (Wiklund et al., 2011, p. 1). Based on the previous work by Venkataraman (1997), they view the entrepreneurship field “as the scholarly examination of how, by whom, and with what effects opportunities to create future goods and services are discovered, evaluated, and exploited” (Shane & Venkataraman, 2000, p. 218). This view highlights that entrepreneurship is first of all about opportunities. “Without an opportunity, there is no entrepreneurship” (Short et al., 2010, p. 40). We will therefore include opportunities as a separate element in our theoretical framework (see Figure 2). Short et al. (2010, p. 55)
summarize previous research on the matter and define an opportunity as “an idea or dream that is discovered or created by an entrepreneurial entity and that is revealed through analysis over time to be potentially lucrative”. Researchers have analysed how these opportunities come into existence and if they are discovered or created by entrepreneurs, which can be seen as opposing views (Alvarez & Barney, 2007). Nevertheless, the opportunity recognition is a key focus of researchers examining the entrepreneurship phenomenon (Corner & Ho, 2010, p. 636). Considering entrepreneurship as an opportunity-related process, the next steps are that the entrepreneur evaluates these opportunities and based on this decides to exploit them (Shane & Venkataraman, 2000, p. 218; Short et al., 2010). Carlsson et al. (2013, p. 922) consider this rather as an explorative view of entrepreneurship that can be linked to the discovery theory. In contrast, in their framework they link opportunity recognition directly to innovation and venture creation (Carlsson et al., 2013, p. 915). Based on these reflections we have decided to view the entrepreneurial process as the succession of the opportunity-related process (recognition - evaluation - exploitation) and venture creation and innovation. Here we see the exploitation of opportunities strongly linked and overlapping to venture creation, but still representing different perspectives. Therefore we have decided to include both terms in our understanding of the entrepreneurial process (see Figure 2).

Within opportunity exploitation, innovation comes into place as a central theme of entrepreneurship. In fact, for many authors, innovation is the “defining characteristic” (Burns, 2011, p. 86) or “specific instrument” (Drucker, 1985b, p. 27) of entrepreneurship. According to Drucker innovation refers to “the means by which they [the entrepreneurs] exploit change as an opportunity for a different business or a different service.” (Drucker, 1985b, p. 17). Here innovations do not have to be technical or a physical ‘thing’, and can therefore rather be considered an economic or social term (Drucker, 1985b, p. 28, 30). Innovation can thus also be learned and practiced (Drucker, 1985b, p. 17). According to Drucker (1985b, p. 31-32) there are different sources for innovative opportunity within the enterprise or outside the enterprise or industry, such as changes in (a) demographics, (b) changes in perceptions, mood, and meanings or (c) new knowledge. The entrepreneur can search for these changes in a purposeful and organized way and conduct a systematic analysis of these opportunities these changes might offer for economic or social innovation. With innovation being a central theme of entrepreneurship, it is also not limited to a specific type of organisation, but can occur in different sectors and in new or existing businesses (Drucker, 1985a, p. 67; Shane & Venkataraman, 2000, p. 219).

Furthermore, in opportunity exploitation researchers have considered what kind of resources entrepreneurs have, how they mobilize and use them. This refers to different types of resources, e.g. human resources which include networks and social capital or financial resources (Audretsch, 2012, p. 761-762). The most common forms of sources for entrepreneurial funding include the savings of the entrepreneur, “friends, family, fools” (the three F), business angels, venture capitalists and banks. In addition, financial
bootstrapping can be used to rely less on external financing (Storey & Greene, 2010, p. 312-316, 333). These resources are also relevant in the different development stages of new ventures, their growth and possible internationalization (Oviatt & McDougall, 1994). Therefore we have also included resources as a separate element in our theoretical framework (see Figure 2). This entrepreneurial process has different antecedents, moderators and outcomes (Short et al., 2010) and is thus influenced by individual characteristics of the entrepreneur and contextual factors of the environment, which also influence each other (Gartner, 1985).

2.1.3. Individual Characteristics of Entrepreneurs

When looking at distinct features of entrepreneurs, several authors have also researched the personal or individual character traits of entrepreneurs with the aim to distinguish them from people not becoming entrepreneurs (Gartner, 1985, p. 698). But Boyd and Vozikis (1994, p. 63) conclude based on other authors that “most of these factors have not been found to be unique to entrepreneurs, but rather they are common to many successful individuals, including managers”. According to Peter Drucker entrepreneurship is a behaviour and “not a personality trait; in thirty years I have seen people of the most diverse personalities and temperaments perform well in entrepreneurial challenges” (Drucker, 1985b, p. 23). Instead the common thing among entrepreneurs is not their personality “but a commitment to the systematic practice of innovation” (Drucker, 1985a, p. 67). Other influencing factors on the entrepreneur are antecedent factors such as family, ethnicity and immigration, gender, education, previous employment, religion, social group, culture (Burns, 2011, p. 34, 42-53). Further it can be observed that different situational factors of entrepreneurs, such as current unemployment or disagreement with the management (“push factors”), or the desire for independence or personal development/wealth (“pull factors”), can influence their motivation and decision to become an entrepreneur (Burns, 2011, p. 53-55).

We believe that all these factors can have an affect on the entrepreneurial process, which is why we have presented those as a summary here. However, we also agree with authors such as Gartner (1985, p. 696), who suggested “that the differences among entrepreneurs and among their ventures are much greater than one might expect; in fact, the diversity may be larger than the differences between entrepreneurs and nonentrepreneurs and between entrepreneurial firms and nonentrepreneurial firms”. We follow his proposition to recognise the complexity and variation in entrepreneurship as there are for example very different types of new ventures that are started or entrepreneurs might have partners (Gartner, 1985, p. 700-701, 704).

2.1.4. Entrepreneurial Orientation

So the question remains what distinguishes the entrepreneur from other people that do not become entrepreneurs, for example managers? Entrepreneurs have often been defined as the people who start their own, new and small business (Drucker, 1985b, p. 19). Today, many authors distinguish between entrepreneurs and the owner of small businesses. Here Carland et al. (1984) developed a conceptual framework to differentiate entrepreneurs from small business owners and consequently separate entrepreneurial ventures from small businesses (see Table 1). While the authors acknowledge that there is an overlap between those sectors, they still consider entrepreneurship to be a different concept from small businesses. Most of all, they view entrepreneurship “as incorporating innovation and growth” (p. 355). Thus innovation again is the critical factor to distinguish entrepreneurs from small business owners (Carland et al., 1984, p. 357).
“A small business venture is any business that is independently owned and operated, not dominant in its field, and does not engage in any new marketing or innovative practices.”

“An entrepreneurial venture is one that engages in at least one of Schumpeter’s four categories of behavior [introduction of new goods, introduction of new methods of production, opening of new markets, industrial reorganisation]; that is, the principal goals of an entrepreneurial venture are profitability and growth and the business is characterized by innovative strategic practices.”

“A small business owner is an individual who establishes and manages a business for the principal purpose of furthering personal goals. The business must be the primary source of income and will consume the majority of one’s time and resources. The owner perceives the business as an extension of his or her personality, intricately bound with family needs and desires.”

“An entrepreneur is an individual who establishes and manages a business for the principal purpose of profit and growth. The entrepreneur is characterized principally by innovative behaviour and will employ strategic management practices in the business.”

Table 1: Comparison of Small Businesses and Entrepreneurship (Carland et al., 1984, p. 357-358)

This distinction between entrepreneurial orientation (EO) and small business orientation (SBO) has led to further research into the matter since Carland et al. (1984) have presented their definitions (Runyan et al., 2008, p. 568). Among researchers it is widely accepted that EO is related to firm performance (Runyan et al., 2008, p. 567). Runyan et al. (2009, p. 568-569) have tested measurement models for EO and SBO and they view EO and SBO as strategic resources. Based on the findings from other authors and their own study, the authors further conclude that “EO is evidenced through visible entrepreneurial tendencies toward innovativeness, proactiveness and risk taking (p. 569). Thus EO can be considered part of entrepreneurship, as can also be seen in the framework by Carlsson et al. (2013, p. 925).

Many authors have also pointed out that the entrepreneurial process involves a certain amount of uncertainty or risk, e.g. Short et al. (2010, p. 58) consider those as moderators of opportunity-related processes. Other authors such as Drucker (1985b, p. 25-26) argue that entrepreneurship does not necessarily have to be very risky. There might be risks, but the returns will probably make up for that. But risk can occur in certain industries and when the entrepreneurs do not really know what they are doing.

2.1.5. Preliminary Theoretical Framework

Based on the discussion of concepts of entrepreneurship as presented above we have developed our preliminary theoretical framework illustrating our understanding of entrepreneurship. The preliminary theoretical framework is completed by the following two chapters in order to fulfill our research purpose and answer our research question. This preliminary theoretical framework (see Figure 3) is based on Carlsson et al. (2013, p. 925) and their figure of the domain of entrepreneurship research. Likewise we organize our entrepreneurship concept along the different levels (individual/team - venture - firm - macroeconomic level). Based on our discussion above we have adapted three aspects of the figure by Carlsson et al. (2013) according to our literature review: (a) opportunities and the entrepreneurial process, (b) individual characteristics of entrepreneurs, and (c) entrepreneurial orientation. We also adopt the distinction between an exploration and an exploitation side that
Carlsson et al. (2013, p. 922) applied in their understanding of entrepreneurship as a research domain. According to the authors the explorative side is more concerned with the discovery of opportunities, the individuals involved and the modes of action used in opportunity exploitations. They see this view for example represented in the entrepreneurship model by Shane and Venkataraman (2000). On the other hand, the exploitation side is more focused on the new enterprise and its role in furthering economic progress. Thus the explorative side is more firm (micro) oriented and the exploitation side more outcome (macro) oriented. (Carlsson et al., 2013, p. 922)

Many authors have linked entrepreneurship to economic development and today entrepreneurial activity is viewed as one of the key drivers of economic growth and thus the development and well-being of societies (Abu-Saifan, 2012, p. 22; Carlsson et al., 2013, p. 913). Therefore we conclude that entrepreneurship also creates economic value on a macro level. Carlsson et al. (2013, p. 926) here explicitly include the link between entrepreneurship and human welfare to include new concepts such as social entrepreneurship. We aim to explore this issue further in the next section and thus at the moment simply add ‘value creation’ as an element to our framework.

In the following chapters we will develop this preliminary theoretical framework further and elaborate on the two issues that are of main concern for the thesis, i.e. the creation of economic, social and ecological value (see section 2.2) and influence of contextual factors (see section 2.3). In the end of this chapter, we will present our completed theoretical framework (see section 2.4).

2.1.6. Definition of Entrepreneurship
Based on their understanding of the entrepreneurship domain Carlsson et al. (2013) have also developed a definition of entrepreneurship. They consider entrepreneurship to be “an economic function that is carried out by individuals, entrepreneurs, acting independently or within organisations, to perceive and create new opportunities and to introduce their ideas into the market, under uncertainty, by making decisions about
location, product design, resource use, institutions, and reward systems. The entrepreneurial activity and the entrepreneurial ventures are influenced by the socioeconomic environment and result ultimately in economic growth and human welfare.” (Carlsson et al., 2013, p. 914)

We will build on the work of Carlsson et al. (2013) in our definition of entrepreneurship with the following changes based on our literature review:

(a) we acknowledge that entrepreneurship can also be carried out by teams
(b) we include the opportunity-related process of opportunity recognition, evaluation and exploitation
(c) we include innovation in the definition as it is a central term
(d) we explicitly include the possibility that entrepreneurship can have social and/or environmental purposes

Thus our definition of entrepreneurship is:

Entrepreneurship is an economic function that is carried out by individuals or teams, i.e. entrepreneurs, acting independently or within organisations, to perceive and create new opportunities, evaluate and exploit those by using innovation and introduce their ideas into the market under uncertainty. The entrepreneurial activity and the entrepreneurial ventures are influenced by the socioeconomic environment. Next to the economic value creation, entrepreneurship can have social or environmental purposes and can ultimately result in economic growth and human welfare.

Consequently we define an entrepreneur as a person, who is acting independently or within organisations, to perceive and create new opportunities, evaluate and exploit those by using innovation and introduce his/her ideas into the market under uncertainty.

2.2. Types of Entrepreneurship

In the following chapter we further develop our theoretical framework by reviewing and discussing the aspect of value creation in entrepreneurship. We acknowledge that value creation can happen in different forms and therefore should be discussed in more detail. Today we can observe that entrepreneurship takes place in the economic sphere (commercial or conventional entrepreneurship), but also in the social sphere (social entrepreneurship), in the ecological sphere (ecological entrepreneurship) or in both combined (sustainable entrepreneurship). In our study we will use the term ‘sustainability-oriented entrepreneurship’ as an umbrella term to include social, ecological and sustainable entrepreneurship. We will see that entrepreneurial activities are conducted not only by businesses, but also by non-profit and public organisations or new forms of “hybrid” organisations. Entrepreneurship has thus truly become a ‘phenomenon’ or ‘method’ that can be applied to very different contexts.

We explore each of these three types of sustainability-oriented entrepreneurship in the following sections. Based on our literature review we agree with the conclusion by Thompson et al. (2011, p. 219) that the different concepts of sustainability-oriented entrepreneurship can be distinguished from each other, but they are not separable from the entrepreneurship domain and can be considered “alternative paradigms to traditional entrepreneurship” (Thompson et al., 2011, p. 217). Therefore all definitions and concepts developed in this section are based on the findings from the section about
entrepreneurship presented above. This allows us to consider all types of entrepreneurship within one general concept. We begin our consideration of these types of entrepreneurship with social entrepreneurship as we perceive that it is the most commonly used concept and often indirectly includes ecological and sustainable entrepreneurship. Therefore we believe it provides a good basis for discussing these emerging types of entrepreneurship and many statements from this field can be transferred to the other concepts.

2.2.1. Social Entrepreneurship

Social entrepreneurship has emerged as a term in popular literature and in the academic field at the end of the 1990s (Bacq & Janssen, 2001, p. 375, 381). Since then there has been an increasing interest in the area, both from academics and practitioners (Granados et al., 2011, p. 211). This is mostly due to the fact, that social entrepreneurship is considered an innovative way of dealing with social problems and decreases the boundaries between the private and the public sector, which allows for new forms such as hybrid enterprises (Bacq & Janssen, 2011, p. 374-375). But it should be noted, that while the topic seems new, social entrepreneurs have in fact existed for longer (Dees, 2001, p. 1; Bornstein, 2004, p. 1).

The rather new field partly follows in its development the path of its “parent-field” entrepreneurship (Bacq & Janssen, 2011, p. 389), especially concerning the problems of defining the field and its key terms. Along with most authors in the field (e.g. Abu-Saifan, 2012; Bacq & Janssen, 2011; Choi & Majumdar, 2014; Dacin et al., 2011) we observe that there is no common definition of social entrepreneurship, the social entrepreneur or the social enterprise in the literature. Like in the entrepreneurship field, we perceive that there is a strong focus on the individual entrepreneur. There are also different schools or streams of social entrepreneurship research in Europe and the US that concentrate on different aspects of the phenomenon (see Defourny & Nyssens, 2006; Granados et al., 2011) which leads to varying definitions (Bacq & Janssen, 2011, p. 380-381). These differences are also often rooted in the different legal forms such social enterprises can take in different countries. We therefore first of all approach the issue of defining social entrepreneurship from a conceptual perspective and later return to the issue of the legal form.

Most broadly, social entrepreneurship can be understood as an “entrepreneurial activity with a social purpose” (Austin et al., 2006, p. 1). Likewise the social entrepreneur can be broadly defined “as an individual whose main objective is not to make profits but to create social value for which he/she will adopt an entrepreneurial behaviour” (Bacq & Janssen, 2011, p. 381). We, and presumably many other authors, can agree with those statements, but they are hardly a sufficient definition. Nevertheless, these definitions already include one of the most common themes of social entrepreneurship definitions, that is the mission of the social entrepreneur and the creation of social value (Austin et al., 2006, p. 2; Choi & Majumdar, 2014, p. 10; Dacin et al., 2011, p. 1204). So the opportunity recognition is related to solving social problems (Corner & Ho, 2010, p. 635). We can see that there is agreement among the definitions of social entrepreneurship that the social purpose or mission is the key element in it (Bacq & Janssen, 2011, p. 384). This social purpose can be expressed by terms such as social change, social transformation, social value creation or social impact (Austin et al., 2006; Choi & Majumdar, 2014).
Other key elements in many definitions of social entrepreneurship include:

- (social) innovation (Austin et al., 2006, p. 2; Choi & Majumdar, 2014, p. 364),
- market orientation or the use of market based skills and knowledge (Austin et al., 2006, p. 2; Choi & Majumdar, 2013, p. 10),
- the individual social entrepreneur and his/her characteristics (Choi & Majumdar, 2014, p. 364; Dacin et al., 2011, p. 1204),
- the social enterprise organisation, processes and resources (Choi & Majumdar, 2014, p. 364; Dacin et al., 2011, p. 1204).

Following our conclusions about entrepreneurship (see chapter 2.1) we find that the aspects of innovation and market orientation are already included in the term entrepreneurship, as we had defined it as an economic activity using innovation. We agree with Dacin et al. (2011, p. 1204) that concentrating on individual characteristics and processes will also never lead to a common definition of social entrepreneurship, because these aspects vary greatly across different countries. Therefore we will follow the authors recommendation to concentrate on the last aspect, the mission of creating social value and solving social problems, for defining social entrepreneurship. Several authors also name the mission as the key characteristic to distinguish social entrepreneurship from its commercial counterpart (Austin et al., 2006, p. 3; Bacq & Janssen, 2011, p. 378-379; Mort et al., 2003, p. 77).

Thus we take into account that social entrepreneurship is about creating social value and solving social problems and extent our definition of entrepreneurship (see chapter 2.1) to define social entrepreneurship as follows:

Social entrepreneurship is an economic function aiming at social value creation. It is carried out by individuals or teams, i.e. entrepreneurs, acting independently or within organisations, to perceive and create new opportunities, evaluate and exploit those to solve social problems.2

Here we would like to point out that as with other forms of entrepreneurship, social entrepreneurship can exist within organisations and it can be conducted by individuals or teams (Dacin et al., 2011, p. 1204-1206; Granados et al., 2011, p. 198-199). We can see, that also the other characteristics of entrepreneurship as depicted in our framework (see chapter 2.1) apply to social entrepreneurship. For example, Weerawardena & Mort (2006) identified innovativeness, proactiveness and risk management as the core behavioral dimensions of social entrepreneurship; these we have already characterized as characteristics of entrepreneurial orientation.

In our definition we refer to the aim of social entrepreneurship to solve social problems or issues. We follow Hilgarter & Bosk (1988, p. 55) and broadly define a social problem “as a putative condition or situation that is labeled a problem in the arenas of public discourse and action”. This can include for example poverty, illiteracy, unemployment, disease, and environmental problems (Miller et al., 2012, p. 618; Marshall, 2011, p. 186). These social problems arise from complex and systematic interactions of history, geography, culture, politics and economy (Marshall, 2011, p. 186).

2 Aspects that specifically refer to social entrepreneurship in contrast to conventional entrepreneurship are marked as bold
Like in entrepreneurship, the individual entrepreneur plays a central role in social entrepreneurship and there are many different definitions of the social entrepreneur (Abu-Saifan, 2012, p. 24). However, we also think that the above mentioned statement about entrepreneurship holds true here, i.e. that the variations between different entrepreneurs might be greater than the ones between entrepreneurs and non-entrepreneurs. We also observed that some definitions of the social entrepreneur (e.g. by Ashoka or David Bornstein) tend to characterize him or her as heroic (Dacin et al., 2011, p. 1205) or consider him or her as the elite (Roberts & Woods, 2005, p. 47). Due to these issues we propose a more neutral definition of the social entrepreneur based on our definition of social entrepreneurship. So we define the social entrepreneur as a person who is acting independently or within organisations to perceive and create new opportunities, evaluate and exploit those to solve social problems.

Much research has also been conducted about the individual characteristics, motivations and character traits of social entrepreneurs, but as this is not in the main focus of our research we only consider two issues in detail here, which we regard to be important. First, we can see that the social mission of the social entrepreneur is a strong motivating factor: “a social entrepreneur holds achievement of a social mission above or at parity with financial success” (Marshall, 2011, p. 188). Accordingly, we can observe in the definitions of social entrepreneurs that this mission to create social value is central in those definitions and distinguishes the social entrepreneur from the conventional entrepreneur: “Where they differ is in their motivation and purpose. Social entrepreneurs are motivated to address a social need, commercial entrepreneurs a financial need” (Roberts & Woods, 2005, p. 50). But still, the social entrepreneur also incorporates the profit orientation. Apart from risk-taking (which we can find in any entrepreneur) and a commitment to a social issue (as described above), the for-profit social entrepreneur also has a fundamental belief in market-based approaches. Therefore the social entrepreneur will choose a market-driven solution to a social or environmental problem, instead of starting a civil society or government-based program. (Marshall, 2011, p. 186) Second, according to Dees (2007, p. 28) leading social entrepreneurs can also very fittingly be described as pragmatists as they focus on achieving sustainable results using whatever tools possible. This is reflected in their openness and willingness to use innovation, different business models, ideas and tools from the business world, and different organisational/legal forms. Likewise, Ashoka describes social entrepreneurs also as realists who “are ultimately concerned with the practical implementation of their vision above all else” (Ashoka, 2014a).

We have established above that social entrepreneurship is a combination of economic and social goals within an organisation. Based on this, we now further analyse and discuss what this overlap means and how to distinguish social enterprises from other forms of organisations.

Several authors point out that social and economic value creation have to be balanced in social entrepreneurship: The “economic value is crucial for the sustainability of social entrepreneurial ventures and the creation of social values” (Dacin et al., 2011, p. 1205). But according to Granados et al. (2011, p. 198-199) the economic goals of social enterprises are only means to the social end, but not the end itself. But this combination of social and economic goals can also create tension (Dacin et al., 2011, p. 1206). There are measures for the economic success, but measuring social value remains difficult. In particular, it gets complicated when measuring both aims together and considering...
possible trade-offs between them (Burns, 2011, p. 99). Also many social enterprises will combine market-based organisation, where resources are obtained by promising to generate economic value (financial returns), with charity-based organisation, where resources are acquired from donors by promising to create social value (Miller et al., 2012, p. 618). In the end we think that the sectors have differences in the way activities are conducted and thus moving between different sectors can create difficulties for the social enterprises. Some authors list other factors to differentiate the types of entrepreneurship. Corner and Ho (2010, p. 637) state that the opportunities in social entrepreneurship are embedded in a social or community context and that this context is different from commercial opportunities. Grimes et al. (2013, p. 461) assert that for social entrepreneurship the exploration of both micro level (e.g., socio-cognitive, emotional) and macro level (e.g., institutional, categorical) antecedents is more pronounced. Austin et al. (2006, p. 3) point out that social enterprises also face differences in human and finance resource mobilization and in the measurement of their performance. Similarly, Dees (2001) conclude that “Markets do not work as well for social entrepreneurs” (p. 2). These findings could indicate that social and commercial entrepreneurs are differently influenced by contextual factors.

In general we perceive that there are movements from both the economic and the social side towards each other and in the middle of that, where both economic and social purposes are significant, you can find the social entrepreneurship.

For many authors, such as David Bornstein or the organisation Ashoka, social entrepreneurship comes from the citizen sector applying entrepreneurial / business approaches, e.g. Austin et al. (2006, p. 2) define social entrepreneurship as the use of business / market-based skills and knowledge in the non-profit sector (e.g. when NGOs develop innovative approaches to earn income). Thus on the one end of the spectrum of social entrepreneurship we can find non-profit organisations with earned-income strategies, i.e. “a social enterprise performing hybrid social and commercial entrepreneurial activity to achieve self-sufficiency” (Abu-Saifan, 2012, p. 26). These organisations remain non-profit organisations that only generate revenues and profits to further develop their organisations and follow their mission (Abu-Saifan, 2012, p. 26). For some authors, social entrepreneurship only exists in this form of a not-for-profit (e.g. Austin et al., 2006; Mort et al., 2003, Roberts & Woods, 2005). So within the non-profit / NGO sector organisations can be considered social enterprises if they are able to sustain themselves and reach self-sufficiency (Abu-Saifan, 2012, p. 26; Terjesen et al., 2009, p. 10). The Global Entrepreneurship Monitor (GEM) framework further considers NGOs that are not self-sustaining, but still innovative to be non-profit social enterprises (Terjesen et al., 2009, p. 10). We think that to be a social enterprise, the economic perspective must be valued at least enough to be self-sustaining. But we acknowledge that these organisations exist and are sometimes called social enterprises. Further we recognise that social enterprises might not be self-sustaining in the early phases of the venture creation.

On the other side in the profit sector and the business world we first of all have to take into account that many businesses have a social component. Austin et al. (2006, p. 3) point out that “Commercial entrepreneurship does benefit society in the form of new and valuable goods, services, and jobs, and can have transformative social impacts”. This social commitment of businesses certainly blurs the boundaries between commercial and social enterprises (Roberts & Woods, 2005, p. 50). Furthermore, we
can observe that companies become more socially conscious and consider their Corporate Social Responsibility (CSR). We will discuss this issue in further detail below, but in general we do not believe that the social purpose in those organisation is high enough for them to be considered social enterprises. In our opinion, to be considered a social enterprise, a for-profit organisation must be driven by their social mission from the beginning of the entrepreneurial activity. Social value creation has to be a goal of the organisation and not just a mean to minimize the negative impact of an organisation on society. This type of for-profit organisation with mission-driven strategies is “a social purpose business performing social and commercial entrepreneurial activities simultaneously to achieve sustainability” (Abu-Saifan, 2012, p. 27). These organisations are financially independent and the owners or shareholders can achieve also a monetary benefit from the organisation (Abu-Saifan, 2012, p. 27). We consider this type of social enterprise to be the classic social enterprise.

To summarize, social enterprises can exist in the non-profit/citizen sector and in the private/business sector. Based on this Roberts and Woods conclude that “social entrepreneurship could be seen as a mindset or a paradigm that has a place in any business, be it in the for profit sector or in the voluntary sector” (2005, p. 50). All in all, social entrepreneurs can be considered to break down the lines between for-profit and non-profit to achieve their social mission. Following the view of them as pragmatists, social entrepreneurs can comfortably move across sector boundaries in order to achieve their goals. (Dees, 2007, p. 28)

As we have seen that social entrepreneurship can exist within different sectors, social enterprises can take different legal forms and can be constituted in either a business, social enterprise, non-profit, private or public institution (Granados et al., 2011, p. 198). However, there is a disconsensus in the literature of what legal organisational form social entrepreneurship can have, especially whether it is a non-profit or for-profit organisational form. This issue is complicated by the fact, that there are different organisational forms in different countries. In some countries, there are special organisational forms that can be used for “hybrid” organisations that are partly for-profit and partly non-profit (e.g. the legal form of low-profit limited liability company in the US). Most of the social entrepreneurship research today considers the non-profit and/or “hybrid” forms (Marshall, 2011, p. 183). But mostly, social enterprises have to fall back on traditional organisational forms (Bacq & Janssen, 2011, p. 386-387). We agree with Austin et al. (2006) and other authors that social entrepreneurship should not be limited to specific legal forms and we therefore approach the topic from a conceptual perspective as outlined above. We believe that a conceptual definition of entrepreneurship has greater value for the global perspective and can be used as a basis for legal definition in specific country contexts. In the end, we also agree here with Sarasvathy and Venkataraman (2011, p. 122-123) who state that it is neither theoretically necessary, nor help in the praxis to concentrate too much on the differences between social and for-profit ventures.

Based on this discussion and the framework by Abu-Saifan (2012, p. 26) we have developed a graph of our classification of social entrepreneurship (see Figure 4).
Based on our presentation of the different types of social enterprises in different sectors and the discussion above, we perceive that it is difficult to make an exact distinction between social and conventional/commercial entrepreneurship that is valid for all organisations. We therefore agree with Austin et al. (2006, p. 3) that social entrepreneurship should contain something of both, social and economic value creation, but is in the end “more accurately conceptualized as a continuum ranging from purely social to purely economic”.

2.2.2. Ecological Entrepreneurship

In the literature there is also the term ecological entrepreneurship, sometimes also referred to as green entrepreneurship, environmental entrepreneurship or ecopreneuring (Pacheco et al., 2010, p. 464). Based on our literature review, we perceive that the definition and distinction of ecological entrepreneurship faces similar problems as the social entrepreneurship field. While it receives increased attention by scholars, it remains an emerging and nascent research area (Thompson et al., 2011, p. 216).

We argue that it is theoretically possible to distinguish between social and ecological entrepreneurship; with one having rather a social mission aiming at social value creation and the other a rather ecological mission aiming at ecological value creation. According to Thompson et al. (2011, p. 214) ecological entrepreneurship might have overlaps with social or sustainable entrepreneurship, but it can also be distinguished from those based on its exclusive focus on the simultaneous creation of ecological and economic benefits. But in practice, this distinction can be more difficult. On the one hand, we can observe that social enterprises often include those with an environmental focus (e.g. Haugh, 2007, p. 743; Ashoka, 2014b). On the other hand, authors such as Dixon & Clifford (2007, p. 327) use the term ecopreneur and specifically include environmental, social and economic drivers.

Dean and McMullen (2007, p. 58) broadly define ecological entrepreneurship as “the process of discovering, evaluating, and exploiting economic opportunities that are present in environmentally relevant market failures”. In this definition we can observe the focus on the entrepreneurial process and the fact, that the opportunities in ecological
entrepreneurship arise from market failures related to environmental issues. We agree with this definition and use it as a basis to adapt our definitions of entrepreneurship and social entrepreneurship to develop our definition of ecological entrepreneurship:

Ecological entrepreneurship is an economic function **aiming at ecological value** creation. It is carried out by individuals or teams, i.e. entrepreneurs, acting independently or within organisations, to perceive and create new opportunities, evaluate and exploit those to solve environmental problems.  

Thus ecological entrepreneurship can be distinguished from social and sustainable entrepreneurship (see chapter 2.2.3) as it focusses (a) exclusively on environmentally relevant market failures, (b) environmentally relevant motivations and socio-cultural norms, and (c) examines opportunities that produce both economic and ecological benefits. Another unique characteristic of ecological entrepreneurship is the influence of institutions and the opportunity of the research to study the intersection of public policy and environmentally friendly practices. (Thompson et al., 2011, p. 215-216) Accordingly, we define the individual ecological entrepreneur as a person who is acting independently or within organisations to perceive and create new opportunities, evaluate and exploit those to solve ecological problems.

### 2.2.3. Sustainable Entrepreneurship

To date there is not much research specifically on sustainable entrepreneurship yet. The existing sustainable entrepreneurship research focuses on entrepreneurial activity that can potentially maintain a sustainable society and ecosystem. Thus it has its roots in the definition of sustainable development. (Thompson et al., 2011, p. 210, 212) Here we follow the commonly used definition of sustainability by the Brundtland Commission in 1987, who defined a sustainable development as a development “that meets the needs of the present without compromising the ability of future generations to meet their own needs” (WCED, 1987, p. 15). Sustainability combines an economic, social and environmental dimension (see Figure 5), which are sometimes also referred to as the three “pillars” of sustainability (United Nations, 2002, p. 1). Sustainability emerges in the overlap of all three spheres. Broadly put, the economic sphere is mostly dominated by for-profit organisations, i.e. businesses, and the social and ecological spheres are rather dominated by non-profit and public organisations. As indicated before we see that lately there is a movement in which these formerly more distinct areas start to overlap and approach each other aiming for sustainability. On the one hand, coming from the economic or business perspective, we see that there is a broader movement in contemporary market economics demanding a more ethical and socially inclusive capitalism (Dacin et al., 2011, p. 1204). Thus we can observe that firms start to consider their social and ecological impacts and try to develop their business into a more sustainable one. On the other hand, we can observe that non-profit organisations adopt market-based, economic approaches to earn income.

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3 Aspects that specifically refer to ecological entrepreneurship in contrast to conventional entrepreneurship are marked as bold
to support their activities and become more self-sufficient. This gave rise to social and ecological entrepreneurs, who operate between the social or ecological and the economic sphere.

We argue that almost every organisation has a social and ecological impact on its environment. In the business world we can observe that more and more firms came to realise that and wish to control and improve their impact on society and the environment. Firms therefore integrate sustainability into their operations management, which is mostly about two main aspects: “First, firms have to account for the energy and other resources they use and the resulting footprint they leave behind. [environmental sustainability] [...] Second, companies need to operate in a prudent and responsible manner and take care of employee health and safety and the quality of life of the external community [social sustainability]” (Gimenez et al., 2012, p. 149-150). Social sustainability is often reflected in the term Corporate Social Responsibility (CSR) (Gimenez et al., 2012, p. 150). CSR is a rather broad term that is also used in other forms such as corporate citizenship, corporate social involvement or community/corporate philanthropy (Crisan & Borzca, 2012, p. 106). The fact that firms wish to improve the environmental and social impacts of their processes and act responsibly while still having positive financial gains, is also reflected in the triple-bottom-line concept (Gimenez et al., 2012, p. 150). This concept is sometimes also described as focusing on people, planet and profit to link back to the three dimensions of sustainability (Thompson et al., 2011, p. 204).

All in all, we can see that this refers to the fact that more and more organisations from all sectors realize that they have and always will have a social and environmental impact, and therefore start to reflect on their impact and wish to improve it. So for example firms try to become sustainable businesses. We assess that it is rather an inside-out perspective considering how internal processes affect the environment. In contrast we see that sustainable entrepreneurship follows rather an outside-in perspective considering social or environmental problems, recognizing opportunities and developing the organisation accordingly. However we can also observe that the literature on sustainable entrepreneurship (e.g. Schaltegger & Wagner, 2011) is not very developed and mixes sustainable business with sustainable entrepreneurship.

There are different definitions of sustainable or sustainability entrepreneurship in the literature (Schaltegger & Wager, 2011, p. 224-227). Some authors (e.g. Schaltegger & Wagner, p. 224-227) have a perception of sustainable entrepreneurship in which the entrepreneurs can have a social and/or an ecological mission. This is a wider definition of sustainable entrepreneurship that would incorporate social and ecological entrepreneurship. Following the definition of sustainability, we instead conclude that sustainable entrepreneurship has to be the combination of social and environmental goals within one enterprise. This narrower definition is also used by authors such as Parrish (2010, p. 511), and Dean and McMullen (2007, p. 58) who broadly define sustainable entrepreneurship as “the process of discovering, evaluating, and exploiting economic opportunities that are present in market failures which detract from sustainability [...]”.

As we have already defined social and ecological entrepreneurship, we hereby apply these definitions and conclude that sustainable entrepreneurship is a combination of both, social and ecological goals within one organisation:
Sustainable entrepreneurship is an economic function aiming at social and ecological value creation. It is carried out by individuals or teams, i.e. entrepreneurs, acting independently or within organisations, to perceive and create new opportunities, evaluate and exploit those to solve social and environmental problems.  

Accordingly, we define the individual sustainable entrepreneur as a person who is acting independently or within organisations to perceive and create new opportunities, evaluate and exploit those to solve social and ecological problems.

2.2.4. Distinction between Types of Entrepreneurship

Based on the literature review presented so far, we have developed a graph to extend our theoretical framework illustrating our understanding of the different types of entrepreneurship (see Figure 6). The three circles represent the economic, social and ecological value creation. So we sort the types of entrepreneurship according to the value they are primarily creating. As we define entrepreneurship as an economic function, we conclude that it cannot exist completely outside the economic sphere. Commercial (‘conventional’) entrepreneurship aims at creating economic value and is therefore mostly placed in the economic sphere. As we have explained in further detail before, social entrepreneurship exists in the overlap with the social sphere and ecological entrepreneurship exists in the overlap with the ecological sphere. Sustainable entrepreneurship only exists where all three dimensions are directly present. Again we would like to point out that the boundaries between these types of entrepreneurship are not distinct and that there is a variety of other (often more broad) definitions. We summarize the social, sustainable and ecological entrepreneurship with the term ‘sustainability-oriented entrepreneurship’.

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Figure 6: Types of Entrepreneurship Based on the Value they Create

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4 Aspects that specifically refer to sustainable entrepreneurship in contrast to conventional entrepreneurship are marked as bold
Schaltegger and Wagner (2011, p. 223-224) compare the three types of sustainability-oriented entrepreneurship (see Table 2). They argue that for social entrepreneurship the main goal is the social mission and economic goals are used as means to achieve these (e.g. to secure self-sufficiency/funding of activities). So, social entrepreneurs focus on solving social problems which affect people. These altruistic actors that are motivated beyond self-interest and financial returns are a unique characteristic of social entrepreneurship. Another distinct characteristic is the fact that social enterprises shift from traditional commercial business to other organisational types, e.g. community-based designs. (Thompson et al., 2011, p. 204, 207-208) In contrast, in ecological entrepreneurship the core motivation is to generate profits by contributing to solving environmental problems (Schaltegger & Wagner, p. 223-223). Thus the opportunities in ecological entrepreneurship arise from environmental degradation and ecological entrepreneurs focus on creating simultaneously economical and ecological benefits (Thompson et al., 2011, p. 204, 213).

Sustainable entrepreneurship aims not only to achieve a sustainable development of the organisation itself, but also to contribute to the sustainable development of the whole market and society (Schaltegger & Wagner, p. 223-223). Therefore sustainable entrepreneurs focus on the triple-bottom-line and seek to achieve simultaneously social benefits, economically viable organisations and a reduction of the environmental degradation. The aim of developing a unique organisational design for sustainable development distinguishes sustainable entrepreneurship from social and ecological entrepreneurship, which rather focus on individual motivations. This long-term focused “whole enterprise design” for sustainable development also separates sustainable entrepreneurship from commercial entrepreneurship. (Thompson et al., 2011, p. 204, 210-211, 217)

<table>
<thead>
<tr>
<th></th>
<th>Social Entrepreneurship</th>
<th>Ecological Entrepreneurship</th>
<th>Sustainable Entrepreneurship</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Core Motivation</strong></td>
<td>Contribute to solving societal problem and create value for society</td>
<td>Contribute to solving environmental problem and create economic value</td>
<td>Contribute to solving societal and environmental problems through the realization of a successful business</td>
</tr>
<tr>
<td><strong>Main Goal</strong></td>
<td>Achieve societal goal and secure funding to achieve this</td>
<td>Earn money by solving environmental problems</td>
<td>Creating sustainable development through entrepreneurial corporate activities</td>
</tr>
<tr>
<td><strong>Role of Economic Goals</strong></td>
<td>Means</td>
<td>Ends</td>
<td>Means and ends</td>
</tr>
</tbody>
</table>

Table 2: Comparison of Social, Ecological and Sustainable Entrepreneurship
(Extract from Schaltegger & Wagner, 2011, p. 224)

We summarize all these three types of entrepreneurship with the term ‘sustainability-oriented entrepreneurship’ to avoid confusions with individual terms and other terms used (e.g. impact entrepreneurship). All these types of sustainability-oriented entrepreneurship can be distinguished from commercial entrepreneurship through their different modes of opportunity exploitation (e.g. community-based enterprises, non-profits, sustainable organisation design) and their different logics and strategies utilized to meet their objectives (Thompson et al., 2011, p. 217).
2.3. **Contextual Factors**

In this chapter, we turn towards another element of our theoretical framework, the context of entrepreneurship. In order to develop our understanding of the external factors influencing the entrepreneurs and the entrepreneurial process, we review relevant literature on the topics environment, context and institutions. We draw on management and entrepreneurship literature to extract contextual factors and their elements. Contextual factors constitute a main component of our study and are therefore be used as basis during the data collection.

2.3.1. **Contextual Factors in Entrepreneurship**

All organisations are embedded in an environment and are thus influenced by external factors. The strategic management literature has acknowledged this by developing models that organisations can use to analyse their environment. To illustrate some external factors we refer as an example to the PESTEL framework that has been used by organisations to identify issues in their political, economic, social, technological, environmental, and legal environments that might affect it (Johnson et al., 2011, p. 49-51). PESTEL factors generally have a qualitative structure and provide a holistic approach (Yüksel, 2012, p. 53), so we believe these factors can be a useful tool to categorize external factors. However, PESTEL analysis is also limited by these characteristics and does not allow for a detailed and objective analysis. We aim to also analyse the relative importance of the factors and sub-factors and their relation to each other. (Yüksel, 2012, p. 53) Therefore we only apply the PESTEL factors here as a departure point for analysing the external factors of entrepreneurial ventures. In addition, we use literature related to entrepreneurship to further develop our understanding of contextual factors and fill these with content.

We believe that the entrepreneurial organisation as any other organisation is influenced by their environment and that “entrepreneurs do not operate in vacuums” (Gartner, 1985, p. 700). As Gartner (1985, p. 702) further illustrates the entrepreneurial process and the environment influence each other in entrepreneurship. The entrepreneurial environment is composed of economic, sociocultural and political factors that influence the willingness and ability of people to become entrepreneurs, and the availability of support for the facilitation of the start-up process (Gnyawali & Fogel, 1994, p. 44). Similarly, it has been argued that the context is important to understand when, how and why entrepreneurship takes place and who becomes involved (Welter, 2011). In management research the term ‘context’ has also been used, referring to “circumstances, conditions, situations, or environments that are external to the respective phenomenon and enable or constrain it (Welter, 2011, p. 167). In our opinion, this term describes the external perspective of entrepreneurs more adequately and we will use the phrase ‘contextual factors’ to avoid confusions with ‘environmental factors’ in the sense of “green” aspects. Nevertheless, other entrepreneurship authors such as Gartner (1985) and Carlsson et al. (2013) refer to the ‘environment’ so we will acknowledge that these terms can be used interchangeably.

When it comes to contextual factors of countries influencing entrepreneurship, the term ‘institutions’ is also used by researchers. Institutions are “humanly devised constraints that shape human interaction” (Salimath & Cullen, 2010, p. 367). Here it can be distinguished between formal and informal institutions. Formal institutions are written or formally accepted rules and regulations which determine the economic, political and legal structure of a country. Informal institutions are culture and other unwritten
tradi\ns, customs, norms and codes of conduct. Here, research so far has been mostly focussed on national culture and less on the other institutional factors. (Salimath & Cullen, 2010, p. 367-372; Tonoyan et al., 2010, p. 805) Salimath and Cullen (2010, p. 364) conclude, based on their literature review, that institutions have direct and indirect impacts on entrepreneurship. The effect of institutions here depends on several factors such as the economic development or type of entrepreneurship. This also implies that policies focusing on entrepreneurship should be adapted to national contexts, and individual and country level factors interact in their impact on entrepreneurship. (Salimath & Cullen, 2010, p. 364) We believe that the institutions perspective is an interesting way to study external factors of entrepreneurship. Nevertheless, we believe based on our literature review that the term ‘context’ is more neutral and broadly applicable. We do not aim to include institution theory in depth in our study, so we consider ‘context’ a more appropriate term for our purposes.

If we apply Welter’s (2011, p. 167) definition of the context to entrepreneurship, we can see that the context is not only the source for opportunities, but also sets the boundaries for the actions of the entrepreneurs. So it can be viewed an asset or a liability for the entrepreneur (Welter, 2011, p. 165-166). Similarly Austin et al. (2006) define the external context as “factors affecting the nature and outcome of the opportunity” (p. 8). These factors are outside the control of the management and include the macroeconomy, the tax and regulatory, and the sociopolitical environment (Austin et al., 2006, p. 8). Carlsson et al. (2013, p. 925) list institutions/norms/culture, economic & social policies, geographies, clusters and finance as factors of the socio-economic environment.

Overall, entrepreneurship literature has included two different views of the environment that have been developed in organisation theory. Firstly, the environment can be seen as an outside set of conditions to which the organisation must adapt (environmental determinism). Secondly, the environment can be seen as the reality constructed by organisations through their perceptions (strategic choice). (Gartner, 1985, p. 700) In the end it is the perceptions of the entrepreneurs about their environment that shapes the action (Gnyawali & Fogel, 1994, p. 55). In our study we aim to understand how the environment influenced the entrepreneur, but we will research this based on the statements by the entrepreneurs, so both views are relevant to us.

In regard to different types of entrepreneurship Austin et al. (2006, p. 8-9) point out that the contextual factors are equally important and in many ways analogue in commercial and social entrepreneurship. But the contextual factors might impact the social entrepreneur in a different way as they may respond differently to adverse contextual factors than the commercial entrepreneurs. Social entrepreneurs faced with an adverse context may rather aim to change the context itself as the social problem is often embedded in the context. Within the social entrepreneurship area, Shaw & de Bruin (2013, p. 742) have also identified the socio-economic history, prevailing political ideologies and different economies as contextual factors.

As entrepreneurship has been found to contribute to economic growth and the well-being of societies (Abu-Saifan, 2012, p. 22; Carlsson et al., 2013, p. 913), and to be influenced by contextual factors, many countries aim to adjust these contextual factors in order to foster entrepreneurship. They attempt to create conducive business environments that increase the likelihood that new businesses will emerge and grow.
This refers to the fact that it is more likely that a person starts a new business (a) if the social environment values entrepreneurship, (b) if there are various available opportunities, (c) if the person has sufficient knowledge and skills to start and run an enterprise, or is able to obtain outside expertise, and (d) if there are few hurdles in the start-up process. Thus governments can directly and indirectly influence the development of an environment that supports entrepreneurship, e.g. by removing market imperfections or administrative rigidities. (Gnyawali & Fogel, 1994, p. 45-46) Based on their literature review Gnyawali and Fogel (1994, p. 45) also conclude that developing such a conducive environment is even more important in developing and emerging countries because there is a low level on entrepreneurial activity and several difficulties for the entrepreneur arising from the environment. In fact, many developing countries have recognised the importance of entrepreneurship, but the lack of enabling and supporting structures undermine these efforts, or existing systems have only a limited impact (Co, 2004, p. 185-186). Gnyawali and Fogel (1994, p. 44, 52) further summarise previous research on influential factors on entrepreneurship; they list legal and institutional frameworks, government programs and subsidies, entrepreneurship training, start-up incentives (e.g. tax), consulting services, infrastructural elements (e.g. labour, transport, communication) and presence of experienced entrepreneurs as contextual factors influencing entrepreneurship. They conclude that while a single factor might have less impact, the interaction of several factors can considerably increase the impact on entrepreneurial development in a country.

The Global Entrepreneurship Monitor (GEM) also recognises the influence of the social, cultural and political context; in particular it includes factors impacting the environment for entrepreneurship under the term ‘Entrepreneurial Framework Conditions’ (Amorós et al., 2014, p. 10, 14, 21, 45). The GEM is the largest international research initiative on entrepreneurship; it analyses the propensity of people to become entrepreneurs and the conditions that support entrepreneurial initiative.

Based on our literature review, we extend our theoretical framework with several contextual factors that influence the entrepreneurial process. From the PESTEL framework and other literature we will adopt the factors political, economic, social, technological, environmental and legal (as part of political). Here we think it is particularly useful to have social and environmental as separate factors since we expect them to be influential for social and ecological entrepreneurs. As culture has received much attention in the entrepreneurship literature, we will further use it as a separate factor (and not as part of social).

2.3.2. Political and Legal Factors
The government of a country sets the rules for all businesses and other organisations through its laws and policies. Therefore political and legal variables include competition policy, taxation policy, employment law, patent law, regulation of financial markets, degree of privatization, subsidies and others. Also the general political situation (e.g. government stability, corruption) and the international relations of a country can influence all organisations. (David, 2013, p. 98-101; FitzRoy et al., 2012, p. 106-111) In regard to entrepreneurship, the political and legal dimension including macroeconomic policies and procedures is the dimension that directly relates to the opportunities. An efficient legal and institutional framework with few barriers constraining people to pursue business opportunities can increase the likelihood of starting a business. (Gnyawali & Fogel, 1994, p. 54-55) Based on the findings by other authors Gnyawali
and Fogel (1994, p. 46) conclude that entrepreneurs might be discouraged from starting a new venture if there are many rules and procedural requirements that take a lot of time and effort to fulfill. The political institutions of a country also influence the number and nature of innovative opportunities and activities in the country (Broberg et al., 2013).

Thus government policies and the extent to which they support entrepreneurship play an important role (see GEM framework in Amorós et al., 2014, p. 45). For example, several authors have concluded that tax policies can have an impact on entrepreneurship (Bruce & Mohsin, 2006; Hansson, 2012). Also the government could initiate entrepreneurship programs that assist SMEs and start-ups. (see GEM framework in Amorós et al., 2014, p. 45).

Corruption is another issue in the political landscape pointed out by several authors (e.g. Anokhin & Schulze, 2009; Tonoyan et al., 2010). Anokhin and Schulze (2009, p. 465-466) argue that corruption undermines the trust in institutions needed for the development of entrepreneurial and innovative activity. In corrupt countries entrepreneurs have an increased risk that actors in their value chain act opportunistically and cost the entrepreneur part of his/her profits. Insufficient law enforcement further decreases the possibility to rely on legal contracts. Thus corruption increases transaction and agency costs, limits revenues and decreases the potential profits from opportunities. Based on their study the authors also conclude that corruption and institutional factors play a significant role in the different rates of entrepreneurship and innovation rates across countries. Therefore corruption can have a significant and far-reaching impact on the economy of a country and its economic growth. (Anokhin & Schule, 2009, p. 465-466)

Based on the literature presented above we have therefore derived government policy, government entrepreneurship programs and corruption as factors of the political and legal context.

2.3.3. Economic Factors

Economic factors play an important role for organisations as the sale of products or services depends on the market situation influenced by the size and growth of demand, which is in turn influenced by the economic well-being of the country (FitzRoy et al., 2012, p. 101). In order to analyse the economic context of a country various interrelated variables can be used, e.g. Gross Domestic Product (GDP), incomes, prices and inflation rates, interest rates, currency exchange rates, government budget deficits, unemployment rates, labour costs (David, 2013, p. 96; FitzRoy et al., 2012, p. 101-102). These variables also influence the amount of nature of opportunities for entrepreneurs in a country (FitzRoy et al., 2012, p. 101). Therefore economic factors such as the proportion of small firms, extent of economic growth and diversity of economic activities have been found to influence entrepreneurship (Gnyawali & Fogel, 1994, p. 50).

An important economic factor in the entrepreneurial process is the availability of financial resources for entrepreneurs, i.e. debt or equity financing, including grants and subsidies (see GEM framework in Amorós et al., 2014, p. 45). Entrepreneurs require financial support to diversify their start-up risks, obtain the start-up capital and finance growth and expansion. In many developing and emerging economies there are only few sources for financing and entrepreneurs might be prevented from starting a business as
they do not receive the required finances. (Gnyawali & Fogel, 1994, p. 51) Another important resource for organisations is the availability of human resources, i.e. if entrepreneurs are able to find and hire employees with the required skills. The presence of a skilled labour force is thus another aspect of the general environment that influences entrepreneurship. (Gnyawali & Fogel, 1994, p. 44) In addition to the financial services, entrepreneurs also need non-financial support, e.g. in conducting market studies or preparing business plans (Gnyawali & Fogel, 1994, p. 51). These services could be provided by the same institutions that provide the financial support (banks, venture capital firms, business angels) or by specific organisation such as business incubators. When a potential entrepreneur thinks about starting a new venture, he or she has to consider their potential market and if there are any entry regulations. This refers to market dynamics (level of change in the market) and the market openness (extent to which new firms are able to enter the market). (see GEM framework in Amorós et al., 2014, p. 45) In addition it is relevant for the entrepreneur that there is the required physical infrastructure which refers to the ease or difficulty of accessing physical resources such as land, space, electricity, communication or transportation (see GEM framework in Amorós et al., 2014, p. 45).

Based on the literature presented above we have therefore derived the following economic factors: economic situation of the country, financial resources, human resources (labour), non-financial support, entry regulations and physical infrastructure.

2.3.4. Technological Factors

Many businesses are influenced by technological changes and the introduction of new or disruptive products and technologies into the market. Even companies with no technological focus or products are influenced by the advances in the information and communication technology. Other variables of the technological context are the spending on research and development or the technology transfer across organisations and countries. (FitzRoy et al., 2012, p. 111-115) In the entrepreneurship field, many new ventures are concerned with new technologies. A new product can be the basis for the innovation of a new venture. This is also reflected in the term ‘technology entrepreneurship’ which focuses on entrepreneurial opportunities based on innovations in science and engineering. These technical developments might also lead to new products or business models. (Beckman et al., 2012, p. 90)

Based on the literature presented above we have therefore derived two technological factors: Use of new technology as part of the venture (e.g. new product, new business model), and impact of technology on the starting and running of the venture (e.g. cost and availability of technology required).

2.3.5. Ecological Factors

The natural environment or ecological factors also play an important role for many organisations. Variables of the environmental context include energy use, air pollution/carbon emissions, water pollution, ozone depletion, waste management/recycling and endangered species (David, 2013, p. 99; FitzRoy et al., 2012, p. 119-122). In the environmental context it is also important to consider the environmental legislation, role of government and non-governmental organisations and social responsibility of businesses (FitzRoy et al., 2012, p. 119). As we had explained above (see chapter 2.2.2) in the entrepreneurship field there are also new ventures that exploit opportunities arising from market failures related to environmental issues.
Therefore we include two ecological factors, first the impact of environmental factors on starting and running of the venture and secondly environmental legislation.

2.3.6. Social Factors
Gnyawali and Fogel (1994, p. 46) argue that social factors may be equally important as financial factors, information or technical support. Apart from culture (see chapter 2.3.7) there are several other variables that constitute the social context, e.g. population size, growth, age and ethnic mix, life expectancy, migration, income, lifestyle changes, social mobility, education, religion (David, 2013, p. 98-99; FitzRoy et al., 2012, p. 110-111).

In order to encourage entrepreneurship there must be a favourable attitude in society and public support towards entrepreneurship. Here the social network, local communities and the family play an important role. Potential entrepreneurs might be encouraged in their undertaking if they know experienced, successful entrepreneurs that can function as role model. Creating a positive image of entrepreneurship in society can be supported by programs of the government or other organisations. (Gnyawali & Fogel, 1994, p. 46-50) Another social factor is entrepreneurship education, i.e. the extent to which training in creating or managing SMEs is part of education at different levels (see GEM framework in Amorós et al., 2014, p. 45). Potential entrepreneurs require the ability to enterprise, i.e. the technical and business capabilities required to start and run an organisation. Otherwise they might not be able to seize the available opportunities and successfully develop their venture. This is particularly important in emerging market economies because the entrepreneurs often lack the basic skills there and this might hinder them to start and develop their venture (Gnyawali & Fogel, 1994, p. 50, 54). Therefore the personal contacts from the network of entrepreneurs (their social capital) play an important role in the decision of individuals to start a business (Román et al., 2013, p. 152). If potential entrepreneurs lack certain skills to start their venture, useful personal contacts could provide the necessary knowledge and skills for starting and running the organisation.

Based on the literature we have derived the following social factors: Attitude towards entrepreneurship in society, entrepreneurship education and network / social capital.

2.3.7. Cultural Factors
The last contextual factor that we consider being important is the culture an entrepreneur is operating in. From our perception, culture in general has been one of the contextual factors that has been researched the most in association with entrepreneurship. Russell (2004, p. 41) points out that entrepreneurship takes place in a social context, and that the creation of a new venture and thus the behavior when creating this new venture is always judged by the members of the certain cultural community. Moreover, cultural characteristics influence and even transform the context which in turn influences entrepreneurship within different cultures (Hayton et al., 2002, p. 45). What is different for various cultures are “the rules of the game”, which influence the social status and legitimate the actions an entrepreneur takes. These rules vary from culture to culture and shape the entrepreneurial context. Also cultural values determine the merits that are achieved by certain entrepreneurial practices. These merits determine how much the entrepreneurial activity is “worth” in a certain culture and hence influence the social status of the entrepreneur. (Russell, 2004, p. 40)

Because the cultural factor has been emphasized in entrepreneurial research quite
strongly and several scholars deal with cultural aspects, our elaboration of culture will comprise more theory than the other factors. For our theoretical framework we consider three main authors/studies dealing with culture in general and then try to understand the linkages between the cultural dimensions and their influence on the entrepreneurial process. From our perception, most of the behavioural studies existing right now have been influenced by Hofstede’s research on culture. Based on his work, entrepreneurial behaviour and cultural influences have been linked with each other (Hayton et al., 2002, p. 34). But as Hayton (2002, p. 47) also points out, Hofstede’s research has been developed in the context of organisations rather than the entrepreneurial or macroenvironmental context. Hence, it does not address directly the aspects that are most relevant to entrepreneurship. Therefore it is useful, to add researchers and studies to the Hofstede dimensions that deal with culture but address also a different context.

In the following we consider three main cultural studies: Geert Hofstede’s as well as Fons Trompenaar’s & Charles Hampden-Turner’s cultural dimensions and the GLOBE-study.

**Hofstede**

Hofstede defines culture as “the collective programming of the mind distinguishing the members of one group or category of people from other” (Hofstede, 2010, p.6). This mental program deals with the subjects of shared values, beliefs and norms. He lists six cultural dimensions which help people in a cultural context to determine which actions are appropriate or inappropriate in social settings. The dimensions are also used to observe cultural differences among cultures and their social processes. (Russell, 2004, p. 41) The six cultural dimensions are the following (for a detailed explanation of the dimensions see Appendix 1):

- Power Distance
- Individualism vs. Collectivism
- Uncertainty Avoidance
- Masculinity vs. Femininity
- Pragmatic vs. Normative
- Indulgence vs. Restraint

(Hofstede, 2014a)

Regarding entrepreneurship, some researchers have stated that cultures which are high in individualism, low in uncertainty avoidance, low in power-distance, and high in masculinity facilitate entrepreneurial activity (Hayton et al., 2002, p. 34).

**Trompenaars & Hampden-Turner**

The second researchers we are going to consider are Fons Trompenaars and Charles Hampden-Turner. These two define culture as “the way in which a group of people solves problems and reconciles dilemmas” (Trompenaars & Hampden-Turner, 2012, p. 8). In contrast to Hofstede, whose categories are usually mutually exclusive and linear, and only occasionally in between two categories (Hampden-Turner & Trompenaars, 1997, p. 150), Hampden-Turner and Trompenaars (2000, p. 3) try not to think in these mutually exclusive dimensions but instead they try to “perceive and think in both directions”. They state that instead of thinking linear between two dimensions, it is more appropriate to apply circular thinking. This means that you should divide the circle into different arcs, each representing a certain value. This one value leads to the second value and vice versa, allowing a more general approach. According to the authors, different cultures value the arcs differently. Hampden-Turner and Trompenaars
acknowledge, that a culture can face both “ends” of a dimension, for example universalistic and particularistic, but each individual culture emphasizes the arcs differently. (Hampden-Turner & Trompenaars, 2000, p. 2) In general, Trompenaar and Hampden-Turner (2012) define the following cultural dimensions (for a detailed explanation of the dimensions see Appendix 2):

- Universalism vs. Particularism
- Individualism vs. Collectivism/Communitarianism
- Neutral vs. Affective
- Specific vs. Diffuse
- Achievement vs. Ascription
- Sequential vs. Synchronic
- Internal vs. External control

(Trompenaars & Hampden-Turner, 2012)

The two authors also have a different attempt towards entrepreneurship and the influence of their cultural dimensions on entrepreneurial activity. While Hofstede’s research and the influence on entrepreneurship has been studied by various authors, Trompenaars & Hampden-Turner’s (2012) dimensions have not been used as often yet. They focus more on the fact why people from a certain culture are more successful in a different culture when starting a business. The authors explain this phenomenon with the fact, that foreign people are not blocked or restraint by customs, religious or ethnical restrictions. People from other cultures are not “hindered” through gentility, charm, conversation, or manners. (Hampden-Turner & Trompenaars, 2000, p. 6) We think, that being from a different culture might be an obstacle in some situations but can also be an advantage because it encourages unconventional thinking and the creation of new, creative business ideas.

**GLOBE-study**

The third study we consider for our research is the GLOBE (“Global Leadership and Organisational Behaviour Effectiveness”) study. This study was conducted in 62 countries and deals with a comparison between cultures in order to understand values and practices in each country and to recognise leadership styles in these different cultures (Center for Creative Leadership, 2012, p. 1). For our study we will focus mainly on the cultural dimensions and only elaborate on the leadership styles further in regard to entrepreneurial activity. The definition of culture according to the GLOBE study is the following: “Culture are shared motives, values, beliefs, identities, and interpretations or meanings of significant events that result from common experiences of members of collectives and are transmitted across age generations” (Chhokar, Brodbeck & House., 2008, p. 3). The study identifies 9 different cultural dimensions, which are based on large-sample studies as well as on existing cross-culture theory such as the work of Hofstede and other authors (for a detailed explanation of the dimensions see Appendix 3):

- Power Distance
- Uncertainty Avoidance
- Human Orientation
- Assertiveness Orientation
- Gender Egalitarianism
- Future Orientation
- Performance Orientation
- Collectivism I
  → Institutional Collectivism
- Collectivism II
  → In-Group Collectivism

(Chhokar et al., 2008, p. 3)
The findings of the GLOBE study have also been used in order to explain entrepreneurial phenomena. The authors Gupta, MacMillan and Surie (2004), for example, use the findings to explain entrepreneurial leadership styles. They extract several relevant attributes from the GLOBE study that can be related to entrepreneurial behaviour and calculated entrepreneurial leadership scales for 60 countries. A limitation of their study regarding the applicability for our topic is the reference to entrepreneurial activity in the established firm and not on individual level. Nevertheless, their ideas and findings are generalisable and thus can be applied in our research field.

Based on the selected attributes they distinguish five roles of entrepreneurial leaders, which in the end are summarized in the entrepreneurial leadership score. This score points out how strong entrepreneurial leadership is in the individual country and in comparison to other countries. For the external validity the score was compared with other cross-cultural scales in theoretically expected directions, such as Hofstede or Shane and Venkataraman. (Gupta et al., 2004, p. 251)

Indeed, various cross-cultural studies such as Hofstede (2010) or Gupta, MacMillan and Sure (2004) have not only studied cultural dimensions but also tried to relate these studies to entrepreneurial attitudes or even activity. Because some of these studies use the same or similar cultural dimensions, they are comparable up to some extend. In order to adapt them to our study and to allow comparison among these three main scholars, we decided to group their dimensions according to the individual orientation of the dimensions. As a result, all dimensions stated above were grouped in three relatively broad orientations:

- People orientation
- Performance orientation
- Risk orientation

We use these orientations as our concept when analyzing the cultural influences later on. The people orientation incorporates all the dimensions related with an individual person opposed to a certain culture. The performance orientation deals with the performance of an individuum and with what people in one culture expect from the individuum. The third dimension includes all aspects related to how people in the culture deal with risk and how they perceive risk in general.

The individual dimensions can be found in the following table (see Table 3). The three colours represent the different scholars/studies. In case a dimension occurs in different studies, the dimension is marked with two colours (Hofstede, Trompenaar, GLOBE-study):
We will therefore include people, performance and risk orientation as cultural factors in our theoretical framework.

### 2.4. Theoretical Framework

Based on our findings from the literature review we have developed our theoretical framework that will guide us through our study (see Figure 7). The complete theoretical framework presented here is based on the preliminary theoretical framework (see chapter 2.1.5) and was extended by our findings about value creation (see chapter 2.2.4) and the influence of contextual factors (see chapter 2.3).

<table>
<thead>
<tr>
<th>People orientation</th>
<th>Performance orientation</th>
<th>Risk orientation</th>
</tr>
</thead>
<tbody>
<tr>
<td>● Power Distance</td>
<td>● Performance orientation</td>
<td>● Uncertainty Avoidance</td>
</tr>
<tr>
<td>● Individualism vs. Collectivism</td>
<td>● Masculinity vs. Femininity</td>
<td>● Pragmatic vs. Normative</td>
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<tr>
<td>● Assertiveness orientation</td>
<td>● Indulgence vs. Restraint</td>
<td>● Future orientation</td>
</tr>
<tr>
<td>● Human orientation</td>
<td>● Achievement vs. Ascription</td>
<td>● Universalism vs. particularism</td>
</tr>
<tr>
<td>● Collectivism I</td>
<td>● Neutral vs. Affective</td>
<td>● Specific vs. Diffuse</td>
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<tr>
<td>● Collectivism II</td>
<td>● Sequential vs. Synchronic</td>
<td>● Internal vs. external control</td>
</tr>
<tr>
<td>● Gender egalitarianism</td>
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</table>

Table 3: Cultural Dimensions

![Figure 7: Theoretical Framework](image)

We have highlighted in blue the elements of our theoretical framework that are most relevant for the purpose of our research.

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5 We have highlighted in blue the elements of our theoretical framework that are most relevant for the purpose of our research.
The elements of our theoretical framework provided also the basis for developing a checklist which we used to identify suitable interview partners (see chapter 3.3.2 and Appendix 4).

With respect to our research focus we have also developed a second version of our theoretical framework that only contains its core elements relevant for our study, i.e. the contextual factors, the entrepreneurial process and the value creation (see Figure 8). This simpler version is also used for the analysis of the individual contextual factors (see chapter 6).

![Figure 8: Core Elements of Theoretical Framework](image-url)
3. Methodology

In this part of our study we explain our views as researchers and our methodological approach regarding this research. In the first part we will elaborate on the reasons why we chose the topic. The second part deals with the theoretical methodology, explaining our philosophical stance and approach to the research as well as our selection of literature. The third part describes the relevant practical methodology that we used to conduct the research and answer our research question. Here we explain our choices for a qualitative research design and the multiple-case-study approach. We describe all relevant steps for conducting our research, including the processes of preparing for the research, the data collection and the tools used for the analysis. In the fourth part we consider ethical issues.

3.1. Choice of Subject

The reason why we decided to choose this specific topic was driven by several factors. First of all, the two authors of this study come from different specialisations, namely Julia from “Business Development and Internationalisation” and Juliane from “Management”. The idea of this research paper is to combine our specific knowledge from our academic background due to the different specialisations, and our personal interest and previous experiences. Julia has been interested in the field of social entrepreneurship and sustainability-related topics for some time and has done some previous research in this field. This gave the first idea for choosing this topic. In addition, the concept of social entrepreneurship has been appealing to us since we both have experiences in socially oriented work and also liked the idea to explore a topic that has not been researched a lot yet. After reading different sources about social entrepreneurship we both realised that our focus of interest is based on a broader knowledge base. Hence, we decided to broaden our approach to sustainability-oriented entrepreneurs, allowing the inclusion of ecologically-oriented entrepreneurship. The choice for studying contextual factors is constituted to Juliane’s specialization in Management and her interest in cultural topics within this field. We both regarded it a worthwhile area of study because we can see how contextual factors influence the business world, and the creation and perpetuation of entrepreneurial businesses. The decision to focus on Central America is rooted in Juliane’s interest in these countries. During the third semester of the Master Programme she spent one semester at the INCAE Business School in Costa Rica and made her first experiences with the Latin culture but also with the other contextual factors, such as information about the different economic situations in Central American countries. From her own experience it can be said that countries in Central America show a high number of entrepreneurial activity. The INCAE Business School is an internationally oriented business school with a big variety of students from all over Central and Latin America. The school fosters the ambitious ideas of their students and has also created the INCAE Entrepreneurship Club that aims to “promote an entrepreneurial spirit among INCAE students through developing different events and activities” (INCAE, 2013).

Important to note is the fact, that both authors come from a European background; both are of German origin and thus have a certain preconception about cultural aspects as well as about entrepreneurship and the social aspect. Even though this research will be conducted as neutrally as possible, these preconceptions will still have an influence on how the authors see and evaluate certain phenomena. Especially because the research will follow a qualitative approach, some interpretation will be necessary and hence the opinions of the authors will contribute, intentionally or unintentionally.
3.2. Theoretical Methodology

3.2.1. Research Philosophy

When conducting research every person has an own perspective on how to see the world and how to interpret the findings made throughout the research. Saunders et al. (2012, p. 5) define research as a systematic approach in order to study and explore things and by doing so increase and improve existing knowledge. One essential part in the process of knowledge creation is the research philosophy: To first understand and then develop new knowledge (Saunders et al., 2012, p. 127). The research philosophy is also concerned with the individual approach of how the researcher sees the world and how research findings and social phenomena can be interpreted (Bryman, 2012, p. 20). Therefore it is essential for the reader to understand the epistemological, ontological and axiological assumptions of the author and to be able to reflect philosophical choices in relation to the existing alternatives (Saunders et al., 2012, p. 129).

With respect to ontology this research was conducted with a subjective conception of reality. This form of philosophy is also called constructionism and refers to the way researchers describe the social nature of reality (Eriksson & Kovalainen, 2008, p. 13). It is based on how social phenomena are created from the perceptions and actions of social actors. We consider entrepreneurs as social actors that interact in a continual process which can be influenced by contextual factors and thus have a certain influence in shaping their environment. Saunders et al. (2012, p.132) also point out that it is vital to study the details of a certain situation in order to understand what is happening. Moreover, we also believe that people are affected by the fact that they are being studied and a social interaction between the researcher and the researched will occur (Ritchie & Lewis, 2003, p. 11). From our point of view as researchers we assume that each entrepreneur is influenced by the context each one is operating in. Therefore, a solely objective research was not possible because both the entrepreneurs and the researchers are always influenced by contextual factors and hence make sense of their environment in a subjective way.

Regarding the Epistemology we discuss the ways of knowing and learning about the social world (Ritchie & Lewis, 2003, p.13) and how we as researchers position ourselves regarding the question what is acceptable knowledge (Bryman & Bell, 2011, p.15). For epistemological considerations there are two research views. Since we already pointed out in the ontological considerations that we as researchers have the subjective perspective, this tendency is also visible in our epistemological considerations. One important school of thought in epistemological considerations is positivism where the researchers collect data, test hypotheses and make observations. The assumption is that the outcome of a research is “value-free” and objective (Saunders et al., 2012, p. 134). But the authors also point out that the social world is far too complex and cannot only be explained by rules and laws (Saunders et al., 2012, p.137). Instead, we as authors agree with the interpretivistic point of view which states that the individually constructed reality is influenced by factors such as language and shared meanings. Thus the researcher does not focus exclusively on the collected data but also on how these results are created through language and other factors. (Eriksson & Kovalainen, 2008, p. 20-21) For our research purpose this approach was more relevant since we believe that knowledge is not simply constructed by society but instead results from interactions of social actors in this society. Hence, for us as researchers it was vital to get a general understanding of the entrepreneurs’ perception.
of influences of contextual factors and their individual motivations. The interpretivistic approach helped us in our research to understand the entrepreneur’s engagement in setting up and running an enterprise.

The last important point in the philosophical considerations deals with Axiology, namely the way of how researchers judge values and the process of social enquiry surrounding values (Saunders et al., 2012, p. 137). Saunders et al. (2012, p. 137-139) also point out that our individual values and ways of reasoning guide and influence all human activity. Hence, we as authors of this thesis cannot be value-free either but instead our values influence decision making and interpretation processes. We tried to take an objective way of thinking when it came to choosing and evaluating the literature and to setting up and conducting the interviews in the data-collection process. Nevertheless we were influenced by previous preconceptions shaped through values and thus our outline most likely has a partially subjective proportion.

3.2.2. Research Approach

Our aim with this study is to contribute to the field of research in social, ecological, sustainable and commercial entrepreneurship and also to deliver high quality work that can be useful not only for future research but also for practical implications (see chapter 1.4). Regarding the audience we mainly address researchers in the field of entrepreneurship and more specifically sustainability-oriented entrepreneurship. Additionally, the main audiences of our practical implications are the commercial and sustainability-oriented entrepreneurs as well as policy makers within the governments worldwide. We focus on the entrepreneurship and the influence of contextual factors and how they shape the entrepreneurial process and the value creation. In order to clarify the understanding of the problem (Saunders et al., 2012, p. 171) and to contribute to our theoretical assumptions we provide a clear theoretical framework and key definitions. Regarding the empirical part of our study, we focus on Central America and we have divided the data collection in two parts. The first part focuses on secondary data of contextual factors in Central America. The second part of our data collection includes the findings from the interviews we conducted with entrepreneurs active in Central America. The case of Central America is purposely separated from the literature review, because it is used as an instrument to develop our theory and to apply the established framework in a practical context rather than just being part of the theory. The combination and comparison of primary and secondary data helped us to develop our theoretical framework further. We aimed at understanding and, possibly, extent existing research on entrepreneurship and the influence of contextual factors.

As Blackburn and Kovalainen (2009, p. 131) point out, there are several issues about entrepreneurial research. One point is, that the “level of theorizing tended to be relatively weak” and thus a lot of data was collected in order to meet the needs of a specific policy agenda rather than fulfilling the original purpose of the research. This is partially the result of academic institutions trying to find connections between policy-makers and academia and applying the results to these policy-makers rather than to the original stakeholders in the research. This process has restricted significant conceptual breakthroughs in recent research. (Blackburn & Kovalainen, 2009, p.131) With our research we primarily wanted to contribute to theoretical research. Therefore we did not focus on the possibility to match our findings with the needs of policy-makers. Our aim was, to be as impartial as possible and do not adjust our work to specific stakeholder requirements. Nevertheless, in the end we formulate contributions or recommendations
for policy-makers. But the emphasis in our study is placed on the theory development.

Since the field of sustainability-oriented entrepreneurship is, so far, highly focused on individual cases, the reliance on one single methodological approach limits findings made throughout different research contexts (Dacin et al., 2011, p.1205). We believe that neither a solely deductive nor an inductive approach is therefore sufficient. While deduction is based on the idea that knowledge is the first source and the researcher deduces one or a few hypotheses which are then subsequently tested (Gummerson, 2000, p. 63), induction works the other way around. Inductive researchers follow the way from empirical research to theoretical results (Eriksson & Kovalainen, 2008, p. 22) and by doing so they generate new theory (Gummerson, 2000, p. 64). For our research, both of these two approaches were highly relevant. A purely inductive research would not have been sufficient because we needed the input from previous research in order to establish an adequate theoretical framework for the creation of the interview guide later on. This guide, for example, was our point of origin from where we tried to gather new data which then was either transformed into new theory or shaped existing theory. And even though only little theory exists so far about sustainability-oriented entrepreneurship, a deductive approach was a relevant way to seize the existing knowledge as a suggestion in order to frame the general understanding of the topic.

As Eriksson & Kovalainen (2008, p. 23) point out, usually neither one of the types, induction or deduction, seldom exist in a pure form; instead researchers mix them up during their research process. The idea of utilizing both forms is to allow the researcher to be flexible at different points of the study (Neumann, 2011, p. 69). One could argue that the combination of these two approaches can be considered to be abduction. Like the inductive approach, the abductive approach also starts with a real-life observation. Nevertheless, researchers also have some preconceptions about the theory in mind prior to empirical observations, which is more related to the deductive approach. Abduction can also be explained as a process of “theory matching” or “systematic combining”; the aim of the whole research process is “to understand a new phenomenon and to suggest new theory arising through this process” (Kovács & Spens, 2005, p. 139). But for our research, abduction was not the perfect choice because it is on the one hand more complex and on the other hand might replace important inductive or deductive attributes. Abduction is not just a “new mix” of inductive and deductive theory (Saunders et al., 2012, p. 147). Instead it adds new, specific elements which in turn might limit the purely inductive and deductive processes. Because these limitations should be avoided, we focused on the individual features of induction and deduction and merged them, when appropriate, throughout the process.

On the one hand we based our work on existing theories regarding entrepreneurship and sustainability-oriented entrepreneurship, on the other hand we wanted to contribute to these existing theories by developing them further with the new insights that we gained through the data collection process of primary and secondary data. The idea for this paper was to develop a general theoretical framework for the entrepreneurial process, including a conceptual understanding of the contextual factors and their influences on the entrepreneurial process with respect to value creation and thus the different forms of entrepreneurship. This case study about Central America represents an attempt to apply the framework in a ‘real life context’. While focusing on existing research and trying to determine the relevant theories and concepts, the first part of our paper was mainly deductive. Later on, for our data collection process we faced more inductive processes.
because they were more appropriate for new topic areas such as social entrepreneurship (Eisenhardt, 1989, p. 532).

### 3.2.3. Literature Selection

Regarding the choice of literature we incorporated different sources. We had access to books and various journal databases through our accounts at the Umeå University library. For considerations regarding the methodology of our study we relied mainly on books and few additional articles from relevant authors. The literature for our literature review, on the contrary, is based on only a few books, and more on scientific articles and recent studies being available on the Internet. The articles were mostly from journals in the field of entrepreneurship and were selected based on the relevance to our topic and the date. As the entrepreneurship field is still rather new and especially the relevant sub-disciplines are constantly developing our aim was to choose up to date research and we could therefore less rely on books. In addition to major authors in the field today, we also referred back to the classic authors as a basis. The articles were mostly peer reviewed, ensuring the relevance for scientific research. In addition to that we derived additional literature through the reference lists of theses articles, allowing a broader database of relevant literature. This allowed us to gain a good understanding of the entrepreneurship field and our specific interest areas. With respect to contextual factors and entrepreneurship we also relied on the findings of the Global Entrepreneurship Monitor (GEM). Through the GEM website (www.gemconsortium.org) we found relevant recent data that was helpful in order to understand certain phenomena and to be used in our research. For our chapter about Central America and the search for current secondary data we focused on two types of sources. Firstly, the main information was extracted from the Encyclopedia Britannica, an online encyclopedia. Furthermore we read articles regarding the current situation in the Central American countries, published in well-recognised journals such as “The economist”. We are aware that these articles can be biased and always display the authors personal attitude towards the topic. But by reading articles from different journals we tried to get an objective view on the topic. In our search for appropriate literature we mainly used terms such as “entrepreneurship”, “social”/”ecological”/”sustainable entrepreneurship”, “contextual factors” and “Central America”. Also other similar words were used as synonyms such as “social business” or the individual contextual factors such as “culture”, “environment”, etc.

### 3.3. Practical Methodology

#### 3.3.1. Research Design

The general idea of this paper was to conduct a research that is flexible and adaptable to changes and unexpected findings. Thus, the research design had to be in line with this approach, allowing the researcher to adjust the established concept during the process and give room for the interpretation of appearing phenomena.

This paper follows a qualitative research design as this is more adequate for our requirements regarding the purpose and intended outcome of this research. The choice for the qualitative approach is in line with our interpretivistivistic standpoint and also fits our mixed research approach. As Saunders et al. (2012, p. 163) point out, most of the conducted qualitative research makes use of both, the inductive and deductive approach, where inductive implications are used to develop a richer theoretical perspective and the deductive approach in order to test existing theoretical perspectives. In contrast to quantitative research which mainly uses practices and norms of the natural scientists,
the qualitative researcher rejects the ideals of the natural sciences and rather prefers the emphasis put on the way, individuals interpret their social world (Bryman, 2012, p. 35). Alvesson and Sköldberg (2009, p. 1) take this a step further by saying that “data and facts [...] are the constructions or results of interpretation” and that it is necessary to make use of the sensory impression. Qualitative researchers study phenomena that are intentionally created through people’s interactions in their social systems (Neumann, 2011, p. 102) which underlines the necessity for the interpretivist view and the decision to use a qualitative research design. Important to note here is that qualitative data collection is not standardized, so that further questions and procedures may alter during the process (Saunders et al., 2012, p. 163). In regard to our research this for example allowed us to adjust our questions according to previous interviews and gained insights. Ritchie and Lewis (2003, p. 34) also point out that most of the methods used for qualitative research are used to investigate phenomena in their natural setting. This was important for our kind of research because we wanted to explore the influences of contextual factors in a distinct environment and to study the interviewees’ answers thoroughly to find out similarities as well as differences.

Our study is characterised by the attributes of qualitative research such as the focus on the viewpoint of the participant, a focus on words rather than numbers and the form of a process rather than a static research concept distinguishes the form of qualitative research from a quantitative one. An emphasis on contextual understanding and rich, deep data can be exhibited in qualitative research as well. (Bryman & Bell, 2011, p. 410)

Before starting the research project it was essential to think about the purpose of the study and which research question should be answered. By altering the research question and the purpose, the outcome might differ and the nature of the research project might also be different. In line with our previous assumptions which led to qualitative rather than quantitative research, we believe that the nature of our research is exploratory rather than explanatory. Exploratory research is useful if a problem needs clarification or if it is not clear what the nature of the problem is. It also has the advantage of flexibility and adaptability (Saunders et al., 2012, p. 171). In contrast, in explanatory research the emphasis is on studying a situation in order to explain the relationships between variables (Saunders et al., 2012, p. 172). We argue that with our research question we go beyond an explanation, but rather explore our topic of interest to gain new insights. Blackburn & Kovalainen (2009, p. 130) point out that research in the area of entrepreneurship should not only focus on positivist approaches but instead make use of critical exploratory mechanisms, which help exploring underlying social and economic phenomena. The exploratory concept also helped us for our research purpose. With our research we want to clarify how and to what extend contextual factors influence the entrepreneurial process. We believe this purpose could not be measured adequately with numbers, but instead needs individual in-depth analysis and contextual interpretation. Also, the aim of this research is neither to verify nor to falsify generalised assumptions. It is rather about finding new information that can be translated into existing theory and thereby enriches it.

One aspect regarding the research design is the choice for a comparative study. Bryman (2012, p. 74) points out, that the comparative design is likely to be applied in relation with a qualitative research design and then usually takes the form of a multiple-case-study. In a comparative design, two or more cases or situations are used to collect data
by using the same research instruments and compare these findings in different socio-cultural settings (Bryman, 2012, p. 72).

This comparative design allowed us to find out similarities and differences between the individual units (Neumann, 2011, p. 486) and improve theory-building (Bryman, 2011, p. 74). Our theoretical framework focused on the universally applicable concepts of commercial and sustainability-oriented entrepreneurship. In order to test this concept we conducted the data collection in Central America, which gave our research the nature of a cultural-context research. The case of Central America acted as an example for different types of societies and the possible application of our theoretical framework (Neumann, 2012, p. 488). Regardless of the findings in Central America, the concept should be applicable in other societies and might show different results, which underlines the fact, that Central America is an example of a context used for the theory application. The main reason for choosing this form of comparative design is because it helped us to discover and expose various aspects of social life which are spread over different units (Neumann, 2012, p. 486) and therefore was used to explore more details about sustainability-oriented entrepreneurship.

Regarding the time frame of the research process, the research design also comprises the time horizon and the timing of the research, particularly the point in or the period of time where the research is conducted or which time frame is considered relevant for the research project. Especially, because some studies have competing objectives or analyse different steps of a development, it can be necessary to collect data from different points in time or different periods. (Ritchie & Lewis, 2003, p. 53) Two forms of time horizons are mainly discussed in the literature, namely the cross-sectional design and the longitudinal design. The cross-sectional design, among other elements, focuses on a single point in time (Bryman, 2012, p. 59). In this kind of research design, the time-focus is less important, but instead the focus lies on the current manifestation of the research object. The general approach of the researcher is that phenomena are relatively stable over time and thus the point of time of the study is less relevant (Ritchie & Lewis, 2003, p. 53). Also, it is more about comparing different cases rather than just focusing on one case over a longer period of time. This method can result in quantitative as well as qualitative data, leaving a broad data base (Bryman, 2012, p. 59). On the other hand, the research design can include a longitudinal approach, where more than one episode of data collection is used (Ritchie & Lewis, 2003, p. 54). The main attempt in longitudinal studies is to study change and development over a certain period of time (Saunders et al., 2012, p. 190). The role of the qualitative research here is not to measure phenomena but to describe the various ways these phenomena occur (Ritchie & Lewis, 2003, p. 54). When discussing the time horizon of this research paper there are two important factors relevant that had to be kept in mind: The relevance of getting data from different stages in the process and the progression in the process of becoming a commercial or sustainability-oriented entrepreneur, as can be seen in the entrepreneurial process (see chapter 2.1.2). For our research purpose it was interesting to see how sustainability-oriented entrepreneurs and commercial entrepreneurs are influenced in their entrepreneurial process. Moreover, throughout the whole process the influence of contextual factors in general and more specifically in different points in time was analysed. Therefore it was essential to have a longitudinal focus in our work.

Nevertheless, we also wanted to compare sustainability-oriented entrepreneurs and commercial entrepreneurs and hence needed a cross-sectional design. The cross-
sectional design was the main design throughout our study since we interviewed different people with various organisations. The design helped us to explore variations among the intentions and influences that drive the different types of entrepreneurs and to discover the impact of contextual factors on their individual perception and attitudes. Since our research project was limited regarding the time frame, a purely longitudinal study was not possible to conduct and also would not have resulted in a sufficient outcome. As stated, our main focus laid on the cross-sectional design, but some longitudinal attributes influenced this research. This design can also be called retrospective questioning. It refers to the approach that for different participants in a qualitative study, different stages of a process could be explored (Ritchie & Lewis, 2003, p. 53). By applying this approach we could ensure that events or influences from the past were incorporated in the data analysis and thus a deeper insight into the individual perceptions was possible.

3.3.2. Research Strategy

This final section of our practical methodology considers our concrete research strategy, i.e. the plan of how we as researchers went about answering our research question (Saunders et al., 2012, p. 173). Here we describe the way we conducted our research, which methods we used in particular and how we structured our work. For the first part of our empirical chapters, we collected secondary data about the Central American context in order to describe the individual contextual factors of the region and thereby shape ours and the reader’s understanding of the particular context. This data was useful to understand the primary data collected in the second part, in which we used a multiple-case study design and collected data through interviews. With respect to our primary data collection we have considered different research strategies and if those would enable us to answer our research question and meet our objectives. As our study is based on a comprehensive theoretical framework we do not think that grounded theory is very suitable as it rather inductive and fits for studies with a weaker theoretical base. Neither do we consider survey as an appropriate research strategy because of its rather deductive and quantitative nature. We also considered a narrative research design, but in the end we decided against it as we wished to systematically study the influence of contextual factors on the entrepreneurial process. As narrative research focusses more on the complete story of the participants it therefore did not fit completely. (Saunders et al., 2012, p. 176-186) Therefore we decided to conduct a multiple-case study which we will describe in the following section and then continue with the description of how we collected the data and processed the gathered findings.

**Multiple-case study design**

The decision to use this kind of design was rooted in our plan to gather real-life data and also to compare different cases of commercial and sustainability-oriented entrepreneurs and how their entrepreneurial processes are influenced by contextual factors. As already illustrated above, the research done so far in sustainability-oriented entrepreneurship is mainly focused on the depiction of individual cases. A comparison of several cases and thus the identification of congruence among different cases is mainly unexplored yet. The multiple-case study design allowed us to study a phenomenon on the micro-level and then transfer the findings on to the macro-level (Neumann, 2011, p. 42) and hence gave us the opportunity to apply our theoretical framework.

A case study in general focuses on the study of real-life phenomena. Creswell (2013, p. 97) defines it as “a qualitative approach in which the investigator explores a real-life, contemporary bounded system (a case) or multiple bounded systems over time, through
detailed, in-depth data collection involving multiple sources of information [...]”. The main idea of a case study is to highlight the decisions that were and are taken in one special case. It aims at showing the reasons for why they were taken, how they were implemented, and with what result (Yin, 2009, p. 17). For our research this approach was valuable because we could analyse different entrepreneurial processes and the influence of the contextual factors. Using a case study approach allowed us to focus on studying certain attributes rather than analysing the total context (Graziano & Raulin, 2013, p. 126). This helped us to emphasize the contextual factors and neglect the personal motivation of the entrepreneurs. We will focus on two different groups of entrepreneurs, commercial and sustainability-oriented entrepreneurs. We decided to choose the multiple-case study design, because we wanted to gather relevant data in more than one single case which then could be used to abstract various aspects for our findings. As Graziano and Raulin (2013, p. 131) point out, case-study research is especially useful as exploratory research in the beginning of a new research area in which little information is available. Since the field of sustainability-oriented entrepreneurship and the influence of contextual factors can be considered such a new area, the multiple case-study design is a good choice. The design allows us to investigate the individual cases and compare them in order to find linkages and differences among them.

Using a multiple case-study design has consequences for the research process and the way the research is conducted. One of the consequences is the need for a rich, theoretical framework which then can be used to depict the conditions under which a phenomenon is likely to be found or not found. The theoretical framework will, later on in the process, allow generalizations of these phenomena and can also be modified according to empirical findings. (Yin, 2009, p. 54) To develop and clarify the method used for this research paper we refer to the framework established by Yin (see Figure 9). We slightly modified the framework to meet our requirements better.6

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6 The changes in comparison to the original framework are illustrated in blue colour
Step 1: Define and Design
Select the Cases

When selecting the cases for the multiple-case study several reasons can influence the decision for or against a case. Certain cases can help to “extend emergent theory, fill theoretical categories, provide examples of polar types, or replicate previously selected cases” (Eriksson & Kovalainen, 2008, p. 124). The main focus when selecting the cases should lie on the replicability, meaning that it is advisable to select cases that show extreme situations or emphasize distinct parts of the entrepreneurial process (Eisenhardt, 1989, p. 537) and which “predict similar results or predict contrasting results but for anticipatable reasons” (Yin, 2009, p. 54). For our research the selected cases should represent entrepreneurs with different purposes for the value creation and also with different experiences throughout the entrepreneurial process. Nevertheless, because of practical considerations the choice for certain cases was also influenced by accessibility and feasibility (Eriksson & Kovalainen, 2008, p. 124).

Determining the number of suitable cases was mainly governed by the compromise between the accuracy of our findings and the amount of time we had due to the scope of this study (Saunders et al., 2012, p. 260). In the end we chose a number of cases where we were not only able to appropriately manage the data collection and analysis, but with which we were also confident to gather enough data to reach conclusions. The idea was to create a case base from which analytical induction would be possible (see “Step 3: Analyze and conclude”), meaning that the cases should show enough similar patterns so that valid explanations could be drawn through the appearance of repeatedly occurring phenomena. Reaching a sufficient number for the explanation of the theory is more important than just reaching a certain number out of the population. (Saunders et al. 2012, p. 283) We considered the case of sustainability-oriented entrepreneurs to be more diverse, so we assumed we would need a larger number of cases to reach theoretical saturation. Therefore we planned to collect data from 5-10 interviews in that case group. For the case of commercial entrepreneurs we accordingly planned for a smaller number of 3-5 interviews, and in the end we reached the planned amount of cases for both groups. Based on our definition of entrepreneurs, especially the differentiation according to entrepreneurial orientation, it was not possible to determine the total number of entrepreneurs, let alone sustainability-oriented entrepreneurs, in a country. Due to that fact and our overall research design we selected the cases purposefully, trying to represent a big diversity of entrepreneurs covering all different fields identified in the theoretical framework. As Bryman (2012, p. 417) points out, the choice for the individual cases and the way to choose them play an important role in qualitative research and in multiple-case studies in particular. Often two different levels regarding the case selection are mixed in qualitative research: The choice of the relevant context and the choice of appropriate participants. This is also true for our research. First we selected the context, namely the seven individual countries of Central America. Each country can be an exemplifying case on its own, representing different kinds of cultures, languages, economies and so on. The second part of the case selection is the choice of participants. The choice for the individual cases was based on the researchers’ judgement to pick the appropriate cases that help the researchers to answer the research questions and to meet the objectives of the study (Saunders et al., 2012, p. 287).

In line with our theoretical assumptions of sustainability-oriented entrepreneurs and commercial entrepreneurs we generalised the relevant points, which help us to identify and categorize suitable entrepreneurs, in form of a checklist (see Appendix 4). When
choosing the entrepreneurs for our case studies, all “identification-points” needed to be fulfilled. Moreover, we tried to find cases that represented entrepreneurs from different countries, backgrounds, gender, age and with different organisations including different types of sustainability-oriented entrepreneurs (Bryman, 2012, p. 200).

Based on the described checklist above we started to search for potential interview partners. In order to identify potential interview partners for the case of sustainability-oriented entrepreneurs, we mainly used the websites of organisations supporting social and impact entrepreneurship as resources, e.g. Ashoka, Agora Partnerships and the Schwab Foundation. For the case group of commercial entrepreneurs we first of all contacted personal contacts of Juliane at the INCAE Business School, which led to two interviews. In addition, several lecturers of INCAE were contacted but could not provide us with relevant entrepreneurs. We also got in touch with organisations such as PANAMAENTREPRENEURS.com and AUGE UCR and received some contact information of entrepreneurs from them so we could reach our planned case group size. All entrepreneurs chosen from whatever resource were justified through our checklist. In case the entrepreneurs were linked to one of the organisations mentioned above, some additional questions regarding the membership were included in the interview guide in order to ensure that these influences were also discussed. Apart from the few interview partners we had approached through personal contacts, we did not know most of the entrepreneurs before. In order to gain access to those potential interview partners we developed an e-mail template (see Appendix 5) that we used with small changes to approach those people. In addition we attached a letter from our supervisor (see Appendix 6) at every email confirming our research and interview request.

We contacted all interview partners again shortly before the interview to arrange the exact time and give them a few more details about our background and the purpose of the research (see Appendix 7). Here we also informed the interview partners that we wish to record the interview electronically and again ensured the anonymity of their answers. This was especially done to ensure that ethical considerations (see chapter 3.4) are met throughout the whole process and that our participants are aware of their choice to participate in the interview.

Design a Data Collection Protocol and the Interview Guide
As seen in Yin’s (2009) framework for the case study method, it can be useful to not only select the cases but also to prepare a data collection protocol. The protocol contains general information about the rules and procedures that will be followed throughout the research process. Setting up a protocol is essential in multiple-case studies because it increases the reliability of a case study research. The aim of the protocol is to guide the investigator in carrying out the data collection process and to structure the work appropriately. It should contain many different kind of information, ranging from basic information, such as an overview of project objectives and relevant readings, to detailed procedures and specific questions of the interview guide. (Yin, 2009, p. 79, 81) Since our research was limited in space and time, we did not create a full protocol with all details listed by Yin (2009) for our multiple case-study research. Nevertheless, we tried to adapt as many features of the full protocol as possible. A focus was placed on aspects such as the case study questions and the overall guide for the case study report. Regarding the stated questions in the protocol it was important to keep in mind that they were posed to the investigator in order to support him/her. These questions should function as reminders regarding the information that needs to be collected throughout
the process. These questions can differ greatly from the questions asked in the actual interview (Yin, 2009, p. 86). For our research process we established these “guiding questions” along with the interview guide (see Appendix 8).

The interview guide itself contained a brief list of topics that needed to be covered in the interview. Crucial about these questions was that they had to incorporate the participants’ view of the world, meaning the way the participants view their social surrounding. The questions should encourage the respondent to tell about individual opinions and to propose own insights into a certain topic (Yin, 2009, p. 107). They were also used to break down the research question into more accessible sequences. This process allowed the participant to answer several main questions based on his/her own experience rather than approach just one overarching and hence broad, theoretical research question. (Rubin & Rubin, 2005, p. 152) Regarding the style of the questions we asked clearly phrased and content-wise explicit questions in order to reduce the scope of bias which in turn increased reliability (Saunders et al., 2012, p. 389). Our questions were mainly open questions which allowed the respondent to have more control over what was told and also resulted in more detailed responses (Eriksson & Kovalainen, 2008, p. 84). In general, our questions aimed at answering the research question and at testing our conceptual framework and thus allowed further adjustment of the theory.

As described above, a qualitative research approach also allows a constant adjustment of the questions during the research process. Therefore, after every interview we reflected the interview itself and made necessary or useful adjustments to the questions. Especially when asking about cultural or political influences, not all participants wanted to address an opinion directly and thus questions needed to be rephrased in order to allow future participants to answer without divulging an opinion that might harm them later on. For us as researchers it was important to guarantee full anonymity and to handle all responses sensitively.

The order of our questions was aligned with our theoretical framework. We started off with a short briefing, where we introduced us as researchers as well as the project, shortly described the purpose of our study and then offered the participant time to ask general questions (Kvale & Brinkmann, 2009, p. 128). Afterwards, we continued the interview with a very general question about the history of the individual entrepreneur and his organisation, so he/she could start telling about ideas and about things he/she is familiar with. This process helped to ease the ground for future questions because the participant felt more comfortable and opened up while talking about his/her own business (Saunders et al., 2012, p. 389). It also increased the chance to answer some general questions beforehand, such as data that was used to classify the individual respondents (such as age, gender, which type of sustainability-orientation, etc.) without asking about these facts specifically. If the participant could not answer the question satisfactorily, additional questions were asked to encourage and trigger the story-telling process.

After the introduction and the process of “easing-up” we asked the participant to first describe the phase in his/her life before starting the business. This part included general questions about influencing factors that encouraged him/her to become an entrepreneur. These questions were mainly related to social and cultural values and should give us as researchers an idea about important factors in the process of opportunity-recognition.
After that we moved on to the phase of creating the business. Here we asked questions about problems and issues the entrepreneur had to phase in general and then used more detailed questions to discuss the six contextual factors individually. After discussing them individually, we also asked the participants to compare and rank them according to personal importance. By using a comparison in the interview, we also incorporate a small quantitative part, which could be helpful to compare very different cases better with each other.

After each interview we took some time to review the conversation and to write down notes about non-verbal expressions, such as voice and facial expressions. These expressions accompanied statements and enriched the answers during the process but were unlikely to be transcribed later on. Therefore they often get lost and thus the original statement might shift to a slightly different meaning. (Kvale & Brinkmann, 2009, p. 129) To ensure that all results are incorporated and that full incorporation of all expressions is guaranteed, writing down the perceptions from each interview is essential.

Role as Investigator

Another important factor regarding the setting up of a protocol is the definition of the role of the investigator. Yin argues that an experienced investigator will enrich the research tremendously because a skillful, continuous matching process between the theoretical issues and the collected data is needed. A qualified researcher is more likely to fulfill this requirements (2009, p. 68). The author argues that a good researcher needs to have the commonly required skills (Yin 2009, p. 69):

- Be able to ask good questions
- Be a good listener
- Be adaptive and flexible
- Have a firm grasp of the issues being studied
- Be unbiased by preconceived notions

All of these skills can be linked to the data collection protocol and the interview guide. And even though people might not have all of these skills internalized already, the protocol can help them to focus on the case and to improve their abilities. We as researchers have taken these considerations into account and tried to incorporate all of them. Our aim was to focus on the storytelling of our participants and to listen and understand their story. We do not only want to focus on the variety of cases investigated but instead understand each of the cases as a stand-alone entity (Eisenhardt, 1989, p. 540). By focusing on each individual case separately, the later comparison gave even more insights and allowed deeper interpretation. Additionally, ethical considerations have to be on the investigator’s mind, including keeping all interviews confidential and ensuring the privacy of participants. When we created our interview guide and the interview protocols we always had the ethical considerations (see chapter 3.4) in mind.

Step 2: Prepare, Collect and Analyse

In the second step of the case-study research the previously selected cases needed to be collected and analyzed. As it can be seen in our framework illustrated above it was important to handle all cases separately first and then compare and combine them later on in the process. For our data collection method in the individual cases we used semi-structured interviews which are most suitable to meet our demands of in-depth data and
the possibility to compare the data. Semi-structured interviews are often referred to qualitative research because they allow the researcher to ask specific, planned questions but also to respond to the nature of the interview process and thus adapt to unexpected findings. Therefore, they provide great flexibility and help to understand different viewpoints better. (Bryman, 2012, p. 472)

To start a semi-structured interview we prepared by setting up a list with some key questions and a list of possible topics (Saunders et al., 2012, p. 374). Highly exploratory research, such as our paper, is designed to not only gather data but also to understand the underlying values, concepts, and norms. Semi-structured interviews contribute to this kind of research. By using a few, broad key questions the participants were encouraged to not only respond but instead to shape their own narrative. The researcher could therefore aim at uncovering the values and cultures of the participant in more detail. (Ritchie & Lewis, 2003, p. 110) The questions established in our interview guide supported the data collection process through semi-structured interviews. Important to keep in mind is the fact that semi-structured interviews should give the researcher detailed and in-depth responses into one ore more specific areas but at the same the researcher has to ensure to cover all relevant topics in order to make the findings comparable (Eriksson & Kovalainen, 2008, p. 82). Nevertheless, with our interview-questions we aimed at encouraging the participants to tell their story, to explain their individual view about the influence of contextual factors.

Each single case contained different sources of evidence, which are combined and should all be considered in the collection and the analysis part. Yin (2009, p. 102) summarises six sources of evidence found in case studies, namely Documentation, Archival records, Interviews, Direct observations, Participant-observations, and Physical artifacts. Because we were limited regarding time and space, we focused on Interviews, Documentation (here official information such as web pages) and Participant-observations. Important to note for the collection process is that we focused on more than just one of the sources. This use of different sources within one study in order to utilise additional data to verify and proof previously selected data is also called triangulation (Saunders et al., 2012, p. 179). In addition to that mixture of different qualitative sources, we also added a quantitative question in our semi-structured interviews asking our participants to rank the contextual factors. With this ranking a small quantitative part was included in the research, representing a form of triangulation.

We interviewed our participants via skype since we interviewed participants that were mainly located in Central America. This limited our possibilities for direct observations as contextual behaviour and motions were harder to distinguish. Also we could not use the video function for all interviews due to technical difficulties. Thus we were forced to pay more attention to the spoken information and then try to make sense of this direct information. Nevertheless, we tried to incorporate indirect expressions such as face expressions and gestures in our analysis as far as possible. In order to analyse the interviews later we video or audio taped the interviews and made additional notes. Here, we also wrote down all the impressions that occurred to us, because it was difficult to distinguish during the process, which data would be relevant and which not. Therefore, noting all impressions was helpful later on in the analysis (Eisenhardt, 1989,

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7 For one interview the recording did not function properly, but we had sufficient notes to fill out the interview protocol
After the data collection we transcribed all interviews and translated the data into a protocol form, allowing higher control about the obligatory aspects as well as a better access for the coding process (see Appendix 9). During the process we tried to open up for unexpected and emerging questions and patterns, that were useful for our research. Eriksson & Kovalainen (2008, p. 127) point out that some patterns might only become visible during the research process and that these patterns might also influence the researcher’s interest.

**Step 3: Analyze and conclude**

The analysis part can be the most difficult one throughout the whole research process, because it is also one of the least developed steps when doing case study research (Yin, 2009, p. 127). Especially when doing qualitative research and semi-structured interviews, the process of analysis can seldom be distinguished clearly from the data collection part (Eriksson & Kovalainen, 2008, p. 128). “Data collection consists of examining, categorizing, tabulating, testing, or otherwise recombining evidence, to draw empirically based conclusions” (Yin, 2009, p. 126). Therefore, for us as researchers it will be of great importance, which methods we use for each individual part of the analysis. First of all, it helps the researcher to set up a case record, where all the empirical data is gathered and ordered theoretically or chronologically. All the data should be gathered in an edited form, fitting appropriate parts of the different sources together logically (Eriksson & Kovalainen, 2008, p. 128). This process of matching always includes interpretation, and ends in some form of coding and conceptualization. In qualitative research the process of conceptualization is part of the data analysis. It already begins in the data collection part and lasts until the analysis of the data. It is a way to make use of data and to organize it. Conceptualization means that data is organized in categories based on themes, concepts or similar features. (Neumann, 2011, p. 510) As we have seen earlier, we have used conceptualization already for the creation of our interview guide and during the interviews. By adjusting the questions after each interview, especially in the beginning of the data collection, we create a concept that matches our theoretical framework.

After conducting all the interviews for our research we analysed the received data. In order to do that and to have a structured approach towards analyzing qualitative data, we used coding in order to find and display results (see Appendix 9). Codes in general can be described as results of the process where “features, instances, issues and themes in empirical data are classified and given a specific label” (Eriksson & Kovalainen, 2008, p. 128). They group the data into “conceptual categories and create themes or concepts” (Neumann, 2011, p. 510). Coding the results is one essential part of the analysis of qualitative data. The first step in this process is the identification of categories, to which parts of all the relevant data will be attached. The categories were influenced by the purpose of our research, which was translated into our research questions and our objectives. (Saunders et al., 2012, p. 557) Quite often the process of coding can lead to new questions and also allows the researcher to take it to the next level and think about it in a different context (Neumann, 2011, p. 510). In our process of conceptualizing, we first of all used the two phases of the entrepreneurial process, ‘opportunity-recognition and decision’ and ‘opportunity exploitation and venture creation’, to structure the findings in general. After that we tried to code according to our contextual factors in order to find patterns and similarities. This process was different for all factors, being easier for clearly stated factors such as technological, and being harder to pursue for factors such as culture, because culture was not answered in
the same way.

In our analysis we used three different forms of coding introduced by Strauss (1987, p. 58-75): Open coding, axial coding and selective coding. With open coding the researchers, first of all, condensed the collected data into categories and made an attempt to group them according to themes. This process, as being described above, mainly happened through the classification according to the entrepreneurial process and the contextual factors. The second step is the axial coding, when identified codes were linked with each other and connections between different themes were made. Especially when coding the cultural and the societal factors, we had to identify issues throughout the whole interview, not just directly stated comments. Here underlying perceptions and attitudes of the participants played an important role and needed to be identified. In the last coding step, the selective coding, the researcher scanned all data and previous codes and selected relevant cases that illustrated themes and contributed or contradicted to the theoretical framework. (Neumann, 2011, p. 510 - 514) This third step implied that we as researchers had to choose between findings being relevant or irrelevant for our research and then excluded some of the findings. In this stage of the research process the researchers are forced to make judgements and to decide what to include. This process can also be described as analytic induction. Johnson (2004, p. 165) defines analytical induction as “the extensive examination of a strategically selected number of cases so as to empirically establish the causes of a specific phenomenon”. As with the coding and conceptualization it aims at analysing collected data and identifying categories, which can be used to explain or proof a phenomenon (Saunders et al, 2012, p. 574). While the first part of the coding process, the open coding, was mostly objective, the later steps of axial and selective coding were more and more subjective and hence influenced by our opinions. Important for this process was attention that needed to be drawn on ethical considerations.

When the coding process was completed successfully, the next step in the multiple case-study analysis was the cross-case comparison. This process can help to re-categorize the collected data and thus allow the finding of existing patterns, themes, and relationships (Saunders et al., 2012, p. 562). But the cross-case analysis is not only used to identify similarities, but also to recognise differences across cases and in contrast to previously established theory. Besides coding, the cross-case analysis often also includes the draft of a general description of the case, which draws a universal picture of the case, allowing the linkage of empirical patterns to this bigger picture (Eriksson & Kovalainen, 2008, p. 130). Along with the process of analytic induction, different patterns should be established and drawn back to theory, allowing for the adjustment of the theoretical framework.

Finally, Yin (2009, p. 160) describes four principles, that should be kept in mind regarding the quality of the research and thus have a more general character for the whole analysis process:

1. The analysis shows all the evidence
2. The analysis possibly addresses all major rival interpretations
3. The analysis addresses the most significant aspects of the [multiple] case study
4. The researcher’s own prior, expert knowledge is used to demonstrate awareness
For us as researchers it was important to equally pay attention to all four aspects. They also play an important role in respect to our ethical considerations, ensuring that our participants’ statements are depicted in a precise manner and interpreted properly. By considering all relevant evidence and by using appropriate methods for collecting and analyzing data, we incorporate ethical considerations along with quality attributes.

3.4. Ethical Considerations
The concern for ethical considerations and adequacy in social science research has increased, especially when the study deals with sensitive topics (Graffigna et al., 2010, p. 341) such as culture and believes. Ethics in general refer to the standards of behaviour that should be applied when conducting research and when the research can interfere with and affect the rights of the people involved (Saunders et al., 2012, p. 226). Considering ethics was of great importance in our study since we interviewed people about their opinions of the influence of contextual factors. Talking about culture and politics, for example, can both be delicate topics, which in turn stresses the importance of ethical considerations. When talking about ethics and ethical behaviour we had to keep several things in mind which should be considered in order to not create any ethical conflicts. This includes the informed consent and voluntary participation, confidentiality, privacy and anonymity, and the principle that research should not bring any harm to participants (Eriksson & Kovalainen, 2008, p. 70-75).

Informed Consent and voluntary participation
When using case studies and participant interviews in a qualitative research study, the informed consent of the interview partners must be obtained. This includes informing them about the purpose of the study, basic procedures, information about the researchers, and the use of data. Also the fact that the participation is voluntary and that future questions will be answered should be mentioned to the participants. (Ritchie & Lewis, 2003, p. 66; Eriksson & Kovalainen, 2008, p. 71) We solved this issue by introducing our reason for the research thoroughly and by ensuring that the participants understand our intentions for the study. Moreover, we encouraged the participants to contact us with any concerns or questions. The aim was to provide an open and honest environment where the participants felt secure and answered honestly.

Anonymity, privacy and confidentiality
Respecting and preserving the full anonymity of the participants is vital and was the first priority in our research process. This means that the identity of the participants cannot be revealed, any personal information should be kept confidential and the privacy of the participant is protected at any time (Eriksson & Kovalainen, 2008, p. 73). Anonymity was one of our central concerns given the context and topic of our study. It was important for us to receive open and honest answers even about sensitive topics such as the financial situation, personal believes or political and legal influences such as corruption. Therefore we did not ask if the participants wished to stay anonymous but instead clarified from the start that all information given will be handled confidentially. In this context it is important to not only prevent any obvious information of getting out into the public but also to avoid the contribution of any comments, statements or other evidence, that can be linked directly with one of the participants and hence would expose him/her (Ritchie & Lewis, 2003, p. 67). We deliberately do not mention names or other indicating attributes of the participants but instead use code names for all participants. Also we only present information about the interview partners in general and do not link different information of one person to avoid that the person can be
identified through this information. Furthermore, we asked their permission to record the videos only in order to analyze them afterwards. All received data, regardless of the form, will be kept confidential.

**Protecting participants from harm**

Sometimes even with the best intentions a research can harm the participants. Therefore, it is vital to apply ethically sustainable data collection, research, use of materials and evaluation methods (Eriksson & Kovalainen, 2008, p. 72) in order to avoid any possible harm. In this context, transparency is one of the key attributes for an ethical research.

When conducting our research we take a universalist stance which implies that an ethical objective should never be broken (Bryman & Bell, 2011, p. 124). We believe that these ethical guidelines should guide our whole research process to ensure that the participants are protected any any point in time during the process. In order to evaluate the research process in the end, three main evaluation criteria are stated by Bryman (2011, p. 46-47), namely reliability, replication and validity. These criteria must be aligned with the ethical objectives to ensure a valid process. Regarding the reliability the research must be repeatable meaning that the interviews we conducted can be reproducible any time after the original research process and the measures used are consistent (Bryman, 2011, p. 46). The second relevant part is about replicability, meaning that the process has to be well explained in order for other researchers to adapt chosen procedures. By describing the whole research process in detail and by making all relevant material available we contribute to replicability and hence future research. The last important fact concerning evaluation criteria is the validity of the research, namely the integrity of the conclusion drawn in the research (Bryman, 2011, p. 47). Validity in qualitative research refers to the question if “you are observing, identifying, or “measuring” what you say you are” (Bryman, 2011, p. 390). Given this, we aligned our questions for the interviews as well as our measuring techniques closely with our research purpose.
4. Secondary Data Collection from the Context of Central America

In this chapter we will give an overview of the contextual factors as they occur in each individual country in Central America in order to understand the main characteristics of these countries. We will align this chapter of secondary data with our structure of the contextual factors from chapter 2. Important to note is that this chapter does not cover all possible contextual factors in depth but rather roughly describes various features and how they can influence a country. It is also important to keep in mind that for some countries data might not be updated regularly, which makes the comparison of countries difficult.

4.1. Political and Legal Factors

The region of Central America consists of seven independent states and is located between Mexico and South America. The countries belonging to the Central American region are Guatemala, Belize, El Salvador, Honduras, Nicaragua, Costa Rica and Panama. (Central America, 2014) There are around 43 million people living in the region (CIA, 2014).

Historically, all countries developed differently, facing civil wars or other challenging phases over the years. There have been several attempts to unify the Central American states, in particular the formation of the ‘Organisation of Central American States’ in 1951 and the ‘Central American Common Market’ in 1960 (Central America, 2014). During the 60’s and 70’s Central America faced a phase of prosperous growth, followed by a decade of a slowing down economy and arising conflicts and resulting in civil wars, armed conflicts, high inflation, and poor social conditions during the 80’ and 90’s. (Central America 2014) The civil wars in Guatemala, El Salvador and Nicaragua also affected Costa Rica and Honduras, but when the situation was on the verge of a full-scale war, several peace efforts by the Latin American countries were made, which in 1987 ultimately led to the Central American peace plan, also called Esquipulas II,
focussing on peace, democracy and development. The following process of peace and democratisation transformed the region to great lengths as can be observed by the implementation of more robust parliaments, normal elections and the possibility for increased involvement by the civil society. (European Commission, 2007, p. 3-4) But even after the end of the civil wars and the official domination of democracy and peace, the region still faces many challenges and most of the underlying problems such as poverty, torpid economies, weak states, youth gangs, corruption and natural disasters remain (The Economist, 2011b). In the political sphere there is a polarisation of right and left and the political systems are “nearly all dysfunctional” (The Economist, 2011a). While Costa Rica and Panama “are much better off and better governed than their neighbours” and Costa Rica is among the world’s oldest democracies (The Economist, 2011a), the democracy is subject to ups and downs and the region continues to face political challenges.

Those also include rising levels of violence, migratory pressure, organised crime and drug smuggling. (European Commission, 2007, p. 3-4) At the moment, the drug war shifts down from Mexico to Central America and drug trade and organised crime become more and more problematic. The most problems face the so called “triangle-countries” Guatemala, Honduras and El Salvador, while Nicaragua, Costa Rica and Panama are more quiet. On top of that, all of the countries, including Belize, face an increasing violence. “No region on earth is more routinely murderous” (The Economist, 2011a). Due to the increase in organised crime and drug trafficking homicide rates have increased in all countries in the last years, especially in the triangle countries. Overall, crime and violence costs Central America around 8% of its GDP. (The Economist, 2011a) Especially the northern countries face weak law-enforcement and big territories of wilderness (The Economist, 2011a), which on the one hand fosters drug traffic and on the other hand results in corruption and other legal problems. Growing diversification among the countries influences the distribution of wealth, leaving some countries such as Panama and Costa Rica better off, while others suffer. (Central America, 2014) Thus there is a lack of trust in the administration of justice. Corruption in the public and private sector hinders the countries’ development. Overall, the combination of violence and perceived impotence of the government to cope with that creates a fear of violence in some countries that reflect the vulnerability of the region (European Commission, 2007, p. 3).

<table>
<thead>
<tr>
<th>Country</th>
<th>Score</th>
<th>Rank</th>
</tr>
</thead>
<tbody>
<tr>
<td>Guatemala</td>
<td>29</td>
<td>123 / 177</td>
</tr>
<tr>
<td>Belize</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>El Salvador</td>
<td>38</td>
<td>83 / 177</td>
</tr>
<tr>
<td>Honduras</td>
<td>26</td>
<td>140 / 177</td>
</tr>
<tr>
<td>Nicaragua</td>
<td>28</td>
<td>127 / 177</td>
</tr>
<tr>
<td>Costa Rica</td>
<td>53</td>
<td>49 / 177</td>
</tr>
<tr>
<td>Panama</td>
<td>35</td>
<td>102 / 177</td>
</tr>
</tbody>
</table>

Table 4: Corruption Indices of the Central American Countries (Transparency International, 2013)

The Corruption Perceptions Index (Table 4) developed by Transparency International measures the perceived levels of corruption in the public sector. Countries are scored on a scale from 0 (highly corrupt) to 100 (very clean). Among the Central American countries only Costa Rica achieves a score slightly above 50. The other countries are ranked between 26 and 38⁸ and therefore have a serious corruption problem (Transparency International, 2013). When looking at the development in the region over the last 20 years those scores are relatively stable showing the failure to effectively address corruption in those countries so far (Parkinson, 2014).

⁸ Belize was last ranked in 2007 with a score of 30 (Parkinson, 2014)
4.2. Economic Factors

The economic situation in Central America is quite different between the countries and even within. As can be seen in Table 5, the two most Southern countries, Costa Rica and Panama, have the highest GDP per capita in the region, whereas Honduras and Nicaragua are the poorest countries in the region. Even though, it has to be taken into account that there is often a high disparity of wealth within the country (see chapter 4.5). For example, although Belize has a relatively high per capita income in Central America, this figure hides the huge income disparity between rich and poor. Fiscal policies and a reliance on foreign debt also remain as serious problems for some of the countries. (CIA, 2014)

<table>
<thead>
<tr>
<th>Country</th>
<th>GDP (purchasing power parity)</th>
<th>GDP per capita (purchasing power parity)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Guatemala</td>
<td>$ 81.51 billion</td>
<td>$ 5,300</td>
</tr>
<tr>
<td>Belize</td>
<td>$ 3.08 billion</td>
<td>$ 8,800</td>
</tr>
<tr>
<td>El Salvador</td>
<td>$ 47.47 billion</td>
<td>$ 7,500</td>
</tr>
<tr>
<td>Honduras</td>
<td>$ 39.23 billion</td>
<td>$ 4,800</td>
</tr>
<tr>
<td>Nicaragua</td>
<td>$ 27.86 billion</td>
<td>$ 4,500</td>
</tr>
<tr>
<td>Costa Rica</td>
<td>$ 61.43 billion</td>
<td>$ 12,900</td>
</tr>
<tr>
<td>Panama</td>
<td>$ 61.54 billion</td>
<td>$ 16,500</td>
</tr>
</tbody>
</table>

Table 5: GDPs of the Central American Countries (CIA, 2014)

Overall, the countries are also limited by their restricted natural resources and their constricted market size. (Central America, 2014) Traditionally, Central America is exporting agricultural products such as coffee, bananas, and other fruits and vegetables along with other natural products such as sugar, beef or cotton. While these products remain the backbone of the exports, today some countries also export textiles and manufactured products. The five most Northern countries (Guatemala, Belize, El Salvador, Honduras, and Nicaragua) are also part of the Dominican Republic-Central American Free Trade Agreement (CAFTA-DR), which has improved the export opportunities for these countries. (CIA, 2014) In contrast, Panama’s economy is based on a well-developed service sector that accounts for more than three-quarters of GDP. Operating the Panama Canal has been a valuable source of income for the country. For Belize and Costa Rica tourism is an important source of foreign exchange. Here Costa Rica with its impressive biodiversity has become a key destination for ecotourism. Other sources of foreign income include the inflows from Central Americans that had emigrated to other countries. For example, the inflows from Guatemala’s large expatriate community in the US are the primary source of foreign income for the country and accounts for one-tenth of GDP. (CIA, 2014)

With respect to entrepreneurship in Central America the Global Entrepreneurship Monitor has evaluated the entrepreneurial activity for Guatemala, El Salvador Costa Rica and Panama over the years. The most recent data (2012, 2013) for these four countries show that roughly one third of the 18-64 year old population intents to start a business within the next three years. These percentages are highest for El Salvador (40%) and Guatemala (39%) followed by Costa Rica (33%) and Panama (27%). These numbers changed over the last years, but there has been an increase. The GEM data also shows that on average around one tenth of the population is actively involved in setting up a business they will own or co-own. This refers to businesses that have not paid salaries or wages to the owner yet. (GEM, 2014)
4.3. Technological Factors
With respect to technological factors, it is interesting to consider the use of technology such as internet or social media in general in these countries. Here we can see that the importance of internet and related services such as social media or mobile applications has risen in Central America in the last years as in all of Latin America. According to the statistics by the World Bank the internet coverage in all these countries has increased. The number of internet-users per 100 people in 2009-2013 is now at around 45 for Costa Rica and Panama, around 25 for Belize and El Salvador, and lower for the other countries with Nicaragua having only 13.5 (see Figure 11) With regard to social media, for example Facebook has become increasingly popular in all Latin America. For example, from 2011 to 2012 there was a 47% growth in Facebook users. In Guatemala there were 2.1 million, in Honduras 1.1 million, in El Salvador 1.3 million and in Costa Rica 1.7 million Facebook users (Socialbakers, 2012). By March, 2013 El Salvador had already 1.55 million users and Costa Rica had 1.9 million users. Facebook penetration in El Salvador had reached 26% compared to the population and in Costa Rica 43%. In both countries the Facebook penetration in relation to number of internet users is more than 100% (Laverty, 2013; based on data from Socialbakers). We expect a similar development for the other countries until today.

4.4. Ecological Factors
When thinking about ecological factors the Central American countries are on the one hand blessed with incredible nature, but on the other hand also heavily exposed to natural disasters. Central America accounts for only 0.1 % of the world’s land mass, but has 7% of its biodiversity. Here the southern countries (Costa Rica, Panama) are the most biodiverse, followed by the northern ones (Guatemala, Belize) and then the central countries. Each country has a unique nature and its features include forests, mountains, volcanoes, lakes, rivers, waterfalls, barrier reefs, coral atolls and numerous plant varieties and a rich wildlife. As in many other places around the world the nature is continuously threatened in Central America. For example, due to deforestation the tree cover in Panama has been reduced by more than 50% since the 1940s. Therefore several Central American countries aim to protect and preserve their nature. The most prominent example is Costa Rica, where 25% of the land area has been set aside as national parks and protected areas. Costa Rica also has the goal to become the first carbon-neutral country by 2021. (The Nature Conservatory, 2014)

On the other hand, Central America is also greatly affected by natural disasters such as hurricanes, floods, landslides, earthquakes and volcanic eruptions. Four countries are among the 20 countries that are reckoned to be the most vulnerable in the world to destructive weather. These frequent and often deadly events add to the poverty and health problems. (The Economist, 2011a).
4.5. Social Factors

For the social part of the contextual factors, a lot of different attributes have to be considered. Some of the basic ones are listed in Table 6 and give a rough understanding of the differences among the Central American countries.

<table>
<thead>
<tr>
<th>Country</th>
<th>Population (total)</th>
<th>Urban</th>
<th>Rural</th>
<th>Life expectancy</th>
<th>Literacy rate</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td>At birth</td>
<td>Rank</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td>(est. 2014)</td>
<td>(est. 2014)</td>
</tr>
<tr>
<td>Guatemala</td>
<td>15,528,000 (est. 2013)</td>
<td>49.8% (2011)</td>
<td>50.2% (2011)</td>
<td>71.74 years</td>
<td>143/223</td>
</tr>
<tr>
<td>Belize</td>
<td>340,000 (est. 2012)</td>
<td>44.7% (2010)</td>
<td>55.3% (2010)</td>
<td>68.49 years</td>
<td>160/223</td>
</tr>
<tr>
<td>El Salvador</td>
<td>6,109,000 (est. 2013)</td>
<td>64.8% (2008)</td>
<td>35.2% (2008)</td>
<td>74.18 years</td>
<td>114/223</td>
</tr>
<tr>
<td>Honduras</td>
<td>8,072,000 (est. 2013)</td>
<td>52.2% (2011)</td>
<td>47.8% (2011)</td>
<td>70.91 years</td>
<td>147/223</td>
</tr>
<tr>
<td>Nicaragua</td>
<td>6,042,000 (est. 2013)</td>
<td>55.9% (2005)</td>
<td>44.1% (2005)</td>
<td>72.72 years</td>
<td>130/223</td>
</tr>
<tr>
<td>Costa Rica</td>
<td>4,402,000 (est. 2013)</td>
<td>63.9% (2009)</td>
<td>36.1% (2009)</td>
<td>78.23 years</td>
<td>58/223</td>
</tr>
<tr>
<td>Panama</td>
<td>3,851,000 (est. 2013)</td>
<td>75.3% (2011)</td>
<td>24.7% (2011)</td>
<td>78.30 years</td>
<td>56/223</td>
</tr>
</tbody>
</table>

Table 6: Social Indices of the Central American Countries
(CIA, 2014; Central America, 2014; Guatemala, 2014; Belize, 2014; El Salvador, 2014; Honduras, 2014; Nicaragua, 2014; Costa Rica, 2014; Panama, 2014)

As can be seen in the table and as already mentioned previously, it seems that the countries in the south, Costa Rica and Panama, are better off in many rubrics. Especially when it comes to education and health related issues, these states are ahead of their northern neighbours and range range at a similar level as countries like the US regarding e.g. the life expectancy at birth. Therefore they have, in certain criteria, already reached the same level as industrialized countries. But while ranking among western countries in some aspects, a lot of problems like e.g. the income disparity within the individual countries exist in other areas, leaving the countries at the same level as developing countries.

On the other hand, countries especially in the north of Central America still struggle with a lot more problems, ranging from corruption and unstable law enforcement to basic social problems such as a defective healthcare-system. For example, while being the most populous country in Central America, Guatemala also masks a high income disparity between rich and poor, with the richest 20% of the population accounting for more than 51% of the country’s overall consumption. (CIA, 2014) Almost 50% of the children are chronically malnourished, which is supposed to be the third-worst rate in the world according to the World Bank (The Economist, 2011a) and 13% of the population live in extreme poverty (CIA, 2014). Strongly tied to the economy, most of the countries also do not generate enough economic growth to overcome the burden of poverty. Honduras economic growth of 3.0-4.0% between 2010 and 2012, for example, was “insufficient to improve the living standards for the nearly 65% of the population in poverty” (CIA, 2014).
Another factor influencing the social aspect is the big diversity of indigenous people in Central America, resulting in a highly pluralistic population. Around two-thirds of Central Americans are of mixed ancestry, meaning that indigenous cultures mixed with mainly Spanish immigrants. A minority of Central Americans has a European or African background, resulting in a big variety of different ethnicities all over Central America. Spanish is the official language in Central America, except for Belize. The country was part of the Commonwealth achieved independence in several steps over several years (Belize, 2014).

These social factors obviously influence and shape all Central American countries and form the basis of the social economy. For the context of entrepreneurship, regardless of commercial or sustainability-oriented, they play an important role and influence every entrepreneur (Amorós & Bosma, 2014, p. 11). Additionally to the social factors listed above we also identified the factors “Attitude towards entrepreneurship”, “entrepreneurship education” and the “entrepreneur’s network” as important influences in our theoretical framework. These factors vary from country to country and influence the entrepreneurial activity.

The Global Entrepreneurship Monitor 2013 mentions factors for Panama and Guatemala, describing them as countries where people see a lot of opportunities to start their own business (58.8% in Guatemala and 58.7% in Panama) and also see entrepreneurship as a good career choice (86.8% Guatemala and 64.4% Panama) (Amorós & Bosma, 2014, p. 26). Regarding the entrepreneurial education, both countries show similar results. While the entrepreneurial education at the basic school level is considered poor, the results for the education at a higher level is on average, with Guatemala scoring 3.2 and Panama 2.8 on a scale from 1 to 5 (1 meaning that the statement is completely false and 5 meaning it is completely true). (Amorós & Bosma, 2014, p. 45-46). In the Global Entrepreneurship Monitor 2012 the same attributes are mentioned for Costa Rica, El Salvador and Panama. About 47% of Costa Ricans, 43% El Salvadorans and 38% Panamanians see entrepreneurship opportunities in general, while 72% Costa Ricans and 73% El Salvadorans value entrepreneurship as a good career opportunity (no data for Panama available)(Xavier et al., 2013, p. 20-21). For the primary and secondary entrepreneurial education all three countries are not satisfied with the current situation, while they value the post-school entrepreneurial education as sufficient (Xavier et al., 2013, p. 38).

In order to value the entrepreneurial activities and in particular social entrepreneurial activities we also refer to the GEM report about social entrepreneurship from 2010, although we can see here that it is difficult to obtain quantitative data about social entrepreneurship. For example, this report shows that in Guatemala 0.1% of the working population in 2009 was working in established social businesses, in Panama 0.4% were involved (Terjesen et al., 2009, p. 7).

4.6. Cultural Factors
For the culture part we refer to the authors/studies described in the literature review in chapter 2. In some of these studies not all countries are included. Nevertheless, the available data gives a general idea of how the three studies interpret the cultural dimensions of Central American countries.
First, we are looking at the six Hofstede dimensions (see Appendix 1). In the study, only five out of seven countries have been included and therefore no data exists for the remaining two countries. Regarding the individual dimensions one can say that the two dimensions ‘pragmatic vs. normative’ and ‘indulgence vs. restraint’ were introduced in 2010 (Hofstede, 2014a), so they lack specific country-relevant data of Central America so far. Only El Salvador has been measured in these two categories, which makes comparison and abstraction impossible.

From our perception, Nicaragua can be considered similar to its neighbouring countries Costa Rica and Honduras, showing similar attributes like the rest of the countries. Only Belize might appear to be slightly different given the fact that they have a different historical background and thus might diverge with their cultural values. The following graph displays the comparison between the five Central American countries:

![Graph](image)

**Figure 12: Hofstede Dimensions for the Central American Countries (Hofstede, 2014b)**

As visible in the picture, most of the Central American countries score similar values. Only Costa Rica shows a distinct divergence in the dimensions ‘power distance’ and ‘masculinity vs. femininity’ and Honduras exhibits a gap towards the other countries in the dimension of ‘uncertainty avoidance’. Apart from that, one can generalise and assume that Central American countries are high in ‘power distance’ and ‘uncertainty avoidance’, low on ‘individualism’ and medium in ‘masculinity’. When considering Hayton et al. (2002, p. 34) again, Central American countries do not seem like countries that facilitate entrepreneurial activity. As the authors said, countries that are high in ‘individualism’, low in ‘uncertainty avoidance’, low in ‘power distance’, and high in ‘masculinity’ facilitate entrepreneurial activity. When comparing the Central American countries with this statement, one can assume that entrepreneurial activity is not that high in the region. With our interviews we will try to discover and to proof or confute this statement.

The second study from Trompenaar & Hampden-Turner has not included the Central American region so far. They compare various countries all over the world but particularly Central America has not been in the focus yet. Therefore, relevant data for the study cannot be stated here. Nevertheless, we consider the theory as relevant for our theoretical framework and we also incorporated parts of the study in our interview guide in order to better understand the culture aspect of our participants.
The third study we want to consider is the GLOBE study. In this study countries are grouped in culture clusters according to their orientation in the individual dimensions. The Central American countries that are implied in the GLOBE study are Costa Rica, El Salvador and Guatemala. They are part of the Latin American cluster and therefore we consider the graph for this particular cluster here. We acknowledge that the findings are very generalized and grouped in a broad sense, focusing on the whole Latin America. Nevertheless, we believe that the findings displayed below give an idea of what is relevant in the Central American context.

In the original GLOBE study two different cases were considered for every country, namely Practices and Values. While Practices refer to the way things are actually done in the organisational context as well as in society in general, Values comprise the attributes that should be used in organisations and in society (House et al., 2004, p. 11).

The Latin-American cluster in general scores high on the ‘in-group collectivism’ (Collectivism I), medium on ‘assertiveness’, ‘gender egalitarianism’, ‘human orientation’, and ‘power distance’ and low on ‘future orientation’, ‘institutional collectivism’ (‘collectivism II’), ‘performance orientation’, and ‘uncertainty avoidance’ (House et al., 2004, p.37). Important to consider is the fact, that not all Central American countries are represented in the GLOBE-study and thus the findings are very generalized. As we have seen with Hofstede’s dimensions too, every country scores differently. Most of them show similar values in most of the attributes, nevertheless do outliers occur. These outliers might also be visible when conducting the GLOBE-study in the other Central American countries. Therefore it is vital to remember that the scores mentioned above cannot be seen as strict specifications, but rather as broad guidelines for assessing culture.

Another important feature that all the countries of the GLOBE-study share is the Spanish language. Also the concepts of in-group and out-group are perceived as rather strong and the rule of law is mostly influenced by personal connections (Chhokar et al., 2008, p. 655). Regarding the language, Belize stands out a little due to its historical background and the membership of the commonwealth (Belize, 2014).
5. Empirical Findings from Primary Data Collection

In this chapter we are going to present the empirical findings of our primary research. Here we will describe shortly, how many interviews were conducted and what our general impressions of the interviews were. We will also outline the most important findings and present them in a structured way based on our categorization of contextual factors and the interview guide.

5.1. Interview Setting

In total we have interviewed 13 entrepreneurs. Based on the order in which we interviewed the entrepreneurs, we have numbered them from INT01 to INT13. Before conducting the interviews we had classified the entrepreneurs as either commercial or sustainability-oriented entrepreneurs, but during the interviews we realized that a re-classification is necessary which we present in the analysis (see chapter 6.1). Therefore we have decided to present the interviews here with a coding based on the order of interviews without distinction of the types of entrepreneurs. In line with our methodology and ethical considerations we aim to protect the anonymity of our interview partners. Therefore we will present the findings, based on the code names and do not specify gender, age or other information here that can be used to identify the entrepreneurs. We will neither give detailed information about their origin, since identification can be easily done by combining the information about an organization-membership and the person’s background and thus will reveal the person’s identity. The only more detailed information we give is about the countries they are operating in order to enable the reader to understand the contextual situation the entrepreneur faces (see Appendix 10). During the interview process we realised that especially personal security was a major issue for some interview partners and therefore the guaranteed anonymity was important to receive open and honest answers and is thus of great importance to us as researchers.

We have conducted our interviews between the 28th of March and the 29th of April. All interviews were held via skype, although we could not use the video function for all interviews because of technical difficulties. Therefore we do not have videos for all interviews, but apart from one interview we have audio recording for all of them. Due to the time difference to Central America, we held the interviews in the afternoon and evening Central European Time, respectively in the morning or early afternoon for the interview partners. Our interview partners were located in different countries during the interviews with most of them being in Central America, a few in the US and one in Europe. The majority of the interviews were as planned around 55-60 minutes. We had a few interviews that lasted longer up to almost 90 minutes, but this was either due to technical difficulties, because the interview partners wanted to elaborate on points or asked us as interviewers questions in the end.

In line with our methodology, we used our interviews in a flexible way and adapted to the flow of the interview and the individual answering styles of the entrepreneurs. In the beginning of the interviews we asked all participants for their permission to record the interviews in order to ensure that all our quality criteria were met and the participants knew about their right to stop the interview at any time. We also ensured confidentiality and anonymity. Some interview partners answered our questions in more detail or in form of longer narratives. Then we did not specifically ask all our questions, but rather followed them through the topics. For other interview partners we stuck closer to the interview guide and asked more questions, because we received shorter answers. As the
entrepreneurs had different backgrounds and organisations we stressed topics differently in the interviews. In general all interview partners answered our questions quite freely and did not refuse any questions. The interviews were to a large extent very friendly with a good and open atmosphere and most of the time informal language was used. Many entrepreneurs seemed to enjoy the interviews and also asked us about our ideas.

As we have seen in the literature review and our secondary research about Central America the contextual factors are very interwoven and it is not always possible to clearly assign statements to a distinct contextual factor. In order to prepare for the analysis in the following chapter, we have sorted the answers from the interviews as best as possible according to the different factors, but overlapping is unavoidable.

From the 13 entrepreneurs, we had interviewed 4 people as commercial entrepreneurs and 9 as sustainability-oriented entrepreneurs. The commercial entrepreneurs had very different businesses in the areas of energy, mobile application and online services. In the group of sustainability-oriented entrepreneurs there were six entrepreneurs that we would classify as rather social entrepreneurs. Among the others we had two entrepreneurs who would consider themselves social entrepreneurs, because they had a clear social mission, but who also had products with a positive ecological impact. The two other entrepreneurs had a strong ecological focus and mission, but also worked closely with the communities. Therefore they could be classified as either ecological or sustainable entrepreneurs. The activity areas of the sustainability-oriented entrepreneurs included education, environment and civic engagement; and entrepreneurs offering products and services in order to support local people. Other entrepreneurs functioned as a link between local producers by buying their products and selling them to customers for them or as a link between local customers and producers from which they bought the products in bulk to achieve better prices.

Among our interview partners there were 5 women and 9 men, one interview was conducted with two siblings, which explains the not matching numbers. With respect to age the majority of the entrepreneurs was in their 20s (8 people) or 30s (4 people), and only 2 entrepreneurs older than 40. As the two siblings we interviewed had quite a similar perspective, we regard them as one entrepreneur in the following to make the analysis and comparison easier. Most of the entrepreneurs operated in Costa Rica (8 people) or Guatemala (3 people) and these entrepreneurs were also from the respective country. The other 3 entrepreneurs were not from Central America, but had a long connection to the region due to their work. They worked simultaneously in 2-4 Central American countries that included Nicaragua, El Salvador, Honduras and Panama. None of the interviewed entrepreneurs operated in Belize. All interviewed entrepreneurs were rather well educated and most of them had attended university either in their home country or abroad. Some had degrees in business or development studies and others in their respective field. Only few entrepreneurs had other ventures before that one. Most of our participants also worked in teams; they had co-founders or were engaged with other people in their business. The minority created the venture all by themselves, most of the time other people were involved in different ways.

5.2. Interview Findings

5.2.1. Opportunity Recognition and Decision
When starting with the interviews we asked the participants open questions to get started. These questions concerned mainly the social and cultural dimensions the
entrepreneurs faced when having the idea for their business. Additionally, these questions aimed at letting the participants tell about their individual businesses, how they got the idea for their venture and what the driving forces were for setting up the business.

All interview partners presented different motivations and influencing factors when starting the business. Some of them revealed, that they had gotten in touch with entrepreneurship through their family, e.g. INT07 was influenced by the father “My dad is an entrepreneur too. So it was “very normal” and he was very supportive and gave us guidance”. INT03 pointed out “I think our family and friends have been really supportive of the idea” and INT02 considered the overall support of people: “People in general are too afraid of starting their own business, too afraid of failing, so when they see someone like me going ahead and trying, they like it and they support the idea”. INT07 also talked about the society they were starting their business in. The person said “We had so many people that we knew [...] and they supported us [...]. It was a good community to start in”.

Other entrepreneurs did not have their family and friends in their background to support them. Not only did they face sceptical reactions among their friends, a lot of them were also told that their idea would not work. INT05 experienced a situation abroad that made him think about a business idea “The idea started with myself. When you are living abroad you want to look back to your country and you want to know what is happening in [the] community”. But when he told people about his business idea he faced situations where “Most of them thought I was crazy. And I really liked that. You have to be crazy in life, there is no other way to live here.” So many of the participants were considered crazy from the people in their society. “They think you are completely lunatic. You are doing something that is completely wrong. That you are going to fail a 100% sure. Nothing is gonna work (INT10)” Some of the entrepreneurs even considered themselves crazy. INT05 said “You have to be crazy in life, there is no other way to live here” and INT10 told us, that “because so few people become entrepreneurs, you feel like a loner”. Another entrepreneur said that “people [...] are telling you, you cannot do that. It has been like this for decades” (INT01). INT07 told us that “People think you should have a safe and secure career, make money, be stable, provide for a family, buy a house, I think that it’s like the normal.” INT03 also said that “we noticed obviously a lot of entrepreneurs are criticized and people tell them, what are you doing, why do you quit your amazing job”. An extreme situation described INT10 by saying “Not my friends, not my family, nobody encourages you, because it is not the reasonable thing to do. But I didn’t care about those comments, I just started to build things” and INT10 emphasized that “the most important point here is that we don’t care about anybody’s opinion. If everybody believes that we are gonna fail, we don’t care about it. It is not a social pressure for us.”

Another root for starting a business was because of an arising necessity, when the entrepreneurs saw that the situations around them were changing for better or worse. INT01 told us, that “Many businesses are started off, because you have a problem and it hurts you, and it hurts you and it hurts you”. INT02, on the other hand said, that he “saw a gap, an opportunity, because I stay up to date in the world-wide trends”. For INT10 the impact he created was motivating him: “I developed really small ventures, but most of them failed. But it was really good for me. I noticed that failing is ok, but I can really create movement around things and really impact people.”
After starting off with the motivation and the influencing factors, such as family and society, we moved on to the factor of risk. The participants were asked to describe how risk influenced their decision to create a venture. While some of them did not consider the risk factor “I don’t think about risk, it’s just part of life” (INT08), some of them had thought about it before, but were generally positive towards risk: “I kind of like risk, I like living and not exactly knowing what is going to happen.” (INT02). A similar thing was mentioned by INT05 when pointing out that “risk is one thing we have to learn when we are children. [...] Everything includes a little piece of risk. If you avoid risk you avoid life.” INT07 said that especially in the beginning they focused on other things: “we weren’t really afraid. What do we have to lose?” (INT07). INT03 was extremely positive about occurring risks and told us that “there are a lot of risks, but I think it’s exciting”. INT03 went a step further and pointed out that “there is no way we are gonna fail. Maybe it’s gonna be ups and downs and we gonna be great and then it comes down. But we never gonna stop trying.” (INT03). From a more economic perspective did INT06 answer this question. INT06 considered risk in the following way: “We are taking big risks and that’s the reason we form the company. We see a big opportunity and to capitalize on that opportunity you have to take risk.”

Another general topic we raised before starting with the individual contextual factors was the influence of success. We split up the topic into success in general and monetary success. In particular we asked people how they perceived the degree to which it is important to be successful in the various cultures. INT05 told us “I would say there are two groups of people in my society: one thinking that being successful is related to money and those who think that success is related with happiness. The happiness-people also think that money is important but not the most important thing in life. I am on their side.” On the other hand, INT09 had the opinion that success is not the most important feature in the culture. “I don’t think that they really expect some success, especially in Latin America. I think that they are quite addicted to losing, they don’t really have the perception that you have to succeed. It’s more that you have to do something and you will probably lose, but you do it anyway. [...] In the US you are nothing when you do not succeed. In Central America, somehow the normality is to lose. (INT09).” In contrast, INT02 told us “I think it will be only important if you succeed. Otherwise you are a lazy guy, who didn’t want to work”.

We also asked about monetary success specifically and how society values monetary success of the individual entrepreneur. In the beginning when asking about driving forces INT02 had already said that “Money is always on the table.” Later INT02 pointed out that the decision was between monetary success and being independent. For this person being independent was more important (INT02). INT09 also emphasized this attitude “Money is fundamental because you have to work [...]. It is important in the mean of “you can do it”, it is not so important in order to become rich. They don’t care about being rich.” While most of the participants measured success mainly in monetary aspects, INT08 had a different attempt “In my country monetary success would be equivalent to educational success in yours. Having money is success. But I feel that education is success, I don’t care too much about money.” In general, most of our participants ensured us, that success in Central American countries is not the most important factor when starting a business. We often heard that having success was appreciated but not necessarily expected from society. INT02 also experienced that “if you do it [start your own business], the society says: Congratulations, I hope you achieve your goals”.

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5.2.2. Opportunity Exploitation and Venture Creation

In the next part of our interview we continued with the entrepreneurial process and asked our interview partners about the time, when they had actually decided to exploit the identified opportunity and how they created the venture. In this part of the interview we asked about all contextual factors, so it was the most comprehensive section of the interview.

Difficult of Starting the Venture

In the beginning we had asked the entrepreneurs to say how difficult it was to start the venture. This question was aimed at a general assessment and we did not mention specific contextual factors yet. Overall, most entrepreneurs answered that it had been rather difficult to start their venture: “Well, on a scale from 1 to 10, it was 11. It was really difficult. I mean, it is not something that you learn in school, it is not something that you learn in University.” (INT09). Some entrepreneurs listed here finding the financial resources, problems with regulations and starting the business as a legal entity or having social pressure as reasons for their difficulties. Some entrepreneurs with more established ventures reported that with respect to these factors it became easier later on. Others realised: “It has been difficult and it’s not finished yet.” (INT04)

Many entrepreneurs also explained these difficulties with their lack of knowledge: "It was awfully difficult. Because I didn't know what to do. You want to do something that you have never done. You don't know no one who does it in a good way. (...) In entrepreneurship at the beginning you have to find out how to do things. So it is hard." (INT10) "The best thing probably would be for each one to focus in its own area, but because we are only two, we have to do everything both of us. Getting to know all the parts of the business that have not been our strengths has been a challenge.” (INT03)

In contrast, one entrepreneur who had legally started the business outside Central America, but was operating there explained: “I’d say it’s not difficult at all to start it, but it was extremely difficult to run it and keep building it.” (INT07) Still, it depends on how the entrepreneurs view these difficulties. For example, although INT04 talked about difficulties and problems he/she faced with setting up and running the organisation, INT04 also said “I don’t see my life full of difficulties at all.”

Political and Legal Factors

Government Support

We have asked our interview partners if they feel encouraged by the government in their undertaking or if they receive any support by the government or local politicians. Some entrepreneurs working in communities have the support of those communities, but on a general level most entrepreneurs answered that they do not feel supported by the government: “I don’t feel encouraged by the government at all.” (INT13) "In general discouraged. If I didn't have the other funny part of the business I would not do that.” (INT01) Likewise INT03 could not think of any way the government tries to help entrepreneurs in Guatemala. Or INT06 said “Yeah, that’s where a lot of the problems come from.” INT11 said that they can see that the government has started some effort to support entrepreneurship, but overall it is not a lot and just “a raindrop in the ocean”. INT09 told us that they often work against the government, so “the national government is usually against us.” (INT09) In contrast, INT12 often works together with the government and said they as an NGO cannot get the government involved too much, but they have an official agreement with the government that helped them a lot in receive recognition and raise funds. One entrepreneur even told us that he/she had so many
problems with the government of one country (he/she was not from), that he/she is not allowed to enter the country anymore.

Several entrepreneurs also list problems with bureaucracy (e.g. INT02, INT04, INT12). INT12 told us that we was “really devastated” when people kept putting stones in the way and he had to fight the bureaucracy: “I ended up in a, you know, wild cruises, in a horrible process of bureaucracy. I even was forced at a point to tell a little white lie to one of the institutions that were blackmailing me. I told them that I was relative to a really important journalist and he was waiting for my call to let him know (...) and they will send a taskforce of journalists. (...).” Once his papers were lost seven times. He even told the president about the problems and was promised that they would be fixed, but next week the papers were lost again. "After the president had intervened. Can you imagine that?" INT13 had fewer problems: “With the government you have to be patient, it takes a long time. If you know how things work it is easy, but it takes a lot of time.”

Some entrepreneurs also explained that it is difficult to trust the local politicians because you do not know what their motivations are and if they stick to their promises. For example. INT06 explained that the government sometimes gets involved and they have development funds or "they want to create a positive image for themselves before an election and so they will make a lot of commitments that they don't end up keeping”, e.g. they approached local governments and asked them to subsidize some of the products and the government signed the agreements, but they did not pay in the end. "While it sounds like a great idea and it's a quick way to get products out there, you never know who you're dealing with, what their motivations are and if they are going to come through. They are not accountable to you. [...] When it comes down to it, if they are not elected again, any obligations that they had while they were in office go out the window." (INT06) Similarly, INT10 explained that the government or local politicians encourage entrepreneurs, “but not because they believe in this, but because it is like political speech. Some of them do, some of them don’t fully believe in this.” (INT10)

When we asked the entrepreneurs about their overall assessment of these factors in the end, political and legal factors were also listed as sources for problems. INT02 explained that political and legal is the most difficult one of the factors because the government is way too bureaucratic and there are political interests that affect entrepreneurs. INT03 also said that political and legal factors have been “the most challenging at the beginning”, because the paperwork and procedures take a long time and they cannot influence that. Likewise, INT01 said: “Political and legal have stopped me; not because I am a bad guy, but because I had to follow a long process.”

The entrepreneurs did not really seem to expect more government involvement; they just want to receive the government support “that they are supposed to give”, e.g. infrastructure or education, “not directly to me, but to the environment of my company” because “the bottleneck [...] is the business weather.” (INT01) “We don't really want to depend on the government. But there should definitely be something positive for environmental or social entrepreneurs. Because we are basically doing the work that the government is supposed to be also doing.” (INT03) “No, I don’t think we want... Once the government sticks a finger in your business, that’s it. Bureaucracy comes in, if they only gave you a few pennies they would try and get power or [...] money.” (INT04) “Guatemala is so entrepreneurial friendly because the government stays away. They don't help, but they don't get in the way either.” (INT08)
Taxes & Social Security Charges

None of the entrepreneurs mentioned any tax advantages for entrepreneurs. "In Costa Rica we don't have anything that supports start-ups law-wise or tax-wise." (INT10) Some entrepreneurs (e.g. INT01, INT10, INT11, INT13) criticize the tax system and that they have to pay the same taxes as any big, long established company. “You have to be registered. You have to tell what you are planning to sell and then pay 35% of it of taxes, even though you don’t make any money yet.” (INT13) In the same way the charges for social security make up 33% of the salaries and every company has to pay and that makes it difficult for start-ups. “For a starting company it’s pretty hard cause your cash flow is critical otherwise you die. And if you give away 30% of your cash flow you will get problems.” (INT01) Thus several entrepreneurs suggested that this could be changed to foster entrepreneurship: “So I think in the regulatory part Costa Rica could make an improvement if, you know, they give some tax advantages if you start a company. (INT01) INT10 also argues that it is important to give here some benefits to small, new companies if you want to develop the start-up ecosystem.

Corruption, Crime and Security Issues

We also asked our interview partners about corruption, how they perceive it and if it had influenced their venture. For some entrepreneurs corruption did not seem very relevant in their daily business or they only experienced it because they read or heard about it. For example, INT07, who have their main office not in Central America, told us: “We have not really [experienced it]. Thankfully. We have never had so far any bad experiences.” (INT07). INT10 also said that they have never been asked for bribes, also because nobody knows them in the beginning. There are some dubious people posing as investors, “but it is not a Costa Rican thing, it is an Entrepreneurship thing.” (INT10). The news just overreact with regard to corruption because they have to sell, INT10 does not think that it is a huge problem in entrepreneurship.

In contrast, many other entrepreneurs said that they are in one way or the other influenced by corruption. Some of these entrepreneurs had also mentioned corruption already before we had asked them (e.g. when we asked about culture or problems). In Costa Rica some entrepreneurs mentioned that “money helps” and that “there are ways to do it quicker” (INT02). INT01 said there is a lot of corruption, “especially in rural areas if you want to get a permit. I am not supposed to say this out loud, Costa Rica would… If you need a permit, you wanna take the fast track, it’s there. I think I have never done that. But it’s pretty easy. [...] Its, you know, I think, like 80% of the institutions have people who will be willing to help to take the fast track.” (INT01) Likewise, INT11 said that corruption is an issue. INT11 also feels less motivated to pay taxes if you know that the taxes are going into people’s pockets or are used inefficiently and not as supposed to due to corruption. In a similar way, INT03 explained for Guatemala: "Yeah, definitely, there are options here for that. Yeah, it happens with a lot of things, you know. We haven’t had that experience, but I am sure we could find a way to make things easier for us. It is an option in Guatemala, I think in all Latin America. It’s a problem for the country, but at the same time, probably makes life easier for a lot of people. But it’s not that strict as it would be in the States or Europe.” (INT03) Other Guatemalan entrepreneurs reported an even stronger influence of corruption: “It is a really important issue because it is a high risk issue. It is very strong in Guatemala. You have to be aware of who is who in order to not to get involved.” (INT05) “Of course I am influenced by corruption. The fact that the government is always on the side of the multinational corporation has something to do with corruption. So, the power of
corruption makes our job more difficult.” (INT09) INT08 linked corruption to the overall crime and social/cultural factors in Guatemala: “So what you see is a country that struggles with race, and culture, and poverty, and now increasingly Guatemala has become a corridor for narco-trafficking. [...] It's the whole triangle being involved, Honduras, El Salvador and Guatemala. [...] And narco-trafficking is accounting for the increased level of homicide. [...] So [...] there is also a lot of corruption at the lower levels. Which makes it a country where it is very easy to get away with murder, it is very lawless country. [...] I think, [...] they did a study that showed that around 60% of the country is controlled by corrupt forces. These are public institutions. You have a country, that is on the verge of being a failed state. It is not considered one yet, but we are pretty damn close. [...] people will not pay taxes, [...] in part also because people don't trust their government, people don't trust that their money will go toward public resources, where it's supposed to go to. [...] There is just an endless amount of corruption.” (INT08)

We have also asked INT06, who is from outside Central America and operating in more than one country, if it is possible to see any differences among the countries with respect to corruption: "It's throughout. (...) We had very smooth experiences, but we had nightmare experiences as well." (INT06) INT06 also explained that you have to be careful about deals and who you are making business with. There is a large black market and a lot of business is conducted “under the radar”. There is also a lot of organized crime, which can create risks for themselves or the staff, e.g. when they go out with a lot of products or cash. Likewise, INT08 explained that “in Guatemala I had to think about where I parked my car if I had a meeting. I could not leave my laptop in the car. And walking two blocks in Guatemala city, I think you get robbed. So I have to think about all that, I can't go out after 7 o'clock at night, I can't just drive through certain neighborhoods because they might gang turf. Security is always on your mind. In Honduras people don't walk, not even during the day.” Other entrepreneurs also talked about security issues affecting work. Here, one entrepreneur also said it helped security-wise not to be originally from Central America. “It helps me in the meaning of security. It is sad to say, but probably a central american activist dying is less noticed than a [non-Central American] activist dying. The [non-central American] simply makes more noise.” (INT09)

Some entrepreneurs have also hired other people to help them through legal processes. For example, INT06 is employing a customs broker: “Those guys are just as interesting as the customs officials. [...] Sometimes they are closer with them [customs officials] than they are with you. So you never know who you are dealing with. A good customs agent is a very, very good investment. But you have to go through several until you find the one that can actually do it right every time and avoid problems every time." (INT06)

INT12 also told us that nowadays social media is playing an important role and it helps to hold people accountable: "You can start a very strong movement towards whatever thing you want to raise people's interest in via social networks and stuff. Journalists are a bit more aggressive and they are willing to, you know, help and back up people that are doing such type of things. And [...] now is this trend to do social stuff. So it's easier, definitely. [...] But if you are not connected it's going to be tough. Less than it used to be, but it's going to be tough.” (INT12)
Economic Factors
Finances
A central theme when talking about economic factors was the access to financing for the business. As indicated above, finding finances has also often been one of the reasons why it was so difficult to start the business. For example, INT05 told us: “There are two parallel roads: I know what to do with my business and I know that I need this specific amount of money to make it real. So how can I get the money to make this real?” When asked about financial options for their enterprise and in general in their country, almost all entrepreneurs reported difficulties: “It is really, really, really, really difficult. […] There are not a lot of alternatives here.” (INT10) Some ventures also receive external funding from outside Central America, mostly the US and Europe (e.g. INT06). Financial difficulties depended also on the background of the entrepreneurs and the location and type of business they were starting. For example, INT01 (who is from a rural area) told us: “I needed 500 Dollars to start. It wasn't such a big amount but if you don't have it, well in the part where I live, you won't get started. But it was pretty small amount I think.”

INT01 also explained that it is difficult to access larger sums and fundings for upscaling: “First, I accessed my savings. But now I want to scale it up. [...] I need more capital. [...] If you are really small, [...] there are organisation who lend you money, but its more for non-for-profit. [...] But if you really want to have a scalable idea, unless you proof it’s been working for 3 or 5 years, you won’t get money from here. So I think it’s pretty hard to get money here in general in Latin America.” (INT01) Likewise, INT03 had relied mostly on internal financing so far, but will need external financing to move to another market. In contrast, INT04 had decided not to scale-up: “We are growing very slowly, because the one thing we don’t want to do - and everybody thinks we are crazy - is scale up.”

Many entrepreneurs started to finance their business with their savings (e.g. INT01). Some entrepreneurs also received money from friends or family. “There is one option to get money: doing it by yourself, being supported by your family and friends. It is really difficult. (INT05). For example, INT07 told us that they were financially supported by family members and they also used bootstrapping so that they did not have to find external finances yet. INT12 told us of being “pretty much the nightmare” of every family member when trying to get some money together in the beginning.” In contrast, INT01 told us: “It’s very hard. Your friends will not lend you for something like really new. [...] You rather have to save the money on your own and if you have family or friends who loan money they will expect a “big chunk” of the business or the profits.“ (INT01)

Several entrepreneurs were also supported by investors, either individual persons similar to business angels or companies (e.g. INT01, INT02). But INT02 explained that it is difficult to get in contact with those investors because “they are not very well known. [...] If you don’t have any contacts, it is really, really hard to get to know them.” INT01 has a “donor”, who also supported him/her with the business plan, strategies and office space. “I have very good relationship with my donor so he is willing to lend me money, but he first wants me to start something small and proof it works the way I'm saying it works.” (INT01) INT02 also had a private investor, a company that he found through personal contacts. But “It was very, very difficult to find and investor, because the investors have to really trust you. They have to ensure that they are not going to lose
their money.” (INT02) INT11 has also received funding from an investor group. Some investors, e.g. the individual investor of INT01, also helped the entrepreneurs with other things apart from money, e.g. by providing office space or business knowledge (see Social Factors).

With respect to Venture Capitalists, INT10 said that he/she knows three Venture Capitalist companies in Costa Rica and there are also wealthy individuals that invest into companies. INT01 told us: “Well, we have here something pretty cool, especially if it’s related to technology, they will help you to get in contact with what we call here link investors. Some network of pretty wealthy people, they will get you to something similar to a shark tank, but more friendly. They will try to help you more and to build your idea.”

None of the interviewed entrepreneurs mentioned bank financing or similar institutions as an option they had used. “Financial institutions - they really don’t help you that much here. (...). It’s kind of not an option, you have to get your money somewhere else.” (INT02) Later on INT02 continued on bank financing: “It is not an option. They ask you for detailed information, even things that you are not able to predict. [...] It’s like wasting your time, it’s not an option for me.” “Banks are not an option for start-ups or new ventures, because they need a lot of conditions.” (INT10). “Banks won't lend you anything at all unless you have pretty successful years with pretty stable cash flows. (INT01) “And oh my god, bank financing is not an option. In the beginning nobody trusts you. Everyone thinks that you are crazy. Even if your business is crazy but innovative, they don't trust you. If you want money from the bank, you have to demonstrate how to make money or you have a house or so as collateral. And that is the only way to do that. [...] So going to the bank is very expensive and a lot of paper work.” (INT05) “If you go to a bank you need to prove yourself. But I think we can do it on our own. It takes a lot of time and effort.” (INT13)

Three entrepreneurs from Costa Rica mentioned the possibility to receive funding from the government, but they all said that it is difficult. “It is a mess. The people from the government do not understand this kind of business that has lots of risk.” (INT10). INT01 explained to us that there is a development fund operated by a national bank that is supposed to give funds for starting a new business. “In theory, they can give you loans for up to a 100,000 Dollars. [...] But the way they are doing it, is they expect you to bring pretty nice cash flows. And because the government gave all those funds to a commercial bank, it’s public bank, but it’s commercial bank. They don’t understand how entrepreneurs work and there is a lot of uncertainty, you don’t have any substantial proof that your idea is gonna work. People at all they don’t go to that program. It’s more useful when you have many years of business. [...] It’s not for entrepreneurs at all. The government has failed with that.” (INT01) Still, INT10 and INT11 have received those kinds of funding from the government.

For Guatemala, INT05 explained “nobody knows what a Social Enterprise is in Guatemala. People don't understand that someone makes a business for people.” There are some funds by Inter-American Development Bank for SMEs in the region. “But I don't know if you can get money if you are an entrepreneur. [...] Since 2009 they had 11 Mio.US-$ to put into SMEs. But I know many people, small entrepreneurs, who already applied but who did not get any money. We don't know where the money goes to. So it is really difficult to get government funding.”
The entrepreneurs supported by Agora Partnerships reported that Agora can connect them to social investors that only invest in Latin American social enterprises. This was seen as “an amazing option” (INT03). The Ashoka fellows have also been financially supported by Ashoka. For some this was the main reason they were able to start their organisation (INT09, INT12). "I was lucky enough to be elected as an Ashoka fellow. That was mainly the thing that allowed me to develop the project. Without Ashoka I would have been doomed. That's for sure. Because they provide me with the economic resources, so I was able to pay my bills at the end of the month.” (INT12) One told us that their organisation has received funding from Ashoka, but the entrepreneur was already established at that point and it did not seem to have a great impact.

The entrepreneurs closer to the non-profit side (e.g. INT05, INT06, INT09, INT12) also use grants or donations as funding, at least temporarily or in addition to other funds. Most of these still try or plan to also generate revenues from their activities. For those, where that is not possible it is more difficult: “We have to work every single day to raise funds.” (INT12) Likewise INT04 explained: “Getting money is a profession, it’s a trick, it’s an art.” Another entrepreneur, mostly responsible for the social activities, also said: “We don’t have much of a budget, we do the projects now and worry about the money later.” (INT08)

INT12 explained that it is difficult to raise funds in Costa Rica from international organisations, because based on the averages of human development indicators the country is better off in comparison to the rest of Central America. But they have some regions in Costa Rica “that are facing really terrible challenges [and] our averages are hiding a really terrible truth, that there are vast parts of our nation that are struggling.” (INT12) Many of the interviewees with longer established organisations also told us that it had become easier to raise funds later on when their organisation had received some recognition and could show their success. Then it became easier for people to trust the organisation (e.g. INT12).

When we have asked the entrepreneurs at the end of the interviews about what should be improved to help entrepreneurs, many of them listed economic and financial support (e.g. INT01, INT02; INT05, INT10): “I would definitely say that the financial institutions should make changes, because the biggest issue when starting a business is the lack of money and financial institutions could do a little bit more.” (INT02) Here INT01 specifically said that larger funds for scaling up are needed and INT10 specified that you need capital for this kind of ventures, i.e. start-up with risks. “If you want to make money, you need money.” (INT10) Here INT06 said that they do not only need capital as an organisation, but it is also a relevant issue for their customers because they do not have the access to the credit to buy the products. There have to be other mechanisms.” (INT06)

Legally Setting up the Business
Another topic some entrepreneurs talked about is setting up their organisation as a legal entity, but the entrepreneurs seemed to have made quite different experiences with that. According to INT01 the time frame for opening a business is very large in Latin America compared to other countries: "It took me 230 days and something (...) until I got the final paper that I am officially a company”. Until then it was very difficult to operate as a business, e.g. to buy goods and write invoices. There are many institutions the entrepreneur has to go through and there is a lot of paperwork. “If you do it yourself, it takes longer than a year”. (INT01) There is the possibility to pay somebody with
experience to help reduce that time, but “in general, it’s a torture to open a business.” (INT01) The process is also quite expensive. INT02 also mentioned that there is a lot of paperwork, but also said that “it’s not that big of a deal; it’s not that complicated”. Likewise, INT10 said that it took about three months and was not that expensive. All three entrepreneurs had set up their business in Costa Rica. INT08 answered that “becoming incorporated” was the biggest obstacle to overcome when they founded their organisation, even though that was in the US. INT07 is working on setting up an NGO as part of their business in Guatemala and they have contracted a lawyer for that. Consequently some entrepreneurs (e.g. INT10) also listed these legal issues as an area for improvement to support entrepreneurship.

Physical Infrastructure (office, warehouse, etc.)
The entrepreneurs that were still in a beginner’s phase often told us that it is not so difficult to find an office, but they still do not have the money for it (e.g. INT02, INT03) or they feel they do not need it (e.g. INT08, INT09). “Most people prefer to work from home, so we don’t really need office space. Having an office does not make sense for us” (INT08). “You do not need elaborate infrastructure. You need to start to work on something” (INT10). Therefore many entrepreneurs operate (or had operated for a longer time in the beginning) out of their home or places of friends and family, and public spaces such as coffee shops or libraries (e.g. INT03, INT07, INT10). Some entrepreneurs also had the chance to use the office of friends or investors (INT01, INT03). There are also co-working spaces in Guatemala and Costa Rica. The more established ventures had their own office, but apart from the costs it was not a problem.

Labour
Only few of the interviewed entrepreneurs have hired employees on a permanent basis yet. Many still operate alone (e.g. INT01), hire people on contract basis (e.g. INT10) or use volunteers (e.g. INT09, INT13) INT02, INT10 and INT11 said it is no problem to find employees in Costa Rica. There are many well educated people that are interest to work for companies. In contrast, INT01 said “When it is related to low skilled labour, it’s very easy. We have oversupply of that. [...] But I want to get a, you know, professional or people with skills, especially in those rural areas where not many people go to universities, it’s very hard to find you know human capital with very good level. You have to basically teach everyone to do things and why you are doing it in a different way because you know they have never heard about economies of scale.” (INT01)

Access and Entry to the Market
Most entrepreneurs selling a product did not seem to have problems to enter the market. INT06: “The products [...] largely sell themselves. [...] So far we have only sold products through word of mouth.” For them it had rather been difficult to balance demand and supply due to delivery times and there is little customer loyalty. INT03 sell their products via retailers and had some difficulties in the beginning to get into the stores. “It is always a challenge to start.” But their friends and family helped them with this. They are also planning to move to another market and expect more difficulties for that step.

INT01 provides services for local people and told us that it was difficult to convince people to believe in the business and become customers; they were afraid INT01 will try to exploit as many others before. INT01 explained the problem this way: "Penguins don't jump into the water, because none of them jumps, because the first one jumps
might be eaten by a shark. So, customers need the first one to go. Once the first one has
gone, the other ones will go, cause there is no shark.” So INT01 started to sell services
to the neighbours because they knew and trusted him/her and when other people saw it
worked, they joined. INT01 said it is very much based on relationships, as in general in
Costa Rica.

The entrepreneurs that consider their venture as a business also acknowledge that there
is obviously some competition (e.g. INT06). “The competition at the end of the day is a
competition. And business is business.” (INT03) Most entrepreneurs did not report any
problems with competitors yet. Some, e.g. INT02, expect the competition to increase in
the next years though. INT03 said that they do not have problems, “because we are
really small right now. But I think these big companies which own the market, if they
see that you are a threat, it could be dangerous.” INT01 had already experienced those
problems with competitors: “Once you start a new business and start making money and
you start stealing some market to people you run in a risk, because, you know, you can
get robbed. Or they can, you know, be mad at you and where I live there is a very
informal economy so I was like, 20% of my time thinking where not to go or who not to
talk to because, you know, that guy is the one, that I’m robbing his market. And in the
social part here in Latin America this is kind of tough, because, people you know, if you
get in troubles with them, they will go find you at your house and they will, you know,
you will not kill you but they will make you have a very hard time, because this is a
very informal economy.”

Influence of the Overall Economic Situation
We have also asked some entrepreneurs if they think that the economic situation in the
country they are working in had influenced them. INT05 answered that “the economic
situation doesn't influence us much. We found that we are working for the base of the
pyramid. They are very poor and most of them do not have access to information.
Living here in Guatemala or living abroad. The economic influence is not such a big
issue for us.” In contrast, INT09 answered: “It influences of course, especially in the
poorest areas people can't choose what they want to work with and what they want to
do. [...] That is especially true in the more economically fragile areas like the countries
in the North [Guatemala and Honduras],” INT02 also described a positive influence:
„The overall economic situation has benefited me. A lot of people say that we [Costa
Rica] are doing bad, but that is actually not true. There are some economic factors, the
economy is growing [...] and that is actually helping me a lot. [...] And that has got me
opportunities, because it is easier to sell the products.” In a similar way INT01 said “I
was doing pretty well, because you know there is a lot of room for improvement in
those very inefficient markets.”

Technological Factors
For many entrepreneurs technology is either a central part of their product or how they
deliver their service offering, e.g. they use an online platform or a smartphone
application. Thus “We cannot have [our organisation] without technology.” (INT05) "It
will be madness to think about a business without technology." (INT10) “I think it is a
huge component for us.” (INT13)

So the influence of technological factors depends to a large extent on the type of venture
and what products/services it offers. Entrepreneurs offering technical products report
that technology influences them because “We have to be constantly up to date, we have
to know what’s going on in the market, what’s new.” (INT02) Some entrepreneurs are
importing the products they sell in Central America from the US and Europe, because they cannot be produced at the same quality in Central America yet. These entrepreneurs hope that one day, the required technology will be available in Central America, but so far it is not possible. “That is one of the biggest problems here in Latin America, because companies here do lack to invest in business and product development.” (INT02)

The internet connection has improved in many areas in the last years, but in rural areas not all people have access to the internet yet. “It will take a couple of years until it gets there. It’s gonna limit me at the beginning.” (INT01) Some entrepreneurs had to find a way around it in the meantime, e.g. by using simpler websites and applications.

Many entrepreneurs have realised the advantages of technology, e.g. “Even though you don't want to use technology in your company, you will sooner or later notice that technology is your best friend to scale your business and to have a greater impact.” (INT10). Other entrepreneurs use modern technology as a mean to communicate about their work via their website and social media (e.g. INT03, INT12). For example in Guatemala social media such as Facebook, Twitter and Instagram have become increasingly popular and therefore the focus of advertising is changing towards those channels (INT03). This is similar in Costa Rica (INT13). Technology is also used by some entrepreneurs for internal coordination (INT12) or trainings (INT09): “We are using different tools of technology so it’s most definitely a super good thing and something we highly treasure.” (INT12) INT08 sees a positive influence on technology rather in the personal life: “Technology changed everything about my life, access to scholarships, information, etc. And that helped me to get where I am.”

In general, INT11 pointed out that there are a lot of opportunities for technology-based businesses at the moment.

**Ecological Factors**

For the ecological or sustainable entrepreneurs the influence of ecological factors is quite evident, because the focus on the environment is part of the core of the organisation. For example those entrepreneurs work directly towards protecting the environment and helping communities to stop pollution.

Other entrepreneurs reported rather indirect or personal influences of ecological factors on their venture. For example, one venture sells organically produced products (INT03) and other companies sell products that reduce pollution (INT02, INT06). “And it is another way to contribute to our world.” (INT03) But the entrepreneurs also admit that the ecological benefits are not the main reason for many of their customers for buying the product, but rather other advantages such as reduced costs. INT07 considers their business to be influenced by ecological factors because they are concerned about the ecological footprint of their organisation (e.g. resources, transport) and they try to make their products last very long to decrease waste.

Some entrepreneurs with businesses not strongly connected to ecological issues could not really see an influence, e.g. INT13 said that “in general the environment has no big influence on us.” These entrepreneurs sometimes rather spoke about the view of people on these things in general. For example, INT05 said that environmental disasters influence the communities. INT11 explained that “definitely there is a really close and really tightly connected relationship with education, poverty, economic development
and those externalities the economic activity has on the environment.” Therefore INT11 sees a link between their work in education and ecological issues.

Almost all entrepreneurs from Costa Rica spoke about the importance of the environment in their country, e.g. the large amount of national parks or the strong environmental legislation. Many Costa Ricans also talked about the environment when asked about their culture (see above). INT04 reflected that “The interesting thing I think is happening there is that I notice the beginnings of change of culture.” Still, INT01 stated that “Environmental mentality is not very strong, if you do not perceive an economic incentive in the short term, it’s very hard.” In Guatemala, INT03 explained that the influence of ecological factors on the attitude of people is “still very in the beginners”. INT08 stated that “Guatemala in general is shaped by environmental exploitation by the government, how it impacts people and the equality and poverty.”

**Social Factors**

When considering the social factors in our interviews we had to go beyond quoting what participants had said. Social factors as well as cultural aspects were mostly context-based, meaning that they appeared when talking about other, more obvious, factors such as the economy. Nevertheless, all participants were open to our questions and tried to give us insight into the social aspects as well. What became visible in a lot of the interviews was the fact that each country in Central America was different in many social aspects. But especially concerning role models and influencing networks it became obvious that also similarities existed. INT08 summarized the social situation for one country by saying “What you get is a lot of indigenous people having very little access to resources, to power, to money, to status and to education. [...] [My] country is also a very class-based, very racist country”. Social factors are always mixed up with other factors, the economic and the legal situations in particular. And even though one might argue that things like crime rates, political instability and poverty influence the social factor, we will not focus on these issues in the social perspective. They will be incorporated in other contextual factors. For the social perspective we are picking up the developed factors from the Literature review chapter and thus concern attributes like the favourable attitude towards entrepreneurship, education and social networks in this chapter. While we focused on the phase of opportunity recognition in the introduction and in this part already crossed a lot of social and cultural aspects, we are going to pick some of them up again. A clear distinction between social and cultural aspects is sometimes not easy to impose and thus they will be mixed up in various occasions.

For the first, the favourable attitude in society, a lot of interesting facts became visible. On the one hand, some of our interview partners told us, that people were supportive and encouraging. INT03 expressed “People here really want to help, they want to see a change in Guatemala, but no-one really knows how. [...] Everybody wants to help, but they don’t know how”. INT01 also told us that “People admire you when you are an entrepreneur, if you are a formal one, right, because there are many ones that say, I am an entrepreneur [but they are not]”. While some of the entrepreneurs perceived society’s attitude as positive and supporting, many participants also reported about strong concerns and misbeliefs among their social networks. As we have seen from earlier comments, a lot of people doubted that participants could set up their own business, they were sceptical. Many of them faced situations where people told them that their ideas would not work out. As mentioned earlier, INT10 for example was called “lunatic”, others heard the terms “crazy”, “that does not work” and “it is not a
reasonable thing to do”. People in society are often not used to [the entrepreneurial] way of living (INT10).

Another factor, that was linked to Costa Rica in particular, is the overall high level of education in the country. INT02 pointed out, that “In Costa Rica Entrepreneurship is not a big deal. People are really educated; they know how to do their jobs. They have really good education because it is mostly free”. People in society do not understand why entrepreneurs give up well-paid jobs in order to face uncertainty. From our perception the part about education is certainly true for Costa Rica, but might not apply in the rest of the Central American countries. Many entrepreneurs told us, that education in their country is poor and not all people have access to higher education. But not only the education in general but also the entrepreneurial education in particular can be improved. INT03 told us about his/her experiences with education about social entrepreneurship: “I feel it’s a new concept. The whole concept of having a social business is very new in Guatemala. To me it was also new”.

When talking about possible improvements regarding the support of entrepreneurship, INT10 mentioned a few of them: A good strategy to develop the start-up ecosystem, help the current entrepreneurs that exist to be successful because that way they will become role models. That will make other people believe too that it is possible. He also said that “there is a huge misconception what entrepreneurship is” (INT10). All in all, many participants pointed out, that society was rather sceptical.

Concerning their direct networks, people talked a lot about their families and friends. INT05 told us that “Many people helped me to get new contacts with [...] people here in the area of Guatemala. [...] And even though I have no partners, I have a group of good friends who helped in different ways, with their time or their expertise”. INT07 supported this fact by pointing out, that there has been a collective of people - family, friends, professors - people with experience who guide them through. These contacts and helping people make a big difference in Central America. Several people told us, that a network and good contacts are very important when starting a business. INT02 told specifically about Costa Rica, where “a lot of things move by contacts. That means, the more important contacts you have, the easier it gets to make your things, run your business”.

One highly influencing factor for the entrepreneurs are memberships in different organisations, such as Ashoka, Agora or AUGE CR, or contacts with other professionals like donors or incubators. Most of our entrepreneurs are members in one of these organisations and therefore experience the support and the networking activities the organisations provide. In addition some entrepreneurs were also influenced and supported by institutions such as entrepreneur clubs at their universities. The importance and influence of the organisations or individual people can be seen in the answers of participants. INT01 described that he “had a donor. [...] I went there with a really tiny idea and after that I got many inputs. So I harvested inputs from that experience. But that is not what happens regularly” About the organisations, INT09 told us that “Being an Ashoka fellow also helped to start, without the fellowship I would not have started the organisation.” INT12 said a similar thing: “Ashoka was the key element that helped me make it through in the difficult moments at the beginning”. Not only the network itself but also the entrepreneurship education lies in the focus of these organisations. “[Agora offered] great educational opportunities. It has been
tremendously valuable in that sense (INT06).” INT05 summarized “For me Ashoka is the real thing. People think that I am crazy but Ashoka really helped me to gain other peoples trust. Every time I go to the Ashoka office I meet other social entrepreneurs there and any time I go there, it is amazing for me. It is inspiring, very supportive.”

The organisations try to, among other things, improve the entrepreneurship education. Education in general is a big issue in some of the Central American countries. INT08 told us about the experiences in Guatemala: “And you see in every situation in Guatemala, there is a very unequall distribution of power and wealth and resources and access. And that, in many ways, also accounts for the lack of education”. During our interviews we also asked the participants, what skills they were lacking before starting the business. The answers were manifold and diverse, with most of them comprising the lack of experience.

**Cultural Factors**

Tightly linked with the social part is the cultural aspect on entrepreneurship. Cultural influences are mostly underlying, so interviewing the participants regarding their perception of cultural influences was interesting. In the beginning of the interview we asked the participants how they perceive their individual cultures and what important aspects of their culture in general were. The answers were very diverse, ranging from talks about the weather “One […] other thing is that in Guatemala, when you are abroad, you are missing a lot is the weather. We can see the sun every day” (INT05) to comparisons between America and Central America “The cultures are very different. But then we also see that when you get down to it, what Americans what for their kids is the same in a lot of ways to what people in Central America and for their children.” (INT07). INT11 also explained that they have a different understanding of time, i.e. when you have an appointment it does not always start on the exact time. When asked about their culture some interview partners also referred to the economic and political problems in their countries (e.g. INT08, INT12). But INT03 also said that “People here are very giving” and “Family and friends, our communities are so important to us” (INT05) (see below). For Costa Rica several entrepreneurs also mentioned how education, peace, having no army and the relation to nature have shaped their country (e.g. INT04, INT12).

What many entrepreneurs unites is the opinion that they do not see one unique culture in Central America. INT 06 talked answered the culture question very general: “They are very different […] from country to country. Central America is very small so it’s easy to assume that it’s more or less homogenous, but it’s very different from country to country depending on history and many other factors, current state of the economy, exports products, political affiliation, political history. […] You see a lot of diversity. There are a lot of indigenous roots and a lot of indigenous traditions. […] Honduras and Nicaragua are one of the poorest of the Central American countries. There is tremendous difference in terms of culture and in terms of history. And in terms of how society has developed as result of different histories they have, especially since the 70’s. That has determined a lot of where each country is right now and how the people are. In Guatemala and El Salvador you see a lot higher level of development and progress but you also see a bigger wealth and income gap. There is probably more extreme poverty […] in Guatemala than anywhere else in Central America but there is also probably the highest wealth in all of the countries in Central America. So they have a very, very broad range. El Salvador is an interesting one in between all of them. It has a little bit of
everything.” Interestingly, INT06 was also the only interview partner mentioning food when asked about the culture: “I think the one thing that unites almost all of Central America is the tortilla. So just corn and the culture around corn.” [INT06 laughed when telling this].

Interesting to see was that a lot of entrepreneurs talked about difficulties and problems in their countries arising from culture. “Our country also faces a crisis of national identity, because there is no collective vision in our country what we are all working towards. When people perceive Guatemala from outside they think that we are a very rich, diverse, multicultural, pluralistic nation of 25 mayan languages and are very like living, breathing minor identities, but it is not like that” (INT08). INT07 experienced the big diversity when working with indigenous people in Panama. He said “They are very traditional and there are a lot of cultural disparities”.

In line with our literature chapter we also want to refer to our three main cultural orientations: people, performance and risk. We already stated many examples in the introduction as well as in the social part about the involvement of family and friends and the importance of social networks in the country. Therefore we will not focus too much on the people orientation again. Nevertheless, we consider it important to emphasize that basically all participants told us about support they received in one way or the other. This is rooted in the general Central American culture. INT07 generally stated that “The people and communities seem closer. There is more family involvement. [...] There are different values.” Other entrepreneurs also pointed out, that the family and the group is very important. INT08 said about it: “So it means, that many latin-american countries are family-based, family first, country, god”.

Regarding the performance orientation, people told us that people in their countries do not value performance very high. This caused difficulties sometimes, especially when working with public institutions like the government or communities: “One thing that I have learned in this process, as a person and as an organisation: if you want to work with communities, you should not push it your speed. It’s the communities’ speed. [...] You are already interfering” (INT04). INT10 compared Central American culture with our (author’s) culture: “That is one of the problems here that people are exactly the opposite of Germans. [They are not straightforward] but they spin around a lot of times. They are not result oriented. [...] Most people don’t take responsibility of the situation”. He/she also pointed out that “You are not supposed to do a lot of things. You are not supposed to build a company. Moreover you can find a job easily if you have education, so why build something? [...] The culture doesn’t encourage people.” (INT10)

The third part of the cultural orientations deals with risk. In the introduction we already talked about risk as an influencing factor that needs to be considered when starting a business. Later on in the interviews we also tried to assess how risk in the general concept about cultural is evaluated. INT01, for example, talked about risk orientation among his/her friends: “I have a couple of friends of mine they have started their business, but they remain pretty small. I think they are kind of comfortable with you know. They have started, they get a decent revenue so they can live and make it and if you ask why don’t you multiply that business model in another place, they answer well it might not work”. INT02 confirmed this opinion: “People are risk adverse, “people want everything to work fine”; people in the culture try to “better stay away from risk”. Another interesting fact was told us from INT04. He/she said: “I cried because I was
afraid, but I cried behind a door. You always have to come out and say, we will succeed, we will do it. And we are doing ok despite of the bullets going through. Because we never go to those crises, we go to very serious crises, [...] which made me very afraid, but I tried never to express it”. In general, it seemed that most of the entrepreneurs did not consider risk as highly important. Moreover, some entrepreneurs also reported, that they failed and had to start again. “[We] have failed many times, but we also got back on our feet” (INT13). INT10 pointed out that “you will probably start to win the fight around the 7th round. By then you will have a black eye and probably a broken tooth. And it’s ok. You don’t have to expect to be Bill Gates from the beginning. Success is something that you build and you have to endure harshness and you have to be brave and you have to be analytical and creative, but it’s something that you build with lots of work, with commitment with consistency and a willing to sacrifice comfort or material stuff at least at the beginning.”

Two more points were analyzed in the interviews, which are also related with cultural aspects. The first of them being unwritten rules and the second one how people in a culture deal with arising conflicts. We asked the questions about these topics in a direct manner, leading to diverse answers again. One negative attribute related to unwritten rules was sexism. INT13 told us “I think the society’s biggest problem is sexism. That we are two young girls and people in Latin America don’t believe in us. They don’t talk about it but you can see it.” Some other participants talked about other unwritten rules, such as communication. INT05 said “Oh my god, wow. That is really hard to deal with that. Culture and business culture. Here in Guatemala, the culture says that you cannot do whatever you want. You have to do, what the community or society wants you to do.” And INT07 added: “Culturally it’s very polite and not direct. Sometimes we notice that we have to be more sensitive and more tactful in the way we communicate”. While INT07 was talking about communication and unwritten rules in general, INT09 gave a specific example that he had experienced. “Especially when you work with indigenous communities you have several laws that you have to know. You have to move inside these kind of laws. It doesn’t stop us from doing our job but it makes it a bit more difficult sometimes”. Difficult situations usually also require a certain way of talking. Therefore we also asked the participants how they deal with arising conflicts. INT05 answered “indirectly. [...] E.g. with the government or the community, etc. we have to be smart to deal with that. [...] Every community has their own culture how to deal with conflicts. That is important when dealing with conflicts. You have to respect their way. Solving problems means creating stronger links with the community.” INT07 pointed out that “There is a ton of miscommunication. You have to learn basically how to communicate with them and accomplish things”.

To summarize one can say that, that our participants had very different attitudes towards culture. The very broad questions were answered totally different, sometimes referring to food, family, weather, but also crime and other problems. A general understanding of the word “culture” was not clearly visible but instead various fragments frame the picture of culture.

5.2.3. General Assessment of the Factors and View on Entrepreneurship

At the end of the interview we have also asked the entrepreneurs to consider the topics and issues we have discussed in general. In this part of the interview we have also asked them to rank the six contextual factors based on how much they feel influences by those (see chapter 6). Based on this we also asked them to tell us which factors had the most
positive influences and most difficulties. We have also asked them to give their opinion about what should be improved to support entrepreneurship. These findings are listed under the different contextual factors in chapter 5.2.2. We have also asked some of the entrepreneurs who did not really use the terms ‘entrepreneurship’ or ‘social entrepreneurship’ in the interview, how they would consider themselves. Overall, we can see that the majority of our interview partners consider themselves to be entrepreneurs. In the end, more or less all of them had also received some recognition as entrepreneurs from different organisations supporting entrepreneurship. However, when we had asked “Do you consider yourself to be an entrepreneur?”, INT04 has answered: “Nn, yes. In the course of my life. But not an entrepreneur to make money or to make any of the organisations financially successful. Maybe my mind has been too much into the public cause. Maybe I don’t understand what entrepreneur means. Maybe in my mind entrepreneur has to do a lot with business making and it’s not. So I don’t know if I’m an entrepreneur.” For INT04 entrepreneurship is “very associated to money, and I am a poor person.”

When we asked people about their views on social entrepreneurship, we also received quite different answers. INT03 did not know the term social entrepreneurship before they started their business, but it has helped them a lot since then to know that they are not alone and that they can receive help from other organisations. “The whole concept of having a social business is very new in Guatemala. To me it was also new. I didn’t even know there were these big organisations that support businesses like this [...] So it is a learning process for all of us. I feel like we want to pass on this idea of having a business and at the same time being social.” (INT03) INT05 also sees social entrepreneurship as an area that should be supported to help those entrepreneurs: “Anything that could be supportive for social businesses is important now. I am talking about the way we can make social entrepreneurship theories. Why do people study economics, but do not include the social aspect? How can we measure our social earnings? That is so important right now.” Other entrepreneurs seem rather sceptical about the term ‘social entrepreneurship’ or the hype that is surrounding it. For example, INT06 founded their social enterprise out of an NGO so for them “the social part came naturally. We didn’t decide to form a social business, we decided to form a business out of a social organisation. And because [the NGO] is the 100% owner that business can only generate mission consistent income. So by default and by law, the way that we decided to form the business, it has to be a social enterprise. It wasn't that we went after creating a social enterprise because it's a buzz right now.” (INT06) “Now there is this sort of trend towards social entrepreneurship, which I am really not comfortable at all, because people are doing stuff, you know, mostly to put a cool thing on their facebook wall as opposed to doing, you know, things for the correct reasons. But anyway, things are becoming to change a little bit due to that trend that it's now cool to do stuff, you know social stuff.” (INT12) INT10 thinks that “social entrepreneurship is inspiring”, but INT10 does not see the point giving everything to the people. They rather "solve a social problem while creating value to the market. Because this way we can create a self-sustainable venture. [...] The problem with social entrepreneurship as we know it, with NGOs, foundations and stuff, is that they depend on grants and loans of other people that they need to convince to help them. We have investors, we don't have loaners. We are trying to scale the company to get more investors to have a scale and have an impact worldwide. That is the biggest difference. Not every social entrepreneur feel good or comfortable about this conception, but this is the way we manage this. We take management tools to create a huge impact in a social plane.”
6. Analysis and Discussion

In this chapter we analyse and discuss the empirical findings from our research. Therefore we combine the findings made in the secondary data collection with the findings from our interviews, representing the primary data collection. The analysis is manifold, starting with revising the classification of our interview participants into specific groups of sustainability-oriented and commercial entrepreneurs. We continue with the analysis of the individual contextual factors and their influence on the phases of the entrepreneurial process. Here, we focus on the differences among the types of entrepreneurs and the Central American countries. In the end we use all findings and conclusions to revise our theoretical framework.

6.1. Classification of Entrepreneurs

In line with our methodology we have selected our interview partners with the help of our checklist (see Appendix 4) and sorted the entrepreneurs either in the case group of sustainability-oriented or commercial entrepreneurs. However, during our interviews we realised that based on what we had set as conditions in our checklist, our classification was not always correct anymore. Therefore we used different coding before and after the analysis (see Appendix 10), but refer here to the coding based on the order of interviews. First, with two interview partners (INT04, INT12) we interviewed as sustainability-oriented entrepreneurs we did not see our criteria ‘Economic Value Creation’ fulfilled. These organisations are based on permanent funding and have no strategy for the future to create revenues based on the business models. Therefore we cannot consider them as entrepreneurs as we are using the term in this study and we have decided to separate those two from our case groups. Nevertheless these interview partners have all the other entrepreneurial characteristics and great experience in their field, which is why we will still use the findings from those interviews in order to better understand the context. Secondly, we had interviewed INT01 as commercial entrepreneur, but had the impression during the interviews that he/she had a strong social mission. Based on our question after the interview INT01 also said that he/she would consider him-/herself a social entrepreneur, which is why we moved INT01 in the case group of sustainability-oriented entrepreneurs. Due to this re-classification we have now eight sustainability-oriented entrepreneurs and three commercial entrepreneurs.

In addition we realised that the case group of sustainability-oriented entrepreneurs is very heterogenous confirming our findings and expectations from the literature review. Overall, we could still see many similarities, but also distinctive differences between the entrepreneurs. In order to make the analysis of this group easier we therefore decided to classify the sustainability-oriented entrepreneurs into certain clusters. We noticed that the differences of these entrepreneurs were mostly due to their background and orientation in either the non-profit sector or the for-profit sector. This relates to the findings by Abu-Saifan (2012, p. 25-26) and other authors who found that social entrepreneurship can exist as non-profit or for-profit with different characteristics. Therefore we decided to draw back on our previously developed figure for distinguishing between social and economic perspectives in social entrepreneurship (see chapter 2.2.1). So we divided the entrepreneurs as either non-profit driven with an earned income strategy, for-profit with a mission-driven strategy or as organisations that consist of a non-profit and a for-profit part. We acknowledge that this is only a rough classification and it is possible that the entrepreneurs might be classified differently in a later stage, but for the purpose of our analysis we consider this to be sufficient.
The classification of all interview partners can be seen in Figure 14.

We observed that this classification is also supported by the way the interview partners talked about their organisations. Entrepreneurs with a higher for-profit orientation used more terms from the business world and often seemed rather matter-of-fact. The interview partners with a higher non-profit orientation used less economic or business terms, but seemed very passionate about their organisation and their ideas. However, we also believe that this language usage is rooted in the professional background of the entrepreneurs. In the for-profit area we have more entrepreneurs with a business background, whereas in the non-profit area the people also have other backgrounds not related to business.

6.2. The Influence of the Contextual Factors on the Entrepreneurial Process

In the following section we analyse and discuss our empirical findings from our primary research in the light of the information we had obtained through our secondary data collection about Central America. With respect to our research question we analyse and discuss ‘How do contextual factors in Central America influence the entrepreneurial process of different types of entrepreneurs?’ We use our theoretical framework as the basis for analysing our findings and discuss how our theoretical framework has to be revised based on our empirical study in the Central American context.

In line with our research question we are interested to see how the contextual factors influence the entrepreneurial process; that is which phase of the entrepreneurial process do they influence most? Based on our theoretical framework we identified here Opportunity Recognition, Evaluation & Exploitation and Venture Creation as phases of the entrepreneurial process. During the analysis of our empirical findings from the interviews we realised that when considering the influence of contextual factors on the entrepreneurial process we obtained way more data about the exploitation and venture creation phase than about the recognition and evaluations phases, because the later phase is naturally longer and we had not determined when the phase ends. Therefore we decided to add to the exploitation and venture creation phase a ‘Growth’ phase to fit the
collected data (see Figure 15). We interviewed some entrepreneurs that own more established ventures and are in a later stage of the entrepreneurial process, while others were still in a very early phase of the venture creation. By doing so we realised that these entrepreneurs are differently influenced by contextual factors. For example entrepreneurs in the growth phase are less concerned with legal issues but more with finding financial resources for expansion. Here we have to point out that depending on the enterprise the venture creation phase can be shorter or longer, so we cannot give an exact time when every enterprise enters into the growth stage.

![Figure 15: Revised Entrepreneurial Process](image)

To follow our line of argumentation from the previous chapter, we have separated this section in the same manner along the six contextual factors (see chapter 2.3 and 4). For each contextual factor we analyse and discuss the factors that we identified within those factors (e.g. financial resources as factor within the economic factors) and decide to retain, adapt or add factors based on the application of our framework to the Central American context. In addition, we discuss and argue if and how these contextual factors overlap. Here we will only point out the most salient connections; in the end all contextual factors overlap in various ways that cannot all be named here. Then we analyse and discuss what kind of influence these contextual factors have on the entrepreneurial process, e.g. if the factors have a positive/negative or strong/weak influence. Here it should be noted that all of the interviewed entrepreneurs are still active in their venture. So any negative influences of contextual factors have not prevented them so far from continuing their activity. Failed entrepreneurs might assess the influence of the contextual factors differently and see the difficulties more severely. We also argue if we could observe differences between the countries in Central America. But it has to be taken into account that we mostly obtained data from entrepreneurs working in Guatemala and Costa Rica and therefore only make country-specific references to those two countries. We indicate however when it seems adequate for us to assume that findings might be true for other countries too. Finally we analyse and discuss for each of the contextual factors which similarities and differences we could detect between our two case groups of commercial and sustainability-oriented entrepreneurs, between non-profit and for-profit oriented entrepreneurs and also between entrepreneurs which have either grown up in Central America or outside of the region.

### 6.2.1. Political and Legal Factors

In the area of political and legal factors we had identified three factors in our literature review: Government policies and the extent to which they support entrepreneurship (e.g. tax policies), government entrepreneurship programs, and corruption. Based on our research we have analysed these factors and decided to adapt our political and legal factors based on this.

With respect to the first factor we learned through our interviews that there are no tax policies that would support entrepreneurship. Especially for Costa Rica we found out that entrepreneurs or small business owners all face the same taxes and social security
charges as any other company irrespective of how big it is or when it was established. It was perceived as quite problematic for the entrepreneurs to immediately pay taxes and security charges when still struggling with the first revenues and profits. Most of them showed anger and incomprehension about the topic and felt unfairly treated. We therefore include ‘taxes & social security charges’ as a new factor here, replacing the general one about government policies.

When thinking about government entrepreneurship programmes we have decided to split off two factors here. One the one hand we can see that the government can support ‘(incubator) organisations’ that foster entrepreneurship. We think these ‘(incubator) organisations’ can be privately funded by a business or foundation (e.g. Ashoka), organised by a university or directly supported by the government. We did not hear about any of those organisations being directly funded by the government in Central America, so we include it in the political sphere as a mere possibility while seeing a strong overlap to the economic and social factors. Ultimately, we believe that the strongest effect of these organisations lies in the social effects so we will discuss it in this section. One the other hand we have heard that in Costa Rica the government provides funds to directly finance small businesses, so we include ‘government funding’ as another possibility linked to the economic sphere. This was also a good example to see the problems of government involvement as the entrepreneurs also criticised the difficulty of obtaining these fundings. They told us that they are actually unable to fulfill their purpose of promoting new, innovative ventures.

Another point we include in the political and legal factors now is ‘legally setting up the business’. We asked about this point within the economic questions and also presented the findings in this section, but while there is definitely a connection to the economic factor we see it better placed in the political and legal sphere. The entrepreneurs reported very differently about this point so it seems to depend on the type of business or the circumstances.

We argue that all political and legal factors presented so far will influence entrepreneurship in every country in Central America or other regions. So depending on the countries, these factors can either be positive or negative. In Central America, as far as we have learned, the countries have not yet used these factors to set positive influences on entrepreneurs, so the factors have either no or a negative influence.

In addition, we add two factors specifically as an influence in Central America. The first factor here is the new factor ‘bureaucracy’. Some entrepreneurs told us that it had been very problematic to legally set up their organisation due to the bureaucracy and other problems. For example, we had seen that INT12 was “really devastated” and could not believe that he/she kept having problems with the bureaucrats even though being supported by the president. So we could see that some entrepreneurs reacted emotionally to that topic. Therefore we think it is an important point to include here that we also separate from the other factor that we had included from the beginning, which is ‘corruption’.

We have seen in our primary and secondary research that corruption is a huge issue in Central America, so it will remain a separate factor within the political and legal factors. Corruption is part of the general crime problem in the region (European Commission, 2007, p. 3; Transparency International, 2013). In our interviews we learned that crime
also influences the entrepreneurs on a personal level as they sometimes have to worry about their safety. Therefore we have decided to include both ‘corruption’ and ‘security’ as part of the factor ‘crime’ in the political & legal area. Based on our research it seemed that corruption is a general issue in all over Central America, although there are improvements in some areas. For example, entrepreneurs in urban Costa Rica seemed to have made less negative experiences with corruption. Similarly, security was only mentioned as an issue in rural Costa Rica (INT01), but by many other entrepreneurs in Guatemala. Therefore it seemed that our findings from the interviews confirm the information from our secondary research that Costa Rica faces less problems with corruption than the other countries (see chapter 4.1; Transparency International, 2013).

During the interviews we had the impression that the entrepreneurs reacted differently to that questions. Some of them hesitated because they were not sure how to answer. Others seemed quite nonchalant about the topic. And a few were strongly concerned about it and verbosely explained the issue.

We have also considered how these identified political and legal factors influence the different stages in the entrepreneurial process. We assess that ‘legally setting up the business’ and ‘bureaucracy’ rather influence the venture creation, whereas ‘taxes & security charges’ and ‘government funding’ affect the venture creation and growth phase and ‘crime’ is a constant issue.

We have summarised our findings and conclusion about the influence of political and legal factors in Figure 16.
In general we learned from the interviews that the entrepreneurs “don’t feel encouraged by the government at all” (INT13) and the political sphere is rather perceived as the source of problems than of support. So depending on the venture the political and legal influence is either lower or higher, but almost always negative. We thought this is quite interesting, as we know from our literature review that entrepreneurship has positive impacts on an economy (Abu-Saifan, 2012, p. 22; Carlsson et al., 2013, p. 913) and you could therefore expect a more favourable attitude of the government. On the other hand we can also see that the government faces many problems in these countries (see chapter 4) and is thus maybe not able to adequately support entrepreneurship. In the end, most entrepreneurs also do not seem to expect much from the government; that is they do not expect active support, but just wish the government would not put stones in their way.

Finally, in line with our research purpose we have considered if and how the entrepreneurial processes of sustainability-oriented entrepreneurs and commercial entrepreneurs are affected differently by political and legal factors. Overall we had the impression that the political and legal factors influence those entrepreneurs in a similar way or at least that the differences do not depend on the type of entrepreneurs, but on the area of business. We assume that every founder of an organisation in Central America will somehow be affected by the factors of legally setting up the organisation, bureaucracy, corruption and security to a varying degree. The overall orientation might rather have an influence than the type of entrepreneur, for example we can see more problems for the founders of non-profit organisations that have to deal with the government on a daily basis due to their activities. Entrepreneurs in the for-profit area – independently of sustainability-oriented or commercial entrepreneurs – have more desire and possibilities to stay away from the government and thus avoid problems. Issues with taxes and security charges were reported both by commercial entrepreneurs and sustainability-oriented entrepreneurs in the for-profit section. Incubator organisations seem to have a different role for sustainability-oriented entrepreneurs, but we will discuss this in the social section. Therefore we can conclude that we cannot observe differences between sustainability-oriented and commercial entrepreneurs when it comes to the effect of political and legal factors.

6.2.2. Economic Factors
Within the economic sphere we had initially identified the most factors: economic situation of the country, financial resources, human resources, non-financial support, entry regulations and physical infrastructure. Our secondary research here only allowed us to gain a general impression of the economic situation in the Central American countries, but did not answer the more entrepreneurship-specific questions so we will draw back mostly on our primary research here.
In general, we perceived that the economic situation sometimes had an influence on the entrepreneurs, but it was not very specific to the entrepreneurial process and we do not think it is worth including it as a separate point anymore. We rather just accept that the economic situation in a country has a general influence on all entrepreneurs. Instead we include the factor of ‘social issues’ as a social and economic factor that we discuss in the social section. For the economic sphere we also keep the factor ‘entry regulations’ as it was referred to by several entrepreneurs although they considered this quite differently. We could see that the economic situation leads to inefficient markets that offer many opportunities for entrepreneurs and makes it easier for new ventures to enter. No entrepreneur mentioned specific entry barriers that would have stopped him/her from entering. We believe that the markets in Central America are still developing and there are fewer actors and regulations there than in many European or the US-American market. Likewise, most entrepreneurs did not have problems with competitors yet. Many of the entrepreneurs consider themselves simply too small to bother anybody yet, but they expect more problems in the future. We think that if the markets in Central America will develop further, more competitors will enter and it will be more difficult for the entrepreneurs to compete there.

The factor ‘non-financial support’ referred to people or organisations that provide knowledge, skills and other support apart from finances, e.g. helping to prepare a business plan. This is often done by either the provider of financial resources such as business angels or venture capitalists, or by specific organisations such as incubators. Therefore we will replace this factor with the new factor ‘(incubator) organisations’ (see chapter 6.2.5) as it will cover the same aspects.

The factors ‘physical infrastructure’ and ‘human resources’ were discussed in our interviews and remain as factors in the economic section, but have overall only little impact in the early stages of a venture. The physical infrastructure (such as offices or warehouses) was simply not that relevant for the interviewed entrepreneurs as most of them could work with only a computer and the ones with actual products were not able to produce them in Central America, but had to import them, so it was rather a transport/logistics issue and therefore also linked to corruption and bureaucracy. Most interviewed entrepreneurs have not hired permanent staff yet, but instead rely on their social network or employed people on a contract basis. Therefore we also see a connection to social factors here. For Costa Rica, we have learned from most entrepreneurs that it is rather easy to find good, well-educated employees (but maybe not in rural areas according to INT01). This is also due to the fact that people rather become employees than start their own venture (see chapter 6.2.6). Human resources is also connected to security issues as some entrepreneurs said that they have to worry about their staff in certain regions if they send them out with a lot of products or money.

The most important economic factor is ‘financial resources’ and we discussed this factor with many entrepreneurs in detail. Overall, obtaining the required finances for their organisation has been an issue for almost all entrepreneurs and a source of problems. The most frequently used resources have been personal savings, friends and family, and funding from incubator organisations, such as Ashoka. Some entrepreneurs had also managed to receive financing from investors, either individual people similar to business angels or companies/investor groups. Two entrepreneurs had also managed to get funding from government funds and the more non-profit oriented entrepreneurs could also draw back on grants or donations even though those were hard to obtain. The
entrepreneurs agreed that bank financing in general is not an option and that there are only few investor groups or possibilities for funding. Here, entrepreneurs pointed out that there is a lack of understanding for new and innovative ventures that also bear risks. Therefore we can see that there are not enough financial institutions that can provide finances for start-ups, especially when they require more funds in their growth phase. We think this is very problematic as it hinders new organisations to form and grow to a stage where they actually run profitable. The scepticism of existing organisations to finance ventures that are perceived as risky will limit the countries’ general degree of innovation and development. Consequently, we agree with the many entrepreneurs who have stated that it is important to improve the financial possibilities for start-ups to support entrepreneurship in Central America.

Again, we have also considered how these identified economic factors affect the entrepreneurial process. We believe that ‘entry regulations’ and ‘financial resources’ can already impact in the opportunity evaluation, but mostly in the venture creation phase. ‘Physical infrastructure’ and ‘human resources’ will rather influence during the growth phase.

We have summarised the economic factors, their relation and impact on the entrepreneurial process in Figure 18:

We have also evaluated the influence of economic factors on the entrepreneurial processes of commercial versus sustainability-oriented entrepreneurs. Here we mostly see a difference with respect to the financial resources as the types of entrepreneurs
have sometimes different possibilities for obtaining financial support. Non-profit oriented entrepreneurs can utilize donations and grants as additional resources. Sustainability-oriented entrepreneurs can receive funding from organisations such as Ashoka or social investor groups. In contrast, for commercial entrepreneurs with “classic” business ideas it might also be either to receive “classic” funding such as bank or venture capital financing. This confirms the proposition by Austin et al. (2006, p. 3) that these types of entrepreneurs mobilise financial resources differently. However, we could not observe a difference with respect to human resources as expected by Austin et al. (2006, p. 3) too. Marshall (2011, p. 186) had characterised the social for-profit entrepreneur with a belief in market-based approaches, which he did not name as an attribute of the entrepreneur in general. Instead we could not see a difference there in our study. We observed that the for-profit oriented entrepreneurs (independent of commercial or sustainability-oriented entrepreneurs) display a stronger economic thinking. They use more business vocabulary and they are more worried about the market, competitors and their profitability than the non-profit oriented entrepreneurs.

6.2.3. Technological Factors

Within the technological factors we had identified ‘use of technology as part of the venture’ and ‘impact of technology on starting and running the business’ as influential factors in our theoretical framework. Based on our interviews we can see that entrepreneurs use technology in their venture if they have a physical product or a service that is offered via website or mobile phone application. The entrepreneurs that have physical products also depend on the research and development and the opportunities for producing these products in Central America. Here, we mostly observed that the entrepreneurs had to import their products from the US or Europe because it was not possible to find the same quality in products which were produced in Central America. One entrepreneur also assessed that the amount of investments into R&D is not very high in Central America. So in general the access to technology within the countries is fairly easy, but most of the highly technical products cannot be produced in Central America.

The impact of technology on starting and running the business depends on the general level of technology development in the countries. As we have seen in our secondary data the internet coverage and importance of social media is increasing in Central America (see chapter 4.3; The World Bank, 2014b; Socialbakers, 2012). Our interview partners confirmed this for Costa Rica and Guatemala, but we believe technology will have a similar influence all over Central America. Some entrepreneurs still have to adapt and offer simpler products, because the internet coverage is not 100% in the rural areas or their customers do not own smart phones but rely on simple mobile phones, but they still expect the situation to improve in the next years. Consequently many entrepreneurs have realised the potential of using technology to sell their service/product, access information, communicate about business activities to stakeholders or improve their internal operations.

Therefore we have decided to keep the initial technological factors. Overall, the influence of technology was seen positive and brought many benefits for the enterprises. In general, the entrepreneurs reported either neutrally about the use and impact of technology, or were more enthusiastic about the opportunities technology opened up for them. We can see that the technological factors also overlap with economic factors because technological possibilities affect how revenues can be created or costs saved.
Based on the interviews we would also assess that technology is a constant influence and can therefore affect all phases in the entrepreneurial process to varying degrees.

We have summarised the technological factors, their relation and impact on the entrepreneurial process in Figure 19:

![Figure 19: Influence of Technological Factors on the Entrepreneurial Process](image)

Based on our interviews we do not see any difference between sustainability-oriented and commercial entrepreneurs. Technology was perceived as quite a positive influence to a varying degree by the individual entrepreneurs.

6.2.4. Ecological Factors

Our analysis of the environmental factors led to a similar discussions and conclusion as for the technological factors. Here we had identified ‘impact of ecological factors on starting and running the business’ and ‘environmental legislation’ (overlapping with political and legal factors) as influencing factors that we will also keep. For both ecological factors we had only few entrepreneurs that could actually see a direct influence. Therefore we conclude that the potential influence of ecological factors strongly depends on the business. We had several entrepreneurs that sold products with a positive impact on the environment, but this was most of the time not the reason for the customers to buy the product. Only one entrepreneur mentioned that they consider the ecological footprint of their own organisation and this particular entrepreneur was not from Central America. So overall it seems that there is not really a mentality yet for ecological problems in Central America, but we could also see very distinct differences between the countries here. In Guatemala, one entrepreneur told us that biological products are still a niche segment in Guatemala although they expect it to grow. In our opinion this is quite understandable, as many people in Guatemala are poor and face serious problems, so being concerned about buying ecologically-produced products might be rather of interest for the upper class. Likewise we learned that there is only little environmental legislation in Guatemala that would for example prevent large corporations from destroying the environment. In contrast, we can see that Costa Ricans are way more concerned with the environment. Almost all entrepreneurs from Costa Rica mentioned the importance of protecting the environment for their country in some way, for example also when describing their culture. This confirms our impression from the secondary data. Costa Rica also has a stricter environmental legislations and aspirations to really be a green place.

So we argue that ecological factors can have an impact on entrepreneurs - all along the entrepreneurial process - but that is very specific to the type of business and the personality of the entrepreneur. When considering the influence on different types of entrepreneurs we can obviously detect a stronger influence on ecological and
sustainable entrepreneurs than on the other types, but we do not see a general difference between sustainability-oriented and commercial entrepreneurs. The influence of ecological factors is summarized in Figure 20:

6.2.5. Social Factors

The social aspect of the contextual factors influenced the participants and their processes in various ways. The previously identified social factors of our theoretical framework were ‘attitude towards entrepreneurship’, ‘entrepreneurship education’ and ‘networks & social capital’. In addition to these ones, which focus mainly on the entrepreneurial perspective, also a general assessment of the social factors was conducted. As can be seen in the literature review as well as the chapter about Central America, the basic social factors such as literacy rate, poverty and health care contribute to a country’s social state.

As for the factor of ‘attitude towards entrepreneurship’ we found out that this is strongly related to culture and that many people in Central America face a high social pressure when starting their own business. Society in general does not support entrepreneurs; they are contrariwise sceptical and avoid uncertainty. Hence our participants mostly faced a state of constant disbelief among their social networks and in their society. They had to prove that they would not fail but instead were able to create a successful business. And even though most of our participants ensured us that success in general and monetary success in particular are not that important in their society (see chapter 6.2.6), most of them told us that people did not believe they would succeed.

The factor of ‘entrepreneurship education’ was not as important for most of our participants. When asking about missing skills when starting the business, most of them chose the answer about experience. Since experience is something that cannot be taught but instead needs to be acquired, we concluded that the education is not a big issue. Still, some entrepreneurs regret that entrepreneurship is not taught as an option in their upbringing and education. Therefore one can see that the box about entrepreneurship education is highlighted with a dotted-line, showing the less important influence.

As for ‘social networks’ we saw three different factors influencing this particular social factor. The first one is family and friends that are in the social network of the entrepreneur. The second group is the one of (incubator) organisations the entrepreneurs have contacts with. Previously, we included this group solely in the social aspect. But as can be seen in the interviews, (incubator) organisations influence mainly two factors, namely the economic situation (as financial resource) but also social attributes. Therefore the relevant box is located inside the social networks but still displays the overlap between economic, social, political and legal factors. The third factor we
included is social capital. Social capital refers to all people and organisations that help the entrepreneur directly with their knowledge and/or time. Therefore two arrows have been drawn in the figure to display that not only family and friends but also (incubator) organisations can become social capital. The focus of this group is on people that are actively involved in the venture and not only support the entrepreneur in an encouraging manner.

Many entrepreneurs, regardless of sustainability-oriented or commercial entrepreneurs, are in general influenced by the basic social factors mentioned above in one way or the other. Therefore we consider the basic social factors as a general “layer” surrounding all entrepreneurs in an economy. Among the Central American countries they take on different characteristics depending on the individual country’s stage. Costa Rica, for example, being highly developed in some parts such as the overall educational level, faces other problems than Guatemala, still in a stage where fighting crime and poverty is a determining factor. As INT08 pointed out, many people in Guatemala still have “very little access to resources, to power, to money, to status and to education”. To conclude one can say that the overall economic and social situation influences both kinds of entrepreneurs.

In addition to the previously identified factors we add ‘social issues’ and in particular the income disparity between rural and urban areas for our social factors. The issues arising through this factor were mentioned in almost all of our interviews, though never stated directly but instead interwoven with e.g. cultural or financial topics. But it became visible that especially in Guatemala and Costa Rica the income disparities are still tremendous and influence society. This confirms our findings from secondary data about those countries (CIA, 2014). INT12 pointed out that the likelihood for receiving funds was mainly based on human development indexes. Costa Rica, for example has very poor regions that need support but the country does not receive international funding because (due to the income disparity and a wealthier upper class) their overall indices are too high in comparison with its neighbors. And Guatemala, on the other hand, facing extreme poverty in certain areas of the country, is not able to tackle all its problems at the same, leaving the issue of poverty widely unsolved. The reason to exclude social issues from the basic social factors and add it as a single factor is the disproportionate appearance of these problems in the region of Central America. In a general concept it would presumably be valid to state social issues as part of the basic social factors.

As a conclusion of all the interviews we can say that social factors and in particular social problems influence or even generate the necessity for entrepreneurship. While networks usually have a supporting role, the general attitude of society towards entrepreneurship in Central America is rather aggravating. While the networks are strongly linked with economic factors, the attitude discloses a linkage with cultural aspects. Regarding the entrepreneurial process we think that social influences occur throughout the whole process. While the basic social factors and the social issues have the biggest impact on the opportunity recognition, the attitude of society and of friends and family affects the opportunity evaluation. The established networks including social capital and (incubator) organisations on the contrary have the biggest influence on the venture creation and the growth stage.

We have summarised these findings in Figure 21.
Social factors can also have different influences on the forms of entrepreneurship. From our results, the basic social factors including social issues impact the sustainability-oriented entrepreneurs a lot stronger, especially in the phase of opportunity recognition, which confirms the findings by Corner & Ho (2010, p. 654) that social issues affect the opportunity recognition in social entrepreneurship. Most of these entrepreneurs build their business around a certain social or ecological problem and try to create solutions in order to improve the situations. One could also assume that society has a more positive attitude towards sustainability-oriented entrepreneurs, but this assumption could neither be validated nor rejected.

An important influence on both forms of entrepreneurs is the existence of networks and (incubator) organisations. Almost all of the participants that had some kind of these contacts assured us that the membership had encouraged and supported them in many different ways. The social network in general played an important role for all interview partners, but especially for the sustainability-oriented entrepreneurs the Ashoka or Agora fellowship meant a lot to them. Also the access to these kinds of organisations is easier for the sustainability-oriented entrepreneur. For the commercial entrepreneurs among our interview partners these organisations are of less importance, but incubators or other social capital play an important role.

6.2.6. Cultural Factors
The influence of culture, as already mentioned before, is the vaguest factor to analyse because it occurs mainly in context-based expressions and is not as obvious as for example the technological influences. But we found out that culture influences the entrepreneurs tremendously, even though they might not notice. We realised that all interview partners had very different perceptions about the concept of culture and that most of them had to think about the question first. For most of them culture was not an obvious factor. Some participants could not grasp the idea and considered it a too broad term. Only few people talked about food, lifestyle and the influence of weather. Several
entrepreneurs gave rather long explanations that focussed more on the history as well as on economic and social problems. Thus they often see culture as a source of problems or in a negative way, even though culture is theoretically neither positive nor negative. As we had identified the three categories ‘people orientation’, ‘performance orientation’ and ‘risk orientation’, we tried to analyse the statements of our participants accordingly. The results were quite interesting because, even though not clearly visible, a lot of responses could be related to cultural factors. In general, it is important to note, that all Central American countries are different from one another and even more differences exist among the individual indigenous sub-cultures within the countries. As INT08 pointed out, especially Guatemala is home to many different indigenous minorities that are simply unified by the countries borders but do not share the same cultural values. Therefore we decided to consider the cultural variety among countries and sub-cultures as a surrounding frame of the three orientations.

Within the ‘people orientation’ we discussed attributes such as the ‘community- and family-orientation’, the ‘power distance’ and the ‘assertiveness orientation’. The factor of ‘community- and family orientation’ was comprised in basically every interview we conducted. Countries in Central America have, according to our findings from secondary data (see chapter 4.6), a high community-orientation and value the group more than the individuum. Among our participants we could clearly see the tendency towards the group, being visible in the creation of networks and the support of friends, family and society. Many of our participants told us about their strong connections with their networks and reported that their private and professional lives were intertwined. Mainly our interview partners from outside Central America told us that they kept the business away from their family. Many other entrepreneurs, including participants who lived abroad but had direct family relations to Central America, told us that their private and professional lives are mixed up. We assume that this is true for most Central American countries. A tendency towards stronger or weaker family orientation within the countries Costa Rica and Guatemala could not be observed.

Another factor is the ‘assertiveness orientation’ which includes how people deal with confrontations and problems. Our participants were asked to answer how they deal with arising conflicts and occurring problems. Here, it became visible that Central Americans try to solve problems through talking. Most of the time, there was a difference in how the entrepreneurs talked to the people being close to them and how they talked to strangers. While being straight forward with their friends and family when discussing issues and problems, it was a lot harder to talk to external people. Especially participants being engaged with indigenous people reported that it took a lot of time and effort to solve problems. In general, one can say, that the people orientation in general is strongly linked to social attributes.

The second orientation is focused on performance, including dimensions such as ‘achievement vs. ascription’, ‘masculinity vs. femininity’ and how people in general value success. In order to evaluate the ‘performance orientation’ we talked a lot about success and in particular monetary success, but also how people deal with failure. One can see that in Central America in general people are “used to failure”. Many people told us that it was not so important to succeed but rather not to give up and to get back on your feet after failing. Also, some participants explained to us, that monetary success is not valued that high. It is important to make money for your living but not to get rich. This reflects that Central American countries are rather focused on ascription (“doing”)
than on achievement. Nevertheless, a difference was recognised between Costa Rica and Guatemala, with Costa Rica and especially the commercial entrepreneurs in this country being a lot more focused on success (“achievement”) than the sustainability-oriented entrepreneurs. In Guatemala on the other hand, the entrepreneurs appeared to be more process oriented (“ascription”), especially among entrepreneurs with a social mission. To conclude, we assume that the economic situation especially in the urban regions of the country allows the entrepreneurs to focus more on the success of their business. On the other hand, the sustainability-oriented entrepreneurs in both countries face many social problems so people in society value “surviving of the business” already as success.

The last orientation we included in our study is the ‘risk orientation’ entrepreneurs face. In our theoretical framework we included factors such as ‘uncertainty avoidance’, ‘future orientation’ and ‘internal vs. external control’. Among the interviewed entrepreneurs none of them said that they really considered risk when starting their business. Most of them explained that it is something to overcome and that they could not influence it anyway. This is also related to how the people in a country see the external or internal control, meaning how much they can influence things. Interesting to see is, that the Central American countries score mainly very high in uncertainty avoidance (see chapter 4.6; Hofstede, 2014b; House et al., 2004, p. 37), which might look confusing in the first place when talking about the risk orientation of the entrepreneurs. But once considering the reactions of society, meaning all the doubts and sceptical reactions the entrepreneurs faced, it explains the general attitude towards risk. The society in Central America in general is risk averse and tries to avoid uncertainty. Based on Hayton et al. (2002, p. 34) we had therefore assumed that the Central American countries do not facilitate entrepreneurial activity and we could observe this in our interviews. Many entrepreneurs were called “crazy” and “lunatic” because they gave up a safe job and started something on their own. They had to work against doubters among family and friends all the time. In that sense, sustainability-oriented entrepreneurs faced an even stronger headwind because people in society having trouble to understand the concept of sustainability-oriented entrepreneurship. Here the (incubator) organisations had an important role regarding the support and many entrepreneurs pointed out that they highly valued the organisations.

Through our analysis we also identified a third attribute which we call ‘pragmatism’. This factor is a combination of the performance and the risk orientation and deals with the way the participants tackle certain situations. Especially the sustainability-oriented entrepreneurs have the attitude of “Let’s just do it and take care of problems later” and deal with problems in a very pragmatic way. This is in line with Dees (2007, p. 28) who considered social entrepreneurs also as pragmatists. Since this attitude cannot be allocated to solely the risk or the performance orientation we decided to create a factor overlapping both orientations.

In general one can say that even though cultural differences exist among countries and within them, most of them share the same core cultural attributes. Any generalisation is problematic, but it helps to see clusters in behaviour among people from different societies. The people from the individual countries see differences within their country. But our aim was not to identify these minor differences but to rather explain tendencies arising through a ‘bigger picture’ of the region in comparison to other regions worldwide. Our participants perceived their cultures very differently, but in general
some common core values could be examined. In this sense, one can apply the cultural dimensions to the whole Central American region. This can also be seen in the comparison between the countries of Guatemala and Costa Rica: They differ in many ways, but in general one can see the same tendencies in behaviour and attitudes, such as a strong family- or community-orientation and similar attitudes towards risk and performance.

To summarise our findings for cultural factors and their influence on the entrepreneurial process see Figure 22:

Regarding the differences between commercial and sustainability-oriented entrepreneurs one can say that in general sustainability-oriented entrepreneurs and commercial entrepreneurs have the same cultural values (in the sense of the big picture). Nevertheless, some tendencies were visible: For example, all of our commercial entrepreneurs had a stable background, meaning that they could rely on their families in case they would fail with their business. The sustainability-oriented entrepreneurs on the other hand quite often faced a lot higher risks, due to their business field and the location they are working in. To summarise one can say that the overall influence of cultural factors is the same on commercial and sustainability-oriented entrepreneurs, but when going more into detail, the individual country culture as well as the orientation of the entrepreneur play an important role. Therefore, culture should not be seen as a direct influence but rather as a framework in which entrepreneurship happens.

6.3. Ranking of Contextual Factors
At the end of the interviews we had asked the entrepreneurs to rank the six contextual factors based on how much those factors influenced them. With this part we wanted to support the findings from our purely qualitative research and triangulate with a small quantitative part in order to substantiate our findings (Saunders et al., 2012, p. 179). Our aim was to evaluate if our perception about the individual factors and their importance for the entrepreneurial process was in line with the opinions of the entrepreneurs. We recognise that the question to rank the factors is rather difficult to answer, because it
asks to break down a very complex issue into a simple list. Still, we wanted to see at the end of the interview how the entrepreneurs thought about these factors and their influence on them, now that we had talked about it in detail. This ranking is a way to confirm our impressions during the interview, for example in most cases we could have predicted the rankings based on the interview, but we wanted to see if the entrepreneurs thought about it in the same way. In the end, the ranking is also a good way to see in a quantitative way which contextual factors have been on the mind of the entrepreneurs the most. Nevertheless, due to the difficulties with the question we do not want to put too much emphasis on this ranking, but rather use it in an informative way. As mentioned before, it is difficult to put the factors in a specific order because they are intertwined, influencing each other and being perceived differently by each entrepreneur. When elaborating on this ranking in the future, clearer definitions of the contextual factors need to be handed out to the participants beforehand to ensure a similar understanding of what the factors are about and therefore clarify the question. We could also have specifically asked about the influence of these factors at a certain point in the entrepreneurial process to make it easier for the entrepreneurs, but we were interested in a general assessment at this point.

From the 13 interviewed entrepreneurs we have received 10 rankings. Two entrepreneurs were not willing to rank the factors because they thought it is not possible. “It is a mixture of all of them.” (INT12) and the factors were too broad to just put them in a specific order. One interview partner we did not ask to rank the factors because we were not able to speak about all contextual factors during the interview. Based on the 10 rankings we identified how often the factors were ranked in which position (see Appendix 1).

From the six contextual factors ‘technological’ and ‘social’ were listed most often (3 times) as most influencing factor, followed by cultural (2 times). ‘Ecological’ was listed most often (5 times) as least influencing factor, ‘technological’ and ‘cultural’ were mentioned twice as least influencing factor. Overall, ‘social’ and ‘economic’ have received the highest rankings. ‘Economic’ was always listed in the first four ranks, which confirms what we perceived in the interviews, that this factor is quite important for the entrepreneurs. Unsurprisingly, ‘social’ was always ranked in one of the first three ranks by sustainability-oriented entrepreneurs. Only the commercial entrepreneurs ranked ‘social’ as the 4th or 5th factor. This endorses the assumption that sustainability-oriented entrepreneurs have a stronger focus on social aspects because this factor usually represents their motivation for the entrepreneurial activity as well as the opportunity being recognised in the beginning of the entrepreneurial process (Austin et al., 2006, p. 3).

‘Technological’ had very mixed rankings. The three entrepreneurs that ranked ‘technological’ the highest had all products/services that worked completely online via a website or mobile phone application. ‘Technological’ was also ranked twice as the least influencing factor, so overall we believe that the influence of technology just strongly depends on the business. Likewise ‘cultural’ was sometimes ranked high and sometimes low. It was ranked twice as the most influencing factor, both times from entrepreneurs that were not originally from Central America. It was also ranked twice as the least influencing factor, both from young entrepreneurs that grew up in the country. One of them also told us that “culture is a very broad term” (INT01) when we asked to rank it.
Therefore we think that culture is perceived as more influencing when you are from outside the culture, so you will experience more culture issues and clashes.

‘Political & legal’ was often named as source for difficulties, but in the influence ranking it was not ranked very high and never as the most influencing factor. Here we can observe that most of the interviewed entrepreneurs have just started and run small businesses that do not get in contact with the government, public authorities or other political actors so often. One could see that bureaucracy and hence the legal influence was an issue for most of them especially in when setting up the venture. But once they have managed to legally set up the business they face less problems with bureaucracy. In regards to the low ranking of the factor we assume that it has to do with the attitude of most entrepreneurs concerning the legal process. Most of them told us about difficulties but also, that it was something they knew they had to do, something to overcome in the beginning. They considered it rather an obvious obstacle and therefore felt not influenced that strongly but accepted it as part of creating their business. On the other hand we had seen that the entrepreneurs that have to deal with the political authorities on a daily basis are more influenced by it.

‘Ecological’ was listed most often (5 times) as the least influencing factor and had overall received the lowest rankings. Of course it was ranked as the most influencing factor by the entrepreneur to whom it gave the opportunity for the business. For the other entrepreneurs we had also seen in the interview that ecological factors simply did not play such an important role in their business. Therefore we believe that similar to technological factors the influence of the ecological factors depends on the concrete business.

6.4. Case Comparison
To conclude our analysis and discussion of the contextual factors we would like to refer back to our research question and specifically our objective to find out if the contextual factors influence the entrepreneurial processes of the types of entrepreneurs differently and how.

For political & legal, technological, ecological and cultural factors we could not observe clear differences between sustainability-oriented and commercial entrepreneurs. Existing differences rather depend on the area of business. Social entrepreneurs working closely with the government are more influenced by political & legal factors and ecological entrepreneurs are more influenced by ecological factors, but neither allows for more specific conclusions about sustainability-oriented entrepreneurs. Also from the political & legal perspective related to crime, some sustainability-oriented entrepreneurs faced higher risk due to the location and field of their business, but this again was relevant for some specific entrepreneurs only. Overall, it seems that these four factors refer more to the general situation in a country and therefore all entrepreneurs are exposed to it in more or less the same way.

In contrast, we could identify differences for the economic and social factors. Economic factors can influence the types of entrepreneurs differently because sustainability-oriented entrepreneurs can have access to financial resources specifically for those type of organisations, e.g. by social investors or Ashoka. Social factors, such as social issues, impact sustainability-oriented entrepreneurs stronger because social and ecological problems present a source of opportunities for them. This confirms the findings by
Corner and Ho (2010, p. 637) who stated that social entrepreneurship is different from commercial entrepreneurship because its opportunities are embedded in a social or community context. In addition social networks and the connection to an (incubator) organisation play a more important role for sustainability-oriented entrepreneurs.

The difficulty to detect differences between sustainability-oriented entrepreneurs and commercial entrepreneurs is rooted in the great variety among sustainability-oriented entrepreneurs. Here our interviews confirm the findings from the literature review, in which we observed that for example the term social entrepreneurship can be used to describe a variety of activities (Abu-Saifan, 2012, p. 24-27). With the help of our checklist we were able to clearly classify our interview partners as either sustainability-oriented or commercial entrepreneurs (see Appendix 4), but our interviews also showed us that it is necessary to divide the group of sustainability-oriented entrepreneurs further (see chapter 6.1). In our interviews we could see that some sustainability-oriented entrepreneurs with a for-profit business are in many ways very close to commercial entrepreneurs, while entrepreneurs with a non-profit organisation might be quite far away from these two groups. Therefore we have also considered differences between entrepreneurs with non-profit orientations and for-profit orientation.

Here we would argue that in the political & legal sphere it is more likely that a non-profit organisation is working more closely together with the political or legal authorities such as the government and is therefore more influenced by bureaucracy or corruption. For-profit entrepreneurs seemed to be more concerned with tax and social security charges than non-profit oriented entrepreneurs. This is in line with the fact, that we observed a greater economic thinking among the for-profit oriented entrepreneurs. Within the economic factors non-profit entrepreneurs can also often access different financial resources such as grants and donations. For technological, ecological, social and cultural factors we do not see any differences between these groups of entrepreneurs.

We have summarised these conclusions in Figure 23. The figure is based on our classification of entrepreneurs (see chapter 6.1) and illustrates which contextual factors differently influence the entrepreneurial processes of sustainability-oriented and commercial entrepreneurs as well as non-profit and for-profit oriented entrepreneurs.
6.5. **Revised Theoretical Framework**

Based on the analysis and discussion above we have revised our theoretical framework. Due to the complexity it is difficult to include our revisions into the initial complete theoretical framework (Figure 7; see chapter 2.4), so we have decided to illustrate here only the influences of the contextual factors on the entrepreneurial process (see Figure 24).

![Figure 24: Revised Theoretical Framework](image-url)
7. Conclusion

In this chapter we conclude our research by presenting the main findings of our study. We further state the theoretical, methodological, practical and societal contributions of our research including recommendations for policy-makers in Central America. In addition we explain how we applied quality criteria to ensure the scientific nature, quality and trustworthiness of our research. In the end we name limitations of our research and suggestions for future research.

7.1. Main Findings

This study concerns the influence of contextual factors on the entrepreneurial process for different types of entrepreneurship. One problem of the existing entrepreneurship research is that it is too focused on internal factors such as character traits or motivations of entrepreneurs and only roughly considers the influence of external factors. This problem is even more pronounced in emerging areas of the entrepreneurship field, such as social, ecological and sustainable entrepreneurship. While these novel areas have gained an increasing importance in- and outside of the academic world, they still lack clear concepts and definitions. Overall this topic and research subject is not well researched yet and requires an increase in knowledge to keep up with its popularity and justify its attached importance. Therefore the purpose of our study was to analyse how contextual factors, i.e. political & legal, economic, technological, environmental, social and cultural factors, influence the entrepreneurial process. Here we put emphasis on a holistic approach in which we considered a wide set of contextual factors and systematically studied how these influence the whole entrepreneurial process and its different stages. In particular, we researched if the contextual factors differently influence the entrepreneurial processes of commercial (‘conventional’) and sustainability-oriented entrepreneurs (social, ecological and sustainable entrepreneurs).

To fulfill this purpose we have developed a theoretical framework based on our literature review that depicts the entrepreneurial process in its context. Specifically we included a variety of contextual factors that can influence the entrepreneurial process and considered how entrepreneurial activity on a macro level leads to economic, social and ecological value creation which can be linked with different types of entrepreneurship. Our literature review revealed that there are neither in popular literature nor in the academic world clear definitions or concepts of commercial, social, ecological and sustainable entrepreneurship. Especially for the emerging fields this has hindered their development and acceptance among academia so far. Therefore we developed definitions for these types of entrepreneurship and incorporated them in our theoretical framework based on the value they create. This provides an understanding of how the different types of entrepreneurship can be differentiated based on the value they create, but also collectively treated within the entrepreneurship field.

In order to accomplish our research purpose we have decided to apply our theoretical framework to the specific context of Central America. This has led to our research question: “How do contextual factors in Central America influence the entrepreneurial process of different types of entrepreneurs?” Consequently, we have developed a rigorous methodology and research design to answer this research question. In line with our interpretivistic standpoint we followed an inductive approach with a qualitative, comparative research design of an exploratory nature. We collected secondary data about Central America and conducted a multiple-case study in which we collected
primary data from 13 interviews with entrepreneurs being active in Central America.

Our overall study as a combination of literature review, secondary data about Central America and primary data through our interviews yielded several interesting findings. Because of the specific context in Central America where the entrepreneurs face issues such as security and corruption we discerned that it was important to be very careful about the anonymity. We believe that we would not have received the same results if we had not ensured this to our interview partners from the beginning. We realised that there is a great variety among the interviewed entrepreneurs due to their background, the type of organisation and the country they are working in. But despite these different antecedents and the different outcome of their venture (economic, social, ecological value creation), all entrepreneurs follow in some way or the other the entrepreneurial process. Therefore we could successfully apply our overall theoretical framework in our case study and it provided a good basis to analyse the influence of the different contextual factors on the entrepreneurial process with respect to different types of entrepreneurs.

We found out that the various contextual factors differently influence the entrepreneurial process. Within the political and legal factors, bureaucracy and issues when legally setting up the organisation have been found to influence the venture creation. Taxes and social security charges influenced the venture creation and growth phase, while crime as a problem that incorporates corruption and security issues can have a general influence on the whole entrepreneurial process. Within the economic factors, the access to financial resources was the biggest concern for entrepreneurs affecting them in opportunity evaluation, venture creation and growth. Technological and ecological factors have been found to have a general impact on the entrepreneurial process depending on the type of venture. Within social factors the support of the social network played an important role. We observed that friends and family affect the entrepreneur mostly during opportunity evaluation and venture creation. The personal contacts that concretely help with the business (the social capital) and support by (incubator) organisations have an impact during venture creation and growth. Social issues specific to the context have been found to also provide sources for entrepreneurial opportunities and thus influence the recognition of those. The general attitude of society towards entrepreneurship influenced entrepreneurs in the opportunity evaluation. For other cultural factors such as the strong people orientation the findings were quite distinct, showing that the people in Central America value the community and also the interaction with friends and family very high. For the performance orientation we saw that monetary success is not the biggest issue for them. All participants agreed that money was on their mind, but usually not the one determining factor. For the risk orientation we found out, that people in Central America are very risk adverse, resulting in a sceptical attitude towards entrepreneurship. Most of our interview partners reported that their social contacts were doubtful in the beginning and that working against these doubts was a big issue when starting their venture. Overall, the influence of cultural factors has been an interesting area of study, because it is difficult to grasp as cultural issues rather appear between the lines of all other factors.

In contrast to previous research the inclusion of many different contextual factors in our research was important for us, because we believe that not only one single factor but rather a combination of several factors influences the entrepreneurial process. Retrospectively, we can see that many overlaps between the factors exist which
increases the difficulty to conclusively combine all contextual factors influencing the entrepreneurial process and their relations in one framework. Therefore we have only indicated some overlaps between contextual factors and included the most relevant contextual factors in our revised theoretical framework. In the end, we would argue that all contextual factors play a role and depending on the entrepreneur and the type of venture they influence the entrepreneurial process differently.

With respect to the differences among commercial and sustainability-oriented entrepreneurs we found out that political and legal, environmental, technological, and cultural factors influence these types of entrepreneurs in a similar way. We were only able to detect significant differences between the types of entrepreneurs here with respect to economic and social influences. For the influence of economic factors we saw firstly that sustainability-oriented entrepreneurs have a different access to finances as they can acquire funding through social investors or organisation like Ashoka. Secondly, related to the social factor, supporting (incubator) organisations such as Ashoka and Agora have a stronger positive impact on sustainability-oriented entrepreneurs in that sense that they also provide valuable non-monetary support such as the networking opportunity and knowledge share to their members. Thirdly, the other main influence for sustainability-oriented entrepreneurs is the social attribute. All of them try to solve social or ecological issues through their venture creation and thus are influenced to a great extend by the social problems existing in the different countries. While commercial entrepreneurs focus more on their own success and create their business for personal purposes mainly, the sustainability-oriented entrepreneurs consider resolving societal issues along with the profit-orientation.

In line with previous research our study revealed that the difficulty to detect differences between sustainability-oriented entrepreneurs and commercial entrepreneurs is rooted in the great variety among sustainability-oriented entrepreneurs. We assessed that sustainability-oriented entrepreneurs with a for-profit business are in many ways close to commercial entrepreneurs, while sustainability-oriented entrepreneurs with a non-profit organisation are in some respects rather distinct. Therefore we decided to study the differences between entrepreneurs with non-profit and for-profit orientation in addition to our planned case comparison. We see that the for-profit entrepreneurs exhibit a greater economic thinking and are more concerned with issues such as taxes and social security charges. Non-profit entrepreneurs are often more closely involved with political and legal authorities and therefore more influenced by bureaucracy and corruption. Due to their non-profit status they are also sometimes eligible for grants and donations and have therefore access to different financial resources. Thus we can see differences within the political and legal, and economic factors, but not for the other factors.

When turning towards Central America, we also realised that the region is more diverse in the contextual details than expected, making comparisons more difficult. Through our secondary and primary data collection we learned about the many differences between and within these countries. Thus most of the contextual factors are too country-specific. Nevertheless, we could also identify several similarities among the countries, e.g. some general cultural attributes. But since we only interviewed 13 people of the region and most of them from Costa Rica or Guatemala, we do not think that we have reached theoretical saturation for the whole region. Therefore we refrain from general conclusions about Central America, but rather focus on the findings from our cases.
For our findings it is important to keep in mind, that Central America is a somehow “special” region, facing many problems such as crime and poverty. Therefore, entrepreneurs might be influenced rather strongly by these social issues. When considering other regions in the world, the application of our theoretical framework might lead to different findings.

Regarding our research question and the purpose of our research we can summarise that we have answered our research question, but not conclusively. Our research question was put rather broadly, leaving a lot of opportunities for interpretation and making it difficult to find a final answer. All in all we can conclude that a comparison of the influence of six contextual factors on the entrepreneurial processes of different forms of entrepreneurs in seven countries of Central America is a complex topic. As we have seen throughout our study, contextual factors have an impact on every single entrepreneur, regardless of the kind of entrepreneur. Nonetheless, our research could not illuminate all influences in depth, leaving room for future research. We believe that with the first objective of our research – to develop a comprehensive theoretical framework – we created a basis and an understanding that can be used in the future. The second objective – to apply our theoretical framework in the context of Central America – was also successful, resulting in interesting findings and a revised theoretical framework. The third purpose of our study – to use a stringent methodology for the research process – was also fulfilled. Therefore, we think that even though our research question was not answered fully, the research satisfied our research objective and followed the research purpose. We contributed to existing knowledge and research, and identified new areas for future research.

7.2. Contributions

Theoretical Contributions

Based on the main findings presented above we can see that through our research we have contributed to existing knowledge by gaining new insights and adding to existing theory and research in entrepreneurial and business studies. First of all, we argue that our theoretical framework contributes to the fields of commercial, social, ecological and sustainable research by providing an understanding how the types of entrepreneurship can be differentiated based on the value they create, but also collectively treated within the entrepreneurship field. Our study of how contextual factors differently influence the entrepreneurial processes of the types of entrepreneurs adds to that. Secondly, we concentrated on the external, contextual factors of entrepreneurship instead of focusing purely on the internal perspective such as character traits and motivations of entrepreneurs, which has been common in research so far. Hereby, we specifically also contribute to the research in emerging areas such as social entrepreneurship, where other authors have proposed to abandon the view of social entrepreneurs as heroes and concentrate rather on contextual factors (Austin et al., 2006; Dacin et al., 2011, p. 1205-1206). Our theoretical framework also takes a holistic approach by incorporating a variety of contextual factors influencing the entrepreneurial process. This could also be transferred to the fields of business and strategic management studies. Thirdly, our study also shows how our contextual framework can be applied to a specific context, here Central America, which could be repeated by other researchers in different contexts. In line with our reasoning above concerning our research question, we also have to assess that it is not possible to completely fill the research gaps, but we rather contribute to an overall understanding of the theory of contextual factors and types of entrepreneurship. More specific research gaps can be approached by additional research
(see chapter 7.5).

**Methodological Contributions**
In the beginning of this study we had described some of the current issues in entrepreneurship research, especially with respect to emerging areas such as social entrepreneurship. Our study aimed to overcome some of the methodological gaps by following a rigorous comparative multiple-case study design. Analysing and comparing secondary data from a context and different cases obtained through primary research can be used as a model for other entrepreneurship research in the area of contextual factors. The careful selection of cases of entrepreneurs based on the checklist derived from our theoretical framework can also be utilised by other research. Thus our aim is to contribute to the methodology used in (commercial, social, ecological, sustainable) entrepreneurship research.

**Practical Contributions**
From a practical perspective, we believe that our study is of value for entrepreneurs, especially sustainability-oriented entrepreneurs. Through our interviews we learned that culture and society do not really support entrepreneurship and there is little knowledge about entrepreneurship in general and even less about other types such as social entrepreneurship. Thus the entrepreneurs had to push through many obstacles and often felt alone or “crazy”. We believe it will help the self-perceptions of entrepreneurs to gain a theoretical understanding of the entrepreneurship concept and its types, and to see through our empirical findings that they are not alone with their problems and aspirations. An improved understanding of contextual factors and their influences might also help entrepreneurs to consider these influences and how they can in turn affect their environment. With our focus on contextual factors we also see a contribution to managers, who for example wish to study the context of Central America to prepare for strategic choices.

In addition we think that our study can greatly contribute to policy-makers and the political authorities in Central America. We have seen that entrepreneurship can foster economic growth and human welfare. Sustainability-oriented entrepreneurs also often approach the problems in a country where the government is not able to solve them. Therefore it should be in the interest of policy-makers to foster entrepreneurship by shaping the contextual factors. Here we have decided to explain our practical contributions as recommendations for policy-makers. The lack of financial resources for start-ups has been perceived by entrepreneurs as very problematic and it is therefore important to improve the options for financial support. We think that the example of the development bank in Costa Rica, which is supposed to finance start-ups but struggles in the implementation, shows that the government might not be the best actor here. We perceive it is often too bureaucratic and too far away from the markets to select the ventures that deserve funding. But the government can still indirectly influence the financial possibilities, e.g. by supporting incubators at the universities or organisations such as Ashoka to operate in the countries. Likewise, investor groups and venture capitalists should be supported when they wish to work in these countries. In addition, we believe that the authorities could support entrepreneurship with smaller incentives such as making the process of legally setting up the business easier and asking for less taxes and security charges in the first years after inception of the company. The government could greatly benefit entrepreneurs if they would make the processes involving the government less bureaucratic, more transparent and easier to understand.
for people that have never dealt with those things before. The government should also engage in activities that improve the general economic situation, e.g. by removing entry barriers or ensuring fair competition. Any way to promote technological advancements in the country will also positively influence entrepreneurs, e.g. improving internet coverage and speed, or investments into research and development. As some entrepreneurs pointed out it is also necessary to help their customers. So improving the social and economic situation of the people can also help more entrepreneurs in starting and running their business. From a social perspective, the government could also adapt the national curriculum at schools and encourage universities to include entrepreneurship in the education. If more people know about the concept of entrepreneurship and learn that this can be an attractive career, more people might become entrepreneurs in the long run.

**Societal Contributions**
Throughout our study we have highlighted the importance of entrepreneurship as one of the key drivers of economic growth and thus the development and well-being of societies (Abu-Saifan, 2012, p. 22; Carlsson et al., 2013, p. 913). In addition, the sustainability-oriented entrepreneurs directly tackle their society’s problems in an innovative and economically sustainable way. Therefore sustainability-oriented and commercial entrepreneurship can play a very important role in the development of any nation. So any findings contributing to our knowledge in this area will benefit society. This is especially important for countries that are still undergoing many developments and wish to improve their economic, social and ecological situation. We had seen in the case of Central America that the governments in those countries still face many problems and are not able to approach them all. Especially the sustainability-oriented entrepreneurs take over some of the government’s tasks by providing solutions to social problems, as some of our interview partners had confirmed. As we explained in our practical contributions, our study has practical insights for entrepreneurs and policymakers, and can thus contribute to fostering entrepreneurship and this will in turn contribute to the well-being of the country.

7.3. **Quality Criteria**
“One of the challenges confronting you as a qualitative researcher is how to assure the readers of your research about its scientific nature, its quality and trustworthiness.” (Blackburn & Kovalainen, 2008, p. 290) Following the advice by Blackburn & Kovalainen (2008, p. 290) we have continuously evaluated our work throughout the research process and acknowledge the implications from our philosophical and methodological background (see chapter 3.2). Here we first of all want to emphasize the existing researcher triangulation, allowing for two different perspectives and a constant discussion about research-relevant issues. In particular, we put special attention to ethical considerations (see chapter 3.4), especially to the quality criteria reliability, replicability and validity stated by Bryman (see Chapter 3) (Bryman, 2011, p. 46-47).
Not only Bryman (2011), but also Blackburn & Kovalainen (2008) refer to these three concepts (naming replicability as generalizability instead) (Blackburn & Kovalainen, 2008, p. 291). But as Blackburn & Kovalainen (2008, p. 294) also point out, some researchers substitute the terms reliability and validity with a broader concept of ‘trustworthiness’ originally defined by Lincoln and Guba (Lincoln & Guba, 1985). Trustworthiness includes the four aspects of ‘credibility’, ‘transferability’, ‘dependability’ and ‘confirmability’, and can be seen as the ‘goodness’ criteria (Blackburn & Kovalainen, 2008, p. 294). We want to adapt to the trustworthiness...
criteria and hence use the four aspects in the following part to describe our quality criteria.

The first aspect of ‘dependability’ concerns the information given about the research process and whether it is logical and comprehensible (Blackburn & Kovalainen, 2008, p. 294). It points out, that the work should be repeatable in the same context, leading to similar results when using the same or similar methods (Kennedy-Clark, 2012, p. 5). Throughout the whole process we described our steps, especially focusing on a traceable and reproducible plan. We put a strong emphasis on the description of our interview process and its steps. We also created the data collection protocol in order to ensure that the reader can follow our steps and see throughout the interview process to which contextual factor we are referring to. We are aware of the fact that our theoretical framework is rather complex and therefore might lead to confusions in the process, but we approached this problem by providing detailed explanations.

Regarding the ‘transferability’ the authors state that we as researchers have to ensure that similarities between our work and previous results are highlighted. The idea behind transferability is to see if there exist connections to other research contexts. (Blackburn & Kovalainen, 2008, p. 294) It should also show the setting of the research, the number of participants and the setting in general, allowing future researchers to see if the findings can be applied to other studies (Kennedy-Clark, 2012, p. 5). As we pointed out, there is a vast information base about different kinds of topics, ranging from types of entrepreneurship to the contextual factors. We see many other research opportunities and acknowledge previous work. We also described our interview settings precisely, allowing the transfer to other studies. We tried to contribute to existing research but also tried to ensure that our findings can be combined with previous and future research.

The third aspect ‘credibility’ deals with the amount of data that was collected, whether this data is sufficient to merit our claims and whether we executed a strong link between our findings and the established theoretical framework (Blackburn & Kovalainen, 2008, p. 294). As pointed out in the main findings, we could not fulfill the theoretical saturation for all aspects of our study. Therefore the credibility cannot always be ensured, but on the other hand this is leaving room for future research which can lead to other results. Albeit we realize that our study is sometimes rather broad and interpretivism has shaped our analysis and findings, we believe that credibility for the aspects, where theoretical saturation was achieved, is given and our intentions with the study were partly fulfilled.

The last aspect we want to discuss is the ‘conformability’, which deals with the process of linking the findings and interpretations to the data, so that it can easily be understood by the reader (Blackburn & Kovalainen, 2008, p. 294). We believe that through our stringent structure in our theoretical framework regarding the contextual factors in particular, we have created a guideline for the reader. We picked up the same factors in the same order in our theory, our empirical findings and our analysis in order to ease the understanding of the concept for the reader. Also important for conformability is that the findings do not represent the preferences of the researcher, but instead show the result of experiences (Kennedy-Clark, 2012, p. 5). We tried to show the pure statements of our participants and to be as objective as possible in our analysis. Nevertheless, we also take an interpretivistic viewpoint, which automatically leads to the inclusion of the researchers’ opinions up to some extend.
All in all, we aimed at fulfilling these quality criteria throughout our research. Because we described our research process as transparent and comprehensively as possible, we believe that our research can be considered trustworthy.

7.4. Limitations
As indicated above and as previously mentioned in our introduction (see chapter 1) we have identified several limitations of our study, which are mostly rooted in our research approach and design. Our research was set in a less developed field with many open questions and we aimed to explore a complex set of different contextual factors and different people. Therefore we can see that the results of our study are also limited to a broader scope and lack the possibility to answer all questions in detail. We realised that the contextual factors are very intertwined and their influence on the entrepreneurial process strongly depends on the individual entrepreneurs and their venture. Here we could see that the entrepreneurs are very different people and based on our selection of interview partners we cannot claim to have a representative selection of Central American entrepreneurs. For example, we can see that all entrepreneurs we interviewed were rather well educated and none of them was from an indigenous cultural background. Here we also have to take into account that the Central American countries are quite diverse and that we collected primary data mostly for Costa Rica and Guatemala. With respect to the cultural background we are also limited due to our background and language differences. We conducted the interviews in English, which is neither our native language nor is it for most of the interview partners. We did not encounter any major problems due to the language but it is possible that there have been misunderstandings due to language or cultural differences. We aimed to overcome some potential limitations and issues through thoroughly applying our quality criteria (see chapter 7.3).

7.5. Suggested Future Research
All in all we argue that because of our comprehensive theoretical framework, different forms of future research can be suggested. Since the topic about sustainability-oriented entrepreneurship is fairly new in theory and the combination with the contextual factors leaves a lot of room for further research, we suggest to either apply our theoretical framework to another context or to focus on specific parts of it. First of all, our theoretical framework can be used to do the analysis in other contexts, especially in regions that have a different development status and therefore face other or additional challenges. While focusing on Central America we realized that especially social issues and the political situation in the individual countries determine the outcome of the data collection. Therefore, choosing another region or country would help to better understand the developed concept. The second advice for future research is to aim at the development of the individual contextual factors. With our holistic approach we covered many different contextual factors in our research and could therefore not go too much into detail due to time and resource constraints. Hence, concentrating on one or two out of the six contextual factors and doing a more in-depth-analysis could bring new insights. In addition it could be interesting to study entrepreneurs that failed with their business or that did not start the business because the obstacles to overcome were too big. When analyzing these entrepreneurs it would be interesting to see what contextual factors hindered them to start or develop their venture. The last aspect we would like to mention for the future research is the opportunity to conduct a quantitative study. For example, such a study could be used to test our theoretical framework with respect to the influence of contextual factors on the entrepreneurial process.
References


Appendix

Appendix 1: Cultural Dimensions by Hofstede

<table>
<thead>
<tr>
<th>Dimension</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>Power Distance</td>
<td>The degree to which less powerful people in one society accept hierarchical orders and that people understand “their place” in the system; also the way society handles inequalities among people</td>
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<tr>
<td>Individualism vs.</td>
<td>The degree to which people in a society are tied with each other, while high individualism can be referred to a loosely-knitted framework while high collectivism represents a tight framework in which relatives or members of a group take care of each other</td>
</tr>
<tr>
<td>collectivism</td>
<td></td>
</tr>
<tr>
<td>Uncertainty</td>
<td>The degree to which people in a society feel comfortable in a situation with high uncertainty and ambiguity; how a society deals with the fact that the future can’t be controlled</td>
</tr>
<tr>
<td>avoidance</td>
<td></td>
</tr>
<tr>
<td>Masculinity vs.</td>
<td>Societies with a masculinity-orientation feature attributes like achievement, heroism, assertiveness and material rewards for success, in general high degree of competitiveness; Societies with femininity-orientation exhibit cooperation, modesty, caring for the weak and quality of life, in general a high degree of consensus-orientation</td>
</tr>
<tr>
<td>femininity</td>
<td></td>
</tr>
<tr>
<td>Pragmatic vs.</td>
<td>Describes how people relate to the fact that things happening around the people in a society cannot be explained. Societies with a high normative focus have the strong desire to explain as much as possible and they face a lot of social conventions and traditions; pragmatic societies do not try to explain every phenomenon, they believe truth depends on context, situation and time</td>
</tr>
<tr>
<td>Normative</td>
<td></td>
</tr>
<tr>
<td>Indulgence vs.</td>
<td>Indulgence stands for societies that allow a great amount of leisure time, focusing more on enjoying life and having fun; restraint societies rather suppress the gratification of needs and regulates society through the use of strict social norms</td>
</tr>
<tr>
<td>Restraint</td>
<td></td>
</tr>
</tbody>
</table>

Table 7: Hofstede’s Cultural Dimensions (Hofstede, 2014a)
### Appendix 2: Cultural Dimensions by Trompenaars & Hampden-Turner

<table>
<thead>
<tr>
<th>Dimension</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Universalism vs. particularism</strong></td>
<td>Universalistic societies have the approach of “What is good and right and can be defined and always applies”, an emphasis is put on laws, regulations and obligations; particularist societies, on the contradictory, allow more explanations involving the obligations of relationships and different circumstances</td>
</tr>
<tr>
<td><strong>Individualism vs. Collectivism/ Communitarianism</strong></td>
<td>The focus of society on the individuum or on the group. Do the people take themselves or the group first</td>
</tr>
<tr>
<td><strong>Neutral vs. affective</strong></td>
<td>The degree to which the expression of emotions is acceptable in society. In neutral societies people try to hide their emotions, putting an emphasis on reasoning rather than emotions; in affective cultures showing emotions is welcome and accepted</td>
</tr>
<tr>
<td><strong>Specific vs. diffuse</strong></td>
<td>The way people keep their personal and private lives separated. While specific cultures have a distinct separation and believe that relationships do not have much impact on business, in diffuse cultures the establishment of relationships can be crucial to conduct business</td>
</tr>
<tr>
<td><strong>Achievement vs. ascription</strong></td>
<td>Societies valuing Achievement put a focus on recently accomplished tasks and on the personal record, they value the performance; Ascription, on the other hand, means that status is attributed to a person due to birth, kinship, gender, age, but also established connections and the educational record. It matters most who you are and what your position, power and title is like</td>
</tr>
<tr>
<td><strong>Sequential vs. Synchronic</strong></td>
<td>The degree to which society sees time as sequential, meaning that events happen in a linear order one after the other and staying on schedule, or as synchronic, meaning that several tasks are done parallel and time is seen as more flexible</td>
</tr>
<tr>
<td><strong>Internal vs. External Control</strong></td>
<td>Also known as internal and external locus of control. Societies with a focus on an internal locus of control believe that they control nature and the environment in order to achieve their goals; cultures with an external locus of control believe that the nature and the environment controls them rather than the other way around</td>
</tr>
</tbody>
</table>

*Table 8: Trompenaars&Hampden-Turner’s Cultural Dimensions (Trompenaars & Hampden-Turner, 2012)*
### Appendix 3: Cultural Dimensions of the GLOBE Study

<table>
<thead>
<tr>
<th>Dimension</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>Power distance</td>
<td>The degree to which the members of a collective expect power to be distributed equally</td>
</tr>
<tr>
<td>Uncertainty avoidance</td>
<td>The extent to which a society, organisation, or group relies on social norms, rules, and procedures to alleviate unpredictability of future events</td>
</tr>
<tr>
<td>Human orientation</td>
<td>The degree to which a collective encourages and rewards individuals for being fair, altruistic, generous, caring, and kind to others</td>
</tr>
<tr>
<td>Collectivism I → Institutional collectivism</td>
<td>The degree to which organisational and societal institutional practices encourage and reward collective distribution of resources and collective action</td>
</tr>
<tr>
<td>Collectivism II → In-Group Collectivism</td>
<td>The degree to which individuals express pride, loyalty, and cohesiveness in their organisations or families</td>
</tr>
<tr>
<td>Assertiveness orientation</td>
<td>The degree to which individuals are assertive, confrontational, and aggressive in their relationships with others</td>
</tr>
<tr>
<td>Gender egalitarianism</td>
<td>The degree to which a collective minimizes gender inequality</td>
</tr>
<tr>
<td>Future orientation</td>
<td>The extent to which individuals engage in future-oriented behaviors such as delaying gratification, planning, and investing in the future</td>
</tr>
<tr>
<td>Performance orientation</td>
<td>The degree to which a collective encourages and rewards group members for performance improvement and excellence</td>
</tr>
</tbody>
</table>

Table 9: The GLOBE-study’s Cultural Dimensions (Center for Creative Leadership, 2012)
**Appendix 4: Checklist for Determining the Types of Entrepreneurs**

<table>
<thead>
<tr>
<th>Category</th>
<th>Description</th>
<th>Fullfilled</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Opportunity-related Processes</td>
<td>The individual/team underwent the opportunity-related process, i.e. he/she/they have recognised opportunities, evaluated these and decided to exploit those.</td>
<td></td>
</tr>
<tr>
<td>2. Innovation</td>
<td>Innovation is an integrative part of the entrepreneurial process. The individual/team has developed new solutions, e.g. better products, services or processes.</td>
<td></td>
</tr>
<tr>
<td>3. Venture Creation</td>
<td>In order to exploit the opportunities the entrepreneur(s) have established a new business in an existing organisation or created a new firm.</td>
<td></td>
</tr>
<tr>
<td>4. Entrepreneurial Orientation</td>
<td>The individual/team seeks to develop their business further and grow, e.g. increasing number of employees, increase turnover, go to new locations, introduce other products/services. The individual/team is also willing to take risks. He/she/they act proactively and with a degree of innovativeness.</td>
<td></td>
</tr>
<tr>
<td>5. Economic Value Creation</td>
<td>Integral part of the venture is to create economic value and to earn at least enough money to be self-sustaining. Thus the organisation is not dependent on single, unpredictable income transfers (e.g. donations), but aims to create some cash flow from its activity. The deciding factor here is the aim and business model of the venture; not if it is actually profitable. This means that for example a venture that has a negative income in the first years, can still fulfill this aspect.</td>
<td></td>
</tr>
</tbody>
</table>

→ if these five points are fulfilled, the person can be characterised as entrepreneur

<table>
<thead>
<tr>
<th>Category</th>
<th>Description</th>
<th>Fullfilled</th>
</tr>
</thead>
<tbody>
<tr>
<td>6. Sustainability Orientation</td>
<td>The aim of the venture to solve a social and/or ecological problem has to be integral part of the concept. Social and/or ecological value creation has to be a focus from the start and should be visible in the opportunities that are the basis of the venture.</td>
<td></td>
</tr>
<tr>
<td></td>
<td>a) social entrepreneur (social mission)</td>
<td></td>
</tr>
<tr>
<td></td>
<td>b) ecological entrepreneur (ecological mission)</td>
<td></td>
</tr>
<tr>
<td></td>
<td>c) sustainable entrepreneur (social and ecological mission)</td>
<td></td>
</tr>
</tbody>
</table>

→ if one of these points is fulfilled in addition, the person can be characterised as Social/Ecological/Sustainable Entrepreneur
Appendix 5: Email Template for First Contact with Participants

Dear Mr./Dear Mrs.

We are contacting you today because we became aware of your interesting business through the Ashoka webpage (individualize).

We are two Master students from the Umeå University in Sweden writing their final master thesis about (social) entrepreneurship in Central America. Our topic deals with the influence of contextual factors (such as culture, the economic and social situation, as well as governmental policies) on the decision to start a new business.

To verify our request, please find attached a confirmation letter from our supervisor Ms. Zsuzsanna Vincze, ensuring our honest interest in conducting the interview.

The idea to conduct research in Central America arose, because me, Juliane, did an exchange semester in Costa Rica in 2013, and ever since the Central American region has been of great interest to me/her.

For the thesis we are now looking for interview partners in Central America who are willing to participate in an interview (if possible via Skype or Google Video call). This is the reason why you receive this email today. The interview will not last longer than one hour and will not require any kind of preparation. Before the actual interview we will contact you again and send you further information. We would like to conduct the interview in the beginning of April and are very flexible regarding date and time.

Since our Spanish unfortunately is not sufficient for conducting the interview, we ask you kindly to interview you in English.

Important for you to know is, that all information given in the interviews will be handled confidentially and anonymously. The thesis itself will be published, but the report will not contain any personal information and data.

We would be grateful and happy to win you over for this interview because we believe, that your contribution will help us to understand the phenomenon arising from the influence of contextual factors on (social) entrepreneurship.

We are looking forward to hearing from you. ¡Muchas gracias!

Best regards,

Julia Pützschel & Juliane Mack
Appendix 6: Letter from Supervisor

INTERVIEW REQUEST FOR MASTERS THESIS

Dear Madam/Sir,

My name is Zsuzsanna Vincze and I am an Associate Professor at the Umeå School of Business at Umeå University (Umeå, Sweden). I am currently the supervisor of master’s thesis projects.

I would like to confirm that Juliane Mack and Julia Pützschel are enrolled at Umeå University (Umeå, Sweden) and undertake the Management and Business Development and Internationalization Master’s Programs. In fulfilling the Degree Program they must write a Master thesis jointly. They are therefore currently in the process of doing their Master thesis on the topic “The Influence of Contextual Factors on Entrepreneurship, Case Study in Central America” and as part of their research they will require to carry out interviews in various organizations. A practical approach together with the theoretical is highly valued at our School and we therefore encourage students to partner with organizations such as yours in order to obtain relevant knowledge on the workings of business through research. I thereby request you to accord them the opportunity to carry out this research in your organization, by offering them the necessary support so as to enable them complete their thesis successfully.

In case of any further queries or clarifications on this matter, please do not hesitate to contact me.

Sincerely,

Zsuzsanna Vincze, PhD
Associate Professor

Figure 25: Confirmation Letter from Supervisor
Appendix 7: Email Template - Detailed Information for Participants

Hello [Name],

Thank you again for agreeing to the interview. As we had promised before we would now like to get back to you with a few more information and to arrange the last details.

To give you a few more information about ourselves: Juliane and I, Julia, are both from Germany, but we are currently in Umeå, Sweden, to study business on master level at the university here. Juliane’s specialization is management and she had just spend one semester in Costa Rica. My specialization is Business Development and Internationalization (Entrepreneurship) and I have also been interested in the topic of Social Entrepreneurship for a while. Therefore we have decided to join our interests and write our final thesis together about Social/Ecological Entrepreneurship in Central America.

The topic of our thesis deals with the influence of contextual factors on the decision to start a new business. We will talk about six different factors here:
- political & legal
- economic
- social
- cultural
- technological
- environmental

Our idea is to compare Social/Ecological and Commercial Entrepreneurs and how these factors influenced them. So in the interview we will ask you a few questions about your personal background and your organisation. We will then ask when, why and how you started your organisation, and how your environment/surroundings influenced you. You may already think about those questions, but you do not need to prepare anything for the interview.

a) As we had agreed, the interview will be held …
b) As we had said before, we would like to do the interview in the beginning of April, preferably before the 10th of April. Please suggest us a few dates/times that would suit you (including your time zone; we are GMT +1).

We plan for the interview to last approx. 1 hour. We will be using the skype account of Juliane. Her skype name is ‘julemack’. We would like to record the interview electronically to go again through your answers later. Please let us know, if you do not wish that. We will only use these recordings for the purpose of the thesis and do not show or give them to anybody else.

All information presented in the thesis will be anonymised, that is your name or the name of your organisation will not appear. Please let us know during the interview if you wish to read the thesis once it is completed. We can send you an electronic version later.

We are looking forward to talking to you soon.
Best regards and greetings from the North of Sweden.
Juliane Mack & Julia Pützschel
Appendix 8: Data Collection Protocol & Interview Guide

### Interview Protocol

#### A) Introduction

- **Opening of the Interview:**
  - Get to know each other and create a good atmosphere.

- **Explain the Research:**
  - Analyse how contextual factors, such as the cultural, social, political, and economic environment, influence entrepreneurship, particularly if the environment has different influences on commercial ('conventional') entrepreneurs and sustainability-oriented entrepreneurs.

- **Permission to Record:**
  - Record the interview electronically.
  - Explain the data collection to the interview partner.
  - Confirm the right to confidentiality and anonymity.
  - Explain the right not to answer all the questions.

#### B) Background Questions

At first, we would like to ask you a few questions about your personal background and your organisation.

[The information will be researched online beforehand and only missing information be asked or known information confirmed]

<table>
<thead>
<tr>
<th>No.</th>
<th>Question</th>
<th>Contextual Factor</th>
<th>Details</th>
<th>Purpose</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>How old are you?</td>
<td>general</td>
<td>general</td>
<td>personal background</td>
</tr>
<tr>
<td>2</td>
<td>Where are you from? What is your nationality?</td>
<td>culture</td>
<td>general</td>
<td>cultural background and connection to Central American culture</td>
</tr>
<tr>
<td>3</td>
<td>[if not from Central America] When was the first time you came to Central America? How well do you know the country you are operating in? Where do you live?</td>
<td>culture</td>
<td>general</td>
<td>cultural background and connection to Central American culture</td>
</tr>
</tbody>
</table>

9 The term 'general' is used if all contextual factors, or all sub-factors of a contextual factor, are relevant or affected.
4 How do you perceive your culture? What do you think are important aspects of the culture you live in?  

5 What is your education background? What are your core competences? / What are you good at?  

6 Was this your first business/organisation?  

7 Please tell us briefly about your business/organisation. When was it founded? You alone or as a team? What is it about? What are the core competences of your organisation?  

<table>
<thead>
<tr>
<th>C) Opportunity Recognition and Decision</th>
</tr>
</thead>
<tbody>
<tr>
<td>We would now like to talk about the time when you started your organisation, so when you first started to think about it and how you then decided to become an entrepreneur.</td>
</tr>
<tr>
<td>determine how contextual factors influenced the opportunity recognition in the entrepreneurial process and the decision to become an entrepreneur</td>
</tr>
</tbody>
</table>

8 When did you have the idea for your organisation? When did you think about becoming an entrepreneur?  

9 What were the driving forces that made you start this organisation? [open question without examples]  

10 [For SOE] Why did you become a Social/Ecological Entrepreneur?  

11 [For SOE] To which degree does your culture value attributes like fairness, generosity and kindness to others?  

If you think about your social environment and your culture…  

<table>
<thead>
<tr>
<th>If you think about your social environment and your culture…</th>
</tr>
</thead>
<tbody>
<tr>
<td>determine the influence of the social network when deciding to start a venture</td>
</tr>
</tbody>
</table>

12 Did someone of your personal contacts influence/encourage you (e.g. family, friends, and colleagues) or was it only your idea? Who? When How?  

13 Do you have any role models / examples of entrepreneurs in your family, community? Who? What business? How did they influence you?
<p>| | | | |</p>
<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>14</td>
<td>Do you feel that the society in your country, your region, supports entrepreneurship? What was the attitude of the people around you when you started the venture?</td>
<td>social</td>
<td>attitude towards entrepreneurship in society</td>
</tr>
<tr>
<td>15</td>
<td>To which degree is it important in your culture to be successful with your business and to show your success? Are you measured in society according to your professional success?</td>
<td>cultural</td>
<td>people orientation, performance orientation</td>
</tr>
<tr>
<td>16</td>
<td>How important is the monetary success? Is it more important to earn good money or to be independent (run your own business) ?</td>
<td>cultural</td>
<td>Performance orientation</td>
</tr>
<tr>
<td>17</td>
<td>Do you live to work or work to live?</td>
<td>cultural</td>
<td>Performance orientation</td>
</tr>
<tr>
<td>18</td>
<td>How did you deal with risk when setting up your business (future risks like failure, unexpected events, etc)? How comfortable did you feel with this uncertainty? Do you plan ahead? Do you rely on others?</td>
<td>cultural</td>
<td>Risk orientation, performance orientation</td>
</tr>
</tbody>
</table>

**D) Opportunity Exploitation and Venture Creation**

Now we would like to talk the time when you actually started your organisation and how you did it, who helped you and what problems you might have had.

determine how contextual factors influence the opportunity exploitation in the entrepreneurial process and the starting phase with the creation of the new venture

<p>| | | | |</p>
<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>19</td>
<td>After the decision to start the venture, how difficult was it to start the business? [open question without examples]</td>
<td>general</td>
<td>general</td>
</tr>
</tbody>
</table>

 If you think again about your social environment and your culture?

determine the influence of social and cultural factors

<p>| | | | |</p>
<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>20</td>
<td>From your personal and professional network, who supported you? How? Overall, did your social network play an important role when starting the business?</td>
<td>social</td>
<td>network / social capital</td>
</tr>
<tr>
<td>21</td>
<td>Do you keep your personal and your professional life separated? How much are your family and friends involved in your business?</td>
<td>social; cultural</td>
<td>network / social capital; …</td>
</tr>
<tr>
<td>22</td>
<td>What do you think is valued higher in your culture/the culture you started your business? The individual person or the group?</td>
<td>cultural</td>
<td>people orientation performance orientation</td>
</tr>
<tr>
<td>23</td>
<td>What knowledge and skills did you miss when starting (e.g. business, technological skills)? Who helped you with setting up the business (e.g. business plan)?</td>
<td>social; economic</td>
<td>entrepreneurial education, network/social capital; non-financial support</td>
</tr>
<tr>
<td>24</td>
<td>How did you finance the business? (Family, friends, companies, banks, etc.?) How do you value the ways of financing your business in your country/from outside the country (Venture Capital, Investors, public funding, etc.)</td>
<td>economic</td>
<td>financial resources</td>
</tr>
<tr>
<td>25</td>
<td>How did you set-up the ‘physical’ infrastructure, i.e. land, office space, machinery, equipment and so on? Is it difficult?</td>
<td>economic</td>
<td>physical infrastructure</td>
</tr>
<tr>
<td>26</td>
<td>How did you find human resources/labour/workers?</td>
<td>economic</td>
<td>human resources</td>
</tr>
<tr>
<td>27</td>
<td>[for more established ventures] How did these factors (finding money, labour) change over time? Was it easier later on?</td>
<td>economic</td>
<td>general</td>
</tr>
<tr>
<td>28</td>
<td>How do you think the economic situation of the country influences your work?</td>
<td>economic</td>
<td>economic situation of the country</td>
</tr>
<tr>
<td>29</td>
<td>Did you encounter any entry regulations to the market?</td>
<td>economic</td>
<td>entry regulations</td>
</tr>
<tr>
<td>30</td>
<td>Did you feel encouraged or discouraged by the national/local government, regulations?</td>
<td>political &amp; legal</td>
<td></td>
</tr>
<tr>
<td>31</td>
<td>Are there any tax advantages, or other governmental incentives to support people starting a business, e.g. entrepreneurship programs? Which ones did you know? Did you use some? Why not?</td>
<td>political &amp; legal</td>
<td>government policy</td>
</tr>
<tr>
<td>32</td>
<td>Did you receive any awards, scholarships or trainings from non-governmental institutions for starting the business? Which ones? How did that influence you?</td>
<td>political &amp; legal</td>
<td>government entrepreneurship programs</td>
</tr>
<tr>
<td>33</td>
<td>[for SOE fellows] How did becoming Ashoka Fellow/Agora influenced your undertaking? Did the perceptions of the people around you changed?</td>
<td>political &amp; legal</td>
<td>general</td>
</tr>
<tr>
<td></td>
<td>Question</td>
<td>Contextual Factors</td>
<td>Determine</td>
</tr>
<tr>
<td>---</td>
<td>-------------------------------------------------------------------------------------------------------------------------</td>
<td>------------------------------------------------------------------------</td>
<td>-----------------------------------------------------------------------------------------------------</td>
</tr>
<tr>
<td>34</td>
<td>Are there any other laws that made it difficult to start the business?</td>
<td>political &amp; legal</td>
<td>determine who big the influence of legal factors is</td>
</tr>
<tr>
<td></td>
<td></td>
<td>laws &amp; legislation</td>
<td>Are there many laws hindering the entrepreneur?</td>
</tr>
<tr>
<td>35</td>
<td>How strict are those laws? Does the application change a lot in different cases? How? Is there sometimes a way around laws?</td>
<td>political &amp; legal</td>
<td>determine how the entrepreneurs perceive and deal with corruption</td>
</tr>
<tr>
<td></td>
<td>Is Corruption a big issue to overcome? If yes, how did you deal with it?</td>
<td>corruption</td>
<td></td>
</tr>
<tr>
<td>36</td>
<td>Unwritten Rules: Are there any other, unwritten, rules in your country that you have to take into account when starting an organisation? How important are social rules, norms and regulations in your culture in order to prevent unexpected future events?</td>
<td>cultural Risks orientation Performance orientation</td>
<td>How much does the Entrepreneur consider risk in his daily life and when setting up the business?</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>If you think about technological influences...</td>
<td>technological</td>
<td>determine the influence of technological factors</td>
</tr>
<tr>
<td>37</td>
<td>Do you use new technology in your venture (new product, innovative business model)? How?</td>
<td>use of new technology as part of the venture</td>
<td>determine if the venture is based on any new technologies</td>
</tr>
<tr>
<td>38</td>
<td>How does technology development influence the starting and running of the business? Do you make use of new technologies? Can you get the technology you need at an acceptable price?</td>
<td>impact of technology on the starting and running of the venture</td>
<td>determine other influences of technology on the venture, e.g. if entrepreneurs need certain technology to run their business or the usage is part of the business model</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>If you think about environmental, ecological factors …</td>
<td>ecological</td>
<td>determine the influence of ecological factors</td>
</tr>
<tr>
<td>39</td>
<td>How do environmental/ecological factors (such as ecological problems, air or water pollution, deforestation) influence your venture?</td>
<td>impact of ecological factors on starting and running of the venture</td>
<td>determine if there are ecological factors that impact the business</td>
</tr>
<tr>
<td>40</td>
<td>Are there any environmental laws that you have to follow? Do you have any problems, difficulties due to that? Does it support you?</td>
<td>environmental legislation</td>
<td>determine if and how the venture is affected by environmental legislation</td>
</tr>
</tbody>
</table>

### IV) General Assessment of the Factors

Overall, we have talked about six contextual factors: social – cultural – economic – political & legal – technological – ecological

summarize the interview and ask the interviewee to assess the overall impact of the contextual factors and which ones were most significant.

<table>
<thead>
<tr>
<th></th>
<th>If you think about the influence of these factors on your venture, could you rank them and say which factor influenced you most and which one the least (positive or negative)? Which factors did you have to take into account most?</th>
<th>general</th>
<th>determine the significance of the impact of the different factors, Which factor had the strongest/weakest impact?</th>
</tr>
</thead>
<tbody>
<tr>
<td>41</td>
<td>-------------------------------------------------------------------------------------------------------------------------------------</td>
<td></td>
<td></td>
</tr>
<tr>
<td>42</td>
<td>From which side/which factor did you receive most positive influence?</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
43 From which side/which factor did you have most problems?

44 How did you deal with arising conflicts? Is being “straightforward” accepted in your culture or do you always have to be polite?

45 [for entrepreneurs not from CA] Do you think it was easier or more difficult to operate in CA without coming from there? How? Why?

46 What do you think should be improved to support entrepreneurs? Who (politicians, businesses)? How?

47 Is there anything else that you would like to add?

V) Conclusion & Goodbye

Thank you very much for your time and support.

Do you have any questions?

Do you wish to receive an electronic copy of the thesis at the end? (summer)

Table 11: Data Collection Protocol & Interview Guide

<table>
<thead>
<tr>
<th>E</th>
<th>Entrepreneur</th>
</tr>
</thead>
<tbody>
<tr>
<td>CE</td>
<td>Conventional Entrepreneur</td>
</tr>
<tr>
<td>SOE</td>
<td>Sustainability-oriented Entrepreneur</td>
</tr>
<tr>
<td>CA</td>
<td>Central America</td>
</tr>
</tbody>
</table>
Appendix 9: Template for Interview Transcription

**Protocol No.**
01

**Interviewer**
Name(s)  Julie Mack, Julia Pützschel
Location  Umeå, Sweden (GMT +1)

**Interview Partner**
Name(s)
Location
Organisation
Country
Type of Entrepreneur
Code

**Interview**
Type of Interview  via skype
Date  YYYY-MM-DD
Time  HH:MM (Interviewers) / HH:MM (Interview Partner)
Duration  x:xx,xx
Recording  video (mp4), additional notes
Code  INT01

**A) Introduction**
Interviewers have thanked the interview partners and introduced themselves ☒
Interviewers have explained the purpose of the research ☒
Interview Partner has agreed to the video recording of the interview ☒
Interviewers have explained the anonymity and confidentiality of the interview ☒
Interviewers have explained the right of the interview partner not to respond ☒

**B) Background Questions**

<table>
<thead>
<tr>
<th>Personal Background</th>
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<tr>
<th>Background of the Organisation</th>
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**C) Opportunity Recognition and Decision**

<table>
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<table>
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<table>
<thead>
<tr>
<th>Cultural Factors</th>
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D) Opportunity Exploitation and Venture Creation

<table>
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<th>Political &amp; Legal Factors</th>
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E) General Assessment of the Factors

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<th>Other Notes/Remarks about the interview</th>
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### Appendix 10: Coding of Interviews

<table>
<thead>
<tr>
<th>based on order of interview</th>
<th>Operating in country</th>
<th>pre analysis coding</th>
<th>post analysis coding</th>
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<tbody>
<tr>
<td>INT01</td>
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<td>COM01</td>
<td>SOE01</td>
</tr>
<tr>
<td>INT02</td>
<td>Costa Rica</td>
<td>COM02</td>
<td>COM01</td>
</tr>
<tr>
<td>INT03</td>
<td>Guatemala</td>
<td>SOE01</td>
<td>SOE02</td>
</tr>
<tr>
<td>INT04</td>
<td>Costa Rica</td>
<td>SOE02</td>
<td>-</td>
</tr>
<tr>
<td>INT05</td>
<td>Guatemala</td>
<td>SOE03</td>
<td>SOE03</td>
</tr>
<tr>
<td>INT06</td>
<td>Guatemala, El Salvador, Honduras, Nicaragua</td>
<td>SOE04</td>
<td>SOE04</td>
</tr>
<tr>
<td>INT07</td>
<td>Guatemala, Panama</td>
<td>SOE05</td>
<td>SOE05</td>
</tr>
<tr>
<td>INT08</td>
<td>Guatemala</td>
<td>SOE06</td>
<td>SOE06</td>
</tr>
<tr>
<td>INT09</td>
<td>Guatemala, Panama, Costa Rica, Honduras, El Salvador, Nicaragua</td>
<td>SOE07</td>
<td>SOE07</td>
</tr>
<tr>
<td>INT10</td>
<td>Costa Rica</td>
<td>SOE08</td>
<td>SOE08</td>
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<tr>
<td>INT11</td>
<td>Costa Rica</td>
<td>COM03</td>
<td>COM02</td>
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<td>INT12</td>
<td>Costa Rica</td>
<td>SOE09</td>
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<td>Costa Rica</td>
<td>COM04</td>
<td>COM03</td>
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**Table 12: Coding of Interviews**

INT  Interviewee  
SOE  Sustainability-oriented entrepreneur  
COM  Commercial Entrepreneur
Appendix 11: Ranking of Contextual Factors

### Ranking of Contextual Factors by Interview Partners

<table>
<thead>
<tr>
<th>Interview Partners</th>
<th>1st</th>
<th>2nd</th>
<th>3rd</th>
<th>4th</th>
<th>5th</th>
<th>6th</th>
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<tbody>
<tr>
<td>INT01</td>
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<td>political &amp; legal</td>
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<td>technological</td>
<td>political &amp; legal</td>
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<td>social</td>
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</table>

Calculation how often the contextual factors were ranked 1st to 6th

<table>
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<tr>
<th>Factors</th>
<th>1st</th>
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<th>3rd</th>
<th>4th</th>
<th>5th</th>
<th>6th</th>
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</thead>
<tbody>
<tr>
<td>political &amp; legal</td>
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<td>2</td>
<td>4</td>
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Table 13: Ranking of Contextual Factors