THE EFFECT OF SOCIAL ENTREPRENEURS' CHARACTERISTICS ON RESOURCE ACQUISITION AND FIRM PERFORMANCE

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ABSTRACT

Social enterprises receive a lot of attention, because of their functions for contributing to balance between social service-enhancing and profit-making activities. They can survive and have financial sustainability in market mechanism and provide social service that cannot be provided due to the failure of market and government. In Korean context, social enterprises have another function to provide jobs and increase employment rates in the time of low economy growth and economy inequality. Given this situation, it is necessary that researchers investigate what characteristics of social entrepreneurs are helpful to obtain particular types of resources and what types of resources from resource providers may have mediating effects on the relationship between the characteristics of social entrepreneurs and the social performance of social ventures. In the Korean context, first, the younger the founder of a social venture, the more positive it is in obtaining financial and marketing resources. Second, if the founder of a social venture is highly educated, it has a positive impact on financial resource acquisition. Third, if the founder of a social venture is from a prestigious university, it will have a positive impact on financial and marketing resources acquisition. Fourth, age and prestigious school are helpful for the social performance of social ventures, but educational level for social ventures weaken the social performance of social ventures contrary to my expectation. Finally, age, educational level and prestigious school decrease the social performance of social ventures by providing financial support contrary to my expectation and they don't contribute to the social performance of social ventures by providing marketing supports.

Keywords: Social Venture, Social Entrepreneurs' Characteristics, Resource Acquisition, Information Asymmetry, Signaling Theory, Resource-Based View Theory.

INTRODUCTION

Social ventures have a dualistic nature, integrating social welfare and commercial logic at their core (Wry & York, 2017). This dualism makes social ventures distinct from commercial ventures or other organizations that primarily focus on shareholders' economic prosperity. A social venture is built upon the founding efforts of core founders who first design the innovative idea of resolving a social problem that cannot be eradicated with governmental help or market intervention (Hellmann & Wasserman, 2017). At the beginning of a new venture, resources in three major areas (human capital, social capital, and financial capital) are usually in limited supply (Morris et al., 2007).

Resource providers to early-stage ventures typically examine aspects of the venture, the founder, and the perception of the founder's aptitude for execution (Lee & Huang, 2018). It implies that resource providers consider the qualities not only of the venture and the founder but also of the fit between the two (Lee & Huang, 2018). In the evaluation of early-stage social ventures, resource providers face a lack of objective data on ventures' potential success, such as proven products and financial performance, because there is not much available public information about organizations in the early stage (Moss et al., 2015). Furthermore, the quality of the social mission is difficult to evaluate. There are no standardized criteria for evaluating the quality of a social mission because all social ventures are driven by virtuous motivation and empathy towards people in need. Therefore, resource providers must heavily rely upon signals based on the characteristics of the core founder that is regarded as co-varying with the social ventures' underlying quality. Therefore, this study applies information asymmetry and signaling theory to link social entrepreneurs' characteristics, resource acquisition, and the performance of social ventures.

THEORETICAL BACKGROUND AND HYPOTHESIS DEVELOPMENT

Information Asymmetry and Signaling Theory

Signaling theory is primarily concerned with information asymmetry between two parties (Connelly et al., 2011; Spence, 2002). As certain information is private, information asymmetry emerges between those who hold private information and those who could potentially make better decisions if they had that information (Connelly et al., 2011). Two types of private information are particularly crucial when information asymmetry exists: (1) information about characteristics such as quality and reliability, and (2) information about the intention of behaviors (Stiglitz, 2000). Signals can be used to help parties resolve information asymmetry related to this unobservable private information (Elitzur & Gavious, 2003; Moss et al., 2015).

Not all conveyances from social entrepreneurs are deemed valid signals by potential investors. Typically, to be productive, signals must be observable and costly (Moss et al., 2015). Observability indicates the extent to which outsiders can notice the signals. Costly refers to the sender's expense associated with signaling desirable characteristics, such as quality, reliability, and passion. Educational degrees, industry certifications, or professional credentials are examples of observable and costly signals.

Building on this, this research argues that the social venture's likelihood of obtaining funding from resource providers is significantly affected by human capital endowments in founders, which are observable and costly to obtain. Specifically, I focus on the human capital of a core founder, an individual who had the initial idea and originated the founding activities (Wasserman, 2016), and of a founding team. Resource providers are likely to focus on the background of a founder in their venture selection process because a core founder's characteristics have a significant influence on a social venture's survival rate and performance in the future. By attracting co-founders, employees, and investors to enhance organizational capabilities (Wasserman, 2016), core founders initially create fundamental elements for social ventures and pave the path for the ventures' future success. In the following section, the signaling role of a founder's characteristics in the resource providers' evaluation will be discussed.

The Characteristics of Founders and Resource Acquisition

The human capital theory argues that knowledge gained through experience increases an individual's cognitive abilities, resulting in productive and effective behavior (Mincer, 1974). Because of the short work of social ventures, the founder's human capital is largely formed by pre-founding experience. Cooper et al. (1994) divide the founder's experience into three categories according to their characteristics. The first type of experience refers to the general experience of a founder, rather than to reveal the specific knowledge or ability of the founder by age or education. The second type is experience related to management know-how, the occupational background of Jones-Evans (1995), and the job experience of Roure & Keely (1990). Chandler (1996) describes this experience by dividing it into functional backgrounds, such as administrative or technical tasks. The third type is experience related to industry-specific know-how, such as technology, services, customers, and suppliers. Vesper (1980) suggests that this experience can be gained from experience in similar industries. This study reclassifies the founder's human capital into age, educational background, and managerial experience, based on the experience types identified by Cooper et al. (1994). First, we distinguished age and educational background presented by Cooper et al. (1994) as the first type. Unlike age, the educational background is the human capital created by the founder's efforts, and the reason for causing the signal effect noted in this study is different. Next, we grouped the second type of job experience and the third type of industry experience into a managerial experience. Job experiences and industry experiences are grouped into the same group because they represent specific experiences required for venture management activities.

Related studies generally suggest that older managers tend to have less physical energy and mental enthusiasm and tend to routine analysis with little attention to limited information (Miller, 1991). They cannot also generate new ideas and learn new behaviors (Taylor, 1975). Other studies, on the other hand, argue that as age increases, experience accumulates, leading to better interpersonal skills such as political judgment and bargaining power (Kitchell, 1997). The management environment of new technology-based venture firms is complicated by a large number of environmental factors to be considered in decision-making and is characterized by a high degree of uncertainty in which the environmental factors change rapidly (Tushman & Rosenkopf, 1992). Venture Capital believes that to cope with this complex and highly uncertain business environment, the founder's physical and mental energy and learning skills are more necessary than human skills such as political judgment and bargaining power (Byrne, 2000). Also, as managers get older, they tend to be more organized (Alutto & Hrebiniak, 1975), and their financial and career stability becomes more important given their social status, consumer disposition, and expectations for life after retirement. Inevitably risk aversion (Carlsson & Karlsson, 1970). Hambrick & Mason (1984), on the other hand, suggests that young managers tend to pursue risk-taking strategies such as product innovation and financial leverage. Of course, studies have argued that these young managers' high-risk strategies are positively related to corporate growth, while profitability varies widely (Hambrick & Mason, 1984). In particular, lack of resources and uncertainty in the market make it clear that for a social venture company to succeed, the founder must take a risk rather than maintain the status quo. Providing resources to social venture firms with high uncertainty, even if they are likely to fail, will likely favor the founder's risk-taking strategy because they expect great social outcomes when successful. Thus, in the process of deciding to provide resources for social ventures, volunteers will find that young entrepreneurs with high energy and learning skills and risk-taking have the appropriate human capital for a highly uncertain business environment. For this reason, the younger the founder of a social venture, the more positive it will be to the decision-making of the resource provider.

Hypothesis 1: The younger the founder of a social venture, the more positive it will be in obtaining resources.

The educational background can be divided into two types. One means cognitive ability and the other emphasize external connection. Cognitive perspective studies consider education as an indicator of a person's various cognitive dispositions. Regardless of their majors, they argue that a higher level of formal education is more receptive to information processing and innovation (Wiersema & Bantel, 1992). Management studies also agree that in this respect, highly educated executives have excellent information processing capabilities (Dollinger, 1984), and that educated executives can better find innovative solutions (Finkelstein & Hambrick, 1999). It is argued that managers' education levels and corporate performance are generally positive relationships (Gimeno et al., 1997). However, other studies also suggest that contextual considerations are needed during empirical research because the impact of education on corporate performance may vary depending on the nature of the business environment (Honig, 1998). The business environment of social venture companies is complex, and changes are very uncertain. To survive and grow in such an environment, it is very important to judge the information correctly, so the founder's high information processing ability will be required. Also, firms with unstable circumstances require high innovation of managers because the more uncertain the environment for survival and growth, the more innovative strategies is required to reduce retaliation of competitors (Zahra & Bogner, 1999). Therefore, the resource provider will be interested in the education level of the founder in the decision-making process of the social venture company. In other words, resource providers will try to actively provide their own resources because of the higher the education level of the founders, the higher the information processing ability and innovative propensity of the founders.

Hypothesis 2: If the founder of a social venture is highly educated, it will have a positive impact on resource acquisition.

Another educational background is the ability to obtain opportunities, information, and support for corporate activities through a network of social elites by educational institutions. Despite the nature of secondary social relations, academic studies originated from Korea's Confucian culture have a greater influence on society by forming a closed social group with more members (Lee, 1995). Indeed, in Korea, education has become a key element in the connection of ointment, as education has emerged as a major determinant of social class. External networks based on educational background include representatives from prestigious universities (Clement, 1975). The experience of mathematics at a prestigious university is not only an educational opportunity but also helps form a social network, considering the influential alumni who come into society later. This alumni relationship is more than just a social group, and it is effectively used later when the manager himself has reached a position where senior contacts are needed (Zwigenhart & Domhoff, 1991). For example, if he graduated from a major French university, Grandes Ecoles, he is known to be alumni with many political, media, and economic leaders. Belliveau et al. (1996) refer to the network premium enjoyed by prestigious universities and regarded it as social capital. Collins (1975) proved that managers' backgrounds from prestigious universities such as Oxford and Cambridge were the foundation of strong organizational links in conducting corporate activities. To gain a competitive advantage in the complex and changing business environment, social ventures have to obtain opportunities and information necessary for management activities. Also, support from other companies through schooling can be used as an important means of preventing retaliation from competitors. Therefore, the resource provider will pay attention to whether the founder is from a prestigious university in the process of deciding to provide a social venture. In other words, if a founder is from a prestigious university, he or she will consider the founder's ability to connect to the outside world actively and try to provide their resources actively.

Hypothesis 3: If the founder of a social venture is from a prestigious university, it will have a positive impact on resource acquisition.

This study divides the founder's management experience into two. One is the type of job the founder has experienced before the start-up, and the other is the experience in the relevant industry. The functional background does not dictate the manager's strategic choice, but it does have some impact. For example, when Dearborn & Simon (1958) asked managers with different functional backgrounds to solve the same management-related problems, each manager defined a problem in terms of activities and goals based on his or her functional background. Insist on finding a solution. In general, entrepreneurship can be divided into three categories according to its functional background (Hambrick & Maison, 1984). First, output functions that monitor and adjust products and markets, such as product development, marketing, and sales. Peripheral functions that are not included in a company's core activities, such as finance and finance. In particular, it is argued that output and throughput functions have distinct effects on behavior for the enterprise and the environment (Miles & Snow, 1978). Executives with output functional backgrounds tend to pursue strategies that emphasize growth such as product innovation, relevant diversification, advertising, and forward integration. In particular, it is argued that the firms of managers with output function backgrounds are profitable in unstable rather than stable industries. In a highly uncertain business environment, such as a social venture, it is very important for a founder to quickly identify and respond to market trends and external environmental factors. Therefore, the resource provider will be interested in what functional background the founder has in determining the supply of resources for social ventures. In other words, if the founder's functional background is an output background, he or she will decide to have a high level of understanding and understanding of the founder's technology and market trends.

Hypothesis 4: If the founder of a social venture is an output background, it will have a positive impact on resource acquisition.

Related industry experiences facilitate the acquisition of important knowledge such as opportunities, threats, competition, and regulatory conditions within the sector, as well as information on suppliers and customers (Kor, 2003). Executives can identify opportunities from emerging technologies through strategic industry experience and strategically launch new products and services (Schefczyk & Gerpott, 2001). In particular, venture firms have difficulty in establishing relationships with suppliers or customers within the sector due to a lack of legitimacy due to the vulnerability of startups. In this situation, the importance of the founder's industry experience is emphasized because it can reduce the risk of failure by facilitating relationships with suppliers or customers (Cooper et al., 1994). Related studies have shown that a founder's lack of relevant industry experience increases the failure rate of venture firms (Copper et al., 1994). On the other hand, if the founder has relevant industry experience, he argues that it shows superior management performance by successfully conducting joint research and development with other companies (McGee & Dowling, 1994). In particular, if there are not many managers in the market with relevant industry experiences, such as the business of social ventures, managers with relevant industry experiences cannot be found smoothly, so managers' related industry experiences can be an asset that competitors can hardly copy (Kor, 2003). Moreover, social venture firms are uncertain about the success of their business, so managers with relevant industry experience are reluctant to join the company if there are no exceptional compensation conditions. If the founder of the relevant industry experiences a social venture company, he will have a manager with relevant industry experience from the start-up stage will be. Therefore, the resource provider will focus on whether the founder has relevant industry experience in determining the investment of social ventures. In other words, if a founder has relevant industry experience, he or she can establish a relationship with a supplier or customer early and has an asset that competitors have difficult to imitate so that the resource provider can provide its resources actively.

Hypothesis 5: If the founder of a social venture is from a related industry, it will have a positive impact on resource acquisition.

Sustainable competitive advantage hinges on whether heterogeneous resource conditions can be met (Barney, 1991). In the context of commercial ventures, competitive advantage is often reflected in increased profitability, ongoing sustainability, and overall organizational survival and longevity. For example, Haber & Reichel (2007) argued that human, organizational, and physical capital resources affected small venture sustainability in the context of the tourism industry. Honig (1998) found that a growth in social capital generally increased the profitability of micro-businesses in Jamaica. Dyer & Singh (1998) proposed that complementary resources and capabilities in inter-organizational settings led to overall competitive advantage. Rodan & Galunich (2004) found that access to heterogeneous knowledge was important for a venture’s success. In the context of this study, competitive advantage refers to the social value creation of social ventures. It is proposed here that the development of a diverse array of resources can lead to greater value creation. Meyskens et al. (2010) developed a conceptual framework that showed how partnerships with corporations, government, and other social ventures are related to the accumulation of resources that lead to different types of value creation. Resource-based theory suggests that diverse resources are necessary for sustainable competitive advantage (Barney, 1991). In the context of social ventures, these diverse resources come from financial, managerial, and marketing support of partners. Therefore, it is suggested here that diverse support from resource providers should be positively associated with social performance of social ventures. However, to date, relatively few studies have assessed what characteristics of founder have positive impacts on the social performance of social ventures through resource acquisition. Therefore, this study attempts to investigate through what types of resources can mediate the relationship between the characteristics of founder and the social performances of social ventures. This research aims to investigate the mediating effect of different types of resources from resources providers on the relationship between the characteristics of founder and the social performances of social ventures. The final hypothesis is:

> *H6: Resource acquisition mediates the relationship between the characteristics of founder and the social performance of social ventures.*

METHODOLOGY

Sample

This study includes all of social ventures certified by the Ministry of Employment and Labor in Korea as social ventures from 2007 to 2010. The Ministry of Employment and Labor certifies social ventures by considering both social value creation and economic sustainability. The certification condition of social value creation has two elements: job creation, which applies if a firm employs more than 50% of its total employees from a socially disadvantaged class; providing social services, which applies if a firm provides more than 50% of its services for socially disadvantaged class. And the certification condition of economic sustainability is that the total revenue for six months before the application for certification should be more than 30% of labor expenses for the same period.

Data

Data was collected by survey. The list of social enterprises was taken from the public website of the Korean Social Enterprise Promotion Agency (KSEPA, http://www.socialenterprise.or.kr). This list includes titles, contact information, phone numbers, and addresses for all of the 565 firms. Since the Korean Ministry of Employment and Labor established KSEPA to provide efficient monitoring of certified enterprises, its list of certified social enterprises is taken to be comprehensive. Initial attempts were made to contact representatives of all 565 certified social enterprises by telephone. The purpose and implications of the research were explained and the representatives were asked to participate in the survey. However, 45 firms refused to participate due to lack of time or based on company policy, and 3 other firms were in the process of closing. As a result, questionnaires were sent to 517 firms by mail, e-mail, fax, or the Google Drive Form system. In total, 88 responses were received, but 16 were excluded from the statistical analysis due to incompleteness. Thus, the final response rate was 17%.

Variables

Dependent Variable

Social performance

This variable was measured based on the perceptions of the responding representative of each social venture. Social performance was measured subjectively due to a lack of reliable objective data. In Korea, firms engaging in social ventures have no obligation to account for their social performance to the public. Though the Ministry of Employment and Labor has the performance data for firms engaging in social ventures collected through KSEPA, this data was not available for the purposes of this paper. However, Dess & Robinson (1984) and Pearce, Robbins & Robinson (1987) confirmed strong correlation between subjective and objective performance. This result may also be applied to social performance. Questions were asked about the representative’s overall perception of the social performance of his or her organization. This measure included items regarding how the social mission was addressed and to what extent the venture met its social responsibilities, the extent to which a performance appraisal system had been established, and how well activities for these purposes were implemented. It was measured on a 5-point Likert scale. Scores for these items were averaged to create a social performance score.

Independent Variables

Age

The age of the founder is based on when the resource holders provided the resources.

Education level

Higher education was defined as a master's degree or higher. It is coded as 1 if the founder's education level is higher than graduate school and 0 if it is lower than university.

Prestigious university

In consideration of Korea's situation, four schools were measured as prestigious universities, including Seoul National University, Yonsei University, Korea University, and KAIST. Among the top five university rankings ranked by JoongAng Ilbo from 2007 to 2010, Pohang University of Science and Technology included (www.univ.joins.com). This is because it was judged that there would be a big difference in the size of the network based on them. It was coded as 1 if the founder graduated from one or more of the four universities, or 0 otherwise.

Functional background

It was determined whether the founder's functional background was an output function, and coded as 1 for an output function background or 0 for a throughput or an additional function background. Related Industry Experiences. If the founder had experience working with an existing or potential domestic or foreign client, supplier, competitor or related research institute, the code would be 1.

Mediating Variable

Resource acquisition

Resources may be in term of finance, management, or based on credit, consulting, and sales support. However, due to concerns about too many variables, these variables were classified into three categories by character and correlations: financial; management; marketing. A representative support was chosen to identify the resource in each category rather than aggregate all of them. This study categorized three types of resources related to financial, managerial and marketing. The survey was designed to measure these on a 5-point Likert scale.

Control Variables

Control variables included in this study were firm age, time of certification, firm size, and industry characteristics variables.

Firm age: like many organization-level studies, this study included the founding time of each firm to control for differences resulting from variations in the developmental stage of the social ventures.

Time of certification: this was included to control for the effects of variations in time since certification. Certification may provide an essential initial resource to a social venture, but the extent of support or the relationship with the target partner may also change over time. In addition, evaluation of the social venture could result in changes after more objective and critical criteria have been developed.

Firm size: firm size was used to account for the greater resources and choices available to larger firms with a greater ability as well as potential scale advantages.

Industry characteristics: the industries in which the social ventures were conducted were treated as dummy variables. Industries were classified into three types. First, ventures in social welfare industries were grouped together. Most social ventures operating in the social welfare sphere were also distinguished by the maturity of their industries. These not-for-profit social welfare organizations provided specialized services such as nursing or caring for the underprivileged or injured. This is different from other industries that provide services or products. Second, the remaining social ventures were classified according to the services or products they provided. Consequently, three industry dummy variables were utilized in this study: one for social welfare industries; one for service industries; and the last for product-related industries.

RESULTS

Descriptive Statistics and Correlations

The features of the sample are described as follows. Some firms were newly founded. Firms <10 years old made up 85.9% of the sample and those <3 years old accounted for 54.7%. Most firms (92.2%) were small or middle sized (>50 employees). The social ventures observed in this study shared many features with newly founded firms. Table 1A & 1B shows correlations between variables. In the analysis of the control variables, firm age has negative effect on social performance. In the independent variables, social partner has positive effect on social performance, while financial and marketing support have positive effect on economic performance.

Analysis

In order to test hypotheses 1-5, a series of multiple regression analyses was conducted. Table 2 shows the analysis results. In the results, among independent variables, age, educational level, and prestigious school were significantly associated with financial support. None of the independent variables had any relationship with managerial support. Age and prestigious school were significantly associated with marketing support. In the Korean context, the younger the founder of a social venture, the more positive it is in obtaining financial and marketing resources, but it has no association with managerial support. If the founder of a social venture is highly educated, it has a positive impact on financial resource acquisition, but it has no association with managerial and marketing support. If the founder of a social venture is from a prestigious university, it will have a positive impact on financial and marketing resources acquisition, but it has no association with managerial support. Hypotheses 1, 2, and 3 are, therefore, partially supported.

TABLE 1A
DESCRIPTIVE STATISTICS AND CORRELATIONS

	Variables	Mean	SD	1	2	3	4	5	6	7
1	Firm age	5.38	4.76							
2	Time of certification	1.81	1.06	.354**						
3	Firm size	25.06	19.94	0.012	0.164					
4	Manufacturing	0.32	1	-0.117	-0.126	-0.087				
5	Service	0.53	0.5	0.034	-0.043	-0.145	-.339**			
6	Well-fare	0.23	0.42	0.046	.222^{+}	.326**	-.174**	-.583**		
7	Age	37.45	0.34	0.122	0.016	-0.026	0.108	0.019	0.113	
8	Education level	0.66	0.23	0.181	-0.023	0.018	0.192	-0.018	-0.19	0.101

9	Prestigious school	0.74	0.21	-0.128	-0.118	-0.11	0.126	0.018	-0.101	0.005
10	Functional background	0.43	..19	-0.113	0.017	0.118	-0.018	-0.21	0.119	-0.2
11	Related experience	0.21	0.24	-0.118	-0.102	0.126	0.052	-0.113	0.019	-0.119
12	Financial support	2.02	.1.26	0.066	-0.046	0.118	0.01	0.103	-0.083	-.123**
13	Managerial support	2.64	1.56	-0.003	0.008	.324**	-0.081	-.208+	0.181	-0.19
14	Marketing support	2.06	1.41	-0.126	-0.13	0.162	0.095	-0.133	0.039	-.132**
15	Social performance	2.12	1.42	-.226*	-0.19	0.196	-0.021	-0.08	0.024	.019**

n = 73, + p < .10, * p < .05, ** p < .01

TABLE 1B
DESCRIPTIVE STATISTICS AND CORRELATIONS

	Variables	Mean	SD	8	9	10	11	12	13	14
1	Firm age	5.38	4.76							
2	Time of certification	1.81	1.06							
3	Firm size	25.06	19.94							
4	Manufacturing	0.32	1							
5	Service	0.53	0.5							
6	Well-fare	0.23	0.42							
7	Age	37.45	0.34							
8	Education level	0.66	0.23							
9	Prestigious school	0.74	0.21	-0.123						
10	Functional background	0.43	..19	0.101	0.015					
11	Related experience	0.21	0.24	0.019	0.013	0.143				
12	Financial support	2.02	.1.26	.023**	.092**	-.108+	0.121			
13	Managerial support	2.64	1.56	0.183	0.032	-0.143	0.029	-.208+		
14	Marketing support	2.06	1.41	0.032	.019**	-0.118	0.101	.753**	.642**	

15	Social performance	2.12	1.42	-.026*	.001**	0.017	0.119	-.029*	0.217	0.198
n = 73, + p < .10, * p < .05, ** p < .01										

TABLE 2
RESULTS 1

Dependent variables	Financial support	Managerial support	Marketing support
Control			
Firm age	0.102	0.025	-0.018
Time of certification	-0.161	-0.034	-0.104
Firm size	0.038	0.205*	0.122
Manufacturing	0.11	-0.107	0.024
Service	0.217*	-0.122	0.021
Well-fare(reference)			
Independent variable			
Age	-231**	-0.044	-0.171+
Educational level	0.201*	0.075	0.122
Prestigious school	0.411**	-0.001	0.319**
Functional background	0.031	0.011	0.011
Related experience	0.119	0.125	0.101
Adj. R^2	0.389	0.092	0.258
F	6.522**	1.930+	4.021**
n = 73, + p < .10, * p < .05, ** p < .01			

To test for mediating effects, the present study adopted the four steps of Baron and Kenny (1986). Baron and Kenny (1986) suggested four steps to establish mediation. Step 1 requires that the independent variable be significantly related to the dependent variable; step 2 requires that the independent variable be significantly related to the mediator; step 3 requires that the mediator affect the dependent variable while controlling for the effect of the independent variable. Finally, when these conditions are satisfied, step 4 requires that the effect of the independent variable on the dependent variable is insignificant when controlling for the mediator in order to indicate complete mediation; otherwise partial mediation is indicated. The mediating effect has the following relationship:

Y = cX + e1 (1)
M = aX + e2 (2)
Y = c'X + bM + e3 (3)
Y: dependent variable, X: independent variable, M: mediating variable

TABLE 3
RESULTS 2

	Model 1	Model 2	Model 3
Control			
Firm age	-0.106^{+}	-0.172	-0.202
Time of certification	-0.206*	-0.309*	-0.269**
Firm size	0.18^{+}	0.223^{+}	0.192^{+}
Manufacturing	-0.116	-0.081	-0.141
Service	-0.101	-0.035	-0.105
Well-fare(reference)			
Independent variables			
Age	-0.255*	-0.343**	-0.244**
Educational level	-0.225^{+}	-0.188	-0.282**
Prestigious school	0.248*	0.42**	0.226**
Mediating variable			
Financial support		-0.297^{+}	
Marketing support			-0.092
Adj. R^2	0.159	0.208	0.149
F	2.701*	2.928**	2.381*
n = 73, + p < .10, * p < .05, ** p < .01			

Table 3 shows the analysis results of Hypotheses 6. Model 1 is step 1 of Baron and Kenny (1986) and tests the relationship between the characteristics of founder and social performance. All of the characteristics of founder have significance. Age and prestigious school are positively related to the social performance, while educational level has negative significance contrary to the hypothesis. In the results, in Korean context, Age and prestigious school are helpful for the social performance of social ventures. However, educational level appears to weaken the social performance of social ventures. Step 2 of Baron and Kenny (1986) has already been shown in the results of Table 2. There is a significant role for financial and marketing support. In steps 3 and 4 of the mediation analysis, social performance was regressed on the independent variables, financial support or marketing support, and the control variables. Model 2 indicates that the significant relationship (β = .255, p < .05; β = .248, p < .05) of age and prestigious school becomes stronger (β = .343, p < .01; β = .420, p < .01) when financial support is entered into the equation (β = -.297, p < .10), which is partial mediation. These results show the mediating effect contrary to our expectation. The significant relationship (β = -.225, p < .10) of educational level becomes insignificant when financial support is entered into the equation (β = -.297, p < .10), which is complete mediation. Model 3 indicates that marketing support has no significance. These results are confirmed by the Sobel tests (P<.05 in all of significant cases). In the results, all kinds of the characteristics of founder decrease the social performance of social ventures by providing financial support contrary to my expectation and they don't contribute to the social performance of social ventures by providing marketing supports. Hypothesis 6 is not supported. And more explanation and interpretation are suggested in the conclusion part.

DISCUSSION AND CONCLUSIONS

The core of my tested models can be recapitulated as follows. This study applies information asymmetry and signaling theory to link social entrepreneurs' characteristics, resource acquisition, and the performance of social ventures. The first research question is what characteristics of social entrepreneurs are helpful to obtain particular types of resources? In the results, first, the younger the founder of a social venture, the more positive it is in obtaining financial and marketing resources, but it has no association with managerial support. Second, if the founder of a social venture is highly educated, it has a positive impact on financial resource acquisition, but it has no association with managerial and marketing support. Third, if the founder of a social venture is from a prestigious university, it will have a positive impact on financial and marketing resources acquisition, but it has no association with managerial support.

The second research question is what types of resources from supports by partners may have mediating effects on the relationship between social entrepreneurs' characteristics and the social performance of social ventures. In the results, in Korean context, age and prestigious school are helpful for the social performance of social ventures, but educational level for social ventures weaken the social performance of social ventures contrary to my expectation. And three kinds of social entrepreneurs' characteristics decrease the social performance of social ventures by providing financial support contrary to my expectation and they don't contribute to the social performance of social ventures by providing marketing supports. In order to interpret this result correctly the background of appearance of social ventures in the major regions need to be understood. In the USA, non-profit organizations engage in various activities and the institutional environment to support these activities is favourable. Therefore, they have innovated their system to solve the social problem and transform their entities of make new organizations. European countries have traditional local communities that provide social services that have not been provided by government. These communities have evolved into social ventures. However, unlike USA and Europe. Korean government has driven the relevant policies in order to create job opportunities and the certification system. The Korean government certifies social ventures regardless of their businesses feasibilities as long as they satisfy certain conditions. Given this situation, many social ventures have been certified despite their lack of ability to create social value and perform well. To implement the setup of social ventures in the short-term, Korean government has provided financial resources to social ventures certified by government directly and indirectly through social entities such as non-profit organizations. Korean government has pushed social entities such as religious groups and for-profit organizations such as corporations for as social contribution activities to provide financial resources to social ventures certified by government. And public and social partners have purchased the product and service of social ventures as public interests, while private partners are reluctant to purchase or distribute them due to the conflicts of private interests. Furthermore, none of partners pays attention to managerial supports. In Korean context, financial and marketing supports contribute to social ventures for short-term. Although managerial supports are not helpful for short-term performance, they are strategically important for creating social values. Therefore, little managerial supports are critical problems, which challenge the social ventures ecology of Korea. In the future, I will investigate the ways in which the social ventures in this study partner with other organizations to overcome these challenges through semi-structured interviews or for the form of case studies.

This study makes several contributions. First, this is the first study to apply and test the RBV systematically and empirically in the context of social ventures. Until now, the RBV has primarily been used as a means to examine the inputs, processes, and outputs of individual social ventures, but no studies have used the model as a complete framework. This study is based on the conceptual model of Teng (2007), in which the RBV is systematically applied to commercial ventures to elucidate the relationships among entrepreneur's characteristics, resource conditions, and competitive advantage. Given the differences in focus between for-profit enterprises and social ventures, I expected these relationships to differ.

Second, the results suggest that social entrepreneur' characteristics and resource types are important to social value creation. Most existing management research on entrepreneur' characteristics explore the role of strategic alliances in international business, including large corporations whose primary goal is to improve the economic bottom line. Previous research on ventures conducted for the purpose of creating social value generally focused on nonprofit ventures and their partnerships with a single corporate or government entity or tri-sector partnerships through case studies or anecdotes. Entrepreneurship research in this area has examined networks as a whole and how they impact entrepreneurial ventures. In this study, the effects of social entrepreneur' characteristics and resource types on the success of social ventures were examined. Thus, this study provides a better understanding of the social entrepreneur' characteristics framework, which includes numerous characteristics of social entrepreneurs and numerous resources, in which social ventures actually operate.

Finally, this study demonstrates the applicability of the RBV to the context of nascent social ventures. This suggests that the RBV and other mainstream theories should be utilized in this context in future studies. The findings of this study also have important implications for policy makers or practitioners. Among numerous supports in Korea, managerial supports are helpful for incubating the social value of nascent social ventures. And, in Korea which drives leading policies for social ventures, they need to be systematically and strategically designed in new manners, because existing manners of financial supports such as subsidies and donations are not effective and furthermore harmful for social performance of social ventures.

However, although this research provides these contributions, it has some limitations. First, the sample size is low. For the empirical analysis of this research, I contacted all of 565 social enterprises was available to the public on the web site of the Korean Social Enterprise Promotion Agency (KSEPA, http://www.socialenterprise.or.kr) which was established by the Korean Ministry of Employment and Labor to provide efficient monitoring of certified social enterprise. However, although I tried my best to get sample data, I didn't get enough ones. However, until recently, social venture research in the field of management has focused primarily on defining the concept of social entrepreneurship and assessing social ventures through anecdotes and case studies. This study contributes to the growing quantitative empirical research in this field and demonstrates that a large-scale analysis of social ventures is feasible. Second, this research doesn't cover the economic performance. The economic performance of social ventures is as important as social performance. However, Korean government has driven the relevant policies in order to create job opportunities and the certification system. The Korean government certifies social ventures regardless of their businesses feasibilities as long as they satisfy certain conditions. Given this situation, because many social ventures have been certified despite their lack of abilities, very few social ventures create their economic performance. Therefore, statistical test is impossible. Finally, this study measures the variable of social performance by managers' perception. The reasons why this study uses managers' perceptions of social performance are the following. First, the sample of this study doesn't have objective data which show their social performance. Second, although alternative measures are available, such as the social return on investment and balanced score card (Somers, 2005), these measures focus on financial donation or strategic consulting to social ventures rather than social performance resulting from engagement in social ventures. Social performance depends on their goal, so it seems to be subjective one rather than objective. Finally, Dess & Robinson (1984) confirmed strong correlation between subjective and objective performance. However, because the measurement of perception is controversial, future researches need to develop the variables to get objective data.

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