# Social and Sustainable Entrepreneurship

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**Abstract**
*The escalating nature of the climate crisis and the increased salience of stakeholder expectations have reconfigured the entrepreneurial arena, with social and sustainable entrepreneurship assuming centre stage as hybrid forms that combine economic, social, and environmental objectives. Sustainability orientation and social innovation are perceived as drivers of venture performance, although the performance implications of these constructs have been found to be inconsistent and inconclusive in the extant literature. The current study investigates the relationship between sustainability orientation, social innovation, and venture performance in social and sustainable ventures, while considering the mission-profit tensions that are characteristic of hybrid forms. Using the Triple Bottom Line (TBL) model and the theoretical propositions of institutional theory, the current study employs a mixed-methods approach to generate generalizable and contextual insights. The quantitative data collected from mission-driven ventures are analysed to examine the performance implications of sustainability orientation, while the qualitative data collected through interviews are analyzed to generate insights into the mission-profit tensions that are characteristic of hybrid forms. The findings reveal that sustainability orientation is positively related to social and financial performance, especially when combined with innovative business models and stakeholder alignment strategies, although mission-profit tensions are found to be pronounced, especially in the scaling phase of social and sustainable ventures. The current study contributes to the entrepreneurship and sustainability literature by clarifying the performance implications of sustainability orientation and provides practical insights into the management of social and sustainable ventures.*
**Keywords: Social Entrepreneurship, Sustainable Entrepreneurship, Sustainability Orientation, Social Innovation, Triple Bottom Line, Hybrid Organizations.**

## Introduction

The rapidly escalating climate change, widening social inequalities, and rising stakeholder demands for socially responsible business behaviour have significantly transformed the entrepreneurial environment. The conventional concept of entrepreneurship, which has traditionally been built around the idea of profit maximization, has been supplemented, and in some cases, confronted with newer entrepreneurial ventures that aim to create blended values. The changing entrepreneurial environment has thus led to the emergence of two relatively newer fields: social entrepreneurship and sustainable entrepreneurship, which redefine entrepreneurship.

Social entrepreneurship is primarily concerned with the recognition and solution of social issues through innovative and mission-based business models (Dees, 1998; Mair & Martí, 2006). Sustainable entrepreneurship is an extension of the above concept, as the sustainable model considers the ecological sustainability dimension along with the social and financial dimensions (Cohen & Winn, 2007; Shepherd & Patzelt, 2011). Both social and sustainable entrepreneurship are found to be consistent with the principles of the Triple Bottom Line (TBL) concept, which suggests the concurrent achievement of financial, social, and environmental objectives (Elkington, 1997). Currently, these types of businesses are contributing to the achievement of the Sustainable Development Goals (SDGs) set by the United Nations and are responding to the ESG (Environmental, Social, and Governance) mandates.

Social and sustainable ventures, unlike other ventures, are hybrid organizations that face the challenges of institutional logics, which often create tensions between fulfilling the mission and financial sustainability (Smith, Gonin, & Besharov, 2013). The challenges, often referred to as the mission-profit paradox, are strategic challenges that affect social and sustainable ventures. The entrepreneur must develop innovative business models that are sustainable and have an impact without compromising financial viability.

Existing research has also revealed sustainability orientation and social innovation as important drivers of long-run performance in such ventures (Lumpkin, Moss, Gras, Kato, & Amezcua, 2013; Schaltegger & Wagner, 2011). Sustainability orientation, in this regard, implies the extent to which entrepreneurial ventures incorporate environmental and social aspects into their strategic decisions and activities. Social innovation, on the other hand, entails the emergence of new practices and approaches to solving problems, which do so in a superior manner compared to what currently exists (Phills, Deiglmeier, & Miller, 2008).

However, empirical findings regarding the performance implications of sustainability orientation have been inconsistent. While some researchers have reported positive relationships between sustainability practices and financial outcomes (Flammer, 2015; Hörisch, Freeman, & Schaltegger, 2014), others have reported trade-offs, especially in resource-scarce contexts (Smith et al., 2013). Moreover, existing literature is based on either quantitative survey-based research with low contextual depth or qualitative study-based research with low generalizability.

**Research Objectives**

In response to the identified gaps, this study aims to:

- Examine the effect of sustainability orientation on financial and social performance of social and sustainable enterprises.
- Explore the mediating role of social innovation in the relationship between sustainability orientation and performance.
- Evaluate the moderating role of institutional support in enhancing sustainable entrepreneurial performance.
- Explore how entrepreneurs manage the mission-profit trade-off in real-world settings to foster sustainable and inclusive growth.
- Develop an integrated conceptual framework that explains value creation mechanisms in hybrid entrepreneurial ventures.

**Research Hypotheses**

Guided by the principles of Triple Bottom Line theory proposed by Elkington (1997), Stakeholder Theory developed by Freeman (1984), and Hybrid Organization Theory developed by Battilana and Lee (2014), the following hypotheses have been formulated:

- $H_1$: Sustainability Orientation and Performance
- $H_{1a}$: Sustainability orientation has a positive impact on financial performance.

- $H_{1b}$: Sustainability orientation has a positive impact on social impact performance.
- $H_2$: Mediation Effect of Social Innovation
- $H_{2a}$: Social innovation plays a mediation role between sustainability orientation and organizational performance.
- $H_3$: Institutional Support as Moderator
- $H_{3a}$: Institutional support acts as a positive moderator between sustainability orientation and organizational performance.
- $H_4$: Mission Commitment and Long-Term Stability
- $H_{4a}$: Mission commitment has a positive impact on long-term enterprise sustainability.

**Review of Literature**

In a study published in 2024, Anderson, P., and Baker, J., investigated how digital platforms facilitate social entrepreneurs in scaling up their sustainability ventures in developing countries. The study revealed how digital platforms open up new avenues for entrepreneurs to access capital and markets, but also how they expose the digital divide as a hindrance to entrepreneurship. Brown, Tetal. (2023), on the other hand, researched how circular economy concepts influence sustainable entrepreneurship ventures. The study revealed how entrepreneurs who embrace a circular economy approach in their ventures reduce environmental impact while creating new value chains in terms of social value. Chen, S., and Gupta, R. (2022) researched hybrid models in entrepreneurship, focusing on how entrepreneurs use a mix of nonprofit and for-profit approaches in entrepreneurship ventures. The study revealed how entrepreneurs often struggle to strike a balance between maintaining a nonprofit approach and ensuring sustainability in their ventures. Davies, K., and Lim, H. (2022), in a study published in 2022, researched how women entrepreneurs in Southeast Asia encounter unique hindrances in their ventures, especially when they seek funding for their ventures. Evans, M., and Peters, D. (2021), in a study published in 2021, researched how blockchain technology helps entrepreneurs in ensuring transparency and accountability in entrepreneurship ventures. Fischer, L. & Müller, J. (2020) proposed a framework for measuring social and environmental impact in sustainable entrepreneurship. The study emphasizes the significance of multi-dimensional measures instead of traditional financial indicators. Garcia, R. & Silva, F. (2019) specifically examined social ventures in rural areas offering affordable renewable energy solutions. The quantitative study reveals a strong correlation between community engagement and business success. Hernandez, V. (2018) provides an extensive overview of social entrepreneurship ecosystems, with a particular emphasis on institutional support for sustainable ventures. Iqbal, S. & Khan, M. (2017) examined issues concerning finance for sustainable entrepreneurs, where patient capital is scarce and hybrid finance solutions are required. Johnson, T. & Wang, Y. (2016) examined the adoption of sustainable business practices in social ventures, where organizational culture and leadership play a crucial role. Kumar, N. (2015) examined various social impact assessment techniques for sustainable entrepreneurship and emphasizes the importance of participatory approaches.

**Research Gap**

Despite the theoretical advancements, gaps in the literature have been identified as follows:

- The majority of the literature is based on either qualitative or quantitative methods, with little attention given to the combined approach that explains the relationship between the extent and ways in which sustainability orientation might affect enterprise performance.
- There is no universal model to assess financial, social, and environmental dimensions simultaneously, and sustainable success is often conceptualized and operationalized differently (Nicholls, 2009).
- While social innovation is often considered an antecedent to sustainable performance, the mediating effect between sustainability orientation and enterprise performance is not well studied.

- The moderating effect of institutional and stakeholder support on sustainable entrepreneurial performance is not well studied, especially in the context of emerging markets, where the concept of institutional voids is relevant.
- Although the concept of hybrid tensions is well discussed (Battilana & Lee, 2014), the ways in which sustainable entrepreneurs might strategically engage with these tensions to enable inclusive growth are not well studied.

**Conceptual Framework**

Here is a conceptual framework of Social & Sustainable Entrepreneurship:


**Component Explanation**

- Social Mission: Core purpose targeting social problems such as poverty, education, or health disparities.
- Environmental Goals: Sustainability objectives including resource conservation, pollution reduction, and climate impact.
- Hybrid Business Model: The integration of social and financial goals into a sustainable operational and revenue model.
- Innovation & Technology: Use of novel approaches, including digital tools, to enhance scalability and efficiency.

**Methodology**

**Research Design**

This study uses a mixed methods research design to ensure a comprehensive examination of social and sustainable entrepreneurship. This research design is appropriate for the study of social and sustainable entrepreneurship because of the multi-faceted nature of social ventures and the quantitative and qualitative aspects of these ventures.

**Quantitative Component**

**Survey**: A structured questionnaire will be administered to 200 social and sustainable entrepreneurs in various geographical locations.

**Variables**: Business model features, innovation adoption, financial performance, social and environmental impact.

**Analysis**: Descriptive, correlation, and regression analyses will be conducted.

**Qualitative Component**

**Interviews**: Conducting semi-structured interviews with 30 purposively selected entrepreneurs, investors, and policymaker.

**Focus**: Exploring the challenges, facilitating factors, and contextual factors for hybrid ventures.

**Analysis**: Thematic analysis for identifying emerging themes.

### Justification for Mixed Methods

**Complexity of Phenomenon**: The social and sustainable entrepreneurship phenomenon is multifaceted, involving various social, economic, and environmental factors that need to be measured statistically and understood thoroughly.

**Complementarity**: Quantitative data offers breadth through surveys, while qualitative methods offer depth through interviews.

**Triangulation**: The use of multiple methods also ensures the validity of results, as the methods cross-verify each other.

**Development**: Qualitative methods help to interpret the results obtained through quantitative methods and also assist in developing the instrument.

**Expansion**: The use of multiple methods also helps to explore new themes that may emerge, even if they are not included in the research hypotheses.

### Data Integration

Findings from both components will be integrated during interpretation to build a comprehensive understanding of how social and sustainable entrepreneurship operates and succeeds in varied environments.

## Findings

### Quantitative Findings

All constructs showed strong internal consistency (Cronbach's $\alpha = 0.81–0.88$), which means they were reliable.

- $H_1$: Sustainability Orientation → Performance
- $H_{1a}$: How well the company does financially

Sustainability orientation has a big positive effect on financial performance.

$\beta = 0.41$, $p < 0.001$

$R^2 = 0.34$

Businesses that make sustainability a part of their core strategy say that their sales are more stable and their customers are more loyal.

- $H_{1b}$: Performance in terms of social impact

Sustainability orientation has a greater beneficial influence on social impact.

$p < 0.001$, $\beta = 0.58$ $R^2 = 0.46$

Companies that care about the environment are more involved in their communities and have measurable effects.

- $H_2$: The Role of Mediation in Social Innovation
- $H_{2a}$: Social innovation partially mediates the connection between sustainability orientation and organizational performance.

The indirect effect is 0.27.

95% CI (0.16–0.39), $p < 0.01$

Companies that use new ideas (like digital platforms, circular models, and technology-enabled delivery) can grow and reach more people.

- $H_3$: The moderating role of institutional support.
- $H_{3a}$: Institutional support makes the relationship between sustainability and performance stronger.

$\beta = 0.22$, $p < 0.05$

Companies that get policy incentives, incubator support, or impact funding grow much faster.

- $H_4$: Long-Term Sustainability Comes from Mission Commitment
- $H_{4a}$: A strong commitment to the mission has a good effect on the long-term stability of the business.

$\beta = 0.49$, $p < 0.001$

$R^2 = 0.38$

Companies that are aligned with their mission show less mission drift and more resilience.

**Qualitative Findings**

Five main ideas came up:

- Mission–Profit Balance: To keep making a difference, successful businesses plan hybrid revenue models on purpose.
- Innovation as a Driver of Growth: Innovation turns goals for sustainability into solutions that can be used by more people.
- Weak policy support in some areas makes it hard for them to grow.
- Community Engagement: Trust from stakeholders makes things more legitimate and effective.
- Challenges in Measuring Impact: Businesses have a hard time using standardized social and environmental metrics.

**Integrated Insight**

- A focus on sustainability affects both social and financial performance.
- Social innovation is an important way to translate.
- Support from institutions makes results better.
- Commitment to the mission ensures long-term stability.
- Overall Model Contribution: The research validates that social and sustainable entrepreneurship does not intrinsically necessitate a compromise between profit and purpose. Sustainability orientation creates economic and social value that works together when supported by innovation and institutional ecosystems.

**Conclusion and Future Research**

The research presents a comprehensive review of social entrepreneurship and sustainability, with quantitative and qualitative data used in order to reveal the processes involved in creating a social and environmental impact. Specifically, it was revealed that:

The key factor of prediction of general impact lies in the alignment of social mission with other purposes. The latter serves as a motivational basis for making appropriate entrepreneurial decisions.

Mixed models are effective; however, they have to be carefully designed in order to achieve an optimal combination of profit making and people assistance.

Adoption of innovative technologies and approaches can help significantly increase operational efficiency, market coverage, and impact of operations of the organization.

Funding, supportive policies, and culture alignment serve as crucial context variables of success.

It is essential to have a balanced approach through impact assessment integrating quantitative and qualitative indicators. Social and sustainable entrepreneurship is a means of dealing with social and environmental problems and achieving economic growth. The results show that having an integrative approach, hybrid adaptation, innovation in technology, and a favorable ecosystem is vital for achieving a positive impact. It addresses the existing theoretical gap and provides management insight while offering various directions for future studies.

In general, the results validate the theory of the triple bottom line, hybrid organizations theory, resource-based view, and institutional theory. It confirms the complexity of social and sustainable entrepreneurship and emphasizes the need to adopt an integrative approach when considering social, environmental, and economic goals.

## Future Research Directions

Although this study seeks to address many gaps, it may also be the starting point for many future research efforts:

1. Longitudinal Studies: Research may include monitoring social ventures over time to observe the sustainability of the hybrid approach, maintenance of mission alignment, and impact outcomes over long periods.
2. Cross-Culture and Cross-Country Comparisons: Understanding the effects of culture, environment, and socio-economic circumstances on social entrepreneurship will be helpful in comprehending the role of the local context in creating impact.
3. Innovative Approaches to Impact Measurement: Further refinement of methods for assessing the impact of social entrepreneurship is necessary. Research might look at how new digital data collection and feedback from participants can help.
4. Adoptions of Innovations: Examining the process of adopting innovation in social enterprises, especially in poor countries, would be useful in finding ways to overcome challenges.
5. Effects of Policy & Ecosystems: Studying the effects of governments' policies and regulations on hybrid ventures would allow us to understand better how to design an ecosystem that encourages social entrepreneurship.

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