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THE ANTECEDENTS OF ENTREPRENEURIAL ORIENTATION IN SOCIAL BUSINESS

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Abstract

Purpose: This article aims to characterize the EO antecedents in Social Business Startups.

Design/methodology: An exploratory and qualitative study was developed, with data collection through semistructured interviews with founders of eight social businesses. The data were analyzed by content analyses with the support of software ATLAS.ti.

Findings: The results present a characterization of the EO antecedents: social mission, identification of opportunities, access to capital, and stakeholders. The results show that the identification of opportunities is the main antecedent and these opportunities are related to the needs of participation and social contribution by the founders. Following is the social mission, seen as an opportunity to contribute to the quality of life of the population in general.

Theoretical contributions: The study contributes to the characterization of the antecedents of EO in the context of social business, evidencing that there is difference of this antecedent in the social and purely economic contexts.

Relevance/originality: The study investigates the background studies that can be the propellers or facilitators of entrepreneurial initiatives.

Theoretical / methodological contributions: Understanding the background of OE in social business can contribute to the development of strategic actions among entrepreneurs and social business ventures.

Keywords: Antecedents. Entrepreneurial Orientation. Social Business. Startups.

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1 INTRODUCTION

This article deals with the antecedents of Entrepreneurial Orientation (EO) of Social Business (SB). The antecedents of EO refer to the reasons or inspirations that lead the entrepreneur to create a business in a particular sector. This study analyses social business that focus on their social impact and financial sustainability. Comparisons and contrasts between commercial entrepreneurships and social entrepreneurships have been discussed in the literature, suggesting that antecedents of EO differ in a social context (Lumpkin *et al.*, 2013).

However, little is known about the processes in social enterprises and whether there are differences between commercial and social business (Lumpkin *et al.*, 2013). This lack of knowledge has evoked the interest of researchers who have thus increasingly published studies on social business and EO. These topics are seen as potential research opportunities because of their relevance to the social and economic problems faced in recent years and the way entrepreneurs have turned these problems into opportunities (Short, Ketchen, Combs, & Ireland, 2010).

Opportunity is one possible trigger of entrepreneurship and the EO can be used to analyze the entrepreneurial process. The EO can positively influence business performance by pointing to the fact that organizations with higher EO tend to be more successful than organizations with lower EO (Miller, 1983; Covin & Slevin, 1991; Zahra & Covin, 1995; Wiklund & Shepherd, 2005; Keh *et al.*, 2007; Naldi *et al.*, 2007; Li, 2009). Thus, since EO has a positive impact on financial performance measures and it is positively associated with growth, it can be considered beneficial to organizations and can facilitate the discovery of new opportunities, enabling differentiation and creating competitive advantage (Wiklund & Shepherd, 2003; Martens & Freitas, 2010).

For competitive advantage, it is worth utilizing EO, and it is necessary to understand its antecedents (Lumpkin *et al.*, 2013), what comes before, what drove a business to innovate or be proactive, take risks, be aggressively competitive, have autonomy or form networks. By understanding the initial motivation and observing the characteristics developed in these ventures, it is possible to plan, adopt and foster actions that stimulate and optimize the actions of social entrepreneurs. Starting from the importance of investigating the history of EO in a specific context, this article aims to characterize the antecedents of entrepreneurial orientation in social business.

The study was organized as follows: section 2 provides a brief conceptual review of EO and Social Business; section 3 presents the antecedents of EO in a social



context; in section 4, the research method used in the study is addressed; section 5 deals with the results of the survey, presenting a brief theoretical overview of the antecedent of EO; section 6 presents the final considerations.

2 ENTREPRENEURIAL ORIENTATION (EO) AND SOCIAL BUSINESS (SB)

EO is the entrepreneurship of a business (Martens & Freitas, 2010). It is positively associated with the growth of a business venture, and it may also cooperate with the competence to find new opportunities (Wiklund & Shepherd, 2003). EO comes from the new business opportunities that can be successfully undertaken prudently and in a dynamic process involving determined actions (Lumpkin & Dess, 1996; Martens & Freitas, 2010).

Several studies have focused on dimensions that characterize EO. Three dimensions, innovativeness, risk taking and proactivity, were proposed by Miller (1983) to characterize and test entrepreneurship in organizations. Studies by researchers Lumpkin and Dess (1996) presented two other dimensions to characterize and differentiate the entrepreneurial process: autonomy and competitive aggressiveness.

Entrepreneurship research has adopted EO as a tool to expand and enrich knowledge in the field (Morris, Webb & Franklin, 2011). Moreover, according to Morris *et al.* (2011), to understand entrepreneurship and the application of EO, three important indicators should be considered: 1) motivation, which is tied to opportunities linked to the need to serve a social purpose; 2) processes, which are motivations based on social mission and differ in their processes; and 3) the results, which are social and financial indicators that serve as performance metrics. Most EO studies applied to nonprofit organizations have adopted only three dimensions of EO: innovativeness, proactivity and risk taking (Morris, Webb & Franklin, 2011).

Specific models of EO dimension characterization was also proposed by Morris, Webb and Franklin (2011), stating that by generalizing the dimensions of EO and its characteristics, one can lose fundamental elements in a specific field of study. Nevertheless, recognizing EO's dimensions can contribute to social business performance, considering that this topic is a new field of study that still needs development (Barki *et al.*, 2015). Complementing these studies, this paper proposes a model for the study of six dimensions of EO, its antecedents, and results in social business.



Social business is a hybrid of the second and third sector of the economy, prioritizing social impact and balancing financial self-sustainability (Rosolen; Tiscoski & Comini, 2014). Creating social value is the main motivation, but it is necessary to create economic value in addition to the social impact to ensure financial viability (Mair & Marti, 2006); thus, it can be said that the generation of economic value is fundamental for the sustainability of social businesses, for obviously there must be a balance with the social value generated (Dacin, Dacin & Matear, 2010; Muñoz & Kibler, 2015).

Running a business in which social and economic interests coexist simultaneously is often complex because they are often conflicting goals. It is also worth mentioning that a social business differs from philanthropic actions or Non-Governmental Organizations (NGOs) or Civil Society Organizations of Public Interest (OSCIPs in the Portuguese acronym). Social businesses are companies whose results must incorporate value creation or social impact generation, and owners can recover their investments (Comini, 2011).

The way to analyze results can be through entrepreneurial management, also called EO, in which management is reflected in organizational processes, methods, and styles that an organization adopts to be entrepreneurial (Stevenson & Jarillo, 1990). The theoretical framework on EO has been used to fill this important gap in the literature in the practice of entrepreneurship in organizations (Covin & Lumpkin, 2011), and will be further detailed below.

3 THE ANTECEDENTS OF ENTREPRENEURIAL ORIENTATION IN A SOCIAL CONTEXT

The definition of entrepreneur is broad and not consensual, but many researchers claim that entrepreneurs have unique characteristics that differ from others (Wortman, 1986; Gartner, 1988; Cooley, 1990), characteristics that can be developed and trained (McClelland, 1987; Ross, 1987; Salte, 1989; Cooley, 1990; Fillion, 1993; Hornsby *et al.*, 1993; Timmons *et al.*, 1999; Fillion, 2000). To characterize the entrepreneur, there are no profiles that follow a single pattern, no ready procedures or a recipe; an entrepreneur's profile is attributed to the result of their personal interaction with the enterprise and the external environment (Sathe, 1989), showing that external or internal events, such as the development of new technologies, changes in consumer demand, and economic changes influence the characteristics of the entrepreneur (Hornsby *et al.*, 1993).



The literature on social entrepreneurship divides some characteristics of antecedents into four categories (Lumpkin *et al.*, 2013): 1) social motivation and mission; 2) opportunity identification; 3) access to capital-financing; and, 4) various stakeholders.

According to Lumpkin *et al.* (2013), the antecedent **social motivation and mission** is related to the motivations of a social business, which are collective and prioritize social goals that are focused on individual needs and wants and consumption trends as well as human needs. This social motivation and mission is opposite of the mission of purely commercial organizations. For the authors, motivation is the basis of individual action or organizational mission, meaning it is the antecedent that most objectively distinguishes the social entrepreneur from other entrepreneurs. The mission is focused on long-standing social problems and needs in society, such as hunger, poverty, homelessness, violence, pollution, lack of medical care, problems in education and others; therefore, these problems and needs are widely known and can be considered as opportunities for problems to be solved (Lumpkin *et al.*, 2013).

Another antecedent present in the social entrepreneurship literature is the **identification of opportunities** (Lumpkin *et al.*, 2013). Opportunity identification is essential to the development of a business and is usually associated with the opportunity to make a profit. Solving social problems in the context of social business is considered an opportunity; thus, entrepreneurship can be a source of solutions turned into opportunities. These opportunities are specifically targeted at underprivileged or disadvantaged populations and apply business solutions to solve a social problem depends on the perception of social values and the level of resources that social entrepreneurs can mobilize. Financial and community support for the initiative and mobilization of the population are key indicators that reflect the recognition of opportunities (Lumpkin *et al.*, 2013).

Access to **capital-financing** is also one of the antecedents of social business to be observed although it is not a distinguishing characteristic when compared to any start-up company or entrepreneur. This antecedent addresses resource constraints and the difficulty of acquiring capital to start or continue the business, highlighting the difficulty of accessing capital when there are no good prospects for cash flow generation (Lumpkin *et al.*, 2013). Thus, there is yet another movement to be



highlighted that refers to the direct competition for resources and conscious consumer support between purely commercial and social enterprises (Lumpkin *et al.*, 2013).

Finally, the fourth antecedent of EO is the various **stakeholders** (any individual or group that is affected or that may affect an organization’s ability to achieve its goals). In business environments, stakeholders are investors, employees, suppliers and buyers of goods and services. Stakeholders are necessary for the success of the business venture and are therefore the most influential stakeholders because they have a financial stake in the business. Stakeholders can also be a group of supporters who are interested in the company's success in developing its social mission (Lumpkin *et al.*, 2013). There are also other groups, other stakeholders such as local citizens, government agencies, or the community in which the business venture operates. In addition, social ownership structures that include local or community customers, users and groups or trusts, give them power and legitimacy, as well as greater opportunities to present the urgency of their claims, which can directly change the project’s operations (Lumpkin *et al.*, 2013).

Figure 1 presents the EO antecedent categories and their description, summarizing the information presented in this section.

	Categories	Description
Antecedents of EO	Social motivation and mission	Motivations are the organizational basis; they must be collective and prioritize social goals. Mission is the social entrepreneur’s most distinctive antecedent to other entrepreneurs.
	Opportunity Identification	SB considers social problem solving an opportunity.
	Access to capital - financing	Access to financial resources. Access is difficult if there is no good prospect of cash flow generation.
	Various Stakeholders	These are individuals or groups that are influenced or that may affect an organization's ability to achieve its objectives.

Figure 1 – Antecedent Categories of Entrepreneurial Orientation in Social Business

Source: Authors’ own elaboration, based on Lumpkin *et al.*, (2013)

The categories and their descriptions will be used as the basis for the analysis of the results in section five.

4 METHODOLOGICAL PROCEDURES

To characterize the antecedent of EO in social business, this study was descriptive and exploratory in seeking to understand the phenomenon and indicate new ideas or hypotheses to be tested (Rudio, 1986). We began the study with



bibliographic research because it is necessary for researchers to get more information about the phenomenon they want to investigate.

This is a qualitative study conducted through semi-structured interviews, a data collection technique that allows for the capture of subjective data such as the motivations, values, meanings, and beliefs that are not easily discovered with quantitative research because these are very particular situations and facts (Boni & Quaresma, 2005). We developed the script of interviews based on the literature, starting from the theoretical model to study business processes in social contexts by Lumpkin et al. (2013), shown in Figure 2.

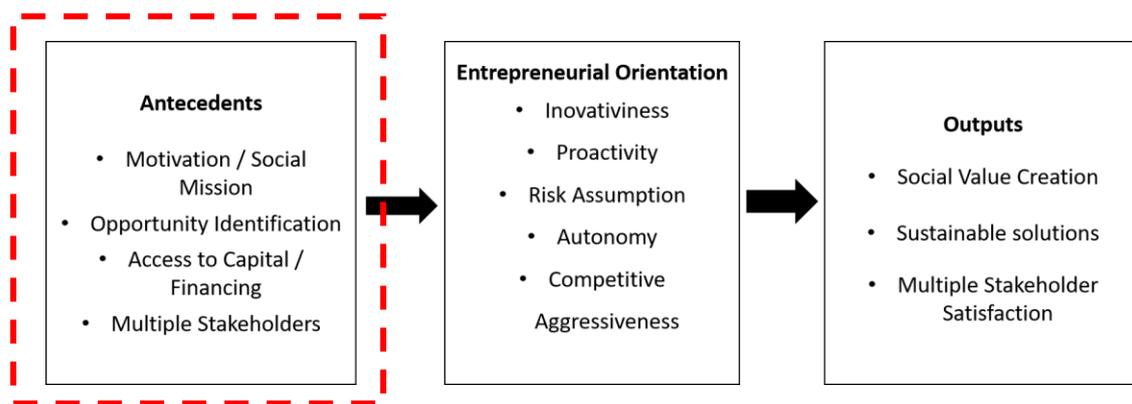


Figure 2 – Antecedents, EO and outputs to the context of Social Entrepreneurship

Source: Adapted by Lumpkin et al., 2013.

The theoretical model by Lumpkin et al. (2013) addresses the antecedents of EO, five-dimensional EO, and its results as a process. This model was developed for social enterprises in general, not specifically for social business, and until this research was conducted, no studies were found that tested the model empirically. In a broader study, we sought to apply this model to social business, seeking its validation and potential expansion. This article, however, explores only the antecedents of EO.

Faced with the choice to study the antecedents of EO of social businesses, we noticed a difficulty in defining which social entrepreneurs would be the focus of this research, and among the different typologies, the chosen option was to investigate social business, which particularly appeals to authors' interest in combining social value creation and self-sustainability, opposing general ideas of philanthropy and donations commonly present in social enterprises. The interviews were conducted with entrepreneurs from various social business startups, which were selected because



they were incubated by a pioneer organization in the dissemination and promotion of this type of business in Brazil.

The semi-structured interview was designed to facilitate understanding of the antecedent of EO. The interview complements the bibliographic data as it allows for the collection of objective and subjective data (Boni & Quaresma, 2005). To ensure that the script met the objectives of this research, we applied a pre-test with three social business managers to make adjustments and corrections as well as to calculate the estimated time to conduct the interview.

Since we interviewed entrepreneurs from all over Brazil, we used support tools such as Skype software, for calling and video conferencing, email, telephone, Microsoft Excel software for organizing spreadsheets, information, and sound recordings, and Atlas TI software for content analysis. Of the eight entrepreneurs interviewed, from October 2017 to February 2018, two were in person, and six were remote.

These eight projects are part of an incubator that was chosen because it is a national reference and has well-defined criteria for choosing businesses to be incubated and it was named the most prominent accelerator in recent social business research (Petrini, Scherer, & Back, 2016). We follow the premise by Bourdieu (1999) on the need to choose the sample well through well-defined criteria. The incubator has about 80 businesses accelerated in the last three years in its portfolio; all were contacted by e-mail, and eight were interview respondents, selected for having experienced the main phenomenon of this study (Creswell, 2010) and because they agreed to participate.

The selection of enterprises is aligned with the context of the problem to be studied and supported by the theoretical framework, which refers to the processes studied in the literature about EO, social entrepreneurship and social business. The founders were the participants in the interviews as they have specialized knowledge of social business activities (Hair, 2007). It is also worth noting that social business cases were chosen to broaden the theory or to fill theoretical categories (Eisenhardt, 1989).

The interviews were transcribed and analyzed one by one, with the aid of Atlas TI software, marking the evidence of antecedents in its four categories: motivation and social mission; identification of opportunities; various stakeholders; and, access to capital and financing. The statements of the entrepreneurs that represented each of



the antecedents were highlighted to facilitate analysis and individual characterization, which facilitates analysis and allows comparisons.

The eight enterprises that compose the context of this research are characterized in Figure 3. In the data analysis, the enterprises are represented by the codes in the first column of the figure.

Code	Enterprise	Brief Description of Social Business
SB1	Food and Education Sao Paulo -SP	It is a social business that combines urban agriculture and food education to promote health and well-being in the city. It seeks to transform idle spaces into productive gardens with gardens.
SB2	E-commerce - Shopping for Shopkeepers Curitiba – PR	This is a Marketplace with the largest community of retailers in Brazil. It has a good reputation, high monthly ratings, visibility, and top ranking.
SB3	Entrepreneurial education with social and environmental impact São Paulo – SP Serves all over Brazil	It works with entrepreneurial education focused on social impact business. Its founder has already participated in a worldwide impact project competition representing Brazil in Guatemala in 2013, being one of the eight finalists of 1600 projects. The founder won a Young Entrepreneurship Award and was one of the ten finalists of the Roberto Justus Entrepreneurship Award. The company represented Brazil at the G20 meeting in China in 2017, acting on two main themes: Entrepreneurship and Sustainability.
SB4	Finance - Mobile Payments Platform Marília – SP Serves all over Brazil	It is the first PAT-approved (Worker Food Program) mobile food and meal voucher payment solution. It develops solutions ranging from financial inclusion of the population without access to bank accounts to a complete platform for managing labor benefits.
SB5	SB training Rio de Janeiro and Sao Paulo – Serves all over Brazil	It acts in the qualification of social entrepreneurs offering their own methodology to provide innovation within companies.
SB6	Urban Infrastructure São Paulo - SP	It develops toys and small, medium, and leisure equipment brings “Brazilianness” in their shapes and colors to public and private spaces, which is part of contemporary urbanism through daily interactions.
SB7	Healthcare - Online platform for doctors and patients. Rio de Janeiro - RJ and Belgium - Serves all over Brazil	It is the first Brazilian platform in the educational and personalized health area, which gives guidance and remote monitoring involving patients and coordinates their care with intelligence and technology generating databases.
SB8	Technology solutions that generate experiences. São Paulo –SP	It seeks to create and identify impact solutions that are deployed and replicated in different contexts, organizations and regions, customers and partners.

Figure 3 – Brief description of the projects analyzed.

Source: Authors' own elaboration.

Following the methodological procedures adopted, we present below the analysis of the results.

5 RESULTS ANALYSIS



We analyzed the results, and they are initially presented by an overview and later divided by dimensions of the EO antecedents, being social motivation and mission, identification of opportunities, access to capital - financing, and various stakeholders. Excerpts from respondents' statements are also included to characterize and exemplify antecedents of EO in social business.

The interviewees' profile showed that most of these entrepreneurs are young people between 25 and 34 years old, with undergraduate and graduate degrees, and highly skilled in social business. An overview of what these social entrepreneurs think (based on interviews) can be illustrated by the following statements. These social entrepreneurs are not seeking donations and do not want to be philanthropists; they want to change the reality of a region, a country, and the world. They use their knowledge and experience expecting to live better and have a job, a role, a function, a task that makes sense; thus, they create different work environments from their previous more traditional ones which they did not make sense to them because these workplaces acted in a similar way to true industrial production lines and rigid starting and ending times. Respondents described them as unproductive spaces, which generate dissatisfaction and frustration.

Based on the responses, and using the Atlas TI software, Figure 4 was generated to characterize the antecedents of EO in SB as opportunity identification, social motivation and mission, access to capital / finance and various stakeholders. The graph shows that of the four antecedents of the social context studied, social mission and identifying opportunities are considered the most important.

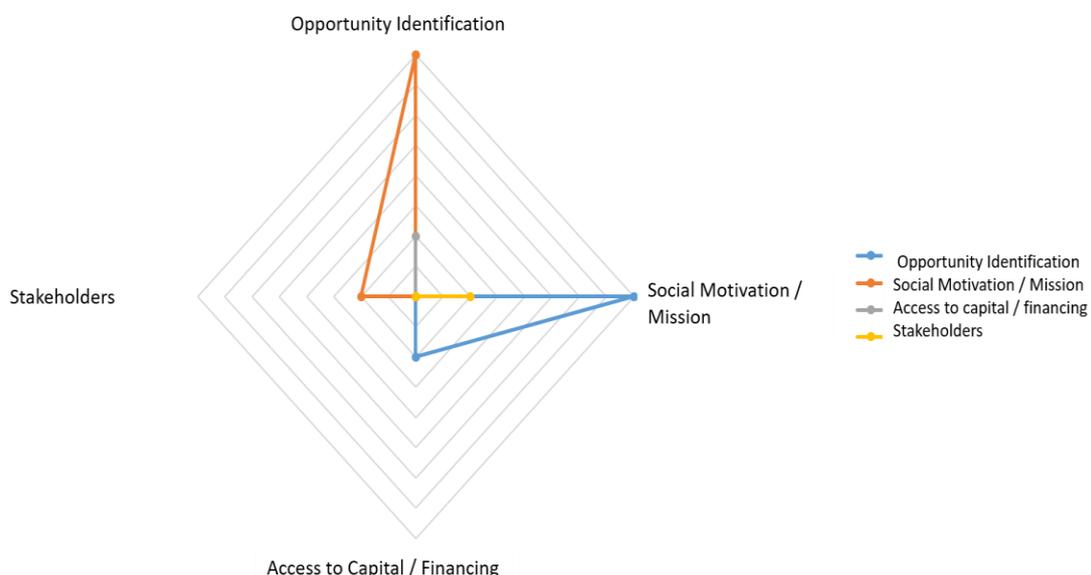




Figure 4 – Characterization of antecedents of EO in Social Business

Source: Authors' own elaboration with research data in the Atlas TI software.

Next, we will detail the results of the antecedents of EO divided into four categories.

5.1 Social motivation and mission

Among the reasons to undertake a business venture, there is emphasis on those who prefer to depend on their own skills to achieve results, seeking fulfillment through dedication and risk-taking by taking on challenging tasks (McClelland, 1972). Motivation is one of the characteristics observed in successful entrepreneurs, and it is attributed to persistence and commitment to work (Mansfield *et al.*, 1987).

The main motivation of these social business founders interviewed is the social impact, which is seen as an opportunity, for both social problem solving and profitable business opportunity.

SB2 – The company was created with the mission of becoming the largest marketplace for artisans in Brazil. In realizing that the difficulty of accessing the country's major retail chains was not restricted to artisans, the new company was created in 2015 with the mission of helping any retailer to reach the largest and best national and international marketplaces.

At a time when young people are seeking to generate 'business with purpose' (an expression of the moment), they can see purpose as they develop businesses that can change the world.

SB1 – I was missing a more direct impact because we worked a lot with strategy, and the strategy always depends on the company to implement it or not. And I wanted to do something more hands-on.

SB6 – The idea came up in a moment of existential crisis even when I was doing scenography. I always had work strong socially-related work. Before I went to set design, I was a fine arts graduate. I was a fine artist. I ended up in a moment that I said: man, you know what? I'm going back to continue this social work that moves me.

Dissatisfaction with previous job, attitude of the bosses, demand for results, as well as a country with many social problems neglected by the local government and not satisfactorily attended by the third sector are identified as the main motivations to explore other options by the interviewed entrepreneurs.

SB3 – I started with the idea of a Scientific Initiation project I was doing, which was to turn oil into biodiesel, and that was the first time I came out representing Brazil in a world competition... I didn't win first place in this Guatemalan competition, but I was one of 8 finalists from 1600 projects. And when I came back, I got a scholarship at *Fundação Cabral*, that was forming the first class of a program they have had, which is called Dignity, which is geared towards social business.



Winning awards, going abroad to represent the country, and winning scholarships have given visibility to the social mission of some enterprises.

5.2 Opportunity Identification

The ability to identify opportunities is a highlight among entrepreneurial traits research, throwing in the need for anticipation, forcibly, or due to circumstances on the part of entrepreneurs (Cooley, 1990).

The opportunity to change society is pointed out in the interviews as the decisive factor when creating a business because the businesses were founded with the perception that social needs are gaps to be filled, and with this belief, they seek not only to generate a business but to generate a business that has a positive social impact, as can be seen in the speech of the founders of SB7 and SB1.

SB7 – he came to Brazil with this dream of starting a company to help change health in the world and then we met. We ended up in this adventure.

SB1 - I want to work with food because I come from a very well-off family. My father is a doctor. We are middle class. I studied in a good school, a public college, and what I learned about my body, about my food, in those two years, I had no idea. If I, who had access to everything, had no idea, imagine someone who doesn't have access to it, who is light years away from education, how much does this person know about his or her health? And then I said: oh, and I want to work with that.

With the perception and self-denomination of being part of the privileged Brazilian upper middle class, respondents claim to have studied at renowned national and international universities, evidenced by their formal qualifications, which prepared them with business information and business modeling, broadening their insight into the diversity of business forms and purpose, causing these entrepreneurs to inquire into their life purposes, and thus leading them to desire to help others and generate positive social impact instead of generating only profit for profit or money to maintain and grow their assets

All respondents operate exclusively in these social businesses that they founded and are looking to grow and learn from examples of other social businesses around the world. They start their business based on research, as in the case of SB6.

SB6- My wife, she's an artist too. She always said that I should create a toy since I had tinkered with toys but never managed to materialize this. When my son was born in 2013 [...] I started researching reports, what this toy would be like, what this equipment would be, what the platform would be. Then I went searching, writing texts, and reading, and then it happened.



Initially, most entrepreneurs interviewed continued to work in their jobs prior to the idea of founding social business. They first combined the two tasks while maintaining their expenses with employment since they understood that growing a new business means worry about its financial sustainability. It is risky, but since they believe in the core idea and are investing their capital and time, they can migrate and operate only in their own business in no more than two years. We realize that solving a social problem is a profitable opportunity for these businesses, a fact that can inspire many other businesses that are not even in the imagination of society.

SB1 – he (the partner) went to look for a social business course at the time at ESPM, and then he took this course. And he's a person who a person who took life seriously. So, the end of course paper for him wasn't just a paper; he went to start a business, got it off the ground, and that business was the beginning of SB1, which was initially focused on food production. The ideas were to produce food to supply the buildings that received the gardens.

But the entrepreneurs interviewed also face the difficulty of pioneering because they often have innovative ideas, and business change considerably over time and are growing and adjusting.

SB7 – “his father and mother (partner) are doctors in Belgium, and his father is a reference in cardiovascular surgery in Belgium, in Europe as a whole. [...]he (partner) always lived with this health segment, but he did not like. As much as he has two brothers who are doctors, he never liked it. He always liked technology.”

Opportunity is also seen as doing what a person enjoys coupled with the desired social change and is commonly linked to family experiences and needs or to previous job experiences of entrepreneurs.

SB7 – much more than the business, which I didn't tell you about, we have a goal that is to change health in the world. If we, if all goes well, we will help people, help people living far away who have difficulty accessing the health system.

Combining personal and professional experiences, networking, training, and social change through positive impact is what these entrepreneurs have seen as an opportunity.

5. 3 Access to Capital and Finance

The literature indicates the difficulty in obtaining financing, either in social or purely commercial enterprises; this is a business viability and credibility problem



(Lumpkin *et al.*, 2013). Through the acceleration and incubation processes, the social businesses surveyed had already gone through some phases and problems alone before seeking expert help. Also, it is noteworthy that most of these businesses went through more than one incubator and accelerator until they found the financial break-even point. There are today several social businesses that are focused on training (incubators) and the search for investments (accelerators) for this type of business venture.

The social businesses studied use small or shared spaces because they are startups, have small teams, generally use technology to their advantage, and often work in online environments remotely without the expense of transportation, food, and renting or acquiring a space for full time use. These efforts make its foundation possible but does not guarantee its continuity.

None of the respondents pointed to access to capital or finance as a facilitating antecedent in generating social business. Like SB7, many started with their own equity.

SB7: In the first three years, we were totally bootstrapped, got it? ES7S had money that he had saved. He had some money. I had some cash and we started slowly.

Usually these businesses started with equity as a result of previous formal jobs, which resulted in dismissal, and with the use of Length-of-Service Guarantee Fund (FGTS in the Portuguese acronym). These businesses are created with a social mission and are already born seeking self-sustainability and profitability.

In terms of how entrepreneurs are attentive and apply for various contests and awards aimed at social business, some of them get accelerated or win cash prizes for investing, expanding or improving the business, as was the case with SB7.

SB7: And we went to have the first investment. I think it was in 2015 that we had investment from a European group. That's why we moved the headquarters back to Belgium. The investment was much higher. I think it was 300,000 euros, 400,000 euros, understand?

Some entrepreneurs do not want to be accelerated and do not go public for investments because they do not feel prepared; that is, they are not yet mature enough to receive large investments. They also do not want partners to give their opinion on their performance.



SB3 - I don't feel like going public, even though that is crazy, because I decided to position myself like SB3, without having a cent, so I joke about who will be my working capital. It will be Itau bank, with overdraft.

Most respondents take the risk and invest their equity, pointing out, therefore, the need for specific financing policies in the area because that would make the proliferation of this kind of business possible.

5.4 Various stakeholders

The literature also points out the critical success factor of stakeholders, who are defined as “[...]any group or person whose interests may affect or be affected by the achievement of an organization's objectives” (Freeman, 1984, p. 46). They are notable when talking about antecedents because an organization's effectiveness is also measured by its ability to satisfy those who have some kind of business connection.

Stakeholders hardly appear in the interviewees' speech as an observed antecedent of EO; that is, even if fundamental, stakeholders take a back seat to the motivation and opportunity to generate positive social impact.

SB1 – The most important person is, well, the customer, the final public, which in our case are already two stakeholders—the customer, corporate, and in the case of the community, they too will be the customer. We don't consider the government as a key stakeholder for us today... we talk a lot about pushing public policy, improving food, school lunch, and many things are on our agenda, but the government is not so key. The media has a fundamental role in our history because we end up in the media for a spontaneously generation, so it ends up having a very big return.

Of course, the customer is the focus, but before starting the business, the interviewees did not seek to keep in touch with the customer but sought to solve the social problem. Sometimes it has been said that perhaps initially, the user does not understand the usefulness of the service; in other words, the opportunity is reinforced by entrepreneurs' knowledge of the social problems and gaps in terms of services and products in their selected areas.

The social businesses were not founded seeking to respond to stakeholder expectations, and entrepreneurs surveyed find it difficult to gain a broader view of how they affect and are affected in their organizational performance.

5.5 Characteristics of EO in Social Business Startups

The categories of the antecedents are briefly characterized, as well as evidence of the reality studied, based on the eight interviews, which may illustrate how such



antecedents are configured in social business. To summarize the characteristics of the antecedents of EO present in Social Business, Figure 5 is presented.

ANTECEDENTS OF EO		
Categories	Characteristics	Evidence of the studied reality
Social mission	Business mission is associated with social impact. It is the most distinctive antecedent of social business. Social motivations are the organizational basis. They should be focused on the collective and prioritize social objectives, as opposed to trade missions.	<ul style="list-style-type: none"> - Change in the way of selling by making it accessible to small producers and artisans - Change in health in Brazil, making it more practical, cheaper and more affordable - Transformation of idle spaces into urban gardens, improving food in metropolises. - Sharing of spaces and encouraging cultural exchange through tourism - Insertion of low-income youth into the job market
Opportunity Identification in solving social problems	Consists of solving a social problem as a business opportunity. It is identifying an opportunity. SB considers social problem solving as an opportunity. There are opportunities for problem solving in various areas; some of which are, health, education, housing, mobility, access to information and technology, among others.	<ul style="list-style-type: none"> - Formalization and guidance for small and new businesses - Decreased operating costs using technology; - Remote monitoring of physically distant patients from physician. - Entrepreneurial Education; training for social businesses to broaden their results. - Differentiated logistics, with low environmental impact transportation and ease of movement and stopping.
Access to capital / financing / investor	It is access to financial resources. Access is difficult if there is no good prospect of cash flow generation. It is a complex antecedent also in non-social context. It is characterized by the initiative generated from the application of capital in the business. Commonly given by the founders' equity; however, it is possible to get funding, including crowdfunding or getting an investor through accelerators.	<ul style="list-style-type: none"> - Mostly work with equity from other sources of income such as previous employment or the sale of fund-raising assets - The desire / intention to attract investment for accelerators and "angel investors," which help make the business secure the business financially via partnering with low interest rates or low return on profit - Use of social media and other media to raise crowdfunding for the cause of the business, such as the hospitality sharing platform that started its operations with crowdfunding through the social network
Various stakeholders	These are individuals or groups that are influenced or that can influence a business's ability to achieve its goals. Beneficiaries of social business are considered their main stakeholders. Social entities, municipalities and public administration institutions in general, incubators and development agencies also appear as the propelling antecedent of EO.	<ul style="list-style-type: none"> - Society at large is the largest stakeholder of SB. - users are considered stakeholders. - SB incubators and accelerators are stakeholders. - SB employees are considered stakeholders. - Partners and suppliers are stakeholders.

Figure 5 - Antecedents of EO: categories, characteristics and evidence of the studied reality.
Source: Authors' own elaboration (2019)

The chart presents the characteristics and exemplifies the antecedents of EO in social business through empirical evidence. Next, we present the final considerations.

6 CONCLUSIONS



This article aimed to characterize the history of EO in social business startups. There are currently few studies aimed at understanding the antecedents that may be the propellers or facilitators of entrepreneurial initiatives, and by knowing these relationships, it is possible to develop strategic actions with future entrepreneurs. Therefore, the antecedents of EO in social business that this study highlights through the empirical evidence and the interviewed entrepreneurs' speech are simultaneously opportunity and social mission.

This research points out that the situations that motivated the creation of the social businesses studied are related to the participation and social contribution needs of the founders. The main objective of these projects is to generate a positive impact on society. Situations of social violence, rampant poverty, hunger, misery, and wars around the world are propelling these social initiatives as these entrepreneurs feel uncomfortable knowing that they have the knowledge, educational background, and even financial conditions to help alleviate such hardship. Consequently, these entrepreneurs find these initiatives to be pleasurable, rewarding, and purposeful because they give more meaning to their lives.

It is also interesting to note that the products and services offered do not only serve a needy or marginalized population but intend to contribute to the quality of life of the general population. These offerings are healthcare businesses to make people's lives easier by communicating about diseases, epidemics and procedures, as well as finding medical professionals who can help; they are changes in urban space through infrastructure to make spaces such as public squares and schools more educational and enjoyable. They are the changes in diet and the way we think of nutrition in urban centers without space for cultivation by bringing this healthy idea to large enterprises, creating home gardens for staff and school students, and showing new cultivation possibilities on top of buildings or on house walls. They are forms of payment and access to capital in a different and inclusive way, trusting and allowing credit for those who do not have a fixed income, but have consumption needs and desires. Finally, it is the general concern with technology and knowledge to generate, empower, improve and maintain social business.

Social business has no focus on low-income audiences; the main focus is on social change, regardless of income or social level, and that is in everyone's interest. Living in a more inclusive and participatory society is a duty of those who have the



power, knowledge, information and training and are thus considered here to be the greatest power for change.

The limitations of this study are due to the size of the sample used and the impossibility of generalizing the results or extrapolation for all types of social businesses. As an indication of future research, we suggest looking at the antecedents of social business and the Entrepreneurial Orientation from a process point of view, with its 5 dimensions (innovativeness, proactivity, risk-taking, autonomy and competitive aggressiveness) being analyzed and characterized to understand how they compose the results of a social business. We also suggest looking at how these EO antecedents affect business results complicating self-sustainability and dividend generation to maintain, expand and reproduce this type of enterprise in other regions of the country.

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