Previous military experience and entrepreneurship toward poverty reduction: evidence from China

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ABSTRACT:

Research on entrepreneurship toward poverty reduction has outlined how micro-level characteristics of entrepreneurs capture entrepreneurial opportunities in settings of poverty; however, little is known about the influence of previous military experience in this context. This paper investigates how previous military experience influences poverty-reduction entrepreneurship.

This study uses data from two main sources. First, individual-level and firm-level information comes from a nationwide survey of founders of private enterprises. Second, province-level information is taken from the Marketization Index and the China Statistics Yearbook. An analysis of the Logit moderation model renders strong support for our conjectures.

Via novel integration of imprinting theory and research on previous military experience, we propose that entrepreneurs with previous military experience have a strong sense of self-sacrifice and, as a result, are better able to participate in poverty-reduction entrepreneurship. In addition, we build on the resource availability and stakeholder expectations arguments and predict that the main effect of previous military experience on poverty-reduction entrepreneurship will be strengthened by reduced corporate philanthropy and increased government intervention.

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Abstract

Purpose – Research on entrepreneurship toward poverty reduction has outlined how micro-level characteristics of entrepreneurs capture entrepreneurial opportunities in settings of poverty; however, little is known about the influence of previous military experience in this context. This paper investigates how previous military experience influences poverty-reduction entrepreneurship.

Design/methodology/approach – This study uses data from two main sources. First, individual-level and firm-level information comes from a nationwide survey of founders of private enterprises. Second, province-level information is taken from the Marketization Index and the China Statistics Yearbook. An analysis of the Logit moderation model renders strong support for our conjectures.

Findings – Via novel integration of imprinting theory and research on previous military experience, we propose that entrepreneurs with previous military experience have a strong sense of self-sacrifice and, as a result, are better able to participate in poverty-reduction entrepreneurship. In addition, we build on the resource availability and stakeholder expectations arguments and predict that the main effect of previous military experience on poverty-reduction entrepreneurship will be strengthened by reduced corporate philanthropy and increased government intervention.

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**Keywords** – Previous military experience, poverty-reduction entrepreneurship, corporate philanthropy, government intervention, imprinting theory, Chinese context

**Paper type** – Research paper

**Introduction**

Poverty-reduction entrepreneurship is defined as addressing social problems, such as poverty and discrimination, through market-based methods (Bruton *et al.*, 2013; Kimmitt *et al.*, 2020; Sutter *et al.*, 2019). There has been increasing effort in the field of entrepreneurship toward poverty reduction to explore the important role of individual-level factors in entrepreneurial behaviors and outcomes. This stream resonates well with certain theories, such as human capital theory (Estrin *et al.*, 2016) and the attention-based view (Stevens *et al.*, 2015), as key frameworks to explain the relationship between individual-level factors and entrepreneurial activities and outcomes. Several individual-level factors have been investigated in this stream of research, alongside demographic characteristics and personality traits. Specifically, demographic characteristics include age (Hörisch *et al.*, 2017), human capital (Estrin *et al.*, 2016), gender (Fletschner and Mesbah, 2011; Lortie *et al.*, 2017), religion (Katre and Salipante, 2012) and prior experience with social problems (Hockerts, 2017), while personality traits cover CEO values (Stevens *et al.*, 2015), the Big Five (Nga and
Shamuganathan, 2010), moral sentiments (Smith et al., 2016; Yiu et al., 2014),
prosocial motivation (Miller et al., 2012; Renko, 2013), an orientation toward the future
(Bruton et al., 2011) and intrinsic motivation (Randøy et al., 2015).

However, little is known within the field of entrepreneurship toward poverty
reduction about the influence of previous military experience. Military experience
emphasizes service to the people and may thus instill a strong sense of self-sacrifice
(Koch-Bayram and Wernicke, 2018). Some recent literature examined how previous
military experience influences entrepreneurs’ decision making, including corporate
fraudulent activity (Benmelech and Frydman, 2015), tax avoidance (Law and Mills,
2017), financial misconduct (Koch-Bayram and Wernicke, 2018) and environmental
protection (Gao et al., 2021). Although research has examined the effects of military
experience on strategic decision making, an entrepreneur’s previous military
experience as an important component of individual characteristics has not been
adequately studied in the entrepreneurial context.

Grounded in the research on military experience and imprinting theory, we postulate
that previous military experience can imprint a strong sense of self-sacrifice, and that it
helps entrepreneurs adopt other-regarding values, thereby facilitating their participation
in poverty-reduction entrepreneurship. Furthermore, based on the resource availability
and stakeholder expectations arguments, we predict that such a relationship will be
strengthened when the influence of previous military experience is subject to reduced
corporate philanthropy and increased government expectations.

Our study contributes to the literature in the following ways. First, it contributes to
existing literature on the antecedents of poverty-reduction entrepreneurship. This study joins a growing body of literature that emphasizes the role of demographic characteristics and personality traits in entrepreneurial intentions and behaviors toward poverty reduction (Nga and Shamuganathan, 2010; Stevens et al., 2015; Sutter et al., 2019). Second, it examines the applicability of imprinting theory in explaining entrepreneurial behaviors. This study indicates that entrepreneurs’ imprinting characteristics, such as previous military experience during a period of susceptibility, have a long-lasting impact on their entrepreneurial behaviors toward poverty reduction (Marquis and Tilcsik, 2013; Marquis and Qiao, 2020). Third, it documents contingent roles of resource availability and stakeholder expectations in the relationship between entrepreneurs’ previous military experience and social entrepreneurship. This study suggests that the effects of imprinted characteristics on social entrepreneurship may depend on a reduction in corporate philanthropy and increase in government expectations.

Theory and hypotheses

Imprinting theory and military experience in China

Imprinting theory emphasizes two general characteristics: the existence of a sensitive period and the subsequent stability of the result of experience gained during that period (Marquis and Tilcsik, 2013). Most individuals join the military after they turn 18—a sensitive period when they are susceptible to the influence of military values. These military values, such as service to the people and self-sacrifice, have a lasting impact
on subsequent decision making (Marquis and Lee, 2013). This is because military experience, during the individuals’ early-career stage, significantly shapes individuals’ moral values and behaviors (Elder, 1986; Elder et al., 1991). It has also been indicated that previous military experience can influence entrepreneurs’ strategic behaviors and outcomes (Benmelech and Frydman, 2015; Gao et al., 2021; Koch-Bayram and Wernicke, 2018; Law and Mills, 2017; Luo et al., 2017). For example, Koch-Bayram and Wernicke (2018) found that CEOs with a military background are less likely to be involved in fraudulent financial reporting or to backdate stock options. This exploration has recently been extended into corporate social responsibility in the context of China. For instance, Gao et al. (2021) found that military service experience may instill in CEOs pro-environmental values such as duty, self-discipline, self-sacrifice and a sense of community, and motivate them to invest more resources in environmental protection.

Military experience is given prevalence in both Eastern and Western contexts, and shapes the characteristics of military personnel in several ways. On the Eastern side, the Chinese army has its own discipline and beliefs. The idea of service to the people stresses that the Chinese army must serve the people through loyalty and integrity, which imprints on Chinese soldiers a strong sense of discipline, self-sacrifice, loyalty and community, such as investing more resources in environmental protection (Gao et al., 2021), protecting the country and helping poverty-stricken groups (Cao et al., 2019). On the Western side, military experience imprints a strong sense of integrity, dedication and self-sacrifice. For example, the military may inculcate a value system that includes loyalty, integrity, service and sacrifice in the interests of others that encourages CEOs...
to make ethical decisions, such as a reduced likelihood of involvement in corporate fraudulent activity (Benmelech and Frydman, 2015), tax avoidance (Law and Mills, 2017) or fraudulent financial reporting (Koch-Bayram and Wernicke, 2018).

In brief, Eastern and Western research regarding the importance of previous military experience has focused on strategic decision making based on value systems such as service to the people and self-sacrifice; however, the findings on previous military experience have not extended into entrepreneurial contexts such as poverty-reduction entrepreneurship and how this is affected by the imprinting influence of military service (Marquis and Tírcsik, 2013; Marquis and Qiao, 2020).

Poverty-reduction entrepreneurship in Chinese private entrepreneurs

Poverty-reduction entrepreneurship involves addressing social problems, such as poverty and discrimination, through market-based methods (Bruton et al., 2013; Kimmitt et al., 2020; Sutter et al., 2019). Poverty-reduction entrepreneurship can simultaneously balance the relationship between social and economic value, in contrast to commercial entrepreneurship, which is driven by economic value only (Bruton et al., 2013). Furthermore, poverty-reduction entrepreneurship involves several key entrepreneurial behaviors, such as identifying and exploiting opportunities and the innovation process (Sutter et al., 2019).

There are three primary underlying perspectives on entrepreneurial activities toward poverty reduction: remediation, reform and revolution (Sutter et al., 2019). The remediation perspective assumes that poverty is alleviated by providing greater access
to resources. Some studies have explored individuals’ entrepreneurial actions, such as partnerships and increasing human capital through training, to overcome resource scarcity (Ahlin and Jiang, 2008; Sutter et al., 2014). The reform perspective considers poverty as a result of social exclusion. Some entrepreneurial actions can dramatically reshape the institutional or social context, which facilitates inclusion (George et al., 2012; Mair et al., 2012). The revolution perspective indicates that poverty is the result of corrupt and broken systems. Some entrepreneurial actions can be taken as changing the underlying capitalist-based assumptions of business (Peredo and Chrisman, 2006; Singer, 2006) and introducing alternative economic systems for a more equal society (Rindova et al., 2009; Shakya and Rankin, 2008).

The phenomenon of poverty-reduction entrepreneurship is still emerging in China (Bhatt et al., 2019), and entails a variety of organizing forms, such as rural cooperatives (Lan et al., 2014), rural enterprises (Poon et al., 2009), for-profit entrepreneurs participating in the Guangcai/Glorious Program, a nongovernmental, social program that reduces poverty through entrepreneurial activities (Yiu et al., 2014) and nonprofit entrepreneurs (Yu, 2013). For example, according to an analysis from a 2006 nationwide survey of Chinese entrepreneurs, some commercial entrepreneurs have participated in poverty-reduction entrepreneurial activities equipped with advanced technology to turn poverty issues into business opportunities (Yiu et al., 2014).

The influence of previous military experience on poverty-reduction entrepreneurship (hypothesis 1)
Past studies have indicated that previous military experience may play an important role in entrepreneurs’ strategic behaviors and outcomes (Benmelech and Frydman, 2015; Gao et al., 2021; Koch-Bayram and Wernicke, 2018; Law and Mills, 2017; Luo et al., 2017). Robust evidence has demonstrated that entrepreneurs’ previous military experience imprints a strong sense of duty, honor, integrity, selflessness and self-discipline (Gao et al., 2021), such that they are comparatively more likely to obey rules and regulations (Koch-Bayram and Wernicke, 2018). However, extant research has neglected to extend the influence of previous military experience into a specific entrepreneurial context, such as poverty-reduction entrepreneurship. Some studies have suggested that the Chinese army imprints on Chinese soldiers a strong sense of discipline, self-sacrifice, loyalty and community, such as investing more resources in environmental protection (Gao et al., 2021). Compared with environmental protection, poverty-reduction entrepreneurship has several specific characteristics, such as involving key entrepreneurial behaviors including identifying and exploiting opportunities and the innovation process (Sutter et al., 2019). This implies that the internal mechanisms between previous military experience and poverty-reduction entrepreneurship may differ. Thus, we posit that previous military experience can promote commercial entrepreneurs to engage in poverty-reduction entrepreneurship because of the unique imprinting derived from that experience, including a sense of service to the people and self-sacrifice.

Previous military experience imprints sense of ethics on entrepreneurs, while adopting other-regarding values is a necessary condition of entrepreneurship toward
poverty reduction. As a unique concept, the idea of service to the people emphasizes that the Chinese army must serve the people with all their heart, and teaches soldiers to protect the country and help poverty-stricken groups (Luo et al., 2017). Entrepreneurs with previous military experience are more likely to be imprinted by key military values, such as self-sacrifice and a sense of community, in contrast to entrepreneurs without previous military experience. For example, they often take advantage of opportunities and programs to address poverty issues. Some studies (Mair and Noboa, 2006; Stevens et al., 2015) have indicated theoretically and empirically that other-regarding values are an important factor driving the relative attention to social issues such as poverty and discrimination. Thus, the current study proposes that entrepreneurs with previous military experience imprint values inherent in the military, such as service to the people and self-sacrifice, which triggers their adoption of other-regarding values and thereby stimulates them to engage in poverty-reduction entrepreneurship.

In summary, entrepreneurs with previous military experience are imprinted by aspects of the military relating to values, such as service to the people in the Chinese context, in contrast to those without previous military experience, thereby encouraging the former group to engage in establishing entrepreneurial firms in less-developed regions. Therefore, we hypothesize the following:

**H1. Commercial entrepreneurs’ previous military experience is positively related to their engagement in entrepreneurship toward poverty reduction.**

*The moderating effect of corporate philanthropy (hypothesis 2)*
Compared to commercial entrepreneurship, the values of previous military experience can promote entrepreneurs’ engagement in poverty-reduction entrepreneurship through service to the people and self-sacrifice. We further examine a boundary condition of the relationship between an entrepreneur’s previous military experience and their entrepreneurship toward poverty reduction. We draw on the resource availability argument, which comes from the human, physical, technological and financial capital available to the commercial entrepreneur (Stevens et al., 2015). Entrepreneurship toward poverty reduction influenced by the values of previous military experience encourages the commercial entrepreneur to invest time and resources in less-developed regions (Wu and Si, 2018). However, how previous military experience is transformed into poverty-reduction entrepreneurship is dependent on commercial entrepreneurs’ resource availability.

Corporate philanthropy involves attitudes and behaviors regarding gifts or monetary contributions toward social and charitable causes (Mazereeuw-van der Duijn Schouten et al., 2014; Wang and Qian, 2011). The existing literature has shown that corporate philanthropy includes diverse motivations, such as strategic motivation, political motivation, managerial self-interest motivation and altruistic motivation, and absorbs entrepreneurs’ time and resources (Aguinis and Glavas, 2012; Du, 2017). For example, Wang and Qian (2011) proposed that corporate philanthropy involves firms donating resources such as gifts or money to social and charitable causes. Moreover, Luo et al. (2017) demonstrated that firms’ charitable giving may involve them committing money and resources to disaster areas, such as in the case of the 2008 Sichuan earthquake.
Building on these resource availability arguments, we propose that corporate philanthropy absorbs ex-military entrepreneurs’ available time and resources, reducing their ability to invest time and resources in the process of entrepreneurship toward poverty reduction. When commercial entrepreneurs without engagement in corporate philanthropy leave abundant time and resources availability, they will be more likely to allocate limited time and resources to social goals, strengthen their other-regarding values imprinted by previous military experience, and engage in more entrepreneurship toward poverty reduction. As commercial entrepreneurs make more donations, these charitable behaviors absorb their limited time and resources, and force them to improve existing time and resource allocation efficiency rather than to make new investments in less-developed regions. For example, corporate philanthropy not only fulfills moral obligations but also increases political legitimacy and captures entrepreneurial opportunities such as establishing businesses in less-developed regions (Liu et al., 2019; Wang and Qian, 2011). Therefore, we predict the following:

**H2. Corporate philanthropy weakens the positive relationship between commercial entrepreneurs’ previous military experience and their entrepreneurship toward poverty reduction.**

The moderating effect of government intervention (hypothesis 3)

The stakeholder expectations perspective identifies the government as an important stakeholder (Donaldson and Preston, 1995) and is based on a concern with moral obligations (Aguilera et al., 2007; Aguinis and Glavas, 2012). Government intervention
refers to the regulation of individual or organizational activities using a command-and-control framework based on a bureaucratic hierarchy (Zhao and Lu, 2016). In China, government agencies have high expectations with respect to commercial entrepreneurs’ commitment to other-regarding behaviors, and persuade them to engage in entrepreneurship toward poverty reduction to fulfill moral obligations (Wu and Si, 2018). In markets where business activities are subject to greater government intervention, the local government’s expectations with regard to moral obligations will be higher (Bruton et al., 2010). In regions with greater government intervention, key stakeholders such as government agencies are regarded as a source of social pressure, retaining normative expectations and highlighting the pursuit of moral obligations, which strengthens commercial entrepreneurs’ other-regarding values imprinted by previous military experience and encourages them to engage in more entrepreneurship toward poverty reduction. Thus, commercial entrepreneurs located in regions with more government intervention are more likely to be influenced by the extent to which government officials provide social expectations regarding moral obligations, and the influence of previous military experience on entrepreneurship toward poverty reduction may be strengthened. In contrast, in a context of narrow government intervention, market fundamentals, rather than government departments, play more important roles in social expectations and regulations; entrepreneurs may not depend to such a high degree on government expectations about moral obligations. In this situation, commercial entrepreneurs with previous military experience may not need to participate in entrepreneurship toward poverty reduction to meet government
expectations. Accordingly, we predict the following:

\[ H3. \text{ Government intervention strengthens the positive relationship between commercial entrepreneurs' previous military experience and entrepreneurship toward poverty reduction.} \]

Research model

In the theoretical model (Figure 1), previous military experience imprints the values of the military, which influences entrepreneurs’ engagement in poverty-reduction entrepreneurship. Furthermore, the values of the military can encourage them to participate in poverty-reduction entrepreneurship through service to the people and self-sacrifice, and the main effect of previous military experience on poverty-reduction entrepreneurship is dependent on corporate philanthropy and government intervention, respectively.

----Insert Figure 1 about here----

Method

Data

Data were obtained from the following sources. First, entrepreneur-level characteristics such as poverty-reduction entrepreneurship, previous military experience and corporate philanthropy were obtained from a 2006 nationwide survey of founders of private enterprises. The survey was conducted jointly by the United Front Work Department of the Party Central Committee, the All-China Federation of Industry and Commerce, the State Administration for Industry and Commerce of China and the Private Economy
Research Institute of China. Similar data have been used in the social entrepreneurship field (e.g., Yiu et al., 2014). Second, the 2006 nationwide survey provided firm-level information, such as firm age, firm size and R&D intensity. Third, data were collected on province-level government intervention and law enforcement from the 2006 Marketization Index and province-level GDP growth from the 2006 China Statistics Yearbook (Fan et al., 2011; Yiu et al., 2014).

We constructed our sample as follows. First, we excluded 101 observations for which information on previous military experience, poverty-reduction entrepreneurship and corporate philanthropy was missing. Second, we removed 50 observations with missing information on individual-level control variables. Finally, we eliminated 625 observations with missing information on firm-level and province-level control variables. For each of the above procedures involving the removal of missing data, we conducted unpaired t-tests and found no significant differences in previous military experience or poverty-reduction entrepreneurship between sample firms and those that we excluded. Our final sample contains 3,061 private enterprises.

**Measures**

**Dependent variables.** In China, poverty-reduction entrepreneurship has a variety of organizational forms, such as rural cooperatives, rural enterprises and for-profit entrepreneurs (Bhatt et al., 2019). In line with previous literature (e.g., Yiu et al., 2014), this study uses two primary indicators to measure the dependent variable of poverty-reduction entrepreneurship, defined as commercial entrepreneurs’ engagement in
entrepreneurial activities for reducing poverty; these indicators were taken from a 2006 national survey of founders of private enterprises. Commercial entrepreneurs’ engagement in poverty-reduction entrepreneurship 1 (PE1) is a dummy variable that takes the value of 1 if an entrepreneur has participated in establishing entrepreneurial firms in less-developed regions (with the aim not only of capturing uncertain entrepreneurial opportunities but also of developing new agricultural products to enhance local employment and reduce poverty) and 0 otherwise. Commercial entrepreneurs’ engagement in poverty-reduction entrepreneurship 2 (PE2) is used for the robustness test and measured using an alternative count measure of PE1.

**Independent variables.** Following Hechavarria’s (2016) consideration that values change very slowly, the stability of previous military experience among different waves of nationwide surveys is confirmed by a strong similar percentage (Gao et al., 2021). Previous military experience is a dummy variable, which equals 1 if the entrepreneur has military experience and 0 otherwise.

**Moderating variables.** Following the extant literature (e.g., Mazereeuw-van der Duijn Schouten et al., 2014), corporate philanthropy 1 (CP1) is measured by entrepreneurs’ attitudes toward philanthropy; responses are based on a 5-point Likert scale ranging from 1 = “strong unimportance” to 5 = “strong importance.” According to the previous literature (e.g., Zhao and Lu, 2016), government intervention is measured by the level of government involvement in firms’ activities from Fan et al.’s (2011) Marketization Index. Higher numbers indicate a lower level of government intervention.
Control variables. This study uses several individual-level, firm-level and province-level control variables. The individual-level variables include gender, level of education, political connections, unemployment experience, rural poverty experience and startup location hardship. Gender is a dummy variable, equaling 1 if the entrepreneur of the private enterprise is female and 0 otherwise. Level of education is measured from 1 = primary school to 6 = postgraduate. Political connections is a dummy variable equaling 1 if the entrepreneur is a deputy of the People’s Congress (PC) and/or the Chinese People’s Political Consultative Committee (CPPCC) and 0 otherwise. Unemployment experience is a dummy variable that equals 1 if the entrepreneur has experienced past unemployment and 0 otherwise. Rural poverty experience is a dummy variable equaling 1 if the entrepreneur has prior working experience in a village committee and 0 otherwise. Startup location hardship is a dummy variable equaling 1 if startups of the private enterprise are located in small cities, towns or villages and 0 otherwise. Firm-level variables comprise firm age, firm size, research and development (R&D) intensity and performance. Firm age is calculated by subtracting from 2006 the year in which the firm registered as a private enterprise. Firm size is measured as the natural logarithm of paid-in capital during the establishment of a private enterprise. R&D intensity is measured by the R&D expenditure in 2005 divided by paid-in capital. Performance indicates a return on assets and is measured by the net profit in 2005 divided by paid-in capital. Province-level variables mainly refer to law enforcement and gross domestic product (GDP) growth. Law enforcement is measured by the development of intermediary agencies and legal enforcement from Fan et al.’s (2011) Marketization
Index. GDP growth is measured by the 2006 GDP Index compared to 2005 and is taken from the 2006 China Statistics Yearbook.

**Analytical approach**

To account for the limit of commercial entrepreneurs engaging in poverty-reduction entrepreneurship, this study tests the theoretical model shown in Figure 1 using a Logit model for empirical analysis. In addition, this study uses interaction terms to test the moderating effect of corporate philanthropy and government intervention. The procedure is as follows. First, we test the positive relationship between entrepreneurs with previous military experience and poverty-reduction entrepreneurship (H1). Second, we examine the moderating role of corporate philanthropy between the twos (H2). Third, we verify the moderating role of government intervention between the twos (H3). This study also uses simple slope analysis and interaction plots to examine the significance of the moderating effects.

**Results**

Table I reports the descriptive statistics and Pearson correlations between the key variables. As shown in Table I, the mean value of PE1, the dependent variable, is 0.123, revealing that about 12.3% of entrepreneurs in Chinese private enterprises have participated in establishing entrepreneurial firms in less-developed regions with the aim not only of capturing uncertain entrepreneurial opportunities but also of developing new agricultural products to enhance local employment and reduce poverty. Moreover,
the mean value of previous military experience, the main independent variable, is 0.047, revealing that about 4.7% of entrepreneurs in Chinese private enterprises have previous military experience, which is consistent with 2008, 2010 and 2012 nation-wide surveys that military experience accounted for about 3.12% of private entrepreneurs (Gao et al., 2021). The mean value of corporate philanthropy is 3.207, meaning that corporate philanthropy falls within the central tendency. The standard deviation of government intervention is 2.746, indicating that government intervention varies widely across different regions.

Table Ⅰ also shows the Pearson correlations for the variables used in this study. The results in Table Ⅰ reveal that previous military experience is significantly positively correlated with PE1 and PE2 (0.030 with \( p \) value < 0.05 and 0.038 with \( p \) value < 0.05, respectively), suggesting that entrepreneurs with previous military experience are more likely to participate in poverty-reduction entrepreneurship. This result preliminarily supports Hypothesis 1. Moreover, the coefficients of pairwise correlations among the control variables are generally low, and the average variance inflation factor (VIF) is less than 3, suggesting that there is no serious multicollinearity.

----Insert Table Ⅰ about here----

Table Ⅱ presents the results of testing Hypotheses 1, 2 and 3. In Table Ⅱ, Model 1 includes individual-level, firm-level and province-level control variables. Model 2 adds the main effect of one focal predictor and shows that previous military experience is positively and significantly related to commercial entrepreneurs’ poverty-reduction entrepreneurship (\( \beta = 0.483, p < 0.05 \)). Thus, Hypothesis 1 is supported. Model 3 adds
the interaction term of previous military experience and corporate philanthropy, and the coefficient is negative and significant ($\beta = -0.636, p < 0.01$). Model 4 adds the interaction term of previous military experience and government intervention, and the coefficient is negative and significant ($\beta = -0.144, p < 0.05$). The simple slope analyses reveal that the positive relationship between previous military experience and poverty-reduction entrepreneurship is stronger for less corporate philanthropy and more government intervention ($\beta_{\text{corporate philanthropy}} = 0.936, p < 0.01; \beta_{\text{government intervention}} = 0.878, p < 0.05$) than for entrepreneurs with more corporate philanthropy and less government intervention ($\beta = 0.030, \text{n.s.}; \beta = 0.088, \text{n.s.}$). We illustrate this moderating effect in Figures 2 and 3; they show that entrepreneurs with previous military experience who enact more corporate philanthropy and experience less government intervention are less likely to participate in poverty-reduction entrepreneurship. These results provide joint support for Hypotheses 2 and 3.

---Insert Table II and Figures 2 and 3 about here---

Robustness checks

To ensure our results are robust, we conducted multiple robustness checks. First, we reran the empirical analysis using a Probit model. As shown in Model 2 of Table III, previous military experience is positively and significantly related to commercial entrepreneurs’ poverty-reduction entrepreneurship. Thus, Hypothesis 1 is again supported. In Models 3 and 4 of Table III, the coefficients are negative and significant. The simple slope analyses and interaction plots in Figures 4 and 5 also support the moderating effect of corporate philanthropy and government intervention. Thus, Hypotheses 1, 2 and 3 are once again confirmed.
Second, we reran the analyses with alternative measures of the dependent variables. Apart from the establishment of entrepreneurial firms in less-developed regions, with the aim not only of capturing uncertain entrepreneurial opportunities but also of developing new agricultural products to enhance local employment and reduce poverty for poverty-reduction entrepreneurship, an alternative count measure of an entrepreneur’s participation in poverty-reduction entrepreneurship can also indicate their poverty-reduction entrepreneurship. As shown in Table IV and Figures 6 and 7, this alternative measure of poverty-reduction entrepreneurship generates consistent results. Thus, Hypotheses 1, 2 and 3 are once again supported.

Third, we reran the analyses with alternative measures of the moderating variable of corporate philanthropy. Apart from corporate philanthropy 1 (CP1), which is measured by entrepreneurs’ attitudes toward philanthropy, corporate philanthropy 2 (CP2) is also indicated by the natural logarithm of the amount of a commercial entrepreneur’s charitable donations. As shown in Table V and Figure 8, this alternative measure of corporate philanthropy generates consistent results. Thus, Hypothesis 2 is once again supported.

Fourth, there was a potential endogeneity issue regarding the relationship between previous military experience and poverty-reduction entrepreneurship, largely due to unobservable factors. To eliminate this issue, we adopted the two-stage least squares (2SLS) approach. We used military culture as an instrumental variable. Military culture
is measured by the number of soldiers killed in the War to Resist US Aggression and Aid Korea (WRUAAK) per capita in a province. WRUAAK in a province is expected to be highly correlated with entrepreneurs’ previous military experience but should be uncorrelated with the error term (Cao et al., 2019).

Table VI presents the results of testing Hypothesis 1. In the second stage of the 2SLS regression (Model 2), previous military experience is positively and significantly related to entrepreneurs’ poverty-reduction entrepreneurship. Thus, Hypothesis 1 is supported.

Fifth, we examine imprinting mechanisms such as other-regarding values between previous military experience and poverty-reduction entrepreneurship. Some studies have indicated that entrepreneurs with other-regarding values often work for the welfare of others, such as hiring workers from less-developed areas (Stevens et al., 2015; Cao et al., 2019). We use the number of employees from less-developed areas to indicate entrepreneurs’ other-regarding values. Our results in Table VII suggest that previous military experience is indeed positively related to the number of employees from less-developed areas and express the greater other-regarding values among those with military experience.

Lastly, we rule out political connections as the alternative mechanism between previous military experience and poverty-reduction entrepreneurship. On the one hand, as shown in all tables in this study, we control for entrepreneurs’ political connections and find that the coefficient on military experience is still significantly positive. On the
other hand, we also empirically examine how previous military experience influences their political motivations. Political motivation means entrepreneurs have strong desire to be involved in the PC or the CPPCC (Wang and Qian, 2011). Our results in Table VII suggest that previous military experience is indeed negatively related to political motivation, and have less desire to be involved in the PC or the CPPCC. In addition, we empirically examine how corporate philanthropy influences political motivation. The results in Table VIII indicate that corporate philanthropy is indeed positively related to political motivation, and have more desire to be involved in the PC or the CPPCC.

----Insert Table VIII about here----

**Conclusion and implications**

This empirical study enhances understanding of how previous military experience facilitates commercial entrepreneurs’ engagement in poverty-reduction entrepreneurship. Analysis of a nationwide survey of 3,061 Chinese entrepreneurs confirms that entrepreneurs with previous military experience tend to participate in poverty-reduction entrepreneurship; the positive influence of entrepreneurs’ previous military experience on poverty-reduction entrepreneurship strengthens when the entrepreneurs are faced with reduced corporate philanthropy and increased government intervention.

*Theoretical implications*

First, this study contributes to the poverty-reduction entrepreneurship literature by
demonstrating that previous military experience, which imprints values related to self-sacrifice, can facilitate commercial entrepreneurs’ engagement in poverty-reduction entrepreneurship. Past literature has mainly focused on the influences of demographic characteristics and personality traits on entrepreneurial intentions and behaviors (Nga and Shamuganathan, 2010; Stevens et al., 2015), providing little evidence regarding the influence of demographic characteristics, such as previous military experience, on poverty-reduction entrepreneurship (Sutter et al., 2019).

Second, this study contributes to imprinting theory in the entrepreneurship field by highlighting a long-lasting mechanism between entrepreneurs’ previous military experience and poverty-reduction entrepreneurship. Similar research regarding the importance of previous military experience has been conducted on investment in environmental protection (Gao et al., 2021), but the findings have neglected the effect of previous military experience on poverty-reduction entrepreneurship due to imprinting influence (Marquis and Tilcsik, 2013; Marquis and Qiao, 2020). Our study indicates that the imprinting influence of previous military experience, such as a strong sense of self-sacrifice, can adopt other-regarding values for participating in poverty-reduction entrepreneurship.

Third, this study enriches the social entrepreneurship literature by highlighting the boundary condition between entrepreneurs’ previous military experience and poverty-reduction entrepreneurship. Recent literature has indicated that poverty-reduction entrepreneurship is one organizational form of social entrepreneurship in the Chinese context (Yiu et al., 2014), while ignoring the influence of resource availability and
stakeholder expectations between previous military experience and social entrepreneurship (Wu et al., 2020).

Managerial implications

In addition to theoretical contributions, this study has several practical implications for entrepreneurial firms, entrepreneurs and government agencies. First, if an entrepreneurial firm wants to capture entrepreneurial opportunities in less-developed regions to meet moral obligations, having a CEO with previous military experience is an advantage. Second, this study advocates for entrepreneurial firms and their entrepreneurs to pay more attention to the balance of economic goals and social goals for entrepreneurship toward poverty reduction. Third, government officials in China need to improve the legitimacy of social entrepreneurship and provide more supportive rules and regulations for their survival and development.

Limitations and future research

This study is subject to certain limitations, which provide directions for future research. First, we only consider whether commercial entrepreneurs engage in poverty-reduction entrepreneurship. Future research may use other data to explore the relationship between previous military experience and other forms of social entrepreneurship. Second, this study does not differentiate between different types of previous military experience. Future studies should investigate the influences of different types of previous military experience on poverty-reduction entrepreneurship using the latest
survey data. Third, future research should explore similar resource availability and stakeholder expectations between previous military experience and poverty-reduction entrepreneurship under other country contexts to generalize our findings.

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Notes: N=3061. **p<0.01, *p<0.05, +p<0.1.
### Table II
Logit models of the moderating role of corporate philanthropy 1 and government intervention between military experience and poverty-reduction entrepreneurship 1

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**Notes:** 18 industry dummies and 30 province dummies are included in all estimations but not reported in the table. Standard errors appear in parentheses (one-tailed tests for hypothesized variables, two-tailed tests for controls). ** p<0.01, * p<0.05, + p<0.1.
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<td>-0.051**</td>
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<tr>
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<td>(0.017)</td>
<td>(0.017)</td>
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</tr>
<tr>
<td>GDP growth</td>
<td>-0.064</td>
<td>-0.068</td>
<td>-0.068</td>
<td>-0.074</td>
</tr>
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<td>(0.047)</td>
<td>(0.047)</td>
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</tr>
<tr>
<td>Corporate philanthropy</td>
<td>0.095*</td>
<td>0.099*</td>
<td>0.117**</td>
<td>0.099*</td>
</tr>
<tr>
<td></td>
<td>(0.044)</td>
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<tr>
<td>Government intervention</td>
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<td>-0.005</td>
<td>-0.003</td>
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<tr>
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<td>(0.016)</td>
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<td>(0.017)</td>
</tr>
<tr>
<td>Military experience</td>
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<td>0.229*</td>
<td>0.240*</td>
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</tr>
<tr>
<td></td>
<td>(0.133)</td>
<td>(0.137)</td>
<td>(0.137)</td>
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<tr>
<td>Military experience ×</td>
<td>-0.340**</td>
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<td></td>
</tr>
<tr>
<td>Corporate philanthropy</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Military experience ×</td>
<td></td>
<td>-0.075*</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Government intervention</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Constant</td>
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<td>-1.935**</td>
<td>-2.005**</td>
<td>-1.954**</td>
</tr>
<tr>
<td></td>
<td>(0.233)</td>
<td>(0.234)</td>
<td>(0.237)</td>
<td>(0.234)</td>
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<td>3,061</td>
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</table>

Notes: 18 industry dummies and 30 province dummies are included in all estimations but not reported in the table. Standard errors appear in parentheses (one-tailed tests for hypothesized variables, two-tailed tests for controls). ** p<0.01, * p<0.05, + p<0.1.
### Table IV
Robustness result 2: Ordered Logit models of the moderating role of corporate philanthropy 1 and government intervention between military experience and poverty-reduction entrepreneurship 2

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<th>Model 3 (DV=PE2)</th>
<th>Model 4 (DV=PE2)</th>
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<td>(0.056)</td>
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<td>(0.056)</td>
</tr>
<tr>
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<td>0.921**</td>
<td>0.935**</td>
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<td>(0.128)</td>
<td>(0.128)</td>
<td>(0.128)</td>
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<tr>
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<td>0.068</td>
<td>0.055</td>
<td>0.056</td>
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<td>(0.289)</td>
<td>(0.289)</td>
<td>(0.290)</td>
<td>(0.290)</td>
</tr>
<tr>
<td>Rural poverty experience</td>
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<td>0.216</td>
<td>0.231</td>
<td>0.221</td>
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<td>(0.165)</td>
<td>(0.166)</td>
<td>(0.166)</td>
<td>(0.165)</td>
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<tr>
<td>Startup location hardship</td>
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<tr>
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<td>(0.147)</td>
<td>(0.147)</td>
<td>(0.148)</td>
</tr>
<tr>
<td>Firm age</td>
<td>0.040**</td>
<td>0.041**</td>
<td>0.040**</td>
<td>0.041**</td>
</tr>
<tr>
<td></td>
<td>(0.013)</td>
<td>(0.013)</td>
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<tr>
<td>Firm size</td>
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<td>0.148**</td>
<td>0.149**</td>
<td>0.149**</td>
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<tr>
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<td>(0.046)</td>
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<tr>
<td>R&amp;D intensity</td>
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<td>-0.001</td>
<td>-0.001</td>
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<tr>
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</tr>
<tr>
<td>ROA</td>
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<td>-0.003</td>
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<tr>
<td></td>
<td>(0.004)</td>
<td>(0.004)</td>
<td>(0.004)</td>
<td>(0.004)</td>
</tr>
<tr>
<td>Law enforcement</td>
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<td>-0.099**</td>
<td>-0.103**</td>
<td>-0.106**</td>
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<td>(0.032)</td>
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<tr>
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<td>-0.157*</td>
<td>-0.151</td>
<td>-0.164*</td>
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<td>(0.094)</td>
<td>(0.095)</td>
<td>(0.094)</td>
<td>(0.095)</td>
</tr>
<tr>
<td>Corporate philanthropy 1</td>
<td>0.172*</td>
<td>0.176*</td>
<td>0.216**</td>
<td>0.179*</td>
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<td>(0.086)</td>
<td>(0.086)</td>
<td>(0.088)</td>
<td>(0.086)</td>
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<td>-0.008</td>
<td>-0.005</td>
<td>0.004</td>
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<td>(0.030)</td>
<td>(0.030)</td>
<td>(0.030)</td>
<td>(0.031)</td>
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<tr>
<td>Military experience</td>
<td>0.524*</td>
<td>0.466*</td>
<td>0.451*</td>
<td></td>
</tr>
<tr>
<td>Military experience ×</td>
<td></td>
<td>-0.585**</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Corporate philanthropy</td>
<td></td>
<td></td>
<td>(0.243)</td>
<td></td>
</tr>
<tr>
<td>Military experience ×</td>
<td></td>
<td></td>
<td></td>
<td>-0.107*</td>
</tr>
<tr>
<td>Government intervention</td>
<td></td>
<td></td>
<td></td>
<td>(0.062)</td>
</tr>
<tr>
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<td>3.343**</td>
<td>3.380**</td>
<td>3.529**</td>
<td>3.436**</td>
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<td>(0.442)</td>
<td>(0.442)</td>
<td>(0.449)</td>
<td>(0.445)</td>
</tr>
<tr>
<td>Constant 2</td>
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<td>5.468**</td>
<td>5.619**</td>
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<td>(0.461)</td>
<td>(0.460)</td>
<td>(0.468)</td>
<td>(0.464)</td>
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<td>Observations</td>
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<td>3.061</td>
<td>3.061</td>
<td>3.061</td>
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</tbody>
</table>

Notes: 18 industry dummies and 30 province dummies are included in all estimations but not reported in the table. Standard errors appear in parentheses (one-tailed tests for hypothesized variables, two-tailed tests for controls). ** p<0.01, * p<0.05, + p<0.1.
### Table V
Robustness result 3: Logit models of the moderating role of corporate philanthropy 2 between military experience and poverty-reduction entrepreneurship 1

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<th>Model 3 (DV=PE1)</th>
</tr>
</thead>
<tbody>
<tr>
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<td>-0.151</td>
</tr>
<tr>
<td></td>
<td>(0.192)</td>
<td>(0.192)</td>
<td>(0.192)</td>
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<td>0.035</td>
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<tr>
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<td>(0.057)</td>
<td>(0.057)</td>
<td>(0.057)</td>
</tr>
<tr>
<td>Political connections</td>
<td>0.616**</td>
<td>0.624**</td>
<td>0.616**</td>
</tr>
<tr>
<td></td>
<td>(0.133)</td>
<td>(0.133)</td>
<td>(0.133)</td>
</tr>
<tr>
<td>Unemployment experience</td>
<td>0.115</td>
<td>0.108</td>
<td>0.090</td>
</tr>
<tr>
<td></td>
<td>(0.294)</td>
<td>(0.294)</td>
<td>(0.294)</td>
</tr>
<tr>
<td>Rural poverty experience</td>
<td>0.146</td>
<td>0.150</td>
<td>0.151</td>
</tr>
<tr>
<td></td>
<td>(0.167)</td>
<td>(0.167)</td>
<td>(0.167)</td>
</tr>
<tr>
<td>Startup location hardship</td>
<td>-0.028</td>
<td>-0.021</td>
<td>-0.026</td>
</tr>
<tr>
<td></td>
<td>(0.149)</td>
<td>(0.149)</td>
<td>(0.149)</td>
</tr>
<tr>
<td>Firm age</td>
<td>0.015</td>
<td>0.016</td>
<td>0.014</td>
</tr>
<tr>
<td></td>
<td>(0.013)</td>
<td>(0.013)</td>
<td>(0.013)</td>
</tr>
<tr>
<td>Firm size</td>
<td>0.069</td>
<td>0.066</td>
<td>0.064</td>
</tr>
<tr>
<td></td>
<td>(0.047)</td>
<td>(0.047)</td>
<td>(0.047)</td>
</tr>
<tr>
<td>R&amp;D intensity</td>
<td>-0.003</td>
<td>-0.003</td>
<td>-0.003</td>
</tr>
<tr>
<td></td>
<td>(0.007)</td>
<td>(0.007)</td>
<td>(0.007)</td>
</tr>
<tr>
<td>ROA</td>
<td>-0.004</td>
<td>-0.003</td>
<td>-0.003</td>
</tr>
<tr>
<td></td>
<td>(0.004)</td>
<td>(0.004)</td>
<td>(0.004)</td>
</tr>
<tr>
<td>Law enforcement</td>
<td>-0.113**</td>
<td>-0.115**</td>
<td>-0.114**</td>
</tr>
<tr>
<td></td>
<td>(0.032)</td>
<td>(0.032)</td>
<td>(0.032)</td>
</tr>
<tr>
<td>GDP growth</td>
<td>-0.148</td>
<td>-0.158</td>
<td>-0.152</td>
</tr>
<tr>
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<td>(0.098)</td>
<td>(0.098)</td>
<td>(0.098)</td>
</tr>
<tr>
<td>Corporate philanthropy 2</td>
<td>0.141**</td>
<td>0.140**</td>
<td>0.149**</td>
</tr>
<tr>
<td></td>
<td>(0.022)</td>
<td>(0.022)</td>
<td>(0.023)</td>
</tr>
<tr>
<td>Government intervention</td>
<td>0.003</td>
<td>0.004</td>
<td>0.003</td>
</tr>
<tr>
<td></td>
<td>(0.030)</td>
<td>(0.030)</td>
<td>(0.030)</td>
</tr>
<tr>
<td>Military experience</td>
<td>0.475*</td>
<td>0.671**</td>
<td>0.244</td>
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<td>(0.244)</td>
<td>(0.244)</td>
<td>(0.244)</td>
</tr>
<tr>
<td></td>
<td>(0.367)</td>
<td>(0.368)</td>
<td>(0.372)</td>
</tr>
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<td>Constant</td>
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<td>-3.061</td>
<td>-3.061</td>
</tr>
<tr>
<td>Observations</td>
<td>3,061</td>
<td>3,061</td>
<td>3,061</td>
</tr>
</tbody>
</table>

**Notes:** 18 industry dummies and 30 province dummies are included in all estimations but not reported in the table. Standard errors appear in parentheses (one-tailed tests for hypothesized variables, two-tailed tests for controls). ** p<0.01, * p<0.05, + p<0.1.
<table>
<thead>
<tr>
<th></th>
<th>Model 1 (DV= Military experience)</th>
<th>Model 2 (DV=PE1)</th>
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</thead>
<tbody>
<tr>
<td>Gender</td>
<td>-0.038*** (0.011)</td>
<td>0.155* (0.069)</td>
</tr>
<tr>
<td>Education</td>
<td>0.002 (0.004)</td>
<td>0.006 (0.023)</td>
</tr>
<tr>
<td>Political connections</td>
<td>-0.009 (0.009)</td>
<td>0.200 (0.129)</td>
</tr>
<tr>
<td>Unemployment experience</td>
<td>0.017 (0.018)</td>
<td>-0.063 (0.096)</td>
</tr>
<tr>
<td>Rural poverty experience</td>
<td>-0.013 (0.011)</td>
<td>0.092 (0.064)</td>
</tr>
<tr>
<td>Startup location hardship</td>
<td>-0.008 (0.010)</td>
<td>0.034 (0.050)</td>
</tr>
<tr>
<td>Firm age</td>
<td>-0.001 (0.001)</td>
<td>0.012 (0.007)</td>
</tr>
<tr>
<td>Firm size</td>
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<td>-0.002 (0.029)</td>
</tr>
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<td>R&amp;D intensity</td>
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<td>-0.001 (0.001)</td>
</tr>
<tr>
<td>ROA</td>
<td>-0.001 (0.001)</td>
<td>0.001 (0.002)</td>
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<td>-0.001 (0.002)</td>
<td>-0.021 (0.016)</td>
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<td>-0.083* (0.032)</td>
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<td>Corporate philanthropy</td>
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<td>0.064* (0.036)</td>
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<td>Government intervention</td>
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<td>0.003 (0.011)</td>
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</tbody>
</table>

**Notes:** 18 industry dummies and 30 province dummies are included in all estimations but not reported in the table. Standard errors appear in parentheses (one-tailed tests for hypothesized variables, two-tailed tests for controls). **p<0.01, *p<0.05, +p<0.1.
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<td>(DV=\text{Numbers of employees from less-developed areas})</td>
<td>(DV=\text{Numbers of employees from less-developed areas})</td>
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<td></td>
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<td>(25.693)</td>
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<td>(16.327)</td>
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<td>(2.960)</td>
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<td>(8.364)</td>
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<td>(3.129)</td>
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<td>(40.848)</td>
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</tbody>
</table>

**Notes:** 18 industry dummies and 30 province dummies are included in all estimations but not reported in the table. Standard errors appear in parentheses (one-tailed tests for hypothesized variables, two-tailed tests for controls). **\(p<0.01\), *\(p<0.05\), +\(p<0.1\).
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Figure 1
Theoretical model

Corporate philanthropy

+  

Previous military experience

Poverty-reduction entrepreneurship

Government intervention
**Figure 2**
Interaction effect between corporate philanthropy 1 and military experience

**Figure 3**
Interaction effect between government intervention and military experience
Figure 4
Robustness result 1:
Interaction effect between corporate philanthropy 1 and military experience

Figure 5
Robustness result 1:
Interaction effect between government intervention and military experience
Figure 6
Robustness result 2:
Interaction effect between corporate philanthropy 1 and military experience

Figure 7
Robustness result 2:
Interaction effect between government intervention and military experience
Figure 8
Robustness result 3:
Interaction effect between corporate philanthropy 2 and military experience