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Article

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A Closer Look at the Social Entrepreneurship Ecosystem in Latvia: Opportunities for Building Performance

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Abstract

Social entrepreneurship in Latvia is steadily attracting the attention of policymakers, researchers, and the wider public. The expectations are high, but so is the need to strategically continue developing the field. One road towards strengthening the performance and overall social impact is critically evaluating the effectiveness of the social entrepreneurship ecosystem. Nascent research has been scarce and dominated by qualitative studies. Therefore, based on quantitative survey analysis, this study aims to contribute to the extant knowledge by offering valuable insights into the social entrepreneurship ecosystem in Latvia, highlighting the strengths and weaknesses and the relationships closely associated with enhanced social enterprise performance. Research results indicate significant potential for developing cooperation with different public sector organisations and confirm the critical role of incubators/accelerators, finance providers, support organisations and social enterprise community in furthering the sector's overall performance.

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Introduction

Social enterprises are a potent force in the fight against numerous social, economic, and environmental problems. Researchers have praised social entrepreneurship as a solution to the failures brought about by capitalism (Baglioni, 2017) and highlighted its potential to drive innovations (Monroe-White et al., 2017), promote sustainable development (Bartha et al., 2019) and successfully address various socio-economic problems (Bandyopadhyay et al., 2019) left behind by governments and market forces. Correspondingly, the attention of researchers towards the topic and its many facets has increased over the years. Academic researchers have paid much attention to the role of social entrepreneurship (Ahmad & Bajwa, 2023) and its role in economic development. Knowledge management has become very important in social entrepreneurship (Maalaoui et al., 2020), stressing the role of education. Motivation (important in any entrepreneurship field) is also becoming an increasingly salient aspect in the context of social entrepreneurship (Ghalwash et al., 2017). Organisation aspects in social entrepreneurship (Kannampuzha et al., 2019) are also underlined and stressed. International social entrepreneurship develops more and more in many countries (Eng et al., 2020), highlighting different aspects of social entrepreneurship development. Often, researchers devote their attention to social entrepreneurship financing (Parekh et al., 2022), indicating problematic aspects. The salience of education and the involvement of students in social entrepreneurship have also been discussed (Othman et al., 2014), as students often have innovative and original suggestions. Additionally, trust in the results of social entrepreneurship has many discussion points (Tack et al., 2017); researchers have stressed the role of culture in social entrepreneurship (Pounder, 2021; Coker et al., 2017) and highlighted developments in sports and social entrepreneurship in Germany (Moustakas et al., 2021) – the experience could be useful also for other countries. Regional aspects of social entrepreneurship are also stressed by several researchers (Kachlami et al., 2018), who have analysed supply and demand.

While the phenomenon of social entrepreneurship has been researched from a wide variety of angles, a particular research area that has been neglected (especially in terms of a quantitative approach) is that of social entrepreneurship ecosystems (Roundy, 2016; Diaz Gonzales et al., 2021), which explore the interlinkages and relationships between the different ecosystem players which shape and define the field and its development. This research partially responds to Roundy's call (2017), considering the complex web of interrelations between social entrepreneurs and other key stakeholders in the ecosystem. Furthermore, this research also quantitatively evaluates the strength of the partnerships within the social entrepreneurship ecosystem and highlights the partnerships that are closely associated with enhanced social enterprise performance, providing practical implications, especially for policy-making authorities. In the specific context of Latvia, this research is particularly significant as there is a lack of quantitative research regarding social entrepreneurship topics in Latvia. A quantitative approach towards analysing the relationships within the social entrepreneurship ecosystem has not been previously carried out.

The purpose of the research is to evaluate the Latvian social entrepreneurship ecosystem from the viewpoint of social enterprises, seeking to answer the following research questions: 1) what are the strongest and weakest cooperative ties within the Latvian social entrepreneurship ecosystem? 2) are there any ecosystem relationships that are statistically significantly associated with performance? 3) which cooperative ties demand the most attention from social enterprises and public authorities seeking to promote the overall performance of the Latvian social entrepreneurship sector? The research employs a quantitative research methodology. Research results are

based on survey analysis of Latvian social enterprise managers and provide practical implications for public authorities and support organisations seeking to enhance further the overall performance of the social entrepreneurship sector in Latvia. To the authors' best knowledge, this study is the first attempt to quantitatively evaluate the relationships within the social entrepreneurship ecosystem in Latvia, also providing a valuable benchmark for monitoring future developments in the field.

The research paper is further structured in the following way. The first and second sub-sections examine the academic literature pertaining to previous research on ecosystems in the social entrepreneurship context and highlight the characteristics of the social entrepreneurship ecosystem in Latvia, followed by a methodology section detailing the research procedure. The third and fourth sections reveal and discuss the results of the research, followed by conclusions.

Theoretical knowledge and findings on ecosystems in the social entrepreneurship context

Both the development of conventional and social enterprises is constantly shaped, nurtured, and challenged by the complex constellations and networks found within their entrepreneurial ecosystems. As proposed by Roundy (2017), social entrepreneurship and the wider entrepreneurship ecosystem can complement and shape each other, delivering positive influences for both. Diaz Gonzales et al. (2021) have provided a comprehensive account of the key social entrepreneurship ecosystem actors (governments, incubators, universities, and finance providers) and proposed to categorise them into three broad groups or support categories - fuel, hardware and DNA and revealed the interlinkages between these support categories, highlighting the importance of the ecosystem concept especially in the social entrepreneurship context. Wirtz et al. (2015), in the context of sustainable urban development, have proposed a social entrepreneurial ecosystem that, next to the widely recognised key players, also includes the wider public, the media representatives, employees and social enterprise customers and suppliers. Their ecosystem view highlights the importance of raising awareness within the public, which in turn helps social enterprises acquire legitimacy, earn trust and consequently increase their customer base. Bhardwaj et al. (2022), drawing from systems theory, propose to look at social entrepreneurship ecosystems from a holistic point of view, concentrating not only on the synergetic interactions between the various ecosystem actors but also towards their embeddedness in continuous transformation processes.

The Characteristics of the Main Players in the Latvian Social Entrepreneurship Ecosystem

The social entrepreneurship ecosystem in Latvia is continuing to grow, revealing several positive trends, but its full potential has yet to be reached. As highlighted by Ūlande et al. (2018), the main stakeholders in the social entrepreneurship ecosystem are social enterprises, government/public sector organisations and municipalities, support organisations (e.g. Social Entrepreneurship Association of Latvia and others), education institutions, incubators and accelerators, investors (finance providers) and intermediaries (especially those seeking social impact), and commercial enterprises. While some of the stakeholders above have been more active, others have not yet fully embraced social entrepreneurship and have yet to explore the various partnership opportunities with social enterprises.

The greatest role and responsibility for policy development in the arena of social entrepreneurship belongs to the Ministry of Welfare of the Republic of Latvia, which correspondingly has also invested the most effort among all government/public sector organisations towards furthering the development of the field. Ministry of Welfare, in partnership with other stakeholders, has been actively organising informational campaigns and various events to raise awareness among the public about social enterprises and also encouraging the growth of the social entrepreneurship sector via the administration of social enterprise grants in close partnership with the finance institution ALTUM. Among support organisations, Social Entrepreneurship of Latvia (SEAL) has proved to be an invaluable partner for many social enterprises that have received consultative support and taken part in various webinars and events. SEAL has been strongly representing and defending the interests of Latvian social enterprises at all government levels and has been one of the drivers towards the development of social procurement practices and closer cooperation between social enterprises and municipalities. Social entrepreneurship incubators and accelerators have been less visible in the public space since there are only a few (examples are New Door and Reach for Change), and their activities are mostly periodic; however, with their help, a considerable number of social initiatives have acquired the needed business skills and training to transform into successful social enterprises. Conventional business incubators have not been able to cater to the needs of social enterprises or attract the attention of to-be social enterprises yet (Līcīte, 2018).

Among significant stakeholders and key players who have yet to embrace the concept of social entrepreneurship in Latvia fully are higher education institutions, municipalities, and conventional businesses. Although their role has been highlighted as significant for the development of the field (Līcīte, 2018), very little is known about the actual strength of these cooperation relationships. Only two higher education institutions currently offer specific master-level social entrepreneurship study programmes. In contrast, a larger number of institutions offer only a course on social entrepreneurship as part of a broader study programme. The potential for cooperation between higher education institutions and social enterprises is relatively unexplored. However, a positive trend is the continued and growing interest among researchers (Casno et al., 2021; Casno et al., 2020; Casno et al., 2019; Gintere et al., 2022; Līcīte-Kurbe et al., 2022) about various aspects of social entrepreneurship in Latvia. While several good cooperation cases between social enterprises and municipalities exist, the level of scepticism about social enterprises and lack of interest in cooperation is still widespread (Ūlande et al., 2018; Lis et al., 2017). The possibilities for partnerships with conventional businesses are vast. However, they are underdeveloped due to the lack of marketing, sales and digitalisation (Ūlande et al., 2018) skills among social enterprises.

Apart from the finance institution ALTUM, which has been involved in the grant administration process, among other finance sector players, the interest towards social impact investment and financing of social enterprises has been rather weak and cautious (Līcīte, 2018). To the Authors' best knowledge, up to date, there have been no research studies aimed at quantitatively capturing the actual strength of the cooperative relationships within the social entrepreneurship ecosystem. This research fills this gap by establishing the relative strength of the relationships between social enterprises and other stakeholders. Furthermore, this research also highlights the relationships that are strongly associated with higher social enterprise performance and point out the relationships that demand the most attention from policymakers seeking to enhance the overall performance of the field.

Methodology

The following methods were applied for the research: analysis of previous research and analysis of a survey of Latvian social enterprise managers (designed and conducted as part of doctoral research), applying such statistical analysis methods as descriptive statistics (indicators of central tendency or location), indicators of variability (range, variance, standard deviation, standard error of mean), correlation analysis, and independent samples t-test. The survey was sent directly to the Latvian social enterprises with the official status via e-mail and also disseminated among the members (including *de facto* social enterprises) of the Social Entrepreneurship Association of Latvia via a newsletter. The survey was selected as the best methodological choice for this research since it allows a smooth and efficient collection of detailed and focused data regarding relationships in the social entrepreneurship ecosystem, allowing policymakers to use this data for fact-based decision-making.

To evaluate the cooperative ties within the social entrepreneurship ecosystem, social enterprises were asked to indicate both the strength of the cooperative ties with major stakeholders as well as their importance. Social enterprises were also invited to evaluate different dimensions of their performance (a complementary question adapted from Salavou et al. (2021), which allowed them to establish associative relationships between the performance dimensions and the strength of cooperative ties with various stakeholders indicated by social enterprises.

Regarding the sample obtained, all respondents were social enterprises with the official status (an organisational form of a limited liability company). 47.22% of the respondents were engaged in work integration. The majority (69.44%) employed 1-9 employees, operated for 1-4 years (61.11%) and were located in Riga (40%) or Pieriga (20%). Respondents mostly operated in such sectors as education (19.44%), services (16.67%) and health and social care (13.89%).

Results

The social entrepreneurship ecosystem in Latvia is rather diverse in terms of the strength of the relationship among stakeholders. Latvian social enterprises currently reveal the strongest cooperative ties (on average) with support and membership organisations, the Ministry of Welfare, and finance providers, as reflected in Table 1.

As mentioned earlier, those relatively strong relationships attest to the fruitful cooperation between the stakeholders during the relatively recent grant application process. However, the strength of the cooperation with other stakeholders in the ecosystem is significantly lower. While social enterprises, on average, exhibit moderate confidence towards their ability to engage and cooperate with customers (physical persons), the relationships with other social enterprises, commercial customers, incubators/accelerators, and public media lack vibrancy. Although the responses across all stakeholders are characterised by a high degree of variance and a substantial proportion of social enterprises have managed to achieve above moderate (a score of 7 or above) cooperative ties with certain stakeholders, there remains significant room for improvement. Particularly stagnant are the cooperative ties with public sector organisations, municipalities, and higher education institutions. Furthermore, 18 out of 29 social enterprises and 20 out of 27 indicated that relationships with higher education institutions and incubators/accelerators were not applicable. The relatively low average strength of these relationships also serves as a reflection of the rather slow processes of institutionalisation and public recognition of social entrepreneurship in Latvia.

Table 1

Main indicators of descriptive statistics for the evaluations of the question “How would you evaluate your cooperation with the various stakeholders within the social entrepreneurship ecosystem?”

| | Support and membership org-s | Higher education institutions | Other social enterprises | Incubators/ accelerators | Finance providers | Customers - physical persons | Customers - commercial businesses | Ministry of Welfare | Municipality/-ies | Public media | Public sector organisations |
|-------------------------------|------------------------------|-------------------------------|--------------------------|--------------------------|-------------------|------------------------------|-----------------------------------|---------------------|-------------------|--------------|-----------------------------|
| N Valid | 41 | 29 | 37 | 27 | 41 | 46 | 40 | 46 | 39 | 37 | 35 |
| Missing | 20 | 20 | 20 | 20 | 20 | 20 | 20 | 20 | 20 | 20 | 20 |
| n/a | 6 | 18 | 10 | 20 | 6 | 1 | 7 | 1 | 8 | 10 | 12 |
| Mean | 7,95 | 4,83 | 5,89 | 5,70 | 7,24 | 6,96 | 5,80 | 7,33 | 4,62 | 5,11 | 4,40 |
| Standard Error of Mean | 0,342 | 0,444 | 0,429 | 0,592 | 0,396 | 0,300 | 0,427 | 0,365 | 0,445 | 0,440 | 0,436 |
| Median | 8 | 5 | 7 | 6 | 8 | 7 | 6 | 8 | 5 | 5 | 5 |
| Mode | 10 | 5 | 9 | 9 | 9 | 8 | 8 | 9 | 1 | 1 | 1 |
| Standard Deviation | 2,190 | 2,391 | 2,612 | 3,074 | 2,538 | 2,033 | 2,700 | 2,477 | 2,778 | 2,675 | 2,580 |
| Variance | 4,798 | 5,719 | 6,821 | 9,447 | 6,439 | 4,131 | 7,292 | 6,136 | 7,717 | 7,155 | 6,659 |
| Range | 8 | 8 | 8 | 9 | 9 | 8 | 9 | 9 | 9 | 8 | 7 |
| Minimum | 2 | 1 | 1 | 1 | 1 | 2 | 1 | 1 | 1 | 1 | 1 |
| Maximum | 10 | 9 | 9 | 10 | 10 | 10 | 10 | 10 | 10 | 9 | 8 |

Source: Kristine Casno calculations based on Kristine Casno designed and conducted a survey in 2022, Evaluation scale 1-10, 1 – poor, 10 – very strong, n/a – not applicable, n=67

Differences were observed in responses by work integration status. Work integration social enterprises, on average, indicated slightly lower cooperative strength with support and membership organisations, finance providers, and commercial customers and slightly higher cooperative strength with other social enterprises, incubators, customers (physical persons), municipalities, and public media. However, these differences were not found to be statistically significant. However, statistically significant differences in work integration status were found in cooperative ties with higher education institutions and the Ministry of Welfare. Specifically, for work integration social enterprises, the cooperative relationships with higher education institutions were statistically significantly lower. However, those with the Ministry of Welfare were statistically significantly higher compared to other social enterprises, providing valuable implications for public authorities and sectorial support organisations.

While the cooperative strengths in the social entrepreneurship ecosystem can be diverse, the same applies to the relative perception of the importance of certain stakeholders as valuable cooperation partners from the point of view of social enterprises. Table 2 provides valuable insights regarding the relationships that social enterprises perceive to be the most important for them in the social entrepreneurship ecosystem.

Table 2

Main indicators of descriptive statistics for the evaluations of the question “How important is cooperation with the various stakeholders within the social entrepreneurship ecosystem for you?”

| | Support and membership org-s | Higher education institutions | Other social enterprises | Incubators/accelerators | Finance providers | Customers - physical persons | Customers - commercial businesses | Ministry of Welfare | Municipality/ -ies | Public media | Public sector organisations |
|-------------------------------|------------------------------|-------------------------------|--------------------------|-------------------------|-------------------|------------------------------|-----------------------------------|---------------------|--------------------|--------------|-----------------------------|
| N Valid | 41 | 34 | 39 | 36 | 44 | 45 | 43 | 46 | 42 | 41 | 41 |
| Missing | 21 | 21 | 22 | 10 | 21 | 21 | 21 | 21 | 21 | 22 | 22 |
| n/a | 5 | 12 | 6 | 21 | 2 | 1 | 3 | 0 | 4 | 4 | 4 |
| Mean | 7,59 | 5,47 | 6,85 | 6,03 | 8,66 | 8,89 | 8,70 | 8,43 | 8,21 | 7,73 | 7,24 |
| Standard Error of Mean | 0,384 | 0,576 | 0,383 | 0,520 | 0,342 | 0,276 | 0,325 | 0,301 | 0,347 | 0,386 | 0,425 |
| Median | 8 | 6 | 7 | 7 | 9,5 | 10 | 10 | 9 | 9 | 8 | 8 |
| Mode | 10 | 1 | 8 | 7; 10 | 10 | 10 | 10 | 10 | 10 | 10 | 10 |
| Standard Deviation | 2,459 | 3,360 | 2,390 | 3,121 | 2,272 | 1,849 | 2,133 | 2,040 | 2,247 | 2,470 | 2,718 |
| Variance | 6,049 | 11,287 | 5,713 | 9,742 | 5,160 | 3,419 | 4,549 | 4,162 | 5,051 | 6,101 | 7,389 |
| Range | 9 | 9 | 8 | 9 | 9 | 9 | 9 | 9 | 9 | 9 | 9 |
| Minimum | 1 | 1 | 2 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 |
| Maximum | 10 | 10 | 10 | 10 | 10 | 10 | 10 | 10 | 10 | 10 | 10 |

Source: Kristine Casno calculations based on Kristine Casno designed and conducted survey in 2022, Evaluation scale 1-10, 1 – not important at all, 10 – very important, n/a – not applicable, n=67

The customer orientation of Latvian social enterprises is relatively strong, as evidenced by the relatively high arithmetic means of identifying the importance of relationships with customers in the business-to-customer as well as the business-to-business market. Latvian social enterprises regard their relationships with finance providers, the Ministry of Welfare, and municipalities rather highly. The relative importance attached to such ecosystem players as the public media even slightly exceeds that of the support and membership organisations, indirectly indicating interest and willingness to cooperate. The relative importance attached to the relationship with public sector organisations overshadows that with other social enterprises, incubators/accelerators, and higher education institutions, implying a need to continue building the image and presence of social entrepreneurship in the public space. At the same time, these results also reveal a certain level of individualism, as cooperation with other social enterprises is not regarded as highly. The relatively least important relationships for Latvian social enterprises are those with incubators/accelerators and higher education institutions, despite their potential to enhance and strengthen the performance of social enterprises. Although social enterprises may not be able to perceive the benefits of these relationships yet or may have other priorities on their agendas, the results above demand attention from policymakers.

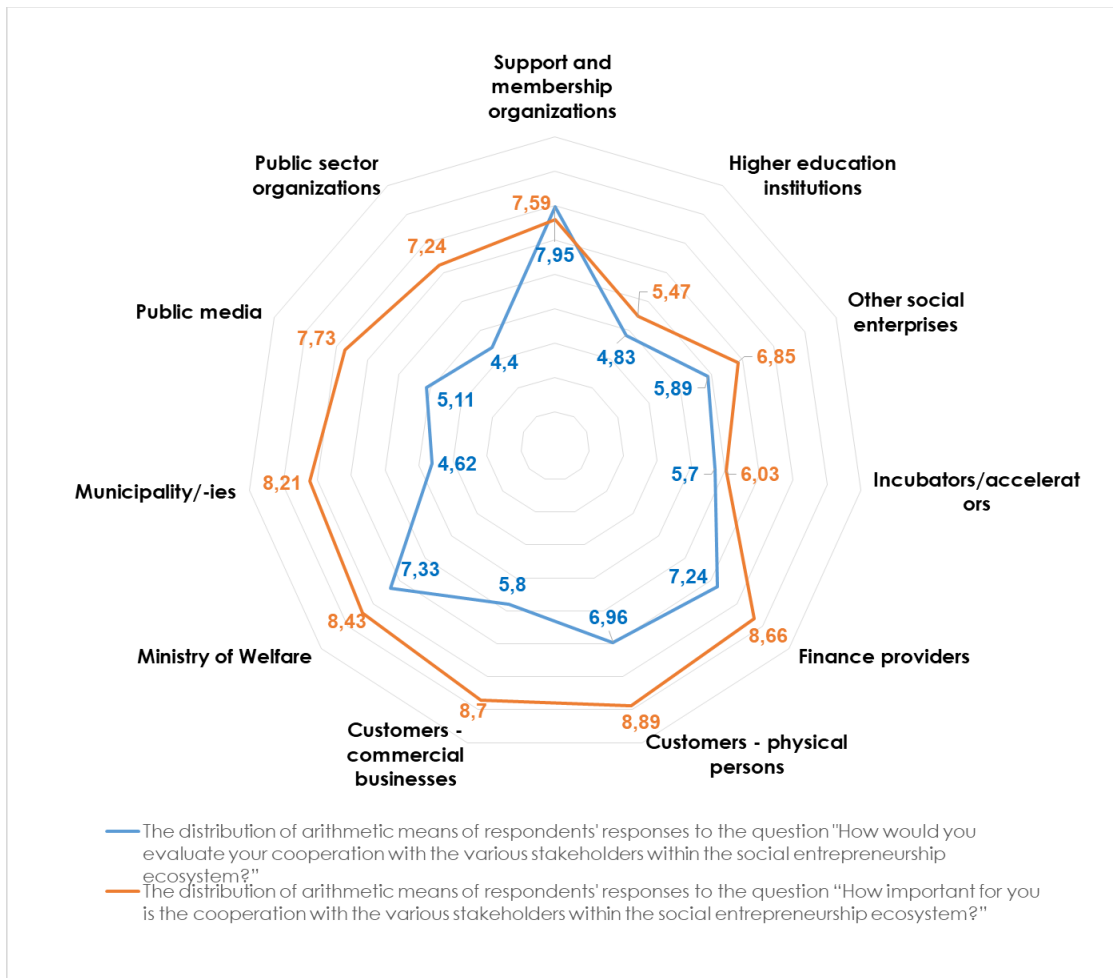
Differences were also observed in the relative importance of cooperative relationships with social entrepreneurship ecosystem stakeholders by the work integration status of social enterprises. Specifically, work integration social enterprises

revealed statistically significantly higher regard for cooperation with commercial and physical customers compared to other social enterprises. They were also slightly more appreciative of the relationships with other social enterprises, incubators/accelerators, the Ministry of Welfare, and public sector organisations. However, they were slightly less appreciative of the cooperation with support and membership organisations, higher education institutions, finance providers, and public media. However, these differences were not found to be statistically significant.

The comparison of the distributions of the means regards the actual strength of the relationships with stakeholders in the social entrepreneurship ecosystem and the relative importance of these relationships, reflected in Figure 1, also provides valuable insights and paths for action in order to strengthen the overall performance and capacity of the social entrepreneurship field in Latvia.

Figure 1

The distribution of the arithmetic means for the responses to the questions “How would you evaluate your cooperation with the various stakeholders within the social entrepreneurship ecosystem?” and “How important for you is the cooperation with the various stakeholders within the social entrepreneurship ecosystem?”



Source: Kristine Casno calculations and construction based on Kristine Casno designed and conducted survey in 2022, Evaluation scale 1-10, 1 – poor, 10 – very strong, n/a – not applicable; Evaluation scale 1-10, 1 – not important at all, 10 – very important, n/a – not applicable, n=67

The largest gaps and, respectively, also the most urgent avenues for action are found in strengthening the social enterprise cooperation with municipalities, commercial customers, public sector organisations, and public media. All of these are directly associated with a continued need to increase public awareness and motivate the involvement of public and commercial organisations towards wider cooperation with social enterprises. At the same time, despite the relatively low importance attached by social enterprises to cooperation with such ecosystem players as higher education institutions, incubators/accelerators, and other social enterprises, these relationships should be strategically nurtured and strengthened.

Particularly, the promotion of cooperation of social enterprises with incubators/accelerators and other social enterprises deserves the utmost attention from policymakers since these relationships, among a few others, were found to be strongly associated with better social enterprise performance across several performance dimensions. Specifically, a statistically significant positive correlation was established between the indicated strength of cooperation with incubators/accelerators and indicated social enterprise performance in terms of their ability to grow the number of customers, increase commercial revenue, and also ensure the satisfaction of their beneficiaries, as evidenced by the results of the correlation analysis reflected in Table 3.

Table 3

Correlation analysis results between the respondents indicated the strength of cooperation with incubators/accelerators and indicated the ability to increase the number of customers' commercial revenue and to ensure the satisfaction of the beneficiaries.

| | | Incubators/accelerators (e.g. "Reach for Change", "New Door") |
|--|---------------------|--|
| Ability to increase the number of customers | Pearson Correlation | 0,416* |
| | Sig. (2-tailed) | 0,039 |
| | N | 25 |
| Ability to increase revenue from commercial activity | Pearson Correlation | 0,583** |
| | Sig. (2-tailed) | 0,002 |
| | N | 25 |
| Ability to ensure the satisfaction of the beneficiaries | Pearson Correlation | 0,482* |
| | Sig. (2-tailed) | 0,017 |
| | N | 24 |

*. Correlation is significant at the 0.05 level (2-tailed).

** . Correlation is significant at the 0.01 level (2-tailed).

Source: Kristine Casno calculations based on Kristine Casno designed and conducted a survey in 2022, Evaluation scale 1-10, 1 – lowest evaluation, 10 – highest evaluation, n/a – not applicable; n=67

These results confirm the vital role of incubators/accelerators in enhancing social enterprises' commercial and social performance dimensions. Furthermore, a similar correlational relationship was established between the indicated strength of cooperation with other social enterprises and the indicated ability of the social enterprises to enlarge their customer base, as reflected in Table 4.

Table 4

Correlation analysis results between the respondents indicated the strength of cooperation with other social enterprises and indicated the ability to increase the number of products and services.

| | Other social enterprises | |
|--|---------------------------------|---------|
| Ability to increase the number of customers | Pearson Correlation | 0,524** |
| | Sig. (2-tailed) | 0,001 |
| | N | 35 |

** . Correlation is significant at the 0.01 level (2-tailed).

Source: Kristine Casno calculations based on the author's designed and conducted survey in 2022, Evaluation scale 1-10, 1 – poor, 10 – very strong, n/a – not applicable; n=67

Although social enterprises revealed relative disengagement towards cooperation with other social enterprises, these results substantiate the need to strengthen the social enterprise community with a particular focus towards the development of mutual partnerships between social enterprises in terms of shared marketing campaigns and product/service development. Among other relationships that were highly appreciated by Latvian social enterprises and also highly associated with enhanced performance were those with support and membership organisations and finance providers. In particular, a positive statistically significant correlational relationship was identified between the indicated strength of cooperation with support and membership organisations and the ability of the social enterprise to increase other sources of revenue, as reflected in Table 5.

Table 5

Correlation analysis results between the respondents indicated the strength of cooperation with support and membership organisations and indicated the ability to increase other sources of revenue.

| | Support and membership organisations (e.g. Social Entrepreneurship Association of Latvia) | |
|---|--|--------|
| Ability to increase other sources of revenue (e.g. grants) | Pearson Correlation | 0,366* |
| | Sig. (2-tailed) | 0,022 |
| | N | 39 |

*. Correlation is significant at the 0.05 level (2-tailed).

Source: Kristine Casno calculations based on Kristine Casno designed and conducted survey in 2022, Evaluation scale 1-10, 1 – poor, 10 – very strong, n/a – not applicable; Evaluation scale 1-10, 1 – poor, 10 – very strong, n/a – not applicable; Evaluation scale 1-10, 1- very poor, 10 - excellent, n/a – not applicable, n=67

This result confirms the valuable contribution of the support and membership organisations in the form of consultations, webinars and other activities that strengthen the capacity and skills of social enterprises necessary for obtaining grants and participating in various competitions and projects. Finance providers, as reflected in Table 6, were also identified as powerful stakeholders within the social entrepreneurship ecosystem.

Table 6

Correlation analysis results between the respondents indicated the strength of cooperation with finance providers and indicated the ability to increase the number of customers, commercial revenue, and other sources of revenue and to ensure the satisfaction of the beneficiaries

| | | Finance providers (e.g. "Altum", commercial banks) |
|---|---------------------|---|
| Ability to increase the number of customers | Pearson Correlation | 0,350* |
| | Sig. (2-tailed) | 0,029 |
| | N | 39 |
| Ability to increase revenue from commercial activity | Pearson Correlation | 0,623** |
| | Sig. (2-tailed) | 0,000 |
| | N | 38 |
| Ability to increase other sources of revenue (e.g. grants) | Pearson Correlation | 0,736** |
| | Sig. (2-tailed) | 0,000 |
| | N | 39 |
| Ability to ensure the satisfaction of the beneficiaries | Pearson Correlation | 0,448** |
| | Sig. (2-tailed) | 0,005 |
| | N | 38 |

*. Correlation is significant at the 0.05 level (2-tailed).

** . Correlation is significant at the 0.01 level (2-tailed).

Source: Kristine Casno calculations based on Kristine Casno designed and conducted survey in 2022, Evaluation scale 1-10, 1 – poor, 10 – very strong, n/a – not applicable; Evaluation scale 1-10, 1 – poor, 10 – very strong, n/a – not applicable; Evaluation scale 1-10, 1- very poor, 10 - excellent, n/a – not applicable, n=67

These results confirm the significant role of financial resource availability in enhancing the performance of social enterprises and indicate that strategic expansion of the financial instruments available in the future may not only transfer into enhanced performance across the commercial but also across the social dimensions of social enterprise performance. No other statistically significant correlational relationships between other players in the social entrepreneurship ecosystem and social enterprise performance were identified.

Discussion

The strength of cooperation between Latvian social enterprises and other players in the social entrepreneurship ecosystem, as well as the relative importance social enterprises attach to the respective cooperative relationships, vary significantly. The cooperation ties currently are the strongest between social enterprises and support and membership organisations, the Ministry of Welfare, and finance providers, which attest to the successful results of the nascent grant application process that involved close cooperation between the parties above. However, the strength of the cooperative ties with other stakeholders reveals the potential for building, strategically developing and improving relationships, which could have a positive effect on social enterprise performance. Specifically, the relationships with other social enterprises, commercial customers, incubators/accelerators, and public media lack vibrancy and demand continued stimulation, especially on behalf of public authorities and support organisations. Significant potential for enhancing social enterprise performance lies in the strategic development and promotion of cooperative ties between social enterprises and public sector organisations, municipalities, and higher education institutions since these relationships are particularly weak at the moment.

Similar to the relative strength of cooperative relationships, the relative importance social enterprises attach to their relationships with the different players in the social entrepreneurship ecosystem differs as well. While social enterprises display a strong customer orientation and value the relationships with finance providers, Ministry of Welfare and municipalities rather highly, among significantly underappreciated relationships are those with other social enterprises, incubators/accelerators, and higher education institutions, despite their potential to provide valuable networking opportunities, mutual win-win cooperation possibilities and exchange and improvement of knowledge and skills.

The largest gaps and, respectively, the most urgent avenues for action are found in strengthening the social enterprise cooperation with municipalities, commercial customers, public sector organisations, and public media. All of these are directly associated with a continued need to increase public awareness and motivate the involvement of public and commercial organisations towards wider cooperation with social enterprises. At the same time, despite the relatively low importance attached by social enterprises to cooperation with such ecosystem players as higher education institutions, incubators/accelerators, and other social enterprises, these relationships should be strategically nurtured and strengthened. Particularly, the promotion of cooperation of social enterprises with incubators/accelerators and other social enterprises deserves the utmost attention from policymakers since these relationships were identified as yet weak and relatively underexplored but strongly associated with better social enterprise performance across several performance dimensions.

This research does have limitations. The first limitation relates to the research angle – in particular, the research was carried out exclusively from the perspective of Latvian social enterprises. The second limitation relates to the specificity of the research sample. In particular, this research includes only the social enterprises with the official status of a social enterprise. However, there is a considerable share of *de-facto* social enterprises operating in Latvia under the organisational form of a non-governmental organisation, association or foundation.

Conclusion

The largest gaps and, respectively, the most promising avenues for action are found in strengthening the social enterprise cooperation with municipalities, commercial customers, public sector organisations, and public media. All of these are directly associated with a continued need to increase public awareness and motivate the involvement of public and commercial organisations towards wider cooperation with social enterprises. At the same time, despite the relatively low importance attached by social enterprises to cooperation with such ecosystem players as higher education institutions, incubators/accelerators, and other social enterprises, these relationships should also be strategically nurtured, strengthened and encouraged by public authorities and social enterprises.

Particularly, the promotion of cooperation of social enterprises with incubators/accelerators and other social enterprises deserves the utmost attention from policymakers since these relationships were identified as yet weak and relatively underexplored but strongly associated with better social enterprise performance across several performance dimensions. Furthermore, continued effort should be invested towards promoting social enterprise cooperation with finance providers and support and membership organisations due to the strong association of these cooperative relationships with enhanced social enterprise performance.

This research has the following limitations. The first limitation relates to the research angle – in particular, the research was carried out exclusively from the perspective of

Latvian social enterprises. The second limitation relates to the specificity of the research sample. In particular, this research includes only the social enterprises with the official status of a social enterprise. However, there is a considerable share of *de-facto* social enterprises operating in Latvia under the organisational form of a non-governmental organisation, association or foundation. Taking into account those above, further valuable avenues for research include (1) exploration of the social entrepreneurship ecosystem from the viewpoint of other stakeholders, which could provide additional insights, (2) qualitative evaluation of the main social enterprise narratives and reasons behind the particular perception of the strength and importance of the cooperative relationships within the ecosystem, and (3) a specific research angle from the point of view of *de-facto* social enterprises in the social entrepreneurship ecosystem context.

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