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Antecedents of a new social venture in Portugal: The influence of education and professional background



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Abstract The aim of this investigation is to explore the extent to which individuals' education and professional background influences the launching of a new social ventures (SV) in Portugal. To attain this objective, empirical data were collected through an online survey to social entrepreneurs who have already launched a SV. The sample consists of individuals who were responsible for the creation of a Portuguese NGO or a SV available on the Portuguese Social Stock Exchange. For data analysis, descriptive and inferential statistics (chi-square goodness-of-fit test) were used, as well as principal components analysis. Our investigation reveals that a higher educational level stimulates the emergence of new SV. Individuals' professional background (such as prior occupational status, professional satisfaction and entrepreneurial context) also has a positive impact on the decision-making. We also detect that individuals' past entrepreneurial experiences shape (in an indirect way) how individuals accept the risks of launching a SV.

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1. Introduction

Social entrepreneurship is an emerging concept that has been progressively applied to the resolution of social issues (Dees, 2001; Mair, 2010; Mair & Martí, 2006; Okpara & Halkias, 2011). This new concept applies an entrepreneurial

orientation to the social area and blends two objectives which had so far been considered as unbundled-social and economic value creation. As stated by Bacq and Janssen (2011, p. 376) social entrepreneurship refers to "the process of identifying, evaluating and exploiting opportunities aiming at social value creation by means of commercial, market-based activities and of the use of a wide range of resources". According to Friedman and Desivilya (2010, p. 495), social entrepreneurship is seen as "a range of practices and discourses involving the creation of new and innovative organizations or enterprises to meet human needs and improve services".

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In general, the ultimate goal of social organizations is to create social value in a meaningful and prominent way (Dees, 1998; Peredo & McLean, 2006; Sharir & Lerner, 2006; Zahra, Newey, & Li, 2014), by keeping its social mission explicit and central (Mair & Martí, 2006). This approach attempts to reduce social gaps through combinations of social value creation with economic sustainability (Costanzo, Vurro, Foster, Servato, & Perrini, 2014) maximizing its ability to generate social value.

Social organizations differ from traditional not-for-profit organizations due to its entrepreneurial and business nature (Dees, 1998; Nicholls & Cho, 2008; Weerawardena & Mort, 2012), while its social dimension distinguishes them from other organizational forms, such as traditional for-profit, private companies (Dacin, Dacin, & Matear, 2010).

Social entrepreneurship seeks to create social and economic value in a simultaneous and mutually reinforcing manner. The creation of economic value is seen as a means for creating social value by fostering organizational sustainability and enabling the social venture to continue pursuing its mission. The existence of the two objectives of social and economic value creation makes social entrepreneurship an intrinsically hybrid field. This is because it is developed at the intersection of different activity areas, such as public sector, civil society and business markets (Gras & Mendoza-Abarca, 2014; Jäger & Schröer, 2014; Nicolopoulou, 2014; Zahra et al., 2014). This condition introduces considerable challenges at the strategic, tactical and operational levels of the organization.

This new view of solving complex and persistent social problems challenges entrepreneurs to surpass increased difficulties (Costanzo et al., 2014; Gordon, 2014; Lan, Zhu, Ness, Xing, & Schneider, 2014; Obschonka, Silbereisen, & Schmitt-Rodermund, 2010). The literature has pointed out that social entrepreneurs are the result of their context, which integrates a vast number of factors that can affect their propensity to invest in social projects (Ármannsdóttir, 2011; London & Morfopoulos, 2010; Obschonka, Silbereisen, & Schmitt-Rodermund, 2012; Shumate, Atouba, Cooper, & Pilny, 2014). Given the huge potential of social entrepreneurship for social value creation, it is critical to understand the factors that explain why some individuals are social entrepreneurs while others are not. In these circumstances, some researchers have attempted to assess whether education (Bacq, Hartog, Hoogendoorn, & Lepoutre, 2011; Bosma & Levie, 2010; GEM, 2009; Harding & Cowling, 2006; Hoogendoorn, Zwan, & Thurik, 2011; Lan et al., 2014; Lehner, 2011; Van Ryzin, Bergrud, & DiPadova-Stocks, 2007; Van Ryzin, Grossman, DiPadova-Stocks, & Bergrud, 2009) and professional background (Ármannsdóttir, 2011; Baral, Simons, & Lane, 2012; Germak & Robinson, 2013; Leahy & Villeneuve-Smith, 2009; Lee & Battilana, 2013; Van Ryzin et al., 2009) foster social entrepreneurial behaviour and encourage individuals to establish a new social venture. Other academic works, in turn, have discussed the impact of the perceived feasibility of the social venture on the decision of the social entrepreneur (Mair & Noboa, 2006). Despite the increasing academic interest on the topic over recent years, more empirical research is needed, specifically in the Portuguese context. Further, to the best of our knowledge, there is a lack of empirical evidence about the role of professional background on

how social entrepreneurs manage the perceived risks in the process of setting up a social venture.

The present study attempts to fill these gaps and adds to the current body of knowledge on the topic. Based on the Portuguese context, the purpose of this paper is to explore the extent to which an education and professional background help to explain why some individuals are social entrepreneurs and others are not. We also aim to better understand how these factors could affect individuals' ability to develop a social project, which implies the acceptance of numerous risks. To achieve these purposes, the pertinent literature is reviewed, stressing the role that education and a professional background play in the decision to launch a new social project. We then provide a brief overview of the social sector in Portugal and describe the methods that will be used in our empirical study. The results obtained are presented and discussed in the following sections. The paper concludes with the main findings, some research limitations and suggestions for future research.

2. Pertinent literature

2.1. Educational level

Education is believed to be an encouraging element of entrepreneurial behaviour. Several studies, based on secondary data for different countries, suggest that the level of education increases the probability of an individual being involved in a social entrepreneurship initiative (Bosma & Levie, 2010; GEM, 2009; Harding & Cowling, 2006; Hoogendoorn et al., 2011; Lehner, 2011; Van Ryzin et al., 2009). The empirical evidence available suggests that social entrepreneurs usually have a higher educational level than that of economic entrepreneurs (Bacq et al., 2011; GEM, 2009; Hoogendoorn et al., 2011; Van Ryzin et al., 2007).

Evaluating the influence of the educational level on entrepreneurial propensity, Estrin, Mickiewicz, and Stephan (2011) identify a positive contribution to both types of entrepreneurship, although the influence is more expressive in social entrepreneurship than in commercial entrepreneurship. In 2009, a special Global Entrepreneurship Monitor (GEM) report on social entrepreneurship note that the level of education has a positive influence in all countries under review (forty-seven), even though the 'education effect' is particularly evident in countries with a low level of economic development (where economic and social differences between individuals are more obvious). According to this report, the individuals who have a higher educational level may feel a more urgent need to cope with the existent social scourges (GEM, 2009). In Portugal, the results of a case study research carried out under the European project "*Université coopérative européenne*" suggest that most social entrepreneurs have a higher education degree (Ferreira, 2005). Similarly, the general early-stage entrepreneurial activity in Portugal increases when individuals' educational level is higher (GEM Portugal, 2013).

The relevance of education for a social entrepreneurship development can be justified by a greater sensitivity to social issues, which, according to the literature, will be more critical for people with greater qualifications (Estrin et al., 2011; GEM, 2009). Another explanation is presented by GEM

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