

THE EFFECT OF SOCIAL ENTREPRENEURSHIP COMPONENTS ON SUSTAINABILITY

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ABSTRACT

Follow-up discussions on business success and sustainability are gaining attention beyond the advent of social enterprises. Social enterprises should seek solutions to corporate survival and continuous growth through corporate value increase and economic value retention with practical and strategic management, including the capital, business model, and excellent workforce like public companies. This study defines strategic orientation, altruism, and practicality as the components of social entrepreneurship. It aims to empirically verify whether these three components affect a social enterprise's sustainability by mediating dynamic capabilities and organizational effectiveness concerning social enterprise activities. To this end, data were collected through an online questionnaire survey targeting 228 employees of Korean social enterprises. As a result of the analysis, strategic orientation and practicality significantly affected dynamic capabilities, but altruism did not significantly affect dynamic capabilities. Strategic orientation and altruism significantly affected organizational effectiveness; however, practicality did not affect it. Dynamic capabilities positively affected organizational effectiveness and sustainability, while organizational effectiveness positively affected sustainability. Consequently, a social enterprise's strategic orientation affected dynamic capabilities and organizational effectiveness. It was confirmed that altruistic and practical factors showed differences in effects on sustainability depending on dynamic capabilities and organizational effectiveness.

Keywords: Social Entrepreneurship, Strategic Orientation, Altruism, Practicality, Sustainability

INTRODUCTION

Social enterprises mean the enterprises with an integrated concept of profitability, aiming to create profits through socially valuable activities such as offering jobs or social services to the underprivileged class, environmental protection, and the sociality of charity (Bull & Ridley-Duff, 2019). Social enterprises pursue sustainable social value realization, not one-off values, by creating profits, unlike charity organizations. Rather than creating profits for stockholders or corporate owners, they prioritize social goals and play a role in re-investing profits in businesses or communities (Shane et al., 2003). Since the 1990s, social enterprises have rapidly spread based on innovative business models to resolve various social problems as national welfare policies expanded and social system innovation was consolidated worldwide (Miller et al., 2012). As discussions on business success and sustainability have appeared beyond the advent of social enterprises since 2010, the discussions that social enterprises should seek measures for corporate survival and continuous growth through corporate value increase and economic value

retention such as capital, business model, and excellent workforce like for-profit companies are being emphasized (Battilana & Dorado, 2010).

However, social enterprises nowadays need an integrated approach pursuing social welfare logic prioritizing social goal realization, and commercial logic prioritizing profits (Besharov & Smith, 2012; Battilana & Lee, 2014). Therefore, some recent previous studies asserted that corporate growth should be led by consolidating social entrepreneurship suitable for social enterprises that integrated social and economic values (Pache & Santos, 2013; Doherty et al., 2014; Chell, 2007). For example, from the enactment of the Social Enterprise Fostering Act of Korea in 2007 until November 2021, 5,598 social enterprises applied for certifications based on cumulative figures. Three thousand seven hundred fourteen social enterprises received certifications, and 3,142 currently act as certified social enterprises (Korea Social Enterprise Promotion Agency). However, 572, or 15% of those returned the certifications or were canceled due to deteriorated management, conversion into a profit-making business, and lack of requirements to maintain the certifications. Organizational competitiveness to promote independent market competitiveness as a business organization that can simultaneously pursue economic independence and social goals and sustainability of social value pursuit is demanded to the social enterprises (Santos, 2012; Grassl, 2012; Bull & Ridley-Duff, 2019).

Recently, studies on social enterprises' business success and sustainability continue to be performed (Austin et al., 2006; Mair & Marti, 2006), including the following, alongside general entrepreneurship such as innovation, progressiveness, and risk-taking: social value orientation (Peredo & McLean, 2006), social network (Sharir & Lerner, 2006), compassion (Miller et al., 2012), collaboration (Lurtz & Kreutzer, 2017), and effectual orientation (Dwivedi & Weerawardena, 2018). Frumkin and Galaskiewicz (2004) found that social enterprises provide public interests to social service beneficiaries and citizens. Dart (2004) presented social enterprises' legitimacy, simultaneously pursuing economic and social values. Martin and Osberg (2007) performed a study to seek social essence from entrepreneurs' motives or intentions. However, social enterprises' components or attributes of entrepreneurship have yet to be clearly defined, and the relevant previous studies are lacking.

This study defines the following as components of social entrepreneurship based on the previous studies: strategy-orientation pursuing market entry and expansion through business competitiveness, aiming at entrepreneurs' social value realization; altruism taking into account sympathy, ethical activities, or social problem consciousness; and practicality considering entrepreneurs' practical management activities such as problem-solving, job creation, and social network. It also empirically analyzes whether these components affect growth by mediating social enterprises' dynamic capabilities and organizational effectiveness. Social entrepreneurship becomes an essential factor for corporate-startup and continuous growth like general startups. The results of this study will provide specific implications for strategic activities of social entrepreneurs who want to continuously lead corporate growth and development through the unclear market and organizational efficiency and by presenting relationships between social entrepreneurship components and dynamic capabilities, organizational effectiveness, and sustainability factors that can balance conflicts between social enterprises' unique attributes and values.

THEORETICAL BACKGROUND AND HYPOTHESIS DEVELOPMENT

Components of Social Entrepreneurship

Social enterprises simultaneously pursue economic and social values. Economic values to social enterprises are a means to maximize social values and can be understood as the values mutually and complementarily working with social values (Stevens et al., 2015; Battilana et al., 2012). In the same way the core factor of corporate success is entrepreneurship, the success or failure of social enterprises is greatly affected by social entrepreneurship (Johnson, 2004; Chell, 2007). Therefore, social entrepreneurship pursues social values centered on public interests, and economic values centered on efficiency (Nicholls & Cho, 2006; Santos, 2012).

The multipipeline approach has been conducted in recent studies on social enterprises. Therefore, various definitions of social entrepreneurship have appeared. Robinson (2006) defined social entrepreneurship as a process of identifying specific social issues and presenting a solution to them, evaluating social impacts, business models, and sustainability, and creating values. Zahra et al. (2009) explained social entrepreneurship as discovering social opportunities and using innovative management techniques to enhance social wealth. Mair and Marti (2006) presented social entrepreneurship as combining and innovatively using resources to pursue opportunities to promote social change and social needs. Consequently, social entrepreneurship can be understood as realizing social value creation by motivating actors and realizing social value creation based on innovative and risk-taking activities to realize better social goals to create values through social enterprises (Weerawardena & Sullivan Mort, 2006).

When looking at previous studies on the features and components of social entrepreneurship, Austin et al. (2006) defined social entrepreneurship as activities innovatively creating social values and emphasizing differentiation from existing commercial entrepreneurship. Social value orientation has been presented as the main component of social entrepreneurship (Peredo & McLean, 2006; Shaw & Carter, 2007; Bull & Ridley-Duff, 2019). Sharir and Lerner (2006); Lurtz & Kreutzer (2017) emphasized social network or collaboration as components of social entrepreneurship in that relationship with stakeholders outside of an organization such as community, donors, service beneficiaries, and volunteers are a crucial factor for social enterprise's survival. In addition, Miller et al. (2012) associated this with compassion, while Dwivedi and Weerawardena (2018) with effectual orientation. Synthesizing the previous studies, the components of social entrepreneurship can be classified as a strategic orientation factor, an altruistic factor, and a practical factor (Ghalwash et al., 2017; Choi & Majumdar, 2014).

First, studies that mentioned social entrepreneurship components (Dees, 1998; Sullivan Mort et al., 2003; Weerawardena & Sullivan Mort, 2006) stressed the importance of entrepreneurs' strategic orientation such as innovation, progressiveness, risk-taking, and entrepreneurs' disposition. The entrepreneurs' attributes, discerned from philanthropists acting, centered on social values, were emphasized while mainly relying on donations or NGO activities. The entrepreneur's strategic mindset manifested as entrepreneurship, market orientation, and social value orientation plays a role in attaining the goals of enterprises (Chen et al., 2020). Only if an entrepreneur's strategic orientation obtaining external resources and making clear decisions is manifested can social enterprises continue to achieve high performance, through which organizational survival becomes possible (Gatignon & Xuereb, 1997; Adams et al., 2019; Pfeffer & Salancik, 1978; Suchman, 1995).

Second, general entrepreneurship makes the profits of entrepreneurs and stockholders the main business motive, but social entrepreneurship is based on altruism to voluntarily help others, not expecting rewards (Stevens et al., 2015; Mair & Marti, 2006). Social entrepreneurship includes social goals and activities, as well as performing social responsibilities (Dees, 1998; Sullivan Mort et al., 2003) such as moral actions (Bornstein, 2007), ethical activities (Chell et al., 2016), aid-giving (Thompson, 2002), and trust-imparting (Waddock & Post, 1991). From this aspect, altruism (Martin & Osberg, 2007; Miller et al., 2012) can be a crucial component of social entrepreneurship. The concept of altruism can be embodied through social entrepreneurs' compassion, ethical activities, and social problem consciousness. Social entrepreneurs understand community problems, establish visions to solve social problems and operate social enterprises using compassion as a catalyst (Ghalwash et al., 2017). Social entrepreneurs' social problem perception ability to perceive unjust equilibrium excluded or marginalized from society becomes a particular component of social entrepreneurs differentiated from general profit-making entrepreneurship (Martin, & Osberg, 2007).

Third, social entrepreneurs' practicality becomes the foundation to secure legitimacy that can stably mobilize resources (Suchman, 1995; Dart, 2004). The concept of practicality can be explained as social entrepreneurs' social networking, problem-solving, and job creation capabilities (Waddock & Post, 1991; Thompson, 2002; Sharir & Lerner, 2006). Social enterprises should secure multiple resources and strive to consolidate social networks to make business opportunities succeed (Haugh, 2005). Social networking with stakeholders should be expanded by increasing the sales of products and services to be financially independent and secure donations and volunteers by exerting social entrepreneurship (Sharir & Lerner, 2006). Social enterprises can continuously enhance business achievements by strengthening social networks because stakeholders, including the government, communities, donors, and volunteers, are complicated (Sandefur & Laumann, 1998). Researcher presented experimental conditions for organizational survival, offering products and services suitable for welfare beneficiaries' needs, business domain expansion, and effective and efficient problem-solving capabilities. Social enterprises need to create high social benefits based on small costs (Porter & Kramer, 1999). Therefore, practicality attributes of the use of limited resources (Leadbeater, 1997), solving complex problems (Waddock & Post, 1991), job creation and finding volunteers (Thompson, 2002), and balanced judgment (Sullivan Mort et al., 2003) are essential.

Social Entrepreneurship and Dynamic Capabilities

Social entrepreneurship has features to pursue a goal to create social values by solving social problems, unlike general entrepreneurship (Robinson, 2006; Zahra et al., 2009; Mair and Marti, 2006). Thus, social entrepreneurship, to pioneer opportunities in the market with social needs and create values by mobilizing scarce resources, needs dynamic capabilities to find business opportunities, absorb resources, and coordinate them to be suitable for organizations amid an unclear environment (Barney, 1999). Dynamic capabilities involve securing a continuous competitive edge by adapting, integrating, and recombining the internal/external resources of an organization to respond to the uncertainly and rapidly changing environment (Teece & Pisano, 1994; Teece et al., 1997; Helfat, 1997; Eisenhardt & Martin, 2000). Helfat et al. (2009) defined dynamic capabilities as organizational ability to create, expand, and transform resources intentionally. Dynamic capabilities are regular learning activities systematically changing and operating organizational routines to enhance organizational effectiveness (Zollo

and Winter, 2002). Zahra et al. (2006) report that dynamic capabilities are entrepreneurs' ability to redeploy organizational resources properly in line with goals.

According to previous studies, social entrepreneurship is closely correlated with dynamic capabilities. Jantunen et al. (2005) explained that dynamic capabilities to secure external opportunities and internally redeploy them increase as entrepreneurship is enhanced. Many previous studies emphasized that sustainability can be secured when entrepreneurs foster dynamic capabilities to lead innovative management and competition with passion towards social goal achievements (Vézina et al., 2019).

The factors such as strategic orientation, altruism, and practicality emphasized from social entrepreneurship have correlations with dynamic capabilities that promote environmental adaptation (Jantunen et al., 2005; Keh et al., 2007; Slater & Narver, 2000). Like Chen et al. (2020) asserted, entrepreneurs' strategic orientation needs dynamic capabilities that can flexibly adapt to the change of the market environment and establish innovative strategies. As Miller et al. (2012) insisted, dynamic capabilities that may extend the external environment and draw ecosystem development can be expanded and can secure external resources stably if external stakeholders and society acknowledge social enterprises' morality based on altruism. Entrepreneurs equipped with collaboration and network in line with stakeholders' expectations positively affect the dynamic capabilities' expansion, emphasizing social values by performing practical and efficient activities (Fang et al., 2010).

Based on the previous studies, this study established the following hypotheses that strategic orientation, altruism, and practicality factors, which are components of social entrepreneurship, affect dynamic capabilities:

Hypothesis 1. Strategic orientation, a component of social entrepreneurship, will positively affect dynamic capabilities.

Hypothesis 2. Altruism, a component of social entrepreneurship, will positively affect dynamic capabilities.

Hypothesis 3. Practicality, a component of social entrepreneurship, will positively affect dynamic capabilities.

Social Entrepreneurship and Organizational Effectiveness

Because the effects of organizational members' organizational commitment and psychological state on an organization are huge, there is a need to shape the organizational environment to improve organizational effectiveness by actively participating in organizational change and goal achievement (Manzoor, 2012; Koys, 2001). Since social enterprises should achieve social performance and financial performance, it is important to enhance members' attitude-centered organizational effectiveness (Gregory et al., 2009). Social reinvestment of profits is essentially required for social enterprises, so organizational members' agreement and understanding are necessary. Organizational stabilization can be carried out by thoroughly operating and managing organizational identity between external stakeholders (Lecy et al., 2012). The individual motives and attitudes affected by an entrepreneur's vision or leadership directly affect organizational effectiveness (Gregory et al., 2009).

According to the previous studies, the strategic orientation of entrepreneurship positively affects organizational members' job satisfaction or organizational commitment and,

consequently, organizational effectiveness can be enhanced (Kohli & Jaworski, 1990; Donavan et al., 2004). Social entrepreneurship can emphasize social values and visions, and innovative and strategic entrepreneurs' leadership can function as a driving force to create organizational members' participation and organizational commitment. In the process, effective organizational operations and stabilization can be conducted (Leadbeater, 1997; Defourny & Nyssens, 2006).

Organizational culture vested with altruistic motive helping others can reduce social enterprise members' turnover and enhance organizational commitment (Caringal-Go & Hechanova, 2018). As social enterprise's social mission is more vital, the organizational members' work effect can be more elevated because of their low wage and incentive levels than public profit-making enterprises (Kim & Lee, 2007; Brown, & Yoshioka, 2003).

Lastly, social entrepreneurs' practicality can improve organizational effectiveness by offering legitimacy to mobilize resources stably (Suchman, 1995; Dart, 2004). Organizational members with a social network supporting practicality can obtain accurate information fast and free from external control. They are satisfied with performing organizational work and help elevate organizational effectiveness when solidarity is made with other stakeholders (Sandefur & Laumann, 1998; Sharir & Lerner, 2006; Jones et al., 1997). This study set the relationships between social entrepreneurship components and organizational effectiveness as the following hypotheses:

Hypothesis 4 Strategic orientation, a social entrepreneurship component, will positively affect organizational effectiveness.

Hypothesis 5. Altruism, a social entrepreneurship component, will positively affect organizational effectiveness.

Hypothesis 6. Practicality, a social entrepreneurship component, will positively affect organizational effectiveness.

Dynamic Capabilities, Organizational Effectiveness, and Sustainability

Social enterprise's sustainability can be defined as continuously pursuing a social mission and the social enterprise's existence value, and realizing financial stability for the long term through economic profit creation (Powell Gillett, & Doherty 2019; Sabella & Eid, 2016). Therefore, the importance of social entrepreneurship is emphasized to overcome the conflicts that social welfare logic and commercial logic have, including securing capital in diverse paths, maintaining a close relationship with stakeholders, and adopting a commercial management mode (Jenner, 2016; Sabella & Eid, 2016; Moizer & Tracey, 2010).

It is difficult for social enterprises to expand their business and be financially independent without social interest or support because of social enterprise features. From the external environmental aspect, the social goals can be smoothly carried out in the communities through institutional support from the government, local governments, and communities, gaining compassion and consolidating the social network. Corporate sustainability relies on performance in the market, which is a business area, so commercial management capabilities, including marketing and business plans, are essential (Jenner, 2016; Powell Gillett & Doherty, 2019). Social enterprises should overcome hybridism caused within an organization and the disadvantage of the lack of resources to achieve sustainability for the long-term, and they need to secure a sustainable advantage in competition with profit-making enterprises.

Social enterprises should invigorate organizational competence and need dynamic capabilities for sustainable growth from the environmental aspect (Fang et al., 2010). Social enterprises need organizational effectiveness to successfully draw organizational members' job commitment or organizational change (Kushner, 2002; Phillips, 2006; Hynes, 2009). According to previous studies (Miles et al., 1978; Cameron, 1986), dynamic capabilities enhance organizational effectiveness and affect sustainability by integrating and reconstituting resources. As dynamic capabilities drawing dynamic interactions are stronger, the interactions of resources and members within an organization become activated so that a new structure will be formed for sustainable corporate development (Eikelenboom & Jong, 2019; Arend, 2014).

Organizational effectiveness can affect corporate sustainability by strengthening social enterprises' innovation or competitiveness (Zhou et al., 2005; Teece, 2007). Oswal and Narayanappa (2015) insisted that enterprises can enhance organizational effectiveness and affect sustainability, pursuing growth for the long term by consolidating human resource management through mobilizing all usable resources. Brooks (2008) explained that organizational effectiveness is a crucial evaluation standard to assess sustainability. Improvement of social enterprises' organizational effectiveness is closely related to sustainability (Kushner, 2002; Knife et al., 2014). This study presents the following hypotheses based on the previous studies:

Hypothesis 7. Social enterprise's dynamic capabilities will have a positive effect on organizational effectiveness.

Hypothesis 8. Social enterprise's dynamic capabilities will have a positive effect on sustainability.

Hypothesis 9. Social enterprise's organizational effectiveness will have a positive effect on sustainability.

RESEARCH METHOD

Research Model

This study aims to identify the effects of social entrepreneurship on sustainability with the mediation of dynamic capabilities and organizational effectiveness. Strategic orientation, altruism, and practicality were set as the components of social entrepreneurship, an independent variable. Dynamic capabilities and organizational effectiveness were set as parameters, and sustainability was set as a dependent variable. A research model, as shown in Figure 1 is presented, centered on the hypotheses in previous studies:

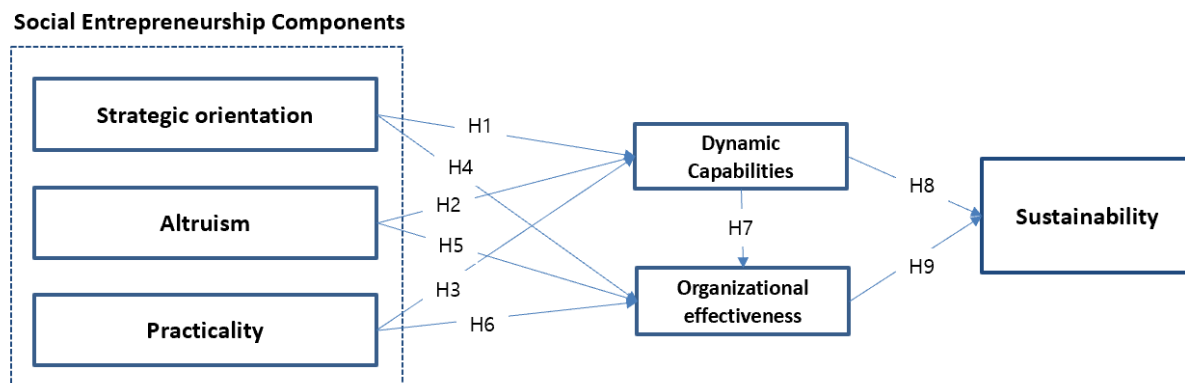


FIGURE 1
RESEARCH MODEL

Measurement Variable and Data Collection

To analyze the research model, data were collected through a questionnaire survey. Questions were extracted based on the previous studies related to this study, and the questions as shown in Table 1 were set. The manipulative variable on the components of each questionnaire was defined. When looking at the manipulative definition of the used variables for the questionnaire survey, strategic orientation consisting of social entrepreneurship means an approach with entrepreneur orientation and market orientation in discovering and expanding businesses with social values. Altruism means a disposition to sympathize with others' pain and act ethically by recognizing social problems. Practicality means social networking efficiently and effectively, making business opportunities successful and creating jobs and problem-solving capabilities. Dynamic capabilities, a parameter affected by the above independent factors, means obtaining business opportunities and knowledge and reconstructing organizational characteristics. Organizational effectiveness, another parameter, means the organizational members' job satisfaction or organizational commitment level to participate in organizational goals actively. Sustainability means pursuing social missions and realizing financial stability for the long term with economic profit creation.

Variables		Survey Items	References
Social entrepreneurship	Strategic orientation	(1) When reviewing a new business, our company considers whether it is helpful for social interests. (2) Our company always pursues innovative changes. (3) Our company constantly monitors our promises and implementation for customers (beneficiaries).	Covin & Slevin (1989), Narver & Slater (1990), Miles et al. (2013), Sharir and Lerner (2006)
	Altruism	(1) Our company thinks helping customers (beneficiaries) is the most important thing. (2) Our company organizers are moral, and their ethical consciousness is high. (3) Our company is intensely interested in making a better society.	Hockerts (2015)
	Practicality	(1) Our company endeavors to improve management efficiency. (2) Our company mobilizes various solutions in a problematic situation. (3) Our company gets help a lot externally.	Sharir and Lerner (2006)
Dynamic capabilities		(1) Our company can benchmark other companies' merits and combine and use them properly. (2) In our company, organizational members are cooperating well. (3) Our company solves problems through good conversations and co-efforts.	Zahra and George (2002) Pavlou & El Sawy (2011) Murray et al. (2011)
Organizational effectiveness		(1) I feel rewarded and satisfied with the current work. (2) Our company members are committed to their work. (3) Our company members think they feel the existence of life through their work.	Vandenabeele (2009) Wright and Cropanzano (1998)
Sustainability		(1) Social activity scope is thought to be expanded in the future. (2) More support and investment are thought to be received in the future. (3) Our company will continue to grow when considering the present conditions or performance.	Stevens et al. (2015), Miles et al. (2013)

The variables defined as above are set as follows, centered on 18 questions in the questionnaire: For strategic orientation factors, three questions were set based on the previous studies of Covin and Slevin (1989), Narver and Slater (1990), Miles et al. (2013) and Sharir and Lerner (2006). Regarding altruism, three questions were set based on the previous studies of Hockerts (2015). Concerning practicality, three questions were set based on the previous studies of Sharir and Lerner (2006). For dynamic capabilities, three questions were set based on the previous studies of Zahra and George (2002), Pavlou and El Sawy (2011), and Murray et al. (2011). As for organizational effectiveness, three questions were set based on the previous studies of Vandenabeele (2009) and Wright and Cropanzano (1998). For sustainability, three questions were set based on the previous studies of Stevens et al. (2015) and Miles et al. (2013).

The questionnaire survey was carried out for 36 days, from August 15 to September 20, 2021. The sample was limited to the employees working as social enterprises certified by the Korean Ministry of Employment and Labor. An online questionnaire survey was carried out through random sampling. Two hundred forty-one response copies were received in total, and an analysis was conducted with 228 questionnaire response copies after removing 13 insincere response copies.

Demographic Information of the Data

According to the respondent information analysis, males were 53.5% and females were 46.5%. Concerning age, 44.7% were 50 or over, 30.7% were in their 40s, and 21.1% were in their 30s. Regarding career, 5-10 years was the highest at 27.6%, 15 years or more was 19.3%, 3-5 years was 16.7%, and 10-15 years was 15.4%. As for the workers' education at social enterprises, 11.0% were high school graduates, 62.7% were bachelor's degree holders, 22.8% were master's degree holders, 3.5% were doctoral degree holders, and 89% were four-year course university graduates. For organizational type, the job offer was 58.3%, social service offering 11.0%, community contribution 11.0%, and mixed type 7.5%. Concerning the size of employees at social enterprises, 10 or fewer employees took up 49.6% (about half of the total), and over 100 employees took up 10.1% in Table 2.

	Category	Frequency	Percentage (%)
Gender	Male	122	53.5
	Female	106	46.5
	Total	228	100.0
Age	Younger than 30	8	3.5
	30~younger than 40	48	21.1
	40~younger than 50	70	30.7
	50 or over	102	44.7
	Total	228	100.0
Career (years)	Less than 1	16	7.0
	1~less than 2	32	14.0
	3~less than 5	38	16.7

	5~less than 10	63	27.6
	10~less than 15	35	15.4
	15 or more	44	19.3
	Total	228	100.0
Education	High school	25	11.0
	Bachelor	143	62.7
	Master	52	22.8
	Doctor (Ph.D)	8	3.5
	Total	228	100.0
Organizational type	Job offering	133	58.3
	Social service offering	25	11.0
	Mixed	17	7.5
	Community contribution	25	11.0
	Others (creative, innovative)	28	12.3
	Total	228	100.0
Size of employees	10 or less	113	49.6
	11-20	48	21.1
	21-50	37	16.2
	51-100	7	3.1
	Over 100	23	10.1
	Total	228	100.0

RESULTS

Analysis Results of Reliability and Validity

The reliability and convergent validity shown in Table 3 were all good. This study verified internal consistency reliability based on 0.7 or higher of the composite reliability index of the structural equation measurement model. Also, convergent validity was verified through standardized factor loading, Cronbach α , and composite reliability indices. In line with the standards, the standardized factor loading was good at 0.684-0.919, and internal reliability secured significance at 0.908-0.943. Because the t value was 7.0 or more, it was confirmed to be statistically significant. The average variance extracted (AVE) value was 0.617-0.846, and Cronbach α was 0.857-0.897; therefore, convergent validity was secured. As a result of analyzing the goodness of fit of the measurement model, χ^2 (df) was 423.286, and χ^2 /degree of freedom was 1.786. Goodness of Fit Index (GFI) was 0.867, Adjusted Goodness of Fit Index (AGFI) was 0.831, Normal Fit Index (NFI) was 0.895, and Root Mean Square Error of Approximation (RMSEA) was 0.059. With all these, the constructed values of the measurement model's goodness of fit were statistically significant.

Variable	Item	Standard Factor	Standard Error	T-value	CR	AVE	Cronbach α
Strategic orientation	SV_1	0.772			0.918	0.617	0.867
	SV_2	0.764	0.088	11.741***			
	SV_3	0.700	0.077	10.632***			
Altruistic factor	AF_1	0.919			0.943	0.846	0.894
	AF_2	0.878	0.05	18.902***			
	AF_3	0.781	0.051	15.260***			
Practical factor	PF_1	0.813			0.921	0.745	0.876
	PF_2	0.833	0.069	14.336***			
	PF_3	0.85	0.069	14.741***			
Dynamic capabilities	DC_1	0.822			0.930	0.817	0.897
	DC_2	0.874	0.061	15.939***			
	DC_3	0.902	0.059	16.674***			
Organizational effectiveness	OE_1	0.786			0.913	0.727	0.857
	OE_2	0.876	0.072	14.543***			
	OE_3	0.822	0.073	13.455***			
Sustainability	SA1	0.900			0.908	0.769	0.863
	SA2	0.684	0.075	12.093***			
	SA3	0.909	0.059	19.102***			

Measurement model fit: χ^2 (df) 423.286, χ^2 /degree of freedom 1.786, RMR 0.036, GFI 0.867, AGFI 0.831, NFI 0.895, TLI 0.942, CFI 0.950, RMSEA 0.059
 * p<0.05, ** p<0.01, *** p<0.001

As a result of analyzing the AVE and CR values between latent variables, the square root of the AVE of each latent variable was larger than the correlation coefficients between latent variables; therefore, it was confirmed that discriminant validity was ensured (see Table 4).

Category	AVE	SO	AF	PF	DC	OE
Strategic orientation (SO)	0.617	0.785				
Altruistic factor (AF)	0.846	0.744	0.920			
Practical factor (PF)	0.745	0.632	0.677	0.863		
Dynamic capabilities (DC)	0.817	0.595	0.558	0.815	0.904	
Organizational effectiveness (OE)	0.727	0.690	0.669	0.761	0.851	0.853

The square root of AVE is shown in bold letters.

Analysis Results of Structural Model

As presented in Table 5 and as a result of analyzing the goodness of fit of the structural model, χ^2 (p) was 453.732, χ^2 /degree of freedom was 1.891. GFI was 0.858, NFI was 0.887, AGFI was 0.822, Root Mean Square Residual (RMR) was 0.041, and RMSEA was 0.063. The component values of the goodness of fit were significant. Although it is not affected by the sample, CFI indicating the power of explanation was 0.943, and TLI judging the power of explanation of the structural model was 0.934. These were more than 0.9, so the primary model was analyzed to be suitable.

As a result of verifying hypotheses through a path analysis of the structural equation model as shown in Table 5, two hypotheses among nine were rejected. Of the social entrepreneurship factors, strategic orientation (2.108, $p < 0.05$) and practicality (8.600, $p < 0.001$) positively affected dynamic capabilities. However, a hypothesis on altruism was rejected, so it was not affected. Meanwhile, strategic orientation (2.190, $p < 0.05$) and altruism (2.215, $p < 0.05$) positively affected organizational effectiveness, and a hypothesis on practicality was rejected. Meanwhile, dynamic capabilities (5.828, $p < 0.001$) positively affected organizational effectiveness, whereas dynamic capabilities (3.296, $p < 0.001$) and organizational effectiveness (3.063, $p < 0.01$) positively affected sustainability, so their hypotheses were adopted.

	Hypothesis (Path)	Standard Path Coefficient	T-value	Status of Adoption	R ²
H1	Strategic orientation → Dynamic capabilities	0.186	2.108*	Adopted	0.698
H2	Altruism → Dynamic capabilities	-0.089	-0.987	Rejected	
H3	Practicality → Dynamic capabilities	0.769	8.600***	Adopted	
H4	Strategic orientation → Organizational effectiveness	0.177	2.190*	Adopted	0.800
H5	Altruism → Organizational effectiveness	0.18	2.215*	Adopted	
H6	Practicality → Organizational effectiveness	0.045	0.421	Rejected	
H7	Dynamic capabilities → Organizational effectiveness	0.605	5.828***	Adopted	0.584
H8	Dynamic capabilities → Sustainability	0.41	3.296***	Adopted	
H9	Organizational effectiveness → Sustainability	0.384	3.063**	Adopted	
Structural model fit: χ^2 (df) 453.732, χ^2 /degree of freedom 1.891, RMR 0.041, GFI 0.858, AGFI 0.822, NFI 0.887, TLI 0.934, CFI 0.943, RMSEA 0.063					
* $p < 0.05$, ** $p < 0.01$, *** $p < 0.001$					

Mediated Effect

As examined in Table 6, this study produced direct, indirect, and total effects using a bootstrapping method to verify the significance of indirect effects. As a result, strategic orientation (0.113, $p < 0.05$) affected organizational effectiveness with the mediation of dynamic capabilities, and practicality (0.465, $p < 0.01$) affected organizational effectiveness with the mediation of dynamic capabilities (0.188, $p < 0.05$). Strategic orientation (0.188, $p < 0.05$) affected sustainability by mediating dynamic capabilities and organizational effectiveness. Practicality (0.511, $p < 0.01$) affected sustainability by mediating dynamic capabilities and organizational

effectiveness. Altruism did not mediate dynamic capabilities and organizational effectiveness factors in affecting sustainability.

Dependent Variable	Explanatory Variable	Direct effect	Indirect effect	Total Effect
Sustainability	Dynamic capabilities	0.410	0.232	0.642
	Organizational effectiveness	0.384		0.384
	Strategic orientation		0.188*	0.188
	Altruism		0.012	0.012
	Practicality		0.511**	0.511
Dynamic capabilities	Strategic orientation	0.186		0.188
	Altruism	-0.089		0.012
	Practicality	0.769		0.511
Organizational effectiveness	Strategic orientation	0.177	0.113*	0.290
	Altruism	0.180	-0.054	0.126
	Practicality	0.045	0.465**	0.511

* p<0.05, ** p<0.01, *** p<0.001

CONCLUSION

This study targeted social enterprises and empirically analyzed whether social entrepreneurship has a significant effect on the social enterprises' sustainability with the mediation of dynamic capabilities and organizational effectiveness. According to the study, strategic orientation and practicality in social entrepreneurship positively affected dynamic capabilities. The factors positively affecting organizational effectiveness were strategic orientation and altruism. It was confirmed that dynamic capabilities and organizational effectiveness affected sustainability. Strategic orientation and practicality affected social enterprises' sustainability by mediating dynamic capabilities and organizational effectiveness. However, altruism did not mediate dynamic capabilities and organizational effectiveness.

When looking at the study results in more detail, first, the strategic orientation factor had the biggest effect on sustainability. Strategic orientation significantly affected dynamic capabilities and organizational effectiveness that quickly recognized external opportunities amid rapidly changing environment and internally integrating and coordinating secured resources. The result is that social entrepreneurs' action to launch strategic business by focusing on the areas with serious social problems and innovative and market-oriented disposition is essential. When an entrepreneur's characteristics to intensively pursue market opportunities and unfold strategic orientation are manifested, the ultimate goal, namely sustainability, can be reached if management activities can be carried out dynamically and effectively by discovering new products and services in the market with vital social needs, which was confirmed through this study. The result was similar to previous studies on dynamic capabilities that can adequately absorb and coordinate resources and obtain organizational effectiveness. Social enterprises need to manage economic effects for an organization's business development by recognizing the

importance of more dynamic business senses and strategic decision making, rather than emphasizing only the social value aspect.

Second, social entrepreneurship's practicality consolidated dynamic capabilities but did not affect organizational effectiveness. Meanwhile, altruism affected organizational effectiveness but did not affect dynamic capabilities. The result shows that altruism and practicality of social enterprises can reveal apparent differences in influence with an organization. As previous studies asserted, practicality can be understood as an emphasized factor from consolidating networking with external stakeholders. Therefore, it can positively affect the dynamic capabilities' fortification aspect to cope with external environmental change flexibly. Meanwhile, social enterprise's altruism can improve organizational concentration and commitment by stimulating the support and compassion of organizational members. From this aspect, it will positively affect organizational effectiveness. Social enterprises need to manage balanced entrepreneurship upon improving dynamic capabilities and organizational effectiveness by recognizing that factors to consolidate social entrepreneurship should be considered differently.

Third, altruism did not mediate dynamic capabilities and organizational effectiveness in affecting sustainability. This shows that altruism can affect sustainability, not mediating specific factors, different from strategic orientation or practicality. As social enterprises' attributes pursue social values and vision as much as economic values, it was ascertained that social entrepreneurs' altruism could lead to organizational sustainability. To draw a social enterprise's sustainability, it can be understood that social entrepreneurs' altruism should be improved above all. From the practical aspect, social entrepreneurs can conduct sustainable management through rational decision-making beyond a narrow decision-making mindset selecting between altruism and practicality. Practicality is essential in enhancing organizational performance with dynamic resource absorption and coordination capacity. Altruism can contribute to elevating organizational stability by pursuing consistent social missions. As such, this study presented a method that coordinates practicality and altruism in each organizational growth stage and is in line with environmental characteristics. It likewise implies that entrepreneurs' strategic orientation is vital for social entrepreneurship. Social enterprises' sustainability can be enhanced even in the limitation of altruism or practicality on the assumption of strategic orientation to strategically find market-friendly solutions with a socially critical, innovative, and active mindset.

Consequently, this study defined strategic orientation, altruism, and practicality as the components of social entrepreneurship and empirically examined relationships with corporate sustainability, which can have academic significance. Existing studies on social entrepreneurship have emphasized social values or have measured social entrepreneurship based on existing general entrepreneurship factors. However, this study has significance in that the components of social entrepreneurship were defined in consideration of the social entrepreneurship's characteristics, and an approach was discussed from the continuity aspect.

Nonetheless, this study has limitations from the three following aspects: First, this study has a limitation in the generalization of the study results because this study targeted just Korean social enterprises. Social entrepreneurship shows differences depending on each country's government policy and historical background, but this study did not consider such a specialty. In a further study, expanded research is necessary, targeting various countries' enterprises, while a comparative study by the social enterprise types of each country can be carried out. Second, this study drew strategic orientation, altruism, and practicality as the subfactors of social entrepreneurship based on the previous studies from the motivation and intention perspective of

social entrepreneurs. In a further study, however, there is a need to find social entrepreneurs' essential motives, and an empirical study affecting sustainability should be conducted through a qualitative research technique using grounded theory methodology or the Delphi technique. Third, existing non-profit or profit-making corporations are converted into social enterprises in some cases. If the organizational nature starts from non-profit or profit-making corporations and is converted into social enterprises, differences may occur from the social entrepreneurship disposition aspect. Therefore, it will be meaningful to comparatively research differences between the two non-profit and profit-making groups based on the research model presented in this study.

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