

# Unleashing the power of organizational social capital: exploring the mediating role of social entrepreneurship orientation in social enterprises' performances

Power of  
organizational  
social capital in  
SEs

Received 29 April 2023  
Revised 5 October 2023  
11 December 2023  
Accepted 20 January 2024

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## Abstract

**Purpose** – This study investigates the influence of organizational social capital (OSC) on the social and economic performance of social enterprises (SEs) in Greece and the mediating role of social entrepreneurship orientation (SEO) in these relationships.

**Design/methodology/approach** – A theoretical framework was developed integrating resource-based theory, OSC theory and behavioral entrepreneurship theory. The data were collected from 345 Greek SEs and structural equation modeling (SEM) with bootstrap analysis was employed to estimate path coefficients.

**Findings** – This study shows that OSC positively impacts SEs' social and economic performance, while SEO mediates only the relationship between OSC and SEs' social performance. This research offers insights for scholars, practitioners and policymakers in social entrepreneurship by highlighting the significance of OSC and SEO.

**Originality/value** – This study contributes to the literature on SEs by integrating resource-based theory, OSC theory and behavioral entrepreneurship theory, presenting a novel comprehensive theoretical framework for understanding SEs' performances. Additionally, the study advances the understanding of SEO as a mediator in the relationship between OSC and SEs' social and economic performance. The unique focus on the Greek context provides a valuable setting for examining the relationships among OSC, SEO and SEs' performances.

**Keywords** Social enterprise, Social capital, Entrepreneurial orientation, Resource-based theory

**Paper type** Research paper

## Introduction

Navigating the critical intersection of commercial imperatives and social missions, social enterprises (SEs) epitomize a unique and transformative hybrid organizational paradigm (Mair and Martí, 2006). Within this dual mandate, “economic performance” denotes value creation via business growth, profit enhancement and business extension, reflecting the operational dynamics inherent to conventional commercial entities (Kropp *et al.*, 2006). However, SEs delineate their unique niche through a dedicated pursuit of “social performance”, often materializing in meaningful societal change by implementing effective social strategies (Bhattacharai *et al.*, 2019). This generally entails supporting underserved communities by proffering affordable, need-driven products (Tasavori and Bhattacharai, 2023).

Striking a balance between profits and societal impact constructs the nuanced strategic core of SEs (Bhattacharai *et al.*, 2019). Nevertheless, amalgamating social and economic value



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creation harbors inherent tensions, especially considering pressing global challenges like the repercussions of the COVID-19 pandemic (Loukopoulos and Papadimitriou, 2022) and the energy crisis. These challenges have engendered a plethora of social problems, increased costs and resource scarcity. Given this intricate interplay, the expanding literature on SEs has yet to sufficiently explore the methodologies to accomplish this dual mission. Indeed, Gupta *et al.* (2020) accentuate the urgent necessity to investigate the internal contexts of SEs further and illuminate the organizational competencies and internal dynamics propelling the fulfillment of their dual objectives. A pivotal factor in this discourse is organizational social capital (OSC) (Bacq and Lumpkin, 2021). Despite a lack of consensus regarding its precise definition, there is general agreement that OSC is a multifaceted construct, embodying resources like shared trust, cohesive networks and a collective vision among organizational members (Nahapiet and Ghoshal, 1998). Drawing on resource-based theory (Barney, 1991), it is posited in this study that OSC potentially influences both the social and economic performance of SEs (Putnam, 2000). Within the SEs' framework, resource-based theory provides the theoretical foundation for interpreting how the resources and capabilities of SEs enhance their efficacy in serving target beneficiaries and in securing competitive advantage and superior performance. Consequently, both Conventional and Radical variants of resource-based theory hold validity within the SEs' domain. The Conventional variant underscores financial value creation, positing OSC as an indispensable resource for financial progression and sustained competitive advantage (Bell and Dyck, 2011). Conversely, the Radical variant elucidates the potential of OSC to enable SEs to expand their beneficiary base, address societal issues surpassing state capacities and amplify their social impact through capabilities accentuating relationships (Bacq and Eddleston, 2018; Loukopoulos and Papadimitriou, 2022).

Despite the potential of resource-based theory to elucidate SEs' dual performance, there is a scarcity of empirical research, particularly in exploring OSC and, more specifically, internal OSC (i.e. the relationships among SEs' members), as a resource for bolstering both social and economic performance of SEs (Bacq and Eddleston, 2018; Bell and Dyck, 2011). This dearth is mirrored in studies investigating SEs' resource constraints and strategies to surmount them (Desa and Basu, 2013) and those analyzing social ventures from a resource-based perspective (Meyskens *et al.*, 2010). This body of literature accentuates the need for further empirical exploration to determine how resource-based theory principles can be applied to SEs to enhance their dual performance. Consequently, this study's *first objective* is to offer a more comprehensive empirical analysis of OSC as an organizational resource, viewed through the lens of resource-based theory, in molding SEs' dual mission.

Additionally, informed by behavioral entrepreneurship theory, social entrepreneurship orientation (SEO) can serve as a valuable lens for understanding the interplay between OSC and SEs' performances. SEO is a multifaceted variable that encompasses a social mission dimension and exemplifies the proactive, risk-taking and innovative competencies of SEs' members in identifying and leveraging opportunities to address social and environmental challenges (Kraus *et al.*, 2017). Recent studies have proposed SEO as a facilitator in reconciling the inherent tensions of pursuing competing social and economic objectives (Gali *et al.*, 2020; Halberstadt *et al.*, 2021), premised on the notion that SEO underscores resource generation as pivotal for enhancing systemic (social and economic) sustainability of SEs. However, the influence of SEO on SEs' dual performance remains relatively unexplored (Gali *et al.*, 2020; Halberstadt *et al.*, 2021). Hence, the *second objective* of this research is to examine whether amalgamating OSC and SEO can amplify the dual performance of SEs.

Guided by these objectives, this study poses the following research questions:

*RQ1.* Does OSC improve both the social and economic performance of SEs?

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RQ2. Does SEO mediate the positive relationship between OSC and the social and economic performance of SEs?

Addressing these questions, this study aims to broaden organizational theory for SEs through a nuanced assessment of resource optimization (Bacq and Lumpkin, 2021; Dacin *et al.*, 2011). Practically, these investigations can offer SEs' leaders a strategic blueprint, allowing insights to be drawn on leveraging organizational competencies to effectively manage their enterprises' dual mission (Bhattacharai *et al.*, 2019).

All in all, this study contributes to the existing literature for at least three reasons. *First*, by intertwining resource-based theory, OSC theory and behavioral entrepreneurship theory to examine SEs' performances, it illuminates the underexplored interplay between OSC and SEO and their collective impact on SEs' performances (Tasavori and Bhattacharai, 2023), responding to the demand for a deeper understanding of the potential role of OSC in fulfilling SEs' dual mission (Bacq and Lumpkin, 2021). *Second*, it addresses the existing gap in applying SEO literature to the realm of SEs (Gali *et al.*, 2020; Halberstadt *et al.*, 2021). Particularly, this study extends discussions in human resource and risk management (Defourny and Nyssens, 2010), underscoring the imperative role of nurturing and utilizing OSC for effective organizational functioning. Simultaneously, this study traverses the less-explored territory of applying SEO within SEs' context (Gali *et al.*, 2020; Halberstadt *et al.*, 2021), highlighting the pivotal role of strategic formulation, implementation (Seelos and Mair, 2007) and innovation management (Mulgan, 2006) in optimizing the efficacy of OSC for superior performance. *Third*, it examines the potential mediating role of SEO between OSC and the dual performance objectives of SEs, underlining the necessity for adept governance (Ebrahim *et al.*, 2014) and harmonized management of social and economic objectives (Mair and Martí, 2006).

## Theoretical background and hypotheses development

### SEs' performances

Characterized as hybrid organizations, SEs endeavor to spearhead societal transformation and address societal needs, sustaining their operations through entrepreneurial and innovative profit creation (Dacin *et al.*, 2011). In this context, "economic performance" in SEs encompasses value generation through, for instance, business expansion, market share, profit growth and diversification, evaluated using indicators borrowed from conventional businesses (Kropp *et al.*, 2006). Conversely, "social performance" is assessed using qualitative benchmarks such as the depth of societal impact and the scale of induced societal transformation (Loukopoulos and Papadimitriou, 2022). However, due to the diversity in targeted societal problems and stakeholders, including beneficiaries, customers and volunteers, no universally accepted indicator to gauge social accomplishments exists presently (Tasavori and Bhattacharai, 2023).

The intricate strategic core of SEs involves evaluating both financial and social performance and striking a balance between social mission and economic survival (Bhattacharai *et al.*, 2019). Initially, SEs' literature portrayed this balance as somewhat incompatible and inherently problematic, arguing that by adopting for-profit models, SEs might focus excessively on marketing aspects of their function, potentially compromising the democratic ideals foundational to effectively addressing social problems (Eikenberry and Kluver, 2004). However, recent theorizations in SEs suggest that business-like and social value creation imperatives can indeed be mutually compatible, co-productive and reinforcing (Dacin *et al.*, 2011; Liu *et al.*, 2014; Glaveli and Geormas, 2018; Gali *et al.*, 2020). To understand and potentially master this delicate balance, this study delves into the intersection of OSC and SEO, exploring their roles in steering the hybrid nature of SEs.

*Resource-based theory and OSC in SEs*

The resource-based theory forms the foundational backbone for discerning competitive advantage in firms, asserting that distinct resources and capabilities are pivotal for optimal firm performance (Barney, 1991). While there is richness to this theory, contemporary discussions often favor its Conventional stance over the Radical perspective [for detailed delineation between the two, see Bell and Dyck (2011)]. The Conventional view is anchored in a materialist-individualist ethos, highlighting financial success, profit maximization and shareholder wealth. In contrast, the Radical perspective underscores the harmonization of various well-being forms across a diverse stakeholder spectrum. Yet, both stances converge on the significance of a firm's tangible and intangible assets – physical, human and organizational resources – as foundational to enduring competitive advantage (Barney, 1991). Given the dualistic mission of SEs, integrating insights from both perspectives could pave the way for a comprehensive strategy to ensure success. Nonetheless, there is a prevailing inclination in SEs' literature towards the Conventional viewpoint, which somewhat restricts the exploration of how SEs strategically align their varied resources with their dual objectives (Bacq and Eddleston, 2018).

Building upon this foundation set by the resource-based theory, SEs strategically navigate both tangible and intangible assets to align with their socio-economic imperatives. This alignment is crystallized at the nexus where competitive advantage emerges from the structured interaction between these assets and internal OSC. The synergistic amalgamation of internal OSC's structural, relational and cognitive dimensions (Nahapiet and Ghoshal, 1998) is exemplified in SEs' management of their financial and human resources. This approach marries economic pragmatism with social values (Bacq and Lumpkin, 2021; Meyskens *et al.*, 2010), highlighting the intrinsic value of internal OSC, distinct from its external counterpart linked to broader networks and environmental relationships. The focus on internal ties, encapsulated within the organization, magnifies their role in enhancing transactional efficiencies, facilitating knowledge dispersion, innovation and driving collective organizational and social initiatives (Leana and van Buren, 1999). Understanding internal OSC is vital for appreciating its multifaceted impact on SEs, fostering an environment that harmonizes diverse aspirations and objectives and nurturing both social enrichment and economic robustness inherent in SEs.

*OSC and SEs' social performance*

Building upon the foundational concepts of OSC theory (Nahapiet and Ghoshal, 1998) and aligning with the principles of the Radical strand of resource-based theory (Bacq and Eddleston, 2018; Bell and Dyck, 2011), this study proposes a hypothesis centered on the multifaceted role of OSC within SEs. Specifically, it posits that OSC's three dimensions – structural, relational and cognitive – collectively act as a critical catalyst in achieving SEs' social objectives (Meyskens *et al.*, 2010; Nahapiet and Ghoshal, 1998).

Initiating with the structural dimension of OSC, this aspect establishes a network for effective communication and interaction among SEs' members. Characterized by strong, reciprocal interconnections (Nahapiet and Ghoshal, 1998; Tsai and Ghoshal, 1998), this network is crucial for gathering and disseminating information about societal needs, enabling SEs to accurately identify social issues and align their missions and objectives accordingly (Jenner and Oprescu, 2016). Consequently, this dimension enhances SEs' ability to address beneficiary needs effectively, creating greater social value (Loukopoulos and Papadimitriou, 2022).

Progressing to the relational dimension, trust and collaboration among SEs' members promote an environment favorable for knowledge and resource exchange (Nahapiet and Ghoshal, 1998). This setting is vital for assimilating new knowledge and fostering innovative

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solutions to social challenges (Tasavori and Bhattarai, 2023). Furthermore, it underpins the effective implementation of social strategies through collaborative problem-solving, thereby enabling SEs to serve more beneficiaries efficiently (Liu *et al.*, 2021) and, in turn, generate increased social value (Bhattarai *et al.*, 2019).

Veering towards the cognitive dimension of OSC, encompassing shared objectives, values and visions among SEs' members (Nahapiet and Ghoshal, 1998), aligns SEs' organizational activities with their social mission. This alignment, transcending individual desires, fosters a collective commitment to social value (Glaveli and Geormas, 2018), crucial for cohesive action and effective communication within SEs. It also aids in aligning SEs' missions with funders and stakeholders' priorities, thereby facilitating the implementation of social strategies and enhancing the overall SEs' social performance (Tasavori and Bhattarai, 2023).

Moreover, the cognitive dimension's synergy with the structural and relational dimensions streamlines the transfer and absorption of information across organizational levels, further improving SEs' social performance (Leana and Pil, 2006; Meyskens *et al.*, 2010; Nahapiet and Ghoshal, 1998). Given the elaborate confluence and reciprocal reinforcement of OSC's dimensions in advancing SEs' social goals, it is cogently posited that:

*H1a.* OSC positively influences the social performance of SEs.

#### *OSC and SEs' economic performance*

Underpinned by Conventional resource-based theory, organizations strategically utilize resources to garner financial value and a sustainable competitive edge (Bell and Dyck, 2011). SEs, while perhaps underplaying competitive advantage in conventional terms, accord primacy to assets that bolster their responsiveness to targeted groups (Desa and Basu, 2013). Reinforcing this notion, Leana and van Buren (1999) emphasize that SEs' core resources are intimately linked to members' behaviors, resonating with collective goals, associability (a core facet of cognitive OSC) and the nurturing of trust and interconnectivity, essentials of relational and structural OSC. This complex web of relationships underscores the indispensable role OSC plays in not just fostering collaboration, but also in enhancing SEs' economic vitality by catalyzing knowledge dissemination, crucial for innovation and competitive positioning (Jenner and Oprescu, 2016).

Diving into the structural dimension of OSC, it emerges as the blueprint for interactions among stakeholders and the lifeline for social entrepreneurs seeking essential resources and insights (Nahapiet and Ghoshal, 1998). This dimension becomes even more influential as SEs scale, driving holistic strategies to social challenges while assuring continuous resource and information flow (Mair and Martí, 2006; Loukopoulos and Papadimitriou, 2022). A well-anchored structural OSC, by reducing transactional friction and enhancing information exchange, offers a resilient backbone to SEs' economic sustainability (Jenner and Oprescu, 2016).

Transitioning to the relational dimension of OSC, it serves as the bedrock of SEs' operations, offering a nurturing environment for the exchange of implicit knowledge and trust-building (Jenner and Oprescu, 2016). Within this trusted matrix, SEs benefit from diminished uncertainties, fostering innovation and encouraging risk-assumption (Parra-Requena *et al.*, 2015). Such an environment expedites decision-making and trims operational overheads, thereby amplifying SEs' economic momentum (Mair and Martí, 2006; Trigkas *et al.*, 2020).

Lastly, the cognitive dimension of OSC emerges as the glue binding SEs, crucial in maintaining their hybrid essence (Taylor and Rosca, 2022). This dimension fosters a unified cognitive and communicative structure, which, in turn, lays the groundwork for economic expansion (Evans and Syrett, 2007). Through a shared understanding and collective learning ethos, SEs can adeptly navigate complex landscapes, enhancing adaptability and fostering economic growth.

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Synthesizing these layered insights, it can be hypothesized the following:

*H1b.* OSC positively influences the economic performance of SEs.

*The mediating role of SEO in the relationship between OSC and SEs' social performance*

This paper posits that SEO mediates the positive relationship between OSC and the SEs' social performance. Derived from behavioral entrepreneurship theory (Covin and Slevin, 1989, 1991) and evolving from traditional entrepreneurial orientation, SEO synergizes entrepreneurial skills with a strong social mission. It combines entrepreneurial propensities – like social innovativeness, social proactiveness, socialness and social risk-taking – into a transformative framework (Kraus *et al.*, 2017). This approach not only fosters innovative and sustainable solutions to societal challenges but also balances financial stability with social impact in an inventive manner (Gali *et al.*, 2020). Thus, SEO extends beyond an operational strategy to a transformative agenda, integrating nuanced dynamics of SEs, embedding social imperatives within business models and continuously sourcing novel opportunities and paradigms (Halberstadt *et al.*, 2021; Tobias *et al.*, 2013).

In the aforementioned context, an enhanced OSC creates a fertile milieu rich in diversified and quality-centric information, quintessential for SEO's efficacy in ideating avant-garde societal remedies. Previous studies have shown that strong intra-connections (structural OSC) and a high level of trust (relational OSC) encourage SEs' members to openly share information, take calculated risks aligned with their mission and come together to brainstorm unique solutions (Nahapiet and Ghoshal, 1998; Yli-Renko *et al.*, 2001). These efforts often result in innovative approaches to societal problems, enhancing the overall social performance of SEs (Halberstadt *et al.*, 2021).

Pivoting to the cognitive dimension of OSC, the discourse emphasizes its instrumental role in cultivating shared linguistic and narrative constructs, thereby propelling SEs towards proactive societal engagements intrinsic to SEO. Corroborating Lumpkin and Dess's (1996) assertion, such a collective cognitive infrastructure capacitates SEs to preemptively discern and respond to nascent societal exigencies, thus refining their strategic prescience (Gali *et al.*, 2020). With this enriched foresight and an astute comprehension of socio-environmental dynamics, SEs are capacitated to adeptly navigate emergent societal impediments and fine-tune their strategies to optimize social value creation trajectories (Corner and Ho, 2010).

Furthermore, the OSC framework's collective efficacy accentuates socialness, an integral dimension of SEO, epitomizing an unwavering dedication to eliciting tangible social reverberations. This dedication, synergized by innovative paradigms, risk tolerance and forward-thinking methodologies, emerges as an archetype of resilient SEO (Kraus *et al.*, 2017). This emphasis is not merely a theoretical postulation but a pragmatic imperative, as expounded by Zahra *et al.* (2009). To navigate the labyrinth of intricate societal challenges adeptly, the infusion of socialness into SEO's framework is paramount, ensuring SEs resonate harmoniously with overarching social imperatives, thereby augmenting their social performance metrics.

In conclusion, this study suggests that OSC's dimensions nurture SEO's critical aspects, shaping the social performance of SEs. Importantly, while SEO acts as a mediator in this relationship, OSC remains a pivotal resource in bolstering SEO and, subsequently, the social performance of SEs. Given these theoretical reflections, this study proposes the hypothesis:

*H2a.* SEO mediates the relationship between OSC and the social performance of SEs.

*The mediating role of SEO in the relationship between OSC and SEs' economic performance*

This study further aims to clarify the mediating role of SEO in linking OSC with SEs' economic performance. As existing research underscores, SEs incorporating robust OSC's



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characteristics into their operational paradigms often exhibit enhanced economic performance (Jenner and Oprescu, 2016). This correlation is believed to be mediated by SEO, entailing the strategic alignment of SEs toward social value creation and economic sustainability. Within this framework, the sub-dimensions of SEO – social proactiveness, social risk-taking, social innovativeness and socialness – each serve a unique role in the mediation process.

Firstly, social proactiveness, a pivotal facet of SEO, encapsulates the prowess of social entrepreneurs to initiate solutions for social and environmental quandaries (Kraus *et al.*, 2017). This capability enables SEs to harness their OSC for proactive social engagement, spawning innovative, socially-oriented ideas and solutions. A well-established OSC, characterized by shared vision and trust, creates an environment conducive to such proactive behaviors (Nahapiet and Ghoshal, 1998), allowing SEs' members to consolidate their cognitive resources for mutual advantage. Through crafting innovative solutions to societal challenges, SEs can create value-added offerings, thereby achieving superior economic performance (Gali *et al.*, 2020).

Secondly, social risk-taking within SEO encourages SEs to undertake risks inherent in social and environmental initiatives (Kraus *et al.*, 2017). Harnessing the strength of their OSC, these organizations can effectively gauge, mitigate and navigate risks, leading to pioneering innovations. Skillful risk management cultivates flexibility in SEs, boosting their economic performance by positioning them to seize market opportunities and adapt to changing market dynamics (Liu *et al.*, 2014).

Equally important within the SEO's dimensions is social innovativeness, wherein social entrepreneurs craft and execute inventive remedies for societal and environmental challenges (Kraus *et al.*, 2017). Effective SEO drives SEs to leverage the collective potential of their OSC resourcefully, formulating innovative strategies to tackle societal challenges. These innovations may manifest as unique products or adaptive business models (Bhattacharai *et al.*, 2019), enabling SEs to introduce differentiated, value-enhancing solutions. Such solutions not only amplify their market position but also contribute to economic returns, illustrating the synergistic impact of SEO and OSC in fostering their economic advancement.

Lastly, the socialness dimension of SEO embodies an unwavering commitment to societal value creation and impactful change (Kraus *et al.*, 2017). It aligns economic objectives with social aspirations, enabling SEs to leverage their OSC for deeper market insights, interdisciplinary collaboration and sustained learning. This approach maintains a competitive edge (Gali *et al.*, 2020). A steadfast commitment to social value, balanced with economic sustainability, facilitates value co-creation with stakeholders (Austin *et al.*, 2006), thereby improving economic performance through economies of scale, resource efficiency and expanded market reach (Dacin *et al.*, 2011).

By encompassing these dimensions, SEO facilitates the optimal exploitation of OSC in SEs, bolstering their resource efficiency and market competitiveness. This focus on SEO plays a pivotal role in the economic outcomes of SEs by determining the way they utilize their OSC to meet dual objectives. Based on this reasoning, this study puts forth the hypothesis:

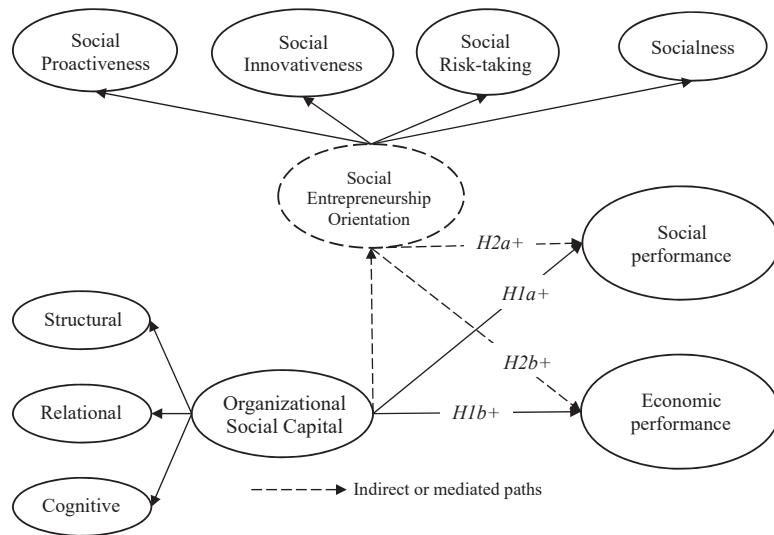
*H2b.* SEO mediates the relationship between OSC and the economic performance of SEs.

A summary of the hypotheses is presented in Figure 1.

## Methodology

### *Research context*

Greek SEs, specifically Greek Social Cooperative Enterprises for Collective and Social Benefit Purposes, provide a unique and multifaceted backdrop for probing the complex interrelations



**Figure 1.**  
Theoretical model

**Source(s):** Authors' own work

among OSC, SEO and SEs' dual performance. Grounded in the academic literature, several factors enhance the relevance of these entities to the present study.

Firstly, Greek SEs, mirroring their European counterparts, demonstrate pervasive cooperative ownership, engendering pronounced OSC (Defourny and Nyssens, 2010). This cooperative inclination is intricately interwoven with trust, reciprocity and shared values and norms inherent among members (Saz-Gil *et al.*, 2021), fundamental constituents of OSC. Corroborated by Trigkas *et al.* (2020), SEs that manifest a developed OSC are apt platforms for delving into OSC-centric research questions. Legally circumscribed by Law 4430/2016 and adhering to the European Union (EU) operational definition, these SEs emphasize social benefits and operate on a one member/one vote principle, focusing on social interest activities and reinvesting profits (Graikioti *et al.*, 2022). It is obligatory for them to register in the National Registry of Social and Solidarity Economy (NRSSE), supervised by the Greek Ministry of Labor and Social Affairs. Significantly, the governance models of these SEs encourage stakeholder participation, echoing the overarching principles of social entrepreneurship (Argyrou *et al.*, 2017).

Secondly, the strategic bent and entrepreneurial orientation apparent in Greek SEs further accentuates their suitability as a research canvas. Manolopoulos *et al.* (2022) emphasize that the entrepreneurs' proactive nature in these entities crucially determines their performance outcomes. This forward-thinking mindset does not just guide strategic actions but also intensifies their SEO. The varied operational approaches these SEs employ, ranging from pure to hybrid models, intertwine with SEO, revealing a rich landscape for academic inquiry (Salavou and Manolopoulos, 2019).

Thirdly, the nascent developmental phase and economic constraints that characterize Greek SEs, marking them out as particularly relevant subjects for this research. Recurring issues like scarce funding and constrained avenues to financial resources, be it through grants or state-backed interventions, persistently impede their operations (Loukopoulos and Papadimitriou, 2022). These fiscal challenges, exacerbated by the paucity of public recognition and patronage of social entrepreneurship in Greece and constrained revenue streams, amplify their financial quandaries (Sdrali *et al.*, 2016).



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Lastly, operating within a unique socio-economic framework influenced by policies promoting local development and social cohesion (Nasioulas, 2012), Greek SEs amplify the exploration of the relationships between OSC, SEO and SEs' dual performance, contributing to the expansion of knowledge in social entrepreneurship research.

### *Sample and data collection*

To delve into the research objectives of this paper, an online survey was designed, targeting Greek SEs. The data gathering process extended from January 2022 to September 2022. As of January 2022, the Greek NRSSE listed 1,550 registered SEs. Nonetheless, a significant portion of these, about a quarter, proved to be inactive due to undeliverable emails. Through in-depth desk research, which included reviewing websites, social media profiles (mainly on Facebook) and other online sources, it was determined that 356 out of the 1,550 registered SEs were either dormant or lacked essential contact details.

To ensure respondent attentiveness and enhance the survey's quality, the authors introduced two attention check items, interspersed randomly within the questionnaire. Respondents were prompted to select a specific pre-determined answer for these checks. Such marker variables, shown to be uncorrelated with primary study variables, have been recognized for their efficacy in sustaining respondent engagement (Kung *et al.*, 2018) curtailing common method variance (CMV) (Nguyen *et al.*, 2018). To further mitigate common method bias (CMB), participants were guaranteed anonymity, a measure known to elicit honest answers (Podsakoff *et al.*, 2003). The survey's structure encompassed three distinct parts: (1) introductory details, informed consent and attention checks; (2) seven-point Likert scale statements; and (3) demographic sections detailing individual and organizational attributes.

Following Covin and Wales (2019), the questionnaire was addressed to the president or a member of each SE's administrative committee, given their expected knowledge of the organization's operations. Table 1 presents some personal and organizational characteristics for further insight into the representativeness of this study's sample. Out of the dispatched surveys, 360 SEs responded, translating to a 30.15% response rate. However, 15 of these responses failed both attention checks, leaving a final tally of 345 valid responses, indicative of a 28.90% effective response rate.

### *Variables and measures*

A quantitative study was planned and undertaken, with measurements for relevant variables derived from the literature.

#### *Dependent variable*

This study utilized scales to capture representatives' perceptions of key economic and social performance indicators. To assess social performance, representatives rated their achievement of key indicators since their operations' inception using a seven-point Likert scale, 1 signifying "not at all" and 7 "very much", aligned with the three-item scale from Bhattarai *et al.* (2019) (e.g. "Fulfilling the social mission") and incorporated two items from Gali *et al.* (2020) ("Our beneficiaries are satisfied with our services" and "The output provided by our organization has a significant impact on general well-being"). Conversely, economic performance was measured by respondents' agreement with statements on a seven-point Likert scale, 1 for "strongly disagree" and 7 for "strongly agree", using a six-item scale from Bhattarai *et al.* (2019) (e.g. "The firm has been very profitable").

#### *Independent variable*

OSC was assessed using an adapted twelve-item scale for SEs. Respondents rated each item on a seven-point Likert scale, from 1 "strongly disagree" to 7 "strongly agree". The structural

		Frequency	Percentage (%)
<i>Gender</i>	Male	187	54.2
	Female	158	45.8
<i>Position in SE's Governing Board</i>	President	199	57.7
	Vice President	12	3.5
	Cashier	30	8.7
	Secretary	48	13.9
	Administrator	56	16.2
<i>Annual revenue</i>	0	8	2.3
	1–5.000 €	84	24.3
	5.001–10.000€	75	21.7
	10.001–15.000€	35	10.1
	15.001–20.000€	24	7
	20.001–25.000€	21	6.1
	25.001–30.000€	18	5.2
	30.001–35.000€	9	2.6
	35.001–40.000€	9	2.6
	40.001–45.000€	8	2.3
	45.001–50.000€	8	2.3
	More than 50.001€	46	13.3
<i>Firm age (in months)</i>	<12	15	4.3
	12–23	51	14.8
	24–35	61	17.7
	36–47	50	14.5
	48–59	51	14.8
	≥60	117	33.9
<i>Management team (in number of members)</i>	5	194	56.2
	6–10	125	36.2
	11–20	18	5.2
	More than 21	8	2.3

**Table 1.**  
Sample  
characteristics  
(*N* = 345)

*N* = 345 (100%)

**Source(s):** Authors' own creation/work

dimension incorporated three items from [Weerakoon et al. \(2020\)](#) (e.g. “In our organization, we spend significant time together in social situations”). The relational dimension included five items from [Leana and Pil \(2006\)](#) (e.g. “Members of our organization are trustworthy”). The cognitive dimension comprised two double-barreled items from [Weerakoon et al. \(2020\)](#), subsequently split to reduce ambiguity, yielding a four-item scale (e.g. “In our organization, all enthusiastically pursue collective goals”).

#### *Mediator variable*

SEO was measured using scales adapted from [Gali et al. \(2020\)](#). Respondents rated their agreement with eleven statements on a seven-point Likert scale, ranging from 1 “strongly disagree” to 7 “strongly agree”. Social risk-taking, social proactiveness and social innovativeness consist of three items each (e.g. “We are not afraid to take substantial risks when serving our social purpose”, “We aim at being at the forefront of making the world a better place” and “Social innovation is important for our company”), while socialness comprises two items (e.g. “The objective to accomplish our social mission precedes the objective to generate a profit”).

#### *Control variables*

Empirical research on SEs requires accounting for firm age, annual revenue and firm size (measured by total members and employees) as control variables to isolate their impact on

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social and economic performance. This approach permits a precise assessment of the relationships among OSC, SEO and organizational performance in the context of SEs. Firm age may influence SEs' performances through resources, experiences and capabilities (Weerawardena and Sullivan Mort, 2006), while annual revenue reflects a SE's financial performance and growth opportunities (Brush and Vanderwerf, 1992). Firm size might also affect a SE's effectiveness and efficiency in addressing social issues (Peredo and McLean, 2006).

By incorporating these control variables, this study acknowledges potential confounding factors that could influence social and economic performance of SEs, thus strengthening the robustness and validity of research findings in alignment with current social entrepreneurship literature (e.g. Bhattarai *et al.*, 2019) and leading to a more dependable understanding of the relationships among OSC, SEO and SEs' performances.

### Data analysis and results

Building upon the seminal works of Nahapiet and Ghoshal (1998) and Kraus *et al.* (2017), this study operationalizes OSC and SEO, respectively, as multidimensional constructs, necessitating investigation at the second-order factor level. Utilizing SPSS 25 and AMOS 24 for statistical analysis, two measurement models were created – Model 1 addressing first-order factors of OSC and SEO independently, while Model 2 assembles second-order latent factors for both. The economic and social performance of SEs were examined at the first-order level in both models.

The confirmatory factor analysis (CFA) was conducted to verify the goodness-of-fit for both models (Byrne, 2016). The derived model fit indices revealed a satisfactory fit for both models with Model 1 ( $\chi^2/DF = 2.016$ ; comparative fit index (CFI) = 0.932; adjusted goodness-of-fit index (AGFI) = 0.830; incremental fit index (IFI) = 0.933; Tucker–Lewis index (TLI) = 0.921; root mean square error approximation (RMSEA) = 0.054; standardized root mean square (SRMR) = 0.062, P-value of the null hypothesis (PCLOSE) = 0.074 and Model 2 ( $\chi^2/DF = 2.042$ ; CFI = 0.933; AGFI = 0.836; IFI = 0.933; TLI = 0.926; RMSEA = 0.055; SRMR = 0.066, PCLOSE = 0.053).

In terms of reliability, Cronbach's alpha indicated certain scale discrepancies in Model 1, whereas Model 2 scales exhibited consistent results. The composite reliability (CR) and convergent and discriminant validity of the latent constructs were examined utilizing CFA (Byrne, 2016). The robust approach of Henseler *et al.* (2015) was adopted to establish discriminant validity, by assessing heterotrait-monotrait (HTMT) ratio of correlations. Results pointed to a lack of clear differentiation between certain dimensions of SEO in Model 1, while Model 2 demonstrated acceptable outcomes.

Indicators with loadings less than 0.5, specifically SEO\_P\_3 and OP\_S\_4\_1 were omitted following Hair *et al.'s* (2019) recommendation. The factor loadings for the two models, after these eliminations, are provided in Tables A1 and A2 in Appendix, respectively. Subsequent CFA signaled enhanced fits for both models: Model 1 ( $\chi^2/DF = 1.985$ ; CFI = 0.940; AGFI = 0.841; IFI = 0.941; TLI = 0.930; RMSEA = 0.054; SRMR = 0.058, PCLOSE = 0.136) and Model 2 ( $\chi^2/DF = 2.002$ ; CFI = 0.936; AGFI = 0.841; IFI = 0.937; TLI = 0.929; RMSEA = 0.054; SRMR = 0.065, PCLOSE = 0.102). However, convergent validity issues persisted in Model 1, while Model 2 displayed acceptable validity measures.

In terms of discriminant validity, once again, certain dimensions of SEO in Model 1 displayed statistical indistinguishability. Conversely, Model 2 delivered acceptable results. Following the suggestion of Newman *et al.* (2016), the high correlation between social proactiveness and social innovativeness dimensions of SEO, two first-order factors, is deemed non-problematic when analyzed at the second-order level. Detailed validity and reliability values are provided in Tables 2 and 3.

**Table 2.**  
Model 1: validity, reliability and correlation coefficients

Cronbach's alpha	CR	AVE	MSV	MaxRH	OSC_S	OSC_R	OSC_C	SFO_R	SFO_P	SFO_I	SFO_S	Social performance	Economic performance
<i>Initial CFA</i>													
0.668a	0.726	0.477#	0.406	0.781	0.690								
OSC_S	0.882	0.899	0.643	0.355	0.922	0.802							
OSC_R	0.911	0.904	0.704	0.406	0.946	0.839	0.470*** (0.473)						
OSC_C	0.813	0.815	0.596	0.532	0.819	0.281*** (0.281)	0.490*** (0.477)	0.772					
SEO_R	0.667a	0.678a	0.421#	0.781	0.711	0.404*** (0.419)	0.247*** (0.243)	0.615*** (0.590)	0.649c				
SEO_P	0.767	0.769	0.526	0.781	0.771	0.441*** (0.466)	0.271*** (0.300)	0.658*** (0.666)	0.884*** (0.900)b	0.725c			
SEO_S	0.506a	0.509a	0.343#	0.685	0.517	0.383*** (0.405)	0.247*** (0.258)	0.484*** (0.490)	0.833*** (0.813)	0.830*** (0.846)	0.586c		
Social performance	0.816	0.820	0.504	0.314	0.935	0.331*** (0.414)	0.340*** (0.434)	0.422*** (0.446)	0.337*** (0.672)	0.466*** (0.552)	0.560*** (0.603)	0.710	
Economic performance	0.937	0.936	0.710	0.175	0.950	0.352*** (0.376)	0.221*** (0.250)	0.365*** (0.333)	0.199** (0.198)	0.333*** (0.330)	0.131† (0.140)	0.419*** (0.521)	0.843
<i>Second CFA</i>													
0.668a	0.726	0.477#	0.406	0.781	0.690								
OSC_S	0.882	0.899	0.643	0.354	0.922	0.802							
OSC_R	0.911	0.904	0.704	0.406	0.946	0.839	0.470*** (0.473)						
OSC_C	0.813	0.815	0.596	0.528	0.820	0.282*** (0.281)	0.470*** (0.473)	0.772					
SEO_R	0.681a	0.686a	0.322	0.762	0.686	0.418*** (0.454)	0.278*** (0.297)	0.516*** (0.521)	0.634*** (0.631)	0.722c			
SEO_P	0.767	0.769	0.526	0.782	0.771	0.441*** (0.466)	0.272*** (0.300)	0.456*** (0.444)	0.660*** (0.666)	0.873*** (0.876)b			
SEO_S	0.506a	0.511a	0.345#	0.728	0.521	0.382*** (0.405)	0.247*** (0.258)	0.482*** (0.490)	0.727*** (0.735)	0.825*** (0.844)	0.587c		
Social performance	0.831	0.849	0.588	0.313	0.935	0.329*** (0.391)	0.337*** (0.388)	0.421*** (0.443)	0.334*** (0.386)	0.466*** (0.561)	0.560*** (0.654)	0.773	
Economic performance	0.937	0.936	0.710	0.174	0.950	0.352*** (0.376)	0.221*** (0.250)	0.365*** (0.333)	0.199** (0.198)	0.334*** (0.330)	0.129† (0.140)	0.417*** (0.497)	0.843

**Note(s):** †p < 0.100; \*\*p < 0.010; \*\*\*p < 0.001; CR = composite reliability; AVE = average variance extracted; MSV = Maximum shared variance; MaxRH = maximal reliability; diagonal values (*italic/face*) are the square root of AVE and HTMT values in parentheses; a = Cronbach's alpha < 0.7 and CR < 0.7; # = AVE < 0.5; † = HTMT ≥ 0.850; c = the square root of AVE is less than its correlations; OSC\_S = structural; OSC\_R = relational; OSC\_C = cognitive; SEO\_R = social risk-taking; SEO\_P = social proactiveness; SEO\_I = social innovativeness and SEO\_S = socialness

**Source(s):** Authors' own creation/work

	Cronbach's alpha	CR	AVE	MSV	MaxR(H)	Social performance	Economic performance	SEO	OSC
<i>First CFA</i>									
Social performance	0.816	0.820	0.503	0.288	0.936	0.709			
Economic performance	0.937	0.936	0.710	0.175	0.950	0.419*** (0.521)	0.843		
SEO	0.860	0.933	0.777	0.352	0.954	0.537*** (0.601)	0.297*** (0.293)	0.882	
OSC	0.900	0.813	0.595	0.352	0.843	0.478*** (0.499)	0.411*** (0.353)	0.593*** (0.496)	0.771
<i>Second CFA</i>									
Social performance	0.831	0.849	0.598	0.287	0.935	0.773			
Economic performance	0.937	0.936	0.710	0.174	0.950	0.418*** (0.497)	0.843		
SEO	0.863	0.931	0.773	0.356	0.951	0.536*** (0.606)	0.294*** (0.278)	0.879	
OSC	0.900	0.813	0.595	0.356	0.844	0.477*** (0.470)	0.411*** (0.353)	0.597*** (0.509)	0.771
<b>Note(s):</b> *** $p < 0.001$ ; CR = composite reliability; AVE = average variance extracted; MSV = Maximum shared variance; MaxR(H) = maximal reliability; diagonal values ( <i>italic face</i> ) are the square root of AVE and HTMT. values are in parentheses									
<b>Source(s):</b> Authors' own creation/work									

Power of  
organizational  
social capital in  
SEs

**Table 3.**  
Model 2: validity,  
reliability and  
correlation coefficients

Based on the theoretical underpinning and the derived statistical evidence, this study endorses Model 2 as a more plausible representation. This position supports the treatment of OSC and SEO as second-order constructs, thereby warranting a more rigorous exploration of the structural model.

#### *Assessment of common method bias (CMB)*

The data in this study, derived from the same source, raised concerns about CMB (Podsakoff *et al.*, 2003). To address these concerns, the authors implemented three measures. First, a Harman's single-factor test was conducted using CFA (Podsakoff *et al.*, 2003). Malhotra and Dash (2016) assert that when the hypothesized model demonstrates a good fit with the data, method biases are assumed to be considerable. However, the single-factor model in this study demonstrated a poor fit to the data (goodness-of-fit index (GFI) = 0.485; AGFI = 0.410; normed fit index (NFI) = 0.447; IFI = 0.476; TLI = 0.433 and RMSEA = 0.152), confirming the absence of CMV. Furthermore, an unrotated factor analysis of all items using SPSS revealed that the single extracted factor accounted for less than 50% of the variance (31.220%) in all datasets, indicating a negligible CMB. However, Collier (2020) asserts that Harman's single-factor test is outdated and inferior. As a second measure, the authors of this study followed Collier's (2020) recommendation and employed the common latent factor (CLF) test. Specifically, a chi-squared values difference test was conducted comparing the CFA model with CLF to one without it. All relationships in the CLF were constrained to be equal. The chi-squared values and degrees of freedom differences were found to be statistically significant (model with CLF:  $\chi^2 = 891.12$ ,  $df = 447$ , model without CLF:  $\chi^2 = 914.675$ ,  $df = 448$ ). Lastly, following Gaskin and Lim (2017), this study's authors ran two CFA models, with and without CLF and compared standardized regression weights. The difference between path loadings for some items (five out of thirty-two) slightly exceeded the 0.2 threshold, indicating that only these paths might be affected by CMV. Consequently, significant shared variance was observed in this study, prompting the authors to include CLF in the measurement model and proceed to the structural model. The updated fit indices of the measurement model incorporating CLF demonstrated a good fit to the data ( $\chi^2/DF = 1.994$ ; CFI = 0.936; AGFI = 0.839; IFI = 0.937; TLI = 0.929; RMSEA = 0.054; SRMR = 0.067, PCLOSE = 0.114), justifying further investigation of the structural model.

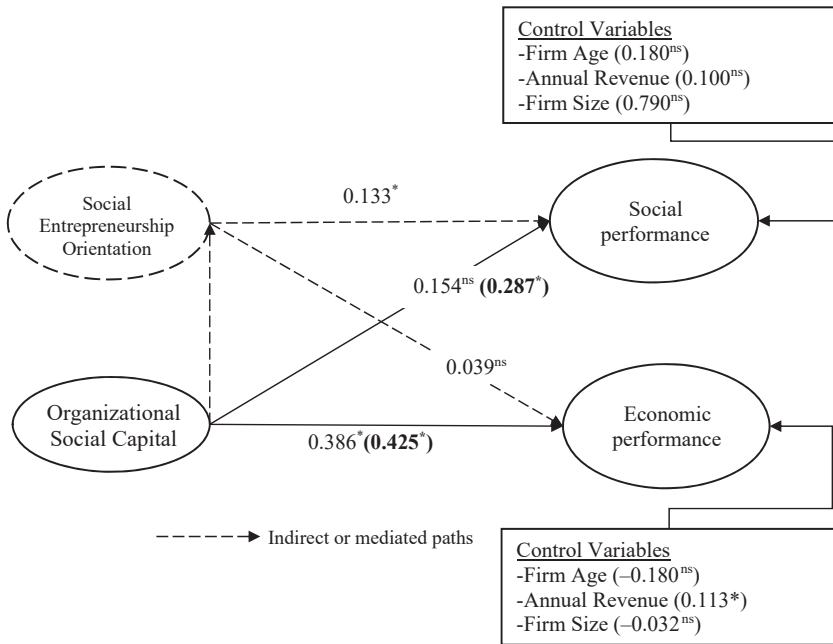
#### *Hypotheses testing and mediating effects*

A model was developed to investigate the direct and indirect paths through SEO from OSC to SEs' economic and social performance. Path coefficients of the direct and the indirect paths were estimated using bootstrap (5,000) analysis, as recommended by Collier (2020). The goodness-of-fit statistics of the structural equation model (SEM) ( $\chi^2/DF = 1.944$ ; CFI = 0.929; AGFI = 0.830; IFI = 0.930; TLI = 0.921; RMSEA = 0.052; SRMR = 0.069, PCLOSE = 0.202) confirms an acceptable level of fit with the data (Byrne, 2016; Hu and Bentler, 1999).

The analysis results are presented in Figure 2 and Table 4, illustrating that the total effects, which is the sum of direct and indirect effects, of OSC on SEs' social and economic performance are statistically significant at a 95% confidence interval (CI) ( $b = 0.287^*$  and  $b = 0.425^*$ ), supporting hypotheses H1a and H1b, which proposed that OSC positively influences both SEs' social and economic performance.

Figure 2 and Table 4 further reveal that the indirect effect of OSC on SEs' social performance through SEO is positive and statistically significant at a 95% CI ( $b = 0.133^*$ ). However, the direct effect of OSC on SEs' social performance is not significant ( $b = 0.154^{ns}$ ), suggesting indirect-only mediation or full mediation (Hair *et al.*, 2019; Zhao *et al.*, 2010) and supporting hypothesis H2a. Similarly, as displayed in Figure 2 and Table 4, the indirect effect of OSC on SEs' economic performance through SEO is not statistically significant at a 95% CI





**Note(s):** Total effects for mediated paths are shown in **bold** in parentheses  
 Effects of control variables are shown in parentheses  
 Path coefficients are unstandardized  
 \* = significant at 95% confidence interval. <sup>ns</sup> = not significant at 95% confidence interval  
**Source(s):** Authors' own work

**Figure 2.**  
The results of the analysis (path coefficients)

Unstandardized effect of OSC	Estimate	Social performance Confidence interval at 95% level			Result	Estimate	Economic performance Confidence interval at 95% level			Result
		Lower	Higher	Result			Lower	Higher	Result	
Total effect	0.287	0.099	0.544	Significant	0.425	0.120	0.826	Significant		
Direct effect	0.154	-0.030	0.360	Not Significant	0.386	0.060	0.774	Significant		
Indirect effect	0.133	0.014	0.294	Significant	0.039	-0.172	0.194	Not Significant		

**Table 4.**  
Hypotheses testing (bootstrap analysis)

**Source(s):** Authors' own creation/work

( $b = 0.039^{ns}$ ). In contrast, the direct effect of OSC on SEs' economic performance is statistically significant at a 95% CI ( $b = 0.386^*$ ), suggesting that there is direct-only non-mediation and rejecting hypothesis H2b. This result suggests that an omitted potential mediator may explain the relationship between OSC and SEs' economic performance (Hair *et al.*, 2019). In sum, the analysis provides support in hypotheses H1a, H1b and H2a, but not in hypothesis H2b.

## Discussion

In resonance with previous investigations, the present study substantiates the beneficial role of OSC on SEs' social performance. As highlighted by Jenner and Oprescu (2016), Mair and Marti (2006) and others, SEs employ OSC to devise novel solutions for pressing societal issues such as poverty, environmental concerns and inequality. Successful SEs enhance their social performance by leveraging their internal social networks to obtain resources, build alliances and support their initiatives (Dacin *et al.*, 2011; Haugh, 2007), which aligns with Adler and Kwon (2002) who emphasized the benefits of OSC in shaping social outcomes and facilitating collective action. Thus, nurturing OSC not only fortifies organizational capabilities but also amplifies the societal impact of SEs, echoing Putnam's (2000) assertion of OSC's role in producing public goods for a community and in safeguarding them from mission drift.

In addition, the study signifies that OSC can also directly amplify SEs' economic performance which, along with the social performance, enhances these organizations' hybrid nature. This aligns with prior findings by Jenner and Oprescu (2016) and Nahapiet and Ghoshal (1998) who argued that OSC, by fostering networks, trust and collaboration, can improve access to valuable resources, thereby contributing to financial success. Leana and van Buren (1999) also noted that OSC can serve as a source of information and resources, enhancing economic performance, which is pivotal for SEs (Borzaga and Defourny, 2001). The cost reduction and resource mobilization resulting from these partnerships can enhance the economic performance of SEs (Westlund and Bolton, 2003).

Intriguingly, the revelations of this study align with existing literature emphasizing the integral role of SEO in fostering social value within SEs, acting as a mediator between OSC and SEs' social performance (e.g. Halberstadt *et al.*, 2021). Consistent with theory proposed by Covin and Slevin (1989), the findings herein suggest that a robust OSC is conducive to stimulating SEO, which in turn enhances SEs' social performance. SEO's propensity to catalyze innovation and proactive endeavors is pivotal for tackling multifaceted societal challenges and optimizing SEs' social performance. Seelos and Mair (2007) and Zahra *et al.* (2009) resonate with this perspective, emphasizing the indispensability of social entrepreneurs' mission-driven commitment and balanced strategic alignment of economic and social objectives for substantial social value creation and improved social performance, with SEO serving as a strategic compass.

In this continuum, it is critical to note a discernible divergence when considering the economic performance of SEs. Contrary to the mediating impact of entrepreneurial orientation in traditional businesses, as illustrated by Nguyen *et al.* (2020), this study unveils an insignificant mediation effect of SEO between OSC and economic performance within Greek SEs. This distinction is likely rooted in the predominant commitment of these SEs to forge social value, with their mission and societal commitment taking precedence over profit motives (Graikioti *et al.*, 2022). Given the inherent hybridity in SEs – juggling between profit and social imperatives – a meticulous and balanced approach is imperative. Overemphasis on SEO may potentially compromise the core social missions, leading to unintended mission drift (Austin *et al.*, 2006). Hence, the nuanced objectives and operational paradigms of SEs mandate a judicious adaptation and application of conventional business frameworks and strategies.

## Conclusions

### *Theoretical implications*

In broadening the horizon of social entrepreneurship literature, this research's synthesis of the resource-based theory, OSC theory and behavioral entrepreneurship theory creates a monumental shift. By adeptly intertwining these theories, this research not only crafts a multidimensional theoretical scaffold that deciphers the SEs' performances dynamics but also pioneers an exploration into an area that previous studies barely touched (Short *et al.*, 2009).

Beginning with the OSC theory, this study's results underscore its paramount role in both the social and economic performance matrix of SEs, corroborating prior findings (Austin *et al.*, 2006). However, beyond mere validation, this study pushes the envelope by establishing OSC as a dynamic, strategic asset, essential for SEs' sustainable growth and adaptability. Such an emphasis advances OSC theory, contending its multifaceted utility beyond traditional contexts and into the realm of social entrepreneurship.

In relation to the resource-based theory, the recognition of OSC as a cornerstone for SEs' sustainability is pivotal. The research further articulates the specificity and strategic importance of resources, such as OSC, in the social entrepreneurship domain, thereby extending the classic resource-based theory's tenets into more complex, mission-driven organizational setups (Leana and van Buren, 1999; Nahapiet and Ghoshal, 1998). This suggests a nuanced understanding, wherein certain resources play dual roles, simultaneously driving economic resilience and social impact.

The behavioral entrepreneurship theory of SEO literature is enhanced by shedding light on the mediating role of SEO in connecting OSC and SEs' social performance. By delving into this relationship, the study highlights the behavioral aspects of SEs. It asserts that OSC is not merely a resource; rather, it is how it is leveraged (via SEO) that determines SEs' success in fulfilling their social mission (Gali *et al.*, 2020; Halberstadt *et al.*, 2021). Further, the exploration of the absence of SEO's mediating role in the economic performance realm suggests behavioral dynamics at play, offering fresh trajectories for theoretical exploration.

Broadening the discourse on SEs' duality and hybridity (Battilana and Lee, 2014), this study's findings also provide a paradigm shift. By showcasing how SEs can strategically harness OSC to reconcile and augment divergent objectives, the research lays a foundation for reimagining resource allocation and strategic behavior in SEs. This enriches the resource-based theory (Barney, 1991) and deepens the behavioral intricacies as posited in the SEO framework (Kraus *et al.*, 2017).

Echoing and expanding upon Porter and Kramer's (2011) "shared value" notion, this research's findings postulate that OSC, steered through SEO, acts as a beacon for SEs to generate shared value. This dynamism, transcending the traditional bifurcation of social versus economic imperatives, unfurls a groundbreaking perspective on SEs' hybridity, spotlighting their potential to weave OSC into multifaceted strategies that yield holistic dividends (Dacin *et al.*, 2011). By spotlighting this intricate dance between OSC and SEO, this study challenges and enriches the extant theoretical paradigms, suggesting a mosaic of strategic tools SEs can deploy for holistic success (Battilana and Lee, 2014).

Lastly, the study's quantitative orientation is not just methodologically robust, but it also paves the way for empirically-driven conversations in social entrepreneurship (Bhattarai *et al.*, 2019), fortifying the theoretical edifice with empirical bricks.

#### *Implications for SEs, policymakers and practitioners*

This research provides significant implications for SEs, policymakers and practitioners. Central to its findings is the instrumental role of OSC in amplifying the economic and social impact of SEs. SEs can bolster OSC by building relationships anchored in mutual trust, aligned goals and shared values. By doing so, they harness the power of OSC (Nahapiet and Ghoshal, 1998) to gain access to vital resources and expertise. Further, by connecting OSC with human resource management paradigms, the study accentuates its importance in prudent resource allocation and in fulfilling the SEs' dual mission (Defourny and Nyssens, 2010). This guides SEs toward financial resilience and impactful societal transformation.

Additionally, the research underscores the importance of SEO in the interplay between OSC and SEs' social performance. It is paramount for SEs to nurture a culture that values

innovation, effective risk management and forward-thinking responsiveness (Covin and Slevin, 1989). Such a mindset empowers SEs to preemptively tackle societal and environmental issues, fortify stakeholder engagement (Hockerts and Wüstenhagen, 2010) and adopt an entrepreneurial approach to problem-solving. With these traits at the forefront, SEs are better positioned to address challenges, notably resource limitations, while harmonizing their economic and social objectives.

For policymakers and practitioners, there is a clear directive: move beyond merely recognizing the potentials of OSC and SEO. Instead, champion concrete actions like capacity-building and expanding networking opportunities. Initiatives, such as tailored training programs and mentorship (Mair and Martí, 2006), can act as catalysts for fostering collaboration and disseminating knowledge among SEs' members and relevant stakeholders. Amidst these endeavors, it is imperative to ensure that economic pursuits align seamlessly with broader social objectives (Austin *et al.*, 2006).

Given the complexities of the post-pandemic era, the significance of OSC and SEO is heightened for SEs as they grapple with evolving challenges (Loukopoulos and Papadimitriou, 2022). It becomes incumbent upon policymakers and practitioners to accentuate these elements in their strategies, equipping SEs to remain agile and relevant in a fluid landscape.

#### *Limitations and directions for future research*

Despite this study's contributions, several limitations suggest potential avenues for future research in the context of SEs and SEO. First, the cross-sectional design limits the ability to establish causal relationships between OSC, SEO and SEs' economic and social performance. Future studies could employ longitudinal designs to track changes in these variables over time, allowing for a more robust examination of causal relationships (Podsakoff *et al.*, 2003).

Second, this study focused on the mediating role of SEO in the relationship between OSC and SEs' economic and social performance in the Greek SEs' context, using SEM to analyze research questions. The results suggest a potential omitted mediator in the relationship between OSC and SEs' economic performance. Future research could explore other potential mediators, such as knowledge sharing (Weerakoon *et al.*, 2020) or employee commitment and satisfaction (Gupta *et al.*, 2020), to better comprehend how OSC influences SEs' economic performance.

Third, this study's generalizability may be limited by the specific geographic context of Greece and the type of the sampled SEs. Future research could extend this work by examining the relationships among OSC, SEO and SEs' performances in different geographical regions (e.g. European, Asian, or American SEs) and across various types of SEs, such as community businesses and social purpose organizations (Defourny and Nyssens, 2010; Mair and Martí, 2006). Additionally, highly recommended are studies to investigate the role of different forms of social capital, such as bonding, bridging and linking social capital (Putnam, 2000), in influencing SEs' performances and the mediating role of SEO.

Addressing these limitations in future research will enhance this study's understanding of the complex interplay between intra-organizational resources and competencies contributing to SEs' success in pursuing their social and economic objectives.

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**Appendix**Power of  
organizational  
social capital in  
SEs

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Item	Factor loading (std)
OSC_R_1	0.629
OSC_R_2	0.753
OSC_R_3	0.885
OSC_R_4	0.908
OSC_R_5	0.790
OSC_S_1	0.608
OSC_S_2	0.879
OSC_S_3	0.517
OSC_C_1	0.706
OSC_C_2	0.743
OSC_C_3	0.935
OSC_C_4	0.945
SEO_R_1	0.780
SEO_R_2	0.723
SEO_R_3	0.810
SEO_P_1	0.744
SEO_P_2	0.701
SEO_P_3	Constrained
SEO_I_1	0.707
SEO_I_2	0.705
SEO_I_3	0.762
SEO_S_1	0.637
SEO_S_2	0.531
OP_S_1	0.570
OP_S_2	0.930
OP_S_3	0.936
OP_S_4_1	Constrained
OP_S_4_2	0.571
OP_E_1	0.820
OP_E_2	0.814
OP_E_3	0.761
OP_E_4	0.912
OP_E_5	0.932
OP_E_6	0.814

**Source(s):** Authors' own creation/work**Table A1.**  
Model 1: factor  
loadings

Order	Construct	Item (sub-construct)	Factor loading (std)
Second order	OSC	Relational (OSC_R)	0.673
		Structural (OSC_S)	0.745
	SEO	Cognitive (OSC_C)	0.873
		Social Risk-taking (SEO_R)	0.726
		Social Proactiveness (SEO_P)	0.933
		Social Innovativeness (SEO_I)	0.906
First order	Relational (OSC_R)	Socialness (SEO_S)	0.934
		OSC_R_1	0.629
		OSC_R_2	0.753
		OSC_R_3	0.885
		OSC_R_4	0.908
		OSC_R_5	0.790
	Structural (OSC_S)	OSC_S_1	0.608
		OSC_S_2	0.879
		OSC_S_3	0.517
		Cognitive (OSC_C)	0.706
		OSC_C_1	0.743
		OSC_C_2	0.935
		OSC_C_3	0.945
		OSC_C_4	0.780
	Social Risk-taking (SEO_R)	SEO_R_1	0.723
		SEO_R_2	0.810
		SEO_R_3	0.810
		Social Proactiveness (SEO_P)	0.744
		SEO_P_1	0.701
		SEO_P_2	Constrained
		SEO_P_3	0.707
		Social Innovativeness (SEO_I)	0.705
		SEO_I_1	0.762
		SEO_I_2	0.637
		SEO_I_3	0.531
		Socialness (SEO_S)	0.570
		SEO_S_1	0.930
		SEO_S_2	0.936
	Social Performance (OP_S)	OP_S_1	0.936
		OP_S_2	Constrained
		OP_S_3	0.571
		OP_S_4_1	0.820
		OP_S_4_2	0.814
		Economic Performance (OP_E)	0.761
		OP_E_1	0.761
		OP_E_2	0.814
		OP_E_3	0.912
		OP_E_4	0.932
		OP_E_5	0.932
		OP_E_6	0.814

**Table A2.**  
Model 2: factor loadings

**Source(s):** Authors' own creation/work

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