

Social Entrepreneurial Orientation and Performance of Organizations in South-East, Nigeria

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Abstract

The study focused on the social entrepreneurial orientation and performance of organizations. This study made use of a descriptive cross-sectional research design. The study's interest is in the third-sector organisations that are operational in the southeast region of Nigeria. The study applied a simple random sampling technique to select 400 participants. Descriptive statistics were used to determine the mean, standard deviation, and inter-item correlation. The analysis was carried out using multiple regressions. The regression includes the Hannan-Quinn criterion, F-statistic, and Durbin-Watson statistic. The Satorra-Bentler test was employed to spot issues of homoscedasticity. Findings showed that effective orientation has a significant positive effect on the social performance and commercial performance of third-sector organizations. Further findings revealed that social mission orientation does not significantly relate to the social performance of third-sector organisations and that social mission orientation has no significant negative linear relationship with commercial performance. The study recommended, among others, that third-sector organisations should prioritise the adoption of effectual orientation as a core strategic approach and should reevaluate their operational strategies to ensure that the stated social missions are effectively translated into tangible, measurable actions that align with the needs and expectations of the communities served.

Keywords: *Social Entrepreneurial Orientation, Effectual Orientation, Social Mission Orientation, Sustainability Orientation, Commercial Performance, Social Performance*

Introduction

Entrepreneurial orientation (EO) is a strategic decision-making tool that enables organisations to take advantage of opportunities in their environments and position themselves as market leaders in their industry. Apart from promoting firm innovation at all levels, entrepreneurially oriented firms are usually reputed for excellence in product development and delivery, as well as a knack for calculated risk-taking that usually improves their performance in prodigious ways (Covin et al., 2020; Wales et al., 2020). For researchers, there is a consensus that organisations with an entrepreneurial outlook are more favourably disposed and equipped towards opportunity identification, exploration, and exploitation within their environment than other organisations that are not entrepreneurially inclined (Ameer & Khan, 2020; Covin et al., 2020; Wilson et al., 2020). In fact, EO is regarded by researchers as a concept that emerged from the literature on the strategic decision-making process, which portrays the general entrepreneurial

levels of organisations (Martins & Perez, 2020; Wilson et al., 2020). In other words, entrepreneurially driven firms are willing to incorporate and actuate entrepreneurial ideals in their strategy development and implementation. In the end, it is this integration of the EO dimensions (innovativeness, risk-taking, proactiveness, autonomy, and competitive aggressiveness) into the corporate strategy that separates the successful firms from the unsuccessful ones.

Academic research on EO has burgeoned and grown to become an established area within the entrepreneurship research domain (Rigtering & Behrens, 2021; Ferreira et al., 2019). But despite the tremendous inroads made in this research stream, it remains inexhaustive in its outlook. This is because research outputs in EO have only focused on the traditional/commercial model of entrepreneurship, and thus, academic interest in the area of social entrepreneurial orientation (SEO) has remained stunted despite increased outputs in the area of social entrepreneurship (Halberstadt et al., 2021; Kraus et al., 2017). The reason for this relative slack in SEO research is not far-fetched. Social entrepreneurship requires that entrepreneurs set up ventures that would provide social value in terms of amenities, goods, and services at little or no cost to consumers. Second, and consequently, organisations with a social entrepreneurial outlook have limited chances of survival and success.

In Nigeria, although social entrepreneurship has the potential to generate both commercial and social gains in the long run, it is difficult to expedite and scale up, especially because in contexts like Nigeria, supporting institutions are either weak or non-existent. This apathy for SEO by practitioners and entrepreneurs has spilled over to researchers, thereby leaving a research gap that needs to be addressed as there are few research efforts that exhaustively deal with the intricacies of SEO within organizations. Although previous studies on social entrepreneurship disagree on a common definition of social entrepreneurship, there is a consensus that it is an entrepreneurial outlook within firms that is focused on the creation and delivery of social value as its main mission rather than the pursuit of profits (Halberstadt et al., 2021; Satar & Natasha, 2019; Konakli, 2015). That being said, organisations probably won't be able to come up with and implement social innovations that meet people's needs and make the business more sustainable and successful unless they can quickly spot and take advantage of social business opportunities in their area (Halberstadt et al., 2021). This is the crux of SEO: those policies, programmes, activities, and systems that are practiced by firms or individuals that enable them to reposition themselves to become firms that meet the social needs of society at relatively low costs to the firm and little or no price to consumers, or to create organisations that do the same (do Adro et al., 2021; Gali et al., 2020; Satar & Natasha, 2019). It is therefore necessary that SEO receive the same attention as the traditional (commercial) entrepreneurship model has enjoyed over the years, especially as it pertains to its implications for firm performance. Fortunately, extant literature has provided validated scales and measures as well as an applicable framework that enables further inquiries into the antecedents and outcomes of SEO (Kraus et al., 2017a; Kraus et al., 2017b).

It is expected that SEO should be driven by a well-defined social mission that captures the particular social goods that the firm aims to provide and how they would be provided. The goal is to ensure that the most vulnerable members of society are satisfied and that the firm receives moderate returns while doing so. The commitment to customer satisfaction is usually unrivalled by commercially driven firms, as evidenced by their knack for value co-creation with their customers. The simultaneous creation of social and commercial value for the organisation is evidenced in the goodwill and support from society, as well as a considerable amount of surplus at the end of each fiscal year. Unfortunately, it is not strange to find these supposed "not-for-personal profit" organisations deviating from their social mission or at least lowering the quality of their social goods in order to gain profit. Shrouded in the social mission of these organisations is a tacit impulse to exploit surpluses for use in non-socially inclined ventures. This wanton but implicit proclivity towards commercial performance at the expense of social value beclouds them

from appreciating and enjoying the contributions that customers can provide in the value-creation process. In their bid to maximise profits and minimise costs, many of these organisations focus on social goods that are irrelevant and have little or no impact on society because they require fewer inputs to provide. A natural outcome in the long run is a complete disregard for the sustainability and preservation of the environment within which they operate. Third-sector organisations lack the ability, willpower, and grit to implement the social mission for which they were set up in the first place due to issues such as legitimacy—the extent to which society accepts the firm and believes that they can implement their social mission in the most transparent and egalitarian manner.

The main purpose of this study is to determine the effect of SEO on performance. A central question in commercial entrepreneurship literature has been the implication of commercial entrepreneurship orientation on firm performance, and umpteen studies have established a positive relationship. Likewise, this study aims to answer questions regarding the impact of the specific dimensions of SEO on the performance of firms. The dimensions of SEO are effectual orientation, social mission orientation, and sustainability orientation (Hong et al., 2019; Syrjä et al., 2019; Werhahn et al., 2015). Effectual orientation is defined as “a strategic direction that emphasises entrepreneurial decision-making among employees along five dimensions (means orientation, partnership orientation, affordable loss orientation, contingency orientation, and control orientation)” (Werhahn&Brettel, 2012). Effectual orientation is usually enforced at all levels in the organisation and is thus a posture that supports the enforcement of attitudes, actions, and processes towards a strategic social goal. Social mission orientation is an outlook or orientation that fosters the provision of social goods and services in order to meet the needs of members of society. Firms that develop and implement social mission orientation are likely to show astute commitment towards corporate social responsibility, with a knack for improving the living standards of their host community as well as the wider society. Sustainability orientation is the extent to which social organisations are committed to environmental protection and their proclivity towards taking responsibility for the impact of their operations on the health, welfare, and safety of the people and natural resources in their environment. Firms with a sustainability orientation exhibit “an understanding of how opportunities to bring into existence future goods and services are discovered, created, and exploited, by whom, and with what economic, psychological, social, and environmental consequences” (Cohen & Winn, 2007). As stated earlier, the aim of this study is to connect the dots between these dimensions and performance. But unlike most studies of social entrepreneurship, performance would not be measured as a one-dimensional construct but as a two-pronged variable consisting of social performance and commercial performance.

Review of Related Literature

Conceptual Review

Social entrepreneurship orientation (SEO) encompasses policies, programmes, activities, and systems adopted by firms or individuals to establish organisations focused on addressing social needs in society (do Adro et al., 2021; Liu & Huang, 2020). This approach facilitates the emergence of new social enterprises in a given environment. Derived from entrepreneurship orientation (EO), SEO builds upon the decision-making mindset, behaviours, and processes underlying a firm's strategic practice, competitive posture, and management philosophy, encapsulating the entrepreneurial tendencies of the organisation (Hughes et al., 2015:119).

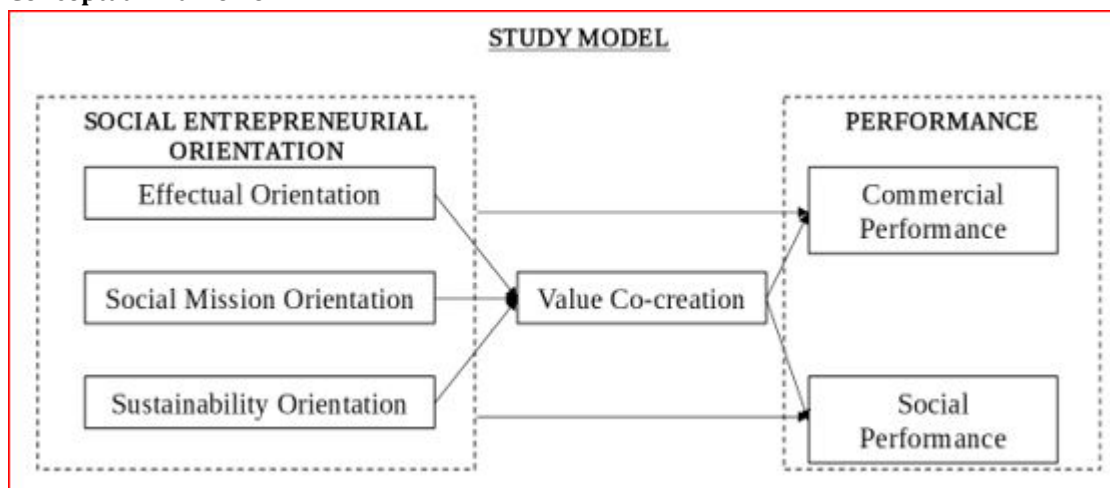
EO signifies an organisation's ability to identify and exploit opportunities in its environment. Conversely, SEO emphasises the development of strategies, processes, and systems that enable the fulfilment of

societal needs at minimal or no cost. The context and type of entrepreneurial activities play a pivotal role in the implementation of EO and SEO, allowing for various interpretations and methodologies (Halberstadt et al., 2021; Miller, 2011). SEO has been defined as a profit-oriented yet socially focused organisational approach, often employed to fill institutional voids in environments with weak institutional frameworks (Gali et al., 2020; Swanson & Zhang, 2011). This implies that existing firms can transform themselves to not only prioritise economic goals but also align with a social mission. Individual SEO is measured through factors such as social passion, innovativeness, proactiveness, and risk-taking (Satar & Natasha, 2019). This study further categorises SEO into effectual orientation, social mission orientation, and sustainability orientation.

Effectual orientation involves an entrepreneurial approach to decision-making, particularly in times of uncertainty and environmental fluctuations, as traditional methods may not provide optimal solutions (Werhahn et al., 2015; Wiltbank et al., 2006). Effective orientation measures include the organisation's preparedness for potential losses, collaboration with beneficiaries, securing funding commitments, and conducting pilot projects before full implementation (Liu & Huang, 2020). Social mission orientation reflects an organisation's pursuit of societal benefits beyond profit motives, with a focus on contributing positively to the environment and society (Bangsawan et al., 2020; Syrjä et al., 2019). To ensure the success of a social mission, it is crucial to align the mission with the organisation's existing objectives, communicate it effectively, and avoid controversial or divisive missions (Muñoz & Kimmitt, 2019; Sanders & McClellan, 2014).

Sustainability orientation (SO) emphasises an organisation's responsibility for environmental protection and the welfare of the community, reflecting a commitment to sustainable entrepreneurship (Halberstadt et al., 2021; Soo Sung & Park, 2018). Sustainable entrepreneurship entails considering the economic, environmental, and social implications of business policies, aligning with the Triple Bottom Line (TBL) framework, which evaluates performance based on social, environmental, and economic dimensions (Charter & Tischner, 2001; Christmann & Taylor, 2001). Value co-creation involves collaborative efforts between organisations and customers to enhance the customer experience and create value from products and services (Crick et al., 2020; Cossío-Silva et al., 2016). This process emphasises understanding customer preferences and fostering interactive relationships to optimise product and service delivery.

Conceptual Framework



Effectual Orientation and Commercial Performance

Effectual orientation in entrepreneurship underscores the significance of sound decision-making to positively impact a firm's profitability. This approach ensures that market identification aligns with the organisation's available resources, enabling entrepreneurs to target high-growth potential markets with suitable products or services, leading to substantial financial returns (Liu & Huang, 2020; Fadda&Sørensen, 2017). Notably, the type of market and the quality of offerings play a crucial role in determining the commercial success and profitability of a social organization. Yamamoto & Kan (2017) assert that a firm's Entrepreneurship Orientation (EO) influences the effective behaviours of its entrepreneurs or managers, wherein a high SEO compels entrepreneurs to seek new customers strategically to enhance entrepreneurial performance.

A broader client base, both local and international, can significantly improve a social organisation's commercial performance, translating to increased financial returns and a greater pool of supportive customers (Yoo& Park, 2007; Gupta & Zeithaml, 2006). Given the varying nature of resources available to social enterprises, effective entrepreneurs navigate resource constraints by dynamically adjusting social goals and objectives to fit the available means, effectively leveraging their limited resources to achieve financial goals (Martín-Navarro et al., 2021; Werhahn&Brettel, 2012). Lean and effective logic, in the face of environmental uncertainties, allow social entrepreneurs to build teams, establish partnerships, and foster internal collaborations, optimising resource management strategies for achieving social objectives (Laskovaia, Marino, Shirokova, & Wales, 2019; Sarasvathy et al., 2008).

The contingency dimension of effectual orientation suggests that social firms must remain adaptable to environmental changes to ensure optimal performance, as a deep understanding of this dimension enhances entrepreneurial venturing (Harmeling, 2011). A proactive entrepreneurial approach to market creation enables a firm to gain a competitive advantage, while astute management of opportunities as resources is critical for sustainable commercial performance (Laskovaia et al., 2019). Researchers have found that prioritising affordable losses and available means contributes to higher performance levels and reduced failed investments, especially in highly innovative research and development projects (Brettel et al., 2012; Wiltbank et al., 2009). Effectual orientation holds substantial importance in facilitating firm performance, even for social organisations that prioritise non-financial goals during economic downturns. Understanding the dynamics of effective behaviour and its strategic implementation is crucial for sustaining and enhancing a social firm's commercial performance.

Effectual Orientation and Social Performance

Effectuation, viewed as a resource-dependent theory, serves as a guiding principle for entrepreneurs to enhance social performance. By emphasising effective resource allocation, it ensures that stakeholders' investments are maximised, assuring them of the optimisation of limited resources and the achievement of social goals (DesJardine& Durand, 2020). However, a low score on effectual orientation might impede the timely execution of social objectives, prompting stakeholders to engage in activist ownership and influencing the management of the organisation (DesJardine& Durand, 2020). Beisland et al. (2021) suggest that effective implementation of social objectives relies heavily on effectual orientation, particularly through the means orientation, which encourages entrepreneurs to allocate resources based on the firm's current holdings rather than future prospects. Furthermore, partnership orientation fosters the utilisation of social capital for innovative product development, leading to enhanced social performance. Entrepreneurs can reduce the amount of money they could lose and put their money into

areas that will return a lot by starting businesses with low risks. This has a positive effect on society by using the five dimensions of effectual orientation (Read et al., 2009).

In navigating dynamic market needs, the effective combination of resources becomes essential for creating social goods and services that meet societal needs, surpassing competitors' capabilities (Sarasvathy et al., 2008). Notably, a deep understanding of the environment, pattern recognition skills, and the ability to predict changes enable expert entrepreneurs to effectively meet societal needs more efficiently (Smolka et al., 2018). Managerial efficiency significantly influences social performance, as it drives decision-making and the execution of strategic choices related to corporate social responsibility (CSR) activities. Due to their strong conviction in the value of social investments, more effective managers are better positioned to improve the corporate social performance of an organization (Mcguire et al., 2003). Efficient managers ensure the quality and veracity of the execution process for social objectives, infusing vitality into the implementation processes related to social performance (Mcguire et al., 2003). Thus, the extent of effectual orientation's impact on social performance depends on the level of managerial efficiency, characterised by knowledge, experience, beliefs, and values guiding the execution of social goals and objectives.

SMO and Commercial Performance

In the realm of social entrepreneurship, maintaining a delicate balance between social and economic objectives is crucial (Muñoz &Kimmitt, 2019). Social entrepreneurs aim to create social change by addressing prevalent issues within their communities at a lower cost compared to traditional enterprises. This involves providing employment opportunities and essential amenities while seeking the financial resources necessary for product development and sustainability (Nicholls, 2010). However, achieving both objectives can be challenging, especially when market dynamics threaten the survival of the organisation, leading to the potential reprioritization of social missions to accommodate commercial aspects (Moss et al., 2011).

While some social entrepreneurs may prioritise economic goals over social missions, often termed "mission drift," they attempt to manage this conflict through stakeholder engagement strategies (Cornforth, 2014). Conversely, others utilise social missions as a means to drive economic ends, recognising the strategic benefits of social objectives in fostering competitive advantage (Ramus & Vaccaro, 2017). By combining social missions with an economic outlook for improved viability, creating a compelling social mission with organizational support can position a social enterprise as a market leader (Muoz&Kimmitt, 2019). Effectuating this strategy hinges on a strong conviction that social missions can yield economic returns, enabling the simultaneous achievement of social and financial objectives (Cho & Lee, 2019).

According to Bruton et al. (2013), strategic conditions are crucial in directing social entrepreneurs toward sustainable social missions as a means of gaining a competitive advantage. These conditions, including previous experience, social orientation, profit orientation, and perceived financial value of the social mission, contribute to the complex interaction shaping social mission outcomes (Bruton et al., 2013). By upholding the social mission, entrepreneurs can maintain competitiveness without compromising their social orientation (Muñoz &Kimmitt, 2019).

A social mission orientation can have an impact on an organization's proactive nature, enhancing its innovativeness and adaptability in the pursuit of social goals while generating revenue (Liu & Huang, 2020). Implementing a social mission outlook allows firms to improve their innovative competencies and

capabilities, aligning organisational values and decision-making processes with the requirements of social change (Staessens et al., 2019). Emphasising the significance of social missions in the hospitality and tourism sectors, Sigala (2016) underscores their role in product development, process enhancement, and the restructuring of organisational forms. Acknowledging the importance of the adaptive capacity of the community, social entrepreneurs must consider how their initiatives align with market receptivity to ensure revenue generation (Engle, 2011). The effectiveness of a social mission orientation in facilitating commercial performance is contingent on the entrepreneurs' ability to innovate and align their activities with market adaptability (Aquino et al., 2018).

SMO and social performance

The social mission of organisations is central to their strategies for achieving social performance (Chell et al., 2016). Corporate social responsibility (CSR) holds particular importance within this mission, serving as a fundamental characteristic that shapes the behaviour of workers and volunteers, guides decision-making processes, and prioritises social needs in various environments (Dwivedi&Weerawardena, 2018). Through a strong social mission orientation (SMO), social entrepreneurs generate novel ideas, foster ethical practices, and drive social change for the greater good, emphasising the creation of social value within communities (Syrjä et al., 2019).

According to Elango et al. (2019), external factors influence the impact of SMO on social performance. Donor and investor involvement plays a critical role in fostering commitment and support for the social mission. Donors, driven by social well-being rather than profit, contribute to setting up distribution channels and subsidising losses, amplifying the impact of social initiatives (McCord & Osinde, 2005). Their participation also bolsters the confidence and determination of social entrepreneurs, enabling them to pursue social objectives without fear of financial repercussions. The absence of strong institutional frameworks, however, can lead to misappropriation of funds, necessitating the direct involvement of donors and investors in overseeing the implementation of social objectives (Bangsawan et al., 2020).

Moreover, in countries with inadequate governmental support, social enterprises might exhibit reduced dedication to their social mission, reflecting the broader context's impact on micro-level operations. In such environments, adopting social performance management principles becomes crucial in navigating the complexities of the external landscape (Kinyuira, 2017). Integrating social performance management processes into the corporate strategy can help mitigate the potential drift towards economic objectives at the expense of social performance (Elango et al., 2019). By upholding socially acceptable standards in areas such as human resources, innovative products and services, community relationships, ethics, and environmental preservation, organisations can foster a balanced approach to achieving both social and economic goals (Kinyuira, 2017). In summary, a robust SMO fosters ethical practices, encourages innovation, and promotes social value creation within communities, guided by strong donor and investor support and strategic alignment with socially acceptable standards. Social enterprises, therefore, can effectively navigate challenges and fluctuations in their operating environments to achieve their social objectives while maintaining a sustainable business model.

SO and Commercial Performance

The SO is crucial in ensuring that organisations prioritise environmental consciousness and minimise their negative impact on the environment (Adomako et al., 2019). Firms can leverage their resources to integrate environmental sustainability into their corporate strategies, decision-making processes, and overall operations, thereby fostering commercial performance (Adomako et al., 2019). The resource-

based view (RBV) model explains how organisations can achieve growth and sustainability by acquiring valuable, rare, and inimitable resources, such as skilled human resources, that differentiate their services and yield higher returns (Croom et al., 2018; Roxas et al., 2017). Human resources are particularly instrumental in driving sustainability efforts, underscoring the need for organisations to strategically acquire and manage these resources as part of their corporate strategies. Additionally, social firms must recognise the natural environment as a finite resource that requires careful management and can contribute to the firm's bottom line, thereby enhancing their environmental sustainability initiatives.

While human resources are paramount, the acquisition of financial capital is equally crucial for implementing sustainability programmes and generating economic returns for social organizations. However, challenges in accessing capital markets can impede the efforts of social entrepreneurs to foster SO (Austin et al., 2006). Crowdfunding, an innovative institutional form, can serve as an avenue for social organisations with limited access to social capital to promote SO and convert environmental resources into financial returns. Successful crowdfunding can not only enhance the organisation's environmental investments but also improve its ability to raise capital, thereby boosting its overall SO (Calic&Mosakowski, 2016).

Moreover, SO is intrinsically linked to the health and safety of communities, emphasising the importance of implementing strategies that benefit both the environment and human well-being (Calic&Mosakowski, 2016; Corral-Verdugo et al., 2009). Firms that address social issues like education, discrimination, unemployment, and poverty in addition to environmental preservation are more likely to garner support and revenue. Thus, effective SO strategies should positively impact the lives of the communities they serve to bolster commercial performance (Danso et al., 2019).

Research has shown a clear correlation between environmental SO and financial performance, highlighting the importance of integrating sustainable practices to achieve business success (Danso et al., 2019; Croom et al., 2018). By recognising the pivotal role of human and financial resources, leveraging the finite resources of the natural environment, and addressing both environmental and social concerns, organisations can effectively enhance their environmental sustainability efforts and bolster their commercial performance.

SO and social performance

The influence of SO on the social performance of social organisations can be justified through various strategies. Diversifying organisations to include both biodiversity and sociodiversity can enhance social performance by providing a comprehensive approach to sustainability issues (Corral-Verdugo et al., 2009). Recognising the interconnectedness of these two dimensions within the framework of SO can yield holistic benefits across social, economic, and environmental domains, leading to more effective performance outcomes.

Moreover, the combination of SO with other organisational and environmental strategies, such as sustainability, innovation, achievement motivation, and resource management, can contribute to social performance in organisations (Kraus et al., 2017a). Successful sustainable entrepreneurship involves balancing economic, environmental, and social considerations, ensuring that the firm's objectives align with societal, economic, and ecological sustainability (Lozano, 2008). This integrated approach to sustainability is crucial for the overall well-being of human societies and the preservation of the biophysical systems essential for human existence (Lehtonen, 2004). Social entrepreneurs and their organisations are often at the forefront of identifying new opportunities and addressing environmental

challenges, contributing significantly to the socio-economic development of their communities (Kraus et al., 2017b). Their proactive approach to risk-taking and environmental problem-solving positions them as key contributors to societal well-being and ecological preservation.

Fostering SO within social organisations can also facilitate attitudinal and behavioural changes among the public, encouraging a shift towards environmentally conscious practices (Moskwa et al., 2015). Community engagement programmes and education initiatives can raise awareness about the importance of sustainable consumption patterns and environmental preservation, fostering positive social change within the community. By encouraging the preference for locally made goods and promoting sustainable consumption habits, social organisations can enhance their social performance and contribute to a more environmentally conscious society. The resilience and persistence of organisations embracing SO play a critical role in their ability to adapt to changing environments and overcome challenges (Ameer & Khan, 2020; Lozano, 2008). By satisfying beneficiaries, mobilising interest in social welfare programmes, and making substantial impacts on community well-being, these organisations remain dedicated to fulfilling their social missions and achieving long-term success (Kraus et al., 2017b).

The Mediating Role of Value Co-Creation

This study posits that the mediating role of value co-creation can significantly influence the relationship between social entrepreneurial orientation (SEO) and both commercial and social performance. Value co-creation involves a collaborative approach between organisations and customers in generating value, emphasising the importance of customer engagement and input in shaping business outcomes. Regarding the influence of SEO variables on commercial performance, value co-creation plays a crucial role in decision-making processes, product development, and market penetration strategies. By actively involving customers in the value creation process, social firms can gain insights into customer expectations, resulting in the development of products and services that effectively meet consumer demands (Cossío-Silva et al., 2016). Moreover, customer participation helps minimise risks and costs associated with product development and ensures early feedback, thereby reducing the likelihood of market failures or non-compliance with environmental regulations.

Partnerships with customers are also essential in guiding the formulation of the social mission of the organization. Customers' contributions can aid in identifying social objectives with revenue-generating potential, facilitating the alignment of social goals with financial returns. Engaging customers in the marketing mix processes, including product design, pricing strategies, and distribution channels, can enhance the organisation's market positioning and revenue generation capabilities (Lusch&Vargo, 2014). Furthermore, value co-creation serves as a catalyst for sustainability initiatives, fostering environmentally friendly practices and encouraging the development of eco-friendly products and services. Customer engagement in preserving the environment and advocating for eco-friendly products can lead to improved financial performance for the organisation (Umrani et al., 2020). By removing barriers between industries and promoting effective networking, value co-creation facilitates collaboration among firms, contributing to improved overall performance (Grönroos, 2011; Prahalad&Ramaswamy, 2004).

In terms of the link between SEO and social performance, value co-creation influences the satisfaction of social needs and the establishment of effective pricing strategies that do not compromise the organisation's social reputation. Customer insights aid in identifying marginalised social issues, enabling the firm to allocate resources strategically and cater to the needs of the target market (Saarijärvi et al., 2013). By facilitating a better understanding of the social mission among stakeholders, value co-creation

fosters a sense of ownership and commitment to the organisation's goals, encouraging active participation in implementation (Useem, 1996). The involvement of value co-creators further ensures that the organisation remains focused on its social mission, emphasising the importance of customer feedback in customising product and service processes. Moreover, customer input enhances the customisation of services, promoting inclusivity and social acceptance within the community (Bangsawan et al., 2020; Saarijärvi, 2012).

Methodology

This study made use of a descriptive cross-sectional research design. The study's interest is in the third-sector organisations that are operational in the southeast region of Nigeria. The population (2899) for the study consisted of employees of third-sector organisations—those that are neither in the public nor private sectors but are majorly focused on delivering value without necessarily seeking profits. They include NGOs, community groups, charity groups, cooperative societies, and civil society organisations that operate in the five southern states of Nigeria, namely Abia, Anambra, Ebonyi, Enugu, and Imo. The sample size (400) for the study was derived using Taro Yamane's formula. This formula has been proposed to be suitable for ascertaining sample sizes for large, random, and finite populations (Adam, 2020).

$$n = \frac{N}{1 + N(e)^2}$$

Where n = Sample size; N = Population; e = Tolerable error margin 5% (0.05); 1 = constant.

The study applied a simple random sampling technique to select the participants. The participants in the study were 400. 245 participants (61.25%) were male, while 155 participants (38.75%) were female. 227 participants (56.75%) fall within the bracket of very small firms; 121 participants (30.25%) fall within the bracket of small firms; and 52 participants (13.0%) fall within the bracket of moderate firms.

The measures of 'effectual orientation' were gotten from a 4-item scale that was validated and used by Liu and Huang (2020). A sample item is "On high social impact projects, we took steps to ensure that potential losses are affordable." The validity scores for 'effectual orientation' ranged between 0.716 and 0.837. The composite reliability score is 0.823. The measures of 'social mission orientation' were gotten from a 2-item scale that was validated and used by Liu and Huang (2020). A sample item is "Our philosophy guides everything we do in the organization." The validity scores for 'social mission orientation' ranged between 0.811 and 0.876. The composite reliability score is 0.817. The measures of 'sustainability orientation' would be gotten from a 2-item scale that was validated and used by Liu and Huang (2020). A sample item is "We always seek to balance mission and financial viability in the organization." The validity scores for 'sustainability orientation' ranged between 0.821 and 0.834. The composite reliability score is 0.855. The measures of effectual orientation were taken from a 2-item scale that was validated and used by Liu and Huang (2020). A sample item is "We have been providing more social services." The validity scores for 'social performance' ranged between 0.818 and 0.823. The composite reliability score is 0.892. The measures of effective orientation would be derived from a 2-item scale that was validated and used by Liu and Huang (2020). A sample item is "We have been experiencing an increase in revenue." The validity scores for 'commercial performance' ranged between 0.814 and 0.868. The composite reliability score is 0.877.

Table 1 Measurements and Reliability of Variables

| Question Item | EO | SMO | SO | VCO | SP | CP | C.R | AVE |
|----------------------------|-------|-------|-------|-------|-------|-------|--------------|--------------|
| Effectual Orientation | | | | | | | 0.823 | 0.788 |
| EON1 | 0.837 | | | | | | | |
| EON2 | 0.822 | | | | | | | |
| EON3 | 0.799 | | | | | | | |
| EON4 | 0.716 | | | | | | | |
| Social Mission Orientation | | | | | | | 0.817 | 0.795 |
| SMO2 | | 0.876 | | | | | | |
| SMO3 | | 0.811 | | | | | | |
| Sustainability orientation | | | | | | | 0.855 | 0.782 |
| SON1 | | | 0.834 | | | | | |
| SON2 | | | 0.821 | | | | | |
| Value co-creation | | | | | | | 0.866 | 0.796 |
| VCC1 | | | | 0.888 | | | | |
| VCC2 | | | | 0.861 | | | | |
| VCC3 | | | | 0.853 | | | | |
| VCC4 | | | | 0.841 | | | | |
| Social Performance | | | | | | | 0.892 | 0.787 |
| SPE1 | | | | | 0.823 | | | |
| SPE2 | | | | | 0.818 | | | |
| Commercial Performance | | | | | | | 0.877 | 0.789 |
| CPE1 | | | | | | 0.868 | | |
| CPE2 | | | | | | 0.814 | | |

Source: SPSS Version 24

Descriptive statistics were used to determine the mean, standard deviation, and inter-item correlation. The analysis was carried out using multiple regressions. The regression includes the Hannan-Quinn criterion, F-statistic, and Durbin-Watson statistic. The Satorra-Bentler test was employed to spot issues of homoscedasticity.

Data Analysis and Results

In this section, the analysis of the data collected are done and results are presented in figures and tables.

Figure 2 Structural Equation Model

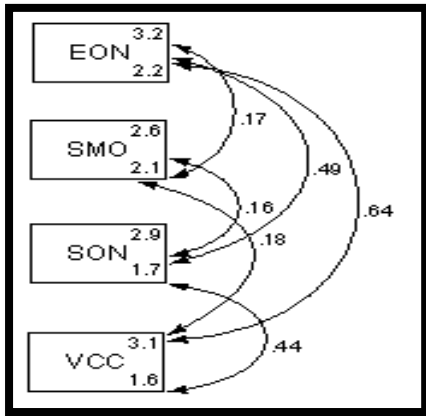


Figure 2 shows the relationship between the latent variables. The results show that all the latent variables have no autocorrelation, except value co-creation and effectual orientation, which have a correlation of 0.64. However, value co-creation is used as a mediator. Thus, the latent variables are considered appropriate for the data.

Table 2 Satorra-Bentler Test

| | Coef. | Std. Err. | Z | p-val | [95% Conf. Interval] | |
|-----------|----------|-----------|-------|-------|----------------------|----------|
| mean(EON) | 3.185 | .0738449 | 43.13 | 0.000 | 3.040267 | 3.329733 |
| mean(SMO) | 2.615 | .0718843 | 36.38 | 0.000 | 2.474109 | 2.755891 |
| mean(SON) | 2.9325 | .0645583 | 45.42 | 0.000 | 2.805968 | 3.059032 |
| mean(VCC) | 3.08 | .0626003 | 49.20 | 0.000 | 2.957306 | 3.202694 |
| var(EON) | 2.175775 | .0868209 | | | 2.012093 | 2.352772 |
| var(SMO) | 2.061775 | .0971065 | | | 1.87997 | 2.261161 |
| var(SON) | 1.662944 | .0826256 | | | 1.508636 | 1.833034 |
| var(VCC) | 1.5636 | .0825308 | | | 1.409928 | 1.734021 |

| | | | | | | |
|--------------|----------|----------|------|-------|-----------|----------|
| cov(EON,SMO) | .166225 | .1033947 | 1.61 | 0.108 | -.036425 | .368875 |
| cov(EON,SON) | .4924875 | .1034608 | 4.76 | 0.000 | .289708 | .695267 |
| cov(EON,VCC) | .6377 | .1008493 | 6.32 | 0.000 | .440039 | .835361 |
| cov(SMO,SON) | .1615125 | .0921173 | 1.75 | 0.080 | -.019034 | .342059 |
| cov(SMO,VCC) | .1808 | .0926097 | 1.95 | 0.051 | -.0007116 | .3623116 |
| cov(SON,VCC) | .4354 | .089462 | 4.87 | 0.000 | .2600577 | .6107423 |

Table 2 shows that the coefficient for the "effectual orientation" latent variable is 3.185; the coefficient for the "social mission orientation" latent variable is 2.615; the coefficient for the "sustainability orientation" latent variable is 2.9325; and the coefficient for the "value co-creation" latent variable is 3.08. The latent variables also have a significant effect on the outcome of the model. The Z-scores for all the coefficients are very large (43.13, 36.38, 45.42, and 49.20), indicating that the effects are highly significant.

The coefficient for the variance of effectual orientation is 2.175775. The standard error associated with this coefficient is 0.0868209. The 95% confidence interval for the variance ranges from 2.012093 to 2.352772. The coefficient for the variance of social mission orientation is 2.061775. The standard error associated with this coefficient is 0.0971065. The 95% confidence interval for the variance ranges from 1.87997 to 2.261161. The coefficient for the variance of sustainability orientation is 1.662944. The standard error associated with this coefficient is 0.0826256. The 95% confidence interval for the variance ranges from 1.508636 to 1.833034. The coefficient for the variance of value co-creation is 1.5636. The standard error associated with this coefficient is 0.0825308. The 95% confidence interval for the variance ranges from 1.409928 to 1.734021. These variances represent the spread of data points around the mean.

The table also displays the results of the analysis of covariances between different latent variables. The covariance between "effectual orientation" and "social mission orientation" is 0.166225. The standard error associated with this covariance is 0.1033947. The Z-value is 1.61, and the corresponding p-value is 0.108. The 95% confidence interval for the covariance ranges from -0.036425 to 0.368875. These indicate that there is no issue of homoscedasticity between "effectual orientation" and "social mission orientation." The covariance between "effectual orientation" and "sustainability orientation" is 0.4924875. The standard error associated with this covariance is 0.1034608. The Z-value is 4.76, and the corresponding p-value is 0.000. The 95% confidence interval for the covariance ranges from 0.289708 to 0.695267. Also, there is no issue of homoscedasticity between these variables. The covariance between "effectual orientation" and "value co-creation" is 0.6377. The standard error associated with this coefficient is 0.1008493. The Z-value is 6.32, and the corresponding p-value is 0.000. The 95% confidence interval for the covariance ranges from 0.440039 to 0.835361. There is a mid-correlation between these variables. The covariance between "social mission orientation" and "sustainability orientation" is 0.1615125. The standard error associated with this coefficient is 0.0921173. The Z-value is 1.75, and the corresponding p-value is 0.080. The 95% confidence interval for the covariance ranges from -0.019034 to 0.342059. There is no issue of homoscedasticity between these variables.

The covariance between "social mission orientation" and "value co-creation" is 0.1808. The standard error associated with this coefficient is 0.0926097. The Z-value is 1.95, and the corresponding p-value is 0.051. The 95% confidence interval for the covariance ranges from -0.0007116 to 0.3623116. The covariance between "sustainability orientation" and "value co-creation" is 0.4354. The standard error

associated with this coefficient is 0.089462. The Z-value is 4.87, and the corresponding p-value is 0.000. The 95% confidence interval for the covariance ranges from 0.2600577 to 0.6107423. The covariances indicate the degree to which two variables change together, providing information about the relationship between them. However, there are no issues of homoscedasticity between these variables.

Figure 3 Regression Model

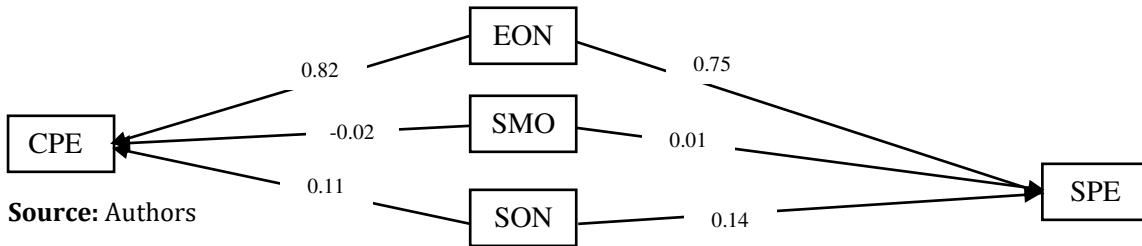


Figure 3 demonstrates the effect of effectual orientation, social mission orientation, and sustainability orientation on both commercial performance and social performance. Table 3 provides more elaborate results, showing the scientific evidence concerning the linearity of the relationship between the variables.

Table 3 Social entrepreneurial orientation and performance

| | Model 1 | | | | Model 2 | | | |
|--------------------|-----------|------------|-------------|---------|-----------|------------|-------------|---------|
| | Coef | Std. Error | t-Statistic | P-value | Coef | Std. Error | t-Statistic | P-value |
| C | 0.264366 | 0.159575 | 1.656691 | 0.0984 | 0.269111 | 0.139194 | 1.933357 | 0.0539 |
| EON | 0.751745 | 0.033557 | 22.40213 | 0.0000 | 0.818099 | 0.029271 | 27.94922 | 0.0000 |
| SMO | 0.011347 | 0.033424 | 0.339475 | 0.7344 | -0.022616 | 0.029155 | -0.775726 | 0.4384 |
| SON | 0.137820 | 0.038412 | 3.587940 | 0.0004 | 0.111470 | 0.033506 | 3.326871 | 0.0010 |
| R-squared | 0.602401 | | | | 0.694551 | | | |
| Adjusted R-squared | 0.599389 | | | | 0.692237 | | | |
| S.E. of regression | 0.954590 | | | | 0.832668 | | | |
| Sum squared resid | 360.8516 | | | | 274.5611 | | | |
| Log likelihood | -546.9759 | | | | -492.3173 | | | |

| | | | | | | | | |
|--------------------|----------|--|--|--|----------|--|--|--|
| F-statistic | 199.9931 | | | | 300.1509 | | | |
| Prob(F-statistic) | 0.000000 | | | | 0.000000 | | | |
| Mean dependent var | 3.092500 | | | | 3.142500 | | | |
| S.D. dependent var | 1.508188 | | | | 1.500942 | | | |
| Durbin-Watson stat | 1.610727 | | | | 1.853401 | | | |

Note: The dependent variable for model 1 is social performance; the dependent variable for model 2 is commercial performance.

Table 3 shows that the R² is 0.602401, indicating that approximately 60.24% of the variation in social performance can be explained by the independent variables in the model. The remaining 39.76% unexplained variation indicates that other variables that are not captured in the model can also account for the variations in social performance. The adjusted R-squared value is 0.599389. The standard error of the regression is 0.954590. The F-statistic is 199.9931, with a probability value of less than 0.01, suggesting that the overall regression model is statistically significant.

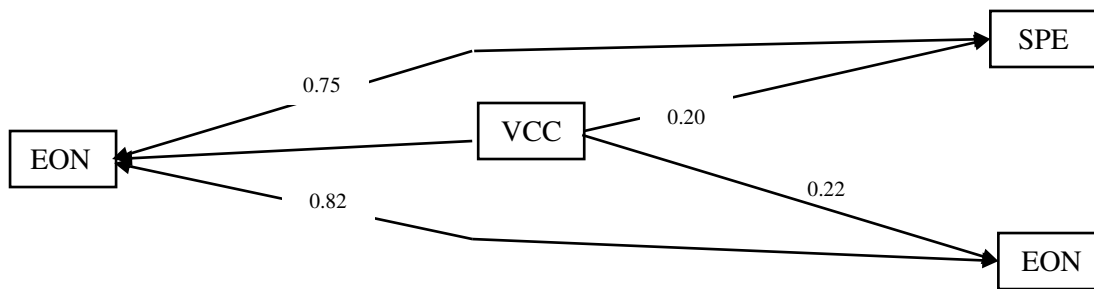
The constant term (intercept) in the regression model is 0.264366. The standard error for this coefficient is 0.159575, and the t-statistic is 1.656691, with a probability value of 0.0984. This shows that the constant term has no significant relationship with social performance. The coefficient for the variable "effectual orientation" is 0.751745. The standard error associated with this coefficient is 0.033557, and the t-statistic is 22.40213, with a probability value of less than 0.01. This implies that a 75.2% change in effective orientation will lead to an approximately 75.2% change in social performance. This means that effective orientation has a significant relationship with social performance. The coefficient for the variable "social mission orientation" is 0.011347. The standard error associated with this coefficient is 0.033424, and the t-statistic is 0.339475, with a probability value of 0.7344. This implies that a 1.1% change in social mission orientation will lead to an approximately 1.1% change in social performance. Thus, social mission orientation does not significantly relate to social performance. The coefficient for the variable "sustainability orientation" is 0.137820. The standard error associated with this coefficient is 0.038412, and the t-statistic is 3.587940, with a probability value of less than 0.01. This implies that a 13.8% change in sustainability orientation will lead to an approximately 13.8% change in social performance. That is, sustainability orientation significantly relates to social performance. The threshold for the Durbin-Watson statistic is 1.5–2.5. Since the Durbin-Watson statistic is 1.610727, it suggests that there is no problem of autocorrelation in the model.

For model 2, the R² is 0.694551, indicating that approximately 69.46% of the variation in commercial performance can be explained by the independent variables in the model. Other variables that are not included in the model can account for 30.54% of the variations in commercial performance. The adjusted R-squared value is 0.692237. The standard error of the regression is 0.832668. The F-statistic is

300.1509, with a probability value of less than 0.01, suggesting that the overall regression model is statistically significant. The Durbin-Watson statistic is 1.853401, indicating that there is no issue of autocorrelation in the residuals.

The constant term (intercept) is 0.269111. The standard error for this coefficient is 0.139194, and the t-statistic is 1.933357, with a probability value of 0.0539. The coefficient for the variable "effectual orientation" is 0.818099. The standard error associated with this coefficient is 0.029271, and the t-statistic is 27.94922, with a probability value of less than 0.01. This shows that an 81.8% mean change in effective orientation will result in a corresponding change in commercial performance. The coefficient for the variable "social mission orientation" is -0.022616. The standard error associated with this coefficient is 0.029155, and the t-statistic is -0.775726, with a probability value of 0.4384. The result shows that there is no significant linear relationship between sustainability orientation and commercial performance. The coefficient for the variable "sustainability orientation" is 0.111470. The standard error associated with this coefficient is 0.033506, and the t-statistic is 3.326871, with a probability value of 0.0010. This implies that an 11.1% change in sustainability orientation will lead to a proportional change in commercial performance.

Figure 4 Regression Model



Source: Authors

Figure 4 shows the results of the effect of effectual orientation on both social and commercial performance through value co-creation. The results in Figure 4 provide a pictorial view of the results in Table 4.

Table 4 Effectual orientation on performance through value co-creation

| | Model 1 | | | | Model 2 | | | |
|--------------------|-----------|------------|-------------|---------|-----------|------------|-------------|---------|
| | Coef | Std. Error | t-Statistic | P-value | Coef | Std. Error | t-Statistic | P-value |
| C | 2.143368 | 0.143730 | 14.91249 | 0.0000 | 2.217219 | 0.128213 | 17.29320 | 0.0000 |
| VCC | -0.376995 | 0.062983 | -5.985689 | 0.0000 | -0.451494 | 0.056183 | -8.036076 | 0.0000 |
| EON*VCC | 0.200396 | 0.011106 | 18.04372 | 0.0000 | 0.220160 | 0.009907 | 22.22228 | 0.0000 |
| R-squared | 0.535794 | | | | 0.627036 | | | |
| Adjusted R-squared | 0.533456 | | | | 0.625157 | | | |
| S.E. of regression | 1.030153 | | | | 0.918943 | | | |
| Sum squared resid | 421.3028 | | | | 335.2491 | | | |
| Log likelihood | -577.9529 | | | | -532.2573 | | | |
| F-statistic | 229.1120 | | | | 333.7227 | | | |
| Prob(F-statistic) | 0.000000 | | | | 0.000000 | | | |
| Mean dependent var | 3.092500 | | | | 3.142500 | | | |
| S.D. dependent var | 1.508188 | | | | 1.500942 | | | |
| Durbin-Watson stat | 1.616327 | | | | 1.753216 | | | |

The coefficient of determination (R^2) is 0.535794 (in table 4), indicating that approximately 53.58% of the variation in social performance can be explained by effectual orientation and value co-creation in the model. The adjusted R-squared value is 0.533456. The standard error of the regression is 1.030153. The F-statistic is 229.1120, with a probability value of less than 0.01, suggesting that the overall regression

model is statistically significant. The Durbin-Watson statistic is 1.616327, suggesting no issue of autocorrelation.

The constant term (intercept) in the regression model is 2.143368. The standard error for this coefficient is 0.143730, and the t-statistic is 14.91249, with a probability value of 0.0000. The coefficient for the variable "value co-creation" is -0.376995. The standard error associated with this coefficient is 0.062983, and the t-statistic is -5.985689, with a probability value of 0.0000. This implies that a 37.7% increase in value co-creation will lead to a 37.7% decrease in social performance. The coefficient for the interaction term is 0.200396. The standard error associated with this coefficient is 0.011106, and the t-statistic is 18.04372, with a probability value of less than 0.01. This implies that effectual orientation has a significant effect on social performance through value co-creation in third-sector organisations.

For model 2, the R^2 is 0.627036, indicating that approximately 62.70% of the variation in commercial performance can be explained by effectual orientation and value co-creation in the model. The adjusted R-squared value is 0.625157. The standard error of the regression is 0.918943. The F-statistic is 333.7227, with a probability value of 0.000000, suggesting that the overall regression model is statistically significant. The Durbin-Watson statistic is 1.753216, showing that there is no issue of autocorrelation.

The constant term (intercept) in the regression model is 2.217219. The standard error for this coefficient is 0.128213, and the t-statistic is 17.29320, with a probability value of 0.0000. The coefficient for value co-creation is -0.451494. The standard error associated with this coefficient is 0.056183, and the t-statistic is -8.036076, with a probability value of less than 0.01. This implies that a 45.1% change in value creation will lead to a 45.1% change in the commercial performance of third-sector organizations. The coefficient for the mediating variable is 0.220160. The standard error associated with this coefficient is 0.009907, and the t-statistic is 22.22228, with a probability value of 0.0000. This implies that effectual orientation has a significant effect on commercial performance through value co-creation in third-sector organizations.

Discussion of Findings

Findings showed that effectual orientation has a significant positive effect on the social performance and commercial performance of third-sector organizations. The finding aligns with that of Haira et al. (2022), who found that effectual orientation has a significant positive effect on social performance. This highlights the crucial role of effective strategies in enhancing the overall effectiveness and success of these organizations. When third-sector organisations adopt an effectual orientation, they are more inclined to prioritise creativity, adaptability, and collaboration, which can lead to improved social performance and commercial performance. The positive effect on social performance implies that organisations with an effectual orientation are more adept at addressing societal needs and creating a positive effect on target beneficiaries. Simultaneously, the positive effect on commercial performance signifies that these organisations can effectively manage their operations, finances, and resources, leading to improved financial sustainability and growth.

Findings revealed that social mission orientation does not significantly relate to the social performance of third-sector organizations. This presents an intriguing and potentially important insight into the dynamics of these organizations. This implies that, despite a strong emphasis on articulating and upholding social missions, the alignment between these missions and the actual social effect achieved by the organisations might not be as straightforward as anticipated. Further findings showed that social mission orientation has no significant negative linear relationship with commercial performance. This

also carries important implications for the understanding of the dynamics within third-sector organizations. This result implies that an organisation's emphasis on its social mission does not necessarily impede its commercial performance, challenging the common perception that a strong social focus might come at the expense of financial success. This study's finding refutes the assertion of studies (Muñoz & Kimmitt, 2019; Moss et al., 2011) that social mission is a means of achieving the commercial performance of the organisation.

Findings revealed that sustainability orientation has a significant positive linear relationship with the social performance and commercial performance of third-sector organizations. This underscores the critical role of sustainable practices in fostering overall organisational success and effect. This result highlights the importance of prioritising sustainability initiatives and integrating them into the core operational strategies of these organisations to enhance their social and commercial outcomes. This supports the research position of Corral-Verdugo *et al.* (2009) that sustainability orientation strategies have a positive relationship with social performance in firms.

Findings showed that value co-creation has a significant negative effect on both social performance and commercial performance of third-sector organizations. This presents a notable and potentially challenging insight into the dynamics of organisational operations. This result implies that the process of value co-creation, which involves the collaborative creation of value with stakeholders, might not directly contribute to the desired enhancement of social or commercial performance for these organizations. The negative effect of value co-creation on social performance raises questions about the effectiveness of collaborative initiatives and the potential challenges associated with integrating stakeholder inputs into the organisational decision-making process. It suggests that the complex dynamics involved in value co-creation may inadvertently affect the organisation's ability to achieve its social objectives, possibly leading to inconsistencies in the delivery of services, misalignment of stakeholder expectations, or difficulties in addressing societal needs effectively. Similarly, the negative effect of value co-creation on commercial performance highlights potential complications related to the collaborative process's effect on the organisation's financial viability and sustainability. This suggests that while involving stakeholders in the co-creation process is intended to enhance the organisation's offerings and services, it may lead to challenges in managing resources, decision-making complexities, or a dilution of the organisation's value proposition, ultimately affecting its financial performance and stability. Findings showed that effectual orientation has a significant positive effect on social performance and commercial performance through value co-creation in third-sector organizations. The findings underscore the critical role of strategic decision-making and innovative approaches in enhancing overall organisational effectiveness and success. This study highlights the importance of adopting an effectual orientation as a catalyst for driving value co-creation initiatives, which, in turn, positively affect the organisation's social and commercial performance.

Conclusion

Sustainability orientation emerges as a key driver of both social and commercial performance, showcasing the transformative impact of sustainable practices. The positive linear relationship between sustainability orientation and performance metrics highlights their interconnectedness for holistic organisational success. Effectual orientation is identified as instrumental in enhancing social and commercial performance through value co-creation, emphasising the importance of creativity and collaboration within third-sector organizations. Prioritising effective strategies fosters stakeholder engagement, partnerships, and initiatives addressing societal needs, promoting social well-being, and sustainable development. Embracing an entrepreneurial mindset, organisations optimise value co-

creation, leading to improved resource management, service delivery, and stakeholder relationships for enhanced financial performance and long-term sustainability

Recommendations

Based on the findings presented, the following recommendations are made:

1. Third-sector organisations should prioritise the adoption of effectual orientation as a core strategic approach. By fostering a culture that values creativity, adaptability, and collaboration, they can optimise their social and commercial performance, driving innovation and sustainable growth.
2. While social mission orientation may not directly correlate with social performance, it remains a critical guiding principle for these organizations. Third-sector organisations should reevaluate their operational strategies to ensure that the stated social missions are effectively translated into tangible, measurable actions that align with the needs and expectations of the communities served.
3. Third-sector organisations should promote the integration of sustainable practices within their core operational strategies. By prioritising sustainability, they can effectively address social and environmental challenges while enhancing their financial viability and long-term sustainability.
4. Stakeholders should advocate for a balanced approach to value co-creation that considers the potential challenges and complexities involved. Third-sector organisations should also pursue the implementation of clear mechanisms for managing stakeholder relationships, effective communication, and alignment of stakeholder expectations with organisational objectives. This can help mitigate any adverse impacts on organisational performance while fostering meaningful and productive stakeholder engagement.
5. Third-sector organisations should leverage the positive effects of effectual orientation on both social and commercial performance through value co-creation. This can be achieved by fostering an environment that encourages creative problem-solving, collaboration, and adaptive decision-making, enabling organisations to optimise the co-creation process for enhanced social and commercial outcomes.

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