



Universidade de Aveiro
Ano 2019

Departamento de economia, gestão,
engenharia industrial e turismo

PAULA SOFIA NETA
VASCONCELOS PINHEIRO

O PAPEL DA ORIENTAÇÃO PARA O
MERCADO NO DESEMPENHO DAS
EMPRESAS SOCIAIS



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Tese apresentada à Universidade de Aveiro para cumprimento dos requisitos necessários à obtenção do grau de Doutor em Marketing e Estratégia, realizada sob a orientação científica da Doutora Ana Daniel, Investigadora Auxiliar do Departamento de economia, gestão, engenharia industrial e turismo da Universidade de Aveiro e co-orientação do Doutor António Moreira Carrizo, Professor Associado do Departamento de economia, gestão, engenharia industrial e turismo da Universidade de Aveiro.



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**PAULA SOFIA NETA
VASCONCELOS PINHEIRO**

**THE ROLE OF MARKET ORIENTATION
ON THE PERFORMANCE OF SOCIAL
ENTERPRISES**

Aos meus filhos.

“We prepare our students for jobs and careers, but we don't teach them to think as individuals about what kind of world they would like to create.”

Muhammad Yunus

o júri

presidente

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agradecimentos

Ao chegar ao fim do caminho, lembro-me de muitas histórias, umas mais amargas e outras mais doces, que certamente não esquecerei. Não caminhei sozinha, pelo que me cumpre agradecer aos que comigo se cruzaram e, de alguma forma, contribuíram para que não perdesse o rumo. Assim, gostaria de agradecer:

A minha orientadora, Doutora Ana Daniel, pelo apoio e disponibilidade ao longo de todo o percurso e pela autonomia que sempre me concedeu, que foi decisiva para a realização deste trabalho;

Ao Doutor António Carrizo Moreira, co-orientador, pelas sugestões e revisão das diversas versões do texto;

A todas as organizações sociais que participaram no estudo, tornando possível esta investigação;

À Paula Soares, Rui Diniz, Tiago Duarte e Ana Jervis pelas suas reflexões, contributo fundamental para a realização desta tese;

À amiga e colega Susana Oliveira, pelo companheirismo ao longo dos últimos anos;

Ao meu marido pelo incentivo e aos meus pais pelo seu incansável carinho e omnipresença.

palavras-chave

Orientação Empreendedora, Orientação para o Mercado, Desempenho das Empresas Sociais, Modelo conceptual, Empresas sociais, Portugal

resumo

A Orientação para o Mercado é um preditor importante do desempenho das empresas. No entanto, presume-se que contribua para o sucesso a longo prazo, tanto das empresas comerciais como das sem fins lucrativos. Igualmente, a orientação para o empreendedorismo é um conceito que tem sido amplamente aplicado às empresas, mas não tem sido empiricamente testado em empresas sociais. Mais a mais, a literatura não apresenta um modelo conceptual amplamente aceite e testado relacionando a orientação para o empreendedorismo, a orientação para o mercado e a performance, na realidade das empresas sociais. A fim de preencher esta lacuna, esta investigação avalia como essas orientações estratégicas afetam o desempenho social e económico no contexto das empresas sociais. A modelagem de equações estruturais foi utilizada como meio de analisar as relações que servem de base às hipóteses propostas. Depois de testar o modelo numa amostra de 805 empresas sociais portuguesas, os resultados mostram que ambas, a orientação para o empreendedorismo e para o mercado, afetam significativamente o desempenho das empresas sociais. Os resultados também indicam que a orientação para o mercado medeia o efeito da orientação empreendedora no desempenho das empresas sociais.

keywords

Entrepreneurial Orientation, Marketing Orientation, Social Enterprise Performance, Conceptual model

abstract

Market orientation has been presented as an important predictor of business performance. However, it is presumed to contribute to long-term success, both in commercial and non-profit enterprises. Similarly, entrepreneurship orientation is a concept that has been widely applied to business firms but has not been empirically tested in social enterprises. Moreover, the literature does not present a widely accepted and tested conceptual model relating entrepreneurship orientation, market orientation and performance, in the realm of social enterprises. In order to fill this gap, this research assesses how these strategic orientations affect social and economic performance in the setting of social enterprises. Structural equation modelling was used as a means to analyze the hypothesized relationships. After testing the model on a sample of 805 Portuguese social enterprises, the findings show that both social entrepreneurship and market orientations significantly impact social performance. The results also indicate that market orientation mediates the effect of entrepreneurial orientation on the performance of social enterprises.

Acronyms and Abbreviations

AVE – Average Variance Extracted

CASES – Cooperativa António Sérgio para a Economia Social

CB-SEM - Covariance-based – Structural equations model

EMES – Emergence of Social Enterprises in Europe

EO – Entrepreneurial Orientation

FO – First-order

FTE – Full Time Equivalent units

GVA – Gross Value Added

IES – Instituto do Empreendedorismo Social

INE – Instituto Nacional de Estatística

IPSS – Instituições Particulares de Solidariedade Social

MARKOR – Market Orientation scale (Kohli & Jaworski, 1990)

MKTOR – Market Orientation scale (Narver & Slater, 1990)

MIES – Mapa de Iniciativas de Empreendedorismo Social

MO – Market Orientation

NPO – Non-profit organizations

PLS – Partial Least Squares

SE – Social enterprise

SEM – Structural equations model

SEO – Social Entrepreneurship orientation

SEP – Social Enterprise Performance

SERVMO – Service-driven Market Orientation

SESA – Social Economy Satellite Account

SME – Small and Medium size Enterprises

SO – Second-order

VAF – Variation accounted for

VIF – Variance Inflation Factor

VMO – Vincentian Market Orientation

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Chapter 1 – Introduction and overview

The present research aims to investigate the use of strategic orientations in social enterprises and their contribution to enhance the performance of these organizations, without detracting them from their social mission. In this study, the relationships between social entrepreneurship orientation, market orientation and social enterprise performance are analyzed. This chapter outlines the general framework of the thesis and its organization.

1.1. Background of research

Social entrepreneurship, social enterprises or social economy are expressions that in recent decades have been gaining more and more attention from the media, politicians and the public in general, as well as from the academic and scientific community. This is mainly due to the relevance social enterprises have in the promotion of social change by providing new and transformative solutions to eradicate poverty, solve environmental problems, enhance social inclusion and increase political participation or the well-being of society in general (Defourny & Nyssens, 2008; Yunus, Moingeon & Lehmann-Ortega, 2010; Mair & Martí, 2006; Popoviciu & Popoviciu, 2011).

Although there is no universal definition, the concept of social enterprise is increasingly used to identify a different way of doing business, through the creation of companies with a clear social purpose (European Commission, 2013). According to Defourny and Nyssens (2008), social enterprises are not-for-profit private organizations offering goods and/or services directly related with their social mission. They rely on collective dynamics and, thus, implicating various types of stakeholders in their governing bodies, but, at the same time, those companies consider their autonomy very important and they tolerate some economic risks associated to their activity (Defourny & Nyssens, 2008).

In the United States, there is a solid predisposition to describe social enterprises only as non-profit organizations which are more oriented towards the market. In Europe, on the other hand, the emphasis has been much more often put on the collective nature of the social enterprise, as well as on its associative or cooperative legal form (Defourny & Nyssens, 2008; Defourny & Nyssens, 2010). Indeed, social enterprises may take different forms from country to country, depending on the development of the social security system, civil society, social finance market and public policy. Despite the different country approaches, those type of companies are usually considered part of third sector or the social economy, understood as including non-profit organizations, as well as cooperatives and not-for-profit private forms of enterprises.

Thus, there are significant differences between countries in terms of the areas in which social enterprises operate, as well as in their legal framework (European Commission, 2013). In Portugal, like in Italy, for example, these companies work mainly in the provision of social intervention services and the integration of vulnerable groups in the labor market. The most commonly used legal form is the cooperative of social solidarity (usually named IPSS) (European Commission, 2013). In the United Kingdom (UK), voluntary organizations and social enterprises have become major providers of numerous social welfare services that were previously provided by the state, attempting to “fill in the gaps” left behind by governmental social services decline (Miles, Verreyenne & Luke, 2013). In other European countries, such as Germany, the concept of social enterprise is not inserted in the political agenda nor in the academic discourse, with exception of very small circle of specialists. This is due probably to the fact that the German socio-economic model is based on a wide social partnership agreement around the concept of “social market economy”, assumed as a specific articulation between the market and the state to promote socio-economic development. In such a model, the particular roles of social enterprises – or the social economy as a third sector – are particularly hard to clarify (Defourny & Nyssens, 2008).

Defourny and Nyssens (2010) consider social enterprises as those organizations that have a social mission, despite their legal form, and that:

- i. have the explicit aim to benefit the community;
- ii. are an initiative launched by a group of citizens;
- iii. have a decision-making process not based on capital ownership;
- iv. have a participatory nature involving various stakeholders;
- v. have limited profit distribution;
- vi. have a continuous activity of producing goods and/or selling services;

- vii. have a high degree of autonomy;
- viii. have a significant level of economic risk;
- ix. have a minimum amount of paid work.

Austin, Stevenson, and Wei-Skillern (2006) claim that the difference between social and commercial entrepreneurship is not dichotomous, but rather a continuum spectrum from purely social to purely economic. However, even at the poles, there are still elements of both (see Figure 1.1). While charitable activity needs to reflect economic realities, economic activity must still generate social value. The same scholars stress that social entrepreneurship, distinguished primarily by its social purpose, occurs through multiple and varied organizational forms. Nevertheless, due to the social relevance this kind of organizations may have on society, and economy in general, it is therefore crucial to understand how its performance could be improved.

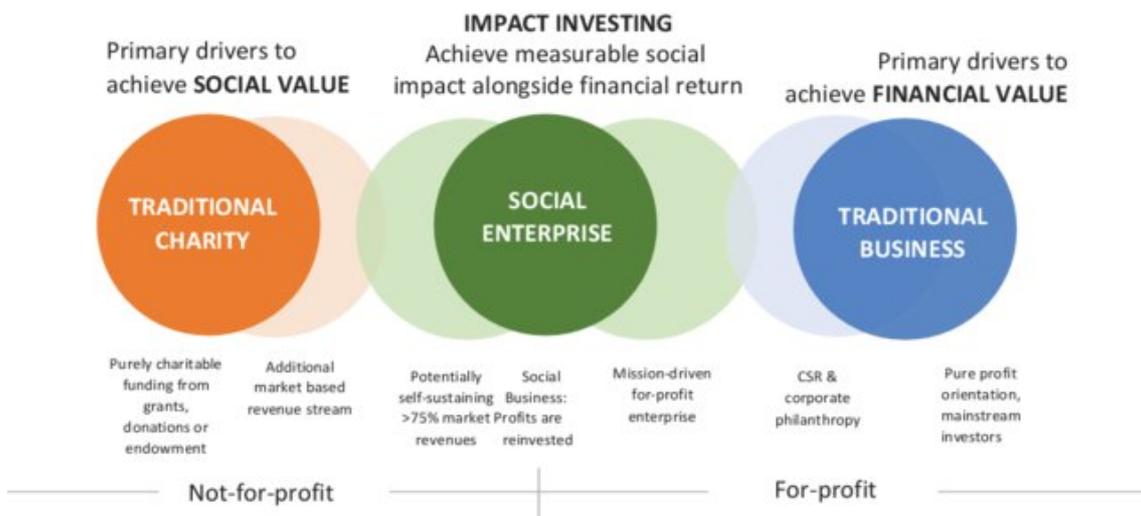


Figure 1.1 – Social enterprises: A hybrid spectrum

Source: Ryder and Vogeley (2017)

In terms of research in this field, there is a lack of studies based on quantitative data analysis or that have a strong conceptual support. In the perspective of Cajaiba-Santana (2014) most studies focus on the analysis of poor case studies that abusively generalize the conclusions.

According to Schmidt, Baumgarth, Wiedmann, and Lückenbach (2015), although the increase use of the 'social entrepreneurship' term, there seems to be some confusion about what exactly a social entrepreneur is and does. Several scholars argue that systematic research on social entrepreneurship is necessary to support the development of social enterprises, because extant empirical research on social enterprises is scarce, namely in terms of defining the relation between market orientation and social performance (Ma et al., 2012).

At the same time, social enterprises, like other non-profit organizations, struggle with another reality much more practical: the lack of funding, which often compromises the fulfilling of its social mission. Bennett (2008), for instance, assessed the application of marketing techniques to the context of social enterprises contracting with government to provide social services in the UK, and uncovered that strategic account management can improve satisfaction and funding for the organization.

Marketing is one such area of business that offers promise for more efficient and effective management of social enterprises. An organizational broad adoption of a marketing orientation has been related to higher performance over an extensive variety of contexts (Kohli & Jaworski, 1993; Avlonitis & Gounaris 1999; Miles, Verreyenne & Luke, 2013).

1.2. Research Problem

Market orientation consists on the implementation of the marketing concept into business activities, which in the classic models is measured through the company's financial profits (Kohli & Jaworsky, 1990; Narver & Slater, 1990). Market orientation suggests that the different areas of the organization are implicated in activities intending to comprehend current and future needs of consumers. This approach comprises the optimal implementation of activities and mechanisms to generate, disseminate and respond to market "intelligence". The concept of market orientation is perhaps one of the most universally accepted and studied marketing concepts (Kohli, Jaworski & Kumar, 1993).

In a market-oriented organization the focus is not just on delivering reactive responses to customers, but mainly on encouraging proactive actions that anticipate the needs, desires and perceptions of customers (Deshpande & Webster, 1989).

In the case of social enterprises, there is the need to better understanding the relationship between the implementation of market orientation approach and the development of social companies' mission. In other words, does an organization's market orientation threaten its social nature keeping them apart from its mission? Or, on the contrary, does it allow them to be financed through the market, and thus attracting resources to support the implementation of social programs?

Recent studies suggest that social enterprises are becoming more and more concerned with financial sustainability and with the identification of different return streams as a way to sustain their social activities (Chen, Tang, Jin, Li, & Paillé, 2015; Miles, Verreynne, & Luke, 2013; Schmidt, Baumgarth, Wiedmann, & Lückenbach, 2015). Nevertheless, there is little knowledge about the different strategies and approaches those companies use to approach the market. However, to use the concept of market orientation in the context of social enterprises, it is imperative to analyze the different frameworks already developed and assess them from the viewpoint of social impact (Duque-Zuluaga & Schneider, 2008). That is particularly important, if we consider that social entrepreneurs are expected to act in a social manner rather than seeking their personal profit (Forster & Grichnik, 2013). In this regard, some scholars mention that a social entrepreneur's background may influence his/her ability to recognize new opportunities (Shapero, 1982; Tan & Yoo, 2015).

Despite the growing interest in the strategic management of social enterprises and entrepreneurs' characteristics, few studies have examined the hybridity of social enterprises including whether they adopt or not an entrepreneurial orientation (Kraus et al., 2017). Market orientation and entrepreneurial orientation have both been presented as significant predictors of business performance and it is presumed they can contribute to long-term success, both in commercial and non-profit companies (Montiel-Campos, 2018). However, when it comes to the reality of social enterprises, the literature does not provide a strong and widely accepted conceptual model, that could be used to reflect on these relationships. In order to fill in this gap, this research intends to provide a model that can explain how these constructs relate to the social enterprise performance, both socially and economically.

Measuring the performance of non-profit organizations is also a challenge, as it is a "*social construction that takes into account the expectations of stakeholders, organizational values and mission to set the basis or criteria that will guide the organizational assessment*" (Duke-Zuluaga and Schneider, 2009, p.12). So, we need to address how the success of a social enterprise can be measured. One of the essential factors to investigate the performance of social businesses is

distinguishing the multidimensional nature of the performance construct (Lumpkin & Dess, 1996). Since social enterprises have multiple stakeholders with divergent views on the effectiveness of the organization, the measurement of their performance can be largely subjective (Bagnoli & Megali, 2011).

Matsuno et al. (2002) have already shown that market orientation wholly mediates the relationship between entrepreneurial orientation and performance. To these authors, for firms that already present a high entrepreneurial orientation, it is very advisable to promote a market orientation while keeping their level of entrepreneurial proclivity. Thus, Baker and Sinkula (2009) suggest that strong entrepreneurial orientation and market orientation are both essential for firm's performance. As a result, the higher is the entrepreneurial orientation implemented in a business, the more willing a company is to implement a market orientation approach (Amin et al, 2016).

The present research contributes to the social enterprise literature through suggesting a model that has never been exploited in the context of social enterprises, in which entrepreneurial orientation, market orientation and performance relations are explored. In terms of the managerial perspective, this research aims to clarify if entrepreneurial and market oriented social enterprises can still accomplish their missions through wise social performance. On the other hand, without reasonable economic performance, it becomes very hard to pursue their social mission, as they will always be struggling to survive. Therefore, the main objective of this thesis is to investigate the relationships between social entrepreneurship orientation, market orientation and social enterprise performance, in order to contribute to a better understanding of the reality of social enterprises.

To pursue this objective, it is necessary to find appropriate scales to measure the constructs. To measure entrepreneurial orientation, this research applies a newly developed and already validated scale that suits the context of social enterprises (Kraus et al., 2017). On the other hand, to measure market orientation of social enterprises, there is no appropriate measure already developed. As when it comes to non-profit context, most authors prefer to adapt the market orientation (MARKOR) scale developed by Kohli and Jaworski (Miles et al., 2013; Morgan, Vorhies, & Mason, 2009; Niculescu, Xu, Hampton, & Peterson, 2013). However, the final scales used by these authors do not seem to fit perfectly in the context of this research – Social Enterprises, which indulges us to propose a new one that could fit the reality of this kind of organizations in Portugal. Throughout this research, a scale based on MARKOR is adapted in light with the results of a qualitative study.

1.3. Aim and objectives

This research aims to answer to the following relevant research questions:

- i. Does social entrepreneurship orientation significantly impact social enterprise performance?
- ii. Does market orientation significantly impact social enterprise performance?

To answer these questions, it is necessary to propose a model that integrates the concepts of entrepreneurial orientation and market orientation with the inherent characteristics of the concept of social enterprise and its performance. It is also essential to find or develop appropriate scales to measure the enclosed constructs, because extant measurements were developed to be used under different assumptions and circumstances.

Thus, the main objective of this investigation is to Investigate the relations between social entrepreneurship orientation, market orientation and social enterprise performance.

To achieve this general objective, the following specific objectives were defined:

- i. Analyze the constructs underlying the initial framework;
- ii. Propose a model based on literature review;
- iii. Conduct a qualitative research to clarify the understanding of the constructs;
- iv. Assess the model through a quantitative study;
- v. Test the model using multivariate statistical techniques.

1.4. Thesis structure

To achieve the above aim and answer the research questions, the rest of this thesis is organized as follows.

Chapter 2 composes the **Literature Review**. It revises the relevant literature in order to establish the conceptual context of this research leading to the specification of the gap that this study fills. This discussion involves the introduction and overview of the main conceptual concepts of

interest: Social entrepreneurship orientation, Market Orientation and Social Enterprise Performance.

Chapter 3 encompasses the **Conceptual Model and Hypotheses**. It introduces and theoretically justifies the research and hypotheses that were used to fill the conceptual gap that has been identified in the literature review.

Chapter 4 comprises the **Research Methodology**. It specifies and justifies the research design and methods that were used to collect the required empirical evidence. The discussion in this chapter involves describing two empirical studies: the qualitative study (interviews) followed by the quantitative study (questionnaire).

Chapter 5 contains the **Data Analysis and Discussion of Results**. It presents the results of the analysis of the data collected from the online questionnaire. The statistical distribution analysis of the sample perceptions of the various concepts is described. This chapter also presents the results of testing for moderation effects of the sample characteristics on the various paths in the research model. The measurement model is then evaluated, and the proposed hypotheses are tested. Finally, it discusses the implications of the findings from the quantitative study.

Finally, **Chapter 6** encloses **Conclusions, Contributions and Limitations**. It draws the conclusions that derive from the discussion and argues the contributions to theory and practice that this study makes. It also discusses its limitations, and various avenues for future research.

Chapter 2 – Literature Review

This chapter starts by introducing the concepts of social innovation and social entrepreneurship in order to provide an overview about the context of social enterprises, which is the unit of analysis of this thesis. Also, this chapter provides a review of relevant theoretical domains derived from three research streams: market orientation, social entrepreneurship and performance. Based in the research questions formulated in Chapter 1, this review forms the basis in formulating the hypotheses that are critical to this thesis.

2.1. Social Innovation and Social Entrepreneurship

Social entrepreneurs are restless, mission-driven individuals that strive to change the world, their cities, and their communities by implementing sustainable business ventures designed to create social impact (Germak & Robinson, 2014). However, the concept of social enterprise is not yet clearly defined. The contours and content of this definition have been widely discussed among academics and Third Sector professionals, but there is still no universally accepted concept, as it also happens to the concepts of social entrepreneurship or social innovation.

Disseminated by areas such as urban and regional planning, social policy, management or social psychology, literature on social innovation remains fragmented, scattered and supported by poor case studies (Cajaiba-Santana, 2014). Most approaches defining social innovation adopt a normative perspective, with respect to its outcome. In this perspective, Phillips, Deiglmeier, and Miller (2008) suggest the following definition of social innovation which clearly differentiates social innovation from other forms of innovation. Those authors define social innovation as: *“a novel solution to a social problem that is more effective, efficient, sustainable, or just than existing solutions and for which the value created accrues primarily to society as a whole rather than private individuals”* (p. 36). This definition stresses the importance of the object, i.e. the result of social innovation with no regard for the process which guided to this outcome. Unlike business innovations, which are driven by market and consumer needs, social innovations have a cultural focus, aspiring to address unmet human and social needs (Lettice & Parekh, 2010).

The best-known example in social innovation is the micro-credit system developed by Muhammad Yunus, which earned him the Nobel Prize (2006) in Economics. Social innovation is, therefore, a new paradigm of social intervention, a different way of dealing with social problems, where everyone participates actively and can become an agent of change (Betta, Robert & James, 2010).

It was in this context that emerged a new generation of entrepreneurs, willing to solve social problems. Social entrepreneurship arises, therefore, as an innovative approach to address the complex social and environmental needs in order to contribute to sustainable development of societies (CASE, 2008).

2.1.1. Social Entrepreneurship and Social enterprises

Despite following many of the principles of the so-called conventional entrepreneurship, social entrepreneurship remains unknown to many people. This does not mean, however, that many of the initiatives of social and environmental nature cannot be called social entrepreneurship or put into practice by social enterprises and social entrepreneurs. The problem lies in the conceptualization of both the research topic (social entrepreneurship) and the concept of social enterprise itself.

The meaning of social entrepreneurship and its main characteristics is complex (Christie & Honig, 2006; Mair & Martí, 2006). The main difficulty lies in the fact that, in most definitions, social entrepreneurship has characteristics that at a first sight seem conflicting, which are, on the one hand, a social mission and, on the other hand, the promotion of commercial activities (Bacq & Janssen, 2011).

In the literature, the definitions of social entrepreneurship are wide-ranging: from broad to narrow. Some academics have chosen an inclusive definition, where social entrepreneurship means an innovative activity with a social goal (Austin, Stevenson, & Wei-Skillern, 2006). This activity can happen either in the for-profit sector, like in social-purpose commercial ventures (Dees & Anderson, 2003), or in the non-profit sector, or in hybrid forms that mix for-profit and not-for-profit approaches. The narrow definition, in turn, describes social entrepreneurship as the application of market-based skills in the non-profit sector (Thompson, 2002).

Another persistent constraint when trying to establish a concept of social entrepreneurship is the issue whether social entrepreneurship is actually distinct from “conventional”

entrepreneurship. To clarify this issue, it is essential to understand what is meant by 'social' and how this term differentiates the concept from other types of entrepreneurship (Peredo & McLean, 2006). Some scholars state that each successful business can be regarded as social as long as it generates some social value, by solving a societal issue or problem, or contributing to job creation and generating tax revenues (Mair & Martí, 2006).

Across all definitions of social entrepreneurship comes the idea of an underlying social mission or ambition to create social value, rather than personal and/or shareholders' wealth (Austin, Stevenson, & Wei-Skillern, 2006). Therefore, despite commercial enterprises bearing a social contribution, one way to distinguish between commercial and social entrepreneurship is by concentrating on the mission of the enterprise rather than on the results and value that is generated, since social entrepreneurs begin with the intention to solve a social problem and use generated profit as a means to pursue this goal. Commercial entrepreneurs, in turn, concentrate themselves in creating economic wealth (Dees, 1998).

According to Dees (1998), there are five ways in which social entrepreneurs are change agents in the social sector:

- i. Embracing a mission to generate and sustain social value (not just private value);
- ii. Identifying and persistently following new opportunities to serve that mission;
- iii. Engaging in a process of constant innovation, adaptation, and learning;
- iv. Acting boldly without being restricted by resources currently in hand;
- v. Showing a heightened sense of responsibility for the outcomes created.

As this is an 'idealized' definition, social entrepreneurs will comply with these conditions to different extents (Dees, 1998). The higher the fulfilment of the first condition, the more the person can be regarded as a social entrepreneur, because the other four criteria are focused on the compliance with traditional entrepreneurial activity.

Mair and Martí (2006) analyze three successful cases of social entrepreneurship around the globe – the Grameen Bank in Bangladesh, the Aravind Eye Hospital in India and Sekem in Egypt – to reveal a common feature: all three creatively combine resources (that often they do not possess) to address a social problem, and thereby alter existing social structures. The Grameen Bank, founded by Professor Muhammad Yunus in 1976, by bringing financial services to the poor, helps them to establish profitable businesses to fight poverty. The Aravind Eye Hospital,

established in 1976 in India, has offered eye-care services and cataract surgery to cure blindness at a very small fraction of the cost of such services in the developed world. Finally, Sekem, created in 1977 as a social venture, is today a multi-business that not only creates economic, social, and cultural value, but has also a significant impact on Egyptian society. These outstanding examples show how social entrepreneurship catalyzes social transformation by responding to social needs. Value creation in all three cases comprises both social and economic aspects, but the main focus, however, is on social value, while economic value creation is seen as a necessary condition to guarantee financial viability (Mair & Martí, 2006).

To better understand this field of research, it is important to study the organizational forms in which this social goal can be pursued. While social entrepreneurship begins with the individual, the social enterprise starts as an organizational movement applying market-based strategies to achieve social change (Popoviciu & Popoviciu, 2011). Therefore, it is important to discuss the organizational form of a social enterprise and its place in the spectrum of not-for-profit and for-profit markets.

Social enterprises, as hybrid organizations, are an emergent and growing field of study. By combining financial and social goals, they form part of the so-called third sector, which includes charities, mutual societies, and co-operatives; distinct from the public and private sectors. Showing an alternative to charitable models usually reliant on grants and donations, the social enterprise model involves businesses which exist for a social purpose and trade to fulfil their mission (Luke, 2016).

The concept of Third Sector is used for wide-ranging approaches, referring to various and complex realities. It is very useful and heuristic to compare countries, as it refers to different theoretical perspectives and empirical realities where the initiatives of social entrepreneurship happen (Lopes et al., 2014). Third Sector organizations include wide range of institution types, and for instance in Portugal it encompasses Misericórdias, mutual societies, private institutions of social solidarity (IPSS) and cooperatives, among others. However, Defourny and Nyssens (2012) argue that the multiple forms that a social enterprise can take is revealed in the Belgian and Italian law on social enterprise which *“define a label which crosses the boundaries of all legal forms and can be adopted by various types of organizations (not only cooperatives and non-profit organizations, but also investor-owned organizations, for instance), provided they define an explicit social aim and they are not dedicated to the enrichment of their members”* (p. 9).

Some researchers also propose social enterprises as a potential response to some critical problems of our society, with relevant impacts in terms of social value creation. In this context, the social benefit which is the target for the non-profit system— becomes the genuine “business idea” that needs to be exploited (Arena, Azzone, & Bengo, 2015).

In Europe, the largest academic contributions to the concept of "social enterprise" were carried out by Defourny and Nyssens (2008, 2010), particularly through research carried out within a network of researchers and universities of the European Union Member States, which was named EMES after its first project (Emergence of Social Enterprises in Europe – EMES). According to Yunus, Moingeon, and Lehmann-Ortega (2010), those who conceive and create social enterprises (social businesses) are social entrepreneurs. However, not all social entrepreneurs are committed to a social enterprise. In its path to achieve social goals, social enterprises must deal with all its costs, that is, they have to be self-sustaining. The perspective of the manager/investor should also be clarified: in social enterprises, although the distribution of profits is limited, the investor has the right to recover its investment if he/she wish to do so (Yunus, Moingeon, & Lehmann-Ortega, 2010).

The most appropriate setting for this study seems to be sustained by the EMES network, to which “social enterprise” suggests a new type of organization, different from traditional social economy organizations (in terms of organizational form or activity area), whose characteristics are (Defourny & Nyssens, 2010):

- i. have the explicit aim to benefit the community;
- ii. an initiative launched by a group of citizens;
- iii. a decision-making power not based on capital ownership;
- iv. a participatory nature involving various parties affected by the activity;
- v. a limited profit distribution;
- vi. a continuous activity producing goods and/or selling services;
- vii. a high degree of autonomy;
- viii. a significant level of economic risk;
- ix. a minimum amount of paid work.

2.1.2. Social enterprises in Portugal

In Portugal, the Institute for Social Entrepreneurship (IES) has been making a continuous effort in the mapping of social enterprises and other social entrepreneurship initiatives (IES & IPAV, 2015). Their research focuses on:

- i. Initiatives that focus on a social mission, seeking to solve important and neglected societal problems;
- ii. Initiatives that seek to measure and validate their impact in order to continually improve performance and mobilize more resources;
- iii. Initiatives that are innovative whether they are pioneers at world or national level, or are pioneering replicas at the regional level of social innovations with validated impact;
- iv. Initiatives whose models promote economic sustainability - either through the efficient mobilization of resources, or through the generation of revenues, or through the saving of public expenditures;
- v. Initiatives whose models can be systematized and replicated in a broader context, given the nature of the problem they address and the solution they propose.

The most recent official data available on Portuguese social economy refer to 2013 and consists on the results of the Social Economy Satellite Account (SESA), published in 2016. SESA is a project developed by Statistics Portugal (INE) in partnership with CASES - António Sérgio Cooperative for the Social Economy, under a protocol signed between the two institutions.

With the 2013 edition of SESA, Statistics Portugal publishes information which allows a more thorough and up-to-date assessment of the economic dimension and the main characteristics of Social Economy (SE) in Portugal.

According to the SESA results, in 2013, social economy represented 2.8% of national Gross Value Added (GVA), 5.2% of compensation of employees, 6.0% of paid employment and 5.2% of total employment (in both cases, measured in Full Time Equivalent units - FTE), as it is shown in table 2.1.

Table 2.1 – Main Indicators of Social Economy Entities by activity source

Classification of Social Economy Entities' Activities	Kind of activity units	Employment	Employees	Gross Value Added (GVA)
	No	FTE	FTE	10 ⁶ Euro
1. Agriculture, forestry and fishing	435	905	843	9
2. Manufacturing activities	356	4,189	4,080	102
3. Wholesale, retail trade and services	805	6,259	6,110	60
4. Development, housing and environment	2,925	4,586	4,387	35
5. Financial activities	130	8,239	8,239	657
6. Education and research	2,492	23,429	23,146	612
7. Health and well-being	912	7,810	7,791	146
8. Social action and social security	9,539	118,378	118,008	1,879
9. Culture, sports and recreation	31,079	13,860	13,614	207
10. Cults and congregations	8,386	20,011	19,977	346
11. Business and professional associations, labor unions and political organizations	2,944	9,228	8,982	133
12. Not elsewhere classified	1,265	847	785	20
Social Economy	61,268	217,744	215,963	4,206
National economy	-	4,178,797	3,582,077	149,768
Social Economy/ National economy	-	5.2%	6.0%	2.8%

Source: Social Economy Satellite Account, INE. (2013)

Analyzing by groups of entities (see Table 2.2), of the approximately 61 thousand units considered, Associations with Altruistic Goals accounted for 93.4% of the total, representing 61.0% of the social economy GVA, 64.8% of paid employment (FTE) and 62.2% of compensation of employees. The Cooperatives constituted the second group of entities with the highest relative weight in terms of number of units and compensation of employees.

Table 2.1 – Main Indicators of Social Economy Entities by social economy groups

Social Economy groups	Kind of activity units	Employees	Gross Value Added (GVA)	Compensation of employees	GVA / FTE	Average compensation of employees
	No	FTE	10 ³ Euro	10 ³ Euro	10 ³ Euro by Employees (FTE)	
Cooperatives	2,117	24,316	489,523	564,425	20.1	23.2
Mutual Associations	111	4,896	352,181	216,450	71.9	44.2
Holy Houses of Mercy	389	35,469	541,225	477,477	15.3	13.5
Foundations	578	10,871	250,851	236,313	23.1	21.7
Associations with Altruistic Goals	57,196	140,050	2,566,262	2,472,256	18.3	17.7
Community and Self Management Subsectors	877	361	6,437	6,198	17.8	17.2
Social Economy	61,268	215,963	4,206,479	3,973,119	19.5	18.4
National economy	-	3,582,077	149,768,414	76,279,908	41.8	21.3
Social Economy/ National economy	-	6.0%	2.8%	5.2%	46.6%	86.4%

Source: Social Economy Satellite Account, INE. (2013)

2.2. Marketing and Market Orientation

The concept of marketing has always been discussed under different perspectives, both by academia and the business sector. The importance of marketing to companies of all sizes has caught the attention of marketing theorists, but the marketing concept is essentially a business philosophy or a policy statement (Kohli & Jaworsky, 1990). This philosophy can be contrasted with its implementation, reflected in the activities and behaviors of an organization. Hence, it was in the late 1980s that it evolved towards the market orientation concept proposed by Shapiro in 1988 (Kohli & Jaworsky, 1990; Narver & Slater, 1990; Day, 1994; Deshpande & Webster, 1989).

One can assume that the market orientation is founded on the same principles as the marketing concept. A short review of literature definition of marketing will offer a firm evidence for this assumption. Alderson and Green (1964) claim that the marketing concept must encompass finance, production, and research and development (R&D) activities (about customer and market). Lavidge (1966) believes marketing is a set of activities that circle around the three main focus of a business: the customer, the operation of marketing and the company profit. Kotler and Keller (2011) state that the marketing concept is built on three main pillars: customer-centered, coordinated marketing and profitability, as shown on Figure 2.1. Customer-centered or customer focus means that companies should provide research activities that foster the knowledge and understanding of companies over customers' needs, wants, demands, and expectations (Kotler & Keller 2011). Then, the companies should design products and services that satisfy those needs. The focus on integrated marketing implies that the companies' marketing activities are well coordinated, and all those activities should look after each other. Finally, the profit focus implies that the existence of any company is to gain profit for its stakeholders (Kotler & Keller 2011).

Jaworski and Kohli (1990) also provide a definition of market orientation: *"it appears reasonable to conclude from the literature that a market-oriented organization is one in which the three pillars of the marketing concept (customer focus, coordinated marketing, profitability) are operationally manifest"* (p.36). Therefore, it can be assumed that market orientation is closely tuned to the concept of marketing and can be considered as the implementation of marketing concept into business activities.

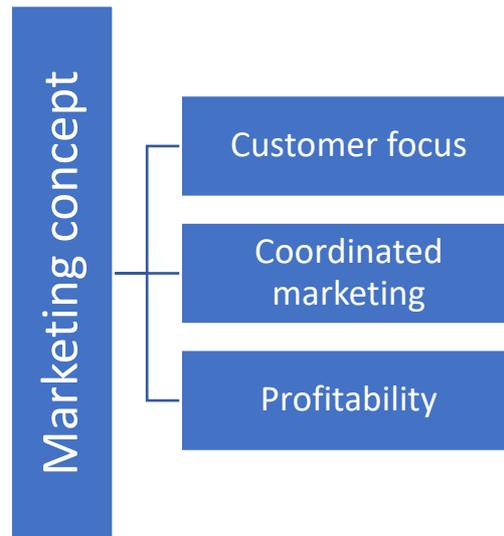


Figure 2.1 – The three pillars of the marketing concept

Source: Kotler and Keller (2011)

Market orientation implies that the various departments of the organization are involved in activities aiming at understanding current and future consumers' needs. This approach includes the optimal implementation of activities and mechanisms to generate, disseminate and respond to market "intelligence". The concept of market orientation is probably one of the most universally accepted and studied marketing concepts (Kohli et al., 1993; Narver & Slater, 1990; Deshpande & Webster, 1989).

In a market-oriented organization the focus is not just on providing reactive responses to customers, but mainly promote proactive actions that anticipate the needs, desires and perceptions of customers (Deshpande & Webster, 1989). As a result, this concept is often linked to the performance of the organization (Narver & Slater, 1990; Kohli & Jaworski, 1990). In this regard, Avlonitis and Gounaris (1999) suggest that this concept should include both attitudinal aspects and behavioral elements. On the one hand, Lado, Maydeu-Olivares and Rivera (1998) stressed the influence of distributors and the external environment in the market orientation concept and defined it as a two-dimensional construct including an overall market orientation and a country-specific residual. Matsuno, Mentzer, and Rentz, (2005), on the other hand, theorize that the perception of market orientation encompasses influencing factors such as social, regulatory, and macroeconomic factors.

Among all the published studies on market orientation, theories established by Kohli, Jaworski, Narver and Slater are surely the most widely accepted (Kohli & Jaworski, 1990; Narver & Slater, 1990). The definition of "market orientation" is an extension of the marketing concept, defined as a set of values and beliefs that always considers the customer in the first place (Niculescu, Xu, Hampton, & Peterson, 2013). Clearly, they consider it is a continuous process of creating value for customers. More specifically, market orientation corresponds to the implementation of the marketing concept, which is focused both on customer needs and organization's profit (Kohli & Jaworski, 1990). This perspective is focused on market intelligence – generation and dissemination of market intelligence across the organization (from consumers to the management), and responsiveness – action taken in response to intelligence that is generated and disseminated. In turn, Narver and Slater (1990) address it from a different perspective: as a kind of corporate culture. In their perspective, culture is the indispensable element to create value for customers and to achieve a sustainable competitive advantage. Thus, they propose that the market orientation is decomposed into three components: (1) customer orientation, (2) competitor orientation and (3) interfunctional coordination. Customer orientation and competitor orientation include all of the activities involved in acquiring information about the buyers and competitors in the target market and disseminating it throughout the business. Interfunctional coordination is based on customer and competitor information, and it encompasses the business's coordinated efforts to create superior value to the buyers (Narver & Slater, 1990).

Being a concept so commonly accepted, several academics have highlighted the advantages of a company's market orientation. Kohli and Jaworski (1993) lead the way to propose a strong interdependence between market orientation and organization performance. Their empirical research provided evidence that profitability is a consequence of market orientation. Zhou, Brown and Dev (2009) demonstrated that customer orientation and responsiveness are key ingredients in the success of organizations, after conducting a research in a service industry – the global hotel industry. Their findings also suggest that innovation and market differentiation advantages lead to greater market performance (e.g., perceived quality, customer satisfaction) and, thus, higher financial performance (e.g., profit, market share). Dawes (2000), in turn, found a strong positive correlation between the orientation to competitors and the company's profitability, in a study carried out in South Australia. Cano, Carrillat and Jaramillo (2004) supported this idea through a comparative study within companies of five continents, demonstrating the robustness of the relationship between market orientation and business performance across countries. They also concluded that the positive effect of market orientation

on organizational effectiveness is not only revealed in superior financial performance but has also been associated to other factors that are positive to the customer, the firm and its employees, as well as society in general (Cano, Carrillat & Jaramillo, 2004).

The literature also points out other advantages from promoting company's market orientation, like facilitating decision-making process and concerted action between the various departments of the organization (Lings & Greenley, 2009). Other studies show that this approach can increase customer perceived value, and as a consequence, it increases the satisfaction and loyalty of customers (McNaughton, Osborne, & Imrie, 2002). Market orientation is still directly related to the growth objectives of the company, by identifying and exploiting new market opportunities (Baker & Sinkula, 2009). Additionally, other authors highlight other benefits of market orientation, like creating more wealth for the owners of the company and increasing the success of new products, for instance (Niculescu, Xu, Hampton, & Peterson, 2013). In addition, as Narver and Slater (1990) had already noticed, market orientation can help improving the necessary leadership skills to attract and retain profitable customers.

Considering all these advantages listed for business organizations, does this concept applies to social enterprises? And will it have positive effects on those companies' performance?

There is evidence in the literature suggesting that market orientation can have a positive impact in non-profit organizations and the public sector, fostering a better performance of such organizations (Duke-Zuluaga & Schneider, 2008). The underlying idea of most studies on business companies is that the more market-oriented a company is, the more profitable it becomes. Nevertheless, neither the performance measured exclusively by profit, nor the classical concept of market orientation will be completely adjusted to the reality of non-profit organizations. Duke-Zuluaga and Schneider (2008) consider that the approach to market orientation can bring many benefits to the study of non-profit organizations. The main advantage of this approach is the dynamic way of looking at the external environment, allowing the organization to attract more resources, improving reputation among donors and better knowledge of beneficiaries. However, the main disadvantage is the fact that it could threat the ability of non-profit organizations to remain focused on their public service or on their "voice" missions shifting their attention to more business-oriented activities (Duke-Zuluaga & Schneider, 2008).

In Portugal, Pinho, Rodrigues and Dibb (2014) conducted a study with non-profit organizations in the health sector in order to investigate the relationship between organizational culture,

market orientation, organizational commitment and organizational performance. Among other things, the research concluded that market orientation encourages teamwork and brings employees together around a common goal. This study applied, among other measuring instruments, an adaptation of the scale developed by Kohli and Jaworski (1990), through which they concluded that adopting a market orientation is associated with performance improvements in non-profit health organizations.

Focusing on social enterprises, there are not many studies exploring the concept of market orientation. Ma et al. (2012) conducted a quantitative research in South Korea in social enterprises accredited by the Ministry of Employment and Labor. However, the model presented is based only on scales designed for companies with a commercial purpose.

Measuring the performance of non-profit organizations is also a challenge, as it is a *"social construction that takes into account the expectations of stakeholders, organizational values and mission to set the basis or criteria that will guide the organizational assessment"* (Duke-Zuluaga & Schneider, 2009, p.12).

2.2.1. Main MO models

The first step of this research is the design of a conceptual model, based on classic market orientation proposals, which incorporates the results of the systematization of the literature, as well as the results of different studies that have been produced over time.

In this context, we will present the main models and scales that will serve as the starting point for the construction of the conceptual model to analyze the impact of market orientation on social enterprise performance.

Even though most of them will not be enough accurate to fit the context of this research – social enterprises, it is important to understand the fundamentals of the most common models applied in a for-profit context, and its adaptations to other contexts.

2.2.1.1. Kohli and Jaworski's MARKOR

Kohli and Jaworski (1990) designed a model to estimate the level of application of the marketing concept in an organization. This proposal for the conceptualization of market orientation (MO) highlights three fundamental dimensions, namely the generation of market intelligence, the

dissemination of market intelligence and the company's responsiveness to that intelligence, as shown in Figure 2.2.

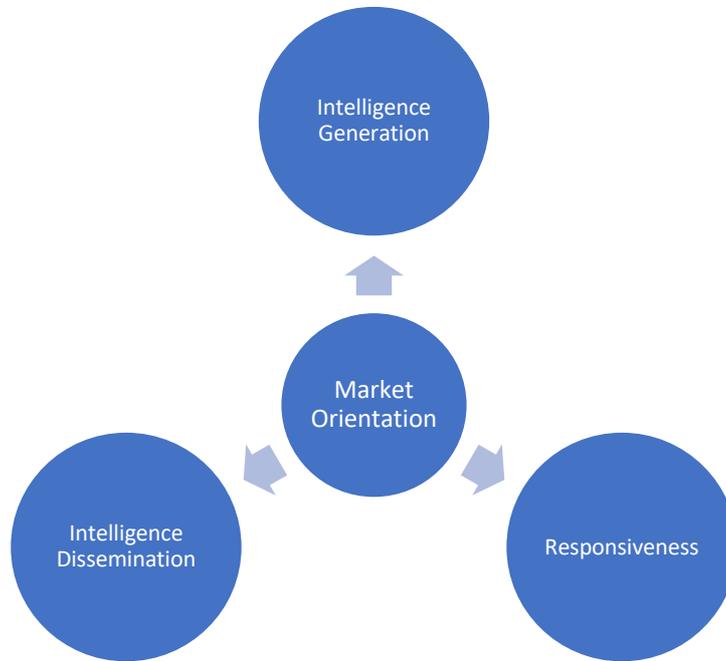


Figure 2.2 – MARKOR model

Source: Kohli, Jaworski and Kumar (1993)

Intelligence generation is the process of gathering information concerning customers, competitors and market changes. This information should be distributed efficiently among departments in order to help the organization to update with its status. The distribution and sharing of the information are called intelligence dissemination. This dimension is dependent of the relationships within an organization. The third dimension, responsiveness, is the outcome of the precedent elements. Specifically, the responsiveness only happens when intelligence sharing process is efficient. The intelligence sharing phase is efficient when supported and promoted by top management. Therefore, if the two previous processes are carried out accordingly, the responsiveness is likely to lead to a successful outcome.

The model presented in Figure 2.3 structures the concept through the definition of antecedents and consequences of MO.

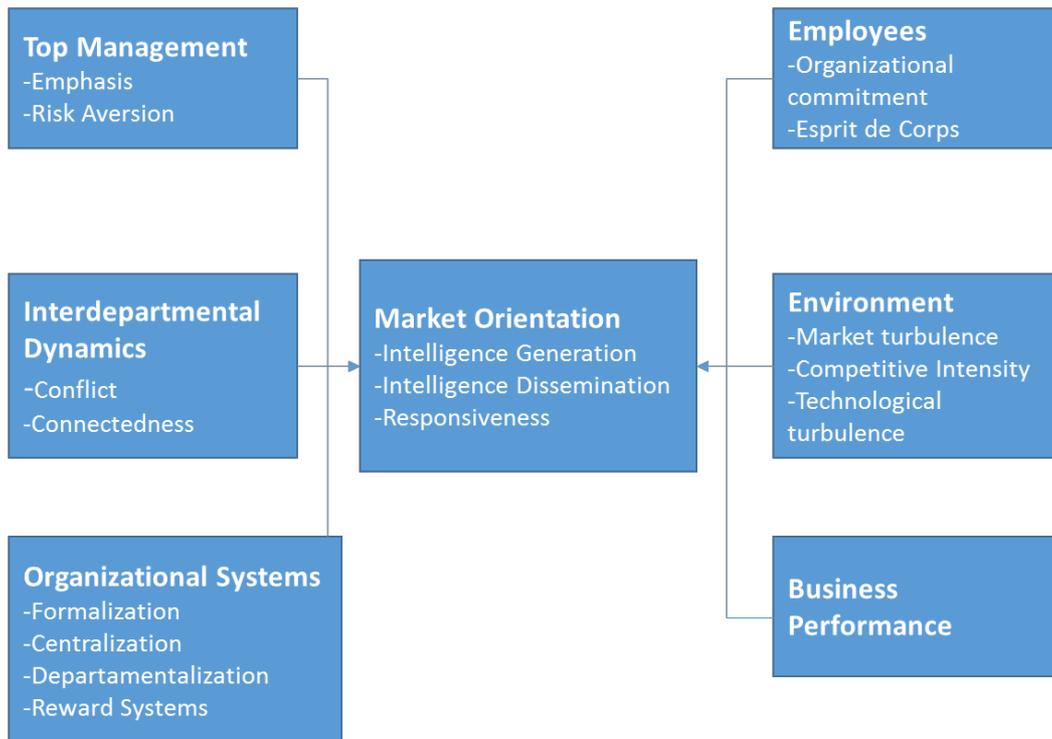


Figure 2.3 – Antecedents and consequences of Market Orientation

Source: Kohli and Jaworski (1993)

In what concerns the antecedents of market orientation, Kohli and Jaworski (1993) describe:

- i. Top Management – it refers to the emphasis that top management gives to MO as a direct effect on the generation and dissemination of intelligence, as well as on the responsiveness of the different company's departments. Additionally, aversion to risk by top management negatively affects responsiveness, but it does not affect the generation and dissemination of intelligence;
- ii. Interdepartmental Dynamics – it refers to formal and informal communication and relationships between the different departments of an organization. It includes conflict and connectedness. The first variable negatively affects the intelligence dissemination and the organization's responsiveness, but not the process of generating intelligence. Connectedness, in turn, affects only the intelligence dissemination.

- iii. Organizational systems – Centralization refers to the extent to which members of an organization participate in the decision-making process and it has a negative relationship with the three dimensions of MO. Reward Systems, in turn, influence employee behavior.

Regarding the consequences of market orientation, Kohli and Jaworski (1990) suggested that market orientation will benefit organizations in three facets: employee response, customer response and business performance. With respect to employee response, market orientation generates psychological and social benefits to employees (Kohli & Jaworski, 1990). According to Kohli and Jaworski's research (1990), a company's higher market orientation leads to employees' sense of fulfilment and to higher levels of job satisfaction. This generates a "spirit of unity" (*esprit de corps*), which stimulates teamwork and reinforces the commitment to the company. Furthermore, MO contributes to employees' sense of pride, among many other psychological and social advantages, because everyone in the organization contributes to the common goal of customer satisfaction. Achieving these goal results in a sense of positive participation and contribution by employees, which, in turn, strengthen their commitment to the organization (Kohli & Jaworski, 1990).

In what concerns business performance, market orientation has also offered some positive signals. However, market orientation may not be relevant to a company under some conditions. For instance, the research of Kohli and Jaworski (1990) revealed that, in some cases, market orientation contributes marginally to company performance, particularly in markets where the competition is low, technology development is slow and business environment is stable. Thus, market orientation only shows its significance in markets with reverse condition, where the market turbulence is high and denotes strong competition. In a second research regarding market orientation in 1993, Kohli and Jaworski found positive results of market orientation effect on companies.

Based on their previous studies, Kohli, Jaworski and Kumar (1993) developed the MARKOR (MARKet ORientation) scale to serve as an instrument for measuring the degree of MO of companies, which is composed of twenty variables divided into three groups: six variables related to intelligence generation; five variables related to intelligence dissemination; and nine variables related to responsiveness (Table 2.3). This scale is the result of an extensive research work comprising survey implementation and interviews with 62 individuals, from which 33 held marketing positions, 15 held non-marketing positions, and 14 held senior management positions in 47 companies located in the United States from various industry sectors and sizes.

Table 2.3 – MARKOR measurement scale.

Intelligence generation
1. In our business unit, we meet with customers at least once a year to find out what products or services they will need in the future.
2. In this business unit, we do a lot of in-house market research.
3. We are slow to detect changes in our customers' product/service preferences.
4. We survey end-users at least once a year to assess the quality of our product and service offerings.
5. We are slow to detect fundamentals shifts in our industry (e.g., competition, technology, regulation)
6. We periodically review the likely effect of changes in our business environment (e.g., regulation) on customers
Intelligence dissemination
7. We have interdepartmental meetings at least once a quarter to discuss market trends and developments.
8. Marketing personnel in our business unit spend time discussing customers' future needs with other functional departments.
9. When something important happens to a major customer or market, the whole business unit knows about in a short period.
10. Data on customer satisfaction are disseminated at all levels in this business unit on a regular basis.
11. When one department finds out something important about competitors, it is slow to alert other departments.
Responsiveness
12. It takes us forever to decide how to respond to our competitors' price changes.
13. For one reason or another we tend to ignore changes in our customers' product or service needs.
14. We periodically review our product development efforts to ensure that they are in line with what customers want.
15. Several departments get together periodically to plan a response to changes taking place in our business environment.
16. If a major competitor we to launch an intensive campaign targeted at our customers, we would implement a response immediately.
17. The activities of the different departments in this business unit are well coordinated.
18. Customer complaints fall on deaf ears in this business unit.
19. Even if we came up with a great marketing plan, we probably would not be able to implement it in a timely fashion.
20. When we find that customers would like us to modify a product or service, the departments involved make concerted efforts to do so

In their study, the authors used Return on Asset (ROA) and sales growth as indicators for measuring company's performance. They found out that the profitability was also another result of the adoption of market orientation, and not an element of it. Kohli and Jaworski (1990) did

not view market orientation as an aspect of organizational culture, but rather an oriented process.

The scale was, initially, composed by 32 items. After a period of testing and refining, the scale, finally, was reduced to 20 items (Kohli, Jaworski & Kumar, 1993). The final MARKOR scale is presented in Table 2.3.

Even though MARKOR's empirical results are more consistent and systematic compared to the scale developed by Narver and Slater (Lado, Maydeu-Olivares & Rivera 1998), MARKOR scale is questioned by its methodological basis. This is mainly because the MARKOR scale was applied to various examples from different industries without providing a clear information concerning the type and characteristic of those examples.

2.2.1.2. Narver and Slater's MKTOR

According to Narver and Slater (1990), MO is a construct that encompasses three behavioral dimensions: customer orientation, competitor orientation and interfunctional coordination. To these authors, being customer oriented implies a good knowledge of the target market, in order to generate value in an ongoing basis. This knowledge is generated through actions implemented by the company to acquire and disseminate information about its clients and competitors. On the other hand, being competitor oriented enables the company to know the short-term strengths and weaknesses of its current and potential competitors, as well as their capabilities or skills and long-term strategies. Such capacity is fundamental to the long-last value generation for the customer. Finally, the dimension of interfunctional coordination involves the efforts of each department and each functional area of the company in promoting the share of strategic objectives throughout the organization for creating value for the consumer.

To have a wide-ranging look on Narver and Slater's outlook of market orientation, a simple model is presented in Figure 2.4. In this model, the elements – customer orientation, competitor orientation and inter-functional coordination – are surrounding the central principles of market orientation: long-term focus and profitability. Narver and Slater believe that if there is no continuous process of data generation (tracking market and customers' changes) and company's innovation, the company will not possess enough information and means to provide the customers added value. While the advertising or marketing campaigns can temporarily boost company revenue, these methods cannot deliver a sustainable profit performance. Thus, the company should build its own system that can secure profit performance through company's

reputation and image. The obvious way to achieve this is to obtain increasing repeated-customers, which is the consequence of continuously offering superior added value to customers.

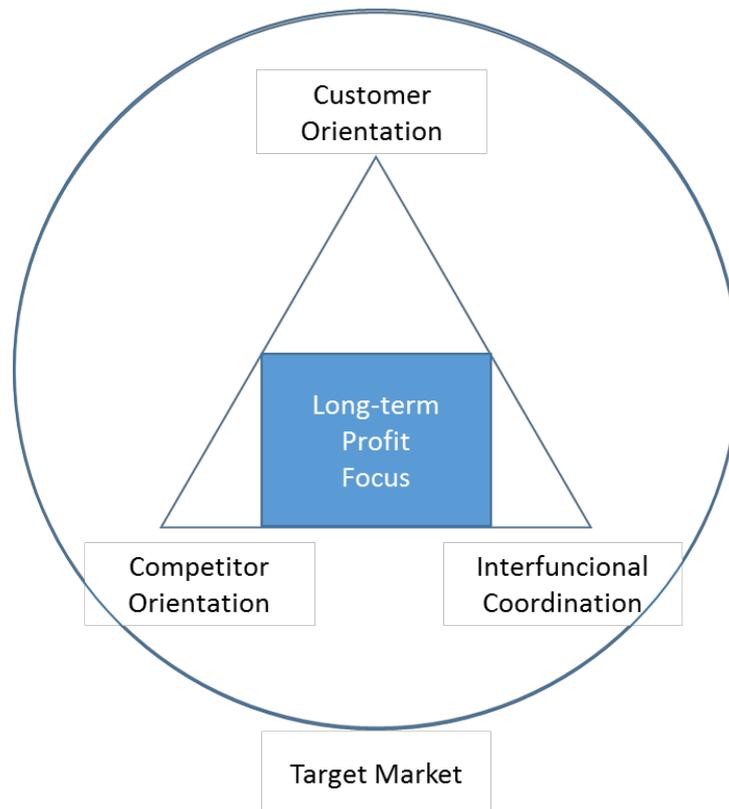


Figure 2.4 – MKTOR model
Source: Narver and Slater (1990)

Narver and Slater (1990) tested these concepts through a fourteen-item scale called MKTOR, applied to a sample of 140 strategic business units of a large US corporation. The content and items of MKTOR are listed in the Table 2.4.

This extensive study found out that there is a positive effect of market orientation on profit performance. In this research, Narver and Slater (1990) used Return on Investment (ROI) to measure the business profitability. Moreover, they only explored a specific industrial context: forest industry, which hinder the generalization of the study's results.

Despite the scale has been widely accepted and applied, it did not escape from being a subject of criticisms. Kohli, Jaworski and Kumar (1993) criticized the MKTOR scale over-emphasis of the “customer” dimension over other elements (competitor and interfunctional coordination).

Table 2.4– MKTOR measurement scale

Customer Orientation
1. Our business objectives are driven primarily by customer satisfaction.
2. Our strategy for competitive advantage is based on our understanding of customers’ needs.
3. We constantly monitor our level of commitment and orientation to serving customers’ needs.
4. We give close attention to after-sale service.
5. We measure customer satisfaction systematically.
6. Our business strategies are driven by our beliefs about how we can create greater value for customers
Competitor orientation
7. Our salespeople regularly share information within our business concerning competitors’ strategies.
8. Our top managers from every function regularly visit our current and prospective customers.
9. We rapidly respond to competitive actions that threaten us.
10. We target customers where we have an opportunity for competitive advantage.
11. Top management regularly discusses competitors’ strengths and strategies.
Interfunctional coordination
12. We freely communicate information about our successful and unsuccessful customer experiences across all business functions.
13. All of our business functions (marketing/sales, manufacturing, R&D, finance/accounting, and so on) are integrated in serving the needs of our target markets.
14. All of our managers understand how everyone in our business can contribute to creating customer value.

2.2.1.3. Voon’s SERVMO

Voon (2008) considers that the models and measures of MO are crucial to improve the service quality management, so this researcher built a model more focused on the service. As the service concept steadily emphasizes the customer perspective, this proposed construct is conceptualized and developed based on the customers’ (students’) perceptions in the higher education scenery. This extended version of market orientation, which is more service-oriented, is named service- driven market orientation (SERVMO). The author defines it as “*the set of beliefs, behaviors, and cross-functional processes that seriously focuses on continuous and comprehensive understanding, disseminating as well as satisfying the current and future needs of the target customers for service excellence*” (Voon, 2008, p. 219).

The conceptualization and operationalization of SERVMO was mainly based on the market orientation literature. MO scales of Narver and Slater (1990), as well as Deshpandé and Farley (1998), were adapted in order to capture customer perceptions. According to Voon (2008), service marketing and service management literature show the need for an employee orientation. The model is based on six components of a service-driven MO, as presented in Figure 2.5.

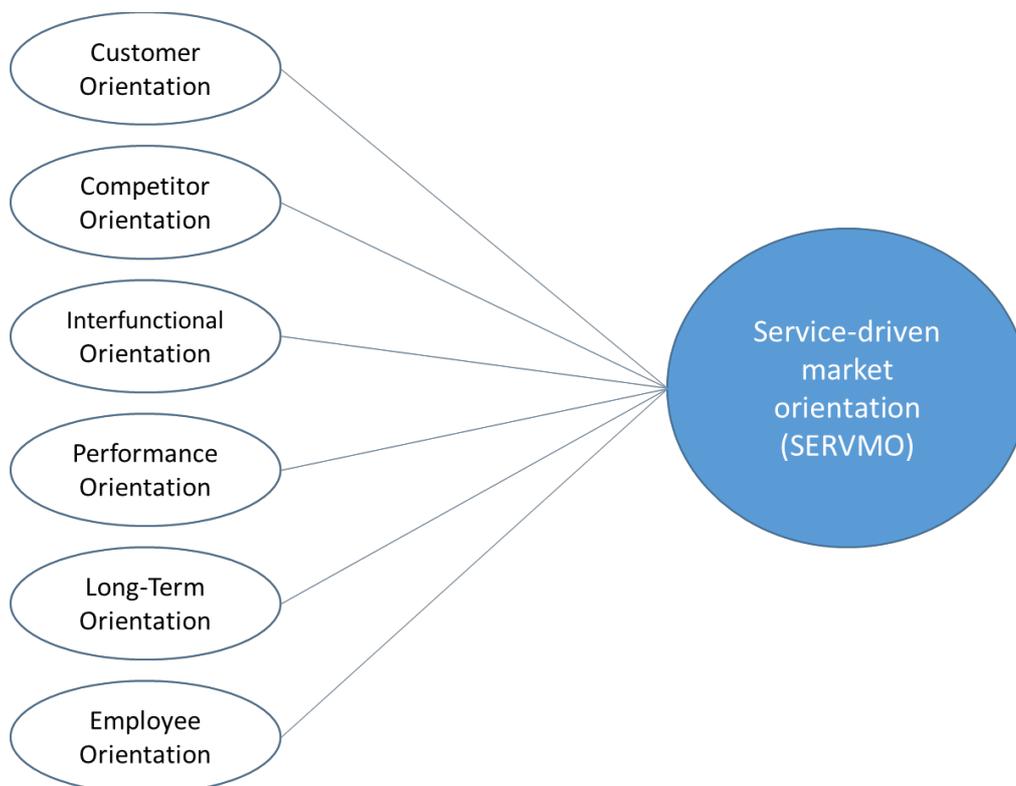


Figure 2.5 – SERVMO model

Source: Voon (2008)

Voon (2008) describes the six dimensions of the model as follows:

- i. Customer Orientation – High performance organizations are always close to customers; customer focus is the central element of market orientation and service organizations should conduct their business on the basis of customer’s needs and satisfaction;

- ii. Competitor Orientation – All organizations should not ignore the need to compete; market-oriented organizations have a good understanding of the competitors, both current and potential, that serve the same markets;
- iii. Inter-functional Orientation – Coordination and teamwork among different functional units and employees is required for effective and efficient business administration; achieving service excellence is definitely not the sole responsibility of the marketing department;
- iv. Long-term Orientation – Providing long-term directions for organizations was among the central elements in the early marketing concept and market orientation also emphasized the long-term perspective; customer orientation comprises the element of long-term customer satisfaction and relationships;
- v. Performance Orientation – The marketing concept emphasizes organizational performance; the service concept is results-oriented;
- vi. Employee Orientation – Competent, empowered and motivated employees are critical assets to all organizations; People are the prime focus in service quality management because the products are produced by people who perform the basic services.

The author tested the model through a scale of thirty-two items, divided by the six dimensions and measured through a Likert scale. Through the operationalization of the model, the author concluded that the greater the MO service-driven is, the greater the perceived service quality, customer satisfaction and customer loyalty are. However, this construct was developed from the customers' perspective. According to Voon (2008), the several items in the construct were designed in such a way that they were capable to be judged by customers acting as informed respondents, and thus it can be considered reliable and valid. However, further research into other cultures and service settings is needed to validate this construct, as well as to investigate the subject from the employee's standpoint.

2.2.1.4. Duque Zuluaga and Schneider's Societal Orientation Model

Duque-Zuluaga and Schneider (2008) have analyzed non-profit organizations (NPO) and found evidence that organizations with "societal orientation" will perform significantly better in terms of mission fulfilment and governance than those without such a focus.

Societal Orientation (SO) is defined as the *“organizational belief and culture that create and align behaviors for offering/delivering services that are worthy for society, thus fulfilling the nonprofit organizational mission (focus)”* (Duque-Zuluaga & Schneider, 2008, pag.9). The authors propose that SO comprises the following six behavioral components:

- i. Beneficiary or Recipient Orientation refers to the identification of the service beneficiaries (who are usually disadvantaged or neglected in economic, social or political terms), to the understanding of their situation and needs, and to the development of programs and activities which are valuable for them;
- ii. Donors or Resource Acquisition Orientation refers to the dynamic monitoring of current and potential sources of non-profit organizations financial support, namely private and government donators. This process includes implementing activities in order to retain current donors and attracting new financial resources;
- iii. Volunteer and Employee Orientation refers to the strategic process of obtaining and maintaining motivated human resources, considering their perceptions and suggestions for the NPO planning, where volunteers represent a unique and key resource for non-profit organizations;
- iv. Collaborative Orientation refers to the process of looking for convenient partnerships to cooperate in either better provision of services, lobbying or resource acquisition;
- v. Learning and Social Entrepreneurship refers to the organizational capacity of consciously assessing non-profit organizations overall performance and environment opportunities in an innovative and proactive way, and to the continuous comparison to other benchmarks in order to learn from its own and other’s experiences;
- vi. Inter-functional Coordination refers to the extent to which every activity is synergistically contributing to the organizational mission. It implies coherent planning, information sharing across all non-profit organizations’ members, and alignment of strategy and programs.

In turn, the framework comprises two sets of factors: on the left side there are the Societal Orientation components, and, on the right side, there are the non-profit organizational performance dimensions, as shown on the Figure 2.6.

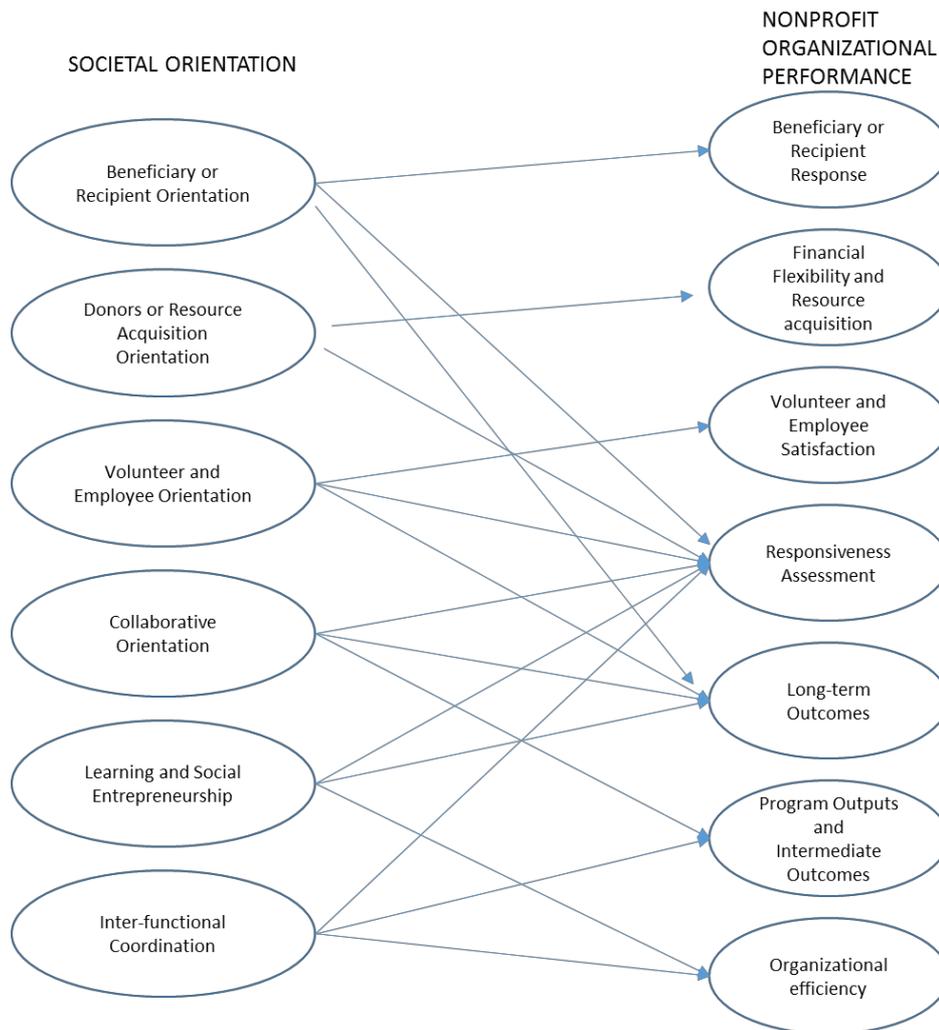


Figure 2.6 – Societal Orientation Model

Source: Duque Zuluaga and Schneider (2008)

This framework has not been yet tested empirically, even though the authors have established some guidelines for the construction of a questionnaire. No further research on the subject by Duque-Zuluaga and Schneider was found, but they are extensively quoted in the literature.

2.2.2. Market orientation for social enterprises

Given the significance of the MO concept, many scholars have published an extensive number of papers which present refinements of models (Deshpande & Webster, 1989; Matsuno et al., 2005), discusses antecedents of MO (Kohli & Jaworski 1990; Cano, Carrilat, & Jaramillo, 2004), moderators and mediating factors (Amin et al., 2016; Liu, Takeda, & Ko, 2014), and

organizational barriers to developing MO within an organization (Kohli, Jaworski & Kumar, 1993). Various MO scales and models have been developed in order to rigorously test the concept in various situations and under different circumstances.

Although there is extensive amount of research about MO on profit organizations, there is a limited number of authors who discussed the relationship of social enterprises and marketing orientation (Ma et al., 2012; Miles, Verreynne, & Luke, 2013). Miles, Verreynne, and Luke's (2013) contribution towards marketing orientation consists on the definition (and subsequent measurement) of a "Vincentian marketing orientation" (VMO), based on the principles of St. Vincent de Paul. During 1600s, St Vincent de Paul founded a Ladies of Charity, whose mission was to serve the poor and, at the same time, earn and use commerce to support the actions. This act of St. Vincent de Paul is referred by many authors as the emergence of social enterprises, as this organization was serving the social mission by promoting financial gain as well. The Vincentian perspective does not only serve the poor or people who are below the poverty line. Indeed, it also entails effective and efficient use of resources to carry out business operations with an appreciation to value management (Miles, Verreynne, & Luke, 2013). According to Miles, Verreynne and Luke (2013), MO social enterprises have three basic attributes:

- i. they focus on the beneficiaries but at the same time they put an emphasis on the stakeholders and their donors;
- ii. they also strive to be economically and environmentally viable (other than social mission);
- iii. they focus on creating long term and healthy relationship with the donors, beneficiaries and other stakeholders.

The study conducted by Miles Verreynne, and Luke suggests that organizations with VMO enable a higher social performance with a strong emphasis on the beneficiaries and donors, with a minimum financial investment. Furthermore, the authors suggest that social enterprises involved in VMO should concentrate more on understanding the needs of beneficiaries and donors instead of spending a high amount of finance on promotion (Miles, Verreynne, & Luke, 2013).

Gidron (2009) also analyzes the concept of market oriented social enterprise in the perspective of social welfare and argued that they exist in three different levels: on the welfare policy level, on the organizational level and on the individual level. Complementarily, Ma et al. (2012), studied the relationship between entrepreneurship, market orientation, and social performance

of social enterprises. Their study found that while entrepreneurship has a positive effect, innovation yielded negative results. Moreover, market orientation improves social performance of social enterprises (Ma et al., 2012). This particular study focuses on the conceptualization of marketing orientation in social enterprises.

To sum up, previous research highlights the relevance of the concept of market orientation for the analysis of social enterprises. Nevertheless, the *status quo* of research shows two main research gaps: firstly, the application of the main MO models, as detailed in section 2.1.1., in the context of social enterprises is an understudied field and secondly, there is a lack of reliable MO measurement instruments adapted to social enterprises.

2.3. Social Entrepreneurship Orientation

2.3.1. Entrepreneurial Orientation (EO)

Entrepreneurial Orientation (EO) was developed as a prominent concept within strategic management and entrepreneurship literature (Covin & Lumpkin 2011; Covin & Wales 2012). EO is a much-explored construct of strategy-making that has been found to have significant repercussions for firm performance (Covin & Wales 2012). As scholars around the world have given increasing attention to the EO concept, it is reasonable to conclude that EO constitutes a promising area for building a cumulative body of significant knowledge about entrepreneurship (Rauch, Wiklund, Lumpkin, & Frese, 2009).

Miller (1983) has initiated the development of the EO construct which he acknowledged as comprising of three dimensions: innovativeness, risk-taking, and proactiveness, which together describe the entrepreneurship process and separately inspire multiple measurement scales (Covin & Lumpkin 2011; Miller, 2011). The author considers innovativeness as the willingness to create something new through creativity and experimentation resulting in original or improved products, services, or processes. In turn, risk taking is defined as bold behavior, such as venturing into fields with little information or investing significant amounts of (own or borrowed) money and/or other resources in order to undertake uncertain environments. Finally, he saw proactiveness as an opportunity-seeking and forward-looking behavior, such as actively exploiting market opportunities in a deliberate effort to compete with other firms.

More than a decade after Miller’s initial work (1983), Lumpkin and Dess (1996) proposed five dimensions of EO: autonomy, innovativeness, risk-taking, proactiveness and competitive aggressiveness. In other words, they added two additional dimensions – autonomy and competitive aggressiveness – to complement the three dimensions proposed by Miller (1983). Lumpkin and Dess (1996) argued that, to be successful, an organization requires autonomy from strong leaders or creative individuals, without any restrictions enforced by the organization’s bureaucracy. The other dimension, competitive aggressiveness, represents how an organization replies to threats, not only how it seizes opportunities, as indicated by Miller’s proactive dimension. Therefore, according to Lumpkin and Dess (1996), EO refers to the specific organizational-level behavior to perform risk-taking, autonomous activities, engage in innovation and react proactively and aggressively to overtake competitors in the marketplace. The five dimensions of EO are summarized in Table 2.5.

Table 2.5– Dimensions of Entrepreneurial Orientation

DIMENSION	DEFINITION
<i>Autonomy</i>	Independent action taken by an individual or team aimed at bringing forth a business concept or vision and carrying it through to completion.
<i>Innovativeness</i>	A willingness to introduce newness and novelty through experimentation and creative processes aimed at developing new products, services and processes.
<i>Risk-Taking</i>	Making decisions and acting without certain knowledge of probable outcomes; some undertakings may also involve making substantial resource commitments in the process of venturing forward.
<i>Proactiveness</i>	A forward-looking perspective characteristic of a marketplace leader that has the foresight to seize opportunities in anticipation of future demand.
<i>Competitive Aggressiveness</i>	An intense effort to outperform industry rivals. It is characterized by combative posture or an aggressive response aimed at improving position or overcoming a threat in a competitive marketplace.

Source: Lumpkin and Dess (1996)

Nevertheless, opinions are divided among researchers about the extent to which EO dimensions need to be present for a firm to be considered entrepreneurial. While Miller (1983) advocates that only firms that possess all three dimensions (i.e., innovative, risk-taking, proactive) to a similar extent should be considered entrepreneurial, Lumpkin and Dess (1996) argued that any firms that engage in an effective combination of autonomy, innovativeness, risk-taking,

proactiveness, and competitive aggressiveness can be considered entrepreneurial. As EO is a multidimensional concept, the effect of each of its dimensions on firm performance can be observed individually (Lumpkin & Dess, 1996).

Entrepreneurship scholars have tried to explain firm performance by studying a firm's entrepreneurial orientation. Consequently, the relationship between EO and firm performance has become the central focus of interest for studying EO (Wiklund & Shepherd, 2003; Hughes & Morgan, 2007).

2.3.2. Entrepreneurial Orientation for social enterprises

Several scholars have examined the concept of entrepreneurial orientation in the context of social businesses, and it has often been suggested that social enterprises should use an entrepreneurial orientation to more effectively achieve their social mission (Schmidt, Baumgarth, Wiedmann, & Lückenbach, 2015). The entrepreneurial orientation of a social enterprise refers to the organization's mindset that becomes evident in the concrete behavior of its members and are closely associated to the typical characteristics (mindset and behavior) of a successful founder (Covin & Wales, 2012).

Kraus et al. (2017) examine whether existing research on EO provides a suitable framework that can be applied to social enterprises. For them, the relevance and use of EO within the context of social enterprises has only received a few slight conceptual considerations, and suitable scales had not been yet developed.

Citing several studies within the broader entrepreneurship research base that highlight a positive correlation between a higher degree of EO and the performance of firms, Kraus et al. (2017) inferred that SEO, as a modification of EO, also influences the performance of social enterprises. Therefore, those researchers have developed a scale that helps to understand "social" EO more deeply – especially among several stakeholders who are crucial for social companies (e.g. beneficiaries of created social value, public sector actors, or impact investors). This approach to the measurement of SEO reflects not only the development of new products and services, but also the means through which the enterprises can pursue social mission-related and commercial opportunities. Also, *"by clarifying and distinguishing the underlying dimensions of a social entrepreneur, this scale provides a pathway for studying how different dimensions are related to both the social and economic performance of the firm"* (Kraus et al., 2017, p. 15).

2.4. Social Enterprise Performance

As the number of social enterprises rises throughout the globe (Defourny & Nyssens, 2008), measuring its performance and social impact becomes more challenging, as it is one of the distinguishing characteristics that sets social entrepreneurship apart from its business-based form (Austin et al., 2006).

2.4.1. Business performance measures

The word 'performance' is broadly and inaccurately used throughout the literature in diverse bodies of knowledge, including strategy, operations management and innovation. However, few people agree on what performance really means: it can mean anything from efficiency, to robustness or resistance or return on investment (Lebas, 1995).

While numerous areas of knowledge consider performance in a broad sense, there is a growing body of knowledge specifically on performance as the main research focus. Neely (1999) asserts that a revolution is happening in the field of performance measurement, proposing that it has recently become a rather significant topic for organizations in practice, owing to reasons such as increasing competition or changing demands. Some of the most predominant performance research is from the strategy field, given its cross-functional and results oriented nature (Chakravarthy, 1986). Most studies concentrate upon research subjects such as the main drivers of performance, as well as how performance can be measured.

Performance conceptualizations draw on a variety of areas of research, particularly the accounting and operation management literatures (Neely, 1999). The initial concepts of performance researched are exclusively financial, and there is a substantial management accounting literature dealing with this subject, converging concepts such as profit and productivity, expressed in monetary terms. An example from the general management literature that focuses on financial measures is Ridgway (1956), who focuses on return on investment.

As literature in the performance field has evolved, it has progressed from studying solely financial performance using a single measure to studying broader, operational aspects of performance, using a larger number of measures (Neely, 1999).

The Balanced Scorecard, as developed by Kaplan and Norton (1996), has been vital to this development and was created with the understanding that the exclusive use of traditional financial accounting measures from the industrial era is often inappropriate for contemporary organizations, where processes such as innovation occur. Return on investment alone is unlikely to encourage innovation for example (Arena et al., 2015).

A great share of the literature on performance focuses on the subject of performance measurement. A performance measure, as defined by Neely (2005), is a metric used to quantify the efficiency and/or effectiveness of an action. However, this definition restricts performance measures to an objective perspective, while other scholars consider that there is some subjectivity involved, as there is a human element involved in using a measure (Johnson & Kaplan, 1987)

2.4.2. Performance measures for social enterprises

Since the social mission is the main focus of a social enterprise, different measures are required to explain social value creation and social impact measurement rather than quantitative or financial metrics, as it is often the case of for-profit organizations.

First, it is relevant to describe performance measurement and the corresponding systems. Performance measurement is usually defined through its outcomes and results, which produces reliable data on the effectiveness and efficiency of programs. Created for the business sector, performance measurement systems were initially generated for commercial, profit-based organizations in order to compare performances over time and predict the best directions to take (Arena et al., 2015).

The Balanced Scorecard is a widely adopted example of a performance measurement system, but another alternative social performance measurement system is the Social Return on Investment (SROI) approach (Nicholls, Lawlor, Neitzer, & Goodspeed, 2009). Several authors discuss these two approaches as possible performance measurement systems for social enterprises, as well as the models presented by Bagnoli and Megali (2011) and Arena et al. (2015).

The multidimensional model proposed by Bagnoli and Megali (2011) measures social enterprise performance in both economic-financial and social terms. According to Bagnoli and Megali, a social enterprise is *“sustained mostly on earned income and run business that itself accomplishes*

the social aim through its operation” (p. 150). The model comprises three dimensions: economic-financial performance, social effectiveness and institutional legitimacy (Figure 2.7).

The main contribution of Bagnoli and Megali (2011) is the emphasis made to the topic of social effectiveness and institutional legitimacy that are “new” dimensions, not addressed in the preceding approaches. Nevertheless, it presumes the existence of different information requirements coming from different stakeholders (Defourny & Nyssens, 2008; Nyssens, 2006; Arena et al.,2015).

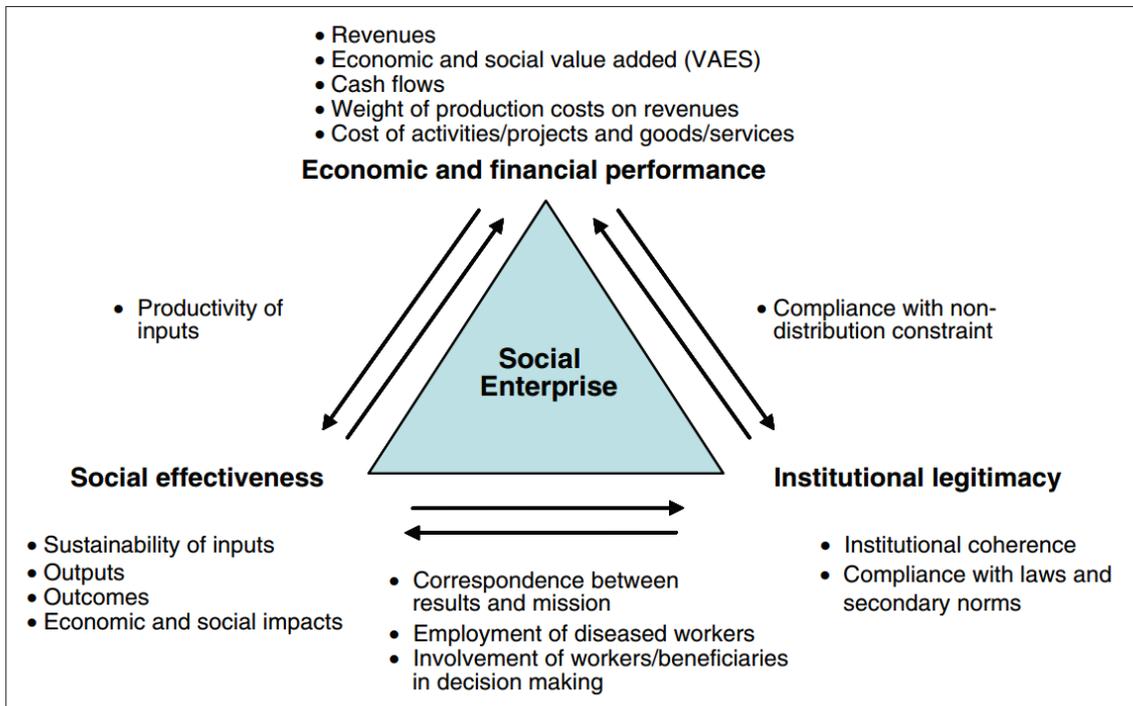


Figure 2.7 – Bagnoli and Megali (2011) multidimensional controlling model

Arena et al. (2015) assume three main elements for their framework: input, output and outcome (See Figure 2.6). Input indicates the resources required for a specific activity. Output, in turn, results from a transformation process. Outcome differs from output as it refers to the long-term impact of the output instead of the immediate transformation that is produced (Figure 2.8).

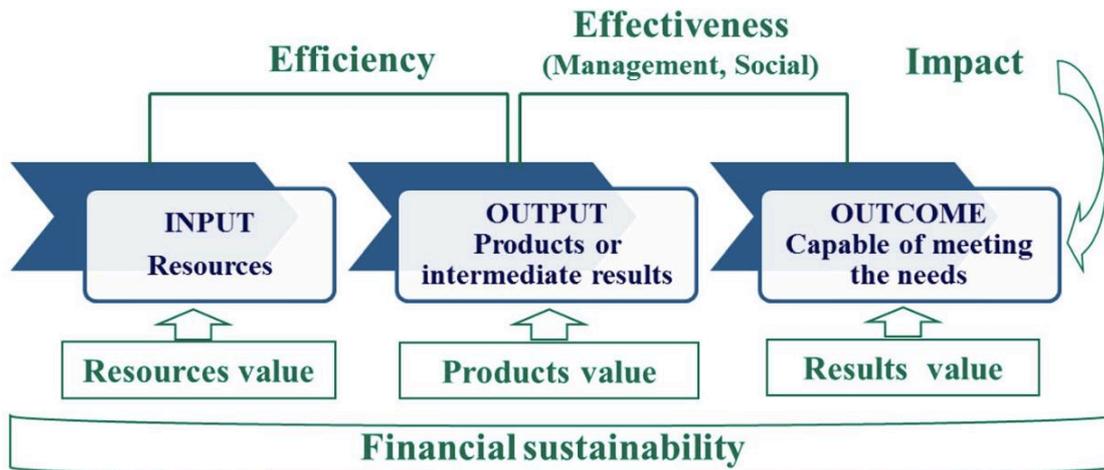


Figure 2.8 – Arena et al. (2015) proposed framework

Arena et al. (2015) justifies the introduction of the last performance dimension with the fact that social enterprises have to compete in the marketplace, like profit organizations, so they have to pay particular attention to their ability to ensure their financial sustainability. The authors defend that, even if their aim is to provide social services, social enterprises can only accomplish their task if they can ensure their financial viability to operate (Arena et al., 2015).

The challenging nature of performance measurement for non-profits organizations in general and social enterprises in particular, has been acknowledge by several researchers (Miles, Verreyenne & Luke, 2013). Likewise, as in traditional enterprises, social enterprises seek to generate satisfaction for beneficiaries, but often over the long-term and through mechanisms such as training and education (Miles, Verreyenne & Luke, 2013).

In their research about the performance advantages of adapting a Vincentian market orientation, Miles, Verreyenne and Luke (2013) stress that social performance is the mission of all social enterprises and captured the construct by measuring: (1) satisfaction of the donors and beneficiaries; and (2) advocacy for beneficiaries. Similarly, the authors explain that economic performance is needed for the social enterprise to operate sustainably, providing services to its beneficiaries on a continuing basis.

Chapter 3 – Conceptual model and hypotheses

This chapter provides a brief review of the three main constructs of this study: market orientation, social entrepreneurship orientation and social enterprise performance, and highlights the linkages between them. Upon this review, a conceptual framework will be drawn, underpinned by theorized relationships between the constructs and leading to the hypothesis.

3.1. Main constructs

The main constructs on which this research is built on are: market orientation (MO), social entrepreneurship orientation (SEO) and social enterprise performance (SEP). This section provides a brief review of these constructs, before drawing any further on the linkages between them.

3.1.1. Market Orientation (MO)

As supported in the literature review, there are two main perspectives on market orientation (MO) in the marketing literature: a behavioral (Kohli & Jaworski, 1990), and a cultural perspective (Narver & Slater, 1990). At first, the two models may look similar to some extent. Indeed, the two models may complement each other in some aspects, as both models emphasize the significant role of intelligence of customers and competitors as a condition for a successful market orientation. Furthermore, both models also state the need of top managers and employees' participation in the market orientation process. However, they have also some distinguished features. The model of Kohli and Jaworski (1990) put more emphasis on customers, as they consider market orientation as the implementation of the marketing concept. The model of Narver and Slater (1990), in turn, highlights the effort of the internal forces of the organization (top managers and employees) and describes market orientation as a corporate culture, which is the driver of particular customer or competitor-oriented activities and eventually lead to competitive advantages over opponents in the market.

In this research, we have decided to adopt the behavioral perspective for two main reasons. Firstly, the behavior perspective highlights the activities relevant to become market-oriented, while the cultural view focuses on fundamental characteristics of a market-oriented firm (Chen et al., 2015). Secondly, because the cultural perspective puts a strong emphasis on competitor orientation, which does not seem to fit the reality of social enterprises.

According to the chosen perspective, MO refers to the mind-set of the organization and to concrete behaviors that pertain to the actual and latent needs and wants of individual customers (Schmidt et al., 2015). Thus, the MO construct used in this model comprehends three dimensions:

- i. Intelligence generation, that refers to the collection and assessment of information regarding the customer and the stakeholders of the organization;
- ii. Intelligence dissemination, that refers to the process and extent of market-information exchange within the organization;
- iii. Responsiveness, that refers to action taken in response to intelligence that is generated and disseminated.

Kohli, Jaworski and Kumar (1993) developed a scale, MARKOR, whose main function is to examine the extent to which strategy business units in a given organization participate in the process of collecting, assessing, disseminating (formally and informally), and respond to the market information by developing effective marketing programs.

Despite MARKOR's empirical results seem more consistent and systematic than Narver and Slater's MKTOR (Lado, Maydeu-Olivares & Rivera, 1998), this scale is questioned by its methodological basis, mainly because it applied several examples from different industries without giving clear information concerning their type and characteristics. As the present research focus on a particular type of organization, there is a need to refine and adapt the scale to the context of the study.

3.1.2. Social Entrepreneurship Orientation (SEO)

The Entrepreneurial Orientation (EO) construct was firstly developed by Miller (1983), who divided it in three dimensions: innovativeness, risk-taking, and proactiveness, which together describe the entrepreneurship process and separately inspired multiple measurement scales. Kraus et al. (2017) examine whether existing research on EO provides a suitable framework that

could be applied to social enterprises. According to these authors, the relevance and use of EO within the context of social enterprises has only received limited attention by the research community, and suitable scales had not been yet developed.

Relating to this construct, Kraus et al. (2017) highlight the fact that entrepreneurial orientation (EO) is often measured without considering the social component of social enterprises. However, those authors are in line with Miller (2011), who *“suspected that entrepreneurial processes would manifest differently in different contexts”* (p. 874) and that the nature of entrepreneurship *“would vary depending on the organizational context in which it occurred”* (Miller, 2011, p. 875).

Mentioning several studies about entrepreneurship that stress the significance of the relationship between EO and the performance of firms, Kraus et al. (2017) concluded that Social Entrepreneurship Orientation (SEO), as a modification of EO, also impacts the performance of social enterprises. Therefore, they developed a scale that helps to understand “social” EO more deeply – especially among several stakeholders who are crucial for social entrepreneurs (e.g. beneficiaries of created social value, public sector actors, or impact investors). According to these scholars, SEO is a multi-dimensional construct with four dimensions: innovativeness, risk-taking, proactiveness and socialness (Kraus et al., 2017). The scale they developed to measure the construct, makes it possible to study the empirical feasibility of applying the EO construct in the context of social enterprises.

This approach to the measurement of SEO reflects not only the development of new products and services, but also the means through which the enterprises can pursue social mission-related and commercial opportunities. On the other hand, *“by clarifying and distinguishing the underlying dimensions of a social entrepreneur, this scale provides a pathway for studying how different dimensions are related to both the social and economic performance of the firm”* (Kraus et al., 2017, p. 15). Those were the fundamentals to the definition of the SEO construct, which will be used in this model.

3.1.3. Social Enterprise Performance (SEP)

According to Mair and Martí (2006), *“assessing social performance and impact is one of the greatest challenges for practitioners and researchers in social entrepreneurship”* (p. 42). This task is complex due to the hybrid nature of this type of organizations whose social mission is combined with commercial activity. Commercial entrepreneurs, as well as their funders, aim to

gain a financial return from investments, and therefore the main focus of assessment and valuation is the financial value of the company (Austin et al., 2006).

One of the main goals of this research is to study the impact of SEO and MO on the performance of social enterprises. Therefore, we need to address how the success of a social enterprise can be measured. In this case, it is relevant to investigate the performance of social businesses taking in consideration the multidimensional nature of the performance construct (Lumpkin & Dess, 1996). Since social enterprises have multiple stakeholders with diverging views on the effectiveness of the organization, the measurement of their performance can be largely subjective (Bagnoli & Megali, 2011).

According to Miles et al. (2014), it is important for non-profit organizations, such as social enterprises, to ensure that their social and economic value creating activities contribute to the long-term viability of the organization, while maintaining their social mission as central. Correspondingly, the construct of performance used in this model shall be measured by two dimensions: social performance and economic performance.

3.2. Research Questions and Objectives

This research aims to answer a set of relevant research questions, such as:

- i. Does social entrepreneurship orientation significantly impact social enterprise performance?
- ii. Does market orientation significantly impact social enterprise performance?

To answer these questions, it is important to define a model that integrates the concept of market orientation and the inherent characteristics of the concept of social enterprise and its performance. A starting point for this rationale can be observe on Figure 3.1, that presents a framework that comprehends the three main constructs underlying the present research.

Accordingly, the main objective of this investigation is:

Investigate the relations between social entrepreneurship orientation, market orientation and social enterprise performance.

To achieve this general objective, the following specific objectives were defined:

- vi. Analyze the constructs underlying the initial framework;
- vii. Propose a model based on literature review;
- viii. Conduct a qualitative research to clarify the understanding of the constructs;
- ix. Assess the model through a quantitative study;
- x. Test the model using multivariate statistical techniques.

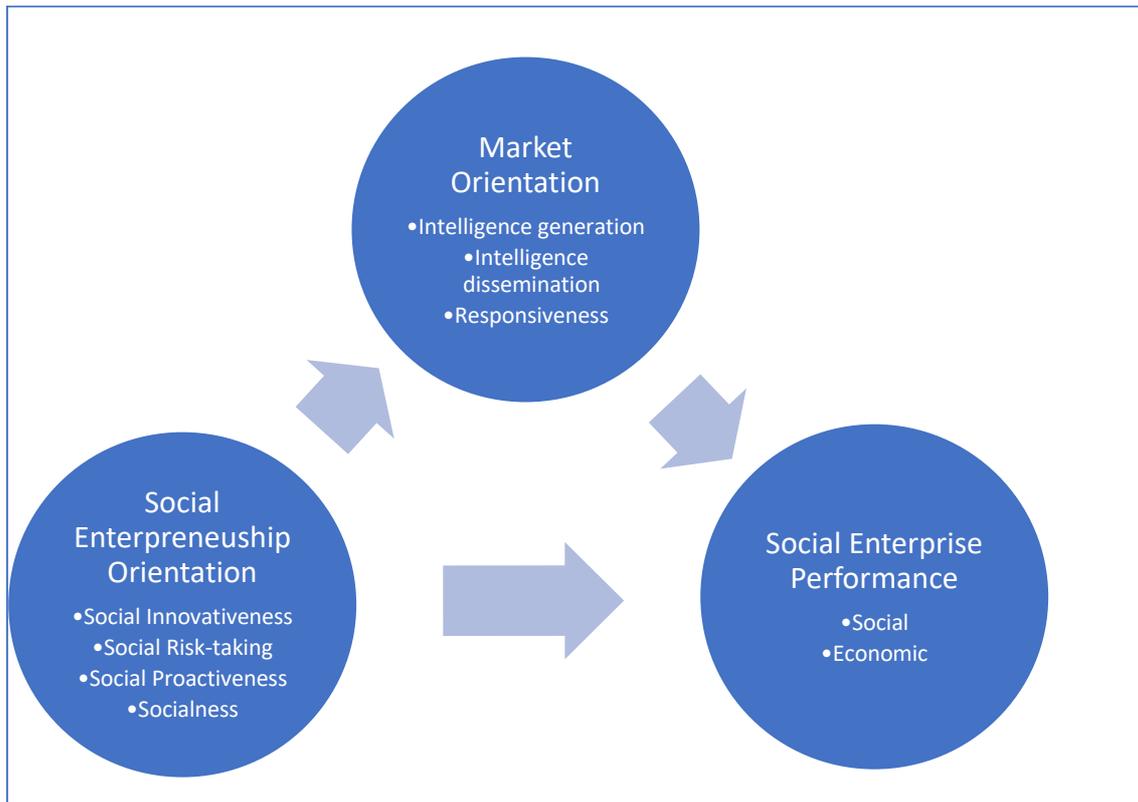


Figure 3.1 – SEO-MO-SEP framework

3.3. Development of Hypotheses

The specific hypotheses regarding these relationships together with their underlying rationale are also discussed in the following sections.

3.3.1. SEO and its link with SEP

According to the EO literature, any organization can be positioned and characterized on a continuum ranging from conservative to entrepreneurial (Miller, 1983; Lumpkin & Dess, 1996). EO increases organization's performance by creating new knowledge required for building new capabilities, as well as refreshing existing capabilities and adopting an innovative mindset within the firm. This mindset will be essential if employees are to be prepared in a way in which new opportunities can be identified and ultimately exploited by the organization (Miller, 1983).

Previous studies have found that organizations with a higher EO, perform better than others (Rauch et al., 2009; Wales, 2016; Montiel-Campos, 2018). Kraus et al. (2012) have conducted a research, using the multidimensional model of EO, to test a series of hypotheses pertaining to the performance effects using survey data gathered from 164 Dutch small and medium size enterprises (SMEs). Kraus et al. (2012) have concluded that proactive firm behavior positively contributes to SMEs performance during the economic crisis. They further show in their study that innovative SMEs do perform better in turbulent environments, but those innovative SMEs should decrease the level of risk and should take action to avoid projects that are too risky. Rauch et al. (2009), in turn, have undertaken a meta-analysis of 53 studies comprising over 14,000 companies and concluded that there is a positive correlation of EO with firm performance. Though, Rauch et al. (2009) also emphasized the need to study indirect effects influencing this relationship. Similarly, Choi and Williams (2016) have examined the relationship between entrepreneurial orientation and performance in a sample of 489 Korean small and medium enterprises and concluded that it is significant, but it is also mediated by technology and marketing action.

Kraus et al. (2017) inferred that SEO, as a modification of EO, also influences the performance of social enterprises. However, scientific work examining this is limited with only a few authors having applied so far, slightly modified EO scales to assess the activities of social enterprises (Kraus et al., 2017). In order to fill in this gap, Kraus et al. (2017) have undertaken a research,

following a mixed-method approach including 18 experts from a two-staged Delphi study and 82 experts from an online survey, to propose a scale to measure the new construct – SEO, composed by four dimensions. In sum, those authors have contributed to the development of a measure based on existing EO scales that were applied to the specific construct of social enterprises.

Measuring the performance of non-profit organizations is also a challenge, as it is a "*social construction that takes into account the expectations of stakeholders, organizational values and mission to set the basis or criteria that will guide the organizational assessment*" (Duke-Zuluaga & Schneider, 2009, p.12). Therefore, it is important to address how the success of a social enterprise can be measured.

Although SEO can have an important effect on performance, this link requires further study to determine other factors that may influence this relationship (Amin et al, 2016).

Accordingly, the following hypothesis is proposed:

H1. Social entrepreneurship orientation has a significant relationship with social enterprise performance.

3.3.2. SEO and its link with MO

Empirical research has reported that EO and MO are highly correlated, but those are different constructs (Roskos & Klandt, 2007; Montiel-Campos, 2018).

Baker and Sinkula (2009) conducted a research through a sample of 800 for profit businesses in San Diego (United States) and observed a strong relationship between EO and MO. Their study shows a clear differentiation between the two concepts. According to these scholars, MO reveals the degree to which firms' strategic market planning is motivated by customer and competitor intelligence, while EO reflects the degree to which firms' growth goals are determined by the identification and exploitation of available market opportunities. As a matter of fact, both market-oriented and entrepreneurial organizations attempt to satisfy expressed and latent customer needs, follow market expansions as they are identified and capitalize on emerging opportunities (Grinstein, 2008).

The link between EO and MO proposes that a change in either one will affect the other and the effectiveness of the whole relationship. Consequently, the synergy between the two constructs determines an organization's performance. So, if EO and MO are complementary orientations, a company's EO benefits from MO in order to successfully target its innovative actions in the market (Montiel-Campos, 2018). On the other hand, MO benefits EO to achieve fast reactions to market prospects (González-Benito et al., 2009).

González-Benito et al. (2009) analyzed survey data from 183 firms located in the Castilla y Leon region, Spain, to test the relationship between EO and MO. The findings of their research suggest a strong relationship and complementarities between EO and MO, that reduces the effort involved in the joint adoption of both orientations. For González-Benito et al. (2009) specific aspects that differentiate EO and MO both contribute for the improvement of performance, and therefore, firms should foster a market-oriented together with an entrepreneurial organizational culture.

Schmidt, Baumgarth, Wiedmann, and Lückenbach (2015) also consider that EO and MO are complementary orientations, namely in what concerns social entrepreneurial organizations. Amin et al. (2016), in turn, mentioned that *"entrepreneurship needs an MO to target its innovative actions effectively in the market, and MO needs entrepreneurship to achieve fast responses to market prospects"* (p. 45-6). The research conducted by Amin et al. (2016) consisted of a survey based on a sample of 500 Malaysian small and medium size companies, through which the scholars demonstrated a positive relationship of entrepreneurial orientation on performance, mediated by market orientation.

Prior research has emphasized that EO and MO may vary in different national contexts. Montiel-Campos (2018) has conducted a systematic review of the empirical literature that tests the core tenets of EO and MO simultaneously. The results of Montiel-Campos' (2018) study showed 42 countries where the EO–MO relationship was researched. However, according to the author, many countries have paid minimal attention to the issue, and it would be interesting to compare results within various countries.

The study of Montiel-Campos (2018) also points out that the broad influence of EO and MO in their respective fields of research has increased their utility in investigating a wide range of phenomena across different contextual conditions. Supported by 266 authors that published in 83 different journals, Montiel-Campos (2018) argues that it is important that future research addresses the complexities that EO and MO can take in a context different from the one in which

they were initially generated. Noticing that most studies were undertaken in a for-profit context, Montiel-Campos (2018) recommends studying the EO–MO relationship in the non-profit context, filling the gap he has observed through his research.

Therefore, this research, through the usage of appropriate measures to the context of social enterprises, tries to explain if the potential effects of SEO on MO could emphasize better social and economic performance.

This led us to the following hypothesis:

H2. Social entrepreneurship orientation has a significant relationship with market orientation.

3.3.3. MO and its link with SEP

Market orientation implies that the various departments of an organization are involved in activities for understanding the current and future needs of consumers. This approach includes the optimal implementation of activities and mechanisms to generate, disseminate and respond to market "intelligence". In a market-oriented organization there are not only reactive responses to customers, but mainly proactive actions that anticipate the needs, desires and perceptions of customers (Deshpande & Webster, 1989). As a result, this concept is often linked to the performance of the organization (Narver & Slater, 1990; Kohli & Jaworski, 1990).

The literature also points out other advantages from promoting company's market orientation, like facilitating decision-making process and concerted action between the various departments of the organization (Lings & Greenley, 2009). Other studies show that this approach can increase customer perceived value, and as a consequence, increase the satisfaction and loyalty of customers (McNaughton et al., 2002). The market orientation is still directly related to the growth objectives of the company by identifying and exploiting new market opportunities (Baker & Sinkula, 2009).

Matsuno et al. (2002) have conducted a research, on 1300 United States manufacturing companies, to perceive the effects of market orientation and entrepreneurial proclivity on business performance. The findings of this study have demonstrated that market orientation positively impacts performance and that entrepreneurial proclivity is a significant and positive

antecedent of market orientation. Zhou, Brown and Dev (2009), in turn, demonstrated that customer orientation and responsiveness (market orientation dimensions) are central elements in the success of organizations, after conducting a study in the global hotel industry. Their findings show that market orientation lead to greater market and financial performance. In a research carried out in South Australia, Dawes (2000) found a strong positive correlation between the orientation to competitors and the company's profitability. This scholar also provided additional evidence that subjective performance measures of profitability are positively correlated with objective measures.

There is evidence in the literature that suggest market orientation can benefit non-profit organizations and the public sector, fostering a better performance of such organizations (Duke-Zuluaga & Schneider, 2008). The underlying idea to most studies on business-oriented companies is that the more market-oriented a company is, the more profitable it becomes. Neither the performance measured exclusively by profit, nor the classical concept of market orientation will be completely adjusted to the reality of non-profit organizations.

Miles, Verreyenne and Luke (2013) conducted a study of social enterprises in Australia and found that a Vincentian market orientation is strongly and positively correlated with social, economic, and environmental performance. Their findings suggest that social enterprises may benefit by leveraging marketing capabilities to better serve their beneficiaries and stakeholders.

Several studies have shown that MO has a crucial role in enhancing firm performance (Narver & Slater, 1990; Kohli & Jaworski, 1990; Baker & Sinkula, 2009; Matsuno et al., 2002).

Based on the above literature review, the following hypothesis is put forwards:

H3. Market orientation has a significant relationship with SEs' performance

3.3.4. MO and its mediating effect on the SEO-SEP link

In a research on SMEs performance, Baker and Sinkula (2009) observe a strong relationship between EO and MO which suggests the relationship between EO and performance can be mediated by MO.

Choi and Williams (2016) state that actions supported by EO comprise behaviors aimed at understanding customers' changing needs and communicating this intelligence internally within

the organization. The manifestation of EO implies that marketing action will be justified, and employees will ensure that new demands from customers are understood within the organization such that those may be eventually met (Choi & Williams, 2016). According to the same authors, marketing action can be seen as a set of activities stimulated by the organization's EO, that will create new market-oriented knowledge for the firm. Matsuno, Mentzer and Özsoy (2002), in turn, provide support for this argument, finding organization's entrepreneurial proclivity to positively influence performance when mediated by market orientation, in a study conducted in the United States.

In a study within Korean small and medium size companies, Choi and Williams (2016) found evidence that marketing action mediates the significant and positive relationship between EO and performance. Amin et al. (2016) contribute to this debate, providing more data, from a study undertaken in Malaysia, that highlight the mediating role of market orientation in the EO – Performance link.

In his comprehensive qualitative review of the empirical accumulated knowledge on the relationship between EO and MO, Montiel-Campos (2018) concludes that both strategic orientations are highly related to performance, but there are only 16 studies to posit EO as an antecedent of MO, while other 12 posit MO as an antecedent of EO. The author also refers that only two of these studies used multidimensional scales.

Accordingly, in this research, through the usage of appropriate measures to the context of social enterprises, we try to understand if the potential effects of SEO on MO could emphasize better social and economic performance.

Based on the above-referred review, the following hypothesis is posed:

H4. Market orientation mediates the relationship between social entrepreneurship orientation and social enterprise performance.

3.4. Development of a conceptual model

As referred above, the main models of marketing orientation found in literature were presented. However, none of them is considered adequate to this research for several reasons. Firstly, none of them was designed taking in consideration the characteristics of social enterprises. Instead,

most of them were developed to describe either the for-profit sector or the public sector, namely universities. Secondly, none of them puts in evidence the social entrepreneurial orientation, which can be considered a driver for the success of market-oriented social enterprises (Miles et al., 2014; Kraus et al., 2017). Finally, none of them presents performance as a two-dimensional construct, that shall be measured by social and economic performance (Miles et al., 2014).

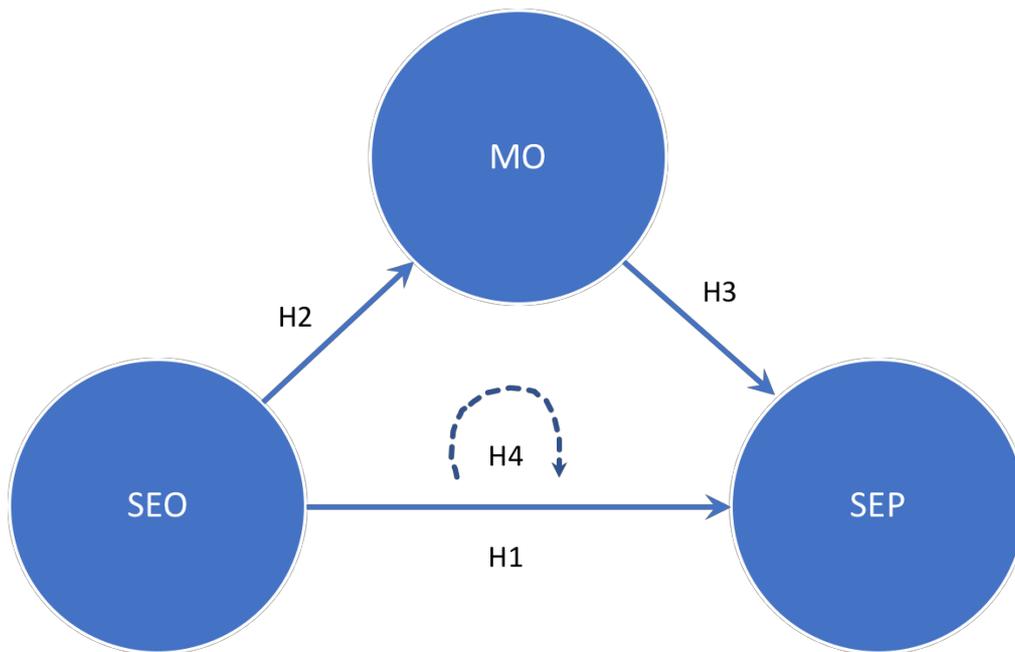


Figure 3.2 – Conceptual model

The proposed conceptual model illustrated in Figure 3.2 indicates the theoretical relationships between the constructs. The impacts of MO and SEO on SEP are also then examined. Furthermore, this model examines whether or not MO mediates the relationship between SEO and SEP.

3.5. Summary

In this chapter, it has been described the conceptual scope of this thesis. This included explaining the linkages between the constructs: market orientation, social entrepreneurship orientation and social enterprise performance. The integration of these concepts resulted in the building of a conceptual model and also the proposition of a number of hypotheses. The identified research

model and hypotheses in this chapter will be empirically examined in later chapters, through structural equation modelling techniques.

The next chapter (Chapter 4: Research Methodology) discusses the research design and method that will be used to empirically investigate the model and hypothesis. It also presents a detailed discussion and justification of the study design and specifies the measures that will be used to assess each of the constructs.

Chapter 4 – Research Methodology

This chapter describes the research methodology adopted to address the research questions and hypotheses. Different research philosophies and approaches are discussed. Based on this discussion, a choice is made for the approach that is appropriate for the current research. Then, the sampling and recruitment procedures, data collection procedures, survey instrument and data analysis methods are explained. Subsequently, issues related to structural equation modelling are discussed to conclude the chapter.

4.1. Research Design

Research design locates the researcher in the empirical world and links the research questions to data. It consists of a general plan or procedures to address the research questions and to specify the decisions regarding data collection and analysis. In addition, research design also considers the nature of the topic to be addressed, as well as decisions on time horizons, sampling design and measurement of variables (Creswell, 2007).

Saunders, Lewis, and Thornhill (2008) developed a diagram called “Research Onion” (Figure 4.1), that illustrates the stages that must be covered when developing a research. When viewed from the outside, each layer of the onion describes a more detailed stage of the research process, providing an effective progression through which a research methodology can be designed.

The research process onion specifies a summary of the important issues that need to be taken into consideration and reviewed before starting any research. The different layers of the onion serve as a basis from which to consider the following: the philosophical orientation of the researcher; the research approach adopted; appropriate research strategies; the research time lines that are under review; and the data collection techniques used by the researcher.

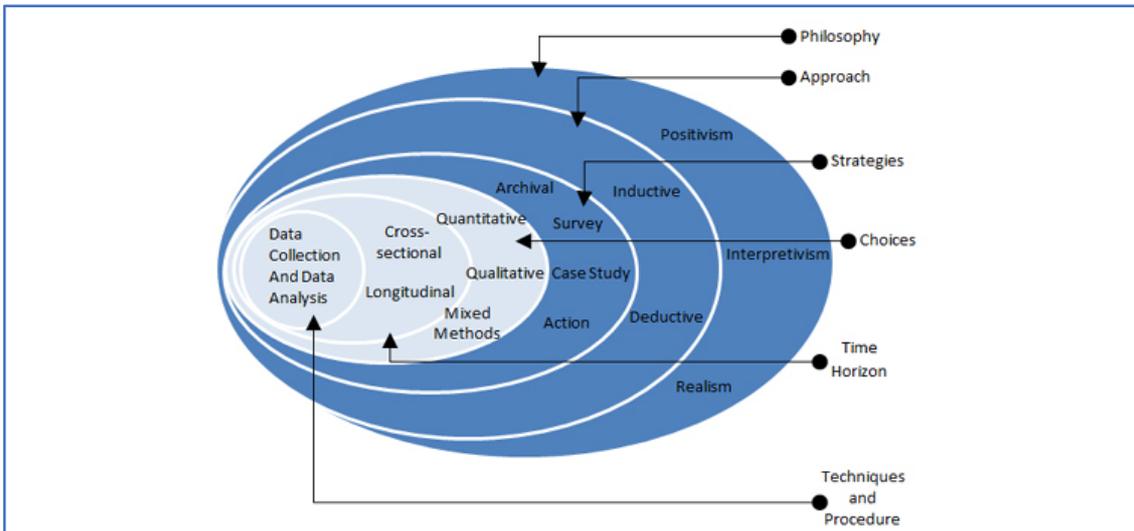


Figure 4.1 – The Research Onion

Source: Saunders, Lewis, and Thornhill (2008)

4.1.1. Research Philosophy

There are two fundamental research philosophies (Walliman, 2010): positivism (depending on existing theories) and interpretivism (collecting information to create and build new theory). The adopted research philosophy must contain important assumptions about the way in which the researcher views the world. These assumptions aim to answer the following questions (Creswell, 2007; Saunders, Lewis, & Thornhill, 2008): what is the relationship of the researcher with what is researched? (epistemology); what is the researcher's point of view on the nature of reality? (ontology); what is the role of values? (axiology); and how the research process is conducted, deductively or inductively? (methodology). Additionally, these assumptions support the chosen research strategy and methods (Creswell, 1994).

The philosophy adopted is influenced by practical concerns (Walliman, 2010), but the main influence is likely to be in the view of the relationship between knowledge and the process by which it is developed (Saunders, Lewis, & Thornhill, 2008). For example, the researcher mainly concerned with facts, such as the resources needed for an operational process, is expected to have a very different view on the way research is conducted when compared to the researcher interested in the feelings and behaviors of the employees towards the same process. Not only

will their strategies and methods probably diverge significantly, but so will their views on what is important and, perhaps more extensively, what is useful (Saunders, Lewis, & Thornhill, 2008).

Given these explanations, in what concerns research philosophy, this research adopts Positivism. This approach is considered when there is a need to determine and evaluate the causes that influence the outcomes of a phenomenon in interest. A positivist research is also reductionist as the ideas are reduced into small, discrete sets to be tested observing the hypotheses and research questions. Moreover, developing numeric measures of observations is important for a positivist approach, as it adopts scientific methods to conduct research (Creswell, 2007; Saunders, Lewis, & Thornhill, 2008).

Moreover, Positivism is the best philosophy to adopt in the current research for the following reasons:

- i. This research seeks to explain the relationship between three main constructs (social entrepreneurship orientation, market orientation and social enterprise performance) that have been previously studied but need further testing in the context of social enterprises. Accordingly, the positivist philosophy is more suitable to use in this situation since it is used when: theory is available, variables can be easily identified, and the studies are "highly structured" (Creswell, 2007);
- ii. According to the research objectives, this research studies causal relationships between the constructs and tests statistically the proposed conceptual framework, in order to generate more reliable results that can be generalized to the study population. This is consistent with the positivist paradigm (Saunders, Lewis, & Thornhill, 2008);
- iii. This research investigates the relationships between the constructs from an objective perspective, as it is assumed that this reality already exists, which is consistent with the ontological assumption of Positivism (Creswell, 2007);
- iv. In the current study, the researcher's values and beliefs are kept out of what is researched and from the interpretation of the results. This is consistent with the axiological assumption of the positivistic philosophy (Saunders, Lewis, & Thornhill, 2008).

4.1.2. Research Approach

The research approach is concerned with how the research project will engage the use of theory. Generally, there are two research approaches: the deductive approach (testing theory) and the inductive approach (building theory), as describe in Figure 4.2. However, some authors consider that there is no completely inductive or deductive approach, because both of them demand a little part from the other and they can be employed in research reasoning in a sequential manner. According to Saunders, Lewis, and Thornhill (2008), not only is it perfectly possible to combine deduction and induction within the same piece of research, but also in their experience it is often advantageous to do so.

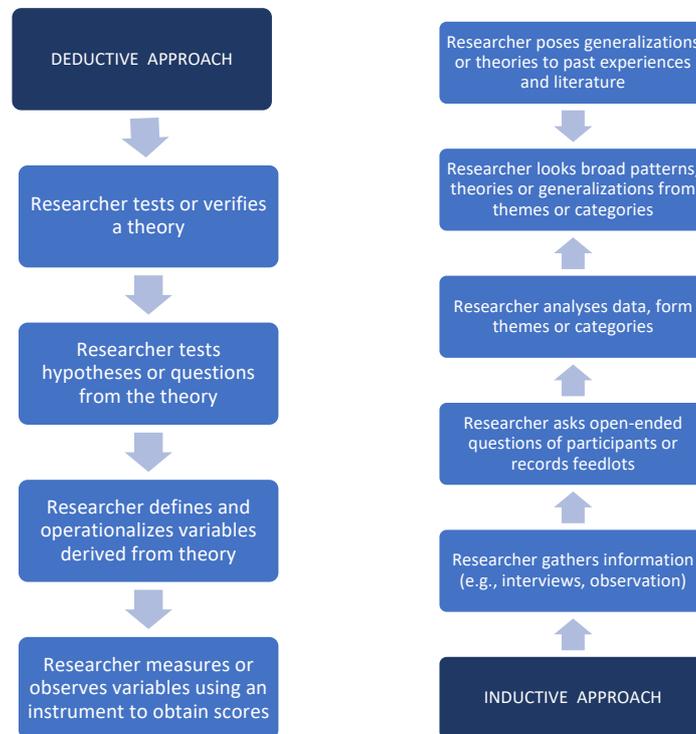


Figure 4.2 – Deductive and Inductive approaches.

The basic research approach that is used in the present research is the deductive approach, namely dealing with the relationship between the main constructs. However, in order to test the interpretations and reliability of the constructs, a qualitative study was undertaken by interviewing managers of social organizations, introducing an inductive reasoning in the process. Still, the deductive approach was adopted for the following reasons. First, the deductive approach owes more to the positivist philosophy (Saunders, Lewis, & Thornhill, 2008) which has

been selected as the current research philosophy. Second, the research hypotheses are the result from the proposed conceptual framework that shows the relationship between the three constructs and quantitative data is collected to test the hypotheses and examine the identified results. Third, the researcher is independent of what is being researched. Furthermore, the “constructs” were “operationalized” in a way that allows variables to be “measured quantitatively” (Saunders, Lewis, & Thornhill, 2008), which is consistent with the deductive approach. At last, the study depends on a large sample to generalize the findings to the studied population, which is also consistent with the deductive approach.

4.1.3. Research Strategy

Research strategy consists of a general plan of how the research question(s) will be responded. While there are numerous strategies that can be used in research, there is no superior research strategy which is better than others. The most important questions are whether a particular strategy fits with the assumptions of the chosen research philosophy or not, and whether it enables the researcher to answer the research questions and achieve the research objectives or not (Saunders, Lewis, & Thornhill, 2008).

Literature suggests several research strategies which may belong either to the deductive approach, the inductive approach or to both, as it is shown on Figure 4.3.

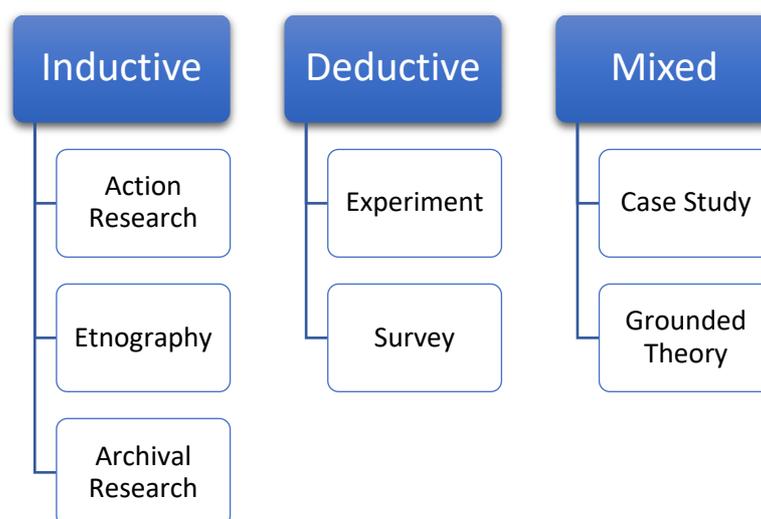


Figure 4.3 – Types of Research Strategy

Saunders, Lewis, and Thornhill (2008) emphasize that what matters is not the label that is attached to a particular strategy, but whether it is suitable for the research question(s) and objectives of the research. In this regard, the current study uses the survey strategy because it allows a large amount of quantitative data to be collected from a population, which will be analyzed using descriptive and inferential statistics (Saunders, Lewis & Thornhill, 2008). Based on the data, possible reasons for specific relationships between variables can be drawn and structural models for the relationships may be established as well. Moreover, the survey strategy is suitable for the research objectives and consistent with the positivist philosophy and the deductive approach followed by this research.

4.1.4. Research Choices

Regarding strategies of inquiry, which depend on the research questions and objectives developed, as well as on the philosophies underpinning the research, a quantitative approach concerned with examining the significance of relationships between the constructs was assumed. However, to better understand how the social organizations' managers interpret the research constructs, a qualitative study was previously conducted, in order to ponder questions regarding the nomological validity of the constructs and its semantics.

According to Cresswell (2007), qualitative and quantitative approaches should not be viewed as rigid, distinct categories, polar opposites, or dichotomies. Some studies can be implemented through a mixed research method, which consists in collecting both quantitative and qualitative data, integrating the two forms of data, and using distinct designs. The combination of qualitative and quantitative approaches provides a more complete understanding of a research problem, which is the case of the present research.

Concerning specific research methods, the current study applied in-depth interviews, in the first phase, and a questionnaire to collect data, in the subsequent phase. The data collected through the questionnaire survey helped to give a broad representation of respondents' perceptions of various concepts under study and to establish the empirical validity of the research model and the proposed hypotheses.

Taking into account the objective defined in Chapter one, the literature review carried out in Chapter two and the model put forward in Chapter three, this thesis hypothesizes that:

1. Social organizations have a similar behavior to for profit organizations, namely regarding the characteristics that are intrinsic to the status of SMEs, as the former need to survive in the market, though providing specific services. As such, they are constrained by the same contextual needs, limited resources, economic performance constraints, as well as influenced by their entrepreneurial and market orientation;
2. Both entrepreneurial and market orientation in the context of non-for-profit organizations is likely to be influenced by the national for-profit context, especially at the level of the provision of services as most social managers are “embedded” in an enlarged socio-economic dynamic;
3. Although the specificities of the social organizations are dissimilar to those that compete in the for-profit market, the concepts to be tested and their relations (Social entrepreneurship orientation, market orientation and performance) are all understood by social organizations’ actors.

Despite our just-referred claims, it is important before embarking on a full-fledge questionnaire to social organizations to realize not only if they are embedded within the model provided in Chapter three, but also to understand the specificities that may arise concerning the roles (constructs) played by social organizations actors. As such, the qualitative research carried out seeks to complement the subsequent quantitative study that is going to be carried out.

These characteristics of the research under study suggested the adoption of an exploratory approach taking into account the particular aspects of the context under study. According to Moser and Kalton (1971), this approach calls for the use of less formalized research methods because it would permit a more in-depth understanding of the subject. Therefore, a predominantly qualitative methodology was chosen for the initial part of the research. Because the objective was to obtain an in-depth comprehension of the nature of the roles (constructs), descriptive techniques were considered more convenient than some techniques which are more adequate to explain frequency of phenomena.

4.1.5. Time Horizon

There are two types of time horizon for doing any study: the snapshot (cross-sectional) and the diary (longitudinal) (Saunders, Lewis & Thornhill, 2008). The cross-sectional study consists in gathering information at a single point in time, while the longitudinal study involves the study of a variable or group of subjects over a long period of time.

In light of the above, the current study data was collected using a cross-sectional design (in the social enterprise context) for the following reasons. First, the research does not consider changes or development in the relationship between the study variables, but it searches the relationship at a given point in time. Second, time constraints are another reason to choose cross sectional design, as the researcher has limited time to collect data (Saunders, Lewis & Thornhill, 2008).

4.2. Qualitative Study

To clarify the understanding social organizations managers have about the main constructs of this research, semi-structured in-depth interviews were conducted with four leaders or managing directors (two of them were also founders) of social enterprises, located in Aveiro and Lisbon.

As the research was qualitative in nature, it was decided to use purposive sampling to select the four social organizations to be addressed, which is in accordance with Morton-Williams (1977). In this type of sampling the selection is left to the judgement of the interviewer.

The four organizations were selected taking in consideration their legal form, location and background of the entrepreneur, in order to represent the diversity that may be found in social enterprises.

The objective of the interviews of social organizations' managers was to carry out an explorative investigation regarding the understanding of the activities undertaken by social organizations in order to gain some meaningful insight on the way they understand marketing orientation, social entrepreneurial orientation, and performance.

The collection of data involved in-depth interviews with social organizations managers and favored a qualitative approach because it was exploratory in nature and the social organizations insights were expected to provide some guidance regarding not only the way social organizations provide their services, but also to underpin the quantitative study that was thought for the next stage. The four social organizations were contacted by email explaining the purpose of the research. A telephone contact was made, after sending the emails, in order to try to book an interview with the social organizations' managing directors. The four organizations accepted to proceed with the qualitative research.

It was decided to follow a qualitative approach because of the nature of the problem: the objective was primarily concerned with addressing particular characteristics of a sample rather than to deductively assess a cause-effect relationship.

The semi-structured interview helped not only to explore the interviewee's views and attitudes but also gave the researcher the opportunity to explain the object of the research. All respondents were given the opportunity to develop their views at length while at the same time keeping within the framework imposed by the topics to be covered as proposed by Moser and Kalton (1971).

The interviews were based on a script previously defined. The broad topics addressed related to the organization's foundation, their objectives, activities and impacts, their decision-making processes, the challenges faced, funding and strategy formation. Furthermore, the underlying concepts of this research were presented and discussed in the interviews, in order to increase the readability of the constructs and adapt them to the context of social enterprises.

The interviews, which varied in length from 45 minutes to 1,5 hours, were conducted in Portuguese, between March and April 2017. They were digitally recorded and then transcribed. Thematic and cross-case analyses were then performed manually.

The content analysis of the data is presented according the following themes: (1) characteristics of the interviewee, (2) characteristics of the organization, (3) mission and values, (4) marketing orientation, (5) entrepreneurial orientation, and (6) performance. Each theme is described in a separate section below accompanied by data supporting each theme. Quotations presented were translated from verbatim. As expected, some insights were gained from these interviews. They provided some light for subsequent analysis.

4.2.1. Characteristics of the interviewee

All the interviewees were highly involved in the decision-making process of the organization, but they assume different roles, even though all of them are committed with managing tasks. While the first interviewee is the President of the Board of his organization, the second and third interviewees are managers with executive roles, while the fourth interviewee is a Technical Director, whose main tasks are related with social work. However, she claims that she has a positive influence in the Board's decisions.

“The ultimate decision is made by the Board, but I influence them pretty much to do what I think it has to be done.” – Interviewee 4

The interviewees have different backgrounds: Sports, Social Sciences, Business Administration and Social Service. In spite of their different backgrounds, all of them described the need for fulfilment as a motivating factor of their work. Table 4.1 presents a summary of the main characteristics of the interviewees.

Table 4.1 – Extracted content related to “Characteristics of the interviewee”

	Interview 1	Interview 2	Interview 3	Interview 4
Gender	Male	Female	Male	Female
Age	52 years	41 years	43 years	42 years
Background	Sports	Sciences	Business	Social Service
Role	President	Manager	Manager	Technical Director

4.2.2. Characteristics of the organization

The interviewees were selected from different organization typologies, from which only one was a commercial company, but that meets all the requirements to be considered a Social Enterprise. Two of them are “Instituições Particulares de Solidariedade Social” (IPSS) and, even though they receive some support from public social services, they have some commercial activities undergoing to fund their activities. The other one is funded not only by quotations and donations, but also sells products and services. The characteristics of the organizations are shown in Table 4.2.

Table 4.2 – Extracted content related to “Characteristics of the organization”

	Interview 1	Interview 2	Interview 3	Interview 4
Legal form	Formal Association	Commercial Company	IPSS	IPSS
Mission	Social inclusion policy making	Creation and commercialization of products for a sustainable living	Social integration of people with disabilities	Social care with family emphasis
Human Resources	2 employees/8 volunteers	1 CEO/ 1 employee	10 employees/” many” volunteers	1 employee/1 service provider/” many” volunteers

4.2.3. Mission statements and values

All of the interviewees work for organizations with rather different missions, that can be synthesized as: (1) social inclusion policy making; (2) creation and commercialization of products for a sustainable living; (3) social integration of people with disabilities; and (4) social care with family emphasis. In the Figure 4.4, it is presented each organization mission statement.

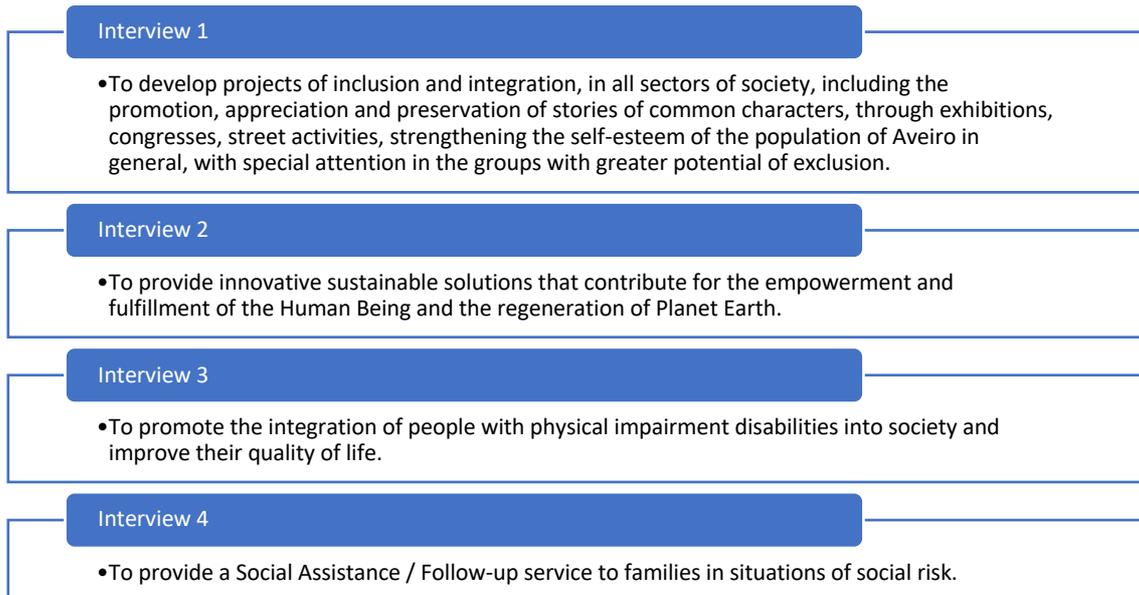


Figure 4.4 – Mission statements of the organizations

Source: collected from each organization's website

All the interviewees stated that the values underlying their organization are committed with public interest, such as Social fairness, Self-improvement, Respect for people's values, Social Concern, Environmental Concern, Health Concern, Quality of life for people with disabilities, Employment development, Research promotion and Social intervention. Even the second interviewee, who represents an organization with a business focus, stresses more the social and environmental values of the organization, without mentioning any concern about profits or financial sustainability.

Most of the interviewees did not focus on monetary values when thinking on their social organizations, except for the one with business background, who stated that is necessary to save funds to assure the maintenance of activities for at least one year. Nevertheless, when asked

directly about the financial sustainability of their organizations, all of them understand that there are measures to be taken to guarantee the pursuit of their social mission.

4.2.4. Market Orientation

When questioned about the market orientation of their organizations, all the interviewees showed they had a reasonable understanding of the concept. Nevertheless, most of them do not like the word “client”, and assume they prefer to call them partners, beneficiaries or users.

“Of course, we have clients, but we prefer to call them partners.” – Interviewee 1

“That client thing really annoys me... They’re users!” – Interviewee 4

Still regarding market orientation, the content was analyzed under sub-categories defined after the dimensions proposed by Kohli and Jaworski (1990), as shown on the Table 4.3.

Table 4.3 – Extracted content related to “Marketing Orientation”

Interview 1	Interview 2	Interview 3	Interview 4
Sub-Category – Intelligence Generation			
They gather information through observation Occasional meeting with stakeholders They have never run a survey, but consider it is extremely important	Interaction with clients through Facebook Inquiries to clients after workshops Regular meeting with stakeholders Information about changes in the environment through their “accountant”	Daily conversations with beneficiaries (phone, email, personally, social media) Regular surveys after events Regular meetings with beneficiaries and stakeholders	Close interaction with users and stakeholders They have run a survey once Regular meetings with users and stakeholders
Sub-Category – Intelligence Dissemination			
Cooperation with other organizations Regular staff meetings Social Networks/Internet They have a Business Model, but it is not understood yet	Regular staff meetings They have a Business Model, but it is not clear	Cooperation and information share with other organizations Regular staff meetings (weekly) Annual Meeting to define strategy “Activities plan” instead of Business Model	Cooperation and information share with other organizations Regular staff meetings “Action plan” instead of a Business Model Annual Bulletin
Sub-Category – Responsiveness			
Respond to emerging needs Differentiate services No strategy adaptations	Redesign products/services according to information obtained from clients Differentiate products/services Invest in Marketing and promotion Adapt strategies according to clients’ needs	Respond to beneficiaries’ needs Most services are unique, but differentiation is not a priority Invest in promotion	They promote through networking Respond to users’ needs Adapt strategies according to users’ needs

In this case, it was observed that social media were relevant tools in intelligence generation, as well as direct contact with stakeholders through meetings, and emails. Regarding intelligence dissemination, social networks also appear as instruments to disseminate information within the organization. As it is typical for social enterprises, that are not so business oriented as for-profit organizations, the interviewees understand what “business model” stands for, but they rather call it an activities/action plan. In what concerns responsiveness, they try to differentiate their products/services and most of them concern about responding to users’ needs.

4.2.5. Entrepreneurial Orientation

In what concerns entrepreneurial orientation, all the interviewees have spoken spontaneously about innovation and reported situations of proactiveness.

I think we are innovative... (laughs) In terms of innovation, we have a product that we do not see elsewhere... – Interviewee 2

All that is necessary to do, we do it (...). And we go to the end of the world to implement our projects. – Interviewee 3

We are entrepreneurs, because we speak to the community, we see the needs that exist in the families and we try to find a strategy... – Interviewee 4

Table 4.4 – Extracted content related to “Entrepreneurial Orientation”

Interview 1	Interview 2	Interview 3	Interview 4
Sub-Category – Innovativeness			
Understands the importance of R&D but claims lack of resources Encourages the development of new ideas	R&D is very important, especially in product development Concern of introducing new lines of products or services. Development of new ideas	R&D is one of 3 bases of organization (they organize a scientific symposium and diverse publications) Development of new ideas/projects	They participate in several research projects Enthusiastic about new ideas
Sub-Category – Proactiveness			
Initiates actions firstly, instead of responsiveness	Initiates actions firstly, but also responds to new needs or ideas	Most of their actions are pioneer	Initiates actions firstly, but also responds to new needs or ideas
Sub-Category – Risk-taking			
Does not take high-risk projects yet	They try to accomplish their goals without taking high risks	They take risks when they feel they have to	They take high risk social projects In a financial point of view, they are more conservative

In case of innovativeness, all of them express enthusiasm in the development of new ideas and stress the importance of research and development (R&D) to the organization. On the other hand, none of them have mentioned at any time activities involving “risk-taking”. When asked directly about this dimension, they reveal that high-risk projects are avoided, except for the interviewee with business background, who says they take risks when they feel they have to. This is consistent with the inherent characteristics of social enterprises, that are not naturally business or profit oriented. A synthesis of the content regarding this theme is shown in Table 4.4.

4.2.6. Social Enterprise Performance

Regarding the dimension “performance”, all of the interviewees focus on the concept of sustainability, either social/environmental or economic. They prioritize social performance but recognize that economic performance is crucial to keep the activities ongoing.

“Well, the impact is good, it is positive. We have no objective evaluator, other than the demand of nurseries and schools and the acceptance of the project... No association is financially sustainable if projects continue to appear daily. And as we are at the stage of projects birth, we are still not sustainable.” – Interviewee 1

“Well, there are several kinds of performance ... But one thing is in accounting where we have an account report and we look over there and there it is. It is math, isn't it? Another thing is the environmental or social performance...” – Interviewee 2

“We have financial data... On the other hand, we are indeed growing. We have several projects, this year we have two new ones ... I'm counting ... We have ten and two are new. It means things have gone well. This is a good way to evaluate ... If we have grown, if we have gotten more support, more friends, more associates, more people supported...” – Interviewee 3

“We got to work very well with other entities. We used very well the resources that exist, and we had to create new resources, new answers ... And we also have a work of affinity with families, which is very good.” – Interviewee 4

Even though all interviewees focused their discourse at some point in aspects related to environmental sustainability or social sustainability, claiming those are crucial features of their

organizations, all of them also admitted their organizations struggle daily to survive. The Table 4.5 shows a summary of the content related to Performance.

Table 4.5 – Extracted content related to “Performance”

Interview 1	Interview 2	Interview 3	Interview 4
Sub-Category – Social Performance			
Environmental sustainability Social Sustainability Partners are satisfied	Environmental sustainability Social Sustainability Applying to be a B-corp ¹ .	They inform the community about the plight of beneficiaries Beneficiaries and stakeholders are satisfied Environmental sustainability Social Sustainability They are a provider of last resort Work publicly recognized	Environmental sustainability Social Sustainability Users are satisfied Stakeholders are satisfied Community involvement
Sub-Category – Economic Performance			
Lack of financial sustainability – lives thanks to volunteer work	Lack of financial sustainability in the first year	Financial situation has significantly improved in the past year	Improved last year with investment in real estate properties Lack of human resources

4.2.7. Qualitative inputs

The qualitative study, that consisted in open-ended conversations with social organizations managers, gave important insights about the main constructs underlying this research. Market orientation, entrepreneurial orientation and performance were extensively discussed with the interviewees, in order to understand what they think about these concepts and how they apply them in their organizations.

Since the choice of potential social organizations was left to the researcher, the degree of personal judgement used was obviously high. However, it is important to recall that the aim of this qualitative research was not meant to achieve external validity, as the findings are not to be generalized to the whole population of social organizations. As such, it was decided that the sample would be better using the researchers’ subjective opinion than using random sampling.

¹ B Corporation certification (also known as B Lab certification or B Corp certification) is a private certification issued to for-profit companies by B Lab, a global nonprofit organization with offices in the United States, Europe, Canada, Australia, New Zealand and a partnership in Latin America with Sistema B. To be granted and to preserve certification, companies must receive a minimum score on an online assessment for "social and environmental performance", satisfy the requirement that the company integrate B Lab commitments to stakeholders into company governing documents, and pay an annual fee. As of August 2018, there are over 2,600 certified B Corporations across 150 industries in 60 countries.

As usual, factual information, description of practices and discussion of unique characteristics of social organizations reflect the nature of the data gathered from different sources and the difficulty in structuring it in a different way, which is tuned to the particularity of the qualitative studies.

Regarding rigor, one can claim that construct validity, i.e. the operational measure of the construct, was analyzed during the interviews. Taking into account the personal involvement and experience of the interviewees, shown in Tables 4.3, 4.4 and 4.5, the content analysis of the interviews has permitted to reflect on the readability of the scales, which were afterwards adapted accordingly. The main changes were related to the word “client”, which has been replaced by beneficiary, as the interviewees were not comfortable with the original phrasing.

The interviews also pointed out the importance of social media in the daily life of these organizations, which led to the inclusion of three new scale items to measure social media related behavior.

Internal validity, i.e. pattern-matching of the social organization behavior, was achieved with the triangulation of the achievements of the social organizations, which resulted in the elaboration of Tables 4.3, 4.4 and 4.5. Finally, content validity was not assessed as it was meant to be tested during the subsequent quantity research.

4.3. Quantitative Study

The quantitative study consists of a cross-sectional survey design, which is employed to test the hypotheses regarding relationships between market orientation (MO), social entrepreneurship orientation (SEO) and social enterprise performance (SEP).

Survey questionnaires are commonly used for data collection within business and management research (Saunders, Lewis & Thornhill 2009). It is an appropriate instrument to collect responses from a large sample of respondents because each respondent answers to standardized questions (Saunders, Lewis & Thornhill 2009).

4.3.1. Measurement scales

Generally, there are two usual methods to measure a construct. The first is to use existing measurement scales already published and validated in the literature, and the second is to

create new measures. Although the use of existing, reliable and validated scales is suggested, the conception of newly validated instruments is equally very recommended because such effort denotes a major contribution to scientific practice in the field (Straub et al., 2004).

To find the best measurement scale for each of the conceptual variables under research, a careful literature review of existing measurement scales was conducted. The suitability of existing scales was assessed against the context, scope and objectives of this study.

Based on this approach, existing validated scales for MO, SEO and SEP were selected. A translation, adaptation and cross-cultural validation of research instruments was then performed, during which required wording modifications were made to the original scales to suit them to the measurement needs of this study without affecting the original conceptual bases of such scales.

4.3.1.1. MO measurement scale

There are two main scales suggested by the literature, in order to measure market orientation. The one developed by Kohli and Jaworski (1990), labelled as MARKOR scale, which contains 32 items, and another one developed by Narver and Slater (1990), labelled as MKTOR scale, which comprehends 15 refined items two capture the three dimensions of the model, as already explained in Chapter 2.

Both of these scales have been widely applied to different contexts, but when it comes to non-profit context, most authors prefer to adapt the MARKOR scale (Miles et al, 2014; Morgan et al, 2009; Niculescu et al, 2013). However, the final scales used by these authors did not seem to fit perfectly in the context of this research – Social Enterprises, which lead us to propose a new one that could fit the reality of this kind of organizations in Portugal.

Firstly, the scale was translated to Portuguese and adapted according to the findings of the qualitative study. The main changes were related to the word “client”, that has been substituted by beneficiary, and to the addition of three items to measure social media related behavior, which we found particularly relevant in Portuguese social enterprises.

Intelligence Generation

1. We meet with our beneficiaries at least once a year to better understand their needs;
2. We meet with our stakeholders at least once a year to better understand their needs;
3. We understand the role of social enterprises in the current economic and political context;
4. We make satisfaction surveys (beneficiaries, stakeholders or others) at least once a year;
5. We have various ways of collecting information about our environment (with beneficiaries, stakeholders, etc.);
6. We monitor changes in the economy, society, technology and political-legal system, in order to understand how they can affect us;
7. We regularly compare the performance we think we have with the performance perceived by our stakeholders;
8. We regularly analyze the factors that influence the beneficiaries' decision to choose us instead of companies with similar missions;
9. We collect the opinion of our beneficiaries through social networks

Intelligence Dissemination

1. We share information and cooperate with organizations with a similar mission;
2. We disseminate the information collected (with beneficiaries, stakeholders, etc.) throughout the organization;
3. We have regular team meetings to discuss important operational and strategic changes;
4. We have a business model / business plan that is clearly perceived by employees and stakeholders;
5. We use social networks to communicate regularly among employees.

Responsiveness

1. We have enough information available to develop appropriate products / services for our beneficiaries;
2. We use all available information to adjust or develop products / services for our beneficiaries;
3. We try to respond to the emerging needs of beneficiaries or stakeholders;
4. We adapt our strategies according to the needs of our beneficiaries;
5. We adapt our strategies according to the expectations of our stakeholders;
6. We try to differentiate our services from other alternatives;
7. We invest significantly in marketing and communication.

Figure 4.5 – Dimensions and items of Market orientation scale

Source: Kohli, Jaworski and Kumar (1993)

Then, the scale was sent to four experts – two researchers from Universidade de Aveiro and two researchers from Universidade do Minho, Portugal, with relevant work in the field of marketing orientation – who analyzed it and proposed several adjustments. The new version is consensual and reflects all the inputs given by the experts.

The scale is composed by nine Intelligence generation items, five Intelligence dissemination items and seven Responsiveness items. Responses were documented using a seven-point Likert Scale ranging from 1 “Strongly Disagree” to 7 “Strongly Agree”, as presented Figure 4.5.

4.3.1.2. SEO measurement scale

There are several Entrepreneurial Orientation (EO) scales found in the literature. Most of them derive from Miller's work (1983, 2011). This author, in 2011, writes that he "suspected that entrepreneurial processes would manifest differently in different contexts" (Miller, 2011, p. 874) and that the nature of entrepreneurship "would vary depending on the organizational context in which it occurred" (Miller, 2011, p. 875). Kraus et al. (2017) go further and suggest that it can be inferred that Social Entrepreneurship Orientation (SEO), as a modification of EO, also influences the performance of Social Enterprises (SE). As there are no scales to measure this construct, the authors conducted a Delphi study followed by a survey with researchers with expertise of entrepreneurship and social entrepreneurship and proposed a scale to measure SEO. This approach to the measurement of SEO considers not only the development of new products and services, but the means through which the enterprises can pursue social mission-related and commercial opportunities as well (Kraus et al., 2017).

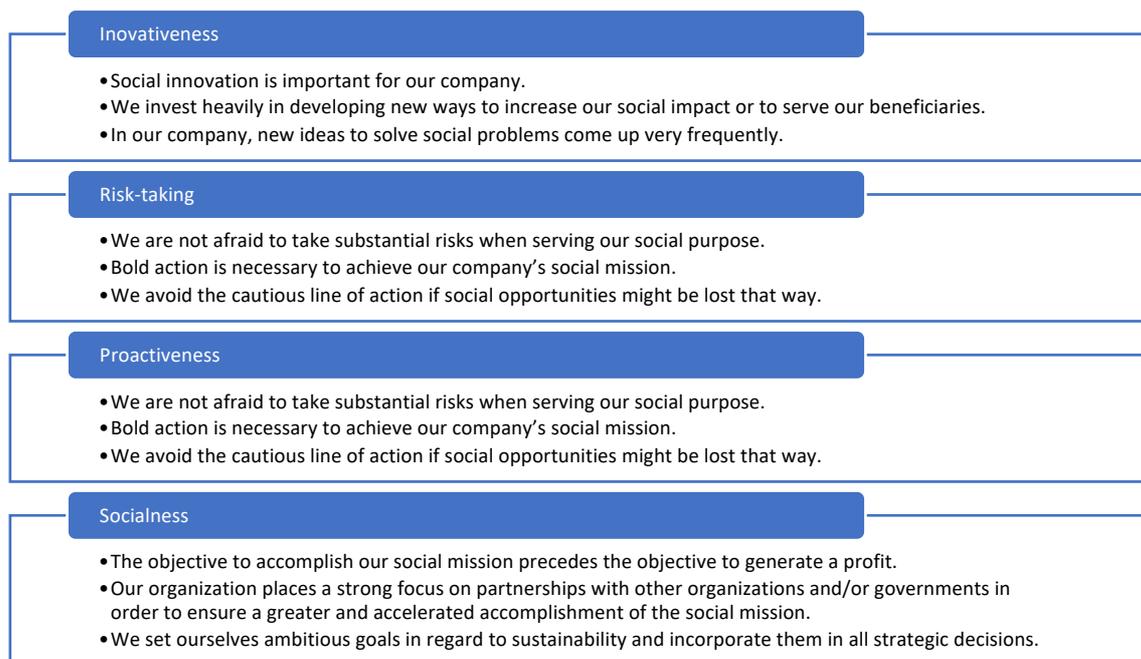


Figure 4.6 – Dimensions and items of Social Entrepreneurship orientation scale

Source: ad. from Kraus et al (2017)

As there is no other scale to measure this construct, and as it has only been validated by Kraus et al. (2017), they have been contacted for authorization and have given the protocol for the application of this new scale. According to them, there are 12 items that should be used (three from each EO dimension and three additional for socialness dimension), as shown in Figure 4.6.

Regarding response scales, they recommend Likert-type agreement, ranging from 1 “Strongly Disagree” to 7 “Strongly Agree”.

4.3.1.3. SEP measurement scale

Some authors suggest that marketing is central to the success of for-profit businesses, but it is also a driver of performance in social enterprises (Liu, 2012; Miles et al, 2014; Bagnoli and Megali, 2011). However, measuring SE performance can be very demanding and has originated several theoretical studies.

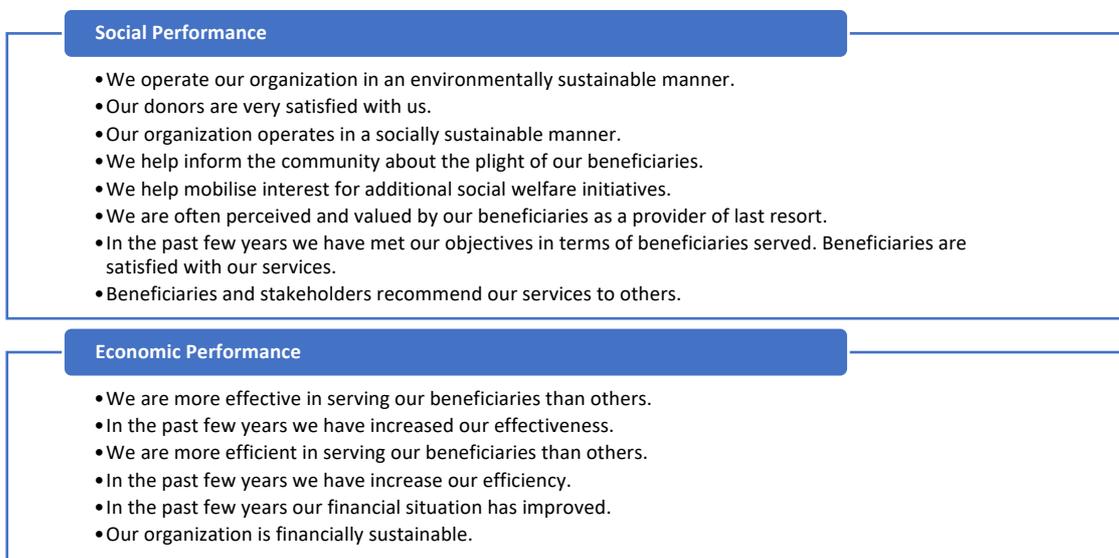


Figure 4.7 – Dimensions and items of social enterprise performance scale

Source: adapted from Miles et al. (2014)

For this research, it has been decided to use the scale developed and tested for validity by Miles et al. (2014). After being contacted for authorization, the scholar that developed the scale sent the protocol for its application in this research. The items of the scale are shown in Figure 4.7. Regarding response scales, they recommend Likert-type agreement (5 item-scale).

4.3.2. Questionnaire design and content

Once measures for all variables were specified, they were entered into a web-based data-collection system (Google Forms). This material is shown in Appendices A and B. Appendix A contains the text that describes to participants the research objectives and confidentiality

provisions for information collected (sent by email). Appendix B shows the questionnaire instrument itself, and contains eight sections:

- i. Section 1 – Brief research presentation/ The respondent is asked for email (validation purposes);
- ii. Section 2 – The respondent is asked to provide some demographic information such as age, gender, education;
- iii. Section 3 – The respondent is asked to provide some information about the organization;
- iv. Section 4 – The respondent is asked to express his/her attitude towards the market orientation scale;
- v. Section 5 – The respondent is asked to express his/her attitude towards the social entrepreneurship orientation scale;
- vi. Section 6 – The respondent is asked to express his/her attitude towards the social enterprise performance scale;
- vii. Section 7 – The respondent is asked about the main source of financing of the organization;
- viii. Section 8 – The respondent is asked for a valid contact (quality control purposes).

Prior to the distribution of the final questionnaire, a pilot test was conducted through a *think aloud* method with 5 participants, to determine any discrepancies with the instrument. Participants were asked to speak aloud any words in their mind as they answered the questionnaire. The objective was to obtain feedback regarding language, content and the relevance of questions for the study from the viewpoint of social enterprise managers. Their feedback was vital to learn whether they understood the concepts investigated and to identify the accuracy of the wording.

Afterwards, the instrument was pre-tested for validity and reliability of the scales (Cronbach's alpha) with a sample of 30 social enterprise managers. The questionnaire was sent through email to a previously selected sample from the database. These questionnaires were not included in the final sample.

4.3.3. Data collection procedures

Data was collected through a web-based questionnaire, created on Google Forms. Participants were contacted via e-mail.

4.3.3.1. Sampling frame

The target population considered to this research is composed by all the leaders/CEOs of Portuguese social enterprises. To build the “most perfect” sampling frame as possible, we have considered to use the data of Instituto de Empreendedorismo Social (IES), that is mapping all social entrepreneurship initiatives that exist throughout the country. However, this project (mapping of social initiatives) seems to have been delayed and data will not be available in time for this PhD research.

Alternatively, the Cooperativa António Sérgio para a Economia Social (CASES) was contacted. This organization has been given by the Portuguese government the responsibility to build and keep updated a list of all social economy organizations. This list is not available yet, but we were given a list of all 822 “Cooperativas” registered in Portugal, and another list of around five thousand Instituições Particulares de Solidariedade Social (IPSS), registered by the Portuguese Social Services. So, the sampling frame consists in a database built from the combination of these two lists. However, the lists did not provide much information, except for name and address. Consequently, prior to data collection, we had to complete the database with information we gathered from each organization website. The original database contained 5757 contacts, but we could not find contact information (phone or email) for all of them.

4.3.3.2. Data Collection

We were able to perform 3438 valid contacts, from the original contact database. The data collection was conducted over a period of two months, from October to December 2017. After an initial email invitation, two recall emails were sent to ask for more participation. The overall response rate, calculated based on valid contacts, was 23%. Table 4.6 shows the response rate of each segment of the database. For segment “Cooperativas”, the response rate was about 32%. In what concerns the segment “IPSS”, the response rates varied between 17% in Braga district and 38% in Viana do Castelo district.

Table 4.6 – Data collection summary

Organization	Contacts on Database	Valid Contacts	Responses	Non-responses	Denial	Response Rate (%)	
Cooperativa	679	618	199	412	11	32,20	
IPSS - District	Aveiro	336	238	62	176	1	26,05
	Beja	90	59	11	47	1	18,64
	Braga	409	240	41	200	1	17,08
	Bragança	120	71	13	58		18,31
	Castelo Branco	163	112	24	87	1	21,43
	Coimbra	282	135	26	108	1	19,26
	Évora	167	87	31	56		35,63
	Faro	167	90	18	72		20,00
	Portalegre	119	63	11	52		17,46
	Leiria	210	133	42	91		31,58
	Viana	147	69	26	43		37,68
	Vila Real	145	66	22	44		33,33
	Viseu	276	137	31	105	1	22,63
	Porto	596	361	65	292	4	18,01
	Setúbal	223	125	23	102		18,40
	Guarda	342	114	21	93		18,42
	Santarém	272	162	43	118	1	26,54
	Lisboa	1014	558	96	459	8	17,20
	TOTAL	5757	3438	805	2615	30	23,41

4.3.4. Data analysis techniques

Data analysis was conducted in three phases: data screening , validation of the measurement model and evaluation of the structural model (Hair *et al.*, 2010). At first, the data screening process included visual inspection of the data for identifying problems in the data set as well as inspection of missing data and tests for violations of statistical assumptions, such as normality (Bagozzi & Youjae Yi, 1988; Hair et al, 2010; Kline, 2012; Pallant, 2007). The software IBM SPSS Statistics version 23 was used in the data screening process and no missing data was found. Details of the data screening outcomes are presented in the next chapter. Partial Least Squares

structural equation modelling (PLS-SEM) and SmartPLS 3.0 were employed as analytical tools for the assessment of measurement and structural models. The following paragraphs explain the reasoning for this approach.

4.3.4.1. Structural Equation Modelling (SEM)

There is an extensive assortment of analytical tools available to analyze quantitative research results. However, as a second-generation data analysis technique, structural equation modelling (SEM) is recognized for its benefits over first-generation techniques such as correlation analysis, factor analysis, multiple regression, logistic regression, discriminant analysis or analysis of variance (Hair et al, 2010; Henseler, Ringle, & Sinkovics, 2009). Indeed, a common factor of all these methods is that they share three assumptions, that can be considered limitations: (a) a simple model structure; (b) all variables are observable; and (c) all variables are measured without error, which may limit their applicability in some research situations (Bagozzi & Youjae Yi, 1988; Haenlein & Kaplan, 2004).

To overcome these limitations of first-generation techniques, gradually authors started using SEM as an alternative. Compared to regression-based approaches, which analyses only one layer of links between independent and dependent variables at the same time, SEM, as a second-generation technique, allows the simultaneous modelling of relationships among multiple independent and dependent constructs (Haenlein & Kaplan, 2004).

SEM analysis can be fulfilled by using two main different approaches: maximum likelihood estimation or covariance-based SEM (CB-SEM) and partial least squares (PLS), which is also known as variance-based SEM or component-based SEM (Hair et al, 2010; Henseler, Ringle, & Sinkovics, 2009; Schumacker & Lomax, 2005). These two methods differ regarding the purpose of the analyses, statistical assumptions applied, and the nature of the statistics fit they generate. CB-SEM emphasizes the overall fit of the observed covariance matrix with the hypothesized covariance model by using maximum likelihood estimation and it is more appropriate for theory testing and development, while PLS-SEM is intended to predict the significance of the relationships and the resulting R square (R^2) via ordinary least squares estimation (Gefen, Straub, & Boudreau, 2000).

According to Chin (1998), *“to many social science researchers, the covariance-based procedure is tautologically synonymous with the term SEM”* (p. 295). However, apart the reputation of CB-

SEM, it is only workable if several requirements regarding data, theory and operationalization of latent variables are met (Henseler et al., 2009).

In recent times, PLS-SEM usage has expanded in marketing research and practice with the perception that PLS-SEM's distinguishing methodological features make it a reasonable alternative to CB-SEM approaches. An assortment of PLS-SEM improvements have been developed in recent years, such as confirmatory tetrad analysis (to empirically test a construct's measurement mode) or guidelines for analyzing moderating effects, which led to the recognition of PLS-SEM as a useful research tool in marketing and the social sciences (Hair et al, 2012).

The basis for PLS-SEM is predictor specification in which soft distributional assumptions are used in the process for estimating parameters (Chin, 1998). For instance, PLS-SEM does not require data to satisfy multivariate normal distribution assumption (Hair et al, 2012; Henseler et al, 2009). On the other hand, CB-SEM uses the hard assumptions of a specific multivariate distribution and independence of observations. As no other distributional assumption is employed in PLS-SEM, conventional parametric-based techniques for model significance assessment are not suitable. Therefore, the estimation of PLS-SEM models applies non-parametric prediction-oriented measures, namely the bootstrapping as resampling procedures (Chin 2010).

4.3.4.2. Justification for PLS-SEM usage

PLS-SEM is applied in this study for several reasons. Firstly, the focus of this research is to analyze the impact of strategic orientations on social enterprise performance. PLS-SEM maximizes the explained variance in the dependent constructs and evaluates the data quality of the measurement model characteristics. PLS-SEM is also mainly intended for causal-predictive analysis (Anderson & Gerbing, 1988; Hair et al., 2012). As a matter of fact, the drive of this study is to predict the significance of the relationship between social entrepreneurship orientation and social enterprise performance, elucidating its causal impact, as well as the mediating effect of market orientation in this link. So, PLS-SEM is considered appropriate.

Secondly, this study comprises a model of higher order constructs and PLS-SEM is appropriate to explain complex models where a large set of relationships among constructs is evaluated. This technique allows the estimation of parameters of hierarchical component models through the repeated use of indicators and, therefore, a higher-order model can be developed by

specifying a latent variable measured by all the manifest variables of the underlying lower-order latent variables (Wetzels, Odekerken-Schröder, & van Oppen, 2009).

At last, according to Hair et al (2012), PLS-SEM is a more appropriate method than CB-SEM to use in exploratory research and theory development, which is the case of this study. To the same authors, neither one of the SEM methods is superior to the other. Instead, they recommend researchers to apply the SEM technique that best suits their research objective, data characteristics, and model set-up.

4.3.4.3. Construct Specification

Constructs or latent variables can be modelled using either reflective or formative indicators. The identification of reflective versus formative specification of constructs occurs at two distinctive levels. In the first level, the specification relates to the measurement model in which indicators of the measured constructs or latent variables can be specified as reflective or formative. In the second level, the specification relates to the association between constructs in a multi-dimensional model or in a structural model (Baxter, 2009).

According to the same author, many published studies specify mistakenly reflective measures and models, probably building on inaccurate applications of classical measurement theory (Nunnally & Bernstein, 1994) to situations where that theory is inappropriate. Another probable cause for misspecification is that when structural equation modelling is the analysis technique, formative models are rather more difficult to model in the commonly used packages such as LISREL and Amos than with PLS-SEM technique (Baxter, 2009).

There are two distinct measurement models (Baxter, 2009): principal factor model and composite latent variable model. Principal factor model is a reflective model in which the causality flows from the construct to the measures (observable indicators), which means the construct or latent variable influences the indicators. The reflective indicators should exhibit a high correlation since they are all reflecting the same underlying construct. Therefore, the reflective indicators are interchangeable and removing an indicator from the model does not change the meaning of the construct. On the other hand, composite latent variable is a formative model in which the causality flows from the indicators to the construct, which implies that the indicators form the construct being measured. Formative indicators do not correlate to each other and are not interchangeable, which means that removing an indicator from the

model changes the nature of the construct (Baxter, 2009; Diamantopoulos, Riefler, & Roth, 2008; Jarvis, MacKenzie, & Podsakoff, 2003).

Examples of reflective and formative measurement models can be observed in Figure 4.8.

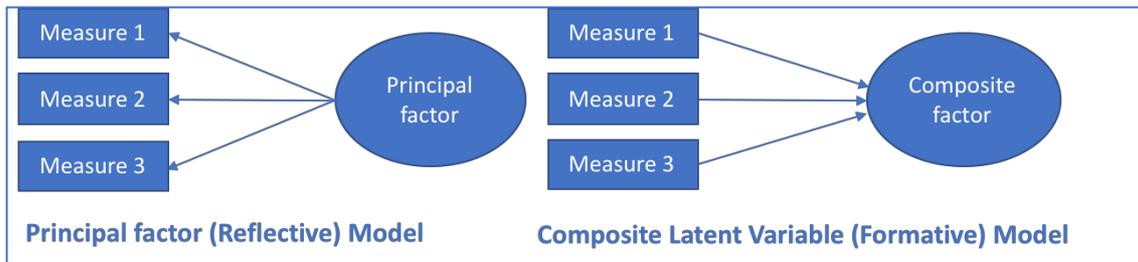


Figure 4.8 – Reflective versus Formative Measurement Models

Source: Jarvis, MacKenzie, and Podsakoff (2003)

Prior to decide what specification of models to be used in a research project, it is imperative to identify which construct are reflective or formative. The reflective models, which are usually used by social sciences and marketing researchers, are sometimes inappropriately specified and, according to Diamantopoulos et al. (2008), Henseler, Ringle, and Sinkovics (2009) and Jarvis et al. (2003), should have been modelled as formative constructs. The consequence of this model misspecification can be a bias estimation of the structural relationships among constructs, that can lead to wrong conclusions and weak managerial decision making (Jarvis et al., 2003). Hence, by learning the differences, appropriate procedures for data analysis, as well as the suitable conditions for reliability and validity assessment can be used.

Constructs can also be connected to other constructs reflectively or formatively. The specification of constructs is frequently done at a higher level of abstraction that involves more than one reflective or formative first-order dimensions (Jarvis et al., 2003). Multidimensional constructs that are related to other constructs at a similar level of abstraction are known as hierarchical latent variable models, hierarchical component models or higher-order constructs models (Chin, 1998). These models can decrease complexity and deliver more theoretical parsimony.

To describe hierarchical component models, it is necessary to consider two criteria: the number of levels in the model and the relationship between the constructs in the model (reflective or

formative). The second-order constructs can be manifested (reflective) or formed (formative) by various dimensions or the first-order constructs (Jarvis et al., 2003).

Literature suggests four distinct types of hierarchical component models specifically focusing on second-order models (Ringle, Sarstedt, & Straub, 2012), as illustrated in Figure 4.9.

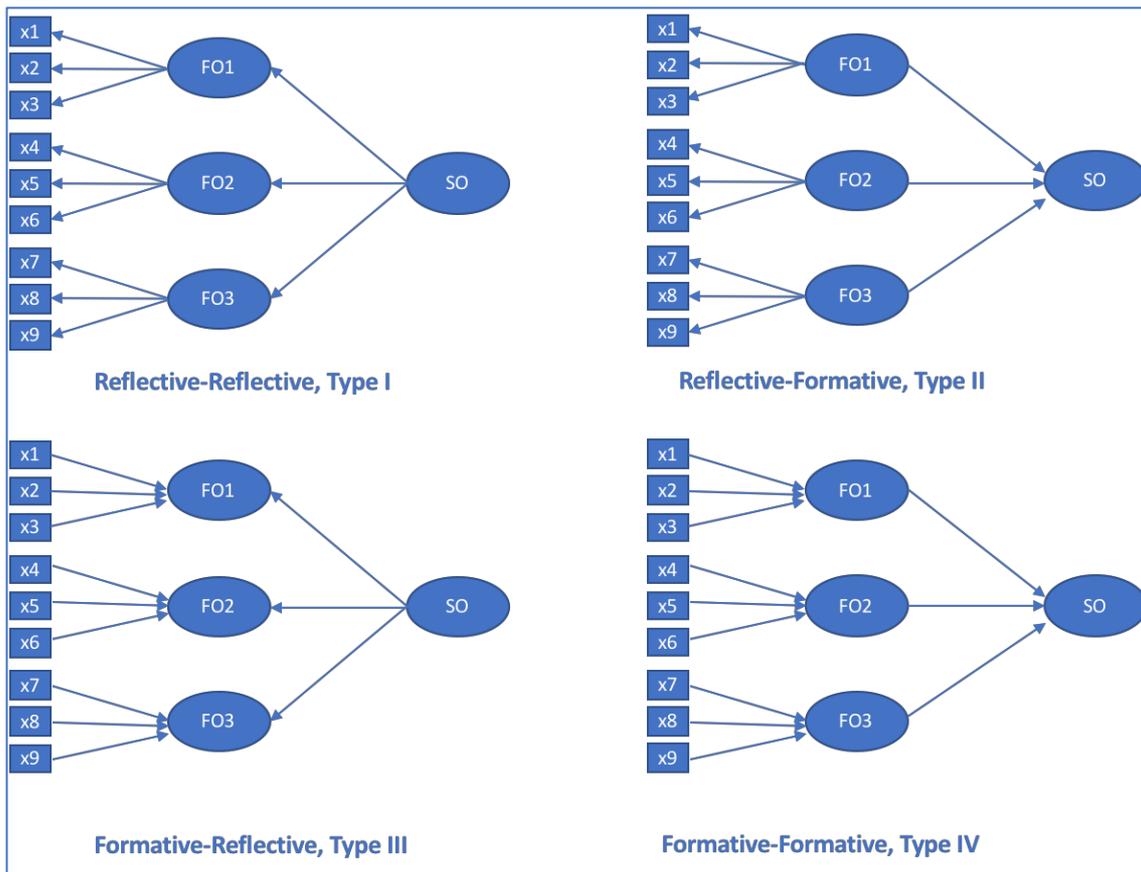


Figure 4.9 – Hierarchical Component Models

(SO-second order; FO – first order; x-indicators)

In a review accomplished by Ringle, Sarstedt and Straub (2012), the Reflective-Formative Type II seems to be the most usual type applied in research published in MIS Quarterly from 1992 to 2011.

From a different viewpoint, Lee and Cadogan (2013) emphasized that researchers should avoid utilizing reflective higher-order constructs because such models are meaningless and misleading. Based on the criteria of reflective measures, if the first-order constructs

(dimensions) measuring the second-order construct are specified as reflective, then the dimensions hold similar meanings, are interchangeable and redundant. Therefore, it is inappropriate to define the second-order construct as a reflective construct (Lee & Cadogan, 2013).

In the current study, the constructs – social entrepreneurship orientation, market orientation and social enterprise performance, are treated as formative second-order constructs or known as Reflective-Formative Type II model, having four, three and two first-order constructs respectively. The second-order constructs are formed by their dimensions (first-order constructs) that are treated as indicators. The direction of causality is from the first-order construct to the second-order construct and not the other way around. The dimensions are not necessarily correlated. All the dimensions are reflectively measured by the indicators (scale items).

4.3.4.4. Model assessment

A PLS-SEM model includes two inter-related models: a measurement model and a structural model. The models are assessed separately in a two-step process (Hair et al., 2012) as discussed below.

4.3.4.4.1. Outer model evaluation (measurement model)

The measurement model, also known as the outer model, specifies how the latent variables and their observed indicators are related. In this first step, reliability and validity of the item measures are observed before testing the structural model in order to guarantee that the indicators are measuring the constructs of interest (Chin, 2010; Hair et al., 2012).

Reflective first-order constructs are evaluated through criteria of internal consistency, indicator reliability, convergent validity and discriminant validity, by observing the relation between the first-order construct (latent variable) and its observed indicators (Hair et al., 2012).

In PLS-SEM, the computation of construct scores for each latent construct is required, but second-order construct do not have manifest variables. Thus, to calculate the construct scores for the second-order constructs, the *repeated-indicator approach* shall be used (Chin, 2010), as shown in the figure 4.10.

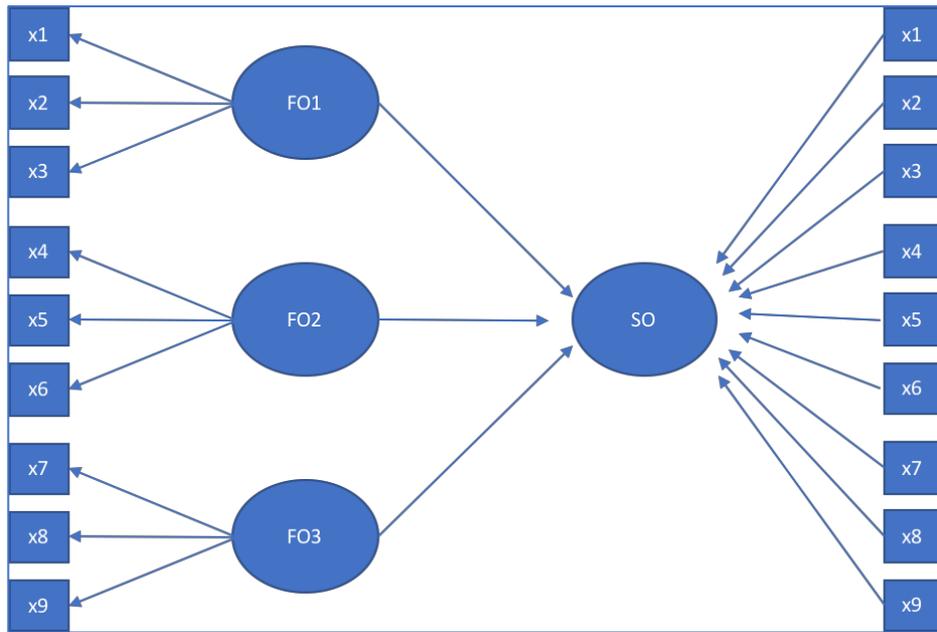


Figure 4.10 – Reflective-Formative Type II – Repeated-Indicator Approach

When the measurement model involves formative second-order constructs, it must be evaluated using indicator weights, significance of weights and multicollinearity of indicators. The weights are represented by the path coefficients between the second-order construct and its first-order constructs. The significance of the paths is determined by using bootstrapping resampling procedure (Hair et al., 2012).

4.3.4.4.2. *Inner model evaluation (structural model)*

In the second step, the model evaluation comprises the analysis of the structural relationships. The structural model, also known as the inner model, exposes the relationships between the latent variables (Hair et al., 2012; Henseler, Ringle, & Sinkovics, 2009). Assessing the structural model focus in maximizing the variance explained or the R^2 for the endogenous latent construct, as well as determining the size and significance of all paths' coefficients.

The quality criteria and the mediating effects were also examined as part of the structural model evaluation. The analysis of indirect effects delivers more insights to comprehend the impacts of hypothesized relationships.

Smart PLS vs3.2.7 (known as Smart PLS onwards) was used to analyze the measurement and structural models. Using Smart PLS, the data was transformed into an Excel CVS file to generate raw input for the application.

4.4. Summary

In the present chapter, it was explained the importance of adopting a positivist paradigm to find answers for research questions, through testing the hypotheses in the model. Moreover, the methods used in this research were described, comprising the research design, constructing and administrating the instruments, data collection and data analysis procedures. Data analyses and results are presented and discussed in Chapter 5.

Chapter 5 – Data Analysis and Discussion of Results

This chapter presents the statistical analyses conducted to examine the impact of social entrepreneurship and market orientation constructs upon social enterprise performance. The characteristics of participants and their organizations are presented (descriptive statistics) and the sampling size requirement for running analysis using PLS-SEM is described. Afterwards, a validation of measurement model is conducted, followed by the presentation of the structural model evaluation.

5.1. Survey Results

5.1.1. Preliminary evaluation

Preliminary evaluation was conducted to prepare the data for the evaluation of measurement and structural models. Data screening procedures were undertaken, including visual inspection of the data for identifying and correcting errors in the data set, identification of missing data and tests for violations of statistical assumptions such as normality and outliers (Hair et al., 2010; Pallant, 2007).

5.1.1.1. Data Screening

Descriptive statistics including frequencies, minimum and maximum values were used to check the dataset for possible errors, but none was found. No missing data were found either when checking the N (Number of cases) values in the descriptive statistics table, where N = 805 for all variables. Next, the data were assessed for normality by obtaining the skewness and kurtosis values. The skewness value reports the symmetry of the data distribution, while the kurtosis value indicates the 'pawedness' of the distribution (Pallant, 2007). According to Tabachnick and Fidell (2013), a skewness and kurtosis statistic between -2 to +2 is deemed acceptable, as the

data can be considered as if they followed multivariate normality. Multivariate normality is the assumption for multivariate analysis that each variable and all linear combinations of the variables are normally distributed.

From the observation of tables 5.1, 5.2 and 5.3, it can be concluded that skewness and kurtosis values for all indicators are within the acceptable range.

Table 5.1 – Skewness and Kurtosis for construct Market Orientation

Dimension	Indicator	Mean	Std Dev	Skewness	Kurtosis
Intelligence Generation	MO_IG1	5.82	1.68	-1.498	1.386
	MO_IG2	5.42	1.79	-0.954	-0.097
	MO_IG3	6.15	1.04	-1.193	0.876
	MO_IG4	4.97	2.05	-0.647	-0.879
	MO_IG5	5.54	1.51	-0.981	0.331
	MO_IG6	4.8	1.67	-0.522	-0.476
	MO_IG7	4.82	1.64	-0.532	-0.462
	MO_IG8	5.12	1.65	-0.811	-0.008
	MO_IG9	4.11	2.03	-0.133	-1.235
Intelligence Dissemination	MO_ID1	5.82	1.37	-1.232	1.092
	MO_ID2	5.42	1.52	-0.898	0.159
	MO_ID3	6.05	1.26	-1.389	1.255
	MO_ID4	5.7	1.41	-1.08	0.599
	MO_ID5	4.06	2.11	-0.048	-1.324
Responsiveness	MO_R1	5.59	1.27	-0.897	0.61
	MO_R2	5.73	1.20	-0.873	0.303
	MO_R3	6.13	1.05	-1.317	1.77
	MO_R4	6.08	1.09	-1.452	2.608
	MO_R5	5.55	1.26	-0.995	1.119
	MO_R6	5.93	1.22	-1.462	2.513
	MO_R7	4.03	1.73	-0.058	-0.927

Table 5.2 – Skewness and Kurtosis for construct Social Entrepreneurship Orientation

Dimension	Indicator	Mean	Std Dev	Skewness	Kurtosis
Innovativeness	SEO_I1	5.93	1.27	-1.357	1.926
	SEO_I2	5.2	1.51	-0.756	0.064
	SEO_I3	5.21	1.44	-0.657	-0.02
Risk-taking	SEO_RT1	4.89	1.47	-0.499	-0.216
	SEO_RT2	6.05	1.15	-1.307	1.588
	SEO_RT3	4.69	1.52	-0.484	-0.214
Proactiveness	SEO_P1	5.59	1.48	-1.001	0.496
	SEO_P2	5.25	1.54	-0.74	-0.076
	SEO_P3	4.26	1.82	-0.192	-0.945
Socialness	SEO_S1	5	2.14	-0.69	-0.954
	SEO_S2	5.75	1.44	-1.125	0.587
	SEO_S3	5.19	1.48	-0.559	-0.315

Table 5.3 – Skewness and Kurtosis for construct Social Enterprise Performance

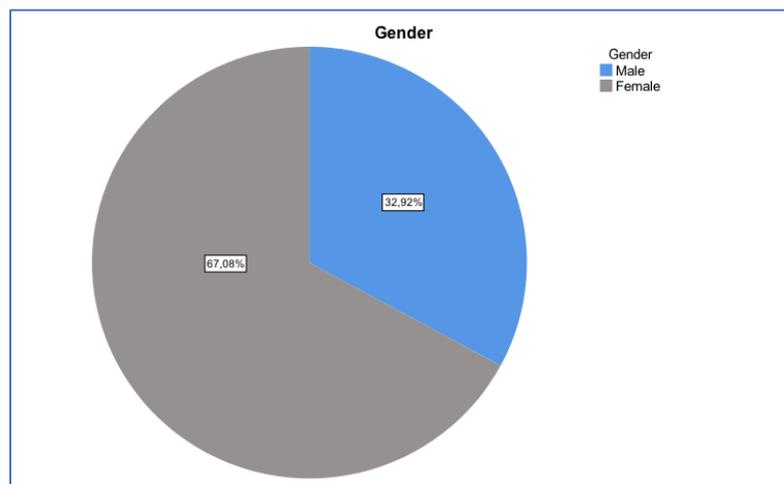
Dimension	Indicator	Mean	Std Dev	Skewness	Kurtosis
Social Performance	SEP_S1	4.06	0.82	-0.616	0.242
	SEP_S2	4.17	0.76	-0.903	1.583
	SEP_S3	4.29	0.74	-1.048	1.634
	SEP_S4	3.65	1.16	-0.747	-0.143
	SEP_S5	3.98	0.99	-0.907	0.489
	SEP_S6	3.81	1.12	-0.767	-0.123
	SEP_S7	4.19	0.94	-1.336	1.898
	SEP_S8	4.36	0.69	-0.976	1.379
	SEP_S9	4.36	0.74	-1.171	1.937
Economic Performance	SEP_E1	3.6	0.93	-0.673	0.635
	SEP_E2	4.17	0.82	-1.011	1.39
	SEP_E3	3.63	0.96	-0.638	0.448
	SEP_E4	4.13	0.84	-0.953	1.174
	SEP_E5	3.46	1.20	-0.491	-0.524
	SEP_E6	3.54	1.20	-0.465	-0.672

As this study adopted a self-reported, single informant approach in collecting data, it is necessary to check for common method bias. The Harman's one factor test was conducted by performing an unrotated principal component analysis (PCA) in SPSS on all scale items measuring social entrepreneurship orientation and market orientation. Common method bias is evidenced when the variance is explained predominantly by a single factor (Jarvis, MacKenzie, & Podsakoff, 2003). Results revealed six factors emerged (eigenvalues bigger than 1) with the first factor explaining 38.6% of the overall variance indicating that the data was not affected by common method bias.

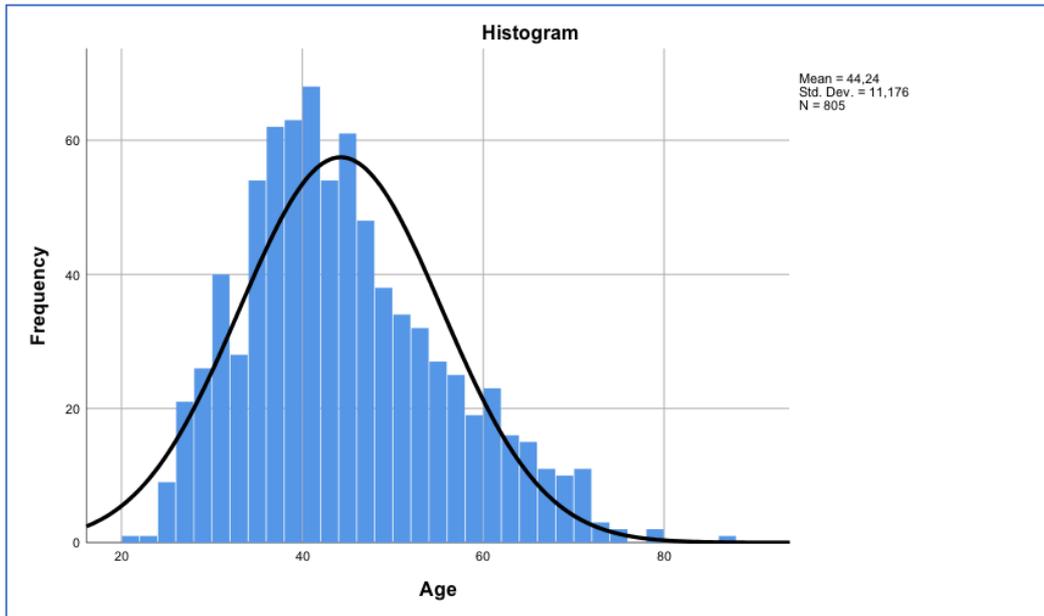
5.1.2. Sample's characteristics

These statistics give insight into the demographic profiles of respondents who participated in the web survey as well as basic data from the organizations they represent.

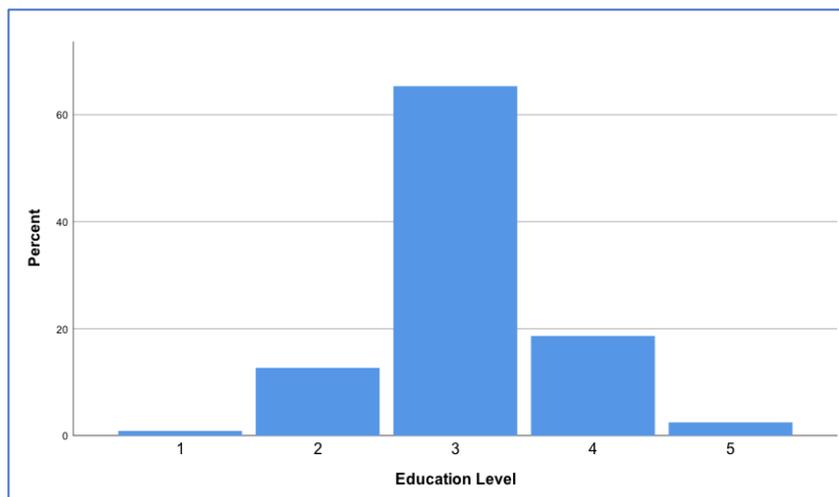
Graphs 5.1, 5.2 and 5.3 present the main characteristics of the respondents. Approximately two thirds of the respondents are female, and the average age is around 44 years. Most of them have at least a college degree (86.5%) and almost 13% have finished secondary school.



Graph 5.1 – Respondents' gender



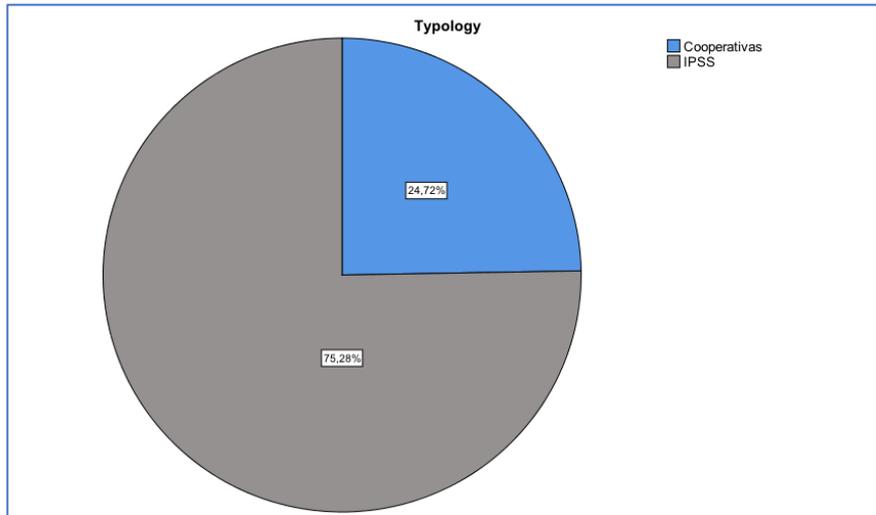
Graph 5.2 – Respondents’ age



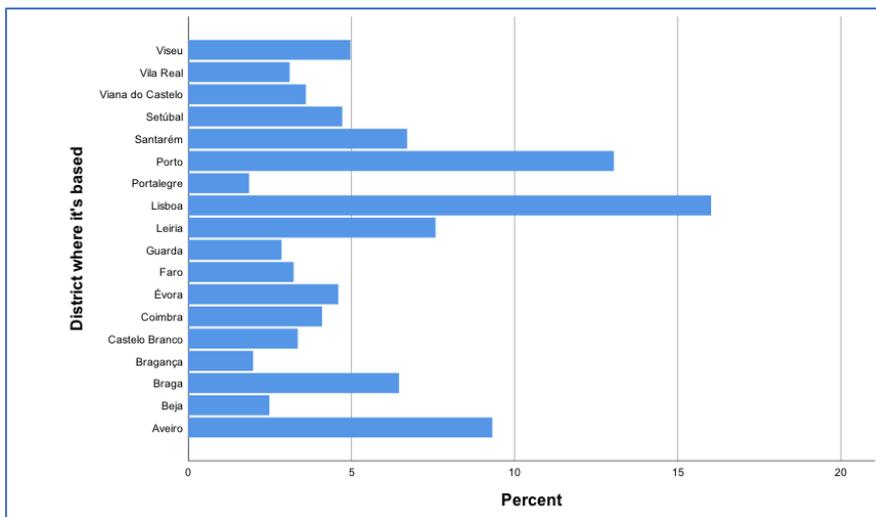
Graph 5.3 – Respondents’ education level (1 – Basic school; 2 – 12th grade; 3 – College graduate; 4 – Master’s degree; 5 – PhD)

Graphs 5.4, 5.5, 5.6 and 5.7 outline the organization’s main characteristics. The typology of the organizations included in the sample are consistent with the target population of the study, as response rates are quite similar, as stated on section 4.3.2. In what concerns the districts where they are based, Lisbon and Porto host around one third of the organizations included in the sample, which is consistent with the distribution of the target population. Most of the social

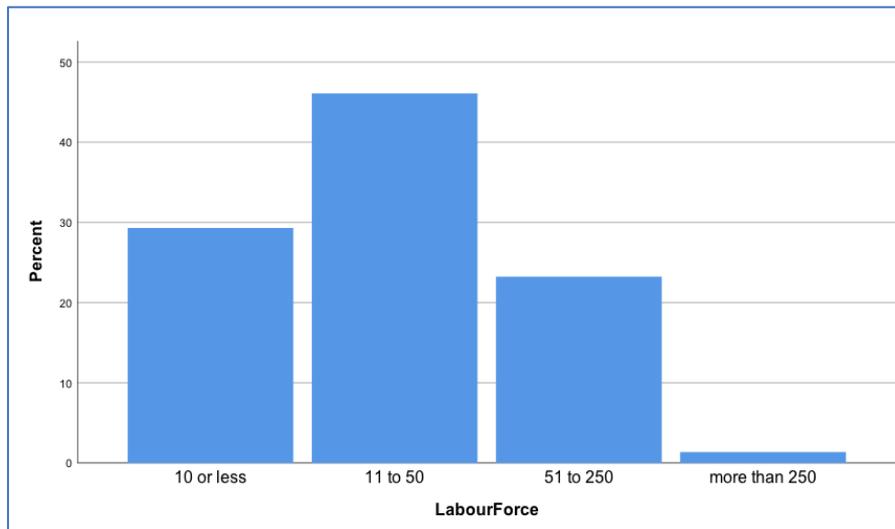
enterprises observed have been founded more than twenty years ago and only approximately 15% have less than 10 years. The median of this variable in our sample occurs in year 1991. Considering the number of employees, our data reveal a great dispersion, with the mean situated in about 47 workers. However, as it can be observed in graph 5.6, almost one third of the organizations have less than 10 workers.



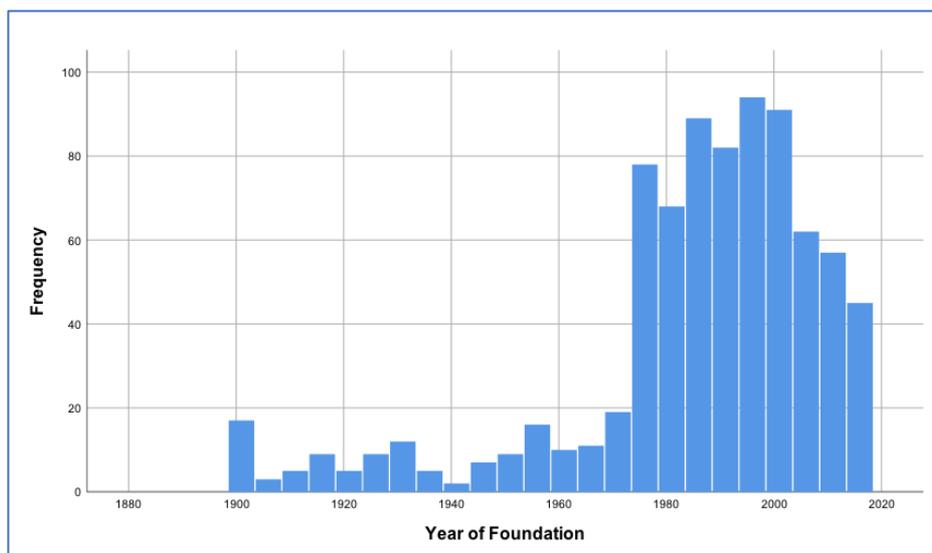
Graph 5.4 – Organization’s typology



Graph 5.5 – Organization’s district



Graph 5.6 – Organization’s Labor Force



Graph 5.7 – Organization’s year of foundation

5.2. Sampling Size Requirement for PLS-SEM analysis

The required minimum sample size for analyzing data using PLS-SEM is at least ten times the largest number of formative indicators used to measure a construct or ten times the largest number of structural paths directed at a particular construct in the structural model (Hair et al., 2010; Henseler, Ringle, & Sinkovics, 2009; Ringle et al., 2012).

Given that the sample size examined in this thesis is 805, the minimum requirements to run PLS-SEM are obviously fulfilled.

5.3. Operationalization of constructs

As discussed earlier, the conceptual framework for this thesis comprises three second-order formative or multidimensional constructs. Table 5.4 summarizes the operationalization of constructs in the model and the codes used to represent each construct and indicator in SmartPLS.

Table 5.4 – Operationalization of study constructs

Construct	Operationalization	Code for Constructs	Code for Indicators
Social Entrepreneurship Orientation	Second-order formative	SEO	
Innovativeness	First-order Reflective	Innovativeness	SEO_I1; SEO_I2; SEO_I3
Risk-taking	First-order Reflective	Risk-taking	SEO_RT1; SEO_RT2; SEO_RT3
Proactiveness	First-order Reflective	Proactiveness	SEO_P1; SEO_P2; SEO_P3
Socialness	First-order Reflective	Socialness	SEO_S1; SEO_S2; SEO_S3
Market Orientation	Second-order formative	MO	
Intelligence Generation	First-order Reflective	Intel Gen	MO_IG1; MO_IG2; MO_IG3; MO_IG4; MO_IG5; MO_IG6; MO_IG7; MO_IG8; MO_IG9
Intelligence Dissemination	First-order Reflective	Intel Dis	MO_ID1; MO_ID2; MO_ID3; MO_ID4; MO_ID5
Responsiveness	First-order Reflective	Respons	MO_R1; MO_R2; MO_R3; MO_R4; MO_R5; MO_R6; MO_R7
Social Enterprise Performance	Second-order formative	SEP	
Social Performance	First-order Reflective	Social Performance	SEP_S1; SEP_S2; SEP_S3; SEP_S4; SEP_S5; SEP_S6; SEP_S7; SEP_S8; SEP_S9
Economic Performance	First-order Reflective	Economic Performance	SEP_E1; SEP_E2; SEP_E3; SEP_E4; SEP_E5; SEP_E6

All reflective and second-order formative constructs were evaluated for reliability and validity as explained in the following sections.

5.4. Assessment of the Measurement Model (Outer Model)

Prior to the hypotheses testing, it is critical to verify the validity of the measurement model. This includes determining whether the instrument is actually measuring what it is intended to measure. One of the main concerns in empirical studies, such as this one, is to establish construct validity.

From one side, construct validity is concerned with establishing evidence of shared understanding of meaning. For the MO scale that was entirely developed in this study, this part of construct validity was assured by a wide-ranging process involving interviews with target respondents and experts. For the rest of the scales that were adapted from preceding research, an evidence of a shared understanding of meaning (other than the fact that they have already been validated by their developers) was established through an interactive pre-test process involving potential respondents, as mentioned in Chapter 4.

Another side of construct validity that needs to be assured is the recognition of whether the measured variables perform consistently with the way they were theoretically expected to behave. This implicates testing for convergent and discriminant validities, as followed.

5.4.1. Convergent validity

Convergent validity is evident when each measurement item correlates strongly with its intended theoretical construct (Gefen et al., 2000). Establishing convergent validity assures the researcher that all the measures of the construct are actually measuring the same construct. There are many ways to establishing convergent validity (Diamantopoulos et al., 2008; Gefen et al., 2000; Ringle et al., 2012). In this research, convergent validity was assessed by examining the reliabilities of items in each scale, the composite reliability of each construct and the average variance extracted (AVE).

5.4.1.1. Reliability of scale items

When all the items of a scale highly and significantly load on their respective construct, the scale is likely to have satisfactory convergent validity. Table 5.5 presents the loading of each measurement item on its respective construct. As shown, most of the items used in this study highly and significantly load on their corresponding construct. According to Hair et al. (2010), factor loading estimates should be higher than 0.5, and ideally, 0.7 or higher. Appendix C shows the cross-loadings between the variables.

Table 5.5 – Outer loadings

Loadings		Loadings	
Market Orientation			
MO_IG1	0.588	MO_ID3	0.837
MO_IG2	0.644	MO_ID4	0.813
MO_IG3	0.657	MO_R1	0.770
MO_IG5	0.796	MO_R2	0.836
MO_IG6	0.736	MO_R3	0.848
MO_IG7	0.805	MO_R4	0.866
MO_IG8	0.795	MO_R5	0.787
MO_ID1	0.710	MO_R6	0.722
MO_ID2	0.792		
Social Entrepreneurship Orientation			
SEO_I1	0.813	SEO_RT1	0.826
SEO_I2	0.904	SEO_RT2	0.792
SEO_I3	0.895	SEO_RT3	0.796
SEO_P1	0.807	SEO_S1	0.499
SEO_P2	0.921	SEO_S2	0.852
SEO_P3	0.818	SEO_S3	0.879
Social Enterprise Performance			
SEP_S2	0.774	SEP_E1	0.727
SEP_S3	0.775	SEP_E2	0.873
SEP_S5	0.630	SEP_E3	0.748
SEP_S7	0.641	SEP_E4	0.871
SEP_S8	0.837	SEP_E5	0.586
SEP_S9	0.817		

When analyzing factor loadings of MO scale, it was observed that both items related to social networks (added after qualitative study) presented unacceptable factor loadings (MO_IG9 and MO_ID_5). The decision was to exclude them from the model, as well as two other items (MO_IG_4 and MO_R7), as that removal did not compromise the reliability and validity of the instrument.

Regarding SEO scale, the decision was to retain all items, even though SEO_S1 did not attain the cut-off value. The decision was justified with the need of keeping at least three indicators per factor. Besides, it was very close to the cut-off value and it did not compromise the AVE or the reliability values.

In what concerns SEP scale, the decision was to withdraw four items below the threshold value of 0.5 (SEP_S1, SEP_S4, SEP_S6 and SEP_E6), as they did not affect the reliability and validity of the scale.

For PLS-SEM algorithm calculation, the inner weighting option was set using the path weighting scheme. The maximum number of iterations is 300. The path weighting scheme has been strongly recommended for use compared to the factorial and centroid weighting scheme because it is the only scheme that considers the direction of relationships specified in the models. From this procedure, factor loadings for the measurement items were determined.

5.4.1.2. Composite reliability of constructs

Another measure to support the existence of convergent validity is the composite reliability of each construct in the research model. The composite reliability of each construct assesses its internal consistency. This means that the construct is internally consistent due to the reliability (the measuring of the same concept) among the construct measures. Consequently, compared to the individual item reliability scores that were reported above, composite reliability is a measure of the 'overall' consistency of the collection of all measures under a certain construct.

As a rule of thumb, 0.70 is suggested as a minimum cut-off value for acceptable construct reliability (Hair et al., 2010). As shown in Table 5.6, the composite reliability of every construct in this study is well above the suggested 0.70 threshold.

Table 5.6 – Composite Reliability

	Composite Reliability
Responsiveness	0.917
Innovativeness	0.905
Proactiveness	0.886
Social Performance	0.884
Intelligence generation	0.883
Economic Performance	0.876
Intelligence Dissemination	0.868
Risk-taking	0.847
Socialness	0.799

5.4.1.3. Average variance extracted (AVE)

Average variance extracted (AVE) assesses the amount of variance that a variable takes from its indicators compared to the amount that results from measurement error (Chin, 1998). A large value of the AVE of a construct shows that its indicators (or measures) are capturing the same underlying construct, which leads to the demonstration of convergent validity of the construct.

Table 5.7 – Average Variance Extracted (AVE)

	Average Variance Extracted (AVE)
Responsiveness	0.650
Innovativeness	0.760
Proactiveness	0.723
Social Performance	0.563
Intelligence generation	0.521
Economic Performance	0.591
Intelligence Dissemination	0.623
Risk-taking	0.648
Socialness	0.583

In order to sustain a reasonable convergent validity, it is suggested that the AVE of each construct in the model exceeds 0.50 (Diamantopoulos et al., 2008; Gefen et al., 2000; Haenlein & Kaplan, 2004). As Table 5.7 shows, in this study all constructs have surpassed this threshold.

Consequently, it is shown that the measurement model used in this analysis fulfills the requirements for establishing convergent validity. The following section assesses discriminant validity, which is the second condition for establishing the adequacy of the measurement model.

5.4.2. Discriminant validity

Discriminant validity indicates the extent to which each construct is strongly related to its own measures than with other constructs (Chin, 2010). Two different criteria must be fulfilled to achieve discriminant validity. First, the measurement items should reveal high loadings on their theoretically intended constructs and must not load highly on other constructs (see Appendix C) (Gefen et al., 2000). Second, the constructs show adequate discriminant validity when the square root of the AVE is greater than the inter-construct correlations (Hair et al., 2010; Wetzels et al., 2009). This means that the shared variance between each construct and its indicators is greater than the variance shared among other constructs. Discriminant validity was inspected through the correlation matrix of the constructs, as presented in the table 5.8.

After comparing the square roots of the AVE for each construct with the correlations between other constructs, results in Table 5.8 show that the square root of the AVE of each construct (shown diagonally) is larger than its correlation with other constructs (the off-diagonal numbers). Thus, the discriminant validity of each construct is supported. To summarize, the reliability and validity of reflective construct measures have been confirmed.

Table 5.8 – Cronbach’s alpha and correlations of First-Order Constructs

		Economic Performance	Innovativeness	Intel Dis	Intel Gen	Proactiveness	Respons	Risk-taking	Social Performance	Socialness
	Cronbach’s alpha	Correlations								
Economic Performance	0.823	0.769								
Innovativeness	0.841	0.477	0.872							
Intel Dis	0.799	0.365	0.624	0.790						
Intel Gen	0.845	0.399	0.605	0.673	0.722					
Proactiveness	0.806	0.513	0.614	0.422	0.453	0.850				
Respons	0.891	0.496	0.639	0.688	0.699	0.435	0.806			
Risk-taking	0.730	0.414	0.662	0.544	0.554	0.559	0.575	0.805		
Social Performance	0.841	0.554	0.580	0.608	0.591	0.477	0.668	0.565	0.750	
Socialness	0.639	0.422	0.608	0.560	0.564	0.560	0.554	0.572	0.602	0.764

Note: Bold values of the diagonal are the square root of AVE.

5.4.3. Quality of measurement model

The quality of the measurement model can be measured by examining the AVE values. As it has been shown, all AVE scores exceed the cut-off value of 0.5, which confirms the quality of the model.

Unlike the reflective measurement model, the internal consistency tests are irrelevant to formative constructs because these are multidimensional, and the indicators do not necessarily covary (Chin, 2010; Hair et al., 2012). Hence, other criteria to assess the formatively measured constructs were applied as explained in the following section.

5.4.4. Assessment of the Formative Hierarchical Component Model

The correctness of the higher-order factors was assessed based on the conceptual properties of the constructs. As the higher-order components were specified as formative constructs, the reliability (internal consistency) and construct validity (convergent and discriminant validity) evaluation are not required because the indicators for formative constructs do not have to be strongly correlated (Henseler, Ringle, & Sinkovics, 2009). The evaluation of the higher-order components was derived from the relationship between higher-order constructs and lower-order constructs, represented by the path coefficients and not performed on the relations between the higher-order constructs and the repeated indicators in the repeated-indicator approach.

Applying the same PLS-SEM algorithm conducted for first-order constructs, indicator validity for the associations between the formative second-order constructs and the first-order constructs as indicators was determined via the magnitude, sign and significance of the path coefficients (Hair et al., 2012).

The magnitude of the path coefficient should be above 0.1, statistically significant and with a sign that is consistent with the underlying theory. The bootstrapping procedure was applied for estimating the significance of the path coefficients. Critical t-values for a two-tailed test is 1.96, which corresponds to a 0.05 significance level (Hair et al., 2012), presented in table 5.9.

Table 5.9 – Results for Formative Second-Order Constructs Indicator Validity

Path	Path Coefficient	T Statistics	P Values
Intel Gen -> Market Orientation	0.215	3.235	0.001
Intel Dis -> Market Orientation	0.218	3.306	0.001
Respons -> Market Orientation	0.658	9.939	0.000
Inovativeness -> SEO	0.446	7.116	0.000
Risk-taking -> SEO	0.275	5.295	0.000
Proactiveness -> SEO	0.086	1.889	0.060
Socialness -> SEO	0.357	7.059	0.000
Economic Performance -> SEP	0.460	24.111	0.000
Social Performance -> SEP	0.669	49.757	0.000

From the observation of the table 5.9, one concludes that only one path – Proactiveness -> SEO (0.086) – does not attain the recommended threshold value. However, this non-statistically significant first-order construct was maintained in the model because it formed the second-order construct and cannot simply be eliminated from the second-order construct based on statistical results (Henseler, Ringle, & Sinkovics, 2009). Moreover, omitting a formative indicator jeopardizes the exploratory power of Social Entrepreneurship Orientation as a construct (Bollen & Lennox, 1991). As this is an exploratory research, *“the researcher should keep both significant and insignificant formative indicators in the measurement model as long as this is conceptually justified”* (Henseler, Ringle, & Sinkovics, 2009, p. 302).

5.4.5. Multicollinearity assessment

Following the procedures referred in the methodology chapter, multicollinearity between the formative constructs at the measurement model level was assessed. Multicollinearity reports the degree to which any variable’s effect can be predicted or accounted for by other variables (Hair et al., 2010). This is unwanted for formative constructs because they are represented by different dimensions; as such, the model constructs should not be correlated. Multicollinearity implies that two constructs may be measuring the same thing and it happens when correlations among constructs are high (Bagozzi & Yi, 1988). In what concerns formative measures, multicollinearity can distort indicator weights and increase bootstrap standard errors (Hair et al., 2012; Henseler, Ringle, & Sinkovics, 2009).

Multicollinearity is assessed by estimating the Variance Inflation Factor (VIF), that shows how much of an indicator's variance is explained by the other indicators of the same construct. According to some authors, VIF greater than 10 implies a harmful level of multicollinearity (Hair et al., 2010; Henseler, Ringle, & Sinkovics, 2009). However, Hair et al. (2016) suggest that VIF above 5.00 denotes high collinearity.

Three set of constructs were observed for multicollinearity, as follows:

- Intelligence generation, intelligence dissemination and responsiveness, as predictors of market orientation;
- Innovativeness, risk-taking, proactiveness and socialness, as predictors of social entrepreneurship orientation;

- Social performance and economic performance, as predictors of social enterprise performance.

Table 5.10 – Multicollinearity for First-Order Constructs

First order construct	Second-order construct	VIF
Intel Gen	Market Orientation	2.427
Intel Dis		2.389
Respons		2.436
Inovativeness	SEO	2.272
Risk-taking		2.008
Proactiveness		1.827
Socialness		1.836
Social Performance	SEP	2.425
Economic Performance		1.542

As shown in Table 5.10, the VIF values for all formative first-order constructs show collinearity values that range from 1.542 to 2.436. As these values are significantly lower than the suggested threshold value of 5.00, as referred above, one can claim that the first-order constructs that formed the second-order constructs in the measurement model are not statistically influenced by multicollinearity effects.

The results have so far indicated that the measurement model exhibits acceptable reliability and validity, as all essential criteria were attained. Therefore, the next stage is to assess the structural model to support the theoretical part of the model.

5.5. Assessment of the Structural Model (Inner Model)

The structural model presents three constructs – social entrepreneurship orientation, market orientation and social enterprise performance – in which two of them are endogenous and the other one is exogenous. When the repeated-indicator approach is used to estimate the scores

for endogenous constructs (market orientation and social enterprise performance), the values of R^2 are equal to 1.0, because almost all variance of this second-order construct is explained by its first-order constructs. Thus, the two-stage approach is appropriate to estimate R^2 in combination with the repeated-indicator approach (Ringle et al., 2012).

In conducting a two-stage approach, the first stage is the repeated-indicator model that was estimated using the path weighting scheme. After obtaining the latent variables scores, they were used as indicators of the second-order constructs in a sequential second stage (Hair et al., 2010; Henseler, Ringle, & Sinkovics, 2009; Ringle et al., 2012). The latent variable scores for each first-order construct (9 first-order constructs) were automatically computed by PLS-SEM algorithm in the first stage, and then copied and saved in the original data file to use in the second stage of the analysis. This process allowed the latent variable scores to become indicators to measure the second-order constructs and estimate the path coefficients. The two-stage approach is shown in Figure 5.1.

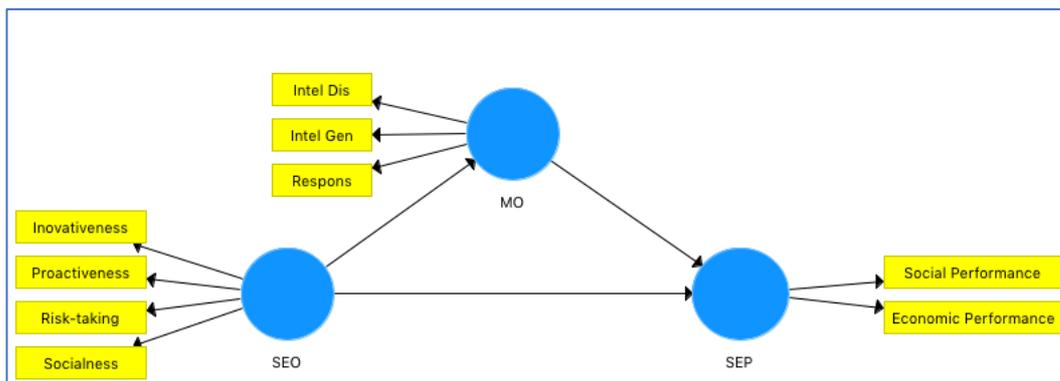


Figure 5.1 – Two stage approach

The assessment of the structural model is based on the five step guidelines provided by Hair et al. (2016) as listed below:

Step 1: Assess structural model for collinearity issues;

Step 2: Assess the significance and relevance of the structural model relationships;

Step 3: Assess the level of R^2 ;

Step 4: Assess the effect sizes f^2 ;

Step 5: Assess the predictive relevance Q^2 .

5.5.1. Step 1

To examine the collinearity among exogenous constructs at the structural model level, the same procedure and threshold values applied to measure collinearity for the formative indicators in the measurement model were respected.

Two set of constructs were observed for multicollinearity, as follows:

- Social entrepreneurship orientation as predictor of market orientation;
- Social entrepreneurship orientation and market orientation as predictors of social enterprise performance.

Table 5.11 – Multicollinearity for exogenous constructs

Exogenous Constructs	Endogenous constructs	VIF
SEO	MO	2.436
SEO	SEP	2.749
MO		2.790

Table 5.11 shows the VIF values of all the exogenous constructs in the structural model. Results indicate that these values are lower than the recommended threshold value of 5.0, demonstrating there are no significant levels of collinearity among the exogenous constructs (Hair et al., 2016).

5.5.2. Step 2

The second step involves observing the significance of the hypothesized relationships. Therefore, PLS-SEM algorithm was conducted using the path weighting scheme as for the measurement model. From this procedure, the size of path coefficients and coefficient determination (R^2) were obtained, as displayed in the Figure 5.2.

Prior to estimating the R^2 , it is critical to find the significance as well as the sign and magnitude of the path coefficients by analyzing the t-values and the path coefficients that were obtained through the non-parametric bootstrapping procedure (Henseler, Ringle, & Sinkovics, 2009) as explained previously. The t-values were used to evaluate the statistical significance of each path coefficient. Critical t-value for a two-tailed test is 2.58 at the 0.01 significance level (Hair, Ringle & Sarstedt, 2011). Results from the bootstrapping procedure are shown in Figure 5.3 and are further explained in the table 5.12.

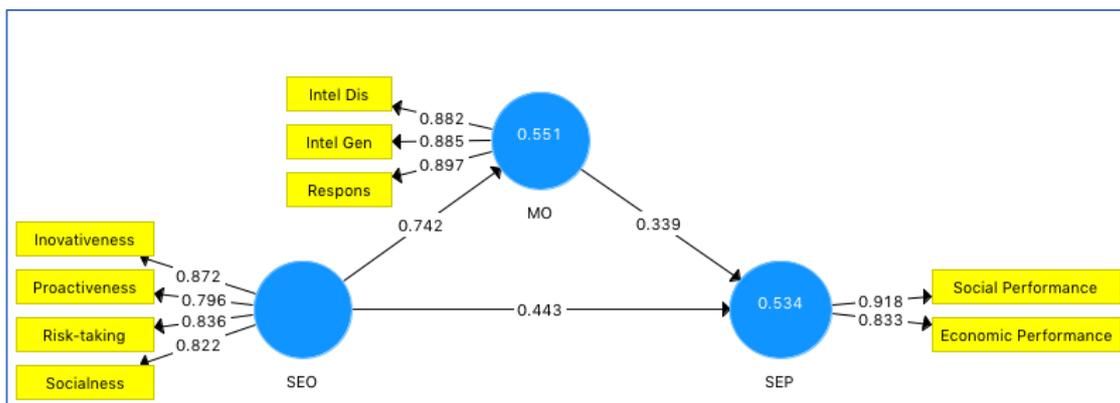


Figure 5.2 – Path coefficients for structural model

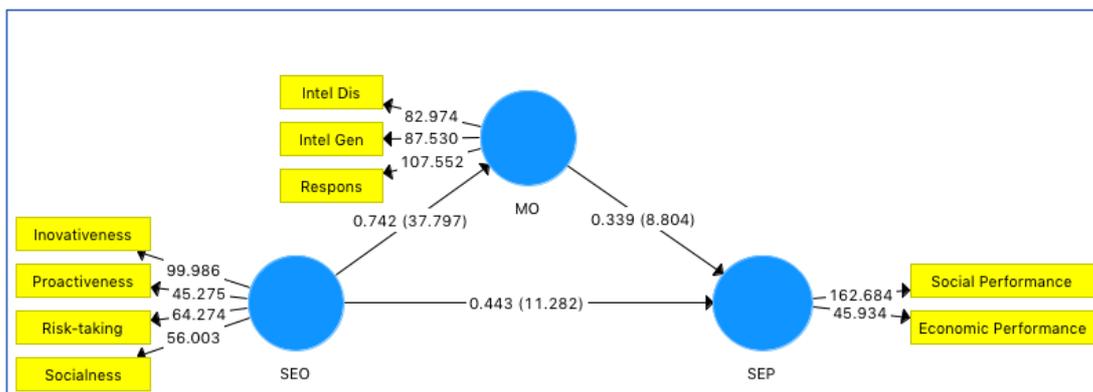


Figure 5.3 – Path coefficients and T-values for structural model

Table 5.12 – Results of Bootstrapping for Structural Model Evaluation

Hypothesis	Exogenous constructs	Endogenous constructs	β^a	Mean	Std. Error	T-Statistics ^b	Expected sign	Result
H1	SEO	SEP	0.443*	0.443	0.039	11.282	Positive	Supported
H2	SEO	MO	0.742*	0.743	0.020	37.797	Positive	Supported
H3	MO	SEP	0.339*	0.338	0.038	8.804	Positive	Supported

Note

^a β : path coefficient

^b t-statistics >2.58 are significant at $p < 0.01$ (two-tailed)

*Significant at the 0.01 level (two-tailed)

Concerning the proposed relationships, the results presented on Table 5.12 strongly support a positive significant relationship for the hypotheses: H1, H2 and H3 ($\beta=0.443$, 0.742 and 0.339 , respectively). These coefficients exceed 0.1 and are significant at a level of $p < 0.01$.

These results demonstrate that social entrepreneurship orientation positively contributes to explaining the variance in social enterprise performance. Examining the relevance of the relationships between these constructs, the results show that social entrepreneurship orientation impacts social enterprise performance with a significant path coefficient ($\beta=0.443$).

Regarding the direct relationships between social entrepreneurship orientation and market orientation, it can be observed a significant path coefficient ($\beta=0.742$), providing support for H2. Additionally, these results also show that market orientation ($\beta=0.339$) influences social enterprise performance significantly.

5.5.3. Step 3

After examining the significance and relevance of the path coefficients, the explanatory power of the structural model was estimated, which was studied through the calculation of the coefficient of determination (Hair et al., 2012). R^2 represents the amount of variance of the endogenous constructs, market orientation and social enterprise performance in this case, that is explained by the model. According to Chin (1998), R^2 values of 0.67, 0.33, or 0.19 for endogenous latent values in the inner model can be described as ‘substantial’, ‘moderate’, or

‘weak’, respectively. Hair et al. (2012), suggests that R^2 values of 0.75, 0.50, or 0.25 for endogenous latent constructs can, as a rough rule of thumb, be respectively described as ‘substantial’, ‘moderate’ or ‘weak’.

As shown in Figure 5.2, results reveal a robust model with 53% ($R^2=0.534$) of the variance in social enterprise performance explained by social entrepreneurship orientation and market orientation. Therefore, based on Hair et al. (2012), the explained variance of social enterprise performance can be interpreted as moderate. Complementarily, SEO explains a moderate amount of 55% ($R^2=0.551$) of the variance of market orientation.

5.5.4. Step 4

The quality criteria of the structural model are determined by two measures: f^2 value and the Stone–Geisser’s Q^2 . Firstly, the effect size of the structural model was assessed using Cohen’s f^2 (Hair et al., 2010). The effect size is estimated as the increase in R^2 compared to the proportion of variance that remains unexplained in the endogenous construct. The f^2 effect size measures the influence of a selected predictor construct on the R^2 values of an endogenous construct. f^2 values of 0.02, 0.15 and 0.35, respectively, are considered as ‘small’, ‘medium’ and ‘large’ effect sizes of the predictive variables. f^2 is determined by applying the following formula:

$$f^2 = \frac{R^2_{included} - R^2_{excluded}}{1 - R^2_{included}}$$

$R^2_{included}$ and $R^2_{excluded}$ are the R^2 values estimated for the endogenous construct when a specific exogenous construct under examination is included or excluded from the model. SmartPLS3 estimates automatically the effect size for each of the significant path coefficients and results for this analysis can be observed in Table 5.13.

Table 5.13 – Results of Effect Size (f^2)

		<i>Exogenous constructs</i>	
<i>Endogenous constructs</i>		MO	SEP
	MO		0.111
	SEO	1.225	0.190

The analysis reveals that social entrepreneurship orientation ($\beta=0.443$, $p<0.05$) and market orientation ($\beta=0.339$, $p<0.05$) significantly and positively impacts social enterprise performance with medium f^2 of 0.190 and f^2 of 0.111, respectively. Similarly, social entrepreneurship orientation ($\beta=0.732$, $p<0.05$) shows a significant and strong positive relationship with market orientation, with a large effect size of 1.225.

5.5.5. Step 5

The second quality criterion for the structural model is the Stone–Geisser’s Q^2 , estimated to determine predictive relevance through the blindfolding procedure in SmartPLS (Hair et al., 2016; Hair et al., 2012; Henseler, Ringle, & Sinkovics, 2009). Q^2 measures the extent to which the model’s prediction is successful, being that the value of $Q^2 > 0$ corroborates the presence of predictive relevance. The outcome from the blindfolding procedure delivers a Q^2 value of 0.416 to market orientation and 0.388 to social enterprise performance, which is above 0, confirming that the structural model exhibits predictive relevance for both endogenous constructs.

5.6. Assessment of mediating effects

In the context of this research, to confirm the fourth hypothesis (H4), market orientation was tested for a mediation effect in the relationship between social entrepreneurship orientation and social enterprise performance.

Figure 5.4 explains the mediation effects, whereas the effect of the independent variable X (or exogenous construct) on a mediator M is represented by a and the effect of the mediator on dependent variable Y (or endogenous construct) is represented by b . M is regarded as a third variable or an intermediary variable in the link between X and Y . Thus, the indirect effect is a product term of a and b . However, the total effect of the link between X and Y contains two parts that are the direct effect of X on Y represented by c and the indirect effect of X on Y through M . Total effect of X on Y is c' (Hair et al., 2010; Zhao et al., 2010).

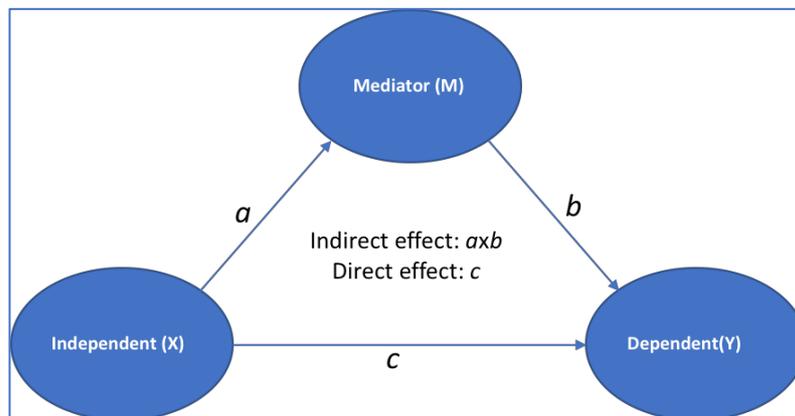


Figure 5.4 – Mediating effects

Source: Zhao et al. (2010)

In observing the mediating effects of the market orientation construct, step-by-step instructions sustained by the decision tree diagram represented on Figure 5.5 were followed (Zhao, Chen, & Lynch, 2010). This approach corrects the limitations in Baron and Kenny's (1986) renowned criteria for establishing mediation. Zhao, Chen, and Lynch (2010) assert that the only requirement needed to determine mediation is that the indirect effect $a \times b$ is significant in a non-recursive three-variable causal model and the "X-Y test" requirement used in Baron and Kenny's procedure is irrelevant. In the "X-Y test", the effect of an independent variable (X) on a dependent variable (Y) before a mediator is included in the model must be significant to establish mediation and if this criterion is not met, no further investigation for the mediating effect of M is needed. Other researchers have supported the notion that a significant effect of X on Y (c) is not a necessary precondition for mediation to arise and that researchers should move from focusing on determining the significance of X - Y relationship to stressing the testing of the mediation effect itself (Rucker, Preacher, Tormala & Petty 2011). This is justified by the

logic that the direct effect $a \times b$ is equivalent to the difference between the total and direct effect (Preacher & Hayes, 2008). Misemployment of Baron and Kenny’s approach for testing mediation may delay theoretical development (Zhao, Chen, & Lynch, 2010).

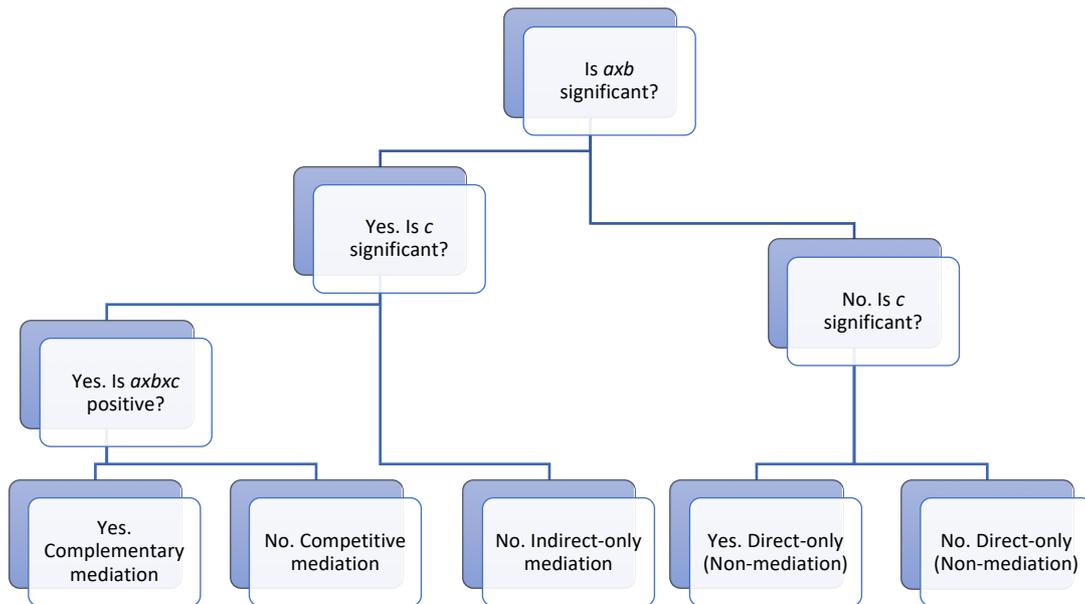


Figure 5.5 – Decision tree for determining mediation

Source: Zhao, Chen, and Lynch (2010)

Zhao, Chen, and Lynch (2010) recommend three factors that researchers need to consider in this new approach to testing mediation. First, researchers should use the size of an indirect effect to measure the strength of the mediation effect. Second, the only requirement for determining a mediation effect is the significance of an indirect effect $a \times b$. Finally, a bootstrap procedure (considered as a more rigorous and powerful method for analyzing the significance of indirect effects) should be used to test the significance of the indirect path axb . Contrasting with the Sobel test proposed by Baron and Kenny (1986), the bootstrapping approach does not require a normal sampling distribution assumption and returns higher level of statistical power (Hair et al. 2014; Preacher & Hayes, 2008).

The indirect path can be calculated after running the bootstrapping procedure and if the indirect effect is found significant then mediator absorbs some of the direct path. To determine how much of the direct path is absorbed, variation accounted for (VAF) is calculated as:

$$VAF = (a \times b) / ((a \times b) + c).$$

Based on the value of VAF, following conditions of mediation effect is given by Hair et al. (2010):

- i. If $0 < VAF < 0.20$, then No Mediation.
- ii. If $0.20 < VAF < 0.80$, then Partial Mediation.
- iii. If $VAF > 0.80$, then Full Mediation.

In this research, mediation analysis was carried out to estimate the magnitude of indirect effect of mediating variable (MO) on the relationship between the exogenous variable (SEO) and the endogenous variable (SEP).

Table 5.14 shows that market orientation mediates partially the relationship between social entrepreneurship orientation and social enterprise performance. These results did not vary after controlling for legal form and number of workers of the observed organizations. VAF value indicates that more than 36% of the total effect of social entrepreneurship orientation on social enterprise performance is explained by indirect effect.

According to these results, the relationship between social entrepreneurship orientation and social enterprise performance is mediated by market orientation in a complementary pattern, providing support for H4. Complementary mediation indicates that besides influencing social enterprise performance directly, social entrepreneurship orientation also impacts social enterprise performance indirectly via market orientation.

As the effect of social entrepreneurship orientation on social enterprise performance is mediated through market orientation, Portuguese social enterprises need to increase the level of market orientation to enhance its performance.

Exogenous Variable	Direct Effect	Indirect Effect	Total Effect	VAF	Mediation
SEO	0.443	0.251	0.695	0.362	Partial

Table 5.14 – Mediation Analysis: MO as mediator (Endogenous Variable: SEP)

5.7. Discussion

Results of the data analyses are discussed in this section. A review of the hypotheses is provided at the beginning of each sub-section.

5.7.1. SEO and its link with MO and SEP

In this sub-section, findings are discussed in accordance with two hypotheses (H1 and H2) tested to examine the impact of social entrepreneurship orientation on social enterprise performance and market orientation.

5.7.1.1. The relationship between SEO and SEP

Firstly, it is presented the results of hypothesis testing with respect to the relationship between social entrepreneurship orientation and social enterprise performance. It was hypothesized that the more social entrepreneurial oriented social enterprises are the better their performance is. The first hypothesis was:

H1. Social entrepreneurship orientation has a significant relationship with social enterprise performance.

Social entrepreneurship orientation was found to exhibit the expected positive direct effect on social enterprise performance ($\beta=0.443$, $t=11.282$, $p<0.01$), which is tuned with previous research (Amin et al., 2016; Baker & Sinkula, 2009; Kraus et al, 2017; Lumpkin & Dess, 1996; Schmidt et al., 2015). Therefore, H1 was supported. Despite showing a medium effect size ($f^2=0.190$), the impact of social entrepreneurship orientation on social enterprise performance is significant.

Applying the scale provided by Kraus et al. (2017) to measure social entrepreneurship orientation, as a modification of the entrepreneurial orientation construct, this research confirms the inference made by these authors that this strategic orientation has a positive impact on social enterprise performance.

It has often been suggested by the literature that social enterprises should use an entrepreneurial orientation to more effectively achieve their social mission (Lumpkin & Dess,

1996; Schmidt et al., 2015). This study supports this claim showing evidence that the underlying dimensions of this mindset – Innovativeness, Proactiveness, Risk-taking and Socialness – explain the results of a social enterprise in what regards to its performance.

In what concerns the managerial implications of this finding, social entrepreneurs must be proactive, willing to take risks and innovative to achieve better social and economic performance. Although social entrepreneurship orientation is a modification of the entrepreneurial orientation construct, results presented previously in this chapter show that, like in for-profit organizations, social entrepreneurs understand that they must be entrepreneurial to achieve great performance results, as expected. However, even if they worry with financial and economic performance to assure the sustainability of the organization, they still care slightly more about organization's social performance.

5.7.1.2. The relationship between SEO and MO

One of the aims of this research was to understand the relationship between social entrepreneurship orientation and market orientation on the current sample, which led to the hypothesis that the more social entrepreneurial oriented a social enterprise is, the more market oriented it is. Therefore, was:

H2. Social entrepreneurship orientation has a significant relationship with market orientation.

Social entrepreneurship orientation specified as a second-order construct was found to positively impact market orientation ($\beta=0.742$, $t=37.797$, $p<0.01$), supporting H2. Showing a large effect size ($f^2=1.225$), the relationship is rather significant.

This finding is consistent with literature, as several authors consider that entrepreneurial orientation and market orientation are complementary (Amin et al., 2016; Baker & Sinkula, 2009; Schmidt et al., 2015; Montiel-Campos, 2018). As it has been explained previously in Chapter 3, most empirical studies on this topic have analyzed for-profit environments and organizations. However, social entrepreneurship orientation is a modification of the original construct (Kraus et al., 2017), that is more suitable to study social enterprises. This newly developed scale has allowed this research to empirically investigate what, to date, have been posited as conceptual or theoretical relationships. By applying this new tool, this thesis

confirmed that, alike for-profit companies, the social “entrepreneurial orientation” has a positive and significant relationship with market orientation, which justifies that the more entrepreneurial oriented a social enterprise is, the more market oriented it also is.

In terms of implications for management, this research reveals that the underlying dimensions of social entrepreneurs have an impact on how much market oriented they are. This means that, alike for-profit entrepreneurs, being innovative, proactive and willing to take risks, makes social entrepreneurs more concerned about the ways they generate and disseminate intelligence throughout the organization, as well as how they respond to that intelligence.

5.7.2. MO and its link with SEP

In this section, findings are discussed in accordance with the remaining proposed hypothesis (H3 and H4) tested to examine the impact of market orientation on social enterprise performance.

5.7.2.1. The relationship between MO and SEP

This section explains the results of hypothesis testing regarding the relationship between market orientation and the performance of social enterprises. The third hypothesis was:

H3. Market orientation has a significant relationship with SEs' performance

Market orientation demonstrated a positive and significant influence on social enterprise performance ($\beta=0.339$, $t=8.804$, $p<0.01$), providing support for H3. The positive direct relationship between market orientation and firm performance has been supported in the extant literature suggesting that a market orientation leads to superior firm performance (e.g., Baker & Sinkula 1999b; Cano, Carrillat & Jaramillo 2004; Jaworski & Kohli 1993; Matsuno & Mentzer 2000; Narver & Slater 1990). With regard to studies examining market orientation in the non-profit context, the prevailing view also supports the direct and positive relationship between market orientation and performance (Chad, Kyriazis, & Motion, 2013; Ma, Kim, Heo, & Jang, 2012; Miles, Verreynne, & Luke, 2014; Niculescu, Xu, Hampton, & Peterson, 2013).

Although the strong association between a marketing orientation and social enterprise performance is not surprising, it reinforces the notion that just as marketing is central to the

success of for-profit businesses, so too is it a driver of performance in social enterprises. According to the results presented previously in this chapter, one can conclude that the more market oriented a social enterprise is, the better it performs economically and socially.

Further, in terms of managerial implications, the present study suggests that social enterprise managers should foster the development of a marketing orientation perspective in order to better serve their beneficiaries and enhance economic sustainability, as means of improving the performance of their social enterprises, and consequently, embracing a more encompassing provision of social services.

Results also show that, besides impacting directly on social enterprise performance, market orientation also acts as a mediator in enhancing the effect social entrepreneurship orientation has on performance, as further explained in the next section.

5.7.2.2. Complementary mediation for the Relationship between SEO and SEP

This section explains the results of the hypothesis testing the mediating effect of market orientation on the relationship between social entrepreneurship orientation and social enterprise performance. This fourth hypothesis was:

H4. Market orientation mediates the relationship between social entrepreneurship orientation and social enterprise performance.

This research found that the relationship between social entrepreneurship orientation and social enterprise performance is mediated by market orientation in a complementary pattern, providing support for H4. Complementary mediation indicates that besides the direct influence of social entrepreneurship orientation on social enterprise performance, social entrepreneurship orientation also influences performance indirectly via market orientation. Hence, both direct and indirect effects are important for social entrepreneurship orientation to enhance social enterprise performance. This finding is consistent to that reported by Amin et al. (2016) who examine the effect of market orientation as a mediating variable in the relationship between entrepreneurial orientation and SME's performance. Choi and Williams (2016) also found a mediating effect of marketing action between entrepreneurial orientation and Korean SME's performance. Baker and Sinkula (2016), in a study of SME's performance, also suggests that market orientation can mediate the relationship between the two constructs.

The main contribution of this research is to demonstrate this mediating effect in the context of social enterprises. Though it has been suggested theoretically, the literature does not provide much empirical evidence on this relationship. In a comprehensive qualitative review of the empirical studies on this relationship, Montiel-Campos (2018) explains that only 16 studies posit entrepreneurial orientation as an antecedent of market orientation, while other 12 posit market orientation as an antecedent of entrepreneurial orientation, when analyzing the effects of both strategic orientations on performance. The same scholar also identifies a research gap in explaining these relationships in a non-profit context. This thesis addresses this gap, providing evidence that, in social enterprises, market orientation plays a significant role in enhancing the effects of social entrepreneurship orientation on economic and social performance.

This is particularly important to managers because, as the effect of social entrepreneurship orientation on social enterprise performance is mediated through market orientation, Portuguese social enterprises need, not only to be entrepreneurial, but to increase the level of market orientation to enhance its performance, both in social or economic perspectives.

Interestingly, it was revealed in the present research that social entrepreneurship orientation explains directly 48% of social enterprise performance. However, when taking into account the indirect effect via market orientation, 53.4% of social enterprise performance is explained by the direct and indirect effects of both variables. This indicates that social entrepreneurs can achieve greater performance if they develop a market orientation in combination with a strong social entrepreneurship orientation.

5.8. Summary

The present chapter shows the data analysis procedures to evaluate the hypothesized model by using PLS-SEM path modelling. SmartPLS was used to investigate the impact of strategic orientations on social enterprise performance. Repeated-indicator approach and two-stage approach were conducted in the assessments of the measurement and structural models. The measurement model was assessed and showed satisfactory reliability and validity. Based on the measurement model analysis, the structural model was evaluated and confirmed. In addition, the path coefficients were assessed for significance. The model was evaluated for predictive relevance and analyzed for mediating relationships.

Chapter 6 – Conclusions, Contributions and Limitations

The present Chapter presents the main conclusions drawn from the discussion of results, providing evidence to respond to the research questions that inspired this research. The main objective of this investigation is to Investigate the relations between social entrepreneurship orientation, market orientation and social enterprise performance. To achieve this main aim, other objectives are also achieved. These objectives include analyzing the constructs underlying the initial framework, proposing a model based on the literature review, conducting a qualitative research to clarify the understanding of the constructs, assessing the model through a quantitative study and testing the model using multivariate statistical techniques. Additionally, it highlights the main contributions of the present research from methodological, theoretical and managerial viewpoints. Finally, limitations and avenues for future research are explained.

6.1. Conclusions

This study aimed to investigate the role of market orientation (MO) on the performance of social enterprises. MO has received considerable attention of marketing scholars over the last decades, but few empirical studies have been done within the context of non-profits, and in particular there is an absence in social enterprises setting. As social entrepreneurs are considered mission-driven individuals that implement business ventures to create social impact (Germak & Robinson, 2014), this research expected that social entrepreneurship orientation (SEO), as a modification of the entrepreneurial orientation (EO) construct, also plays an important role in the model.

Among those studies that investigate the impact of both strategic orientations on business performance, there is no consensus concerning the dimensional structure of the constructs and whether the relationships are direct or indirect. This lack of agreement might be owed to the differences in the dimensions used to measure entrepreneurial orientation, market orientation and performance and/or the differences in the data analyses methods applied.

As the first stage in transforming a concept to be measurable is to provide a conceptual definition of the concept, the current thesis began by reviewing the literature to find or propose a conceptual definition for entrepreneurial orientation, market orientation and performance, in the context of social enterprises. A set of measurement scales was also selected from the Literature Review. A conceptual framework was then developed, based on an extensive review of the previous research, to clarify the theorized relationships between the constructs. This conceptual framework guided the research, determining what variables would be measured and the hypotheses that should be tested, as explained in Chapter 3 (Conceptual model and Hypotheses).

To clarify the understanding of the three main constructs by social enterprises' managers, a qualitative study was conducted. Through in-depth interviews of social organizations' managers, an explorative investigation was carried out regarding the understanding of the activities undertaken by social organizations, in order to gain some meaningful insight on the way they understand marketing orientation, social entrepreneurial orientation, and performance. The content analysis of the interviews has permitted to reflect on the readability of the scales, which were afterwards adapted accordingly.

In this study, data obtained from surveying 805 social enterprises in Portugal was used to test the conceptual model, that was designed to answer two research questions. The testing of the hypotheses developed in this study contributes to answering these research questions.

The first research question is:

Does social entrepreneurship orientation significantly impact social enterprise performance?

This study revealed that social entrepreneurship orientation has a significant and positive direct impact on social enterprise performance in the Portuguese context. As social entrepreneurship orientation significantly impacts performance, a complementary mediation or partial mediation effect of market orientation was also established for the relationship between social entrepreneurship orientation and social enterprise performance. These findings indicate that social entrepreneurship orientation would contribute towards enhanced social enterprise performance directly or indirectly through market orientation. Findings also reveal that social entrepreneurship orientation has a stronger direct impact on performance compared to its indirect impact through market orientation.

The second research question is:

Does market orientation significantly impact social enterprise performance?

Market orientation significantly and positively impacts social enterprise performance. These findings show that if social enterprises develop market orientation, its performance, social and economic, will likely be positively impacted. This is perhaps consistent with the notion that, even if such organizations are not necessarily working to attract a customer base, they must focus on the market and sustainability in order to accomplish their mission.

Thus, based on the results of the present research, it can be concluded that:

- i. Social entrepreneurship orientation and market orientation were identified as important constructs that exert direct positive effects on social enterprise performance in the Portuguese context;
- ii. Social entrepreneurship orientation has also a positive effect on marketing orientation;
- iii. Market orientation partially mediates the relationship between social entrepreneurship orientation and social enterprise performance.

The empirical results presented in Chapter 5 demonstrate that the model has a reasonable explanatory power. The developed model indicates that Portuguese social enterprises would perform better, either socially or economically, through the enhancement of the dimensions

underlying social entrepreneurship orientation. It also suggests that greater benefits for firms in terms of performance will be achieved with higher market orientation, as it mediates the relationship between social entrepreneurship orientation and social enterprise performance. Besides, it also shows a positive direct impact on performance.

By answering the research questions, this study has contributed to the body of knowledge regarding the importance of market orientation, specifically in understanding its mediating effect between the constructs of social entrepreneurship orientation and social enterprise performance. A full discussion of the findings can be found in Chapter 5.

This study investigated further the relationships between social entrepreneurship orientation, market orientation and social enterprise performance, using appropriate measures to address the social enterprise environment. The empirical analysis supports that entrepreneurial and market-oriented social enterprises' managers are more likely to have better results in terms of social and economic performance. In other words, social entrepreneurs that are innovative, proactive and risk-taking and at the same time focus on generating and disseminating intelligence throughout the organization, as well as on responding to that intelligence, can expect a better outcome in what concerns accomplishing their mission, without compromising the organization's sustainability.

The following sections provide an overview of the methodological and theoretical contributions, management implications, limitations and potential avenues for future research.

6.2. Methodological contributions

This section discusses the contributions and implications of the findings from methodological, theoretical and managerial viewpoints.

The conceptual model specification in this research that combines three multidimensional constructs has produced a comprehensive view of the elements impacting social enterprise performance. Model specification is important as the causal modelling process begins at the conceptual level. Based on theory, social entrepreneurship orientation, market orientation and social enterprise performance are conceptualized as multidimensional constructs, and separate elements representing each of the dimensions are included in the model. This specification is more consistent with theory and provides superior empirical results.

This research contributes also to enlarge our knowledge of formative hierarchical component models. By using the Reflective-Formative Type II (Becker, Klein & Wetzels, 2012) model specification, this study is able to avoid the misspecification of models whereby problems result from constructs that are modelled as having reflective indicators while they are more correctly specified as formative indicators, which can lead to biased results (Jarvis, MacKenzie & Podsakoff, 2003). The focus of previous research has been mainly determined by hierarchical component models with reflective relationships (Becker, Klein & Wetzels 2012), which can be meaningless and misleading.

By using the repeated-indicator approach for the hierarchical component models' assessment, this thesis also makes a contribution to more precise parameter estimates and more reliable higher-order construct scores. Particularly, for formative higher-order constructs as specified in this research, the weights of the lower-order constructs are fundamental as they represent actionable elements affecting the higher-order constructs (Becker, Klein & Wetzels, 2012).

According to Ringle, Sarstedt and Straub (2012), reporting the R^2 values for all endogenous constructs in the model is important when working with PLS and any attempts not to report the R^2 values and replace it with others such as goodness-of-fit values is considered incorrect. This research achieved to do this combining the two-stage approach with the repeated-indicator approach.

More importantly, the current research provides 21 items scale to measure market orientation in the context of social enterprises. Built upon the MARKOR scale, the scale was refined through a qualitative study and a validation by experts.

6.3. Theoretical contributions

This research provides insight and contributions for both entrepreneurship and marketing researchers, because the current study introduced valid and reliable definitions of the study concepts (social enterprise, social entrepreneurship orientation, market orientation and social enterprise performance), to investigate the strategic orientations – performance link in the context of social enterprises.

Several studies have examined the relationship between entrepreneurial orientation or market orientation and business performance. However, there is a lack of studies investigating the impact of such strategic orientations on social enterprise performance, especially in what

concerns providing empirical data. The current study contributes in providing further evidence (model) for explaining the causal relationships between social entrepreneurship orientation, market orientation and social enterprise performance.

Moreover, the proposed conceptual model contributes in improving our understanding about the direct and indirect relationships between the constructs, that can be employed in similar researches to investigate similar relationships.

6.4. Implications to practice

Similar to research in other business sectors, like SMEs, the findings suggest that the market orientation concept also plays an important role in social enterprise organizations. The empirical results indicate that managers should be encouraged to actively foster market-oriented behaviors, because they enhance performance directly and also mediates the effect of social entrepreneurship orientation on performance.

According to the present empirical research, social entrepreneurship orientation should be treated as an enabler of action, in line with previous research (Choi & Williams, 2016). It allows the organization to control its resources in an innovative and proactive manner, and lets managers take risks with those resources. This orientation, lifted by market-oriented behaviors, leads to the generation of new knowledge for the organization and helps the managers to deal with uncertainty.

Overall, the results provide new insight into how both social entrepreneurship orientation and market orientation influence social enterprise performance. Social entrepreneurship performance provides an impetus that activates market orientation in order to accomplish superior social and economic performance.

6.5. Limitations and avenues for future research

While this research has successfully demonstrated that both social entrepreneurship orientation and market orientation have positive and significant impact on social enterprise performance in Portugal, there are several limitations that need to be acknowledged.

First, the data was collected in a cross-sectional manner, indicating that the perceptions regarding the constructs were measured at a single point in time, but the conditions and

influences can change over time. Thus, a better understanding of the constructs examined could be achieved through the adoption of longitudinal research design.

Second, this research focused on Likert scales, which means that results are based on the subjective judgement of respondents. Even if previous research has exhibited a high correlation between objective and subjective performance indicators, it would be interesting to use primary data from economic, financial and social performance from social enterprises.

At last, the results of this research were based on the perspective of the organization's manager. It could be interesting to complement this analysis with the perspective of beneficiaries or other stakeholders.

There are many further research avenues that can be pursued based on the present research. First, conducting a study that integrates the perception of beneficiaries or other stakeholders would be invaluable.

It would be also important to include other moderating or mediating variables, like for example social capital, innovation capabilities and learning orientation, to determine better paths to enhance social enterprise performance.

Further research focusing on longitudinal studies of this overall causal path would be useful to better understand the way in which strategic orientations and social enterprise performance evolve over time. Comparative studies of the same causal model can be made in other countries.

Finally, the model proposed by this thesis has shown that social and economic performance can be enhanced by assuring a focus on social entrepreneurship orientation and market orientation. As this subject is very relevant and actual in what concerns the Third Sector, we hope more research is conducted to clarify these questions.

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Appendix A – Info to participants

Header

Este questionário insere-se num projecto de investigação para a realização de uma Tese de Doutoramento em Marketing e Estratégia (Universidade de Aveiro/Universidade do Minho/Universidade da Beira Interior).

De todas as informações será guardada estrita confidencialidade. Os dados, utilizados exclusivamente para fins académicos, serão apresentados de forma agregada, sem qualquer identificação do respondente ou entidade.

First email

Boa tarde.

O meu nome é Paula Pinheiro e estou a desenvolver uma tese de doutoramento (Universidade de Aveiro/Minho/Beira Interior) subordinada ao tema: “O impacto da orientação para o mercado na performance das empresas sociais em Portugal”. A ideia central da minha investigação é construir um modelo que permita analisar a relação entre estes dois conceitos, no contexto das empresas sociais.

A sua Cooperativa/IPSS está listada em XXXXXXX, pelo que considero que o seu contributo poderá ser de extrema importância para a minha investigação.

Assim, venho por este meio pedir a sua colaboração no preenchimento de um questionário. Basta clicar no link: <https://goo.gl/forms/w7KpGLXLkeVX8l8U2>.

Como certamente compreenderá, a obtenção de respostas válidas e conscientes é uma das maiores dificuldades neste tipo de investigação. No entanto, e dado que a organização que representa tem um reconhecido compromisso com valores de cariz social, conto com a sua boa vontade!

Agradeço desde já a melhor atenção dispensada a este assunto.

Melhores cumprimentos,

Second email

Boa tarde.

Gostaria mais uma vez de pedir a colaboração da vossa organização na minha investigação, através da resposta a um questionário (<https://goo.gl/forms/w7KpGLXLkeVX8l8U2>).

Se tiver alguma dificuldade no preenchimento do formulário, contacte-me através do mail ppinheiro@ua.pt ou pelo 912251380. Se achar que não é a pessoa indicada para responder, peço-lhe que encaminhe a mensagem para a pessoa responsável pela estratégia da organização.

Na expectativa da vossa colaboração, subscrevo-me com elevada consideração.

Cumprimentos,

Third email

Caros Srs.,

No âmbito do meu Programa Doutoral em Marketing e Estratégia (UA/UBI/UM), gostaria mais uma vez de apelar à colaboração da (Nome da Organização) no preenchimento de um questionário.

O formulário pode ser acedido através do link <https://goo.gl/forms/w7KpGLXLkeVX8l8U2>.

Conto com a vossa ajuda!

Cumprimentos,

Paula Pinheiro

ppinheiro@ua.pt

Appendix B- Questionnaire

Desempenho das Empresas Sociais

Este questionário insere-se num projecto de investigação para a realização de uma Tese de Doutoramento em Marketing e Estratégia (Universidade de Aveiro/Universidade do Minho/Universidade da Beira Interior).

De todas as informações será guardada estrita confidencialidade. Os dados, utilizados exclusivamente para fins académicos, serão apresentados de forma agregada, sem qualquer identificação do respondente ou entidade.

*Obrigatório

1. **Endereço de email ***

Características socio-demográficas do respondente

2. **Género ***

Marcar apenas uma oval.

- Feminino
 Masculino

3. **Idade ***

4. **Habilitações Literárias ***

Marcar apenas uma oval.

- Escolaridade Obrigatória/Ensino Básico
 12º ano
 Licenciatura
 Mestrado
 Doutoramento

5. **Qual é a sua função na organização? ***

Informação geral sobre a organização

6. **Nome da Organização ***

7. Forma Jurídica **Marcar apenas uma oval.*

- Associação
- Cooperativa
- Fundação
- Sociedade Comercial
- Centro Social e Paroquial
- Misericórdia
- Outra: _____

8. Qual é a actividade principal da organização?

(CAE)

9. Em que distrito está sediada? **Marcar apenas uma oval.*

- Aveiro
- Beja
- Braga
- Bragança
- Castelo Branco
- Coimbra
- Évora
- Faro
- Guarda
- Leiria
- Lisboa
- Portalegre
- Porto
- Santarém
- Setúbal
- Viana do Castelo
- Vila Real
- Viseu

10. Em que ano a organização iniciou a sua actividade? *

11. Quantos trabalhadores tem? *

Informação sobre o Mercado

NOTA PRÉVIA

Considere "beneficiários" as pessoas que consomem ou adquirem os produtos/serviços da organização (clientes, utentes ou utilizadores)

Considere "stakeholders" os públicos de interesse para a organização, como funcionários, gestores, proprietários, fornecedores, concorrentes, ONGs, Estado, credores, sindicatos.

12. **GI - Numa escala de 1 a 7, em que 1 corresponde a "Discordo Totalmente" e 7 a "Concordo Totalmente", assinale a opção que melhor expressa a sua concordância com as seguintes afirmações. ***

Marcar apenas uma oval por linha.

	1	2	3	4	5	6	7
Reunimos com os nossos beneficiários pelos menos uma vez por ano, para melhor compreender as suas necessidades	<input type="radio"/>						
Reunimos com os nossos stakeholders pelos menos uma vez por ano, para melhor compreender as suas necessidades	<input type="radio"/>						
Compreendemos o papel das empresas sociais no atual contexto económico e político	<input type="radio"/>						
Fazemos inquéritos de satisfação (beneficiários, stakeholders ou outros) pelo menos uma vez por ano	<input type="radio"/>						
Temos várias formas de recolher informação sobre o nosso ambiente (junto de beneficiários, stakeholders, etc.)	<input type="radio"/>						
Monitorizamos as mudanças na economia, sociedade, tecnologia e sistema político-legal, de forma a perceber de que forma nos podem afetar	<input type="radio"/>						
Comparamos regularmente o desempenho que pensamos ter com o desempenho percebido pelos nossos stakeholders	<input type="radio"/>						
Analizamos regularmente os fatores que influenciam a decisão dos beneficiários em nos escolherem a nós ao invés de empresas com missões semelhantes	<input type="radio"/>						
Recolhemos a opinião dos nossos beneficiários através das redes sociais	<input type="radio"/>						

13. **DI - Numa escala de 1 a 7, em que 1 corresponde a "Discordo Totalmente" e 7 a "Concordo Totalmente", assinale a opção que melhor expressa a sua concordância com as seguintes afirmações. ***

Marcar apenas uma oval por linha.

	1	2	3	4	5	6	7
Partilhamos informação e cooperamos com organizações com missão semelhante	<input type="radio"/>						
Disseminamos a informação recolhida (junto de beneficiários, stakeholders, etc.) por toda a organização	<input type="radio"/>						
Temos reuniões de equipa regulares para discutir mudanças operacionais e estratégicas importantes	<input type="radio"/>						
Temos um modelo de negócio/plano de actividades que é claramente percebido por colaboradores e stakeholders	<input type="radio"/>						
Utilizamos as redes sociais para comunicar regularmente entre os colaboradores	<input type="radio"/>						

14. **R - Numa escala de 1 a 7, em que 1 corresponde a "Discordo Totalmente" e 7 a "Concordo Totalmente", assinale a opção que melhor expressa a sua concordância com as seguintes afirmações. ***

Marcar apenas uma oval por linha.

	1	2	3	4	5	6	7
Temos informação disponível suficiente para desenvolver produtos/serviços apropriados aos nossos beneficiários	<input type="radio"/>						
Utilizamos toda a informação disponível para ajustar ou desenvolver produtos/serviços para os nossos beneficiários	<input type="radio"/>						
Tentamos dar resposta às necessidades emergentes de beneficiários ou stakeholders	<input type="radio"/>						
Adaptamos as nossas estratégias de acordo com as necessidades dos nossos beneficiários	<input type="radio"/>						
Adaptamos as nossas estratégias de acordo com as expectativas dos nossos stakeholders	<input type="radio"/>						
Tentamos diferenciar os nossos serviços de outras alternativas	<input type="radio"/>						
Investimos de forma significativa em marketing e comunicação	<input type="radio"/>						

Informação sobre a Gestão

15. **CI** - Numa escala de 1 a 7, em que 1 corresponde a "Discordo Totalmente" e 7 a "Concordo Totalmente", assinale a opção que melhor expressa a sua concordância com as seguintes afirmações. *

Marcar apenas uma oval por linha.

	1	2	3	4	5	6	7
A inovação social é importante para a nossa organização	<input type="radio"/>						
Investimos fortemente no desenvolvimento de novas formas de aumentar o nosso impacto social ou servir os nossos beneficiários	<input type="radio"/>						
Na nossa organização surgem frequentemente novas ideias para resolver problemas sociais	<input type="radio"/>						

16. **AR** - Numa escala de 1 a 7, em que 1 corresponde a "Discordo Totalmente" e 7 a "Concordo Totalmente", assinale a opção que melhor expressa a sua concordância com as seguintes afirmações. *

Marcar apenas uma oval por linha.

	1	2	3	4	5	6	7
Ao perseguir o nosso propósito social, não temos receio de assumir riscos substanciais	<input type="radio"/>						
É necessário agir com determinação para cumprir a missão social da organização	<input type="radio"/>						
Evitamos uma linha de ação cautelosa, se isso puser em causa oportunidades sociais	<input type="radio"/>						

17. **P** - Numa escala de 1 a 7, em que 1 corresponde a "Discordo Totalmente" e 7 a "Concordo Totalmente", assinale a opção que melhor expressa a sua concordância com as seguintes afirmações. *

Marcar apenas uma oval por linha.

	1	2	3	4	5	6	7
Aspiramos ser pioneiros em fazer do mundo um sítio melhor	<input type="radio"/>						
A nossa organização tem uma tendência forte em estar à frente de outras na abordagem da sua missão social	<input type="radio"/>						
Nós tipicamente iniciamos ações que outras empresas sociais/empreendedores sociais copiam	<input type="radio"/>						

18. **S** - Numa escala de 1 a 7, em que 1 corresponde a "Discordo Totalmente" e 7 a "Concordo Totalmente", assinale a opção que melhor expressa a sua concordância com as seguintes afirmações. *

Marcar apenas uma oval por linha.

	1	2	3	4	5	6	7
O objetivo de cumprir a nossa missão social precede o objetivo de gerar lucro	<input type="radio"/>						
A nossa organização coloca grande ênfase nas parcerias com outras organizações e/ou governos para assegurar um melhor ou mais rápido cumprimento da missão social	<input type="radio"/>						
Definimos objetivos ambiciosos em termos de sustentabilidade e incorporamo-los em todas as decisões estratégicas	<input type="radio"/>						

Desempenho

Questões sobre o desempenho social e económico da organização

NOTA PRÉVIA

Eficiência e Eficácia são importantes critérios usados para a avaliação do desempenho das organizações.

Eficiência refere-se a fazer as coisas no tempo certo, otimizando os recursos.

Eficácia refere-se a fazer as coisas certas, alcançando os objectivos propostos.

19. **Social - Numa escala de 1 a 5, em que 1 corresponde a "Discordo Totalmente" e 5 a "Concordo Totalmente", assinale a opção que melhor expressa a sua concordância com as seguintes afirmações. ***

Marcar apenas uma oval por linha.

	1	2	3	4	5
Gerimos a organização de forma sustentável, em termos ambientais	<input type="radio"/>				
Os nossos stakeholders estão satisfeitos com o nosso trabalho	<input type="radio"/>				
Gerimos a organização de forma sustentável, em termos sociais	<input type="radio"/>				
Informamos a comunidade sobre a situação dos nossos beneficiários (colaboradores, clientes,...)	<input type="radio"/>				
Ajudamos a mobilizar pessoas para outras iniciativas sociais	<input type="radio"/>				
Somos muitas vezes percebidos pelos beneficiários como o seu último recurso	<input type="radio"/>				
Nos últimos anos cumprimos os objectivos quanto ao número de beneficiários que servimos	<input type="radio"/>				
Os beneficiários estão satisfeitos com os nossos serviços	<input type="radio"/>				
Beneficiários e stakeholders recomendam os nossos produtos/serviços.	<input type="radio"/>				

20. **Económica - Numa escala de 1 a 5, em que 1 corresponde a "Discordo Totalmente" e 5 a "Concordo Totalmente", assinale a opção que melhor expressa a sua concordância com as seguintes afirmações. ***

Marcar apenas uma oval por linha.

	1	2	3	4	5
A nossa organização é mais eficaz que os outros a servir os beneficiários	<input type="radio"/>				
Nos últimos (2) anos melhorámos a nossa eficácia	<input type="radio"/>				
A nossa organização é mais eficiente que os outros a servir os beneficiários	<input type="radio"/>				
Nos últimos (2) anos melhorámos a nossa eficiência	<input type="radio"/>				
Nos últimos (2) anos a nossa situação financeira melhorou	<input type="radio"/>				
A nossa organização é sustentável financeiramente	<input type="radio"/>				

Informação económica sobre a organização

21. Qual é a principal fonte de financiamento da organização. *

Assinale a opção mais adequada
Marcar apenas uma oval.

- Subvenção do Estado
- Venda de Produtos/Serviços
- Quotas de associados
- Donativos particulares
- Outros subsídios
- Outra: _____

Contacto do Respondente

Para efeitos de controlo de qualidade, gostaríamos que nos fornecesse um contacto (telefone ou email)

22. Telefone

23. Email *



Appendix C – Cross-Loadings

	Intel Gen	Intel Dis	Respons	Inovativenes	Proactiveness	Risk-taking	Socialness	Social Perfor	Economic Pei
MO_IG1	0.588	0.339	0.370	0.280	0.240	0.288	0.343	0.353	0.178
MO_IG2	0.644	0.395	0.410	0.370	0.275	0.294	0.380	0.348	0.215
MO_IG3	0.657	0.519	0.515	0.387	0.299	0.401	0.432	0.450	0.283
MO_IG5	0.796	0.580	0.583	0.513	0.376	0.484	0.468	0.510	0.367
MO_IG6	0.736	0.501	0.464	0.461	0.327	0.419	0.420	0.404	0.250
MO_IG7	0.805	0.491	0.543	0.508	0.382	0.439	0.415	0.425	0.331
MO_IG8	0.795	0.528	0.597	0.490	0.362	0.432	0.389	0.470	0.343
MO_ID1	0.386	0.710	0.419	0.384	0.218	0.335	0.373	0.402	0.202
MO_ID2	0.527	0.792	0.492	0.493	0.327	0.408	0.448	0.455	0.274
MO_ID3	0.571	0.837	0.587	0.524	0.387	0.447	0.461	0.514	0.301
MO_ID4	0.609	0.813	0.641	0.548	0.374	0.504	0.475	0.533	0.353
MO_R1	0.562	0.536	0.770	0.503	0.364	0.467	0.434	0.489	0.363
MO_R2	0.589	0.578	0.836	0.525	0.352	0.489	0.482	0.556	0.389
MO_R3	0.565	0.604	0.848	0.504	0.347	0.467	0.469	0.592	0.384
MO_R4	0.570	0.586	0.866	0.552	0.349	0.511	0.462	0.577	0.458
MO_R5	0.557	0.510	0.787	0.507	0.291	0.421	0.416	0.494	0.368
MO_R6	0.540	0.504	0.722	0.501	0.404	0.422	0.415	0.513	0.437
SEO_I1	0.485	0.522	0.490	0.813	0.476	0.529	0.514	0.460	0.345
SEO_I2	0.557	0.551	0.587	0.904	0.543	0.592	0.531	0.480	0.433
SEO_I3	0.538	0.557	0.590	0.895	0.582	0.606	0.546	0.572	0.463
SEO_P1	0.373	0.392	0.383	0.516	0.807	0.482	0.477	0.391	0.336
SEO_P2	0.407	0.371	0.408	0.565	0.921	0.522	0.485	0.442	0.483
SEO_P3	0.375	0.311	0.313	0.482	0.818	0.416	0.468	0.379	0.489
SEO_RT1	0.453	0.400	0.436	0.573	0.492	0.826	0.465	0.415	0.358
SEO_RT2	0.501	0.518	0.555	0.520	0.429	0.792	0.496	0.564	0.345
SEO_RT3	0.370	0.379	0.378	0.502	0.428	0.796	0.412	0.362	0.291
SEO_S1	0.226	0.190	0.201	0.177	0.208	0.204	0.499	0.190	0.194
SEO_S2	0.463	0.507	0.482	0.488	0.424	0.450	0.852	0.531	0.304
SEO_S3	0.534	0.502	0.510	0.612	0.569	0.570	0.879	0.558	0.427
SEP_E1	0.230	0.207	0.273	0.296	0.472	0.267	0.261	0.327	0.727
SEP_E2	0.385	0.365	0.503	0.469	0.414	0.400	0.398	0.553	0.873
SEP_E3	0.248	0.206	0.292	0.320	0.472	0.277	0.277	0.334	0.748
SEP_E4	0.391	0.366	0.502	0.438	0.397	0.400	0.392	0.551	0.871
SEP_E5	0.236	0.206	0.262	0.265	0.215	0.194	0.260	0.284	0.586
SEP_S2	0.516	0.491	0.546	0.447	0.346	0.468	0.518	0.774	0.432
SEP_S3	0.533	0.565	0.571	0.498	0.399	0.475	0.556	0.775	0.432
SEP_S5	0.392	0.475	0.420	0.464	0.349	0.428	0.445	0.630	0.289
SEP_S7	0.328	0.322	0.332	0.327	0.338	0.403	0.369	0.641	0.368
SEP_S8	0.421	0.421	0.530	0.418	0.345	0.402	0.402	0.837	0.448
SEP_S9	0.459	0.465	0.574	0.463	0.377	0.384	0.426	0.817	0.495