



# Giving back to society: Job creation through social entrepreneurship<sup>☆</sup>



Andrea Rey-Martí<sup>a,\*</sup>, Domingo Ribeiro-Soriano<sup>a</sup>, José Luis Sánchez-García<sup>b</sup>

<sup>a</sup> Departamento de Dirección de Empresas, Facultad de Economía, Universitat de València, Avda. dels Tarongers s/n, 46022, Valencia, Spain

<sup>b</sup> Catholic University of Valencia San Vicente Mártir, C/ Jorge Juan n° 18, 46004, Valencia, Spain

## ARTICLE INFO

### Article history:

Received 1 August 2015

Received in revised form 1 October 2015

Accepted 1 November 2015

Available online 14 January 2016

### Keywords:

Social entrepreneurship

QCA method

Contingent factors

Job creation

## ABSTRACT

Social entrepreneurship is a relatively young topic. Nevertheless, social entrepreneurship is becoming increasingly popular among researchers because of its contribution and prominence in society. Many entrepreneurs seek to create ventures that not only yield a profit but also add value to society. This research investigates how contingent factors of social enterprises affect job creation. The study examines the following contingent factors: Training, educational attainment, experience, family history, and financial support. This study explores the influence of these factors on business size (i.e., the outcome in the research model). The study employs fuzzy-set qualitative comparative analysis (fsQCA) to analyze data from a survey of 51 social enterprises. The analysis yields the most relevant factors for job creation by social enterprises.

© 2015 Elsevier Inc. All rights reserved.

## 1. Introduction

Social entrepreneurship is difficult to define because of the complexity in defining its two constituent concepts: Entrepreneurship and social outreach (Dodd & Anderson, 2007; Shane & Venkataraman, 2000; Spencer, Kirchoff, & White, 2008; Felício, Gonçalves, & da Conceição Gonçalves, 2013). The word *social* is an important concept in many sectors such as veterinary medicine, health care, and education. Depending on the connotations of the term and the culture in different contexts, however, the word *social* may have quite different meanings. In this article, the term *social* refers to the value that a company adds to society in three areas: (1) economic benefit to society, (2) ecological benefit to the environment, and (3) social benefit to people and their quality of life.

The term *entrepreneurship* is difficult to define, and scholars have yet to settle on a universal definition (Bruyat & Julien, 2001; Spencer et al., 2008). In this study, entrepreneurship is a process with five steps. (1) Identify an invention worth commercializing; (2) convert the invention into a marketable product or service; (3) create or find a small company to sell the product or service; (4) obtain resources to run the company and sell the product or service; and (5) sell the product or service successfully enough to achieve steady growth and survival (Kirchoff, 1994). Besides the previous definition, a myriad of alternative entrepreneurship definitions exist.

The aim of this article is to analyze contingent factors in social enterprises that affect job creation. The article has six sections. Section 2 presents a review of the literature on social entrepreneurship. Section 2 also discusses contingent factors of job creation by social enterprises and presents several research proposals for testing. Section 3 describes the method, sample, and validation of the study. Section 4 sets forth the results of the study. Finally, Section 5 offers conclusions, and Section 6 highlights some limitations and suggests some future lines of research.

## 2. Theoretical framework

Wennekers and Thurik (1999, p. 46) define entrepreneurship as follows:

...the manifest ability and willingness of individuals, on their own, in teams, within and outside existing organizations, to: perceive and create new economic opportunities (new products, new production methods, new organizational schemes and new product–market combinations) and to introduce their ideas in the market, in the face of uncertainty and other obstacles, by making decisions on location, form and the use of resources and institutions.

Social entrepreneurship is a sub-discipline of entrepreneurship (Austin, Stevenson, & Wei-Skillern, 2006).

This study presents an analysis of factors relating to entrepreneurs' training, educational attainment, experience, family background, and receipt of financial support. In addition, the study shows how these individual factors (or groups of these factors) affect business size, which acts as a proxy for measuring job creation by social enterprises.

<sup>☆</sup> The authors thank Norat Roig-Tierno, Polytechnic University of Valencia, for his valuable help with the methodology.

\* Corresponding author.

E-mail addresses: andrea.rey@uv.es (A. Rey-Martí), domingo.ribeiro@uv.es (D. Ribeiro-Soriano), joseluis.sanchez@ucv.es (J.L. Sánchez-García).

### 2.1. Firm size

Numerous studies explore whether the size of a firm affects its success (Caves, 1998; Geroski, 1995), showing that larger companies are more successful. Nevertheless, larger companies are more efficient than small businesses are, so larger companies survive and grow, whereas inefficient companies are unable to grow and may even fail completely. Therefore, the effect of size is positive for most enterprises across all sectors (Méndez-Picazo, Galindo-Martín, & Ribeiro-Soriano, 2012).

Conversely, according to Lundvall and Battese (2000), small businesses can be a hotbed for young entrepreneurs. Entrepreneurs always start small companies because of uncertainty and resource scarcity. Nevertheless, the technical efficiency of small businesses may be greater than that of larger firms, so small businesses may face greater competition (Lundvall & Battese, 2000).

### 2.2. Training and educational attainment

Training and educational attainment improve management capability. The effect of training and educational attainment is therefore an important consideration in job creation (Bae, Qian, Miao, & Fiet, 2014; Honig, 1998; Kim, Aldrich, & Keister, 2006; West & Noel, 2009). Because of their training, entrepreneurs gain the capabilities necessary to access resources and reduce costs, so their companies perform better than they would if these entrepreneurs were lacking in training (Soriano & Castrogiovanni, 2012).

General business knowledge from training and formal education at universities should influence entrepreneurs' knowledge, skills, and motivation. General business knowledge should therefore contribute to the efficiency of new companies. Ramachyan and Shah (1999) and Veciana, Aponte, and Urbano (2005) report that college education plays a key role in business creation. Thus, education and training should help entrepreneurs to acquire communication skills, work in teams, critically analyze situations, and solve problems. With these skills, entrepreneurs can effectively identify opportunities and learn from the business environment. Training should also positively affect entrepreneurs' ability to develop a sound technical plan or an effective business plan that will help entrepreneur to grow their business (Haber & Reichel, 2005).

This enhancement of business skills helps entrepreneurs to capture resources and use them efficiently. Entrepreneurs can thereby reduce costs and improve performance (Castrogiovanni, 1996; Dyke, Fischer, & Reuber, 1992; Florin, Lubatkin, & Schulze, 2003).

**Proposition 1a.** *Greater training for entrepreneurs who found social enterprises positively affects job creation by these social enterprises.*

**Proposition 1b.** *Greater educational attainment for entrepreneurs who found social enterprises positively affects job creation by these social enterprises.*

### 2.3. Experience and family history

Knowledge from formal education and training is not the only way to acquire valuable knowledge and skills; knowledge that entrepreneurs gain from their experience is also important. Likewise, a family history of entrepreneurship is relevant because this type of informal training also helps entrepreneurs (Kim et al., 2006).

Experience thus refers to the skills and knowledge that people gather from experiencing situations in a family or business environment (Castrogiovanni, 1996). Soriano and Castrogiovanni (2012) define experience as the knowledge and skills that individuals acquire through observation and involvement in a variety of similar situations while working in other companies. Skills and knowledge positively affect company performance (Castrogiovanni, 1996), so entrepreneurs with

experience make better decisions than those who lack experience. Entrepreneurs with experience can also grow their businesses more quickly and efficiently.

Unlike with education, people cannot acquire experience consciously or at an educational institution; individuals can only gain experience by working in a company. Experience helps entrepreneurs to increase the productivity of their companies. This higher productivity can then lead to an increase in number of employees.

Gatewood, Shaver, and Gartner (1995) argue that entrepreneurs that come from an entrepreneurial family have more chance of success than entrepreneurs whose family members have no history of entrepreneurship. Therefore, entrepreneurs whose families have experience running businesses will encounter fewer difficulties in starting a venture because of support from family members. These entrepreneurs can also receive advice and insight from family members, who can impart wisdom to these entrepreneurs and help them to avoid making mistakes.

Until entrepreneurs gain experience, they will be unable to run a company because they need to draw on specific experiences so that they can apply concepts from education and training (Mintzberg, 2004). Therefore, entrepreneurs who gain some business experience following their formal education are more successful than those who have no experience or have no formal education and training.

Entrepreneurs with experience of starting and running companies possess knowledge or cumulative learning when they create other companies. Entrepreneurs with experience then achieve better firm performance than that of entrepreneurs without business creation experience (Lamont, 1972).

**Proposition 2a.** *Greater experience among founders of social enterprises positively relates to job creation by social enterprises.*

**Proposition 2b.** *Entrepreneurial experience among family members of entrepreneurs who found social enterprises positively relates to job creation by social enterprises.*

### 2.4. Financial support

Several authors expound the importance of promoting social entrepreneurship using tools from public institutions. Governments must create suitable instruments to design efficient and effective economic policies (Guzmán-Cuevas, Cáceres-Carrasco, & Soriano, 2009; Mas-Verdú, Ribeiro-Soriano, & Roig-Tierno, 2015; Méndez-Picazo et al., 2012). Likewise, Ebner (2003) advocates establishing official guidelines for entrepreneurial activity.

Governments should be aware of the need to encourage social entrepreneurship and improve conditions for social entrepreneurs. In doing so, governments can also improve economic growth, investment, and entrepreneurship to create the right social climate (Méndez-Picazo et al., 2012). Sullivan (2007) argues that cities, regions, or territories that encourage social entrepreneurs are more likely to be successful and improve the local environment.

Social entrepreneurship can create sustainable competitive advantage, which helps entrepreneurs to achieve their social missions (Weerawardena & Sullivan Mort, 2001). Providing financial support therefore seems an effective way to help social enterprises because although social enterprises may struggle to obtain or return their financial resources, they are more sustainable over time. In competitive markets, social entrepreneurs are able to attract the resources (i.e., capital, labor, equipment, etc.) (Dees, 1998; Simón-Moya, Revuelto-Taboada, & Ribeiro-Soriano, 2012) that the social entrepreneur lacks or has yet to develop.

Traditionally, social enterprises and non-governmental development organizations (NGDOs) rely on public funding from donors and suppliers to support their work. Nowadays, however, social

Download English Version:

<https://daneshyari.com/en/article/1016932>

Download Persian Version:

<https://daneshyari.com/article/1016932>

[Daneshyari.com](https://daneshyari.com)