What Drives Social Enterprises to Form Sustainable Values? The Effects of Normative Identity and Social Performance

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Abstract: This study investigates the relationship between the social enterprises' normative identity and social performance. Social enterprises are considered hybrid organizations that simultaneously pursue economic value and social value. To meet an SE's mission and objectives, they need to build a normative identity and normative networks. This study examines how an SE's normative identity and normative networks influence its performance. In particular, this study focuses on social performance. To test our hypotheses, we used survey data from CESE in Korea. The survey included samples from 1437 social enterprises that are certified by the government as social enterprises. Our dataset was constructed by sampling 300 social enterprises that attained the social incentive from the CSES. Social incentives are the reward for social performance. The findings suggest that while an SE's normative identity orientation does not affect social performance, normative activity influences social performance. In addition, the legitimacy of an SE moderates the relationship between the normative network and social performance. These findings contribute to our understanding of an SE's identity and social performance.

Keywords: social enterprise; normative identity; normative network; social performance

1. Introduction

The phenomenon in which social enterprises are in the spotlight means that the times have expected business enterprises to act as a social actor that holds their social responsibilities beyond the purpose of profit maximization. The emergence of the social enterprise is based on the attempts to complement the mechanism of capitalism and introduce the innovation of social structure [1,2]. Adverse effects of the market economy triggered social ills, such as the monopolistic structure of the market, widening the gap between the rich and the poor, and disregard for the value of labor and the environment. There are two perspectives on the emergence of social enterprises: the position that social enterprises have received attention due to the need for an 'organization' that complements capitalism and the market economy, and social enterprises as an 'activity method' to create social values. The former is related to the background of the emergence of social enterprises in Europe, and the latter describes the process of the emergence of social enterprises in the United States [3–6]. In Korea, the Social Enterprise Promotion Act was enacted in 2007, and efforts have been made to foster and revitalize social enterprises. Since the enactment of the law, officially certified social enterprises have been steadily increasing. According to the Ministry of Employment and Labor, between 2007 and December 2020, 2777 social enterprises were certified and actively operated.

Essentially, social enterprises emphasize the overall direction of the organization are more oriented to the whole community and society than traditional cooperatives and then, are inherently designed to improve social welfare [7]. Although profit-making is not the organization's primary purpose, generating financial revenue as a resource is also needed to serve a social goal [8]. The unique and ambivalent characteristics of this organization mean social enterprises have internal tension between competing demands and goals [2,9–11].

In fact, it calls for more in-depth research regarding business model approaches such as hybrid organizations. Ref. [12] argued that social enterprise is considered a paradoxical phenomenon because there is a dynamic interplay within a social enterprise with conflicting and incompatible elements such as business and social logic. Considering this characteristic, ref. [13] tried to expand the explanatory approach to conceptualize social enterprises beyond the bipolar continuum such as the social and entrepreneurial approaches [13]. Additionally, ref. [14] suggested that, from a value chain perspective, identifying the characteristics of the hybrid business model is important to provide solutions for smallholders and overcome these challenges.

Combining both characteristics, both identities—utilitarian and normative—exist in social enterprises [10]. Despite the "double bottom line" of a social enterprise in that it is trying to achieve social as well as economic objectives, the reason social enterprises exist is to create social values [15].

Above all, the creation of sustainable value for social enterprises depends on which identity they take on and what values they emphasize. When social enterprises focus more on their calling as a unique cooperative than on economic utility, realizing social values that are their natural purpose will be possible. Therefore, it is important to attach great importance to social values rather than increasing revenue, take a stance toward solving societal issues and serving the community, and establish a network with other related organizations and governments, etc., in local communities and business environments.

In addition to the importance of research on social enterprises, relevant studies have been accumulated, but consistent conclusions have not been reached. Ref. [16] performed a meta-analysis to confirm the effect of factors influencing social enterprise performance. As a result, individual factors such as social entrepreneurship and the CEO's competency and role were meaningful antecedents, whereas organizational competency, organizational characteristics, and networks had no significant effect. However, this study has limitations in terms of the validity of the indicator because it analyzed social performance with the employment rate of the vulnerable. There are difficulties in measuring the performance and social value of social enterprises, and the reason can be found in the absence of a standard for measurement. Therefore, this study tries to analyze the effect on the normative identity and social performance of social enterprises by conducting a regression analysis based on the data of the Social Value Research Institute.

Despite the significance of normative identity, the research on identities of social enterprises has mainly focused on the tension between competing identities, mission drift, and identity misalignment and neglected the role of normative values or identity in the process of creating results [1,4,11,17–20]. In addition, economic performance rather than the social performance of social enterprises is focused on because of social justice and the impact of networks with the liability of newness [21].

To address this gap, we draw on the sensemaking concept to explain how the normative identity of a social enterprise affects its social performance. Sensemaking can be understood as a general notion without an associated definition [22]. It has various meanings in the context of an organization. Ref. [23] explained that sensemaking is not only grounded in identity construction but is also social. Organizations are seen as constantly evolving because they are made up of the interactions between members, organizations, networks, and society. Thus, we differentiate concepts of normative identity into attention and posture. Even if social enterprises have a normative identity, an organization's attitude and actual practice could be different. On the one hand, devoting attention to pro-social value means building a shared trust system for the organization's purpose, in that it maintains consistency. On the other hand, postures toward solving social problems are related to actual activities.

In this paper, we analyze the effects of normative identity on social performance based on the attention-based view. We attempt to deconstruct, in-depth, the concept of normative identity into three elements: attention to creating social values, maintaining a strategic posture focusing on solving social problems, and establishing social normative networks

within the community and society. Furthermore, we pay attention to the context of social enterprises that have a liability of newness and then examine the moderation effects. Since social enterprises as a new type of organization have limited resources and inaccessibility to information [21,24,25], the possibility of a mix of social and financial objectives in the process of growing the business could be a threat to creating social performance.

2. Theoretical Background and Hypotheses Development

2.1. Definition of Social Enterprise

The orientation, business field, size of the organization, the composition of founders and employees, the composition of resources, and the method of organizational operation of social enterprises are very diverse and have unique characteristics different from those of traditional enterprises [10]. There are various definitions of social enterprises because the background of their appearance differs from country to country. Additionally, Ref. [26] assumed that there is still no universal and general definition of social enterprise.

According to [26], social enterprise is defined as activities that are organized by business strategy, and any public-oriented private activity which has a purpose to bring innovative solutions to solve social problems such as social exclusion and unemployment. This definition is more concerned with the activities than the organizational aspects. The activities also emphasize both economic and social characteristics. Ref. [27] explained social enterprises that combine the characteristics of various purposes, various participants, and various financial sources. Additionally, as a sub-area of the socio-economic sector, organizational aspects could be dynamic in that when the pursuit of public interest is strong, it becomes a group area and when economic activity is emphasized, it becomes a cooperative. In Korea, social enterprises are defined, according to the Social Enterprise Promotion Act, as enterprises that engage in business activities such as production and sales of goods and services while pursuing social purposes, providing social services or jobs to the underprivileged, or enhancing the quality of life of residents by contributing to the local community. In this context, the meaning of social enterprise in Korea focuses on the role of the social actor in that the goal of the social enterprise is to help improve social cohesion and people's quality of life by expanding social services that are not sufficiently supplied in our society.

In this context, ref. [28] largely divided the public domain and the private domain (e.g., Table 1) according to the company's financial resources, major activities, and the presence of salaried workers. In addition, 'voluntary organization', 'social economy', 'social enterprise', and 'social business' were classified.

Table 1. Organizational types in the public and private domain.

Public Domain			Private Domain
Voluntary Organization	**Social Economy**	**Social Enterprise**	**Social Business**
■ Totally dependent on donations ■ Members work in the form of voluntary volunteer activities and do not receive wages.	■ Operate with donations ■ Pay wages to members	■ Operate with for-profit activities and donations ■ Pay wages to members	■ Operate with for-profit ■ Pay wages to members ■ Business field is social and environmental

Note: Written by authors with reference to Campbell and Sacchetti (2014) [28].

2.2. Normative Identity of Social Enterprise and Social Identification Theory

According to our literature review, a social enterprise is regarded as a hybrid organization or intermediate form between for-profit and non-profit enterprises [8,21,29,30]. In other words, a social enterprise aims to pursue both social and economic values. For example, the pursuit of social welfare and economic goals is seen as the core element of an organization. Therefore, social enterprises ideally consider social and economic values

to coexist within an organization and generate synergy [2,31–35]. When an organization pursues two different values at the same time, however, many difficulties are encountered.

In addition, the results that social enterprises want to produce are closely related to solving social problems, which often have an inherent need to induce social change. A social enterprise has a dual task in that it can survive within the traditional institutional system while, on the other hand, it must induce social change to achieve the goal of creating social value. Therefore, social enterprise, which faces the task of finding a balance between different values within the organization, has the challenge of bringing about changes in the existing system, while being in harmony with the system externally and institutionally. The situation can be understood more clearly through a sensemaking perspective.

Considering social enterprises with conflicting values, the normative identity of social enterprises can act as a key variable. This is because normative identity is closely related to the strategies implemented by management [36]. In this context, normative identity informs us of the meanings of situations and appropriate action [23,37]. Drawing on sensemaking perspectives, it is the process through which people work to understand issues, situations, and events that seem ambiguous such as their social problems and solutions [22,38]. If a social enterprise builds a shared trust system for the organization's understanding and purpose, it is possible to increase the members' understanding of the organization's operation and direction and effectively perform tasks for social value creation [36]. In addition, it gives members a sense of unity and belonging, resulting in high performance. This can be understood from the point of view of sensemaking [39–41]. When the organizational identity is strong, the top management not only gives members a sense of unity and belonging but also actively communicates. It can create favorable conditions for organizations to adapt to the environment by creating and increasing trust and social capital.

The orientation of the normative identity of this social enterprise and corporate activities consistent with it increases predictability both inside and outside the organization. Predictability is an effective means of enabling stakeholders to gain legitimacy for startups [42]. When a social enterprise increases predictability, it can be useful not only in conveying the organization's vision and plan to stakeholders inside and outside the organization but also in securing internal consistency to persuade stakeholders [43].

Maintaining consistency improves the level of stakeholder engagement in social enterprises [44] and provides key information for obtaining stakeholders' cognitive legitimacy [45]. Therefore, the orientation of the normative identity of a social enterprise helps to effectively carry out business activities that create social value. Therefore, if a social enterprise aims for a normative identity and conducts business activities based on it, it is highly likely to produce social performance related to its original purpose—social value.

Hypothesis 1a. *A social enterprise that devotes attention to pro-social values is associated with higher social performance.*

In addition, assuming a situation where the actual activities of the organization that is building a normative identity are separated from this, in this case, it may confuse members of the organization and then it will be difficult to gain trust from outside the organization. If the activities of social enterprises are based on normative values and focus on carrying out related activities, it is more advantageous for creating social outcomes. So, when a social enterprise has an established normative identity that is embedded in its business activities, social performance could be improved. Misalignment between internal beliefs and external activities could affect identity drift and identity discrepancy [39,46]. The shared meaning of the members will be formed as an internal dynamic and it could be applied to the surrounding environment. The organizational characteristics of social enterprises, which have conflicts between values to be pursued, may be confused within the organization, but implementations and activities that are normatively oriented can improve social performance.

Hypothesis 1b. *A social enterprise that maintains postures toward solving social problems is associated with higher social performance.*

2.3. Normative Network of Social Enterprise and Social Performance

Unlike the main purpose of traditional enterprises to generate profits, social enterprises prioritize the realization of normative objectives, such as pursuing the interests of the underprivileged in the competitive system and creating public utility. Therefore, the oriented values and objectives of social enterprises are different from for-profit enterprises that operate based on traditional market logic. Therefore, it is necessary to carry out corporate activities through solidarity and cooperation in the activities of social enterprises. The reason is that the more a network with attributes consistent with the normative identity is formed, the more advantageous it is to acquire information and resources with high relevance to the goal to be pursued [26,47].

From the point of view of the resource dependence theory, an organization becomes dependent on external resources to make the most of its internal resources and overcome the limitations of its resource level [48]. Therefore, social enterprises try to utilize external networks to acquire scarce resources that cannot be met within the organization. External networks as resources could enhance their competencies to effectively achieve their social and economic purposes [49]. Additionally, it is important to identify whether the network is normatively oriented toward homogeneous values. This is because, when network members share a common sense of purpose and value, the strength of network cooperation increases and the benefits from the network can have meaning as a practical resource.

It seems that the effect of the network on the direction and performance of social enterprises will be great. Social enterprises engage in profit-making activities through the sale of goods or services, but the purpose of their existence is to pursue social values. In other words, the goal of social enterprises is to be 'social', but the conflicting logic that 'profit' must be pursued for the survival of the organization is inherent. To achieve a balance between the direction pursued within the organization and the realities of business operation and to create social performance, it is most necessary to internalize the purpose, values, and norms of the organization. At this time, if a social enterprise participates in and utilizes a normative network with external organizations with homogeneity, an effective mechanism can be established to internalize the value that it aims for.

A normative network is defined as a link between organizations that can normatively monitor practices or institutions by sharing an understanding of norm compliance among various actors and forming a kind of solidarity through mutual monitoring and evaluation [50]. If a homogeneous group that shares the main values and norms pursued by social enterprises is formed, the normative network as social capital can be consolidated, the structural growth of the network can be encouraged, and the performance of social enterprises in multi-layered areas of society can be improved [51–53].

Rather than participating in a network that prioritizes the pursuit of profit, social enterprises can create improved social performance if they strive for interaction between homogenous organizations in terms of normative orientation and posture. Networks between organizations not only act as a field of resource exchange that enables individual organizations to achieve their goals [54], but also internalize the purpose of existence of social enterprises within the organization and act as a pivot for the direction of corporate activities. Therefore, when social enterprises build a strong normative network rather than a network related to for-profit activities, they can effectively mobilize the resources needed to improve social performance and lead to high-level social performance.

Hypothesis 2. *An SE that builds a normative network is associated with higher social performance.*

2.4. Moderating Effects of Legitimacy

From the institutional point of view, legitimacy can be understood as conformation with social norms, values, and expectations [48,55]. An organization can secure legitimacy from society when the purpose and activities of the organization are in line with the norms and values of society and are considered valid [56]. Therefore, securing legitimacy for an organization is an important factor that can affect not only performance but also the survival of the organization. Ref. [56] classified organizational legitimacy into three types. First, pragmatic legitimacy is based on rational validity and can be secured when the organization's activities are helpful to stakeholders and contribute to their well-being. Second, moral legitimacy judges whether an organization's activities are right, and the judgment is based on whether it is a socially desirable activity or a benefit to society. Lastly, cognitive legitimacy is based on the comprehensibility and taken-for-grantedness of organizational activities. Summarizing the definition and classification of legitimacy, when an organization's activities are based on legitimacy, it enables stakeholders to secure the organization's credibility and receive positive evaluations from stakeholders, and it affects the organization's performance creation and survival.

Thus, social legitimacy can moderate the influence of normative identities and normative networks of social enterprises on social performance. When a social enterprise gains legitimacy, stakeholder trust and support for the enterprise increase, which has a positive effect on the survival and growth of the social enterprise [12,57–60]. Legitimacy can be obtained when social actors take it for granted [61], and it is intrinsically related to the degree of newness of a company's output [62]. Therefore, it can be said that legitimacy is more important for social enterprises that attempt to produce value-oriented outputs.

In the case of social enterprises, it is accessible to obtain moral legitimacy. The reason why moral justification is important is that the interests of evaluators who grant and judge justification in the process of organizational activities are not reflected. Even if products or services of social enterprise activity cannot be directly felt by many people, not including pragmatic legitimacy, moral legitimacy could be obtained since it meets a social expectation that their action will promote social welfare and have a positive influence.

When the activities of a social enterprise are consistent with the norms and values of society, the normative identity of the organization can be further consolidated. Because an organization with social legitimacy is embedded in institutionalized belief and value, the predictability of business could be high, and it leads to better performance. In the context in which corporate activities have received social support and recognition, the level of participation of the normative network can be expanded and its effectiveness can be increased. In addition, when social legitimacy is obtained in the relationship within the network, the level of trust in corporate activities for the pursuit of social values would increase and the effect on social performance would be improved. We illustrate our proposed research model in Figure 1.
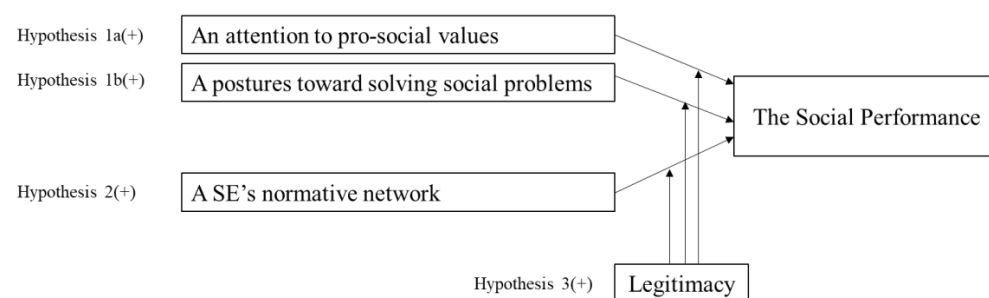
Figure 1. Research model.

Hypothesis 3a. *Social legitimacy moderates the relationship between a social enterprise's normative identity orientation and social performance in such a way that normative identity orientation relates more positively to social performance when social legitimacy is obtained.*

Hypothesis 3b. *Social legitimacy moderates the relationship between a social enterprise's normative identity posture and social performance in such a way that normative identity posture relates more positively to social performance when social legitimacy is obtained.*

Hypothesis 3c. *Social legitimacy moderates the relationship between a social enterprise's social network and social performance in such a way that the social network relates more positively to social performance when social legitimacy is obtained.*

3. Method

3.1. Data

In testing our hypotheses, we used data from the Center for Social value Enhancement Studies [63]. This survey included samples from 1437 social enterprises that are certified by the government as a social enterprise. Our dataset was constructed by sampling 300 social enterprises based on systematic sampling. The CSES survey addresses a social enterprise's attention, posture and network that affect social performance as well as general information at the firm level. Table 2 shows the social enterprise's geographical distribution and the social service sector.

Table 2. Distribution of social enterprises across regions and social service sectors.

Regions	Proportion (%)	Social Service Sectors	Proportion (%)
Seoul	14.3	Health/Care/Welfare	17.7
Gyeonggi-do/Incheon	16.3	Arts/Culture	13.3
Daejeon/Sejong/Chungcheong	13.3	Environment/Janitorial service	17
Gwangju/Jeolla-do	18	Education	8.7
Daegu/Gyeongsangbuk-do	12.3	Etc.	43.3
Busan/Ulsan/Gyeongsangnam-do	15.7		
Gangwon-do/Jeju-do	10		
Total	100 (%)	Total	100(%)

3.2. Variables

Dependent variable. The CSES divided the social enterprise's social performance into four categories: (1) social service performance, (2) employment performance, (3) social ecosystem performance, and (4) environmental performance. Whereas previous studies focused on "job creation for the underprivileged" to measure social performance, the CSES examined the social enterprise's social value creation to understand how well the social enterprise met the original purpose. The final social performance measured the outcome of social performance based on the four categories. Specifically, the CSES converted the value created by the social enterprise into monetary value to integrate with the pricing at the market based on the SROI (social return on investment) method [64]. Social return on investment (SROI) was proposed by the REDF Foundation in 2000 and now, social impact investors widely utilize SROI in the US and Europe. CSES tries to monetize social value by employing social performance incentive projects following the method proposed [65]. The CSES transforms the results of an SE's activities as monetary values based on benefits obtained by the beneficiary group. Figure 2 shows the process of how CESE measures social performance.
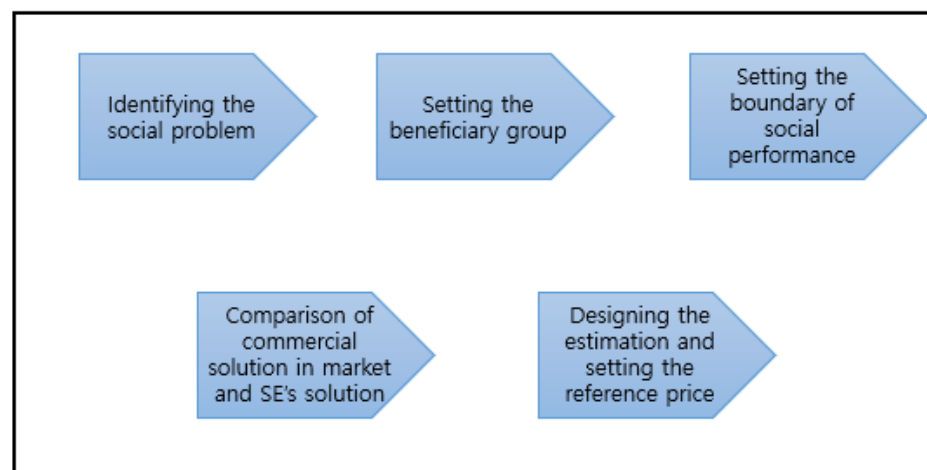
Figure 2. The CSES's process of measuring social performance.

Independent variable. Ref. [10] argued that SE's attention toward the pro-social value affected the SE's business activities and processes. The stronger the SE's attention toward the pro-social value, the higher the possibilities of setting goals and business activities by focusing on social values rather than economic values. Accordingly, to measure SE's attention toward the pro-social value, we focused on whether the social enterprise's social value activities are separated from economic values or not. Specifically, we operate the pro-social value by using the question from the CSES. The questionnaire asked "Do you think social values and economic values must be approached separately? Where is your position?" We coded the answer with a 10-point Likert scale.

Second, to measure an SE's posture, we used its actual business activities. Ref. [11] mentioned that SEs tended to conduct activities in both social and economic areas to survive. In this process, the main area of an SE between generating profits or solving social problems varies depending on the posture of social enterprises. Therefore, in this study, an SE's posture was measured according to which part of the social enterprise's focus activities are centered on generating profits and solving social problems (10-point Likert scale). In particular, we used the question from the CSES in the following questionnaire ("Does your company focus more on social value activities or economic activities?") (10-point Likert scale) to measure the SE's posture.

Third, this study measured the SE's normative network as the characteristics of the SE's network. Ref. [66] addressed that the characteristics of the network affected the SE's social performance. If the SE builds a network with the public sector, the firm's orientation toward social value can be maintained or even strengthened. This leads to an SE's higher social performance. Thus, we coded the normative network '5' when the SE's network is related to government, '4' when the SE's network is related to public firms, '3' when the SE's network is related to NGO, '2' when the SE's network is related to other SEs and '1' when the SE's network is related to private firms.

Moderators. The SE's legitimacy is particularly critical given these enterprises typically rely on external support. Since external support can affect an SE's social performance, it is important that the actions of the 'social enterprises' are perceived as appropriate by stakeholders. In this sense, ref. [67] mentioned that the more active the SE is in gaining support from members of society, the higher the level of recognition and acceptance of the SE's activities. Therefore, how the SE enthusiastically conducts its activities to obtain social support can affect social performance. Accordingly, in this study, we operated the legitimacy by using the following question from the CSES: "To what extent do your company engage activities to gain social and political support?" (5-point Likert scale).

Control variables. In this study, we controlled for the SE's age, the SE's size, and whether the SE received a grant from the government. The SE's age is measured by the time since the firm's establishment and the SE's size is measured by the number of employees.

Lastly, we coded "1" if the SE received a government grant, and 0 if not. In addition, we include the industry dummy and the geography dummy to control industry and geography effects on social performance.

4. Results

4.1. Descriptive Results

Table 3 shows the descriptive statistics of the variables, the average, the standard deviation, and the correlation. This study ensured that the multicollinearity problem was not present, as each variable did not show a high correlation. As described in Table 3, a social enterprise's posture influences social performance (0.161). In addition, the more the social enterprise has a normative network, the higher social performance (0.078). Table 3 shows the descriptive statistics of the variables, the average, the standard deviation, and the correlation. This study ensured that the multicollinearity problem was not present, as each variable did not show a high correlation. As described in Table 3, a social enterprise's posture influences social performance (0.161). In addition, the more the social enterprise has a normative network, the higher social performance (0.078).

Table 3. Descriptive statistics.

Variables	Mean	S.D.	1	2	3	4	5	6	7	8
Social Performance	3.13	4.45	1							
SE's age	2.49	3.17	0.162 *	1						
SE's size	2.60	1.03	0.618 *	0.325 *	1					
Government Grant	0.15	0.36	−0.020	0.278	−0.112	1				
SE's attention	7.49	2.41	−0.185 *	−0.038	−0.157	−0.038	1			
SE's posture	5.74	1.96	0.161 *	0.025	0.093	−0.004	0.075	1		
Normative network	3.54	1.53	0.078	0.041	0.020	−0.059	0.065	0.232 *	1	
Legitimacy	3.16	0.95	0.110	0.124	0.177 *	0.026	−0.001	0.223 *	0.170 *	1

* Values greater than 0.1616 are significant at $p < 0.05$.

4.2. Descriptive Results of OLS Analysis

To test our hypotheses, we employ the OLS (ordinary least squares), which assumes a normal distribution of the error term. The OLS is a commonly used analysis method when testing the causal relationship between the continuous dependent variable and the independent variable and it calculates the parameter estimate [68].

Table 4 presents our OLS results. We followed [69] prescription to explore our interaction terms of Hypothesis 3a, 3b, and 3c. The specific regression models are organized as follows. First, in column 1, all control variables were included in Model 1. Second, in column 2, we showed the main effects of the SE's attention and posture on social performance for examining Hypothesis 1a and 1b. Third, we tested the main effect of the SE's normative network on social performance in column 3. Lastly, we showed the full model in column 5.

As shown in Model 2, the SE's posture significantly impacts social performance ($\beta = 3.15$, $p < 0.05$), indicating support for Hypothesis 1b. Thus, the SE attains higher social performance when it has a posture focused on social value. However, the SE's attention toward the pro-social value does not affect social performance. Thus, Hypothesis 1a is not supportive.

In Model 3, the SE's normative network has a positive beta and is statistically significant ($\beta = 0.24$, $p < 0.05$), indicating support for Hypothesis 2. Thus, Model 3 reveals that the SE's normative network is critical to gaining social performance.

Model 4 indicates that the SE's posture ($\beta = 3.12$, $p < 0.05$) and SE's normative networks ($\beta = 0.21$, $p < 0.10$) are important for creating social performance. Therefore, we identify that Hypothesis 1a and Hypothesis 2 are supportive.

Table 4. Results of OLS analysis [a,b,c].

Variables	Model 1		Model 2		Model 3		Model 4		Model 5	
	β	S.E.	β	S.E.	β	S.E.	β	S.E.	β	S.E.
SE's age	0.05	0.67	8.10	1.03	0.00	0.66	8.05	0.44	0.35	0.67
SE's size	0.87 ***	0.20	0.40 ***	0.44	0.86 **	0.20	0.40 ***	0.44	0.94 ***	0.20
Government Grant	1.04 †	0.59	1.74	9.74	1.03 †	0.59	1.73	9.79	1.02	0.59
SE's attention			−2.02	1.36			−2.02	1.36		
SE's posture			3.15 *	1.60			3.12 *	1.65		
Normative network					0.24 *	0.12	0.21 †	2.10		
Legitimacy									0.21 †	0.20
SE's attention × legitimacy									0.09	0.09
SE's posture × legitimacy									−0.31	0.10
Normative network × legitimacy									0.33 **	0.13
F-value	0.2050		0.5004		0.2358		0.5004		0.2136	
R-square	0.1818		0.4751		0.2058		0.4710		0.2660	
Adjusted R-square	8.85 ***		20.63 ***		7.87 ***		17.53 ***		5.07 ***	

(a) The industry and geographic dummies are omitted. (b) † $p < 0.1$, * $p < 0.05$, ** $p < 0.01$, *** $p < 0.001$. (c) The beta coefficient is not standardized.

Model 5 shows the interaction of the SE's legitimacy with the SE's attention, posture, and normative network. As shown in column 5, the interactions of legitimacy with SE's attention and posture are not significant. In contrast, the interaction of legitimacy and the SE's normative network is positively and statistically significant (β = 0.33, $p < 0.01$). This implies the SE's legitimacy moderated the relationship between the SE's normative network and social performance.

4.3. Results of OLS Analysis

From the OLS analysis, we find that H1b, H2, and H3c are supported. H1a explains the relations between SE's posture and social performance. The results indicate that the SE's activities that align with normative identity are critical to improving social performance. In addition, we identify that the SE creates social value participating in a network that interacts between homogenous organizations (e.g., another social enterprise) rather than organizations that seek economic goals. Lastly, we find out the moderating role of legitimacy to strengthen social performance. Specifically, legitimacy moderates the relationship between the normative network and social performance.

5. Results and Discussion

This study is a response to recent calls for increased focus on SE's identity to understand how the SE is involved in devoting all efforts to creating social value. We explore how the normative identity affects social performance and how legitimacy moderates the link between the SE's normative identity and social value creation. To test the hypotheses, we have attempted to introduce some variables that can best explain the normative identity of the SE.

We contribute to the literature on SEs in three ways. First, this study seeks to deepen the understanding of the relationship between the SE's normative identity and performance based on the attention-based view. Whereas the previous literature on SE has argued that tension between social and economic identity affected the SE's activity and performance, few studies have specified the normative variables of the SE's identity [2,10,15]. To examine the role of the SE's normative identity, we introduce three concepts: attention to creating social values, maintaining a strategic posture focusing on solving social problems, and establishing social normative networks. Our research reveals that the SE's normative identity has a partial influence on social performance. In particular, the SE's strategic postures toward solving social problems and the normative network affect the SE's performance. Contrary to our hypothesis, the social enterprise's attention to pro-social

values is not positively related to social performance. These results are interesting and important because prior research has assumed that the SE's 'social mission', 'social goal', or 'attention to social value' can be directly associated with social performance [15,70–73]. However, our empirical analyses show that attention to social value alone is not sufficient. By concentrating on the 'strategic posture' for creating social value, SEs' decision making and continuous activities are involved more in social engagement (i.e., social mission, social goals, and social value creation) rather than economic engagement (i.e., commercial activity), and in turn, these promote the creation of social value. In addition, we identify that the SE's normative network is necessary not only in securing external resources and support but also in enhancing the motivation of internal members. As [61] emphasized, SE's networking relations with a specific sector (i.e., public or private) and interaction play a critical role in building and reinforcing goals. Accordingly, SEs can improve social performance by building networks with organizations that pursue normative orientation and the same goals.

Second, we fill the gap in the prior literature that has examined the core normative values, SEs' activities, and strategic direction by using the sensemaking perspective and the attention-based view as a theoretical frame. Sensemaking is beneficial for social enterprises to persuade members, organizations, networks, and society to interact for creating social values. Sensemaking activities are key variables that are significantly associated with organizational decisions and strategic direction [74]. For various stakeholders, sensemaking effectively influences how they construct and maintain the SEs' identity [23,75]. In addition, the attention-based view can explain the SE's strategic posture. Ref. [76] explained that an organization's attentional engagement is critical for managerial cognition, which, in turn, affects communication and interactions. Thus, this research contributes to understanding the positive effect of the SE's normative identity on internal members, external members, and the community [76], and SE's legitimacy [77] by combining the sensemaking perspective and attention-based view.

Third, we divided the social enterprise's social performance into four categories: (1) social service performance, (2) employment performance, (3) social ecosystem performance, and (4) environmental performance. Whereas previous studies focused on "job creation for the underprivileged" to measure social performance, the CSES examined social enterprise's social value creation to understand how well social enterprises met the original purpose. The final social performance measured the outcome of social performance based on the four categories. Although SEs are established for purposes of a social mission, rather than profit [57,78], prior research has focused more on economic performance. Thus, our research advanced the SE literature by investigating the social value creation effect on social performance.

Based on the findings from the study, we can suggest managerial implications. To increase the social performance of social enterprises, consistency between attention and posture toward pro-social values is needed. Because social enterprises are hybrid organizations that have double faces in pursuing conflicting ends, leaders should focus on a social vision, and develop an organizational culture [79] to create social performance. Only after then, leaders of social enterprises can gain legitimacy outward, which, in turn, strengthens the effects of normative identity.

6. Conclusions and Future Research Directions

The findings suggest that while the SE's normative identity orientation does not affect social performance, normative activity influences social performance. In addition, the legitimacy of SE moderates the relationship between the normative network and social performance. Despite the contributions mentioned above, several limitations remain that point out future research directions. First, since the samples are all limited to South Korea, the results do not reflect the reality of other countries or contexts. Although this study addressed the South Korean context, there could be some room for further research opportunities using cross-country samples to include cultural or normative value-wide

differences in SEs. Given the social enterprise and the ecosystem could be different across countries, future research can consider institutional variables and cross-national dimensions by collecting cross-country data. Second, additional analyses using various dependent variables may enrich the findings about the role of the SE's normative identity. While we employ dependent variables based on the CSES survey, future research is necessary to discover more variables for measuring social performance.

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