



Master Thesis

Assessing and Strengthening the Entrepreneurial Ecosystem for Social Enterprises in Ecuador

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Table of Contents

1. Introduction	3
2. Literature Review	6
2.1 Social Entrepreneurship	6
2.2 Scaling	7
2.3 Entrepreneurial Ecosystems	7
2.4 Social Entrepreneurship in Ecuador	9
2.5 Theoretical Framework:	12
2.5.1 Regulatory environment and politics	13
2.5.2 Ecuadorian culture and its impact on social entrepreneurship	14
2.5.3 Physical Infrastructure	15
2.5.4 Formal Institutions	16
2.6 Systemic Conditions	16
2.6.1 Talent availability in Ecuador for social start-up creation	17
2.6.2 Funding opportunities	17
2.6.3 Networks in Ecuador for Social Entrepreneurship	18
3. Methodology:	20
3.1. Main Research Question:	20
3.2 Data Collection:	20
3.3 Sample Selection:	22
3.4 Data Analysis:	23
4. Results:	24
4.1 Composition of the Social Entrepreneurial Ecosystem:	24
4.2 Leadership	26
4.3 Challenges in Accessing Funding and Support:	27
4.4 Importance of Soft Skills and Education/ New Knowledge:	28
4.5 Networks	29
4.6 Intermediate Services	29
4.7 Ethical Practices and Environmental Sustainability:	30
5. Discussion:	32
6. Conclusions	36
7. References:	39
8. Appendices	45
Appendix 1. Interviews to Social Enterprises:	45
Appendix 2. Interviews to other parties involved in the ecosystem.	45
Appendix 3. Coding	46

1. Introduction

Entrepreneurial ecosystems are critical for driving economic growth and promoting innovation, but what happens when the emphasis turns to social entrepreneurship (SE)? In the setting of Ecuador, a country brimming with social impact potential, this thesis seeks to examine and develop the entrepreneurial ecosystem to empower and support social entrepreneurs in their pursuit of long-term impact. As individuals and organizations become increasingly aware of the pressing societal issues we face, there has been a growing interest in activities like volunteerism, community development, and social activism. While non-governmental organizations (NGOs) have been working tirelessly for decades to address a wide range of social issues, SE has also increasingly emerged as an important force for change. SE distinguishes itself from these other activities in that it seeks to create sustainable, market-based solutions to societal problems. SE often fills a void by tackling societal challenges that governments and private sector are unable or unwilling to address effectively. Unlike traditional non-profit organizations that rely on donations and grants, social entrepreneurs create self-sustaining ventures that generate revenue while also creating social value. This makes them uniquely positioned to address social problems in a way that is both financially sustainable and scalable. Ideally, expanding the reach of social enterprises beyond a single geographic area can enhance their ability to tackle larger problems. However, it is observed that only a small number of social enterprises manage to expand into new contexts, making scaling up a critical but not well-understood aspect of SE (Doyle, 2018).

In reference to the impact ambitions of SE, they can range from small-scale local initiatives to system change. Social entrepreneurs who tackle local problems with limited resources are often referred to as called bricoleurs (Bacq, 2022). They rely on their own creativity and ingenuity to find solutions to problems within their immediate community (Di Domenico, 2010). System changes entrepreneurs (SCE) on the other hand, tackle bigger problems and adopt innovative solutions that challenge the status quo. They need collaboration with other companies, businesses, and organizations to achieve their goals and have a greater impact on society. The goal of SCE is to increase impact rather than to grow their own business.

The personal identities and values of social entrepreneurs serve as powerful motivators for creating social change. However, the institutional context within which they operate plays an even greater role in shaping the trajectory and impact of their ventures. This institutional context encompasses the formal and informal rules, norms, and structures that shape the social, economic, and political environment surrounding social entrepreneurs (Glückler, 2017). It can either foster or impede the growth of social enterprises. While the institutional context is crucial, the external environment in which a social enterprise operates holds even greater significance. Embracing the entrepreneurial ecosystem approach, this thesis aims to comprehensively support social enterprises by addressing the entrepreneurial ecosystem and acknowledging the diverse range of stakeholders and elements that influence its success.

The institutional context of Ecuador presents both challenges and opportunities for SE. On the one hand, Ecuador is a country with a rich tradition of social activism and community organizing, which provides a fertile ground for the development of social enterprises (OECD, 2018). Amidst the withdrawal of public functions in certain areas of Ecuador due to privatization and the pursuit of efficiency, SE has emerged as an alternative solution to tackle these voids and address pressing social issues. The rise of social enterprises in Ecuador has been noteworthy in various sectors, offering a promising avenue to tackle social problems while simultaneously creating economic opportunities for local communities (Amaya et al., 2023). On the other hand, there are significant barriers to the growth and sustainability of social enterprises in Ecuador, including limited access to capital and markets, weak legal and regulatory frameworks, and a lack of supportive infrastructure (OECD, 2018). Therefore, it is important to understand the role of institutional context in shaping the development and impact of social enterprises in Ecuador. By analyzing the formal and informal rules, norms, and structures that shape the social, economic, and political environment in which social entrepreneurs operate, we can gain a better understanding of the opportunities and challenges they face, as well as the strategies they can employ to overcome them. Consequently, an assessment of the ecosystem will evaluate the contributions and interactions of each element and stakeholder. The central question is:

How can the entrepreneurial ecosystem for social enterprises in Ecuador be strengthened?

In Chapter 2 the literature review will be analyzed, establishing a solid foundation by exploring existing literature and delimiting the main concepts. Chapter 3 focuses on the methodology, outlining the research design, sample selection, data collection techniques, and analytical tools employed. In Chapter 4, the results are presented. Chapter 5 discusses the qualitative findings in relation to the theoretical framework and literature review, highlighting similarities and noteworthy divergences. Finally, in Chapter 6, conclusions will summarize the study's key contributions, implications for theory and practice, and propose potential areas for further exploration.

2. Literature Review

In this comprehensive literature review, the exploration of the current state of the art regarding SE, scaling social impact and shed light on why scaling presents a more intricate challenge for social entrepreneurs compared to their regular counterparts. By delving into entrepreneurial ecosystems and the two prominent concepts or theories pertaining to entrepreneurial ecosystems, namely Stam and Spigel's framework and Isenberg's perspective, a meticulously performed analysis and comparative of their suitability will guide this study. Through a careful examination of the entrepreneurial ecosystem, the assessment of the contextual factors specific to Ecuador will elucidate why the selected model of Stam and Spigel aligns more accurately with the objectives of this research.

2.1 Social Entrepreneurship

Social entrepreneurship differs from regular entrepreneurship in that it aims to address social and environmental challenges while generating sustainable economic value (Santos, 2010). Managing a social venture presents unique complexities for social entrepreneurs. Firstly, they must navigate a dual bottom line, balancing social impact with financial returns (McCaffrey, 2017). This requires strategic decision-making to ensure alignment of scaling efforts with the social mission and financial sustainability (Abu-Saifan, 2012). Secondly, social entrepreneurs operate within complex social ecosystems involving diverse stakeholders (Roundy, 2017). Meaningful engagement and collaboration with communities, nonprofits, governments, and impact investors become crucial for successful scaling (Roundy, 2017). Thirdly, measuring social impact goes beyond financial metrics, requiring robust methodologies and credible impact metrics to attract funding and partnerships (Abu-Saifan, 2012). Moreover, social entrepreneurs seek systemic change, necessitating a comprehensive understanding of social, economic, and political dynamics. They must navigate resistance to change while transforming systems, policies, and cultural norms. Resource constraints present another challenge, as social entrepreneurs require not only financial capital but also non-financial resources like networks and expertise, which can be scarcer and harder to acquire (Olinsson, 2017). The concept of triple impact is a key concept that commonly shows up in SE (Situmorang, 2012 ; Žebrytė, 2017 ; Lee, 2019; Mitra, 2010). Triple impact is all about bringing about positive change in three areas: society, environment, and economy (Bayley, 2008). SE

offers a novel strategy, employing novel business models to address social and environmental issues. It seeks to strike a balance between creating social value, promoting sustainability, and remaining commercially successful. It emphasizes the importance of a well-rounded business approach that goes beyond simply doing a profit, and therefore there is interesting correlation that advocates for the relation between triple impact and SE.

2.2 Scaling

The issue of scaling impact versus the growth of the company itself is a key differentiating factor between social enterprises and regular enterprises. While for-profit enterprises also require scaling for survival, social enterprises face an additional challenge of wanting to reach as many people as possible within their target group (Bull, 2006). Scaling in social enterprises is a complex task due to multiple dimensions of growth: scaling internally within the organization and externally in terms of societal impact (Gupta, 2015). Moreover, the hybrid nature of the value they create poses obstacles as governments and financial institutions may not fully recognize their significance.

When social entrepreneurs approach banks or financial institutions seeking support, they often encounter a disconnect (McWade, 2012). While their focus on social impact is commendable, other institutions primarily assess the company's economic viability. This discrepancy in priorities can create challenges for social enterprises in accessing funding and resources.

Scaling a social enterprise requires a strategic approach that ensures long-term sustainability in challenging contexts where resources are limited, and funding environments are volatile (Bull, 2006). Social entrepreneurs must develop innovative and adaptive business models to overcome these obstacles and drive positive change. Despite operating in an ecosystem that is not explicitly designed to support them (McWade, 2012), social enterprises persevere and create lasting impact through their unique and innovative approaches to scaling.

2.3 Entrepreneurial Ecosystems

In recent years, the concept of the Entrepreneurial Ecosystem has received a lot of support and attention. This concept has found application in the realms of innovation

systems, and entrepreneurial endeavors after being derived from the discipline of biology, where the term "ecosystem" represents the intricate web of connections between organisms and their surroundings (Willby, 2002). Entrepreneurial Ecosystem now refers to a powerful network that captures the dynamic interplay of numerous individuals, resources, and institutions necessary for encouraging entrepreneurial activities (Elahe, 2014). In the same way that a broad variety of species in a biological ecosystem rely on one another for nourishment and growth (Willby, 2002), an entrepreneurial ecosystem includes a diverse range of stakeholders, including entrepreneurs, investors, universities, government authorities, support organizations, and the general public (Hechaverria, 2014). Many authors have discussed Entrepreneurial ecosystems, through which most accurately encompass the various elements, actors, and interactions that influence the creation, growth, and success of entrepreneurs and startups within a specific region or industry. Some authors have framed the elements that provide a more holistic and easier to understand approach to assess entrepreneurial ecosystems, first established by Isenberg (2011) and later on further developed by Stam and Spigel (2016). Isenberg reforms its perspective on how to view entrepreneurship in the ecosystem that develops. He established six crucial factors for its development, which are as follows: politics and regulations, talent availability, funding, culture, networks and institutional support (Isenberg, 2011). A couple of years later, Stam and Spigel's article on entrepreneurial ecosystems present a novel approach, which considers the intricate interplay between various actors and factors that enable productive entrepreneurship within a specific territory. Unlike Isenberg's approach, their entrepreneurial ecosystem approach places emphasis on the role of social and economic contexts surrounding the entrepreneurial process, and the entrepreneur as the central point of analysis, rather than the firm or industry (Stam et al, 2016). In this case, the authors highlight ten attributes of successful entrepreneurial ecosystems, including access to a deep talent pool of employees, financial capital, leadership, mentors, and advisors, accelerators and incubators, professional services, large established organizations, government support, and a well-connected community (Stam et al, 2016). According to the authors, these attributes are crucial in fostering a robust entrepreneurial ecosystem, which enables SE and subsequent value creation at the regional level. This approach is part of a larger trend in entrepreneurship studies, which incorporates the role of social, cultural, and economic forces in the entrepreneurship process. This shift in traditional economic thinking about businesses and markets to a new economic view on people, networks, and institutions is crucial in

understanding the complexities on SE ecosystems and developing effective policies to support it (Stam et al, 2016). It is crucial to note, however, that the dynamics of entrepreneurial ecosystems may alter when it comes to SE. Despite the advances made, there are still significant obstacles to be addressed, owing to a lack of understanding of this specific subject.

2.4 Social Entrepreneurship in Ecuador

Social enterprises in emerging economies can face unique challenges due to the complex socio-economic and political contexts that shape their typical entrepreneurial ecosystem. Ecuador is an example of a country that presents both opportunities and challenges for social entrepreneurs. While the country's entrepreneurial ecosystem is currently in a developmental phase, with efforts from both public and private organizations to promote it, it lacks a strategic direction and mechanisms for its dynamization towards the development of high-potential startups (Amaya et al., 2023). Despite the issuance of the Organic Law of Entrepreneurship and Innovation in 2020, which was a step towards establishing a favorable regulatory framework (Ley Orgánica de Emprendimiento e Innovación, 2020), it still does not provide specific mechanisms for ecosystem dynamization (Amaya et al., 2023). Additionally, low levels of education and limited access or low investment in technologies impact the quality of startups and their potential for job creation (Amaya et al., 2023). Efforts are underway to support vulnerable groups, such as those living in rural areas or women excluded from society due to their ethnicity or socioeconomic status, by providing them with support in running a business, including obtaining financing, increasing visibility, and attracting customers (Amaya et al., 2023).

Hence, in assessing the most suitable model for Ecuador's emerging entrepreneurial ecosystem, given the country's specific challenges and opportunities, Stam and Spigel approach seems more appropriate.

In Ecuador, social entrepreneurs are making significant contributions towards addressing social issues and creating employment opportunities for people living in poverty (INEC, 2023). However, the country's political context presents significant challenges for social enterprises. As previously mentioned, despite the growing importance of SE in Ecuador, the regulatory framework that governs SE in the country is

weak and does not provide adequate support for new and emerging companies (INEC, 2023). Social entrepreneurs in Ecuador also face limited access to capital and markets, as well as a lack of supportive infrastructure and networks (GEM, 2020).

In recent years, the government policies in Ecuador have shown a decline in support for new business creation, indicating that it is not a high priority for the government (Amaya et al., 2023). There is a lack of political stability and an unclear regulatory framework, making it hard for SE to emerge or succeed. In addition, the process of obtaining licenses and permits for SE creation are not efficient, creating even more barriers to their fulfillment and growth (GEM, 2020). Taxes and fees are also perceived as high and difficult to overcome, generating more obstacles for social entrepreneurs (GEM, 2020). Although there is a high level of entrepreneurial activity in Ecuador, the rate of established businesses and dynamic businesses with growth potential is low, indicating a lack of coordination and support for entrepreneurs (GEM, 2021). The entrepreneurship and innovation ecosystem in Ecuador is still considered to be in its infancy, lacking a defined policy to integrate initiatives and avoid duplication of efforts (Amaya et al., 2023). Ecuador ranks 99 out of 131 countries in the 2020 Global Innovation Index (GII), indicating a need for improvement in the country's innovation ecosystem (GII, 2020). Education is also identified as a crucial aspect of promoting entrepreneurship in Ecuador as it can provide individuals with the necessary knowledge, attitudes, and skills to contribute to the economy. However, while entrepreneurship has gained importance in the educational curriculum, it is not yet a part of all educational levels and strategies in Ecuador (Amaya et al., 2023).

On the past, the Ecuadorian government has made significant efforts to promote entrepreneurship and innovation by establishing various initiatives and institutions to support the creation of new businesses. The Ministry of Production, Foreign Trade, Investment, and Fisheries, which oversees the national entrepreneurship policy, is one such example. Public and private organizations are trying to promote entrepreneurship due to the country's urgent need for economic growth.

Additionally, INNpalsa, "Instituto Nacional de la Innovación y Transferencia de Tecnología" (National Institute for Innovation and Technology Transfer), a business incubator and accelerator, provides funding and mentorship to startups. These initiatives

have resulted in a growing interest in entrepreneurship in Ecuador, and there are several organizations advocating for social entrepreneurship, one of the biggest being IMPAQTO, stands for "Innovación, Medio Ambiente, Participación, Calidad, Trabajo y Oportunidades" (Innovation, Environment, Participation, Quality, Work, and Opportunities). Aruch's (2014) examination of the CITEC (Camara de Innovación y Tecnología Ecuatoriana), Ecuadorean chamber of innovation and technology, program and Vera-Marquez's (2017) analysis of the Universidad Técnica de Babahoyo's SE education and academic context provide valuable insights into specific projects related to SE in Ecuador. These projects offer aspiring social entrepreneurs' opportunities to acquire the skills and knowledge necessary to succeed, as well as access to networks and resources that can help them grow their businesses. They may also serve as models for other SE initiatives in the country, inspiring more individuals and organizations to get involved in the field. On another hand, it's worth noting that Ecuador is currently embracing a cluster or directory of socially responsible businesses known as B Corp, which is a vital part of its institutional ecosystem. These businesses seek System B certification, which requires adherence to the triple social impact criteria, which include environmental, social, and economic concerns (Meza, 2023). In terms of environmental effect, certified businesses must demonstrate their commitment to sustainability by procuring raw materials from renewable sources, preserving biodiversity, and minimizing environmental contamination (Meza, 2023). The social impact dimension underlines the necessity of establishing a human-centered approach within enterprises, with equity, diversity, and inclusion as core concepts. B Corp enterprises contribute to a more inclusive and fair society by emphasizing these aspects (Meza, 2023). Companies must demonstrate financial viability and stability by generating revenue and maintaining a legal constitution that complies with financial control agencies for at least a year. They are also expected to meet extra obligations, such as condemning illegal activities and maintaining ethical corporate operations (Meza, 2023). Additionally, studies such as Mantuano's (2019) and Macías' (2018) shed light on SE in the tourism industry in the Manabi province of Ecuador and social entrepreneurial tourism in the coast of Ecuador, respectively.

Additionally, there is no current literature on SE as a concept in Ecuador, and no state definition for it either. Meza seems to be the only blogger who published recently (2023) about this topic. To address this gap, this thesis will draw heavily on the most up-

to-date article on SE in Ecuador, written by Amaya et al. (2023), which provides valuable information on the political and regulatory context of entrepreneurship in Ecuador. However, it is important to acknowledge that this article focuses specifically on women's entrepreneurship in Ecuador, and therefore some of the information may be bias from that perspective.

2.5 Theoretical Framework:

As stated previously, Stam and Spigel's concept introduces an important mechanism that improves our knowledge of entrepreneurial ecosystems. This mechanism works in an upward direction, feeding back into the system and highlighting an important feature of ecological dynamics. The model does more than just detect the presence of different constituents inside the ecosystem; it also provides insights into the inputs, outputs, and collective contribution to the overall strengthening of the ecosystem. Importantly, it serves as a guiding framework for the research and for assessing and strengthening the entrepreneurial ecosystem of Ecuador regarding SE. Within the literature review, the base framework will be analyzed, which includes regulatory environment and politics, culture, physical infrastructure, and formal institutions, followed up by a literary analysis of talent availability, funding opportunities and networks, leaving space for further research on leadership, intermediate services, and new knowledge.

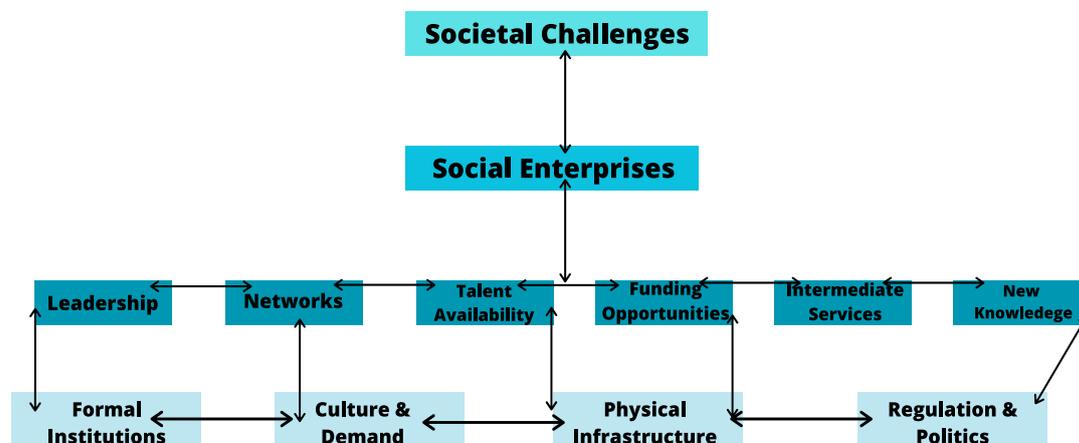


Figure 1 by Juan Fernando Mora done in Canvas.

2.5.1 Regulatory environment and politics

Ecuador's regulatory environment poses significant challenges for SE (Morales-Urrutia, 2021). The country's legal system is complex and registering a business can be both time-consuming and expensive. Moreover, political instability and corruption may hamper social entrepreneurs' ability to operate transparently and fairly. Despite these challenges, the government has taken steps to streamline the regulatory process and promote entrepreneurship (ORPD, 2023). For example, in 2017, the government launched the national policy for social economy and solidarity, which seeks to reduce barriers to entry for entrepreneurs.

Policy and regulatory frameworks play a crucial role in shaping the environment in which SE operates (Amaya et al., 2023). Such frameworks may influence social and cultural norms, which in turn can shape attitudes towards entrepreneurship and gender. Given this, it is important to consider gender perspectives when designing policies that promote social entrepreneurship. For example, policies that address the challenges facing women entrepreneurs and promote gender equality can contribute to a more diverse and inclusive ecosystem (Amaya et al., 2023). Further insights into the socio-economic and political factors affecting SE in Ecuador can be found in studies such as those by Morales-Urrutia (2021) and Amaya et al. (2023).

To create a regulatory framework that supports and encourages entrepreneurship, innovation, and technological development, and promotes an entrepreneurial culture, Ecuador approved the Organic Law of Entrepreneurship and Innovation in 2020 (Ley Orgánica de Emprendimiento e Innovación, 2020, Artículo 1). The law aims to provide support for the ecosystem by articulating policies aimed at entrepreneurship and innovation, promoting entrepreneurship education, and providing free physical spaces for entrepreneurs. However, as Meza pointed out, that at the state level, there is currently no formal definition of "SE." The emphasis is instead on defining "enterprise" and its classifications, as well as "foundation" and its classifications (Meza, 2023). This absence is due to the widely held belief that the term "social" frequently refers to marginalized or underrepresented communities inside the national area (Meza, 2023).

To address the requirements of these communities and businesses, the government formed the Popular and Solidarity Economy Office, which serves as a supervisory agency. This office is committed to assisting these communities and enterprises, many of which are made up of people with little or no professional expertise. It provides help in the form of training programs, tax breaks, and non-repayable seed cash (Meza, 2023).

Furthermore, for-profit organizations who fulfill social responsibility tasks in education and the environment, receive tax benefits from the government. However, it is vital to stress that these benefits are not directly related to the companies' main business strategy, but rather recognize the social impact they make (Meza, 2023).

2.5.2 Ecuadorian culture and its impact on social entrepreneurship

Ecuador has a rich cultural heritage that influences and motivates the entrepreneurial landscape. Social entrepreneurs must consider the country's cultural values and norms when developing their business models. For example, Ecuadorians place a high value on family and community, which can be leveraged by social entrepreneurs to create businesses that address local needs. Additionally, social enterprises that focus on sustainability and environmental conservation are likely to resonate with Ecuadorians' strong connection to nature. Women face unique challenges in accessing resources, networks, and markets, and may face discrimination or bias based on their gender (Amaya et al., 2023). Therefore, social startups that advocate for women rights, are also an important challenge faced in the ecosystem.

The ecosystem lacks a clear plan and methods for supporting high-growth potential businesses, and there is a culture that does not value innovation (Amaya et al., 2023). The lack of a clear plan and methods for supporting high-growth potential businesses can limit the scalability and impact of SE initiatives. A culture that doesn't value innovation as much as entrepreneurship can limit the potential for SE to drive transformative change. Innovation is a critical component of SE, as it enables social entrepreneurs to identify and address social and environmental challenges in new and innovative ways (Phillips, 2015). Moreover, these factors can contribute to an overall lack of awareness and understanding of the potential for SE to contribute to economic and social development. Entrepreneurship support culture and innovation orientation in Ecuador are weak, leading

to businesses that often recycle ideas and are unpromising. There are limited spaces and institutions that provide innovation-focused support, which hinders entrepreneurs' ability to develop and validate their prototypes. The cultural reluctance to accept failure as an important learning stage in entrepreneurship also limits the recognition of entrepreneurs' experiences and their participation in the country's entrepreneurial ecosystem (Amaya et al., 2023).

In numerous sectors of the country, men have traditionally been viewed as having better skills in entrepreneurship, including leadership, decision-making, and risk-taking, leading to their greater involvement in creating and leading businesses. This stereotype has resulted in obstacles for women, who are often not considered to have the same level of capability in entrepreneurship (Cardella et al., 2020), and therefore, have more limitations to promote SE.

2.5.3 Physical Infrastructure

When analyzing the physical infrastructure of Ecuador regarding SE, Ecuador has made progress in establishing physical infrastructure to promote entrepreneurship and the expansion of its entrepreneurial ecosystem. There are vibrant co-working spaces and startup incubators in major cities like Quito, Cuenca and Guayaquil that provide entrepreneurs shared workplaces, networking opportunities, and access to crucial resources like high-speed internet and conference rooms, for instance IMPAQTO in Quito and Cuenca, Regus in Quito and Guayaquil (IMPAQTO; Regus). Ecuador has also made investments in modernizing its transport and logistics infrastructure, which is critical for the smooth movement of products and services, ultimately incorporating the subway that connects the northern most part of the capital city with the southernmost part of the capital city (metrodequito, 2023). Additionally, previous governments have invested in the improvement of highways, ports, and airports not only facilitate local and international trade, but also allow firms to grow and reach new customers (Arévalo, 2014). While Ecuador has made strides in establishing physical infrastructure for SE, there are still some areas that need to be addressed and improved. One important factor that is frequently absent is the availability of contemporary, well-equipped office spaces and incubators outside of large cities. Access to adequate workspaces and support services

may be difficult for entrepreneurs in smaller towns and rural locations, restricting their prospects for growth.

2.5.4 Formal Institutions

When the formal institutions of Ecuador are examined in relation to SE, it becomes clear that they play a critical role in developing Ecuador's entrepreneurial ecosystem. These organizations provide a structure and support for the establishment and growth of socially conscious businesses. They include a variety of organizations, including government bodies, regulatory authorities, industrial associations, and educational institutions, each of which contributes in their own manner (Williams, 2018). Several major institutions emerge out among the key actors in Ecuador's SE scene. USFQ and UDLA have made important contributions to developing entrepreneurship in their programs.

These universities have created programs, courses, and projects that encourage social innovation and provide budding social entrepreneurs with the information and skills they need. Another prominent organization in Ecuador's SE ecosystem is the previously mentioned: IMPAQTO. It functions as a social enterprise co-working facility, incubator, accelerator, and funding facilitator. Furthermore, the Government of the Republic of Ecuador should play an important role in promoting SE. As it necessitates the development of policies, legislation, and initiatives that promote and facilitate the growth of social companies (Gigauri, 2020). The government should aim to boost innovation, job creation, and long-term development by creating an enabling environment (Gigauri, 2020). These institutions, together with many others, provide a comprehensive ecosystem in Ecuador that should foster SE. By understanding the necessity of integrating economic acumen with a social mission and give the essential tools, networks, and resources to assist social entrepreneurs in succeeding.

2.6 Systemic Conditions

Based on the mentioned model by Stam and Spigel, six key factors can significantly influence the enhancement of the entrepreneurial ecosystem. These factors, crucial for the thesis research on SE, include talent availability, funding opportunities, networks, leadership, intermediate services, and new knowledge. However, this literature review

will primarily concentrate on talent availability, funding opportunities, and networks, while leaving room for future research to explore the remaining factors.

2.6.1 Talent availability in Ecuador for social start-up creation

Talent availability and supportive networks are crucial for the success of SE initiatives in Ecuador (Morales-Urrutia, 2021). Although institutions in the country provide training in entrepreneurship and innovation, more specialized programs are needed to equip aspiring social entrepreneurs with the unique set of skills and knowledge required, such as community engagement, impact measurement, and understanding of social issues (Amaya et al., 2023). Targeted training can help social entrepreneurs acquire these skills and knowledge, increasing their chances of success and contributing to the country's social and economic development.

Furthermore, the availability of talent is a critical factor for the success of social startups in Ecuador. Social entrepreneurs must be able to attract and retain talented individuals with the necessary skills and expertise to drive their businesses forward. However, the country's education system does not always provide graduates with the skills needed to succeed in the business world (Mantuano, 2019). Therefore, social entrepreneurs may need to invest in training and development programs to bridge the skills gap and develop a pool of skilled labor that can support their businesses.

Most professional graduate programs in Ecuadorian universities, such as the University of San Francisco of Quito and Universidad de Las Américas, include courses on entrepreneurship and innovation. However, their approach does not prioritize the emergence of social startups with high growth potential that can contribute to the development of the country's strategic sectors (USFQ, UDLA, 2023). Therefore, more specialized programs are required to support the growth and development of SE in Ecuador.

2.6.2 Funding opportunities

Access to funding is a crucial factor for the success of startups in Ecuador (Amaya et al., 2023), and for that regard to SE as well. Social entrepreneurs face a complex funding landscape that includes government grants, impact investors, and crowdfunding

platforms, such as indiegogo.com and creceecuador.com (Amaya et al., 2023). The Ecuadorian government has introduced various funding initiatives to support SE, such as the Innovation and Entrepreneurship Fund. Additionally, Banco de Desarrollo Humano oversees other financing alternatives for entrepreneurs in Ecuador (Banco de Desarrollo Humano, n.d.). Governments, such as the United Kingdom, also provide aid to social enterprises in Ecuador every year through programs such as "Funding Opportunity for Enterprises with Social Backgrounds" (UK Government, n.d.). However, despite these efforts, access to capital remains a significant challenge for many social entrepreneurs, especially those operating in remote or underdeveloped regions. Bootstrapping, or relying on their own resources, is the primary way that entrepreneurs in Ecuador fund their initiatives (Amaya et al., 2023). Initiatives can be created to facilitate access to markets and resources, as well as provide support and funding to enable SE to thrive in Ecuador. Entrepreneurs need to be familiar with the various financing schemes available and learn how to negotiate agreements that benefit both their ventures and potential investors (Amaya et al., 2023). Ensuring access to funding for social enterprises is a critical challenge that needs to be addressed to ensure the sustainability of these businesses (Osberg, 2007).

2.6.3 Networks in Ecuador for Social Entrepreneurship

Networking and collaboration are essential components of the entrepreneurial ecosystem in Ecuador, as they allow social entrepreneurs to access resources and support. In Ecuador, social entrepreneurs must build strong networks with other entrepreneurs, investors, and policymakers to succeed (Amaya et al., 2023). The country has several networking and mentoring programs, such as the Ecuadorian chapter of the Social Enterprise Alliance, which provides a platform for social entrepreneurs to connect and share best practices (SEA Ecuador, 2023). However, the quality of these programs can vary significantly, and social entrepreneurs may need to invest time and resources to find the right networks and mentors to support their businesses (Amaya et al., 2023).

In Ecuador, there are a range of organizations and initiatives that support SE, including incubators, accelerators, and funding opportunities. For example, the Social Entrepreneurship Program of the University of San Francisco of Quito provides training and mentorship to social entrepreneurs (USFQ, 2023), while the Impact Hub Quito

(IMPAQTO) and Regus offer co-working spaces and networking opportunities for social entrepreneurs (IMPAQTO; Regus). Programs such as the SITEC program and the Universidad Técnica de Babahoyo's social entrepreneurship education initiatives provide aspiring social entrepreneurs with access to mentors, networks, and resources, as well as a platform to showcase their ideas, connect with like-minded individuals, and build partnerships that can help them grow their businesses (Aruch, 2014; Vera-Marquez, 2017). However, the availability of resources such as these varies across different regions of the country, and there may be disparities in access based on factors such as gender, ethnicity, and socioeconomic status (Amaya et al., 2023).

Women in particular may face unique challenges in accessing networks, and markets, and may face discrimination or bias based on their gender (Amaya et al., 2023). Addressing these disparities is critical to promoting equitable access to resources and support for all social entrepreneurs, regardless of their background or location. Without the necessary resources, networks, and support, social entrepreneurs may struggle to develop their businesses beyond a certain size, which can limit their ability to create significant social and environmental impact (Amaya et al., 2023).

Access to networks, mentors, and partnerships is also critical for social entrepreneurs to build or develop their businesses. The lack of access to networks can make it challenging for social entrepreneurs to identify potential customers, partners, or investors. Therefore, building supportive networks is crucial to overcoming barriers and tapping into the resources necessary to grow their businesses (Morales-Urrutia, 2021).

3. Methodology:

The goal of this chapter is to provide readers with a knowledge of the approach used to examine and enhance Ecuador's entrepreneurial ecosystem for social enterprises. The main research question, as well as a sub-question that guided the study, will be presented. Data collecting approaches, such as online interviews with an eclectic of stakeholders, are described, with an emphasis on interviewee selection and the usage of video conferencing facilities. Thematic analysis and data triangulation from multiple sources ensure a thorough examination of the difficulties and opportunities confronting social entrepreneurs. This chapter establishes the credibility of the findings and sets the foundation for the succeeding chapters by providing insight into the research approach.

3.1. Main Research Question:

How can the entrepreneurial ecosystem for social enterprises in Ecuador be strengthened?

To answer this question, this paper also has a sub- RQ:

- 1. What are the significant socio-economic opportunities and challenges faced by social entrepreneurs in Ecuador?*

The proposed research question and sub question seek to investigate the ways in which social entrepreneurs in Ecuador navigate through challenges faced by the access to resources necessary for their ventures, including funding opportunities, regulatory frameworks, and networks. Through these questions, the study aims to shed light on the specific opportunities faced by social entrepreneurs in the country's current socio-economic context, including navigating regulatory barriers, building effective networks, accessing funding, and operating within the cultural and talent availability context. By examining these issues in depth, the study aims to provide insights into how social entrepreneurs can overcome the obstacles they face and build sustainable ventures that contribute to positive social change in Ecuador.

3.2 Data Collection:

The research design is a comprehensive qualitative study that utilized multiple sources of data to gain a deep understanding of the challenges and opportunities facing social entrepreneurs in Ecuador. To accomplish this, the research focused on a diverse range of sources including online interviews with key stakeholders in the SE ecosystem, academic

articles, and academic blogs. The stakeholders included representatives from university institutions that work in entrepreneurship coordination programs, an ex-politician that worked on social projects, a regulatory institution member, representatives from institutional and network programs, social entrepreneurial founders and leaders, and other important players in the SE ecosystem.

Interviews were a crucial component of this study to gain valuable insights into the perspectives and experiences of key stakeholders in the SE ecosystem in Ecuador. The selection of interviewees was carefully made based on their expertise, experience, and relevance to the research questions. The interviews were conducted via video conferencing using Microsoft Teams, and all interviews were recorded and transcribed with the consent of the interviewees. Each interview was structured around a set of semi structured questions that aimed to elicit the interviewees' perspectives on the challenges and opportunities for SE in Ecuador, as well as their experiences and insights into the industry.

A total of 11 interviews were conducted, with the sample size chosen to ensure that enough data was collected to fully understand the topic. The research design prioritized quality over quantity, ensuring that the insights generated are comprehensive and relevant. By engaging with a diverse range of stakeholders, the study provides a holistic understanding of the SE landscape in Ecuador, generating insights that can inform policy and practice in the field.

The online format of the interviews allowed for greater flexibility and accessibility and made it easier to record and transcribe the interviews with precision. Two of the interviews were conducted in English, the rest of the interviews were conducted in Spanish, based on the preference of the interviewees. The questions were carefully crafted to gain a deep understanding of the underlying motivations, goals, and drivers behind each company's mission, as outlined in Appendix 1. Specifically, the research aimed to understand the SE ecosystem, how all the stakeholders navigate through the challenges, and leverage the opportunities, but also shed light on themes not found on literature.

Semi-structured questions were used to gather as much information as possible about the context and ecosystem, as outlined in Appendix 2. This allowed the research to provide a

transparent and clear picture of what is happening up to date in the SE ecosystem, describing the hard reality of the challenges while also highlighting the opportunities and points of strength offered by the ecosystem. This approach allowed for a certain level of flexibility and adaptability, which was necessary to ensure that the interview questions were tailored to the unique background and expertise of each interviewee. While a set of theory informed was used as a starting point, the interviewer also had the freedom to ask additional questions that were not included in the original script but were relevant to the research questions and objectives. Likewise, questions that were deemed less relevant or unnecessary were removed, ensuring that the interview time was used as effectively as possible. This approach ensured that the interviews were productive and provided insightful data that was directly related to the research objectives.

3.3 Sample Selection:

The sample was carefully selected based on unique operations and value propositions of each individual/organization, and by leveraging personal knowledge and the bootstrap principle of business that emphasizes being resourceful with one's network. Stakeholder 1, the founder of a social enterprise, Expert 1, a legislation advisor, Stakeholder 2, a co-founder of a social enterprise, Expert 2, a co-founder of a social enterprise and academic expert on the topic, Stakeholder 3 founder of a social enterprise, Stakeholder 4, the Executive President of a social enterprise, Expert 3, an academic who possesses knowledge on SE, Expert 4, the Coordinator of Entrepreneurship at a university in Ecuador, Stakeholder 5, the founder of a social enterprise, Expert 5 an ex-politician who worked on Social Projects, and Stakeholder 6, a female leader member of the board of a social enterprise.

Furthermore, the sampling strategy for all the SE ecosystem stakeholders and experts was comprehensive and thorough. It involved a meticulous search for key players in the SE ecosystem in Ecuador. The goal of the interviews was to have representative members from some of the elements presented in figure 1 for an ideal entrepreneurial ecosystem for strengthening SE. This approach helped ensure a diverse and comprehensive range of perspectives and provided a holistic understanding of the ecosystem in which social enterprises operate.

Name	Occupation	Type	Date
Stakeholder 1	Founder of a Social Enterprise	Social Enterprise 1	18/4/23
Expert 4	Entrepreneurship Coordinator at a university of Ecuador.	Education	19/4/23
Stakeholder 4	Executive President of a Social Enterprise	Social Enterprise 4	20/4/23
Stakeholder 5	Founder of a Social Enterprise	Social Enterprise 5	20/4/23
Expert 5	Former Senior Management Public Affairs for the Presidency of the Republic of Ecuador	State, Institutional Support, Regulations	28/4/23
Expert 2	Assistant Professor in Social Entrepreneurship, and Social Entrepreneur	Education, Institutional Support	1/5/23
Stakeholder 2	Founder of a Social Enterprise	Social Enterprise 2	4/5/23
Expert 3	Social Worker	Education, Institutional Support	5/5/23
Expert 1	Judicial Expert	Regulations	10/5/23
Stakeholder 6	Member of the Board of Directors of a Social Enterprise	Institutional Support, Social Enterprise 6	10/5/23
Stakeholder 3	Founder of a Social Enterprise	Social Enterprise 3	16/5/23

3.4 Data Analysis:

Thematic analysis is a qualitative research method that involves identifying patterns and themes in the data to gain a deeper understanding of the research question (Braun & Clarke, 2021). This approach allows for a comprehensive exploration of the challenges and opportunities faced by social entrepreneurs in Ecuador, including their experiences in accessing funding opportunities, navigating regulations, building networks, and operating within the cultural context. The use of NVivo software helps to streamline the analysis process by organizing and coding the data into meaningful themes and categories, allowing for a more systematic and rigorous analysis (Bazeley & Jackson, 2019). Furthermore, the analysis also involves triangulation of data from various sources such as online sources, social media, news articles, and other relevant literature to ensure the validity and reliability of the findings. This approach provides a more complete picture of the SE landscape in Ecuador and helps to identify key areas for intervention and support.

4. Results:

The navigation through the results of the conducted interviews is presented in this chapter, providing useful insights into critical components of Ecuador's entrepreneurial ecosystem for social enterprises. The findings provide light on several important topics regarding figure 1, including the makeup and overall overview of the entrepreneurial ecosystem and its systematic conditions such as: leadership, networks, talent availability, funding opportunities, intermediate services, and new knowledge in Ecuador for social enterprises. Additionally, the results show ethical practices and environmental sustainability.

4.1 Composition of the Social Entrepreneurial Ecosystem:

Currently, the Ecuadorian Entrepreneurial Ecosystem is still on development, but it has the tools, networks, and talent to move forward. A lot of work still needs to be made from the cultural side on mindset and education, so that progress can follow. Ecuador's social entrepreneurial ecosystem presents a diversified network of stakeholders and experts committed to generating social impact and long-term development. Social enterprise 3 "*...is a peculiar entity, but it does what it can in an emerging ecosystem,*" as stakeholder 3 aptly put it. Academic institutions like 4 and 3 play a crucial role in nurturing entrepreneurial attitudes and providing prospective social entrepreneurs with the necessary information and skills.

However, as expert 2 highlights, there is a fragmentation of efforts in Ecuador. "*People are not working in a coordinated way,*" he says, expressing the need for better collaboration and resource sharing among actors in the ecosystem. This challenge extends beyond Ecuador, as expert 2 explains, "*This is not only in Ecuador, this is also in Colombia. This is also in Peru. This is also in Bolivia.*"

Nonetheless, there are notable organizations like social enterprise 3 that have emerged as important stakeholders in the ecosystem. Social enterprise 3 offers a range of services to entrepreneurs and acts as an impact investment fund for the Andean region. Their collaborative co-working spaces and their accelerator program, supported by Google Startups, provide valuable support to social ventures. The synchronization across these groups, as expert 4 from institution 4 emphasizes, is crucial to maximize their

collective impact. This already acts as intermediate services of the ecosystem for social enterprises.

Social enterprise 1, and social enterprise 5 demonstrate a deep commitment to ethical methods and environmental sustainability. Social enterprise 1 not only produces organic product but also ensures fair wages for producers and encourages sustainable farming practices. Social enterprise 6, actively engages in shared value activities throughout its value chain, prioritizing nutrition, education, entrepreneurship, gender equity, and environmental sustainability.

Social enterprise 4 contributes to the ecosystem by launching programs that support the agricultural sector, such as an educational initiative focused on the cultivation of flowers and a comprehensive survey aimed at understanding poverty. These activities exemplify the ecosystem's dedication to promoting sustainable and ethical practices within the realm of agriculture.

External collaboration and foreign assistance play a significant role in expanding the ecosystem's reach. Expert 3, for instance, emphasizes her partnership with a prestigious university on a project focused on enhancing efficiency, with the backing of funds from Belgium. This underscores the importance of leveraging external resources to secure funding and implement effective strategies.

Efforts to empower women throughout the value chain are also evident in the ecosystem. Social Enterprise 2, Social Enterprise 3, and various ventures led by female entrepreneurs demonstrate the commitment to providing equal opportunities and support for women. While progress is ongoing, the ecosystem recognizes the need for a more equitable workplace.

The government's commitment to creating an environment conducive to social entrepreneurship is evident through regulatory frameworks, according to expert 1. The National Council for Entrepreneurship and Innovation and the National Entrepreneurship Registry offer incentives and support for small-scale enterprises. These frameworks demonstrate the government's recognition of the importance of SE.

While, according to Stakeholder 3, Ecuadorians are described as natural-born entrepreneurs who are unafraid to take chances, there is a lack of confidence in certain organizations such as Social Enterprise 3, hindering the ecosystem's progress.

Nonetheless, success and sustainability in this dynamic entrepreneurial ecosystem require preparation, adaptability, and a willingness to learn from mistakes.

Ecuador's SE ecosystem is notable for its emphasis on triple impact entrepreneurship, which was emphasized in the interviews. The country's social entrepreneurs display a great dedication to addressing economic, environmental, and social concerns at the same time. They understand the need of creating economic value while also addressing social and environmental objectives. This approach connects with the global SE movement and highlights the ecosystem's joint commitment to provide sustainable and equitable solutions to societal concerns. "We are trying to create value beyond (our product)." – Stakeholder #1

Another significant factor revealed in the interviews is Ecuador's great regard for its cultural legacy and ancestral practices within the SE ecosystem. Social entrepreneurs are encouraged to use historical knowledge and traditional wisdom to create innovative solutions that combine modern enterprise and cultural heritage. This fusion of traditional customs and modern business techniques creates a distinct value offer and generates a sense of cultural pride and identity among ecosystem entrepreneurs. "*The way we should grow at this moment is not by expanding and acquiring machinery, but by connecting with small community projects.*" – Stakeholder 2. According to Expert 4, the university has 30 professors and 700 students dedicated to studying entrepreneurship with a focus on economic, environmental, and social concerns (triple impact). He feels that by implementing these approaches into its processes, the SE ecosystem may achieve much more.

4.2 Leadership

It's been clearly demonstrated through the interviews that there are crucial leaders in the development of SE within the ecosystem. Stakeholder 1, Stakeholder 2 and Stakeholder 3 demonstrate tremendous influence in the ecosystem. Stakeholder 2 being women, empowering the community and much more. Stakeholder 1, by demonstrating incredible and successful social added value while still maintaining sustainable and economic success. Stakeholder 3 goes up and beyond by not only creating a triple impact enterprise, but by overcoming the women barriers presented in the nation, and by also

acting as one of the main actors for the dynamization of SE in the entrepreneurial ecosystem. *"We cannot wait for someone else to do it for us, we understand the ecosystem, and the way to reinforce and strengthen it, is to act now"*, - Expert #2.

4.3 Challenges in Accessing Funding and Support:

Access to capital and support is a key barrier for social entrepreneurs in Ecuador. While initiatives such as Impulsum, Elanet, and IMPAQTO provide excellent tools and mentorship programs, respondents from social startups recognize the need for additional institutional support and investment in SE. Previous exploitative practices have fostered a lack of trust, leading to a cautious approach to partnership and investment. Recent public policy initiatives, such as the 2020 Entrepreneurship Law, demonstrate hopeful progress toward creating a more conducive climate for SE.

The articles of Ecuador's constitutional law lay the groundwork for funding options for social entrepreneurs. All entrepreneurs, according to Article 24, have instant access to financial services and public investment sources, including seed finance, venture capital, angel investment, and crowdfunding. While these opportunities exist, social entrepreneurs also require mentorship, technical support, and networking platforms to overcome operational issues and efficiently scale their companies. To create a sustainable ecosystem, there is a need for concerted efforts to align the activities of existing support organizations, establish mentorship programs, and bridge the gap between investors and social entrepreneurs. *"So as a social entrepreneur, you need investors, business angels, you need help from highly technical people in Ecuador, and how do I do it? If it's not through connections or friends, does the government have something there to help you out? That's the real question."* – Expert 5

Expert 2 noted the ongoing debates about the financial ecosystem for social entrepreneurs in 2021. Because of the intricacy of their business structures, these firms frequently struggle to get financial resources. They may also face challenges in recruiting and obtaining investments, as well as diversifying their income streams beyond reliance on a single source, such as contributions. These financial stumbling blocks can threaten the operations and long-term viability of social enterprises. According to a repeated pattern in the interviews, addressing the barriers to funding and assistance necessitates joint efforts from the public and private sectors. It demands the creation of clear and

reliable funding structures, the promotion of diverse income strategies, and the provision of targeted mentorship and technical help programs. By addressing these issues, Ecuador's SE ecosystem can establish a climate in which social entrepreneurs can grow and have a long-term positive influence.

4.4 Importance of soft skills, education, and new knowledge:

The interviews conducted shed light on the crucial role of soft skills and education in the journey of social entrepreneurs. As expert 4 aptly stated, *"It's no use knowing about taxes, legality, marketing, finances if, on the contrary, you don't have those soft skills that allow you to connect with the provider, the strategic ally, the customer."* This quote emphasizes the significance of interpersonal abilities that enable entrepreneurs to establish meaningful connections and collaborations. Stakeholder 2, who leads social enterprise 2, a company operated and led by women, shared her perspective on breaking societal prejudices by educating society, saying, *"Look, my social enterprise is a company operated and led by women, so I think there is also the challenge of seeing how I also become and how they can also accept me, breaking prejudices by educating society."* Stakeholder 2 words highlight the need for educational inclusivity and acceptance, challenging existing biases in the business world.

Furthermore, stakeholder 2 emphasized the importance of empathy in understanding others' perspectives, stating, *"When one can put themselves in the other person's shoes, it's easier to think about fair prices, difficulties, and needs."* This quote underscores the significance of empathy in considering the diverse challenges and circumstances faced by different stakeholders. Expert 4 further emphasized the significance of resilience and optimism in tackling problems, stating, *"The world is full of problems, but that is not the bad thing; on the contrary, I believe that is the greatest challenge and the greatest challenge of life itself, not being able to face those problems with resilience, optimism, education, and good nature is the real problem..."*

Furthermore, the introduction of platforms such as ELANET has considerably increased the availability of new knowledge and timely information. This interconnection, facilitated by ELANET, has resulted in a dynamic environment in which social entrepreneurial practices, important information, and academia merge to benefit all stakeholders. *"ELANET has enabled a remarkable flow of ideas, insights, and best*

practices by permitting direct interactions between institutions in Europe and their counterparts in less developed nations such as Ecuador. As a result, these creative practices are now more visible, there is a wealth of knowledge exchange and various prospects for growth and development within the area of social entrepreneurship....” -

Expert 2.

4.5 Networks

Networks in Ecuador vary across regions and its access mostly vary through the different social classes. Nevertheless, the building of strong networks within the entrepreneurial ecosystem has played a critical role in promoting this growth. These networks are critical forums for social entrepreneurs, investors, government agencies, and other stakeholders to collaborate, share expertise, and mobilize resources. *“The power of networks lies in their ability to connect like-minded individuals who share a common vision for social change,”* - Expert 3. We can utilize our collective abilities and make a bigger impact with these connections.

Social enterprise 3, a noteworthy network in Ecuador, brings together social entrepreneurs from diverse sectors and areas. *“Being a part of the social enterprise is transformative,”* says Stakeholder 3, the founder of an education-focused social company. *“Our clients receive access to a wide network of mentors, investors, and peers who not only provide excellent advice but also assist in securing funds to increase effect.”*- Stakeholder 3. This network enables peer learning, mentorship programs, and networking events, allowing social entrepreneurs to learn from one another's experiences, collaborate on projects, and grow their professional networks. Therefore, in the case of Ecuador networks not only show through face to face interaction, but networks are seemed to be formed through different social media, platforms and generally speaking through virtual interfaces, providing more space for everyone to have access to them.

4.6 Intermediate Services

Intermediate services are critical to the success of enterprises in a variety of sectors in Ecuador, acting as key support systems that facilitate operations and fuel economic growth. These services should cover a wide range of activities, including logistics and

consulting, as well as financial intermediation and information technology (Fiess, 1999). Interconnected networks within the ecosystem of intermediary services should ideally operate as critical bridges between enterprises and service providers, improving efficiency and boosting competitiveness. The interviews recognize the importance of these services in representation of accelerators and incubators, which are present in the country according to all experts. However, as expert 1 pointed out, “*entrepreneurs are frequently uninformed...*” of such services, which may be “*...geographically and monetarily inaccessible to the bulk of the people*”- Expert 1.

4.7 Ethical Practices and Environmental Sustainability:

The interviews conducted provided insight on the ethical behaviors and concerns about environmental sustainability that are common in Ecuador's SE ecosystem. Social Enterprise 1 stands out as a model social enterprise for its emphasis on fair payment to farmers and the adoption of sustainable techniques in their sector. This dedication to ethical sourcing and environmental stewardship is in line with the growing demand for environmentally friendly products and the conscious consumerism movement. The debates over fair trade and the difference in profitability between growers and manufacturers of their product highlight the need for a more egalitarian business.

According to stakeholder 1, many farmers in Ecuador are not being fairly compensated for their labor, which is causing environmental degradation and a loss of genetic variety in crops. Social entrepreneurs like stakeholder 1 push for paying farmers double the price of production to ensure fair recompense while also preserving the ecosystem and genetic variety. Stakeholder 1 zealous defense of appropriate compensation for agricultural producers demonstrates his personal dedication to building a more sustainable and equitable world. He feels that paying fair pricing extends beyond the product they sell and is a strong vehicle for social change and influence, which stakeholder 2 advocates for.

Furthermore, the interviews revealed a lack of awareness among foreign customers about the situation in agricultural-producing nations such as Ecuador. The need of raising consumer knowledge about the detrimental effects of the agricultural industry on farmers and the environment was emphasized by social entrepreneurs. Some of the

interviews demonstrated that social entrepreneurs hope to turn their industries into more ethical and sustainable by increasing transparency and supporting fair trade standards.

"We also started incorporating the topic of sustainability into businesses." – Stakeholder

4

5. Discussion:

The interviews conducted in this study provided valuable insights into the entrepreneurial ecosystem for social enterprises in Ecuador. They revealed a diverse network of stakeholders, including social entrepreneurs, academics, and support organizations. The ecosystem showcased a strong portrayal of leadership, addressing economic, environmental, and social concerns simultaneously. However, challenges in accessing funding and support were evident, highlighting the need for additional institutional support and investment. Soft skills and education were recognized as crucial for social entrepreneurs demonstrating need for new knowledge, emphasizing the importance of interpersonal abilities, empathy, resilience, and optimism. Ethical practices and environmental sustainability were core concerns, with social enterprises like social enterprise 1 leading the way in fair payment to farmers and sustainable techniques. It is critical to grasp the existing situation and envisage a road forward to progress. This discussion section will therefore analyze how the information from the literature review, which provided a broader understanding of SE, aligns and the added value within the specific findings from the interviews conducted with stakeholders in the Ecuadorian ecosystem. The combined findings from the literature review and the interviews shed light on the current state of the entrepreneurial ecosystem in Ecuador for social enterprises and provide valuable insights into its composition, challenges, and opportunities.

Ecuador's SE ecosystem is currently dealing with a lack of cooperation among important stakeholders (stakeholder 1, stakeholder 3, expert 4, 2023), mostly due to lack of trust between them, and due to a more individualistic thinking. SE ecosystem needs a communal mindset that goes beyond individuals and embraces a common objective. More people like stakeholder 1, who genuinely care about the workforce and represent the spirit of System Change Entrepreneurs, are needed in the country. Additionally, due to a lack of constitutional legitimacy, SE remain relatively unfamiliar notions in Ecuador (Expert 1, 2023). Through the literature reviews the most accurate understanding of the demands of organizations, enterprises, and foundations is explained by Meza in 2023, where he properly identifies the optimal period to create these concepts. This type of project would create the groundwork for a strong legal and financial framework that clearly differentiates between "social" and "enterprise," opening the path for long-term solutions across the country (Meza, 2023). Meza's comprehensive definition of a social company emphasizes the value of treating human capital with dignity and emphasizing

environmental sustainability above relying exclusively on products or services to address social challenges (Meza, 2023). A social company, according to Meza, is an organization dedicated to improving people's living situations in places where the government falls short, while also earning cash through social problem-solving offers (Meza, 2023).

While government assistance in the form of financing, incentives, and favorable legislation can be beneficial to social entrepreneurs, it is important to remember that change begins with individuals. Ecuador's social entrepreneurial ecosystem could be in a road to progress, with several organizations and individuals working to make a difference. Collaboration and networking within this ecosystem are critical for resource sharing, expertise exchange, and best practice dissemination (stakeholder 3, 2023). To effectively manage hurdles and develop meaningful relationships, social entrepreneurs should focus not only on technical abilities but also on soft skills such as communication, teamwork, and emotional intelligence (Paredes, 2023). Education and training programs can aid in the development of SE skills and the development of a culture of social innovation and impact (Paredes, 2023). International aid and collaboration are critical to the ecosystem's growth and success.

As clearly seen through the results, although SE is not expressly stated in the country's laws and legislation, it is critical to be resourceful and harness what is already developed for business practices. Stakeholders within the entrepreneurial ecosystem must understand the importance of this undertaking by developing a deep link with their country and demonstrating an unflinching commitment to tackle its issues head on. Activists, individuals committed to make a concrete difference, and those with a deep awareness of the context and the possibility for positive change are crucial transformation drivers (Bonilla, 2021). These individuals may contribute to a brighter future for Ecuador by embracing business practices that prioritize scalability and good impact throughout the value chain.

The literature review highlighted key aspects of social entrepreneurship, including its triple impact approach, stated as well in the literature review (Situmorang, 2012 ; Žebrytė, 2017 ; Lee, 2019; Mitra, 2010). This emphasis on triple impact entrepreneurship was also evident in the interviews conducted, with social entrepreneurs in Ecuador displaying a strong dedication to creating economic value while addressing social and

environmental objectives. Social enterprises 1, 2, 3, 4 and 6 were identified as examples of social ventures in Ecuador that embody this triple impact approach. This approach aligns with global trends in social entrepreneurship and reflects the ecosystem's commitment to providing sustainable and equitable solutions to societal challenges.

The interviews further emphasized the significance of cultural heritage and ancestral practices within the social entrepreneurial ecosystem in Ecuador. Social entrepreneurs were encouraged to draw upon historical knowledge and traditional wisdom to create innovative solutions that combine modern enterprise with cultural heritage. This fusion of traditional customs and modern business techniques not only creates a distinct value proposition but also generates a sense of cultural pride and identity among ecosystem entrepreneurs.

Another common thread between the literature review and the interviews was the recognition of the challenges in accessing funding and support for social entrepreneurs (Amaya et al., 2023). The literature review highlighted the importance of financial resources, mentorship, technical support, and networking platforms, which were echoed in the interviews. While initiatives such as IMPULSUM, ELANET, and IMPAQTO were identified as providing tools and mentorship programs, the interviews revealed that additional institutional support and investment in the social entrepreneurship sector are still needed.

Additionally, both the literature review and the interviews emphasized the significance of soft skills and education in the success of social entrepreneurs (Morales-Urrutia, 2021). Interpersonal skills, empathy, inclusivity, resilience, and optimism were identified as crucial attributes for social entrepreneurs to navigate challenges and build meaningful connections and collaborations (Expert 4, 2023). The literature review emphasized the role of education in developing these skills, while the interviews highlighted the importance of incorporating triple impact approaches into educational processes to achieve greater impact.

In terms of ethical practices and environmental sustainability, both the literature review and the interviews identified the growing emphasis on these aspects within the social entrepreneurial ecosystem in Ecuador. The literature review discussed the

importance of ethical sourcing, environmental stewardship, and conscious consumerism, while the interviews provided specific examples of social enterprises in Ecuador, such as Paccari, that prioritize fair payment to farmers and adopt sustainable techniques.

While there were many areas of alignment between the literature review and the interviews, there were also some differences and specific nuances that emerged from the interviews. For example, the interviews shed light on the fragmentation of efforts and the need for better collaboration and resource sharing among actors in the ecosystem. This finding highlighted the importance of synchronizing the activities of different stakeholders to maximize their collective impact, as emphasized by one of the interviewees from institution 4 and by the stakeholder 3.

By synthesizing the information from both the literature review and the interviews, this study contributes to a comprehensive understanding of the multifaceted nature of SE in Ecuador. The insights gained from this research can inform policymakers, support organizations, and aspiring social entrepreneurs in their efforts to foster a more sustainable, inclusive, and impactful social entrepreneurial ecosystem in the country.

To support social enterprises in Ecuador, the government must create an enabling environment by developing a supportive regulatory framework, incentivizing investors, establishing infrastructure and networks, providing access to capital and markets, improving the innovation ecosystem, and promoting entrepreneurship through education. These measures will contribute to economic and social development, help achieve the Sustainable Development Goals, and generate more social enterprises with increased social impact.

6. Conclusions

This report provides a captivating analysis of Ecuador's robust entrepreneurial ecosystem, with a focus on social entrepreneurs. By unearthing a wealth of relevant information through a meticulous literature study and insightful stakeholder interviews, this report not only enriches the existing body of literature but also strengthens our understanding of this specific topic. The findings offer light on the ecosystem's unique characteristics, such as its emphasis on triple impact entrepreneurship and cultural heritage integration. Furthermore, it brings to light crucial funding and support problems, the relevance of soft skills and education, and the growing emphasis on ethical practices and environmental sustainability.

The study and evaluation of the systematic framework designed to investigate SE in Ecuador's entrepreneurial ecosystem is a vital component for a thorough understanding of the report. This framework, which was inspired by the pioneering work of Stam and Spigel, serves as a catalyst for improving different components of the ecosystem, such as leadership, networks, talent availability, education through new knowledge and soft skills, and intermediary services. Significantly, by addressing these factors effectively and ensuring their accessibility to all social entrepreneurs within the ecosystem, a thriving system emerges, resulting in the establishment of more successful enterprises and, as a result, the resolution of societal challenges and the creation of greater societal impact.

The discussion shows that entrepreneurial environment is continually expanding, providing several chances for players to leverage their resources. Individuals must, however, recognize the importance of collaborative efforts and collaborate with the community. Collectivism is the driving force behind the entrepreneurial ecosystem, creating resilience among its players. To fully develop, Ecuadorian society must nurture high levels of trust and value all stakeholders in the ecosystem, emphasizing the importance of social enterprises. In a country marked by a lack of trust and weakened democracy, the abolition of old beliefs like as machoism should be incorporated and the acceptance of women in leadership posts should be encouraged.

It is critical to recognize through the interviews that fostering favorable features, such as the widespread aversion to risk from human capital, will help to sustain the

entrepreneurial ecosystem. Education has achieved tremendous advances in the field of SE, resulting in greater access to knowledge for future generations from anywhere with access to internet. It is encouraging to see the great developments in this subject. While traditional sources of funding, such as investors, are crucial, the interviews suggest primary focus should be on earning revenue from clients. A high-quality product or service will automatically attract financial support, and when increasing the impact becomes a priority, financing will become readily available. Additionally, it is worth understanding that investible talent is plentiful, and success can be attained with commitment and effort. Experts suggest through the interviews that social entrepreneurs must recognize that they are ultimately establishing a business when growing social enterprises in Ecuador. As a result, developing a strong entrepreneurial mindset and taking aggressive initiatives are critical. Emotions alone cannot maintain the endeavor; achieving the correct balance between logic, emotion, and developing ecosystem synergy is critical.

While this study presents all these important insights about Ecuador's social entrepreneurial ecosystem, it is critical to recognize its limitations. The interviews, while instructive, have a limited breadth and may not fully represent the ecosystem's different perspectives. Future research efforts could take a broader approach by involving a greater sample size and a broader spectrum of stakeholders. Furthermore, it is worth noting that the status of the ecosystem and its long-term potential are the primary emphasis of this study, rather than the specific outcomes of social initiatives. Further research might be conducted to investigate the long-term viability and sustainability of social companies in Ecuador, as well as their contributions to both social and economic growth. Even though the ecosystem appears to be small, collaboration and active engagement with both large and small participants is critical. Working as a cohesive team, the entire ecosystem can move forward, making incredible progress, therefore, in future research could focus also on small stakeholders who pertain to this same ecosystem.

Despite these limitations, this study contributes a wealth of information to the area of SE in Ecuador. Its findings are critical for governments, support organizations, academics, and prospective social entrepreneurs. Most importantly, they highlight the critical need for continued efforts to foster an environment that fosters and strengthens the ecosystem for SE. The study makes several major recommendations, such as

increasing access to funding and support to social entrepreneurship initiatives that demonstrate solid market demand, developing comprehensive teaching programs on business development and entrepreneurship, and advocating for ethical practices and environmental sustainability within all the different academic programs, although it's worth noting that efforts should be most prominent within the systematic framework head on and exploiting the ecosystem's inherent assets such as talent that portrays leadership, networks in different areas of the nation not only on big cities, intermediate services for that matter as well and access to new knowledge in all sectors of the country. As a result, it may address major societal issues while promoting inclusive and sustainable growth. But more importantly, is the interconnectedness of the ecosystem, working in synergy that will ameliorate the current situation and strengthen it forward to progress.

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8. Appendices

Appendix 1. Interviews to Social Enterprises:

- a. What are the underlying motivations, goals, and drivers behind the social enterprise mission?
- b. What needs is your enterprise fulfilling with your products and at what moment(s) are these needs most pressing?
- c. How does the company's intentions to promote sustainable ways and support workers shape the development and impact of the social enterprise in Ecuador?
- d. What is the company's role in addressing social and economic challenges facing the communities they serve?
- e. What are the challenges that the enterprise struggles with in achieving their mission and making a positive impact in Ecuador?
- f. How does the company oversee the general ecosystem for social enterprises to flourish?
- g. When developing the enterprise, what were the biggest challenges and opportunities you encounter within the entrepreneurial ecosystem of Ecuador?

Appendix 2. Interviews to other parties involved in the ecosystem.

- a. Tell me about the entrepreneurial ecosystem for social entrepreneurs in Ecuador.
- b. In your opinion, what are the main challenges faced by social entrepreneurs in Ecuador in accessing funding opportunities?
- c. How do you think the current regulatory environment in Ecuador affects social enterprises? Are there any specific regulations that you think are particularly helpful or harmful?
- d. What networks or organizations do you believe are most important for social entrepreneurs to connect with in Ecuador, and why?
- e. Can you share any examples of successful collaborations between social entrepreneurs and other stakeholders in the ecosystem, such as government agencies, NGOs, or academic institutions?
- f. What role should the government play in supporting social entrepreneurship in Ecuador? Are there any specific policies or programs that you believe would be particularly effective?
- g. How does the cultural context in Ecuador influence the development and success of social enterprises, and what cultural values or practices can be leveraged to support and promote the growth of the SE ecosystem?
- h. What other relevant information regarding the entrepreneurial ecosystem for social enterprises would you like to share with me?

Appendix 3. Coding

Quote	Code	Themes	Concepts
"Social Enterprise is a peculiar entity, but it does what it can in an emerging ecosystem. We wanted to offer entrepreneurs what they need in the space they are in... There needs to be a more culture of democracy and civic engagement... There isn't a culture of honesty yet." - Stakeholder 3	Emerging ecosystem, Silicon Valley, culture of democracy, civic engagement, culture of honesty	Composition of the Social Entrepreneurial Ecosystem	Fragmentation of efforts, lack of coordination, lack of shared resources, lack of accessibility, ecosystem dynamics, institutionalization, legitimacy, recognition
"The first thing I saw from Ecuador is that there is a huge fragmentation of efforts... These resources are not really accessible to the people who really need it." - Expert 2			
"The moment we minimize the gap between these motivations, you will have a very well working ecosystem in Ecuador... It's an interesting type of dynamic." - Expert 5			
"With other projects, it has been a bit difficult to release another edition of this project, but that's because it's not institutionalized... We do this every year." - Expert 3			
"There are super promising social entrepreneurship initiatives, but I mean, at least from our perspective at Impulso, there isn't the number of social entrepreneurship initiatives that we would expect to see by now." - Expert 3			
"Social entrepreneurship is not yet legitimized, as we say in academia, and the recognition of social entrepreneurship is also very important." - Expert 3			
"We are trying to create value beyond the chocolate bar." - Stakeholder 1	Value creation	Triple Impact Entrepreneurship	Value beyond the product
"In flowers, you're talking about approximately 10.6 to 10.4 people per hectare in terms of employment." - Stakeholder 4	Employment and social impact		
"To do a social entrepreneur, you need investors, business angels, support, investors, business angels, technical support, connections, government support." - Expert 5	Access to funding and support, investors, business angels, technical support, connections, government support	Challenges in Accessing Funding and Support	
"It's to use knowing about taxes, legality, marketing, finance it, on the contrary, you don't have those soft skills that allow you to connect with the provider, the strategic ally, the customer." - Expert 4	Soft skills	Importance of Soft Skills and Education/New Knowledge	Connection, prejudice, empathy
"Look, Divina Pagano is a company operated and led by women, so I think there is also the challenge of seeing how I also become and how they can also accept me, breaking prejudices." - Stakeholder 2	Leadership		
"When one can put themselves in the other person's shoes, it's easier to think about fair prices, attitudes, and needs." - Stakeholder 2			
"The way we should grow at this moment is not by expanding and acquiring machinery, but by connecting with small community projects." - Stakeholder 2			
"The world is full of problems, but that is not the bad thing... not being able to face those problems with resilience, optimism, education, and good nature is the real problem." - Expert 4	Resilience, optimism, good nature		Education
"We have a responsibility to give back to nature." - Stakeholder 1	Responsibility	Ethical Practices and Environmental Sustainability	Environmental sustainability
"Our goal may be to use 10% of our genetic bank of cacao, do something bigger than that." - Stakeholder 1	Genetic bank, sustainability		Conservation, sustainability
"We also started incorporating the topic of sustainability into businesses." - Expert 3	Incorporating sustainability		Sustainability in businesses