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**Article**

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## MANAGEMENT | RESEARCH ARTICLE

# A study of the influence of civic engagement in the relationship between psychological capital and social performance

Youngkeun Choi<sup>1\*</sup> and Sug-In Chang<sup>2</sup>

**Abstract:** The purpose of the research is to investigate the relationship between psychological capital attributes and social performance and explore the impact of civic network participation on the relationship between psychological capital (efficacy, optimism, hope, resilience) and social performance. For this, depending on psychological capital, this study pays attention to the interaction effect of social entrepreneurs' psychological capital and civic engagement on their social ventures' performance. In the Korean context, social enterprises have another function to provide jobs and increase employment rates in low economic growth and economic inequality. Given this situation, researchers must investigate what psychological capitals of social entrepreneurs are helpful to obtain better social performance and civic engagement may have moderating effects on the relationship between the psychological capitals of social entrepreneurs and the social performance of social ventures. In the results, first, social entrepreneurs' optimism and hope are positively related to the social performance of their social ventures. Second, civic engagement by social engagement enhances the positive relationship between hope in social entrepreneurs' psychological capital and their social venture's social performance.

**Subjects:** Corporate Social Responsibility & Business Ethics; Entrepreneurship and Small Business Management; Organizational Studies; Leadership

### ABOUT THE AUTHOR



Youngkeun Choi

Youngkeun Choi has published peer-reviewed articles in the areas of social entrepreneurship, organizational management, and strategy. He has conducted assessments and empirical analyses with employees. The information in the current perspective article is important for social entrepreneurship and innovation. Social entrepreneurs' human capitals affect their firm performance with the interaction of specific human capital.

### PUBLIC INTEREST STATEMENT

This study examines the relationship between psychological capital attributes (efficacy, optimism, hope, resilience) and social performance, and explores the effect of civic network participation on the relationship between psychological capital (efficacy, optimism, hope, resilience) and social performance. As a result of the study, first, optimism and hope of social entrepreneurs showed a positive (+) correlation with the social performance of social ventures. Second, civic participation through social participation strengthens the positive relationship between social entrepreneurs' hopes for psychological capital and the social performance of social ventures.

| **Keywords:** social venture; psychological capital; civic engagement

## 1. Introduction

Entrepreneurship is considered one of the biggest sources of productivity in cultural history (Javaid, 2021). Social entrepreneurship has become an increasingly viable entity across the United States and in the global business environment over the past 20 years. Although it is not a new concept, social entrepreneurship is regarded as leading social change by establishing profitable ventures through organizations that focus on non-profit citizen participation.

According to the CEOs of two leading social entrepreneurship organizations, social entrepreneurship is an enhanced focus, demonstrated by the number of educational institutions implementing and/or strengthening programs focused on social enterprise research (Yadav et al., 2021). Relationships between communities and leaders play an important role in achieving the success of social ventures. The community leader is a community resident and social venture supporter. In this case, the leader is more likely to succeed than activists who do not belong to the community where social ventures began. Studies have shown that community leaders can effectively function as trading leaders across communities, build partnerships, collect resources, and promote change faster than people with limited community contact (Stenvall et al., 2022). The acceleration of community adoption of social or civic initiatives is mostly based on the leader's civic network and social capital. In contrast, limited social capital can often lead to venture stagnation and collapse.

In many non-profit organizations, leadership plays an important role in the implementation of social entrepreneurship programs. Leadership attributes exemplified by organizational management can promote or hinder the execution or success of social ventures (Jensen & Luthans, 2006). Because many social entrepreneurship initiatives realize what is considered to be of greater benefit to the community, community groups should support these initiatives to help the program achieve success. The research focused on motivation to support social initiatives has often been presented using emotional appeals that affect consumer emotions (Hibbert, Hogg, & Quinn, 2005). Consumer needs for product quality and products are considered secondary and tertiary factors that most often lead to support and consumer participation due to empathy or sympathy for the population receiving the service (Hibbert, Hogg, & Quinn, 2005). As civic participation has been confirmed to play an important role in the success of social ventures, civic network participation can represent leaders' tendencies toward social performance.

The purpose of this quantitative non-experimental correlation cause and comparative study is to investigate the relationship between psychological capital and social performance. There are two specific purposes of this study. The first purpose of the search was to investigate the relationship between psychological capital attributes (efficacy, optimism, hope, resilience) and social performance. The second purpose of the search was to investigate the impact of civic network participation on the relationship between psychological capital (efficacy, optimism, hope, resilience) and social performance.

## 2. Theoretical background and hypothesis development

### 2.1. *The relationship between social entrepreneurs' psychological capital and their social ventures' performance*

Theoretical research has focused on the attributes of CEOs that improve venture growth (Talaia et al., 2016). The study evaluated the impact of these various characteristics on organizational stability and confirmed that CEOs with these characteristics are more likely to succeed (Garcés-Galdeano & García-Olaverri, 2019). According to Olson and Bosserman (2001), entrepreneurs must have more than creative ideas for venture initiatives to succeed. Studies on entrepreneurial behavior frameworks show that successful entrepreneurs function using expectation theory (Olson & Bosserman, 2001). Expectation theory says that successful entrepreneurs will

mainly focus on results that will make decisions to meet their needs and satisfy their desire for success. Another attribute leading to success was the ability to think intuitively and reasonably at the same time. This dual mindset allows the intuitive approach to stand out at the beginning of the project until a reasonable approach gains more control at the operation stage of the venture (Olson & Bosserman, 2001).

Leaders' ability or motivation to motivate others to engage in entrepreneurial pursuit has been identified as a characteristic that promotes success and the ability to make other employees faithful to ventures at various stages of growth and coordination (Olson & Bosserman, 2001). Jensen and Luthans (2006) studied the relationship between psychological capital, including efficacy, optimism, hope, and resilience, and attributes related to true leadership. Authentic leaders are consistent in their support and act so that their subordinates gain confidence and strength in their leadership initiatives (Avolio & Luthans, 2005). Studies have shown that authentic leaders can better solve problems related to entrepreneurship and start new ventures than leaders who do not own authenticity-related attributes (Avolio & Luthans, 2005).

The attributes associated with entrepreneurial leadership serve as a major indication of a venture's success or failure (Jensen & Luthans, 2006). Numerous studies have been completed focusing on leadership attributes and other factors in entrepreneurial ventures' success and failure. Factors that affect the establishment of social entrepreneurial efforts include education, funding, and access to resources (Peinado-Vara, 2006; Tawarie et al., 1997). Many of the studies had limitations in sample size, viability, and reliability of the studies. The strengths of these studies are that they presented information focusing on factors that can enhance or limit social venture initiatives, which included lack of community acceptance, limited understanding of social responsibility, education, resource availability, motivation, psychological capital, and social networks (Hemingway, 2005; Hibbert, Hogg & Quinn, 2005; Korosec & Berman, 2006).

No empirical study has addressed this specific topic area. However, a study focused on the relationship between psychological investment and leadership authenticity identified attributes associated with psychological capital, including efficacy, optimism, hope, and resiliency, enhancing the propensity for entrepreneurial venture success (Jensen & Luthans, 2006). A study focusing on personal values and social entrepreneurship indicated that entrepreneurs who champion social causes have different value systems from those who pursue entrepreneurial ventures with financial gain as their primary motivator (Hemingway, 2005). The significance of the empirical literature for this topic states that specific attributes or leadership traits can greatly enhance successful social venture initiation.

This study compared these attributes to measure levels of positive psychological capital, including optimism, resilience, state of hope, and overall positive perspectives, and to measure true leadership attributes with leadership behavior, leadership orientation, and organizational ethical mood (Jensen & Luthans, 2006). Because true leadership is identified as specific leadership attributes focused on creating a highly reliable work environment (Jensen & Luthans, 2006), researchers have identified attributes associated with successful venture execution. Jensen and Luthans adopted a true leadership conceptual model formulated by Avolio and Luthans (2005). This model identifies true leaders as having high levels of self-esteem, optimism, transparency, and future-oriented. And they complemented Avolio and Luthans' orthodox leadership conceptual model by identifying attributes associated with true leadership styles. Studies have shown that there is a positive relationship between optimistic psychological capital and attributes associated with true leadership. Studies show that successful entrepreneurs have a high level of optimism, resilience, and hope. Employee confidence in leaders can play an important role in predicting organizational success (Jensen & Luthans, 2006). Based on the above, the following hypothesis is proposed.

**Hypothesis 1:** Social entrepreneurs' psychological capital (efficacy, optimism, hope, resiliency) is positively related to social performance.

**2.2. The moderating effect of social entrepreneurs' civic engagement on the relationship between their psychological capital and social ventures' performance**

The social entrepreneurship model focuses on more than establishing a business through a non-profit organization. Social entrepreneurship includes civic entrepreneurship activities. Civic entrepreneurs focus on rebuilding communities and civil society at the grassroots level, and civic entrepreneurs mainly focus on building relationships and bridges between companies and government agencies (Henton et al., 1997). Civic entrepreneurs also serve as partnership facilitators for building productive and profitable partnerships between public, private, and civic leaders. Civic entrepreneurs can be identified as (1) who can identify economically beneficial opportunities for the community, (2) who provide cooperative leadership that connects the community and civic resources, and (3) who can play a subordinate role in working as a team and promoting development. (Henton et al., 1997).

In an article focusing on civic entrepreneurial efforts to mitigate community decline in Cleveland, Ohio, civic leaders decided to abandon all traditional ways of revitalizing the community and allow eight of the city's most influential business leaders to carry out innovative community revitalization initiatives. Cleveland Tomorrow Project Committee devised a plan based on a short-term community investment initiative that claims the city's failing education system, high incomplete employment rates, and other areas of social departure and benefits the long-term community. The committee was looking for ways to get residents and leaders to reinvest in the community and earn returns on their investments to improve the urban environment.

The committee has found projects to promote economic growth and employment. They also found social venture projects that allow local revitalization while reinvesting finances in the local economy. Projects implemented through this community social revitalization project included the renovation of the theatre district, where \$2.00 of every theatre ticket sold is returned as an investment into community revitalization; a museum district housing structure development that is ecologically and environmentally sound; and numerous community recreational areas, and the Rock and Roll Hall of Fame as the community's environmentally friendly showpiece. Richard Shatten, secretary-general of Tomorrow's Project Committee, said the committee's success was not due to the efforts of local government officials. The community has established public and private partnerships between profit-making and non-profit organizations with vested interests in improving and long-term community activation.

For social/civil entrepreneurship efforts to succeed, all parties involved must establish social integration (Turner & Martin, 2005). In most cases, various groups that can serve as valuable resources for community knowledge are inadvertently excluded from social and civic ventures due to those who lead these projects (Turner & Martin, 2005). For community projects to achieve a high level of success, stakeholders must have more than the attributes necessary for entrepreneurial success. They must also often have management and human service-oriented skills related to non-profit organizations (Turner & Martin, 2005).

Relationships between communities and leaders play an important role in achieving the success of social capital and ventures. If community leaders serve as social entrepreneurs, leaders have more potential to change their communities faster than non-community leaders who identify entrepreneurial potential from an external perspective. Studies have shown that community leaders can effectively serve as trading leaders across the community, build partnerships, collect resources, and promote change faster than people with limited community contact (Purdue, 2001). The acceleration of community adoption of social or civic change initiatives is mainly based on the accumulation of social capital, while limited social capital can often lead to venture stagnation and collapse.

Qualitative research focusing on factors related to the implementation of successful social entrepreneurship programs focuses on attributes exemplified by seven companies that are considered to have successfully implemented social entrepreneurship initiatives. (1) They were all considered organizations that provided services to improve poor and marginalized communities, and (2) companies were chosen because they were located in various geographic regions, including Asia, Africa, Latin, and North America. It catalyzed the realm of social transformation. The study confirmed that successful social entrepreneurship programs partner with other organizations to build local competencies, provide resources to solve problems, or acquire resources to achieve success. The study also confirmed that successful social venture organizations implement systematic teaching and learning initiatives (education) as strategies used to use existing community assets and achieve success.

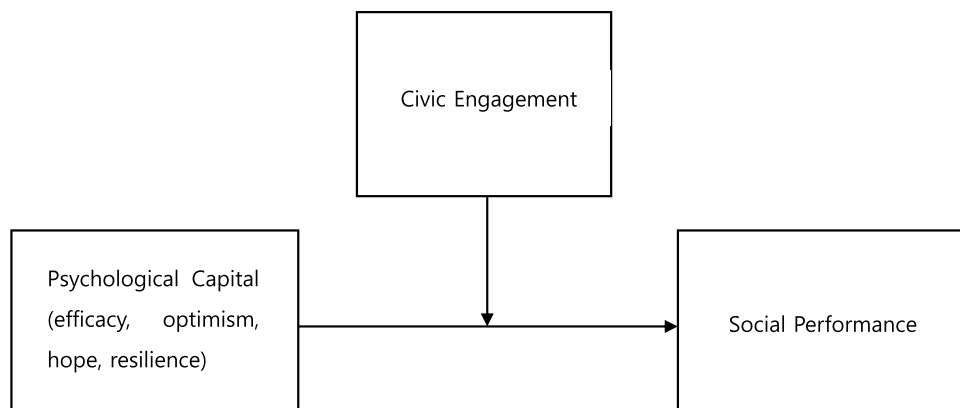
In the process of starting a venture, entrepreneurs must recognize factors for marketing, project exposure, and capital acquisition and constantly recognize various economic indicators that can mitigate or improve venture success. As economic factors change, entrepreneurs must rely on networking, discovery, and temporary partnerships to maintain organizational and economic stability in unstable economic times (Peng, 2001). Successful entrepreneurs focused on developing strategic alliances, showed flexibility in product promotion and exposure to core organizational capabilities, and readjusted their organizations to use more human capital to secure or maintain a competitive advantage in times of economic instability (Peng, 2001).

Social entrepreneurship can be seen as a catalyst for organizational, community, and civic change, although change may not help local communities or entrepreneurs (Mair & Marti, 2006). Studies have shown that if entrepreneurs show interest and interest in local communities, projects, and stakeholders, various supporters and civic partners are more likely to support and embrace ventures from the beginning (Mair & Marti, 2006). Social responsibility focuses on ensuring that residents, businesses, and governments are responsible for actions within the region (Carter & Jennings, 2000). This process mainly focuses on taking responsibility for upgrading or destroying natural resources within a given geographic area. Relationships play an important role in the way you view social responsibility. Many believe that the private sector should take the lead in implementing plans to maintain the ecological viability of the region. A study conducted by Geoghegan and Renard (2002) confirmed that ecologically focused projects are likely to be low in acceptance if individuals are unknown as community representatives. Coordination of how resources are used should be made by local representatives and presented by stakeholders who maintain trust throughout the population (Geoghegan & Renard, 2002).

According to a 2004 study on organizational-community partnerships (Loza, Gefen et al., 2011), non-governmental organizations and businesses continue to seek community organizations to work together to solve social problems and create an environment where social capital can be created. This Australian study presented community organizational capabilities to build business-community partnerships and demonstrated the benefits of community partnerships for businesses, community organizations, and community organizations (Loza, 2004).

A study by Stafford (2004), focusing on civic infrastructure and mobilization in the economic crisis, investigated how civic relations form economic change in two midwestern cities. This study identified how communities respond to civic networks and how civic networks can strengthen or curb community growth and expansion (Stafford, 2004). Using historical data to generate grounded theory, the researcher studied the similarities and differences between Allentown and Youngstown in Pennsylvania. The core of the study was based on a careful reading of the second historical explanation surrounding socio-political issues that affected the two regions over a period similar to the archive study. The study confirmed that differences in the way civil and economic relationships are established in one community could hinder the implementation of relationships in other communities (Stefford, 2004). The results also indicate that civic networks promote

Figure 1. Research model.



interaction primarily throughout the social, political, and economic sectors during the economic crisis.

Based on the above discussion, we propose that the civic participation of social entrepreneurs will affect the relationship between psychological capital and social performance of social entrepreneurs. In other words, if social entrepreneurs strive to connect with government agencies, for-profit companies, or local organizations or form partnerships, they can reduce the use of psychological capital necessary for creating social outcomes. Therefore, the higher the level of civic participation of social entrepreneurs, the better the psychological capital will improve the social performance of social entrepreneurs. Figure 1 shows the research model.

**Hypothesis 2:** Social entrepreneurs' civic engagement will strengthen the positive relationship between their psychological capital (efficacy, optimism, hope, resiliency) and social performance.

### 3. Methodology

#### 3.1. Sample

This study includes all of the social ventures certified by the Ministry of Employment and Labor in Korea as social ventures from 2007 to 2010. The Ministry of Employment and Labor certifies social ventures by considering both social value creation and commercial sustainability. The certification condition of social value creation has two elements: job creation, which applies if a firm employs more than 50% of its total employees from a socially disadvantaged class; providing social services, which applies if a firm provides more than 50% of its services for socially disadvantaged class. And the certification condition of commercial sustainability is that the total revenue for six months before the application for certification should be more than 30% of labor expenses for the same period.

#### 3.2. Data

Data were collected by survey. The list of social enterprises was taken from the public website of the Korean Social Enterprise Promotion Agency (KSEPA, <http://www.socialenterprise.or.kr>). This list includes titles, contact information, phone numbers, and addresses for all of the 565 firms. Since the Korean Ministry of Employment and Labor established KSEPA to provide efficient monitoring of certified enterprises, its list of certified social enterprises is taken to be comprehensive. We surveyed from October to November 2020. We regarded the CEO (Chief Executive Officer) as the representative of the social venture. Initial attempts were made to contact representatives of all 565 certified social enterprises by telephone. The research's purpose and implications were explained, and the representatives were asked to participate in the survey. However, 45 firms refused to participate due to lack of time or based on company policy, and 3 other firms were in



the process of closing. As a result, questionnaires were sent to 517 firms by mail, e-mail, fax, or the Google Drive Form system. In total, 88 responses were received, but 16 were excluded from the statistical analysis due to incompleteness. Thus, the final response rate was 17%. Regarding respondents, men are 67 and women are 11. Ages are 20s (9), 30s (33), and 40s (46). 79 are married and 11 are not married. All of the questionnaires were measured on a 5-point Likert scale.

### 3.3. Measurement

#### 3.3.1. Dependent Variable

**Social venture's performance.** The performance of social enterprises was measured by the subjective performance of social and commercial performance. Objective performance was not used because social enterprises are not obligated to report objective performance by accounting principles, so data that can measure objective performance cannot be obtained. Relevant government ministries are reporting performance because they have to certify and manage social enterprises, but these data could not be obtained from them. This study attempted to directly ask managers and managers about objective performance through a survey, but it was not possible to use it because it was difficult to view as accurate data. As Narver and Slater (1990) used, commercial performance was measured by asking rival companies about their relative return on assets. On the other hand, social performance asked managers' perceptions of overall social performance. The questions asked were whether they specifically set social goals and corporate social responsibility, whether they have a performance management system for those goals, and whether they are performing the activities well. These three items are intended to measure one concept of social performance, so the averaged values afterward were considered social performance.

#### 3.3.2. Independent Variables

**Psychological capital.** We used the Psychological Capital Questionnaire (PCQ) and focused on gathering data focused on psychological capital competencies (efficacy, optimism, hope, and resiliency) (Luthans et al., 2007). The four scales comprising the Psychological Capital Questionnaire (PCQ) address the following questions: 1. Having confidence (self-efficacy) to put the necessary effort to succeed at challenging tasks; 2. Making a confident provenance (optimism) about the present and future success; 3. Persevering toward goals and, when necessary, redirecting paths to goals (hope) to succeed; and 4. When inundated by problems and misfortune, sustaining and recovering (resiliency) to attain success (Luthans et al., 2007). Therefore, psychological capital consists of efficacy, optimism, hope, and resilience. When combined, it has been shown to represent a second-order, core factor that predicts performance and satisfaction better than each of the four factors that make it up (Luthans et al., 2007).

#### 3.3.3. Moderating Variables

**Civic engagement.** Civic engagement were measured based on the following questionnaire: "With civic networks being identified as groups and/or organizations that deliver programs that assist you in completing your organizational objectives, how many civic networks do you consistently have affiliation with?"

#### 3.3.4. Control Variables

This study's control variables were firm age, time of certification, firm size, and industry characteristics variables. **Firm age.** This study included the period from founding to the time of the survey of each firm. It controls for differences resulting from variations in the developmental stage of the social ventures. It was measured in months. **Time of certification.** This study included the period from certification to the time of the survey of each firm. Certification may provide an essential initial resource to a social venture, but the extent of support or the relationship with the target partner may also change over time. The social venture's evaluation could result in changes after more objective and critical criteria have been developed. It was measured in months. **Firm size.** Firm size was used to account for the greater resources and choices available to larger firms with greater ability as well as potential scale advantages. It was measured in sales amount. This study

measured it at the time of the survey. **Industry characteristics.** The industries in which the social ventures were conducted were treated as dummy variables. Industries were classified into three types. First, ventures in social welfare industries were grouped. The maturity of their industries also distinguished most social ventures operating in the social welfare sphere. These not-for-profit social welfare organizations provided specialized services such as nursing or caring for the underprivileged or injured. This is different from other industries that provide services or products. Second, the remaining social ventures were classified according to the services or products they provided. Consequently, three industry dummy variables were utilized in this study: one for social welfare industries, one for service industries, and the last for product-related industries.

### **3.4. Method of analysis**

This study used multiple regression analysis. In statistics, regression analysis is an analysis method in which a model between two variables is obtained for observed continuous variables and then the goodness of fit is measured. Regression analysis can be used for statistical predictions such as data changing over time, certain influences, hypothetical experiments, and causal modeling. This study aims to interact with the interaction effect of civic engagement of social entrepreneurs and their psychological capital on their enterprise's social performance. Therefore, in this study, multiple regression analysis is appropriate to investigate the causal relationship between the psychological capital of social entrepreneurs and their civic engagement in the social performance of their social venture.

## **4. Results**

### **4.1. Descriptive Statistics and Correlations**

The features of the sample are described as follows. Some firms were newly founded. Firms <10 years old made up 85.9% of the sample and those <3 years old accounted for 54.7%. Most firms (92.2%) were small or middle-sized (>50 employees). The social ventures observed in this study shared many features with newly founded firms. Table 1 shows correlations between variables. In the analysis of the control variables, firm age harms social performance. In the independents, optimism, and hope positively affect social performance. As a moderator, civic engagement positively affects social performance.

### **4.2. Analysis**

Gefen, Rigdon, and Straub (2011) suggested that the validity and reliability of the measures were assessed prior to hypothesis testing. Because the model included formative constructs, a component-based approach to structural equation modeling was taken.

#### **4.2.1. Analysis of reflective measures**

Tests were conducted to evaluate the convergent and discriminant validity and the reliability of reflective measures. To begin, factor loadings were used to establish convergent validity. Loadings over 0.70 on their respective factors are interpreted to indicate convergent validity (Straub et al., 2004). The second indicator of convergence was also employed. Here, a value above 0.50 for the average variance extracted (AVE) for each construct is assumed to indicate sufficient convergence. Test results indicate that both of these conditions have been met. Discriminant validity is demonstrated when the square root of the AVE is greater than the correlations between constructs (Henseler et al., 2014). For the second test of discriminant validity individual items may be assumed to possess sufficient discriminant validity if they load higher on their own respective construct than on any other latent variable (Gefen et al., 2011). This was true for all items. Based on both tests, the measures possess sufficient discriminant validity. Reliability is established by examining the internal consistency measure for each construct. Constructs that exceeded the 0.70 level are judged to possess sufficient reliability (Fornell & Bookstein, 1982).

#### **4.2.2. Analysis of formative measures**

Alternative tests of validity and reliability were conducted on the formative constructs: charisma, inspirational motivation, intellectual stimulation, and individualized consideration (Bass & Avolio,

**Table 1. Descriptive Statistics and Correlations**

	Variables	Mean	SD	1	2	3	4	5	6	7	8	9	10	11
1	Firm age	5.38	4.76											
2	Time of certification	1.81	1.06	.354**										
3	Firm size	25.06	19.94	.012	.164									
4	Manufacturing	.32	1.00	-.117	-.126	-.087								
5	Service	.53	.50	.034	-.043	-.145	-.339**							
6	Well-fare	.23	.42	.046	.222+	.326**	-.174**	-.583**						
7	Efficacy	2.25	.24	-.118	-.101	.132	.029	-.122	.021					
8	Optimism	3.42	1.24	.019	-.029	.118	.032	.133	-.043	-.142				
9	Hope	3.34	1.19	.167	-.017	.021	.121	-.021	-.187	.121	.132*			
10	Resiliency	2.68	2.32	-.131	-.182	-.121	.124	.022	-.112	.015	-.153	.203		
11	Civic engagement	3.12	1.91	-.221*	-.128	.188	-.033	-.096	.072	.132	.027	.021	.037	
12	Social performance	3.01	1.77	-.212*	-.118	.123	-.029	-.022	.029	.140	.018**	.048**	.019	.180

\*  $p < .05$ , \*\*  $p < .01$

1995). To assess convergent and discriminant validity, patterns of correlation between items and latent variables are depicted in a modified multi-trait, multi-method (MTMM) matrix (Loch et al., 2003).

Convergent validity is assessed via examination of item construct correlations (Chin, 1995). If items load significantly on their corresponding constructs, convergent validity is demonstrated. The results indicate that item weights are significant at a 0.05 level of significance, except for two indicators. The six two-significant items were further analyzed according to prescriptions for interpreting formatively measured construct results (Cenfetelli & Basselier, 2009).

The prescriptions developed by Cenfetelli and Basselier (2009) distinguish between the relative and absolute contribution of an indicator to its construct. Relative contribution is the relation between an indicator and a criterion while holding other predictors constant. It is the importance of an indicator compared to other indicators of the same construct. Absolute contribution is the relation between an indicator and a criterion, ignoring other predictors. In some instances, it is necessary to consider both perspectives, to develop a more accurate picture of an indicator's influence. For instance, an indicator may have a low or non-significant relative contribution to the construct. Despite this, it may still have an important absolute contribution. It is therefore recommended that when relative contribution (measured in terms of indicator weights) is low, absolute contribution (represented by item loadings) should also be considered.

Because six items in this study have a low relative contribution, it is necessary to consider their unique relations with their associated constructs. The absolute contributions for the six items are significant. Their values are 0.733, 0.743, 0.742, 0.728, 0.749, and 0.721, respectively. Thus, although the contributions of the indicators are relatively low compared to other indicators, they have a strong, bivariate relation to their respective constructs (Nunnally & Bernstein, 1984). Furthermore, there did not appear to be any patterns in wording, polarity, or content among the items that would account for the differences and no conceptual issues regarding the construct definitions were salient. Thus, there was no theoretical justification for removing the items, and rather than discarding the items and changing the meaning of the constructs, it was determined that the items should be retained. Finally, evidence of discriminant validity is presented when items correlate higher with their respective construct measures than with other construct measures and their composite values (Loch et al., 2003).

To test hypotheses, a series of multiple regression analyses were conducted. Model 1 in Table 2 shows that firm age was significantly associated with social performance among control variables. It means that the younger a social venture is, the better social performance it makes. As independent variables, optimism and hope were associated with social performance. It means that the more optimism or hope social entrepreneurs have the better social performance their social ventures show. Therefore, hypothesis 1 is partially supported. Model 3 in Table 2 shows that civic engagement moderates the effect of optimism or hope on social performance. When social entrepreneurs with hope make civic engagement, their social ventures show better social performance than others. Therefore, hypothesis 2 is partially supported.

## 5. Conclusions

### 5.1. Discussion

The core of my tested models can be recapitulated as follows. The purpose of this quantitative non-experimental correlation cause and comparative study is to investigate the relationship between psychological capital and social performance. There are two specific purposes of this study. The first purpose of the search was to investigate the relationship between psychological capital attributes (efficacy, optimism, hope, resilience) and social performance. As a result of empirical analysis, it was found that among the psychological capital of social entrepreneurs, optimism and hope increased the social performance of their social ventures, whereas efficacy and resilience had no significant effect. It is inferred that this analysis result is due to the characteristics of social performance. Unlike economic performance, social performance has a mission to solve social problems. Therefore, to solve these

**Table 2. Results 1**

	<b>Model 1</b>	<b>Model 2</b>	<b>Model 3</b>
<b>Control</b>			
Firm age	-.166*	-.145*	-.128*
Time of certification	-.059	-.040	-.028
Firm size	.051	.045	.029
Manufacturing	.151	.133	.121
Service	.161	.144	.129
Well-fare(reference)			
<b>Independent variable</b>			
Efficacy	.312	.284	.211
Optimism	.112**	.092**	.071**
Hope	.189**	.158**	.128**
Resiliency	.182	.151	.127
<b>Moderator</b>			
Civic engagement		.133**	.096*
<b>Interaction</b>			
Efficacy * Civic engagement			.101
Optimism * Civic engagement			.052
Hope * Civic engagement			.101*
Resiliency * Civic engagement			.160
Adj. R <sup>2</sup>	.198	.242	.282
F	7.024**	9.020**	10.412**

\*  $p < .05$ , \*\*  $p < .01$

social problems, optimism and hope are needed more than efficacy and resilience. In other words, since efficacy and resilience are psychological capital needed to overcome financial or sales difficulties faced in doing business in a short period, this psychological capital will help to create an economic performance of social ventures. On the other hand, social entrepreneurs have to wait for a long time because social problems cannot be solved in a short period. Therefore, social enterprises will need a positive mind and a hopeful way of thinking in this situation.

The second purpose of the search was to investigate the impact of civic network participation on the relationship between psychological capital (efficacy, optimism, hope, resilience) and social performance. As a result of empirical analysis, the civic engagement of social entrepreneurs shows the interaction with hope among psychological capital. In other words, the hopeful mindset of social entrepreneurs increases the social performance of their social ventures as their civic engagement increases. This study infers that this empirical analysis result is due to the characteristics of civic engagement. The civic engagement of social entrepreneurs is to partner with the various types of organizations in the community to solve the problems that the community is facing to advance the community in which they belong. In this context, what social entrepreneurs most need is a hopeful mindset. Many types of organizations in these communities are aware of the social problems they face, but give up because they cannot solve them. Therefore, in this situation, to convince these different types of organizations that partnerships can solve social problems, social entrepreneurs need to think about themselves hopefully.

#### 5.1.1. Research contributions and practical implications

This study makes several contributions. First, this is the first study to systematically and empirically apply and test the specific psychological capital in the context of social ventures. The psychological

capital theory has primarily been used to examine individual social ventures' inputs, processes, and outputs, but no studies have used the model as a complete framework.

Second, the results suggest that civic engagement is important to social venture performance. Most existing management research on civic engagement explores the role of strategic alliances in social business. In this study, the effects of civic engagement on the success of social ventures were examined. Thus, this study provides a better understanding of the social ventures' psychological capital framework, including numerous psychological capital of social entrepreneurs and numerous civic engagement in which social ventures operate.

Finally, this study demonstrates the applicability of specific psychological capital to the context of nascent social ventures. This suggests that the psychological capital theory should be utilized in this context in future studies. The findings of this study also have important implications for policymakers or practitioners. Among numerous supports in Korea, managerial supports help incubate the social value of nascent social ventures. In Korea, which drives leading policies for social ventures, they need to be systematically and strategically designed in new manners because existing manners of financial support such as subsidies and donations are not effective and harmful to social ventures' social performance.

#### 5.1.2. Limitations and future directions

However, although this research provides these contributions, it has some limitations. First, the sample size is small. For the empirical analysis of this research, this study contacted all of 565 social enterprises available to the public on the website of the Korean Social Enterprise Promotion Agency (KSEPA, <http://www.socialenterprise.or.kr>) which was established by the Korean Ministry of Employment and Labor to provide efficient monitoring of certified social enterprise. However, although we tried our best to get sample data, this study didn't get enough. However, until recently, social venture research in management has focused primarily on defining the concept of social entrepreneurship and assessing social ventures through anecdotes and case studies. This study contributes to the growing quantitative empirical research in this field and demonstrates that a large-scale analysis of social ventures is feasible.

Second, this study measures the variable of social ventures' performance by managers' perception. The reasons why this study uses managers' perceptions of social ventures' performance are the following. First, this study's sample doesn't have objective data that show their social ventures' performance. Second, although alternative measures are available, such as the social return on investment and balanced scorecard, these measures focus on financial donation or strategic consulting to social ventures rather than social ventures' performance resulting from engagement in social ventures. Social ventures' performance depends on their goal, so it seems to be subjective rather than objective. Finally, Dess and Robinson (1984) confirmed a strong correlation between subjective and objective performance. However, because perception measurement is controversial, future researchers need to develop the variables to get objective data.

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