Filling Government Gaps in Mexico: The Role of Social Entrepreneurs

How do Social Entrepreneurs Address Voids that are Insufficiently Attended by Mexican Government Authorities?

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Ultimately, we thank everyone who will read this thesis in the future – we hope you feel inspired by our work and cases to participate in making a change. We truly believe that every individual can do good – step by step. You may not be able to change the entire world, but you definitely will be able to change one being's world.

Pia Lipke and Seher Cam

II. Abstract

The phenomenon of social enterprises raises the hope for the emergence of a business actor that contributes to development and social change where state governments do not. Particularly in developing countries and emerging economies, governments are not always able enforce rules and provide collective goods within the national borders. This is also the case of Mexico, where the state government struggles with inefficient public spendings, corruption and safety issues. The Mexican government displays significant shortcomings in the provision of collective goods, health care, education and an inability to enhance the economic inclusion of marginalized groups. This gives space for non-governmental actors such as social entrepreneurs, to step in.

However, the field of non-state actor engagement in the provision of governance in areas of limited statehood is under researched. It gives reason to wonder whether or not social entrepreneurs do attend gaps which the Mexican government does not address. If social enterprises do address governmental gaps, then how do social entrepreneurs tackle such voids? Despite the vast literature on both fields - entrepreneurship and governance - there has been no effort to explore the potential of socially-oriented businesses in providing governance. Merely the role of the traditional private sector and the third sector has been touched upon.

Our thesis has the goal to determine the role of social entrepreneurs in the contribution of governance in Mexico, particularly regarding basic goods and services, health, education and economic inclusion. On the course of doing so, we investigate the existing governmental gaps and the motivation that drives social entrepreneurs to target a number of these voids. In our empirical research we interviewed the representatives of 16 social entrepreneurs and eight practitioners with vast expertise in the discipline of entrepreneurship in Mexico. We combine these findings to extend a framework that explains governance by non-governmental actors in areas of limited statehood (Börzel & Risse, 2010).

Our research sheds light on social entrepreneurs which represent actors that strive to contribute to the improvement of the Mexican society. They are part of the collaborative force that triggers and fosters social process and development. The outcome of our research does not only complement a theoretical construct but gives hope for a societal change through collaboration between the state and non-state actors in Mexico.

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V. Abbreviation List

ALS	Areas of Limited Statehood
BoP	Bottom of the pyramid
Júarez	Cuidad Benito Júarez, Monterrey
CDI	Comisión Nacional para el Desarrollo de los Pueblos Indígenas
CFE	Comisión Federal de Electricidad
CONABIO	Comisión Nacional para el Conocimiento y Uso de la Biodiversidad
CONACYT	Consejo Nacional de Ciencia y Tecnología
CONAVI	Comisión Nacional de Vivienda
CSR	Corporate Social Responsibility
EBRD	European Bank for Reconstruction and Development
et al.	et alia
GT	Grounded theory
ibid.	ibidem
IIC	Inter-American Investment Corporation
IMSS	Instituto Mexicano de Seguridad Social
INADEM	Instituto Nacional del Emprendedor
ISSSTE	Instituto de Seguridad y Servicios Sociales de los Trabajadores del Estado
LET	Laboratorio de emprendimiento y transformación
n.d.	no date
NFIS	National Financial Inclusion Strategy
NGO	Non-governmental organization
OECD	Organization for Economic Co-operation and Development
PAHO	Pan American Health Organization
PEMEX	Petróleos Mexicanos
PND	Plan Nacional de Desarrollo
PNIF	Política Nacional de Inclusión Financiera

PSM	Promotora Social México
R&D	Research and development
SDG	Sustainable Development Goals
SE	Social entrepreneur
SECTUR	Secretaría de Turismo
SEDATU	Secretaría de Desarrollo Agrario, Territorial y Urbano
SEDENA	Secretaría de la Defensa Nacional
SEMAR	Secretaría de Marina
SEN	Sistema Educativo Nacional
SEP	Secretaría de Educación Pública
SME	Small and medium sized enterprises
SP	Seguro Popular
TI	Transparency International
UN	United Nations
UNAM	Universidad Nacional Autónoma de México
UNESCO	United Nations Educational, Scientific and Cultural Organization
WB	World Bank
WHO	World Health Organization

1. Introduction

Entrepreneurship has become a widely discussed topic among society and is considered to be a tool to lift people out of poverty (Pisani, 2017). More generally, entrepreneurs are individuals that engage in starting a venture (Cuervo, Ribeiro & Roig, 2007). They often do so by seizing market opportunities and employing innovative technology to improve existing products or services (Calza & Goedhuys, 2016). Moreover, startups are referred to as the engine of an economy as they increase the level of competitiveness among companies by providing high quality solutions to existing problems (Cuervo et al., 2007; Fareed, Gabriel, Lenain & Reynaud, 2017). Social Entrepreneurs (SEs) are entrepreneurs pursuing a social mission (Dees, 1998) and seizing opportunities to enhance the well-being of society (Wulleman & Hudon, 2016). Usually, SEs are confronted with social issues and problems on a personal level which drives them to provide a solution (Essers, Dey, Tedmanson & Verduyn, 2017). Similar to traditional entrepreneurs, they employ new technologies and create innovative products or services. However, SEs do so with the aim of serving society. Thus, in countries with high inequality and poverty rates, this type of entrepreneurship may be promising to impact society.

Mexico is an emerging economy that presents many opportunities for SEs to become a key player in developing tools to increase the population's quality of life (Escamilla, Caldera & Carrillo, 2012). The OECD member country (Organization for Economic Co-operation and Development) is characterized by high inequality and corruption rates (OECD, 2017). Many people live and die in poverty as social mobility is often impossible to achieve (Delajara, De La Torre,Díaz-Infante & Vélez, 2018). Mexico's government suffers from inefficient budget spendings and a historical malfunctioning of the government system (Larre & Bonturi, 2001). There are several sectors that the government is attending insufficiently, such as education and health care, that create a vicious circle impairing the country's potential to improve on a social and economic level. Moreover, especially for marginalized people living in rural communities, lacking infrastructure also represents major difficulties to live a decent life. In addition to these problems, too many responsibilities and a lacking interest in fulfilling those have caused the government to lose or delimit its ability and power to govern in certain areas in Mexico. Such areas represent parts of a country where the

government has partly lost control and is unable to enforce rules and to provide collective goods to its citizens. Those are areas of limited statehood (ALS) (Börzel & Risse, 2010).

Börzel and Risse's (2010) research on governance in ALS and the entrepreneurship literature frame our study. Within this framework, we will investigate whether SEs are able to catalyze the improvement of lives in ALS. By doing so, we aim to provide an insight of how they tackle the aforementioned problems and resulting gaps of the government in such areas by providing business solutions to specific issues. We look into the approaches of SEs engaging in the provision of collective goods, education, health care services and financial inclusion. Our research has the objective to explain whether and how SEs in Mexico are attending certain governmental gaps and the needs of people to improve the quality of their lives.

This thesis aims to develop an understanding of the interaction between SEs and the government in Mexico. It specifically examines SEs attending governmental voids in ALS. In order to frame the research project, the following chapter provides the context in which the study takes place and outlines the research questions. In chapter three, we identify and review relevant literature within the scope of the research project. Once the reader has been acquainted with an understanding of the link between the two streams of literature and familiarized with our research approach. Subsequently, the methodological approach is presented, including our philosophical approach, description of data collection and analysis processes. Then, the collected data is analyzed. This leads to a theoretical reflection of the results in combination with the limited statehood literature of Börzel and Risse (2010). In chapter seven, our findings and research project are critically discussed. The concluding chapter of our thesis entails a summary of the findings and the identification of suggestions for further research.

2. Problem Identification, Research Questions, Structure and Delimitations

We decided to dedicate the research focus on Mexico which is categorized as an ALS (Risse & Lehmkuhl, 2006) with "serious deficits" on the "[m]onopoly on use of force and ability to enforce decisions" (ibid.:10). In chapter 5, we will explain more thoroughly the characteristics of Mexico as a state with ALS. The choice to conduct an empirical research in Mexico allowed us to gain a deeper personal and academic insight to the Mexican

context. Next, we will identify the problem statement and establish the research questions that have guided our research.

2.1 Problem Identification

In the beginning of our research, we recognized that the existing literature on limited statehood does not elaborate sufficiently on the private sector as a non-governmental actor in their role of filling governmental gaps (Börzel & Risse, 2010). Especially, SEs with a social mission as an inherent part of their business model are barley considered in the governance (ibid.) and entrepreneurship literature (Dees, 2007). Thus, we conducted an empirical analysis on the role of SEs to understand whether and how they address unattended government gaps. The thesis focuses on the economic, social and political activities of SEs targeting societal and governmental issues of Mexican context.

2.2 Research Questions

Investigating existing government gaps and analyzing activities of SEs explain how these entrepreneurs' tackle governmental voids in Mexico. Thus, the overarching and two-part, research question is the following:

"Do social entrepreneurs attend governmental gaps in Mexico

and how are they addressing such voids?"

Furthermore, we incorporated three sub-questions to structure the analysis and the process of finding an answer to the main research questions. Before investigating whether and how entrepreneurs attend governmental gaps in Mexico it is important to understand first which government gaps do exist and are perceived as such. Therefore, the first sub-question is the following:

Q1: "What unattended government gaps and societal issues do exist in Mexico?

Next to understanding the governmental landscape in Mexico and its challenges, it is essential to comprehend the motivation of SEs as non-governmental actors. As our research is based on both, ALS and social entrepreneurship, it is crucial to gain knowledge and insight in both disciplines. Therefore, the second sub-question relates to the reasons that drive SEs to fill governmental gaps and is as follows:

Q2: "Why are social entrepreneurs aiming to fill governmental gaps in Mexico?"

Lastly, we created a third sub-question which allowed us to develop an understanding of which governmental gaps are attended by SEs. In a way, this question combines Q1 and Q2 by not only looking at which governmental gaps do exist, but also which gaps SEs choose, are able or allowed to attend. Thus, we ask:

Q3: "Which governmental gaps are social entrepreneurs attending in Mexico?

In sum, all these sub-questions aim to create substantial background and sound comprehension to respond to the main research questions.

2.3 Research Questions and the Structure of the Main Part

The central research questions and related sub-questions give structure to the analysis of this study. The analysis section consists of five different chapters of which four chapters are categorized according to the fields in which the SEs are active. This separation serves to understand their impact in their relevant area. The final analysis chapter gives a summarizing answer to the central research questions based on the sectoral analyses. The reason why the results are gained separately for each area, is to understand the impact of the SEs in their business context. In the second part of the analysis the results are compared with the findings of interviews with practitioners of entrepreneurship in Mexico, so-called "entrepreneurship experts", whose views are corroborated with academic literature. This contrast aims to validate the results and collectively answers the main research questions.

As mentioned in the introduction, the findings of the analysis are conceptualized in a theoretical reflection. This serves to provide a consolidated answer to the research questions and to connect the analysis results with the ALS literature. At the same time, the theoretical reflection is an attempt to theorize the findings of the study and to enhance the understanding of how entrepreneurs and governments collaborate to solve social issues.

2.4 Research delimitations

Our research focuses on the perception of SEs regarding governmental gaps in Mexico. Consequently, the study has been strictly delimited to the Mexican context even though some of the study participants engage in other Latin American countries. This delimitation led to the exclusion of interesting Mexican social enterprises which exclusively target or operate in other countries than Mexico. In addition, we limited the research on SEs in despite of other types of entrepreneurs that arose during our research. Furthermore, the

empirical research is strongly based on a personal relation network of interview participants. This network is relatively small and interconnected which strains the diversity of the data. However, by involving SEs from different sectors and geographic areas the work aims to provide diverse insights but also results. The topical broadness of the study limits detailed investigation in specific fields. Even though our empirical data is relatively extensive, we were required to include secondary data to substantialize our findings. Additionally, we had to delimit our research to certain sectors, although interesting topics related to other governmental gaps and problems emerged, such as corruption and security issues in Mexico.

3. Literature Review

The following section aims to provide an understanding of the terms and concepts applied in this thesis. We review the existing literature on (social) entrepreneurship and governance. Within the governance literature we have a look into concepts of statehood, "failed states" and ALS. This review is crucial to comprehend the link between social entrepreneurship and governance in ALS.

3.1 Entrepreneurship

Within this chapter, concepts on conventional and social entrepreneurship are introduced to establish a basis for the investigation of social entrepreneurship in ALS.

3.1.1 Definition and Concepts of Entrepreneurship

Academic research on entrepreneurship has grown in importance and popularity (Busenitz, West, Shepherd, Nelson, Chandler & Zacharakis, 2003; Audretsch, 2012) which has resulted in a substantial variety of subjects and perspectives on entrepreneurial activities (Cuervo et al., 2007). Despite the varying views among researchers on how to define entrepreneurship, there is consensus that entrepreneurship fosters economic growth and that entrepreneurs are individuals who seek and exploit business opportunities (Cuervo et al., 2007; Stel, 2013; Shane & Venkataraman; 2000). According to Tan, Williams and Tan (2005:357), "[...] entrepreneurship combined with land, labor, natural resources and capital can produce profit, [...] and is an essential part of a nation's ability to succeed in an ever changing and increasingly competitive global marketplace." The term is furthermore defined as a process that attempts "[...] to make business profits by innovation in the face of risk" (ibid.).

The economic approach to conceptualize entrepreneurship is significantly shaped by the views of Schumpeter (as cited in Audretsch, 2012; Lumpkin & Katz, 2015) who suggested that the entrepreneur is the driving force for innovation and progress. More specifically, an entrepreneur is defined as an outstanding innovator initiating changes through the development of new products, methods, organization, markets and sources of supply.

In contrast to Schumpeter's conception of an entrepreneur, Kirzner (as cited in Deakins & Freel, 2009) considers the ability to recognize opportunities for trade as a main entrepreneurial characteristic, being "a middleman who facilitates the exchange" (Deakins & Freel, 2009: 4) between suppliers and customers. Here, Kirznerian entrepreneurs are able to seize opportunities due to imperfect knowledge (Deakins & Freel, 2009). Further, Knight (as cited in Deakins & Freel, 2009), recognizes the willingness of entrepreneurs to take considerable but calculated risks for profitable business opportunities emerging from uncertainty with confidence as an entrepreneurial trait. Others describe an entrepreneur as a creative mind imagining opportunities in uncertainty (Deakins & Freel, 2009) or as an individual who organizes and coordinates resources with the support of others in order to generate profit. For Cuervo et al. (2007), an entrepreneur is an individual who founded a small or medium sized company to seize a business opportunity. Furthermore, they associate certain behavioral traits with entrepreneurs: no aversion towards risk, intuition, leadership skills, ability to identify opportunities, creation of firms.

However, this entrepreneurial personality approach is criticized for being too static and reluctant to include contextual factors in analyzing the highly dynamic process of entrepreneurship itself (Deakins & Freel, 2009). Williams and Gurtoo (2016:13) suggest taking into account the institutional context when defining entrepreneurial activities as "entrepreneurship is a socially constructed behavior which is a product of the social environment". Here, it is necessary to emphasize that the institutional context is shaped by formal and informal "rules of the game" (North, 1990:3). Both shape the way business activities are operated in society, the former referring to laws and regulations imposed by the state and the latter to unwritten and un-sanctionable codes of conduct framed by society (North, 1990). Moreover, Deakins and Freel (2009) include the influence that a country's culture can have on entrepreneurs in their socio-behavioral approach to entrepreneurship and discuss the varying tolerances to failure across different nations.

When defining entrepreneurial activity, special attention must be paid to the differentiating attempts to analyze the motivation of entrepreneurs to engage in business ventures. The literature suggests a distinction between opportunity and necessity driven entrepreneurs (Stel, 2013; Williams & Gurtoo, 2016). While the entrepreneur has already been defined as a person who seeks opportunity, the term itself refers to “any activity requiring the investment of scarce resources in hopes of a future return” (Sahlman, 1996: 140 in Austin, Stevenson & Wei-Skillern, 2006:5). Applying this definition to the motivation of entrepreneurs to start a business in developing countries, it can be argued that people act out of lack of alternatives to other job opportunities. Therefore, the entrepreneurs are necessity driven to start a venture (Williams & Gurtoo, 2016; Rosa, Kodithuwakku & Balunywa. 2006).

The existing literature on entrepreneurship allows to understand the general development and nature of entrepreneurship. However, it is important to note the nuances between different types of entrepreneurship. As entrepreneurs are embedded in social environments, the motivation of entrepreneurs to start a business may exceed economic purposes. SEs which pursue a social mission (Rosa et al., 2006) to improve conditions in their social environment may widen the horizon in social science and practice on how to solve societal problems. To further explore the opportunities with social entrepreneurship, we will first look into how this type of entrepreneurship is conceptualized in the academic literature.

3.1.2 Social entrepreneurship

Similar to the advancement of entrepreneurship research, social entrepreneurship as a sub-discipline of entrepreneurship literature has increasingly been thematized in academia (Certo & Miller, 2008). Nevertheless, the discipline is rather novel and comparatively unexplored (Auvinet & Lloret, 2015; Short, Moss & Lumpkin, 2009). However, there are conceptual challenges related to social entrepreneurship.

Especially defining social entrepreneurship and differentiating the discipline from the general field of entrepreneurship constitute a challenge for researchers (Chell, Spence, Perrini & Harris, 2014; Austin et al., 2006). Therefore, there exist numerous articles aiming to identify fields, research directions and concepts of social entrepreneurship (Desa, 2005; Haugh, 2005; Mair & Marti, 2004) to develop a common understanding of the discipline (Short, Moss & Lumpkin, 2009).

When examining the crossroads of social and conventional entrepreneurship, the literature encompasses different types of social entrepreneurship in regard to their economic viability (Alvord, Brown & Letts, 2002). Here, the economic viability of the enterprise is per definition more (ibid.) or less (Dees, 1998, 2007) important. Similarly, Alvord et al. (2002) differentiate between "social entrepreneurship as combining commercial enterprises with social impacts", [...] "social entrepreneurship as innovating for social impact" or "[...] social entrepreneurship as a way to catalyze social transformation" (2002:3-4). Additionally, Certo and Miller (2008) and Dees (2007) find similar key attributes between a SE and the traditional Schumpeterian entrepreneurs. They contemplate an innovative mindset and the ability to revolutionize products, services and processes as a premise not only for economic development but also for solving social issues in a society. Certo and Miller (2008) further argue that a SE may take up several types of entrepreneurial characteristics depending on the context they are engaging in.

A first clear distinction between traditional and social entrepreneurs can be made upon the fact that the latter "[...] uses income strategies to pursue a social objective [...]" (Dacin, Dacin & Mataer, 2010:3) instead of focusing solely on business profits. To be added to this statement is the argument which endorses social entrepreneurship as "[...] entrepreneurship [that] may be aimed at benefiting society rather than merely maximizing individual profits. It appears to promise an altruistic form of capitalism that does not evaluate all human activities in business terms" (Tan et al., 2005:353).

Furthermore, by contrasting social and conventional entrepreneurship different concepts of social entrepreneurship are created. With this means, Alvord et al. (2002) combine the conventional entrepreneur's performance goal of growth with the aim of SEs of solving social problems embedded in social systems. By doing so, SEs operating an effective social business can have the ability to initiate social transformation. Thus, the definition of success and the outcome is inherently different for social entrepreneurship. Although for conventional entrepreneurship, social value creation may constitute a desirable additional outcome, for social entrepreneurship social value is inherent to the business model (Seelos & Mair, 2005). Austin et al. (2006) continue the differentiation between commercial entrepreneurs and SEs by investigating the differences in their mission, value creation and, similarly to Alvord et al. (2002), their significant differences in performance measurement (in Certo & Miller, 2008). Dacin, Dacin and Tracey (2011) find that SEs face the challenge

of usually dealing with multiple stakeholders as they are striving to meet a double-bottom-line of economic viability and social responsibility (Lumpkin & Katz, 2015). Some even meet a triple-bottom-line by not only creating economic and social value but also considering their businesses' environmental impact (ibid.). In addition to these approaches in search for the differences between social and traditional entrepreneurship, Lumpkin and Katz (2015) view social entrepreneurship as an intersection of "social change" and "business necessity".

Taking into account personal traits, SEs are innovators who show altruistic behavior that "[...] seeks sustainable, large-scale change through pattern-breaking ideas [...]" (Light, 2006:50; Tan et al., 2005). Moreover, SEs work towards a progressive social transformation aiming to grow the business in order to help more people in need while "[w]ealth accumulation is not a priority - revenues beyond costs are reinvested in the enterprise in order to fund expansion" (Hartigan, 2006:45). Another important characteristic of SEs is highlighted by Korosec and Berman (2006) who point out that SEs initiate the search for social issues within their communities in order to create a solution for them. In that sense, SEs are "people who realize where there is an opportunity to satisfy some unmet need that the welfare system will not or cannot met, and who gather together the necessary resources [...] and use these to make a difference" (Thompson, Alvy & Lees, 2000:328).

The role that SEs play in meeting unaddressed needs of the population raises the question whether such entrepreneurs contribute to social progress and sustainable development not only within their communities but also on a higher local or national level. Therefore, the next section will review the social entrepreneurship literature in relation to development and social progress.

3.1.3 Social entrepreneurship and development

As presented above, the research on social entrepreneurship covers a variety of topics, disciplines and fields. According to Pisani (2016), the role entrepreneurs in sustainable development has not been considered sufficiently in research. Nevertheless, "entrepreneurship is increasingly considered to be integral to development" (Haugh & Talwar, 2014:643) and is perceived to advance regional development (Landström & Harirchi, 2018). The following section focuses on a literature strand that perceives social entrepreneurship as a means for development.

Initial to the analysis of the role of social entrepreneurship in development, it is essential to note that entrepreneurial context, contextual players and their responsibilities are perceived differently around the world (Bacq & Janssen, 2011). According to Cherrier, Goswami and Ray (2018), the majority of academics consider institutional complexity as an obstacle for social entrepreneurship. However, Cherrier et al. (2018) oppose this common view by arguing that such complexities in emerging markets may serve as a driver for social change through entrepreneurship. Austin et al. (2006) agree on this view with their perception that challenging contexts may constitute an extraordinary opportunity for SEs to develop solutions for social issues. Within this logic, entrepreneurs in developing countries have limited access to "structures or resources to enable or support" their activities (Seelos & Mair, 2005:244), develop systems and find solutions for these contextual shortcomings (ibid.). Within this process of coping with the given circumstances, SEs may become the initiators of "social progress and change" (Lumpkin & Katz, 2015: xiv).

Particularly regarding social progress and development, entrepreneurs have great potential to initiate change, also in regard of the economic development of a country (Calza & Goedhuys, 2016). Especially in developing countries the private sector and growth-oriented entrepreneurs play an important role in enhancing economic development, "structural change" (ibid., 2016: 530) as well as "social and geopolitical implications" (Kahiya & Kennedy, 2017:54) when the state institutions failed (Calza & Goedhuys, 2016). William and Gurtoo (2016) consider the institutional context of entrepreneurs as an essential aspect of their activities. They are differentiating between formal and informal institutions (North, 1990) in which state government constitute a formal institution. However, particularly formal institutions in developing countries may impede the development and growth of entrepreneurial activities (William & Gurtoo, 2016). Dees (2007) assumes that in sectors in which governments fail to provide solutions to social problems, SEs are eligible and qualified to fill these occurring voids efficiently. However, Dees (2007) has not further elaborated on how he reached this conclusion and on which data his results are based. To establish a strong argument and to fully conceptualize how SEs engage regarding to governmental voids, it is essential to develop an understanding of the role of SEs when governments fail to attend certain gaps. First, however, a foundation for this research context has to be laid to be able to understand what responsibilities the government holds and when it fails to do so. Therefore, the second part of the literature review will focus on

governance and statehood as well as related concepts such as the “failed state” and limited statehood literature.

3.2 Statehood, Governance, State Failure and Areas of Limited Statehood

Before investigating how SEs engage in complex contexts, the following section will explore the existing research on such contexts independently from the entrepreneurship discipline. This review will focus on governance and statehood literature, specifically in contexts in which the existence of the state and governance are assumed limited or absent - areas of limited statehood (ALS) (Börzel & Risse, 2010). This frames our understanding of complex contexts in the following parts of the thesis. At a later point in this review, the social entrepreneurship and ALS literature will be combined. The limitation or absence of a state government will determine the complexity in which certain SEs engage in and on which this thesis focuses. Consequently, the following provides a frame for the subsequent analysis, theory building and discussion.

3.2.1 Definitions of Governance, Statehood and Government Responsibility

As previously mentioned, entrepreneurs operate within a society that is shaped by formal and informal institutions. Both types of institutions are essential, since governance is “defined as the set of institutions by which authority in a country is exercised [...]” (Stel, 2013:3). Moreover, governance can be defined “as the various institutionalized modes of social coordination to produce and implement collectively binding rules, or to provide collective goods” (Börzel & Risse, 2010:114). Börzel and Risse’s (2010) understanding of governance will be adapted for the purpose of this thesis.

Another important concept for enhancing the contextual understanding is the definition of statehood (Börzel & Risse, 2010; Risse, 2012). Risse (2012:3) defines “statehood as an institutionalized rule structure with the ability to rule authoritatively [...] and to legitimately control the means of violence [...]”. Furthermore, “consolidated states at least possess the ability to authoritatively make, implement, and enforce central decisions for a collectivity” (Risse, 2012:3). Consequently, Risse (2012: 4) differentiates between statehood “as a structure of authority” and “the kind of governance and public services it provides”. Often, governance is expected to be provided by state governments (Risse, 2012), which leads us to the definition of government responsibilities. Among the many responsibilities of governments, Turpin (1996) links government duties to the term accountability and refers to a government that is “responsible for maintaining public order, and public health, or for

assuring general access to justice, or allowing freedom of expression [...]" (1996:36). Furthermore, the government can be held responsible for not taking action against private activities that harm society (Lindert, 2004), or for missing to provide access to remedy for those that are affected by destructive activities (Lindert, 2004; Turpin, 1996). In industrialized economies, the state usually imposes "[..] binding rules or laws on private actors in order to change their cost–benefit calculations in favor of a voluntary agreement closer to the common good rather than to particularistic self-interests" (Börzel & Risse, 2010:116). However, in certain contexts the government may be unable to fulfill the aforementioned responsibilities and role as a governance provider (ibid.). This circumstance requires a closer investigation of the literature on statehood and governance for when the state displays no or limited governance abilities. Therefore, we will first review the disputed concepts of failed, failing and weak states.

3.2.2 Concepts and Critique of Failed States and Failing States

In the aftermath of terrorist attacks in the early 2000s, the concept and terminology of state failure gained in popularity among policy makers (Call, 2008). The concept of state failure applies to states which are "simply unable to function as independent entities" (Helman & Ratner, 1993: 33 in Call, 2008) or where "the basic functions of the state are no longer performed" (Zartman, 1995: 2-3 in Call, 2008).

However, there has been an academic counter-movement to the conceptualization of failed states. Call (2008) strongly disagrees with the utilization of the failed and failing state terminology. He criticizes unifying a diversity of states with significant differences in their characteristics and burdens in one term which leads to overly simplified solution approaches. An aggregation of countries as "failed states" holds the risk of ignoring the different needs of entire populations, assuming that their needs are the same. Additional shortcomings of the failed state concept are the lack of focus on democratization in policy measures and the perceived necessity of states for peace. Lastly, Call (2008) recognizes an important deficiency of the failed state concept in being biased by Western ideals and obscuring the role that Western countries play in the failure of other states. Furthermore, Newmann (2007) criticizes that the unspecified concept of failed states serves the developed world in identifying potential sources of danger for their own security and origin of terrorism in so-called failed states. Even though such challenged countries offer space

for terrorist activities, they are rarely limited to these regions – rather the contrary is the case (ibid.).

To enable a less aggregating analysis, Call (2008) suggests the utilization of alternative terminology. This aims to respond to the challenges and shortcomings of certain regions and states more precisely, instead of using terms such as failed or failing states. Risse (2012) agrees with the critique of failed or failing state concepts by recognizing that only very few states are completely failing. The majority of the states labelled as “failed states” rather represent ALS. To develop an understanding of the concept of ALS, the following section will review and explain the ALS literature with a strong focus on the research of Börzel and Risse (2010).

3.2.3 Governance in Areas of Limited Statehood

Before we review and explain Börzel and Risse’s (2010) conceptualization of governance in ALS, we will further illuminate and expand underpinning concepts that we have touched upon in earlier parts of the literature review.

In section, 3.2.1 we defined governance according to Börzel and Risse’s (2010) understanding. Based on this definition, they specify governance as both, structure and process. Governance as a structure comprises the constellation of actors involved in governance. Here, Börzel and Risse (2010) differentiate between the state, competition systems and networks. The latter two, competitions systems and networks, encompass different constellations of governmental and non-governmental actors. In practice, these structures occur as combinations of each other in both, the governmental and nongovernmental sphere. In the governance literature there are similar understandings of governance structures. However, they differ in their naming or emphasize some actors more than others (Altenburg & Lutkenhorst, 2015; Risse, 2012 based on Williams, 1975 and Rhodes, 1997).

Governance as a process comprises “the modes of social coordination by which actors engage in rulemaking and implementation and in the provision of collective goods” (Börzel & Risse, 2010:114). These modes of social coordination are differentiated as hierarchical and non-hierarchical coordination. Hierarchical coordination is based on “authoritative decisions with claims to legitimacy” (Börzel & Risse, 2010:115) and usually but not restrictively performed by state government. Hierarchical coordination implies that there

are dominating and subordinated actors. “Non-hierarchical coordination, by contrast, is based on voluntary commitment and compliance.” (Börzel, 2010: 7). Here, governance actors may negotiate, bargain and argue to reach consensus. They cooperate with each other on equal terms (ibid.) but display differences in their bargaining power (Börzel & Risse, 2010). State authorities may be involved but are on equal terms with non-state actors and have to renounce their coercion (ibid.). All in all, governance in the form of rulemaking and provision of collective goods may be contributed by governmental and non-governmental actors either through hierarchical or non-hierarchical coordination.

Börzel and Risse (2010) then move on to stating that non-hierarchical coordination may take place in different forms and degrees of involvement of governmental and non-governmental actors. More specifically, these forms of governance may be differentiated as governance by, with and without government (Börzel & Risse, 2010). However, the research article does not further explain the different stages of non-hierarchical coordination but refers to a figure. The figure “Governance with(out) government: the non-hierarchical involvement of non-governmental actors” demonstrates different ranges of governance, reaching from “governance without government” (public self-regulation) to “governance with government” and “governance by government” (public regulation). “Governance with government” ranges from public adoption of public regulation with significant non-governmental involvement to “consultation/cooptation of private actors” with increasing significance of the government.

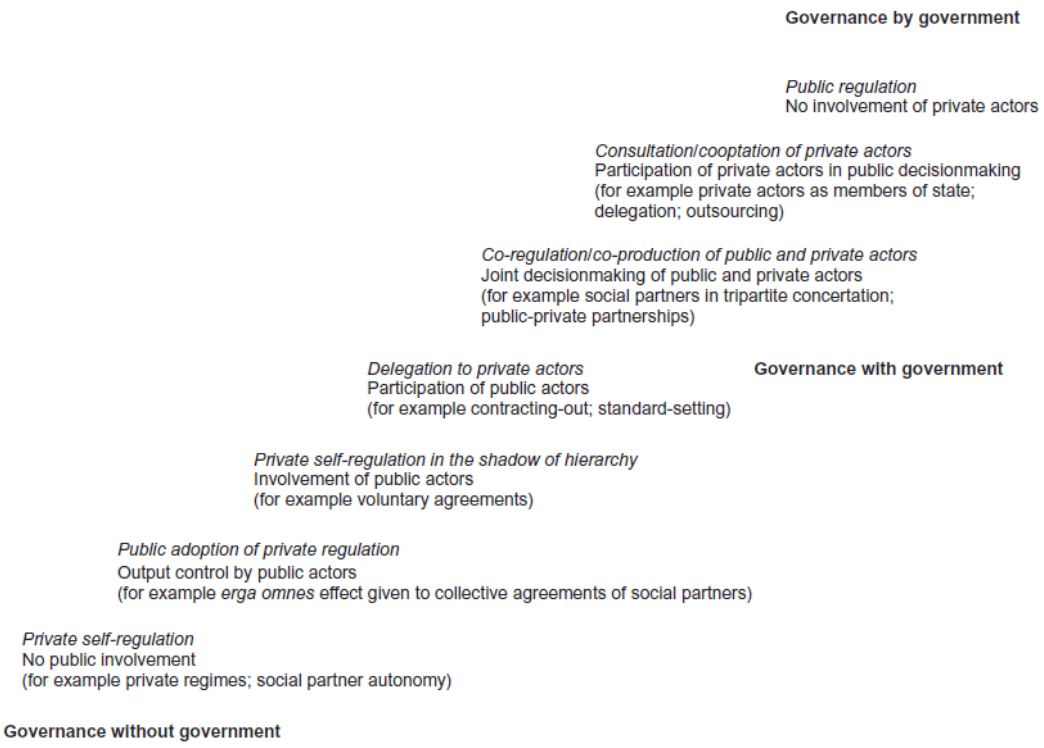

Figure 1 Governance with(out) government: the non-hierarchical involvement of non-governmental actors.
Source: Based on Börzel and Risse (2005).

Figure 1 Governance with(out) government (Börzel & Risse, 2010: 116)

These understandings of governance will serve as a basis for comprehending the concept of "shadow of hierarchy" which plays an important role in Börzel and Risse's (2010) article. For this, we refer back to our definition of government responsibilities in section 3.2.1, which also constitutes the definition for a "shadow of hierarchy" for non-governmental actors who are engaging within hierarchical structures. The "shadow of hierarchy" turns non-hierarchical coordination more efficient and limits opportunism. Additionally, the "shadow of hierarchy" incentivizes state and non-state actors to cooperate, whereas non-state actors' willingness to cooperate increases with higher levels of a "shadow of hierarchy". For state actors it is the exact opposite. Both, strong and weak states are more likely to refrain from cooperation with non-state actors due to unwillingness to share authority (strong states) or fearing loss of autonomy (weak states). For the "shadow of hierarchy" to function as an incentive, a certain degree of consolidated statehood is required.

However, consolidated statehood is rare. Rather, many countries lack consolidation and domestic sovereignty due to areas of limited statehood "[...] in which central authorities (governments) lack the ability to implement and enforce rules and decisions or in which the legitimate monopoly over the means of violence is lacking, or both, at least temporarily" (Börzel & Risse, 2010:119). Risse (2012:2) defines ALS as areas that "lack the capacity to implement and enforce central decisions and/or a monopoly on the use of force." In addition to Börzel and Risse (2010), many other authors (Krasner & Risse, 2014; Risse, 2012; Podder, 2014; Call, 2008) criticize that the concept of the state as the provider of governance mechanisms is strongly determined by the Western ideal of a consolidated state. The concept of statehood is rather an idealization than reality for many countries of the world (Risse, 2012; Börzel & Risse, 2016).

According to Börzel and Risse (2010), limited statehood may occur on four different dimensions. First, statehood may be limited to territories, meaning that government authority is limited in certain geographic areas or territories. Second, the government is unable to govern in certain sectors regarding "specific policy areas" (Börzel & Risse, 2010:119). Third, the government regulation is absent or deficient in regard to the relation between social groups. Lastly, the government may be temporarily restricted in its authority in specific circumstances such as natural disasters. The four dimensions through which governments are restricted are not further explained by Börzel and Risse (2010). Therefore, we can only assume that statehood may be restricted through one or more than one of these dimensions. Additionally, Börzel and Risse (2010) do not exemplify the dimensions, which we consider necessary, particularly for understanding how they define sectors and the social dimension. In our thesis, we will apply these dimensions inspired by Börzel and Risse (2010) and extended by our interpretation (chapter 5).

As ALS lack state consolidation, they most probably have no or a deficient "shadow of hierarchy". Following the logic of the theory, this would imply that there is no governance taking place in areas of limited statehood. However, this implication is flawed, since in ALS rules are usually made and collective goods are provided. Therefore, "[w]eak or limited statehood does not automatically translate into weak governance." (Börzel & Risse, 2010: 120). In these contexts, non-governmental actors assume governance despite the lack of a "shadow of hierarchy". Thus, Börzel and Risse (2010) suggest that there are functional equivalents for the "shadow of hierarchy" otherwise cast by the state. In their research they

elaborate on different functional equivalents of “shadow of hierarchy”, such as the risk of anarchy, external actors, norms, socially embedded markets and traditional normative structures (see section 3.3.4).

Ultimately, Börzel and Risse (2010) discuss the effectivity and legitimacy of non-state actors contributing to governance through non-hierarchical coordination. Despite certain challenges which non-hierarchical coordination poses, such as potential fragmentation of good provision, effects of the involvement of plural actors and the privatization of collective goods, Börzel and Risse (2010:128) conclude that “the provision of collective goods through non-hierarchical coordination and the involvement of non-state actors can be both effective and legitimate”. However, they also emphasize the persisting importance and relevance of statehood and state actors.

3.3.4 A Literature Gap: Business Actors in Areas of Limited Statehood

Even though Börzel and Risse (2010) incorporate businesses as non-governmental actors for providing governance in ALS, their research does not investigate the potential of the private sector more deeply.

In their article, Börzel and Risse (2010) involve the role of firms as a non-governmental actor within their analysis of functional equivalents of the “shadow of hierarchy”. First, companies are discussed as governance providers when their profits are at stake due to an absence of political authority and order. This so-called “risk of anarchy” serves as an incentive to contribute to rulemaking and the provision of common goods. The motivation behind a company's contribution is based on self-interest to not put its operations at stake. Second, companies are subject to the shadow cast by external actors, such as international organizations and foreign governments that are involved in ALS. These external actors ensure that multinational companies are held accountable to contribute to governance. However, when the companies target customers in consolidated states there is an economic advantage for firms to comply with home country standards. Again, the businesses’ motivation is tied to authoritative decisions or self-interest. Third, firms are subject to campaigns non-governmental organizations (NGOs) or movements which may damage the reputation and image of the company if they do not engage in governance or engage in harmful activities. Consequently, when companies do not engage in the provision of governance, they put their business and profits in risk; their efforts have no altruistic character.

In sum, all considered functional equivalents in which corporations are involved, self-interest of the business is a dominating factor. However, this is a narrow view on businesses as actors of governance and is a major limitation of the academic literature. Börzel and Risse (2010) do not take into consideration local businesses with a social mission inherent to their business model. Considering the literature gap on SEs in ALS and their contribution to solving economic, social and political challenges, our thesis aims to fill a gap in the research on social entrepreneurship in ALS - more specifically in the case of Mexico

The Mexican state is considered as “weak” containing ALS and is denominated as a transition country or developing society (Lehmkuhl & Risse, 2006). Moreover, Lehmkuhl and Risse (2006:11) recognized that the “monopoly on use of force and ability to enforce decisions” in Mexico is seriously deficient. Albeit, the study was conducted in 2006 and the “serious deficits” (Lehmkuhl & Risse, 2006:11) are not further specified, Mexico can currently still be categorized as a country with ALS which will be further elaborated in chapter 5. We will bring together the findings on governmental gaps in Mexico with the role that SEs may play in contributing to governance as a non-state actor.

By doing so, we will make use of two main components of Börzel and Risse’s (2010) framework. As mentioned, we will use the dimensions through which governance is limited in Mexico which will provide an understanding of our choice of SEs. Second, the “governance with(out) government” framework of Börzel and Risse (2010) presented in *figure 1* is essential for our thesis. This will serve as a theoretical framework for our study in which we seek to find a place where to involve SEs as a non-state actor within non-hierarchical coordination as a mode of governance. We developed our theoretical reflections based on the framework regarding governance by, with and without government by Börzel and Risse (2010).

Due to the lack of literature on SEs engaging in governance in ALS, we recognized the need to conduct an empirical research in Mexico to complement and merge the social entrepreneurship, governance and ALS literature. Therefore, the next chapter will explain our philosophical approach to answer the research question, and elaborate on our methodological approach, such as our type of research and the data collection and processing strategies we applied. In later parts, the analysis will contribute significantly in developing an understanding of how SEs attend governmental gaps. The thesis strives to

demonstrate how SEs are part non-hierarchical coordination as non-governmental actors (Börzel & Risse, 2010; Fink, 2012) and how to solve social issues when the capacities of a state are limited.

4. Methodology

The following section will outline the research approach we applied in order to find an answer to our research question. A research approach is “the plan or proposal to conduct research” (Creswell, 2014:34) and “involves the intersection of philosophy, research designs, and specific methods” (ibid). Thus, we explain our philosophical worldview, research method and research design. Then, we continue outlining the process of our research and how we approached the conduct of our study. We will elaborate how we approached our research and why we did so. This section represents a two-tier logical structure. The sections 4.1 to 4.3 are strongly based on academic methodological literature and incorporate theoretical knowledge. The rest of the chapter is a rather self-constructed and personal insight to our research process. We aim to provide an understanding of how our research evolved over time (Leavy, 2011) which influenced the direction and outcome of our study (Miller & Salkind, 2011).

4.1 Philosophy of Science: A Constructivist Worldview

This thesis is inspired by the constructivist worldview which influenced the conducted research and applied methods (Creswell, 2014). Additionally, it shows transformative characteristics. Creswell (2014:35) defines a worldview “as a general philosophical orientation about the world and the nature of research that a researcher brings to study”. Creswell (2014) focuses on post positivism, constructivism, pragmatism and the transformative worldview as four widely represented worldviews. Those are formed through conditions that the researchers are exposed to, such as their field of study and past experiences (ibid.). In the following, the constructivist and transformative features of the thesis are discussed. The constructivist worldview considers that “others hold a different worldview” (ibid:37) and that subjective understandings of individuals are determined by their personal experiences. By having the individual and their understanding of the truth in the foreground, a constructivist view appreciates the complexity of the research subject and object. Thereby, constructivism creates space for complexity which is also the case in this study by including the perspectives of our interview participants. According to Creswell (2014:37) the reality of individuals is formed through social interaction, history and cultural

norms. The emphasis of this work lies on the individuals and their past experiences or encounters that encouraged them to become SEs. Particularly this research's focus on entrepreneurs makes the inclusion of their context, indispensable (Deakins & Freel, 2009). Consequently, the interviewees were encouraged to reflect on their upbringing and surroundings that have influenced their personal and professional development. As mentioned earlier, the worldview applied to the research is strongly determined by the conditions influencing us as researchers (Creswell, 2014). Being enrolled in a master program which encourages its students to consider varying worldviews, experiences and truths in different contexts allowed us to familiarize with the socio-economic context of Latin America. Our academic background and the interest the Mexican context, has influenced our choice methods and approach towards interviewing SEs and entrepreneurship experts in Mexico. Not only the choice to conduct interviews but also the way how the interviews were conducted was strongly influenced by our constructivist worldviews. Although the questions were structured to ensure sufficient information provision, they were sought to be open and to allow participants to "construct the meaning of the situation" (Creswell, 2014:37). Every participant was given the freedom to share their experience without major restrictions.

Besides its constructivist worldview, this study also represents transformative elements. These characteristics are more reflected in the objective of some entrepreneurs. Although in this research, marginalized individuals are not in the foreground as it is usually the case in transformative studies, the features of the transformative worldview are indirectly part of this research. This is the case, since the entrepreneurs are trying to solve social issues and balance "inequities […] [and] asymmetric power relationships" (Creswell, 2014:39). Consequently, this study may be considered as constructivist in its core where it focuses on individuals living up to their transformative worldview.

The constructivist worldview as the main lens for investigating entrepreneurship activities in Mexico represented a basis for applying qualitative research methods (Saldaña, 2011) as the constructivist worldview is often related to a qualitative research approach (Creswell, 2014). Since we conducted an interpretative qualitative research, the following will elaborate on the qualitative character of our study.

4.2 Methodological Approach: Qualitative Research

The advantages and disadvantages of qualitative and quantitative research have been debated skeptically by many academics in diverse fields of study (Adcock & Collier, 2001; Howe & Eisenhart, 1990; Euske et al., 2010 in Malina, Nørreklit & Selto, 2011; Smith, 1983). This debate relates to the differences between the two approaches, their critical stance towards each other (Malina et al., 2011), and to the legitimacy and scientific nature of qualitative (Howe & Eisenhart, 1990; Miller & Salkind, 2011) as well as adequacy of quantitative research (Lee, 1992; Smith, 1983).

Qualitative research strongly differentiates itself from quantitative research in its approach which primarily relies on image or text (Creswell, 2014) as well as descriptive and comparative methods (Malina et al., 2011). Qualitative researchers are familiarized with a smaller amount of cases which enables them to develop in-depth knowledge (Adcock & Collier, 2001; Ang, 2014). Often, qualitative research approaches are applied when there is no solid research base on a topic (Creswell, 2014). Additionally, qualitative methods are often applied "to understand social phenomena" (Malina et al., 2011:61) and emphasize the significance of personal experience, meaning (Winter, 2000) and "social complexity" (Saldaña et al., 2011:4). The researcher and the understanding of the context hold significant importance in the research process (Lee, 1992; Howe & Eisenhart, 1990; Malina et al., 2011). The involvement of the researcher allows an "inquiry from inside" (Evered & Louis, 1981 in Lee, 1992) and consequently renders the researcher to an important research instrument (Lee, 1992). The research outcome evolves from the interpretation of the researcher, consequently subjectivity (Saldaña, 2011) and "interpretive processes" (Lee, 1992: 89) are central attributes of qualitative research (Howe & Eisenhart, 1990; Winter, 2000; Smith, 1983).

The research focus of our thesis is guided by qualitative methods in the form of personal interviews for many reasons. First of all, we did not find a sufficient information in the academic literature and recognized the need to collect data (Creswell, 2014). Additionally, we considered qualitative methods suitable to analyze and understand the complexity of the Mexican context and the role SEs play in it. We were aware of the research opportunities that the insights of SEs offered and decided to conduct interviews.

Regarding the theoretical contribution of this thesis, qualitative research methods are considered to "discover, refine or refute theory" (Keating, 1995 in Malina et al., 2011:63).

Our research aims to advance and refine the limited statehood theory with our findings on the role of SEs in filling voids that the government is unable to address. When a theory "cannot be used to explain the phenomenon to be investigated without modifications" a qualitative approach is suitable (Ang, 2014: 2). This approach is a typical inductive approach (Creswell, 2014). This attribute of qualitative research is essential for our purposes, as we aim to develop a theoretical reflection to refine Börzel and Risse's (2010) framework based on the findings of our analysis. Now that the reader is acquainted with the qualitative research approach undertaken in this study, we will explain our research design.

4.3 Research Design: A mixed Grounded Theory and Case Study Approach

When posing a research question which requires a qualitative research approach, several research designs can be applied (Creswell, 2014). Creswell (2014) narrowed the most relevant qualitative research designs to narrative research, phenomenology, ethnographies, case studies and grounded theory. In the following, grounded theory and case study approach are defined, characterized and contrasted to the aforementioned various design possibilities.

Grounded theory (GT) is the "systematic discovery of [...] theory from [...] data" (Glaser & Strauss, 1967: 3) and emphasizes the generation of theories rather than the verification of existing ones (ibid., Bryant & Charmaz, 2011). The relation between simultaneous data collection and theory building is essential but not authoritative in GT (Glaser & Strauss, 1967). Generally, this approach offers space for modifications since the goal of GT is to develop a theory that "fits" the purpose of the research and "works" when applied (ibid.). Moreover, GT is an inductive method in which a general and abstract theory or concept is created. Here, qualitative analysis (Corbin & Strauss, 2012) "of a process, action or interaction grounded in" (Creswell, 2014:42) a specific number of detailed cases (Bryant & Charmaz, 2011) and the insights of study participants (Creswell, 2014) is conducted. Oktay (2012:4) describes these cases and insights as "real-world situations" and she argues that such a data basis results in a less abstract theory, a "middle range theory" which is applicable in practice. Furthermore, Oktay (2012:15) describes the process within GT as "cycles of data gathering and data analysis". The data gathering takes place until no new insights are gained, a so-called saturation sets in (Oktay, 2012; Creswell, 2014; Bryant & Charmaz, 2011). The data collection and theory development further depend on the

“theoretical sensitivity” of the researcher who is required to constantly compare and sample the data to the point of saturation (Oktay, 2012:15).

There are several reasons that explain how we determined to apply a grounded theory approach. We considered a GT approach suitable as we strived from the very beginning to generate a theoretical contribution with our thesis. Therefore, the inductive nature of grounded theory approach and its closeness to detailed cases and insight from practice (Oktay, 2012) fit well to our endeavors. Additionally, we noted a saturation of data as we felt the fact that no more new insights would arise from collecting more data which led to an end of data collection. However, as we have discovered GT later in our data collection process, we do not follow the simultaneous data collection and theory building.

The application of GT as research design has had further influences on the process, structure and results of this project. Firstly, the research question has been altered during the research process. We involved the interrogative word “how” in our research question which transmits “an open and emerging design” (Creswell, 2014: 185). Second, our coding approach (see section 4.4.2) has been inspired by GT approach which offers a systematic procedure where transcripts are coded, topics are identified and then categorized to ease the creation of a theoretical model (ibid.). This process is thoroughly described in section 4.4. Thirdly, to generate a new theory and achieve generalizability we decided to carry out a comparative analysis (see chapter 5) which enabled us to judge and evaluate possible theories (Glaser & Strauss, 1967). Furthermore, we included a visual demonstration of our theoretical reflections (see figures 8-11 in chapter 6) which is central to GT (Bryant & Charmaz, 2011). However, contrary to our initial objective, we did not develop our own theory but rather recognized in the process that our analysis has the potential to enhance the theoretical framework of Börzel and Risse (2010).

In addition to elements of GT approach we noticed attributed case study research in a later stage of our research process. According to Yin (2009), case study research is conducted to provide in-depth knowledge about specific cases that develop new insights to behaviors in the real world. More precisely, he defines case study research as “[a]n empirical inquiry about a contemporary phenomenon (e.g., “a case”), set within its real-world context - especially when the boundaries between phenomenon and context are not clearly evident” (Yin, 2009: 18). This reflects the importance of case study research for investigations where the object of study cannot be separated from its natural settings (Stake, 1995). Case study

research can be of descriptive, explanatory and exploratory nature (Yin, 2009) and additionally support theory building (Eisenhardt, 1989). Furthermore, within the data collection phase qualitative and quantitative techniques can be employed (ibid.; Gog, 2015; Ekrisson & Kovalainen, 2015). Another characteristic of case study research is its strategy which can be intensive or extensive (Ekrisson & Kovalainen, 2015). Applying the former allows the researcher to function as an interpreter who describes the case "[...] by focusing on the perspectives, conceptions, experiences, interactions, or sensemaking processes of the people involved in the study." (ibid.: 3). The latter, in contrast, aims to gain knowledge that "[...] can add something new to the existing theory [...]" (ibid.).

Our thesis shows various traits of case study research. First, the participants for the interviews were chosen carefully to ensure a variety of cases. This included SEs operating in different industries and entrepreneurship experts. They provided meaningful and rich content to answer the research question (Stake, 1995). Similar to GT, the research question is framed in a way to find an answer to "how" SEs are able to fill governmental voids which "[...] intends to unravel cause and effect relationships between the study objects" and reflects the explanatory nature of case study research (Göttfert, 2015:24; Yin, 2009). Thirdly, parting from the assumption of generating a theory an extensive case study was conducted by identifying patterns among the cases (Ekrisson & Kovalainen, 2015).

In the following section we will describe how we implemented GT and case study research in the data collection strategy and outline the process that we undertook to prepare the data for the analysis.

4.3 Fieldwork in Mexico

The fieldwork in Mexico allowed us to conduct interviews with SEs and so-called "entrepreneurship experts" over a month. We will explain how we put the research in practice and why we proceeded in the ways we did.

4.3.1 Role of the Authors-Interviewers

This study was conducted by us - two young female students from Europe whose personal decisions defined and framed the entire research project. Both attended Latin America context specific courses at their home university and have been sensitized to different cultural contexts.

The fact that this project was developed by two researchers holds many advantages. On the one hand, the access to possible interviewees was facilitated by one researcher already living in Mexico. On the other, the effort of data collection was shared as both parties conducted the interviews on-site (Ang, 2014). The main disadvantage of working in pairs was the geographical distance in the first half of the research process. Arranging virtual meetings and finding consensus throughout different time zones delayed the initial phases of research. Being enrolled at a Mexican elite university eased the research process by granting us access to an entrepreneurship network. Moreover, we assume that coming from a Mexican elite university and being from a Western culture may have shaped the perception of the interviewees towards the researchers. We feel that these circumstances have positively influenced the participants' interest in contributing to the study. We perceived all participants as open-minded individuals with many similarities to us, such as their education level and experiences abroad. We were able to establish personal ties and understanding with our study participants and believe that we were able to build trust.However, we are aware that our views are shaped by Western worldviews which might have had an influence on the interpretation of the interviewees' statements. Moreover, our inexperience in conducting interviews may have led us to pre-assumptions during the interviews.

4.3.2 Study participants

In total, 24 interviews with 28 participants were conducted. Out of the 24 interviews, 13 were conducted in person and eleven by video calls. Six of the personal interviews took place in Mexico City and seven in Monterrey, Nuevo León (see *figure 2*).

Type of interview			
Personal	13	*Mexico City*	6
		Monterrey	7
Skype	11	-	

Figure 2 Type, Number and Place of Interviews

Ang (2014) stresses the importance of identifying and defining the units of analysis and the strategy how to access them. Our units of analysis are SEs which are part of the private business sector and incorporate social or environmental aspects in their strategy, vision and mission. Furthermore, the study includes entrepreneurship experts who are

practitioners with professional background in the field of entrepreneurship. All potential interviewees were selected upon the premise that they are addressing social problems and are involved in initiating social progress in the Mexican context. The following subsections will introduce our study participants in detail.

4.3.2.1 Social entrepreneurs

We interviewed 19 SEs from 16 different startups which are engaging in four sectors which are listed in *figure 3*. We considered interviewing SEs from different sectors the most optimal way to receive distinctive insights and information to answer our research question as completely as possible. Additionally, this allowed us to recognize general patterns, common and varying perceptions on the private sector's engagement and relationship with the government across sectors.

Social entrepreneurs		
Sector	*Label*	*Specialization*
Basic goods and services	BGS1	Water
	BGS2	Waste to electricity
	BGS3	Housing
	BGS4	Renewable energies
	BGS5	Earthquake relief
Education	E1	Civic education through communication design
	E2	School education for marginalized children
Health care	HC1	Blood donations
	HC2	Diabetes care
	HC3	Cardboard boxes for infants
	HC4	Cervical cancer screening
	HC5	Virtual healthcare navigation
	HC6	Dental care
Inclusion (economic and financial)	I1	Virtual, financial inclusion
	I2	Sustainable tourism
	I3	Platform for artisans

Figure 3 Overview of Study Participants - Social Entrepreneurs

Moreover, the selection of SEs was determined by the sector they are operating in. We considered the sectors listed *figure 3* to be a responsibility of the government to its citizens.

4.3.2.2 Entrepreneurship experts

In addition to SEs we included entrepreneurship experts in our interviews. These "experts" are practitioners in the private sector, but some also lead academic programs. In *figure 4*, the labels and specialization of the entrepreneurship experts are listed. All entrepreneurship experts were required to have professional experience with entrepreneurship or social businesses in Mexico. The interviews with "experts" served to diversify the insight from the single sector perspective of individual SEs with the experience of practitioners across sectors. Additionally, we aimed to establish a common ground for the results of the analysis as the findings of both interview groups are compared.

"Entrepreneurship experts"	
Label	*Specialization*
EX1	Anti-corruption organization
EX2	Health entrepreneurship organization
EX3	Academic program for public entrepreneurship
EX4	Academic program for public entrepreneurship
EX5	Accelerator program for social entrepreneurship
EX6	Consultancy for social innovation
EX7	Mentoring program for social entrepreneurship
EX8	Program for social entrepreneurship

Figure 4 Overview of Study Participants - "Entrepreneurship Experts"

4.3.2.3 Application of Primary and Secondary Data

The data derived from the interviews with SEs and entrepreneurship experts during our fieldwork served as a substantial primary data basis. The majority of our analysis is based on the findings of our empirical research. However, we decided to corroborate our empirical findings with secondary data. The secondary data comprises reports from various institutions. Most of the reports are directly related to the Mexican context and the sectors we investigated.

Especially answering sub-question Q1[1] required a dual approach of consulting international reports on Mexico and the findings from our interviews. In contrast, Q2[2] and Q3[3] are mainly based on our primary data from the interviews with SEs. As the sub-questions lead to the answer of both parts of our main research questions, our answer to the research questions are significantly based on primary and secondary data.

Another important complementary role of secondary data came into place in the "expert" section of our analysis. As we were not able to find academic experts or government officials on entrepreneurship that were willing to be interviewed, we tried to gain insights from the expertise of practitioners. Although we highly appreciate the rich insight from practice, we recognized the limitations of involving experts from practice. It would have been ideal to have interviewees from practice, namely SEs, and interviewees from academia instead of having two groups of participants from the practical sphere. Nevertheless, we recognize great value in having the expertise of practitioners. To substantiate our analysis findings, we decided to combine the statements and outcomes of the "expert" interviews with the finding of field reports.

4.3.3 Interviews

We conducted the interviews from mid-March to mid-April 2018 during our fieldwork in Mexico City and Monterrey, Mexico. In the following we will describe how we established contact with our study participants, the setting of the interviews, the interview processes and discuss the manuals we have used. This will give an insight to our data collection approach.

4.3.3.1 From initial contact to interview arrangements

The first contact with potential study participants was established with the support of professors at EGADE Business School and Tecnológico de Monterrey (TEC) in Monterrey. After the initial email correspondence with potential interviewees we arranged informal and unrecorded interviews to inform the participants of the scope and focus of the study. The initial contact persons were entrepreneurship experts. We were able to build trust since they had the opportunity to informally talk with us about our research focus. Most of the entrepreneurs were suggested to us by these experts. This process of contacting

[1] Q1: What unattended governmental gaps and societal issues do exist in Mexico?
[2] Q2: Why are social entrepreneurs aiming to fill governmental gaps in Mexico?
[3] Q3: Which governmental gaps are social entrepreneurs attending in Mexico

participants that led to other potential interviewees is called snowball sampling (Leavy, 2011). In this study, the process of snowball sampling happened rather unplanned but successfully. After further email correspondence with the study participants we arranged interview appointments rather spontaneously due to the other responsibilities of the participants and the upcoming holiday season. Almost all arranged interviews took place according to the arrangements. However, three interviews needed to be rearranged, one interview was cancelled, and one potential participant responded after the fieldwork period. For the participants who cancelled and responded too late, we offered to send written answers to our questionnaire. However, we decided to exclude them from the final version of our thesis to be consistent in our methodological approach.

4.3.3.2 Interview Settings and Procedures

In our data collection process, we paid particular attention to the settings of the interviews. We strived to conduct the interviews in the office facilities of the interview participants to ensure a natural setting for the interview where the participants would feel comfortable (Leavy, 2011). Yet, conducting the interviews in the participants' offices was not always possible. Thus, we also conducted interviews in other locations that we and the participants considered suitable for conducting an interview, such as a library or public meeting rooms. Unfortunately, in two cases these public spaces were affected by considerable noise. We learned through one interview that the choice of location may be critical to signalize our professionality. The interviews that were conducted via video or audio calls were also conducted in silent environments with stable internet connection, such as our personal accommodations or meeting rooms. The choice of the settings was also important for the data collection process. In both cases, the calm locations allowed us to record the interviews and take notes.

4.3.3.3 Interaction during the interviews

Before every interview, we informed ourselves about the study participants and prepared each interview individually and assigned our interviewer roles. After introducing ourselves, we asked for permission to record and publish the interviews. During the interview we followed the prepared manuals (see section 4.3.3.4). If required, planned or spontaneous follow-up questions were asked. Most of the interviews were conducted in an informal and loose way. However, we faced limitations due to the language barrier between the interviewees and us. Neither of us is a native English or Spanish speaker, even though it

was an advantage that one of us speaks fluently Spanish. This was particularly useful when we conducted two interviews partly in Spanish. In turn, the English level varied strongly among the interviewees. This may have caused misunderstandings and flawed interpretation from our side.

4.3.3.4 Interview Manuals – Social Entrepreneurs and "Entrepreneurship Experts"

As already mentioned in the previous section we have prepared interview manuals (see appendices 11.2 and 11.3). Two manuals were prepared, each one targeting the following analysis units: SEs and entrepreneurship experts. The manuals for entrepreneurs and experts remained unchanged during the interviewing period. In most cases, the manuals represented guidelines for the interview process. However, sometimes the study participants did not answer precisely or would touch upon topics that were planned later in the interview. In those cases, we adjusted our approach spontaneously and took up the thematic lead of the interviewees.

The manual with 21 questions for SEs (see appendix 11.2) starts with general questions about the startup and the motivation behind the business idea. The manual continues with questions in relation to governmental gaps, support for the startup, collaborations and challenges faced by the SEs. In the end, we asked general and more open questions which we labeled as "philosophical questions" on Mexican entrepreneurship. We added open follow-up questions to closed interview questions to gain more information by encouraging the interviewee to share more insights with us. Additionally, we included specifying follow-up questions which had the purpose to complement and further elaborate on the previous question.

We faced challenges when we asked follow-up questions, since some of the interviewees seemed to be confused or just repeated their previous statement. In addition to this, some questions differentiated in small details, which some SEs did not recognize but were also not always made aware of. All in all, the manuals fulfilled their purpose but may have required minor adjustments for more precision.

In comparison to the interview manuals for SEs, the manual for "entrepreneurship experts" (see appendix 11.3) is much shorter with 13 questions. The experts were first asked about the development of Mexico and what role entrepreneurs play in it. Following this, we asked

questions on existing governmental gaps, the experts' knowledge about the ability of SEs to address such gaps but also how the experts perceived challenges and risks for entrepreneurs. Additionally, the manual contains questions on collaborations between the government and entrepreneurs and on the role that accelerators play in this process. Similar to the interview manuals for SEs, we added open and specifying follow-up questions to the manual.

The critique of the manuals for SEs applies also for entrepreneurship experts. Additionally, when we reflected on the expert manuals after the interviews, we realized that we did not include any questions on the organization or program in which the practitioners worked. We were either familiarized with their position through previous informal conversations or through their webpage. Although the information is not central to our thesis, such questions would have served well as an "icebreaker".

4.4 Data Processing Strategy

The data processing strategy was an extensive and time-consuming process due to the number of conducted interviews and resulting amount of information to be processed. However, this intensive phase of developing the thesis allowed us to familiarize with the data and reflect upon our results. The following section gives an insight to our approach of processing the collected data.

A central phase in constructing our thesis was transcribing the interviews we have conducted in Mexico. We started transcribing while conducting interviews. The transcribing process can be described as two-phase approach. Firstly, we each transcribed twelve interviews. Secondly, we corrected each other's transcripts for mistakes and inaccuracies. The two phases of transcribing allowed us to gain a deep understanding of all 24 interviews. After the interviews were transcribed and corrected we prepared them to be coded as suggested by the GT approach (Charmaz, 1996). In consistency with GT, we decided to code the interviews line by line. Here, we coded each line of the interview with key phrases. We did so rather intuitively but consistent and in a comprehensible way (Charmaz, 1996). In the beginning we faced the challenge not to over simplify the codes to an extent where the other one of us would not understand the meaning behind the codes. After coding a few interviews, we familiarized with the process and managed to find a functioning coding strategy.

We refrained to utilize a software to code and categorize the interviews to not alienate from the collected data. Instead, we worked with tables which we split into three sections: Category, Coding and Transcript. The following screenshot A provides an example of how we coded each line of the transcript.

Category	Code	Transcript
		A: We agree 150% on that, definitely. And is it, [like] did you - at least what you have told
		so far, did you realize that you are filling a gap in that sense? I mean, [like] the whole
		idea seems to be based on exactly that.
filling gap	agreeing idea is based on filling a gap	B: Yes, so, I think [eh] 20 years ago or more, [eh] helping people that needed was all
disadvantage philanthropy	in the past helping people was philanthropy	about philanthropy and it was all about giving without actually focusing on doing
disadvantage philanthropy	philanthropy focusing on doing but not being efficient	something efficient and doing something better, right? And I think the most incredible
advantage SE	SE or impact investment is helping people but with focus on efficiency a	thing about [eh] social entrepreneurship or impact investment is focusing on efficiency
		and results, right?
		A: [Mhm].
background	started with NGO	B: So yes, we thought it is actually in that. So, we started with an NGO and we were
background	started with NGO because they liked philanthropy	really into the philanthropy and the subsidy model right? And we said this is not going to
disadvantage philantrophy	realizing NGO will not be able to scale	be able to scale, right?

Figure 5 Screenshot of Codes and Categories

As mentioned above, the tables for coding the interviews also served to categorize the codes. The codes, being short key phrases, were categorized by using keywords. In the next step, we created a “master sheet” in which an overarching category was created under which the coding could be found well-structured and listed together. In this way, the information spread across the interview was comprised to a connected overview. Each interview within one sector was approached in the same way. Ultimately, the categories with the according codes of all interviews within one sector were comprised in the “master sheet” table. To differentiate the interviews, the codes and categories from each entrepreneur was marked in a different color. Our approach allowed us to summarize but also differentiate the information according to our needs. In the following screenshots the process of coding and categorization of two interviews within one sector is illustrated step by step.

Category	Code
advantage government	govenrment having more resources than them
	government could have economic and human resources if they wanted
advantage philanthropy	still having NGO because some families require philanthropy
	philanthropy necessary to get out of bad circles
	philanthropy for big families affected by natural disaster
	philanthropy for families with disabled fmembers
	philanthropy for families in need of extra help
	philanthropy filling in where the need is the most urgent
advantage SE	Gammakat is using EU tech but knowing the waste as well
	not needing to change projects from one country to another
	knowing waste conditions and easy to make investigation
	lowering emissions being considered a big success
	going down with emissions, many kinds of emissions is a success
	his advantage is not making ot much noise against govenrment
	SE or impact investment is helping people but with focus on efficiency and results
	entrepreneurial mind wanting to invent, create, innovate and scale
	main companies being successful because of entrepreneur that think of how to scale their business
	entrepreneurs with ability to scale do not work in government

Figure 6 Screenshot of the "Master Sheet" Table

Although the coding and categorization was essential to our study, the process posed some challenges. The main challenge was that the categories and codes depended on our individual interpretation which made it difficult to follow each other's interpretation. However, we overcame this challenge by transparent communication. Another challenge was the amount of information that we categorized and coded. Depending on the sectors, the master sheets were very long which impeded finding information efficiently despite clear structure.

Our thesis, especially in regard to the data collection and data analysis phase, was developed under the assumption of theory building. According to Flick (2017), research projects often start with the application of a GT approach. However, the research design of such projects often shifts away from GT during the research process due to lacking resources and experiences (ibid.). The analysis process of the collected data was twofold. First, we strongly applied GT methods to process the data in preparation for the analysis with the objective of theory building. Then, while analyzing we developed a descriptive narrative style. Furthermore, the analysis unintentionally evolved to "within-case analysis", consisting of detailed descriptions for each sector which is inherent for case study research and provides in-depth understanding of the cases studied (ibid.). In addition to that, the analysis and following formulation of results strongly resembles the technique of case study analysis. Those include pattern matching and cross-case search for patterns (Yin, 1994;

Eisenhardt 1989). The analysis is guided by the sub-questions and the main research questions. We decided to follow the sub-questions to establish a logical structure of the analysis of sectors, governmental voids in Mexico, SEs and the interplay of the SEs and the Mexican government. The categorizations were essential for allocating and structuring the information from the participant for each section of the analysis. In contrast to the analysis of the interviews, the resulting theoretical reflection was less based on the categorized and coded information but rather on the outcomes of the analysis itself. However, the master sheet tables proved to be useful to verify and control reflections.

4.5 Ethical Considerations

Taking into consideration ethical issues that affected the research process is imperative to provide a transparent and legitimate study. The initial contact with potential participants contained detailed information about the planned study and its framework. Possible interviewees were first contacted via email to explain why they were selected and to introduce the researchers and their project. As Leavy (2011) states, it is important to inform the participants about the voluntary nature of the study within the first contact phase. However, we did not use an informed consent form but asked the interviewees for permission to be recorded and gathered their oral consent to be cited in a published study. This action took place before the actual recording was started and is therefore not available for verification. We acknowledge this approach as inconsiderate and not sufficiently transparent.

Within the data collection phase, we became aware of sensitive ethical issues. As stated above, the relationship between us and the interviewees was based on trust. We aimed to give them the feeling of comfort and we were followed the plead of some to censor their statements. However, most of them did not censor their statements but were rather open and did not refrain from strongly criticizing the Mexican government. Some of the participants revealed their involvement in corruption and nepotism but did not censor their statements. To spare our interviewees from inconveniences all interview partners and their statements have been anonymized. Despite the general openness, we take into consideration that the interviewees' responses might have been influenced by their fear of facing negative consequences if they were too critical.

4.6 Validity and Reliability

In our research and writing process, we continuously strived to develop a sound research study in regard to its validity and reliability. The validity of our qualitative research is determined by how accurate findings are and its reliability depends on the consistency of our approach (Creswell, 2014). Considering that our thesis is constructed notably on empirical insights of individuals and their worldviews, the accuracy of our findings is based on the "standpoint of the researcher, the participant, or the readers [...]" (Creswell, 2014: 251). We aimed to enhance the validity of our findings by differentiating our sources through empirical insights, reports and academic literature. Additionally, we included a thorough description of our analysis and findings, striving to increase the accuracy of our research (Creswell, 2014). Furthermore, we have acknowledged our potential bias by our European upbringing and socioeconomic status.

The reliability of our study is mainly given by the consistency of the findings among our study participants. Generally, the statements of our study participants repeated over time and showed a strong consistency. Naturally, the consistency of the interviewees' perceptions depends on the topic, some being more consistent than others. For example, the perception of corruption has been mentioned in the majority of interviews, machismo in contrast, only by a few participants (see chapter 5). As stated in before, we considered the findings repetitive after a certain number of interviews which we assessed as a saturation of information.

In line with Flyvbjerg (2006:224), we developed "concrete, practical and context dependent knowledge" through the interviews with SEs and entrepreneurship experts about the Mexican context. Although Flyvbjerg (2006) emphasizes the higher value of this type of knowledge creation, we have gone a step further and developed a theoretical reflection to refine and extend Börzel and Risse's (2010) framework in the ALS discipline. We utilized the insights from our empirical research to summarize a part of our findings within the ALS framework (see chapter 6). We are aware of the context specific value of our findings and the rich, narrative nature of our case studies but recognize the potential to leverage the findings to a more general level. The summarization takes places in the very narrow context of a subsection of the ALS framework. We consider the summarization of our findings in our theoretical reflections also as generalization since we lift the information out of the Mexican context and place them into a more general ALS context.

4.7 Overall Assessment of Methodology

Overall, we recognize the context-specific nature of our thesis that has shaped our research approach of conducting interviews with SEs and entrepreneurship experts and utilizing their insights as a basis for our findings. However, we perceived the conduct of interviews and the personal insights from our study participants as an appropriate method to bring together and refine the social entrepreneurship and ALS disciplines in the Mexican governance context.

We acknowledge that the study could have been carried out with a larger scope by sending questionnaires to acceleration programs and academic establishments. This would have allowed to gain a broader insight to the social entrepreneurship ecosystem in Mexico. Yet, we would have depended on the goodwill and interest of institutions to forward our material to SEs and hope for numerous responses. The arrangement of the interviews allowed us to take own responsibility for contacting the SEs that fit to our research purpose. In addition, this permitted to conduct the fieldwork within our set time frame of a month. Furthermore, we realized during the interviews that our participants had various perceptions of what social entrepreneurship is. Even though we considered them to be SEs, some refrained of calling themselves SEs but preferred alternative terms such as “public entrepreneurship”, “impact entrepreneurship” or conventional entrepreneurship. A pre-selection of the study participants through a self-assessment whether or not they consider themselves SEs would have avoided confusion on both sides. Additionally, this procedure might have contributed to the clarification of how a SE is defined.

Despite the possibilities to approach the research differently, we consider our data sources as appropriate and enriching for the purpose of our thesis. In the following section, we have incorporated these rich and detailed insights of SEs and entrepreneurship experts to assess their role and ability to address unattended governmental gaps in Mexico.

5. Analysis

The following chapter includes the analysis of the interviews that we conducted in Mexico and a result section which provides a summarizing answer to the main research questions and sub-questions. The main part of the analysis is separated in five sections of which four reflect the different fields that the interviewed SEs engage in: basic goods and services, education, health and inclusion. The fifth section is the analysis of the interviews with

entrepreneurship experts combined with findings from academic literature and institutional reports. The analysis of the entrepreneurs in different fields aims to find the answer to the research questions, particularly by presenting the results for each sector in the end of each of the four sections. All analyses on the SEs are outlined similarly to create coherence in the structure of the thesis. Although the chapter on the experts contains a narrative as well, it serves to establish a basis for comparison to contrast the results of the other four analysis sections. The structure of the expert chapter differs from the rest since the interview questions for entrepreneurs and experts as well as the investigative lens of both chapters were different. Overall, the analysis does not only serve to obtain the direct results of the interviews but also to develop a foundation for reflecting on the theoretical contribution of this study.

5.1 Basic Goods and Services

As basic goods and services we understand those services and goods that the government is responsible to deliver to its citizens in order to ensure their well-being. Similarly, Börzel and Risse (2010) refer to collective goods as a component of governance. We were able to conduct interviews with SEs that provide access to clean water and renewable energy, engage in waste management, offer affordable housing and organized a supply chain after a natural disaster (see *figure 3*).

5.1.1 Case Descriptions

The following section will provide an overview of the entrepreneurs which are targeting voids in the provision of basic goods and services in Mexico to provide understanding of their activities in the social and economic spheres. Both sections serve as a foundation to further analyze the governmental problems and gaps in basic goods and services and how they are attended by SEs.

BGS1 was launched in 2006 as a business focused on water, hygiene and sanitation issues in rural Mexico with an emphasis on accessibility. BGS1 entails two projects that target these problematics. The first project is based on a community network delivering sustainable services for groundwater problems by enhancing the communities' water management. The second project focuses on the provision of safe water in schools. It includes a program to harvest rain water as alternative water supply and to create a habit of consuming clean water. Additionally, the business contains three units of activities. The first unit creates formative processes by focusing on research and development (R&D),

innovation and monitoring. The second is called “systematic change” and has an indirect impact on shaping the regulatory ecosystem of water. The third unit is concerned with the transfer of know-how to help developing women’s enterprises to deliver safe water locally instead of commercialized water.

BGS2 is a company that uses European technology to transform waste to energy by gasification. It operates in small cities in the South of Mexico. The business serves companies to manage and eliminate their waste by providing the necessary technology and systems for generating electricity from waste. Additionally, the entrepreneur focuses on engaging with people to enhance their knowledge on waste prevention.

BGS3 started in 2009 to help constructing affordable housing for people with a low income, being convinced that their empowerment will change their lives at the bottom of the pyramid (BoP). The business model is further based on “creating financial inclusion through housing” by providing micro credits for building a home and educating people about finance to understand their own income and expenses to lift them out of poverty. With the help of 75 full time employees and 500 part time constructors, the business provided the communities with 7,000 homes so far.

BGS4 developed a sustainable solution to provide solar energy to off-grid communities. The business was founded in 2009 and operates on a market-based strategy that not only involves the building and distribution of the technology but also a recurring revenue model. The model is based on the spendings their target group used to have for diesel and candles and channel these expenses to a loan to afford their renewable energy solution. This enables their customers to own the equipment after the loan is paid off. BGS4 is exploiting the first mover advantage in solar energy for remote areas.

BGS5 is a website built by professionals and a publishing company that put together verified information after the earthquake on September 19th, 2017 in Mexico City. There was no formal organization behind the website, but white hackers made sure people using the hashtag “#V19S” were saying the truth about the need for supplies. It was one of many temporal movements that gained momentum after the earthquake and added value “in helping to coordinate people on the ground” to ensure a functioning and effective supply chain for emergency supplies. In the aftermath of the earthquake, the project faded away

due to a lack of traction to develop the idea and commitment to continue designing a solution.

5.1.2 The Mexican Context

Having gained an understanding of the activities of the SEs, we will now move to the current situation of Mexico in terms of the provision of goods and services based on both, the insights of our interviewees and secondary sources. According to the OECD (2012: 183), “the services that general government provides to households comprise individual and collective services”. Based on this report (OECD, 2012) the presented startups in 5.1.1, can be categorized as providers of collective goods in two sections; housing and amenities section with BGS3 operating in “housing development”, BGS1 in “water supply” and BGS4 in “housing and community amenities”. BGS2 is categorized in the environment section by operating in “waste management”.

In Mexico, housing strategies are developed by the National Housing Commission, Comisión Nacional de Vivienda (CONAVI) in cooperation with the Secretariat of Agrarian, Land and Urban Development, Secretaría de Desarrollo Agrario, Territorial y Urbano (SEDATU) (Olivera Lozano, 2018). Among others, the strategies include the reduction of the housing deficit and increasing the quality of housing. In order to obtain a successful outcome of these strategies, a global vision is required to align investments decisions. However, policies should furthermore include strategies to improve the building processes of houses in rural and marginalized areas (BGS3). Currently, people in such areas are lacking technical support and sustainable capacities to build houses. This leads to houses of poor quality prone to be destroyed by natural disasters (ibid.).

However, as stated by BGS5, such disasters also represent an opportunity for the private sector to complement the work of the government. The Mexican government created the Fund for Natural Disasters called FONDEN in 1999. The budget of this fund is reserved for the rehabilitation and reconstruction of public infrastructure, low-income housing and components of the natural environment (WB, 2012). Moreover, the fund entails a budget account for preventive activities which has been receiving increased attention and support to ensure a more proactive approach regarding disasters (WB, 2013). However, the fund is not holding budgets or developing strategies for recommended actions to be taken immediately after a natural disaster. As BGS5 highlights, after the earthquake in September

2017, there was a lack of coordination resulting in an inefficient misallocation of rescue measures.

BGS1 states that the quality of potable water in rural communities remains a problematic issue despite governmental attempts to provide solutions. A budget of USD 20 million was invested in projects that fostered the installation of water fountains in public schools and recreational areas (Ceron & Salgado, 2017). However, such projects are often affected by economic corruption leaving the water sector far from meeting the needs of the rural community population which does not have access to drinking water (BGS1). The government demonstrates that it is aware of nine million people not having access to potable water and tackles this challenge in the National Water Plan by including a revision of public policies to foster the improvement of current water infrastructure (Ceron & Salgado, 2017). Notwithstanding, the current problem for the rural population to insure water quality presents an opportunity for SEs to step in and create innovative solutions (BGS1).

Innovative solutions can also be found within the sector that ensures the provision of housing and community amenities, as in the case of BGS4. Before Mexico's energy reform in 2013, the Federal Electricity Commission, Comisión Federal de Electricidad (CFE) was responsible for developing and implementing strategies for the provision of energy and its generation (KPMG, 2016). The implementation of the reform created a competitive environment with CFE just being one player in a liberalized market (ibid.). Additionally, the reform eliminated the monopoly that Petróleos Mexicanos (PEMEX) was holding (Alvarez & Valencia, 2015). Both actions aimed at increasing the production of energy and benefit from sharing technologies by allowing "direct private investment in electricity generation and trade" (KPMG, 2016:4; Alemán-Nava et al., 2014). Despite a high electricity accessibility in Mexico (WB, 2016) some marginalized communities remain without access to electricity. BGS4 is operating in such areas providing the population with energy through solar energy. During the business operations, the entrepreneur found that the vast majority of customers lacks financial knowledge. This provided the entrepreneur with a future opportunity to implement a financial inclusion component into the existing business model (BGS4).

Another way of generating energy has been adopted by BGS2 who is engaging in eliminating waste by transforming it into energy. Recently, the Mexican government has

signed a public private partnership contract over 33 years called Project Termo with the objective of processing the amount of waste corresponding to 35% of the waste produced per year in Mexico City (IIC, 2018). This project entails important aspects that contribute to the Zero Waste program implemented in Mexico City with the aim of recycling or reusing the majority of waste by 2020 (ibid.). Despite the policies that seek "[...] to create a culture of waste reduction and management" (Armijo De Vega, Ojeda-Benitez & Quintanilla-Montoya, 2006: 355), BGS2 expressed its concern about the lack of awareness among society about the problematic waste status quo in Mexico. Moreover, the entrepreneur highlighted the existence of a dangerous waste mafia that is interconnected with Mexican politics.

5.1.3 Analysis of Social Entrepreneurs

The overview of the Mexican government's measures to provide basic goods and services more or less efficiently, demonstrates the diversity of this sector. Before further investigating the shortcomings and solutions within this field from the viewpoint our study participants, the nature and motivation of the SEs are analyzed in the following.

5.1.3.1 Characteristics

First of all, to increase the potential for a long-lasting high impact, social enterprises need to reach self-sufficiency (Bacq & Janssen, 2011). This is achieved by incorporating the generation of profits and reducing the necessity for grants and funds (ibid., BGS2, BGS4). Two entrepreneurs stated to reach profitability and being financially self-sustaining (BGS2, BGS4). BGS1 expressed to be a non-profit organization receiving funds from foundations but recognized the need to be financially independent to maximize their impact.

The SEs do employ innovative technology to create social value. However, they are rather focused on educating people to help themselves (BG3) and provide them with the necessary means to live a healthy and sustainable life (BGS1). Moreover, BGS2 that is focused mainly on distributing their technology, is also engaging in the waste education of people. All entrepreneurs are demonstrating a set of characteristics that are unique to SEs such as being changemakers (BGS2) who are alert to social problems (BGS4, BGS5) and focused on the implementation of their visions (BGS1, BGS3) to bring about social and environmental change (Abu-Saifan, 2012).

Moreover, we witnessed an awareness among the entrepreneurs regarding their opportunity to help other people and putting their capabilities into practice by dedicating themselves to enhance the well-being of other Mexicans (BGS3, BGS4). They realize that they have been more fortunate than other people in Mexico and wish to be part of reducing poverty and enhancing economic welfare.

5.1.3.2 Mission

The altruistic nature of some SEs gives reason to not only investigate the characteristics of the entrepreneurs but also to include insights on their personal and professional mission. According to Moss, Short, Payne and Lumpkin (2010), missions of SEs have a social and an economic aspect. Social missions encompass the creation of social value for others and play a helpful role in enhancing the well-being of others (Stevens, Moray & Bruneel, 2015). All interviewed entrepreneurs that provide basic goods and services stated that they are aiming at impacting the community they are working in (BGS2, BGS4). This can be reached by functioning as a successful role model. Moreover, achieving a nation-wide impact on marginalized communities by enabling the access to electricity, housing and safe drinking water to everyone in Mexico is a fundamental goal of SEs in this sector (BGS4, BGS3, BGS1). Furthermore, SEs are often driven by environmental and social issues that they encounter in their personal lives and act to improve the quality of life of the less-privileged (Abu-Saifan, 2012). BGS2, for example, stated to ben inspired to change the waste management system by noticing the amount of waste around the world and how this has contributed to the poor environmental condition of the planet. A selfless and old elderly woman served as inspiration for BGS3. The entrepreneur encountered the lady who was living in a roofless house while BGS3 was constructing houses in her community.

5.1.4 Government Problems and Gaps

The following section elaborates on shortcomings the Mexican government displays regarding the provision of basic goods and services such as energy, water, housing and catastrophe relief. These shortcomings lead to severe gaps that the Mexican authorities are unable to address. One of the major problematics for the Mexican government are limited financial (BGS2) and human (BGS1, BGS5, BGS3) resources and inefficient management of resources (BGS1, BGS3) to provide basic goods and services sufficiently. This problematic goes back to root causes that pose significant challenges to the government where the main obstacle is corruption (BGS1, BGS2, BGS4, BGS5). First of

all, corruption prevents contracting the most efficient subcontractor for public projects (BSG4). Particularly on municipality level, tenders are given to companies paying bribes (ibid). Consequently, the best-market offer is undermined by the willingness to bribe government authorities. Therefore, it is more likely that the government offers low quality and inadequate services to its people. Most importantly, such inferior products and services may have severe consequences. During the earthquake on 19 September 2017, most of the houses that collapsed were not built according to regulation. On the one hand, this happened because bribes were paid to construct buildings illegally. On the other hand, the government failed to control and safeguard houses that were built before regulations were in place (BGS5). Another cause for the problems that the government faces regarding their resource management is their short-term thinking and planning (BGS3, BGS5). BGS5 states that "[g]overnments, they think in periods" and their main incentive appears to be the upcoming election result. In addition, the government gets involved primarily in projects with a tangible and visible outcome to demonstrate accountability and receive votes (BGS1). Even though that focus may address the most visible problems it usually does not tackle deeper lying issues. Among others, this short-term approach hinders the government's ability to cope with crises efficiently (BGS5) and restrains it from investing in sustainable solutions such as innovations, laws (BGS1) and regulations (BGS3). Furthermore, there are no adequate regulations and laws in place to fulfill the government's constitution of the human right to water and sanitation (BGS1). In the housing sector, the effects are seen in land ownership problems and lacking regulations of building permits (BGS3). Thus, many impoverished people build their houses in dangerous and inappropriate places and are often the first ones to be affected by natural disasters (BGS3). Additionally, the priorities of the government authorities result in overlooking inefficiencies in communities, such as the waste management in Southern Mexico (BGS2). Municipalities do not tackle waste management in collaboration but try solving it individually which results in inefficient spending and insufficient actions (BGS2).

5.1.5 Social Entrepreneurs addressing Government Gaps

SEs that dedicate their business to provide basic goods and services to the community have a significantly different approach than the government. Many entrepreneurs also face challenges due to limited financial and human resources (BGS1, BGS3, BGS4, BGS5). BGS3 criticizes that "[...] normally in the SE world there is a lot of heart and not that much talent" and considers this as one of the main challenges of social enterprises. This is

supported by BGS1 who recognizes a lack of investment in human resources and BGS4 which made financial sacrifices to attract talent. In contrast to the Mexican government that seems to be unable to improve its inefficiencies, SEs manage their limited resources efficiently (BGS3, BGS4).

The Mexican government is criticized for their corrupt behavior and the negative effects this has on the SEs and their business (BGS1, BGS2, BGS3, BGS4, BGS5, BGS6). The majority of the entrepreneurs interviewed (BGS1, BGS3, BGS4) actively distance themselves from corruptive behavior, such as paying bribes to government authorities. Even though some have not been directly affected by corruption (BGS1), others sacrificed projects to lead by example (BGS4). BGS4 insists that SEs have the responsibility to be transparent, moral and ethical and to avoid “morally grey areas”. Most importantly, all entrepreneurs aim to provide improved goods and services to the civil society (BGS1, BGS3, BGS4, BGS5) or transform negative externalities (BGS2). Here, the vision and approach significantly differ from the Mexican government. SEs employ a long-term approach to solving problems (BGS1, BGS5). They understand that impactful changes require time and planning (BGS1). This implies looking beyond the direct impact their products or services have on communities (BGS1, BGS3, BGS4). Thus, BGS1 and BGS3 are engaged in suggesting and creating regulations in their field of expertise. In addition, SEs like BGS1 and BGS4 envision far-reaching improvements in water and electricity accessibility. For example, BGS1 strives to be ahead of United Nations Sustainable Development Goal (SDG) of clean water and sanitation in Mexico until 2024 instead of 2030. Additionally, the entrepreneur incorporates educational aspects as part of the increase of accessibility of drinkable water. In a similar way, BGS4 is motivated by the vision of every Mexican having access to electricity. Their long-term vision and overall objective to solve society issues requires the entrepreneurs to engage in less tangible and visible projects (BSG1). Moreover, finding a solution requires some entrepreneurs to fill other gaps such as financial inclusion of marginalized groups (BGS3, BGS4). Although the social enterprises have the advantage of being relatively independent from government cycles, they are still affected by government elections and periods (BGS1, BGS2). This means that projects and funds are strongly influenced by elections and changes in government positions (ibid.). Lastly, the interviewed SEs are specialized in one particular area which allows them to focus on sector specific issues. Their focus permits them to become experts in their fields and develop required skills (BGS1, BGS2, BGS4). In

contrast, the Mexican government has to prioritize its goals and allocate its budget accordingly which leads to compromises in some fields.

5.1.6 Collaboration and Support

Based on the advantages of SEs, the previous section explained the value they offer. These advantages constitute the foundation of the entrepreneurs to fill a governmental gap. However, the social enterprises also display a high level of collaboration, networking and support structures.

The SEs are collaborating with the Mexican government (BGS1, BGS3, BGS4), are open to government collaboration (BGS2) or recognize the important role of government authorities to scale the impact of their business (BGS5). On the one hand, there are entrepreneurs that directly influence the political sphere by contributing to the creation of laws and regulations (BGS1, BGS3). On the other hand, there are entrepreneurs which receive tenders and contracts from government authorities (BGS4). In the case of BGS4, over 50% of the revenues come from government contracts and tackle governmental gaps together with the Mexican authorities.

Some of the SEs constructively criticize existing governmental solutions by voluntary collaboration with the government (BGS3). Additionally, collaborating with the government leverages the impact of the projects (BGS1, BGS3, BGS4). As BGS4 states, “once the government is in, you [...] can catalyze your development very quickly”. Some startups are legally required to collaborate with the government. This is the case for BGS2, where collaboration is necessary because the Mexican government is the legal owner of the waste that BGS2 utilizes to create electricity. Only BGS5 expresses skepticism towards government collaboration. The activist recognizes a resistance of the Mexican government to collaborate with the private sector when such collaboration reveals sensitive mistakes from the governmental side. This was the case after the earthquake in autumn 2017 in Mexico City, when professionals offered support to the government. According to BGS5, the support was declined which BGS5 explains by stating that the government felt threatened to be subject to uncovering corruption that may have aggravated the effects of the natural disaster. The collaboration partners of SEs are not restricted to government authorities. A part of the entrepreneurs collaborates with large corporations (BGS4) and other companies (BGS1, BGS5) including (social) entrepreneurs (BGS1, BGS3, BGS4, BGS5). All of them emphasize the importance of the social entrepreneurship network and

ecosystem. BGS1 and BGS4 further stress the importance of open and intersectional collaboration with their peer groups, competitors and other players to promote collective problem-solving. BGS1 supports the idea of an intelligent “network of organizing companies and government entities” but also upholds collaborations with other non-profit organizations. Additionally, there are existing (BGS1) and planned (BGS2) collaborations with institutions. Only BGS2 specified these institutions as large international organizations such as the United Nations Educational, Scientific and Cultural Organization (UNESCO). Furthermore, BGS2 actively collaborates with government authorities of other Latin American states. BGS2 recognizes the importance of networking but also encourages a more local approach, for example a direct collaboration with local communities. In the case of the social enterprise BGS2, there are opportunities to collaborate with communities that live on landfills instead of chasing them away to monetize on the waste.

Shifting the focus from collaboration to means of support, three out of five social enterprises are part of several acceleration and entrepreneurship organizations (BGS1, BGS3, BGS4, BGS5) such as Unreasonable, Promotora Social México (PSM) and Laboratorio de emprendimiento y transformación (LET). BGS1 and BGS2 are Ashoka fellows. Especially BGS4 has participated in several accelerator programs such as Endeavour and masschallenge. Regarding financial support, BGS1, BGS3 and BGS4 have received government funds from national institutes such as Instituto Nacional del Emprendedor (INADEM). However, BGS1 criticizes that the amount of funding from government institutions is too low to generate significant impact. In sum, collaboration, particularly with government authorities is perceived as important in order to leverage a business idea with a social objective to provide basic goods and services.

5.1.7 Challenges

SEs still face several challenges in their endeavor to attend voids. Particularly, the government problems and gaps such as corruption and the periodical thinking of the politicians. constitute major external challenges to the SEs (BGS1, BGS2, BGS4). The problem is so prevalent that one SE admitted following corrupt methods in order to be able to provide basic goods and services. The conflict of morality and ethics will be thematized in the discussion chapter. Other external challenges are the low investment amounts that hinder growth (BGS2), complicated fiscal regulations that largely diminish income (BGS4) and needing contacts to powerful people to initiate significant change (BGS1). Internal

challenges of the entrepreneurs are related to growth (BGS4), human resource management (BGS4), lack of resources (BGS1) and motivation to continue their movement (BGS5). In summary, “the [...] main issues [...] for a SE would be first to attract talent, then to make sure to have the right funding and then how to influence the government with your business model” (BGS3).

5.1.8 Results

The provision of basic goods and services is a sector where a large variety of governmental problems and gaps exist. The SEs within the field feel called to target the environmental and social problems they personally encounter. They aim to be a role model with the ability to impact society by improving the circumstances less privileged people find themselves in. Even though the economic sustainability of the startups is important, the entrepreneurs are all mainly driven by altruism and connect this with the aim of making a living. There are many problems that SEs in the provision of basic goods and services encounter. However, the resulting, most urging gaps in this field are related to the lack of these basic goods and services. In Mexico, there are gaps in waste management, inaccessibility of electricity and safe water in remote communities, housing deficit and inadequate disaster relief. These gaps are directly addressed by the SEs who assume the role of the provider of such gaps. All entrepreneurs in this field recognize the importance of collaborating with the Mexican government and most of them already collaborate in some way with authorities (BGS1, BGS2, BGS3, BGS4). However, they also recognize the general importance of collaboration and have many non-governmental partners and supporters. These supportive networks and collaborations create a foundation for successfully addressing governmental gaps and problems in Mexico. Consequently, the entrepreneurs are able to complement the government with its responsibilities to the most part.

5.2 Education

The problematics in the education sector differ from the problems in the provision of basic goods and services. Also, the solutions and challenges of the entrepreneurs in filling gaps show interesting variances. Nevertheless, there are convergences in how the entrepreneurs from both sectors assess the potential of collaboration. Before the role of the entrepreneurs in filling educational gaps is analyzed, we introduce the education entrepreneurs as well as the Mexican education sector to develop a context for the analysis.

5.2.1 Case Descriptions

The business E1 is specialized in science communication, connecting design with the transfer of knowledge. The venture functions as a design and consultancy enterprise. It offers a wide range of products such as the design of web pages, infographics and printed material. The focus of the business is to deploy design to transmit information. With this, the business encourages people to take action in preserving the environment. E1 was founded in 2016 but the current business model exists since 2017. The founder is enrolled in a master program for communication design at Universidad Nacional Autónoma de México (UNAM).

E2 is teaching English classes with an underlying focus on subjects outside of the school curriculum. This includes topics like sexual orientation, emotional intelligence and the prevention of violence and bullying. The entrepreneur is working in a community in Júarez which is informally ruled by cartels and gangs. E2 focuses on teaching children how to take care of themselves and their environment. With this approach the social enterprise strives to open future perspectives outside of the students' dangerous community. E2 was extending the program during our fieldwork.

The case descriptions show that E1 and E2 engage in different educational sectors with different target groups. Whereas, E1 is focused on civic education, E2 works in education on (primary and secondary) school level. This differentiation opens the analysis to two educational areas which will both be presented and analyzed in relation to the governmental voids existing in Mexico.

5.2.2 The Mexican Context

The Mexican national education system, Sistema Educativo Nacional (SEN) is organized in three levels; basic education, upper middle education and higher education (Guerra, Silla & Ortiz, 2004). SEN contains initial education services for infants older than 45 days, special education for individuals with transitory or definitive disabilities and education for adults older than 15 years who have not attended basic education (ibid.).

The national education program in Mexico is developed on the basis of a six-year plan that each federal administration of Mexico has to prepare based on the national development plan, Plan Nacional de Desarrollo (PND) (Secretaría de Educación Pública (SEP,) 2010). The Secretariat of Public Education, (SEP), is responsible for the planning and evaluation

of the education system in Mexico (ibid.). Moreover, SEP prepares the school calendar and provides the basic education services in the Federal District of Mexico. In other states, SEP collaborates with local education authorities to provide basic education services. Initial and special education services must be provided by local education authorities.

Mexico is characterized by a lack of adequate development of human capital (Guichard, 2005). Especially in marginalized areas, children suffer the consequences of decreasing education budgets and unqualified teachers who are not trained sufficiently to teach in such areas (Luschei & Navarro, 2013). Another issue is that often, teachers in marginalized areas perceive their job as a stepping stone to enter the system to then leave to more desirable locations (Luschei & Navarro, 2013). Generally, the education system in Mexico is understaffed (OECD, 2015). With 32 students per teacher, Mexico represents the highest ratio of students per teacher and doubles the OECD average ratio (ibid). Thus, the system "[...] has to be improved [...] to better prepare children for life and work in a modern economy" (Guichard, 2005:1). This reflects the perception of the entrepreneurs interviewed from this sector who believe that the system is deficient and fails to provide the children with a beneficial perspective of their future lives (E2).

Among country reports, the low enrolment rates at Mexican schools are discussed (OECD, 2014; Luschei & Navarro, 2013). According to the OECD (2014), dropping out of school in order to enter the labor market is expected from many young adults aged 15 to 19. E2 elaborates on the negative effects such an early drop out has on the lives of the youth and the limited professional perspectives of uneducated people.

Lastly, the lack of awareness about human actions that endanger the ecosystem is creating severe environmental issues (E1) which are not sufficiently addressed by the education system. Despite the encouragement of the latest PND to incorporate environmental education into SEN, there is no clear understanding about how it can be implemented by teachers (Paredes-Chi & Viga-de Alva, 2018). As E2 suggests, it is imperative to change the education system, starting with the teachers by applying a "train the trainers" concept. This allows to alter the teachers' perspective on environmental problems which currently impedes a successful implementation of innovative environmental education concepts (ibid).

5.2.3 Analysis of Social Entrepreneurs

The understanding of the work of entrepreneurs and the educational sector is essential to understand the particularities of the Mexican context. Moreover, it is important to comprehend the characteristics of the entrepreneurs and what drives them to become an alternative actor in Mexico as an ALS.

5.2.3.1 Characteristics

Equal to the entrepreneurs from the basic goods and services sector, E1 and E2 strive for economic viability. Despite the challenges to sustain a business (E1) it is important to avoid a financial dependency of the government or other institutions' funds (E2). SEs are different from other entrepreneurs (E1) who seize market opportunities to make profit and maximize their income (source). For example, E2 is currently not receiving any salary in the form of money, instead the SE encourages the children to collect and bring plastic bottles to class which are then recycled by the entrepreneur. Moreover, E1 is an outsider who is not part of an institute but working alone and trying to establish connections that will help to obtain paid future projects. Both rather put a strong social focus than to seize market opportunities. Regarding their social objective (Dacin et al., 2010), the entrepreneurs are educating children and adults to change their behavior and perception, thus aiming at social change. E1 stresses the importance of creating an environmental conscience in people that inspires them to consider "little actions to make a big change". Furthermore, E2 is convinced that the development of children depends on the environment they are living in. The entrepreneur takes up the role to teach children to be part of changing their environment and thus, their future. Even though the entrepreneurs experienced situations within their work that made them want to throw in the towel, they are not to be put off. They are sometimes discouraged by many challenges and the risk to fail (E1) but do not let fear and offensive comments from others (E2) stop them from pursuing their purpose in life to leave an impact in this world. This gives them the strength to pursue their mission as a SE.

5.2.3.2 Mission

Despite the different approaches to education of the two entrepreneurs they both share the overall mission to make an impact in society and to transform it (E1, E2). The entrepreneurs are concerned about the future of Mexico, its citizens and nature. Raising awareness about the protection of the environment, is one of the key elements they decided to educate children and adults about. However, where they wish to impact their communities and what

inspired them to start a business to initiate change, vary significantly.

E1 draws motivation from thinking about future challenges that will be faced by the next generations of citizens to secure a functioning environment. The fact that people are unaware of their natural and social environment and how it affects their daily lives gives SEs their encouragement to change people's destructive behavior. Moreover, what characterizes this SE is a personal motivation to succeed despite the obstacles encountered and function as a role model. The mission of E2 is to alter children's perception of the opportunity to become someone who is able to leave the dangerous community they grew up it. E2 blames the educational system for not providing the children with a necessary perspective of future.

Inspiration to launch a business plays an important role in putting thoughts and ideas into action. Sometimes the stimulus to solve a social issue is triggered by a very specific experience, as in case of E2. This entrepreneur witnessed a situation of a 14-year-old boy expressing his concerns about starting primary school to his mother. Discovering that many children lived in extreme poverty working on the landfill separating the garbage was a shock to E2. Those children "had no vision of starting earlier" with their school education and no perspective of ever leaving their environment to get a job outside their community. Furthermore, entrepreneurs gain their inspiration along their lives to start a social business. This is the case for E1 who has always been interested in biology and was moved by nature. In combination with E1's fascination for communication and design this entrepreneur was inspired to use the powerful tool of science communication to impact society by educating people about nature.

5.2.4 Government Problems and Gaps

To be able to analyze how SEs foster the well-being of the Mexican society, we will first develop an understanding of the perceived government problems and gaps in the education sector. The following part is focused on governmental problems and resulting gaps in two educational fields: The educational approach towards marginalized groups (E2) and civic education on environmental issues (E1).

In both educational fields it is evident that the Mexican government struggles with the problem of allocating its financial and human resources towards school education (E2), natural science and environmental education (E1). However, the interviews showed that the problem not only lies in resource allocation but also in a perceived lack of interest of

the government in investing in education (E1, E2). According to E2, school education reforms are necessary but not expected to take place in the near future. Wide-ranging improvements of the educational system are considered too costly (E2). Furthermore, E2 criticizes that the government does not regard education as a priority. It is very difficult for non-governmental actors to enter the public-school system to foster improvements (E2) and balance the shortcomings from the government. The lack of investment in public education and the resulting system deterioration stands in strong contrast with the efforts and improvements in the private education systems (E2). Consequently, access to quality education is reserved to those who have the appropriate financial means.

Often, marginalized groups have merely access to low quality public education which leads to a worsening of existing social issues (E2). E2 describes the marginalized urban area of Monterrey, Nuevo León as a precarious environment. The life in Júarez in the Monterrey cosmopolitan area, is severely affected by cartel activities. In certain areas, entire households are involved in drug trafficking and other delicacies related to drug cartels. The lack of perspectives is strongly related to an education gap which drives families into criminality to make a living (E2). The children are confronted early with the lack of perspectives and are discouraged to pursue their education. The schooling system fails to offer the youth more prosperous perspectives than cartels. Additionally, growing up in dysfunctional families and dangerous environments negatively influences the morality and values of students. However, the low quality of public education and non-existing additional support for children in risk further limits the development of the students' values (E2). The lack of appropriate role models and values lead to the glorification of cartel members, normalization of rape and increases the tolerance for criminality. The example of Júarez demonstrates the far-ranging effect of an educational void in marginalized communities.

Turning to the education of the civil society in Mexico, the lack of resources and interest of the government in education services are reflected in insufficient communication of environmental issues (E1). The malfunctioning communication results in an insensitivity and unawareness of the civil society towards environmental challenges. Furthermore, E1 strongly criticizes that the Mexican government is unable or unwilling to recognize the connection between the environment and natural capital. This in turn, is reflected in the lacking education on natural capital and sustainable consumption of natural resources of society (E1). This education gap and the insensitivity of the population towards

environmental issues is mirrored in the example of extensive illegal fishing and the consequence of the extinction of endangered species through by fishing. The actions of the population making a living from natural resources show that they are pursuing the short-term goal of earning money. These groups are not sensitized to the devastating long-term effects of their behavior on nature and their future incomes. Despite the widespread environmental insensitivity, E1 states that the society's awareness towards natural exploitation is increasing. Yet, particularly rural communities depending on natural resources, are unable to express their outrage about the extensive exploitation of natural resources to the government. This indicates that the educative communication is not only insufficient from the government to society but also the communication channel from the society to the government is inadequate (E1). The affected society has no means of communication to make use of their right as citizens to make their voice heard.

5.2.5 Social entrepreneurs addressing Government Gaps

In the educational sector, SEs are the non-governmental actors that aim to respond to the voices of the Mexican citizens. E1 and E2 recognized the aforementioned problems and gaps in public school education and environmental education of the society and developed approaches to address some of these gaps.

E2 realized that entering the public-school system as an outsider is not possible, therefore E2 offered extracurricular classes on weekends on own initiative. Teaching in a dangerous and risky area made E2 realize that classes beyond teaching English were necessary. E2 saw the need of imparting values to students that they would neither receive from their formal school education nor from their personal environment. However, E2 knew that communicating the additional goal of teaching values and morality would be met with lack of understanding from the families and informal rulers of the area. In addition, E2 incorporated teaching values with the "recycle payment method", using it as a tool to point out the necessity for the students to be aware of the consequences of actions.

In contrast to E2, E1 focuses less on the formal school education but rather on the civic education of Mexicans. In this field, E1 started to recognize government gaps after realizing that communication about environmental challenges is a gap in itself and that communication is not granted much attention. With the startup that focuses on fostering communication in science through design, E1 first aims to enable scientists to communicate their research outside but also inside of academia by offering design

solutions. Second, these designs have the objective to efficiently communicate scientific research and social issues and to find a way to provide civil society with information about such. E2 utilizes image to educate and call for action in civil society regarding environmental problems and preservation. This includes finding ways to target low income and marginalized groups for environmental sensibilization.

The environmental sensibilization of the civil society through E1's communication solutions foster the understanding of the importance of natural resources as natural capital. Here, E1 promotes the understanding of the connection of natural resources and natural capital. Therefore, E1's approach incorporates the education of long-term benefits of preserving natural resources. These educative measures are particularly focused on promoting long-lasting income opportunities for resource-dependent communities through teaching sustainable resource management. As E1 is approaching public institutions, the entrepreneur has the opportunity to raise awareness of public entities towards the potential of natural capital.

5.2.6 Collaboration and Support

In addressing governmental gaps in the Mexican education sector, SEs have certain advantages over other actors. One of the advantages that the entrepreneurs have is being outsiders of the political system. Consequently, they are not tied to political premises (E1, E2). E1 considers its global and differentiated view as an advantage in approaching educational challenges. Especially, E1 as an expert in a niche area, emphasizes the importance of intersections of its discipline with other fields such as biodiversity and environmental preservation. Consequently, E1 displays specific knowledge to improve communication issues in several areas and on different levels.

To attend gaps not only on a local level, SEs realize the importance of collaboration particularly in education matters. For both entrepreneurs in the education sector, collaboration is central to reaching their goals and leveraging their impact. Especially in regard to leverage, collaboration with the government is key (E1, E2). E2 proposed an educational program (on sexual orientation, emotional intelligence, violence and bullying prevention) to the education ministry in the state of Nuevo León. The proposal was approved with the premise that the program takes place in all public schools of Nuevo León. However, the approach would differ significantly to the work of E2 in Júarez. The state-level program is rather established like a one-time seminar for the students of public

schools, not continuous classes. The official collaboration with the state government was necessary for E2 to scale the impact of the business otherwise the entrepreneur would not have been granted access to public school facilities. In addition, E2 emphasizes the win-win situation resulting for both. On the one hand, E2 will reach out to many more students than with the previous local approach. On the other hand, the state government is able start changes in the educational content step by step through the seminars offered by E2.

In contrast to E2, E1 is still in the process of establishing connections with government authorities. Due to E1's strong relation to academia, the entrepreneur focuses on first connecting with the public research institute of UNAM. E1 considers the establishment of relations in academia an ideal step towards relevant contacts with government authorities and national programs. Here, E1 named the Comisión Nacional para el Conocimiento y Uso de la Biodiversidad (CONABIO) as a significant potential partner to access national programs.

Both, E1 and E2, recognize the importance of networking with other non-governmental actors. Whereas E1 is focused on networking and collaborating with research institutions, E2 sees potential in working together with companies. Furthermore, E2 was approached by an individual that aims to establish a network of professionals that provide educational services in marginalized urban areas. E2 is skeptical to collaborations that may restrict the enterprises' freedom of choice and decision-making but would consider uniting with others if that fosters the social mission of the projects. Regarding support systems, E1 has received mentoring from EGADE Business School, winning the participation in a bootcamp to further elaborate the business idea. Due to excellent results, E1 was awarded an exhibition stand for an ecological festival where the business idea was presented to foster networking. This event led to an offer for acceleration. E2 has not received any funds or acceleration support.

All in all, government collaboration and a network with powerful educational players is key in leveraging educational business ideas that aim to fill governmental gaps in the educational system and services in Mexico.

5.2.7 Challenges

Despite the possibilities to collaborate with important actors to leverage and grow their ideas, educational entrepreneurs face a number of challenges related to collaboration but also on a personal level. First, as mentioned above, establishing relationships with government authorities is very difficult for outsiders (E1) and arranging government collaboration comes with great difficulties (E2). Second, government authorities have the power to arbitrarily stop projects they are not in favor with (E2). Furthermore, E2 admits "[...] para mi de hecho si de repente vivo con algún tipo de paranoia de que - alguien me esta viendo porque eso sí son las personas que te pueden llegar a tener obstáculos" (E2). With the ongoing first project, E2 enters dangerous areas and her actions are closely observed. Therefore, the entrepreneur does not fully disclose the goal of teaching students sensitive topics such as sexual orientation and violence prevention. Contrary to E2, E1 faces the challenge of networking with relevant powerful individuals and consequently feels hindered in growing without these connections. Furthermore, E1 rather faces personal challenges such as uncertainty of the project, financial issues and the search of a business partner. As a more general challenge, E1 emphasizes the obstacles resulting from deeply ingrained machismo[4] in Mexico. Particularly in science there is an over-domination of man; women in leading roles are not taken seriously (E1). Lastly, due to the knowledge gap on design, communication and environmental challenges, the entrepreneurs' activities are not sufficiently appreciated (E1). E1 concludes that "[...] tú no eres profeta en tu propia tierra" (E1).

5.2.8 Results

The analysis of the two interviews demonstrates that SEs have promising potential to initiate changes in the educational sector in Mexico. The reason for SEs to fill voids in education is their mission that is influenced by personal experiences and the objective to transform and improve the society and its future. The governmental gaps that the SEs are addressing are school education and civic education on a local and federal state level. First of all, within the school education the main gaps are the exclusion of marginalized groups in the education system, the insufficient quality of the education and the lack of imparting values in the conventional schooling system. These voids are attended by the entrepreneur

[4] „An ethos comprised of behaviours prized and expected of men in Latin American countries" (Andrade, 1992, p. 34 in Arciniega et al., 2008: 19)

by initiating a local project which includes marginalized students and by improving the quality of the public-school education. Furthermore, the startup does not focus solely on teaching classes but also on enhancing the development of values and morality among the students. Second, the government fails to address the insensitivity and unawareness of the society towards environmental challenges. This gap is addressed by an initiative that fosters the awareness of these challenges through communication design. The SEs collaborate with different key actors to attend the voids more adequately. Especially the collaboration with government authorities is important to improve the quality of the education system. Such a collaboration allows the scaling of social projects of entrepreneurs, as it has been the case with E2. This finding demonstrates that SEs are able to complement the government's effort to fill the aforementioned gaps.

5.3 Health Care

The SEs engaging in providing health care services are active in different areas which are considered equally important contributions to the improvement of the Mexican health care sector. In this chapter we first provide an overview of the Mexican health care sector to further enhance the understanding of the role that SEs take in filling governmental voids within that sector. Furthermore, we examine the shortcomings that hinder the SEs to have nation-wide impacts with their businesses and elaborate on the support and collaboration aspects that help to overcome those shortcomings.

5.3.1 Case Descriptions

HC1 is establishing a blood donation network by offering a technological solution to optimize blood donation in Mexican hospitals and to standardize the donation process. Their technology improves the appointment process and accessibility of donor information in hospitals. The collection of data allows the startup to optimize blood donation procedures and to ensure the quality of blood donations through pre-selection of donors based on questionnaires. HC1 is also a platform to bridge the gap for blood demand and supply. Furthermore, HC1 engages in educating the public about blood donation. Their campaigns target enterprises, schools and families. The startup was co-founded in 2014 and the two young founders hold academic degrees in health care and engineering.

HC2 encompasses 13 diabetes clinics with a one-stop-shop concept for the efficient treatment of diabetes patients. The clinic became the largest diabetes care provider in North Mexico. The SE aims to standardize diabetes health care in the form of a retail clinic

by offering screening, treatment and extensive consultation for an annual membership. The enterprise is focused on secondary prevention of diabetes patients. HC2 was co-founded in 2010 by a physician with an affinity for technology and a business partner.

HC3 sells cardboard boxes equipped to function as a crib for newborns to prevent accidental infant suffocation. The risk exists when low income families share their bed with their infants because they cannot afford a conventional crib. HC3 is involved in programs to increase birth registration and support of pregnant students. The startup was founded in 2014 after the founder recognized the potential of the baby box beyond a lifestyle accessories.

HC4 developed a medical device for immediate screening and diagnosis of cervical cancer through optical spectroscopy. The product will first be marketed in the health care system but is ultimately designed for medical examination in remote rural areas in Mexico. HC4 was co-founded in 2005 by three Mexicans and three Americans with backgrounds in medicine, engineering and business

HC5 offers a virtual solution for the optimization of medical service provision. They mainly target employees of firms. These services include free consultation and offer the ideal health care packages for HC5's customers. Additionally, they facilitate the navigation of health care products and collect information for prevention measures. In 2018 the startup started on the basis of two previous enterprises that date back to 2015. The founder is a physician with a business background.

HC6 founded an enterprise to offer affordable solutions for dental health care. The shops are located in high traffic areas, such as supermarkets and target low and lower-middle income families. The applied technologies are sophisticated and aim to improve the dental treatment. The startup was founded in 2012 by an engineer with a passion for advanced technologies.

5.3.2 The Mexican Context

The Mexican health care system has undergone many reforms in the last decade (OECD, 2016). Today, the health care sector is highly fragmented and consists of many sub-divided systems. The two main social security institutes are the Mexican Social Security Institute, Instituto Mexicano de Seguridad Social (IMSS) and the Institute of Safety and Social Services for Government Workers, Instituto de Seguridad y Servicios Sociales de los

Trabajadores del Estado (ISSSTE). The IMSS covers all workers in the formal sector and the ISSSTE is responsible for all government workers. Apart from the two main institutes, there exist many sub-categories that are addressed to smaller population groups that work e.g. for the PEMEX, Secretaría de Marina (SEMAR) or Secretaría de la Defensa Nacional (SEDENA). People that are not covered by one of the social security institutes are insured with Seguro Popular (SP) (OECD, 2016). The private healthcare sector is accessible to those with adequate financial capabilities. However, many companies offer their employees additional health care services as an employee benefit (ibid.).

According to the OECD (2016), Mexico's spendings on health care are among the lowest in OECD countries. Additionally, the subdivided institutes offer different services and quality of health care. Consequently, the health care provision is not available equally for the population. Therefore, many people pay health care services with their own money to access private health care. Further shortcomings of the Mexican healthcare sector are significant. However, the following section will focus on relevant disadvantages and challenges within the healthcare system that the government is unable to address. The statements of the study participants align with the OECD (2016) review on the Mexican health care system in the selected aspects.

According to the OECD (2016), the information infrastructure in the Mexican health care sector is inefficient. Data collection takes place, but findings are not shared with actors within the health care system. This shortcoming also concerns blood donations and the insufficient information sharing among hospitals (HC1), information about child mortality causes (HC3) and communication towards patients (HC5). For example, HC3 did not have access to information on infant mortality caused by accidental suffocation and utilized private contacts in media to allocate information.

Moreover, in Mexico 15.9% of the adult population suffers from diabetes (OECD, 2016). This number is twice as high as the OECD average. Despite the high rate of diabetes patients, the diabetes care outside of hospitals is deficient. Consequently, private health care providers started to offer diabetes care (HC2). Another shortcoming in the Mexican health care sector is insufficient screening for cervical and breast cancer. Mexico has the highest mortality rate from cervical cancer in all OECD countries. The OECD suggests increasing the screening among Mexican women (OECD, 2016). This is strongly supported by HC4. In recent years, the Mexican health care system improved its prevention means

with a strong focus on primary prevention. However, secondary prevention - prevention in “established risk factors” (OECD, 2016: 108) - is relatively low. HC2 actively engages in secondary prevention, whereas HC6 strives to generally increase prevention measures in dental health care. Additionally, each subdivided health care entity is using different indicators to measure the quality of their services (OECD, 2016). Consequently, a comparison of the service quality among Mexican health care institutions is barely feasible.

5.3.3 Analysis of Social Entrepreneurs

In the following we provide detailed information about the businesses’ financial approach which complements the description of the businesses. Furthermore, we analyze the SEs regarding their personal characteristics and reasons to engage in problem solving activities.

5.3.3.1 Characteristics

The financial forms of the health care startups vary tremendously. Two startups (HC1 and HC3) have both, a for profit company and a non-profit part. HC1’s for profit entity sells the access to their technology to hospitals. Their non-profit company operates the blood demand and supply platform and conducts campaigns. Similarly, HC3 sells the cribs with exclusive extras to private individuals. Their non-profit entity sells the basic crib to companies and government institutions which in turn donate them to families in need. HC3 created a non-profit entity to be able to serve the bottom of the pyramid. The other startups did not adapt hybrid forms and are for profit companies.

As presented in the literature review, we have found that SEs have many different characteristics. One of these discussed characteristics is the economic viability of social enterprises. The cases of health care entrepreneurs in Mexico show that only two startups (HC2 and HC6) are financially sustainable, one (HC1) is close to financial sustainability, two (HC4 and HC5) are relying on funds. The reason for HC4 and HC5 dependence on funds is evident. HC5 is in the capital-intensive founding phase and HC4 develops a research-intensive state-of-the-art product which affects their economic viability. All enterprises aim to become economic viable in the near future and have increasing demand for their products and services (HC2, HC3). These findings support the varying views of the literature on the importance of economic viability of social enterprises.

Another characteristic of SEs is an innovative mindset and the ability to revolutionize products, services and processes (Certo & Miller, 2008; Dees, 2007). These attributes apply to five out of six startups who approached the health care sector with an innovative, technological approach. HC1 changed the conventional procedure for blood donations through their technology. HC2's retail clinics were the first in Mexico and HC4 invented a device to disrupt the screening process of cervical cancer. HC5 approaches the navigation of the health care sector virtually and HC6 renders new dental treatment methods accessible for the low-income population. In these aspects five of the startups are aligned with the Schumpeterian entrepreneur as discussed in the literature review.

Inherent for the SE is their social objective (Dacin et al., 2010). All participants strive to save lives (HC1, HC2, HC3, HC4) or to improve disease treatment (HC2, HC4, HC5, HC6). Consequently, their social objective goes beyond their profit maximization (Tan et al., 2005). HC2 supports this objective by stating that salaries and the sustaining of the business are more important than profit generation. Furthermore, creating social value by reducing shortcomings and problems in their field is central to the business model of all entrepreneurs (Seelos & Mair, 2005). The entrepreneurs' effort to reach economic viability and fulfill their social mission reflect their endeavour to meet a double-bottom-line (Lumpkin & Katz, 2011).

Furthermore, the entrepreneurs displayed additional characteristics. They were passionate about their businesses and worked hard to build their startups. In addition to this, they showed perseverance and patience in developing their products and technologies (HC2, HC5). They displayed different levels of altruism (HC1, HC3), are pragmatic (HC4), feel grateful (HC6) and have faith (HC2). Additionally, HC5 emphasizes the importance to focus on what needs to improve. HC2 values empathy as an entrepreneurial characteristic.

5.3.3.2 Mission

The entrepreneurs' business model and their mission are inherently social. The mission of the health care entrepreneurs is to improve (HC2, HC3, HC5, HC6), systematically change (HC1) and disrupt (HC4) the health field they are working in. HC1 strives to normalize blood donations in Mexico and standardize related processes and requirements with their technology. Their ultimate goal is to establish a blood donation network. Similarly, HC2 aims to set an example in diabetes care and inspire changes that render diabetes treatment more efficient. The goal of HC3 is to launch more impactful programs and enter retail and

wholesale with their cribs to increase the access to the baby box. HC4's mission is to save women's lives in developing countries and to increase the awareness of cervical cancer. This includes ensuring regular screenings and disrupting the market with the device. HC5 envisions to optimize the health care administration and processes and to improve the access to health care. Hereby, HC5's founder recognizes great social impact. HC6 ultimately aims to increase dental health of Mexican households by providing access to professional dental health care. Furthermore, HC6 plans to create a prevention plan for dental health care. The entrepreneurs' missions demonstrate their motivation to have a large-scale impact on the Mexican health care (Dees & Anderson, 2006; Light, 2006).

Korosec and Berman (2006) state that SEs search for social issues in their communities and find a solution. When examining what inspired Mexican health care entrepreneurs, three (HC1, HC2, HC3) experienced incidents in their personal environment that inspired them to take action. The others were affected by general social issues (HC4), tried to improve their previous business (HC5) or were encouraged by others to fill a gap in the health care sector (HC6). Additionally, the entrepreneurs were unsatisfied with the existing services (HC1) or were driven by their religious faith (HC2). Even though not all entrepreneurs address social issues in their communities, they are aware of the collective social issues in the Mexican health care sector. Moreover, the entrepreneurs realized that these social issues were unattended by the government, other enterprises and NGOs.

5.3.4 Government Problems and Gaps

The OECD report (2016) discloses that the Mexican health care sector has several shortcomings that need to be addressed in the future. In the following, the responsibilities and insufficient measures of the Mexican government in regard to its health care program will be presented. Based on the interviewed participants from the health care sector, we identified several responsibilities that the government has towards its citizens.

First, the government's responsibility is to ensure the provision of basic human rights (HC1). Some of these human rights can be attended through the health care system. If the government fails to fulfil its responsibility social issues may rise and result in health care gaps (HC3). The gaps can be very problematic as in the case of HC1 where the absence of a control system for blood donations may result in infections and diseases being spread. The entrepreneurs mentioned that risk donors such as HIV patients are able to donate because of insufficient controls. Furthermore, the inappropriate health care provision may

cause reactive problems. HC6 explained these problems with the example of old methods and equipment which lead to teeth removal instead of teeth restoring, causing more damage in the long-run. Additionally, the absence of control over patients' medical history can put their lives in danger. This is the case with diabetes patients whose teeth are removed without taking precautions. A different government gap was mentioned by HC4 and HC5 regarding the problem that many people are lacking access to government health services. These do not reach people in need as the government lacks resources to provide accurate services. Furthermore, HC3 complained about a high infant mortality rate that is caused because parents cannot afford a baby crib. Moreover, this SE considers birth certificates essential to track human trafficking and kidnapping cases in the long-run. The lacking effort of the government to provide birth certificates consequently fails to contribute to fight human trafficking. In fact, in the state Chiapas only 27% births were carried out in hospitals where the provision of a birth certificate is offered (HC3). These examples demonstrate how social issues can escalate when the government does not fulfill its responsibilities sufficiently.

Gaps in the health care sector result from a limited government budget and inefficient allocation of capital. Priority is rather given to other areas such as infrastructure than to health care (HC4). In addition, corruption within the government prevents the health care budget from trickling down to the people in need.

Moreover, the limited budget and its inefficient spending cause an inability to invest in new technologies and offer innovative solutions to health care problems (HC2). Also, the government is reluctant to invest in health care innovations. Every participant highlighted the need for governments to be open to innovations and investments in such. However, they recognize how difficult it is for the government to innovate as its size and short-term vision (HC1) make it particularly challenging to implement innovative solutions and to use new technologies (HC1, HC2).

Lastly, the government has less incentives than the private sector to work efficiently. The targeted patients are not treated like customers but rather like beneficiaries. The lack of alternatives for the low-income population forces them to use government services. Consequently, the government has no incentive to improve their basic services. HC6 suggested that politicians should operate the government more like if it was a company.

5.3.5 Social Entrepreneurs addressing Government Gaps

The interviewed entrepreneurs indicated to have several responsibilities towards themselves and society that help them to tackle the social issues prevalent in the health care sector.

First, entrepreneurs claim that health care services should be equally available to everybody and emphasize the importance of high-quality services (HC6). Consequently, they target the existing government gap in the health care sector. To cover the absence of a governmental control system, HC1 introduced their own control system through pre-donation questionnaires and generated a blood donor history to ensure qualitative donation processes. Furthermore, they address the information sharing gap among hospitals (OECD, 2016) by promoting the standardization of donation requirements. HC2 offers high quality services for diabetes patients at low cost to provide an alternative to the complicated and time-consuming government services. These led patients to stop using medication which could have negative consequences for their health. HC3 covers unattended government gaps and aims to limit their negative effects by fostering the registration of newborns. In addition, HC3 will introduce programs to enhance infant vaccination and the access to pediatrics. HC4 and HC5 criticized the lacking access to government services and offer solutions to increase the accessibility of health care services. Similarly, HC6 makes new treatment methods more accessible to low income populations to react to deficient dental health care provided by government institutions. In sum, the solutions of health care entrepreneurs demonstrate their awareness of the extensive long-term effects of insufficient government coverage.

Some entrepreneurs stated that their budgets are limited but they are able to tackle issues which the government cannot. However, their small size does not allow them to act on the same scale as the government does. Notwithstanding, entrepreneurs are not required to operate on a large scale since they are focused on fields and geographic areas that the government cannot attend. Consequently, entrepreneurs are focused on solving one issue and are able to allocate their financial resources efficiently to reach people in need.

In contrast to the government who is reluctant to invest in new technologies, technology is the core of most health care entrepreneurs, stating that it is essential in making a difference in the health care sector (HC1). With their innovative solutions they differentiate themselves from the products and services offered by the government. In a similar way, entrepreneurs

aim to be efficient in order to survive as a business. Only by being efficient they can be an alternative to the low-income population otherwise they would not be able to bear the costs to offer affordable services.

All in all, SEs in the health care sector in Mexico have several advantages over the government. The greatest competitive advantages of entrepreneurs seem to be flexibility, the employment of technology and the SEs' know-how. These allow quick decision making, better allocation of resources and finding innovative solutions in a short period (HC1, HC3).

5.3.6 Collaboration and Support

Despite the advantages that enable SEs to fill governmental voids, our analysis also investigates various forms of support they receive, and which has the potential to maximize their intended impact.

Collaboration with companies, startups, institutions and the government is important in order to operate a successful business as the interviewed SEs revealed. All interviewed entrepreneurs are collaborating or are open to collaboration (HC5) with other companies to create high impact. HC3 for example, was very enthusiastic about the collaboration with companies that incorporate the building of a baby crib into their Corporate Social Responsibility (CSR) activities. The companies buy the crib from HC3 and have employees working in team on the construction of it. HC3 later donates the crib to people in need which can be characterized as increasing shared value among society and is therefore a CSR activity (EU, 2011). Additionally, HC1 is also involved with companies that have integrated blood donations into their CSR program, enhancing the well-being of society. However, partnering up with young companies can be risky and is suggested not to be pursued by entrepreneurs (HC2). Besides working with companies, the participants also indicated to work together with institutions such as universities (HC3, HC4) as well as with individuals and civil society that helped to solve legal issues (HC1). What the entrepreneurs valued most in collaborations is the sharing of information and experiences. However, this is hindered by the division of the health care sector that complicates the synergies.

There is consensus among the entrepreneurs that collaboration with the government is desirable in order to be successful. However, it is important to note that the entrepreneurs also indicated that working with the government should not be the only focus of a social business. According to HC4 and HC5, it is recommendable not to rely on the government

but rather stay independent. Although the government can accelerate the impact of the business it can also become an obstacle as it is reluctant to accept and implement new technologies (HC2, HC4).

Besides the aforementioned advantages and collaborations that help to address social issues in the health care sector in Mexico, the network and support of SEs play important roles. Four SEs received financial support in the form of funds from the government (HC2, HC3, HC4, HC5). HC6 in contrast stated that the business had only invested private capital. One participant (HC3) indicated participating in the Mexican version of the television show “Shark Tank” where entrepreneurs pitch their idea to investors and have the chance to negotiate the conditions of a financial support plan. Besides receiving grants from the government institution INADEM (HC2) and other startup support institutions (HC4), the participants were supported by accelerators with mentoring programs from private foundations such as Ashoka and Endeavour, and from other government entities such as Consejo Nacional de Ciencia y Tecnología (CONACYT). Related to the government, the participants indicated that the technology employed often depends on funds from the government and that in order to be successful it is imperative to see the government as an important ally (HC4). What is more, to build a solid national and international network of alliances seems highly desirable to thrive a business.

In sum, SEs in the health care sector collaborate with startups, private sector companies and the government. In addition to the collaboration, the majority of entrepreneurs depends on private and public funds.

5.3.7 Challenges

The challenges faced by the participants are manifold and include internal and external threats to their business. In general, the participants identified regular business challenges that are unrelated to the state. Especially for new businesses it is difficult to survive and grow as they lack experience and often expectations are not fulfilled (HC2, HC6, HC4). In addition, social businesses face challenges (HC3) as the demand for products is much higher than the ability to supply it (HC1).

Many SEs indicated the difficulty of raising capital (HC1, HC3, HC4, HC5) since the investment of private capital is taking place hesitantly. Moreover, it is challenging to charge low income people who are more willing to pay for visits to the doctor than for care that

maintains their well-being (HC2). Another predominant issue within the health care sector is the importance of finding the right people to work with. It is imperative that co-workers are well trained and that salary expectations do not deviate from what the business is able to pay (HC1, HC2, HC6). In order to successfully operate a business, it is imperative to have the capacity to expand and scale the business as expressed by HC5 and HC6. In that sense, scaling is indispensable to grow the business and maximize the impact on society. Two of the participants (HC3 and HC5) expressed the important but highly challenging need for collaboration between startups and government in order to scale their impact. However, the collaboration is often hampered due to political instability. Additionally, leveraging their impact is problematic due to missing policies to promote technology in the health care sector (HC3, HC4, HC5). Similar to SEs in the other sectors (BGS, E), the participants claimed that corruption is a major challenge (HC4).

5.3.8 Results

With the analysis of the health care sector we show the importance of collaboration with the government in order to operate a successful business with high impact potential. There are several gaps and problems that have emerged as a consequence to the flaws in the health care sector of Mexico. Those gaps are being tackled by the interviewed SEs and opened the possibility to collaborate with state authorities (HC1, HC3). SEs are complementing the initiatives of the government in several ways. HC2 collaborates with other startups and is able to offer the appropriate medication at an affordable price to diabetes patients. Hereby, the SE provides an access to medication which the government cannot sufficiently guarantee. The work of the government is also optimized within in field of new born registrations and the navigation of the health care system. Furthermore, some gaps addressed by the SEs are filled in collaboration with the private and third sector. Before the engagement of HC1 in the provision of a blood donation system and in the recording of medical histories related to donations, Mexico lacked such a standardized network as it is not provided by the government. Moreover, the government is unable to extent its prevention services to rural areas which is now covered by HC4. As elaborated before, the government is not applying new technologies and hereby, causing health problems for many people. HC6 replaces the government's old technologies and provides affordable solutions to dental health issues. SEs in the health care sector possess many advantages that enable them to provide innovative solutions to the problems in that sector. However, they are not capable of filling the gaps by themselves. It is important to

acknowledge that all SEs have realized the significance of having the government as a collaboration partner and emphasized their wish to establish such a collaboration in the future. This is needed in order to be able to successfully fill the gaps the government is unable to fill by itself.

5.4 Financial and Economic Inclusion

The following analysis is based on three SEs who are trying to include indigenous communities and low-income households into the Mexican formal economy. Following the presentation of the shortcomings of the Mexican government to tackle such social issues, we explain how SEs are able to fill the resulting gaps and conclude that they successfully complete governmental work.

5.4.1 Case Descriptions

I1 is a service provider of digital and personalized savings plans for medical products or services. The startup aims to simplify the savings process of private health care patients to increase the affordability of medical products and services. Before 2016, the business charged commission from health care providers that used I1's services for their customers. After 2016, I1 changed to a subscription model. The initial form of the business formed in 2013, the new business model was started in 2015. The founder has finished an MBA before launching the business.

I2 works as an online platform offering "remote experience" trips to rural and indigenous communities in Mexico. Additionally, I2 markets and co-designs these authentic trips within Mexico that encompass physical, intellectual, spiritual and emotional travel components. With the platform, I2 strives to support indigenous communities with well-organized travels in rural Mexico by co-creating a sustainable income source which is in harmony with environmental preservation. The startup was created in mid-2017 and consists of a team of six people.

I3 is a social enterprise that connects Mexican artisans and has commercial agreements with these artisans to promote their handcraft. The business is linking art and profitability by providing the artisans access to customers. Furthermore, I3 included an educational program for the artisans of the business-to-business networking platform to train them in basic knowledge how to sustainably run a business. Ultimately, I3 recognized the need to preserve Mexican cultural heritage by economically including artisans in the economy. I3

was founded in 2013 but the concurrent business model developed from 2015 onward. The founder has a background in entrepreneurial studies.

5.4.2 The Mexican Context

The European Bank for Reconstruction and Development (EBRD, n.d.) defines economic inclusion as “the opening up of economic opportunities to under-served social groups”. Economic inclusion aims to grant fair market access to everyone without discriminating against race, background, gender or religion. The development of “sustainable market economies” is based on economic inclusion (ibid, n.d.). Inclusive markets also have a political component as they foster market reforms to develop sustainable economies. Ocampo (2004) identifies a strong relation between economic development and social inclusion. Especially in Latin America social exclusion and the related inequality of income distribution has led to an increase of poverty levels in Latin America (ibid.). Ocampo (2004) calls for policies that consider the connection between social inclusion and economic development.

According to the WB “[f]inancial inclusion means that individuals and businesses have access to useful and affordable financial products and services that meet their needs - transactions, payments, savings, credit and insurance - delivered in a responsible and sustainable way.” (WB, 2018). Increased accessibility to financial solutions leads to an increase in quality of life due to improved accessibility to financial resources. In their study on the economic impact of access to finance, Bruhn and Love (2014: 154) concluded that making finance accessible to low-income population enhances “economic activity and poverty alleviation”. In 2016, the Mexican government launched the Política Nacional de Inclusión Financiera (PNIF), the National Financial Inclusion Strategy (NFIS) (WB, 2017). The WB Group supported the implementation of Mexico’s NFIS. It has the objective to “accelerate access to financial services for more than half of the population currently left out of the formal and regulated financial system” (ibid., 2017). Furthermore, the strategy aims to enhance the effectiveness of existing measures for financial inclusion and to establish an appropriate legal and regulatory foundation for financial inclusion. According to the WB (2016), increasing financial services and extending the access to people who are not part of the formal financial sector, remain a central challenge.

The interviews with I1, I2 and I3 show that even though the Mexican government is recently enforcing the financial and economic inclusion of the country’s population, many challenges

remain unsolved. Therefore, the SEs engage to fill governmental gaps. The following section will explain how the SEs aim to contribute to the financial and economic inclusion of the Mexican population, particularly low-income groups and marginalized communities.

5.4.3 Analysis of Social Entrepreneurs

To illustrate the ability of SEs to fill governmental gaps or complement the government's work in filling the gap, in the following two parts we analyze the SEs from an internal perspective. The focus lies on personal characteristics, abilities and reasons to engage in the solving of social issues.

5.4.3.1 Characteristics

The SEs that improve the financial and economic inclusion in Mexico are all for-profit social enterprises. I2 is not a registered enterprise yet, as the founders are investigating which legal form would suit their business model the best. They are considering whether their organizational form should allow them to receive donations or not. I3 is an established for-profit enterprise. Yet, I3's case confirms the hesitations of I2 regarding the choice of the legal form of the company: I3 is unable to receive funds and has to support educative programs as part of their business model until the founder finds a more suitable solution. This circumstance represents a financial burden for the business.

The current financial burden for I3 led the business from being self-sustaining for two years to not being financially stable at the moment. The interviewed co-founder of I2 states that "[...] [I2] as a company is in green numbers". However, the co-founders are paying from their own pockets when they travel with their customers. As of now, the team has to accompany the travelers because the communities are not ready to receive and guide visitors on their own. Lastly, I1 is not self-sustaining but is optimistic that their new business model with recurring revenues through subscriptions of the technology will render the model financially sound. I1 is the only SE within this section that offers a technology-based product. The other entrepreneurs create value in a rather traditional way by working directly with their customer and target groups. However, I3 recognized the importance of involving technology in a planned education platform for artisans. All SEs have a strong focus on creating social value for businesses and communities by providing access to financial and economic means to their target groups. They all use "[...] income strategies to pursue a social objective [...]" (Dacin et al, 2010:3). By doing so, especially I1 and I2 are meeting a double bottom line (Lumpkin & Katz, 2011). I3 is extending the social and economic

perspective by adding an environmental dimension to their model - and consequently meeting a triple bottom line (ibid). The startup strives to involve the indigenous communities in the preservation of their environment.

5.4.3.2 Mission

The mission behind the business ideas of the social enterprises are closely tied to their goal to create social value. I3 has the mission to save the artisanal cultural heritage of Mexico. To reach this goal, the founder does not only offer a platform for artisans but also an educative program. This enables the artisans to grow in a sustainable way and develop skills that benefit their businesses. Additionally, I3 has the objective to educate the population about the significant size and importance of the artisanal world in Mexico. An improvement in the artisanal sector would establish a standard of living for over 10 million artisans. Similar to I3, I2 envisions an improvement of indigenous communities through economic inclusion in sustainable tourism. The entrepreneurs' mission is to enable these communities to unfold their potential, produce higher value products and services and to allow them to preserve their cultural heritage. In contrast to the strong social mission of I2 and I3, I1 considers the social enterprise rather a personal mission by doing good in life.

The entrepreneurs have been inspired by childhood and early experiences (I2, I3) and a personal encounter (I1) that made them realize the need to engage with their community. I1 recognized that individuals with low income were financially underserved through a conversation with a taxi driver who wanted to invest in a new vehicle without a necessary financial foundation. This encounter gave I1 an insight to the challenges and lacking financial sensitivity of low-income groups. I2 and I3 did not have a momental insight, rather they were confronted with their professional fields early on. I3 grew up abroad but was taught with a strong Mexican identification. Similar to I3, the team of I2 has always travelled in rural Mexico and recognized the need and potential of sustainable tourism in the communities they have visited.

5.4.4 Government Problems and Gaps

The Secretariat of Tourism, Secretaría de Turismo (SECTUR) and the National Commission for the Development of Indigenous people, Comisión Nacional para el Desarrollo de los Pueblos Indígenas (CDI), have been promoting highly commercial and unsustainable tourism for decades (I2). However, the Mexican government is shifting its focus towards the promotion of local products (I3) and engaging in the development of

projects to empower people in marginalized communities. Organizations of the government have demonstrated to be paying attention to civil society by involving NGOs in the execution of projects, providing education to artisans and developing new regulations around sustainable tourism (I2, I3).

Notwithstanding, the entrepreneurs claimed that government services are either lacking, such as providing appropriate business skills for indigenous people (I3), or highly insufficient (I1). Moreover, due to its short-term vision (I1), the government is unable to provide stable funds to community projects causing the failure of the projects and the abandonment of the already built infrastructure (I2). Additionally, the government lacks crucial information about projects in which funds are being invested (I3). This makes the government highly inefficient (I2).

The critical thoughts on the government expressed by the entrepreneurs have their roots in the way the government operates. First of all, the government has too many responsibilities (I2) and too little infrastructure to tackle all of them (I3). Secondly, it lacks knowledge, time and ability to sufficiently address all the affairs it is involved in (I2, I3). Thirdly, I2 highlighted the fact that the implemented laws are not properly enforced and have been formulated in a lax way that leaves large scope for interpretation. Moreover, inappropriate budget spending and the lack of a holistic vision that comprises the art and sustainable tourism industry caused severe voids.

The exclusion of the art industry as commercial activity has led to a significant income gap within marginalized communities (I3). People are forced to work in the informal economy which gives them no access to training or education. Moreover, marginalized communities have little to no opportunities to improve their businesses and generate sustainable income to provide for their families and fulfil their basic needs. The Mexican government fails to promote economic and cultural development in indigenous communities and renounces from incorporating strategies to provide the people with market access (I3). This presents a missed opportunity for the government to fulfil its responsibilities because the art and eco-tourism industries offer many opportunities for job creation and inclusion of indigenous communities which would enhance their quality of life. Furthermore, the interviewed entrepreneurs are concerned with the perseverance of the environment, the local art techniques and the manufactured products. All are considered cultural heritage (I2, I3)

which is preserved by the entrepreneurs who claim that the government is not addressing the problem of lost heritage sufficiently.

5.4.5 Social Entrepreneurs addressing Government Gaps

The interviewed entrepreneurs possess unique advantages to tackle the unaddressed problems by the government and the resulting gaps. By immersing themselves into the world of the indigenous communities they wish to help, entrepreneurs are able to gain inside knowledge about the necessities and concerns of the people living in marginalized areas. By doing so, entrepreneurs are provided with a holistic view of the industry and its particular issues (I3). This abets entrepreneurs to become experts on the issue they wish to solve (I2) and provides them with the necessary ability to operate successfully towards the inclusion of marginalized people. Furthermore, entrepreneurs have the advantage of being a small sized business allowing fast communication and information flow (I2) which presents them with a beneficial agility to create solutions faster than the government (I1). Contrary to the government, whose actions often show political orientation, entrepreneurs have their own “direct and idealistic interest” (I1). Moreover, their eagerness to be profitable and their pursuit for effectiveness (I2) leads them to investing an astonishing amount of time and effort into the creation of a solution (I1). SEs often invest their own money to start the business and are therefore more encouraged and motivated to adapt their solution along the process if necessary (ibid.).

The favorable characteristics of entrepreneurs allow them to serve marginalized communities and ensure their inclusion in the formal economy. First of all, I3 stated to have had a significant impact on the people's’ lives by creating a solution that satisfies their basic needs and provides them with sustainable income. This impact was achieved by offering services to the communities that allowed their enhancement of business skills to be able to negotiate better prices and ultimately enter the market with their products. This SE helps to increase the inclusion of artisans by connecting them with companies that are interested in buying the communities’ crafted products. I2 furthermore stated that the eco-tourism business also has an income impact which additionally has positive impacts on the environment. Community members are investing some of the earned money to protect the forests and nature in their surroundings.

Moreover, entrepreneurs are often able to provide better quality service and low-cost products to people in need than the government. However, the label “low cost” does not

ensure that it is affordable for low income people (I2). With the implementation of a new platform, I2 will be able to serve many different industries, such as housing, where interest rates are usually required from customers. This ensures the financial inclusion of low-income people who are not able to acquire such products without a payment plan adjusted to their needs.

Another interesting aspect is that I2 and I3 preserve the cultural heritage of Mexico. This is an important factor not only to ensure the diversity of the country in the future but also to exploit the economic opportunities that it presents. The entrepreneurs are promoting the culture of Mexico, in the form of artisanal products which are distinguished by their traditional crafting techniques (I3) and by offering sustainable tourism (I2). These trips involve the members of the communities in the planning and execution of alternative cultural and nature-based journeys. By that, the entrepreneurs are creating many necessary job opportunities for people in marginalized communities.

5.4.6 Collaboration and Support

For a small business to start and thrive it is imperative to know the right tools to develop strategies which enhance the potential impact on the indigenous communities. The interviewed entrepreneurs targeting marginalized communities indicated to benefit from personal networks (I1), private companies (I2) and government institutions (I3). The form of support however varies between the entrepreneurs. I1 went through a long application process and received helpful government funds that were “a big changer” for the business. In contrast, I2 and I3 did not receive any financial support but rather mentoring sessions from private institutions and accelerators that have been invaluable to further develop their idea and to contribute to their impact. The reasons for not accepting governmental funds despite having the opportunity to exploit them (I2), are related to the requirements of the government for receiving them (I3). The entrepreneurs are putting great emphasis on the money being invested wisely in order to best impact the lives of the people in rural communities. Therefore, I3 has taken advantage of different mentoring programs which have helped the entrepreneur to identify the client and its needs and to structure the business accordingly around the issue to be solved.

Additionally, the entrepreneurs have described their collaboration with other startups (I1), private companies (I2) and universities (I3). According to I1 the collaboration is very important to the business which has gained great benefit from the know-how and support

of the other startup. This has been helping during the evolution of the entrepreneur's business and to adapt the business model when needed. The collaboration of I2 with a private company that is trying to measure the business's impact, in order to avoid potential adverse impacts of the business, is very meaningful to the entrepreneur. SEs are aiming to share experiences and good practices with others (I3) which enables them to evolve and improve their business. Therefore, alliances between NGOs, civil society, companies and the government (I2) present a good opportunity every party can benefit from.

In contrast to the entrepreneurs from other sectors (BGS, HC, E), the businesses engaging in the inclusion for marginalized people, indicated that they are currently not collaborating with the government. However, they wish to do so in the future in order to successfully scale their business (I3, I2) which would maximize their impact and transform communities (I2) and in order to gain benefit from the infrastructure the government owns (ibid.). This reflects the aspiration of entrepreneurs to work hand in hand with the government to better solve social issues and ensure the inclusion of marginalized communities in the future. Furthermore, making the government aware of the lost opportunities to foster economic growth will reduce the probability of the continuous exclusion of indigenous communities.

5.4.7 Challenges

Despite the ability to fulfil government responsibilities, the entrepreneurs themselves also have responsibilities to assume. First of all, by engaging in the creation of potential solutions that solve social and environmental issues, the entrepreneurs have a responsibility to impact their surroundings (I1). Moreover, they must help to fuel the movement of society to shift from an individualistic mindset to a sense of responsibility towards the community and environment they live in (I2). Secondly, entrepreneurs should recognize the opportunities that were presented to them and exploit those in order to tackle important issues such as corruption. It is imperative that entrepreneurs do not engage in such activities and distance themselves from accepting any unethical offers involving the payment or accepting of bribes (I3). However, fulfilling their responsibilities and operating a successful business is often hampered by internal and external challenges. Problems related to capital were mentioned by all entrepreneurs. These challenges include the difficulty of raising funds (I1), the need to issue payments to help becoming a registered company (I2) and the fact that a big part of the business is not generating any income for the entrepreneur (I3). Furthermore, the entrepreneurs have been confronted with personal

issues such as the feelings of doubt, loneliness (I1) and having made the wrong decisions (I3). I2 is facing great uncertainty about the functioning of its business, having difficulties finding the right target market and qualified people to work with. Additionally, the entrepreneurs are facing externally provoked challenges that have hindered the business to exploit its full potential. The fact that I2 is not officially registered and not paying taxes complicates the collaboration with many companies that do not want to cooperate with informal businesses. This statement is corroborated by I3 who expressed having difficulties working with small unregistered companies. The information gap that the government is not able to fill regarding the nature that surrounds the communities and the techniques they employ to craft their products, has presented the entrepreneurs (I2, I3) with additional challenges. What is more, authorities are trying to stop the entrepreneurs from doing their business (I2) and have been trying to bribe them (I3). I3 furthermore highlighted issues related to the access to small communities which is hindered by lacking infrastructure and technologies in rural areas.

5.4.8 Results

The Mexican government is developing initiatives to tackle social issues arising from the exclusion of marginalized communities and low-income people. However, the inefficiency of the programs developed and missing infrastructure to provide access to services to marginalized people have caused severe gaps and problems. Those are attended by SEs who are able to complement the initiatives of the government and therefore achieve a high impact among communities. First, the lacking access to vocational training and education for marginalized communities is being filled by the initiative of I3 offering educative projects. The SE enjoyed support of the private sector and the government to achieve high impact but emphasizes the wish to collaborate with the government in the future. Second, the government has not been engaging efficiently in the facilitation of market access for marginalized communities. I3 is successfully complementing the government's work by establishing a contract basis between companies and artisans. Third, I2 and I3 are contributing to solve the problem of cultural heritage preservation by linking their mission to a sustainable business model that includes artisanal products and nature experience. The SEs leverage their impact with the support of the private sector and the government but have expressed great interest in working together with the government in the future. Fourth, job creation is one of the main responsibilities of the government which it fails to address specifically in marginalized areas. With the support of the private sector, I2 created

a startup that employs indigenous people and provides them with an income. In order to scale the business and reach more communities in need, the SE calls for a close collaboration between the government, the communities and the startup. Lastly, the government is unable to develop technologies to increase the accessibility of low-income people to credits. Government funds and institutions provided I1 with the necessary tools to design a platform that efficiently complements governmental initiatives to financially include people with little income.

To sum up, the SEs interviewed have found ways to overcome their challenges by collaborating with the private sector and communities. However, they recognize the fact that their business impact can be increased with the support of the government in the form of collaboration.

5.5 Entrepreneurship Experts

The interviews with entrepreneurship experts serve to incorporate affirming views on what role SEs play in filling governmental gaps, underpinning the findings of the previous sections. This section is based on an analysis of the interviews conducted with entrepreneurship experts whose insights are corroborated by country reports of recognized institutions such as the OECD and the WB. First, we introduce narratively the entrepreneurship context in Mexico and then move to the problems and gaps that exist in this context. We proceed with the presentation of the ability and limits of entrepreneurs to fill such gaps and with the exploration of challenges of entrepreneurial intervention.

5.5.1 Social Entrepreneurs and the Development in Mexico

According to the OECD (2013a), the Mexican economy strongly depends on small and medium sized companies (EX1, EX3, OECD, 2013a). The country has a strong entrepreneurial culture (EX3) presenting many opportunities for entrepreneurs to initiate improvements in Mexico (EX8). According to EX6, the time is right for entrepreneurship in Mexico since government resources are being directed to programs that support the creation of businesses (Campos-Álvarez et al., 2013). However, these programs lack an emphasis on the development of entrepreneurial skills (ibid., Potter et al., 2013). Consequently, many Mexican entrepreneurs are engaging in activities that require rather low skills and, as a result, have a low value outcome (EX3). Nonetheless, the wide range of support institutions initiated by the government demonstrates that Mexicans develop an understanding of the importance of entrepreneurs in their economy and society. Particularly

SEs play an important role in Mexico as they are "[...] an alternative solution for addressing unresolved social problems [...]" (Auvinet & Lloret, 2015:247). Moreover, according to Clausen (2017), SEs function as a bridge between social transformation and economic growth. However, perceptions of experts regarding the development of economy and improvement of society in Mexico, are twofold when investigating the involvement of social entrepreneurship.

On the one hand, some experts consider SEs as essential for the development of Mexico (EX5, EX6). On the other hand, the entrepreneurship ecosystem is perceived as too weak and unreliable to take up such a paramount role (EX4). Nevertheless, the important role of SEs in improving economic and societal circumstances in Mexico is recognized by all experts. Social entrepreneurship has initiated movements and changes in Mexico (EX2) that bring about social transformation (Clausen, 2017). They do so by providing innovative solutions for the local context (Auvinet & Lloret, 2015). Moreover, SEs are perceived as the economic and social players that "raise their voice" (EX1) and start to tackle issues that have not been solved yet (EX8). According to these insights, SEs can speed up changes and simplify the process of change and improvement (EX1), bringing talent, time and creativity to contribute to problem-solving processes (EX3). However, a relatively low number of SEs is contributing to improvement, as perceived by the experts and expressed in the gap of literature concerned with providing evidence on such.

The insights gained from the entrepreneurship experts reveal that entrepreneurs are becoming increasingly more important and recognized key players for the improvement of the Mexican economy. Moreover, a "boom of entrepreneurship" is anticipated which makes it plausible that economic power will be distributed to SEs (EX3).

5.5.2 Social Entrepreneurs and Government Gaps

This section examines perceived government problems in Mexico by the entrepreneurship experts. Many of these problems cause severe gaps in government sectors and are widely discussed in the literature. Especially within the education and health care sector we identified high consistency among the consulted data. In order to develop a clear understanding of these complex issues, we first specify the government's internal problems. Next, we elaborate on the persisting problems of inequality and corruption that have severe implications for the Mexican government to fulfil its responsibilities. Subsequently, we examine the government gaps in the education and health care sector

in depth and touch upon the challenges of financial inclusion and the provision of basic goods and services. In the last part of this section we disclose the obstacles that SEs encounter in the problematic environment described.

Many of the problems that the Mexican government faces can root from within the government itself. First of all, the government lacks a long-term vision that goes beyond election periods (EX4). This leads to many changes and restructuring measures once the authorities are replaced by their successor. A major implication to this the high level of bureaucracy within the Mexican government (EX1, EX2, EX3, EX4, EX5, EX6). EX3 highlighted that this strong bureaucratic nature results in inefficient staff and resource coordination. As reported by the OECD (2013b), these problems are related to low public expenditure and are tackled by adopting a “whole-of-government-perspective” (:91) which aims at ensuring coherence across government levels. This is much needed as, for example, the complex law system on state, federal and municipality level (EX3) reduces the overall reactive capacity of the government (EX5). Despite several efforts, such as starting the Professional Career Service (OECD, 2013b), the Mexican government officials are considered to be overworked and unable to fulfill their responsibilities (EX1, EX3, EX5). Moreover, “Mexico has made strong efforts to ensure that the public service is staffed by professional public servants who are recruited on merit” (OECD, 2013b:84). However, EX3 criticized the government in regard to employing unqualified staff and suffering a talent gap. Additionally, EX7 faults the low involvement of citizens, whereas EX4 criticizes the geographical and ideological distance of the government to the majority of its people. As a result of ruling behind their desks and not knowing the reality of many Mexicans and therefore incapable to solve their problems (EX4). Consequently, society perceives the results from government projects as insufficient (EX2) which leads to significant mistrust towards the state authorities (OECD, 2013b; EX2; EX3; EX4; EX5).

Another problem that Mexico faces is critical inequality (EX3, EX4), scouring 43.4 Gini points in 2016 (WB, 2018), 0 representing total equality and 100 total inequality (Keeley, 2015). According to the study conducted by Delajara et al. (2018), the persisting inequality level in Mexico has an adverse outcome in regard to social mobility. This is impaired and likely to remain the same as economic inequality deteriorates opportunities for the next generation (Delajara et al., 2018; OECD, 2018) and therefore hampers the possibilities to improve the socio-economic aspects of the population. Moreover, EX4 mentioned a so-

called “ZIP code effect” to explain the inequality differences between geographically close areas in Mexican cities. These two implications to social mobility entail that often the birthplace and the socio-economic circumstances at birth determine the prosperity.

The most frequently listed problem by the experts is the high corruption level in Mexico (EX1, EX2, EX3, EX4, EX5, EX6, EX7) which is manifested in government institutions (EX4) but also in labor (EX2) and teachers’ unions (EX7) and the private sector (EX6). Furthermore, as perceived by EX2, nepotism is extensively practiced across sectors such as health care (Baez Camargo & Megchún Rivera, 2016) and by the government authorities and presidents themselves (Nieto, 2014). These perceptions are also reflected in the “Corruption Perception Index 2017” provided by Transparency International. Out of 180 nations, Mexico ranks 135 (TI, 2018). In Mexico, the central problem is that “[...]those who have the power to hold corrupt actors accountable to the law and to the nation are themselves corrupt.” (Nagle, 2010:96). This has serious implications for the government in fulfilling its responsibilities as described in the following.

Among other issues, the aforementioned problems result in two main sectorial governmental gaps within education (EX1, EX2, EX3, EX4, EX7, EX8) and health care (EX1, EX2, EX5). According to the review of Evaluation and Assessment in Education in Mexico, conducted by Santiago et al. (2012), the performance of students is strongly related to their socio-cultural context. More precisely, “[...]unequal results in the education system across school types is likely to be explained by the differences in the socio-cultural background of the student populations attending the different school types” (ibid.:30). The significant difference of results between students that attend private schools and those that are enrolled at public schools (ibid.), reflects the perception of EX4 and EX5: children from low income families are constrained in their opportunities to access high quality education as they cannot afford the tuition fees of private schools (see also Binelli & Rubio-Codina, 2013). Moreover, according to the experts (EX2, EX5) and the OECD report (2010) on improving schools in Mexico, education facilities suffer from a lack of school materials and, especially in low income areas, of unqualified teachers. Such weak coordination of resources (ibid.) can result in low quality educative programs (EX2). Additionally, EX7 explained that the improvement of civic education plays a substantial role as it aims at strengthening the participation of citizens in constructing society “[…] and unfolds in the development of capacities and values to live in a democracy.” (Conde-Flores, García-

Cabrero & Alba-Meraz, 2017:46). In addition to gaps and problems identified in the education sector, there are issues and voids in the health care sector that hamper citizens to benefit from the system. A dominant topic that was mentioned by the experts is the flawed accessibility to health service (EX2, EX5). The study conducted by Gutiérrez, García-Saisó, Fajardo Dolci and Hernández Ávila (2014) shows that 48.49% of Mexico's population did not have access to health care in 2012. Especially in poor states the delivery of health care services is weak (OECD, 2013b) as it is provided at low pace and geographically distant for large parts of the population (EX5). This has serious implications for the health status of the people living in disadvantaged regions. In the poorest areas mortality and disease rates, both preventable, are much higher than in high income regions (OECD, 2016HC). Moreover, social protection spending in Mexico is the lowest of all OECD countries reflecting the need for improved quality in the provided health care services (ibid., EX2, EX5) Moreover, the poor health coverage in Mexico results in persisting high out-of-pocket payments (OECD, 2013b), constituting an immense financial effort for poor people (EX2).

Furthermore, experts emphasized lacking initiatives to enhance economic (EX4, EX5) and financial inclusion (EX5, EX8). Especially women in Mexico suffer from the exclusion (Fareed et al., 2017) and there has not been enough improvement to the eradication of gender inequality (EX3, EX7). Despite financial reforms and various activities to enhance financial education (Cordova, García-Santillán, Espinosa Capistrán & Niño Beauregard, 2017), half of the municipalities in Mexico still lacks bank branches and access to financial tools (Fareed et al., 2017). In addition, Mexico lags behind in adjusting their regulations and laws to society's needs (EX2), impeding efficiency in the sectors due to too few and inadequate regulations (EX7). Moreover, other significant gaps are access to drinking water (EX2, EX3), housing (EX3, EX7) and crime and insecurity (EX2).

Although, experts consider SEs as important players in the socio-economic context of Mexico, some recognized that entrepreneurs cannot fill certain governmental gaps (EX1, EX2, EX3). In this section we analyze the challenges that SEs need to overcome to exploit the full potential of their business model. We identify general issues and particular problems for female entrepreneurs. The obstacles SEs might be facing when aiming to attend a governmental gap can be on an internal and external levels. On an internal level, SEs encounter typical management challenges within their team (EX5) and an inappropriate

strategic approach (EX1). This can be the result of a faulty assessment of the gap they aim to address (EX1) or of lacking knowledge about their customers' needs (EX4). Moreover, extensive knowledge is also required on the political sphere to fully understand the system they are engaging in (EX3). On the external level, as Dees (2007) describes, SEs have severe difficulties to scale their business. The low process of scaling, when achieved, hampers their capacity to keep up with growing and changing problems and gaps in Mexico (EX4) or to initiate far-reaching changes (EX5, EX8). Additionally, the experts perceive the risk for SEs to be targeted by the government, if it considers the entrepreneurs' ideas inappropriate, posing a threat to the personal well-being of the SE (EX1). Finally, the projects of SEs are affected by the political elections when they receive support of or collaborate with the government (EX4). More precisely, political changes determine the success or existence of the projects at times (EX8, EX7). The examined problems are especially faced within the female entrepreneurship force. Mexico accounts for one of the highest rates on female entrepreneurship among OECD countries (Fareed et al., 2017). The government is aware of the need to support women in starting a business and is providing them funding opportunities (Potter et al., 2013). However, scaling their business passed the initial stage is almost impossible for women (EX3). This partly caused by limited access to financial contact points, such as ATMs and bank accounts, that female businesses suffer from (Fareed et al., 2017). Cultural conditions are still hampering women entrepreneurship due to the reluctance of men to accept women as leaders and partners or fathers requiring permission to engage in financial transactions (ibid.) This has significant implications for women's leadership confidence which is likely to be the cause for negative business impacts and the persisting payment gap (ibid., EX3, EX6).

Obviously, many gaps cannot be attended by SEs. Those include state security (EX1, EX4), global challenges like the climate change (EX3) and human trafficking (EX7). Those issues require solutions on institutional and philanthropic levels through collective action (EX3). Generally, it is difficult for SEs to tackle issues which solutions cannot be tied to the market (EX5). Then, entrepreneurship experts were asked to elaborate on how SEs might be able to successfully complement the work of the government. The question was consistently responded with the statement "through collaboration". Consequently, this aspect requires a deeper analysis to answer our research question.

5.5.4 Social Entrepreneurs collaborating with the Government

Within the scope of our research on collaboration between the government and SEs, we faced a lack of academic literature and reports to corroborate the statements of the interviewees. We therefore limited this part of analysis to the insights provided by the experts and determine suggestions for further research related to this field in chapter 8.

The significance of entrepreneurs to collaborate with the government is highlighted by the experts interviewed in Mexico. The need for this type of cooperation (EX5) is “essential” (EX7), “important” (EX3) and “has to come from both sides” (EX2). Despite the fact that the relationship between the government and the entrepreneur is ambiguous (EX3) and both have different interests and values, they need each other (ibid.) in order to tackle the problems neither of them can solve by themselves. Furthermore, it is imperative to encourage such collaboration (EX1) to bring about change within the government system. Entrepreneurs, who are described as “intense thinking heads” (EX2), are significant to establish a balance between creativity and conservativity (EX3). This will enable government authorities to rethink their implemented solutions (ibid.) and provide them with the capability to enhance and adapt solutions when needed.

According to Auvinet and Lloret (2015), entrepreneurs are the driving force of economic progress and can therefore be considered a small but important part of the solution to target social issues (EX3). Funds, training and other support activities provided by the government have had great impact on small and medium sized enterprises (OECD, 2013a) and accelerated the implementation of entrepreneurs’ ideas (EX4). Thus, to maximize the potential improvements driven by entrepreneurs, they are required to empathize with government people (EX3). However, some entrepreneurs are still averse to work with the government (EX5, EX3) as they consider it too complicated and inefficient (EX3). Therefore, the government should engage in developing means that facilitate the initiation of a collaboration and give voice to the entrepreneurs (EX5) who will be able to improve the reputation of the government (EX4).

The social entrepreneurship force holds the solution to a variation of problems which can empower the government to provide better services to its citizens (EX7) and to fulfil its responsibilities (EX2). The interviewed experts on entrepreneurship stressed that an effective collaboration to initiate social change starts with a dialogue between both sides (EX1, EX3, EX6, EX8). It is necessary to build a foundation that is based on trust (EX3,

EX6), requiring the government and the entrepreneur to be honest and open to communication. Entrepreneurs are able to complement governmental (EX8) work by presenting new technologies which can be implemented by the government (EX3). To facilitate the access to the government and ease the negotiation to start a collaboration, the organizations that the experts work for are trying to establish a connection between the two parties (EX3, EX2, EX6). Therefore, a great variation of programs and workshops (EX2, EX6) are offered by institutions and the private sector to provide the entrepreneurs with the opportunity to approach the government and vice versa.

An example of successful collaboration is the FinTech law. Entrepreneurs urged the government to adopt the law which now allows small companies to enter the market of financial technology (EX7). EX7 considers the implementation of the law as a big step forward in adjusting regulations to the needs of entrepreneurs. All in all, entrepreneurship experts recognize the promising potential of SEs in filling governmental gaps. Nevertheless, the experts are aware of the obstacles and challenges that the startups may face in addressing the voids in Mexico. The main gaps are found within education and the health care sector but also in the provision of certain basic goods and services as well as the inclusion of marginalized or impoverished communities. However, the experts also admit that there are gaps that are more suitable to be solved by other key players in the market and politics. Therefore, experts enlighten that SEs are best in filling gaps when they are collaborating with their surrounding peers, competitors and supporters. Most importantly, this entails a collaboration with government authorities which is essential in having a significant impact in the Mexican society.

5.6 How do Social Entrepreneurs attend Government Gaps in Mexico?

Before we move on to giving an answer to our research questions, we will first corroborate Lehmkuhl and Risse´s (2006) categorization of Mexico with ALS with our findings. For this, we will refer to and elaborate on the four dimensions (Börzel and Risse, 2010) through which statehood may be limited in Mexico. First, the Mexican government holds limited authority in geographical territories such as some urban districts (Ciudad Benito Juarez, Monterrey) where cartels and “narcos” are enforcing rules (E2). Second, the sectoral limitation of the Mexican authorities is very apparent in our analysis. The sectors in focus of our study show significant deficiencies of the Mexican authorities. The educational and health care sectors demonstrate the limited governance in regard to specific policies. Also,

the provision of collective goods and services in different fields such as water (BGS1), electricity (BGS4), housing (BGS3) and waste management (BGS2) only show limited efficiency of government measures. Considering the analyzed circumstances in which marginalized, poor and indigenous populations find themselves in, the government authorities lack efficient functional regulation of different social groups. This causes such social groups to remain marginalized if no measures are undertaken to change their situation and engage in their inclusion (for example I1, I2, I3). The case of BGS5 showed the temporarily dimension in which the statehood of the Mexican government was limited. The earthquake in autumn 2017 limited the authority of the Mexican state, especially in the metropole region of Mexico City. All four dimensions have to be regarded as intersectional in our research. Some SEs faced the limitation of state authorities in a mix of territorial, sectoral and social dimensions. For example, E2 engages in a territory but also the educational sector in which the government ruling is partly absent. Additionally, E2 works with a marginalized and poor group of students. BGS1, BGS4 and BGS3 encounter limited statehood within the sectoral and social dimensions by serving goods and services in different sectors which require specific policy measures and by targeting marginalized, low-income rural populations.

Next to providing information on Mexico as an ALS, the analyses of the interviews with SEs and entrepreneurship experts allow us to contrast and evaluate the results of both groups to give elaborated answers to the research questions. First of all, the experts recognized not only commercial skills but also strong personal traits. On the one hand, SEs are experts in their field through the time they invest in understanding challenges in their context and develop adequate long-term solutions. On the other hand, SEs ideally are passionate for their business and solving the social problems. These traits are observed unanimously among the SEs we have interviewed across all sectors. Second, the interviewed experts listed multiple governmental problems and voids. The main gaps the experts experienced, and secondary data supported, are found in the education and health care sectors which have been analyzed in depth in separate chapters (see 5.2.4 and 5.3.4). However, experts also mentioned gaps in the provision of basic goods and services such as access to potable water and housing as well as financial and economic inclusion. The water and housing problems were taken up in chapter 5.1.4. In addition to these gaps, we have interviewed SEs engaging in waste management, renewable energies and disaster relief. Even though

these gaps have not been mentioned by the experts, we consider the engagement of SEs attending these gaps as important governance contributions from non-governmental actors. Third, the analysis demonstrated that all entrepreneurs from the four sectors were able to attend governmental problems and gaps to some extent. Most of them mostly complement but also fill or replace the role of governmental actors in addressing voids in their field of expertise. The experts acknowledged that SEs have advantages over the government to address gaps and that they are contributing to the economic development and social progress in Mexico. Fourth, all participants of the study agree upon the importance of collaboration between social enterprises and key actors in their field. Particularly, the openness to collaborating with the Mexican government is accepted among most interviewees. Such a collaboration may significantly contribute to the social impact of the business idea of SEs. Nevertheless, many participants also emphasize the importance to avoid dependencies from governmental actors.

In response to the main research question “Do SEs attend governmental gaps in Mexico and how are they addressing such voids?” a summarizing answer can be given. In Mexico and within the scope of our study, SEs are able to attend governmental gaps by complementing, filling and replacing the responsibilities of government authorities in health care, education, the provision of basic goods and services as well as economic inclusion. The SEs address existing voids by collaborating with key actors, particularly with governmental actors. *Tables 1-4* represent the summarizing results for all four sectors the entrepreneurs operate in.

Table 1 Results - Basic Goods and Services

SECTOR	WHICH GAPS/PROBLEMS DO SE ATTEND?	HOW DO SE ATTEND GAPS/PROBLEMS?	WHO SUPPORTS SE TO FILL GAPS/PROBLEMS?	WITH WHOM DO SE COLLABORATE?	DO SE REPLACE/ COMPLEMENT/ SUPPORT/FILL GOVERNMENT RESPONSIBILITIES?	WITH WHOM ARE THEY PLANNING TO COLLABORATE TO ATTEND GOVERNMENT GAPS/PROBLEMS?
BASIC GOODS AND SERVICES	no efficient waste management	improving waste management and creating electricity from waste	private sector	government private sector	complement	government private sector institution
	no electricity in off-grid communities	offering solar installations for off-grid communities	private sector government foundation SE ecosystem	government private sector universities	replace/filling	government private sector
	no access to safe drinking water in rural communities	developing technologies to increase accessibility of drinking water	government institution foundation private sector	government SE ecosystem	complement	SE ecosystem government foundations
	housing problem for low-income population	efficient house construction for low-income population	government institutions private sector SE ecosystem	third sector government SE ecosystem	complement	government
	inefficient earthquake disaster relief	offering a platform to verify information	-	civil society private sector	partly complement	-

Table 2 Results - Education

SECTOR	WHICH GAPS/PROBLEMS DO SE ATTEND?	HOW DO SE ATTEND GAPS/PROBLEMS?	WHO SUPPORTS SE TO FILL GAPS/PROBLEMS?	WITH WHOM DO SE COLLABORATE?	DO SE REPLACE/ COMPLEMENT/ SUPPORT/FILL GOVERNMENT RESPONSIBILITIES?	WITH WHOM ARE THEY PLANNING TO COLLABORATE TO ATTEND GOVERNMENT GAPS/PROBLEMS?
EDUCATION	exclusion of marginalized groups in education system	social project to include marginalized groups	-	-	complement	private sector
	insufficient quality of public education	improving the quality of education by extending the focus	-	government	complement	government private sector
	lack of imparting values and morality in public school system	acting as a role model	-	-	fill	-
	insensitivity and unawareness of environmental challenges	effort to increase education on environmental challenges	private sector institute	institution	complement	government private sector

Table 3 Results - Health Care

SECTOR	WHICH GAPS/PROBLEMS DO SE ATTEND?	HOW DO SE ATTEND GAPS/PROBLEMS?	WHO SUPPORTS SE TO FILL GAPS/PROBLEMS?	WITH WHOM DO SE COLLABORATE?	DO SE REPLACE/ COMPLEMENT/ SUPPORT/FILL GOVERNMENT RESPONSIBILITIES?	WITH WHOM ARE THEY PLANNING TO COLLABORATE TO ATTEND GOVERNMENT GAPS/PROBLEMS?
HEALTH CARE	absence of control system for blood donation	providing own system and standardization of requirements	SE ecosystem private sector civil society	private sector civil society government third sector	fill	government
	usage of old equipment and methods	innovative technology and low-cost services		private sector	replace	government
	no medical history system	implementing a medical history system	SE ecosystem private sector civil society	private sector civil society government third sector	fill	government
	insufficient provision of birth certificate	incentivizing registration of newborns	government private sector	private sector government	complement	government
	no access to appropriate medication	offering affordable products	private sector	SE ecosystem	complement	government
	lacking access of medical prevention in rural areas	providing access to medical prevention in rural areas	government institution	institution private sector	fill	government third sector institutions
	suboptimal health care navigation	optimizing medical health care provision	private sector government SE ecosystem	private sector government SE ecosystem	complement	government

Table 4 Results - Inclusion

SECTOR	WHICH GAPS/PROBLEMS DO SE ATTEND?	HOW DO SE ATTEND GAPS/PROBLEMS?	WHO SUPPORTS SE TO FILL GAPS/PROBLEMS?	WITH WHOM DO SE COLLABORATE?	DO SE REPLACE/ COMPLEMENT/ SUPPORT/FILL GOVERNMENT RESPONSIBILITIES?	WITH WHOM ARE THEY PLANNING TO COLLABORATE TO ATTEND GOVERNMENT GAPS/PROBLEMS?
INCLUSION	no access to vocational training and education	offering social education project	private sector government	private sector	fill	government
	not facilitating market access for artisans	connecting people with companies	private sector government	private sector	complement	government
	not preserve cultural heritage	focusing on traditional products and nature	private sector government	private sector	complement	government
	not creating jobs for marginalized communities	employing marginalized people	private sector	communities	complement	government communities
	no access to credits	providing payment platform	private sector institutions government	SE ecosystem	complement	-

6. Theoretical Reflections

This chapter builds upon the results from the analysis of the insights we gained from SEs and entrepreneurship experts. In the first part, we connect theories of social entrepreneurship and the ALS discipline to show the relevance of SEs as non-governmental providers of governance. The second part points out the involvement of the government throughout the stages of maturity of the social startup. Lastly, we elaborate on the "governance with(out) government" framework developed by Börzel and Risse (2010) to demonstrate how governmental voids can be filled through collaboration between the government and SEs.

6.1 Social Entrepreneurship in Areas of Limited Statehood

The analysis of the interviewed entrepreneurs and experts on social entrepreneurship revealed that SEs successfully combine the pursuit of enhancing well-being among society with a business generating model to increase their impact. This combination of interests can be a suitable option to ensure governance in ALS in Mexico. However, SEs differ from the non-governmental actors described by Börzel and Risse (2010) in several points.

First of all, SEs are not incentivized by the "risk of anarchy" to provide governance in ALS. In our cases, only BGS5 may have faced a total absence of authority during and immediately after the earthquake. Yet, BGS5's motivation was not out of self-interest as it is the case for regular businesses - rather the contrary. None of the other SEs were facing the "risk of anarchy" to contribute to the provision of governance.

Second, all social enterprises are Mexican businesses and not subject to a functional equivalent of a "shadow of hierarchy" cast by external actors. Although, one study participant strives for collaborating with supranational institutions (BGS2) which may hold them accountable for contributing to governance. Nevertheless, these entrepreneurs seem to not require an external actor holding them accountable as a non-governmental actor in providing governance.

Third, SEs are not subject to NGOs as their goals are aligned with many humanitarian and social organizations. However, in the case of a misconduct of the social business they may be targeted by NGOs and movements just like conventional businesses.

However, we consider that the Mexican authorities have the ability to cast a "shadow of hierarchy", albeit not a strong one. Therefore, SEs are affected and controlled by state

authorities such as any other non-governmental actor. Nevertheless, SEs are not strongly incentivized to become a governance actor by any kind of functional equivalent of the “shadow of hierarchy”.

In sum, Börzel and Risse’s (2010) concepts of functional equivalents of the “shadow of hierarchy” seem to apply only limitedly to SEs as non-governmental actors for governance. As the analysis has shown, a personal motivation and a perceived responsibility for social improvement plays an important role in the governance activities of SEs. However, the investigation of the functional equivalent that incentivizes SEs goes beyond the scope of this study. Rather, our research focus manifested in the collaboration possibilities within the frame of “governance with government”.

6.2 Governance with Government

During our analysis we realized that the interest and involvement of the Mexican government in the projects of SEs showed variances. However, we recognized that these variances followed a pattern which we will explain further in the following.

6.2.1 Government Involvement and Startup Maturity

The results from the analysis show that most SEs are either already collaborating, willing to collaborate or recognizing the importance of collaborating with other key players. Especially the collaboration with Mexican government authorities is regarded as essential and represents a win-win situation for both actors in many aspects. For SEs, such a collaboration constitutes the opportunity to scale their business and impact on a municipality, state or federal level. Additionally, the collaboration may enable the SEs to have an impact beyond their business idea and improve an entire ecosystem. This is possible through influencing, contributing and suggesting changes and implementations of new laws and regulations as it has been the case with BGS1 and BGS3. Collaborating with the government allows them to fulfil their social mission on a larger scale and with more impact. For the government, a collaboration with SEs leads to access to talent, new technologies and more efficient approaches to attend gaps. Furthermore, in this case the government can allocate its financial and human resources more strategically to tackle specific issues. Additionally, by collaborating with enterprises that have specialized on a particular void, the government enhances its problem-solving capacity. Otherwise, they would not be able to address context specific social issues with their own effort due to the lack of resources.

The argumentation above is strongly related to what Börzel and Risse (2010) call “governance with government”. In their research, they differentiate between governance by, with or without government. Our study demonstrates that a non-hierarchical coordination of SEs and the government is possible in Mexico, developing two different types of relationships. First, the government operates on the same level as the SE, co-creating laws and regulations. This type of collaboration takes place in a certain political sphere with influences on the market. Second, the government may contract, employ or utilize the services of the SE for solving a problem. Here, they move away from a political foundation towards a more marked-based collaboration. In both cases, the government refrains from its coercive power and applies methods for non-hierarchical coordination to ensure the support of each other to successfully fill gaps.

The interviews and detailed analysis reveal a certain collaboration pattern between both actors. None of the interviewed entrepreneurs received government support in the very early stages of their startup. Most startups have not received any kind of government support until their business started to mature and they had local impact. In the later stages of the startups, the government would not necessarily remain a source of funding anymore but evolve to a partner or a contractor/client. The relation of the steadily increasing involvement of the government with the increasing maturity of the startup is illustrated in *figure 8* with a positive slope of the line.

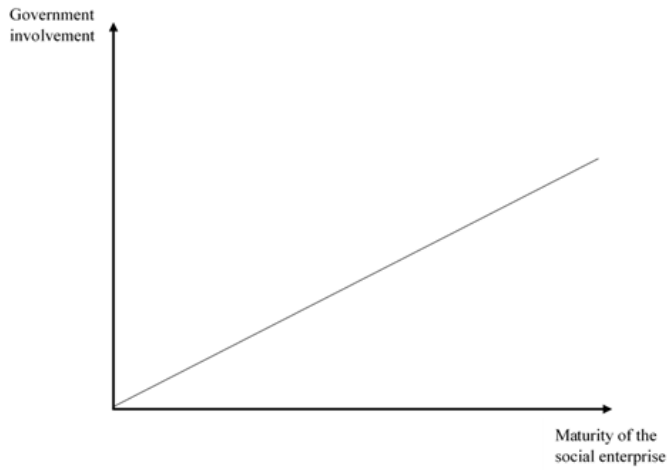

Figure 7 Relation of Government Involvement and Maturity of the Startup – Positive Slope

However, in some cases (HC4), the SEs have received government funds in early stages which allowed them to form their idea. Notwithstanding, the support would decline in the

phases where the idea started to mature. Then, after the maturing phase of the startup, the government becomes a promising collaboration partner or contractor/client for the startup. The relation is illustrated in a parabolic function in *figure 9*. The figure represents the initial investment period, followed by a decline and an exponential increase in collaboration. The parabolic shape of the figure is strongly influenced by the different roles the government is taking up in this process - first as a financial supporter, then as an equal collaboration partner or contractor/client.

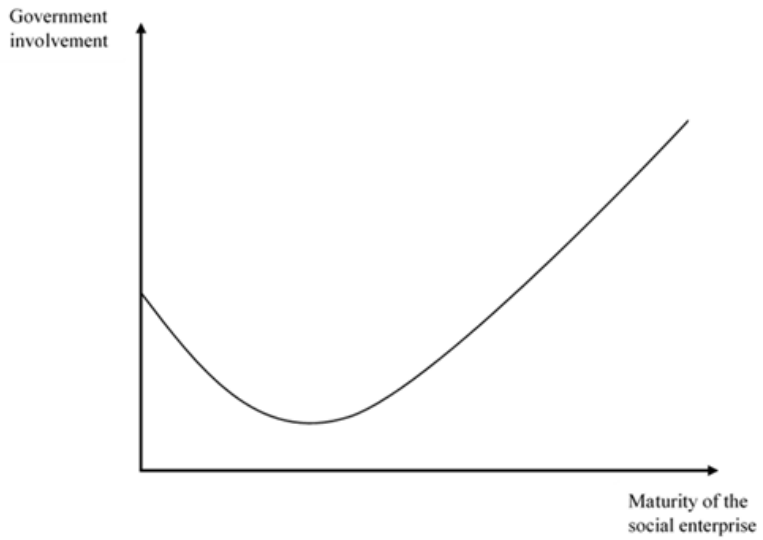

Figure 8 Relation between Government Involvement and Startup Maturity - Parabolic

All in all, the course of the different involvement levels of the government is explained by the findings of the analysis. The government is reluctant to invest in projects that are too risky (EX7) and is expected not to apply unconventional approaches (EX3). Rather, the government will follow a certain line in their program (ibid). These aspects would explain why a government refrains to invest or collaborate with ventures that have not built reputation yet. Moreover, too high investments in the initial phases of a startup are not foreseen to be covered by the government budget. Once a startup displays a certain level of social impact and a promising foundation, the government involvement follows. Furthermore, the government may increase its investments due to higher returns and

impact of the social enterprise. With the aim of filling government gaps, a market-based collaboration might be the more efficient solution than merely a government fund.

6.2.2 Decision Tree: Government Involvement and Startup Stages

The two diagrams in the previous section illustrate the government involvement patterns that we recognized during our data collection and interview analyses. In the next step, the course of the relationship between government involvement and startup maturity is displayed on a more general and abstract level with a decision tree (see *figure 10*).

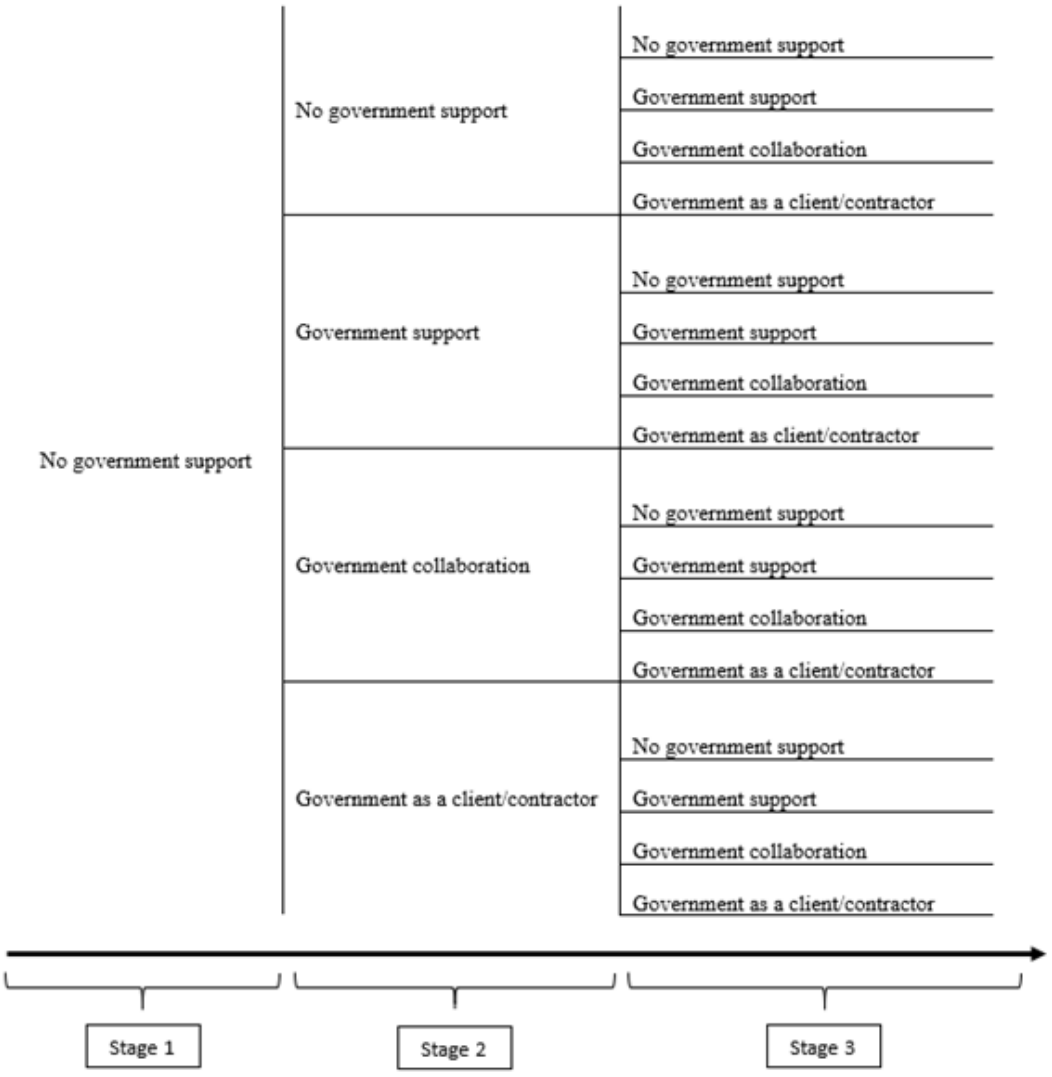

Figure 9 Decision Tree

On the bottom of the decision tree, three startup stages are illustrated along an unspecified timeline.

Stage (1) is the phase of the startup in which the business idea forms. Usually, this stage is not supported by the government. Entrepreneurs are relying on private capital and sometimes participating in competitions and boot camps that support them in formulating their social impact in alignment with profitability. In stage (2), the decision tree unfolds branches to four areas related to possible government involvement: no government support, government support, government collaboration and government as a client/contractor. Here, government support is defined as a rather distant and straightforward relationship, such as the government funding a project. This stands in contrast to government collaboration with SEs in which both parties are on the same level and co-create solutions to a certain extent. Whereas, when the government becomes a client or contractor, the entrepreneurs are entering a market-based relationship with the government authorities. In stage (3), when the business idea is evolved, and the startup is establishing, branches of the decision tree unfold in the same way as in stage (2), stretching from the possibilities proposed in stage (2). Within the further extension of the tree, government involvement might change but could also remain the same. Again, the maturing social enterprise might face either no government support, government support, collaborate with the government or have the government as a client/contractor. The decision tree allows an illustration of possible outcomes of how and in which stages the government is involved with SEs.

To illustrate and enhance the comprehension of the decision tree, a case from the analysis is used as an example. In the instance of E2, a SE in the Mexican education sector, has not received government support when entering spaces in Júarez that are governed by cartels and gangs. E2 sustained the project with own effort (stage (1) - no government support). Over the next two years, the SE established English classes and served as a role model for the students. While the idea formed and matured, the government has not been involved in this phase (stage (2)- no government support). Only when E2 approached the government with a proposal, the government showed interest in the project. However, the government developed the requirement for the project to be implemented state-wide. With this endeavor, the government supports E2 by providing the SE access to public schools and financial resources. Both actors are involved in non-hierarchical coordination and use

bargaining and negotiation systems to align their interests (Börzel & Risse, 2010). With the collaboration, E2 will leverage the social impact of the startup and the government found a way to involve new topics in public education relatively inexpensively. A major change in the education system would require reforms which take time and need many resources. Being involved with an entrepreneur could constitute the first step of finding a solution for the educational gap.

6.2.3 Complementing Börzel's and Risse's (2010) "Governance With(out) Government" Framework

To further elaborate on how SEs can attend governmental voids, this section positions them within the framework provided by Börzel and Risse (2010). We hereby we integrate the insights of chapter 3 and chapter 5 by developing an extension of the "Governance With(out) Government" framework.

SEs can be located within "Governance with Government" in the illustration developed by Börzel and Risse (2010), entailing; "Co-regulation/co-production of public and private actors", "Delegation to private actors" and "Private self-regulation in the shadow of hierarchy". Considering the level of government involvement in supporting and collaborating with the SEs, in relation to the stages of maturity of the startup, we developed *figure 11* to enhance the understanding of our reflections. The figure illustrates the governmental void in the process of being filled.

In the early stage of maturity (1) where the government is reluctant to invest resources into the growing of the business, the SE has a small (local) impact on society. He or she is only filling the void on a very small scale due to limited know-how, lacking resources and limited access to mentoring. During that stage, SEs are often employing own private capital, exploiting their network to receive support and trying to attract external investors.

The medium stage of maturity (2) is characterized by an increasing impact in filling the governmental void. This is achieved by the beginning involvement of the government leveraging the solution of the SE to fill the gap. Contrary to the first stage, the level of government involvement is increased but still distant consisting mainly of financial and mentoring support. This is ensured through the provision of grants and the help of specific institutions with occurring problems with the business model, its structure and the organization of the business. Despite the involvement of the government still being careful,

it is noticeable that the solution of the SE is having more effects on filling the void than in stage (1). Moreover, the gaining government interest and awareness of the problem the SE is tackling must be taken into consideration. The gap is now also being filled from the other side of the table providing the basis for a potential collaboration that has the ability to further close the gap.

The last stage (3) depicted in the figure represents the phase of the startup where it has initiated one of the collaboration possibilities mentioned in the previous section. The involvement of the government has increased which enabled the SE to scale its impact and contribution of filling the gap. This is also tackled by the government demonstrating a high boost of involvement. Both sides are collaborating, trusting each other and pursuing the same goal: filling the void. This highlights the importance of collaboration between the government and the SEs having the biggest effect and impact on filling the government void in this last stage compared to the others.

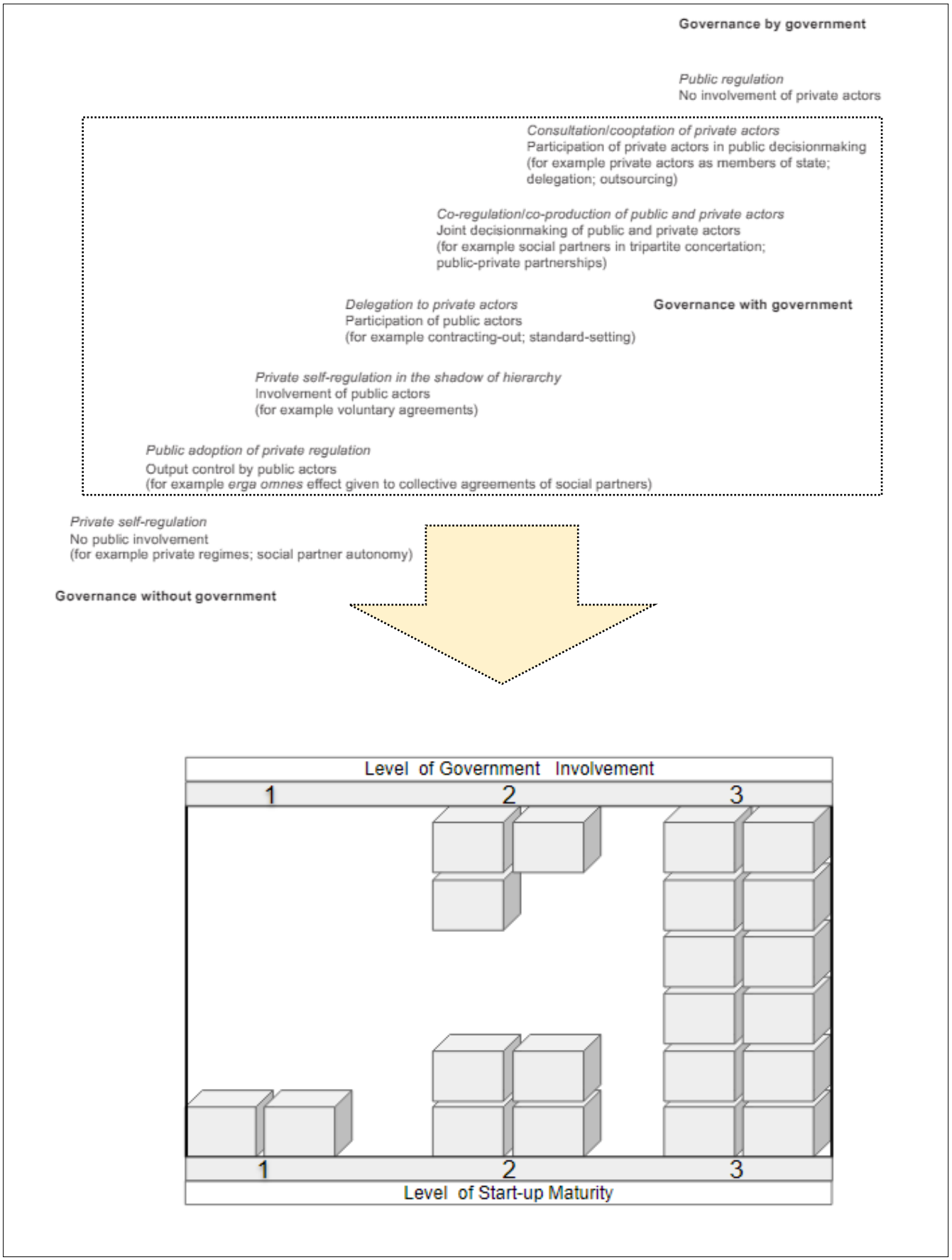

Figure 10 Integration of Social Entrepreneurs in the "Governance With Government" Framework (Börzel & Risse 2010)

7. Discussion

In the following chapter, we discuss the theoretical reflections developed in chapter 6 to understand its functionality within the ALS literature. Here, we include an elaboration on the ability of SEs to provide governance in ALS. Next, we examine the general applicability of our theoretical reflection to contexts different from our research. Subsequently, we elaborate on the reasons that led us to the selection of our study participants and its implications. We furthermore critically reflect upon our interview approach and the ethical considerations that restrained our research process. Lastly, we examine the consequences that might result from the provision of governance in ALS by SEs.

In regard to the potential of SEs to present a functional non-governmental actor in ALS, we must recognize that they present various shortcomings in filling the government gap. First, the challenges faced by SEs to successfully start and operate a business do often constrain, hinder and prevent them from the efficient provision of collective goods. Second, many SEs face obstacles related to their business model which, in many occasions, is difficult to tie to the market and might therefore impede the ability to create a lasting solution to social issues. Furthermore, the lacking investment from other actors to promote the development of the social businesses often leads to its failure. This happens often even before the social startup has been able to develop part of its potential impact to enhance well-being among society. Third, SEs often operate in conflicted and marginalized areas that require certain government responsibilities to be filled before SEs can enter. Such responsibilities include infrastructure to reach out to the people in need and specific information about the sector that is being tackled. This represents an obstacle which is barley possible to overcome by a small business.

The theoretical reflection has a particular focus on “governance with government”. Even though this important element was specified, and the strong emphasis has been explained, this had the consequence of leaving out the other parts of Börzel and Risse’s “governance with(out) government” model. The parts “governance by government” and “governance without government” are intentionally left out in this study. However, creating a relationship between “governance with government” to these parts may have added value to the research. In fact, the analysis demonstrated that some SEs (E2, BGS2) are engaging in the spheres between “governance with government” and “governance without government”. For example, E2 is filling an educational gap in a space that is not under

government control but ruled by cartels and gangs. Here, the entrepreneur has to take measures such as adjusting the classes and having low visibility of the education project in order to be able to continue teaching. Similarly, BGS2 is working in a field that is split between the government as the owner of waste and the waste mafia that mainly manages waste in urban areas. These overlapping spheres would have provided an interesting insight into the dynamics of SEs that cross the paths of armed non-governmental actors.

The theoretical reflection was developed based on our specific research context, however it has the potential to be applicable to different contexts. Our theoretical reflection complements and extends Börzel and Risse's (2010) "governance with(out) government" framework. We decided to introduce graphics and a decision tree on the course and type of government involvement in different startup stages. By involving these visualizations, we demonstrate step by step the development and composition of our theoretical reflections. This approach supports the understanding of the theoretical concept and allows other researchers to follow the logic of the way it was constructed. With this, the nature of the framework might be better understood and therefore applied appropriately. Researchers that wish to use the framework in their own research within the ALS research field will be able to adjust the conceptualization to their research. This adjustment opens many opportunities for researchers. First, they will be able to apply the model not only for different actors that fill governmental gaps. They will also be able to apply the framework for different contexts since the framework has been decontextualized from the focus on Mexico in the analysis. Second, the framework contributes to the deeper understanding of the "governance with government" concept regarding the private sector which Börzel and Risse (2010) have not thematized extensively. This understanding will have positive impacts on future research project targeting this field of investigation. Despite the extensive opportunities that come with the complementation of Börzel and Risse's (2010) "Governance with(out) government" framework, there are also shortcomings of the theoretical construct. On the one hand, the possibility to deconstruct and adjust a framework may defy the purpose of a theoretical construction. On the other hand, the possibility to apply the theoretical construction flexibly may represent a lack of rigor for critics. Additionally, the theoretical construction is tied very closely to Börzel and Risse's (2010) framework which gives only limited possibilities to apply it in other fields without major variations. Moreover, we must recognize the difficulty to generally apply the

theoretical reflection to the concept of “social entrepreneur” as definitions and concepts around this topic are too many to be able to develop a “one size fits all approach”.

Despite the careful selection of interview partners, our study approach has several shortcomings. The reason behind involving many interviewees with a variety of backgrounds was to differentiate the information base and to compare the role of entrepreneurs in filling governmental gaps across different sectors. However, not being selective with the number and type of participants led to unequal numbers of interviews with entrepreneurs from various fields. For example, we conducted six interviews with SEs in the health care sector but only two interviews in the educational field. Consequently, the activities of SEs in the health care sector can be reflected upon from more perspectives and angle than in other sectors. Moreover, the process of finding interviewees strongly depended on our personal networks at the host university in Mexico. The contact with participants usually led to the recommendation of further potential participants. Consequently, the pool of interviewees is strongly interconnected. Also, the social entrepreneurship ecosystem we investigated may be smaller than it appears. However, we still consider the interviews representative for the Mexican context, mainly because they are differentiated and from diverse fields.

As already indicated in chapter 3, the concept of social entrepreneurship is very broadly defined, and authors rarely find consensus on what defines and differentiates SEs from other business actors. As our thesis focused more on how the SEs fill governmental gaps, we did not further refine the concept of social entrepreneurship. On the contrary, our choice of participants may have contributed to further diffuse the understanding of social entrepreneurship. First, some of our interviewees do not consider themselves to be SEs or adjusted the term to their understanding. Second, the financial viability and social mission of the interviewed entrepreneurs varies significantly between the participants. They range from non-profit to for-profit enterprises, some being completely dependent on funds (BGS1) and others never having benefited from any kind of support (HC6). Some of the startups in our study have been existing for over 10 years (BGS1) and others are still in their founding phase (E1) or are rather entrepreneurial movements than a startup (BGS5). Nonetheless, what unites all our participants is the inherently strong social mission of SEs and ability to attend governmental gaps that remained insufficiently or not addressed by the state authorities in Mexico.

The substantial number of interview partners has led us to interviews in which ethical considerations restrained our research process. The interviews revealed that some of the participants are directly and indirectly involved in corruption, mostly related to nepotism and bribery. Interestingly, the particular entrepreneurs seemed to be reflective about their corruptive behavior. Nevertheless, we had to ask ourselves how corruptive behavior is compatible with the inherently social nature of the enterprises we focused on. We tried to understand why these entrepreneurs would show corrupt behavior. Our reflections led us to two considerations which are by no means justifications for these participants behaviors. First, within the Mexican context some extend of corrupt behavior like paying bribes, may be normalized. Not paying bribes or knowing the right people that would favor oneself, may complicate and prolong doing business. This leads to the second point: Entrepreneurs that perceive themselves hindered in having a social impact by not paying bribes or not using their personal environment to continue doing good for a larger amount of people. This reflection would imply that SEs showing corrupt behavior may behave in such a way for the greater good of the people. This means that they are willing to act incorrectly by paying bribes in order to be able to advance a project which could change the lives of many people. We decided to include these interviews but censored delicate passages and anonymized the participants to not cause any of them inconveniences. Since we constipated the interviews in a way that allowed the participants to speak about their realities, we did not want to exclude their insights completely. After all, corruption is an important challenge in Mexico and the involvement of non-governmental actors with a strong social mission shows how grave the corruption problem is. All these considerations regarding the study participants have a limiting influence on our results and theoretical reflections.

A potential consequence of SEs as non-governmental actors of governance is the privatization of public goods and services. The majority of the entrepreneurs we interviewed are or will monetize on the products and services they offer. This is also the case for products and services that target the low income, marginalized and impoverished population. The privatization of public goods and services, even if the prices are adjusted to the target groups, will most likely exclude the poorest among them. With privatization, citizens become customers. However, taking into consideration the vast shortcomings of the provision of collective goods and services from the government, the adjusted privatization may enable more people to access qualitative goods and services. This may

not constitute a long-term but a transitional solution until public services are optimized. Yet, our thesis has a strong focus on the collaboration of SEs and government authorities. When the Mexican government seizes the opportunity to collaborate with SEs, the solutions of social enterprises are likely to be publicly available to the Mexican citizens.

8. Conclusion, Recommendations and Further Research

On a personal basis, our thesis was inspired by our endeavor to find out whether individuals are capable to initiate changes in society. Being personally confronted with the challenges that many Mexicans face but also witnessing the lively entrepreneurship ecosystem in Monterrey, motivated us to investigate whether entrepreneurs are capable of initiating far-reaching societal changes. Our interest led us to consult the academic literature on social entrepreneurship and governance in areas of limited statehood (Börzel and Risse, 2010). Over time, we developed a two-part research question which combined our personal interest with academic knowledge: “Do SEs attend governmental gaps in Mexico and how are they addressing such voids?”. Although the literature on social entrepreneurship but also governance, statehood and areas of limited statehood are substantial, we recognized promising, unexplored potential in combining these disciplines in application to the Mexican context.

In order to find an answer to our research questions we developed a thorough argument that derived from our personal interest to provide an understanding of the role that SEs play in filling government gaps. First, we reviewed the existing literature on entrepreneurship and social entrepreneurship. The second part of the literature review comprised an insight to governance and statehood. This led us to a closer investigation of Börzel and Risse’s (2010) article on governance in areas of limited statehood. Bringing together two unrelated disciplines gave us the opportunity to conduct an empirical research to answer our research questions based on a sound theoretical framework supported by consolidated literature. In the methodology section we explained the conduct of our empirical research. On a more theoretical level, we elaborated on the applied philosophy of science, attributes of qualitative research and grounded theory as well as case study research as our research design. The extensive analysis of the interviews with SEs and entrepreneurship experts combined with secondary data, in the form of academic literature and country reports, provided important empirical knowledge. The analysis constituted the

basis of the study outcomes and theoretical reflections. Within the theoretical reflection we combined the empirical results with the areas of limited statehood framework by incorporating the role of SEs as non-governmental actors in the “governance with government” framework.

The results and implications of our study are manifold. First, our thesis provides an understanding of which governments gaps and societal issues are perceived in Mexico. The Mexican government struggles with problems such as high degrees of corruption, bureaucracy, resource scarcity and high inefficiencies. Resulting from these problems, the state authorities are only insufficiently attending gaps, among others in education, health care, provision of collective goods and services. Additionally, high inequality levels persist. The deficiencies in these areas are reflected in severe quality shortcomings within the sectors and lacking or inefficient policies. Second, we investigated that SEs are motivated to attend some of the existing gaps mostly due to their strong feeling of responsibility and personal experiences to solve social issues. A large part recognizes the importance to connect their social mission to an income source. This income source is not necessarily tied to the market but also to private and public funds. Third, we found that SEs provide solutions in the health care and education sector, as well as in the provision of basic goods and services. Furthermore, some strived to enhance the economic and financial inclusion of marginalized low-income and indigenous groups. Next to their direct solutions in the form of products or services within their sector, some engaged further within their field by showing initiative in co-creating laws and regulations within their field. Therefore, some SEs do not only attend the most visible gaps but also more structural and intangible deficiencies. These three considerations have established a foundation for answering the central research questions “Do SEs attend governmental gaps in Mexico and how are they addressing such voids?” We found that SEs do attend governmental gaps in Mexico, however their reach is rather on a local or state level. A central finding to the second part of question, how SEs attend governmental gaps, is more elaborate. The interviews showed that support systems in the form of financial funds and mentoring are important. Most essential however, is that the SEs collaborate with governmental and non-governmental actors in order to address such gaps. Particularly collaborations with the Mexican government enables SEs to leverage their social impact. Lastly, the data derived from the interviews allowed us to incorporate the findings in Börzel and Risse’s (2010) “Governance

with(out) government" framework in which they illustrate governance by, with and without government. Our findings imply that the collaboration of SEs is to be categorized among the different involvement levels of "governance with government". Additionally, we identified changing patterns of government involvement in Social Entrepreneurship projects in relation to the maturity of the startup. With increasing maturity of the startup, the government involvement grew from no or limited support to active collaboration.

Governance provided through non-government actors, such as SEs, may be beneficial to the social development in Mexico. Nevertheless, in practice there is the danger of privatization of public goods which would exclude low income households from accessing such goods and services in the long-run. Therefore, we consider collaboration not only crucial to leverage the impact of SEs but also as a sustainable approach to make the solutions of SEs available to everyone. From this logic, we derive the recommendation for both, governmental and non-governmental actors that act in the interest of the well-being of the Mexican society, to recognize collaboration as a win-win situation. On the one hand, the availability and accessibility of SEs' solution for the public may be ensured through the government. On the other hand, the SEs may consult government authorities in their area of expertise. An increased effort from the Mexican government to foster the development of and collaboration with social enterprises may benefit state authorities in raising their efficiency in fulfilling their responsibilities and accountability. However, the benefits of a collaboration between SEs and the Mexican government are only benefits when they are recognized and seized as such. The negative outcome possibilities of privatization have to be controlled and kept to a necessary minimum through precautions.

Despite the valuable and novel contribution of our thesis in exploring the role of social entrepreneurship in attending governmental voids, we acknowledge the limitations of our research. We aimed to develop a new theory with our thesis and applied the grounded theory approach as research design for this purpose. However, with our data and time constraint we merely were able to develop a theoretical reflection, albeit with high relevance for our purpose. Additionally, our thesis contributes little in demystifying the definition and conceptual understanding of what social entrepreneurship is. The SEs in our database reflected very well the academic confusion on this kind of entrepreneurship concept. Even though clarifying the social entrepreneurship concept was not the focus of our thesis, social entrepreneurship is a central element of it.

Having mentioned the social impact in the previous paragraph, we also need to elaborate related shortcomings. We decided to conduct a qualitative study which allowed us to gain deep insight to the ecosystem of SEs. Our qualitative tools permitted to extensively and deeply assess how SEs are attending governmental gaps in Mexico. However, we are aware that the tools we utilized do not allow to measure the impact that SEs have in Mexico. We also refrained from elaborating how the social impact may be measured and which indicators have to be looked at. Therefore, also our assessment of whether entrepreneurs complement, replace or fill the responsibilities of the government in addressing voids may be criticized. Due to the high complexity of an evaluation system, we have not incorporated specific benchmarks what criteria a SE has to fulfill to have complemented, filled or replaced government responsibilities. Even though we believe these are important considerations, we consciously delimited our study to gaining insights from the interviews with our participants, academic articles and books as well as country reports.

Nevertheless, we consider our research as an important contribution to understand the dynamics with areas of limited statehood. Until now, SEs have not been taken into consideration within this field. This does not only add-value to the research study itself but also opens the opportunities for further research. As an emerging form of business, social entrepreneurship may be further investigated as a tool to bridge shortcomings in the public sphere. First of all, we encourage fellow researchers to clarify the social entrepreneurship concept they apply in their research by setting up consistent characteristics among study participants. Second, even though we were unable to develop our own theory on the involvement of SEs in attending governmental gaps, we laid the basis for such with our theoretical reflections. These may be utilized, enhanced or transformed to develop a theory on the interaction between non-governmental and governmental actors in the provision of governance. To the best of our knowledge, we were the first ones to investigate SEs within the field of governance provision. For other theses, an extension or specification of similar empirical research may be interesting. For example, such theses may include a comparative analysis with areas of limited statehood in other Latin American countries or apply different methods to the same research questions. It is obvious, that our research has much potential to be refined. We welcome other students and researchers to widen the glimpse we have provided in the intersection of social entrepreneurship in areas of limited statehood and support us in our endeavor to find out whether individuals may initiate

far-reaching changes in society. By introducing inspiring SEs, our research gives an idea about the possibilities and opportunities there are for each one of us. I3 summarized in our interview that

“opportunity comes with responsibility”.

In our research we have shown the opportunities that exist in Mexico, now it is up to our generation to take on the responsibility to seize our opportunities for making a change.

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