



Conceptualizing and operationalizing the social entrepreneurship construct[☆]

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ABSTRACT

Addressing the need for conceptualization and operationalization of the social entrepreneurship construct, we propose a behavioral measure of social entrepreneurship orientation (SEO). We build on past qualitative work within the social entrepreneurship literature that contextualizes the behavioral entrepreneurship concept, and draw upon the emergent effectuation theory that captures entrepreneurial behavior in resource-constrained contexts. After surveying 507 U.S.-based social purpose organizations, we offer five dimensions of SEO: *innovativeness*, *proactiveness*, *risk management*, *effectual orientation*, and *social mission orientation*. We also find support for SEO's nomological validity, observing a positive influence on social innovation. We discuss limitations and implications of our measure to future research in social-entrepreneurship-led social value creation.

1. Introduction

The increasing recognition of social purpose organizations' (SPOs') contribution to economic and societal wellbeing is fueling academic, practitioner, and policy planner interest in social entrepreneurship (SE) and resulting impact on social value creation (Bacq & Janssen, 2011; Lurtz & Kreutzer, 2017). The literature on SE-led social value creation is growing. However, the broad inclusiveness of SE which currently accommodates all activities with some element of social value creation creates challenges for demarcating the construct's conceptual boundaries (Leadbeater & Goss, 1998; Shaw & Carter, 2007), and contributes to a definitional ambiguity of the SE construct (Bacq & Janssen, 2011; Short, Moss, & Lumpkin, 2009), thereby hindering advancement of the field. Broadly, the SE field is seemingly in a pre-paradigmatic stage (Nicholls, 2010), comprising less sophisticated methodologies, predominantly using success stories of social entrepreneurs (Lepoutre, Justo, Terjesen, & Bosma, 2013), and lacking novel datasets and explanatory/quantitative enquiries (Short et al., 2009).

In a positive development, researchers advocate using established theoretical lenses from fields such as management and entrepreneurship to advance SE (Dacin, Dacin, & Tracey, 2011; Short et al., 2009). However, such efforts must be contextualized, capturing the complexity and uniqueness of SE (Shaw & Carter, 2007; Steyaert & Dey, 2010), since SE differs substantially from commercial entrepreneurship (Lurtz

& Kreutzer, 2017).

Past attempts to conceptualize and operationalize SE focus on what social entrepreneurs do; however, research capturing the core characteristics of SE remains scant. SE researchers have used the firm behavior framework of entrepreneurship (Mair & Martí, 2006; Weerawardena & Sullivan Mort, 2006) adapted from commercial entrepreneurship theory (Covin & Slevin, 1991). Particularly, Weerawardena and Sullivan Mort (2006) contextualize this framework through qualitative work, proposing a constrained optimization framework of SE whereby social entrepreneurs, in addition to displaying conventional behavioral characteristics, display characteristics that capture the SE context. Similarly, the effectuation framework (Sarasvathy, 2001) seems suitable to capture entrepreneurial behavior in resource-constrained environments as normally evident in SPOs (VanSandt, Sud, & Marmé, 2009).

Building upon these developments, we propose *social entrepreneurship orientation* (SEO) construct as an organizational behavioral orientation displayed by SPOs in their strategic decisions. We conceptualize SEO as comprising behavioral characteristics of *innovativeness*, *proactiveness*, *risk management*, *social mission orientation*, *sustainability orientation*, and *effectual orientation*. We test our measure using a two-stage design in a survey of 507 U.S.-based SPOs, and validate the measure with social innovation which signifies social value creation (Weerawardena & Sullivan Mort, 2006, 2012).

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Adding empirical support for the proposed measure, the study advances the SE field in several ways. First, it proposes a set of core dimensions that capture the uniqueness of the SE construct. Second, it finds a middle ground between the currently advocated view of using theories from other fields, and the need to address the uniqueness of SE for advancing the field. Accordingly, the approach here builds on past research that captures the unique SPO context, while being consistent with the multi-dimensional view of SE. The study therefore attempts to advance the SE field beyond its purported pre-paradigmatic state. Third, we develop measures for key constructs, simultaneously addressing the need for building new datasets and adopting explanatory/quantitative approaches. Finally, our work will guide researchers to move beyond the definitional ambiguity of the SE concept and test comprehensive models of SE-driven social innovation-based value creation.

The paper begins with a review of past attempts to conceptualize SE, then outlines the proposed conceptualization of SEO followed by a step-by-step approach to operationalize the construct. Following these sections, we validate the SEO measure with social innovation. The final section discusses the implications of the research findings to theory, practice and future research.

2. Literature review

2.1. Attempts to conceptualize and operationalize SE construct

Over the years, attempts to define the SE construct have grown, mostly discussing what social entrepreneurs do, such as undertaking social innovation (Bacq & Janssen, 2011) and exploiting opportunities to create social wealth (Mair & Martí, 2006), with limited research identifying what constitutes the SE construct. However, some notable attempts exist. For example, Lurtz and Kreutzer (2017) offer a conceptualization of non-profit entrepreneurial orientation at the organizational level. Using a case study design, they highlight two new dimensions apart from innovativeness, proactiveness, and risk-taking behaviors of conventional entrepreneurship. First, social risk-taking denotes decision making within high uncertainty whereby social entrepreneurs seek to take low risks given their accountability to donors. Financial risk-taking is almost non-existent, suggesting a risk-averse organizational culture for handling monetary resources, consistent with previous research (Weerawardena & Sullivan Mort, 2006). Second, collaboration with corporations is seen as crucial to attracting resources for facilitating social mission fulfillment.

Some researchers examine the entrepreneurial characteristics of corporations that undertake social value creation. This stream of literature, broadly cited as *corporate social entrepreneurship* (Austin & Reficco, 2005; Austin, Stevenson, & Wei-Skillern, 2006), is purportedly an extension of corporate social responsibility (CSR) initiatives (Austin & Reficco, 2005) and/or corporate philanthropy activities (Porter & Kramer, 2002). The underlying premise is that generating social outcomes besides economic outcomes enhances stakeholder appeal, thereby establishing a firm's long-run sustainability (Austin & Reficco, 2005). The literature examines social value creation formats such as charitable donations (Altina, Sigala, & Waligo, 2016), sustainability-oriented innovations (Spitzeck, Boechat, & França Leão, 2013), and commercial and social enterprise alliances (Ghauri, Tasavori, & Zaefarian, 2014). Kuratko, McMullen, Hornsby, and Jackson (2017) pilot test a corporate social entrepreneurship scale by augmenting and adapting their commercial entrepreneurship scale (Kuratko, Hornsby, & Covin, 2014). They propose stakeholder salience, social proactiveness, corporate governance, and transparency as additional dimensions of corporate social entrepreneurship. A limitation of this conceptualization is the inadequacy of some dimensions to capture the SE context. While corporate social value creation initiatives are popular in the literature, these initiatives do not provide a meaningful dimension to conceptualize the SE construct. These initiatives are subsumed within

the ultimate commercial mission, thus falling outside the social mission focus that represents the SE field's conceptual boundary (Dacin et al., 2011).

Some researchers suggest *community engagement* as a feature of SE since community engagement facilitates resource acquisition (Kodzi, 2015) and social innovation (Ishigaki & Sashida, 2013). However, community engagement is not unique to SPOs as for-profit firms also undertake community engagement initiatives through CSR programs (Morsing & Schultz, 2006). Although community engagement (orientation) facilitates social value creation, this facet is perhaps reflected by the social mission dimension which essentially entails engaging with targeted communities.

Similarly, the multi-dimensional SE frameworks by Weerawardena and colleagues (Sullivan Mort, Weerawardena, & Carnegie, 2003; Weerawardena & Sullivan Mort, 2006) contribute towards conceptualizing and contextualizing SE. They argue that commercial behavioral entrepreneurship theory provides valuable input, though remains inadequate to capture the unique characteristics of SE (Weerawardena & Sullivan Mort, 2006). They conceptualize SE as multi-dimensional, whereby social entrepreneurs, similar to for-profit counterparts, display behavioral characteristics of *innovativeness*, *proactiveness*, and *risk management*. However, social mission, the need for long-term viability and environmental dynamics constrain/shape these behaviors. Initially they proposed the 'expression of virtuous behavior' as a dimension of SE (Sullivan Mort et al., 2003), but their subsequent field work (Weerawardena & Sullivan Mort, 2006) offers a more pragmatic market-driven SPO behavior of creating social value through income-generating strategies, instead of relying exclusively on philanthropic funding. Here, they replace the characteristic of 'virtuous behavior' with a more pragmatic and inclusive construct of 'social mission'. They also replace 'risk-taking behavior' with 'risk management' to reflect the SPO's emphasis on assessing financial viability of all projects irrespective of the potential social impact. Despite its significance, this framework is yet to be empirically examined.

2.2. Effectuation approach to entrepreneurship

Effectuation (Sarvasvathy, 2001) represents entrepreneurial behavior in resource-constrained environments where entrepreneurs (effectuators) maximize the use of resources at-hand such as abilities, expertise and networks. Goals are not predetermined, instead, evolve over time based on available means and entrepreneurial imagination. Effectuation departs from a conventional 'planned' approach of targeting predetermined goals with most-efficient strategies (Sarvasvathy, 2001).

Effectuation adequately captures entrepreneurial decision-orientation across resource-constrained contexts such as start-ups (Chandler, DeTienne, McKelvie, & Mumford, 2011), born-globals (Andersson, 2011), innovation at small firms (Berends, Jelinek, Reymen, & Stultiens, 2014), and marketing under uncertainty (Read, Dew, Sarvasvathy, Song, & Wiltbank, 2009). The assumed resource-constrained context of effectuation is similar to that afflicting SPOs. While commercial firms access multiple (and perhaps steady) sources of funding, SPOs normally do not have such opportunities. For SPOs, funding sources such as donations and grants are becoming uncertain and demanding (Weerawardena & Sullivan Mort, 2006). Additionally, the non-distributive restriction on surpluses generated by nonprofit SPOs limits them from tapping into the same capital markets as commercial entrepreneurs (Austin et al., 2006). Similar to effectuators, social entrepreneurs actively engage in resource enhancement strategies such as internal collaboration, team building and, developing inter-organizational partnerships to overcome resource constraints (Weerawardena & Sullivan Mort, 2006).

3. Building the social entrepreneurial orientation (SEO) construct

SPOs are distinguishable from commercial organizations mainly due

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