

Article

How Social Entrepreneurs' Value Orientation Affects the Performance of Social Enterprises in Korea: The Mediating Effect of Social Entrepreneurship

Changhwan Shin ¹ and Jungkyu Park ^{2,*}

¹ Department of Social Welfare, Kyungpook National University, Daegu 41566, Korea; chshin@knu.ac.kr

² Department of Psychology, Kyungpook National University, Daegu 41566, Korea

* Correspondence: jkp@knu.ac.kr

Received: 17 September 2019; Accepted: 25 September 2019; Published: 27 September 2019



Abstract: Efforts have been made to improve the performance of social enterprises through many studies on social entrepreneurs and social entrepreneurship. However, previous studies have conceptualized social entrepreneurship based on researches on commercial entrepreneurs. In addition, the scale used in the analysis of social entrepreneurship focuses primarily on behavioral aspects. Although the social and economic values pursued by social enterprises are important virtues for social entrepreneurs, research on the value orientation of social entrepreneurship is insufficient. The essence of a social enterprise is creating social value based on financial sustainability, so the concept of blended value has been recently emphasized. This study analyzed the relationships among blended value orientation, social entrepreneurship, and the performance of social enterprises. The results indicate that the blended value orientation of social entrepreneurs influenced social entrepreneurship and performance; social entrepreneurship fully mediated blended value orientation and performance. These findings suggest that it is important to focus on the blended value orientation of social entrepreneurs and social entrepreneurship in the promotion and policies of social enterprises.

Keywords: social enterprises; social entrepreneurs; blended value orientation of social entrepreneurs; social entrepreneurship; performance of social enterprise

1. Introduction

Recently, interest in the social economy has increased as the growth limit of the capitalist economy has been revealed [1–3]. The core actor of the social economy is the social enterprise (SE), and research on the SE has increased in recent decades. Studies on SEs are divided into three areas: social entrepreneurship, the performance of SEs (SEP), and the relationship between these factors. However, no consensus has been reached on the concept of social entrepreneurship or the SEP [4–6]. Depending on how SEs and social entrepreneurs are perceived, the definition of social entrepreneurship varies [7]. Despite diverging concepts and definitions regarding social entrepreneurship, it is a major subject in SE studies.

Most studies of social entrepreneurship have mainly focused on its conceptualization. Therefore, the empirical measurement of social entrepreneurship and its compositional factors has been dealt with by many researchers and practitioners [8–14]. The increasing interest in social entrepreneurship is related to the retreat of the welfare state in Western economies [7,11]. Social entrepreneurship has been a subject of much interest and research as a new paradigm for the last 30 years. It has been regarded as a means of financing and maintaining financial independence [6,15] as well as profit-making for nonprofit organizations [6].

In addition to the conceptualization of social entrepreneurship, there is a study on how social entrepreneurship affects the SEP. The willingness to solve social problems arises from social entrepreneurs'

altruism, sympathy, or desire for freedom and fairness. The willingness or attitude regarding solving social problems is closely related to the personal characteristics, qualities, and value orientation of social entrepreneurs [16–19]. Therefore, it is difficult to understand social entrepreneurship without considering the values, motivations, and attitudes that underlie the actions of social entrepreneurs. Value is the source of the attitudes and behavioral motivations of members in organizational behavior theory [20]. Individual values are important because they are fundamental beliefs that affect the behavior and performance of an organization [21]. Thus, the discussion of the individual value orientation of social entrepreneurs has important implications in that they can affect the SEP.

Although there is no general agreement on the concept of the SEP, the consensus is that both the economic performance of profit generation and the social value of achieving social goals must be pursued simultaneously [6–10]. According to Emerson, blended value is a concept that focuses on the link between social and economic value orientation [22]. In this sense, the essence of an SE is creating blended value. Despite the acceptance of the concept and importance of blended value orientation (BVO) [23]; however, little research has been conducted on the measurement of the BVO of social entrepreneurs and relationships among social entrepreneurship, BVO, and performance [24–26]. In this study, we analyzed how the BVO of social entrepreneurs and social entrepreneurship affects the SEP.

The research questions of this study are as follows. Does the BVO of social entrepreneurs affect social entrepreneurship? Does the BVO of social entrepreneurs affect the SEP? How does social entrepreneurship relate to BVO and the SEP? To analyze these research questions, we used structural equation modeling (SEM).

2. Literature Review

2.1. The Performance of Social Enterprises and the Factors Affecting Performance

It is difficult to quantify the SEP pursuing social purposes compared with a commercial enterprise using quantifiable and tangible measures of performance, such as financial indicators [5]. In addition, SEs have various financial and non-financial stakeholders, and there is complexity in performance measurement as a result [8–10,27]. Although there are debates concerning the performance indicators of SEs, most of them share the results of two aspects: social performance (the creation of social value) and economic performance (financial sustainability). An SE is a hybrid organization [28,29] that is similar to commercial organizations seeking profit maximization and nonprofit organizations driven by a social mission, such as charity and philanthropic values [30].

This duality seems conflicting, but the SE leverages this duality to pursue high social and economic performance. The sustainability of an SE is not an end in itself, but it is necessary to carry out the social mission of the organization. The essence of an SE is to create social value based on economic performance for the survival of the organization. Weerawardena and Mort argue that the social performance of social enterprises (SEPs) and economic sustainability of SEs (SEPe) cannot be separated because social influence secures the long-term sustainability of SEs. According to them, the performance of social missions is to be accompanied and pursued with the sustainability of the organization [9]. Dees also presents social value creation and financial sustainability as the performance of social entrepreneurship [6]. Likewise, several studies on SEP have defined and measured it as social and economic (financial) performance and analyzed the factors influencing it [31–33].

The factors affecting SEP presented in the previous studies vary widely from study to study: the management capabilities of social entrepreneurs, leadership of social entrepreneurs, social entrepreneurship, networking with various stakeholders, organizational structure, governance, strategy, social support and cooperation, market competitiveness, balance as a hybrid organization, solidarity, values, and missions. While various factors are suggested, four major factors affect SEP: human, institutional, organizational, and environmental factors [34]. The leadership and management capacity of social entrepreneurs, social entrepreneurship, and employee competence are human factors [35–37]. Institutional

factors include government financial support and nonfinancial support [38,39]. Organizational structure, governance, organizational process, and operational strategy are organizational factors [31–33]. Finally, environmental factors include networking with stakeholders, social support, cooperation with the environment, and market competitiveness [40,41].

Although the four factors are conceptually distinct, they overlap in influence. Nevertheless, it is important to identify and explain the factors that affect SEP. If these four factors influence SEP, which are the most important? All of them are important, but considering the characteristics of the SE organization, the human factor is the most important. Among human factors, chief executives' personalities and the values of the SE and social entrepreneurship are most often discussed as influencing SEP [5,6,13,14,42–47].

2.2. *The Effect of Social Entrepreneurs as Individuals in the Performance of Social Enterprises*

There are many studies offering different definitions of social entrepreneurs. Researchers and practitioners have analyzed social entrepreneurs through various perspectives, such as qualities, behavior, organization establishment and operation, entrepreneurship, management, social mission, motivation, and desire. All these elements are qualities that social entrepreneurs need to operate an SE.

For social innovation and change, social entrepreneurs are motivated by the opportunity to adopt an innovative approach and the creative use of resources and contacts to satisfy needs [16]. They serve as agents of societal change with innovative methods [6]. They are entrepreneurial, creative, and agenda-setting and seek solutions to problems caused by institutions that cannot be solved by existing institutions [13,27–29]. However, social entrepreneurs are identified as people who have distinguishing features of ethical purpose [46], basic temperamental qualities of comfort with uncertainty, a high need for autonomy, and a tendency toward action [12]. As such, social entrepreneurs are described as people with unique behavioral patterns or differentiated personalities and value orientations for the realization of social values. In particular, many researchers have focused on social entrepreneurs' behavioral patterns as an affecting factor of SEP and defined it as social entrepreneurship.

2.2.1. *The Blended Value Orientation of Social Entrepreneurs*

Most empirical studies on social entrepreneurship are based on the three factors of Covin and Slevin's model and measured with their three-factor model [47]. However, this model is limited to the measurement of the relatively commercial behavior of social entrepreneurs while overlooking their personal characteristics. To maintain financial stability and carry out social missions in an uncertain environment, social entrepreneurs should have various attributes, such as a moral attitude, responsibility, judgment, a willingness to contribute to society, the pursuit of economic efficiency, strong ethical motivation, and the creation of value beyond resources [48].

Values are basic beliefs that a particular behavior or purpose of being is more desirable personally or socially than other behaviors or purposes of existence. Values include personal judgmental factors about what is right, wrong, and desirable [21]. Values are the basis for understanding a person's attitudes and behavioral motivations in that they affect perception [20,49]. Thus, individual value is important in the study of organizational behavior. In particular, the values of social entrepreneurs with final responsibility and decision-making authority over the operation of SEs are important [50]. In the past, it was suggested that the characteristics of the individual in an organization affected the organization itself. Recently, results have been presented showing that the value orientation of the individual in an organization also affects the organization itself. Value orientation and entrepreneurship are crucial factors for explaining SEP. As mentioned earlier, empirical studies analyzing several social entrepreneurships have measured them as behavioral characteristics (innovativeness, proactiveness, and risk-taking). What value should social entrepreneurs pursue as chief executives? Social and economic values are no less important than any others for social entrepreneurs to seek. The value

orientation that social entrepreneurs should pursue is, therefore, the harmony and balance of social and economic values [25,26].

Recently, the concept of blended value was stressed in many studies. Emerson suggests the concept of 'blended value,' which means an organization's economic value is not separate from its social value and each value is related dynamically. Financial sustainability is related to the creation of social value, so the concept of blended value was recently emphasized in general commercial enterprises. Additionally, Emerson suggests the concept of BVO that is oriented toward the creation of interplay between its social and economic components for social and economic values. BVO is a kind of dynamic orientation for creating social and economic value in an organization.

The essence of an SE creates social value based on financial sustainability. Therefore, the concept of blended value and BVO could be applied to SEs. Brooks defines the 'blended value' of an SE as the sum of the enterprise value and the social purpose value. He stresses the sum of economic and social values as mixed values. Miles et al. suggest the concept of social value orientation (SVO) in SEs. SVO is an organizational-wide value-driven philosophy of management that focuses on organizational objectives that is attained by an entrepreneurial and sustainable attitude [Miles 2013:91]. An SE with an SVO has decision makers who proactively take risks to innovate their products, processes, and strategy. SVO is a limited concept in that it emphasizes only one aspect of the values that SEs should pursue. As hybrid organizations, SEs pursue social goals using a for-profit business model [28]. In this sense, there is controversy about the relationship and causality between social and economic values, which SEs should pursue and harmonize. In this respect, SEs are hybrid organizations that have a BVO that must pursue both values.

Based on this theoretical argument, we set the following hypothesis.

Hypothesis 1. *The BVO of social entrepreneurs has a positive effect on social entrepreneurship.*

Organizational behavior theory in business administration describes the value of an individual as related to organizational performance [51,52]. Since value includes the judgment that a particular behavior or performance is preferred over other behaviors or performance, the value orientation of social entrepreneurs has important implications for SE behavior and performance. Based on this theoretical argument, we set the following hypotheses.

Hypothesis 2. *The BVO of social entrepreneurs has a positive effect on the SEPe of the SE.*

Hypothesis 3. *The BVO of social entrepreneurs has a positive effect on the SEPs of the SE.*

2.2.2. Social Entrepreneurship

The study of social entrepreneurship has mainly focused on its conceptual definition and measurement. However, there is much confusion about the definition of social entrepreneurship because it is difficult to define the characteristics and behaviors of social entrepreneurs. Although there are many definitions, social entrepreneurship is generally divided into two aspects. The first approach is a process-oriented concept focusing on the process of establishing an SE or realizing its values [4–7]. The second approach focuses on the individual as the entrepreneur who is responsible for the operation of the SE; this can be considered the perspective of practitioners such as Ashoka and the Skoll Foundation [45,46].

In terms of process understanding, social entrepreneurship has been understood as a series of processes that transform business opportunities into economic and social value through the recognition, discovery, and implementation of business opportunities. The process perspective is a viewpoint that considers the business processes of recognizing and implementing business opportunities and establishing an SE. Dees defines social entrepreneurship as a mindset and kind of behavior that is needed for social change agents in the social sector. Austin et al. characterize social entrepreneurship as the behavior involved in changing the context in which a social problem is deeply embedded [5].

Most research on social entrepreneurship is also interpreted as an innovative method and approach to unmet socioeconomic needs [44,53]. The process perspective stresses that social entrepreneurship is an activity of social entrepreneurs who seek to fulfill a social mission through innovative thinking and behavior [44].

The model of social entrepreneurship, which is most frequently applied to empirical research, was developed by Mort et al. [10]. They argue that social entrepreneurship is a multidimensional construct that consists of various attributes or dimensions and is conceptualized under overall abstraction. Figure 1 shows the four dimensions of the social entrepreneurship construct [10] (p.83).

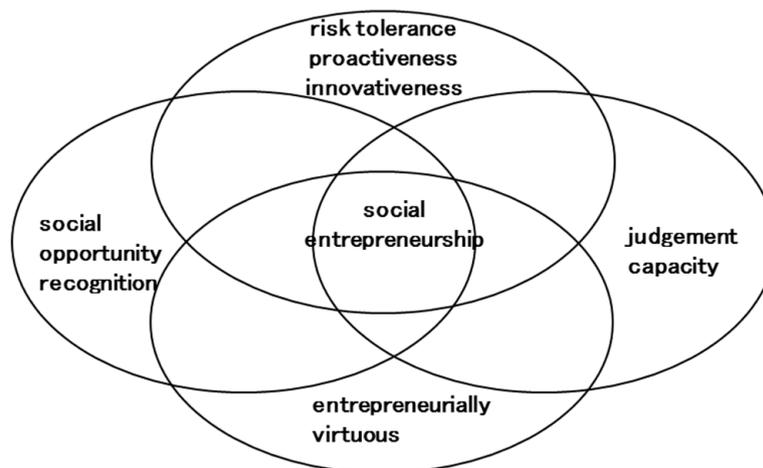


Figure 1. Multidimensional social entrepreneurship construct.

Mort et al. suggest that social entrepreneurship shares four factors [10]. First, social entrepreneurs should have entrepreneurial virtues to be aware of a moral purpose, ethics, and virtues to create social value. Second, balanced judgment is needed under complexity; social entrepreneurs should have balanced judgment ability to create social value while coordinating the interests of various stakeholders. While managing several stakeholders and creating social value, social entrepreneurs should have income-generating capacity. Third, opportunity recognition is a central attribute of social entrepreneurs, which enables them to seize opportunities as well as implement the process of social value creation in contrast to a commercial organization. Fourth, based on Covin and Slevin's argument [47], social entrepreneurs should make decisions involving risk tolerance, proactiveness, and innovativeness, which are identified as the primary behaviors of commercial entrepreneurs [10] (pp. 82–84).

Research findings analyzing the relationship between social entrepreneurship and the performance of social entrepreneurs differ. Some studies suggest that SEPe is independent of social entrepreneurship [31], but others suggest that social entrepreneurship has a positive effect on social and economic performance [32,33]. Based on this theoretical and empirical argument, we set the following hypotheses.

Hypothesis 4. *Social entrepreneurship has a positive effect on the SEPe of the SE.*

Hypothesis 5. *Social entrepreneurship has a positive effect on the SEPs of the SE.*

3. Methods

3.1. Research Model

In this study, based on social entrepreneurship theories, we investigated the relationships among SVO, social entrepreneurship, and socioeconomic performance. Figure 2 shows the hypothetical model according to Hypotheses 1 to 5.

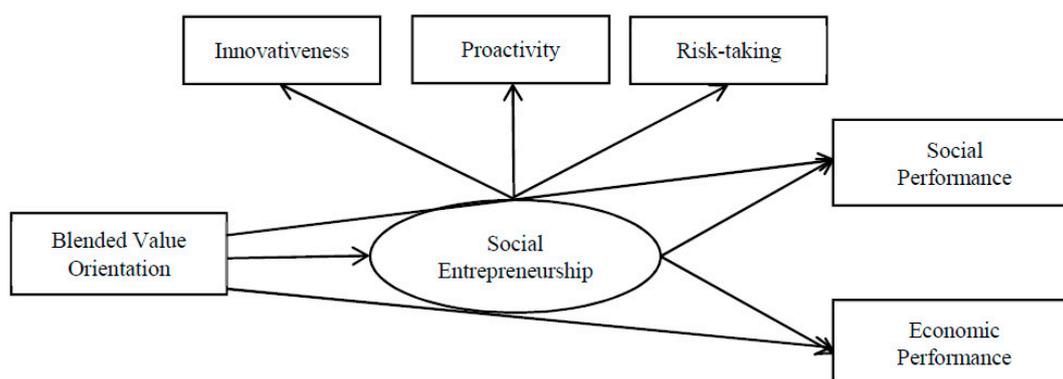


Figure 2. Hypothetical model specifying the relationships among blended value orientation, social entrepreneurship, and socioeconomic performance.

Although the SEP is an organizational-level variable and value orientation or attitude is an individual-level variable, these variables were measured through self-response questionnaires. Many studies in the business administration field also measured the organizational performance, value orientation, and attitudes of individuals (entrepreneurs) at the individual level and applied the subject response questionnaire in researching these variables without using numerical financial data [54–57].

However, in the subjective measurement of individual values, characteristics, and organizational performance, there are differences in the measurement level of variables. In other words, many studies identified the organizational and individual-level characteristics through subjective questionnaire surveys, and the survey respondents understood business situations and company environments well [30–34]. According to Liu et al., who analyzed the relationship between marketing capabilities and the social–economic SEP, subjective ratings to measure financial and social performance are a reliable and valid assessment because managerial decisions and actions are somewhat accurately perceived by the chief executives of companies. This means that organization-level variables can be measured through the analysis of individuals who understand the organization well. The Korean SEs to be analyzed in this study provide products and services with different business models in various fields. In addition, Korean SEs vary greatly in organizational size, organizational form, and ownership structure. Based on the practical aspects, it is not appropriate to simply compare quantitative performance (sales, operating margin, etc.) without considering these organizational characteristics. Therefore, we can apply subjective and individual-level responses to an organization study.

3.2. Data Collection

The SEs analyzed in this study are those registered on the website of the Korea Social Enterprise Promotion Agency. A list of certified SEs was secured through the homepage (www.socialenterprise.or.kr). The survey questionnaires were sent to the chief executives of 423 companies by email, and a total of 100 questionnaire responses were collected.

Many research studies on the social entrepreneurship and behavioral characteristics of social entrepreneurs used self-reporting questionnaires [38–40,48,49]. Many studies analyzing the relationships among values, attitudes, and performance in business administration mainly measured values, attitudes, and performance with subjective perception [30–34,54–57]. Miles et al., leading SEP scholars, analyzed the relationships among value orientation, market orientation, SEPs, and SEPe [30]. Therefore, a self-reporting questionnaire was used in this study based on previous surveys. The chief executives responded to the questionnaire in a self-reporting form, which we received by email.

3.3. Measures

The response questionnaire items for organizational performance are generally measured in three forms: continuous, rating, and binary. Most research has used rating scales (very negative–very

positive). The comparison criteria of organizational performance self-responses are constructed in three ways: Developmental (the extent to which an organization's milestones were reached in the time proposed), Benchmark (the extent to which they became a leader in their area by comparison), and Historic (the extent to which they matched their past performance) [13]. This study constructed the scales with rating items and historic comparison criteria.

3.3.1. Blended Value Orientation of Social Entrepreneurs

The BVO concept of social entrepreneurs has not been studied in depth, so this study employed an exploratory definition of the value orientation of social entrepreneurs. Specifically, the BVO was measured by two key values: social and economic. The chief executives responded to two items about the extent to which they pursued social and economic values in enterprise management. Two items were measured using seven point Likert-type scales, ranging from 1 (very negative) to 7 (very positive). Before conducting the survey, we confirmed the face validity of the scales by conducting a preliminary survey with experts, including professors and SE representatives. The Cronbach's α scores of the pursuit of social and economic values were 0.89 and 0.92, respectively. Therefore, the reliability of the variables was secured.

3.3.2. Social Entrepreneurship

Previous studies on social entrepreneurship mainly used innovativeness and proactiveness, as well as risk-taking, as proposed by Weerawardena and Mort [9]. We used their survey items, which were measured on a seven point Likert scale ranging from 1 (very negative) to 7 (very positive). Innovativeness was measured by four items: finding innovative and creative business methods, accepting innovative ideas or business methods, boldly supporting members' new ideas and technologies, and improving the company's performance through creative change. Proactiveness was measured by four items: knowing what customers want and developing new products and services accordingly, introducing new business procedures and technologies faster than competing companies, a high interest in changes in competitors and related markets, and the extent of a company's initiative in the market where it operates. Risk-taking was measured by four items: the degree of preference for a challenge while taking risks rather than stable work, the willingness to take risks and pursue new methods for the company, establishing and promoting strategies in response to environmental changes, and seeing and promoting the possibility of a market (rather than seeking stability) if there is marketization. Cronbach's α was 0.89 for innovativeness, 0.86 for proactivity, and 0.93 for risk-taking; thus, the reliability of the three variables was secured.

3.3.3. Performance of Social Enterprises

The SEP was also a self-rated score with a seven point Likert scale. The SEPs was measured with five items: the degree of favorability of an evaluation received from the local community; making an internal investment of revenues for an employee pay increase or service/product R&D; making external investments of revenues for community returns; employees taking pride in their work; and contributing toward positive changes in society. The SEPe was measured with three items: the degree of constantly scaling up the company's sales; constantly escalating the company's operating profit; and constantly increasing the company's net profit. Cronbach's α was 0.92 for SEPs and 0.93 for SEPe; thus, the reliability of the two variables was secured.

3.4. Statistical Method

We analyzed our data using SEM with Mplus 7.3 (Muthén and Muthén, 1998–2017). The SEM model shown in Figure 2 was built to test Hypotheses 1 to 5. The total scores for the social entrepreneurship measures (innovation, risk-taking, and proactivity) were used as indicators of a latent variable in the model illustrated in Figure 2. A bias-corrected bootstrapping method proposed by MacKinnon,

Lockwood, and Williams (2004) was used to estimate the indirect effects of BVO on SEPs and SEPe through a latent variable mediator, social entrepreneurship, defined by the three measures [58].

Due to the nature of our dataset, which was obtained at a single point of time by self-reports, there was a concern regarding common method variance [59]. To address this concern, we conducted a Harman's single-factor test [60] with all the variables in the model. The results revealed that a single factor (i.e., a general factor) did not explain most of the variance in individual items; thus, we concluded that common method variance was not a concern for our analysis.

4. Results

Table 1 presents the means, standard deviations, and correlations of all study variables. As shown in Table 1, the study variables were somewhat correlated with each other. However, the VIF values obtained from the multiple linear regression (that predicted SEPs and SEPe via other variables) were within the acceptable range, with the highest VIF value being 3.99. This indicates that multicollinearity was not a serious concern in this study.

Table 1. Means, standard deviations, correlations, and reliability estimates for all study variables.

Variables	M	SD	1	2	3	4	5
1. Innovativeness	14.73	20.19					
2. Proactivity	7.56	15.21	0.85 **				
3. Risk-taking	12.15	17.44	0.75 **	0.77 **			
4. BVO	10.94	2.82	0.55 **	0.63 **	0.67 **		
5. SEPe	19.06	12.82	0.63 **	0.70 **	0.56 **	0.51 **	
6. SEPs	20.47	10.50	0.67 **	0.67 **	0.61 **	0.52 **	0.69 **

** $p < 0.01$ (2-tailed).

Before testing our hypotheses, we conducted a confirmatory factor analysis (CFA) of the 14 individual items for the four key measures (i.e., BVO, innovativeness, risk-taking, and proactivity) to evaluate the construct validity. The results showed that the hypothesized four-factor measurement model provided an acceptable fit to data ($\chi^2(71) = 172.68, p < 0.01, CFI = 0.92, TLI = 0.89, RMSEA = 0.12, SRMR = 0.05$). Moreover, the measures exhibited sufficient evidence of convergent and discriminant validity, i.e., all the items were significantly loaded onto corresponding constructs, ranging from 0.71 to 0.96, while the constructs were not substantially correlated with each other, ranging from 0.57 to 0.72.

Table 2 presents the parameter estimates and their 95% confidence intervals in the hypothesized model (i.e., Model 1), depicted in Figure 2. The model presented a very good fit to the data ($\chi^2(6) = 14.14, p < 0.01, CFI = 0.98, TLI = 0.95, RMSEA = 0.12, SRMR = 0.02$). Hypothesis 1 states that the BVO of social entrepreneurs is positively related to their social entrepreneurship. The results revealed that the path coefficient for the BVO on social entrepreneurship was significant ($\beta = 0.68, p < 0.01$), suggesting that a higher BVO leads to higher levels of social entrepreneurship. This finding supports Hypothesis 1.

Hypotheses 2 and 3 state that BVO improves SEPs and SEPe. As shown in Table 2, the path coefficients for both SEPs and SEPe were not significant ($\beta = 0.14, ns, \beta = 0.09, ns$), indicating that there was no direct relation between socioeconomic performance and the BVO level.

Hypotheses 4 and 5 indicate that social entrepreneurship is positively associated with SEPs and SEPe. The results showed that the coefficients for social entrepreneurship on both types of performance were significant ($\beta = 0.68, p < 0.01; \beta = 0.70, p < 0.01$), providing support for both of the hypotheses.

An additional analysis was conducted to confirm the relationships among BVO, social entrepreneurship, and socioeconomic performance; we built an alternative model (i.e., Model 2), which dropped the non-significant direct paths from BVO to SEPs and SEPe, as shown in Figure 3. The alternative model provided a very good fit to the observed data ($\chi^2(8) = 14.49, p < 0.01, CFI = 0.98, TLI = 0.97, RMSEA = 0.01, SRMR = 0.03$), and removing the direct paths from BVO to SEPs and SEPe did not worsen the model fit substantially ($\Delta\chi^2(2) = 0.35, ns$); thus, we chose the alternative model as the final model.

Table 2. Standardized coefficients of model for testing mediation effects.

	Model 1			Model 2		
	Coef.	s.e.	95% CI	Coef.	s.e.	95% CI
Factor loadings						
Proactive	0.94 **	-		0.94 **	-	
Innovation	0.90 **	0.05		0.90 **	0.05	
Risk-taking	0.84 **	0.09		0.84 **	0.09	
Path coefficients						
BVO→SEPs	0.06	0.35				
BVO→SEPe	0.04	0.30				
BVO→SEship	0.68 **	0.17		0.68 **	0.26	
SEship→SEPs	0.68 **	0.21		0.73 **	0.29	
SEship→SEPe	0.70 **	0.18		0.72 **	0.26	
Indirect effects						
BVO→SEship→SEPs	0.46 **	0.30	[0.29, 0.63]	0.49 **	0.09	[0.35, 0.64]
BVO→SEship→SEPe	0.47 **	0.26	[0.33, 0.61]	0.49 **	0.08	[0.36, 0.62]

Note: SEship represents social entrepreneurship. ** $p < 0.01$ (2-tailed).

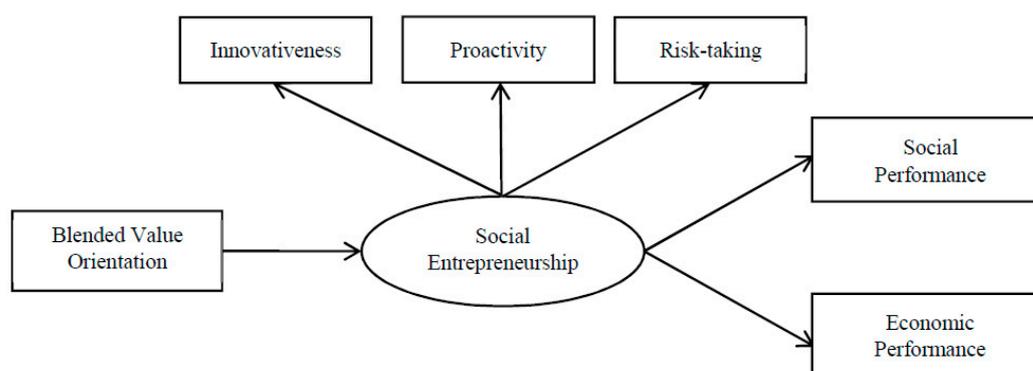
**Figure 3.** Final model specifying the relationships among value orientation, behavior, and performance.

Table 2 displays the results of the final model (i.e., Model 2), which tested the indirect effect of BVO on SEPs and SEPe via social entrepreneurship. The paths (a) from BVO to social entrepreneurship ($\beta = 0.68, p < 0.01$), (b) social entrepreneurship to SEPs ($\beta = 0.73, p < 0.01$), (c) social entrepreneurship to SEPe ($\beta = 0.72, p < 0.01$) and (d) the factor loading of proactivity ($\lambda = 0.94, p < 0.01$), innovativeness ($\lambda = 0.90, p < 0.01$), and risk-taking ($\lambda = 0.84, p < 0.01$) on behavior were statistically significant.

The results showed that social entrepreneurship fully mediated the relationship between BVO and both SEPs and SEPe. The average indirect effect of BVO on SEPs via social entrepreneurship estimated by the bootstrapping procedure with 20,000 resamples was 0.49, with a 95% bootstrap CI [0.35, 0.64]. Similarly, the relationship between BVO and SEPe was also fully mediated by social entrepreneurship (estimate = 0.49, 95% CI [0.36, 0.62]) with the same number of bootstrapping resamples.

5. Discussion

This study examined the effects of social entrepreneurs on SEP by focusing on social entrepreneurs as a human factor. Specifically, the effects of BVO and social entrepreneurship on SEP were analyzed.

The results of this analysis suggest the following implications. This study conducted empirical analysis of the role of social entrepreneurship between BVO and SEP. Social entrepreneurship was influenced by BVO and affected SEP. This means that it is difficult to improve the SEP without social entrepreneurship even if social and economic values are emphasized.

In South Korea, the government policy on SEs has mainly focused on the creation of social value and social roles, such as providing work and social services. The discussion of social entrepreneurs and social entrepreneurship as agents of social change has been overlooked in policy design. To create

a healthy ecosystem for SEs, the government's policy focus should be changed to foster social entrepreneurs with entrepreneurship. SE-fostering programs in Korea that focus on marketing, public relations, securing sales channels, and financial funding need to be directed toward the elevation of social entrepreneurship. Most Korean SEs are generally SE-fostering in the market after the financial and administrative support of the government is terminated [61]; accordingly, there is a need for support to strengthen the attitudes and qualities of social entrepreneurs.

In terms of the mediating effect, social entrepreneurship had a full mediating effect between BVO and SEP. The previous studies on SEP used a research model that assumes social entrepreneurship is an independent variable influencing performance. However, in this study, social entrepreneurship was found to be a mediating variable in the relationship between value orientation and SEP. Research on the relationships among BVO, social entrepreneurship, and SEP needs to be developed through a further study. A further study based on this research is expected to expand the theoretical discussion on social entrepreneurship, value orientation, and SEP.

This study analyzed the relationship between social entrepreneurship and SEP with an operational definition of BVO. The existing research on shared values mainly focuses on the performance side of value creation [24–26]; this study attempts to explain the mindset of social entrepreneurs through the new concept of BVO. Blended value and BVO correspond to the relationship between purpose and means. However, the measurement of blended value is still in the infant stage [23], so this study tried to measure the BVO. In the theoretical aspect, it is expected that the empirical measurement of blended value and BVO will become more developed based on this study.

Despite the theoretical and practical implications described above, this study has some limitations. First, as mentioned in the literature review, the factors influencing SEP are diverse, including human, organizational, institutional, and environmental factors. However, this study has focused on analyzing human factors, especially the chief executives of SEs in charge of operating and managing these SEs. Second, this study has limitations regarding the survey method. For the variables of qualitative characteristics, we conducted a survey based on the self-evaluations of the chief executives. Future research needs to develop tools to measure the value orientation and SEP objectively. Third, there was a limitation in the data collection; although this study used a sample of certified SEs in Korea, the response rate to the survey was low due to the difficulty of obtaining SE cooperation. In addition, the social entrepreneurs who responded to the survey were limited in their representativeness as samples because these were not randomized.

6. Conclusions

The results of this study confirmed that BVO affects SEP and social entrepreneurship influences SEP. However, in the model in which social entrepreneurship was a mediator, the direct effect of BVO on SEP (SEPe and SEPs) disappeared and only indirect effects remained. In other words, social entrepreneurship had a full mediating effect on the relationship between BVO and SEP. These results imply that the values of social entrepreneurs influence SEP through their behaviors. This study shows that both BVO and social entrepreneurship are factors that influence SEPe and SEPs. These findings mean that to cultivate the ecology of the social economy in South Korea, an SE promotion policy design considering the social entrepreneur's value and behavior is necessary.

However, Korea's SE promotion policy is limited to institutional support (marketing, public relations, and labor costs) through a certification system, and there is no system for fostering social entrepreneurs who have a moral and balanced approach to conflicting values. The Korean government has focused on SEs' social roles [62] and, accordingly, the direction for supporting SEs.

Although the government's top-down approach of Korea's SE-nurturing policy was partly achieved, it could be said that this policy showed a limit in nurturing social entrepreneurs as social change agents [63]. Recently, the Korean government has sought to change the policy of supporting SEs from certification to registration. In the past, certification schemes were institutional support to expand the viability from the SE startup stage. The new registration system that the Korean government intends

to introduce is a method of selecting and supporting SEs that successfully established themselves by creating sustainability and social value. In other words, in the certification system, the SE is protected by the government from the startup stage, and in the registration system, the government supports SEs with proven successful operation in the market. This institutional change means that in the past, SEs that lacked social entrepreneurship and value orientation were guaranteed survival through government support, but now the environment has changed. SEs in Korea are financially guaranteed to be sustained in a protected market. Until now, many SEs in Korea could survive only by achieving a certain social value even if they were not viable in terms of economic value. Unlike Europe, Korea's SE ecosystem was not an expression of self-sustaining entrepreneurship but an artificial government creation. Now, with institutional changes, the market competition context must be secured by the company itself. Both social and economic value creation are given as tasks that SEs must pursue. Thus, the values and behaviors of social entrepreneurs have become important in enhancing SEP in Korea.

SEs have the duality of pursuing social and economic goals simultaneously. The role of chief executives is an important factor when discussing the development of a company. The decisive factor in determining the success of an SE is the quality and role of the SE's chief executives. Social entrepreneurs are not born but trained [12]. In other words, social entrepreneurs can be socially cultivated rather than born with attitudes, intentions, and actions as social entrepreneurs. Nevertheless, there is a lack of programs focused on enhancing real social entrepreneurship and social entrepreneurs. We expect this paper to contribute to improving the attitudes of social entrepreneurs and SEs.

Author Contributions: C.S. designed the research and collected the data, and J.P. analyzed the data; C.S. and J.P. wrote the paper.

Funding: This research was funded by the Ministry of Education of the Republic of Korea and the National Research Foundation of Korea [NRF-2017S1A5A8022678].

Conflicts of Interest: The authors declare no conflicts of interest.

References

1. Cooke, P. A ground-up “Quaternary” innovation strategy for South Korea using entrepreneurial ecosystem platforms. *J. Open Innov. Technol. Mark. Complex.* **2017**, *3*, 10. [[CrossRef](#)]
2. Witt, U. Capitalism as complex adaptive system and its growth? *J. Open Innov. Technol. Mark. Complex.* **2017**, *3*, 12. [[CrossRef](#)]
3. Yun, J. How do we conquer the growth limits of capitalism? Schumpeterian dynamics of open innovation? *J. Open Innov. Technol. Mark. Complex.* **2015**, *1*, 17. [[CrossRef](#)]
4. Dacin, P.A.; Dacin, M.T.; Matear, M. Social entrepreneurship: Why we do not need a new theory and how we move forward from here. *Acad. Manag. Perspect.* **2010**, *24*, 37–57.
5. Austin, J.; Stevenson, H.; Wei-Skillern, J. Social and commercial entrepreneurship: Same, different, or both? *Entrep. Theory Pract.* **2006**, *30*, 1–22. [[CrossRef](#)]
6. Dees, J.G. *The Meaning of Social Entrepreneurship*; Duke University: Durham, NC, USA, 2001.
7. Shaw, E.; Carter, S. Social entrepreneurship: Theoretical antecedents and empirical analysis of entrepreneurial processes and outcomes. *J. Small Bus. Enterpr. Dev.* **2007**, *14*, 418–434. [[CrossRef](#)]
8. Peredo, A.M.; McLean, M. Social entrepreneurship: A critical review of the concept. *J. World Bus.* **2006**, *41*, 56–65. [[CrossRef](#)]
9. Weerawardena, J.; Mort, S.G. Investigating social entrepreneurship: A multidimensional model. *J. World Bus.* **2006**, *41*, 21–35. [[CrossRef](#)]
10. Mort, S.G.; Weerawardena, J.; Carnegie, K. Social entrepreneurship: Towards conceptualisation. *Int. J. Nonprofit Volunt. Sect. Mark.* **2003**, *8*, 76–88. [[CrossRef](#)]
11. Thompson, J.L. The world of the social entrepreneur. *Int. J. Public Sect. Manag.* **2002**, *15*, 412–431. [[CrossRef](#)]
12. Bornstein, D.; Davis, S. *Social Entrepreneurship: What Everyone Needs to Know*; Oxford University Press: New York, NY, USA, 2010.
13. Brooks, A.C. *Social Entrepreneurship: A Modern Approach to Social Value Creation*; Pearson Prentice Hall: Upper Saddle River, NJ, USA, 2009.

14. Bornstein, D. *How to Change the World: Social Entrepreneurs and the Power of New Ideas*; Oxford University Press: New York, NY, USA, 2010.
15. Foster, W.; Bradach, J. Should nonprofits seek profits? *Harv. Bus. Rev.* **2005**, *83*, 92–100.
16. Thompson, J.; Alvy, G.; Lees, A. Social entrepreneurship—A new look at the people and the potential. *Manag. Decis.* **2000**, *38*, 328–338. [[CrossRef](#)]
17. Lumpkin, G.T.; Moss, T.W.; Gras, D.M.; Kato, S.; Amezcua, A.S. Entrepreneurial processes in social contexts: How are they different, if at all? *Small Bus. Econ.* **2013**, *40*, 761–783. [[CrossRef](#)]
18. Tan, W.L.; Williams, J.; Tan, T.M. Defining the ‘social’ in ‘social entrepreneurship’: Altruism and entrepreneurship. *Int. Entrep. Manag. J.* **2005**, *1*, 353–365. [[CrossRef](#)]
19. Murphy, P.J.; Coombes, S.M. A model of social entrepreneurial discovery. *J. Bus. Ethics* **2009**, *87*, 325–336. [[CrossRef](#)]
20. Robbins, S.P.; Judge, T.A. *Organizational Behavior*; Pearson: Boston, MA, USA, 2014.
21. Rokeach, M. *The Nature of Human Values*; The Free Press: New York, NY, USA, 1973.
22. Porter, M.E.; Kramer, M.R. Creating Shared Value. *Harv. Bus. Rev.* **2011**, *89*, 62–77.
23. Porter, M.E.; Hills, G.; Pfitzer, M.; Patscheke, S.; Hawkins, E. *Measuring Shared Value: How to Unlock Value by Linking Social and Business Results*; FSG: New York, NY, USA, 2011.
24. Alter, S.K. Social enterprise models and their mission and money relationships. In *Social Entrepreneurship: New Models for Sustainable Social Change*; Nicholls, A., Ed.; Oxford University Press: Oxford, MS, USA, 2006.
25. Nicholls, J. Why Measuring and Communicating Social Value Can Help Social Enterprise Become More Competitive, A Social Enterprise Think Piece for the Office of Third Sector. November 2007. Available online: <https://www.socialtraders.com.au/wp-content/uploads/2016/05/Why-Measuring-and-Communicating-Social-Value-Can-Help-Social-Enterprise-Become-More-Competitive.pdf> (accessed on 15 May 2019).
26. Pirson, M. Social entrepreneurs as the paragons of shared value creation? A critical perspective. *Soc. Enterp. J.* **2012**, *8*, 31–48. [[CrossRef](#)]
27. Kanter, R.M.; Summers, D. Doing well while doing good: Dilemmas of performance measurement in nonprofit organizations and the need for a multiple-constituency approach. In *The Nonprofit Sector: A Research Handbook*; Hall, P.D., Powell, W.W., Steinberg, R., Eds.; Yale University Press: New Haven, CT, USA, 2006.
28. Jay, J. Navigating paradox as a mechanism of change and innovation in hybrid organizations. *Acad. Manag. J.* **2013**, *56*, 137–159. [[CrossRef](#)]
29. Doherty, B.; Foster, G.; Meehan, J.; Mason, C. *Management for Social Enterprise*; Sage Publications: Thousand Oaks, CA, USA, 2009.
30. Miles, M.P.; Verreynne, M.-L.; Luke, B. Social enterprises and the performance advantages of a Vincentian marketing orientation. *J. Bus. Ethics* **2014**, *123*, 549–556. [[CrossRef](#)]
31. Miles, M.; Verreynne, M.L.; Luke, B.; Eversole, R.; Barracket, J. The relationship of entrepreneurial orientation, Vincentian values and economic and social performance in social enterprise. *Rev. Bus.* **2013**, *33*, 91–102.
32. Liu, G.; Eng, T.Y.; Takeda, S. An investigation of marketing capabilities and social enterprise performance in the UK and Japan. *Entrep. Theory Pr.* **2015**, *39*, 267–298. [[CrossRef](#)]
33. Voss, Z.G.; Voss, G.B. Exploring the impact of organizational values and strategic orientation on performance in not-for-profit professional theatre. *Int. J. Arts Manag.* **2000**, *3*, 62–76.
34. Shin, C. How social entrepreneurs affect performance of social enterprises in Korea: The mediating effect of innovativeness. *Sustainability* **2018**, *10*, 2643. [[CrossRef](#)]
35. Berzin, S.C. Where is social work in the social entrepreneurship movement? *Soc. Work* **2012**, *57*, 185–188. [[CrossRef](#)] [[PubMed](#)]
36. Prabhu, G.N. Social entrepreneurial leadership. *Career Dev. Int.* **1999**, *4*, 140–145. [[CrossRef](#)]
37. Zheng, J.; Wu, G.; Xie, H. Impacts of Leadership on Project-Based Organizational Innovation Performance: The Mediator of Knowledge Sharing and Moderator of Social Capital. *Sustainability* **2017**, *9*, 1893. [[CrossRef](#)]
38. Stephan, U.; Uhlaner, L.M.; Stride, C. Institutions and social entrepreneurship: The role of institutional voids, institutional support, and institutional configurations. *J. Int. Bus. Stud.* **2015**, *46*, 308–331. [[CrossRef](#)]
39. Moore, M.H. Managing for value: Organizational strategy in for-profit, nonprofit, and governmental organizations. *Nonprofit Volunt. Sect. Q.* **2000**, *29*, 183–204. [[CrossRef](#)]
40. Shan, W.; Zhang, C.; Wang, J. Internal Social Network, Absorptive Capacity and Innovation: Evidence from New Ventures in China. *Sustainability* **2018**, *10*, 1094. [[CrossRef](#)]

41. Polese, F.; Botti, A.; Grimaldi, M.; Monda, A.; Vesci, M. Social Innovation in Smart Tourism Ecosystems: How Technology and Institutions Shape Sustainable Value Co-Creation. *Sustainability* **2018**, *10*, 140. [[CrossRef](#)]
42. Perrini, F.; Clodia, V.; Laura, C. A process-based view of social entrepreneurship: From opportunity identification to scaling-up social change in the case of San Patrignano. *Entrep. Reg. Dev.* **2010**, *22*, 515–534. [[CrossRef](#)]
43. Drucker, P. *Management Challenges for the 21st Century*; Routledge: Abingdon, UK, 1999.
44. Leadbeater, C. *Social Enterprise and Social Innovation: Strategies for the Next Ten Years*; A Social Enterprise Think Piece for the Cabinet Office of the Third Sector; Cabinet Office of the Third Sector: London, UK, 2007.
45. Sen, P. Ashoka's big idea: Transforming the world through social entrepreneurship. *Futures* **2007**, *39*, 534–553. [[CrossRef](#)]
46. Drayton, W. The citizen sector: Becoming as entrepreneurial and competitive as business. *Calif. Manag. Rev.* **2002**, *44*, 120–132. [[CrossRef](#)]
47. Covin, J.G.; Slevin, D.P. The development and testing of an organizational-level entrepreneurship scale. *Front. Entrep. Res.* **1986**, *1*, 628–639.
48. Chahine, T. *Introduction to Social Entrepreneurship*; CRC Press: Boca Raton, FL, USA, 2016.
49. Meglino, B.M.; Ravin, E.C. Individual values in organization: Concepts, Controversies, and research. *J. Manag.* **1998**, *24*, 351–389. [[CrossRef](#)]
50. Finkelstein, S.; Hambrick, D.C. Top-management-team tenure and organizational outcomes: The moderating role of managerial discretion. *Adm. Sci. Q.* **1990**, *35*, 484–503. [[CrossRef](#)]
51. O'Reilly, C. Corporations, culture and commitment: Motivation and social control in organizations. *Calif. Manag. Rev.* **1989**, *31*, 9–25. [[CrossRef](#)]
52. Schein, E.H. *Organizational Culture and Leadership*; John Wiley & Sons: New York, NY, USA, 2010; Volume 2.
53. Mulgan, G.; Landry, C. *The Other Invisible Hand: Remaking Charity for the 21st Century*; No. 15; Demos: London, UK, 1995.
54. Narver, J.C.; Slater, S.F. The effect of a market orientation on business profitability. *J. Mark.* **1990**, *54*, 20–35. [[CrossRef](#)]
55. Sharir, M.; Lerner, M. Gauging the success of social ventures initiated by individual social entrepreneurs. *J. World Bus.* **2006**, *41*, 6–20. [[CrossRef](#)]
56. Frishammar, J.; Horte, S. The role of market orientation and entrepreneurial orientation for new product development performance in manufacturing. *Technol. Anal. Strateg. Manag.* **2007**, *19*, 765–788. [[CrossRef](#)]
57. González-Benito, Ó.; González-Benito, J.; Muñoz-Gallego, P.A. Role of entrepreneurship and market orientation in firms' success. *Eur. J. Mark.* **2009**, *43*, 500–522. [[CrossRef](#)]
58. MacKinnon, D.P.; Lockwood, C.M.; Williams, J. Confidence limits for the indirect effect: Distribution of the product and resampling methods. *Multivar. Behav. Res.* **2004**, *39*, 99–128. [[CrossRef](#)]
59. Podsakoff, P.M.; MacKenzie, S.B.; Lee, J.Y.; Podsakoff, N.P. Common method biases in behavioral research: A critical review of the literature and recommended remedies. *J. Appl. Psychol.* **2003**, *88*, 879–903. [[CrossRef](#)]
60. Harman, H.H. *Modern Factor Analysis*; University of Chicago Press: Chicago, IL, USA, 1976.
61. Shim, S. *Social Entrepreneurship: Concepts and Key Building Blocks*; Korea Development Institute: Sejong-si, Korea, 2010.
62. Hwang, D.S.; Jang, W.; Park, J.-S.; Kim, S. *Social Enterprise in South Korea*; ICSEM Working Papers No. 35; The International Comparative Social Enterprise Models (ICSEM) Project: Liege, Belgium, 2016.
63. Bidet, E.; Eum, H. *Social Enterprise in South Korea: General Presentation of the Phenomenon*; ICSEM Working Papers No. 06; The International Comparative Social Enterprise Models (ICSEM) Project: Liege, Belgium, 2015.

