

**Social entrepreneurship orientation:  
Drivers of success for start-ups and established industrial firms**

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**Abstract**

Academic research into social entrepreneurship orientation (SEO) remains nascent, despite social entrepreneurship receiving increasing attention in both research and practice. This study of 308 industrial industry firms from Austria and the Northern Macedonia contributes to closing these research gaps investigating how SEO influences social entrepreneurial performance taking into account performance consequences of heterogeneity in firms' characteristics demonstrated by start-ups and established firms using multi-group structural equation modeling and fsQCA as methods of comparison. Combining person-centered and variable-centered methods, this study contributes by exploring how SEO influences social entrepreneurial performance and considering firms' characteristics for both start-ups and established industrial firms. The study highlights key differences for start-ups and established firms. The development phase of a firm, thus, plays a key role when examining SEO dimensions. This study informs practices of individuals seeking to undertake a business start-up or owner/managers involved in the operation and management of established firms in a social entrepreneurship context. The findings will be of interest to the enterprise support community in tailoring funding and training support for social enterprises for both start-ups and established firms.

**Key words:** social entrepreneurship, entrepreneurial orientation, sustainability, start-ups, multi-group structural equation modeling, fsQCA

## 1. Introduction

Entrepreneurship counts as an ‘*essential feature of high-performing firms*’ (Lumpkin & Dess, 1996, p. 135). Researchers agree on the importance of entrepreneurial orientation as a concept developed from strategy-making process literature that models firm-level entrepreneurship (Covin & Slevin, 1989, 1991). Academic research in this area is comprehensive and has grown to an established field in the entrepreneurship discipline (Ferreira et al., 2019). However, academic interest in social entrepreneurship orientation (SEO) remains limited, even though social entrepreneurship is receiving increasing attention in research and practice (Halberstadt & Kraus 2016; Zahra et al., 2014; Kraus et al., 2014). Even though there is no common definition of social entrepreneurship, researchers agree on it as focusing on a social instead of a financial mission and aiming to address this by engaging in entrepreneurial behaviors and activities (Dacin et al., 2010; Kraus et al., 2014; Peredo & McLean, 2006; Short et al., 2009). However, social entrepreneurial opportunity recognition and exploitation are core preconditions for generating and implementing innovative social business ideas (Halberstadt & Spiegler, 2018; Lehner & Kansikas, 2012). Thus, SEO should receive the same attention as entrepreneurship orientation – especially with regard to performance. Initial studies focus on SEO as well as its measurement and have developed an applicable framework (Kraus et al., 2017). Nonetheless, this has not sufficiently/extensively been applied yet.

One central question in research on entrepreneurship deals with the influence of entrepreneurial orientation on performance (Gans et al., 2000; Semrau et al., 2016), which has not yet been considered within the social entrepreneurship domain. It, thus, remains unclear whether SEO and or specific items affect performance. Findings from traditional entrepreneurship and EO literature cannot directly be applied taking into account that social entrepreneurial action may lead to both social and economic results. While literature mainly agrees on social impact being the core goal of social entrepreneurial activities, especially the various definitions of social entrepreneurship, leads to the discussion whether economic performance is important or not. Thus, we theoretically consider how far both social and economic performance matters for social entrepreneurs (social entrepreneurial performance) and analyze the effect the specific dimensions of SEO have on these two dimensions of performance.

Furthermore, several differences can be noted in managing start-ups and established firms (Hockerts & Wüstenhagen, 2010; Jolly et al., 1992; Liguori et al., 2018). Even though this might affect the drivers of performance, it has not been applied to the question of SEO

influencing performance yet. Our study of 308 industrial firms from Austria and Northern Macedonia contributes to closing these research gaps investigating how SEO influences social entrepreneurial performance taking into account performance consequences of heterogeneity in firms' characteristics demonstrated by start-ups and established firms.

Finally, this research contributes by using both, person-centered and variable-centered perspectives (Misangyi et al., 2017; Wang & Hanges, 2011). That is, this research overcomes the methodological weakness of many previous studies (Hughes et al., 2018, Woodside, 2013) focusing on only one lens, aggregated net effects of variables continuously found by regression and related techniques (= variable-centered approaches) or case-oriented conditions when certain sub-groups show common patterns (= person-centered approaches). Most studies, thus, only provide a single explanation that belies the multiple pathways to entrepreneurship observed in practice, while adding fsQCA to quantitative methods can reveal these common issues in entrepreneurship research (Douglas et al., 2020). It, e.g. takes into account the heterogeneity of entrepreneurial behavior and possible interdependencies and combined effects of variables. This is why we use a combination of multi-group structural equation modeling (variable-centered) and fuzzy-set qualitative comparative analysis (person-centered) and subsequently compare results in the light of our framework. By doing so we are the first transferring it to SEO research.

## **2. Theoretical framework**

### *2.1 Social entrepreneurship orientation*

Entrepreneurship orientation is widely regarded as a critical competence of entrepreneurial firms as it is the basis for identifying and exploiting opportunities, which creates value (Bouncken et al., 2016; Covin et al., 2006). According to Hughes et al. (2015), "EO can be defined as the nature of the decision-making mindset, behaviors, and processes underpinning the firm's strategy creation practice, competitive posture, and management philosophy and thus encapsulates the entrepreneurial tendencies of the firm." (p. 119). As entrepreneurship demonstrates a diverse and more complicated model with regard to generating societal impact, the concept of entrepreneurial orientation has evolved. Morris et al. (2011) investigated entrepreneurship research projects based on entrepreneurial orientation within the non-profit area, and noted that research has omitted to align the entrepreneurial orientation scale, originally designed for the for-profit area, to the several other types of entrepreneurship. One of the most established instruments capturing entrepreneurial orientation designed by Covin & Slevin

(1989) based on Miller (1983) and Miller & Friesen (1982) is not regarded as appropriate in the social context, as it was demonstrated by tests. The applied scales do not consider the higher complexity of SEO, e.g. in non-profit settings (Morris et al., 2011).

Kraus et al. (2017) delivered the first scale to operationalize SEO based on an empirical study where a mixed method approach was applied. The scale refers to entrepreneurial orientation which is further aligned to the field of social entrepreneurship. In a first phase, a Delphi study was performed with 18 scientists in entrepreneurship and social entrepreneurship research in order to design items referring to entrepreneurial as well as social orientation and in a second phase, a survey with 82 experts was performed in order to analyze the face validity of the designed items. The outcome is a SEO scale with the following four dimensions: social proactiveness, social risk-taking, social innovativeness and socialness.

The first three terms might appear similar by simply adding “social” to the most common items of entrepreneurial orientation. However, Kraus et al. (2017), Morris et al. (2011) and Chen & Hsu (2013) note on transferring entrepreneurial orientation to the social or non-profit business area, suggest there are differences within the items that are typically more complex for the social entrepreneurship perspective. Social proactiveness, for example, can have different effects, even within similar organizations regarding social and commercial innovation and also depends on a broader variety of stakeholder expectations. Similarly, social risk-taking expands the economic risk to social risk factors and includes additional stakeholder positions. Social innovativeness encompasses both commercial and mission-driven innovation as well as innovative ways of including the two perspectives. Dees (2001) and Mishra & Suar (2010) suggest socialness itself as a fourth item covering the overall social orientation by indicating the relevance of the social mission of the firm, and the degree of cooperation in order to ensure greater societal impact (Kraus et al., 2017).

## *2.2 Specifics of social entrepreneurial performance*

The following quote is illustrative regarding the drivers of social entrepreneurship performance: *“Social entrepreneurs are driven by a double bottom line, a virtual blend of financial and social returns. Profitability is still a goal, but it is not the only goal, and profits are re-invested in the mission rather than being distributed to shareholders”* (Boschee & McClurg, 2003, p. 3).

Social entrepreneurship activities can be either for-profit or non-profit. While for-profits can be categorized as social entrepreneurship as soon as they reinvest their profits in order to reach the social goal (Halberstadt and Hölzner, 2017), there is an ongoing discussion on ‘social’ firms that withdraw winnings to the investors (Cummings, 2012; Galera and Borzaga 2009; Spiegel, 2011). We, however, follow the argumentation, that also social entrepreneurs might require investments in order to grow and, thus, enhance the societal impact they generate. Social entrepreneurship in this case can, e.g., be shown when so called social or impact investors even forgo higher future profits compared to alternative investments due to the additional social value (Bugg-Levine and Emerson, 2011; Spiegel, 2011).

Non-profits, by contrast, do not deal with investments, and often depend on donations and state funding. However, they only count as social entrepreneurial when they evidence a certain amount of entrepreneurial activities leading to the generation of own revenues. Some authors even propose a minimum amount of generated income, e.g. more than 50% or 75% (Momberger, 2015; Defourny and Nyssens, 2010). Other underline that it has to be a significant amount so that the organizations are not mainly depended on third party support (Glaveli and Geormas, 2018; Halberstadt and Hölzner, 2017).

In sum, it means that both for-profit and non-profit organizations, under certain conditions, can be captured under the umbrella of social entrepreneurship and it is possible that for-profits even generate a higher share of greater social return than non-profits (Achleitner et al. 2007). Both forms, however, need to reconcile social as well as financial issues. As Robinson (2006) suggests, social entrepreneurship can be either “[...] a social mission-oriented for-profit or a business-oriented nonprofit entity that pursues the double (or triple) bottom line.” (p. 95). That is why even if generating societal impact is the core goal of social entrepreneurial activities (Brooks, 2009; Mair & Marti, 2006; Spiegler & Halberstadt, 2018), it does not mean that only the direct social performance matters. Economic success also plays a critical role since stable finances contribute to sustainability of the social entrepreneurial approach (Mair & Martí, 2006; Zahra et al., 2009). Social entrepreneurs’ earned-income strategies are directly tied to their social mission (Boschee & McClurg, 2003). Thus, two major performance indicators have to be considered: social as well as economic performance.

Economic performance is regarded as the financial outcome and indicates an organizations’ success from an economic perspective. Measuring economic success, however, is accompanied by challenges, which leads to a variety of indicators. In a meta-analysis, Brush & VanderWerf (1992) identify 35 and Murphy et al. (1996) 70 approaches for measuring

success in entrepreneurship research. Start-ups and early phase SMEs, often have a deficit of financial data, because they lack an operational accounting system, and are not obligated to publish detailed information on their finances. Indicators discussed in the literature, include firm survival rates, size by employees numbers and firm growth (Brüderl et al., 1996; Dej, 2010; Sarasvathy et al., 2013) over revenues and profits (Brush and VanderWerf, 1992; Chen et al., 2007) to financial return or market share (Chaudhuri & Holbrook, 2001; Lanzolla et al., (2010) – with different arguments for and against these measures (e.g. Combs et al., 2005 for a discussion). However, since objective measures are often hard to create, the subjective assessment of founders, managers or employees are often used (Lumpkin & Dess, 2001).

Focusing on social performance might be similarly challenging. Scaling and measuring social impact, in terms of “increasing the impact a social-purpose organization produces” (Dees, 2008, p. 18), is often considered as important (Rawhouser et al., 2019; Weber et al., 2014; Bloom & Smith, 2010; Alvord et al., 2004), and several methods and tools for analyzing social value creation have been proposed (Ebrahim & Rangan, 2010; Mulgan, 2010). When considering social performance Miles et al. (2013) emphasized on orientation towards beneficiaries, fulfillment towards beneficiaries and contributors, as well as social and ecological sustainability.

However, no common indicator capturing social performance is currently available. One problem occurs when seeking to define social performance. Academic literature differentiates between different constructs, such as social performance (Mair & Marti, 2006; Nicholls, 2008), social value (Moss et al., 2011; Santos, 2012), social returns, and social return on investment (Emerson, 2003; Hall & Millo, 2018). Here social performance is perceived as the amount of social impact generated by an organization, defined as “*beneficial outcomes resulting from prosocial behavior that are enjoyed by the intended targets of that behavior and/or by the broader community of individuals, organizations, and/or environments*” (Rawhouser et al., 2019, p. 82). Difficulties measuring social performance might be due to different targeted societal problems and beneficiary groups. Furthermore, stakeholders numbers involved in generating social entrepreneurial impact is typically higher compared to pure entrepreneurship, since e.g. various stakeholder groups have to be addressed, such as beneficiaries, volunteers and customers (Lumpkin et al., 2013). That leads to higher complexity and can additionally cause indirect social impact, when volunteers benefit from their involvement and society, again, benefits from their improved competencies and diffusion of values. On a long-term perspective, this may lead to increasing social performance due to mutually reinforcing effects.

In summary, all these direct and indirect effects on certain beneficiary groups as well as overall societal change plus the economic outcome are difficult to ascertain. We underline the importance of integrating social as well as financial performance when it comes to social entrepreneurial success, even though it remains challenging to effectively measure. Combs et al. (2005) describe organizational performance as a multidimensional construct, which holds true for social entrepreneurial performance of an organization.

### *2.3 Social entrepreneurship orientation and performance – Hypotheses*

Literature on the impact of entrepreneurial orientation on performance in the social area delivers inconsistent results. Davis et al. (2011) demonstrated that entrepreneurial orientation does not significantly distinguish between profit and non-profit care homes. Moreover, Helm and Andersson (2010) did not find a significant influence of entrepreneurial orientation items on performance in the non-profit sector. Nonetheless, other studies point to SEO positively influencing the archived outcome. Pearce et al. (2010) identified in their study that total entrepreneurial orientation is below average; however, they found a positive impact of overall entrepreneurial orientation, and specifically autonomy and innovativeness on performance. Furthermore, Caruana et al. (2002) found that increased entrepreneurial orientation results in enhanced performance in the public area. In addition, Hu & Pang (2013) concluded that a positive influence of SEO on performance in the non-profit area exists. Even though Miles et al. (2013) were not able to evidence entrepreneurial orientation effecting financial success, they did demonstrate a positive impact of social value orientation on economic performance in social firms. Thus, it remains unclear whether SEO in fact has a positive influence on performance. However, based on the literature and theoretical arguments, we derive the following hypotheses using the four SEOs suggested by Kraus et al. (2017).

Research on proactiveness is centered on the organizational pursuit of business opportunities (Knight, 1997; Kreiser et al., 2010; Lumpkin & Dess, 2001; Stevenson & Jarillo, 1990). Transferred to social entrepreneurship, social proactiveness deals with actively discovering, evaluating and exploiting social entrepreneurial opportunities. Knight (1997) suggests proactive organizations are willing to use any means necessary for reaching their entrepreneurial goals. Proactive behavior is found to be mirrored in offering new products and services early or acquiring specific and valuable resources leading to first mover advantage and uniqueness which results in increased financial performance (Avlonitis & Salavou, 2007; Huang et al., 2011; Sarkar et al., 2001). This argumentation can also be applied to social

proactiveness effecting social entrepreneurial performance. Sullivan Mort et al. (2003) even point out proactiveness as one of the key dimensions of social entrepreneurship.

From one perspective, social entrepreneurs should not build up entrance barriers to markets as business entrepreneurs do, since the overall goal of social entrepreneurship is the generation of societal value. Thus, information regarding successful social business models and access to relevant resources should be shared in order to increase the overall positive impact on society and/or environment. Nevertheless, target groups do not have limitless sizes and, which is even more important, social businesses have to compete in traditional markets competing against a variety of players (Lumpkin et al., 2013). The preemptive occupation of physical and human resources, thus, might be even more prevalent, as social entrepreneurial activity is often accompanied with a complex structure addressing various stakeholders, including customers paying for a product/service (affecting financial performance), potential beneficiaries making use of the connected offerings (affecting social performance) and supporters, e.g. volunteers/organizations, providing additional funds or resources (affecting both financial and social performance) (Durkin and Gunn, 2016; Lumpkin et al., 2013; Zeyen et al., 2014).

Thus, we formulate the following hypotheses:

*Hypothesis 1a: Social proactiveness positively influences social performance.*

*Hypothesis 1b: Social proactiveness positively influences economic performance.*

*Risk propensity* counts as an entrepreneurial personality trait involving the tendency to pursue decisions or courses of action under uncertainty regarding success or failure outcomes (Jackson, 1994; Zhao et al., 2010). Studies on the influence of risk-taking deliver mixed results as some demonstrate a positive effect on the entrepreneurial success and others do not or even show negative effects (Kreiser et al., 2013; Zhao et al., 2010). However, scholars agree that to a certain degree every entrepreneurial action implies several risks that entrepreneurs have to take (Baron, 2007; Macko & Tyszka, 2009). Social entrepreneurship may also require greater risk-taking due to limited resources (Austin et al. 2006; Weerawardena and Mort 2006). Compared to the risk of financial failure, poor social outcome might lead to less dramatic personal consequences for the entrepreneur at first sight. However, risks connected to social entrepreneurship seem at least equal to or higher than in business entrepreneurs, since they additionally have to deal with risky decisions also influencing the economic returns, such as



investing in the correct employees, strategic partners or choosing an innovative product/service approach or marketing mix that ultimately influences social as well as economic performance.

However taking social entrepreneurial risks, in case of success, does not only lead to social performance, but also goes along with increasing chances of economic returns. Social entrepreneurs are, e.g., often ‘‘pulled into rapid growth by pressure from funders, demand for their products or services, and pushed by their social missions to meet those needs’’ (Austin et al., 2006, p. 7). Rapid growth, by contrast, is connected with increasing risks, like the risk of inadequate management of growth strategies, but, alternatively, also increases the chances of higher financial returns due to economies of scale and scope (Bhide, 1996; Stewart and Roth, 2004).

For both performance measures, it has to be considered that risk-taking could be accompanied with carelessness and thoughtless action (Forlan & Mullins, 2000), which thereafter could cause failure and potentially have a negative impact on social entrepreneurial success. Nonetheless, we underline the risky nature of (social) entrepreneurship and expect most entrepreneurs to take appropriate calculated risks. This lead to the following hypotheses:

*Hypothesis 2a: Social risk-taking positively influences social performance.*

*Hypothesis 2b: Social risk-taking positively influences economic performance.*

*Innovativeness* plays a central role in entrepreneurial action as it counts as the basis for generating business ideas (Hausman, 2005; Lumpkin & Dess, 1996; Spieth & Schneider, 2016). As Zhao (2005, p. 28) states: ‘*Innovation is the specific tool of entrepreneurship by which entrepreneurs exploit change as an opportunity for a different business or service.*’ Innovation, thus, can be seen as major strategic component of entrepreneurship (Goldsby et al. 2018; Ireland and Webb, 2007). Positive effects on financial success are demonstrated by developing new products/services, improved ways of production and new business models, that address additional markets, contribute to building new markets or address markets in an innovative way, by applying creative selling and marketing strategies (Hult et al., 2004; Verhees & Meulenber, 2004). Innovativeness leading to developing new products/services can also directly contribute to solving societal problems and/or a sustainable competitive advantage for social organization (Weerawardena & Sullivan Mort, 2001). The argumentation is similar for new selling methods connected to delivering social value, e.g. the invention and application of the so-called buy-one-give-one approach (Chang et al., 2016). In addition, indirect effects through an increased

financial basis (as described above) can cause a positive influence on social performance. Moreover, on the funding side, finding innovative ways to gain access to resources as long as they are creating social value contributes to social entrepreneurs' success (Weerawardena & Sullivan Mort, 2006). Finally, social innovativeness may lead to innovative solutions as a combination of imitation and innovation, where inspirational ideas, e.g. from an international context, are copied and innovatively transferred into a new setting. In sum, social entrepreneurship can be regarded as innovating for social impacts (Dees, 1998)

Social entrepreneurship requires social innovations being developed by enterprising people to novel new ways to meet social as well as connected demands (Leadbeater, 1997; Thompson, 2002). The innovative products/services mentioned above also effect the economic performance as a growing market for social innovations exists and critical/responsible consumers tend to make their purchasing decisions based on a firms overall societal impact (DeVincenzo and Scammon 2015; Leadbeater, 2007; Mohr et al., 2001). Corporate social responsibility (CSR), e.g., can lead to a competitive advantage by increasing a company's reputation and is shown to have positive effects on financial performance (Herrera, 2015; Saeidi et al. 2013). Changes in people's attitudes towards ecological as well as social sustainability requires rethinking outdated products/services, processes and business models (Hussain et al. 2014; Lin et al., 2013). Firms can take the opportunity to renew their processes, open up new markets, modify the use of production resources, or introduce innovative products/services to the market (Langerak & Hultink, 2006; Schumpeter, 1934). These innovations are shown to have positive impacts on firm growth and performance (Cho & Pucik, 2005; Santos-Vijande, & Álvarez-González, 2007; Stenholm, 2011). McDonald (2007) underlines the potential that innovations have to even make non-profits successful in both the social and financial way.

Despite the fact that firm innovativeness can maintain higher risks, which may lead to negative influences on performance and in some cases studies evidence no positive effect of innovative orientation on the financial performance or that only the economic achievements obtain a higher financial performance (Cegarra-Navarro et al., 2016; Duvnäs et al., 2012), we expect the main effect of social innovativeness to outweigh other influences. Thus, we assume:

*Hypothesis 3a: Social innovativeness positively influences social performance.*

*Hypothesis 3b: Social innovativeness positively influences economic performance.*

*Socialness* is a dimension of SEO that covers the degree to which the social entrepreneur or an organization focusses on the social value creation instead of focusing on financial outcomes (Kraus et al., 2017). Since socialness is a new dimension complementing those dimensions in the SEO construct being derived from traditional entrepreneurial orientation research, there is minimal existing scientific debate. Nonetheless, there are some arguments underlining its influence on economic and social performance. Socialness, may increase the social entrepreneurs' own and stakeholders' motivation for reaching the social goals. A social value vision connects people to an inspiring purpose, that they might even consider larger than themselves and creates positive employee attitudes (Darbi, 2012; Glaveli and Geormas, 2017). Shared social values can contribute to forming a strong strategic direction of social entrepreneurs that keeps them focusing on their goals (Doherty et al., 2014; Lumpkin et al., 2013). That increased motivation can be expected to also increase financial goals in order to support or even enable generating societal impact (Ellsworth, 2002). Due to a common value basis in an organization, employees show increased commitment which can lead to higher performance (Allen and Meyer, 1990; Robbins, 2002; Thamrin, 2012). Studies highlighting that effective and high-performing organizations have a strong sense of shared purpose – internally as well as together with different stakeholders may support this (Bevan et al., 2005; Buytendijk, 2006).

Socialness can also lead to positive image effects. As going green can be a value-added strategy favoring a company's image, attracting more competent employees and receiving increased external support, which can lead to increasing sales and financial returns (Nikbakhsh, 2009; Rekik et al., 2014; Rekik and Bergeron, 2017), the same should account for going social. In addition, socialness might lead to increased openness to partners and using core partner cooperation, which may have a positive impact on the success of social entrepreneurial activities as more strategic partners and motivated volunteers assist promoting the social entrepreneurial aims. Even though cacophonous effects or disagreements might lower the success, when too many or wrong partners are involved, they might not offset the positive impact described before. That also counts for over motivated people, when this leads to imprudent and inappropriate action and, thus, blocking of resources or facing uncalculated risks. One might also take into account that socialness can lead to overestimating the direct social effects and therefore not considering the financial aspects to the necessary degree. However, we argue that social entrepreneurs typically comply with the long-term perspective in order to achieve the desired societal outcome. Thus, we note the following:

*Hypothesis 4a: Socialness positively influences social performance.*

*Hypothesis 4b: Socialness positively influences economic performance.*

Entrepreneurship orientation counts as an important factor influencing performance of start-ups and established firms. Lumpkin & Dess (1996) stated: “For both start-up ventures and established firms, entrepreneurship carried on in the pursuit of business opportunities spurs business expansion, technological progress, and wealth creation.” (p. 135). Studies on entrepreneurship orientation, thus, focus on each of these types of firms. However, existing studies typically analyze either one or the other. This is surprising, since several differences between start-ups and established firms can be stated. Incumbents, on the one side, may have advantages due to size leading to economies of scale and scope. They additionally have a longer time in market along with greater experiences. This can also increase the chance of establishing larger networks. All this, however, can influence how SEO effects social entrepreneurial performance. Arguments can be, for example, be found in incumbents demonstrating increased or more effective social innovativeness due to improved preconditions based on the points mentioned above. Start-ups, on the other side, can also show advantages over incumbents, as they are said to suffer less from organizational inertia, because they can act more flexibly. Due to smaller size, they can also stay in closer contact to their markets. This also influences the role SEO plays for social and economic success, e.g., with regard to more efficiently addressing (potential) customer needs or reaction to change. Another example is that start-ups evidence a higher probability of founders being active as managers than incumbents. Their intrinsic motivation – especially as social entrepreneurs, may influence the overall social orientation of the firm as well as how the SEO dimensions effect especially the social outcome. Even though separate hypotheses for each dimension cannot be sufficiently derived from literature yet, we would like to underline the relevance of considering differences between alternate types of firms when analyzing SEO. We, thus, formulate a supplementary hypothesis:

*Hypothesis 5: There are differences in SEO influencing performance between start-ups and established firms.*

There is an ongoing discussion in EO research about the question of whether EO should be regarded uni- or multidimensionally (Covin & Wales, 2012; Wales et al., 2013) and we find a growing amount of research which divides the dimensions in order to be able to display a more fine-grained picture capturing entrepreneurial heterogeneity. Entrepreneurial outcomes tend to be pursued after taking into account the interdependencies between antecedent variables,

yet methods so far mainly explain entrepreneurial phenomena as linear additive impact of the antecedent variables considered discretely, e.g., independently of the effect of other antecedent variables (Douglas et al., 2020). Entrepreneurial outcome, however, is influenced by an interdependent interplay of various, e.g., personal and contextual, factors (Stephan, 2018; Wiklund et al., 2019). In addition, entrepreneurial individuals as well as organizations are heterogeneous (Venkataraman, 1997; Shane and Venkataraman, 2000). Different interdependencies, thus, also exist among the SEO dimensions and can influence their impact on social entrepreneurial success. This is why certain combinations of SEO dimensions might lead to different impact on social entrepreneurial success, which we will also consider in our analysis.

### 3. Methodology

#### 3.1 Sample

Our sample was gathered from two waves of data collection. The first wave consisted of 2,000 Austrian industrial firms with different degrees of social targets, which was collected between December 2017 and March 2018. Overall, 156 firms responded completely (7.8%). The second wave consisted of another 2,000 firms from Northern Macedonia with the same degrees of social targets. Data was collected in March and April 2018. In total, 152 firms provided complete responses (7.8%). In the total sample of 308 firms, CEOs, top-level managers or founders were requested to anonymously respond via e-mail. Snowball sampling was not required, neither were branch, firm age or size restricted. On the individual side, respondents were predominantly male, moderately aged (with dissimilar largest age groups of 50-59 years in Austria and 20-29 years in Northern Macedonia) and consisted mostly of CEOs (Table 1). On the corporate side, respondents represent mostly established industrial firms (share of start-ups: 23.7% and 27.0%) with a small number of employees (0-49) (Table 1). Most firms indicated to be for profit (94.2% and 100%) and targeting social impact (87.8% and 92.8%). No significant contingency between both foci was found.

TABLE 1. DESCRIPTIVE STATISTICS OF THE SAMPLE

<b>Descriptive variable</b>	<b>Wave 1 (Austria)</b>	<b>Wave 2 (Northern Macedonia)</b>
Gender		
Male	59.6%	69.7%
Female	40.4%	30.3%

Age		
Below 20 years	-	.7%
20-29 years	9.6%	45.4%
30-39 years	21.1%	20.4%
40-49 years	26.3%	24.3%
50-59 years	32.7%	7.9%
60 or more years	10.3%	1.3%
Position		
CEO	66.9%	39.5%
Executive	13.0%	17.1%
Manager	6.5%	24.3%
Other leadership position	13.6%	19.1%
Firm age		
Below 10 years	23.7%	27.0%
10-19 years	16.7%	34.2%
20-29 years	13.5%	28.3%
30 or more years	46.1%	10.5%
Employees		
0-49 employees	53.2%	67.8%
50-249 employees	22.4%	26.3%
250 or more employees	24.4%	5.9%
Profit focus		
Non-profit	5.8%	0%
For profit	94.2%	100%
Social focus		
No social impact	12.2%	7.2%
Targeting social impact	87.8%	92.8%

Non-response bias (Armstrong & Overton, 1977) was checked by comparing the quartiles of time-ordered responses for the relevant measures and both waves. T-tests found no significant differences between early (first quartile) and late (last quartile) for any measure or wave. Thus, non-response bias seems to be absent. Further, since a single factor explains the data very poorly in a confirmatory factor analysis (CFA) with ML estimator ( $\chi^2 (170) = 1,499.102$ ; CFI = .434; SRMR = .137), a common method bias (Podsakoff et al., 2003) is unlikely as well.

### 3.2 Measures

Social entrepreneurship orientation (SEO) is assessed by the measure of Kraus et al. (2017), capturing four dimensions: Social innovativeness, social proactiveness, social risk-taking, and socialness. Each dimension consists of three 5-point Likert-type scale items (ranging from totally disagree to totally agree). For social and economic performance, four items proposed by Eggers et al. (2013) were assessed on the same 5-point Likert-type scale in each case. While social performance measures the impact of a firm on social services, social involvement, social wealth and social mission, economic performance is focusing on growth in revenues, profit, employees and market shares (over the last 5 years). Over both waves, social innovativeness (Cronbach's  $\alpha = .842$ , average variance extracted [AVE] = .643), social proactiveness ( $\alpha = .820$ , AVE = .609), social risk-taking ( $\alpha = .802$ , AVE = .579), socialness ( $\alpha = .755$ , AVE = .507), social performance ( $\alpha = .825$ , AVE = .548) and economic performance ( $\alpha = .830$ , AVE = .553) all indicate reliable, convergently valid and discriminately valid (largest correlation between both performances,  $r = .500$ ) properties. No differences in social and economic performance due to profit and/or social focus are found.

### 3.3 Analytical approaches

Since the focus of our work is twofold, we apply two separate approaches. First, we use multi-group covariance-based structural equation modeling (MGSEM) for start-ups (firm age < 10 years) and established firms as grouping variable to check the invariance of measures (that is, the equality of reliability and validity) before comparing the structural differences in both models. This approach helps us to assess the quality of our measures and identify differences in the drivers of social and economic performance for both sub-samples. Second, we took a different approach, fuzzy-set qualitative comparative analysis (fsQCA) in order to increase understanding regarding the possible conditions under which social and economic performance are achieved (Kraus et al., 2018). Thereby, we took two different lenses. MGSEM explains the net effects – as to whether the majority of cases indicate positive, negative or non-existent relationships – while fsQCA explains the cases – as to whether cases consistently indicate possible combinations that lead to social/economic performance (Ragin, 2008; Woodside, 2013). Since the focus is on differentiating start-ups and established firms, we note that model size issues (78 start-ups in both waves) required some compromises, namely omitting control variables in MGSEM and setting the number of minimum cases to 1 in fsQCA. Overall, we

integrate both, variable-centered (MGSEM) and person-centered (fsQCA) approaches regarding the interpretation of our results.

Using this kind of mixed-method approach we respond to the limitations of existing work solely delivering information on relationships between independent and dependent variables to explain SEO phenomena by quantitative research without providing deeper insights considering the heterogeneity of entrepreneurial activities and multidimensional aspects that cannot be sufficiently covered by qualitative analysis only. Thus, more and more researchers recently underline the value added by using fsQCA in entrepreneurship and also EO research (e.g., Covin et al., 2016; 2020; Douglas et al., 2020; Palmer et al., 2019). However, with our study, we are the first to transfer this into SEO research.

## 4. Results

### 4.1 Invariance

First, we establish that both models estimated by MGSEM have sufficient reliability and validity. This is achieved by a CFA via the *R* package *lavaan* (hereafter used for all SEM results) for both groups and checking different forms of invariance, hence that start-ups and established firms do not differ significantly in their loadings, intercepts and means. Table 2 indicates the group-specific results. Since violation of the multivariate normality can alter required comparisons, we checked the scaling-factor of Satorra and Bentler (2010) which is 1.087. This indicates a very low scaling needed to account for non-normality and thus that multivariate normality can be assumed. The CFA for both groups yields a  $\chi^2$  value of 374.804. Restricting all loadings to be equal results in an insignificant increase of  $\chi^2 = 21.248$  ( $\Delta df = 14$ ,  $p = .095$ ). Further, restricting intercepts ( $\chi^2 = 18.446$ ,  $\Delta df = 14$ ,  $p = .187$ ) and means ( $\chi^2 = 10.190$ ,  $\Delta df = 6$ ,  $p = .117$ ). Hence, all loadings, intercepts and means are equal, allowing a comparison of model reliability and validity. All measures exceed the minimum reliability, convergent and discriminant validity conventions in both groups (Fornell & Larcker, 1981). In order to check for the invariance by the two waves (Austria, Northern Macedonia), we reran the invariance tests for both waves as well. CFA indicates a  $\chi^2$  of 373.270 for both waves. Restricting loadings ( $\chi^2 = 11.964$ ,  $\Delta df = 14$ ,  $p = .609$ ), intercepts ( $\chi^2 = 10.172$ ,  $\Delta df = 14$ ,  $p = .750$ ) and means ( $\chi^2 = 5.390$ ,  $\Delta df = 6$ ,  $p = .495$ ) did not show significant differences between waves. Hence, both waves are invariant and can be used as one sample.



TABLE 2. SQUARED CORRELATIONS, RELIABILITY AND VALIDITY INDICATORS  
IN GROUPS

**Start-ups (n = 78)**

	SIN	SRT	SPA	SO	SP	EP
SIN	1					
SRT	.058	1				
SPA	.005	.017	1			
SO	.001	.069	.045	1		
SP	.120	.059	.231	.137	1	
EP	.047	.073	.232	.002	.368	1
$\alpha$	.837	.823	.813	.735	.852	.859
AVE	.631	.630	.584	.504	.599	.616

**Established firms (n = 230)**

	SIN	SRT	SPA	SO	SP	EP
SIN	1					
SRT	.047	1				
SPA	.001	.005	1			
SO	.001	.008	.013	1		
SP	.165	.085	.103	.290	1	
EP	.164	.124	.206	.065	.227	1
$\alpha$	.843	.795	.825	.757	.815	.819
AVE	.649	.566	.622	.505	.532	.534

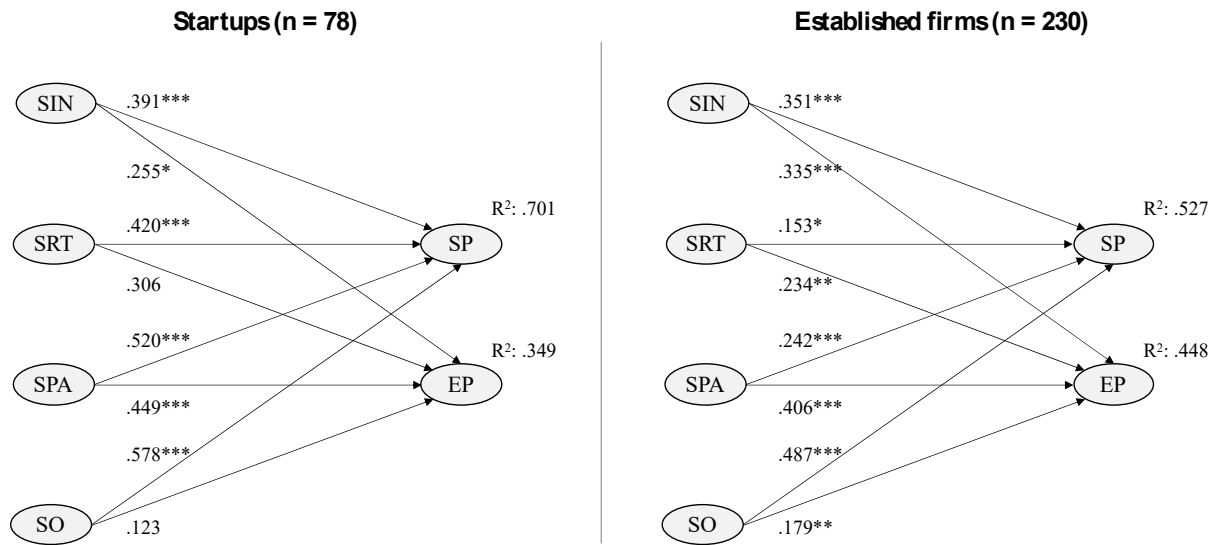
Notes. ML estimator for MGSEM-based CFA with start-ups/established firms as grouping variable. SIN = Social innovativeness, SRT = Social risk-taking, SPA = Social proactiveness, SO = Socialness, SP = Social performance, EP = Economic performance. Lower diagonal values are squared correlations.  $\alpha$  = Cronbach's  $\alpha$ . AVE = Average variance extracted.

Moreover, we reran the invariance checks for our hypothesized model, additionally checking structural path coefficients to be equal. Since the path coefficients are found to be unequal ( $\chi^2 = 18.241$ ,  $\Delta df = 8$ ,  $p = .019$ ) while loadings ( $\chi^2 = 16.242$ ,  $\Delta df = 14$ ,  $p = .701$ ) intercepts ( $\chi^2 = 18.749$ ,  $\Delta df = 14$ ,  $p = .175$ ) and means ( $\chi^2 = 8.835$ ,  $\Delta df = 6$ ,  $p = .183$ ) are not, it is found that start-ups and established firms only differ in their hypothesized paths. More precisely, they only differ in their paths explaining social performance ( $\chi^2 = 13.627$ ,  $\Delta df = 4$ ,  $p = .009$ ), not in paths explaining economic performance ( $\chi^2 = 1.513$ ,  $\Delta df = 4$ ,  $p = .824$ ). Overall, this substantiates our hypothesis H5 that start-ups and established firms possess unique differences in performance drivers.

#### 4.2 Multi-group comparison

Figure 1 gives an overview of the structural model. The MGSEM fits the data adequately (CFI = .984, SRMR = .046) exceeding respective cutoffs (Niemand & Mai, 2018). Since paths are unequal for social performance only, we further tested the individual paths again by restricting them to equality. It is found that social innovativeness on social performance is equal (.391 vs .351,  $\chi^2 = .666$ ,  $\Delta df = 1$ ,  $p = .415$ ), while social risk-taking (.420 vs .153,  $\chi^2 = .5111$ ,  $\Delta df = 1$ ,  $p = .024$ ), social proactiveness (.520 vs .242,  $\chi^2 = .6262$ ,  $\Delta df = 1$ ,  $p = .012$ ), and socialness (.578 vs .487,  $\chi^2 = 5.384$ ,  $\Delta df = 1$ ,  $p = .020$ ) are more influential for social performance in start-ups than in established firms. Due to the low sample size for start-ups and the finding that structural paths do not differ significantly for economic performance, the non-significant paths of social risk-taking ( $\beta = .306$  vs .234) and socialness ( $\beta = .123$  vs .179) in start-ups are also interpreted in favor of hypotheses H2b and H4b. All other paths are found to be significantly positive. Consequentially, H1 to H4 are all confirmed, illustrating the incremental contribution of SEO to social and economic performances. As a consequence of the larger paths for start-ups regarding three out of four SEO dimensions in explaining performance, a rather high coefficient of determination ( $R^2 = .701$ ) is found compared to established firms ( $R^2 = .527$ ). As a robustness check, an additional SEM was run for social and economic performance as dependent variables with descriptive variables (Table 1) as control variables. Descriptive variables were dummy coded if needed. Profit orientation was removed as it is not present in the second wave. Not unexpected, only younger firm age (below 10 years) showed a significantly negative ( $\beta = -.278$ ,  $p < .01$ ) impact on economic performance.

FIGURE 1. STRUCTURAL PATHS FOR START-UPS AND ESTABLISHED FIRMS



Notes. SIN: Social innovativeness, SRT: Social risk-taking, SPA: Social proactiveness, SO: Socialness, SP: Social performance, EP: Economic performance; \*\*\*:  $p < .001$ , \*\*:  $p < .01$ , \*:  $p < .05$ , else:  $p > .05$ ; Standardized estimates from MGSEM for start-ups/established firms. Fit:  $df = 310$ , CFI = .984, SRMR = .046; Cutoffs (20 indicators, 6 factors, AFL = .7,  $n = 300$ , normal, no add. parameters fixed,  $p = .05$ ): CFI = .954, SRMR = .046.

### fsQCA

QCA differentiates itself from regression-based techniques such as MGSEM by taking a case-oriented approach (Beynon et al., 2016). We used the factor scores for all six latent variables from multi-group CFA to estimate operationalizations for fsQCA. Fuzzy-sets are then calibrated using the mean  $\pm$  1 standard deviation to define thresholds (e.g., a value smaller than mean  $-$  1 SD is non-membership) and a log-transformation via the *calibration* function in R package *QCApro*. The respective fuzzy-sets for all variables are then manually checked as to whether the distribution is continuous between 0 and 1 yielding an unbiased, s-shaped relationship with the original factor score. Further, we defined an inclusion cutoff of .75 as indicative for social and economic performance, given the distribution of the fuzzy sets (social performance: mean = .47, SD = .37; financial performance: mean = .46, SD = .37) and the number of then consistent cases. The enhanced Quine-McCluskey-algorithm (Thiem & Dusa, 2013) is applied to find sufficient solutions. We hereafter refer to four basic attributes: *Path*, a combination of variables that is consistent and represents a minimum number of cases. *Consistency*, an attribute that describes the number of supportive cases compared to all cases with the same combination. *Coverage*, the proportion of cases that explain the outcome compared to all cases. Finally, *unique coverage*, the coverage that can only be explained by the

present path, but not by others. Consistency should not be lower than .7 Schneider & Wagemann, 2010. For sample size reasons, the number of cases per path is unrestricted ( $n \geq 1$ ). Table 3 shows the results. All paths possess a unique coverage larger than zero and are thus essential. As a robustness check, we reran fsQCA with different calibrations applying the .05 / .50 / .95 quantiles used in previous research (Palmer et al. 2019, Woodside 2013). Results did not change.

TABLE 3. RESULTS FROM FSQCA FOR START-UPS AND ESTABLISHED FIRMS

**Start-ups**

*Outcome: Social performance (15 cases captured)*

	SIN	SPA	SRT	SO	Cons.	Cov.	Uniq. Cov.
Path 1a	●	●		●	.94	.34	.13
Path 1b	●	●	●		.88	.27	.26
Path 1c	●		●	●	.88	.26	.04
Path 1d		●	●	●	.94	.31	.09

*Outcome: Economic performance (29 cases captured)*

	SIN	SPA	SRT	SO	Cons.	Cov.	Uniq. Cov.
Path 2a	●				.83	.49	.09
Path 2b		●		●	.82	.44	.06
Path 2c		●	○		.72	.45	.05
Path 2d	●		●	●	.95	.28	.06

**Established firms**

*Outcome: Social performance (108 cases captured)*

	SIN	SPA	SRT	SO	Cons.	Cov.	Uniq. Cov.
Path 3a	●		●		.81	.51	.14
Path 3b	●			●	.89	.50	.05
Path 3c		●		●	.89	.49	.07
Path 3d			●	●	.86	.49	.05

*Outcome: Economic performance (98 cases captured)*

	SIN	SPA	SRT	SO	Cons.	Cov.	Uniq. Cov.
Path 4a	●	●			.86	.49	.06
Path 4b		●		●	.81	.45	.05
Path 4c		●	●		.83	.48	.06
Path 4d	●		●	●	.86	.34	.08

Notes. SIN: Social innovativeness, SPA: Social proactiveness, SRT: Social risk-taking, SO: Socialness, SP: Social performance, EP: Economic performance. Cons.: Consistency, Cov.: Coverage, Uniq. Cov.: Unique coverage. ●: presence, ○: absence, blank: irrelevant.

It becomes evident that start-ups require the presence of three out of four SEO dimensions to consistently explain social performance while established firms require only two dimensions to be present simultaneously. Path 1a-d seem to iterate through the SEO dimensions, drawing one to be irrelevant. When social innovativeness, social proactiveness and socialness are relevant, no social risk-taking is required (path 1a). Alternatively, when social innovativeness, proactiveness and risk-taking are present, socialness becomes irrelevant (path 1b). The same is true for paths 1c (social proactiveness irrelevant) and 1d (social innovativeness irrelevant). Established firms require less SEO dimensions for social performance, either social innovativeness and social risk-taking (path 3a), social innovativeness and socialness (path 3b), social proactiveness and socialness (path 3c) or social risk-taking and socialness (path 4c). The remaining SEO dimensions then become irrelevant. Further, socialness is more important (present in three out of four paths) for established firms than for start-ups (all SEO dimensions are equally present in three out of four paths).

This pattern changes for economic performance. Path 2b and 2d for start-ups are identical to path 4b and 4d for established firms. The first identical pair (path 2b, 4b) combines social proactiveness and socialness while the second (path 2d, 4d) combines social innovativeness, social risk-taking and socialness when proactiveness becomes irrelevant. Path 2a and 4a however indicate that start-ups only require social innovativeness while established firms also require social proactiveness. Finally, path 2c and 4c illustrate a substantial difference between start-ups and established firms. While start-ups can compensate for missing social risk-taking with social proactiveness, established firms require social risk-taking and social proactiveness to be present simultaneously. The rather restrictive number of cases for start-up (15 and 29 cases captured for social and economic performance) compared to established firms closely resembles the overall sample size ratio for both (approx. 1:3).

## 5. Discussion

Starting with the last hypothesis, our results underline that there are differences in SEO influencing performance when analyzing start-ups vs. established industrial firms. In addition, we see differences for social performance and economic performance.

With regard to social performance, all SEO dimensions are found to have influence. Thus, our results support hypotheses 1a, 2a, 3a and 4a. This holds true for both start-ups and established firms. Thus, this might lead to the assumption that there are no differences between the two types of firms regarding effects on social performance. By contrast, this does not take into account how much SEO explains performance. For start-ups, the model explains social performance more effectively than the one for established firms with an impressively high coefficient of determination. This indicates that the social performance of start-ups is mainly influenced by the SEO dimensions, or start-ups can turn SEO into more social performance, e.g. delivering solutions for social problems or generating social impact. This holds specifically true for social risk taking, social proactiveness and socialness, while we see an equal influence of social innovativeness for the two firm types.

Social performance being explained by SEO to a large degree for start-ups might be due to the fact that the start-up activities are often focused on specific goals and they do not yet invest in diverse areas of entrepreneurial activities and approaches. SEO can, thus, be regarded as the main driver for social entrepreneurial activities leading to social impact for start-ups. Demonstrating that SEO is also important for established firms supports the overall assumption and confirms the broad empirical evidence showing a positive effect of EO on economic performance (Lomberg et al., 2017; Wales et al., 2013). It is important to note that start-ups activities' social success depends on SEO more than established firms' social performance. However, that does not mean that start-ups necessarily are in a weaker position than established firms, even though some of the latter's advantages have to be stressed. Established firms, e.g., often have the possibilities to strategically focus on proactive entrepreneurial behavior and recruit trained specialists working on innovations. Positive effects of SEO on performance could be strengthened by developing economies of scale and scope. Additionally, established firms might be more experienced in generating innovative solutions and/or the evaluation of risk.

However, start-ups also have advantages, e.g., in being more flexible than established firms that often suffer from organizational lethargy (Audretsch & Acs, 1991; Stock et al., 2002). This might lead to faster decision-making, which enables realizing first mover advantage and, thus, can strengthen positive effects of social proactiveness on social entrepreneurial performance. Start-ups also benefit from their proximity to customers, and – especially in the social business context to the variety of other stakeholders. The socialness and motivation of the founders might also strengthen effects of SEO for start-ups while larger established firms

could suffer from increasing separation of ownership and management. This could explain why established firms are found to be less ambitious in their societal goals and lead to agency problems while innovative ideas are more likely to be taking into account in start-ups (Hockerts & Wüstenhagen, 2010).

In summary SEO, and especially social risk taking, proactiveness and socialness, play an incremental role for start-ups' social activities, whereas for established firms other factors apart from SEO also seem to be responsible for reaching positive social contribution. When analyzing economic performance, our results demonstrate the two models almost equally explaining the performance measure. Therefore, we see SEO dimensions as notably contributing to economic performance for both start-ups and established firms. However, in this case, the results indicate differences with regard to the various SEO dimensions. For established firms, all factors demonstrate a significant influence on economic performance (supporting the b-hypotheses). Whilst for start-ups, only social innovativeness and social proactiveness are found to have significant impact and social risk-taking and socialness do not.

From one perspective, social risk-taking not demonstrating a significant influence on economic performance, might appear surprising, since start-ups often encounter greater challenges and, thus, risk-taking is considered as appropriate entrepreneurial behavior, which in turn is regarded as an essential requirement for undertaking a start-up (Das & Teng, 1998; Macko & Tyszka, 2009). Alternatively, that might be the process of explaining risk-taking as not being influential towards economic performance. To avoid excessive risk-taking, there has been recent calls for research focusing on developing further understanding of taking calculated risks instead of supporting unconditional risk affinity (Caliendo et al., 2010; Schaper, 2016). This might be specifically important for start-ups for two reasons. First, the start-ups managers are typically the founders of the firm and they might be specifically involved in the social case and, thus, might underestimate financial risks. Second, actual risk generally can be assessed as higher for start-ups than for established firms due to the advantages in experience and size in realizing economies of scale and scope (Ganko & Agarwal, 2009; Helfat & Lieberman, 2002; Schumpeter, 1942). Increasing market power and financial backgrounds might lead to a different risk-taking behavior as well as a positive outcome of risky decisions, as possible losses can be effectively compensated. For start-ups, on the contrary, inappropriate risk-taking behavior can lead to overall business failure. Thus, we have to differentiate between the basic social risk propensity and the actual risk that can be different for established firms and start-ups.

Moreover, for start-ups, socialness does not demonstrate a significant impact on economic performance. This result indicates that start-ups' social orientation does not lead to financial stability, because start-ups tend to especially focus on their overall social goal and economic stability is essential for generating sustainable success. However, even though the specific socialness of the 'emerging Davids' is stressed compared to the 'green Goliaths' (Hockerts & Wüstenhagen, 2010), our results highlight that start-ups a) might not (see the) need of transferring their socialness into financial performance (yet) and/ or b) might not be able to transfer their socialness into economic results. Nonetheless, money is required to support the social outcome and can be reinvested for strengthening the social activities (Somers, 2005; Thompson & Doherty, 2006).

When start-ups' socialness is not influencing economic performance, it could mean that firms might not require socialness in an early phase as a motor for financial success. However, this might change on a long-term perspective due to the "twin-goals" of social entrepreneurial activities. If they are not able to transfer socialness into social and at the same time financial success, this also might be different later. Since we have shown that established firms economic performance does significantly rely on their socialness, it either means that it gains relevance on a later stage or that established firms tend to or have learned to focus more on the financial side – even if the core intention of certain activities is social. Start-ups, on the contrary, might struggle with finding a balance between increasing direct social impact and the longer-term overall performance. However, we underline that the results for start-ups do not show a negative effect for either social risk-taking or socialness, which could lead to the assumption that negative and positive influences might counterbalance each other.

Focusing on the positive effects that are significant, another notable result is that the combination of social innovation and social proactiveness seems to be specifically relevant for start-ups, while all SEO dimensions are shown to positively influence economic performance of established firms. Social innovativeness and proactiveness mainly influencing the economic performance of start-ups hint to two possible findings. First, it stresses that start-ups take into account different perspectives while seeking for a social entrepreneurial solution and creating respective innovations. Thus, their activities focus on social business models including appropriate revenue streams. Second, this result underlines that start-ups are more dependent on this specific business model and, thus, on realizing possible first mover advantages whereas established firms already have implemented their (main) business and might have built up more material as well as immaterial resources. For the established firms, we also see that all the



hypotheses are confirmed and they seem to need the mix of all SEO dimensions. Concerning established firms the results goes in line with studies on EO influencing economic performance. This suggests that the assumption that SEO influences social entrepreneurial performance holds specifically true in a more mature phase – while early phase social entrepreneurial activity needs specific or other dimensions.

When looking at the fsQCA results, however, we find that for start-ups, it requires the presence of three of the SEO dimensions to consistently explain social performance while established firms only require two dimensions to be present simultaneously. This has been shown in different combinations counterbalancing the remaining dimensions. Socialness is shown to be more important for established firms' than for start-ups' social performance. This might not confirm the results from our regression analysis at first sight since we have pointed out that the model for start-ups the social performance of start-ups is mainly influenced by the SEO dimensions, or start-ups can turn SEO into more social performance, while in both models socialness is equally shown to have a significant impact on social performance. Here, however, it shows that socialness has to be present in almost all possible combinations with only one other dimension and, thus, could be seen as a precondition for reaching social impact within established firms.

Regarding the economic performance, we again see different combinations of the SEO dimensions positively influencing the financial outcome. One example is that when social proactiveness and socialness are combined, the other two dimensions are not necessary anymore. Proactively searching for products and services as an entrepreneurial solution for social issues – and, thus, most probably driven by socialness, can offset the need for social risk-taking and innovativeness. This might be astonishing since especially innovation and proactiveness can be seen as especially collaborative. However, proactive behavior is also determined by anticipatory, change-oriented and self-initiated activities that do necessarily have to be innovative. People who tend to make things happen rather than just adapting to given situations or waiting for someone else to react first, might also pick up existing solutions or transfer proven concepts, technologies, products or services in order to reach their social entrepreneurial goals. They might not even have the time to be aware of possible risks they are taking, which can also explain their – probably lower – assessment of social risk-taking behavior.

As another example, proactiveness only becomes irrelevant when all remaining three dimensions, social innovativeness, social risk-taking and socialness come together. This result

underlines the specific importance of social proactiveness for economic performance, which might hold specifically true for start-ups. While the two results discussed above are identical for both samples, we see that for start-ups missing social risk-taking can be compensated by proactiveness alone. The value of proactiveness in this case goes beyond the fact that it influences economic performance without the other dimensions being relevant, but also works when risk-aversion is shown. The question of identifying and taking social entrepreneurial opportunities at an early stage, thus, gets more relevant for start-ups and they might be more dependent on realizing first mover advantages. If they manage to do so, this could counterbalance size advantages of established firms. For incumbents, however, social proactiveness needs added risk-taking to make the other dimensions redundant.

In sum, our fsQCA results underline the relevance of SEO for social entrepreneurial performance. In addition, they point out that the combination of the dimensions matters. While there is no one and only possible combination of SEO dimensions influencing start-ups' and incumbents' social and economic performance, we were able to demonstrate various possible combinations. This leads to two main findings: First, it stresses the complexity of social entrepreneurial processes and that various other situational factors might influence if and how certain SEO dimensions affect performance. Second, it captures the diversity of the managers' and entrepreneurs' personalities being involved. Even under similar situational circumstances, not all people will behave in the same way. Thus, the relevance of certain (combinations) of SEO dimensions for social entrepreneurial performance can not only be explained by institutional, but also personal differences.

Our results, however, hold true for both national samples, since we have not seen any significant differences. This is noteworthy since we included two quite different economies with Austria as a western market economy belonging to the EU and Northern Macedonia as a previous socialist country, which is not (yet) member of any larger block. Our findings might, thus, indeed be independent of national contexts.

On a more general level, our study additionally delivers three findings – especially since it is one of the first testing SEO on social entrepreneurial success: First, we show that transferring the question of EO's influence on success to social entrepreneurship makes sense. Second, we stress the importance of dividing two different types of success – social and financial performance. Third, our results support the framework and SEO dimensions suggested by Kraus et al. (2017) including socialness as an additional factor.

## 6. Conclusion

This study contributes to the existing literature by exploring how SEO influences social entrepreneurial performance and considering firms' characteristics for both start-ups and established firms. The study contributes to the academic field by successfully applying the Kraus (2017) dimensions and underlining the relevance of expanding the EO-question to the SEO domain and the relevance of SEO for firms' social entrepreneurial action. Furthermore, we highlight key differences for start-ups and established firms. The development phase of a firm, thus, plays a key role when examining SEO dimensions.

This study informs practices of individuals either seeking to undertake a business start-up or owner/managers involved in the operation and management of established firms in a social entrepreneurship context. Moreover, the evidence presented in this study regarding SEO influences will be of interest to the enterprise support community in tailoring funding and training support for social enterprises for both start-ups and established firms. For start-ups we, e.g., see proactiveness as relevant for the social outcome. This can lead to various formats focusing on proactive behavior, e.g. strategically searching for social entrepreneurial opportunities or designing idea generating concepts or concrete events that include the preemptive occupation of resources with social entrepreneurial relevance. Our results also indicate that, for both start-ups and incumbents, socialness has a positive impact on economic performance. This is important for motivating and supporting social entrepreneurial activities, since it underlines that a social orientation is not opposed to financial orientation, but can even push and strengthen economic action (as a basis for social return). Knowing this can lead to different forms of integrating and fostering socialness as a motivational factor for both social and financial results. Considering this may also lead to implications for social entrepreneurship education. It especially supports approaches focusing on sustainability oriented entrepreneurial or transformational competencies, such as a normative competence including the ability to map, apply, and reconcile social values.

Our fsQCA results also underline the relevance of proactiveness. This stresses the need for including anticipatory behavior into concepts and formats supporting social entrepreneurship. It may also lead to new approaches in entrepreneurship education by taking into account foresighted and strategic thinking as another important social entrepreneurial competence. In addition, our fsQCA results show that we should not concentrate on all or single SEO dimensions, but their interplay. Several practical implications can be derived from this finding. It, for example stresses the need for examining the specific circumstances and the

individuals' personality before focusing on a certain (combination of) SEO dimension(s). SEO, thus, can have many faces and still lead to social as well as economic success. Practitioners, thus, need to make sure, that they are aware of this and take into account which combinations are promising under which circumstances and how they can counterbalance each other. This is why we especially call for more research investigating the interplay of SEO dimensions.

In terms of limitations, we do of course recognize that this study is based on a limited snapshot sample of European firms from two countries only, and further ongoing research is required exploring SEO in both a start-up and established firm context. Further research in emerging economy contexts would also be a welcome addition to this nascent literature. Longitudinal research contrasting SEO behavior from an international perspective would also offer novel insights. We suggest to systematically integrate various national economies in future research in order to analyze if the results still remain the same under different conditions. The cross-sectional nature of our data also can lead to undiscovered differences between specific industry sectors (e.g., more social-oriented services such as education and profit-oriented services such as banking) and motivates either sector-specific research or a larger sample that allows us to further explore this issue. We stress the non-probability sampling applied and its possible consequences as well.

Furthermore, when analyzing the SEO phenomenon at a variable level there is also argument for inclusion of further factors possibly influencing social entrepreneurial performance especially in terms of evaluating economic performance. The study therefore calls for more research exploring the issue of self-perception of performance focusing on alternative ways of capturing social entrepreneurial performance, especially quantifying social impact.

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