

## Article

# Entrepreneurial Traits, Relational Capital, and Social Enterprise Performance: Regulatory Effects of Cognitive Legitimacy

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**Abstract:** Social enterprises, as a new form of organization where public welfare and business coexist, are gradually becoming an important power in innovating social governance. However, the development of social enterprises in China is still in its infancy. Social entrepreneurs have a profound impact on the growth of social enterprises and may bring advantages to the development of enterprises, while barriers to legitimacy commonly faced by social enterprises hinder the development of the enterprise to some extent. Social enterprise performance has always been a research focus in social entrepreneurship, on which many studies have been reported, while it is seldom investigated from the perspective of entrepreneurial traits. The research aims to clarify how entrepreneurial traits influence the growth of social enterprises in an institutional scenario. Taking 208 social enterprises in China as samples, the relationship among entrepreneurial traits, relational capital, cognitive legitimacy, and social enterprise performance was verified using SPSS 22.0 and methods including correlation analysis and regression analysis based on trait theory and relational capital theory. The results indicate that: (1) entrepreneurial traits exert a significant positive effect on both the economic and social performance of social enterprises; (2) relational capital plays a mediating effect between entrepreneurial traits and social enterprise performance; (3) cognitive legitimacy only positively regulates the relationship between relational capital and economic performance. The conclusions may enrich the theory of traits and provide new ideas allowing social enterprises to overcome the dilemma of resource constraints and improve their performance. Social entrepreneurs need to pay close attention to cultivating their entrepreneurial traits and actively establishing relational capital; governments should create an institutional environment conducive to social entrepreneurship, to promote improvement in social enterprise performance.

**Keywords:** entrepreneur traits; social entrepreneurship; relational capital; cognitive legitimacy; social enterprise performance



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## 1. Introduction

The emergence of various social problems has promoted the rise in social entrepreneurship [1]. Social entrepreneurship, as an entrepreneurial way of creating social value by market-oriented means, has increasingly become an important enabler when solving social problems and promoting social transformation in a complex and changing environment [2]. Social enterprises, as results of social entrepreneurship [3], are considered a powerful tool with which to eliminate poverty and promote social transformation and inclusive growth [4]. The concept of social enterprises was introduced to China in 2003, which immediately aroused attention within academe. After more than ten years of exploration, social enterprises have played an essential role in solving social problems and promoting innovation in social governance. However, at present, social enterprises in China remain in the initial stage of development: most are small and micro-scale enterprises, and there is a

significant difference with business enterprises in terms of external financing and business operation. Therefore, it is imperative to study developmental paths for social enterprises based on Chinese situations.

The effects of entrepreneurial traits on the performance of traditional businesses and enterprises have attracted scholarly attention, but most studies focus on discussion of a single entrepreneurial trait [5–7]. Previous studies on social enterprise performance generally pay attention to influences of entrepreneurial orientation [8], social bricolage [9], and social entrepreneurial orientation [10] on social enterprise performance, or they mainly explore the relationship between the acquisition of social ventures and social enterprise performance [11]. However, there are few studies designed to reveal the mechanisms of action on social enterprise performance from the perspective of personal traits of entrepreneurs. Existing studies have shown that founders, as originators of enterprises, exert profound influences on management, decision making, and corporate culture formation in new enterprises [12].

Social entrepreneurs, as managers and decision makers in social enterprises, need to pay constant attention to the development trend in the external environment on the one hand, so that they can make decisions timeously and flexibly according to environmental changes; on the other hand, they should focus on the inner workings of social enterprises, follow each link of enterprise operation, and deal with all kinds of problems emerging in their operation, so as to create a stable internal environment for the development of social enterprises. Social entrepreneurs with different traits follow different ways of thinking and logic when formulating plans, identifying opportunities, and undertaking business management. This results in different levels of social enterprise performance and even greatly affects the sustainable development of social enterprises. Therefore, it is important to study the influences of entrepreneurial traits on social enterprise performance.

How do personal traits of social entrepreneurs, as founders and leaders of social enterprises, affect social enterprise performance? This is worthy of in-depth analysis. In the field of social entrepreneurship, some scholars have evaluated the effects of the level of education [13], gender [14,15], and perception of social support [16] on social entrepreneurship intention. However, there is relatively little research on entrepreneurial traits. Exploration of social entrepreneurial traits remains in its initial phase and a single trait is mainly analyzed (the mechanisms of influence of entrepreneur experience on social enterprise performance, for instance [17]). However, multidimensional entrepreneurial traits have not been established. The theory of relational capital holds that the relationship can bring a certain value to enterprises.

The concept of relational capital originates from the discussion of Granovetter on “embeddedness” [18]. Bourdieu proposed that relational capital, as a collection of real or potential resources, is closely related to a relation network [19]. Nahapiet and Ghoshal believed that relational capital is an actual or potential asset, existing between interpersonal and social organization networks formed by communication between cooperative partners [20]. Existing studies mainly focus on the influences of relational capital on innovation performance [21,22] and innovation capability [23] of enterprises, while seldom discussing the effect of relational capital in the scenario of social entrepreneurship. Therefore, whether entrepreneurial traits can improve social enterprise performance by promoting the acquisition of personal relational capital remains to be revealed.

In addition, the institutional environment has always been an important factor affecting the growth of social enterprises, and previous research has explored the effects of government support on social entrepreneurship [13]. Some research has proved the effect of regulatory legitimacy on the acquisition of social enterprise performance [8]. Nevertheless, whether and how cognitive legitimacy influences social enterprise performance have rarely been analyzed in previous research. Compared with regulatory legitimacy featuring a strong ability to be standardized and implemented, cognitive legitimacy plays an imperceptible role and, therefore, may have a longer-lasting effect.

At present, local governments in cities represented by Chengdu (Sichuan Province), Beijing, and Foshan (Guangdong Province), China have successively issued relevant policies and improved publicity, which has promoted the improvement in cognitive legitimacy of local social enterprises. However, whether policy support can help social entrepreneurs to enrich their relational capital and social network resources to promote the acquisition of good enterprise performance remains to be studied.

In view of this, an integrated model of entrepreneurial traits, relational capital, and social enterprise performance was constructed by taking social enterprises in China as research objects. The effects of entrepreneurial traits on social enterprise performance were verified and the contingency role of cognitive legitimacy in the influences of relational capital on social enterprise performance was studied. The results provide a theoretical basis for social enterprises to break the resourcing dilemma and realize sustainable development, and this research attempts to guide the operation and management of social enterprises and improve social enterprise performance while expanding relevant studies on social enterprises.

## 2. Theoretical Analysis and Research Hypotheses

### 2.1. Entrepreneurial Traits and Social Enterprise Performance

The trait theory holds that traits are stable traits of character formed based on physiological systems of individuals, which are manifested as stable and programmed behavioral habits and modes of thinking [24]. These are the key factors that determine the characteristics and outcomes of individual behavior [25]. Entrepreneurial traits are closely related to organizational performance [26].

The existing research on entrepreneurial traits and other relevant studies are based on three theories. These are the “three-dimensional theory” (achievement motives, locus of control, and risk-taking tendency), “theory of big five personality traits” (neuroticism, extroversion, conscientiousness, agreeableness, and openness), and “new trait theory” (incorporating human and social capital elements of entrepreneurs into the dimensions of personality traits). Some studies have focused on the demographic characteristics of enterprises, selected level of education, years of employment, and professional title of entrepreneurs to measure entrepreneurial traits [27], or included gender, age, original work unit, and major into the investigation scope of entrepreneurial traits [28]. Furthermore, business enterprises, such as private enterprises [29,30] and private technology enterprises [28], are mostly taken as research objects. Based on this, the effects of entrepreneur or manager traits on product innovation, enterprise performance, and enterprise growth are evaluated.

Social enterprises and business enterprises have different missions and visions. Although social enterprises, as a new form of organization in which economic value and social value coexist, participate in market competition with business enterprises, their economic value will ultimately serve to realize social value. This study explores entrepreneurial traits from two dimensions, namely empathy and prior experience, and divides social enterprise performance into economic performance (EP) and social performance (SP) by referring to Alter [31].

Social entrepreneurs are not only founders of social enterprises, but also core members of management teams. Their personal traits can affect the selection of strategic objectives and the decision-making in enterprises, inevitably affecting enterprise performance. Therefore, entrepreneurial traits play a vital role in the operation and development of enterprises.

Empathy is embodied as the capability to understand emotions, thoughts, positions, and feelings of other people; individuals with empathy can think and deal with problems from the perspective of others. On the one hand, social entrepreneurs with empathy can keenly perceive social problems to be solved and the actual needs of surrounding vulnerable groups, and combine social “sore points” with the business of the enterprise so as to expand the business scope and help solve social problems. On the other hand, empathetic social entrepreneurs are more likely to understand the emotions and thoughts

of vulnerable groups and their feelings. The resulting strong motivation to help others promotes entrepreneurs to devote themselves to the operation of social enterprises, thus helping vulnerable groups more effectively and generating social value.

Prior experience refers to the knowledge, cognition, and skills accumulated by entrepreneurs from previous experience. Previous studies have shown that entrepreneurs tend to take behaviors closely related to their experience to guide the operating decisions of enterprises [32], thus reducing the complexity of decision making, improving the business' efficiency, and promoting the improvement in enterprise performance. Furthermore, prior experience provides a perceptible path for future decision making and the utilization of this path by entrepreneurs is conducive to the success of start-ups and to performance improvement [33].

On this basis, the following hypotheses are proposed:

**Hypotheses 1 (H1):** *Entrepreneurial traits significantly positively affect EP of social enterprises;*

**Hypotheses 1a (H1a):** *Empathy significantly positively influences EP of social enterprises;*

**Hypotheses 1b (H1b):** *Prior experience exerts significantly positive effects on EP of social enterprises;*

**Hypotheses 2 (H2):** *Entrepreneurial traits have significantly positive effects on SP of social enterprises;*

**Hypotheses 2a (H2a):** *Empathy significantly positively affects SP of social enterprises;*

**Hypotheses 2b (H2b):** *Prior experience significantly positively influences SP of social enterprises.*

## 2.2. Relational Capital and Social Enterprise Performance

As a resource formed in the process of continuous interaction, relational capital plays an important role in improving the competitiveness of enterprises. Yim et al. found that relational capital is conducive to promoting information sharing and resource integration to improve performance [34]. Social entrepreneurs take the established social relationship network as a medium through which to communicate and interact with other subjects, including cooperative partners. In this way, they can obtain relevant information about changes in the industry and external environment timeously, thus improving the environmental adaptability of enterprises.

The two-factor theory of relational capital proposed by Cullen et al. (2000) considers that two sides of the relation reflect a close relationship between them through trust and promise [35]. Based on direct or indirect interaction, social entrepreneurs and other subjects gradually develop mutual trust and promise, and cultivate and maintain a long-term, stable partnership. This is conducive to creating a strongly inclusive and highly transparent cooperation atmosphere and enhancing the risk tolerance of social enterprises, thus affecting enterprise performance.

Mutual trust among members in the social relationship network can reduce transaction costs, improve cooperation efficiency, and promote mutual learning and common growth among different subjects. Trust can attract more like-minded organizations to join the existing relationship network. All subjects depend on, and help, each other, cooperate to solve existing social problems, and promote the generation of synergy, so as to form more feasible solutions to social problems and realize the SP of social enterprises.

Promise is the affirmation of social entrepreneurs for expected responsibilities, which is reflected by responsibilities undertaken by social enterprises in the communication with other subjects. In the social relationship network, high-intensity promise can bring more sense of security and belonging to each other and help to enhance cooperation. The formation of promise is conducive to the circulation of key information and resources in the relation network and encourages social enterprises to engage with in-depth cooperation on various subjects to reduce decision-making costs. In addition, the promise between social entrepreneurs and other subjects can promote the formation of an informal code of conduct

and thereby fill the gap in formal systems [36]. Social enterprises and other subjects can clarify the solutions to contradictions and avoid possible conflicts under the norms of the informal code of conduct, thus maintaining the stability of cooperative relationships and jointly improving enterprise performance. On this basis, the following hypotheses are proposed:

**Hypotheses 3 (H3):** *Relational capital significantly positively influences EP of social enterprises;*

**Hypotheses 3a (H3a):** *Trust exerts significantly positive influences on EP of social enterprises;*

**Hypotheses 3b (H3b):** *Promise has significantly positive effects on EP of social enterprises;*

**Hypotheses 4 (H4):** *Relational capital significantly positively influences SP of social enterprises;*

**Hypotheses 4a (H4a):** *Trust exerts significantly positive effects on SP of social enterprises;*

**Hypotheses 4b (H4b):** *Promise has significantly positive influences on SP of social enterprises.*

### *2.3. Mediating Effects of Relational Capital between Entrepreneurial Traits and Social Enterprise Performance*

Social entrepreneurs with strong empathy think and deal with problems more from the perspective of others; more easily understand the emotions, ideas, positions, and feelings of others; and show strong motivation to help others in their communication with other participants. Therefore, they are more likely to be trusted by the other party and improve the depth of the social relationship network. The social relationship network established by social entrepreneurs in previous entrepreneurial experience provides a resource basis for the operation of current enterprises and accumulates a certain relational capital for the growth of social enterprises. Compared with entrepreneurs who start from scratch, it is more convenient for social entrepreneurs with prior experience to forge relationships with other subjects, which improves the breadth of the social relation network and mobilizes richer resources. Therefore, entrepreneurial traits can improve the breadth and depth of the social relation network and help social entrepreneurs obtain relational capital. Based on this, the following hypotheses are proposed:

**Hypotheses 5 (H5):** *Entrepreneurial traits significantly positively affect relational capital;*

**Hypotheses 5a (H5a):** *Empathy has significantly positive effects on relational capital;*

**Hypotheses 5b (H5b):** *Prior experience significantly positively influences relational capital.*

It is far from enough to have only entrepreneurial traits, because traits embodied by entrepreneurs are not productive and cannot directly affect the operation of enterprises. Entrepreneurial traits provide competitive advantages for social enterprises to participate in market competition, while this requires the assistance and support of relational capital. Facing the realistic dilemma of a lack of external resources, relational capital provides effective solutions for social enterprises and plays an essential role in the process of promoting organizational performance by entrepreneurial traits at the individual level. Entrepreneurial traits can encourage entrepreneurs to build and gradually expand the social relationship network and accumulate relational capital, which promotes the growth of social enterprises, improves EP, and helps in realizing their social value. On this basis, the following hypotheses are proposed:

**Hypotheses 6 (H6):** *Relational capital has mediating effects between entrepreneurial traits and EP of social enterprises;*

**Hypotheses 6a (H6a):** *Relational capital shows mediating effects between empathy and EP of social enterprises;*

**Hypotheses 6b (H6b):** *Relational capital exerts mediating effects between prior experience and EP of social enterprises;*

**Hypotheses 7 (H7):** *Relational capital shows mediating effects between entrepreneurial traits and SP of social enterprises;*

**Hypotheses 7 (H7a):** *Relational capital has mediating effects between empathy and SP of social enterprises;*

**Hypotheses 7 (H7b):** *Relational capital plays a role in mediating prior experience and SP of social enterprises.*

#### 2.4. Regulatory Effects of Cognitive Legitimacy

Legitimacy refers to the general perception or assumption of the adequacy, appropriateness, and desirability of entity activities within the socially constructed system of norms, values, beliefs, and definitions [37]. Legitimacy, as a kind of perception or assumption, reflects the cognition of stakeholders in relation to an organization, so it embodies both objective and subjective evaluation criteria.

Suchman classified legitimacy into legitimacy of social and political supervision, legitimacy of social and political norms, and cognitive legitimacy. Compared with other dimensions of legitimacy, the academic community has greater consistency in understanding of the concept of cognitive legitimacy and regards it as an important part of the cultural belief system that plays a leading role in research into legitimacy. Cognitive legitimacy demonstrates the consistency of beliefs between social groups and legitimate groups, which depends on whether the beliefs are recognized by these groups. In comparison with the other two types of legitimacy with objective evaluation criteria, cognitive legitimacy is more flexible than the evaluation of stakeholders within groups or organizations. Therefore, social enterprises more readily gain cognitive legitimacy in the interaction with stakeholders. Previous studies have demonstrated that enterprises with strong cognitive legitimacy have stronger capability in resource acquisition [38].

The cognitive legitimacy of social enterprises comes from the perception from stakeholders of these enterprises' capability and future development potential, as well as recognition of their mode of operation and business philosophy. At present, there is no legislation for social enterprises in China. It is difficult for social enterprises to obtain enough resources, so these enterprises generally confront the realistic dilemma of financing difficulty. Therefore, cognitive legitimacy is of great importance to social enterprises.

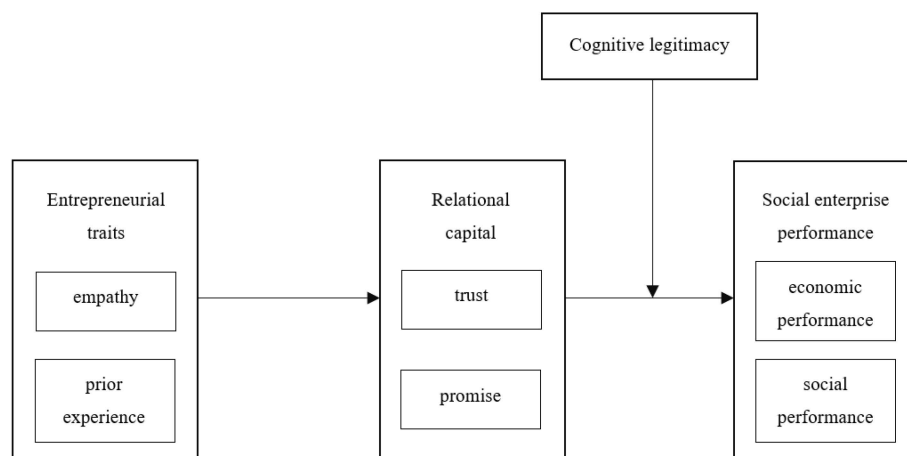
On the one hand, social enterprises have a high cognitive legitimacy, which means that stakeholders, including customers, governments, and the public, make positive comments about such enterprises. Therefore, cognitive legitimacy can be regarded as a standard of whether social enterprises can obtain other resources which help them overcome defects caused by the lack of convincing operational results, and obtain recognition from resource owners. On the other hand, for newly established social enterprises, the acquisition of cognitive legitimacy implies the improvement in their own popularity, and the business activities carried out by enterprises will win more support, which is conducive to improving their level of performance.

In the current environment, social enterprises generally have a low level of cognition, resulting in less recognition and support from the public and low cognitive legitimacy, so it is difficult to meet the needs of survival and development of enterprises by obtaining relational capital. When governments provide policy support and social enterprises are well-known by stakeholders including the public, cognitive legitimacy will be improved, and it will be easier for social entrepreneurs to obtain high-quality relational capital, thus improving enterprise performance. On this basis, the following hypotheses are proposed:

**Hypotheses 8 (H8):** *Cognitive legitimacy positively regulates the effects of relational capital on EP of social enterprises;*

**Hypotheses 9 (H9):** *Cognitive legitimacy positively regulates the influences of relational capital on SP of social enterprises.*

In conclusion, a theoretical model was established, as illustrated in Figure 1.



**Figure 1.** Theoretical model.

### 3. Research Design

#### 3.1. Sample Selection and Data Collection

Specialized laws and regulations for social enterprises have not been introduced in China and the concept and classes of social enterprises have not yet been defined. Despite this, some industry associations are active in the publicity and promotion of social enterprises and make a contribution to their cultivation and development.

For sample selection, (1) social enterprises certified by the China Charity Fair from 2015 to 2019 were sampled. The China Charity Fair has begun to certify social enterprises in China since 2015. After years of innovative practice and exploration, this has allowed the formation of a certification standard and evaluation system for social enterprises aligned with prevailing Chinese conditions. The China Charity Fair defines social enterprises as enterprises and social organizations that are established aiming to solve social issues, take commercial modes of operation, and are characterized by social innovation, high participation of charity capital, and sustainability; (2) similar to the existing research, social welfare enterprises, private non-enterprise units, cooperatives, and enterprises that are registered in the industry and commerce departments with developed public welfare undertakings were included in the sample selection range of social enterprises. This is because these organizations are most likely to become social enterprises after establishing the legal status of social enterprises, so their growth can, to some extent, be used to evaluate the development of social enterprises in China [39]. This ensures the representativeness of social enterprises; (3) these organizations are not shut down and do not go bankrupt due to environmental impact or poor operation and management, but they are always engaged in production and operation and have persisted to date.

The data were collected in the first stage from October 2020 to January 2021, and second stage from March to July, 2021. The questionnaires were completed by social entrepreneurs (founders and executives of social enterprises). During this period, 312 questionnaires were distributed, and 208 valid questionnaires were fed back, with an effective rate of 66.7%. The descriptive statistical results of the samples are displayed in Table 1.

As shown in Table 1, male social entrepreneurs account for 52.4% of the social enterprise samples, more than for female social entrepreneurs. More than 80% of them have received a bachelor degree or above, indicating that social entrepreneurs in China generally have a high level of education. In terms of years of operation, more than 90% of social enterprises have operated for less than 10 years and more than 60% for less than 5 years, suggesting that most social enterprises have a short history. From the perspective of scale, nearly 75% of social enterprises have assets amounting to less than 158258 USD and enterprises with fewer than 50 employees account for 72.6% of the total; that is, small and

micro-enterprises predominate. This indicates that social enterprises in China are in the primary stage of development.

**Table 1.** Distribution of valid samples (N = 208).

Variable	Item	Number	Frequency (%)	Accumulated Frequency (%)
Gender	Male	109	52.4	52.4
	Female	99	47.6	100
Level of education	College degree or below	38	18.3	18.3
	Bachelor degree	137	65.9	84.1
	Master degree	31	14.9	99.0
	Doctoral degree	2	1.0	100
Number of employees	Fewer than 50 employees	151	72.6	72.6
	51 to 100 employees	48	23.1	95.7
	101 to 500 employees	9	4.3	100
Years since establishment	Less than 5 years	136	65.4	65.4
	5 to 10 years	59	28.4	93.8
	11 to 20 years	13	6.3	100
Asset scale	Less than 15,826 USD	25	12.0	12.0
	15826 USD to 79129 USD	74	35.6	47.6
	More than 79,129 USD and equal to or less than 158258 USD	56	26.9	74.5
	More than 158,258 USD	53	25.5	100
	Total	208	100	100

### 3.2. Variable Measurement

- (1) Entrepreneurial traits: referring to previous studies by Zhan [40], Delmar [41], An, and Wang et al. [12], a scale of entrepreneurial traits was constructed from two dimensions, namely empathy and prior experience, including 10 items in total.
- (2) Relational capital: by referring to the studies of Li and Zhao et al. [42], relational capital was divided into two dimensions, namely trust and promise, including five items in total.
- (3) Social enterprise performance:

Social enterprises have begun relatively late in China and they remain in their infancy. Regarding their scale, social enterprises are mainly small or micro-scale enterprises, rather than listed companies. Information pertaining to the operation of social enterprises has not been disclosed, and it is difficult to obtain objective data that reflect the social enterprise performance. Hence, subjective data were employed to assess social enterprise performance. Social enterprise performance can be measured based on research of Liu et al. [43] from the creation of economic value and social value, including six items in total.

- (4) Cognitive legitimacy: based on the research of Scott and Suchman et al., a scale was designed, including three items in total.
- (5) Control variables: the gender (1 = male; 2 = female) and level of education (1 = college degree or below; 2 = bachelor degree; 3 = master degree; 4 = doctoral degree) of entrepreneurs, as well as years since establishment (1 = less than 5 years; 2 = 5 to 10 years; 3 = 11 to 20 years; 4 = 21 to 30 years; 5 = more than 30 years), scale (the number of employees; 1 = fewer than 50 employees; 2 = 51 to 100 employees; 3 = 101 to 500 employees; 4 = 501 to 1000 employees; 5 = more than 1000 employees) and asset scale (1 = less than 15,826 USD; 2 = 15,826 USD to 79,129 USD; 3 = more than 79,129 USD and equal to or less than 158,258 USD; 4 = more than 158,258 USD) of enterprises are used as control variables.

#### 4. Data Analysis and Hypothesis Testing

##### 4.1. Reliability Test

SPSS 22.0 software was used to verify the reliability of the scales, and the overall Cronbach's  $\alpha$  coefficient of questionnaires was 0.871. The reliability test results of each variable and dimension are listed in Table 2.

**Table 2.** Results for reliability test.

Variable	Dimension	Number of Item	Cronbach's $\alpha$ of Dimension	Cronbach's $\alpha$ of Variable
Entrepreneurial traits	empathy (ET1)	5	0.801	0.793
	prior experience (ET2)	5	0.820	
Relational capital	trust (RC1)	3	0.886	0.800
	promise (RC2)	2	0.649	
Cognitive legitimacy	CL	3		0.827
Social enterprise performance	economic performance (EP)	3	0.761	0.791
	social performance (SP)	3	0.763	

As seen from Table 2, Cronbach's  $\alpha$  coefficients of scales of entrepreneurial traits, relational capital, cognitive legitimacy, and social enterprise performance are (separately): 0.793, 0.800, 0.827, and 0.791, each of which is greater than 0.6. This indicates a high reliability of each scale, so the questionnaires are deemed highly reliable, and conform to the requirements of analysis.

##### 4.2. Validity Test

The validity was tested through exploratory factor analysis. The results show that KMO values of scales are greater than 0.5 (those of scales of entrepreneurial traits, relational capital, cognitive legitimacy, and social enterprise performance are 0.753, 0.708, 0.658, and 0.767, respectively). The results are significant when measured using Bartlett's test of sphericity, and the common factors extracted through principal component analysis are same as the dimensions for the design of scales. Therefore, the questionnaires exhibit good validity and meet the requirements of analysis. The loads of variable factors are listed in Table 3.

**Table 3.** Factor loading of variables.

Item	Loading 1	Loading 2	Loading 3	Loading 4	Loading 5	Loading 6	Loading 7
ET11	0.804	−0.019	0.089	0.078	0.052	0.166	0.051
ET12	0.767	0.021	0.082	0.176	0.027	0.213	0.061
ET13	0.705	0.077	0.158	−0.214	0.058	0.073	0.206
ET14	0.685	0.155	0.191	−0.234	0.087	−0.182	0.188
ET15	0.635	0.139	−0.035	0.269	−0.107	0.201	−0.042
ET21	−0.001	0.808	−0.026	0.022	−0.105	0.144	0.117
ET22	−0.021	0.793	−0.039	0.183	0.010	0.127	−0.068
ET23	0.185	0.732	−0.052	0.123	0.153	−0.005	0.124
ET24	−0.008	0.694	0.156	−0.029	−0.166	0.132	0.033
ET25	0.257	0.627	0.053	0.107	0.293	0.209	0.101
RC11	0.112	−0.031	0.911	0.060	0.139	0.068	0.095
RC12	0.127	0.008	0.893	0.126	0.157	0.115	0.116
RC13	0.154	0.098	0.740	0.248	0.146	0.097	0.099
RC21	0.043	0.283	0.151	0.747	0.009	−0.031	0.105
RC22	0.034	0.062	0.307	0.707	0.126	0.132	0.179

Table 3. Cont.

Item	Loading 1	Loading 2	Loading 3	Loading 4	Loading 5	Loading 6	Loading 7
CL1	0.027	−0.028	0.160	0.048	0.893	0.012	0.122
CL2	0.102	−0.041	0.133	0.197	0.799	0.102	−0.005
CL3	−0.063	0.097	0.132	−0.139	0.793	0.051	0.242
EP11	0.252	0.186	0.105	0.019	−0.062	0.808	0.068
EP12	0.158	0.308	0.124	0.051	0.262	0.633	0.184
EP13	0.136	0.393	0.167	0.079	0.130	0.557	0.309
SP21	0.120	0.045	0.059	0.107	0.078	0.123	0.841
SP22	0.118	0.231	0.204	0.071	0.108	−0.040	0.746
SP23	0.120	−0.028	0.058	0.102	0.202	0.370	0.695

#### 4.3. Correlation Analysis between Variables

Table 4 displays means and standard deviations of each variable and the correlation between factors. The results imply pairwise correlations of entrepreneurial traits, relational capital, cognitive legitimacy, and social enterprise performance, which are consistent with the theoretical analysis. This provides preliminary evidence for the hypotheses. Cognitive legitimacy is correlated with relational capital, EP, and SP, while it is not correlated with entrepreneurial traits.

Table 4. Correlation coefficient matrix.

Variable	M	SD	1	2	3	4	5	6	7	8	9	10
Gender	1.476	0.501	1									
Level of education	1.986	0.610	0.038	1								
Years since establishment	1.409	0.607	−0.087	0.003	1							
Scale	1.317	0.552	0.063	−0.101	0.145 *	1						
Asset scale	2.659	0.990	−0.012	0.016	0.024	−0.110	1					
ET	3.925	0.420	0.089	−0.057	−0.033	0.082	−0.121	1				
RC	4.173	0.467	0.216 **	−0.029	−0.050	0.033	−0.022	0.326 **	1			
CL	4.304	0.571	0.211 **	−0.038	−0.012	−0.007	−0.003	0.124	0.327 **	1		
EP	3.936	0.555	0.133	−0.060	−0.123	0.035	−0.099	0.578 **	0.375 **	0.241 **	1	
SP	4.035	0.608	0.161 *	−0.051	−0.087	0.130	−0.074	0.355 **	0.366 **	0.330 **	0.447 **	1

Note: \*\*, and \* represent significance levels of 0.01, and 0.05, respectively.

#### 4.4. Hypothesis Testing

Each model was verified using SPSS 22.0 software by means of hierarchical regression. To avoid interference of variables including the gender and level of education of entrepreneurs, years since establishment of enterprises, enterprise scale, and asset scale on the models, these factors were incorporated in the models as control variables. At first, control variables and dependent variables were integrated in the same model. On this basis, studied independent variables were added to establish new models. Whether the studied independent variables played their roles or not was judged by observing whether the new models significantly explained more variations. The method is accurate and powerful and can verify the proposed hypotheses, so it is applicable to the research.

##### 4.4.1. Test of Main Effects

The test results of main effects are listed in Table 5, in which the variance inflation factors (VIFs) of Models 2, 3, 5, and 6 are less than 2, indicative of the absence of severe multicollinearity among various variables. Model 2 shows that entrepreneurial traits significantly positively affect the EP of social enterprises ( $\beta = 0.563$ ,  $p < 0.001$ ), which verifies Hypothesis H1. Based on Model 3, the effects of each dimension of entrepreneurial traits on EP were further estimated. Empathy ( $\beta = 0.314$ ,  $p < 0.001$ ) and prior experience ( $\beta = 0.404$ ,  $p < 0.001$ ) exert significantly positive influences on EP, verifying Hypotheses H1a and H1b. The results of Model 5 demonstrate that entrepreneurial traits have significantly

positive effects on SP ( $\beta = 0.330, p < 0.001$ ), which verifies Hypothesis H2. Furthermore, the effects of each dimension of entrepreneurial traits on SP were further studied by Model 6. Empathy ( $\beta = 0.262, p < 0.001$ ) and prior experience ( $\beta = 0.159, p < 0.05$ ) show significantly positive influences on SP, so Hypotheses H2a and H2b are verified.

**Table 5.** Hierarchical regression results of entrepreneur traits and social enterprise performance.

	EP				SP		VIF	
	Model 1	Model 2	Model 3	Model 4	Model 5	Model 6	Model 2 and Model 5	Model 3 and Model 6
Control variables								
Gender	0.123	0.076	0.074	0.147 *	0.119	0.124	1.023	1.027
Level of education	−0.060	−0.031	−0.023	−0.043	−0.026	−0.038	1.016	1.049
Years since establishment	−0.114	−0.095	−0.094	−0.091	−0.080	−0.082	1.034	1.036
Scale	0.028	−0.008	−0.006	0.123	0.102	0.099	1.057	1.059
Asset scale	−0.090	−0.028	−0.025	−0.055	−0.019	−0.024	1.027	1.032
Independent variables								
Entrepreneurial traits		0.563 ***			0.330 ***		1.031	
Empathy			0.314 ***			0.262 ***		1.073
Prior experience			0.404 ***			0.159 *		1.119
R <sup>2</sup>	0.044	0.352	0.353	0.054	0.159	0.164		
Adj.R <sup>2</sup>	0.020	0.332	0.331	0.030	0.134	0.135		
F	1.852	18.158 ***	15.614 ***	2.296 *	6.353 ***	5.612		

Note: \*\*\*, and \* represent significance levels of 0.001, and 0.05, respectively.

In Table 6, the VIFs of Models 8, 9, 11, and 12 are less than 2, indicative of the absence of severe multicollinearity among various variables. The results of Model 8 show that the regression coefficient of relational capital to EP is positive and statistically significant ( $\beta = 0.356, p < 0.001$ ), indicating that relational capital significantly positively affects EP, verifying Hypothesis H3. The effects of each dimension of relational capital on EP are further determined by Model 9. The results demonstrate that trust ( $\beta = 0.221, p < 0.01$ ) and promise ( $\beta = 0.210, p < 0.01$ ) exert significantly positive influences on EP, which verifies Hypotheses H3a and H3b. Similarly, the effects of relational capital on SP are assessed based on Model 11. The results illustrate that the regression coefficient of relational capital to SP is positive and statistically significant ( $\beta = 0.341, p < 0.001$ ), suggesting that relational capital has significantly positive influences on SP, so Hypothesis H4 is verified. The further analysis of effects of each dimension of relational capital on SP by Model 12 proves that trust ( $\beta = 0.251, p < 0.01$ ) and promise ( $\beta = 0.153, p < 0.05$ ) significantly positively affect SP, which verifies Hypotheses H4a and H4b.

In Table 7, the VIFs of Models 14 and 15 are less than 2, indicative of the absence of severe multicollinearity among various variables. Model 14 suggests that the regression coefficient of entrepreneurial traits to relational capital is positive and statistically significant ( $\beta = 0.309, p < 0.001$ ), indicating that entrepreneurial traits show significantly positive effects on relational capital, so Hypothesis H5 is verified. Through Model 15, the effects of each dimension of entrepreneurial traits on relational capital were further ascertained. The results indicate that the regression coefficients of empathy ( $\beta = 0.252, p < 0.001$ ) and prior experience ( $\beta = 0.143, p < 0.05$ ) to relational capital are positive and statistically significant. This implies that each dimension of entrepreneurial traits significantly positively influences relational capital, which can confirm Hypotheses H5a and H5b.

**Table 6.** Hierarchical regression results of relational capital and social enterprise performance.

	EP			SP			VIF	
	Model 7	Model 8	Model 9	Model 10	Model 11	Model 12	Model 8 and Model 11	Model 9 and Model 12
Control variables								
Gender	0.123	0.047	0.044	0.147 *	0.074	0.074	1.064	1.069
Level of education	−0.060	−0.048	−0.041	−0.043	−0.031	−0.032	1.014	1.034
Years since establishment	−0.114	−0.102	−0.106	−0.091	−0.079	−0.079	1.034	1.042
Scale	0.028	0.021	0.022	0.123	0.116	0.116	1.053	1.054
Asset scale	−0.090	−0.085	−0.079	−0.055	−0.050	−0.050	1.014	1.032
Independent variables								
Relational capital		0.356 ***			0.341 ***		1.052	
Trust			0.221 **			0.251 **		1.214
Promise			0.210 **			0.153 *		1.248
R <sup>2</sup>	0.044	0.164	0.166	0.054	0.164	0.164		
Adj.R <sup>2</sup>	0.020	0.139	0.137	0.030	0.139	0.135		
F	1.852	6.579 ***	5.695 ***	2.296 *	6.572 ***	5.606 ***		

Note: \*\*\*, \*\*, and \* represent significance levels of 0.001, 0.01, and 0.05, respectively.

**Table 7.** Hierarchical regression results of entrepreneur traits and relational capital.

	RC			VIF	
	Model 13	Model 14	Model 15	Model 14	Model 15
Control variables					
Gender	0.213 **	0.188 **	0.193 **	1.023	1.027
Level of education	−0.034	−0.018	−0.032	1.016	1.049
Years since establishment	−0.033	−0.023	−0.026	1.034	1.036
Scale	0.020	0.000	−0.004	1.057	1.059
Asset scale	−0.016	0.018	0.013	1.027	1.032
Independent variables					
Entrepreneurial traits		0.309 ***		1.031	
Empathy			0.252 ***		1.073
Prior experience			0.143 *		1.119
R <sup>2</sup>	0.050	0.143	0.148		
Adj.R <sup>2</sup>	0.026	0.117	0.118		
F	2.120	5.578 ***	4.964 ***		

Note: \*\*\*, \*\*, and \* represent significance levels of 0.001, 0.01, and 0.05, respectively.

#### 4.4.2. Test of Mediating Effects

In Table 8, Models 18 and 21 have VIFs less than 2, indicative of the absence of severe multicollinearity among various variables. Model 17 shows that empathy and prior experience have significantly positive influences on EP; however, the further comparison demonstrates that the  $\beta$ -value for empathy decreases from 0.314 to 0.263 ( $p < 0.001$ ) after adding relational capital in Model 18, so relational capital shows partial mediating effects, verifying Hypothesis H6a. The influences of prior experience on EP do not vanish, but their significance decreases ( $\beta$  decreases from 0.404 to 0.375,  $p < 0.001$ ), indicating that relational capital has partial mediating effects, so Hypothesis H6b is proved. In conclusion, Hypothesis H6 is verified. Similarly, Model 20 demonstrates that empathy and prior experience both significantly positively affect SP. After adding relational capital in Model 21, the influences of empathy on SP do not vanish but their significance decreases ( $\beta$  value decreases from 0.262 to 0.197), which indicates that relational capital has partial mediating effects, verifying Hypothesis H7a. The  $\beta$ -value for prior experience reduces from 0.159 to 0.122 and the effects change from significant to insignificant, suggesting that relational

capital shows complete mediating effects, which verifies Hypothesis H7b. Hypothesis H7 is thus proved.

**Table 8.** Test results of mediating effect.

	EP				SP		VIF
	Model 16	Model 17	Model 18	Model 19	Model 20	Model 21	Model 18 and Model 21
Control variables							
Gender	0.123	0.074	0.035	0.147 *	0.124	0.074	1.071
Level of education	−0.060	−0.023	−0.016	−0.043	−0.038	−0.030	1.050
Years since establishment	−0.114	−0.094	−0.088	−0.091	−0.082	−0.076	1.036
Scale	0.028	−0.006	−0.005	0.123	0.099	0.100	1.059
Asset scale	−0.090	−0.025	−0.027	−0.055	−0.024	−0.027	1.032
Independent variables							
Empathy		0.314 ***	0.263 ***		0.262 ***	0.197 **	1.148
Prior experience		0.404 ***	0.375 ***		0.159 *	0.122	1.143
Mediator variables							
Relational capital			0.202 **			0.258 ***	1.174
R <sup>2</sup>	0.044	0.353	0.388	0.054	0.164	0.221	
Adj.R <sup>2</sup>	0.020	0.331	0.364	0.030	0.135	0.189	
F	1.852	15.614 ***	15.783 ***	2.296 *	5.612 ***	7.047 ***	

Note: \*\*\*, \*\*, and \* represent significance levels of 0.001, 0.01, and 0.05, respectively.

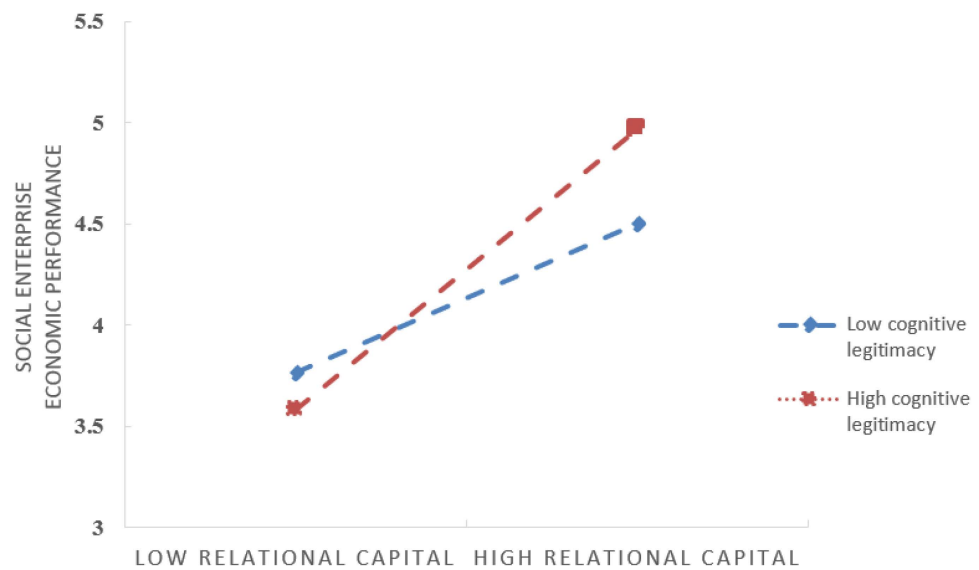
#### 4.4.3. Test of Regulatory Effects

To eliminate the collinearity problem, the relational capital and cognitive legitimacy were separately centralized and then a cross-product term involving the two was constructed. As seen from Table 9, the VIFs of Models 23, 24, 26, and 27 are less than 2, indicative of the absence of severe multicollinearity among various variables. The results of Model 27 demonstrate that the cross-product term of relational capital and cognitive legitimacy insignificantly affects SP ( $\beta = 0.056, p > 0.05$ ), so Hypothesis H9 is not true. In other words, cognitive legitimacy has no significant regulatory effect in the relationship between relational capital and SP of social enterprises. Model 24 shows that the regression coefficient of the cross-product term of relational capital and cognitive legitimacy is significant ( $\beta = 0.156, p < 0.05$ ), indicating that the higher the level of cognitive legitimacy, the stronger the positive effects of relational capital on the EP of social enterprises. The regulatory effects of cognitive legitimacy in the influences of relational capital on the EP of social enterprises are shown in Figure 2. The differences of different levels of cognitive legitimacy in the relationship between relational capital and the EP of social enterprises are determined by adding or subtracting a standard deviation from cognitive legitimacy to form high and low levels of cognitive legitimacy. Figure 2 shows that, compared with the low level of cognitive legitimacy, relational capital more significantly influences EP under a high level of cognitive legitimacy, thus verifying Hypothesis H8.

**Table 9.** Test results of moderating effect.

	EP				SP		VIF	
	Model 22	Model 23	Model 24	Model 25	Model 26	Model 27	Model 23 and Model 26	Model 24 and Model 27
Control variables								
Gender	0.123	0.028	0.034	0.147 *	0.039	0.041	1.091	1.092
Level of education	−0.060	−0.043	−0.033	−0.043	−0.022	−0.019	1.016	1.019
Years since establishment	−0.114	−0.104	−0.104	−0.091	−0.084	−0.084	1.035	1.035
Scale	0.028	0.025	0.029	0.123	0.124	0.125	1.054	1.055
Asset scale	−0.090	−0.085	−0.083	−0.055	−0.050	−0.050	1.014	1.014
Independent variables								
Relational capital		0.318 ***	0.312 ***		0.272 ***	0.270 ***	1.152	1.154
Moderator variables								
Cognitive legitimacy		0.128	0.148 *		0.232 **	0.239 **	1.150	1.166
Relational capital*cognitive legitimacy			0.156 *			0.056		1.022
R <sup>2</sup>	0.044	0.178	0.202	0.054	0.211	0.214		
Adj.R <sup>2</sup>	0.020	0.150	0.170	0.030	0.183	0.182		
F	1.852	6.207	6.313	2.296	7.630	6.764		

Note: \*\*\*, \*\*, and \* represent significance levels of 0.001, 0.01, and 0.05, respectively.

**Figure 2.** Regulatory effects of cognitive legitimacy.

The results of hypothesis testing in this study are listed in Table 10.

**Table 10.** The results of hypothesis testing.

Number	Hypothesis	Proved or not
H1	Entrepreneurial traits significantly positively affect EP of social enterprises	Proved
H1a	Empathy significantly positively influences EP of social enterprises	Proved
H1b	Prior experience exerts significantly positive effects on EP of social enterprises	Proved
H2	Entrepreneurial traits have significantly positive effects on SP of social enterprises	Proved
H2a	Empathy significantly positively affects SP of social enterprises	Proved
H2b	Prior experience significantly positively influences SP of social enterprises	Proved
H3	Relational capital significantly positively influences EP of social enterprises	Proved
H3a	Trust exerts significantly positive influences on EP of social enterprises	Proved
H3b	Promise has significantly positive effects on EP of social enterprises	Proved
H4	Relational capital significantly positively influences SP of social enterprises	Proved
H4a	Trust exerts significantly positive effects on SP of social enterprises	Proved
H4b	Promise has significantly positive influences on SP of social enterprises	Proved
H5	Entrepreneurial traits significantly positively affect relational capital	Proved
H5a	Empathy has significantly positive effects on relational capital	Proved
H5b	Prior experience significantly positively influences relational capital	Proved
H6	Relational capital has mediating effects between entrepreneurial traits and EP of social enterprises	Proved
H6a	Relational capital shows mediating effects between empathy and EP of social enterprises	Proved
H6b	Relational capital exerts mediating effects between prior experience and EP of social enterprises	Proved
H7	Relational capital shows mediating effects between entrepreneurial traits and SP of social enterprises	Proved
H7a	Relational capital has mediating effects between empathy and SP of social enterprises	Proved
H7b	Relational capital plays a role in mediating prior experience and SP of social enterprises	Proved
H8	Cognitive legitimacy positively regulates effects of relational capital on EP of social enterprises	Proved
H9	Cognitive legitimacy positively regulates influences of relational capital on SP of social enterprises	Not proved

## 5. Results

According to the above empirical analysis results, empathy and prior experience in entrepreneurial traits can both exert significant positive influences on the economic and social performance of social enterprises. The relational capital has different degrees of mediating effect on entrepreneurial traits and various dimensions of social enterprise performance. The results indicate that social entrepreneurs with empathy and prior experience can constantly acquire relational capital by establishing and maintaining social relation networks, thus facilitating the improvement in economic performance and fulfilment of social value of social enterprises.

It is worth noting that the effect of cognitive legitimacy differs greatly between the relationships of relational capital and various dimensions of social enterprise performance. That is, it only positively regulates the influences of relational capital on the economic performance of social enterprises. This is shown as follows: the higher the cognitive legitimacy, the greater the ability to create a supportive external environment. This helps social enterprises to show concern and be recognized by stakeholder groups, including clients, governments, and the public, in a manner conducive to the acquisition and accumulation of relational capital and thus the improvement in their economic performance.

- (1) The research scope of the trait theory is extended. In previous studies, mechanisms of influence of entrepreneurial traits on business enterprise performance are mainly discussed from the perspective of business entrepreneurship. For social enterprises in which entities face obstacles to their legitimacy, whether entrepreneurial traits play a role in their performance has rarely been researched. Although some studies have discussed mechanisms of action of entrepreneur experience on social enterprise

performance, they have not studied the effects of other traits of entrepreneurs on social enterprise performance. Based on the coexistence of public welfare and business of social enterprises, this study introduces empathy and prior experience in the research of entrepreneurial traits. Moreover, the theoretical framework of influences of entrepreneurial traits on social enterprise performance is established and verified, so that the research scope of the theory of behavioral traits is extended to social enterprises.

- (2) Deep mechanisms of entrepreneurial traits in affecting social enterprise performance are revealed. The existing studies focus on the role of relational capital in improving business enterprise performance. This research shows that relational capital is also applicable to entities such as social enterprises; that is, in the entrepreneurial scenario of a lack of external resources, relational capital can become a convenient and reliable way in which social enterprises can obtain resources. The path through which social entrepreneurial traits promote the improvement in social enterprise performance through relational capital is explained. Based thereon, the individual and organizational levels for researching social enterprises are established, which reveal the deep mechanisms of entrepreneurial traits in affecting social enterprise performance.
- (3) The contingency role of cognitive legitimacy in the relationship between relational capital and social enterprise performance is ascertained. The situational role of institutional environment has always been the focus of research into social entrepreneurship, but the existing research focuses mainly on the effects of institutional environment on the willingness of individuals towards social entrepreneurship, while rarely extending the research to social enterprise performance. This study takes cognitive legitimacy as a situational element into the conceptual model, integrating entrepreneurial traits, relational capital, and social enterprise performance, which is conducive to a deeper understanding of the acquisition and utilization effects of relational capital in the scenario of cognitive legitimacy. Moreover, this promotes the improvement in social enterprise performance, to provide a theoretical basis for formulating support policies for social enterprises.

## 6. Discussion

This research finds that entrepreneurial traits can significantly improve social enterprise performance, which tallies with initial expectations. This is because empathy imparts a keen perception and strong motivation to help among social entrepreneurs, encouraging them to fulfill their sense of social responsibility and realize social value when achieving economic benefits among social enterprises. Prior experience paves the way for rapid growth and development of social enterprises and allows these enterprises to realize improved performance. The mediating effect of relational capital between entrepreneurial traits and social enterprise performance also meets initial expectations because entrepreneurial traits are not productive but need the assistance of relational capital to work. Entrepreneurial traits can promote an accumulation of relational capital and then improve social enterprise performance. It is noteworthy that the contingency role of the institutional environment has always been a research focus of social enterprises; however, the existing research seldom integrates the contingency role with social enterprise performance, but mainly focuses on social entrepreneurial intention.

In addition, each institution is generally categorized as either a formal or informal institution. Compared with formal institutions, informal institutions show a weaker binding force and their formation is more likely to be affected by subjective factors. Stephan et al. [44] conducted research into informal institutions and discussed the influences of informal institutions including, post-materialism and social support culture, on social entrepreneurship. The current research starts from the other perspective of informal institutions, namely cognitive legitimacy, and incorporates cognitive legitimacy and social enterprise performance into the same research domain. The research finds that cognitive legitimacy positively regulates the effect of relational capital on the EP of social enterprises.

The research results support the views of Hoogendoorn [45] and indicate that institutional support can elucidate the performance improvement mechanism of social enterprises in China.

The research integrates cognitive legitimacy and social enterprise performance into the same research domain and finds that cognitive legitimacy positively regulates the influence of relational capital on economic performance of social enterprises.

There are some limitations in the research despite the theoretical contributions and practical implications thereof: Firstly, social enterprise performance in the research is measured using subjective data, which may make it difficult to reflect the objective situation of social enterprise performance. Therefore, future research should acquire objective data from as far as possible to more accurately measure the operation of social enterprises. Secondly, the empirical test of performance improvement in the mechanism of social enterprises based on cross-sectional data may incur potential endogenous problems. Hence, future research should dynamically track the growth and development of social enterprises to study the underlying mechanism for influences of entrepreneurial traits and relational capital on social enterprise performance in different development stages of social enterprises. Thirdly, the research only focuses on the regulatory effect of the perception dimension in the institutional environment on the relationship between relational capital and social enterprise performance. In fact, other dimensions, namely regulations and norms, also play important roles in the development of social enterprises, so future research can assess the difference of different dimensions of the institutional environment in their influence degrees on social enterprise performance. Finally, the theory-driven hypothesis testing is still in its early stages in the existing research on social entrepreneurship, so few research results are available for direct reference. Future research should pay more attention to social entrepreneurship activities, recognizing problems from social entrepreneurship practice, establishing a theoretical framework oriented to realistic problems, and providing more practical future research directions.

## 7. Conclusions and Implications

### 7.1. Conclusions

Based on the trait theory and relational capital theory, the mechanisms of influence of entrepreneurial traits on social enterprise performance were explored, and the mediating effects of relational capital and regulatory effects of cognitive legitimacy were discussed. Methods such as correlation analysis and regression analysis were used to verify the relationships of entrepreneurial traits, relational capital, and cognitive legitimacy with social enterprise performance. The research found that entrepreneurial traits significantly positively influence both the EP and SP of social enterprises; relational capital exerts a mediating effect between entrepreneurial traits and social enterprise performance; cognitive legitimacy only has a positive regulating effect on the relationship between the relational capital and EP. The conclusions are drawn as follows:

- (1) The influences of entrepreneurial traits on social enterprise performance. Firstly, empathy and prior experience exert a significantly positive influence on the EP of social enterprises. Social entrepreneurs with strong empathy are more likely to think and cope with problems from the perspective of others and understand the feelings of the other party, thus winning trust of the other party, expanding cooperation channels of social enterprises, and promoting growth and progress of social enterprises. Social entrepreneurs are an important source of competitiveness of social enterprises. Their knowledge, skills, and cognition accumulated in the previous entrepreneurial process can help entrepreneurs gain a clear understanding of the market development trend, respond to market changes in time, maintain their leading edge, and improve the EP of social enterprises.

Secondly, empathy and prior experience significantly positively influence the SP of social enterprises. Social entrepreneurs with strong empathy can find unresolved social “sore points” and accurately explore the specific needs of vulnerable groups, then more

effectively solve social problems and realize their social value. Prior experience provides guidance and a reference for the current entrepreneurial process of social entrepreneurs and helps entrepreneurs keep their original intentions of establishing social enterprises, avoid mission drift, and devote themselves to realizing the social value of enterprises, so they are more likely to obtain SP.

- (2) The effects of entrepreneurial traits on relational capital. In terms of each dimension of entrepreneurial traits, empathy and prior experience both significantly positively affect relational capital. Owing to social entrepreneurs putting themselves in someone else's position, it is easier for them to win the trust of other subjects and establish contacts. Moreover, they gradually form their own social relation networks. They focus on summing up experience from their previous entrepreneurial experience and can accurately identify key figures in the entrepreneurial process. In addition, they constantly maintain and expand social relation networks and actively keep their promise, thus obtaining the resources required for enterprise development and accumulate relational capital.
- (3) The influences of relational capital on social enterprise performance. Trust and promise have significantly positive effects on the EP of social enterprises. Social entrepreneurs closely interact with other subjects. During the communication process, they enhance mutual trust and gradually form an interdependent and mutually needed cooperative and mutually beneficial relationship. This is conducive to reducing operating costs, improving operational efficiency, and creating more opportunities for the development of social enterprises, thus improving EP. Promise among members of a social relation network effectively promotes the formation of an informal code of conduct and helps to develop a common organizational vision, objective, and culture. In this way, a promise enhances cohesion and helps social enterprises survive the crisis, thus enhancing the enterprise's ability to resist business risks. Trust and promise significantly positively influence the SP of social enterprises.

As the common code of conduct for members of a social network, trust reflects the closeness between entrepreneurs and other subjects, and then reveals the degree to which both sides are willing to exchange resources and achieve cooperation. Members of the social relation network trust each other and consciously fulfil their common obligations, which alleviates the negative impacts of a complex and changing business environment on the realization of social value of enterprises and promotes the improvement in SP of enterprises. The informal code of conduct formed by different subjects of the social relation network through promise can compensate for the absence of the formal system. As a result, social entrepreneurs are clearly and deeply aware of their social missions and consciously adhere to the value concept of "upholding justice while pursuing interests" to form a joint force and realize social value.

- (4) Relational capital exerts mediating effects on the relationship between entrepreneurial traits and social enterprise performance. Entrepreneurial traits themselves are not productive, but social entrepreneurs can effectively solve problems encountered in the operation of enterprises, improve the sustainable operation capability of enterprises, achieve good performance, and realize the social value of enterprises by accumulating relational capital.

Firstly, relational capital shows partial mediating effects between empathy and EP. Social entrepreneurs with strong empathy establish cooperation with other subjects based on mutual trust to obtain relational capital, thus realizing growth among social enterprises. Relational capital shows partially mediating effects between prior experience and EP. Social entrepreneurs with rich previous experience fully recognize the important role of relational capital in enterprise development and obtain and maintain relational capital under the lack of external resources, which injects impetus into the operation of social enterprises. The presence of partial mediating effects also demonstrates that influences of empathy and

prior experience on EP are dynamic and complex. In addition to effects of relational capital, other factors also indirectly affect EP.

Secondly, relational capital partially mediates the relationship between empathy and SP of social enterprises. Social entrepreneurs with strong empathy tend to realize the social value of enterprises by expanding their social relationship network and accumulating relational capital. Relational capital completely mediates the relationship between prior experience and the SP of social enterprises. In the process of building and consolidating the connection of the social network, social entrepreneurs accumulate a lot of relational capital, form a stable cooperation via mutual trust and promise, and realize a high degree of unity between organizational behaviors and the value concept. This is conducive to realizing the social value of enterprises and improving SP.

- (5) The regulatory effects of cognitive legitimacy. Cognitive legitimacy positively regulates the relationship between relational capital and the EP of social enterprises, both of which fill the vacancy of institutional perspectives in the research of social entrepreneurship to some extent. In the scenario of a high cognitive level of the public towards social enterprises, the role of relational capital in promoting the EP of social enterprises can be enhanced. Facing the dilemma of a lack of resources, enterprises need to actively seek legitimacy to compensate for the lack of resource endowment [46]. The acquisition of cognitive legitimacy helps social enterprises earn support from stakeholders, thus obtaining more relational capital to help enterprises get rid of resource constraints and improve EP.

On the contrary, in the scenario of a low level of cognitive legitimacy, the relational capital is less freely available, making it more difficult to affect the EP of enterprises. The research results fail to prove the effects of cognitive legitimacy on the relationship between relational capital and SP. One possible reason is that the goal of social enterprises is to realize social value and in the initial stage of development, the sustainable operation of enterprises is an important guarantee of realizing social value. Therefore, under the condition of obtaining cognitive legitimacy, social entrepreneurs use relational capital to serve the survival of enterprises as priority, laying a solid foundation for realizing social value. This also fully reflects the characteristics wherein social enterprises differ from traditional business enterprises.

## 7.2. Practical Implications

The research reveals the relationships of entrepreneurial traits, relational capital, and cognitive legitimacy with social enterprise performance. From a practical point of view, only when the social entrepreneurs, governments, and social cooperation work together can we better improve EP and give full play to the social value of social enterprises.

- (1) The importance of entrepreneurial traits should be emphasized. The empirical results show that entrepreneurial traits play an important role in the formation and development of relational capital, thus affecting the EP and SP of enterprises. As new organizations for solving social problems through business methods, social enterprises do not take obtaining economic value as their goal but use it to promote social value and realize the sustainability of enterprise development. At present, local governments are actively exploring policy formulation and implementation measures. On this basis, they should take entrepreneurial traits as a core, strengthen the public spiritedness of social entrepreneurs, attract talents, and cultivate excellent social entrepreneurs to cultivate and support excellent social enterprises. Meanwhile, social entrepreneurs need to recognize the mission and value of social enterprises, establish a sense of responsibility, and cultivate empathy. Moreover, they should strengthen learning and accumulate experience in the operation of enterprises, to promote the growth of social enterprises.
- (2) The capability of entrepreneurs to obtain relational capital must be improved. At present, social enterprises find it difficult to obtain sufficient resources to meet their

own developmental needs, while relational capital helps social enterprises eliminate the dilemma of resource constraints. Therefore, social entrepreneurs should pay attention to the accumulation of relational capital. The scale of the social network greatly influences the acquisition of relational capital. Social entrepreneurs can establish a social relationship network based on personal relationships and enterprise relationships. Furthermore, they should maintain a close contact with communication subjects, and actively participate in various business activities and forums related to social enterprises, thus continuously improving the breadth and depth of their social relationship networks. In addition, social entrepreneurs need to strengthen contact with government departments and industry associations to obtain relational capital through multiple channels to boost the development of social enterprises.

- (3) The institutional environment of social entrepreneurship needs to be optimized and the cognition around such issues should be increased. Cognitive legitimacy positively regulates the relationship between relational capital and the EP of social enterprises. This is because the high level of cognitive legitimacy can facilitate entrepreneurs as they seek relational capital and improve the EP of enterprises, thus providing material support for realizing social value. In this stage, social enterprises urgently need to be supported by governments and recognized by the public to give full play to their positive role in innovating social governance and improving social services. In terms of long-term development of social enterprises, governments should establish and improve the support system, guarantee the mechanisms of social enterprises, and create a good institutional environment in which social enterprises can flourish. Furthermore, governments should strengthen publicity, enhance the popularity of social enterprises, and promote the understanding of the public to social enterprises, thus building a solid social foundation for the development of social enterprises.

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