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## Article

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*Suggested Citation:* Syrjä, Pasi; Puumalainen, Kaisu; Sjögrén, Helena; Soininen, Juha; Durst, Susanne (2019) : Entrepreneurial orientation in firms with a social mission: A mixed-methods approach, Cogent Business & Management, ISSN 2331-1975, Taylor & Francis, Abingdon, Vol. 6, pp. 1-25,  
<https://doi.org/10.1080/23311975.2019.1602016>

This Version is available at:

<https://hdl.handle.net/10419/206169>

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Received: 30 November 2018  
Accepted: 9 February 2019  
First Published: 3 April 2019

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Reviewing editor:  
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## MANAGEMENT | RESEARCH ARTICLE

# Entrepreneurial orientation in firms with a social mission - a mixed-methods approach

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**Abstract:** This study explores entrepreneurial orientation (EO) in Finnish social enterprises in a social context using a mixed-methods approach. As a result, we propose that the generic dimensions of EO apply in a social context with minor refinements but suggest an additional dimension of persistence. The social enterprises take substantial financial risks although carefully avoid anything that may jeopardise the firms' social impact. They exhibit highly innovative behaviour when developing new ways to serve the social purpose as well as when finding new ways to generate income. Furthermore, these enterprises exhibit remarkable persistence in adhering to a course of action despite their experienced difficulties.

**Subjects:** Entrepreneurship; Small Business Management; Social Entrepreneurship

**Keywords:** entrepreneurial orientation; social entrepreneurship; mixed-methods approach; social innovation; social enterprise; persistence

### 1. Introduction

Issues of human poverty, social inequality, climate change, and other environmental challenges increasingly call for innovative solutions, and social entrepreneurship has emerged as a potential model for resolving social and environmental problems. As a consequence, a number of definitions of social entrepreneurship have been proposed over the years, apparently with three aspects in common: (1) the underlying driver of social entrepreneurship is the creation of social value, (2) the



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### ABOUT THE AUTHOR

The members of the research group are academic business researchers from LUT University, Finland and University of Skövde, Sweden. The research group consist of multi discipliner scholars and all researchers have a doctoral degree. They have published tens of academic articles in several international journals. Their research have focused on especially in the fields of entrepreneurship, innovations and management.

### PUBLIC INTEREST STATEMENT

Issues such as human poverty, social inequality, and environmental challenges call for innovative solutions, and social entrepreneurship has emerged as a potential model for resolving social and environmental problems. This study examines whether the creation of social value requires an entrepreneurial orientation other than economic value creation in Finnish social enterprises. As a result, we propose the generic dimensions of EO may be used in a social context with only minor refinements and additions. Furthermore, the results indicate that a social enterprise can be perceived as a stable player that neither easily abandons operations nor gives up the social mission when first encountering difficulty. This finding may pose implications for companies' stakeholders, as those facts may affect the decisions stakeholders make—namely if they also highly prioritise the social mission as a reason for working for or cooperating with the social enterprise.

entrepreneurial activity is characterised by innovation (Austin, Stevenson, and Wei-Skillern, 2006; Shaw & Carter, 2007; Vega & Kidwell, 2007), and (3) social entrepreneurship focuses on a social mission it aims to address by engaging in entrepreneurial behaviours and activities (Dacin, Dacin, & Matear, 2010; Kraus, Filser, O'Dwyer, & Shaw, 2014; Short, Moss, & Lumpkin, 2009). According to Shaw and Carter (2007), social entrepreneurship is a new label that has been assigned to the operations of public and private organisations working towards social objectives. Thus, social entrepreneurship is not limited to a specific sector, but rather may occur within and across sectors. Given that social entrepreneurship is still an emerging field of research (Nicolopoulou, 2014), it comes as no surprise that the existing literature on social entrepreneurship has primarily concentrated on definitional issues and has provided descriptions of various types of social enterprises (Bacq & Janssen, 2011; Dacin, Dacin, & Tracey, 2011), while accounts of the emergence and successful strategic management of such enterprises remain scarce (Short et al., 2009). The fact that social entrepreneurship borrows its underlying frameworks from different fields (i.e., corporate social responsibility, sustainability, and entrepreneurship) complicates the development of a coherent approach even further (Nicolopoulou, 2014). In addition, social entrepreneurship seems to be influenced by geography, political economy, and social context (Nicolopoulou, 2014). Dacin et al. (2010) and Martens, Lacerda, Belfort, and de Freitas (2016) propose that the greatest opportunity for scholars interested in social entrepreneurship is in examining valuable assumptions and insights from theories inherent in existing entrepreneurship frameworks (with entrepreneurship as the root field) and then applying these insights in ways that address phenomena in the social entrepreneurship context. The entrepreneurial orientation (EO) literature provides a suitable framework for this; however, there do not exist many such studies combining these two issues, although many definitions of social entrepreneurship focus on characteristics similar to those in an EO (Austin, Stevenson, and Wei-Skillern, 2006; Alvord, Brown, & Letts, 2004; Dacin et al., 2010).

The existing EO literature is abundant, although Covin and Lumpkin (2011) note in their recent review of the EO literature that no researcher had proposed an alternative conceptualisation and operationalisation of EO as a composite construct. The researchers suggested there may also exist other dimensions that correlate positively with the most commonly applied EO dimensions of risk taking, innovativeness, and proactiveness. A possible new sub-dimension should present the phenomenon of entrepreneurship and therefore might be considered for inclusion in an alternative representation of a composite—a unidimensional EO construct. Thus far, this type of study is rare; since Lumpkin and Dess (1996) introduced the dimensions of autonomy and competitive aggressiveness, only three such dimensions have been published. Gerschewski, Lindsay, and Rose (2016) suggested the inclusion of passion and perseverance as additional EO dimensions in the context of born global enterprises, while Hu and Pang (2013) introduced the dimension of reciprocity in the context of non-profit organisations; meanwhile, the dimension of futurity was applied in the Chinese high-tech context (Tan, 2008) as well as towards sustainable fashion firms (DiVito & Bohnsack, 2017).

Lumpkin, Moss, Gras, Kato, and Amezcua (2013) have conceptually elaborated on the likely unique aspects of EO in social contexts, while Morris, Webb, and Franklin (2011) have done the same for non-profit contexts. Miles, Verreynne, Luke, Eversole, and Barraket (2013) developed a measure of social value orientation for social enterprises, including items slightly modified from the Covin and Slevin (1989) EO scale. On the other hand, Kraus, Niemand, Halberstadt, Shaw, and Syrjä (2017) report on initial steps towards developing a measurement scale for social entrepreneurial orientation (SEO) based on the Covin and Slevin (1989) EO scale, but nonetheless, there remains a lack of empirical studies. The aim of this study is to examine whether the creation of social value requires an EO other than economic value creation—in other words, *how* EO manifests in social enterprises. According to this goal, the following research questions are formulated: (1) How do social entrepreneurs exhibit risk taking, innovativeness, and proactiveness in pursuit of their social and economic missions? (2) Are other sub-dimensions of EO relevant in this context?

The empirical analysis is based on a sequential mixed-methods approach wherein quantitative data from a web survey sent to Finnish social enterprises is complemented by an in-depth analysis of six cases representing different types of social enterprises. The quantitative analysis is required to answer the first research question and test the applicability of the existing conceptualisation of EO as well as its extension to the pursuit of the social mission. In turn, the qualitative analysis provides deeper insight into the manifestation of traditional dimensions and can reveal other relevant dimensions of EO. In the study, the unit of analysis is the social enterprise following the mainstream conceptualisation of EO as a firm-level construct (Covin & Lumpkin, 2011). The main outcomes of this study are presented as propositions dealing with (a) how entrepreneurially oriented social enterprises really are, and (b) what dimensions of EO are most relevant for social enterprises.

This article makes several contributions, one being a contribution to the social entrepreneurship literature by clarifying the nature of EO as an important driver of survival and performance in social enterprises. This study proposes a refined conceptualisation of EO appropriate for the specific context of firms with social value creation goals, and presents a measurement scale for risk taking, innovativeness, and proactiveness in the domain of social value creation. The study also contributes to the EO literature by demonstrating the applicability of the EO construct for hybrid organisations with dual and often conflicting goals. Furthermore, we introduce persistence as a new dimension of EO in the social enterprise context and call for further research to examine its relevance in other contexts. This study also provides some new evidence regarding the reliability and validity of EO's measurement by applying repeated measurement, different data collection techniques, and multiple informants to a small sample of Finnish social enterprises.

The paper is organised in the following structure. The introduction is followed by a review of the relevant literature, and after that, we describe the methodology used and then present the findings of our data analyses. Finally, section five focuses on the discussion and conclusion, including potential areas of further development.

## 2. Literature review

### 2.1. Entrepreneurial orientation

A substantial amount of research has examined the concept of EO, which has therefore become a central concept in the entrepreneurship domain (Covin, Green, & Slevin, 2006). Rauch, Wiklund, Lumpkin, and Freese (2009) confirm this observation, displaying in their meta-analysis that more than 130 studies related to EO have been presented. A search from the Scopus database in October 2017 resulted in 1,123 articles wherein “entrepreneurial orientation” appeared in their titles, abstracts, or keywords. Thus, the relevance of EO in strategic management and entrepreneurship research is widely accepted, while its conceptual domain, dimensionality, and measurement are still applied somewhat inconsistently in the literature (George & Marino, 2011).

EO is a basic element of a small firm's organisational culture (Baker & Sinkula, 2009). It reflects the managerial capability by which firms generate an advantage in the competitive environment with proactive as well as aggressive initiatives (Avlonitis & Salavou, 2007). The conclusion of several studies is that EO's impact on a firm's performance is positive because EO contributes to a firm's growth, performance, and survival particularly in the long term basis (García-Villaverde, Ruiz-Ortega, & Canales, 2013; Hughes, Hughes, & Morgan, 2007; Javalgi & Todd, 2011; Keh, Nguyen, & Ng, 2007; Li, Zhao, Tan, & Liu, 2008; Lumpkin & Dess, 2001; Pérez-Luño, Wiklund, & Valle Cabrera, 2011; Wang, 2008; Wiklund & Shepherd, 2003, 2005). According to Miller (1983), the three vital dimensions of EO are risk taking, innovativeness, and proactiveness. Since the early 1980s, these three dimensions have been consistently utilised within the field of entrepreneurship (Dimitratos, Lioukas, & Carter, 2004). The degree of risk taking, innovativeness, and proactiveness regarding managerial decisions determines a firm's EO (Chaston & Sadler-Smith, 2012; Covin et al., 2006; Lumpkin & Dess, 1996; Miller, 1983; Soininen, Puumalainen, Sjögrén, & Syrjä, 2012).

Innovativeness reflects a firm's tendency to engage in and support new ideas, novelty, experimentation, and creative processes that may result in new products, services, or technological processes, and it also represents a basic willingness to depart from existing technologies and venture beyond the current state-of-the-art practices (Lumpkin & Dess, 1996). Lumpkin and Dess (1996) also argue that innovativeness is an important component of EO because it reflects important means by which firms pursue new opportunities. Strategic risk taking can be divided into three different types: venturing into the unknown, borrowing heavily, and/or committing substantial amounts of corporate assets in uncertain environments (Baird & Thomas, 1985). Likewise, Lumpkin and Dess (1996) note that entrepreneurially oriented firms are frequently characterised by risk-taking behaviour, such as incurring heavy debts or making significant resource commitments in the interest of obtaining high returns by seizing opportunities in the marketplace. Proactiveness is described as an opportunity-seeking, forward-looking perspective characterised by the introduction of new services and products ahead of the competition and acting in anticipation of future demand (Rauch et al., 2009).

In addition to these three most commonly used dimensions, Lumpkin and Dess (1996) note that two additional dimensions, *competitive aggressiveness* and *autonomy*, are also relevant components of EO, and they define these two additional dimensions in the following ways. Competitive aggressiveness is believed to reflect the intensity of a firm's effort to outperform industry rivals and is characterised by a strong offensive posture as well as a powerful response to competitors' actions, whereas autonomy is an independent action by an individual or team that aims to create a business concept or vision and carry it through to completion.

Rauch et al. (2009) argue that the essential dimensions of EO are typically highly intercorrelated with one another, which leads to a combination of these dimensions into one single factor. In the EO literature thus far, there exists no solid consensus as to how the EO construct should be handled. On one hand, Covin and Slevin (1989) argue the EO construct is most effectively viewed as a unidimensional concept, while on the other hand, scholars such as Lumpkin and Dess (2001) suggest the dimensions of EO may relate differently to firm performance and should, therefore, be treated as separate components.

George and Marino (2011) suggest the conceptualising issues be solved by considering EO as a family of constructs, which can entail the three general dimensions (risk taking, innovativeness, and proactiveness) at the highest level of abstraction in addition to refined, more specific, additional characteristics at a lower level of abstraction. Within such a scheme, EO in a social entrepreneurship context would be a subordinate construct covering potentially more dimensions than would the three general constructs yet applying to fewer cases (i.e., social enterprises as a subset of all enterprises). In the next section, this study discusses the unique aspects of the social entrepreneurship context that might require a refinement of the EO conceptualisation.

## **2.2. Social entrepreneurship**

Short et al. (2009) state that, despite a rapidly increasing interest in social entrepreneurship, academic research has been challenging to interpret. The definitions of social entrepreneurship have been developed in several different domains, including non-profits, for-profits, the public sector, and combinations of all these fields. The understanding of the social entrepreneurship concept is not yet unified among scholars; Trexler (2008) states social entrepreneurship is a simple term with a complex range of meaning, whereas Zahra, Gedaljlovic, Neubaum, and Shulman (2009) emphasise the absence of a unified understanding of the concept is a major barrier to the advancement of academic research in the social entrepreneurship field. In recent years, entrepreneurship researchers have begun approaching a consensus of the social entrepreneurship concept, although there still remain multiple definitions of the concept from scholars in other disciplines, such as accounting, economics, and social science (Short et al., 2009). According to Lepoutre, Justo, Terjesen, and Bosma (2013), despite the unsettled definition debate, there seem to be several characteristics that distinguish social entrepreneurship from both commercial

entrepreneurship and the non-profit sector. The authors particularly perceive three selection criteria that seem to respectively stand out from the literature and from common assumptions: (1) the predominance of a social mission, (2) the importance of innovation, and (3) the role of earned income.

Several researchers (Dees, 1998; Mair & Shoen, 2007; Sullivan, Weerewardena, & Carnegie, 2003) have argued that social entrepreneurship is primarily driven by social intentions, and meanwhile, it is driven by combinations of motives, such as the search for solutions to individual distress or the fulfilment of obligations to one's community by meeting local needs or addressing social issues (Sharir and Lerner, 2006). Doherty, Haugh, and Lyon (2014) define social enterprises as a classic example of hybrid organisations because they pursue financial and social aims by combining properties associated with commercial, public, and non-profit organisations. Acting between different sectors can introduce promising opportunities yet, simultaneously, tensions and challenges (Defourny & Nyssens, 2010; Doherty et al., 2014). Compared with commercial enterprises, social enterprises are more likely to possess a significantly wider array of relevant stakeholders (Low, 2006). In addition to commercial interest groups (investors, employees, suppliers, and customers), social enterprises also possess social interest groups, such as their beneficiaries, local citizens, government agencies, and the communities in which they operate (Lumpkin et al., 2013).

Mair and Marti (2006) argue the main difference from traditional commercial entrepreneurship is not that such entrepreneurship is asocial, but rather that social entrepreneurs perceive the creation of social value as their top priority. At the same time, economic value creation is perceived as a necessary precondition to ensure financial viability. In other words, social entrepreneurs try to (and must) seek an optimal balance between social impact and market success within their businesses. According to Austin, Stevenson, and Wei-Skillern (2006), differences between social entrepreneurship and commercial entrepreneurship may stem from the various goals and drivers of entrepreneurial activity. Additionally, Bacq, Hartog, and Hoogendoorn (2016) highlight that what distinguishes social entrepreneurs from commercial entrepreneurs are the intention and dominance of perceived social value creation for the benefit of the collective interest over economic value creation.

Regarding motivational differences between social entrepreneurship and commercial entrepreneurship, the former are motivated “by social concerns that have been created by the actions of the society in which they live” (Vega & Kidwell, 2007, p. 19). Social entrepreneurs may tend to focus on basic, long-standing needs that may be served more effectively through the utilisation of innovative approaches, whereas a commercial entrepreneur may emphasise breakthroughs and the development of new needs (Austin, Stevenson, and Wei-Skillern, 2006).

Campbell and Yeung (1991) and Lumpkin et al. (2013) highlight that, when an entrepreneurial mission includes a social dimension, it tends to more powerfully guide firm behaviour than does a purely commercial mission.

### **2.3. Entrepreneurial orientation in a social entrepreneurship context**

After all, generally speaking, entrepreneurial motivations of social entrepreneurship and attitudes to business are quite similar to those of purely commercial entrepreneurship. Motivations of commercial and social entrepreneurship have many elements in common—mainly in that economic performance in a social entrepreneurship context is different than that in a purely for-profit context. Miles et al. (2013) state social entrepreneurship often focuses more on the notion of economic viability than economic profitability, and social entrepreneurs seem to perceive economic performance as a means that allows them to do social good rather than as an end unto itself. Despite the fact that social enterprises' business performance differs from that of commercial enterprises, the basic motivations for starting a business have much in common. Therefore, it is justifiable to study EO in the social entrepreneurship context, as EO is a useful framework to



describe entrepreneurial activities and decision processes (Lumpkin et al., 2013). Miles et al. (2013) adapted the EO scale of Covin and Slevin (1989) to measure a social enterprise's adoption of entrepreneurship. According to their definition, social value orientation (SVO) is a value-driven philosophy of management that focuses an organisation on achieving its objectives in an entrepreneurial, just, and sustainable manner. The main finding of their study was that SVO correlates positively with levels of social performance but not economic performance. Coombes, Morris, Allen, and Webb (2011) reveal consistent results in their study and conclude that EO may improve social performance to the extent that it may also positively affect financial performance at some later point in time. In addition, several studies have been able to demonstrate a correlation between EO and performance in the commercial business context. Additionally, Coombes et al. (2011) state lower levels of financial performance may stimulate the perception that EO is necessary—thus improving the social enterprise's ability to focus on innovation that improves its social performance—yet nonetheless contribute little toward affecting its financial circumstances.

Thus far, the EO research has been unable to build a common conception as to how EO actually differs between the social entrepreneurship and commercial entrepreneurship contexts. Lumpkin et al. (2013) studied how the entrepreneurial processes presented by the EO construct may differ in a social entrepreneurship context. In their study, they identified four antecedents specific to social enterprises: social motivation/mission, opportunity identification, access to capital/funding, and multiple stakeholders. The researchers determined that the differences between social entrepreneurship and commercial entrepreneurship on most EO dimensions are quite small. The differences between EO processes are associated with the presence of multiple stakeholders, and the EO dimension's autonomy and competitive aggressiveness were most seriously affected by the social context.

All definitions of social entrepreneurship include the fact that its motivation is the creation of social value. This activity is characterised by innovation—or, the creation of something new rather than simply the replication of existing enterprises or practices (Austin et al., 2006). The literature (see, e.g., Alvord et al., 2004; Chell, Nicolopoulou, & Karatas-Özkan, 2010; Mair & Marti, 2006) suggests the criteria of social entrepreneurship—the *importance of innovation*—is of particular importance. The successful pursuit of social entrepreneurs' missions requires an innovative development and delivery of products and enterprise management (Shaw & Carter, 2007). Although commercial entrepreneurs may set similar targets for their businesses, Lepoutre, Justo, Terjesen, and Bosma (2013) emphasise that namely social entrepreneurs must actively engage in the provision of innovative solutions to complex social problems. One important feature of EO dimension innovativeness is opportunity identification, which Shane and Venkatraman (2000) deemed essential for all businesses. Opportunities are present in social problems, especially in regard to social enterprises (Austin et al., 2006; Mair & Marti, 2006). Mair and Marti (2006) argue that the application of entrepreneurial solutions to a social problem partly depends on the perception of whether societal values have not been fulfilled in the current institutional setting as well as on the level of resources social entrepreneurs can mobilise to address the problem. For social enterprises, a key indicator of how an opportunity is perceived is whether or not it attracts financial and community support (Austin et al., 2006).

The key feature of a social entrepreneurship aims to achieve two goals: the commercial and the social. These two features within the enterprise may be a source of tension and are mainly theorised to enhance the EO. However, it is also possible that these features result in lower EO—for example, reduced risk-taking avoids jeopardising the firm's ability to address its social mission (Austin et al., 2006). On the other hand, pursuing a social mission or solving persistent social problems can require that a social enterprise venture into the unknown and increase its risk-taking tendencies (Lumpkin et al., 2013).

Social enterprises face resource constraints due to stakeholders' multiple, mixed expectations and motivations (Lumpkin et al., 2013). While the multiple and diverse stakeholders may support innovativeness and proactiveness, they may have very different conceptions of and attitudes towards risk taking, which may either decrease or increase the level of risk taking in which a social enterprise engages (Low, 2006; Lumpkin et al., 2013). Overall, the logic of engaging in risk-

taking, innovative, proactive, and profit-targeted behaviours while also attempting to serve a social mission and satisfy multiple ranges of stakeholders is not always perceived as an unambiguous subject (Morris, Coombes, Schindehutte, & Allen, 2007).

### 3. Research design and procedure

This study adopted a mixed-methods approach by combining quantitative and qualitative research to study the manifestation of EO in social enterprises. Through the mixture of methods, it is possible to gain a clearer and more profound understanding of the setting under study (Taylor & Bogdan, 1998). Mixed-methods research has been increasingly attached to research practices and has been recognised as the third major research approach along with qualitative and quantitative research namely in the social sciences (Johnson, Onwuegbuzie, & Turner, 2007). Although calls for the use of mixed methods in entrepreneurship research were made a decade ago (Coviello & Jones, 2004; Ritchie & Lam, 2006), according to the review by Molina-Azorin, Lopez-Gamero, Pereira-Moliner, and Pertusa-Ortega (2012), only about ten per cent of the empirical studies published in leading entrepreneurship and management journals applied mixed-methods designs. The vast majority of studies covering EO have been quantitative (Covin & Miller, 2014), and the recent review by Wales (2016) expressed a strong need for qualitative studies focusing on how EO is manifested within organisations. Our goals involve both theory testing and theory development, as this study analyses the suitability of an established concept (EO) and its measurement scales in the relatively new and less-studied context of social entrepreneurship. This can be achieved by taking a quantitative approach; however, in order to elaborate on the quantitative results in more depth as well as uncover the context-specific nuances of EO that the quantitative scores might not reveal (Gibson, 2017), a qualitative approach is necessary. A qualitative approach is also more closely suited for exploring any new dimensions of EO that may be unique to the social enterprise context.

Mixed methods is a synthesis that includes ideas from qualitative and quantitative research (Johnson et al., 2007). From a methodological perspective, four phases can be identified: triangulation, development, expansion, and complementarity (Molina-Azorin et al., 2012). In the study, the sequential design—wherein an initial quantitative analysis was followed by in-depth case studies (Creswell, 2003)—served several of these purposes. *Triangulation* is related to the purpose of using mixed methods, while an analysis of a complex phenomenon requires diverse methods in order to obtain the clearest possible picture of that phenomenon (Hurmerinta-Peltomäki & Nummela, 2006). Triangulation was achieved in this study, which combined the quantitative measurement of the three EO dimensions in five case companies with qualitative data collected via theme interviews conducted with the same companies. This study also applies the results from the quantitative sample to *develop* the selection of cases and then utilises the cases to *complement* (i.e., to further elaborate and illustrate) the findings from the quantitative method.

In order to derive the sample for the quantitative analysis, this study's analysis focused on the firms credited with the Social Enterprise Mark by the Association of Finnish Work. This limitation was made to ensure the firms all fulfilled the definitional criteria of a social enterprise. At the time of data collection in autumn 2013, there were altogether 43 holders of the social enterprise mark. A web survey was sent to the managing directors of these 43 firms of which 31 responded, thus resulting in a response rate of 72 per cent of the targeted population. The sample size is quite small for a quantitative study, although it very effectively represents the small population of externally credited social enterprises. According to the study's goals, it was more important to analyse firms that clearly satisfy all the definitional characteristics associated with social enterprises than to reach the largest possible sample size. The survey was executed by the Association of Finnish Work, and some general questions related to the mark as well as to the EO measures are included. In the survey, nine items were used to capture the three EO dimensions. The items are based on the work of Covin and Slevin (1990), but the formulations were slightly adapted to more closely fit the context. For example, the original proactiveness item "our firm typically adopts a very competitive, undo-the-competitors posture" was replaced, as social enterprises may not be primarily concerned with gaining competitive advantage over rivals (Desa & Basu, 2013); instead,



a proactiveness item regarding viewing opportunities ahead of others was included. Another nine items that were also based on the EO scale of Covin and Slevin (1990) were created for this study's purposes to reflect the EO specifically in the pursuit of the social objectives (SEO). The item formulations and descriptive statistics are displayed in Appendix 1.

For the qualitative analysis, a case study approach using multiple sources of evidence was employed when gathering our data. The case selection was based on two premises: (a) theoretical criteria focusing on cases that clearly satisfied the definitional characteristics of a social enterprise while maintaining different types of social missions, and (b) an empirical selection based on the survey responses that selected cases with varying levels of EO and SEO. For the study, one case was selected from those twelve firms who did not respond to the survey in order to prevent a potential non-response bias from affecting our results. Table 1 presents the basic information regarding the case companies alongside the interviewees' organisational roles. The primary data collection method involved conducting face-to-face, semi-structured, themed interviews with the key representatives of these companies. A list of themes (see Appendix 2) was e-mailed to the interviewees in advance. The interviews lasted approximately 60 to 90 minutes, and they were tape-recorded and subsequently transcribed. All interviews were conducted in Finnish by two of the authors together. Following the themed interviews, interviewees were asked to complete a questionnaire comprising the same eighteen EO and SEO items that were already used in the quantitative web survey to evaluate the reliability of the quantitative measurement scales from the test-retest and concordance perspectives. Basic information was also collected from these companies' web pages.

#### 4. Analysis and results

##### 4.1. Web survey

Despite the excellent response rate, the small number of firms with the Social Enterprise Mark in Finland indicates the number of observations in our sample was too small to implement a factor analysis of the eighteen items (nine items for EO and nine for SEO). However, as the items were all adopted from earlier studies with only minor modifications, we relied on these earlier studies regarding the constructs' dimensionality and merely calculated the Cronbach's alpha coefficients to check for the scales' internal consistency. The reliability information and descriptive statistics are illustrated in Table 2.

**Table 1. Overview of the case companies**

Case	Business	Social mission	Sales (th. €)	Year est.	No. of owners	Interviewees
A	Design product manufacturing from recycled material and retail	Recycling and offer work opportunities in Kenya	150	2009	2	2 owners
B	Software	Promote effective recycling	-	2011	10	CEO + 2 owners
C	Bakery and retail	Finance charity organization which helps poor children and families	80	2012	7	CEO, main owner
D	Transcription services	Employ blind people	260	2010	1	CEO
E	Restaurant and catering services	Finance four healthcare charity organizations	15000	1994	4	CEO

**Table 2. Descriptives and reliability of the entrepreneurial orientation scales**

	N	Min	Max	Mean	Std. Dev.	Items	Alpha
EO total	40	2.78	5.00	3.92	0.58	9	0.85
EO_innopro	40	2.83	5.00	4.10	0.58	6	0.83
EO_inno	40	2.50	5.00	4.09	0.65	4	0.81
EO_pro	40	2.50	5.00	4.14	0.59	2	0.34
EO_risk	40	2.33	5.00	3.54	0.76	3	0.73
SEO total	40	2.67	5.00	4.04	0.54	9	0.86
SEO_innopro	40	2.71	5.00	4.14	0.55	7	0.85
SEO_inno	40	2.75	5.00	4.09	0.60	4	0.78
SEO_pro	40	2.67	5.00	4.21	0.57	3	0.66
SEO_risk	40	2.50	5.00	3.68	0.70	2	0.56

When all nine items of EO were combined into a single scale, the reliability coefficient of 0.85 indicates the scale’s good internal consistency. The same result occurred for the SEO’s total scale of nine items. The average values of the EO and SEO scales are 3.92 and 4.04, respectively, implying high levels of EO in Finnish social enterprises. Appendix 3 presents a summary of earlier comparable studies of EO in contexts that share some characteristics with the current study. Compared to commercial SMEs in the Nordic countries as well as to social enterprises, the average values of EO and SEO in the current study are substantially higher. When the three main dimensions of EO are examined separately, innovativeness and risk-taking scales exhibit acceptable levels of reliability, although the reliability of the two-item proactiveness scale is very poor. Because some previous empirical studies of EO in the Nordic context have suggested that innovativeness and proactiveness may form a single dimension (Jansson, Nilsson, Modig, & Hedvall, 2017; Soininen et al., 2012), a scale of innovativeness–proactiveness consisting of six items with good reliability was computed. The average values of innovativeness and proactiveness are around 4.1, whereas risk taking in Finnish social enterprises scored clearly lower with a mean of 3.5. The SEO dimensions have acceptable levels of reliability because the Cronbach’s alpha values are greater than 0.60. The SEO risk-taking dimension is slightly lower, but the standardised items’ alpha was 0.64, indicating the two risk-taking items had different means that may be considered acceptable after adjusting for reliability. The dimensions’ average values exhibit a pattern similar to those of the EO scales, as SEO innovativeness and proactiveness clearly scored higher means than did SEO risk taking. In previous comparable studies (see Appendix 3), the lower values for risk taking compared to the other dimensions have been reported from Finnish samples (Kajalo & Lindblom, 2015; Soininen, Puumalainen, Sjögrén, Syrjä, & Durst, 2013), but studies based on a Swedish report exhibited similar averages for all three dimensions (Wales, Patel, Parida, & Kreiser, 2013; Jansson, Nilsson, Modig, & Hedvall, 2017; Linton & Kask, 2017). On every dimension, the scales modified for the pursuit of the social mission (SEO) have slightly higher averages than the original EO scales, although the paired differences are not statistically significant (see Table 3). The similarity between EO and SEO within social enterprises may imply that the three generic dimensions of EO apply equally in the two domains relevant for social enterprises and that there exists no need to refine the EO construct or measures separately for the pursuit of profit nor for social impact goals.

The correlations between the EO and SEO scales can be observed in Table 4. Aside from the association between EO’s pursuit of the financial and social objectives, the table can also be

**Table 3. Paired samples t- test of EO and SEO items**

Paired differences	Mean	Std.Dev.	Std.Err.	t	p
EO-SEO	-0.12	0.48	0.08	-1.58	0.121
EO innopro-SEO innopro	-0.04	0.51	0.08	-0.43	0.668
EO risk-SEO risk	-0.13	0.61	0.10	-1.39	0.172
EO inno-SEO inno	0.00	0.53	0.08	0.00	1.000
EO pro-SEO pro	-0.07	0.63	0.10	-0.71	0.483

interpreted as providing some preliminary evidence of the convergent and discriminant validity although with reservations due to the small sample size.

Within EO and SEO, the risk-taking dimension correlates less than do innovativeness and proactiveness. Innovativeness and proactiveness *within* EO and SEO have correlation coefficients of 0.67 and 0.77, respectively, but innovativeness and proactiveness *across* EO and SEO have correlation coefficients of 0.63 and 0.41, respectively. These correlations imply that there may exist no need to distinguish between innovativeness and proactiveness in social enterprises, yet there may exist a need to distinguish between the levels of innovativeness–proactiveness in the pursuit of financial goals versus innovativeness–proactiveness in the pursuit of the social mission. Namely in the pursuit of the social mission, the element of being ahead of other organisations may be problematic. The correlations of risk taking reveal an opposite pattern; whereas risk-taking correlates around 0.52–0.57 with other dimensions within EO and SEO, the correlation between EO risk taking and SEO risk taking is clearly higher, scoring 0.66. This implies either a lack of discriminant validity in our measures for the two risk-taking dimensions or a lack of necessity to distinguish between the risk-taking behaviours in the pursuit of the social mission from those applied in the pursuit of financial profit.

These initial findings from the small population of social enterprises in Finland provided some evidence for our first research question: how do social enterprises exhibit risk taking, innovativeness, and proactiveness in the pursuit of their social and economic missions? The findings were further elaborated upon and illustrated with in-depth qualitative analyses of six cases. The

**Table 4. Correlations**

	1.	2.	3.	4.	5.	6.	7.	8.	9.
1.EO total	1								
2.EOinnopro	0.934**	1							
3.EOinno	0.897**	0.968**	1						
4.EOpro	0.792**	0.833**	0.667**	1					
5.EOrisk	0.839**	0.588**	0.554**	0.524**	1				
6.SEO total	0.635**	0.612**	0.619**	0.452**	0.503**	1			
7.SEOinnopro	0.570**	0.591**	0.604**	0.423**	0.388*	0.972**	1		
8.SEOinno	0.556**	0.604**	0.634**	0.393*	0.338*	0.933**	0.960**	1	
9.SEOpro	0.512**	0.494**	0.480**	0.407**	0.405**	0.895**	0.921**	0.774**	1
10.SEOrisk	0.615**	0.478**	0.466**	0.390*	0.662**	0.762**	0.589**	0.565**	0.543**

\*p<0.05, \*\*p<0.01

qualitative approach also aims to reveal potentially new and relevant sub-dimensions of EO in social enterprises (our second research question).

#### 4.2. Case study

The case study analysis begins with an examination of the interviewees' responses to the EO and SEO scales, for which the results are depicted in Table 5. The findings support the views of Zahra et al. (2009) and Lumpkin et al. (2013), who emphasise that social missions will strengthen an organisation's EO. All the case companies exhibit high values on all three EO dimensions. The level of SEO is clearly higher than the level of EO exclusively in case C, while case B exhibits the opposite pattern. When comparing the web survey responses to those collected during the face-to-face interviews, it seems the EO scale provides quite stable results, although the answers to the SEO questions show non-systematic variation across time and across the data collection method. Cases A and B had multiple respondents, and the concordance between informants seems sufficient; however, one respondent gave consistently higher values to SEO items than another respondent in Case A, and one interviewee responded systematically lower than another respondent on all scales for Case B.

This study continues with the qualitative analysis in more depth by discussing the interview data in light of the literature and by formulating propositions about EO in social enterprises.

#### 4.3. Risk-taking

Pursuing social missions requires that many enterprises venture into the unknown (Lumpkin et al., 2013) and with limited resources. In social enterprises, risk involves the potential for financial loss as well as the potential for loss in achieving social impact, which is the reason why the risk equation in social enterprises is difficult to quantify (Morris et al., 2011). The interviewees clearly exhibited a willingness to take personal financial risks, but revealed a risk-averse attitude toward the social impact issue:

**Table 5. Responses to EO and SEO items**

Case	EO total	EO inno	EO pro	EO risk	SEO total	SEO inno	SEO pro	SEO risk
A1 survey	4.1	4.3	4.5	3.7	3.4	3.3	3.7	3.5
A1 interview	4.2	4.3	4.5	4.0	4.2	4.3	4.3	4.0
A2 interview	4.2	4.5	4.0	4.0	4.6	4.8	4.0	5.0
B1 survey	4.4	4.5	4.5	4.3	3.8	3.5	4.3	3.5
B1 interview	4.2	4.3	4.5	4.0	4.0	4.0	4.0	4.0
B2 interview	4.6	4.8	4.5	4.3	4.2	4.0	4.7	4.0
B3 interview	2.9	3.0	2.5	3.0	3.2	3.3	3.7	2.5
C interview	4.4	4.3	4.0	5.0	4.7	4.5	4.7	5.0
D survey	3.4	3.5	4.0	3.0	3.9	4.0	4.7	2.5
D interview	3.6	3.5	4.0	3.3	3.7	3.3	4.0	4.0
E survey	3.8	3.8	3.5	4.0	3.9	3.8	3.7	4.5
E interview	4.4	4.5	5.0	4.0	2.7	2.8	2.7	2.5

*'we have the mission to run the manufacturing there and to run this company, and our personal risk is that we have not been able to pay ourselves salaries'* (Case A, owner 2).

Typically, in social enterprises, social mission plays a major role and guides their decision making (Lumpkin et al., 2013). Coombes et al. (2011) found that EO affects social performance but not financial performance. The interviewees were even ready to jeopardise their financial performance in the interests of their enterprises' social missions:

*'we also buy products we have not ordered, otherwise a Kenyan family has to survive almost a whole week without food'* (Case A, owner 1).

Social enterprises may also avoid or spread the risk such that there is more at risk than mere finances should the firm fail (Lumpkin et al., 2013):

*'the owners have invested a lot of their own money and also a great deal of sweat capital—i.e., they've done a huge amount of work. We think we have shown our willingness to take risks, but we hope to spread this risk because it's a societal problem we are trying to solve'* (Case B, CEO).

Solving persistent social problems may require that firms venture into the unknown and in unfamiliar ways (other than their usual business ways), which introduces those firms to potential risks (Lumpkin et al., 2013). There additionally exists a specific need to remain financially sustainable because social missions tend to focus on basic, long-standing needs (Austin et al., 2006) such as environmental pollution or unemployment:

*'if we do everything in a purely business way, we cannot create as many jobs for unemployment'* (Case B, CEO).

According to Morris et al. (2011), the risk in social enterprises involves loss in achieving social impact. In that sense, social enterprises should be risk averse and ensure they also fulfil their missions when collaborating with other firms. It is very important firms find business partners that support specific social enterprises' missions, which the CEO of case company C describes:

*'you have to select business partners carefully, all the time, with the mission in mind; for example, chocolate cannot be produced by child labour'*.

Because the initial quantitative analysis also revealed a very high correlation among the risk-taking dimensions of both EO and SEO, the risk-taking dimension in social enterprises involves bold behaviour although at the risk of losing revenue rather than at the risk of losing social value.

Proposition 1: A social enterprises exhibit high levels of risk taking when pursuing its social and economic goals, but it does not risk its social mission.

#### **4.4. Innovativeness and proactiveness**

Chell (2007) defines social entrepreneurship as a process in a competitive environment wherein entrepreneurs must recognise and pursue opportunities with regard to available resources. Innovativeness is an inevitable and necessary practice when one needs or wants to search for ways of doing things differently than those methods used in the past (Senge, 1990). Proactiveness may also increase because social missions tend to result in a greater sense of urgency with regard to reflection and creation than do their commercial counterparts (Lumpkin et al., 2013).

The literature does not provide a solid consensus as to how the dimensions of the EO construct should be handled. Some authors (Covin & Slevin, 1989) argue the EO construct is most accurately

viewed as a unidimensional concept, whereas other scholars suggest the EO dimensions should be dealt with separately (Lumpkin & Dess, 2001). The interviewees did not spontaneously distinguish between innovativeness and proactiveness in their narratives, although they admitted to considering themselves as forerunners when asked. The item scores in Table 5 also indicate a general tendency for innovativeness and proactiveness scores to be quite similar, while there are greater differences between risk-taking scores and the former. All six companies provided evidence of innovative behaviour in not only pursuing the social mission, but also in finding new ways to increase revenues:

*‘we are soon going to launch a completely new pastry, which is totally unique in the world; it’s completely our own thing which we have developed’ (Case C, CEO).*

A social mission-oriented motivation can lead social enterprises to firstly pursue innovations that provide more effective benefits and to secondly scale these benefits to a larger market (Morris et al., 2011):

*‘we have several business ideas, and our system is designed to be scalable and replicable to many different fields’ (Case B, CEO).*

Innovativeness helps social enterprises serve more beneficiaries with fewer resources. Innovative enterprises can identify sustainable and scalable solutions by offering various and creative approaches to social problems (Lumpkin et al., 2013):

*‘we are negotiating with a bigger charity organisation, too. It’s also for the children’s benefit but it neither contrasts nor competes with Organisation H in any way, and we have their blessing. And, if we go international someday, then we’d find a local charity like Organisation H’ (Case C, CEO).*

Some non-profit organisations sell a range of products that do not necessarily have a relationship to the social mission apart from their duty to raise awareness of their mission and create another source of income (Dees, 1998):

*‘we can keep the social element intact and separate while spinning new solutions and innovations off to purely commercial markets. We believe that voluntary actors and the like who just want to enhance the social cause will bring new competences and vitalise the innovation system’ (Case B, owner 3).*

The market environment is one of the most important factors influencing innovativeness. Organisations of all types must be innovative in order to respond to changes occurring in the environment (Padilla-Meléndez, Del Aguila-Obra, & Lockett, 2014):

*‘I have worked here 22 years, and established businesses here beside this association—for example, this restaurant company that has businesses all over Finland. And, right now, we have won this big competitive bidding..’ (Case E, CEO).*

According to the initial quantitative analysis, the correlations imply that there may exist no need to distinguish between innovativeness and proactiveness in social enterprises.

Proposition 2: social enterprises are highly innovative and proactive when pursuing their social and economic goals.

#### **4.5. Persistence**

All six case companies provided evidence of strong commitment to their missions and desires to work hard in their pursuits of their social missions. Thus, they were ready to wait for future



profits due to their missions' long-term goals. Many similar measures describe this phenomenon, such as persistence, perseverance, tenacity, resilience, indefatigability, and grit. According to the study of Wu and Matthews (2007), entrepreneurial persistence implies a firm and steadfast purpose in adhering to a course of action despite risks and difficulties, which is in line with definitions given by several other scholars (Kanfer, 1990; Markman, Baron, & Balkin, 2005). Wu and Matthews (2007) also emphasise that persistence is especially relevant for nascent entrepreneurs. Similarly, Bicen and Johnson (2014, 2015) note that companies, in the presence of attitudinal factors such as indefatigability, use limited resources in creative ways. Mueller, Wolfe, and Syed (2017) highlight the remarkable difference between *grit* and other related measures. Measures such as persistence, perseverance, tenacity, and resilience are associated with the continuation of effort despite the possible difficulties. Grit includes not only perseverance, but also passion for long-term goals; individuals high in grit do not evade their goals—even in the absence of positive feedback (Duckworth, Peterson, Matthews, & Kelly, 2007).

The following citations provide insights into the case entrepreneurs' persistence. The two owners of Case A were willing to do business the difficult way due to their strong collective commitment to their social mission. Additionally, the owners of Case A indicated they were ready to wait for future profits and that their social mission was their priority, which corroborates the study by Lumpkin et al. (2013):

*'Certainly, if it were only for the economic gain, I would have packed up long ago'* (Case A, owner 2);

*'What has driven our work so far and kept it going, it has absolutely been our personal commitment to do it this way. We believe it's going to become profitable but now that the social mission is there, it may take more time'* (Case A, owner 1).

In Case C, entrepreneurs lacking sufficient commitment to the social entrepreneurship business model abandoned the business:

*'I am the only one of the founders who is still here. It's been a pretty hard lesson for me personally, too: when the going gets tough, the tough get going. I mean, I encourage everyone to try, but one must not paint a too rosy picture, as this is really quite hard'* (Case C, CEO).

Additionally, the entrepreneur in Case C was ready to jeopardise his/her personal assets to achieve the enterprise's social mission:

*'If you make the decision to start expanding a business and you must sign loan contracts and put up your own assets as collateral, then not everyone is any more so excited about being an entrepreneur'* (Case C, CEO).

As illustrated by these quotations, the analysis implies a specific dimension of EO in the social entrepreneurship context. This dimension, defined as persistence, is a firm-level, enduring commitment to long-term social goals that results in continued effort in the face of difficulty.

Proposition 3: social enterprises exhibit high levels of commitment to long-term social goals and are more persistent than are commercial enterprises when pursuing their social and economic goals. Persistence constitutes a relevant dimension of EO in social contexts.

To summarise, this study proposes the following conceptualisation of EO in social enterprises. EO is a firm-level, pervasive, strategic posture that applies to both economic and social

aims due to its generic dimensions of risk taking, innovativeness, and proactiveness; however, the following context-specific refinements are needed due to the dual mission: (1) risk taking involves bold behaviour in uncertain situations, but social enterprises are risk seeking in terms of economic profit and risk averse in terms of social impact; (2) proactiveness involves forward-looking and opportunity-seeking behaviour, but beating the competitors is not relevant when pursuing social impact; and (3) the additional dimension of persistence, involving a strong commitment to long-term social goals and a continued effort in pursuing those goals despite adversity, is characteristic of entrepreneurial social enterprises and constitutes an additional dimension of EO in this context.

## 5. Discussion and conclusion

The purpose of this study is to examine how EO manifests in social enterprises. Based upon a mixed-methods approach, the study revealed that the existence of a social mission poses some important implications for EO's nature in social enterprises. While the history of EO research has increased our knowledge of how entrepreneurial actions are tied to outcomes, this research stream has not yet been widely adapted to differences in the form of entrepreneurship across contexts and business models (Morris et al., 2011). This study contributes to EO research wherein EO dimensions manifest in hybrid organisations that are simultaneously business and social mission oriented. In addition, this study focuses on the social entrepreneurship context for several reasons. Firstly, the social enterprise sector plays a more significant role in developed and developing economies by providing for the society's needs in several ways. Secondly, the specific hybrid form of social entrepreneurship business models provides a basis that varies significantly from the form of entrepreneurship in the for-profit context. Thirdly, the results indicate the future social entrepreneurship business model will open new paths such that the younger generation may establish businesses and provide new motivations (non-commercial) for entrepreneurship.

Our data analysis made the following implications. Firstly, social entrepreneurs are willing to take economic risks but are very risk averse with regard to their social impact. As a managerial implication, the study suggests entrepreneurs must balance these different targets to meet social enterprises' multiform goals. Secondly, social entrepreneurs are highly proactive and innovative both when developing solutions to social problems and in finding ways to increase revenues. Although social entrepreneurs favour their missions and social impacts, they are also proactive and innovative in their business activities. This article offers guidance to social entrepreneurs as to what they should focus on when striking a balance between their social missions and commercial objectives. Consequently, the present study enhances the understanding regarding the link between EO and the different types of missions. Thirdly, this study identified an important, additional dimension of EO in a social context: the commitment to the social mission causes social entrepreneurs to be very persistent in pursuing the firm's goals. This finding is in line with the few recent studies discussing EO dimensions other than risk taking, innovativeness, and proactiveness. Specifically, the dimension of perseverance, as proposed by Gerschewski et al. (2016), is very similar to the idea of persistence. The futurity dimension, which was originally presented as part of the strategic orientation construct by Venkatraman (1989) and subsequently applied as an EO dimension by Tan (2008) as well as DiVito and Bohnsack (2017), captures the long-term orientation also inherent in persistence. Furthermore, the recent studies on the individual-level construct of entrepreneurial grit (consisting of perseverance towards long-term goals) as an antecedent to entrepreneurial success (Mooradian, Matzler, Uzelac, & Bauer, 2016; Mueller et al., 2017) demonstrate characteristics similar to our firm-level persistence dimension.

This study empirically demonstrates the feasibility of applying the EO construct in a social entrepreneurship context. It additionally contributes to the further development of the social entrepreneurship literature by focusing on its original field of entrepreneurship (Nicolopoulou, 2014). The quantitative analysis, based on a small sample of Finnish social enterprises, indicates the commonly

applied EO measurement scale is reliable over time and across data collection methods, informants, and social enterprises. As a managerial implication has indicated that social entrepreneurship EO (SEO) presents a more complex and complete picture of social entrepreneurship, SEO considers not only the development of new products and services, but also means through which enterprises can pursue social mission-related and commercial opportunities. However, the scale's modification to the pursuit of social mission (SEO) still needs further development in order to establish its validity and reliability. In particular, the risk-taking dimension in the pursuit of social value encounters problems in capturing and distinguishing from financial risk-taking behaviour.

The findings also pose some implications for policymakers, practitioners, employees, and the firm's other stakeholders. Policymakers will be given some new insights to more effectively differentiate between different types of organisations that, in turn, will help them provide more targeted, group-oriented support. Furthermore, as the case study's results indicate, social entrepreneurs tend to be highly committed and persistent due to the social mission. This finding should stress the relevance of social enterprises to policymakers while drafting strategies for governmental funding agencies. Funding a social enterprise can be therefore seen as a more sustainable, long-term investment that may produce economic growth, employment, and even social welfare for a longer time period than may funding a similar enterprise without a social mission.

Practitioners (e.g., social entrepreneurs), on the other hand, may create an increased awareness of the close link between the three EO dimensions and their firms' social and economic missions. This can help them more efficiently handle both the dimensions and, therefore, the different types of missions. Advisors may also benefit from our findings, which may facilitate an expansion of the advisors' fields of assistance. Offering assistance with regard to social entrepreneurship in general and EO dimensions and their links to companies' missions in particular may help this occupational group develop new areas of specialisation and, thus, new fields of work.

This study's results may also pose implications for the company's other stakeholders, such as potential employees, present employees, or business partners (e.g., lenders, subcontractors). In light of the results, a social enterprise can be seen as a stable player that neither easily abandons operations nor gives up its social mission when first encountering difficulty. Those facts may affect the decisions made by the abovementioned stakeholders namely if the employees or business partners also highly prioritise the social mission as a reason for working for or cooperating with the social enterprise. Persistence may also pose disadvantages; a combination of persistence and loyalty towards the social mission and beneficiaries may lead to the continuation of unprofitable business, meaning social enterprises that should no longer be standing may perhaps continue struggling for survival. Although Shepherd, Wiklund, and Haynie (2009) notes some delay of business failure may be beneficial, persistence can help balance financial losses and emotional consequences to maximise the recovery of both resources that are necessary for starting up a new business in the future.

## 6. Further developments

The topic seems to be a promising field for intensive research that offers a variety of future research avenues. The main future issue is the development and validation of a measurement scale for our refined, context-specific conceptualisation of EO. The results imply that, by regarding EO's more generic dimensions, only minor modifications to the item wordings in the existing scales would be sufficient. For the persistence dimension, a good starting point would be the eight-item grit scale (Duckworth & Quinn, 2009) adjusted for the firm level analysis and with fewer items that match the other EO dimensions.

Followed by the scale validation, our propositions regarding the nature and level of EO may be tested. It would be especially useful to conduct comparative studies with large-scale, matched samples of social and commercial enterprises, which would describe the variation in EO dimensions and identify the main antecedents and consequences of EO in social contexts—for example,

how the dimensions of EO develop over time, how the type of social mission affects the EO, and how EO relates to the social impact performance.

In this study, the level of EO in social enterprises was surprisingly higher than that in other studies. This result may imply social enterprises are, on average, more entrepreneurial than commercial SMEs or non-profit organisations partly due to our sample and its potential self-selection bias. At the time of the data collection, the Social Enterprise Mark had been operating for merely two years, and a total of 43 firms had chosen to apply and were granted with the mark. Four years later, more than 150 firms were already holding the mark, and thus the sampled firms may be considered early adopters that are generally more innovative than are later adopters (Rogers, 2003).

The scope of our research might be limited to a Finnish context, and thus the findings may be less valid in another cultural context. Given the increasing relevance of social enterprises on a worldwide level, we welcome country comparisons that may further expand our understanding of the topic, as it is quite likely cultural norms and values influence the determination of EO in social enterprises.

#### Funding

The authors received for this no direct funding research.

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#### Citation information

Cite this article as: Entrepreneurial orientation in firms with a social mission - a mixed-methods approach, Pasi Syrjä, Kaisu Puumalainen, Helena Sjögrén, Juha Soininen & Susanne Durst, *Cogent Business & Management* (2019), 6: 1602016.

#### Correction

This article has been republished with minor changes. These changes do not impact the academic content of the article.

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### Appendix 1. Measurement items (1=totally disagree, 5=totally agree)

Dim.	Item	Mean	S.d.
Inno	We invest heavily in developing new products, services, and business practices	3.98	0.83
Inno	In our company, new ideas come up all the time	4.28	0.78
Inno	Continuous renewal and innovation are important for our company	4.40	0.63

(Continued)

Dim.	Item	Mean	S.d.
Inno	Lately, we have launched many new products/services	3.70	0.97
Pro	We aim to be at the forefront of development in our business sector	4.43	0.68
Pro	Our company often acts before our competitors do	3.85	0.83
Risk	We prefer the cautious line of action even if some opportunity might be lost that way®	2.48	0.96
Risk	Bold action is necessary to achieve our company's objectives	3.88	0.82
Risk	In uncertain situations, we are not afraid to take substantial risks	3.23	1.05
S_Inno	We invest heavily in developing new ways to increase our social impact	4.13	0.72
S_Inno	In our company, new ideas to solve social problems come up all the time	3.90	0.87
S_Inno	Continuous renewal and social innovation are important for our company	4.43	0.64
S_Inno	Lately, we have adopted new ways to serve our beneficiaries	3.90	0.84
S_Pro	We aim to be at the forefront of making the world a better place	4.48	0.68
S_Pro	Our company often acts before other companies do	3.88	0.76
S_Pro	We see opportunities where others see only social problems	4.28	0.78
S_Risk	We prefer the cautious line of action even if some social opportunity might be lost that way®	3.60	0.84
S_Risk	Bold action is necessary to achieve our company's social mission	4.13	0.56
S_Risk	We are not afraid to take substantial risks when serving our social purpose	3.23	1.05

## Appendix 2. Interview Themes

### 1. Background information

- industry, age, size, sales, number of employees and volunteers (working hours of volunteers), number of beneficiaries/customers
- geographical involvement (local, regional, national, global)
- stakeholders (external advisors, consultants, accountants, social enterprise associations, public sector)
- ownership structure, governance, decision making (formal, informal)
- entrepreneur's/entrepreneurial team's education and work experience

### 2. Primary mission and business model

- why the specific social mission was chosen
- how the social mission is addressed
- business idea—from where?

- business/social mission first
- relationship between social and business missions
- competitive advantages (from social mission or business idea)
  - cost efficiency through voluntary work, recycled materials, etc.
  - enhanced value for customers
- targeted beneficiaries
- sources of revenue/funding
- main purpose: are you different from commercial companies (and how)?

### 3. Profit making and surplus distribution

- limitations of profit distribution, owners' income
- reinvestments
- charity—is it dependent upon profit making?

### 4. Growth strategy

- 'social impact' growth, new beneficiaries, new social problems, new solutions?
- business/revenue growth, new products/services/markets, internationalisation
- income from new/different sources (e.g., donors)
- business planning time span (1, 3, 5 years)

### 5. Operating policies and decisions

- how does the chosen mission affect operating decisions?
- governance and legal form (why a certain legal status/form was chosen, property rights)
- decision making and legal form (founder, board, collective, other)
- financing (banks, attitudes towards social mission, other sources, grants)
- marketing (role of social mission)
- supply chain
- employees (HR), volunteers
- burdens of business (financing, regulation, taxation, prejudices, customers, public servants, attitudes of commercial entrepreneurs, etc.)

### 6. Outcomes/results (social, financial, other?)

- measurement of outcomes
- social impact reporting

**Appendix 3. Mean Values of EO in Nordic or Social Enterprise Context**

Study	Country	N	Industries	Size	Means and std. deviations			
					Inno	Pro	Risk	EO
Stenholm et al. 2016*	FIN	532	food, media, shipbuilding, subcontracting	all	2.46 1.15	3.18 0.91	2.54 1.00	
Morgan et al. 2016*	SWE	108	metal, timber, IT, tourism	SME				2.77 0.83
Kajalo & Lindblom 2015	FIN	202	non-food retailers	SME	3.65 0.99	3.65 0.99	2.66 1.07	
Patel et al. 2015*	SWE	147	high tech	SME				2.64 0.80
Soininen et al. (2012, 2013)+	FIN	193	multiple	SME	3.49 0.79	3.49 0.79	2.95 0.83	3.32 0.69
Ritala, Henttonen, Salojärvi, Sainio, & Saarenketo, 2013*	FIN	213	multiple	ML				3.19 0.76
Wales et al. 2013*	SWE	258	high tech	SME	2.73 0.61	2.76 0.64	2.62 0.68	2.70 0.63
Renko et al. 2009	FIN SWE	27	biotech	SME				3.63 0.54
Jantunen et al. 2005*	FIN	217	multiple	ML				2.96 0.53
Linton & Kask, 2017*	SWE	67	sporting goods retailers	all	2.32 1.01	2.64 1.23	2.24 0.88	
Jansson et al., 2017 +	SWE	450	multiple	SME	3.04 1.00	3.04 1.00	2.81 0.98	2.96 0.86
Samuelsson, Andersén, Ljungkvist, & Jansson, 2016*	SWE	156	manufacturing	SME				2.98 0.71
Current study, EO	FIN	40	social enterprises	SME	4.09 0.65	4.14 0.59	3.54 0.76	3.92 0.58

(Continued)

Study	Country	N	Industries	Size	Means and std. deviations			
					Inno	Pro	Risk	EO
Current study, SEO	FIN	40	social enterprises	SME	4.09 0.60	4.21 0.57	3.68 0.70	4.04 0.54
Miles et al., 2013, SEO	AUS	48	social enterprises	SME	3.57 0.89	3.32 0.88	3.70 0.89	3.53 0.89
Liu et al. 2014*	UK	297	social enterprises	all				2.84 0.94
Liu et al. 2014*	JPN	237	social enterprises	all				3.02 0.90

\*values rescaled from 1-7 to 1-5, + innovativeness and proactiveness combined



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